



**Report of the
Comptroller and Auditor General of India
on
Local Bodies
for the year ended 31 March 2017**



Government of Andhra Pradesh
Report No. 6 of 2018

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Preface

This report for the year ended 31st March 2017 has been prepared for submission to the Governor of Andhra Pradesh under the CAG's DPC Act, 1971 for being laid before the Legislature of the State.

The Report contains significant results of the audit of the Panchayat Raj Institutions and Urban Local Bodies in the State including departments concerned.

The issues noticed in the course of test audit for the period 2016-17 as well as those issues which came to notice in earlier years, but could not be dealt with in the previous Reports have also been included, wherever necessary.

This Report includes one Performance Audit on 'Tirupati Municipal Corporation' and eight Compliance Audit Paragraphs including two detailed Compliance Audit Paragraphs on 'Land Management in Panchayat Raj Institutions' and 'Construction and maintenance of Internal Roads in Urban Local Bodies'.

The audit has been conducted in conformity with Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

Overview

Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs) fall under Panchayat Raj and Rural Development (PR&RD) and Municipal Administration and Urban Development (MA&UD) departments respectively. The Audit Reports on Local Bodies have been presented to the State Legislature since March 2008. However, discussions have not taken place in the State Legislature. Explanatory notes were not received to any of the paragraphs and reviews included in the above Audit Reports.

This Report of the Comptroller and Auditor General of India (C&AG) on Government of Andhra Pradesh includes results of one Performance Audit, two detailed Compliance Audit paragraphs and six compliance audit paragraphs of PRIs and ULBs. These are as follows:

- Performance Audit on ‘Tirupati Municipal Corporation’
- Detailed Compliance Audit paragraphs on ‘Land management in Panchayat Raj Institutions’ and ‘Construction and maintenance of Internal roads in Urban Local Bodies’
- Compliance Audit Paragraphs

An overview of the significant audit observations is given below:

An overview of the functioning and financial reporting issues of Panchayat Raj Institutions

Director, State Audit noted that an amount of ₹19.09 crore was recoverable by District Vigilance Cell, however, an amount of ₹0.12 crore only was recovered (as of March 2017) leaving a balance of ₹18.97 crore.

(Paragraph 1.10.2 (ii))

Misappropriation cases (646) involving an amount of ₹seven crore noticed by Director, State Audit were pending clearance as of March 2017.

(Paragraph 1.13.3)

Performance audit on Tirupati Municipal Corporation

Introduction

Tirupati is a major pilgrim city located in Chittoor district of Andhra Pradesh. Tirupati Municipality was upgraded as Tirupati Municipal Corporation (TMC) in March 2007. TMC is spread over an area of 27.44 Sq.km. The population of TMC was 3.74 lakh as per 2011 Census. TMC is responsible for provision of civic amenities and infrastructure facilities in the Corporation area. Functioning of TMC is governed by Andhra Pradesh Municipal Corporation Act, 1994. Performance Audit of TMC in six selected areas (Property Tax, Building Permission Fee, Trade License Fee, Rents from shopping complexes, Drainage system and

Street lighting) was carried out covering the period 2012-13 to 2016-17. The overview of audit findings is given below:

- *Tirupati Municipal Corporation had no comprehensive database of all assessable properties. TMC has not done the Geographic Information System (GIS) mapping of the properties for effective realization of Property Tax (PT). Thus, there was scope for un-assessed properties.*

(Paragraph 4.5.1.1)

- *Delay in bringing the properties under PT net after completion of construction resulted in loss of revenue of ₹1.18 crore.*

(Paragraph 4.5.1.2)

- *TMC failed to remit Library Cess of ₹1.38 crore to Zilla Grandhalaya Samstha (ZGS) for the purpose of providing better library facilities to the public.*

(Paragraph 4.5.1.8)

- *TMC realized an amount of ₹21.04 crore towards Education Tax during the period 2012-17. However, the same was not remitted to Government account in violation of the Act provisions.*

(Paragraphs 4.5.1.9)

- *An amount of ₹2.27 crore towards Open Space Contribution was not collected by the TMC while according building permissions.*

(Paragraphs 4.8.1 (i))

- *Incomplete Storm Water Drainage Project resulted in unfruitful expenditure of ₹30.17 crore besides non-availment of GoI assistance of ₹13.47 crore.*

(Paragraph 4.9.3.1)

Compliance audit paragraphs

Land Management in Panchayat Raj Institutions

Compliance Audit of 'Land management in Panchayat Raj Institutions' was carried out in seven Zilla Praja Parishads, 35 Mandal Praja Parishads and 70 Gram Panchayats for the period 2014-17. The overview of audit findings is given below:

- *All the test-checked Zilla Praja Parishads and Mandal Praja Parishads did not maintain asset registers containing the details such as location of the land, survey number, actual extent of land, cost of the land, etc.*

(Paragraph 2.1.4.1)

- *Open space measuring 207.63 acres valuing ₹60.30 crore was not transferred to the concerned Gram Panchayats by the layout developers.*

(Paragraph 2.1.4.4 (i))

- *Zilla Praja Parishad, Guntur allowed utilization of its land by a private agency to operate toll plaza without claiming the rental charges resulting in loss of revenue of ₹1.50 crore as of March 2017.*

(Paragraph 2.1.5.1 (i))

Construction and maintenance of internal roads in Urban Local Bodies

Compliance Audit of Construction and maintenance of internal roads was carried out in 11 ULBs for the period 2014-17. The overview of audit findings is given below:

- *An amount of ₹8.02 crore was released under 14th Finance Commission grants towards 97 road works in test-checked ULBs. However, a meagre sum of ₹0.06 crore was only utilised.*

(Paragraph 5.1.4.3)

- *Expenditure of ₹38.15 lakh incurred on the construction of bridge connecting SC colony and burial ground became unfruitful due to non-construction of approach roads.*

(Paragraph 5.1.5.5)

- *Road cutting and restoration charges amounting to ₹94.61 lakh were not collected by Nandyal municipality from service provider for laying of optical fibre cable.*

(Paragraph 5.1.5.7)

Wasteful expenditure of ₹2.35 crore

Failure of Pulivendula Municipality to ensure source of continuous water supply to the swimming pool resulted in wasteful expenditure of ₹2.35 crore.

(Paragraph 5.2)

Infructuous expenditure of ₹29.91 crore

Failure of the department to ensure adoption of approved designs by the contractor resulted in infructuous expenditure of ₹29.91 crore.

(Paragraph 5.5)

Unfruitful expenditure of ₹1.97 crore

Failure of Pulivendula municipality to install water meters in households resulted in unfruitful expenditure of ₹1.97 crore. The objective of minimizing wastage and economic pricing of water was not achieved.

(Paragraph 5.6)

Part - A
Panchayat Raj Institutions

Chapter – I

An overview of the functioning and financial reporting issues of Panchayat Raj Institutions

Chapter I

Section A

An overview of the functioning of the Panchayat Raj Institutions (PRIs) in the State

1.1 Introduction

Government of India (GoI) enacted (1992) 73rd amendment to the Constitution to empower Panchayat Raj Institutions (PRIs) as local self-governing institutions to ensure a more participative governing structure in the country. Accordingly, State Government enacted Andhra Pradesh Panchayat Raj (APPR) Act in 1994 and repealed all the earlier Acts, to establish a three-tier system viz., Gram Panchayat (GP), Mandal Praja Parishad (MPP) and Zilla Praja Parishad (ZPP) at Village, Mandal and District levels respectively. The profile of the PRIs of the State is given in Table 1.1

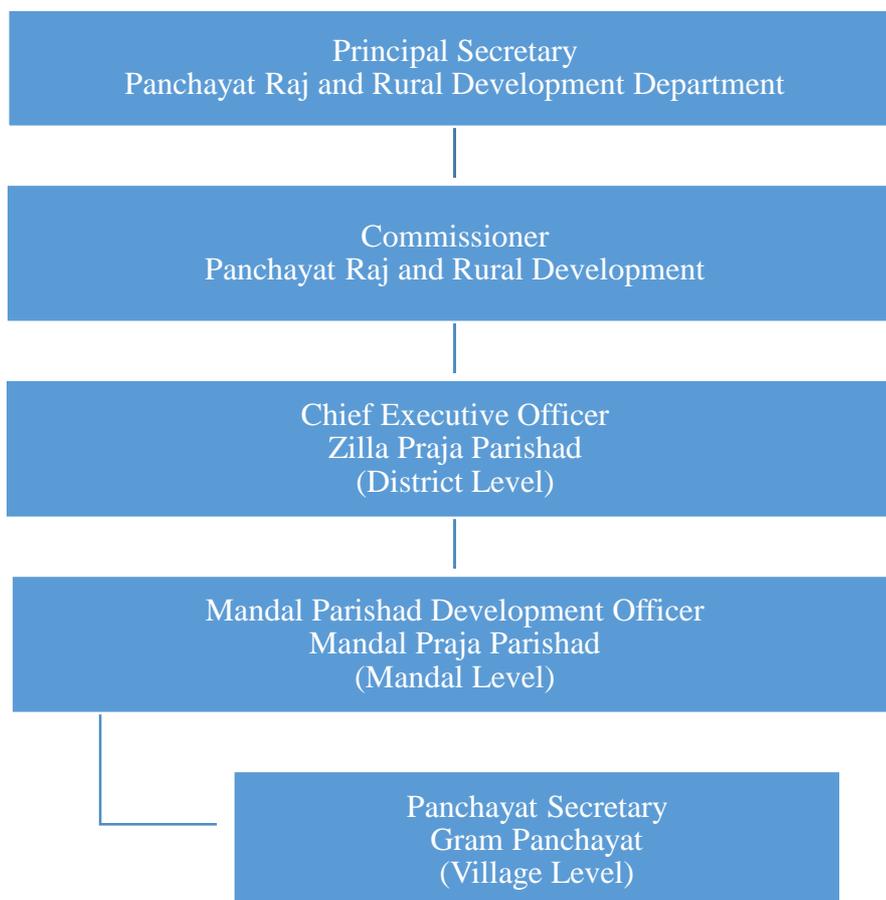
Table 1.1

Indicator	Unit	State statistics
Area	Sq.km.	1,62,970
Mandal/ Tehsil	Number	660
Villages	Number	17,366
Total population (Census 2011)	Crore	4.96
Rural population	Crore	3.50
Rural sex ratio	Females per 1000 Males	994
Density	Persons per Sq. Km	220
Rural literacy rate	Percentage	62.37
Male literacy rate	Percentage	70.48
Female literacy rate	Percentage	54.25
Scheduled Caste population	Percentage	17.08
Scheduled Tribe population	Percentage	5.53
Zilla Praja Parishads	Number	13
Mandal Praja Parishads	Number	660
Gram Panchayats	Number	12,920

Source: Information furnished (August 2017) by Commissioner, Panchayat Raj and Rural Development (CPR&RD) and Andhra Pradesh at a Glance published (2016-17) by Directorate of Economics and Statistics, Government of Andhra Pradesh

1.2 Organisational set-up of PRIs

Organisational arrangements for the PRIs are as follows:



Elections to the PRIs at all the tiers were last conducted in April/May 2014. The elected members of ZPP, MPP and GP were headed by Chairperson, President and Sarpanch respectively. They convene and preside over the meetings of standing committees and General Body.

1.3 Functioning of PRIs

Eleventh Schedule to 73rd Constitutional Amendment Act, 1992, lists 29 subjects for devolution to strengthen the PRIs. During 2007-08, State Government devolved 10¹ functions to PRIs and thereafter, no functions were devolved. Funds relating to devolved functions were released to PRIs through concerned line departments. During 2016-17, only three line departments released funds amounting to ₹95.78 crore to PRIs in 11 out of 13 districts. Out of this, ₹53.70 crore was expended (**Appendix- 1.1**).

¹ (i) Agriculture and Agriculture Extension (ii) Animal Husbandry, Dairy and Poultry (iii) Fisheries (iv) Health and Sanitation (v) Education, including Primary, Secondary and Adult Education and non-formal education (vi) Drinking Water (vii) Poverty Alleviation Programme (viii) Women and Child Development (ix) Social Welfare, including Welfare of the Handicapped and Mentally retarded and (x) Welfare of the Weaker Sections and in particular of the Scheduled Castes and Scheduled Tribes

1.4 Formation of various committees

As per the provisions of APPR Act, 1994, various committees were to be constituted at ZPP, MPP and GP level. At ZPP level seven² standing committees were to be constituted to monitor the progress of implementation of works and schemes related to subjects assigned to them. Functional Committees³ at MPP and GP were to be constituted to monitor the progress of implementation of works and schemes. During the year 2016-17, functional committees were not constituted in respect of 11⁴ out of 20 test-checked GPs. Similarly, functional committee was not constituted in one (Rajamahendravaram) out of 20 test-checked MPPs.

The State was empowered⁵ to constitute a District Planning Committee (DPC) at district level. This was to ensure that each Panchayat in the district prepares a development plan for the financial year. This plan was to be consolidated into the District Development Plan (DDP) and to be submitted to the Government for incorporation into the State plan. Out of test-checked 20 GPs, it was observed that nine⁶ GPs had not prepared the development plan.

1.5 Sources of funds

Resource base of PRI consists of:

- i. Own revenue generated by collection of tax⁷
- ii. Non-tax⁸ revenues
- iii. Devolution at the instance of State and Central Finance Commissions, Central and State Government grants for maintenance and development purposes
- iv. Other receipts⁹

Summary of receipts of PRIs for the years 2012-17 is given below. Receipts for the period 2012-14 pertain to the composite State whereas the receipts for the period 2014-17 pertain to the residuary State of Andhra Pradesh.

² (i) Planning and Finance (ii) Rural Development (iii) Agriculture (iv) Education and Medical Service (v) Women Welfare (vi) Social Welfare and (vii) Works

³ for Agriculture, Public Health, Water Supply, Sanitation, Family Planning, Education and Communication

⁴ One GP of Anantapuramu, One GP of Srikakulam, One GP of Vishakhapatnam, four GPs of Prakasam and four GPs of East Godavari districts

⁵ Article 243ZD of the Constitution of India

⁶ One GP of Visakhapatnam, five GPs of Prakasam and three GPs of East Godavari districts

⁷ Property Tax, Advertisement Fee, etc.

⁸ Water tax, Rents from markets, shops and other properties, auction proceeds etc.

⁹ Donations, interest on deposits, etc.

Table 1.2

(₹ in crore)

Sl. No.	Receipts	2012-13	2013-14	2014-15	2015-16	2016-17
1	Own Revenue	976.50	736.50	306.31*	204.17	279.74
2	Assigned Revenue¹⁰	154.36	457.24	1,137.12#	364.31	74.27
3	State Government Grants	343.97	350.59	136.78	182.67	195.07
4	GoI Grants	1,201.03	1,330.86	21.86	735.55	985.02
5	Other Receipts	84.18	NA**	NA**	322.05	328.62
	Total	2,760.04	2,875.19	1,602.07	1,808.75	1,862.72

Source: Commissioner, Panchayat Raj and Rural Development

* Data pertains to 12 ZPPs, MPPs of 9 districts and GPs of 13 districts

Data pertains to 11 ZPPs, MPPs of 8 districts and GPs of 13 districts

** Data not made available to audit despite specific requests

1.5.1 Financial assistance to PRIs

The quantum of financial assistance provided by State Government to PRIs by way of grants and loans for the years 2012-14 pertaining to the composite State and for 2014-17 pertaining to the residuary State of Andhra Pradesh is given below:

Table 1.3

(₹ in crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Budget	329.27	328.89	214.68	128.45	292.32
Actual Release	158.10	164.57	106.39	128.45	284.18
Expenditure	98.20	114.85	116.04	NA	274.26

Source: Commissioner, Panchayat Raj and Rural Development

NA Data not made available to audit despite specific requests

1.5.2 Application of funds

Summary of expenditure incurred by PRIs for the years 2012-14 pertaining to the composite State of Andhra Pradesh and 2014-17 pertaining to the residuary State of Andhra Pradesh is given below:

Table 1.4

(₹ in crore)

Type of Expenditure	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue	1,405.50	3,562.39	1,021.72*	5,122.59	2,371.06 ^{\$}
Capital	1,033.47	1,756.98	700.27 [#]	625.04	285.11 ^{\$\$}
Total	2,438.97	5,319.37	1,721.99	5,747.63	2,656.17

* Data pertains to 12 ZPPs, MPPs of 9 districts and GPs of Krishna district

Data pertains to 11 ZPPs, MPPs of 7 districts and GPs of Krishna district

\$ Data pertains to 2 ZPPs, 1 MPP and GPs of 4 districts

\$\$ Data pertains to 3 ZPPs, 2 MPP and 3 GPs

¹⁰ Seigniorage fee and surcharge on stamp duty collected by Departments of Mines and Geology and Stamps and Registration are apportioned to Local Bodies in the form of assigned revenue

1.6 Recommendations of State Finance Commission (SFC)

As per Article 243-I of the Constitution of India and Section 235 of APPR Act 1994, SFC has to be constituted once in five years to recommend devolution of funds from the State Government to Local bodies. State Government did not constitute SFC after Third SFC (2003). The Committee of Ministers and Secretaries felt that recommendations of Third Finance Commission could be applied for the period from 2010 to 2015 also. Department stated that during 2016-17, State Government released ₹166.86 crore to PRIs of the State and entire amount was spent as of August 2017.

1.7 Recommendations of the Central Finance Commission (CFC)

1.7.1 Fourteenth Finance Commission (FFC)

The Fourteenth Finance Commission (FFC) recommended assured transfer of funds to the local bodies for planning and delivering basic services¹¹. Grants are released under two components i.e., Basic Grant and Performance Grant in the ratio of 90:10.

GoI released ₹1,454.06 crore during the year 2016-17. Department stated that entire amount released was expended as of August 2017.

1.8 Audit mandate

1.8.1 Primary Auditor

Director, State Audit (DSA), functioning under the administrative control of Finance Department, is the statutory auditor for PRIs under Andhra Pradesh State Audit Act, 1989. As per Section 11(2) of the Act, DSA is required to prepare annual Consolidated Audit and Review Report for presentation to the State Legislature. DSA has four Regional offices and 13 District offices in the State. As per Section 10 of the Act, DSA is empowered to initiate proceedings against the persons responsible for causing loss to the funds of local authorities. Such amounts are to be recovered by the executive authority concerned under Revenue Recovery (RR) Act.

As per information furnished (October 2017) by DSA, audit of the accounts of one ZPP, 13 MPPs and 247 GPs was in arrears. DSA attributed delay in audit of accounts to non-production of records by the concerned PRIs. As of March 2017, 4,479 Surcharge Certificates¹² for ₹7.79 crore were issued. However, an amount of ₹14,000 only was recovered in one case upto March 2017. Recovery of meagre amount indicated that the concerned executive authorities had been lax to implement Act provisions against the persons causing loss of the funds of PRIs.

¹¹ water supply, sanitation including septic management, sewage and solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths, street lighting, burial and cremation grounds

¹² Surcharge is an extra payment of money in addition to the usual payment. Director of State Audit may disallow every item of expenditure incurred contrary to law and surcharge the same on the person incurring or authorising the incurring of such expenditure. Surcharge certificate means the certificate by which the charge or the liability of a surchargee is communicated.

The Consolidated Audit and Review Report for the year 2011-12 was tabled in the State Legislature in March 2016. DSA stated (October 2017) that consolidation of Report for the year 2012-13 was under progress. DSA attributed the reasons for delay in consolidation of reports to non-availability of sufficient staff after bifurcation of the State. Some of the major findings observed in 2011-12 report relate to excess utilisation/non-utilisation/diversion/mis-utilisation of grants, non-collection of taxes and fee, advances pending adjustment, etc.

1.8.2 Audit by Comptroller and Auditor General of India (CAG)

Based on the recommendations of the Eleventh Finance Commission, State Government entrusted (August 2004) CAG with the responsibility for providing Technical Guidance and Supervision (TGS) in connection with the accounts and audit of Local Bodies under Section 20(1) of the CAG's (DPC) Act.

Based on test check of PRIs, a TGS note was prepared at the end of each financial year and forwarded to the DSA for improving the quality of their reports. TGS note for the year 2016-17 was issued in August 2017.

Planning and conduct of audit

The Audit process commences with assessment of the risk¹³ based on the following parameters:

- i. Expenditure incurred
- ii. Criticality/complexity of activities
- iii. Priority accorded to the activity by Government
- iv. Level of delegated financial powers
- v. Assessment of internal controls and
- vi. Concerns of stakeholders.

Previous audit findings were also considered in this exercise. Based on this risk assessment, frequency and extent of audit was decided and an annual audit plan was formulated to conduct audit. During 2016-17, 44 PRIs (four ZPPs, 20 MPPs and 20 GPs), falling under the department of Panchayat Raj and Rural Development, were covered in audit.

Report of the Comptroller and Auditor General of India on Local Bodies for the year ended March 2016 was tabled in the State Legislature on 31 March 2017.

1.9 Response to Audit observations

After completion of audit, Inspection Reports (IRs) containing audit findings were issued to the Head of the unit concerned. Heads of offices and next higher authorities were required to respond to the observations contained in IRs within one month and take appropriate corrective action. Audit observations communicated in IRs were also discussed in meetings at district level by officers of the departments with officers of Principal Accountant General's office.

¹³ of department/local body/scheme/programme, etc.

As of November 2017, 240 IRs containing 1,842 paragraphs pertaining to the period up to 2016-17 were pending settlement as given below. Of these, initial replies had not been received in respect of 48 IRs and 649 paragraphs.

Table 1.5

Year	Number of IRs /Paragraphs		IRs/Paragraphs where even initial replies have not been received	
	IRs	Paragraphs	IRs	Paragraphs
Up to 2015-16	216	1,421	24	228
2016-17	24	421	24	421
Total	240	1,842	48	649

Lack of action on IRs was fraught with the risk of perpetuating serious financial and other irregularities pointed out in these reports remaining unaddressed.

Section B

Accountability Framework and Financial Reporting Issues

1.10 Accounting framework

1.10.1 Ombudsman

Thirteenth Finance Commission had recommended establishment of an independent Local Body Ombudsman system. Commissioner, Panchayat Raj and Rural Development (CPR&RD) stated (August 2017) that no separate Ombudsman was adopted in Andhra Pradesh. The existing AP Lokayukta Institution takes up complaints against the functionaries and elected representatives of PRIs. Number of cases registered district wise and their disposal was, however, not furnished by CPR&RD despite specific request.

1.10.2 Social Audit

Social audit involves verification of implementation of programmes/schemes and delivery of the envisaged results by the community with active involvement of primary stakeholders. In May 2009, State Government created an independent autonomous body called the Society for Social Audit, Accountability and Transparency (SSAAT)¹⁴.

Post bifurcation of the State of Andhra Pradesh into Telangana and Andhra Pradesh with effect from 2 June 2014, a new Society was registered under the Andhra Pradesh Societies Registration Act, 2001 for Andhra Pradesh. Existing Society was retained for Telangana State. Functioning of the Society during 2016-17 showed the following:

¹⁴ The society was to carry out social audits of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and other anti-poverty/welfare programmes of the Department of Rural Development

- i. State Government should facilitate¹⁵ conduct of Social Audit of the works taken up under the Act¹⁶ in every Gram Panchayat at least once in six months, i.e., twice a year. The Social Auditors are required to conduct 100 *per cent* check of muster rolls and work sites. During the year 2016-17, SSAAT had carried out Social audits of 12,975¹⁷ GPs in the State. However, only 65 GPs (0.5 *per cent*) were covered twice a year. SSAAT attributed (June 2017) the shortfall in coverage of audit to requests for postponement of audit on the grounds of elections, Janma Bhoomi programme and diversion of staff for training.
- ii. As per State Social Audit Rules, the District Vigilance Cell is responsible to take follow up action on the social audit observations immediately (within three days) on conclusion of the mandal social audit public hearing. During 2016-17, SSAAT found deviations amounting to ₹192.96 crore. Out of this, deviations of ₹111.79 crore (58 *per cent*) were accepted by the Presiding Officers¹⁸. An amount of ₹19.09 crore was recoverable, however, an amount of ₹0.12 crore only was recovered (as of March 2017) leaving a balance of ₹18.97 crore.

1.11 Submission of Utilization Certificates (UCs)

Scheme guidelines of Centrally Sponsored Schemes (CSS) and Central Finance Commissions (CFCs) stipulate that UCs should be obtained by departmental officers from the grantees and after verification should be forwarded to GoI.

State Government forwarded UCs to GoI for ₹642.77 crore against the total releases of ₹1,454.06 crore (up to March 2017) under Fourteenth Finance Commission Grant. However, UCs for ₹811.29 crore were yet to be submitted as of August 2017. Similarly, an amount of ₹166.86 crore was released (up to March 2017) under the State Finance Commission grant. UCs were, however, not obtained till date (August 2017).

Records of 24 test-checked PRIs (20 MPPs and 4 ZPPs) showed that UCs for ₹66.64 crore for the period from 2012-17 were not received from 10¹⁹ MPPs and one ZPP²⁰ as of March 2017.

1.12 Internal Audit and Internal Control System of PRIs

As per Section 44(2)(a) and (b) of APPR Act, 1994 Government should appoint District Panchayat Officers, Divisional Panchayat Officers and Extension Officers as Inspecting Officers for overseeing the operations of Gram Panchayats (GPs). As per Government Orders²¹, all the district offices and their subordinate offices are required to be inspected

¹⁵ As per Section 3(1) of Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules, 2011

¹⁶ Mahatma Gandhi National Rural Employment Guarantee Act, 2005

¹⁷ Social audit to be conducted by SSAAT = 12,920 GPs x 2 times = 25,840

¹⁸ District Programme Officer nominates a senior officer not less than the rank of the Additional District Programme Coordinator for presiding over the public hearing

¹⁹ Akividu, Anandapuram, Chintalapudi, Mandapeta, Palakonda, Parvada, Puttaparthi, Rajole, Samalkota and Undrajavaram

²⁰ Machilipatnam

²¹ G.O. Ms. No. 247 GAD dated 08.02.1962 along with Government Memo in Circular No. 42050/AR-III/97-7, GAD dated 26-07-1977

by Heads of the Department periodically. Records (2016-17) of test-checked PRIs showed that inspections were not conducted in 20²² GPs (out of 20 GPs), 14²³ MPPs (out of 20 MPPs) and two ZPPs²⁴ (out of 4 ZPPs). The department stated (August 2017) that inspection could not be conducted due to State re-organisation (2 June 2014) and shifting of offices to new capital area. It was assured that action plan would be prepared to complete the inspection as per the rules.

1.13 Maintenance of records

ZPPs and MPPs shall maintain records such as Cash book, Assets Register, Advance Register, Stock Registers etc. as per the provisions of APPR Act, 1994. Records of GPs are to be maintained as per GP Accounts Manual of Panchayat Raj and Rural Development Department. However, records of 44 test-checked PRIs showed that cash books were not properly maintained²⁵ in eight²⁶ MPPs and 17²⁷ GPs.

1.13.1 Physical verification of stores and stock

Article 143 of Andhra Pradesh Financial Code (APFC) stipulates that all stores and stock should be verified physically once a year. A certificate to this effect is to be recorded by the Head of the Office in the register concerned. It was seen that annual physical verification of stores and stock was not conducted in 16 PRIs (two MPPs²⁸ and 14 GPs²⁹) out of 44 PRIs test-checked during 2016-17.

1.13.2 Non-reconciliation of departmental figures with treasury

As per paragraph 19.6 of Andhra Pradesh Budget Manual, DDOs are required to reconcile departmental receipts and expenditure figures with those booked in treasury every month to avoid any misclassification and fraudulent draws. Reconciliation in respect of 18³⁰ PRIs (41 *per cent*) out of 44 test-checked PRIs was not done since 2013-14.

1.13.3 Cases of misappropriation

Andhra Pradesh Financial Code stipulated responsibilities of Government servants in dealing with Government money, the procedure for fixing responsibility for any loss

²² Akutotapally, Anandapuram, Bhogapuram, Chandrampalem, Darsi, Devarapaly, Dowleswaram, Duppada, Dwarapudi, Gajapathinagaram, Gargeyapuram, Inkollu, Kumili, Lakkavarapukota, Paravada, Parchur, Podili, Tanguturu, Terlam and Thummapala

²³ Akividu, Anakapalli, Anandapuram, Cheepurupalli, Chimakurthy, Chintalapudi, Mandapeta, Palakonda, Parvada, Puttaparthi, Rajamahendravaram, Rajole, Samalkota and Undrajavaram

²⁴ Chittoor and Kakinada.

²⁵ Overwriting without attestation by competent authority, monthly closing and reconciliation was not done by Drawing and Disbursing Officers etc.

²⁶ Addanki, Anakapalli, Gudur, Kurnool, Paravada, Puttaparthi, Rajamahendravaram and Rajole

²⁷ Anandapuram, Bhogapuram, Chandrampalem, Darsi, Devarapaly, Duppada, Gajapathinagaram, Gargeyapuram, Inkollu, Kumili, Lakkavarapukota, Paravada, Parchur, Podili, Tanguturu, Terlam and Thummapala

²⁸ Anakapalli and Rajole

²⁹ Akutotapally, Anandapuram, Bhogapuram, Chandrampalem, Devarapaly, Dowleswaram, Duppada, Dwarapudi, Gajapathinagaram, Gargeyapuram, Kumili, Lakkavarapukota, Terlam and Thummapala

³⁰ One GP in each Anantapuramu and East Godavari, five GPs in Prakasam, three GPs in Visakhapatnam, six GPs in Vizianagaram and MPDOs of Palakonda and Rajole

sustained by Government and the action to be initiated for recovery. State Government had ordered (February 2004) the Secretaries of all the departments to review the cases of misappropriation in their departments on a monthly basis. The Chief Secretary to Government was to review these cases once in six months with all the Secretaries concerned. Misappropriation cases noticed by Director, State Audit, which were not disposed of as of March 2017 are detailed below:

Table 1.6

(₹ in lakh)

Unit	As of March 2017 ³¹	
	No. of cases	Amount
Zilla Praja Parishads	8	140.10
Mandal Praja Parishads	52	41.79
Gram Panchayats	586	518.70
Total	646	700.59

Source: Information furnished by Director, State Audit

Records of test-checked PRIs (MPPs and ZPP) showed that misappropriated amount of ₹35.64 lakh pertaining to 12 PRIs (11 MPDOs and one ZPP) was yet to be recovered as of October 2017. Urgent action needs to be taken by the Government in this regard.

1.14 Maintenance of Accounts by PRIs

PRIs maintain accounts on cash basis. GoI prescribed a Model Accounting System in consultation with the Comptroller and Auditor General of India. State Government issued orders (September 2010) for adopting this format using PRIASoft (Panchayat Raj Institutions Accounting Software) developed by National Informatics Centre (NIC). Out of total 13,593³² PRIs in the State, 7,931 PRIs were using PRIASoft for maintaining accounts while rest of the PRIs (5,662) were maintaining the accounts manually. Against 7,931 PRIs using PRIASoft, 3,461 PRIs, finalised their accounts for the year 2016-17 (November 2017) and in rest of the 4,470 PRIs, finalisation of accounts was in progress.

Records of 44 test-checked PRIs showed that seven PRIs³³ were not maintaining the accounts through PRIASoft. Further, discrepancies were noticed between annual accounts maintained manually and those uploaded in PRIASoft in respect of 10 PRIs³⁴.

1.15 Issues related to AC/DC Bills

As per Government Orders³⁵ an amount drawn on Abstract Contingent (AC) bills should be adjusted by submitting Detailed Contingent (DC) bill for the expenditure incurred, to the Accountant General (Accounts & Entitlements) with supporting

³¹ No information has been provided in respect of misappropriation cases for the year 2016-17

³² 13-ZPPs, 660-MPPs and 12,920-GPs

³³ MPDOs of Akividu, Chintalapudi, Palkol, Rajamahendravaram, Samalkot, Undrajavaram and ZPP Kakinada

³⁴ **GPs:** Darsi, Devarapalli, Dowleswaram, Gargeyapuram, Inkollu, Paravada, Parchur, Tangutur
MPPs: Mandapeta and Kurnool

³⁵ G.O. Ms.No.285 Finance (TFR-II) department dated 15 October 2005, Andhra Pradesh Treasury Code, Rule 16, sub rule 18(d) and G.O. Ms.No.391 and 507 of April/May 2002 of Finance department

vouchers within one month of drawal of such amount.

Submission of DC bills for an amount of ₹79.55 lakh was pending as of July 2017 which were drawn through AC bills³⁶ by PRIs during the period 2011-17.

1.16 Advances pending adjustment

As per Andhra Pradesh Financial Code, advances paid should be adjusted without any delay. Drawing and Disbursing Officers (DDOs) concerned should watch their adjustment. Records of 44 test-checked PRIs showed that advances of ₹18.45 lakh were paid (2010-16) to staff in four PRIs³⁷ for various purposes. These advances remained unadjusted as of March 2017.

³⁶ As per information furnished by the Office of the Principal Accountant General (Accounts & Entitlements), Andhra Pradesh, Hyderabad

³⁷ **MPP:** Addanki (₹4.62 lakh), Cheemakurthy (₹0.67 lakh) and Ravulapalem (₹8.03 lakh)
GP: Gajapathinagaram (₹5.13 lakh)

Chapter – II
Compliance Audit Paragraphs

Panchayat Raj and Rural Development Department

2.1 Land Management in Panchayat Raj Institutions

2.1.1 Introduction

The eleventh schedule to 73rd amendment to the Constitution of India defines the tasks in the functioning of Panchayat Raj Institutions (PRIs). In carrying out these functions, PRIs require land. PRIs are responsible for proper acquisition, effective custody, utilisation and protection of land.

2.1.2 Organisational set-up

Panchayat Raj Institution (PRI) is a three-tier system of self-governance viz., Zilla Praja Parishad (ZPP) at District level, Mandal Praja Parishad (MPP) at Mandal level and Gram Panchayat (GP) at Village level.

The PRIs function under the administrative control of Principal Secretary, Panchayat Raj and Rural Development (PR&RD) at Government level. Commissioner, PR&RD is the Head of the PR&RD department. ZPP, MPP and GP are headed by Chairperson, President and Sarpanch respectively. The Chief Executive Officer (CEO), Mandal Parishad Development Officer (MPDO) and Panchayat Secretary (PS) is the executive authority of ZPP, MPP and GP respectively.

2.1.3 Audit framework

Audit of land management in Panchayat Raj Institutions (PRIs) was carried out with the objective of assessing whether:

- i) acquisition/alienation/transfer of land to PRIs was properly executed as per the prescribed procedure;
- ii) alienation/transfer of land /lease of land by PRIs were effectively carried out and
- iii) adequate controls were in existence for protection of PRI land.

The criteria to assess the effectiveness of land management by PRIs were sourced from the Andhra Pradesh Panchayat Raj Act, 1994, Land Acquisition Act, 1894, Andhra Pradesh Land Encroachment Act, 1905, Andhra Pradesh Financial Code and orders issued by State Government from time to time.

Seven¹ out of 13 ZPPs in the State were selected for conducting compliance audit on Land Management in PRIs. Under each ZPP, five Mandals² were selected on random

¹ 50 per cent of ZPPs Anantapuramu, Chittoor, East Godavari, Guntur, SPSR Nellore, Srikakulam and Visakhapatnam were selected by applying random sampling method

² Out of total 660 Mandals existing in Andhra Pradesh

sampling basis. From each district, 10 GPs³ were selected based on highest number of layouts⁴ for detailed examination of records.

Compliance audit on Land Management in selected PRIs, covering the period 2014-17, was conducted between February and July 2017. Audit methodology involved scrutiny of relevant records/documents at the office of the Commissioner, PR&RD and the selected ZPPs, MPPs and GPs. Necessary data/information about land of PRIs were also obtained from Revenue Department wherever necessary.

Audit findings

2.1.4 Land Management

State Government had reviewed (October 2004) the system of asset management and maintenance of registers and records in place with various Government Departments in the State. Government noticed that the records of the assets (including land) were not updated. As such, a need was felt for strengthening the asset management at various levels. Accordingly, instructions were issued (October 2004) to develop and maintain inventory of all assets.

2.1.4.1 Maintenance of Asset Register

State Government prescribed (October 2004) the format for maintaining the asset register. The register should contain the name of the asset, survey number, extent/ area, year of acquisition/transfer, present market value and present status of asset, Government/department land and location /address. Audit noticed that the test checked ZPPs held land measuring 8,653.04 acres (*Appendix- 2.1*). MPPs held land measuring 705.20 acres (*Appendix- 2.2*) as per statement of assets.

All the seven test-checked ZPPs and 35 test-checked MPPs did not maintain asset registers. Only statement of assets was maintained by the PRIs without the necessary details⁵ and the same was not reconciled with Revenue Authorities.

State Government issued regulations (July 2011) to protect the properties of the GPs. The land belonging to GPs shall be classified into three categories⁶. Land inventory shall be prepared based on Field Measurement Book/Field Survey Atlas and field inspections. The land inventory shall be placed before Gram Sabha for validation and the same shall be published in District Gazette. Seventy⁷ test-checked GPs held land measuring 544.17 acres (*Appendix-2.3*). **Out of this, 61 GPs⁸ neither maintained**

³ Out of total 12,920 Gram Panchayats (GPs) existing in Andhra Pradesh

⁴ Layout means the laying out a parcel of land or land into building plots with laying of roads/streets and footpaths, etc. and laying of the services such as water supply, drainage, street lighting, open spaces, avenue plantation etc.

⁵ Details like location of the land, survey numbers, actual extent of land, cost of the land, etc.

⁶ **Category A-** Own and acquired, **Category B-** Gifts, donations, transfer of land to GP, **Category C-** Vested (minor irrigation tanks, water bodies, grazing lands etc.) with GP

⁷ One GP of Chittoor, four GPs of East Godavari, one GP of Guntur, four GPs of SPSR Nellore and six GPs of Visakhapatnam did not have the information on assets held

⁸ Anantapuramu: 10, Chittoor: 10, East Godavari: 10, Guntur: 3, SPSR Nellore: 10, Srikakulam: 9, Visakhapatnam: 9

asset register nor obtained validation by Gram Sabha. GPs did not categorize the land.

Revenue records such as Adangal⁹/Re-Settlement Register¹⁰/Field Measurement Book would substantiate genuineness of assets, their safety and prevention of any misuse. PRIs did not possess copies of these essential records and hence cannot vouchsafe their claim of ownership of land. Further, the Department of PR&RD also did not maintain database of assets held by PRIs. Some instances of non-availability of valuable properties in the statement of assets are given below:

1. Under the instructions (July 2001) of District Collector, Revenue Authorities transferred (August 2001) land measuring 3.44 acres to ZPP, Visakhapatnam. The land was transferred for construction of high school and playground in Juttada village. The details of asset transferred were not recorded in the statement of assets.
2. Tehsildar, Guntur informed (January 1982) ZPP, Guntur that the properties located in 13 survey numbers¹¹ in Guntur belonged to ZPP. However, these properties did not find place in the statement of assets maintained by ZPP as of May 2017 despite lapse of 35 years. Similarly, area covering ZPP office quarters, petrol pump in the premises of ZPP Guntur also did not find place in the statement of assets.

Absence of land inventory / asset register increases risk of encroachments and loss of ownership of assets. Hence, proper controls should be put in place to ensure maintenance of asset registers with up to date entries.

State Government replied (January 2018) that instructions were issued to all the CEOs and DPOs in the State to maintain asset register as per rules. State Government also replied that CEO, ZPP, Guntur was directed to take necessary action in the matter. However, no specific reply was furnished by the State Government in respect of Visakhapatnam.

2.1.4.2 Non-mutation of property

The PRIs were in possession of land measuring 1,310.05 acres¹² through donations¹³. However, the land¹⁴ was not mutated in favour of PRIs. In the absence of mutation, PRIs cannot establish their ownership in case land is encroached or claimed by the heirs of the donors. Some instances of non-mutation of property are given below:

1. Potluru villagers had donated land (6.44 acres)¹⁵ to the ZPP Guntur for running ZP High School. Land donated (5.89 acres) in 1997 was recorded in Adangal with incorrect survey numbers. Land donated (0.55 acres) in 2008 was not recorded in Adangal. Villagers complained (March 2017) about encroachment of a portion of land.

⁹ This register is maintained by Revenue Department. The Register contains the details of possessors/pattadars of land, name of the occupant, survey numbers, extent and nature of occupancy.

¹⁰ Register shows particulars of survey numbers/sub-division number classification etc.

¹¹ Survey numbers 247, 281, 547, 681, 710/A, 710/B, 732, 851, 894, 949, 939, 953 and 1211

¹² Anantapuramu: 240.56 acres, Chittoor: 808.46 acres, East Godavari: 14.60 acres, Guntur: 75.24 acres, SPSR Nellore: 96.38 acres, Srikakulam: 69.60 acres and Visakhapatnam: 5.21 acres.

¹³ from individuals/villagers for construction and development of schools, and other public purposes recorded in the statement of assets

¹⁴ except in Kaza and Edlapadu GPs of Guntur District

¹⁵ 5.89 acres registered in the year 1997 and 0.55 acres unregistered (as of 2008) in Potlur Village of Savalyapuram Mandal

ZPP Guntur replied (May 2017) that MPDO was asked to submit detailed report on encroachment. Tehsildar concerned was requested to survey the land and fix the borders to evict the encroachers.

2. Ameenpalem Villagers (Nadendla Mandal) donated (1982) 24.65 acres of land to ZPP Guntur for development of ZP High School. The donated land was neither mutated in the name of ZPP nor recorded in the statement of assets.
3. ZPP, Anantapuramu received (March 2000) donation of two acres¹⁶ of land for development of playground of ZPP High School. Despite lapse of 17 years (July 2017), the donated land was neither recorded in the asset register nor mutated/taken possession by the ZPP.

ZPP replied (May 2017) that Tehsildar was asked (May 2017) to conduct survey and fix the boundaries.

4. Two individuals donated (June 1990) five acres¹⁷ of land through a gift deed¹⁸ in favour of ZPP, Anantapuramu for playground and garden for the high school. As the land was not mutated in favour of ZPP, Revenue Divisional Officer (RDO), Anantapuramu issued (2011) Pattadar Pass Books (PPB)¹⁹ for land of 3.35 acres out of 5 acres in favour of one of the donors. The CEO, ZPP, Anantapuramu appealed (January 2011) to RDO to cancel the PPB issued in favour of the donor. Action taken by RDO was not on record.

Thus, ZPPs failed to survey the donated land and enter the details thereof in the statement of asset and take proper action for mutation/possession to establish ownership.

State Government replied (January 2018) that the Chief Executive Officers of ZPPs concerned were directed to take necessary action in the matter.

2.1.4.3 Alienation/Transfer of land

State Government issued orders (June 2001) that PRI land shall be alienated only in favour of Government departments/Government organisations²⁰. Prior approval of Government is necessary, where cost of ZPP land exceeds rupees one lakh in respect of land alienated to Government organisations and rupees two lakh in respect of Government department.

Audit noticed seven cases of alienation of land measuring 20.34 acres valuing ₹5.90 crore without approval of Government in three test-checked districts (*Appendix- 2.4*). The cost of the alienated land was not recovered from the departments/organisations as of March 2017.

¹⁶ Survey No. 799-C in Tummala Panchayat

¹⁷ Survey No. 197 in Kandukur village

¹⁸ Gift deed is a legal document describing the voluntary transfer of a property from one person to another without any consideration as money or value in exchange

¹⁹ Every person who holds land directly under the Government under a patta whose name is registered in land revenue.

²⁰ where Government has a share of more than 50 per cent

State Government replied (January 2018) that instructions were issued to all the Chief Executive Officers of ZPPs and DPOs in the State to strictly follow the rules in case of alienation/transfer of lands.

2.1.4.4 Layouts and open spaces

State Government formulated Gram Panchayat Land Development (Layout and building) Rules 2002 to regulate or restrict the use of sites and buildings. The rules are applicable to all Gram Panchayat (GP) areas. An owner/group of owners who intend to layout their land into building plots can apply to a Gram Panchayat (GP) for layout permission by duly paying the prescribed fees. The proposal is forwarded to the District Town and Country Planning²¹ (DTCP) for technical approval. A minimum open space²² of 10 *per cent* of the total site area being developed shall be set apart in the proposed layout for playground/park /education institution or any other public purpose. Such open space should be free from all encumbrances and shall be transferred in the name of GP concerned free of cost. The following observations are made:

Sl. No	Title of the paragraph	Audit findings
i.	Shortfall in transfer of open space in authorized layouts	In 70 test-checked GPs, 1,194 layouts (<i>Appendix- 2.5</i>) were developed in the land measuring 6,899.62 acres during the period 1980-2016. Out of this, layout developers were to transfer 10 <i>per cent</i> open space (689.96 acres) ²³ to the concerned Gram Panchayats. Audit noticed that open space measuring 482.33 acres only was transferred to the concerned GPs leaving a shortfall of 207.63 acres ²⁴ in respect of 50 GPs. The concerned GPs did not initiate action to claim the due extent of land from the layout developers as of July 2017. Audit assessed the value of such space as ₹60.30 crore ²⁵ . Thus, proper controls should be put in place to ensure receipt of legitimate share of land from layouts by GPs. State Government replied (January 2018) that instructions were issued to all the DPOs in the State to follow the rules for approval of layouts and building permissions.
ii.	Unauthorised layouts	Rule 12 (1) & (2) of Layout Rules 2002 ²⁶ envisages that the unauthorized layouts shall be regularized duly levying pro-rata charges for shortfall of open spaces. Pro-rata betterment charges shall also be levied in addition to development and improvement

²¹ Urban Development Authority in case of GPs falling under their jurisdiction

²² Means an area forming integral part of the plot, left open to sky

²³ Anantapuramu: 40.84 acres, Chittoor: 130.42 acres, East Godavari: 315.87 acres, Guntur: 63.88 acres, SPSR Nellore: 36.90 acres, Srikakulam: 9.03 acres and Visakhapatnam: 93.02 acres

²⁴ Anantapuramu: 18.30 acres , Chittoor: 12.24 acres, East Godavari: 84.79 acres, Guntur: 27.10 acres, SPSR Nellore: 10.77 acres, Srikakulam: 7.19 acres and Visakhapatnam: 47.24 acres

²⁵ 1 Acre = 4,840.01 Sq. yards. Value of 207.63 acres = ₹60.30 crore (207.63 x 4,840.01 x minimum rate of ₹600 per Sq. yards.)

²⁶ Read with G.O Ms.No.902 dated 31.12.2007 issued by Municipal Administration (applicable to PRIs)

of road pattern and drainage, etc. These charges were to be borne by the owners of the plots/colony.

In 70 test-checked GPs, 1,241 layouts (**Appendix- 2.5**) were developed on land measuring 4,960.39 acres un-authorisedly (without the administrative sanction of GP and technical approval of DTCP/UDA). GPs issued notices to unauthorized occupants. However, the GPs did not initiate further action to get the layouts regularized by collecting the prescribed charges. Open space of 483.54 acre²⁷ was foregone as the GPs did not prevent unauthorized layouts. Audit assessed the value of foregone open space as ₹140.42 crore²⁸.

The Vigilance & Enforcement (V&E) Department of State had conducted inspections (2014-16) and identified 6,820.22 acres of unauthorized layouts in the State. Loss of revenue in this regard was assessed as ₹305.58 crore by the department towards open space, inspection charges, layout fee, etc. However, District Panchayat Officers (DPOs) did not initiate action either to regularize layouts or to recover the loss as of date (July 2017).

State Government replied (January 2018) that the proposal for regularization of unauthorized layouts duly levying pro-rata charges was under examination for fixation of guidelines in the matter.

2.1.5 Leasing of land and shops

2.1.5.1 Leasing of Land

ZPP or MPP may lease out land for a period of three years and no lease shall be valid if it exceeds three years. As per Rule 9²⁹, the ZPP shall publish a notice in District Gazette if the lease exceeds ₹200 per annum of the property to be leased along with name of the lessee and rent fixed under the lease. The lease rent shall be 10 *per cent* of the prevailing market value of the land as fixed by the competent authority.

In two³⁰ out of seven test-checked ZPPs, land was leased to private parties. Following observations are made based on review of leases.

- i. The Roads and Buildings (R&B) Department mooted (October 2013) proposals for acquisition of ZPP land³¹ measuring 1.59 acres as part of proposed four-lane Highway³². The proposal included construction of toll plaza and administrative

²⁷ Anantapuramu- 256.00 acres, Chittoor- 65.45 acres, East Godavari- 12.60 acres, Guntur- 38.51 acres, SPSR Nellore- 14.38 acres, Srikakulam- 57.74 acres and Visakhapatnam- 38.86 acres

²⁸ One acre = 4,840.01 Sq. yards. Value of 483.54 acres = ₹140.42 crore (483.54 x 4,840.01 x minimum rate of ₹600 per Sq. yard.)

²⁹ Rules relating to Acquisition and Transfer of Immovable property by Mandal Praja Parishads and Zilla Praja Parishads, issued under G.O Ms. No.492 dated 10.04.1962

³⁰ East Godavari and Guntur

³¹ Survey number 251 in Thummalapalli Village in Piduguralla Mandal, Guntur district

³² Narketpalli-Addanki-Medarametla

buildings. R&B took over the possession of the land and allowed private agency³³ to construct the toll plaza pending approval of the Government. R&B requested (June 2015) ZPP, Guntur to allot the land to agency on lease basis since the agency had already commenced his operations. ZPP, Guntur³⁴ worked out the rental value for the land as ₹35.71 lakh per annum to be increased by 15 *per cent* each year. However, ZPP did not make claim for an amount of ₹1.50 crore (for the period November 2013 to March 2017). Thus, ZPP Guntur allowed utilization of its land by the concessionaire without claiming the rental charges.

The ZPP replied (April 2017) that the lease amount would be collected.

- ii. District Board of Guntur³⁵ leased out (April 1949) land³⁶ in Mangalagiri town for a period of 99 years to the High School Committee³⁷ at rupee one per year. As per the terms and conditions of lease agreement, the lessee should not make any alteration or additions to the buildings without the previous consent of the lessor. The lessee shall also not assign/underlet/part with the possession of the premises or any part thereof without obtaining the written consent of the lessor or its authorized officer. As the ownership of the land lies with ZPP, the lessee had no right to construct shops and also to levy and collect the rents from shops. However, in violation of the agreement, the lessee constructed (1964) additional rooms in the school building. The lessee also constructed (1992) 29 shops by dismantling the compound wall in the leased land without the consent and approval of ZPP. The ZPP, Guntur did not initiate penal action for breach of agreement. ZPP, instead, entered into (March 2000) a fresh lease agreement with the same lessee at ₹12,000 per annum for 29 shops till completion of lease period (December 2047). Accounts Officer, ZPP Guntur assessed (March 2017) the lease charges as ₹12 lakh per annum from 29 shops. This would result in loss of revenue of ₹3.56 crore³⁸ for the next 30 years of lease. Action³⁹ was not taken in respect of unauthorized buildings. This indicated that the ZPP had shown undue favour to the lessee.
- iii. Government gave permission (September 2015) to the Collector, East Godavari for allotment of ZPP land measuring 2,000 Sq. yards⁴⁰ for 'Construction of NTR Trust Bhavan' on lease basis. The lease was allowed (November 2016) for a period of 99 years with a lease amount of ₹25,000 *per annum*. The Sub- Registrar assessed the value of land as ₹three crore. As such the lease rent should have been fixed at ₹30 lakh *per annum* at 10 *per cent* of prevailing market value of the land.

³³ Concessionaire

³⁴ Engineering wing of PRI Division

³⁵ Present Zilla Praja Parishad

³⁶ Survey number 251 and 258 in Mangalagiri

³⁷ Chinthakrindi Kanakayya High School Committee

³⁸ ₹11.88 lakh (₹12 lakh - ₹0.12 lakh) per year for 30 years

³⁹ The lessee violated agreement conditions by constructing additional buildings (shops) and leased out the shops to private parties on monthly rent. Hence, ZPP should either collect the rent from the lessee on par with present market rate or dispossess the lessee by cancelling the agreement.

⁴⁰ Survey No. 60/1 of Kakinada urban

Thus, non-compliance of Government orders resulted in loss of revenue of ₹29.75 lakh *per annum*.

Thus, the PRIs failed to recover due rental charges, allowed unauthorized constructions, failed to assess and levy proper lease charges and to evict the unauthorized occupation.

State Government accepted and stated (January 2018) that Chief Executive Officers of ZPPs concerned were directed to take necessary action for corrective measures.

2.1.5.2 Leasing of shops

As per Government Orders⁴¹, PRIs may lease shops for a period of five years. PRI can renew the lease for another term not exceeding five years at a time without conducting public auction, if the present lessee agrees to renew the lease at an amount which shall not be less than 33.33 *per cent* over the existing annual lease amount. Lease agreement shall be entered into with the lessee and lease amount shall be paid on or before the first day of each month in advance⁴². The lease deed is liable to be terminated in case of default of payment.

Review of the records revealed the following:

1. ZPP Visakhapatnam constructed and allotted (1973) 42 shops on rental basis to Burma Repatriates for doing business at Yellamanchili. Gram Panchayat, Yellamanchili reported (September 2010) that all the shops (except two) were being run by benamis. MPDO also confirmed (November 2015) the same and stated that two unauthorized shops were also constructed in the vacant space available at the site. However, no action was taken against the benamis.

During the period 2014-17, ZPP was levying rent at ₹100 per month per shop. Rent was proposed (May 2010) to be revised by enhancing the rent amount to ₹231 per month per shop. However, this was not implemented due to which ZPP suffered loss of ₹3.96⁴³ lakh for the period 2011-17. Further, arrears amounting to ₹5.36 lakh were also not collected as of March 2017.

The ZPP stated (March 2017) that rent could not be collected as the shops were occupied by benamis and that the matter of eviction was referred to the District Collector.

2. ZPP, Guntur leased 16 shops at Gurazala, the lease period of which expired in November 2008. ZPP neither enhanced the lease charges by 33.33 *per cent* over the existing lease rent nor resorted to fresh auction. ZPP Guntur issued (June 2014) notice for dispossession of the shops as lessees did not pay the arrears of rents. On the other hand, Writ Petitions⁴⁴ was filed *suo motu* by some lessees for restraining ZPP from dispossessing the shops. The Honorable High Court ordered (August 2015) that petitioners shall be permitted to continue to remain in

⁴¹ G.O Ms. No.492, Planning and local administration dated 10.04.1962

⁴² Rule 6(1)(iv) and 6 (2) of G.O Ms. No.215 dated 25.06.2001

⁴³ ₹231-₹100= ₹131 x 72 months x 42 shops

⁴⁴ WP No. 19320 of 2015

occupation of shops on payment of enhanced rent at 35 per cent on the existing rent payable. Further, on payment of all the enhanced rental amounts due, the lease holders could participate in the public auction as and when such auction was conducted. However, ZPP did not collect the revised rent as ordered by the Honorable High Court. An amount of ₹9.92 lakh for the period 2008-15 was yet to be realized. ZPP stated (May 2017) that rent at enhanced rates for the earlier period would be collected.

3. In four out of seven test-checked ZPPs, lease rent of ₹36.02 lakh⁴⁵ was outstanding in respect of 127 shops to the end of March 2017 as per Demand Collection and Balance Register. In four Gram Panchayats an amount of ₹17.01⁴⁶ lakh was outstanding in respect of 64 shops as of March 2017. Rent was not collected in advance as per Government Orders (June 2001).

Thus, there was loss of revenue to PRIs on account of non-collection/short collection/non-enhancement of lease rentals.

State Government accepted and stated (January 2018) that Chief Executive Officers of ZPPs concerned were directed to take necessary action for corrective measures.

2.1.6 Monitoring and Protection of land

2.1.6.1 Encroachments

Audit noticed in four out of seven test-checked districts that an extent of land measuring 431.98 acres⁴⁷, valuing ₹125.45 crore⁴⁸ was under encroachment. Scrutiny of records relating to encroachments revealed the following:

- i. In Kaza GP of Guntur District, land measuring 50 acres⁴⁹ of Tank area was encroached and 600 houses were constructed thereon. Panchayat Secretary brought (May 2012) the matter to the notice of Revenue Authorities. The Revenue authorities did not take action to survey encroachments even though the tank area was classified as Government land belonging to GP. The land remained encroached as of July 2017.
- ii. Tehsildar, Visakhapatnam (Rural) had conducted survey and communicated (October 2008) to ZPP Visakhapatnam about encroachment of ZPP land (1.05 acres). ZPP had not taken immediate action on receipt of information from Revenue authorities to conduct survey/enquiry to evict the encroachers. Further, encroachers occupied ZPP, Visakhapatnam land (11 acres) under different survey

⁴⁵ East Godavari: ₹0.38 lakh (seven shops), Guntur: ₹31.26 lakh (111 shops), Srikakulam: ₹2.06 lakh (one shop) and Visakhapatnam: ₹2.32 lakh (eight shops)

⁴⁶ Chebrole: ₹1.03 lakh (18 shops), Payakaraopeta: ₹1.73 lakh (14 shops), Perecherla: ₹13.74 lakh (15 shops) and Uravakonda: ₹0.51 lakh (17 shops)

⁴⁷ East Godavari: 33.32 acres, Guntur: 327.74 acres, SPSR Nellore: 58.26 acres, Visakhapatnam: 12.66 acres

⁴⁸ At minimum value of ₹600 per Sq. yard.

⁴⁹ Survey No. 310/A and 344

numbers⁵⁰ situated on both the sides of Sharada River in Kotturu village⁵¹ in 2006. Un-authorized buildings were also constructed on this land. Action taken to evict the encroachers was not on record.

- iii. Encroachers occupied land (4.93 acres) belonging to ZP High Schools and MPP Schools in Chittoor district, during the period between 1998 and 2015. The encroachers had constructed houses/shops and utilized the encroached land for various purposes. ZPP requested (May 1998 to March 2015) the Tehsildar of the respective Mandals to survey the land, fix boundaries and take action to evict the encroachers. However, the land remained encroached as of July 2017.
- iv. Ten encroachers occupied the Puntha/road to the extent of 4.11 acres⁵² belonging to Payakaraopeta Gram Panchayat (Visakhapatnam District). Sub-Collector directed (November 2013) the Tehsildar, Payakaraopeta to evict the encroachers and safeguard the interests of the GP. GP did not take any necessary action. In February 2017, the Panchayat Secretary requested the Tehsildar to conduct a survey of encroachment. However, the Tehsildar had not taken any action as of July 2017. Similarly, 47 encroachers constructed structures (0.50 acres) on the banks of Thandava River under Payakaraopeta GP. Panchayat Secretary submitted names of occupants (October 2016) to Tehsildar. No action was taken for eviction of the encroachers.
- v. Encroachers occupied land measuring 0.81 acres⁵³ in ZPP Guntur. MPDO Mangalagiri reported (March 2012) cases of encroachment to ZPP, Guntur. Accounts Officer of the ZPP conducted (July 2012) an enquiry on the matter and submitted report in May 2013. The report highlighted cases of individuals occupying without documents, individuals paying Property Tax and individuals possessing B-form⁵⁴ documents. ZPP did not initiate action to bring cases of encroachment to the notice of Government and evict the encroachers.
- vi. Encroachers occupied the open space (0.42 acres) in Chapuram GP of Srikakulam District allotted out of authorized layouts. GP did not take action to evict the encroachers.

Thus, there was no effective mechanism available in the PRIs to protect the land and avoid encroachments. Encroachments reported were not acted upon for eviction, giving scope for continued encroachments.

State Government accepted and stated (January 2018) that all the Chief Executive Officers of ZPPs and DPOs in the State were directed to take immediate necessary action for eviction of encroachments in Government lands as per the Rules⁵⁵.

⁵⁰ 590/18 (3.93 acres), 583/1 (0.83 acres), 593/3 (1.50 acres), 597/1 (1.05 acres), 582/2 (0.71 acres), 584 (1.33 acres), 588/4 (1.65 acres)

⁵¹ erstwhile Sabbavaram Panchayat Samithi

⁵² Survey No. 108

⁵³ Survey No.117 in Navluru village of Mangalagiri mandal

⁵⁴ Patta/permission given by the Revenue Department to landless poor people for construction of house

⁵⁵ G.O. Ms. No.188, dated 21.07.2011

2.1.6.2 Avoidable litigation due to lack of monitoring

1. Land (0.27 acres)⁵⁶ belonging to ZP High School in Gopalapatnam village of ZPP Visakhapatnam was reported (March 2002) as encroached. The encroacher had constructed (2007) a shopping complex on the encroached land. ZPP took up the issue of eviction of the encroachment belatedly (October 2006) with the revenue department and Greater Visakhapatnam Municipal Corporation (GVMC). ZPP had also filed a case in the Honorable District Court in January 2010 for eviction. In the meantime, the encroacher filed (November 2011) a case against GVMC in the Honorable High Court, Hyderabad. The Honorable High Court ordered (March 2012) to seal the shopping complex as the same was unauthorized and did not have occupancy certificate. Further, District Court also ordered (September 2015) the encroacher to vacate the land. The Tehsildar seized the Shopping Mall (March 2012) and kept the building in possession of GVMC. However, ZPP reported (March 2017) that the encroacher continued to do the business in the shopping complex despite seizure of the building by Tehsildar. Further, the encroacher had filed for stay orders on the judgment pronounced by the District Court. Thus, ZPP failed to take timely action to prevent the encroacher from construction of shopping complex in the valuable land of ZPP. This showed lack of monitoring of land by ZPP which also resulted in continuation of business by the encroacher in violation of orders of Honorable High Court.
2. MRO Narasaraopet assigned (August 1985) ZPP land, to an extent of five acres⁵⁷, to an ex-serviceman without the consent of the ZPP Guntur. As the land belonged to ZPP, Tehsildar denied mutation in favour of heirs of ex-serviceman. On denial of mutation the heirs of the ex-serviceman filed (October 2016) a petition in the Honorable High Court, Hyderabad for orders of mutation of land in their favour. The Honorable High court ordered (January 2017) the Tehsildar, Karempudi to consider the application of the petitioners for mutation in their names in the revenue records in accordance with law. The MRO Karempudi brought (February 2017) the matter to the notice of the ZPP. ZPP requested the MRO not to go ahead with mutation since the matter would be brought to the notice of the ZPP Council and also proposed to approach the Honorable High Court. However, no action was taken in this regard (April 2017). Lack of coordination between the Revenue Department and ZPP resulted in litigation.

This showed lack of monitoring of lands by ZPPs, which resulted in court cases on ownership of valuable land.

State Government accepted and stated (January 2018) that all the Chief Executive Officers of ZPPs in the State were directed to take necessary action in the matter.

⁵⁶ Survey No. 10/3B at Gopalapatnam village

⁵⁷ Survey No. 337-3CB of Oppicherla village of Karempudi Mandal

2.1.6.3 Non-availability of dedicated staff for land management

The test-checked PRIs were not having dedicated and trained staff proficient in land issues to deal with account of all land inventories, monitoring of the land held and to prevent encroachments. The staff who were maintaining land records were not trained on matters relating to land issues. Improper maintenance of land records, ineffective monitoring and failure to evict encroachers could be attributed to untrained staff.

2.1.6.4 Formation of Asset Protection Committees

i. Non-formation of separate cell at district level

A separate cell at district level⁵⁸ in the Office of the District Panchayat Officer (DPO) was to be constituted to monitor and protect the Gram Panchayat properties from time to time. Out of seven test-checked districts, separate cells were not formed in four districts⁵⁹ to monitor and protect the GP properties. As such, there were instances of encroachment of land and development of unauthorized layouts.

ii. Non-formation of High Power Committees at District level

At District level, High Power Committee⁶⁰ shall be constituted with DPO as Member Convener to review the progress of identification and removal of encroachments. The Committee shall meet every three months and review the progress. However, in three test-checked districts⁶¹, no such committees were formed to review the progress of identification and removal of encroachments.

iii. Non-formation of Vigilance and Enforcement wing

At Commissionerate level, a Vigilance and Enforcement wing⁶² shall be constituted with Additional Commissioner/Deputy Commissioner to protect the GP properties and to monitor the activities of district level cells. However, no records were maintained in support of formation of a separate wing and its functioning at Commissionerate level.

2.1.6.5 Periodical reporting not done

The GoAP issued orders⁶³ that the Heads of Departments (HoDs) shall compile all assets of all Subordinate offices and agencies, including State level offices. After compilation of all assets, HoDs shall report (in hard and soft formats) the asset inventory of lands, buildings, etc., information by 31st December every year for all the existing assets of Government to their administrative departments of Secretariat. The Administrative Departments of Secretariat, in turn, shall furnish the asset information to the Finance Department by 15th January every year, for all the asset inventory information of previous calendar year. However, no such procedure was followed by

⁵⁸ Para 5 of G.O Ms. No.188 dated 21.07.2011

⁵⁹ Anantapuramu, Chittoor, Srikakulam and Visakhapatnam

⁶⁰ Para 7 of G.O Ms. No.188 dated 21.07.2011

⁶¹ Chittoor, Srikakulam and Visakhapatnam

⁶² Para 8 of G.O Ms. No.188 dated 21.07.2011

⁶³ G.O Ms.No.667 dated 11.10.2004 guidelines on Asset Management and Maintenance of Registers and Records issued by Finance Department

the test-checked PRIs and Panchayat Raj and Rural Development Department as land inventory was not prepared by PRIs.

2.1.7 Conclusion

The PRIs did not maintain Asset Register despite specific orders of the Government. Donated land was not surveyed/taken to inventory and also not mutated to establish ownership. The PRI land was alienated without the approval of the Government and recovery of cost of the land. Unauthorised layouts were allowed and open space due from authorised layouts was not transferred to PRIs causing loss of property. Rules on leasing of land and shops were not adhered to resulting in loss of revenue and unauthorised constructions. Monitoring mechanism was not found to be effective.

2.2 Avoidable additional charges of ₹65.77 lakh

Failure of the Zilla Parishads to ensure payment of electricity bills within the due dates resulted in avoidable payment of additional charges of ₹65.77 lakh

State Government entrusted (December 2012) the responsibility of Operations and Maintenance (O&M) of all Rural Water Supply (RWS) Schemes to the local bodies. The O&M activities include making payments of power supply charges of the schemes for which funds are allocated from Finance Commission grants. Zilla Parishads are authorised to incur expenditure from any available grant, in case of delay in release of funds by Government subject to reimbursement. As per Electricity Supply Code of Andhra Pradesh Electricity Regulatory Commission (APERC) in case the consumers do not pay the bills by due date, additional charges for delayed payment of bills shall apply as per tariff orders.

Scrutiny of the records of five Zilla Parishads for the period 2011-17 showed that payment of electricity charges was not being made in time. An amount of ₹65.77 lakh (*Appendix- 2.6*) was paid, during the period, as additional charges for delayed payment of electricity bills for O&M activities of Water Supply schemes. Zilla Parishads attributed delayed payment to Finance Commission grants not being received in time and lack of sufficient funds. Reply is not acceptable as Zilla Parishads are authorised to utilize any available funds in cases of delays.

Thus, failure of the Zilla Parishads to ensure payment of electricity bills within the due dates resulted in avoidable payment of additional charges of ₹65.77 lakh.

State Government accepted (January 2018) the audit observation and replied that power supply companies were requested for taking a generous view for waiver of penalties in delayed payment of electricity bills.

Part – B
Urban Local Bodies

Chapter – III

An overview of the functioning and financial reporting issues of Urban Local Bodies

Chapter III

Section-A

An Overview of the functioning of the Urban Local Bodies (ULBs) in the State

3.1 Introduction

Government of India (GoI) enacted (1992) the 74th amendment¹ to the Constitution to empower Urban Local Bodies (ULBs) as local self-governing institutions in the country to perform effectively. Accordingly, State Government enacted Andhra Pradesh Municipal Corporations Act, 1994 to set up Municipal Corporations in the State. Provisions of Hyderabad Municipal Corporation (HMC) Act, 1955 including the provisions relating to levy and collection of taxes or fees were extended to all other Municipal Corporations in the State of Andhra Pradesh. Municipalities are governed by the Andhra Pradesh Municipalities Act, 1965. The profile of ULBs in the State is given in Table 3.1:

Table 3.1

Indicator	Unit	State statistics
Urban population	Crore	1.46
Male	Lakh	72.92
Female	Lakh	73.18
Urban sex ratio	Females per 1000 Males	1,004
Urban literacy rate	Percentage	79.17
Municipal Corporations	Number	14
Municipalities	Number	71
Nagar Panchayats	Number	25

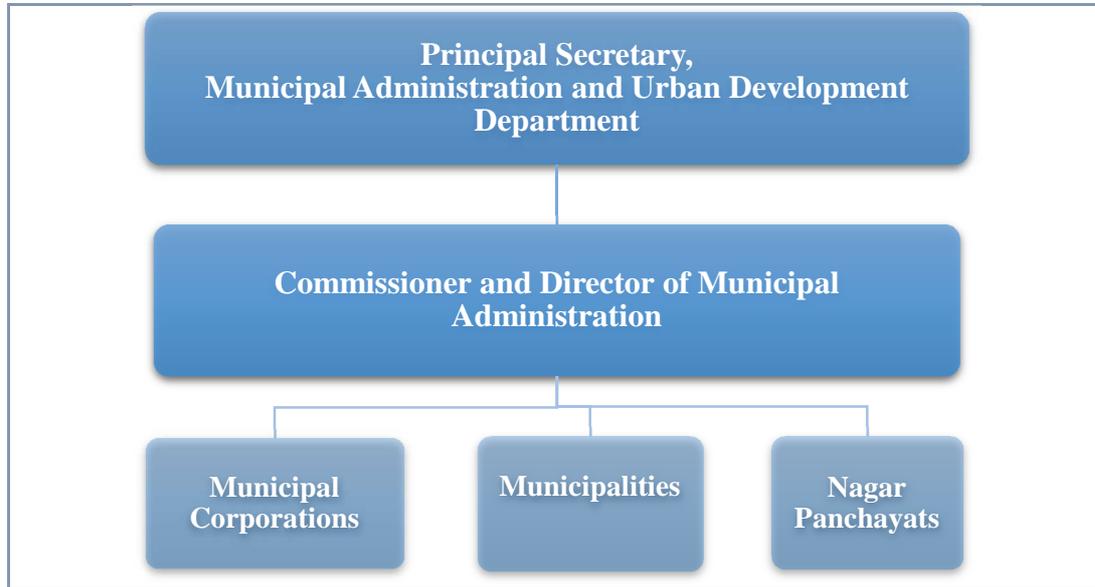
Source: Information furnished by Commissioner and Director of Municipal Administration (CDMA) and Andhra Pradesh at a Glance (2016-17) published by Directorate of Economics and Statistics, Government of Andhra Pradesh

¹ For implementation of various socio-economic development schemes including those enumerated in the Twelfth Schedule to the Constitution

3.2 Organisational setup of ULBs

Organisational arrangements for the ULBs are as follows:

Chart 3.1



The ULBs are under the administrative control of the Commissioner and Director of Municipal Administration (CDMA). Day-to-day administration of all the ULBs rests with the Commissioner concerned.

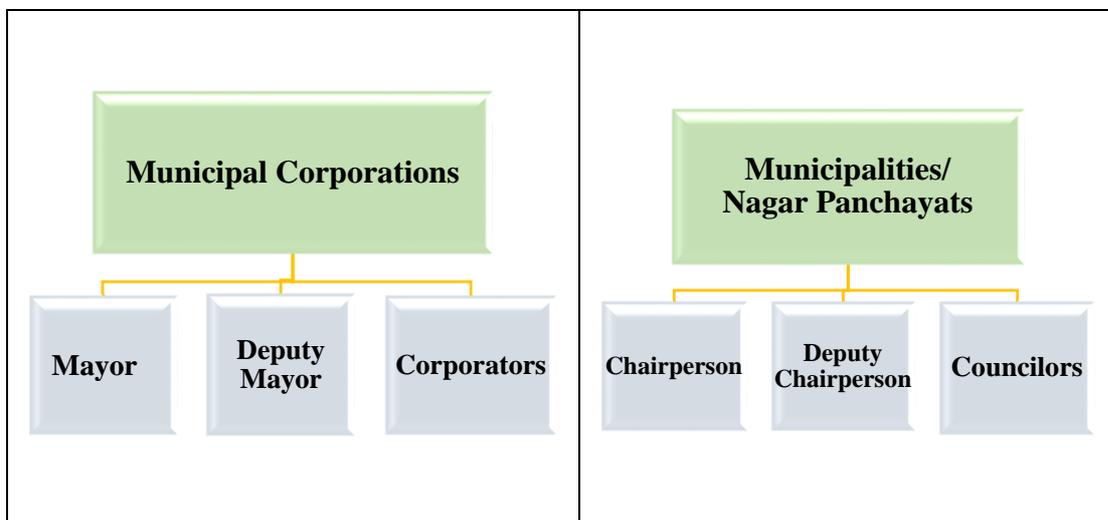
3.3 Functioning of ULBs

The 74th Constitutional Amendment Act, 1992 identified 18 functions for ULBs as incorporated in the Twelfth Schedule to the Constitution. All the functions mentioned in this Schedule were devolved to ULBs in the State except 'Fire Services'.

3.4 Formation of various committees

The structure of the elected bodies of the ULBs is given below:

Chart 3.2



The Municipalities and Corporations transact their business as per the provisions of the Acts concerned. In respect of Corporations, the Standing Committees, comprising the Chairpersons of all the Ward Committees under them, meet at intervals prescribed by the Act. Similarly, in respect of Municipalities, the Municipal Ward Committees meet at prescribed intervals to transact business, make regulations and scrutinise municipal accounts. The main functions of the Ward Committees (Municipalities and Corporations) include provision and maintenance of sanitation, water supply and drainage, street lighting, roads, market places, playgrounds, school buildings, review of revenue collections, preparation of annual budget, etc. Commissioner and Director of Municipal Administration (CDMA) stated (September 2017) that out of 2,984 wards, 491 ward committees were constituted as of September 2017.

3.5 Sources of funds

Resource base of ULBs consists of their own revenue in the shape of tax² and non-tax³ revenues, devolution at the instance of State and Central Finance Commissions, Central and State Government grants for maintenance and development purposes and other receipts⁴.

Summary of receipts of ULBs for the years 2012-17 is given in Table below. Receipts for the period 2012-14 pertain to the composite State of Andhra Pradesh whereas the receipts for the period 2014-17 pertain to the residuary State of Andhra Pradesh.

Table 3.2

(₹ in crore)

Sl. No.	Receipts	2012-13	2013-14	2014-15	2015-16	2016-17
1	Own Revenue	2,898.52	3,183.43	840.86	946.04	2,250.58
2	Assigned Revenue⁵	819.28	695.66	181.81	156.84	372.23
3	State Government Grants	921.00	1,358.60 ⁶	NA**	118.62	1,647.22
4	GoI Grants					
	Scheme funds	378.36	-	NA**	178.29	312.20
	13 th and 14 th Finance Commission	-	-	818.28	318.31	483.14
5	Other Receipts*	-	275.60	79.66	47.36	322.88
	Total	5,017.16	5,513.29	1,920.61	1,765.46	5,388.25

Source: Data furnished by Commissioner and Director of Municipal Administration

* Other receipts include loans, accrued interest, penalties received, forfeited security deposits etc.

** Data not made available

² Property Tax, Advertisement fee etc.

³ Water tax, rents from markets, shops and other properties, auction proceeds etc.,

⁴ Donations, interest on deposits etc.

⁵ Seigniorage fee and surcharge on stamp duty collected by Departments of Mines and Geology and Stamps and Registration are apportioned to the Local Bodies in the form of assigned revenue

⁶ This includes grants received from GoI

3.5.1 Financial Assistance to ULBs

Financial assistance was provided by State Government to ULBs by way of grants and loans. Details of the financial assistance provided by the Government to ULBs are given below:

Table 3.3

(₹ in crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Budget	177.45	483.45	77.07	219.87	223.87
Actual Release	90.57	441.37	25.65	219.87	223.87

Source: Information furnished by CDMA

3.5.2 Application of funds

Details of expenditure incurred by ULBs for the period 2012-14 pertaining to the composite State of Andhra Pradesh and for the period 2014-17 pertaining to the State of Andhra Pradesh are given below:

Table 3.4

(₹ in crore)

Sl. No.	Type of expenditure	2012-13	2013-14	2014-15	2015-16	2016-17
1	Revenue expenditure	3,153.33	3,418.10	836.82	884.91	2,454.99
2	Capital expenditure	1,166.59	1,573.30	410.23	451.29	1,768.83
	Total	4,319.92	4,991.40	1,247.05	1,336.20	4,223.82

Source: Data furnished by Commissioner and Director of Municipal Administration

As seen from the source of funds and expenditure particulars of ULBs during the year 2016-17, it was observed that there were savings of ₹1,164.43⁷ crore.

3.6 Recommendations of the State Finance Commission (SFC)

As per Article 243Y of the Constitution, the State Government has to constitute SFC once in five years to recommend devolution of funds from the State Government to Local bodies. The Third SFC was constituted in January 2003 and submitted its report in 2008. State Government had issued orders⁸ for implementation of the recommendations of SFC only in December 2013. State Government did not constitute SFC after 2013. The committee of Ministers and Secretaries felt that recommendations of Third Finance Commission could be applied for the period 2010-15 also. The State

⁷ ₹5,388.25 crore-₹4,223.82 crore= ₹1,164.43 crore

⁸ G.O. Ms. No. 512, MA&UD (Budget-2) department, dated 31.12.2013

Government had released an amount of ₹133.92 crore (under State Finance Commission) during 2016-17 and the entire amount was expended.

3.7 Recommendations of the Central Finance Commission (CFC)

The Fourteenth Finance Commission (FFC) recommended assured transfer of funds to the local bodies for planning and delivering basic services⁹ under their charge. Grants were released under two components, i.e., Basic grant and Performance grant. The division of grants between Basic Grant and Performance Grant is in the ratio of 80:20.

During the year 2016-17, GoI released ₹483.14 crore. However, no amount was expended as of November 2017.

3.8 Audit Mandate

3.8.1 Primary Auditor

Director, State Audit (DSA), functioning under the administrative control of Finance Department, is the statutory auditor for ULBs under Andhra Pradesh State Audit Act, 1989. As per Section 11(2) of the Act, DSA is required to prepare a consolidated Audit and Review Report for presentation to the State Legislature. DSA has four Regional Offices and 13 District offices in the State. As per Section 10 of the Act, DSA is empowered to initiate surcharge proceedings against the persons responsible for causing loss to the funds of local authorities. The executive authority concerned shall recover such amounts under Revenue Recovery (RR) Act.

As per the information furnished (October 2017) by DSA, audit of annual accounts of 90 ULBs pertaining to earlier years was in arrears. DSA attributed delay in audit to non-production of records by ULBs. DSA further stated that surcharge certificates for ₹21,106 in respect of two cases were issued during the year 2016-17.

The consolidated Audit and Review Report for the year 2011-12 was tabled in the State Legislature on 30 March 2016. Some of the major findings observed in 2011-12 report relate to excess utilisation/non-utilisation/diversion/mis-utilisation of grants, non-collection of taxes and fee, advances pending adjustment etc. DSA stated (October 2017) that consolidation of the Reports for the years 2012-13 to 2016-17 was under progress.

3.8.2 Audit by Comptroller and Auditor General of India (CAG)

Based on recommendations of the Eleventh Finance Commission, State Government entrusted (August 2004) to CAG, the responsibility for providing Technical Guidance and Supervision (TGS) in connection with the accounts and audit of Local Bodies under section 20(1) of the Act.

⁹ water supply, sanitation including septic management, sewage and solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths, street lighting, burial and cremation grounds

Based on the test check of ULBs, a consolidated report (TGS note) is prepared at the end of each financial year and forwarded to the DSA for improving the quality of their reports. TGS note for the year 2016-17 was issued in August 2017.

Planning and conduct of audit

The Audit process commences with assessment of risks¹⁰, based on expenditure incurred, criticality/complexity of activities and priority accorded to the activity by Government. It is also based on level of delegated financial powers and assessment of internal controls and concerns of stakeholders.

Previous audit findings were also considered in this exercise. Based on this risk assessment, frequency and extent of audit was decided and an annual audit plan was formulated to conduct audit. During 2016-17, 13 ULBs (two Municipal Corporations¹¹, seven Municipalities¹² and four Nagar Panchayats¹³), falling under the department of Municipal Administration and Urban Development, were covered in audit.

Report of the Comptroller and Auditor General of India on Local Bodies for the year ended March 2016 was tabled in the State Legislature on 31 March 2017.

Response to audit observations

After completion of audit, Inspection Reports (IRs) containing audit findings were issued to heads of the units concerned. Heads of offices and next higher authorities were required to respond to observations contained in IRs within one month and take appropriate corrective action. Audit observations communicated in IRs were also discussed in meetings at district levels by officers of the departments with officers of Principal Accountant General's office.

As of November 2017, 150 IRs containing 3,820 paragraphs pertaining to the period up to 2016-17 were pending settlement as given below. Of these, initial replies had not been received in respect of 71 IRs and 2,146 paragraphs.

Table 3.5

Year	Number of IRs /Paragraphs pending settlement		IRs/Paragraphs where even initial replies have not been received	
	IRs	Paragraphs	IRs	Paragraphs
Up to 2015-16	137	3,475	58	1,801
2016-17	13	345	13	345
Total	150	3,820	71	2,146

Lack of action on IRs is fraught with the risk of perpetuating serious financial irregularities pointed out in these reports remaining unaddressed.

¹⁰ of departments/local bodies/schemes/programmes, etc.

¹¹ Kakinada and Srikakulam Municipal Corporations

¹² Amalapuram, Jaggayyapeta, Kandukur, Markapur, Pullivendula, Sullurpet and Tuni Municipalities

¹³ Nellimarla, Palakonda, Puttaparthi and Rajam Nagar Panchayats

Section B

Accountability framework and Financial reporting issues

3.9 Accounting framework

3.9.1 Ombudsman

The Thirteenth Finance Commission recommended establishment of an independent Local Body Ombudsman System. Independent Ombudsman System was not adopted in the State. However amendments were made to the existing AP Lokayukta Act, 1983 to cover all the elected members of the Municipal bodies.

3.9.2 Social Audit

Social Audit setup was yet to be constituted for programmes/schemes implemented by Department of Municipal Administration & Urban Development (MA&UD) as of November 2017.

3.9.3 Property Tax Board

The Thirteenth Finance Commission stipulated that State Government must constitute a Property Tax Board (PTB). PTB was to assist all ULBs to put in place an independent and transparent procedure for assessing Property Tax. Accordingly, State Government had issued (March 2011) orders for constituting PTB. The Andhra Pradesh Municipalities Act, 1965 was amended (2012) to bring the Legislative framework for the functioning of Andhra Pradesh State Property Tax Board.

State Government sanctioned (October 2013) 28 posts for effective functioning of the PTB. Against the sanctioned 28 posts, 24 posts were lying vacant (as of May 2017).

3.9.4 Service Level Benchmark

The Thirteenth Finance Commission had stipulated that State Government must notify or cause the ULBs to notify the service standards of four core sectors¹⁴ to be achieved by them by the end of fiscal year. State Government fixed the targets for the year 2014-15 (March 2014). From 2015-16 onwards, ULBs were directed to publicise the Service Level Benchmarks by themselves. All the ULBs in the State have fixed the targets for the year 2016-17 in respect of four core sectors. None of the test-checked ULBs furnished the details of achievements against the SLB targets set.

3.9.5 Fire hazard response

Guidelines of the Thirteenth Finance Commission stipulated that all Municipal Corporations with a population of more than one million, must put in place a fire hazard response and mitigation plan. A gazette notification to this effect was to be issued by the State Government demonstrating compliance. Accordingly, State Government notified annually, the fire hazard response and mitigation plans to be implemented upto 2014-15. State Government did not issue notifications for the subsequent years.

¹⁴ water supply, sewerage, storm water drainage and solid waste management

3.10 Submission of Utilization Certificates (UCs)

Scheme guidelines of Centrally Sponsored Schemes and Central Finance Commissions stipulate that departmental officers should obtain UCs from the grantees. The UCs should be forwarded to GoI after due verification of the same. Records of 13 test-checked ULBs showed that in respect of two¹⁵ ULBs, UCs for an amount of ₹3.68 crore (pertaining to the period 2010-11 to 2016-17) were not furnished as of March 2017.

3.11 Internal Audit and Internal Control system of ULBs

Records of 13 ULBs during 2016-17 showed that in respect of seven¹⁶ ULBs, Internal Audit was not conducted. One ULB (Tuni Municipality) stated that Internal Audit was conducted quarterly, however, records in support of the same were not furnished to audit despite specific request.

3.12 Maintenance of Records

Every Drawing and Disbursing Officer should maintain a Cash Book as prescribed in Andhra Pradesh Treasury Code (APTC). Test check of 13 ULBs during 2016-17 showed that in five¹⁷ ULBs cash book was not properly maintained¹⁸ as stipulated.

3.12.1 Advances pending adjustment

As per Andhra Pradesh Financial Code, advances paid should be adjusted without any delay and the Drawing and Disbursing Officers concerned should watch their adjustment. Records of 13 ULBs audited during 2016-17, showed that advances of ₹1.66 crore, paid to staff in six ULBs¹⁹ for various purposes during the period 2000-17, remained unadjusted as of March 2017.

3.12.2 Non-reconciliation of departmental figures with treasury

As per paragraph 19.6 of Andhra Pradesh Budget Manual, DDOs are required to reconcile departmental receipts and expenditure with those booked in the treasury every month to avoid any misclassification and fraudulent drawals. Records of 13 test-checked ULBs showed that reconciliation was pending from the year 2012-13 onwards in respect of three ULBs²⁰.

3.12.3 Unspent balances in bank accounts of closed schemes

Scheme guidelines stipulate surrender of unspent amount into Government account in respect of closed schemes. State level authorities of the schemes concerned and CDMA should watch the balances of closed schemes lying in the accounts of different ULBs.

¹⁵ Tuni: ₹1.74 crore and Amalapuram: ₹1.94 crore

¹⁶ Amalapuram, Jaggaiahpetta, Kandukur, Markapur, Palakonda, Pulivendula and Puttaparthi

¹⁷ Amalapuram, Jaggaiahpetta, Srikakulam, Sullurpet and Tuni

¹⁸ Non-attestation of monthly closing, non-reconciliation by DDOs etc.

¹⁹ Kakinada: ₹84.30 lakh, Kandukur: ₹1.53 lakh, Palakonda: ₹3.68 lakh, Pulivendula: ₹1.96 lakh, Srikakulam: ₹64.70 lakh and Tuni: ₹9.33 lakh

²⁰ Markapur, Puttaparthi and Sullurpet

Records of 13 test-checked ULBs during 2016-17 showed that an amount of ₹4.33 crore pertaining to closed schemes²¹ in five²² ULBs remained unspent as of March 2017.

3.12.4 Cases of misappropriation

Andhra Pradesh Financial Code stipulates responsibilities of Government servants in dealing with Government money, the procedure for fixing responsibility and recovery of any loss. State Government had ordered (February 2004) the Secretaries of all the departments to review cases of misappropriation on a monthly basis. The Chief Secretary to Government was to review these cases once in six months with all the Secretaries concerned. However, information regarding conduct of such reviews were not furnished to audit despite specific request. Hence, Audit concludes that the required reviews were not carried out. As of March 2017, misappropriation cases noticed by Director, State Audit which were pending from 1991-92 for disposal are detailed below:

Table 3.6

(₹ in lakhs)

Unit	As of 31 March 2017 ²³	
	No. of cases	Amount
Municipal Corporations	59	265.80
Municipalities	79	680.30
Nagar Panchayats	7	6.52
Total	145	952.62

Source: Information furnished by Director, State Audit

Urgent action needs to be taken by Government in this regard.

3.13 Maintenance of Accounts by ULBs

The ULBs adopted the software developed by the Centre for Good Governance of Model Accounting System for maintenance of accounts. CDMA stated (September 2017) that the Double Entry Accrual Based Accounting System (DEABAS) was being adopted in all the 110 ULBs. The State Audit Department had audited the annual accounts of all the ULBs for the financial year upto 2015-16. Audit of annual accounts of 2016-17 was in progress.

²¹ Swarn Jayanti Rojgar Yojana, 12th Finance Commission Grants, Paavala Vaddi etc.

²² Amalapuram: ₹2.34 crore, Kakinada: ₹1.50 crore, Rajam: ₹0.02 crore, Srikakulam: ₹0.18 crore and Tuni: ₹0.29 crore

²³ No information has been provided in respect of misappropriation cases for the year 2016-17

Chapter – IV
Performance Audit

Municipal Administration and Urban Development Department

4 Tirupati Municipal Corporation

4.1 Introduction

Tirupati is a major pilgrim city located in Chittoor district of Andhra Pradesh. Tirupati Municipality was upgraded as Tirupati Municipal Corporation (TMC) in March 2007. TMC is spread over an area of 27.44 Sq. km with 23 Revenue Wards and 50 Election Wards. The population of TMC was 3.74 lakh as per 2011 Census. TMC is responsible for provision of civic amenities and infrastructure facilities in the Corporation area.

4.2 Organisational set up

Tirupati Municipal Corporation (TMC) is under overall administrative control of the Principal Secretary, Municipal Administration and Urban Development (MA&UD) at State Government level. At the Departmental level, the Commissioner and Director of Municipal Administration (CDMA) is the administrative in-charge of the TMC. The Municipal Commissioner is the executive head of TMC and is supported by Additional Commissioner and Deputy Commissioner.

4.3 Audit framework

4.3.1 Audit objectives

Performance Audit of Tirupati Municipal Corporation was carried out in selected areas (Property Tax, Building Permission Fee, Trade License Fee, Rents from shopping complex, Drainage system and Street lighting) for assessing whether:

- i) the assessment, collection and accountal of Property Tax, Building Permission Fee, Trade License Fee and Rents from shopping complexes were effectively carried out;
- ii) Drainage system was adequate and
- iii) Street lighting was adequately provided.

4.3.2 Audit criteria

Audit findings were benchmarked against the criteria sourced from the following:

- AP Municipal Corporation, Act, 1994
- Hyderabad Municipal Corporation (HMC) Act 1955 (Section 14 of AP Municipal Corporation Act, 1994 provides that all the provisions of HMC Act shall be applied *mutatis mutandis* to corporations constituted under this Act)
- AP Financial Code & A.P. Public Works Code
- Bye-laws and Council Resolutions of Tirupati Municipal Corporation
- Master Plan and City Development Plan
- Relevant scheme/project guidelines and Service Level Benchmarks
- Orders issued by Government from time to time

4.3.3 Audit sample

Five per cent of number of cases assessed/works executed during 2012-17 in respect of Property Tax¹, Trade License Fee², Building Permission Fee³ and Storm water drains⁴ were selected for conducting Performance Audit. All the cases in respect of rents from Shopping Complexes (100 per cent) were selected and examined. 25 per cent of cases pertaining to Street Lighting were selected as sample and examined.

4.3.4 Audit scope and methodology

Performance Audit of TMC was conducted between February-June 2017 covering the period 2012-17. Audit methodology involved issue of audit enquiries and scrutiny of relevant records/documents at the Office of Commissioner of TMC. An Entry Conference was held (January 2017) with the representatives of the Department/Corporation wherein audit objectives, scope, criteria and methodology were explained. Exit Conference was held with the Government representatives in November 2017 to discuss audit findings. Replies (November 2017) of the State Government have been suitably incorporated in the report.

4.3.5 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the Tirupati Municipal Corporation and its officials during the conduct of this audit.

4.4 Funding

Under AP Municipal Corporation Act, 1994, TMC is empowered to generate its own revenue by levy and collection of Property Tax, Trade License Fee, etc. Expenditure towards Street Lighting and Drainage System was met from own resources. Receipts and Expenditure of TMC in selected areas for the period 2012-17 are given below:

Table 4.1

Statement showing the receipts and expenditure details during 2012-17

(₹ in crore)

Year	Property Tax		Trade License		Building Permission Fee		Rents from Shopping Complexes		Drainage System		Street Lighting	
	BE	Actuals	BE	Actuals	BE	Actuals	BE	Actuals	BE	Actuals	BE	Actuals
2012-13	25.41	21.35	0.90	1.80	1.51	3.60	0.85	0.91	2.00	1.40	3.16	1.96
2013-14	31.26	25.44	1.28	1.09	5.05	2.50	1.40	1.02	4.93	6.08	5.15	4.87
2014-15	30.96	29.80	1.40	1.78	6.31	2.36	1.20	1.20	4.80	6.35	11.25	6.25
2015-16	38.33	33.63	1.90	0.87	14.47	0.60	1.50	1.30	7.82	1.21	13.15	4.90
2016-17	42.16	36.10	1.50	0.61	7.45	0.07	1.70	1.19	5.69	8.48	6.07	0.00
Total	168.12	146.32	6.98	6.15	34.79	9.13	6.65	5.62	25.24	23.52	38.78	17.98

Source: Information furnished by TMC; BE: Budget Estimates

¹ Property Tax: 230 cases (5 per cent of 3,545 plus 50 cases of newly merged Panchayats)

² Trade License: 230 cases (5 per cent of 4,604)

³ Building Permission: 74 cases (5 per cent of 1,481)

⁴ Drains: 30 cases (5 per cent of 604)

It was noticed that Property Tax which is the main source of income was short realised throughout the review period against the budget estimates. Trade License Fee was realised more than the budget provision in the year 2012-13 only. It came down in the subsequent years. Realisation of Building Permission fee showed declining trend. Variation was noticed between budget and expenditure in respect of street lighting and drainage systems. This indicated that the budget estimates were not realistic (*Appendix- 4.1*). Unrealistic budget estimates would affect the maintenance of services.

Audit Findings

Receipts of Corporation

4.5 Property Tax

Property Tax (PT), levied on the buildings, is the main source of income. As per Section 264 of the Act, Property Tax shall be payable on half-yearly basis. Components of the Property Tax are i) general tax ii) water tax iii) drainage tax iv) lighting tax and v) conservancy tax. Commissioner of the Municipal Corporation is the assessing authority for fixation of Property Tax on all buildings in the Corporation area.

4.5.1 Assessment, collection and accountal of Property Tax

4.5.1.1 Comprehensive database

According to Section 199 of HMC Act, Property Tax (PT) shall be levied on all buildings in the city at such percentage as may be fixed by the corporation. Maintenance of complete and accurate data on all assessable public and private properties⁵ would enable raising a proper demand. Such information would serve as an effective aid for creating centralized database and also facilitate the ULB to detect unassessed/unauthorized structures.

TMC had no comprehensive database of all assessable properties. Audit observed that properties were identified by TMC only when the owners approached the TMC or whenever the revenue officials identified new properties during their regular visits of corporation area. As per data available, there were 64,328 assessed properties in TMC limits as of March 2017. Deviations/unauthorised constructions were noticed in 2,313 assessments. Out of 230 test checked properties, deviations/unauthorised constructions were noticed in 129 cases (*56 per cent*).

As per JNNURM⁶ guidelines, TMC has to adopt e-governance using IT applications like Geographic Information System (GIS) for effective realization of PT so that PT becomes major source of revenue. However, TMC has not done the GIS mapping of the properties. Thus, there was scope for un-assessed properties.

⁵ such as residential and non-residential properties including Central, State Government properties, and properties of autonomous and corporate bodies

⁶ Jawaharlal Nehru National Urban Renewal Mission

State Government stated (November 2017) that an agreement was concluded with an agency for GIS mapping/updation of database and assured that all the un-assessed properties would be covered.

4.5.1.2 Assessment and levy

According to Section 210 of HMC Act when any building is newly erected or re-erected, or when any building which has been vacant is re-occupied, the person primarily liable for the property taxes assessed on the building shall, within fifteen days give notice thereof in writing to the Commissioner. Further, the said period of fifteen days shall be counted from the date of the completion or of the occupation whichever first occurs. Audit test-checked assessment and levy of Property Tax in respect of 230 properties during the review period. Of these, in 100 cases audit noticed delay in bringing the properties into PT net after completion of construction. The delay ranged from one to four years. Audit assessed loss of revenue of ₹1.18 crore as of March 2017 (*Appendix- 4.2*).

4.5.1.3 Non-revision of Annual Rental Value

According to Rule 7 (5) of the HMC (Assessment of Property Tax) Rules, 1990, the rates of monthly or yearly rents for each category of building in a zone shall be revised once in five years for assessment of Property Tax. Annual Rental Value (ARV) on residential buildings fixed in the year 2002 was not revised as of June 2017. ARV on non-residential buildings fixed in the year 2007 was also not revised as of June 2017. Non-compliance to Act provisions would affect the financial position of the TMC as PT is the major source of income to ULBs.

4.5.1.4 Incorrect assessment under Building Penalisation Scheme

Building Penalisation Scheme (BPS) was introduced in May 2015 for regulation and penalization of un-authorized buildings and buildings constructed in deviation to the sanctioned plans. On receipt of the application along with required documents and plans, the Competent Authority shall scrutinize the application. After carrying out necessary site inspection, the competent authority would communicate its approval or rejection to the applicant as early as possible but not beyond six months from the date of receipt of application.

Audit test-checked 30 BPS cases and noticed the following:

1. In six cases, plinth area showed in the PT assessment was less than the plinth area assessed for regulation under BPS. Variation ranged from 18.84 Sq. mts. to 119.72 Sq. mts. This resulted in short assessment of ₹0.99 lakh towards PT (*Appendix- 4.3*) as of March 2017. On the other hand, in 18 cases (*Appendix- 4.4*), the plinth area as per PT assessments was higher than that mentioned in BPS. Variation ranged from 4.17 Sq. mts to 1,708.83 Sq. mts. This indicated that BPS proceedings were made without physical verification of the building.

2. In four cases (*Appendix- 4.5*), house numbers mentioned in the BPS proceedings were not traceable in the database of properties maintained by TMC. This confirms that data available with TMC was not comprehensive.

State Government replied (November 2017) that assessments under BPS were made based on the information furnished by the applicants. The reply is not satisfactory as the Government Orders (May 2015) on the BPS scheme stipulates that competent authority shall scrutinize the application, and after carrying out necessary site inspection only it should communicate the approval.

4.5.1.5 Occupancy Certificate

According to Andhra Pradesh Building Rules 2012, Occupancy Certificate (OC) shall be mandatory for all buildings. No person shall occupy or allow any other person to occupy any building or part of a building for any purpose unless such building has been granted an Occupancy Certificate by the sanctioning authority. Obtaining the occupancy certificates is optional in respect of individual buildings having the plot size upto 100 Sq.mts. and height up to 7 meters. The functional/line agencies dealing with electric power, water supply, drainage and sewerage shall not give regular connections to the building unless such OC is produced or alternatively may charge three times the tariff till such time OC is produced. In addition to the above, the local body shall collect every year two times the Property Tax, as penalty, from the owners/occupants till such time the occupancy certificate is obtained. Scrutiny of the OC records showed the following.

- i. In 196 (85 *per cent*) cases out of 230 cases of PT assessments test-checked, buildings were constructed in the plot of area exceeding 100 Sq. mts for which occupancy certificates were not issued by the TMC. The TMC had not levied penalty at the rate of two times of the Property Tax. Audit assessed loss of revenue as ₹11.32 crore as of March 2017.
- ii. Out of the 2,168 Building Permission applications received during the period 2012-17, Corporation approved 1,481 applications. However, only four occupancy certificates were issued by the corporation.

State Government did not furnish specific reply.

4.5.1.6 Exemptions from Property Tax

As per Section 202 and 202-A of HMC Act, 1955, General Tax⁷ shall be exempted in respect of buildings owned and used as recognized educational institutions including hostels and charitable hospitals. As per section 214 of the Act, Commissioner is the competent authority to grant exemption from levy of general tax.

Data for the period 2012-17 pertaining to buildings exempted from PT showed that the TMC had given exemption of ₹0.25 crore in respect 352 buildings. Out of this,

⁷ One of the components of Property Tax

TMC did not record reasons for granting exemptions of ₹0.12 crore in respect of 79 properties. As such, eligibility of exemptions for 79 properties could not be ensured.

State Government replied (November 2017) that concerned authorities would be addressed to accord exemptions according to the provisions of the HMC Act.

4.5.1.7 Collection of Property Tax

Collection of taxes is watched through Demand, Collection and Balance (DCB) register, including current and arrear position. Year-wise details of demands raised and actual collections during 2012-17 are given below:

Table 4.2

Statement showing the demand, collection and balances of Property Tax

(₹ in crore)

Year	Demand			Collection			Balance		
	Arrear	Current	Total	Arrear	Current	Total	Arrear	Current	Total
2012-13	9.54	22.07	31.61	2.74	18.61	21.35	6.81	3.46	10.27
2013-14	12.49	22.54	35.03	6.24	19.20	25.44	6.25	3.35	9.60
2014-15	12.84	31.67	44.51	3.20	26.60	29.80	9.64	5.08	14.72
2015-16	30.15	34.69	64.84	4.47	29.16	33.63	25.69	5.52	31.21
2016-17	30.76	39.79	70.55	3.11	32.99	36.10	27.64	6.80	34.44
Total	95.78	150.76	246.54	19.76	126.56	146.32	76.03	24.21	100.24

Source: Information furnished by the Commissioner, TMC

TMC achieved 84 per cent in collection of current demand of Property Tax. However, collection of arrear demand was poor (21 per cent) during the review period of 2012-17. Out of the total arrear demand of ₹95.78 crore, only ₹19.76 crore was collected. TMC had not adhered to the penal⁸ provisions stipulated in the Act for effective realization of the arrears, except levy of penalty at the rate of two per cent of PT. Further, the closing balance was not carried forward as opening balance in subsequent year during any of the financial years of the review period. As such the DCB statement did not depict the true picture. Further, as per online data furnished (April 2017) by TMC to MAUD, an amount of ₹41.04 crore was outstanding as on 31st March 2017, while an amount of ₹34.44 crore was shown as outstanding as per DCB.

State Government replied (November 2017) that steps would be taken for the collection of arrears. Further, in respect of the difference between online data and DCB Government assured that the same would be reconciled.

⁸ a) Section 269(2) of HMC Act, 1955-For non-payment of property tax on or before due date: (i) penalty of 2 per cent interest per month to be imposed; or (ii) disconnect the essential services; or (iii) confiscate the movable articles of the defaulter, b) Section 238 of HMC Act, 1955-Collection of arrears of Property Tax under the provisions of the Revenue Recovery Act (RR Act) and c) Section 278 HMC Act, 1955-Suing the defaulters in court of law

4.5.1.8 Short remittance of Library Cess

The Property Tax together with Library Cess and Education Tax shall not exceed 25 per cent and 33 per cent of ARV in respect of residential and non-residential properties respectively. According to section 20(1) of the Andhra Pradesh Libraries Act, 1960 every Zilla Grandhalaya Samstha (ZGS) shall levy in its area, Library Cess in the form of a surcharge on the Property Tax to provide better library facilities. Library Cess shall be collected at the rate of 1.52 per cent and 2.08 per cent of the PT respectively on residential and non-residential properties. The amount of Library Cess collected by the local bodies shall be paid to the Zilla Grandhalaya Samstha for the purpose of providing better library facilities to the public. During the period 2012-17, TMC had collected PT to a tune of ₹146.32 crore. Out of this, TMC had to remit ₹7.70 crore⁹ to ZGS. Against this, TMC had remitted an amount of ₹6.32 crore only leaving a balance of ₹1.38 crore. Thus, TMC failed to remit the amount promptly to ZGS.

State Government replied (November 2017) that the balance amount of Library Cess would be remitted.

4.5.1.9 Non-remittance of Education Tax

According to Andhra Pradesh Education Act, 1982, Education Tax shall be levied by the ULBs at such rates as may be considered necessary. It is an addition to the taxation levied in the ULBs under the head of Property Tax for the purpose of providing educational facilities within its jurisdiction. Education Tax shall be levied at 4.20 per cent and 4.00 per cent of the PT respectively on residential and non-residential properties.

TMC realised an amount of ₹21.04 crore towards Education Tax during the period 2012-17. The same was not remitted to Government account in violation of the Act provisions. Thus, the intended objective of providing educational infrastructural facilities in the corporation area was not achieved.

State Government replied (November 2017) that the amount collected was being utilised for the maintenance of schools which were under the control of the TMC. The reply is not acceptable as the same has to be remitted to Government account.

4.6 Trade Licence Fee

Various trades are identified for which trade licence fee is to be collected by the ULBs for running the listed business. The Municipal Council shall fix licence fee for various trades. The council shall issue a notification to the effect that no premises within municipal limits shall be used for any or more of the purposes specified therein without a licence. The Public Health wing in TMC is responsible for regulating the trades and ensure that no trade is run without a licence from TMC.

⁹ 85 per cent of total Library cess of ₹9.07 crore

4.6.1 Assessment, collection and accountal of Trade License Fee

4.6.1.1 Assessment of Trade Licences

Scrutiny of trade licence fee in respect of 230 test-checked trade licences showed that 69 properties (30 per cent), wherein trades¹⁰ have been carried out, were not assessed for PT. TMC assessed the PT in respect of premises of 10 trade licences as residential instead of commercial. In respect of 56 trade licences, House numbers were not mentioned, in the absence of which, audit could not ensure the levy of PT. This indicated that there was no co-ordination between Public Health wing, which deals with the issue of trade licences and revenue wing to ensure that all buildings for which trade licences were issued, were brought into PT net.

State Government replied (November 2017) that the matter would be referred to revenue wing of the TMC for examination of the cases.

4.6.1.2 Revision of Trade Licence Fee

The licence fee for trades under section 622(2) of HMC Act, 1955 was fixed in 2010-11¹¹, keeping in view the increase in service charges rendered by TMC. Licence fee is based on rental value of the property and can be subsequently enhanced by the Commissioner with the sanction of the Corporation. Such enhancement shall be made from time to time. Scrutiny of records revealed that TMC did not review the trade licence fee for subsequent revision.

State Government assured (November 2017) that Municipal Council would be requested to review the trade licence fees structure.

4.6.1.3 Collection of Trade Licence Fee

Year-wise details of demand raised and actual collection during 2012-17 are as follows:

Table 4.3

Statement showing the demand, collection and balances of Trade Licence Fee

(₹ in crore)

Year	No. of trade licenses	Demand			Collection			Balance		
		Arrear	Current	Total	Arrear	Current	Total	Arrear	Current	Total
2012-13	5,809	0.10	1.80	1.90	0.00	1.80	1.80	0.10	0.00	0.10
2013-14	8,010	0.52	0.94	1.46	0.15	0.94	1.09	0.37	0.00	0.37
2014-15	8,010	0.52	1.62	2.14	0.16	1.62	1.78	0.36	0.00	0.36
2015-16	8,876	0.43	1.00	1.43	0.00	0.87	0.87	0.43	0.13	0.56
2016-17	9,647	0.00	1.13	1.13	0.00	0.61	0.61	0.00	0.52	0.52
Total:		1.57	6.49	8.06	0.31	5.84	6.15	1.26	0.65	1.91

Source: DCB statements

¹⁰ Floor mills, rice mills, bakery, making of ice creams, offset printing press etc.

¹¹ As per Section 622(2) of HMC Act, 1955 read with Gazette Notification of TMC dated 05-01-2010

From the above table, Audit observed that performance of TMC in collection of current demand ranged from 54 per cent (2016-17) to 100 per cent (2012-15). TMC performance in collection of arrears ranged from 0 per cent (2012-13 and 2015-16) to 31 per cent (2014-15) only. Closing balance was not carried forward as opening balance in subsequent year during any of the financial years of the review period. Further, demand raised and trade licence fee collected dropped by 66 per cent, even though number of trade licenses had increased by 66 per cent during 2012-17. This showed that the system of levy and collection of trade licence fee was not effective.

This further substantiated the fact of lack of co-ordination between Public Health wing, which deals with the issue of trade license fee and revenue wings of the Corporation.

State Government did not furnish specific reply.

4.7 Shopping Complexes

Year-wise details of demand raised, actual collection and balances of rent from shopping complexes during 2012-17 are given in Table 4.4:

Table 4.4

Demand, collection and balances of rents from shopping complexes

(₹ in crore)

Year	No of shops	Demand			Collection			Balance		
		Arrear	Current	Total	Arrear	Current	Total	Arrear	Current	Total
2012-13	404	0.00	1.14	1.14	0.00	0.91	0.91	0.00	0.23	0.23
2013-14	272	0.23	1.04	1.27	0.08	0.94	1.02	0.15	0.10	0.25
2014-15	274	0.25	1.11	1.36	0.09	1.11	1.20	0.16	0.00	0.16
2015-16	263	0.16	1.52	1.68	0.00	1.30	1.30	0.16	0.22	0.38
2016-17	263	0.00	1.70	1.70	0.00	1.19	1.19	0.00	0.51	0.51
Total		0.64	6.51	7.15	0.17	5.45	5.62	0.47	1.06	1.53

Source: DCB Statements of TMC

From the above table, Audit observed that performance of TMC in collection of current demand ranged from 70 per cent (2016-17) to 100 per cent (2014-15). TMC performance in collection of arrears ranged from 0 per cent (2015-16) to 36 per cent (2014-15) only. Collection of arrears was poor even though collection of current demand was satisfactory.

State Government assured (November 2017) that stringent action would be initiated for realization of arrears of rent from the lessees.

4.7.1 Loss of revenue

TMC has constructed Municipal shopping complex consisting of 10 shops¹² in 2011, at a cost of ₹18.91 lakh. Corporation had conducted auctions four times during

¹² at Damineedu under Integrated Housing Slum Development Programme (IHSDP)

2012-15. However, only four shops were occupied and remaining six shops were still vacant (as of April 2017). This resulted in loss of revenue to a tune of ₹2.43 lakh.

TMC replied (June 2017) that even though auctions were conducted, public had not come forward to participate. This showed that TMC did not conduct proper demand survey of the market before selection of site for construction of the shopping complex. This resulted in unfruitful expenditure on construction of shops.

Audit scrutiny of records showed that seven shops (out of 253 shops) in three Municipal shopping complexes of TMC were vacant for a long period ranging from 2 to 34 months (*Appendix- 4.6*). This resulted in loss of revenue to an extent of ₹8.17 lakh.

State Government stated (November 2017) that in spite of conducting auctions several times the shops were not occupied as there was no demand for the same. The reply only confirmed that proper demand survey was not conducted before selection of the site.

4.8 Building Permissions

In addition to civic functions and welfare programmes, ULBs are entrusted with certain regulatory functions relating to Town Planning such as approval of layouts, approval of Building Plans, etc. ULBs shall collect Town Planning Fee and Charges such as Building Permission Fee, Open Space Contribution Charges, Betterment Charges, etc., for granting permissions which form source of revenue to them. The Director of Town and Country Planning issued instructions (February 2013) to adopt uniform rates. Accordingly, TMC revised town planning fee and charges through Gazette Notification (June 2013). TMC collected an amount of ₹9.13¹³ crore towards Betterment and Development Charges, Building Permission Fee and encroachment fee during the period of 2012-17.

4.8.1 Issue of Building permissions without collection of applicable charges

As per Andhra Pradesh Regulation of Unapproved and Illegal Layout Rules 2007, Urban Development Authority (UDA) shall collect applicable charges¹⁴ in case of areas falling under their jurisdiction. As per section 27 of the Urban Areas (Development) Act, 1975 UDA shall levy development charges in cases where permission for use of land or building was sought for. During the test check of building permission cases, Audit observed that TMC issued building permission proceedings without ensuring collection of applicable charges by UDA, as detailed under:

¹³ 2012-13: ₹3.60 crore, 2013-14: ₹2.50 crore, 2014-15: ₹2.36 crore, 2015-16: ₹0.60 crore and 2016-17: ₹0.07 crore.

¹⁴ Open Space Contribution, Betterment Charges and Development Charges. These charges shall be released for developmental works in respective Municipal Corporations based on the policies of the Government.

- i. According to the gazette notification issued by the Corporation (June 2013), open space contribution¹⁵ was to be collected from the applicants who applied for construction in unapproved layouts. In five cases, an amount of ₹2.27 crore (*Appendix-4.7*) towards Open Space Contribution was not collected.
- ii. Similarly, Betterment Charges¹⁶ were to be collected from the building permission applicants who applied for construction in unapproved layouts. However, audit observed that, in nine cases, an amount of ₹0.15 crore (*Appendix-4.8*) towards Betterment Charges was not collected.
- iii. As per Government orders (June 2007) the development charges were to be collected from the building permission applicant's as per site area and built up area. Audit noticed that in 25 cases, an amount of ₹0.24 crore (*Appendix-4.9*) was short collected towards Development charges.

State Government replied (November 2017) that matter had been referred to town planning wing for field verification and collection of balances due.

4.8.2 Rain Water Harvesting Scheme (RWHS)

As per revised schedule of Town Planning Fee and Charges issued (February 2013) by the Director of Town and Country Planning, Andhra Pradesh, the Rain Water Harvesting (RWH) Charges (Deposit) at ₹25 *per square meter* are to be collected from each applicant seeking approval for house plan. The amounts so collected shall be kept as deposit and refunded to the applicants who constructed RWH pits. Otherwise, the Corporation has to undertake construction of RWH pits with the amount collected. An amount of ₹0.43 crore was collected under RWHS from the applicants during the period 2012-17. Scrutiny of records revealed that the amount collected was kept as deposit during 2012-13 and incorrectly credited to General fund during the period 2013-17.

State Government replied (November 2017) that in addition to the amount collected under RWHS an additional amount from General fund was also spent on digging RWH pits in the TMC area. However, during joint physical verification of 10 buildings, for which TMC had accorded building permissions during the period 2011-16, RWH pits were not found in the premises of any of the building.

4.8.3 Labour Cess

According to Government Orders (December 2009) all the departments/Local Bodies/Authorities had to ensure that one *per cent* Labour Cess on the Estimated Cost of Construction of the building works¹⁷ are received by them before they approve plans for Building and Other Construction Works. However, it was observed in 64 out of 74 test-checked cases that Corporation had short collected an amount of ₹0.77 crore

¹⁵ at 14 *per cent* of the present market value of the land.

¹⁶ ₹120 per square meter for residential and ₹150 per square meter for non-residential purposes

¹⁷ Construction, maintenance, repair or demolition of any building which is designed to be or is or has been more than one storey in height above the ground or twelve feet or more from the ground level to the apex of the roof

towards Labour Cess as detailed in **Appendix- 4.10**. The short collection of cess would affect the intended objective of providing welfare measures to construction workers.

State Government replied (November 2017) that the subject matter had been taken up with the Labour Department.

Expenditure

4.9 Drainage System

TMC is spread over an area of 27.44 Sq. km. Based on the topography of the town, drainage system in TMC area was divided into five zones. Zones I, II & III cover the core area of the city. Zones IV & V were amalgamated with TMC in July 2013. Fourth zone has been further divided into Zone IV, IVA and IVB.

4.9.1 Drainage network

Against the requirement of 580 Kms of open drain length in the Corporation area, TMC provided open drains in 450 kms only. State Government replied (November 2017) that the finalization of DPRs were under progress.

Thus, it was evident that the open drains were not provided for the entire road length.

4.9.2 House Service Connections

1. The core area of the TMC was provided (1994) with comprehensive Underground Drainage (UGD) system with Housing and Urban Development Corporation (HUDCO) assistance of ₹35.88 crore. However, Audit noticed a large pendency in providing House Service Connections (HSCs) even after 23 years of providing UGD. Out of 91,811 households in the core area, only 22,354 (24 per cent) households were connected to sewerage network and 58,457 (64 per cent) households were still having septic tanks. Further, 11,000 (12 per cent) households were neither connected to sewerage network nor had septic tanks. This resulted in letting out of waste water into open drains which reached water bodies causing environmental hazards.

State Government stated (November 2017) that strict enforcement would be introduced for taking up UGD connections. Remaining connections would be completed by conducting public awareness programmes.

2. TMC had taken up the Underground Drainage project with estimated value of ₹19 crore covering eastern side of Tirumala Bypass Road. The project was stated to have been completed (March 2013) under JNNURM funds at a cost of ₹21.71¹⁸ crore. Public Health Engineering Department (PHED), the implementing agency transferred (December 2014) the UGD project to TMC. As per completion reports of the project and deviation statements only 7,572 rmts¹⁹ (43 per cent) out of 17,600 rmts was completed at the time of handing over of the project. Only 3,800 House Service Connections could be provided with the completed length.

¹⁸ Excess of ₹2.71 crore utilized from the savings of Storm Water Drainage (SWD) project.

¹⁹ rmts – running meters

However, only 592 (16 per cent) HSCs were given leaving a balance of 3,208 (84 per cent) HSCs as of June 2017. The implementing agency attributed the short execution of pipeline of 10,028 rmts to obstacles and encroachments on the pipeline alignment. TMC stated that necessary efforts were taken to insist upon the public to take HSCs and promised (June 2017) to complete the remaining connections by March 2018. However, no action plan was on record to complete the remaining length of the project. Similarly no plan was on record to provide HSCs to available UGD facility.

State Government replied (November 2017) that remaining length of the project would be taken up under AMRUT²⁰ scheme during 2017-20.

4.9.3 Storm water drains

The main objective of Storm Water Drainage system is to prevent flooding of roads and low lying areas by disposing off rain water safely. TMC was divided into three storm water zones comprising 12 drains with a total length of 29.117 kms covering an area of 2,671.08 hectares. Out of this, though TMC proposed 23.842 kms, it could execute storm water drains only for 13.308 kms, leaving a balance of 10.534 kms without the provision of storm water drains.

4.9.3.1 Unfruitful expenditure on Storm Water Drainage project

The work of construction of Storm Water Drainage (SWD) project for 23.842 kms of Tirupati area was taken up with estimated value of ₹46.82 crore under JNNURM funds. PHED executed the work on behalf of TMC. Construction of 13.308 km out of 23.842 km of SWD was completed (March 2013) with an expenditure of ₹30.17 crore, leaving a balance of 10.534 kms as of March 2017. The work was closed midway and handed over (December 2014) to TMC for further maintenance. PHED attributed pre-closure of the work to non-removal of encroachments and not obtaining of forest clearance by TMC.

Since project was not completed in full shape, there was inundation and flooding during November 2015. Thus, incomplete project resulted in unfruitful expenditure of ₹30.17 crore. Further, GoI assistance of ₹13.47 crore under JNNURM²¹ could not be availed due to incomplete work.

State Government replied (November 2017) that due to completion of JNNURM²² period in 2013 the work was pre-closed by the PH department.

4.10 Street Lighting

4.10.1 Classification of streets

Public lighting facilitates safe and easy movement of traffic during night times. The level and type of lighting adopted for a street is based mainly on the volume of traffic, both vehicular and pedestrian. As per Bureau of Indian Standards (BIS) norms, Street

²⁰ Atal Mission for Rejuvenation and Urban Transformation

²¹ Jawaharlal Nehru National Urban Renewal Mission

²² Duration of the Mission period was seven years from the year 2005-06 (i.e. upto 2012-13)

lighting has to be classified²³ with reference to the traffic density of the road. However, the TMC did not classify the roads as per BIS norms and did not prepare the City Development Plan (CDP) for street lighting.

State Government accepted (November 2017) that roads were not classified as per BIS norms and stated that preparation of City Development Plan was under progress.

4.10.2 LED streetlight project

The State Government decided (February 2015) to replace the existing conventional street lights with LED²⁴ based street lighting system in all Urban Local Bodies. The main objective of the project was implementation of energy efficiency measures in street lighting. Accordingly, TMC entered into bilateral agreement (April 2015) with Energy Efficiency Services Limited (EESL)²⁵, at an estimated capital cost of ₹7.26 crore. The project was to be completed within a period of 14 weeks (July 2015) from the date of agreement. The scope of agreement provided that the EESL shall implement the project with energy efficiency measures²⁶. The scope of agreement included annual maintenance for seven years and warranty replacement. Further, the agency shall meet upfront capital cost of the project. Repayment to EESL, in the form of annuity, will be within the overall expenditure currently incurred by TMC on energy consumption and maintenance charges. That is, EESL annuity and the electricity bill post retrofit will be less than the current expenditure on energy consumption. Scrutiny of records revealed the following:

4.10.2.1 Avoidable expenditure on Current consumption charges

- i. As per the agreement conditions, TMC shall issue forthwith 'Completion Certificate' after installation of all LED streetlights in TMC area. The scheduled date of completion of project was July 2015. However, installation of LED lights against the existing conventional lights could be completed only in August 2016. Thus, there was delay in implementation of the project by 12 months. This resulted in avoidable expenditure of ₹69.85 lakh towards Current Consumption charges on street lighting (*Appendix- 4.11*).

State Government stated (November 2017) that EESL could not complete the work in time due to shortage of LED lights. The contention of the State Government was not acceptable as TMC could not levy any penalty upon EESL for delayed execution of the project as there was no penal clause in the agreement conditions.

- ii. As per agreement with EESL, the present current consumption shall be reduced by 50 per cent after installation of LED lamps. The revised energy consumption after installation of LED lamps was estimated to be reduced to 18,31,751 units per

²³ **Group A** – Main Roads, **Group B** – Secondary Roads, **Group C** – Unclassified Roads, **Group D** – Bridges and Flyovers, **Group E** – Town and City Centers, **Group F** – Roads with special requirements

²⁴ Light Emitting Diode

²⁵ A joint venture company of PSUs of Ministry of Power

²⁶ replacing the conventional streetlight fixtures & lamps with LED streetlight fixtures & LED lamps

year/1,52,646 units per month²⁷. TMC had issued completion certificate in August 2016, and thereafter it expected monthly current consumption to be below 1,52,646 units. However, during the period from August 2016 to March 2017, the monthly consumption was above the benchmark (ranging upto 4-21 *per cent*). TMC had incurred an expenditure of ₹9.07 lakh towards excess current consumption charges as of March 2017 (*Appendix- 4.12*). Thus, improvement in efficiency of street lighting was not as expected.

State Government stated (November 2017) that there was a saving of 36 *per cent* in current consumption. Prescribed 50 *per cent* savings could not be achieved as additional street lights were installed in extended new areas.

However, contention of the Government was not convincing as new areas were last included in 2013 only and the agreement with EESL was for entire jurisdiction of TMC which included new areas also.

4.10.2.2 Dismantled conventional lamps and luminaries

As per the agreement condition 4(ix), after dismantling of existing fittings, EESL shall deposit the same on day-to-day basis against the acknowledgement in writing.

EESL would not have responsibility for safe keeping of the dismantled lights once they were given back to TMC. During execution of contract the agency had replaced different categories of 10,576 numbers of conventional lights and fittings. The value of dismantled lights and fittings was ₹0.75 crore. It was noticed that the same were neither accounted for nor taken to stock by TMC as of June 2017, even after completion of retrofitting (August 2016) with LED lights. Further, dismantled lamps and luminaries were not tested for their functionality and as they are lying idle with EESL the possibility of misuse and theft cannot be ruled out. There was also no action plan with the TMC for safe disposal of the dismantled lamps and luminaries.

State Government accepted (November 2017) that the dismantled conventional lights were not handed over by EESL.

4.11 Conclusion

Comprehensive database of assessable properties was not maintained. There were delays in assessment of properties and revision of Property Tax. There was no focus on collection of arrear Property Tax. There was lack of co-ordination between town planning and public health wing resulting in properties escaping tax net. Collection of all charges due was not ensured before according building permissions. House service connections from completed underground drainage projects were long pending. Progress of underground/storm water drainage projects was poor. Dismantled

²⁷ As per the cost sheet on the net financial impact

conventional lamps and luminaries were not accounted for and taken to stock after implementation of LED streetlight project.

4.12 Recommendations

- *Comprehensive database of all assessees/lessees should be maintained to improve the collection of taxes and detection of unauthorized construction/trades.*
- *Appropriate penal provision should be imposed against the chronic defaulters to reduce huge arrears in Property Tax collections.*
- *Action may be taken to complete the Drainage works to avoid letting of the waste water and inundation of areas during floods.*
- *Steps should be taken for safe keeping/safe disposal of the dismantled street light fittings.*

State Government accepted (November 2017) the recommendations made by audit.

Chapter – V
Compliance Audit Paragraphs

Municipal Administration and Urban Development Department

5.1 Construction and maintenance of internal roads in Urban Local Bodies

5.1.1 Introduction

As per Twelfth Schedule to the Constitution, ‘roads’ is one of the subjects¹ entrusted to the Urban Local Bodies (ULBs). Roads are necessary for public safety and convenience. For this purpose, ULBs are required to make provision² for construction, maintenance, alteration and improvement of streets, bridges, sub-ways, culverts, causeways or the like within the jurisdiction of the ULB. The function of a network of roads is to ensure safe and efficient circulation of traffic in ULBs.

5.1.2 Organizational set-up

The ULBs function under the administrative control of the Principal Secretary, Municipal Administration and Urban Development (MA & UD) at Government level. The Commissioner and Director of Municipal Administration (CDMA) is the Head of the Department. ULBs are governed by Councils comprised of elected members. Each Council is headed by a Chairperson who shall be nominated by the elected members of the Council. Municipal Commissioner is the executive head of the respective ULB. The ULBs transact their business as per the provisions of the Acts concerned. The Public Health and Municipal Engineering Department is responsible for undertaking all capital works. Maintenance works are looked after by the Engineering wing of ULB.

5.1.3 Audit Approach

Compliance Audit of construction and maintenance of internal roads³ in 11⁴ selected⁵ ULBs (out of 110 Urban Local Bodies) was conducted during the period February-June 2017. Audit covered the period 2014-15 to 2016-17. The audit was carried out with the objective of assessing efficiency and effectiveness of

- i) Utilization of funds; and
- ii) Award and execution of works.

Audit methodology involved scrutiny of relevant records/documents at the office of the Commissioner and Director of Municipal Administration, selected ULBs and the

¹ Article 243W- Twelfth Schedule-Constitution 74th amendment Act,1992

² Sec.112 (15) and Section 374 of Hyderabad Municipal Corporation Act 1955

³ All roads which are constructed and maintained by Urban Local Bodies (ULBs) are called internal roads

⁴ **Municipal Corporation** : (1) Guntur Municipal Corporation

Municipalities : (1) Adoni (2) Bhimavaram (3) Machilipatnam (4) Nandyal (5) Narasapur (6) Proddatur (7) Tenali

Nagar Panchayats : (1) Jangareddygudem (2) Mummidivaram and (3) Tiruvuru

⁵ Sample was selected based on the highest expenditure incurred on construction and maintenance of internal roads in ULBs

concerned engineering divisions of Public Health department. In addition, physical verification of site was also conducted with departmental officials. Photographic evidence was obtained wherever necessary to substantiate audit findings.

Audit findings were benchmarked against the criteria sourced from

- Andhra Pradesh Municipal Corporations Act, 1994⁶, Municipalities Act 1965, Town Planning Act 1920 (APTP Act),
- A.P. Financial Code & A.P. Public Works Code, A.P. Municipal Accounts & Asset Manual,
- Indian Road Congress guidelines, Road Development Plans (RDPs), Annual Development Plans (ADPs), and
- Orders issued by Central / State Government from time to time.

Audit Findings

5.1.4 Utilization of funds

5.1.4.1 Funding of works

Besides having their own resources, ULBs receive grants from State and Central Governments under Plan/Non-plan, Scheduled Castes Sub-Plan (SCSP)/Tribal Sub-Plan (TSP) for construction and maintenance of internal roads. ULBs also receive grants from Finance Commissions. ULBs provide funds for construction of internal roads in their respective annual budgets. However, Central/State Governments had not released any specific grant for construction and maintenance of internal roads during 2015-17. Eleven test-checked ULBs spent an amount of ₹207.01 crore⁷ on construction and maintenance of internal roads during the review period.

5.1.4.2 Grant under Scheduled Castes Sub-Plan (SCSP)

An amount of ₹54.33 crore was released during the years 2015-17 under Scheduled Castes Sub-Plan to take up works to fill up infrastructural gaps identified in SC habitations in respect of 11 test-checked ULBs. Out of this, an amount of ₹38.79 crore was utilized. Shortfall in utilisation of funds ranged between 17 and 100 per cent in 10 ULBs. Tenali ULB utilized funds in full.

Cases of un-utilised SCSP funds as observed by Audit are detailed below:

1. State Government released ₹2.49 crore (April 2016) to Guntur Municipal Corporation (GMC) towards development works. GMC did not utilize the amount and the same was kept in PD Account.

⁶ Section 14 of the Act provides that all the provisions of Hyderabad Municipal Corporation (HMC) Act, 1955 shall be applied *mutatis and mutandis* to Corporations constituted under this Act

⁷ Own funds: ₹168.16 crore, State Grants: ₹38.79 crore, Central Grants: ₹0.06 crore

State Government replied (November 2017) that funds would be utilized for road works after completion of Underground Drainage scheme, which was in progress.

2. During 2016-17, an amount of ₹10.03⁸ crore was allocated to Narasapur Municipality. However, Municipal Council resolved (September 2016 and February 2017) to take up 29 road works⁹ costing only ₹3.26 crore. Even these works were not executed.

State Government replied (November 2017) that the SCSP Grant was released in the last week of February. After obtaining administrative and technical sanctions, the Municipality was to call for tenders. However, due to issue of Council Election Notification, Municipality could not call for tenders as it would violate the Election Rules.

Thus, the Municipality failed to initiate action in time to propose infrastructure, despite availability of funds.

3. Three road works were sanctioned (May 2016) to Bhimavaram Municipality for ₹36.40 lakh. Out of this, only one work (₹10 lakh) was awarded and was under progress. The balance two works were still at tender process stage as of April 2017. Similarly, an amount of ₹2.29 crore was allocated (December 2016) to the Municipality for 21 works to fill up the infrastructural gaps identified in SC localities. Out of 21 works sanctioned (January 2017), 12 were related to roads. The fund lapsed to Government as none of these works were commenced as of 31 March 2017. Further, an amount of ₹50 lakh was allocated (December 2016) to the municipality under Tribal Sub-Plan for one work which was yet to be commenced.

State Government stated (November 2017) that the municipality could not take up the works due to insufficient response from bidders and also due to Election Code of Conduct.

Thus, no amount was utilized by the Municipality as of June 2017.

4. Proddatur Municipality received an amount of ₹1.92 crore under Plan/Non-Plan Grant during 2014-15 for construction and maintenance of roads. However, an amount of ₹14.43 lakh (eight *per cent*) was only utilized as of March 2017. Balance amount of ₹1.78 crore received under the grant was kept in savings bank account instead of remitting to the Government.

State Government replied (November 2017) that delay in selection of works occurred due to non-availability of sufficient engineering staff. State Government further stated that estimates were prepared for 10 works with an estimated cost of

⁸ ₹0.46 crore + additional allocation of ₹9.57 crore

⁹ Three works (September 2016) and 26 works (February 2017)

₹78.57 lakh. Government did not furnish the reply for the balance amount (₹99.43 lakh).

5. State Government allocated an amount of ₹10 crore to Adoni Municipality during the years 2015-17. Municipality proposed 123 works out of which 72 works pertained to roads. State Government released (August 2016) an amount of ₹5.93 crore. The ULB did not ground the works due to delay in finalization of tenders. State Government had withdrawn (March 2017) the allocation as it was not utilized by the ULB. Municipality replied (April 2017) that due to delay in conducting survey, there was delay in starting the works. The reply was not acceptable as survey was completed in September 2015 itself.

State Government while accepting audit observation replied (November 2017) that an amount of ₹six crore had been allocated (2017-18) to the ULB under SCSP grant and the works were under progress.

Thus, objective of providing infrastructure facilities in the ULBs, was not achieved to a large extent, despite availability of funds.

5.1.4.3 Fourteenth Finance Commission Grants

Under 14th Finance Commission, an amount of ₹8.02 crore was released (2015-17) towards 97 road works in five¹⁰ out of 11 test-checked ULBs. ULBs did not utilize the fund as the estimates and tenders were not finalized. Mummidivaram ULB utilized a meagre sum of ₹0.06 crore for one work only.

Thus, the grant received by the ULBs under 14th Finance Commission remained unutilized thereby depriving the public of the intended benefits.

State Government accepted the audit observation and stated (November 2017) that funds would be utilised during 2017-18.

5.1.4.4 Utilization Certificates not submitted

State Government released (2014-15) an amount of ₹4.49¹¹ crore to three ULBs (Bhimavaram, Narasapur and Jangareddygudem) for maintenance of Municipal internal roads. The ULBs were to utilize the amount and submit Utilization Certificates (UCs) within three months. However, UCs were not submitted by the ULBs.

Thus, by not submitting the UCs, it was not known whether the amount was spent for the purpose it was intended to.

¹⁰ Bhimavaram (5 works - ₹2.46 crore), Mummidivaram (14 works- ₹0.95 crore), Narasapur (3 works - ₹0.82 crore), Jangareddygudem (42 works - ₹2.22 crore) and Tiruvuru (33 works - ₹1.57 crore)

¹¹ Bhimavaram Municipality: ₹1.67 crore, Narasapur Municipality: ₹0.69 crore and for Jangareddygudem Nagar Panchayat: ₹2.13 crore

State Government assured (November 2017) that UCs would be obtained from concerned ULBs.

5.1.5 Award and execution of works

5.1.5.1 Splitting of works

As per Government orders (July 2003) works are to be technically sanctioned by competent authority¹² based on prescribed monetary limits delegated to them.

Audit noticed that four¹³ test-checked ULBs had split 9¹⁴ and 5¹⁵ works into separate packages so that the estimated cost of the work did not exceed ₹50 lakh and ₹10 lakh respectively (*Appendix- 5.1 a&b*). Thus the ULBs avoided the sanction of higher competent authorities. The ULBs replied that the works were split to complete the works within the stipulated period. Reply was not acceptable as the justification for splitting the works was not recorded and works were generally completed beyond the stipulated time. The works were split to avoid sanction from higher authority.

In Nandyal municipality, the work of ‘Rehabilitation and widening of CC road main gate to cross culvert at vegetable market’ was technically sanctioned (February 2014) for ₹10 lakh for 100 mtrs road length. Audit observed that the original road layout map indicated the road length as 114 mtrs. The work was completed (November 2014) incurring an expenditure of ₹10.94 lakh by covering road length of 116.50 mtrs, i.e., 16.50 mtrs beyond the length of 100 mtrs provided in the estimates. Thus, the Municipality avoided sanction of the Superintending Engineer by restricting the technical sanction for road length of 100 mtrs valuing ₹10 lakh. The ULB replied (March 2017) that the estimation was prepared for ₹10 lakh to avoid administrative delay and the ratification from the higher authorities would be obtained. Thus, the estimate was under-valued to avoid technical sanction from the higher authorities.

State Government accepted (November 2017) audit observations.

5.1.5.2 Award of works on nomination basis

State Government ordered (February 2014) that for all the works costing ₹one lakh and above, e-procurement platform should be adopted to enhance transparency and bring uniformity. Works on nomination basis¹⁶, to private agencies, shall be awarded only for civic works which need to be carried out on emergency basis, but not for works of regular nature. Mummidivaram Nagar Panchayat and Guntur Municipal

¹² **Executive Engineer** - for works costing upto ₹10 lakh , **Superintending Engineer**-works costing upto ₹50 lakh and **Chief Engineer/Engineer-in-Chief**-works costing above ₹50 lakh

¹³ Proddatur, Nandyal, Machilipatnam and Guntur

¹⁴ Valued at ₹8.91 crore

¹⁵ Valued at ₹1.27 crore

¹⁶ Nomination means awarding works to contractors without going for tenders

Corporation (GMC) awarded (2016-17) 26 works (₹3.20 crore) and 18 works (₹79 lakh) respectively, which were of regular nature, on nomination basis.

State Government replied (November 2017) that works were allotted on nomination basis to avoid lapse of funds and assured to avoid such entrustment in future.

5.1.5.3 Publishing of tender notices

As per Government orders (July 2003), tender notices with estimated value of more than ₹50 lakh shall be published one each in Telugu daily and English daily having largest circulation at the State level. Mummidivaram Nagar Panchayat had accorded administrative sanction (January 2016) for 17 road works with an estimated cost of ₹1.21 crore under the SCSP grant. In violation of Government Orders, the Municipality published the tender notice only in the district edition of a local newspaper, which was not a widely circulated Telugu daily. Audit noticed that 11 out of 17 works, with an estimated value of ₹63.03 lakh, were entrusted (June 2016) to a single contractor. The contract was, however, cancelled (December 2016) as the contractor did not come forward to commence the works. The Municipality replied (April 2017) that the newspaper had quoted lesser amount than other newspapers and assured to give advertisements in largely circulated newspapers.

Thus, the ULB lost offers from competitive bidding/qualified bidders for execution of work due to lack of wide publicity. The SC habitations were deprived of the intended infrastructural facilities due to improper action of the ULB.

State Government accepted audit observation and assured (November 2017) that advertisements would be published in widely circulated newspapers henceforth.

5.1.5.4 Delay in execution of works

1. **Delay in concluding agreement:** After issue of Letter of Acceptance (LOA) to the successful bidder, the Agreement is to be concluded within 14/7 days or else the contract would be cancelled and EMD would be forfeited. Audit noticed that Tenali and Bhimavaram ULBs concluded five agreements with abnormal delay of 4-27 months from the date of issue of LOA (*Appendix- 5.2*). ULBs replied (April-May 2017) that works were located in newly developed areas and boundaries of the road were not finalized by Town planning wing of ULB. Further, ULBs stated that contractors did not come forward. Thus, the projects had been delayed, causing inconvenience to the public due to delay in concluding agreements within 14/7 days.

State Government attributed (November 2017) delay to non-removal of encroachments and site disputes.

2. **Delay in completion of works:** The contractors have to complete the work within the time stipulated in the agreement conditions. As per para 154 of APPWD Code,

delay, if any, has to be condoned by way of granting Extension of Time (EOT) by the concerned competent authority. Liquidated damages have to be levied as per the conditions of Agreement, if the delay is on the part of the contractor. Audit observed delays in completion of 30 works in six test-checked ULBs, for which EOT was not granted (*Appendix- 5.3*). Audit could not assess liquidated damages leviable in the absence of records to show the delays attributable to the contractor/department. Three¹⁷ test-checked ULBs attributed the delay to shortage of sand and encroachments.

In Guntur Municipal Corporation (GMC), for 31 road works (*Appendix- 5.4*) though agreements were concluded with the contractors during 2014-17, none of the works were commenced as of June 2017.

Thus, delays in executing the work deprived the habitations of connectivity.

State Government accepted and replied (November 2017) that in Guntur Municipal Corporation, 6 out of 31 works were completed and balance works were stopped as UGD works were under execution. In other six ULBs, the delay occurred due to shortage of sand and removal of encroachments.

5.1.5.5 Poor planning

Guntur Municipal Corporation (GMC) proposed (May 2016) “Construction of 36 metres bridge at Ankireddypalem”, to provide connectivity between the SC colony and burial ground in Ankireddypalem area. The work was awarded (October 2016) to a contractor for ₹38.05 lakh and the same was completed in March 2017. The total value of work done as per final bill (March 2017) was ₹38.15 lakh.



Bridge constructed at Ankireddypalem (Guntur district) without approach roads.

Audit noticed that provision was not made for laying approach road connecting the newly constructed bridge in the estimate. A physical verification of work site also

¹⁷ Adoni, Proddatur and Tiruvuru

confirmed that there was no approach road to the bridge. As such, people of the habitation were unable to utilize the bridge. GMC replied (June 2017) that due to insufficient funds, approach road was not proposed in the estimate. Thus, failure of GMC to provide approach road indicated defective planning and resulted in unfruitful expenditure of ₹38.15 lakh as the bridge constructed was not serving the intended purpose.

State Government replied (November 2017) that estimates were submitted subsequently for permanent approach roads to the bridge, which were pending approval.

5.1.5.6 Asset inventory

As per provision in the Manual¹⁸, the Engineering section of the Municipality is responsible to make an inventory of all assets owned/held by a municipality. The inventory also includes various types of roads within the municipality. None of the test-checked ULBs maintained Asset register in respect of road works. Since asset register facilitates the ULBs to (i) plan properly for new roads, (ii) prepare a maintenance schedule for existing roads (iii) detect duplication of road works, etc., audit could not vouchsafe the justification on expenditure incurred towards various road works.

State Government replied (November 2017) that Government Project Monitoring System (GPMS) has been introduced (November 2017) in MA & UD department for capturing all assets. However, necessary evidence in support of maintaining assets inventory in GPMS mode was not furnished to audit.

5.1.5.7 Non-collection of road cutting charges

Road cutting and restoration charges are to be levied and collected from service providers for laying of optical fibre cable duly notifying rates per running meter as per Government Orders (September 2014). Further, Commissioner and Director, Municipal Administration had instructed (May 2012), to monitor the work of laying cables and supervise the restoration work as per specifications. In such cases permission will come into force only after payment of charges and subject to fulfilment of the conditions.

In Nandyal municipality, one agency¹⁹ sought permission for laying optical fibre cable to an extent of 17,017 meters. ULB accorded permission for laying 13,260 meters only and collected (June 2014) road cutting and restoration charges amounting to ₹2.20 crore. Municipal Commissioner found (August 2015) that the agency had dug

¹⁸ Andhra Pradesh Municipal Asset Management Manual (2008)

¹⁹ M/s. Reliance Jio Infocomm Limited (RJIL), Hyderabad

excess length of road to an extent of 5,750 meters and issued notices to the agency for remitting ₹94.61 lakh to ULB. However, the agency had not remitted the amount.

State Government assured (November 2017) that the amount would be collected from the agency at the earliest.

In three other ULBs (Bhimavaram, Narasapur and Guntur), Audit noticed that certificate in support of satisfactory completion of laying of optical fibre cable was not on record. Details of supervision of road cutting and restoration as per specifications by the service providers were also not recorded.

State Government replied (November 2017) that certificate in support of satisfactory completion of the work would be recorded henceforth.

Thus, ULBs failed to collect necessary charges prior to according permission and also failed to effectively supervise the works.

5.1.5.8 Pedestrian facilities

Indian Road Congress²⁰ stipulates that pedestrian facilities should be planned in an integrated manner to ensure a safe and continuous pedestrian flow. Sidewalks/footpaths on either side of the road and pedestrian crossings should be provided in every ULB to reduce pedestrian conflict with vehicular traffic to the minimum. However, none of the test-checked ULBs included pedestrian facilities in the estimates and, therefore, the facilities were not provided. Absence of provision of pedestrian facilities would jeopardize pedestrian safety.

State Government agreed (November 2017) with audit comment about lack of provision for pedestrian facility and assured that necessary instructions would be issued to all the ULBs to provide the same wherever it would be feasible and necessary.

5.1.5.9 Non-conducting of monthly review meetings

As per the manual²¹, Municipal Commissioners have to conduct review meetings once in a month and issue minutes of the review meeting and ensure follow up action on the said minutes. However, no review meetings were held in any of the test-checked ULBs. Thus, the purpose of effective monitoring was not achieved.

State Government accepted (November 2017) audit observation and assured that necessary instructions would be issued to all the ULBs for conducting monthly review meetings.

²⁰ IRC103-1988

²¹ Manual of Roles and Responsibilities of various functionaries in Urban Local Bodies in Andhra Pradesh

5.1.5.10 Third Party Quality Control (TPQC)

As per the Government Orders (October 2004), TPQC is mandatory for works costing ₹one lakh and above. The objective of TPQC is to ensure/improve the quality of the executed works. Payments should be made only after third party inspection is done and works are found satisfactory as per the prescribed standards. All the test-checked ULBs entrusted the TPQC works to Third Party Quality agencies. Audit observed that except in Guntur and Bhimavaram ULBs, the TPQCs did not make adverse remarks on the quality of the works.

Tiruvuru Nagar Panchayat accorded administrative sanction for the work of 'providing CC road to MDO Office road to SR towers in 8th ward'. The ULB entered into agreement on 30 September 2016 and work order was issued on the same day. TPQC report was, however, issued on 26 September 2016. Similarly, TPQC report for another work²² was given in the month of September 2016 before the commencement (October 2016) of work by the contractor.

Submission of TPQC report even before commencement of work was not proper and it reduced the whole exercise to a farce.

State Government assured (November 2017) that instructions would be given to the concerned officials for ensuring the genuineness of the TPQC reports before passing the bills.

5.1.6 Conclusion

Funds available under Scheduled Castes Sub-Plan (SCSP) and 14th Finance Commission grants were not effectively utilised. The objective of providing infrastructure facilities in the ULBs was not achieved despite availability of funds. Works were split to avoid technical sanction from the higher authorities. Works were allotted on nomination basis to avoid lapse of funds. Delay in execution and completion of works deprived the habitations of road connectivity. There was no provision of pedestrian facilities in the estimates. There was no mechanism of maintenance of Asset inventory to plan for new road works and maintenance schedule. Collection of necessary charges prior to according permissions was not efficient. Supervision of the road works was not effective.

²² Providing CC road from Gunjapalli Venkateswara Rao house to Manne Satyam house in 9th ward

5.2 Wasteful expenditure of ₹2.35 crore

Failure of Pulivendula Municipality to ensure source of continuous water supply to the swimming pool resulted in wasteful expenditure of ₹2.35 crore

The Council of Pulivendula Municipality had passed (August 2008) resolution for the construction of Recreation and Remunerative Complex²³ in the premises of Missamma Bungalow²⁴ with an estimated cost of ₹2.24 crore. The scope of this work included the construction of swimming pool. The work was awarded (January 2009) to a private contractor with stipulation to complete the work in nine months. Subsequently, State Government accorded (March 2009) administrative sanction for taking up the work. Municipality planned Summer Storage (SS) Tank under Pulivendula Branch Canal as source of water for supplying clear water to operate swimming pool.

During scrutiny of the records (November 2016) of the Pulivendula Municipality, audit observed that the construction of swimming pool was completed in May 2011 at an expenditure of ₹2.35 crore²⁵. After lapse of six months from the date of completion of the work, the swimming pool was leased out (November 2011) at a monthly rent of ₹27,000. As per the lease agreement²⁶, the municipality had to supply clear water to the swimming pool and the contractor had to maintain the swimming pool neat and clean on daily basis. However, the contractor stopped (August 2012) operating the swimming pool as municipality had not provided regular water supply since March 2012. The municipality issued (November 2012) notice to the agency demanding payment of monthly rents due from September 2012. The contractor requested (October 2013) the Municipal Commissioner for payment of compensation for the loss sustained by him as he could not operate swimming pool without supply of water from municipality. The contractor approached the Honourable District Court, Kadapa in December 2014 for the loss suffered by him. The case was decided (March 2015) ex-parte against the Municipality with costs²⁷ to the contractor.

In response to Audit Enquiry (November 2016), the Municipal Commissioner replied that the source of water was planned to be drawn from SS tank. Water could not be provided to the swimming pool due to severe drought condition from 2011 onwards. Efforts were made to supply water by digging of bore wells in the premises of swimming pool. The idea was shelved due to less yield. The municipality further stated

²³ Swimming pool and Shopping complex

²⁴ The bungalow belongs to Pulivendula Municipality

²⁵ ₹1.91 crore for construction of swimming pool plus ₹0.44 crore for erection of pressure sand filters with pump sets

²⁶ Clause 17 and 18 of agreement dated 18-11-2011

²⁷ A sum of ₹5.68 lakh towards security deposit and salaries of watchman, ₹10 lakh towards compensation and ₹0.36 lakh towards cost of suit

that it did not represent its case as it was sure that water could not be provided for swimming pool even if court gave directions for the same.

Thus, Pulivendula Municipality failed to adhere to lease agreement condition of providing continuous clear water supply. This had resulted in the swimming pool remaining inoperative for a period of five years, besides causing wasteful expenditure of ₹2.35 crore on construction.

State Government accepted (November 2017) that due to severe drought conditions, the Municipality could not supply water to swimming pool and that the Municipality was planning to drill two bore wells to supply water to swimming pool exclusively to put the same into use.

5.3 Avoidable cost overrun and infructuous expenditure

Delay in deciding the design and technology of STP resulted in cost overrun of ₹38.77 crore besides infructuous expenditure of ₹66.48 lakh and delay of nine years

Government of Andhra Pradesh (MA & UD)²⁸ had accorded (February 2007) administrative sanction for the project 'Narsaraopet Sewerage Scheme under UIDSSMT²⁹' for ₹30.99 crore. The work was awarded (August 2007) to Contractor 'A' for ₹25.88 crore with a stipulation to complete within 24 months. The scheme included laying of all sewer lines, construction of manholes, road restoration and construction of Sewerage Treatment Plant (STP) with Waste Stabilization Pond (WSP)³⁰ technology.

Audit scrutiny (February 2016 and June 2017) of the records of Narasaraopet Municipality showed that Municipality acquired (May 2009) land admeasuring 42.42 acres for construction of STP. Department appointed consultancy reported (December 2009) that soil of the acquired land was not suitable for WSP technology and suggested alternate technology³¹. Based on the department Consultancy report, Municipality requested (June 2010) the Government to accord sanction for revised estimate. However, the Government appointed (October 2010) a committee for finalisation of method of technology. The committee had instructed (May 2011) the Municipality to adopt the traditional WSP technology. Accordingly, Municipality gave clearance to the contractor for execution of work of STP in May 2011. However, the contractor, after completing all works except STP, requested (June 2011) to close the contract due to delay in finalisation of technology and abnormal increase in rates. State

²⁸ Municipal Administration and Urban Development

²⁹ Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)

³⁰ WSP is a shallow man made basin into which waste water flows and from which after retention time of several days a well-treated effluent is discharged

³¹ Alternate technology included SBR (Sequencing Batch Reactor)

Government permitted (January 2013) to close the contract and also permitted to call fresh tenders for STP with same technology. Accordingly, the contract was closed in January 2013. Municipality revised (May 2013) the project cost from ₹30.99 crore to ₹44.01 crore. ENC (PH) awarded (August 2013) the balance work of construction of STP to Contractor 'B' for ₹8.63 crore with stipulation to complete the work in 12 months. Contractor 'B' executed only earthwork valuing ₹66.48 lakh and discontinued the work stating that gravel quarries were not available in and around Narasaraopet. Municipality closed (May 2015) the contract without STP being constructed as the contractor had not resumed the work even after expiry of extension of time.

Later, the Municipality changed (June 2015) the design of the STP from originally proposed WSP technology to SBR (Sequencing Batch Reactor)³² technology. Accordingly the project cost was revised (December 2015) from ₹44.01 crore to ₹69.76 crore. ENC/PH in September 2016 awarded the work of construction of STP to Contractor 'C' for ₹34.65 crore with stipulation to complete in 24 months. The work was in progress as of June 2017.

State Government accepted (November 2017) the delay in deciding the technology for STP and stated that requirement of more land was saved. The reply is not acceptable as the Department appointed consultancy recommended SBR technology in December 2009 itself. Timely decision on technology was not taken.

Thus, awarding the first contract without acquisition of suitable land and delay in deciding the design and technology of STP resulted in cost overrun of ₹38.77³³ crore. Further, there was an infructuous expenditure of ₹66.48 lakh and delay of nine years. The intended users continue to be deprived of the facility which should have been ideally available to them by August 2009.

5.4 Avoidable expenditure of ₹71.99 lakh

Failure of the Municipality to register with the Central Excise and Service Tax Department in time and to collect Service Tax from the tenants resulted in avoidable expenditure of ₹71.99 lakh

Section 69(1) of the Finance Act, 1994 provides that it is mandatory for every person liable to pay service tax to get registered with department of Central Excise and Service Tax. Registration has to be done within a period of 30 days³⁴. Section 68 (1) of the Act

³² SBR technology provides highest treatment efficiency possible in a single reactor within which all biological treatment steps take place sequentially
Whereas WSP is a shallow man made basin into which waste water flows and from which after retention time of several days a well-treated effluent is discharged. WSP comprise a series of ponds requiring large extent of land.

³³ ₹69.76 crore minus ₹30.99 crore

³⁴ Service tax procedures-section 69 of the Finance Act

provides that every person providing taxable service to any person shall pay service tax. Renting of immovable property was brought under service tax net with effect from 1 June 2007³⁵. The term 'renting of immovable property' includes renting, leasing or other similar arrangements of immovable property for use in the course or furtherance of business or commerce³⁶.

Scrutiny of records of Tuni Municipality (February 2017) showed that the Municipality had been letting out its own shops on rental basis. However, the Municipality neither registered with the Superintendent of Central Excise and Service Tax nor discharged its service tax liability. Municipality stated that the registration with the Central Excise department was taken belatedly (October 2014) after getting notice (January 2011) from the said department. Due to delay in obtaining registration, the Assistant Commissioner of Service Tax, Kakinada recovered (February 2015) an amount of ₹8.16 lakh³⁷ after issuing notice under Section 87 of the Finance Act.

Municipality was authorised to alter the conditions of agreement³⁸ with tenants. However, Municipality served (August 2014) only notices to tenants. It failed to collect the Service Tax including the arrears stating that the tenants were reluctant to pay service tax. After receiving the notices from the Central Excise department, the Municipality paid an amount of ₹63.83 lakh towards service tax for the period from June 2007 to March 2015 from its General Fund (*Appendix- 5.5*). Service tax was recovered from the tenants from April 2015 only.

Thus, failure of the Municipality to register with the department concerned in time and also its failure to collect service tax from the tenants resulted in avoidable expenditure of ₹71.99 lakh³⁹.

State Government accepted and assured (November 2017) that the expenditure incurred by the Municipality from its General Fund would be recovered from the tenants.

5.5 Infertuous expenditure of ₹29.91 crore

Failure of the department to ensure adoption of approved designs by the contractor resulted in infertuous expenditure of ₹29.91 crore

Government of Andhra Pradesh had accorded (January 2008) administrative sanction for the project - 'Water Supply Scheme under UIDSSMT⁴⁰ in Piduguralla Municipality' for ₹36.07 crore. Engineer-in-Chief (PH) accorded technical sanction in August 2008. The work included investigation, survey, design, preparation and execution of

³⁵ Inserted (w.e.f 01.06.2007) by section 135 of the Finance Act

³⁶ As per section 65 (90a) of the Finance Act, as amended

³⁷ ₹3.76 lakh towards penalty and ₹4.40 lakh towards interest

³⁸ Gazette no. 521(dated 08th November 2006) of Tuni Municipality

³⁹ ₹63.83 lakh and ₹8.16 lakh

⁴⁰ Urban Infrastructure Development Scheme for Small & Medium Town (UIDSSMT)

Piduguralla Water Supply Scheme. It was entrusted to a contract agency in December 2008 for ₹37.35 crore with a stipulation to complete the work in 15 months (i.e. by March 2010). Krishna River at Govindapuram was proposed as source for drawal of water for the scheme. According to agreement the contractor should submit the detailed designs after duly conducting survey. The department should approve the design for all the components. Public Health Division, Narasaraopet was the executing agency on behalf of Piduguralla Municipality for execution of Water Supply Scheme.

Audit scrutiny (April 2016 and May 2017) of the work records in Public Health Division, Narasaraopet showed that the work was not completed as on date. An amount of ₹29.91 crore was paid to the contractor for the work executed as of May 2017. Agreement conditions stipulated that field engineers should check the measurements of the work done as per codal provisions and rules in vogue. The Engineer-in-charge shall recommend for release of payment duly considering the department quality control reports. However, it was only during the trial run (September 2014) that the Division noticed and reported that raft top level of the intake well⁴¹ was constructed at +42.95 mtr as against the approved top level of +39.00 mtr. As a result water could not enter into intake well, even though sufficient water was available in Krishna River. The same position was confirmed by the Superintending Engineer, Public Health Quality Control Circle during his inspection (November 2014) of the site. As per agreement conditions, the agency was responsible to execute the scheme as per the approved designs. However, the agency did not rectify the defects though it had the responsibility to maintain the scheme for the defect liability period of 24 months.

Department closed the contract⁴² and submitted (May 2015) proposal to Government for ₹43.03 crore (₹6.96 crore above the original sanction) for which sanction was awaited (May 2017). The proposals again included construction of intake well cum pump house and other balance works.

The implementing agency⁴³ and the State Government accepted (April 2016 and November 2017 respectively) the fact that the discrepancy in the level of intake well was noticed during the trial run. The water could not enter into intake well due to faulty construction. Government stated that as the agency did not come forward to rectify the defects, construction of intake well with other ancillary works was proposed. It was assured that recoveries would be made from the contractor for the components of faulty execution. Necessary steps would be taken for the optimum use of the scheme.

⁴¹ The minimum level where water enter into the intake well

⁴² Under Clause 61 of Andhra Pradesh Standard Specifications (APSS) which provides for termination of the contract if the Contractor stops work for 28 days and the stoppage has not been authorised by the Engineer-in-Chief

⁴³ Public Health Division, Narasaraopet

Thus, failure of the department to arrange timely supervision of the work at appropriate stages to ensure proper adoption of approved designs resulted in infructuous expenditure of ₹29.91 crore. Department needs to fix responsibility on the officials responsible for faulty execution of the work which resulted in infructuous expenditure. Further, the project also could not be commissioned even after lapse of nine years of awarding of the work.

5.6 Unfruitful expenditure of ₹1.97 crore

Failure of Pulivendula municipality to install water meters in households resulted in unfruitful expenditure of ₹1.97 crore. The objective of minimizing wastage and economic pricing of water was not achieved.

State Government had accorded (September 2007) sanction for the work 'Water Supply distribution network in the entire area of Pulivendula municipality' for ₹11 crore. The estimate included provision towards supply and fixing of water meters (15,000) for ₹2.21 crore to minimise wastage of water and to maintain economic pricing of water.

Scrutiny of records of the Pulivendula Municipality (November 2016) revealed that contract was awarded (November 2007) to an agency by the Engineer-in-Chief (Public Health). Supply and fixing of water meters for all House Service Connections was included in the work estimate. During the execution of work, the contractor supplied (August 2008) 15,000 water meters for the purpose of House Service Connections. Public Health Division, Kadapa⁴⁴ paid (June 2009) an amount of ₹1.97 crore to the agency for supply of water meters. However, Public Health Division failed to ensure that the contractor installed the same as per agreement condition. Hence, it handed over (July 2013) the entire stock of water meters to Pulivendula municipality. Water meters were lying in stock for more than eight years as of March 2017. The municipality incurred (2013-17) O&M charges of ₹2.82 crore towards cost of water supply. The municipality, however, collected only ₹1.83 crore during the period towards water charges from consumers at a uniform rate⁴⁵. The deficit in collection worked out to ₹0.99 crore.

Pulivendula municipality attributed (March 2017) failure to fix water meters in the households to public not coming forward for fixing water meters. However, the municipality did not initiate action to create public awareness. Municipality further stated that the gap between the revenue realization and O&M expenditure was due to water meters not being installed and drought conditions in the last five years.

Thus, failure of Pulivendula municipality to install water meters in households resulted in unfruitful expenditure of ₹1.97 crore besides the objective of minimizing wastage of

⁴⁴ Public Health Division, Kadapa was the executing agency on behalf of Pulivendula Municipality

⁴⁵ ₹100 per month per consumer

water not being achieved. Economic pricing of water was also not achieved since O&M expenditure exceeded (2013-17) cost of water supply by ₹0.99 crore.

State Government replied (November 2017) that necessary steps would be taken to install the water meters at the earliest.



(L.TOCHHAWNG)

Principal Accountant General (Audit)

Andhra Pradesh

Hyderabad

The

Countersigned



(RAJIV MEHRISHI)

Comptroller and Auditor General of India

New Delhi

The

Appendices

Appendix- 1.1

(Reference to Paragraph 1.3, Page No. 2)

Statement showing district-wise and department-wise devolution of funds to PRIs during 2016-17

(₹ in crore)

Name of the District		Name of the departments			
		Animal Husbandry	BC Welfare	Fisheries	Total
Anantapuramu	Release	0.00	0.03	5.90	5.93
	Expenditure	0.00	0.05	0.36	0.41
Chittoor	Release	0.00	0.00	4.76	4.76
	Expenditure	0.00	0.00	0.37	0.37
East Godavari	Release	0.00	0.04	12.26	12.30
	Expenditure	0.00	0.12	3.34	3.46
Guntur	Release	0.00	0.00	23.94	23.94
	Expenditure	0.00	0.00	5.88	5.88
Krishna	Release	5.93	0.00	13.11	19.04
	Expenditure	6.35	0.00	12.36	18.7
Kurnool	Release	0.00	0.02	4.77	4.78
	Expenditure	0.01	0.02	0.85	0.88
SPSR Nellore	Release	9.98	0.00	0.14	10.13
	Expenditure	9.62	0.00	0.14	9.76
Prakasam	Release	0.00	0.00	2.59	2.59
	Expenditure	0.05	0.00	0.21	0.26
Visakhapatnam	Release	0.48	0.00	0.00	0.48
	Expenditure	10.13	0.00	1.02	11.15
West Godavari	Release	0.23	0.03	7.07	7.32
	Expenditure	0.23	0.00	1.64	1.86
YSR	Release	0.00	0.00	4.51	4.51
	Expenditure	0.00	0.00	0.97	0.97
Total	Release	16.62	0.12	79.05	95.78
	Expenditure	26.39	0.19	27.14	53.70

Source: Information furnished by CPR & RD, Andhra Pradesh (November 2017)

Note: Where expenditure exceeded the releases is due to addition of opening balance

Appendix- 2.1

(Reference to Paragraph No.2.1.4.1, Page No.14)

Statement showing the assets held by Zilla Praja Parishad

Sl. No.	District	Extent of land (in Acres)
1	Anantapuramu	1,727.08
2	Chittoor	1,998.02
3	East Godavari	966.06
4	Guntur	2,330.66
5	SPSR Nellore	1,023.87
6	Srikakulam	467.04
7	Visakhapatnam	140.31
Total		8,653.04

Appendix- 2.2

(Reference to Paragraph No.2.1.4.1, Page No.14)

Statement showing the assets held by Mandal Praja Parishad

Sl. No.	District	Mandal	Extent of land (in Acres)
1	Anantapuramu	Bukkapatnam	3.90
2		Nallacheruvu	127.02
3		Ramagiri	17.19
4		Singanamala	15.04
5		Yadiki	6.81
6	Chittoor	Kalakada	28.51
7		Punganur	17.94
8		Puttur	10.89
9		Thavanampalle	8.80
10		Yerpedu	17.75
11	East Godavari	Thondangi	11.60
12		Prathipadu	15.38
13		P Gannavaram	14.48
14		Ramachandrapuram	7.21
15		Anaparthi	0.00
16	Guntur	Atchampeta	14.21
17		Tenali	4.32
18		Thullur	44.66
19		Pedanadipadu	8.17
20		Nadendla	8.51
21	SPSR Nellore	Bogole	6.40
22		Ozili	25.32
23		Manubolu	36.94
24		Vinjamuru	45.29

Sl. No.	District	Mandal	Extent of land (in Acres)
25		Kovvuru	20.86
26	Srikakulam	Polaki	67.07
27		Pathapatnam	5.16
28		Nandigam	5.82
29		Laveru	19.28
30		G Sigadam	10.33
31		Visakhapatnam	Pendurthi
32	Munagapaka		13.66
33	Devarapalli		16.87
34	V Madugula		15.93
35	Nathavaram		9.06
Total			705.20

Appendix- 2.3

(Reference to Paragraph No.2.1.4.1, Page No. 14)

Statement showing the lands held by Gram Panchayats

Sl. No.	District	Name of the Gram Panchayat	Extent of land (in Acres)
1	Anantapuramu	A.Narayanapuram	0.98
2		Anantapuramu Rural	0.74
3		Gorantla	6.60
4		Kakkalapalli Colony	1.25
5		Kirikera	5.20
6		Kodiginahalli	8.58
7		Lachunapalli	0.02
8		Prasannapalli	4.90
9		Rudrampet	4.86
10		Uravakonda	0.17
11	Chittoor	Avilala	NA
12		Chandragiri	1.61
13		Gangavaram	0.09
14		KakularamPalli	0.36
15		Peruru	0.18
16		Setpalli	3.45
17		Thondawada	1.30
18		Thottambedu	0.05
19		Tiruchanur	1.85
20		Vedantapuram	0.02
21	East Godavari	Hukumpeta	4.39
22		Pidingoyyi	4.05
23		Chakradwarabandam	0.12
24		Namavaram	NA
25		Palacharla	1.13
26		Rajavolu	58.64
27		Unduru	NA

Sl. No.	District	Name of the Gram Panchayat	Extent of land (in Acres)
28		Atchampeta	NA
29		Ramanayyapeta	NA
30		Thimmapuram	1.52
31	Guntur	Chebrole	25.37
32		Edlapadu	11.79
33		Irukupalem	8.94
34		Kattempudi	5.50
35		Kaza	11.76
36		Lalpuram	5.22
37		Obulanaidupalem	16.29
38		Perecherla	6.74
39		Vankayalapadu	2.50
40		Vengalayapalem	NA
41		SPSR Nellore	Kanupur Bit-II
42	MadarajuGudur/Kakupalli bit-II		0.02
43	Macherlavaripalem		0.26
44	Musunuruvaripalem		NA
45	Varikavipudi		0.03
46	Varigonda		NA
47	Thotapalli		77.62
48	Manubolu		NA
49	Narikelapalli		3.70
50	Pidathapolur	NA	
51	Srikakulam	Ampolu	14.42
52		Chapuram	1.10
53		Donkalapartha	10.75
54		Kesavaraopeta	36.21
55		Khajipeta	11.05
56		Mandapalli	7.85
57		Pathapatnam	55.01
58		Patrunivalasa	19.46
59		Singupuram	25.86
60		Thotapalem	11.19
61	Visakhapatnam	Avasomavaram	NA
62		Cheemalapalli	NA
63		Chippada	14.94
64		Nagavaram	NA
65		Nakkapali	NA
66		P L Puram	NA
67		Payakaraopeta	5.65
68		Ravada	NA
69		Tallavalasa	23.05
70		Vellanki	19.76
Total			544.17

NA: Not available with Gram Panchayat

Appendix- 2.4

(Reference to Paragraph No.2.1.4.3, Page No. 16)

Statement showing the ZPP land alienated to Government Departments/Government Organisations

Sl. No.	Name of the ZPP	Location of the land	Land Alienated to	Year of Alienation	Extent of land alienated (in Acres)	Survey Number	Value of land (₹ in crore)
1	East Godavari	Raja Nagaram village	Transport Department	May 2003	5.00	121/1A 2	2.42
2	Guntur	Suryalanka (Adivi) village	Police Department	2006	3.03	547/3A5	0.73
3	Visakhapatnam	Juttada Village	APTRANSCO	December 2011	0.14	31/4A	0.07
4	Guntur	Gutur town	District Rural Development Agency	September 1992	0.75	49	0.09
5	Guntur	Perecherla Village	Andhra Pradesh Industrial Infrastructure Corporation	February 1975	10.11	380 & 381/1B	0.04
6	Guntur	Mangalagiri	Andhra Pradesh State Road Transport Corporation	May 1968	0.31	273/3	2.55
7	Visakhapatnam	Vemulapudi village	District Vocational Educational Officer	December 2015	1.00	--	Not assessed
Total					20.34		5.90

Appendix- 2.5

(Reference to Paragraph No. 2.1.4.4(i) & 2.1.4.4 (ii), Page No. 17&18)

Statement showing the details of layouts in Gram Panchayats

Sl. No.	Name of the District	Name of the Gram Panchayat	Authorised layouts		Unauthorised layout	
			No. of layouts	Extent (in Acres)	No. of layouts	Extent (in Acre)
1	Anantapuramu	Anantapuramu Rural	16	41.76	72	441.60
2		A. Narayanapuram	1	20.00	30	329.34
3		Gorantla	0	0.00	39	105.85
4		Kakkalapalli Colony	0	0.00	34	33.29
5		Kirikera	1	4.73	183	800.94
6		Kodiginahalli	0	0.00	36	124.96
7		Lachunapalli	0	0.00	38	138.68
8		Prasannapalli	0	0.00	86	211.56
9		Rudrapmet	4	18.03	70	369.54
10		Uravakonda	85	323.87	8	43.81
11	Chittoor	Avilala	19	73.73	0	0.00
12		Chandragiri	27	122.06	5	23.20
13		Gangavaram	16	43.32	13	37.06
14		KakularamPalli	0	0.00	33	65.05
15		Peruru	19	88.89	12	20.00
16		Setpalli	35	259.71	30	203.63
17		Thondawada	22	171.23	3	16.75
18		Thottambedu	1	8.54	36	155.41
19		Tiruchanur	43	360.03	19	131.50
20		Vedantapuram	21	176.66	1	1.75
21	East Godavari	Atchampeta	38	163.96	6	42.78
22		Chakradwarabandam	23	67.71	6	26.34
23		Hukumpeta	29	200.00	0	0.00
24		Namavaram	46	154.22	2	3.44
25		Palacharla	104	575.06	1	2.16
26		Pidimgoyyi	69	385.89	8	23.24
27		Rajavolu	26	88.15	0	0.00
28		Ramanayyapeta	89	657.30	9	16.72
29		Thimmapuram	132	659.86	17	40.24
30		Unduru	29	206.44	0	0.00
31	Guntur	Chebrole	5	52.25	24	67.26
32		Edlapadu	3	29.24	4	4.32
33		Irukupalem	0	0.00	13	18.92
34		Kattempudi	0	0.00	33	46.21
35		Kaza	24	290.62	3	9.52
36		Lalpuram	3	22.70	15	13.73
37		Obulanaidupalem	13	116.25	0	0.00
38		Perecherla	2	6.57	25	90.54
39		Vankayalapadu	11	65.92	11	58.48
40		Vengalayapalem	11	55.11	22	76.21

Sl. No.	Name of the District	Name of the Gram Panchayat	Authorised layouts		Unauthorised layout	
			No. of layouts	Extent (in Acres)	No. of layouts	Extent (in Acre)
41	SPSR Nellore	Kanupur Bit-II	0	0.00	11	26.27
42		Macherlavaripalem	7	14.97	0	0.00
43		Madaraju Gudur/ Kakupalli bit-II	0	0.00	13	30.39
44		Manubolu	7	30.15	5	61.42
45		Musunuruvaripalem	0	0.00	0	0.00
46		Narikelapalli	7	17.22	0	0.00
47		Pidathapolur	9	19.13	0	0.00
48		Thotapalli	0	0.00	11	26.58
49		Varigonda	43	252.52	2	10.89
50		Varikavipudi	15	35.05	0	0.00
51	Srikakulam	Ampolu	0	0.00	8	30.27
52		Chapuram	4	14.15	29	75.03
53		Donkalapartha	0	0.00	7	11.66
54		Kesavaraopeta	0	0.00	7	32.06
55		Khajipeta	5	10.48	32	87.34
56		Mandapalli	0	0.00	8	39.97
57		Pathapatnam	0	0.00	16	49.87
58		Patrunivalasa	2	7.89	22	71.74
59		Singupuram	3	57.68	13	120.07
60		Thotapalem	0	0.00	16	83.27
61	Visakhapatnam	Avasomavaram	20	75.37	0	0.00
62		Cheemalapalli	15	56.53	7	39.62
63		Chippada	17	69.04	0	0.00
64		Nagavaram	9	59.48	11	68.41
65		Nakkapali	3	22.43	12	24.51
66		P. L. Puram	0	0.00	13	35.31
67		Payakaraopeta	0	0.00	51	241.68
68		Ravada	16	294.06	0	0.00
69		Tallavalasa	26	202.54	0	0.00
70		Vellanki	19	151.12	0	0.00
Total			1,194	6,899.62	1,241	4,960.39

Appendix- 2.6

(Reference to Paragraph No.2.2, Page No. 25)

Statement showing details of Zilla Parishad wise late payment charges.

(₹ in lakh)

S. No	Name of Zilla Parishad	Period	Amount
1	Anantapur (RWS&S division, Penukonda)	2011- 2017	4.54
2	Vijayawada		
	RWS&S division, Vijayawada	2011- 2014	4.80
	RWS&S division, Gudivada	2011- 2014	1.80
3	Kakinada	2015- 2016	37.71
4	Srikakulam	2011- 2014	12.63
5	Guntur		
	RWS&S division, Narasaraopet	2016- 2017	4.29
	Total		65.77

Appendix- 4.1

(Reference to Paragraph No. 4.4, Page no. 39)

Statement showing the details of year-wise budget estimates and actual receipt/expenditure

(₹ in crore)

Budget head	2012-13			2013-14			2014-15			2015-16			2016-17		
	Budget Estimates	Receipt/Expenditure	Short(-)/Excess (percent age)	Budget Estimates	Receipt/Expenditure	Short(-)/Excess (percent age)	Budget Estimates	Receipt/Expenditure	Short(-)/Excess (percent age)	Budget Estimates	Receipt/Expenditure	Short(-)/Excess (percent age)	Budget Estimates	Receipt/Expenditure	Short(-)/Excess (percent age)
Receipts															
Property Tax	25.41	21.35	(-)4.06 (15.97)	31.26	25.44	(-) 5.82 (18.61)	30.96	29.80	(-)1.16 (3.75)	38.33	33.63	(-) 4.70 (12.27)	42.17	36.10	(-) 6.07 (14.39)
Trade license fee	0.90	1.80	(+)0.90 (100)	1.28	1.09	(-) 0.19 (14.84)	1.40	1.78	(+) 0.38 (27.14)	1.90	0.87	(-) 1.03 (54.21)	1.50	0.61	(-) 0.89 (59.33)
Building permission fee	1.51	3.60	(+) 2.09 (138)	5.05	2.50	(+) 2.55 (50.49)	6.31	2.36	(-) 3.95 (62.59)	14.47	0.60	(-) 13.87 (95.85)	7.45	0.07	(-) 7.38 (99.06)
Rents from shopping complexes	0.85	0.91	(+)0.06 (7.05)	1.40	1.02	(-) 0.38 (27.14)	1.20	1.20	0.00 (100)	1.50	1.30	(-) 0.20 (13.33)	1.70	1.19	(-) 0.51 (30)
Total	28.67	27.66		38.99	30.05		39.87	35.14		56.2	36.4		52.82	37.97	
Expenditure															
Street lighting	3.16	1.96	(-)1.20 (37.97)	5.15	4.87	(-)0.28 (5.43)	11.25	6.25	(-)5.00 (44.44)	13.15	4.90	(-)8.25 (62.73)	6.07	0.00	(-) 6.07 (100)
Drainage System	2.00	1.40	(-)0.60 (30.00)	4.93	6.08	(+)1.15 (23.32)	4.80	6.35	(+)1.55 (32.29)	7.82	1.21	(-)6.61 (84.52)	8.69	8.48	(-) 0.21 (2.41)
Total	5.16	3.36		10.08	10.95		16.05	12.60		20.97	6.11		14.76	8.48	

Source: Budget Estimates and DCB

Appendix- 4.2

(Reference to Paragraph No 4.5.1.2, Page no. 40)

Statement showing the details of cases of delay in bringing the Properties into Property Tax net after completion of constructions

(Amount in ₹)

S. No.	PT Assessment No.	To be effected from	Actually Effected from	PT per half year	Delay in bringing to tax net (no. of half years)	Total
1	2	3	4	5	6	7(5*6)
1.	1012044051	2010-11 (1 st half year)	2012-13 (1 st half year)	16,775	4	67,100
2.	1012044886	2016-17 (1 st half year)	2016-17 (2 nd half year)	22,886	1	22,886
3.	1012044511	2011-12 (2 nd half year)	2012-13 (2 nd half year)	12,755	2	25,510
4.	1012043943	2010-11 (1 st half year)	2012-13 (1 st half year)	11,256	4	45,024
5.	1012062709	2013-14 (2 nd half year)	2014-15 (2 nd half year)	11,965	2	23,930
6.	1012044713	2012-13 (1 st half year)	2013-14 (1 st half year)	51,610	2	1,03,220
7.	1012062219	2013-14 (1 st half year)	2014-15 (1 st half year)	39,799	2	79,598
8.	1012044901	2012-13 (1 st half year)	2013-14 (1 st half year)	73,584	2	1,47,168
9.	1012063666	2014-15 (1 st half year)	2015-16 (1 st half year)	7,121	2	14,242
10.	1012044926	2012-13 (1 st half year)	2013-14 (1 st half year)	1,53,351	2	3,06,702
11.	1012055029	2013-14 (1 st half year)	2014-15 (1 st half year)	12,806	2	25,612
12.	1012063581	2014-15 (1 st half year)	2015-16 (1 st half year)	10,648	2	21,296
13.	1012063311	2014-15 (1 st half year)	2015-16 (1 st half year)	41,813	2	83,626
14.	1012063584	2014-15 (1 st half year)	2015-16 (1 st half year)	10,522	2	21,044
15.	1012043840	2011-12 (1 st half year)	2012-13 (1 st half year)	30,929	2	61,858
16.	1012045680	2013-14 (1 st half year)	2014-15 (1 st half year)	32,167	2	64,334
17.	1012064297	2014-15 (2 nd half year)	2015-16 (2 nd half year)	18,251	2	36,502
18.	1012049678	2013-14 (1 st half year)	2014-15 (1 st half year)	8,576	2	17,152
19.	1012044912	2012-13 (1 st half year)	2013-14 (1 st half year)	32,710	2	65,420

S. No.	PT Assessment No.	To be effected from	Actually Effected from	PT per half year	Delay in bringing to tax net (no. of half years)	Total
20.	1012063585	2014-15 (1 st half year)	2015-16 (1 st half year)	89,748	2	1,79,496
21.	1012044833	2012-13 (1 st half year)	2013-14 (1 st half year)	76,226	2	1,52,452
22.	1012056569	2013-14 (1 st half year)	2014-15 (1 st half year)	7,731	2	15,462
23.	1012046182	2013-14 (1 st half year)	2014-15 (1 st half year)	12,860	2	25,720
24.	1012063243	2014-15 (1 st half year)	2015-16 (1 st half year)	52,247	2	1,04,494
25.	1012062513	2013-14 (2 nd half year)	2014-15 (2 nd half year)	75,238	2	1,50,476
26.	1012064165	2014-15 (2 nd half year)	2015-16 (2 nd half year)	22,072	2	44,144
27.	1012063590	2014-15 (1 st half year)	2015-16 (1 st half year)	7,642	2	15,284
28.	1012058503	2013-14 (1 st half year)	2014-15 (1 st half year)	21,365	2	42,730
29.	1012062510	2013-14 (2 nd half year)	2014-15 (2 nd half year)	6,910	2	13,820
30.	1012063594	2014-15 (1 st half year)	2015-16 (1 st half year)	83,194	2	1,66,388
31.	1012044203	2011-12 (2 nd half year)	2012-13 (2 nd half year)	14,416	2	28,832
32.	1012063359	2014-15 (1 st half year)	2015-16 (1 st half year)	7,689	2	15,378
33.	1012045678	2013-14 (1 st half year)	2014-15 (1 st half year)	7,939	2	15,878
34.	1012063291	2014-15 (1 st half year)	2015-16 (1 st half year)	69,404	2	1,38,808
35.	1012044804	2012-13 (1 st half year)	2013-14 (1 st half year)	25,301	2	50,602
36.	1012062224	2013-14 (1 st half year)	2014-15 (1 st half year)	11,031	2	22,062
37.	1012044418	2011-12 (1 st half year)	2012-13 (1 st half year)	11,929	2	23,858
38.	1012043629	2011-12 (1 st half year)	2012-13 (1 st half year)	98,941	2	1,97,882
39.	1012063294	2014-15 (1 st half year)	2015-16 (1 st half year)	11,342	2	22,684
40.	1012063293	2014-15 (1 st half year)	2015-16 (1 st half year)	11,342	2	22,684
41.	1012044981	2012-13 (1 st half year)	2013-14 (1 st half year)	38,747	2	77,494
42.	1012045702	2013-14 (1 st half year)	2014-15 (1 st half year)	10,356	2	20,712
43.	1012045704	2013-14 (1 st half year)	2014-15 (1 st half year)	14,709	2	29,418
44.	1012044277	2014-15 (2 nd half year)	2016-17 (2 nd half year)	45,931	4	1,83,724

S. No.	PT Assessment No.	To be effected from	Actually Effected from	PT per half year	Delay in bringing to tax net (no. of half years)	Total
45.	1012045754	2013-14 (1 st half year)	2014-15 (1 st half year)	26,192	2	52,384
46.	1012045979	2013-14 (1 st half year)	2014-15 (1 st half year)	33,279	2	66,558
47.	1012063371	2014-15 (1 st half year)	2015-16 (1 st half year)	19,052	2	38,104
48.	1012063615	2014-15 (1 st half year)	2015-16 (1 st half year)	14,320	2	28,640
49.	1012044199	2011-12 (2 nd half year)	2012-13 (2 nd half year)	9,734	2	19,468
50.	1012057922	2013-14 (1 st half year)	2014-15 (1 st half year)	8,643	2	17,286
51.	1012046198	2013-14 (1 st half year)	2014-15 (1 st half year)	6,241	2	12,482
52.	1012045707	2013-14 (1 st half year)	2014-15 (1 st half year)	8,415	2	16,830
53.	1012044991	2012-13 (1 st half year)	2013-14 (1 st half year)	47,014	2	94,028
54.	1012044800	2012-13 (1 st half year)	2013-14 (1 st half year)	14,445	2	28,890
55.	1012063810	2014-15 (1 st half year)	2015-16 (1 st half year)	28,654	2	57,308
56.	1012063809	2014-15 (1 st half year)	2015-16 (1 st half year)	1,19,850	2	2,39,700
57.	1012062645	2013-14 (2 nd half year)	2014-15 (2 nd half year)	71,783	2	1,43,566
58.	1012044998	2012-13 (1 st half year)	2013-14 (1 st half year)	2,36,449	2	4,27,898
59.	1012044359	2011-12 (2 nd half year)	2012-13 (2 nd half year)	1,05,484	2	2,10,968
60.	1012063654	2014-15 (1 st half year)	2015-16 (1 st half year)	12,705	2	25,410
61.	1012062957	2014-15 (2 nd half year)	2015-16 (1 st half year)	17,268	1	17,268
62.	1012063671	2014-15 (1 st half year)	2015-16 (1 st half year)	10,185	2	20,370
63.	1012063800	2014-15 (1 st half year)	2015-16 (1 st half year)	39,708	2	79,416
64.	1012045687	2013-14 (1 st half year)	2014-15 (1 st half year)	8,821	2	17,642
65.	1012064298	2014-15 (2 nd half year)	2015-16 (2 nd half year)	1,16,109	2	2,32,218
66.	1012064299	2014-15 (2 nd half year)	2015-16 (2 nd half year)	34,521	2	69,042
67.	1012044280	2011-12 (2 nd half year)	2012-13 (2 nd half year)	13,682	2	27,364
68.	1012043989	2010-11 (1 st half year)	2012-13 (1 st half year)	44,982	4	1,79,928
69.	1012062385	2013-14 (1 st half year)	2014-15 (1 st half year)	43,948	2	87,896

S. No.	PT Assessment No.	To be effected from	Actually Effected from	PT per half year	Delay in bringing to tax net (no. of half years)	Total
70.	1012046105	2013-14 (1 st half year)	2014-15 (1 st half year)	27,514	2	55,028
71.	1012044354	2011-12 (2 nd half year)	2012-13 (2 nd half year)	32,426	2	64,852
72.	1012063352	2014-15 (1 st half year)	2015-16 (1 st half year)	25,004	2	50,008
73.	1012044049	2010-11 (1 st half year)	2012-13 (1 st half year)	32,631	4	1,30,524
74.	1012043684	2011-12 (1 st half year)	2012-13 (1 st half year)	2,26,344	2	4,52,688
75.	1012046107	2013-14 (1 st half year)	2014-15 (1 st half year)	9,295	2	18,590
76.	1012044874	2012-13 (1 st half year)	2013-14 (1 st half year)	20,863	2	41,726
77.	1012062484	2013-14 (1 st half year)	2014-15 (1 st half year)	33,127	2	66,254
78.	1012044173	2010-11 (2 nd half year)	2012-13 (2 nd half year)	10,454	4	41,816
79.	1012062571	2013-14 (2 nd half year)	2014-15 (2 nd half year)	35,514	2	71,028
80.	1012062997	2014-15 (2 nd half year)	2016-17 (2 nd half year)	22,216	4	88,864
81.	1012044311	2010-11 (2 nd half year)	2012-13 (2 nd half year)	10,895	4	43,580
82.	1012045796	2013-14 (1 st half year)	2014-15 (1 st half year)	68,767	2	1,37,534
83.	1012052541	2013-14 (1 st half year)	2014-15 (1 st half year)	1,26,798	2	2,53,596
84.	1012059233	2013-14 (1 st half year)	2014-15 (1 st half year)	88,793	2	1,77,586
85.	1012056816	2013-14 (1 st half year)	2014-15 (1 st half year)	64,225	2	1,28,450
86.	1012064179	2014-15 (2 nd half year)	2015-16 (2 nd half year)	53,200	2	1,06,400
87.	1012064176	2014-15 (2 nd half year)	2015-16 (2 nd half year)	77,670	2	1,55,340
88.	1012058063	2013-14 (1 st half year)	2014-15 (1 st half year)	88,096	2	1,76,192
89.	1012062080	2013-14 (1 st half year)	2014-15 (1 st half year)	68,138	2	1,36,276
90.	1012051280	2013-14 (1 st half year)	2014-15 (1 st half year)	62,804	2	1,25,608
91.	1012051410	2013-14 (1 st half year)	2014-15 (1 st half year)	1,04,548	2	2,09,096
92.	1012050365	2013-14 (1 st half year)	2014-15 (1 st half year)	2,19,137	2	4,38,274
93.	1012046104	2013-14 (1 st half year)	2014-15 (1 st half year)	94,264	2	1,88,528
94.	1012053235	2013-14 (1 st half year)	2014-15 (1 st half year)	4,42,467	2	8,84,934

S. No.	PT Assessment No.	To be effected from	Actually Effected from	PT per half year	Delay in bringing to tax net (no. of half years)	Total
95.	1012049922	2013-14 (1 st half year)	2014-15 (1 st half year)	4,58,019	2	9,16,038
96.	1012047873	2013-14 (1 st half year)	2014-15 (1 st half year)	91,291	2	1,82,582
97.	1012049790	2013-14 (1 st half year)	2014-15 (1 st half year)	63,851	2	1,27,702
98.	1012057313	2013-14 (1 st half year)	2014-15 (1 st half year)	3,56,212	2	7,12,424
99.	1012055643	2013-14 (1 st half year)	2014-15 (1 st half year)	1,42,661	2	2,85,322
100.	1012056210	2013-14 (1 st half year)	2014-15 (1 st half year)	65,001	2	1,30,002
						1,18,00,212

Appendix – 4.3

(Reference to Paragraph No 4.5.1.4 (1), Page no. 40)

Statement showing the details of non-revision of Property Tax with reference to permission under BPS

(Area in Sq. mts and amount in ₹)																
S. No	House No.	PT assessment No	Plinth area as per PT assessment	BPS Proceeding No	Plinth area as per BPS	Difference (Column 6 – Column 4)	Unit rate	Land value	Construction value	Construction value after depreciation	ARV	PT half yearly	Unauthorised construction charges	Total per half year	No. of half years upto March 2017	Total upto March 2017
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	14-1-56C	1012028470	30.34	14/1329415	150.06	119.72	45.00	1,796	3,591	3,232	60,336	9,955.00	9,955.00	19,910	4	79,640
2	22-8-154/a3	1012062467	227.83	22/0954715	262.02	34.19	9.50	108	217	195	3,636	454.50	454.50	909	4	3,636
3	13-6-600/44/158	1012003047	446.68	13/7099715	486.11	39.43	9.50	125	249	224	4,188	523.50	523.50	1,047	4	4,188
4	7-6-264/D	1012001683	274.5	7/0757115	293.34	18.84	9.50	60	119	107	2,004	250.50	250.50	501	4	2,004
5	2-3-364	1012015097	180.91	02/3975115	217.84	36.93	9.50	117	233	210	3,924	490.50	490.50	981	4	3,924
6	20-1-456/F1	1012013998	190.35	20/3673115	251.48	61.13	7.50	153	305	275	5,136	642.00	642.00	1,284	4	5,136
Total														24,632		98,528

Appendix – 4.4

(Reference to Para No 4.5.1.4 (1), Page no. 40)

Statement showing the details of cases wherein the plinth areas as per PT assessment are higher than that of BPS

S. No.	House No.	Property assessment No.	Tax assessment No.	Plinth area in assessment master (Sq. mts)	BPS application No.	Actual Plinth area at site as BPS application (Sq. mts)	Excess plinth area between PT assessment and BPS (Sq. mts)	Month and year of construction	
								As per PT assessment	As per BPS
1.	20-1-470/34/N	1012044531		227.50	20/1761615	217.19	10.31	10/2014	12/2013
2.	20-7-8	1012045817		777.60	20/1096915	459.03	318.57	04/2013	01/2013
3.	8-1-188	1012016408		206.40	08/5431915	187.16	19.24	04/2013	10/2012
4.	5-2-127	1012000576		1,934.06	05/1125915	1,234.07	699.99	04/2011	10/2009
5.	6-12-17/b	1012013398		234.36	06/7541215	219.58	14.78	04/2013	11/1986
6.	19-3-14/a	1012018592		175.60	19/6891115	170.82	4.78	04/2011	04/2008
7.	20-1-470/57/g4	1012044768		78.20	20/4548515	74.03	4.17	04/2012	09/2013
8.	1-5-587/b3/301	1012063792		230.36	01/5874015	185.62	44.74	04/2014	09/2014
9.	22-8-31/a1	1012046525		506.88	22/0826115	460.03	46.85	04/2013	11/2013
10.	10-11-389a	1012027866		339.30	10/5273915	260.34	78.96	04/2014	12/2014
11.	13-6-600/44/3a	1012043498		273.00	13/1776815	116.80	156.20	10/2011	02/2011
12.	12-3-173	1012015694		218.88	12/3437115	150.42	68.46	04/2012	11/2012
13.	23-9-94	1012045796		2,975.10	23/3524715	1,266.27	1,708.83	04/2013	02/2014
14.	10-13-514	1012028122		1,059.00	10/1088115	573.03	485.97	04/2012	12/2013
15.	19-4-121/C	1012019971		926.48	19/4235815	919.82	6.66	04/2013	06/2014
16.	21-8-386/A	1012054510		301.02	21/7524315	289.46	11.56	04/2013	12/2008
17.	21-5/196	1012050919		360.00	21/6519515	173.90	186.10	04/2013	11/2002
18.	5-1-75/E	1012000435		1,364.07	05/4943115	755.61	608.46	10/2016	12/2004

Appendix – 4.5

(Reference to Paragraph No 4.5.1.4 (2), Page no. 41)

Statement showing the details of BPS cases for which house number were not traced out in PT data

S. No.	House No.	Property Tax Assessment No.	Plinth area in as per PT assessment master (Sq. mts)	BPS application No.	Actual Plinth area at site as BPS application (Sq. mts)	Excess plinth area between PT assessment and BPS (Sq. mts)	Month and year of construction	
							As per PT assessment	As per BPS
1.	19-3-1/C/1A	Not found in PT data		7734515	282.68	Not applicable	As per PT assessment	04/2000
2.	7-20	Not found in PT data		7/8585416	255.74	Not applicable	As per PT assessment	07/2002
3.	5-320/20	Not found in PT data		4/5077815	338.95	Not applicable	As per PT assessment	07/2012
4.	3-207	Not found in PT data		03/1248715	110.07	Not applicable	As per PT assessment	11/2013

Appendix – 4.6

(Reference to Paragraph No 4.7.1, Page no. 46)

Statement showing the details of shops vacant for long period in shopping complexes

(Amount in ₹)

Sl. No.	Name of the shopping complex	Shop No.	Date on which shops fall vacant	No. of months	Rent on the date of vacancy	Loss of Rent
1.	TML Bypass Road 1 st Floor	4	26.06.2014	34	6,000	2,04,000
2.	TML Bypass Road 1 st Floor	7	26.06.2014	34	9,000	3,06,000
3.	Old Municipal Office 1 st Floor	1	15.02.2017	2	84,200	1,68,400
4.	Leelamahal Shopping Complex	15	01.05.2016	11	935	10,285
5.	Leelamahal Shopping Complex	51	01.05.2016	11	1,470	16,170
6.	Leelamahal Shopping Complex	55	16.11.2015	17	5,150	87,550
7.	Leelamahal Shopping Complex	57	01.05.2016	11	2,260	24,860
Total						8,17,265

Appendix – 4.7

(Reference to Paragraph No 4.8.1 (i), Page no. 47)

Statement showing the details of non-collection of Open Space Contribution charges

(Amount in ₹)

Sl. No.	Building Application No.	Usage of Building	Total site Area (Sq. mts)	Total Built up Area (Sq. mts)	Open space contribution to be collected	Actual Collection	Short Collection
1.	17/TPBAG2/2014	Commercial	6,925.42	1321.90	60,98,400	Nil	60,98,400
2.	34/TPBAG2/2014	Residential	3,716.17	8851.65	47,77,500	Nil	47,77,500
3.	193/TPBAG1/2014	Residential	1,258.99	3020.47	23,12,016	Nil	23,12,016
4.	41/TPBAG1/2015	Commercial	435.64	753.48	18,62,490	Nil	18,62,490
5.	54/TPBAG12015	Residential	3,545.96	9423.60	76,23,000	Nil	76,23,000
Total:					2,26,73,406	Nil	2,26,73,406

Appendix – 4.8

(Reference to Paragraph No 4.8.1 (ii), Page no. 47)

Statement showing the details of non-collection of Betterment charges

(Amount in ₹)

Sl. No.	Building Application No.	Usage of Building	Total site Area (Sq. mts)	Betterment charges to be collected	Actual Collection	Short Collection
1.	34/TPBAG2/2014	Residential	3,716.17	4,45,940	Nil	4,45,940
2	144/TPBAG3/2014	Residential	455.39	54,646	Nil	54,646
3	153/TPBAG3/2014	Residential	394.392	47,327	Nil	47,327
4	174/TPBAG1/2014	Residential	368.52	44,222	Nil	44,222
5	193/TPBAG1/2014	Residential	1,258.99	1,51,078	Nil	1,51,078
6	041/TPBAG1/2015	Commercial	435.64	65,346	Nil	65,346
7	048/TPBAG1/2015	Residential	1,906.70	2,28,804	Nil	2,28,804
8	054/TPBAG12015	Residential	3,260.66	3,91,279	Nil	3,91,279
9.	65/TPBAG1/2015	Commercial	752.42	1,12,863	Nil	1,12,863
Total				15,41,505	Nil	15,41,505

Appendix – 4.9

(Reference to Paragraph No 4.8.1 (iii), Page no. 47)

Statement showing the details of short collection of development charges

(Amount in ₹)

Sl. No	Building Application No.	Usage	Development charges to be collected	Actual Collection	Short Collection
1	05-TPBAG2-2015	Residential	26,167	10,567	15,600
2	135-TPBAG3-2014	Residential	30,953	18,653	12,300
3	65-TPBAG1-2015	Residential	72,601	3,701	68,900
4	137-TPBAG1-2014	Commercial	57,847	14,527	43,320
5	174-TPBAG1-2014	Residential	36,341	6,341	30,000
6	136-TPBAG3-2014	Residential	51,318	39,988	11,330
7	49-TPBAG2-2014	Residential	1,07,181	35,991	71,190
8	101-TPBAG2-2015	Residential	57,655	3,545	54,110
9	25-TPBAG2-2015	Commercial	17,21,892	16,96,392	25,500
10	73-TPBAG1-2012	Residential	52,422	2,922	49,500
11	105-TPBAG2-2013	Residential	30,443	5,943	24,500
12	124-TPBAG1-2012	Residential	80,125	14,125	66,000
13	180-TPBAG1-2012	Residential	8,148	8,148	0
14	87-TPBAG2-2013	Residential	30,325	23,925	6,400
15	1012/B/135/TIR/GN/2017	Residential	30,423	29,853	570
16	1012/75/B/TIR/TP/2016	Residential	28,307	2,957	25,350
17	1012/386/B/TIR/ZPR/2016	Commercial	18,68,391	3,26,341	15,42,050

Sl. No	Building Application No.	Usage	Development charges to be collected	Actual Collection	Short Collection
18	1012/0105/B/TIR/2016	Commercial	14,862	5,452	9,410
19	1012/0041/B/TIR/SP/2016	Residential	38,786	4,476	34,310
20	1012/005/B/TIR/KN/2016	Commercial	16,323	1,243	15,080
21	1012/0014/B/TIR/TP/2016	Residential	25,792	2,852	22,940
22	1012/0005/B/TIR/CC/2017	Residential	20,844	6,704	14,140
23	73/TPBAG3/2015	Residential	22,745	5,845	16,900
24	1012/131/B/TIR/AKMP/2016	Residential	1,95,703	21,133	1,74,570
25	1012/0080/B/TIR/NBC/2016	Residential	28,044	3,384	24,660
			46,53,638	22,95,008	23,58,630

Appendix -4.10

(Reference to Paragraph No 4.8.3, Page no. 48)

Statement showing the details of short collection of Labour Cess

(Amount in ₹)

Sl. No.	Building Application No.	Total Plinth Area (Sq. mts)	Labour Cess		
			To be collected	Actual Collection	Short Collection
1.	2012-TPBAG1-231	412.34	35,938	0	35,938
2.	2012-TPBAG1-244	271.33	25,399	0	25,399
3	2012-TPBAG1-321	1,658.35	1,55,241	0	1,55,241
4	2014-TPBAG1-0014	487.80	45,663	0	45,663
5	2014-TPBAG1-0034	2,425.68	2,27,072	0	2,27,072
6	2014-TPBAG1-0035	685.00	64,125	0	64,125
7	2014-TPBAG1-0063	107.28	9,350	0	9,350
8	2014-TPBAG1-0044	138.72	12,090	0	12,090
9	2014-TPBAG1-0137	1,197.66	1,12,115	10,000	1,02,115
10	2014-TPBAG1-0174	965.67	90,398	20,000	70,398
11	2015-TPBAG1-038	165.36	14,412	0	14,412
12	2015-TPBAG1-041	753.48	70,534	30,000	40,534
13	2015-TPBAG1-043	492.72	46,124	18,500	27,624
14	2015-TPBAG1-045	443.51	41,517	20,000	21,517
15	2015-TPBAG1-048	5,951.74	5,57,150	90,000	4,67,150
16	2015-TPBAG1-054	9,423.60	8,82,162	35,000	8,47,162
17	B.A.NO.65/2015/G1	2,021.88	1,89,272	0	1,89,272
18	2014-TPBAG2-017	1,321.90	1,15,211	0	1,15,211
19	2014-TPBAG2-022	496.44	43,267	0	43,267
20	2014-TPBAG2-034	10,888.46	10,19,290	49,000	9,70,290
21	2014-TPBAG2-049	2,909.12	2,72,328	0	2,72,328
22	2014-TPBAG2-071	336.09	29,292	0	29,292
23	2014-TPBAG2-081	1,577.04	1,47,629	0	1,47,629
24	2014-TPBAG2-094	900.868	84,332	0	84,332
25	2014-TPBAG2-114	672.60	58,621	46,000	12,621
26	2014-TPBAG2-118	1,253.07	1,17,302	45,000	72,302
27	2015-TPBAG2-005	692.68	64,843	15,000	49,843
28	2015-TPBAG2-006	893.30	83,623	15,000	68,623

Sl. No.	Building Application No.	Total Plinth Area (Sq. mts)	Labour Cess		
			To be collected	Actual Collection	Short Collection
29	2015-TPBAG2-025	5,097.30	4,44,260	36,470	4,07,790
30	2014-TPBAG3-097	725.72	67,936	0	67,936
31	2014-TPBAG3-114	870.24	81,464	49,000	32,464
32	2014-TPBAG3-132	8,122.57	7,60,370	1,50,000	6,10,370
33	2014-TPBAG3-135	817.45	76,523	0	76,523
34	2014-TPBAG3-136	1,619.32	1,51,587	25,000	1,26,587
35	2014-TPBAG3-144	776.49	67,675	40,000	27,675
36	2014-TPBAG3-153	1,010.47	94,592	35,000	59,592
37	2015-TPBAG3-073	724.96	67,864	11,000	56,864
38	2015-TPBAG3-080	623.54	54,345	5,900	48,445
39	2015-TPBAG3-101	1,803.68	1,68,846	1,55,000	13,846
40	087/TPBAG2/2013	809.95	75,821	15,000	60,821
41	090/TPBAG2/2013	209.82	18,287	0	18,287
42	180/TPBAG2/2012	192.81	16,804	0	16,804
43	178/TPBAG1/2012	268.05	23,362	0	23,362
44	191/TPBAG1/2012	338.91	29,538	0	29,538
45	197/TPBAG1/2012	680.96	63,746	0	63,746
46	199/TPBAG1/2012	318.93	27,796	0	27,796
47	200/TPBAG1/2012	656.40	61,446	0	61,446
48	077/TPBAG2/2013	174.52	15,210	0	15,210
49	072/TPBAG1/2013	290.08	25,282	0	25,282
50	163/TPBAG2/2013	156.54	13,643	0	13,643
51	135/TPBAG2/2013	1,106.80	1,03,609	0	1,03,609
52	122/TPBAG2/2013	659.64	61,750	0	61,750
53	106/TPBAG2/2013	136.30	11,879	0	11,879
54	109/TPBAG1/2012	7,482.35	7,00,489	0	7,00,489
55	124/TPBAG1/2012	2,197.40	2,05,703	0	2,05,703
56	105/TPBAG2/2013	811.255	75,943	0	75,943
57	054/TPBAG1/2013	1,053.04	91,778	0	91,778
58	193/TPBAG1/2014	3,020.47	2,82,752	70,000	2,12,752
59	1012/0017/B/TIR/KT/2016	53.45	4,658	0	4,658
60	1012/0135/B/TIR/GN/2017	937.01	81,666	11,204	70,462
61	1012/0294/B/TIR/UN/2016	1,714.32	1,49,413	1,47,122	2,291
62	1012/257/B/TIR/TP/2016	855.47	74,559	71,667	2,892
63	1012/259/B/TIR/MRP/2016	967.33	84,308	83,081	1,227
64	1012/0005/B/TIR/CC/2017	527.51	49,381	42,468	6,913
Total			89,98,585	13,41,412	76,57,173

Appendix – 4.11

(Reference to Paragraph No 4.10.2.1(i), Page no. 50)

Statement showing avoidable expenditure on Current Consumption Charges

(Amount in ₹)

Month & Year	Actual consumption of units	Expected monthly consumption units per month (after completion of LED project)	Difference (2-3)	Demand raised	Rate per unit (5/2)	Amount (4*6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
August, 2015	2,66,940	1,52,646	1,14,294	21,40,181	8.02	9,16,638
September, 2015	2,74,656	1,52,646	1,22,010	21,85,419	7.96	9,71,200
October, 2015	2,59,042	1,52,646	1,06,396	20,67,226	7.98	8,49,040
November, 2015	2,31,751	1,52,646	79,105	18,65,436	8.04	6,36,004
December, 2015	2,28,320	1,52,646	75,674	18,28,392	8.00	6,05,392
January, 2016	2,36,100	1,52,646	83,454	18,68,289	7.91	6,60,121
February, 2016	2,31,532	1,52,646	78,886	18,52,776	8.00	6,31,088
March, 2016	2,23,455	1,52,646	70,809	19,21,721	8.60	6,08,957
April, 2016	2,06,876	1,52,646	54,230	17,47,741	8.45	4,58,244
May, 2016	1,96,332	1,52,646	43,686	16,14,270	8.22	3,59,099
June, 2016	1,67,633	1,52,646	14,987	16,46,446	9.82	1,47,172
July, 2016	1,67,996	1,52,646	15,350	15,53,609	9.24	1,41,834
Total						69,84,789

Appendix – 4.12

(Reference to Paragraph No 4.10.2.1 (ii), Page no. 51)

Statement showing the expenditure incurred over and above the expected number of units of consumption

(Amount in ₹)

Month & Year	Actual consumption units	Expected monthly consumption units	Difference (2-3)	Demand raised	Rate per unit (5/2)	Amount (4*6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
August, 2016	1,85,505	1,52,646	32,859	17,97,558	9.69	3,18,404
September, 2016	1,68,600	1,52,646	15,954	16,60,234	9.85	1,57,147
October, 2016	1,69,463	1,52,646	16,817	17,04,251	10.05	1,69,011
November, 2016	1,58,105	1,52,646	5,459	15,75,966	9.97	54,426
December, 2016	1,63,295	1,52,646	10,649	16,10,805	9.86	1,04,999
January, 2017	1,52,544	1,52,646	(-)102	-	-	-
February, 2017	1,63,377	1,52,646	10,731	15,62,489	9.56	1,02,588
March, 2017	1,46,495	1,52,646	(-)6,151	-	-	-
Total						9,06,575

Appendix - 5.1 (a)

(Reference to Paragraph no. 5.1.5.1, Page no. 57)

Statement showing the details of split works costing above ₹50 lakh

(₹ in lakh)

Sl. No.	Name of the ULB	Name of the works which were split	No. of works into which the works were split	Estimated cost of each work	Total cost of split works
1	Proddatur	The work– laying of CC roads and construction of cc drains in 6 th and 7 th election wards was split into package 5 and 5A	2	49.00	82.00
				33.00	
2	Proddatur	The work relating to 7 th , 8 th , 9 th and 11 th election wards was split in to package 6 and 6A	2	47.50	71.50
				24.00	
3	Proddatur	The work relating to wards 15 th and 16 th was split into package 8, 8A and 9	3	48.00	103.50
				11.50	
				44.00	
4	Proddatur	The work relating to wards 28 th and 29 th was split into package 17 and 18	2	49.50	83.50
				34.00	
5	Proddatur	The work relating to wards 35 th and 36 th was split into packages 21 and 21A	2	43.50	86.00
				42.50	
6	Proddatur	The work relating to 37 th , 38 th and 39 th wards was split into package 22 and 22A	2	46.50	76.50
				30.00	
7	Nandyal	(i) Widening of road from Municipal office to House No.25/419-A in Saleem Nagar and	2	39.00	77.50
		(ii) Widening of Road from EP No.SN-III/3 to road end in Saleem Nagar		38.50	
8	Guntur	Widening of Suddapalli Donka Main Road with BT Hot Mix from Ponnur Road to Lakshmi Nagar into four reaches	4	48.80	195.20
				48.80	
				48.80	
				48.80	
9	Guntur	(i) Providing BT hot mix road from Lakshmipuram main road reliance market to bakers Fun Lakshmipuram Main road Naidupet 5 th Line in Ring Road in AE.1 section in Division 37 to 40	3	40.50	115.29
		(ii) Providing BT hot mix road from Naidupet 5 th Line to NeelamSanjeeva Reddy Statue in Ring Road 5 th Line in Ring Road in AE.1 section in Division 37 to 40		24.80	
		(iii) Providing BT hot mix road from Neelam Sanjeeva Reddy Statue to upto Chandramouli Nagar 5 th line AE.1 section in Division 37 to 40		49.99	
Total				890.99	

Appendix - 5.1 (b)

(Reference to Paragraph no. 5.1.5.1, Page no. 57)

Statement showing the details of split works costing above ₹10 lakh

(₹ in lakh)

Sl. No.	Name of the ULB	Name of the works which were split	No. of works into which the works were split	Estimated cost of each work	Total cost of split works
1	Nandyal	1. Laying of CC Road in Padmavathi Nagar from S V Nursing Home to D No.29/335-E-47 (Chainage 0.0 to 110 m) in Ward No. 14;	2	10.00	18.60
		2. Laying of CC Road in Padmavathi Nagar from S V Nursing Home to D No.29/335-E-47 (Chainage 110 to 170 m) in Ward No.14		8.60	
2	Machilipatnam	(i) Providing CC approach Road to Kendriya Vidyalaya Road from Sundaraiah Nagar Culvert to Dumping Yard along Edepalli Drain;	4	9.52	38.05
		(ii) Providing CC approach Road to Kendriya Vidyalaya Road from Dumping Yard to Culvert along Edepalli Drain		9.51	
		(iii) Providing CC approach Road to Kendriya Vidyalaya Road from Culvert to Cross Road along Edepalli Drain		9.52	
		(iv) Providing CC approach Road to Kendriya Vidyalaya Road from Cross Road to Bypass Road along Edepalli Drain		9.50	
3	Machilipatnam	(i) CC Road from EP No.29/199 to 19/232	3	9.86	27.89
		(ii) CC Road from EP No.29/232 to 19/236		9.59	
		(iii) CC Road from EP No.29/236 to Bypass Road		8.44	
4	Machilipatnam	(i) CC Road from EP No.19/53 to 19/60 in YSR Colony	3	7.66	19.80
		(ii) CC Road from EP No.19/60 to 19/63 in YSR Colony		6.68	
		(iii) CC Road from EP No.19/63 to 19/65 in YSR Colony		5.46	
5	Machilipatnam	Providing CC Road to Head Water Works Road in 34 th ward into two bits i.e., Bit No. 1 & Bit No. 2	2	9.77	19.25
				9.48	
Total				123.59	

Appendix – 5.2

(Reference to Paragraph no. 5.1.5.4(1), Page no. 58)

Statement showing the delay in concluding agreement

(₹ in lakh)

Sl. No.	Name of the work	Estimated Value	Date of Letter of Acceptance (LOA) issued	Date of Agreement	Delay in concluding Agreement
1	Providing wet mix road Alapati Nagar 3 rd main road in between 2 nd and 3 rd cross roads in 28 th ward of Tenali Municipality	7.00	07.04.16	13.12.16	8 months
2	Laying of CC Road a Pothuraju colony cross roads 5 Nos and NTR colony in 14 th ward of Tenali Municipality	10.00	05.08.16	13.12.16	4 months
3	Providing CC road at 25 th ward from Anjaneya Swamy temple to Full Gospel Church in Bhimavaram Municipality .	49.90	03.06.16	11.12.16	6 months
4	Removal of old single line divider and providing new double divider and gardening from Shivaji chowk to Paladri canal at Burripalem road in Tenali Municipality	37.08	08.10.15	04.10.16	12 months
5	Providing CC Road and drain from BN road to Gullankivari veedhi in Vasanthlavari veedhi in 17 th ward (SC area) Bhimavaram Municipality .	25.00	01.03.14	23.06.16	27 months

Appendix – 5.3

(Reference to Paragraph no. 5.1.5.4(2), Page no. 59)

Statement showing the delay in completion of works

(₹ in lakh)

Sl. No.	Name of the ULB	Name of the work	Estimate value	Date of concluding Agreement	Stipulated date of completion	Actual date of completion/ status as of April 2017
1	Proddatur	Laying of CC Road and construction of CC Drain in 10 th and 12 th Election wards (package 7)	44.50	08.05.15	5 months	In progress
2	Proddatur	Laying of CC Road and construction of CC Drain in 15 th and 16 th Election wards (package 8)	48.00	25.03.15	5 months	In progress
3	Proddatur	Laying of CC Road and construction of CC	35.00	25.03.15	5 months	In progress

Sl. No.	Name of the ULB	Name of the work	Estimate value	Date of concluding Agreement	Stipulated date of completion	Actual date of completion/ status as of April 2017
		Drain in 19 th and 20 th Election wards (package 11)				
4	Proddatur	Laying of CC Road from 6/843 to 6/774 in 32 nd Election Ward	9.99	09.06.16	3 months	In progress
5	Adoni	Laying of CC road at NGOs colony from LIG 6 to MIG 191 and LIGH1 105 to LIGH1 107	9.10	01.08.15	3 months	09.01.16
6	Adoni	Laying of CC Drain from D No.6/313/1 to 6/307/11, pole No.D3/57/28 and CC Road at D No.6/611, 6/252-2 to 6/252-4 beside Bobulamma Temple at Teliwada in E W No.32	8.75	13.10.15	3 months	27.08.16
7	Adoni	Laying of CC Road & CC Drain from D No.23/467 to 23/527, 23/523 and Chinna Market main road to Jandakatta Sandu in Carvanpeta in E W No.12	9.95	13.11.15	3 months	20.09.16
8	Adoni	Laying of BT Road from MIG 368 to HIG-38 and from MIG 161 to MIG 142 in Adoni Municipality in Ward No.5	27.12	26.02.14	1 month	09.05.14
9	Adoni	Laying of BT road from No.9 from 1/541/86 (Raghavendra Plot 69 b) from 9a D No.1/677/3a, AAS main road, Road 9a from 1/541/96-ASS Main Road and Road 10 at D No.1/541/86 to MIG-157, MIG-18 in Adoni Municipality in Ward No.5	22.28	26.02.14	1 month	08.05.14
10	Adoni	Laying of CC Road, CC drain and CC culvert at D No.12/231, 12/376 to Pole No.D3/2/9, D No.12/211 via Pole No.D1/2/3 to 12/245 at Mahayogi	9.90	26.06.15	3 months	26.10.16

Sl. No.	Name of the ULB	Name of the work	Estimate value	Date of concluding Agreement	Stipulated date of completion	Actual date of completion/ status as of April 2017
		Lakshamma temple in E W No.27				
11	Machilipatnam	Providing CC road Gangaiahgari layout cross roads at Veeranki Madhusudhana rao Street in 5 th ward	4.60	16.04.16	15.06.16	16.01.17
12	Machilipatnam	Providing CC road by the side of FCI godown from X road to Koneru Road in 5 th ward	9.41	27.02.15	26.05.15	25.08.15
13	Machilipatnam	Providing CC road from Park to Driver Colony approach road in HB colony Ward No.1	7.71	17.08.15	16.09.15	27.11.15
14	Machilipatnam	Providing CC road and drain Rajupeta Anganwadi Kendram road to end and connecting road in Ward No.31	9.18	04.02.15	03.05.15	11.12.15
15	Machilipatnam	Laying of CC road from Chinna Ulliginpalem culvert EP.No.24/38 in 24 th ward	9.99	18.04.16	17.06.16	23.11.16
16	Tenali	Removal of old single line divider and providing new double divider and gardening from Shivaji chowk to Paladri canal at Burripalem road	37.08	04.10.16	03.03.17	Not commenced
17	Tenali	Laying of CC road from Pati canal towards North (SC area) 2 nd ward	4.95	10.02.17	09.04.17	Not completed
18	Tenali	Laying of CC road from Gummadi Ramesh House towards west in 2 nd ward	4.75	10.02.17	09.04.17	Not completed
19	Tenali	Construction of internal CC road in 39 th ward	4.90	10.02.17	09.04.17	Not completed
20	Bhimavaram	Providing CC road and drain from BN road to Gullankivari veedhi in Vasathala vari veedhi in 17 th ward SC area	25.00	23.06.16	22.09.16	In progress
21	Tiruvuru	Providing CC road from Ramu house to Buddiah House in 4 th ward under SCSP grant	10.80	14.10.16	13.12.16	In progress
22	Tiruvuru	Providing CC road from Bhagavandas church to	9.15	18.03.17	13.04.17	In progress

Sl. No.	Name of the ULB	Name of the work	Estimate value	Date of concluding Agreement	Stipulated date of completion	Actual date of completion/ status as of April 2017
		Rayala Aadham house in 15 th ward under SCSP				
23	Tiruvuru	Providing CC road from K. Venkateswara Rao Rice mill to Mukker Sowbhagyam House in 3 rd ward	7.00	08.03.17	03.04.17	In progress
24	Tiruvuru	Providing gravel road to improve internal roads in Bhagat Singh colony	9.98	09.12.14	08.03.15	In progress
25	Tiruvuru	Providing CC road from Kambhapati Nageswara Rao house to E. Raghavaiah house in 13 th ward	7.80	05.07.16	04.09.16	31.10.16
26	Tiruvuru	Laying of CC road from R&B road in Muslim Bazar in 10 th ward	3.99	28.02.16	30.04.16	13.06.16
27	Tiruvuru	Providing CC road from Sudhir Reddy kirana shop to Eleswarapu Kumar raja house in 4 th ward	8.63	07.07.16	06.09.16	31.10.16
28	Tiruvuru	Providing CC road from Talluri Nageswara Rao to Talluri Guravaiah house in 14 th ward	4.80	22.10.16	21.12.16	23.03.17
29	Tiruvuru	Providing CC road from Vemulakonda Padmavathi house to Gunja Laxmi house in 15 th ward	3.94	22.10.16	21.12.16	04.03.17
30	Tiruvuru	Providing CC road from Talluri Gopayya house to Talluri Ramulu house in 15 th ward	4.45	22.10.16	21.12.16	04.03.17

Appendix – 5.4

(Reference to Paragraph no. 5.1.5.4(2), Page no. 59)

List of works for which agreements were concluded but not commenced

(₹ in lakh)

S. No	Work Description	Estimate Value	Agreement Date	Stipulated date of completion
1	Providing patch work with hot mix BT in front of BR stadium gate (Tenali bus stop to Lal Thalab mosque)	9.05	06.11.14	03.12.14
2	Providing hot mix BT patch work on existing pipe line leak trenches in Ponnur road both sides from Kodigudu Satram to Kanaka Durgamma temple	7.90	04.10.14	17.11.14
3	Providing BT patches at AT. Agraharam area in AE-VIII section	8.00	27.01.15	07.03.15
4	Formation of WBM road at ST colony main road from Janda Chettu upto west connecting Mallavaram R&B road in Pedapalalaluru in div. no.54	5.30	22.06.15	25.06.15
5	Construction of CC road from Pasupuleti Bullaiah house to Babu complex compound wall in Naidupet at Pothuru in div. no.58	4.10	31.05.16	26.06.16
6	Providing of CC road from Gogisetty Srilakshmi house to Sk. Mastan house in Naidupet at Pothuru in div. no.58	6.30	18.05.16	04.07.16
7	Providing hot mix BT road at Suddapalli Donka main road from Lakshmi Nagar 6th line to drainage pump house div no. 5 in AE-6 I B Nagar (General)	47.00	29.10.16	15.01.17
8	Widening of Sudda Palli Donka main road with hot mix BT road from Christian Burial ground to Mugudam Nagar 3rd line (reach-2) in div no. 6 in AE-6 I B Nagar	48.80	29.10.16	15.01.17
9	Widening of Suddapalli Donka main road with BT hot mix road from Mugudum Nagar 3rd line to Naga Lakshmi Nagar (reach-II) in AE-6 I B Nagar	48.80	29.10.16	15.01.17
10	Widening of Suddapalli Donka main road with BT hot mix from Naga Lakshmi Nagar to Naga Lakshmi Nagar (reach-4) in AE-6 L B. Nagar	48.80	29.10.16	15.01.17
11	Widening of Suddapalli Donka main road with BT hot mix road from Ponnur	48.80	29.10.16	15.01.17

S. No	Work Description	Estimate Value	Agreement Date	Stipulated date of completion
	road to Christian Burial Ground (reach-1) in div no. 5 AE-6			
12	Revised of providing CC roads to SC colony internal roads and main road at Etukuru. 1) Etukuri Vijaya Saradhi house road 2) Nalla Venkata Rao house road 3) Burial Ground road(old T.S no.428/SE/15-16)	42.00	26.11.16	15.01.17
13	Providing CC road raising of CC drains and man holes at Rajaka Ramalayam 1st line in div no. 42	3.50	22.06.16	20.08.16
14	Providing CC pavement from China library center to upto Majid center in Gorantla in div no.57 under AE-1 section	10.00	23.12.16	13.03.17
15	Providing CC pavement from Kasu China Sambireddy house to Chalvadi Sambasiva Rao house in Gorantla under AE-1 section	7.50	22.12.16	13.03.17
16	Construction of C.C drains and providing BT road at Pattabhi Sitarama Nagar 5th line balance portion in Gorantla under AE-1 section	20.45	18.01.17	14.03.17
17	Providing BT hot mix to the road from Sri Chaitanya college (Porumalla Bazar) to up to inner ring road in Gorantla under GMC in AE-1 section	35.00	18.01.17	12.02.17
18	Providing BT hot mix from Sheham Yedukondalu house to connection road of inner ring road in Gorantla under GMC in AE-1 section	49.00	18.01.17	12.02.17
19	Providing hot mix road to Lakshmi Puram 4th line from Hari Harmahal road to upto Chandramouli Nagar 1st line in div no.37 under AE-1 section	39.50	18.01.17	12.02.17
20	Providing hot mix BT patch work at various places in AE-3 section	4.90	27.10.16	12.12.16
21	Providing wet mix with dry chips to Mother Therissa colony main road in Reddy Palem in div no.62	4.90	25.01.17	16.04.17
22	Providing wet mix with dry chips to Mother Therissa colony main road in Reddy Palem div no.62	4.90	25.01.17	18.04.17
23	Providing hot mix BT road to 1st cross road of Chandramouli Nagar from D.N. Murthy bunglaw road upto east 1st line in div no.36	48.80	18.03.17	01.04.17
24	Supply and filling of gravel and red earth in central dividers at GT road from	4.50	21.04.17	17.05.17

S. No	Work Description	Estimate Value	Agreement Date	Stipulated date of completion
	masthan dharga to chuttugunta center in AE-VII section			
25	Providing WBM road to Ramanjaneyulu colony main road from summer tank upto north in Adavitakkellapadu in div no.56	13.40	01.05.17	21.06.17
26	Providing central lines marking from rob to TB and ZP road in div no.23,24	5.00	22.02.17	19.04.17
27	Providing central lines marking and studs at IB road in div no.23,24	5.00	22.02.17	19.05.17
28	Providing widening and hot mix BT road at ZP office road from transformer to gate to in div no.23 (reach-II)	5.00	22.02.17	19.05.17
29	Providing widening and hot mix BT road at ZP office road from collector office road to transformer in div no.23(reach-i)	5.00	22.02.17	19.05.17
30	Providing wet mix road from Telugu Velugu apartment road to connecting Peekalavagu road in div no.24 under AE-IV section.	4.90	18.04.17	20.04.17
31	Formation of WBM road at Jundus Chundururu burial ground road in div no.59 AE-9	5.00	12.05.17	11.06.17

Appendix - 5.5

(Reference to Paragraph no. 5.4, Page no. 66)

Service Tax payment details of Tuni Municipality

(₹ in lakh)

S. No	Period	Service Tax	Penalty	Interest	Total	Date of payment
1	June 2007 to March 2010	15.95	11.14	12.25	39.34	24 th January 2015
2	April 2012 to September 2012	3.69	-	-	3.69	10 th April 2017
3	October 2012 to March 2014	12.90	-	-	12.90	19 th July 2016
4	April 2014 to December 2014	6.05	-	-	6.05	12 th May 2015
5	January 2015 to March 2015	1.85	-	-	1.85	8 th August 2015
	Total	40.44	11.14	12.25	63.83	

* Service Tax for the period April 2010 to March 2012 was not paid as the subject matter is pending in the Appellate Tribunal.

Glossary of Abbreviations

AC	Abstract Contingent
ADPs	Annual Development Plans
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
APFC	Andhra Pradesh Financial Code
APPR Act	Andhra Pradesh Panchayat Raj Act
APPWD	Andhra Pradesh Public Works Department
APSS	Andhra Pradesh Standard Specifications
APTC	Andhra Pradesh Treasury Code
APTP Act	Andhra Pradesh Town Planning Act
APTRANSCO	Andhra Pradesh Transmission Corporation
ARV	Annual Rental Value
BIS	Bureau of Indian Standards
BPS	Building Penalisation Scheme
BT	Black Top
CAG	Comptroller and Auditor General of India
CDMA	Commissioner and Director of Municipal Administration
CDP	City Development Plan
CEO	Chief Executive Officer
CFC	Central Finance Commission
CPR&RD	Commissioner of Panchayat Raj & Rural Development
CSS	Centrally Sponsored Schemes
DC	Detailed Contingent

DCB	Demand, Collection and Balance
DDO	Drawing and Disbursing Officer
DDP	Desert Development Programme
DEABAS	Double Entry Accrual Based Accounting System
DPC Act	Duties, Powers and Conditions of Service Act
DPC	District Planning Committee
DPOs	District Panchayat Officers
DPRs	Detailed Project Reports
DSA	Director of State Audit
DTCP	Director of Town & Country Planning
EESL	Energy Efficiency Service Limited
EMD	Earnest Money Deposit
ENC	Engineer-in-Chief
EOT	Extension of Time
FFC	Fourteenth Finance Commission
GIS	Geographic Information System
GMC	Guntur Municipal Corporation
GoAP	Government of Andhra Pradesh
GoI	Government of India
GP	Gram Panchayat
GPMS	Government Project Monitoring System
GVMC	Greater Visakhapatnam Municipal Corporation

HMC	Hyderabad Municipal Corporation
HoDs	Head of Departments
HUDCO	Housing and Urban Development Corporation
IHSDP	Integrated Housing Slum Development Programme
IRs	Inspection Reports
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
LED	Light Emitting Diode
LOA	Letter of Acceptance
MA & UD	Municipal Administration & Urban Development
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIS	Management Information System
MoUD	Ministry of Urban Development
MPDOs	Mandal Parishad Development Officers
MPP	Mandal Praja Parishad
MRO	Mandal Revenue Officer
O&M	Operation & Maintenance
OC	Occupancy Certificate
PPB	Pattadar Pass Books
PR&RD	Panchayat Raj & Rural Development
PRIASoft	Panchayat Raj Institutions Accounting Software
PRIs	Panchayat Raj Institutions
PS	Panchayat Secretary

PSU	Public Sector Undertaking
PT	Property Tax
PTB	Property Tax Board
PHED	Public Health and Engineering Department
R&B	Roads and Buildings
RDO	Revenue Divisional Officer
RDPs	Road Development Plans
RJIL	Reliance Jio Infocomm Limited
RR Act	Revenue Recovery Act
RWHS	Rain Water Harvesting Scheme
RWS&S	Rural Water Supply & Sanitation
SBR	Sequencing Batch Reactor
SCSP	Scheduled Castes Sub-Plan
SFC	State Finance Commission
SLBs	Service Level Benchmarks
SS	Summer Storage
SSAAT	Society for Social Audit ,Accountability and Transparency
STP	Sewerage Treatment Plant
SWD	Storm Water Drainage
TGS	Technical Guidance And Supervision
TMC	Tirupati Municipal Corporation
TPQC	Third Party Quality Control

TSP	Tribal Sub-Plan
UCs	Utilisation Certificates
UDA	Urban Development Authority
UGD	Underground Drainage
UIDSSMT	Urban Infrastructure Development Scheme for Small and Medium Towns
ULBs	Urban Local Bodies
V&E	Vigilance & Enforcement
WSP	Waste Stabilization Pond
ZGS	Zilla Grandhalaya Samstha
ZP	Zilla Parishad
ZPP	Zilla Praja Parishad

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