

CHAPTER-I

Overview of Urban Local Bodies and Urban Development and Housing Department

This chapter provides an overview of Urban Local Bodies and the department of Urban Development and Housing. Their structure, functioning, audit arrangements and their effectiveness, status of financial data, documentation, and monitoring.

Audit found deficits in the meetings and functioning of the District Planning Committees. Metropolitan Planning Committee was not constituted in Jaipur, Jodhpur and Kota. Property tax board was constituted in 2011 as per recommendations of XIII FC but was not reconstituted after 2017. The department did not maintain complete data about receipt and expenditures of all the ULBs. Utilisation Certificates were pending against the grants released by SFC/CFC for years which indicated the ineffective monitoring by the DLB.

There were also huge delays in attending to Audit observations and in their settlement by both departments.

(A) Urban Local Bodies

1.1 Introduction

There were 213 ULBs i.e. 10 Municipal Corporations¹ (M Corps), 34 Municipal Councils² (MCs) and 169 Municipal Boards³ (MBs) as of January 2022 as shown in **Table 1.1**.

Table 1.1: Urban Local Bodies in Rajasthan (as on January 2022)

Municipal Corporation		10
Municipal Council		34
Municipal Board	(Class II)	13
	(Class III)	58
	(Class IV)	98

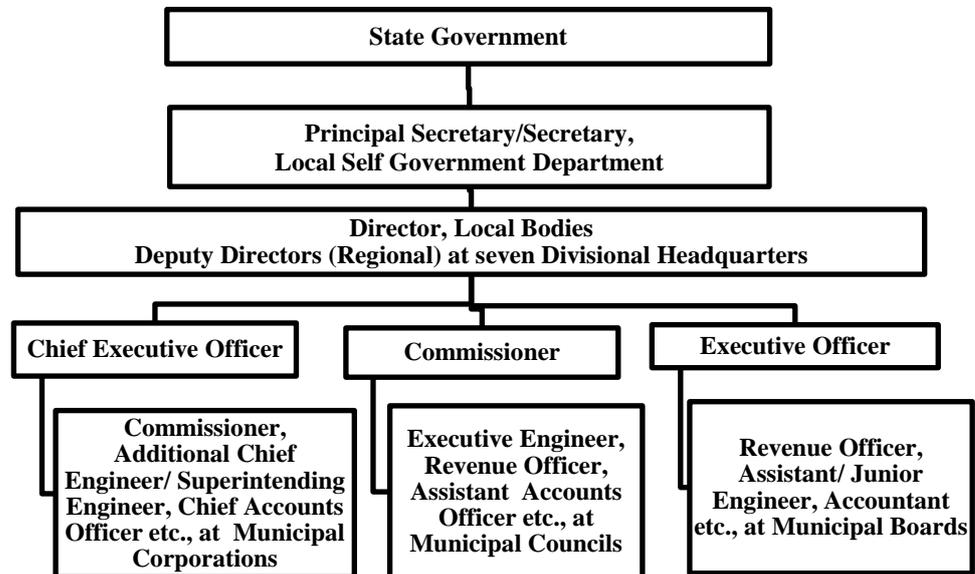
Source: Information provided by Local Self Government Department, Rajasthan.

1. Municipal Corporations: Ajmer, Bharatpur, Bikaner, Jaipur Heritage, Jaipur Greater, Jodhpur North, Jodhpur South, Kota North, Kota South and Udaipur.
2. Municipal Councils: Alwar, Balotara, Banswara, Baran, Barmer, Beawar, Bhilwara, Bhiwadi, Bundi, Chittorgarh, Churu, Dausa, Dholpur, Dungarpur, Gangapurcity, Hanumangarh, Hindauncity, Jaisalmer, Jalore, Jhalawar, Jhunjhunu, Karauli, Kishangarh, Makarana, Nagaur, Pali, Pratapgarh, Rajsamand, Sawai Madhopur, Sikar, Sirohi, Sriganganagar, Sujangarh and Tonk.
3. Municipal Boards: Class-II (with population 50,000-99,999): 13, Class-III (with population 25,000-49,999): 58 and Class-IV (with population less than 25,000): 98.

1.2 Organisational Set up

Local Self Government Department (LSGD) is the administrative Department dealing with affairs of the ULBs. The organisational chart of the State Government administrative machinery relating to ULBs is given in **Chart 1**.

Chart 1



1.3 Functioning of ULBs

Sections 45 to 47 of RMA, 2009 envisaged certain core functions⁴ to be discharged by the ULBs. State Government⁵ has powers to prescribe other functions such as protection of environment, education & culture, public welfare, community relations etc.

Sections 101 to 103 of RMA, 2009 provide for internal revenues of Municipalities, obligatory taxes and other taxes that may be imposed by the Municipalities.

4. Public health, sanitation, conservation, solid waste management, drainage and sewerage, cleaning public streets, places, sewers and all spaces not being private property, lighting public streets, places and buildings, extinguishing fires and protecting life and property when fire occurs, constructing, altering and maintaining public streets, arranging for planned development, registering births and deaths etc.

5. The State Government may, by general or special order, require a municipality to perform such other municipal functions as the State Government may, having regard to the necessity and the resources of the municipality, think fit to be performed by the municipality.

1.3.1 Devolution of Funds, Functions and Functionaries to Urban Local Bodies

Article 243W inserted through the 74th Constitutional Amendment envisaged devolution of powers and responsibilities to municipalities in respect of 18 subjects mentioned in XII Schedule of the Constitution. The functions relating to 16 subjects were being performed by ULBs. Two functions i.e. Slum Improvement & Upgradation and Urban Poverty alleviation were not transferred to ULBs in the RMA, 2009. However, these two functions were carried out by ULBs under various schemes as implementing agencies. Two functions i.e. urban forestry, protection of the environment & promotion of ecological aspects and safeguarding the interest of weaker sections of society were not notified as core functions. However, the RMA 2009 provided that these functions may be performed by the ULBs subject to their managerial, technical and financial capacity.

1.4 Formation of Various Committees

1.4.1 District Planning Committee

In pursuance of Article 243 ZD of the Constitution and section 158 of RMA, 2009, the State Government constitutes District Planning Committee (DPC) in all the districts of the State. District Collector is a member of the DPC and he or his nominated officer attends the meeting of DPC. The required quorum for DPC meeting is 33 *per cent* of members elected from rural and urban areas.

The main objective of DPC is to consolidate the plans prepared by the panchayats and the municipalities in the district and to prepare a draft developmental plan with regard to matters of common interest between the panchayats and the municipalities; including spatial planning; sharing of water and other physical and natural resources; integrated development of infrastructure and environment conservation and the extent and type of available resources financial or otherwise. The DPCs should prepare the draft development plan for onward submission to the State Government. The Committee would meet once in a quarter for review of allotted works.

During a performance audit on “Efficacy of implementation of 74th constitutional amendment” (*Report No. 5 of the year 2021, Government of Rajasthan*) audit observed that the DPC was constituted in all 33 districts of Rajasthan, but these committees did not meet regularly. There was a shortfall of one to four meetings every year. Further DPCs in meetings did not take up matters of common interests between Panchayats and Municipalities and draft development plans were not prepared in accordance with the codal provisions.

1.4.2 Metropolitan Planning Committee

Article 243ZE mandates that a Metropolitan Planning Committee (MPC) shall be constituted in every Metropolitan area⁶. The chairperson of the Committee

⁶ Metropolitan city having a population of 10 lakh and above.

was to be nominated by the State Government. Section 157 of RMA also required the formation of a Metropolitan Committee for preparing Metropolitan Region Development Plan.

Audit observed that as per definition of the metropolitan area, MPC was to be constituted in Jaipur, Jodhpur and Kota but the same was not constituted (March 2021). In the absence of MPCs, the people of the metropolitan cities were deprived of the benefits of integrated development of the area.

1.4.3 Standing Committees

According to section 55 of RMA, 2009, every municipality shall constitute an executive committee. In addition to the executive committee, every municipality shall also constitute the following committees consisting of not more than 10 members (i) finance committee, (ii) health and sanitation committee (iii) buildings permission and works committee (iv) slum improvement committee (v) rules and bye-laws committee (vi) compounding and compromising of offences committee and (vii) committee for looking into the functions of the municipality. It may also constitute such other committees, not exceeding eight in case of M Corp, six in case of MC and four in case of MB, as it may deem necessary⁷.

The actual status of standing committees constituted under section 55 of RMA, 2009 was sought (August 2021) from Director, Local Bodies (DLB). However, even after repeated requisitions, same was not provided to audit (May 2022).

1.5 Audit Arrangement

1.5.1 Primary Auditor

The Director, Local Fund Audit Department (LFAD) is the Primary/ Statutory Auditor for audit of accounts of the ULBs under Section 4 of the Rajasthan Local Fund Audit Act (RLFAA), 1954 and Rajasthan Local Fund Audit Rules, 1955. As per section 18 of RLFAA, 1954, Director, LFAD submits Annual Consolidated Report to the State Government and the Government lays this report before the State Legislature.

The Audit Report of LFAD, Rajasthan for the year 2019-20 was laid on the table of the State Legislature on 25th February 2021. Audit Report for the year 2020-21 was under preparation (January 2022).

The Director, LFAD covered only 51 units (23.94 *per cent*) out of 213 units of ULBs (M Corps: three, MCs: 13 and MBs: 35) in Audit during 2020-21. The Director, LFAD intimated (January 2022) that the shortfall was due to vacant posts and engagement of staff in the work of updating voter lists.

⁷ The State Government may, looking at the functions of a municipality, increase the maximum limit of committees specified in this clause.

Recommendation 1: *The Government should strengthen the LFAD to cover the pending audits and to conduct audits timely.*

1.5.2 Audit by Comptroller and Auditor General of India

The Comptroller and Auditor General of India (CAG) conducts audit of bodies substantially financed by grants or loans from the Consolidated Fund of India or any State under Section 14 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. Further, Section 99-A of RMA, 2009, as amended⁸ in 2011, provides for audit of municipalities by the CAG.

A committee on Local Bodies and Panchayati Raj Institutions has been constituted since 1 April 2013 in Rajasthan Vidhan Sabha to examine and discuss the Audit Report of Comptroller and Auditor General of India on Local Bodies. Audit Reports till the year 2012-13 have been discussed or left on the Accountant General for ensuring compliance on the Reports, by the Committee.

The Committee further decided to prepare its report on the basis of departmental replies on the paragraphs contained in the Audit Report for the years 2013-14 to 2015-16. Audit Report (Local Bodies) for the year 2016-17 is pending for discussion in the Committee. Audit Report for the years 2017-20, has been tabled before State Legislature on 22.09.2022.

1.5.3 Implementation of Technical Guidance and Support/Supervision

In pursuance of recommendations of XIII Finance Commission (XIII FC), the Government of Rajasthan, Finance (Audit) Department issued notification (2 February 2011) for adoption of 13 parameters under the Technical Guidance and Support/Supervision (TG&S) over the audit of all the tiers of Panchayati Raj Institutions and ULBs.

During 2020-21, comments/suggestions on 34 Factual Statements and 27 Draft Paragraphs, proposed by Director, LFAD for inclusion in their Audit Report and comments on five Inspection Reports (IRs) of Director, LFAD were communicated to Director, LFAD under the TG&S by the Accountant General (Audit-II), Rajasthan.

1.6 Response to Audit Observations

For early settlement of Audit observations, Departmental Administrative Officers are required to take prompt steps to remove defects and irregularities brought to their notice during the course of audit and/or pointed out through IRs.

⁸ The accounts of the Municipalities shall be audited by the CAG of India in accordance with the provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

1.6.1 A total of 7,249 paragraphs pertaining to 891 IRs involving money value of ₹ 28,736.39 crore were pending for settlement (January 2022). Out of these, 2,910 paragraphs of 238 IRs involving money value of ₹ 22,905.64 crore, issued⁹ during 2016-17 to 2020-21, were pending for settlement (January 2022) and even first compliance report of 560 paragraphs of 37 IRs were not furnished as per details given in **Table 1.2**.

Table 1.2: Year-wise status of Inspection Reports

Year	IRs	Paragraphs	Money value (₹ in crore)	First compliance not furnished	
				IRs	Paragraphs
2016-17	70	762	3391.80	3	38
2017-18	57	610	4019.42	6	70
2018-19	42	536	7994.62	9	136
2019-20	61	828	6203.84	16	226
2020-21	8	174	1295.96	3	90
Total	238	2,910	22,905.64	37	560

1.6.2 As of 31.03.2021, 68,912 paragraphs of 5,949 IRs issued by Director, LFAD were pending for settlement. Audit observations including 36 embezzlement cases involving monetary value of ₹ 119.98 lakh, were pending for settlement for the period 2016-17 to 2020-21, as per details given in **Table 1.3**.

Table 1.3: Embezzlement cases pending for settlement

Year	Outstanding Embezzlement cases	
	Number	Money value (₹ in lakh)
2016-17	10	12.87
2017-18	11	47.47
2018-19	7	4.42
2019-20	6	2.72
2020-21	2	52.50
Total	36	119.98

Source: Information provided by LFAD

1.6.3 Meetings of Audit Committee were to be organized every quarter by the Department. During the year 2020-21, only one meeting of the Audit committee was held.

1.6.4 Response to Paragraphs in Audit Reports

All replies on the paragraphs included in earlier reports (up to 2016-17) on Urban Local Bodies have been received.

⁹ Upto 2019-20, the IRs were issued by the Office of the Principal Accountant General (General and Social Sector Audit), Rajasthan, now known as Office of the Accountant General (Audit-I), Rajasthan. From 2020-21, IRs are being issued by Office of the Accountant General (Audit-II), Rajasthan.

1.6.5 Impact of Audit

During the year 2020-21, recovery of ₹ 0.31 crore was made in 01 case at the instance of Audit.

Recommendation 2: Efforts should be made by LSGD to conduct Audit Committee meetings regularly to settle the pending paragraphs. ULBs should also take prompt action for settlement of pending paras pointed out by AG/LFAD.

Accountability Mechanism and Financial Reporting Issues

Accountability Mechanism

1.7 Property Tax Board

The XIII Finance Commission (XIII FC) recommended (February 2011) setting up of a State Level Property Tax Board to assist the ULBs to put in place an independent and transparent procedure for assessing property tax. The Commission also recommended that the Board should enumerate or cause to enumerate all properties in the ULBs, review the property tax system and suggest suitable basis for assessment and valuation of properties. The XIV Finance Commission (XIV FC) also emphasized property tax as an important tool to enhance the income of ULBs.

The State Government constituted (February 2011) State Level Property Tax Board and appointed Director, Local Bodies as Secretary to the Board. However, the Board met only once (28 April 2011) till completion of its tenure in April 2017. Thereafter, the State Government did not reconstitute the Board.

As shown in Table 1.5, Property Tax is the single biggest revenue source for ULBs. Absence of Property Tax Board, deprived the ULBs of technical guidance for assessment and revision of property tax (UD Tax). Thus, the goal of establishing independent, transparent and strong system for assessment of property tax by ULBs remains unaccomplished.

Recommendation 3: The State Government should comply with the recommendations of the Finance Commission in true spirit, reconstitute Property Tax Board and make it functional to enable the ULBs to collect property tax efficiently.

1.8 Submission of Utilisation Certificates

Up to 2020-21, grants of ₹ 5417.14 crore and ₹ 3987.81 crore under V State Finance Commission (V SFC) and XIV Finance Commission (XIV FC) respectively were released to ULBs by the Finance Department.

Details of utilisation of grants and pendency in submission of Utilisation Certificates (UCs) for the period 2015-16 to 2020-21, are shown in **Table 1.4**.

Table 1.4: Pendency in submission of UCs

(₹ in crore)

Particulars of grants	Actual grants released by the Finance Department to ULBs	UCs received from ULBs		UCs pending	
		Amount	Percentage	Amount	Percentage
Grant of V SFC	5417.14	4578.06	84.51	839.08	15.49
Grant of XIV FC	3987.81	3369.57	84.50	618.24	15.50

Source: Information provided by DLB.

1.9 Internal Audit and Internal Control System of ULBs

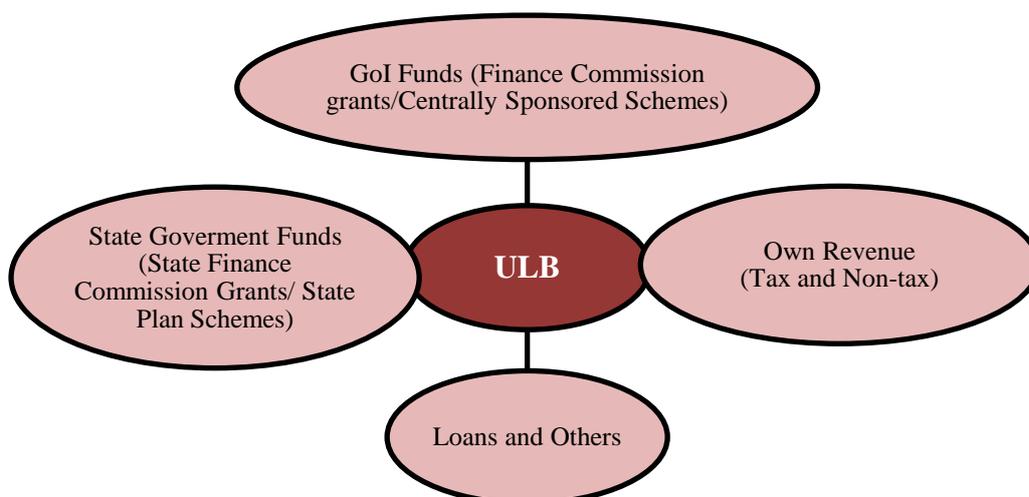
As per Section 99 of RMA, 2009 the State Government or the Municipality may provide for Internal Audit of the day to day accounts of the Municipality in the manner prescribed.

The DLB Department intimated (January 2022) that there was no mechanism of internal audit in the ULBs.

1.10 Financial Reporting Issues

1.10.1 Source of Funds

The resource base of ULBs consists of own revenues, assigned revenues, grants received from GoI and the State Government and loans as depicted in the diagram below:



1.10.2 Receipts

The position of receipts under various heads of the ULBs during 2016-17 to 2020-21 is given in **Table 1.5**.

Table 1.5: Position of receipts under various heads

Sources of receipts	2016-17*	2017-18#	2018-19#	2019-20#	2020-21#
(₹ in crore)					
(A) Own Revenue					
(a) Tax Revenue					
(i) House tax	0.00	0.00	0.00	0.00	0.00
(ii) Urban development tax ¹⁰ / property tax	59.08	135.53	106.29	35.08	31.88
(iii) Tax on vehicles	0.00	5.88	4.75	0.26	0.02
(iv) Passenger tax	0.00	0.00	0.00	0.00	0.00
(vi) Terminal tax	0.00	0.00	0.00	0.00	0.00
(vii) Other taxes ¹¹	74.80	201.87	111.94	56.60	62.01
(viii) Outsourcing	0.00	0.00	0.00	0.00	0.00
Total of Tax Revenue (a)	133.88	343.28	222.98	91.94	93.91
% of total revenue	4.06	6.52	3.80	2.92	2.66
(b) Non-tax Revenue					
(i) Revenue from bye-laws ¹²	152.62	0.00	0.00	0.00	0.00
(ii) Revenue from assets	21.78	0.00	0.00	0.00	0.00
(iii) Fees/User charges	0.00	410.48	339.47	232.57	208.29
(iv) Other income	0.00	452.93	598.88	337.78	318.45
(v) Sale and Hire	0.00	186.85	185.31	147.02	114.85
(vi) Interest on investments	46.15	0.00	0.00	0.00	0.00
(vii) Misc. non-tax revenue ¹³	269.01	0.00	0.00	0.00	0.00
(viii) Sale of land ¹⁴	60.77	0.00	0.00	0.00	0.00
(ix) Interest receipts	0.00	76.22	86.54	55.49	39.77
(x) Rental income	0.00	44.41	52.05	48.37	30.21
Total of Non-tax Revenue (b)	550.33	1170.89	1262.25	821.23	711.57
% of total revenue	16.69	22.24	21.53	26.06	20.13
Total of Own Revenue (A)	684.21	1514.17	1485.23	913.17	805.48
% of total revenue	20.75	28.76	25.34	28.98	22.79
(B) Assigned Revenue/ Entertainment tax	0.04	0.00	0.00	0.00	0.00
(C) Grants and Loans					
(i) General and special grant	1785.17	2197.67	2743.07	1354.72	1789.56
(ii) Grant in lieu of octroi	828.41	1553.46	1633.63	883.42	940.05
(iii) Special assistance and loans	0.00	0.00	0.00	0.00	0.00
Total of Grants and Loans (C)	2613.58	3751.13	4376.7	2238.14	2729.61
%	79.25	71.24	74.66	71.02	77.21
(D) Miscellaneous Non-recurring Income¹⁵	0.00	0.00	0.00	0.00	0.00
Grand Total (A to D)	3297.83	5265.3	5861.93	3151.31	3535.09

*The figures for the year 2016-17 are of 120 ULBs only. Information of remaining ULBs was not provided by DLB.

#Number of ULBs for which the figures pertain for the year 2017-18, 2018-19, 2019-20 and 2020-21 not provided by DLB.

Source: Information provided by DLB.

It could be seen from Table 1.5 that the department does not maintain complete data about receipts of all the ULBs and hence audit is unable to arrive at any conclusion on the quality of financial management of ULBs.

10. Subsequent to abolition of House tax from 24 February 2007, Urban Development tax was introduced with effect from 29 August 2007.

11. Income from land revenue, tax on advertisement, pilgrim tax, other income etc.

12. Income from birth and death certificate, sign advertisement board fees, tender form fees, marriage registration fees, building permission fees, license fees of hotel bye-laws etc.

13. Income from sewerage tax, fair fees, application fees, income from contract of *Bakra Mandi*, income from cattle house, income from lease, etc.

14. Receipt from sale of land to public, Government and other commercial organisations.

15. Including deposits and recoveries of loans and advances.

This further reflects the weakness of the Management Information System at Government-level.

1.10.3 Expenditure

The position of expenditure in ULBs during 2016-17 to 2020-21 is given in **Table 1.6**.

Table 1.6: Position of Expenditure in ULBs

(₹ in crore)

Items of Expenditure	2016-17*		2017-18#		2018-19#		2019-20#		2020-21#	
(A) Recurring Expenditure										
	Amount	%								
General administration	848.73	33.71	1597.36	32.33	2052.4	31.16	1112.76	32.26	1025.89	30.99
Public health and sanitation	99.91	3.97	361.21	7.31	456.74	6.93	197.88	5.74	211.56	6.39
Maintenance of civic amenities	261.54	10.39	427.82	8.66	497.91	7.56	179.87	5.21	229.5	6.93
Total of Recurring Expenditure(A)	1210.18	48.07	2386.39	48.30	3007.05	45.65	1490.51	43.21	1466.95	44.31
(B) Non-recurring Expenditure										
Expenditure on developmental works	1303.83	51.79	2224.53	45.02	3217.04	48.84	1733.04	50.24	1551.53	46.87
Purchase of new assets	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Repayment of loans	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Miscellaneous non-recurring expenditure ¹⁶	3.71	0.15	330.38	6.69	363.39	5.52	225.69	6.54	291.55	8.81
Total of Non-recurring Expenditure (B)	1307.54	51.94	2554.91	51.71	3580.43	54.36	1958.73	56.78	1843.08	55.68
Grand Total (A+B)	2517.72		4941.3		6587.48		3449.24		3310.03	
*The figures for the year 2016-17 are of 120 ULBs only. Information of remaining ULBs was not provided by DLB Department.										
#Number of ULBs for which the figures pertain for the year 2017-18, 2018-19, 2019-20 and 2020-21, not provided by DLB.										

Source: Information provided by DLB.

It could be seen from **Table 1.6** that the department does not maintain complete data about expenditure of all the ULBs and hence audit is unable to arrive at any conclusion on the quality of financial management of ULBs. This further reflects the weakness of the Management Information System at Government-level.

Recommendation 4: The Urban Local Bodies should take effective steps to strengthen their financial position by focusing on collection of own tax and non-tax revenue to decrease their dependency on grants provided by GoI and State Government.

Recommendation 5: DLB should put in place a system to have updated information on receipts and expenditure of ULBs through a report or database.

¹⁶. It includes refunds or deposits, investment made and disbursement of loans and advances.

1.10.4 Recommendations of the State Finance Commission (SFC)

The IV SFC constituted on 11 April 2011 and the V SFC constituted on 29 May 2015 were concurrent with the XIII Finance Commission (XIII FC) and the XIV Finance Commission (XIV FC) respectively. IV SFC recommended devolution of five *per cent* of net State Own Tax Revenue (SOTR) to local bodies whereas V SFC recommended devolution of 7.182 *per cent* of SOTR to local bodies in the ratio of 75.10: 24.90 to PRIs and ULBs respectively. This ratio was adopted on the basis of the rural and urban population ratio of Census 2011.

The position of grants released by the State Government under the SFC and their utilisation is given in **Table 1.7**.

Table 1.7: Details of grants released by the State Government under the SFC

(₹ in crore)

Year	Grants released to ULBs		UCs received			Pending UCs	
	During the year	Cumulative	For the year	Cumulative	Percentage	Amount	Percentage
The position of grants released by the State Government under the V SFC							
2015-16	773.95	773.95	364.83	364.83	47.16	409.12	52.86
2016-17	895.32	1669.27	586.15	950.98	56.97	718.29	43.03
2017-18	812.03	2481.30	691.24	1642.22	66.18	839.08	33.82
2018-19	784.53	3265.83	784.53	2426.75	74.31	839.08	25.69
2019-20	430.70	3696.53	430.70	2857.45	77.30	839.08	22.70
2020-21	1720.61	5417.14	1720.61	4578.06	84.51	839.08	15.49

Source: Information provided by DLB.

It can be seen from the above table that 15.49 *per cent* UCs were pending against the grants released under V SFC which is indicative of ineffective monitoring by the DLB Department.

1.10.5 Recommendations of the Central Finance Commissions

The position of grants released by the Government of India to State Government and further by the State Government to ULBs under the XIV Finance Commission and their utilization, is given in **Table 1.8**.

Table 1.8: Position of grant by the Central Finance Commission and their utilisation

(₹ in crore)

Year	Grants released to ULBs		UCs Received			Pending UCs	
	During the year	Cumulative	For the year	Cumulative	Percentage	Amount	Percentage
The position of grants released under the XIV FC							
2015-16	433.12	433.12	264.90	264.9	61.16	168.22	38.84
2016-17	776.73	1209.85	443.20	708.1	58.53	501.75	41.47
2017-18	692.93	1902.78	576.44	1284.54	67.51	618.24	32.49
2018-19	801.60	2704.38	801.60	2086.14	77.14	618.24	22.86
2019-20	1283.43	3987.81	1283.43	3369.57	84.50	618.24	15.50
2020-21	0.00	3987.81	0.00	3369.57	84.50	618.24	15.50

Source: As per data provided (December 2021) by DLB Department, Rajasthan.

It can be seen that 15.50 per cent UCs were pending against the grants released under XIV FC.

1.10.6 Annual Financial Statement

As per Section 92(1) of RMA, 2009, the Chief Municipal Officer shall, within three months of the close of a financial year, cause to prepare a financial statement containing Income and Expenditure Account, Receipts and Payments Account for the preceding financial year and a Balance Sheet of the assets and liabilities of the municipality at the closing of the preceding financial year.

No reply was given by DLB Department indicating number of ULBs preparing their annual accounts within the prescribed time (January 2022).

1.10.7 Maintenance of Accounts by Urban Local Bodies

As per Rule 25(xi) of Rajasthan Local Fund Audit Rules 1955, a certificate of correctness of annual accounts shall be included in Director's Report. As such, accounts of all ULBs are required to be certified. Director, LFAD did not provide the number of ULBs whose accounts had been certified during the year 2020-21 (January 2022).

National Municipal Accounts Manual (NMAM) for ULBs in India developed by the Ministry of Urban Development, GoI was introduced in February 2005. On the lines of NMAM, Rajasthan Municipal Accounting Manual (RMAM) was prepared. Following the Manual, the LSGD directed (December 2009) all ULBs to maintain the accounts on Accrual Based (Double Entry) Accounting System from 1 April 2010.

Director, LFAD and Director, LSGD did not provide details indicating the number of ULBs who were maintaining the accounts on the Accrual Based (Double Entry) Accounting System (January 2022).

1.10.8 Maintenance of Database and the Formats therein on the Finances of Urban Local Bodies

As prescribed by the X FC, the Ministry of Urban Development, GoI issued (April 2010) seven database formats to be adopted by ULBs. The DLB Department intimated (December 2021) that all the ULBs were preparing the information in the prescribed database formats.

Recommendation 6: *ULBs should follow the prescribed accounting system and make sincere efforts for timely finalization/certification of accounts.*

(B) Urban Development and Housing Department

1.11 Introduction

Urban Development & Housing (UDH) Department is the controlling department of Town Planning Department, Urban Improvement Trusts (UITs),

Urban Development Authorities (UDAs), Rajasthan Real Estate Regulatory Authority, Jaipur Metro Rail Corporation and Rajasthan Housing Board.

1.12 Profile of Urban Development and Housing Department

Eight offices of the Town Planner, 14 UITs, 3 UDAs, Rajasthan Real Estate Regulatory Authority, Jaipur Metro Rail Corporation and Rajasthan Housing Board are working under the Urban Development and Housing Department.

1.12.1 Town Planning Department

Chief Town Planner is the Head of the Department. The objective of the Town Planning Department is to guide physical development of towns through preparation of master plans, sector plans and schemes and providing technical advice to various government departments, local bodies and other government agencies. The department acts as a central coordinator between the local bodies and the State Government in the process of urban development.

1.12.2 Urban Improvement Trust (UITs)

The UITs¹⁷ are constituted as per Rajasthan Urban Improvement Act 1959. The chairperson of the UITs were either public representatives or the District Collector. The Chairperson is assisted by a Secretary who is the Executive Officer. The UITs consist of Government officials and nominated public persons as trustees. Functions of UITs include preparation of Master Plans, constitution of Trusts, framing of Schemes, acquisition and disposal of land, utilization of urban land etc.

1.12.3 Urban Development Authorities (UDAs)

The Urban Development Authorities viz. Jaipur, Jodhpur and Ajmer plan, coordinate and supervise the proper, orderly and rapid development of the region and executes plans, projects and schemes for such development.

1.12.4 Rajasthan Real Estate Regulatory Authority

The Rajasthan Real Estate (Regulation and Development) Rules, 2017 were notified on 01.05.2017. Under this Act, State Government is required to establish Real Estate Regulatory Authority for regulation and promotion of the real estate sector in the State. Government of Rajasthan constituted the Rajasthan Real Estate Regulatory Authority on 06.03.2019. The key responsibilities of the Authority are as follows:

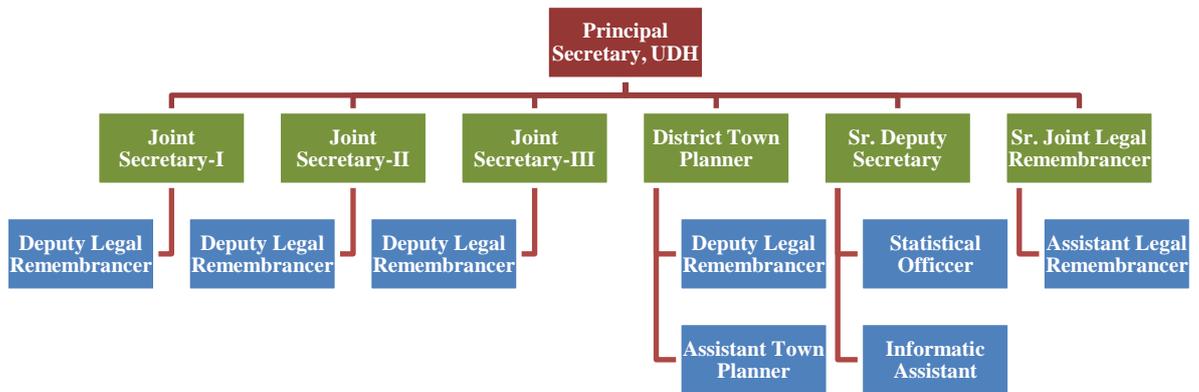
- Ensuring Disclosures of Real Estate Projects by Promoters
- Real Estate Projects Registration

¹⁷ Abu, Alwar, Barmer, Bharatpur, Bhilwara, Bikaner, Chittorgarh, Jaisalmer, Kota, Pali, Sikar, Sri Ganganagar, Sawai Madhopur and Udaipur.

- Real Estate Agents Registration
- Complaints Redressal
- Provide recommendations to appropriate Government in matters relating to the development & promotion of real estate sector

1.13 Organisational Set up

An Organisational chart of the UDH department is given in **Chart 2** below:



1.14 Audit Arrangement

Audit by Comptroller and Auditor General of India

- The audit of Town Planning Department is conducted under section 13 of CAG (DPC) Act.
- The audit of grants received in UITs and UDAs are conducted under section 14 of the CAG (DPC) Act. However, the matter of audit of UITs and UDAs on a regular basis under section 20 (1) of CAG DPC Act 1971 is under consideration at Government level. The PAC recommended (November 2020) that these authorities should expeditiously complete the process for audit by the Accountant General on regular basis.
- Audit of Rajasthan Housing Board was though entrusted (October 2009) to the Accountant General under Section 19 (3) of the CAG (DPC) Act, yet the Board did not agree for it. The matter is pending with the Government for final decision after discussion with the Board.
- The audit of Rajasthan Real Estate Regulatory Authority is conducted under section 13 and 19 (2) of the CAG (DPC) Act and Section 77 of the Real Estate (Regulation & Development) Act, 2016.

1.15 Response to Audit Observations

For early settlement of Audit observations, Departmental Administrative Officers are required to take prompt steps to remove defects and irregularities brought to their notice during the course of Audit and/or pointed out through Inspection Reports (IRs).

1.15.1 For the period from 2016-17 to 2020-21, 54 IRs containing 354 paragraphs in respect of UDH and subordinate offices involving money value of ₹ 2751.59 crore were pending for settlement (January 2022).

1.15.2 Response to Paragraphs in Audit Reports

The response of the Department has been received on the paragraphs contained in the earlier Report of the Comptroller and Auditor General of India on General and Social Sector Audit for the year ended 31 March 2019-Government of Rajasthan.

1.15.3 Impact of Audit

During the year 2020-21, recovery of ₹ 9.12 lakh was made in two cases at the instance of audit.

Recommendation 7: Efforts should be made by UDH for early settlement of the pending paragraphs.