

Chapter-III

Empowerment of Urban Local Bodies and their functioning

Summary

Out of total 169 Urban Local Bodies, 151 have their City Government where elections were held in December 2019. Elections were held in 15 Urban Local Bodies in December 2021 after a delay of one year. Remaining three Urban Local Bodies were working under the administrator-ship of the State Government. Thus, provisions of the Act regarding holding of election before expiry of the stipulated period, were not adhered to.

Many of the Urban Local Bodies are virtually defunct as not even the prescribed meetings of the Corporation/councils were held in 11³ out of 27 test-checked Urban Local Bodies. Advisory Committees were not constituted in 10 Urban Local Bodies. Except for Nagar Nigam, Korba, Ward and Mohalla Committees were not constituted in any of the 27 test-checked Urban Local Bodies. This defeated the objective of facilitating community participation in local governance as well as prioritization and monitoring of development works. Meetings of District Planning Committees were not held regularly and consolidated District Developments Plans for the District as a whole by considering local needs and matters of common interest were not prepared in any of the 12 districts in which the 27 test-checked Urban Local Bodies were located. 20,526 Audit Paras were pending in 27 test-checked Urban Local Bodies. Accrual Based Double Entry Accounting System has been adopted in all 169 Urban Local Bodies.

Delay in constitution of State Finance Commissions (first to third) and consequent delay in submission of their recommendation reports as well as further delay in acceptance of recommendations and implementation/devolution of funds have adversely affected the financial position of the Urban Local Bodies. Devolution of funds is being done as per Second State Finance Commission, even when the constitution of Fifth State Finance Commission was due.

The Urban Local Bodies neither have the powers to assess the staff requirement nor to recruit the required permanent staff except on contractual basis. The State Government appoints Group A, B and C staff and the powers to regulate their conditions of services, discipline, as well as the conduct are also with the State Government.

3.1 Actual status of devolution of functions

The 74th Constitutional Amendment Act sought to empower Urban Local Bodies to perform functions and implement schemes in relation to 18 subjects specified in the 12th Schedule. Each State was expected to enact a legislation to implement the amendment. Out of the 18 functions, eight each were obligatory⁴ and discretionary⁵ and two were of dual nature for Urban Local Bodies.

³ Raipur, Durg, Bhilai, Tilda, Kawardha, Dabhara, Jarahi, Gandai, Bijapur, Sukuma and Baikunthpur

⁴ The functions, which shall be done compulsorily by the Urban Local Bodies.

⁵ The functions which are not mandatory to be done by the Urban Local Bodies

We observed (**Table 3.1**) that out of 18 functions specified in the Schedule, Urban Local Bodies were solely responsible for eight functions, had no role in one function, had dual role in six functions, were mere implementing agencies in two functions, and in respect of Regulation of land-use, the Urban Local Bodies had an overlapping jurisdiction with other Departments.

Table 3.1: Status of devolution of functions

Sl. No.	Functions Obligatory(O)/ Discretionary (D)	Activities	Actual status of implementation
Functions where Urban Local Body has full jurisdiction			
1.	Water supply for domestic, industrial and commercial purposes (O)	Distribution of water	Urban Local Bodies were wholly responsible for discharging these functions.
		Providing connections	
		Operation & Maintenance (O&M)	
		Collection of charges	
2.	Slum improvement and upgradation (D)	Identifying beneficiaries	Urban Local Bodies were wholly responsible for discharging these functions.
		Affordable Housing	
		Upgradation	
3.	Urban poverty alleviation (D)	Identifying beneficiaries	Urban Local Bodies were wholly responsible for discharging these functions.
		Livelihood and employment	
		Street vendors	
4.	Provision of urban amenities and facilities such as parks, gardens, playgrounds (D)	Creation of parks and gardens	Urban Local Bodies were wholly responsible for discharging these functions.
		Operation and Maintenance	
5.	Burials and burial grounds; cremations, cremation grounds (O)	Construction and O&M of crematoriums and burial grounds and electric crematoriums.	Urban Local Bodies were wholly responsible for discharging these functions.
6.	Cattle pounds; prevention of cruelty to animals (O)	Catching and keeping strays	Urban Local Bodies were wholly responsible for discharging these functions.
		Sterilisation and anti-rabies	
		Ensuring animal safety	
7.	Public amenities including street lighting, parking lots, bus stops and public conveniences (O)	Installation and maintenance of street lights	Urban Local Bodies were wholly responsible for discharging these functions.
		Deciding and operating bus routes	Urban Local Bodies and District Urban Public Society, headed by the Collector concerned are discharging the function.
		Creation and maintenance of parking lots	Urban Local Bodies and Smart Cities are maintaining parking lots.
		Creation and maintenance of public toilets	
8.	Regulation of slaughterhouses and tanneries (O)	Ensuring quality of animals and meat	Urban Local Bodies were wholly responsible for discharging these functions.
		Disposal of waste	
		O & M of slaughter houses	

Sl. No.	Functions Obligatory(O)/ Discretionary (D)	Activities	Actual status of implementation
Functions with no role for Urban Local Bodies			
9.	Fire services (D)	Establishing and maintaining fire brigades Providing fire NOC / approval certificate in respect of high-rise buildings	This function was withdrawn (2015) from the Urban Local Bodies and now vested with Home Department. However, Fire services have not been transferred from three Urban Local Bodies. Instead, Urban Administration and Development Directorate accorded sanctioned in October 2019 for purchase of a Fire vehicle to a Nagar Palika Parishad, Sukma and was subsequently transferred to the District Commandant, <i>Nagar Sena</i> .
Functions with dual roles			
10.	Urban planning, including town planning (D)	Master Planning/Development Plans/Zonal Plans Enforcing Master Planning regulations Enforcing building byelaws and licenses Group Housing, Development of Industrial Areas	Master plans are prepared by the Nagar and Gram Nivesh, Directorate, Chhattisgarh Housing and Environment Department. Urban Local Bodies were wholly responsible for discharging this service. Urban Local Bodies and Chhattisgarh State Industrial Development Corporation are discharging this function.
11.	Roads and bridges (O)	Construction and maintenance of roads Construction and maintenance of bridges, drains, flyovers and footpaths	While Urban Local Bodies played a significant role in the construction and maintenance of roads, drains and footpaths whereas bridges and flyovers were constructed by the Public Works Department.
12.	Public Health, Sanitation Conservancy and Solid Waste Management (O&D)	Maintaining hospitals, dispensaries Immunisation/Vaccination Registration of births and deaths Cleaning and disinfection of localities affected by infectious disease Solid-waste management Control and supervision of public markets	Department of Health and Family Welfare is discharging the service Department of Health and Family Welfare and Urban Local Bodies both are discharging service. Urban Local Bodies were wholly responsible for discharging these three functions.
13.	Urban forestry, protection of the environment and promotion of ecological aspects (D)	Afforestation Greenification Awareness drives Protection of the environment and promotion of ecological aspects	Forest department is discharging these services.

Sl. No.	Functions Obligatory(O)/ Discretionary (D)	Activities	Actual status of implementation
		Maintenance of natural resources like water bodies <i>etc.</i>	Urban Local Bodies and Water Resources Department are discharging this function.
14.	Promotion of cultural, educational and aesthetic aspects (O & D)	Schools and education	School and education Function was withdrawn (2015) and Education Department is discharging the service. However, a primary school was still operational under a Nagar Palika Parishad. Four Nagar Nigams and one Nagar Panchayat collected Education Cess even though no educational institution was under their control.
		Public space beautification	Urban Local Bodies are discharging these services.
		Fairs and festivals	
		Cultural buildings / Institutions	Urban Local Bodies, Culture Department and Archaeological Department are discharging these services.
		Heritage	
15.	Vital statistics including birth and death registration (O)	Coordinating with hospitals/crematoriums <i>etc.</i> for obtaining information	Urban Local Bodies and Department of Health and Family Welfare are discharging these services.
		Maintaining and updating database	
Urban Local Bodies as mere implementing agencies			
16.	Planning for economic and social development (D)	Program implementation for economic activities	State Departments such as Social welfare, Tribal welfare, Empowerment of Differently abled and senior citizens and Parastatal such as District Urban Development Authorities (District Urban Development Agency) were responsible for these functions. Urban Local Bodies were only an implementing arm for Central and State Government schemes.
		Policies for social development	
17.	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded (D)	Identifying beneficiaries	
		Providing tools/benefits such as tricycles	
		Scholarships	
Functions with minimal role and/or having overlapping jurisdictions with state departments and / or parastatal			
18.	Regulation of land-use and construction of buildings (D)	Regulating land use	Revenue Department (Collector office)
		Approving building plans/high rises	Urban Local Bodies, Nagar and Gram Nivesh
		Demolishing illegal buildings	Urban Local Bodies and Revenue Department

(Source: Information received from Urban Administration and Development Directorate, Chhattisgarh Municipal Corporation Act and Chhattisgarh Municipalities Act)

Without complete devolution of the functions, the local self-Governments cannot be strengthened in the State. The advent of Smart Cities has further eroded the space of Urban Local Bodies.

Box 1: Impact of Smart City on Urban Local Bodies in Chhattisgarh

The Government of India introduced “100 Smart Cities Mission” on 25 June 2015 with the objective to promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of ‘Smart’ Solutions. In Chhattisgarh, two cities, Raipur and Bilaspur were selected to be developed as Smart Cities. The smart cities have been given financial resources amounting to ₹ 1355 crore during the period 2016-20. Under the mission guidelines, the smart cities are responsible for construction of roads and houses, development and maintenance of parks, renovation of heritage Sites etc. With the formation of Smart City, the scope and extent of work of Urban Local Bodies has further been reduced and there will also be an impact on devolved funds of the Urban Local Bodies, further diminishing the already stressed revenues of Urban Local Bodies.

Government stated (December 2021) that all the 18 functions could not be devolved to Urban Local Bodies because of insufficient manpower and lack of capacity building and necessary steps will be taken for transfer of Schools under the control of Urban Local Bodies to Education Department. It was further stated that instruction will be issued to Urban Local Bodies for transferring of Fire services to Home Department.

The fact remains that devolution of functions in the State has not been completed even after 20 years of its inception. The withdrawal of two functions from Urban Local Bodies is arbitrary and against the spirit of 74th CAA.

3.2 Limited powers over manpower

Urban Local Bodies are organised under different wings as shown in **Table 3.2:**

Table 3.2: Functional Organisations in Urban Local Bodies

Sl. No.	Name of wing/ section	Functions
1	General Administration	General Administration, including meetings of council and committees.
2	Water Works and Sewerage	Construction / O & M / networks of Water Supply and Sewerage, etc.
3	Public Works and Horticulture	Construction/ O & M of roads, drains, buildings, parks, playgrounds, water supply.
4	Revenue	Assessment and collection of various Taxes, Rent, Advertisements and other property related activities.
5	Finance and Accounts	Preparation and maintenance of accounts, preparation of budget etc.
6	Electrical and Mechanical	Street Lighting and maintenance of Heavy / Light Motor Vehicles, etc.
7	Sanitation and Solid Waste Management	Sanitation, Street sweeping, Solid Waste Management and other public health related activities.
8	Public Transport and Traffic Control	Public Transport and Traffic Control, etc.

9	Planning and Information Technology	Town Planning activities such as issue of Building Licences, etc.
10	Urban Poverty Alleviation	Implementation of Schemes relating to Social and Economic Development.

3.2.1 Staff position of Urban Local bodies

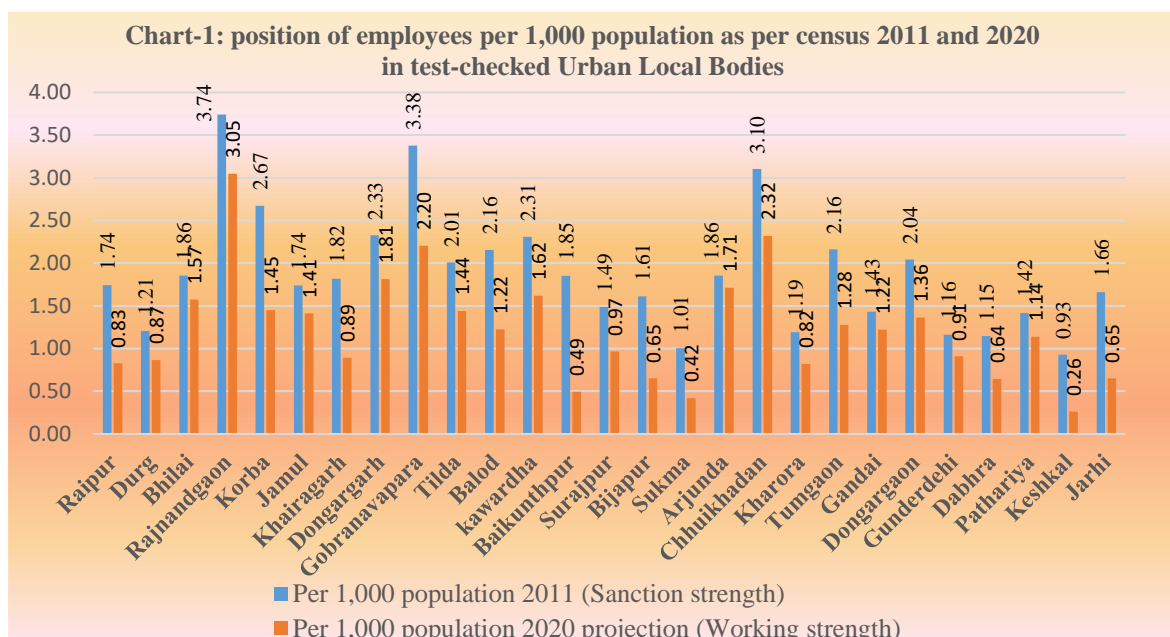
The assessment of manpower should be based on the functions undertaken by Urban Local Bodies with a view that majority of the functions which are service oriented have to be discharged within a reasonable time period. This assessment could be done best by Urban Local Bodies themselves considering various criteria such as the extent of geographical area to be covered, the extent and type of population, the number of existing properties *etc.*

We observed that Urban Local Bodies neither had the powers to assess the staff requirement nor to recruit the required permanent staff except on contractual basis. These powers are vested with the State Government. The State Government assesses the requirement of staff based on population alone, as discussed subsequently, and without seeking the actual requirement from Urban Local Bodies. We also observed that, Revenue Officials and Accountants from other than Chhattisgarh Municipal Service cadre officials were discharging the functions of Chief Municipal Officer in 63 Nagar Palika Parishad/Nagar Panchayats.

Further, the State Government can affect transfers of officers between Urban Local Bodies. An appeal against any order of Urban Local Body imposing penalty on any officer or employee rests with the State Government. Staff of Group A, B and C were appointed by State Government, and the powers to regulate their conditions of services, discipline, as well as the conduct were with the State Government.

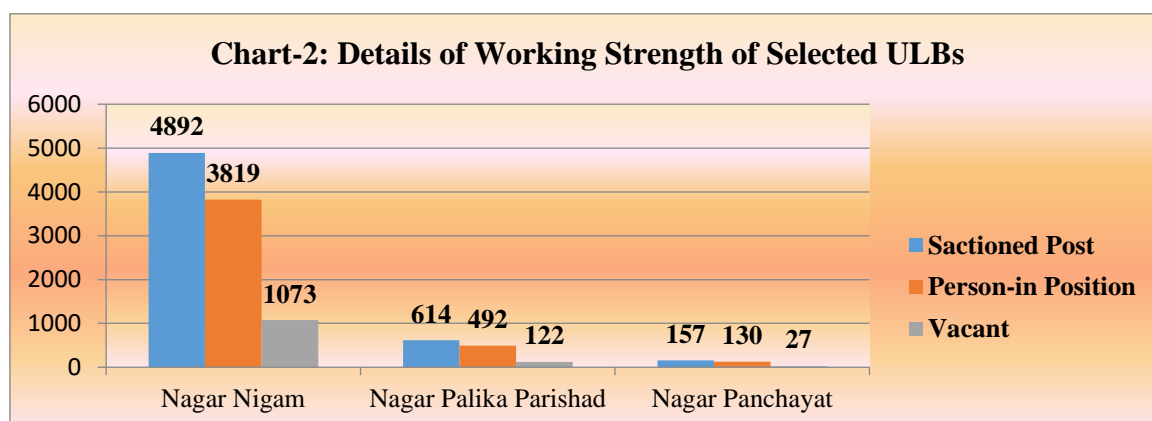
The staff strength was not revised considering the increase in population. **Chart-1** depicts the position in 27 Urban Local Bodies by the working strength per 1000 of projected population of 2020⁶. As can be seen from the Chart, the working strength in all the Urban Local Bodies was less than the sanctioned strength.

⁶ Projected population of 2020 = Population of 2011 X 120%. In Chhattisgarh, the population growth during 2001 to 2011 i.e. for 10 years was 22.61 *per cent*, hence growth for nine years from 2011 to 2020 calculated as 20 *per cent*.



(Source: Information provided by the Urban Local Bodies)

Tier wise details of working strength of selected Urban Local Bodies showing sanctioned posts, person-in-position and vacancies are given in **Chart-2**.



(Source: Information provided by the Urban Local Bodies)

As seen from **Chart-2** that the vacancy in staff strength is higher in Nagar Nigam (1073) as against Nagar Palika Parishad (122) and Nagar Panchayat (27) respectively.

Government stated (December 2021) that recruitment and promotion processes for different posts are in progress and after recruitment Chief Municipal Officers will be posted against from the Chhattisgarh Municipal Service cadre.

3.3 Institutional mechanism for empowerment of Urban Local Bodies

Table 3.1 detailed the status of devolution of 18 functions to Urban Local Bodies. The discharge of these functions can be effective only when appropriate institutions are established and enabled to function effectively.

Under the Chhattisgarh Municipal Corporation and Chhattisgarh Municipalities Acts, the Corporations and Municipalities consist of elected Parshads/Councillors, nominated Parshads/Councillors, Member of Legislative Assembly, Member of Legislative Council, Member of Lok Sabha and Member of Rajya Sabha who represent the constituencies

falling in the Municipal area. The nominated members do not have voting power. A Mayor, *i.e.* chairperson, is directly elected from the Municipal area and Councillors are directly elected from the Wards. The Nagar Nigams, Nagar Palika Parishads and Nagar Panchayats have 10, seven and five Departments respectively for discharging allotted functions. The Commissioner/Chief Municipal Officer is the executive head of Urban Local Body.

This section discusses the effectiveness of such institutional mechanisms:

3.3.1 State Election Commission

- (i) The 2nd Administrative Reforms Commission recommended that the task of delimitation and reservation of constituencies be entrusted to the State Election Commission. This recommendation was accepted by the Government of India.
- (ii) The powers of the State Election Commission include superintendence, direction and control of the preparation of electoral rolls for, and the conduct of, all elections to Urban Local Bodies.
- (iii) However, in Chhattisgarh, the power of delimitation of local government constituencies has been retained by the State Government.

Government stated (December 2021) that the Municipalities Acts have been formulated in accordance with GOI instruction and the power of delimitation of wards, reservation of seats for the council and rotation policy of seats for the posts of Mayor/President and wards are kept with the State Government.

The reply is not acceptable since the 2nd Administrative Reforms Commission recommended that the task of delimitation and reservation of constituencies be entrusted to the State Election Commission but the same has not been done.

3.3.2 Status of elections and formation of councils

Every Nagar Nigam/Municipality, unless sooner dissolved, shall continue for five years from the date appointed for its first meeting and no longer. Elections to Urban Local Bodies shall be completed before the expiry of their duration. In case of dissolution, election shall be held within six months from that date. Subject to the provisions of these Acts, the term of Mayor/ President and every Councillor shall be co-terminus with the term of the Corporation/ the Council.

The status in 15 Urban Local Bodies out of 169 where elections were not conducted is as detailed in **Table 3.3** below:

Table 3.3: Conduct of elections of Urban Local Bodies

Sl. No.	Previous Election held		Election due but not conducted		No. of New Urban Local Bodies due for election	Total No. of Urban Local Bodies due for election	Delay in election as of December 2021 (months)
	Months/Year	No. of Urban Local Bodies	Year/Months	No. of Urban Local Bodies			
1	November 2015	1	November 2020	1	3	4	12
2	December 2015	11	December 2020	11	0	11	12
	Total	12		12	3	15	

(Source: Information provided by the Urban Administration and Development Directorate)

Out of total 169 Urban Local Bodies, elections were held in 151 in December 2019 and 15 in December 2021 after a delay of one year. In the remaining three⁷ Urban Local Bodies working under the administrator-ship of the State Government, the elections were delayed by almost a year. Thus, provisions of the Act regarding holding of election before expiry of the stipulated period, were not adhered to.

With regard to other institutional mechanisms, we found the following:

- According to the Section 27 and 54 of Chhattisgarh Municipal Corporation and Municipalities Act, the Corporation/Councils required to meet at least once in every two months for the transaction of its business. Further, Minutes of every meeting of the Corporation are required to be sent to the State Government or prescribed authority as well as a copy of the same shall be pasted on the notice board of the Corporation/ Council within seven/ten days from the date of confirmation of the Minutes.

We observed that many of the Urban Local Bodies are virtually defunct as not even the prescribed meetings of the Corporation/councils were held in 11⁸ out of 27 test-checked Urban Local Bodies.

- According to Sections 46 and 71 of Chhattisgarh Municipal Corporation and Municipalities Act, after its first meeting the Speaker is to constitute an Advisory Committee for every Department of the Nagar Nigam/Nagar Palika Parishad/Nagar Panchayat from amongst the elected Councillors which shall meet at least once in every two months.

Advisory committees have not been constituted in 10⁹ out of 27 selected Urban Local Bodies. However, after being pointed out by Audit, (January 2022) the Additional Secretary, Department of Urban Administration and Development has issued instructions (January 2022) to all Urban Local Bodies for constitution of Advisory Committees.

Government stated (December 2021) that the elections could not be conducted in time mainly due to spread of Covid-19 and the elections in 15 Urban Local Bodies have been conducted in December 2021 and instructions will be issued to Urban local Bodies for constitution of Advisory Committees.

3.3.3 Ward and Mohalla Committees

- Article 243S of the Constitution and Section 48A & 72A of Chhattisgarh Municipal Corporation and Municipalities Act provides that a Ward Committee, consisting of one or more wards, should be constituted for every Municipality having a population of three lakh or more within thirty days from the date of election of Speaker. The second and third SFC have also recommended for constitution of these Committees.
- Section 48(B) of Chhattisgarh Municipal Corporation Act provides that in every Municipal area, which is notified by the State Government in this behalf, a Mohalla Committee is also to be constituted within three months from the date of notification. We observed that Ward Committee was constituted only in Korba and

⁷ Three Nagar Panchayat constituted in December 2020.

⁸ Raipur, Durg, Bhilai, Tilda, Kawardha, Dabhara, Jarahi, Gandai, Bijapur, Sukuma and Baikunthpur

⁹ Arjunda, Chhuikhadan, Dongargaon, Gandai, Gunderdehi, Jamul, Khairagarh, Korba, Pathariya and Sukuma.

Mohalla Committees were not constituted in the selected Urban Local Bodies. This defeated the objective of facilitating community participation in local governance and would adversely impact prioritisation of development works, monitoring of execution of works, utilisation and maintenance of assets created, *etc.*

➤ Article 243ZD of the Constitution and Section 3 of District Planning Committee Act provides that a District Planning Committee is to be constituted in every District to consolidate the plans prepared by the Panchayats and the Municipalities in the District and to prepare a Draft Development Plan for the District as a whole. These plans would cover spatial planning; sharing of water and other physical and natural resources; integrated development of infrastructure and environmental conservation and extent and type of available resources whether financial or otherwise. The Development Plan was to be integrated into the State plan. Further, the meeting of the Committee shall be held at least once in every quarter of the Financial Year. We observed that though District Planning Committees were constituted during the period 2015-20, no meetings of the committees were held in Durg, Kondagaon and Sukuma district, only one meeting was held in Surajpur and Kabirdham and three meetings were held in Raipur during 2015-20. Further, consolidated District Development Plan for the District as a whole was prepared without getting the plans from Urban Local Bodies in any of the 12 Districts in which the 27 test-checked Urban Local Bodies were located, which may affect the effective implementation of functions of Municipalities, budget assessment and prioritisation of developmental works.

➤ Every metropolitan area¹⁰ will have a Metropolitan Planning Committee to prepare its Draft Development Plan. We observed that Metropolitan Planning Committees were not constituted in any city due to absence of provision in the Chhattisgarh Municipal Corporation Act. Thus, comprehensive development of metropolitan area and matters of common interest between the local authorities which includes mainly, coordinated spatial planning of the area, sharing of water, sharing of other physical and natural resources and the issue of integrated development of infrastructure and environmental conservation are likely to be carried out in a sub optimal manner.

➤ A Municipal Accounts Committee must be constituted to consider the report of the auditor. Defects or irregularities pointed in audit are to be remedied and a report sent to the State Government within a period of four months from the date of receipt of the Audit Report. The Municipal Account Committee was not formed in any of the selected Nagar Nigams. In all 20,526 Audit Paras were pending in 27 selected Urban Local Bodies relating to the period since inception to 2019-20.

Government stated (December 2021) that Ward Committee has been constituted in Nagar Nigam Raipur, resolution has been passed in Nagar Nigam, Korba and remaining Nagar Nigams will be instructed to constitute Ward Committees on priority and District Collectors will be instructed to expedite the process of Mohalla Committees at Urban Local Bodies level. It was further stated that instructions will be issued to Urban

¹⁰ An area having a population of 10 lakh or more.

Local Bodies for preparation and timely submission of their Annual Plans to District Planning Committee for inclusion in District Development Plans.

3.3.4 State Finance Commission

A State Finance Commission constituted every five years shall review the financial positions of the Municipalities and make recommendations to the Governor.

Accordingly, the fifth State Finance Commission was due from 2021-22. However, as on date, recommendations of the second State Finance Commission were being implemented. Although, the recommendations of the third State Finance Commission have been accepted (October 2019) with modifications, their implementation has been delayed. The delays in constitution of State Finance Commission and implementation of State Finance Commission recommendations are detailed in **Table 3.4** below:

Table 3.4: Delay in constitution of State Finance Commission and implementation of recommendations

State Finance Commission	To be constituted as per constitution	To be constituted with reference to previous State Finance Commissions	Actually constituted	Delay in days from proposed constitution	Date of submission of Recommendations	Acceptance by the Government	Days taken for acceptance (in days)	Period covered
First	2001-02 ¹¹	01.04.2001	22.08.2003	774	30.05.2007	30.07.2009	790	2005-2011
Second	2006-07	21.08.2008	23.07.2011	1066	31.03.2013	July 2013	122	2011-2020
Third	2011-12	22.07.2016	20.01.2016	No delay	30.09.2018	October 2019	396	2020-2025

(Source: Finance Commission reports and notification of acceptance)

The delay in constitution of State Finance Commissions and implementation of the State Finance Commission's recommendations resulted in further delay in devolution of funds to the Urban Local Bodies affecting the financial position of the Urban Local Bodies adversely. The impact thereof is discussed in **paragraph 4.1.2**.

3.3.4.1 Response of the State Government to State Finance Commission recommendations

The State Government may accept the recommendations of the State Finance Commission in totality or with certain modifications. We observed that the State Government accepted few of the recommendations with modifications, and action was yet to be initiated on other recommendations. The important recommendations of first, second and third State Finance Commissions and their modifications with reference to transfer of funds are given in **Table 3.5** below:

¹¹ Chhattisgarh State carved out of Madhya Pradesh State and came into existence on 01 November 2000 and the first State Finance Commission in Madhya Pradesh was constituted for the period from 1996-2001.

Table 3.5: State Finance Commission wise important recommendations and their modifications

State Finance Commission	Recommendations	Modifications
First	Devolution of 1.66 <i>per cent</i> of the Own Tax Revenue of the State to Urban Local Bodies.	State Government accepted 1.21 <i>per cent</i> of the Own Tax Revenue of the State over a period from 2005-06 to 2009-10.
Second	Devolution of 1.85 <i>per cent</i> of the Own Tax Revenue of the State to Urban Local Bodies.	State Government accepted 1.85 <i>per cent</i> of the Own Tax Revenue of the State from 2012-13 to 2016-17.
Third	Devolution of 2.09 <i>per cent</i> of the SOTR to Urban Local Bodies from 2017-18.	State Government accepted 2.09 <i>per cent</i> of the Own Tax Revenue of the State from 2020-21 to 2024-25 and instead of 2.09 <i>per cent</i> , 1.85 <i>per cent</i> was given for the period 2017-18 to 2019-20.

(Source: Recommendations of State Finance Commissions Reports)

Government stated (December 2021) that the State Finance Commissions have been constituted by the State Government and the recommendations of State Finance Commissions will be accepted after the approval of Cabinet and State Government decision.

The reply is not acceptable because the delay in constitution and implementation of the State Finance Commission recommendations restricted the role of State Finance Commissions in facilitating the Urban Local Bodies for financial autonomy as well as in realisation of the objectives of 74th Constitution Amendment Act.

3.3.5 Property Tax Board and Municipal Revenue Regulatory Commission

The 13th Finance Commission recommended the State Government to constitute a Property Tax Board to assist all Corporations and Municipalities to put in place an independent and transparent procedure to enumerate all properties, assess property tax, review the present property tax system, make suggestions for a suitable basis for assessment and valuation of properties and make recommendations on modalities for periodic revisions.

We observed that Property Tax Board has not been constituted in the State even after lapse of a decade.

Second State Finance Commission had also recommended for constitution of the Chhattisgarh Municipal Revenue Regulatory Commission for Municipal finances to undertake a survey of properties and bring the un-assessed and under-assessed properties into the purview of Property tax and carry out related functions.

Although the State Government had enacted Chhattisgarh Municipal Revenue (Establishment of Regulatory Commission) Act, 2011 (May 2011), the Commission is yet to be constituted.

Government stated (December 2021) that State Government has notified the Chhattisgarh Municipality 'Determination of Taxable Property Value of Building/land' Rule in February 2021. Hence, the Property Tax Board and Chhattisgarh Municipal Revenue Regulatory Commission are not required.

The reply is not acceptable as the Property Tax Board was not constituted as recommended by Thirteenth Finance Commission. Further, as recommended by the Second State Finance Commission, the State Government enacted Chhattisgarh Municipal Revenue (Establishment of Regulatory Commission) Act, 2011 (May 2011) which mandated the constitution of Chhattisgarh Municipal Revenue Regulatory Commission, but the same was not constituted.

3.3.6 State Institute of Urban Governance and Development (SIUGD)

All three State Finance Commissions had recommended for establishment of training institute for providing training to all Municipal functionaries mandatorily to both elected and appointed ones.

We noticed that SIUGD had not been established and training was provided to only 245 out of 4441 officers/officials in the State Institute of Rural Development during 2015-2020. Absence of proper training is likely to impact, the implementation of Central and State schemes, survey for actual assessment and collection of various taxes/fees/charges etc. Further, no training program was arranged for the elected representatives of Urban Local Bodies during 2015-2020.

Government stated (December 2021) that trainings to staffs have been provided in State Administrative Academy, State Institute of Rural Development, Nimora and National Institute's Regional Centre for Urban and Environmental Studies, Lucknow. Hence, there is no requirement for a separate Training Institute for UADD.

The fact remains that no training program was arranged for the elected representatives of Urban Local Bodies during 2015-2020.

3.3.7 Adoption of Accrual Based Accounting

On the recommendation of 11th Finance Commission, the CAG of India had constituted a Task Force to recommend budget and accounting formats for Urban Local Bodies in India. The CAG Task Force in its report, *inter alia*, suggested adoption of accrual basis of accounting by Urban Local Bodies. The Government of Chhattisgarh introduced Accrual Based Double Entry Accounting System w.e.f. 2011 in all the Urban Local Bodies and the Accrual Based Double Entry Accounting System was adopted as per Chhattisgarh Municipal Accounting Manual in phased manner.

We observed that Urban local bodies were maintaining accounts in the single entry system manually. Thereafter Chartered Accountants are hired to prepare accounts in Double entry from the single entry system. As a result, Audited accounts till the year 2019-20 has been compiled and audited, and accounts for the year 2020-21 is under compilation.

Recommendations:

- 1. The Government may take decisive action in order to translate the vision of decentralisation into reality, besides providing adequate degree of autonomy to Urban Local Bodies in respect of functions assigned to them in line with the Constitutional provisions.*

2. *The Government may grant autonomy to ULBs to assess, recruit and manage human resources commensurate with their needs and functions.*
3. *The Government may consider entrusting the task of delimitation to the State Election Commission and ensure timely elections of the Urban Local Bodies.*
4. *Various Committees, like Advisory Committee, Ward Committees and Mohalla Committees, may be constituted in the Urban Local Bodies as per the Chhattisgarh Municipal Corporations/Chhattisgarh Municipalities Acts and they should be nurtured and encouraged to function effectively.*
5. *Government may avoid delays in constituting the State Finance Commission and ensure prompt implementation of their recommendations.*