



PART – B
URBAN LOCAL BODIES



CHAPTER – III

**An Overview of the Functioning, Accountability
Mechanism and Financial Reporting issues of
Urban Local Bodies**

Chapter-III

An overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Urban Local Bodies

An overview of the functioning of the Urban Local Bodies in Bihar

3.1 Introduction

The Seventy-Fourth Constitutional Amendment Act (74th CAA), 1992, had envisaged creation of local self-government for the population of urban areas. Accordingly, Municipalities were provided constitutional status for governance. As a follow up, the States were required to entrust Municipalities with powers, functions and responsibilities, in order to enable them to function as institutions of local self-government and carry out the responsibilities conferred upon them, including the 18 subjects listed in the Twelfth Schedule of the Constitution of India.

Government of Bihar (GoB) enacted the Bihar Municipal Act (BM Act), 2007 (subsequently amended from time to time), wherein Municipalities were devolved functions and responsibilities and the powers to carry out these functions. Further, GoB framed the Bihar Municipal Accounting Rules (BMAR), 2014, the Bihar Municipal Accounting Manual (BMAM) and the Bihar Municipal Budget Manual, for preparation and maintenance of accounts by the Municipalities of the State.

3.1.1 Urban Local Bodies (ULBs) in Bihar

Sections 7 and 20 of the BM Act, 2007, lay down the criteria for classification of municipal areas. As per Section 3 of the BM Act, 2007, the State Government may specify an area to be a larger, medium or a transitional urban area, subject to (i) the fulfillment of certain conditions³⁷ and (ii) the non-agricultural population (being seventy five *per cent* or more of the population, in these areas).

GoB changed (May 2020) the criteria of percentage of non-agricultural population, for classification of an area into an urban area, by enactment of the Bihar Municipal Amendment (Act), 2020. As per the amended Act, an area may be classified as an urban area, if the population of main cultivator workers and marginal cultivator workers is less than 50 *per cent* of total workers in the area. As a result, the number of ULBs in the State increased from 142 to 258. Due to this reclassification, the urbanisation³⁸ rate in the State rose from 11.3 *per cent* to 15.75 *per cent*³⁹ of the total population of the State.

³⁷ (a) Population in the case of a larger urban area should be two lakh or more (b) For a medium urban area, the population should be between forty thousand and two lakh and (c) in case of a transitional area, the population should be between twelve thousand and forty thousand.

³⁸ Urbanization is a complex socio-economic process that transforms the built environment, converting formerly rural into urban settlements, while also shifting the spatial distribution of a population from rural to urban areas. The degree or level of urbanization is typically expressed as the percentage of population residing in urban areas, defined according to criteria used by national governments for distinguishing between urban and rural areas. (Department of Economic and Social Affairs, United Nations).

³⁹ Source: Economic Survey, 2020-21, Government of Bihar

The numbers and classes of ULBs, on the basis of their population (as per Census 2011) and after constitution of the new Municipalities (as of February 2022), are given in **Table 3.1** below:

Table 3.1: Classification of ULBs

| Category of ULBs | Grade | Population | No. of ULBs |
|------------------------------|-------------------------|--|-------------|
| Municipal Corporation | Larger urban area | More than two lakh | 18 |
| Municipal Council | Medium urban area | More than 0.40 lakh and less than two lakh | 83 |
| Nagar Panchayat | Transitional urban area | More than 0.12 lakh and up to 0.40 lakh. | 157 |
| Total | | | 258 |

(Source: Information provided by UD&HD)

3.1.2 State Profile

Bihar is among the least urbanised States in the country. As per Census 2011, the urban population of Bihar was 1.64 crore, constituting 15.75 per cent of the total population (10.41 crore) of the State, while the national average for urbanisation stood at a much higher level of 31.2 per cent. Though Bihar has 8.6 per cent of India's total population, yet only 4.35 per cent of the total urban population of India lived in urban areas in the State and only one city (Patna) of the State had a population of more than one million. The comparative demographic and development statistics of the State are given in **Table 3.2**:

Table 3.2: Important statistics of the State

| Sl. No. | Indicators | Unit | State | All over India |
|---------|----------------------------------|----------------------------|-------|----------------|
| 1. | Urban Population | Million | 16.36 | 377.11 |
| 2. | Urban Population Density | Person per Sq. km | 4,811 | 3,836 |
| 3. | Urban Literacy | Per cent | 76.86 | 84.11 |
| 4. | Urban Sex ratio | females per thousand males | 895 | 900 |
| 5. | Urban poverty level | Per cent | 31.2 | 13.7 |
| 6. | Municipal per capita own revenue | ₹ | 58 | 2,540 |
| 7. | Number of ULBs | Number | 258 | 4,804 |
| 8. | Number of districts | Number | 38 | 763 |

(Source: Sl. nos. 1 to 6 from Census 2011 and sl.nos. 7 & 8 from the Local Government Directory published by the Ministry of Electronics & Information Technology, GoI)

3.2 Organisational Set-up of ULBs

The ULBs are placed under the administrative control of the Urban Development and Housing Department (UD&HD), GoB headed by its Principal Secretary/Secretary. The Municipal Commissioner -cum- Chief Executive Officers are the executive heads of the Municipal Corporations, while Municipal Councils and

Nagar Panchayats are headed by their Executive Officers, who are appointed by the State Government. The Chief Municipal Officer is the Principal Executive Officer of the Municipality and all officers and other employees of the Municipality are subordinate to him. Executive functions for carrying out the administration of the Municipality are vested in the Chief Municipal Officer. Joint/Additional /Deputy Municipal Commissioners are appointed in Municipal Corporations, to assist the Municipal Commissioners. A City Manager is also appointed on contractual basis, in the Municipal Corporation and Municipal Council/ Nagar Panchayat, to assist the Chief Municipal Officer.

The executive power of the Municipality is exercised by an Empowered Standing Committee (ESC), headed by the Mayor (for Municipal Corporations), the Chairperson (for Municipal Councils) and the Municipal President (for Nagar Panchayats), elected from among the Ward Councillors.

3.3 Functioning of ULBs

3.3.1 Powers of the State Government

The BM Act, 2007, provides the State Government with certain powers, to monitor the functioning of the ULBs. Some powers were devolved to ULBs for delivery of services, as stipulated in the BM Act, 2007, but decisions on all key issues were being taken by the State Government. A brief summary of the powers of the State Government is given in **Table 3.3**:

Table 3.3: Powers of the State Government

| Authority | Powers of the State Government |
|---------------------------|---|
| Sections 3 and 6 | Constitution of Municipal Area: The State Government may, after making such enquiry as it may deem fit, and having regard to the population of any urban area, density of population therein, the revenue generated for the local administration of such area, may, by notification, constitute such large urban area, city, town or transitional area or any specified part thereof, as a municipal area under the Act. |
| Section 44 | State Municipal Vigilance Authority: The State Government shall appoint a <i>Lok Prahari</i> to inquire into any allegation of corruption, misconduct, lack of integrity or any kind of malpractice or mal-administration or misdemeanour of Chief/Deputy Chief Councillor/ officers and other employees of the municipality. |
| Sections 65 and 66 | Power to inspect office, call for records etc.: The State Government may depute an officer to inspect any office or call for the records under the control of the ULBs. |
| Section 87 | Preparation of Manual: The State Government shall prepare and maintain a Manual viz., the Bihar Municipal Accounting Manual, for implementation of accrual based double entry accounting system, containing details of all financial and accounting matters and procedures in Municipalities. |

| Authority | Powers of the State Government |
|-----------------------------|--|
| Section 419 | Power to make Rules: The State Government may, by notification, make rules to carry out the purpose of BM Act, 2007 subject to approval by the State Legislature. |
| Sections 421 and 423 | Power to make regulations: The Municipality may make regulations for the purpose of giving effect to the provisions of BM Act, 2007, subject to approval of the State Government. |
| Section 487 | Removal of difficulties: If any difficulty arises in giving effect to the provisions of BM Act, 2007, the State Government may do anything necessary to remove such difficulty. |

(Source: BM Act, 2007)

3.3.2 Devolution of functions, funds and functionaries

(i) Devolution of Functions

The 74th CAA, 1992 enables ULBs to perform functions relating to 18 subjects referred to in the Twelfth Schedule of the Constitution. Accordingly, GoB made provisions in the BM Act, 2007, for functions relating to 17 out of 18 subjects (i.e. except for fire services) which were to be carried out by the ULBs (**Appendix 3.1**). However, it was observed that only 13 out of 17 functions were being performed by ULBs, while the remaining four⁴⁰ functions/activities were still being performed by the concerned Departments, even after a lapse of more than 28 years of the 74th CAA having come into force.

With regard to devolution of functions, the Department stated (November 2021) that :**(i)** these four functions/ activities would be implemented after recruitment of the requisite manpower.**(ii)** the necessary recruitment is under process.

(ii) Devolution of Funds

Section 72(3) of the BMA 2007, provided that the State Government had to provide grants to Municipalities, for implementation, in full or in part of any scheme included in the Annual Development Plan of the Municipalities. The Central/State Governments had provided funds under different heads, such as the Central Finance Commission (CFC), State Finance Commission (SFC) and State Plan, Scheme specific grants etc., to assist ULBs in carrying out their mandated functions.

Details of funds released during the financial years 2015-16 to 2020-21, under CFC, SFC and State Plan etc., are given in **Table 3.4**:

⁴⁰ (1) Urban forestry, protection of the Environment and promotion of ecological aspects (2) Safeguarding the interests of weaker sections of society including the handicapped and mentally retarded (3) Promotion of cultural, educational and aesthetic aspects and (4) cattle pounds; prevention of cruelty to animals.

Table 3.4: Release of grants under CFC, SFC and CSS

| Sl. No. | Grant Head | Financial Year(s) | Funds released (₹ in crore) |
|---------|---------------------|--------------------|-----------------------------|
| 1. | 15 th FC | 2020-2021 | 1412.00 |
| 2. | 5 th SFC | 2015-16 to 2020-21 | 5,529.21 |
| 3. | Smart City | 2015-16 to 2020-21 | 952.00 |
| 4. | SBM | 2015-16 to 2020-21 | 1,009.36 |
| 5. | AMRUT | 2015-16 to 2020-21 | 1,616.47 |
| 6. | NULM | 2015-16 to 2019-20 | 197.95 |

(Source: 6th SFC report and allotment letters of UD&HD, GoB)

It was observed that ULBs in the State were substantially dependent on government grants for meeting even their establishment expenditure and they were not able to carry out their mandated functions from their own resources. The dependence of ULBs on government grants, for meeting their establishment expenditure, was increasing, as reflected in the projection of the own receipts of ULBs and the establishment expenditure incurred by the Department.

(iii) Devolution of functionaries

Section 36 of the BM Act, 2007, provided for a number of posts for ULBs, but most of these posts were vacant. As per information furnished by the Department, as of April 2022, 2,982 posts had been sanctioned for ULBs, out of which, only 526 posts had been filled up and 2,456 posts (82 per cent of the total posts) remained vacant. The status of sanctioned posts and persons-in-position in ULBs is given at *Appendix 3.2*.

The sixth SFC observed that the manpower at the disposal of the ULBs in the State was grossly inadequate for performing the mandated functions effectively.

In regard to the devolution of functionaries, the Department stated (November 2021) that there was acute shortage of manpower and necessary action was being taken to fill the vacant posts.

3.4 Formation of various Committees

3.4.1 Empowered Standing Committees

Sections 21 and 22 of BM Act, 2007, provided that: (i) there would be an Empowered Standing Committee (ESC) in every Municipality, (ii) the executive powers of a Municipality would be vested in the ESC and (iii) the Chief Councillor would exercise such powers and functions, as delegated to him/her, by the ESC. The composition of the ESCs is shown in **Table 3.5**:

Table 3.5: Empowered Standing Committees

| Category of ULBs | Presiding Officer | Composition of ESC |
|---|-----------------------|--|
| Municipal Corporation | Mayor | Mayor, Deputy Mayor and seven other Councillors |
| Class 'A' or 'B' Municipal Council | Municipal Chairperson | Municipal Chairperson, Municipal Vice-Chairperson and five other Councillors |

| Category of ULBs | Presiding Officer | Composition of ESC |
|-----------------------------|-----------------------|---|
| Class 'C' Municipal Council | Municipal Chairperson | Municipal Chairperson, Municipal Vice-Chairperson and three other Councillors |
| Nagar Panchayat | Municipal President | Municipal President, Municipal Vice-President and three other Councillors |

(Source: Section 21 of the BM Act, 2007)

The ESCs were collectively responsible to the Municipal Corporation, the Municipal Council and the Nagar Panchayat, as the case may be. On constitution of the ESC, the UD & HD replied (January 2022) that ESCs had been constituted in all the Municipalities in the State, in the light of Section 21 of BMA, 2007.

3.4.2 Municipal Accounts Committee

Section 98 of the BM Act, 2007, provides that the Municipality shall, at its first meeting in each year or as soon as may be at any meeting subsequent thereto, constitute a Municipal Accounts Committee. The important functions of the Committee are as follows:

- to examine the accounts of the Municipality, showing the appropriation of sums granted by the Municipality for its expenditure and the annual financial accounts of the Municipality.
- to examine and scrutinise the report on the accounts of the Municipality, by the Auditor appointed under the BM Act, 2007; and
- to review and approve the Action Taken Report, following each report by the Auditor and the Internal Audit.

Audit observed that seven test-checked units⁴¹ had not constituted Municipal Accounts Committees. Further, while a Municipal Accounts Committee had been constituted in Nagar Parishad, Khagaul, it was not functional.

With regard to constitution of the Municipal Accounts Committees in ULBs, the Project Officer-cum-Additional Director, UD&HD stated (January 2022) that Municipal Accounts Committee had not been constituted in ULBs. However, the reason for non-constitution of the Municipal Accounts Committees was not mentioned.

Due to non-constitution of the Municipal Accounts Committees, necessary scrutiny of accounts of Municipalities could not be ensured.

3.4.3 Subject Committee

Rule 32 of BMA, 2007, provides that a Municipal Corporation or a Class 'A' Municipal Council, may, from time to time constitute Subject Committees, consisting of Councillors, to deal with matters such as (a) water-supply, drainage and sewerage and solid waste management (b) urban environment management and land use control and (c) slum up-gradation and basic services for the urban

⁴¹ Nagar Parishad- Bihiya, Mokama, Sherghati & Piro; Nagar Panchayat- Barhaiya, Kahalgaon & Shahpur

poor. The recommendations of a Subject Committee are to be submitted to the ESC, for its consideration.

The UD&HD stated (January 2022) that Subject Committees, to be constituted in the light of Section 32 of BMA, 2007, had not been constituted. However, the reason for non-constitution of the Subject Committee was not mentioned.

Due to non-constitution of Subject Committees, specialised advice/recommendations, on functions/matters to be entrusted to the Committees, remained unavailable to the ESCs.

3.4.4 Wards Committee

Section 30 of BMA, 2007, provided that every Municipal Corporation having a population of three lakh or more, may, at its first meeting after the election of Councillors thereto or as soon as may be thereafter, group the Wards of the Corporation in such manner that each group consists of not less than three Wards, and constitute a Wards Committee for each such group. Each Wards Committee is to consist of the Councillors elected from the Wards constituting the group.

Within the local limits of the group of Wards and subject to the general supervision and control of the ESC, a Wards Committee was expected to discharge, the functions of the Municipality relating to the provision of supply-pipes and drainage and sewerage connections to premises; removal of accumulated water on the streets or public places, due to rain and otherwise; collection and removal of solid waste; disinfection; provision of health immunisation services; slum services; provision of lighting etc. The Sixth SFC had, however, observed that Ward Committees were not functional in the State.

In this regard, the UD&HD replied (January 2022) that Wards Committees had not been constituted in the ULBs. However, the reason for non-constitution of the Wards Committees was not mentioned.

3.5 Audit Arrangements

3.5.1 Primary Auditor

Section 91(1) of the BM Act, 2007, provides that the accounts contained in the financial statements, including the accounts of special funds, if any, and the balance sheet, shall be examined and audited by the Director Local Fund Audit (DLFA), or his equivalent authority or auditor appointed by the State Government from the panel of professional Chartered Accountants. Further, as per Section 91(2) of BM Act, 2007 (amended in 2014): (i) the CAG of India shall provide Technical Guidance and Support (TGS) over proper maintenance of accounts and audit of the accounts of ULBs (ii) an Annual Report, prepared based on the TGS, shall be placed before the ESCs of the Municipalities and (iii) the CAG may, at his discretion, place the report before the State Legislature.

The State Government authorised (November 2007) the Examiner of Local Accounts of the office of the Accountant General (Audit), Bihar, to work as the

Director Local Fund Audit (DLFA). Accordingly, the ELA conducted audit of the ULBs, until adoption (December 2016) of the TGS system for audit of the accounts of Local Bodies (LBs).

Further, in pursuance of CFC recommendations, the State Government had notified (June 2015) establishment of a Directorate of Local Fund Audit, headed by the Chief Controller of Accounts -cum- DLFA, under the Finance Department, GoB, to conduct the audit of LBs. The Directorate has since been functioning (since 11 June 2015). The terms and conditions for audit of the accounts of LBs, under the TGS arrangement, as laid in the Regulations on Audit and Accounts, 2007, were accepted by the GoB in December 2015 and subsequently, audit of the accounts of LBs, by the CAG, under the TGS system, commenced in the State from January 2017. Consequently, the DLFA has been performing the role of Primary External Auditor for LBs, since January 2017.

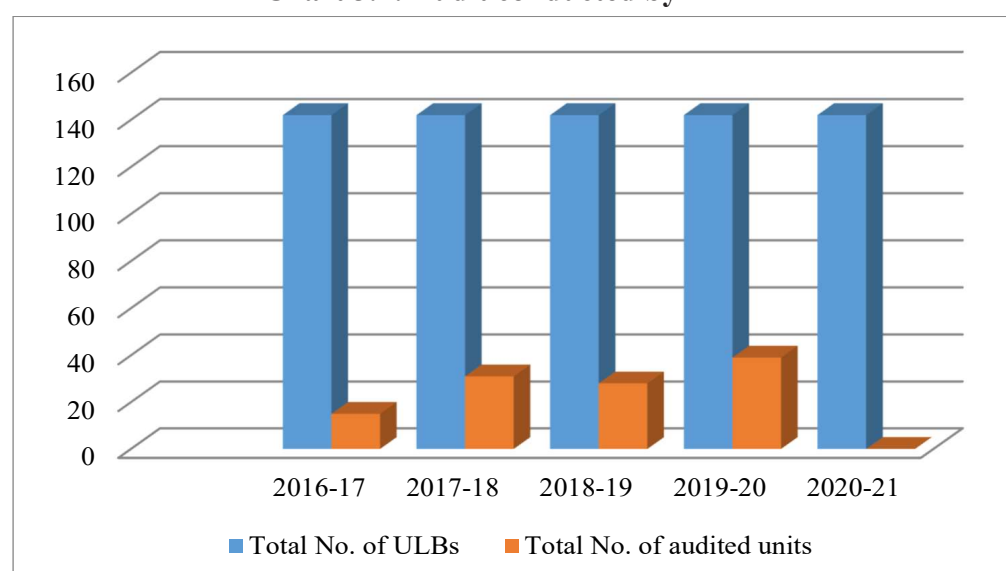
DLFA had conducted audit of the accounts of only 113 ULBs, against 101⁴² audits planned, as per the AAP, during the financial years 2016-17 to 2020-21, as detailed in **Table 3.6** and **Chart 3.1**.

Table 3.6: Audit conducted by DLFA

| Financial Year | Total No. of ULBs | Audits conducted | | | | Percentage of audits conducted |
|----------------|-------------------|------------------------|--------------------|------------------|------------|--------------------------------|
| | | Municipal Corporations | Municipal Councils | Nagar Panchayats | Total | |
| 2016-17 | 142 | 11 | 4 | 0 | 15 | 11 |
| 2017-18 | 142 | 0 | 16 | 15 | 31 | 22 |
| 2018-19 | 142 | 0 | 15 | 13 | 28 | 20 |
| 2019-20 | 142 | 7 | 18 | 14 | 39 | 27 |
| 2020-21 | 142 | 0 | 0 | 0 | 0 | 00 |
| Total | | 18 | 53 | 42 | 113 | |

(Source: Information furnished by DLFA)

Chart 3.1: Audit conducted by DLFA



⁴² **101** = 15(FY 2016-17)+31 (FY 2017-18)+28 (FY 2018-19)+ 27 (FY 2019-20)+0 (FY 2020-21)

It is evident from the table above that the DLFA had audited a very low number of ULBs units, ranging from nil to 27 *per cent* of the total number of ULBs in the State, during FYs 2016-17 to 2020-21. DLFA stated that the low coverage of units was due to acute shortage of manpower.

- **Poor response to Inspection Reports (IRs) issued by DLFA**

Audit observed that the status of compliance of audit paragraphs, contained in the IRs, was not satisfactory, as evident from the large numbers of audit paragraphs contained in the IRs, which had remained outstanding for settlement (as of August 2021), as shown in **Table 3.7:**

Table 3.7: Outstanding paragraphs in ULBs for the period 2014-21

(₹ in crore)

| Financial Year | No of IRs issued | No. of paras in IRs | Amount involved | No of paras settled | Amount of settlement | No of Paras outstanding | Money value of paras outstanding |
|--------------------|------------------|---------------------|-----------------|---------------------|----------------------|-------------------------|----------------------------------|
| 2014-15 to 2018-19 | 27 | 404 | 119.44 | 2 | 0.01 | 402 | 119.43 |
| 2019-20 | 6 | 112 | 556.52 | 2 | 0.06 | 110 | 556.46 |
| 2020-21 | 4 | 64 | 29.42 | 0 | 0 | 64 | 29.42 |
| Total | 37 | 580 | 705.38 | 4 | 0.07 | 576 | 705.31 |

(Source: Information furnished by the DLFA)

It is evident from the table above that, out of total 580 paragraphs contained in 37 IRs, issued by the DLFA, for the financial years 2014-15 to 2020-21, only four paragraphs (0.69 *per cent*) were settled, while 576 paragraphs, involving an amount of ₹ 705.31 crore remained pending for settlement (as of September 2022). DLFA attributed (March 2022) the reason for low settlement of audit paragraphs to indifference of the ULBs for compliance.

The large numbers of audit paragraphs pending for settlement indicated weak internal control in ULBs and inaction on the part of the authorities concerned in ensuring compliance of the audit paragraphs.

3.5.2 Audit by the Comptroller and Auditor General of India

The 11th Finance Commission had recommended that: (i) the CAG should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and (ii) audit for all tiers/levels of LBs and his ATIR, as well as the Annual Report of the DLFA, must be placed before the State Legislature.

The Finance Department, GoB intimated (December 2015) the Accountant General (Audit), Bihar, that the State Government had accepted the Standard Terms and Conditions, under the Regulations on Audit and Accounts, 2007, for audit of LBs under the TGS arrangement. Consequently, audit under TGS arrangement commenced in the State, from January 2017. AG (Audit) Bihar conducted audit of 86 ULB units, during FYs 2017-18 to 2020-21, under the TGS arrangement.

3.6 Response to audit Observations

3.6.1 Poor response to IRs issued by AG (Audit)

Consequent upon the completion of field audit, IRs, containing audit findings, were to be sent to the audited entities, with a copy to the concerned Department of GoB. The Municipal Commissioners/ Executive Officers of the audited entities concerned were required to: (i) respond to observations contained in the IRs and (ii) submit compliance reports, within three months from the date of receipt of the IRs.

Audit observed that Municipal Commissioners/ Executive Officers did not take effective steps to furnish compliance of the audit observations contained in the IRs, which was evident from increasing number of outstanding audit paragraphs, year by year. Moreover, the Finance Department, GoB constituted (March 2010) three tiers of Committees viz. High level, Departmental level and District level for review/ compliance of audit paragraphs. But, for the last three years i.e. from 2019-20 to 2021-22, no District level Committee meeting was held. This was one of the reasons for non-compliance of audit paragraphs. The status of settlement of audit paragraphs, for the last five financial years (as of March 2022), is given in **Table 3.8**:

Table 3.8: Outstanding audit paragraphs for the last five financial years (2016-17 to 2020-21)

(₹ in crore)

| Financial Year | No. of IRs | No. of paragraphs in IRs | Amount involved | No. of paragraphs settled | Amount of settlement | No. of paragraphs outstanding | Money value of paragraphs outstanding |
|----------------|------------|--------------------------|-----------------|---------------------------|----------------------|-------------------------------|---------------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 (3-5) | 8 (4-6) |
| 2016-17 | 86 | 2,386 | 377.31 | 618 | 0.66 | 1,768 | 376.65 |
| 2017-18 | 32 | 884 | 957.61 | 315 | 3.36 | 569 | 954.25 |
| 2018-19 | 31 | 644 | 383.46 | 1 | 0.0039 | 643 | 383.46 |
| 2019-20 | 27 | 826 | 731.90 | 1 | 0.0072 | 825 | 731.89 |
| 2020-21 | 03 | 89 | 6,223.10 | 0 | 0 | 89 | 6,223.10 |
| Total | 179 | 4,829 | 8,673.38 | 935 | 4.0311 | 3,894 | 8,669.35 |

(Source: Inspection Reports of ULBs)

It is evident from the table above that, out of the 4,829 audit paragraphs contained in 179 IRs, only 935 paragraphs (19 per cent) were settled, whereas, 3,894 paragraphs, involving an amount of ₹ 8,669.35 crore, remained outstanding (as of March 2022).

On the issue of poor response to IRs, the Department stated (November 2021) that instructions had been given to all ULBs, for compliance of the outstanding IRs issued by AG (Audit).

Lack of action on compliance of IRs was fraught with the risk of perpetuating serious financial irregularities, as pointed out in these reports.

3.6.2 Compliance to the ELA's and CAG's Annual Audit Reports

In Bihar, ELA's reports were prepared for the period covered by the financial years 2005-06 to 2013-14, followed by CAG's Audit Reports on LBs, for the financial years 2014-15 and 2015-16. Thereafter, the first Annual Technical Inspection Report, for the financial years 2017-19, was prepared and submitted to the Governor of the State. The report has been placed before State Legislature (16 December 2022).

- **ELA's Annual Audit Report**

The Finance Department, GoB, constituted (March 2010) three-tiers of Committees, viz. High Level, Departmental Level and District Level, for review/ compliance of the Annual Audit Reports prepared by the ELA. The District Level Committee⁴³ had the responsibility of ensuring compliance of audit paragraphs/ reports received by the ULBs in that district. The Department Level Committee⁴⁴ was required to review the status of compliance made by the District Level Committees, while the High Level Committee⁴⁵ had to meet once in six months, to review the functioning of the District Level and Department Level Committees.

It was, however, observed that during the financial years 2020-21 and 2021-22, no District Level Committee meetings were held (against the proposed 69 meetings⁴⁶). As such, the audit paragraphs contained in the ELA's report remained unsettled. Further, no meetings of Departmental Level and High Level Committees were held during FYs 2020-21 and 2021-22. The last High Level Committee meeting and Department Level Committee meeting were held in August 2013 and July 2015, respectively.

Thus, the purpose behind the constitution of these three level Committees was defeated and the audit observations contained in the ELA's Annual Audit Report remained unattended.

- **Compliance to C&AG's Report on LBs**

As per provisions contained in Section 91(2) of the BM Act, 2007 (amended in January 2014), the Annual Report on account of ULBs, prepared by the CAG, may be laid before the State Legislature. However, as per amendment in the Act in the year 2014, the CAG of India shall provide TGS over the proper maintenance of accounts and audit thereof ULBs.

The first CAG's Report on LBs, GoB, for the financial year ended March 2015, was tabled in the State Legislature on 04 April 2016. Five paragraphs of the report were discussed in 12 meetings of Public Accounts Committee held during

⁴³ Headed by the District Magistrate/Deputy Development Commissioner

⁴⁴ Headed by the Principal Secretary/Secretary of the UD&HD, GoB

⁴⁵ Headed by the Principal Secretary to the Finance Department, GoB and with the Principal Accountant General (Audit), Bihar, as a member.

⁴⁶ Seven districts had proposed a total of 69 district level committee meetings, as follows: Arwal-14, Bihar Sharif- 11, Gopalganj- 06, Jamui- 09, Kaimur- 11, Kishanganj- 09, Vaishali- 09

April 2016 to February 2022 but no audit observation had been settled (as of February 2022).

Further, the CAG's Report on LBs, for the year ended March 2016, was tabled in the State Legislature on 23 August 2017.

In regard to compliance with C&AG's Report on LBs, the Department stated (November 2021) that suitable action has been taken, as instruction has been issued to all ULBs, for sending para-wise compliance reports to the AG.

Accountability Mechanism and Financial Reporting Issues

3.7 Accountability Mechanism

3.7.1 Lok Prahari (Ombudsman)

Section 44(1) of the BM Act, 2007, provides for appointment of a *Lok Prahari* (Ombudsman), for looking into any allegations of corruption, lack of integrity, malpractice *etc.*, of the authorities of the ULBs. As per the Act, the qualification; terms and conditions and tenure of appointment; and the powers and duties of the *Lok Prahari* (Ombudsman) shall be as prescribed by the Government. The 13th FC and the 5th SFC had also recommended putting in place an independent *Lok Prahari* (Ombudsman) for LBs. Further, the Ministry of Housing & Urban Affairs, GoI, issued (February 2018) a letter, to the Chief Secretary, GoB, regarding appointment of "*Lok Prahari* (Ombudsman)" for the ULBs in Bihar.

In regard to the issue of non-appointment of a *Lok Prahari* (Ombudsman), the UD&HD stated (April 2022) that appointment of *Lok Prahari* was still under process.

Thus, despite a specific provision in the BM Act, 2007 and recommendations made by the Central and State Finance Commissions, no *Lok Prahari* (Ombudsman) had been appointed (as of April 2022).

3.7.2 Social Audit

Social Audit primarily aims to ensure public accountability in the implementation of projects, laws and policies, through public participation. The 5th SFC had recommended that Social Audit be conducted in ULBs, as an accountability measure, with Social Audit for slum and poverty alleviation programmes being absolutely necessary. The sixth SFC had also recommended that the practice of carrying out Social Audit be introduced in ULBs.

However, no Social Audit of schemes implemented by ULBs had been conducted, (as of November 2021). The UD&HD did not furnish any reasons for non-conduct of Social Audit.

3.7.3 Property Tax Board

Section 138(A) of the BM Act, 2007, provides for putting in place a State level Property Tax Board, for providing independent and transparent procedures, to optimise the assessment, collection and recovery of Property Tax. The 13th FC

had also recommended the setting up of a State level Property Tax Board, to assist ULBs in putting in place an independent and transparent procedure for assessing Property Tax.

UD&HD, GoB, had framed and notified (May 2013) the Bihar Property Tax Board Rules, 2013, which necessitated the constitution of a Property Tax Board. However, the board had not been constituted (as of November 2021).

UD&HD replied (November 2021) that suitable action was under process. The reply was, however, not convincing, as the same reply has been received from the Department since the last five years.

Due to non-constitution of the Property Tax Board, even after a lapse of more than eight years since framing of the Property Tax Board Rules, widening of the tax net and collection and recovery of Property Tax in ULBs, could not be optimised. Further, the performance of each ULB could not be evaluated on a continuous basis, as had been envisaged.

3.7.4 Fire Hazard Response

As per the 13th FC's recommendation, all Municipal Corporations, with a population of more than one million (2001 census), must put in place a Fire Hazard Response and Mitigation Plan, for their respective jurisdictions. In Bihar, the population of only one ULB (i.e, the Patna Municipal Corporation) was more than one million, as per 2011 census.

UD&HD, GoB, had notified (March 2011) the Fire Hazard Response and Mitigation Plan, for the Patna Municipal Corporation (PMC). On the functioning & implementation of the Fire Hazard Response and Mitigation Plan in PMC, the Municipal Commissioner, PMC, replied (April 2019) that necessary compliance would be made at the earliest. On this being pointed out in audit, UD&HD stated (November 2021) that suitable action was under process.

3.7.5 Submission of Utilisation Certificates

Rule 342 (1) of the Bihar Financial Rules (BFR) provides that grantee entities are to submit Utilisation Certificates (UCs) for grants, within 18 months from the date of receipt of grants. Instructions contained in the allotment letters of the funds released to the ULBs also required furnishing of UCs to the State Government in a timely manner, to avoid delay in further release of grants.

As per data relating to UCs, compiled by the PAG (A&E), Bihar Patna, it was observed that UD&HD had sanctioned Grants-in-Aids (GIA) of ₹10,952.92 crore, during the period from FYs 2016-17 to 2020-21 (up to August 2020) but, UCs of ₹ 4,984.81 crore (46 *per cent*) were pending for adjustment (as of March 2022). Year wise details of UCs pending are given in **Table 3.9**.

Table 3.9: Percentage of pending UCs*(₹ in crore)*

| Year | GIA Sanctioned | UCs submitted | Outstanding UCs | Percentage of Pending UCs |
|--------------|------------------|-----------------|-----------------|---------------------------|
| 2016-17 | 3,228.73 | 2,391.64 | 837.09 | 26 |
| 2017-18 | 3,142.48 | 1,730.10 | 1,412.38 | 45 |
| 2018-19 | 3,764.09 | 1,846.37 | 1,917.72 | 51 |
| 2019-20 | 552.62 | 0.00 | 552.62 | 100 |
| 2020-21* | 265.00 | 0.00 | 265.00 | 100 |
| Total | 10,952.92 | 5,968.11 | 4,984.81 | 46 |

*(Source: Information provided by O/o PAG (A&E), Bihar*** Up to 08/2020. GIA amount drawn up to 08/2020 is due in March 2022*

As evident from the preceding Table, 26 per cent to 100 per cent of UCs were pending, in regard to grants released during the period covered by the financial years 2016-17 to 2020-21.

The huge pendency of UCs for a long period was indicative of weak internal control and a poor monitoring mechanism and was fraught with the risk of mis-utilisation of funds.

3.7.6 Internal Audit and maintenance of accounts

• Internal Audit

The Department had engaged (April 2016) 17 CAs, for internal audit of the accounts of 140 Municipalities, for the financial years 2014-15 to 2016-17. For the financial years 2017-18 to 2019-20, the Department engaged (January 2019) six CA firms for this purpose. Audit of the accounts of ULBs was to be completed till September 2020. The status of audit, as of January 2022, is given in Table 3.10.

Table 3.10: Units audited and reports submitted by CA firms

| Sl. No. | Financial Year | No. of audits to be conducted | Audits completed | Reports submitted by the CA firms | No. of reports uploaded |
|--------------|----------------|-------------------------------|------------------|-----------------------------------|-------------------------|
| 1. | 2017-18 | 140 | 140 | 140 | 100 |
| 2. | 2018-19 | 140 | 140 | 140 | 98 |
| 3. | 2019-20 | 140 | 103 | 103 | 42 |
| Total | | 420 | 383 | 383 | 240 |

(Source: Information provided by UD&HD, Bihar)

As evident from the preceding Table, out of the 420 internal audits to be conducted, 383 internal audits were actually conducted during FYs 2017-18 to 2019-20 and only 240 reports were finally uploaded (as of January 2022).

On this being pointed out, the Department stated (November 2022) that, due to Covid-19 and denial by one of the firms to perform the work, only 103 out of 140 ULBs units could be audited. The Department also stated that uploading of 143 internal audit reports is in the final stage.

• **Maintenance of accounts by ULBs in DEAS**

The Ministry of Urban Development, GoI, in consultation with the CAG, had prepared (2004) the National Municipal Accounts Manual, for maintenance of accounts by ULBs, on accrual basis. Sections 86, 87 & 88 of the BM Act, 2007, also stipulate that:(i) the State Government shall prepare a Municipal Accounting Manual for implementation of the accrual based Double Entry Accounting System and (ii) the Chief Municipal Officer shall, within four months of the close of a year, cause to prepare financial statements, consisting of a Fund Flow Statement, an Income and Expenditure Account, Receipt and Expenditure Account and a Balance Sheet, for the preceding year. UD&HD, GoB, notified (January 2014) the ‘Bihar Municipal Accounting Rules, 2014’ for preparation and maintenance of financial statements, based on the accrual based Double Entry System, in Municipalities, with effect from 1 April 2014. These Rules were, based on the National Municipal Accounts Manual (NMAM) issued by the Ministry of Urban Development, GoI.

Further, the UD&HD had engaged (January 2019 and November 2019) six CA firms, for maintenance of accounts of 124 (out of 140) ULBs, in the Double Entry Accounting System (DEAS), for the financial years 2012-13 to 2019-20. In 18 ULBs, accounts for the financial years 2012-13 to 2019-20; in 26 ULBs, accounts for the financial years 2014-15 to 2019-20 and, in 80 ULBs, accounts for the financial years 2016-17 to 2019-20, were to be prepared in DEAS. As per the agreement executed, the CA firms had to prepare and update Subsidiary Cash Books, Grants Register, Scheme Register, Fixed Assets Register (FAR), Property Tax Receivables (PTR) and various other returns. The maintenance of accounts was to be completed till July-August 2021, as per the details given in **Table 3.11**.

Table 3.11: Status of maintenance of accounts of ULBs in DEAS by CAs firms

| Sl. No. | No. of ULBs | Scope of works | Date of award of work/ completion date | Remarks |
|---------|-------------|---|--|--|
| 1. | 35 | Updation of Property Tax Receivables and Fixed Asset Register, for the financial years 2016-17 to 2019-20 and Preparation of Financial Statements for the financial years 2016-17 to 2019-20. | January-November 2019/July-August 2021 | Accounts compiled for the financial years 2014-15 and 2015-16. |
| 2. | 45 | Updation of Property Tax Receivables and Fixed Asset Register for the financial years 2016-17 to 2019-20 and Preparation of Financial Statements for the financial years 2016-17 to 2019-20. | January-November 2019/July-August 2021 | Accounts compiled for the financial years 2014-15 and 2015-16. |
| 3. | 18 | Updation of Property Tax Receivables and Fixed Asset Register for the financial years 2012-13 to 2019-20 and Preparation of Financial Statement for the financial years 2012-13 to 2019-20. | January-November 2019/July-August 2021 | Accounts compiled for the period up to the financial year 2011-12. |

| Sl. No. | No. of ULBs | Scope of works | Date of award of work/ completion date | Remarks |
|--------------|-------------|---|--|---------|
| 4. | 26 | Updation of Property Tax Receivables and Fixed Asset Register for the financial years 2014-15 to 2019-20 and Preparation of Financial Statement for the financial years 2014-15 to 2019-20. | January-November 2019/July-August 2021 | |
| Total | 124 | | | |

(Source: Information furnished by the PRD)

UD&HD stated (January 2022) that, out of the 124 selected units, full implementation of accounts in DEAS was done in only 62 units, while, in the remaining 62 units, it was partially implemented.

The CA firms had, however, not completed the task of maintenance of accounts in DEAS, in the selected ULBs (as January 2022).

- **Maintenance of database and preparation of Annual Accounts**

Central Finance Commissions had stipulated that the Urban and Rural local bodies were to give high priority to expenditure for the creation of a database on local body finances and maintenance of accounts, through the use of modern technology & management systems.

In regard to the present status of preparation of the database, UD&HD replied (January 2022) that the database was in the process of being updated and would be completed soon.

Further, in regard to the regulating & monitoring system at the Departmental level, for ensuring the quality, reliability and relevance of the data/ statistics in the database, UD&HD stated (January 2022) that a State Level Project Monitoring Unit (SLPMU) had been appointed for this purpose.

Moreover, in the test-checked units, Audit observed that, out of five ULBs, three ULBs⁴⁷ had not prepared their annual accounts. Further, while the two remaining ULBs⁴⁸ had prepared their annual accounts, the accounts so prepared were not compliant with the provisions of BMAR, 2014 and the 15th FC. The Executive Officers of the ULBs concerned replied that annual accounts would be prepared in future, while NP, Teghra, did not furnish any reply.

3.8 Financial Reporting Issues

3.8.1 Sources of Funds

3.8.1.1 Sources of Funds

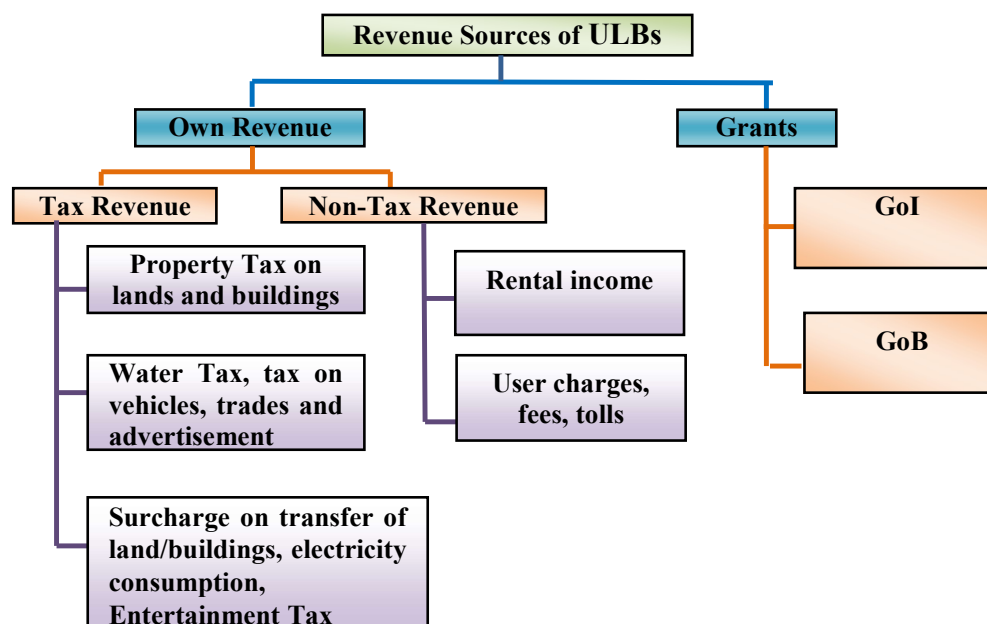
The Bihar Municipal Act, 2007, lists out the set of taxes which the Municipalities may levy for raising revenues. The Municipalities may additionally levy users-charges, for delivering the various services mentioned in the Act. Further, fees and fines are leviable on the sanction of building plans, issue of municipal

⁴⁷ *Nagar Panchayat:-Shahpur; Nagar Parishads:- Sherghati and Teghra*

⁴⁸ *Nagar Panchayat:- Barhaiya; Nagar Parishad:- Lakhisarai*

licenses for use of lands etc. The BM Act also provides for grants-in-aid for Municipalities, based on the recommendations of CFC and SFC. The sources of funds for ULBs are shown in **Chart 3.2**.

Chart 3.2: Sources of Funds



(Source: Section 127 of BM Act, 2007 and Economic Survey, GoB)

3.8.1.2 State Budget allocation vis-à-vis expenditure

The budget provisions made by the State Government for the UD&HD (including ULBs), the state share towards GoI Schemes and grants received under the recommendations of CFCs and SFCs for the financial years 2016-17 to 2020-21, are given in **Table 3.12**:

Table 3.12: Budget allocation vis-à-vis expenditure

(₹ in crore)

| Sl. No. | Particulars | Head | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | Total |
|---------|----------------------|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 (3 to 7) |
| 1. | Budgetary Allocation | Revenue | 4,622.75 | 5,047.93 | 5,361.29 | 6,235.04 | 9,343.20 | 30,610.21 |
| | | Capital | 0.00 | 0.00 | 3.00 | 160.00 | 250.00 | 413 |
| | | Total | 4,622.75 | 5,047.93 | 5,364.29 | 6,395.04 | 9,593.20 | 31,023.21 |
| 2. | Expenditure | Revenue | 3,377.93 | 3,236.04 | 3,297.02 | 2,984.53 | 5,590.39 | 18,485.91 |
| | | Capital | 0.00 | 0.00 | 3.00 | 160.00 | 50.00 | 213 |
| | | Total | 3,377.93 | 3,236.04 | 3,300.02 | 3,144.53 | 5,640.39 | 18,698.91 |
| 3. | Saving (1-2) | | 1,244.82 | 1,811.89 | 2,064.27 | 3,250.51 | 3,952.81 | 12,324.30 |
| 4. | Percentage of saving | | 27 | 36 | 38 | 51 | 41 | |

(Source: Appropriation Accounts of Government of Bihar)

As evident from the preceding Table, UD&HD could not utilise its budgetary allocation fully and the percentage of savings ranged between 27 per cent and 51 per cent, during the financial years 2016-17 to 2020-21. Moreover, even though the total allocation under the Capital head was less than 1.5 per cent

of the total allocation during FYs 2016-17 to 2020-21, yet it was not fully utilized.

3.8.2 Recommendations of the 15th Finance Commission

The President of India constituted (27 November 2017) the 15th FC, under Article 280 of the Constitution, to make recommendations for a period of five financial years, commencing from 1st April 2020. The Commission submitted its report in two parts (i) an interim report for the financial year 2020-21 only, in December 2019 and (ii) the main report, for the financial years 2021-22 to 2025-26, in November 2020. For ULBs, the FFC recommended division of grants in two categories: (a) Million-Plus urban agglomerations/cities and (b) all other cities and towns with less than one million populations. For non-Million-Plus towns, 50 *per cent* of the grants were untied and the remaining 50 *per cent* were tied, with an equal share for drinking water and sanitation. The Commission did not recommend any conditions for ULBs in 2020-21, but two entry level conditions were recommended for release of grants in the subsequent years: (i) notifying the minimum rates of property tax, to improve own revenues and (ii) timely submission of audited accounts. The 15th FC recommended grants amounting to ₹ 2,416.00 crore⁴⁹, for ULBs of Bihar, for the financial year 2020-21. Bihar received grants of ₹ 2,416.00 crore (₹2,008 crore for Non-Million Cities, till 25 March 2021 and ₹408 crore for Million Plus City, till 31 March 2021) from the GoI and the same were released to ULBs, during May 2020 to April 2021.

3.8.3 Recommendations of the State Finance Commission

In terms of Article 243-Y, read with 243-I of the Constitution of India and as per provisions contained in Section 71 of the BM Act, 2007, GoB had constituted State Finance Commissions, to:(i) review the financial position of LBs and (ii) recommend the principles for governing the distribution of net proceeds of taxes, duties *etc.*, between the State and the LBs.

GoB constituted (February 2019) the 6th SFC, for the financial years 2020-21 to 2024-25, in pursuance of Article 243-Y, read with Article 243-I of the Constitution of India and Section 71 of the BM Act, 2007. The 6th SFC submitted its report in two parts. It submitted an interim report for the financial year 2020-21 on 8 January 2020 and then submitted its final report, for the period covered by the financial years 2021-22 to 2024-25, in April 2021. The final report was accepted by the GoB in August 2021. In terms of the recommendations of the 6th SFC, funds amounting to ₹ 10,457 crore were to be devolved to ULBs, during the period covered by the financial years 2021-22 to 2024-25, as given in **Table 3.13**.

⁴⁹ Million Plus Cities Grant- ₹ 408.00 crore; Non –Million Cities Grant- ₹ 2,008.00 crore

Table 3.13: Grants and devolution (projected) to be released to ULBs*(₹ in crore)*

| Particulars | Projected | | | | |
|---------------------------|-----------|---------|---------|---------|---------|
| | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2021-25 |
| Total SFC transfer to LBs | 6,008 | 7,014 | 7,883 | 8,971 | 29,876 |
| Transfer to ULBs | 2,103 | 2,455 | 2,759 | 3,140 | 10,457 |

(Source: Report of 6th SFC)

Further, as per the recommendations contained in the interim report for the financial year 2020-21, funds were to be transferred to the LBs, as per the recommendations of the 5th SFC.

3.8.4 Maintenance of Records

Rules 12, 53, 69 and 84 of the Bihar Municipal Accounting Rules, 2014, prescribe the maintenance of basic records and registers, for transparency, accountability and proper watch over the accounts of ULBs. Audit observed that nine test-checked ULBs had not maintained key records⁵⁰.

The Executive Officers of the ULBs replied that the records would be maintained in future. However, the Department stated (November 2021) that all ULBs had been instructed to update the maintenance of records.

3.8.5 Non-preparation of Bank Reconciliation Statement

Section 13(5) of the BMAR, 2014, provides that the actual balance in the bank or treasury should be compared and reconciled with the bankbook balance periodically, at least once at the end of every month.

Audit observed that five test checked ULBs⁵¹ had not prepared a Bank Reconciliation Statement (BRS) (*Appendix 3.3*). On this being pointed out in audit, the Executive Officers of all test-checked ULBs (except Nagar Nigam, Gaya) replied that the BRS would be prepared, while Nagar Nigam, Gaya, did not furnish any reply.

Non-preparation of BRS on a regular basis, as required under BMAR, 2014, was fraught with risk of misappropriation of municipal funds and indicated poor monitoring of funds in ULBs.

3.8.6 Capacity Building

Full capacity building and 'reforms' in the ULBs were at the core of the 5th SFC recommendations. However, the 6th SFC observed that ULBs in Bihar were still

⁵⁰ *Accountant/ Cashier/ General/ Subsidiary Cash Book: Nagar Panchayat: Bihiya and Kahalgaon, Nagar Parishad: Lakhisarai and Sherghati, Nagar Nigam Sasaram; Advance Register: Nagar Panchayat Shahpur, Nagar Parishad: Aurangabad, Bihiya, Khagaul and Piro; Asset Register: Nagar Panchayat: Bodhgaya and Shahpur, Nagar Parishad: Aurangabad, Khagaul, Piro and Sherghati, Nagar Nigam Sasaram Daily Collection Register: Nagar Panchayat Shahpur, Nagar Parishad: Bihiya and Sherghati; Grant Register- Nagar Panchayat Shahpur, Nagar Parishad: Aurangabad and Sherghati.; Stock Register- Nagar Panchayat Shahpur, Nagar Parishad: Khagaul and Piro*

⁵¹ *Nagar Parishad: Buxar, Bakhtiyarpur, Dehri Dalmiyan Nagar and Piro; Nagar Nigam: Gaya*

suffering from capacity constraints, in terms of skilled manpower, IT facilities, equipment, office space etc., leading to meagre utilisation of available funds, inability to avail central resources, poor project implementation, as well as less than satisfactory delivery of services. However, the UD&HD did not organize any training programmes during the financial year 2019-20.

UD&HD stated (August 2021) that training programmes for the financial years 2019-20 and 2020-21 could not be conducted, due to Covid-19. The reply is partially acceptable, as restrictions on account of the Covid-19 pandemic were not in place during the financial year 2019-20.

3.8.7 Issues related to AC/DC Bills

Rule 177 of the Bihar Treasury Code (BTC), 2011, provides that a certificate is to be furnished by the Drawing and Disbursing Officer, to the effect that money withdrawn on the Contingent Bills shall be spent within the same financial year and the unspent amount shall be remitted to the Treasury before 31st March of the year. Further, as per Rule 194 of the BTC, 2011:(i) countersigned Detailed Contingent (DC) bills shall be submitted to the AG (A&E), within six months following the month in which the related Abstract Contingent (AC) bills were drawn and (ii) no AC bills shall be encashed after the end of this period of six months, unless the corresponding DC bills have been submitted. Details of unadjusted AC bills, along with reasons, are given in **Table 3.14**.

Table 3.14: Details of AC bills pending for adjustment (As on 15.12.2021)

(₹ in crore)

| Financial Year (s) | Amount drawn through bills | Amount of DC bills submitted | Unadjusted AC bills | Remarks |
|---------------------|----------------------------|------------------------------|---------------------|--|
| 2002-03 to 2018-19 | 13.12 | 0 | 13.12 | Amount drawn through AC Bill, DDO names not clear |
| 2009-10 and 2010-11 | 5.93 | 3.04 | 2.89 | Amount drawn through AC Bills, DC Bills not submitted by DDOs. |
| 2002-03 to 2018-19 | 14.82 | 6.56 | 8.26 | Amount drawn through AC Bills, DC Bills pending against D.M. |
| 2002-03 to 2018-19 | 18.13 | 5.50 | 12.63 | Amount drawn through AC Bills, DC Bills pending against ULBs and Bihar Urban Infrastructure Development Corporation Ltd (BUIDCO) |
| Total | 51.99 | 15.10 | 36.89 | |

(Source: Information furnished by UD&HD)

Note: During the financial years 2019-20 and 2020-21, amounts were not drawn through AC bills.

As evident from the preceding Table, AC bills amounting to ₹ 36.89 crore (71 per cent of the total amount drawn through AC bills) remained outstanding for adjustment (as of January 2022).

AC bills pending for adjustment/recovery for long periods indicated weak internal control and a poor monitoring mechanism.

3.8.8 Impact of Audit

In 12 test-checked ULBs⁵², Audit had suggested recovery of an amount of ₹ 5.74 crore, during FY 2020-21. Out of this, ₹ 5.42 lakh had been deposited by five ULBs⁵³ (as of December 2021) on account of registration fees, stamp duty, money receipts, miscellaneous receipts and property tax.

⁵² *Nagar Nigam- Bhagalpur and Gaya; Nagar Parishad- Aurangabad, Jamalpur, Khagaria, Khagaul, Sherghati and Teghra; Nagar Panchayat- Barihiya, Bihiya, Piro and Shahpur*

⁵³ *Nagar Parishad- Jamalpur(₹ 0.03 lakh), Khagaria (₹ 3.08 lakh), Teghra (₹ 0.14 lakh); Nagar Panchayat- Bihiya (₹ 0.15 lakh), Barihiya(₹ 2.02 lakh)*

