
Chapter IV
Effectiveness of implementation of selected
functions

Chapter IV Effectiveness of implementation of selected functions

Five functions taking resource mobilisation and service quality as criteria: Property Tax, Land use and construction of buildings, Water supply, Solid waste management, public amenities such as street lighting, bus stops, public parks *etc.*, were examined as a sample for assessment in test-checked ULBs.

ULBs lack autonomy in administering Property Tax due to the instructions of State Government. Further, due to non-enforcement of Rules, the arrears of Property Tax had not been collected from defaulters and in cases of waiver, compensation was not received from Government. Since penalty provisions in case of default were not incorporated in ERP modules, additional tax in case of defaulters was not being collected. The State Government has retained the powers of levy and collection of fees with respect to building permission of specific buildings, and assigned the revenues to parastatals, depriving the ULBs of revenue.

Though 110 works were planned in 2017-18, eight works were only completed. The remaining works (102) of value ₹6,424.34 crore need to be completed. Further water supply connections to 51 *per cent* of households in the 20 test-checked ULBs were not provided. Rules had been brought out for effective management of Solid waste. However, action from the test-checked ULBs in implementing these rules is still wanting. SWM is mostly *ad hoc* without adequate or no capacity for processing and disposal.

4. Effectiveness of implementation of selected functions

As part of the assessment of the functioning of ULBs under the Constitutional scheme, implemented by the 74th CAA, it was decided to examine the implementation of important functions by the ULBs, with the existing institutional framework. The following five functions were selected for examination based on their significance in terms of resource mobilisation for the ULBs and service quality for the general urban population.

1. Property Tax.
2. Land use and construction of buildings
3. Water supply
4. Solid waste management
5. Public amenities – street lightning, bus stops, public parks *etc.*,

4.1 Property Tax

Property Tax (PT) is an important and major source of revenue of the ULBs, where the lands and buildings are located. Property Tax comprises of an average of 35 *per cent* of the total revenue in the 20 sampled ULBs.

Section 197 & 199 of APMC Act and Section 85 of APM Act empower Municipal Corporations and Municipalities/Nagar Panchayats to levy Property Tax⁴² (PT) on lands and buildings on the basis of Annual Rental Value (ARV)⁴³ of the buildings. Accordingly, the ULBs had fixed the ARV by notifying (2002 and 2007) the rates for each category of the building. Revenue wing of concerned ULBs discharges the functions of assessment, levy and collection of PT.

The authority and responsibility to collect Property Tax is vested with ULBs, powers pertaining to fixation of the rates and revision thereof, procedure for collection, exemptions, concessions *etc.*, were governed by the State Government. Thus, ULBs in the State lacked complete authority in governing the powers pertaining to fixation/revision of rates and procedure for collection, exemptions, concessions *etc.*,

4.1.1 Revision of Property Tax

- (i) Section 226A of APMC Act and Rule 7 of Municipalities (Assessment of Property Tax) Rules, 1990 provide for revision of the rates of monthly or yearly rents once in five years for assessment of Property Tax (PT).

However, the Annual Rental Value (ARV) of residential and non-residential buildings was last revised in 2002 and 2007 respectively in all ULBs in the State except Mangalagiri Municipality where it was last revised in April 2018. Thus, efforts have not been taken to revise the rates and augment revenue. The Department stated (December 2022) that revision of Property Tax was done in April 2021 duly shifting to Capital Value method from existing ARV method for determination.

- (ii) Section 81(2) & 83 of APM Act stipulates that when a council determines, subject to the provisions of Section 81, to levy any tax for the first time or at a new rate, the Commissioner shall forthwith publish notification in the prescribed manner specifying the rate at which, the date from which and the period of levy, if any, for which such tax shall be levied.

Further, as per Section 85I(ii) of APM Act, the Commissioner shall consult the Board before issue of draft notification fixing monthly rent proposed per square metre of plinth area for assessment or revision of Property Tax. The Property Tax Board shall study the draft notification and make a comparative study of the monthly rental values proposed by other Municipalities in the district in this regard and offer its views in the matter. However, without following the above stipulated procedure, Mangalagiri Municipality had revised ARV of Property Tax on its own w.e.f. 01 April 2018. The Municipality had not obtained the approval from District Collector and Government for revision of rates.

⁴² taxes on lands and buildings

⁴³ Section 212 (a) of GHMC Act-ARV is the Annual Rental Value of the lands and buildings shall be deemed to be the gross annual rent at which they may reasonably be expected to be let from month to month or from year to year with reference to location, type of construction, plinth area, age of the building, nature of use *etc.*,

While accepting the audit observation, the Municipality replied that the revenue staff wrongly entered enhanced residential unit rates in Master screens in Enterprise Resource Planning (ERP) w.e.f. 01 April 2018. However, the Municipality did not take any steps to rectify the rates and no action was initiated on the staff responsible for such mistake.

4.1.2 Comprehensive data base of properties

Section 214 of APMC Act, 1955 specified that the Commissioner shall maintain the assessment book containing all the details of the taxable properties in its jurisdiction. ULBs maintained ward wise assessment book. Comprehensive data base of all properties in coordination with Registration Department was not produced to audit.

State Government instructed (March 2012) ULBs for broadening the tax base by instituting Geographic Information System (GIS) for mapping of properties and rationalisation of house number system. Mapping of properties has been conducted in 110 ULBs as of September 2021 and 71 *per cent* of properties are geo referenced with latitudes and longitudes.

Further, the SARC recommended as per Para 5.3.3.8(d) that tax details for all properties should be placed in the public domain to avoid misunderstanding between the assessing authority and the property owners. However, audit noted that the details of all properties are not available to public in the CDMA website.

4.1.3 Non-enforcement of Act provisions for recovery of Property Tax from defaulters

As per the information provided by test-checked ULBs, Audit observed that from top 1000 defaulters in each test-checked ULB, an amount of ₹262.21 crore was pending from 7,801 habitual defaulters in all 20 test-checked ULBs as detailed below:

(i) Section 269(1) read with Section 278(A) of APMC Act and Section 365(1) of APM Act 1965 stipulate that the Commissioner of the Corporation/Municipality may recover the dues by distraint warrant⁴⁴ and sale of the moveable property of the defaulter, if PT is not paid by the assesees within 15 days from the service of notice.

Distraint warrant cannot be served after expiration of three years from the date on which tax becomes due. We observed in test-checked ULBs (19)⁴⁵, defaulters of 2678 properties escaped distraint warrant for which a demand of ₹26.10 crore was pending. These taxpayers escaped from recovery of tax due to limitation of time (lapse of three years) leading to loss of revenue. The ULB-wise particulars are given in **Table 4.1** below:

⁴⁴ 'distraint' means seizure and holding of movable property as security for payment of tax and its sale in case of non-payment and 'warrant' means a command (which is enforceable)

⁴⁵ Kuppam is a newly constituted Municipality

Table 4.1: ULB-wise details of properties escaped from distraint warrant

S.No.	Name of the ULB	Pending period	No. of properties escaped	Tax due (₹ in lakh)
1	Eluru Municipal Corporation	2015-18	62	87.29
2	Tirupati Municipal Corporation	2015-18	163	475.00
3	Greater Visakhapatnam Municipal Corporation	2015-18	110	1,012.64
4	Mangalagiri-Tadepalli Municipal Corporation	2015-18	195	75.20
5	Guntur Municipal Corporation	2015-18	186	504.00
6	Tanuku Municipality	2015-18	98	35.75
7	Hindupur Municipality	2015-18	94	68.75
8	Tadipatri Municipality	2015-18	21	10.89
9	Dharamavaram Municipality	2015-18	98	54.80
10	Peddapuram Municipality	2015-18	24	6.63
11	Chilakaluripet Municipality	2015-18	106	29.30
12	Bobbili Municipality	2015-18	198	42.10
13	Ponnur Municipality	2015-18	62	17.11
14	Kavali Municipality	2015-18	90	37.62
15	Palakonda Municipality	2015-18	299	77.85
16	Pedana Municipality	2015-18	70	7.19
17	Nandigama Nagar Panchayat	2015-18	164	24.76
18	Addanki Nagar Panchayat	2015-18	229	40.19
19	Penukonda Nagar Panchayat	2015-18	409	3.08
	Total		2,678	2,610.15

(ii) As per Section (3) read with Section 278(A) and Section 365(1) of APM Act 1965, if for any reason the distraint or a sufficient distraint of the defaulter's property is impracticable, the Commissioner may prosecute the defaulter before the competent Court of jurisdiction. No prosecution shall be instituted after expiration of a period of six years from the date on which prosecution might first have been commenced.

We observed that test-checked ULBs (18)⁴⁶ had not prosecuted defaulters of 2776 properties (demand pending for ₹52.86 crore) due to expiry of time limit as detailed in **Table 4.2** below. The major portion of ₹52.86 crore pertained to Greater Visakhapatnam Municipal Corporation (GVMC) *i.e.*, ₹31.34 crore.

⁴⁶ out of 20 test-checked ULBs 1) Kuppam a newly constituted Municipality and 2) Penukonda a newly constituted Nagar Panchayat were excluded as these ULBs are not maintaining chronic defaulters data

Table 4.2: ULB-wise details of properties escaped from prosecution

S.No.	Name of the ULB	Pending period	No. of properties escaped	Tax due (₹ in lakh)
1	Eluru Municipal Corporation	2012-15	70	98.16
2	Tirupati Municipal Corporation	2012-15	129	548.00
3	Greater Visakhapatnam Municipal Corporation	2012-15	160	3,134.02
4	Mangalagiri-Tadepalli Municipal Corporation	2012-15	69	51.68
5	Guntur Municipal Corporation	2012-15	68	335.00
6	Tanuku Municipality	2012-15	226	68.43
7	Hindupur Municipality	2012-15	156	55.99
8	Tadipatri Municipality	2012-15	308	99.20
9	Dharamavaram Municipality	2012-15	222	68.73
10	Peddapuram Municipality	2012-15	51	13.12
11	Chilakaluripet Municipality	2012-15	26	11.26
12	Bobbili Municipality	2012-15	32	8.24
13	Ponnur Municipality	2012-15	40	41.25
14	Kavali Municipality	2012-15	74	330.23
15	Palakonda Municipality	2012-15	13	1.81
16	Pedana Municipality	2012-15	74	14.08
17	Nandigama Nagar Panchayat	2012-15	34	20.19
18	Addanki Nagar Panchayat	2012-15	63	9.64
	Total		2,776	5,286.22

(iii) Further Section 278 read with section 278(A) of the APMC Act and Section 365(1) of APM Act 1965 requires if distraint could not be made and prosecution not instituted for realisation of tax, a civil suit may be filed within nine years from the date on which the tax becomes due. No suit shall be filed after expiry of nine years from the date on which a suit might first have been instituted *i.e.*, the day when tax became due.

We observed that test-checked ULBs (18)⁴⁷ have not taken legal recourse to sue and obtain revenue. Civil Suits against 2347 chronic defaulters could not be filed due to expiry of nine years as detailed below in the **Table 4.3**. Thus, non-enforcement of taking legal recourse led to revenue loss of ₹183.25 crore pertaining to 18 ULBs and 2347 defaulters.

⁴⁷ out of 20 test-checked ULBs 1) Kuppam a newly constituted Municipality and 2) Penukonda a newly constituted Nagar Panchayat were excluded as these ULBs are not maintaining chronic defaulters data

Table 4.3: ULB-wise details of properties escaped from Civil Suit

S.No.	Name of the ULB	Pending from	No. of properties escaped	Tax due (₹ in lakh)
1	Eluru Municipal Corporation	1993-94	433	1,273.74
2	Tirupati Municipal Corporation	1993-94	76	1,184.00
3	Greater Visakhapatnam Municipal Corporation	1985-86	484	9,655.69
4	Mangalagiri-Tadepalli Municipal Corporation	1994-95	121	341.08
5	Guntur Municipal Corporation	1982-83	225	4,486.00
6	Tanuku Municipality	1990-91	65	64.22
7	Hindupur Municipality	1993-94	244	165.58
8	Tadipatri Municipality	2002-03	16	4.54
9	Dharamavaram Municipality	1989-90	163	380.00
10	Peddapuram Municipality	1993-94	96	165.00
11	Chilakaluripet Municipality	1993-94	63	42.63
12	Bobbili Municipality	2002-03	117	39.66
13	Ponnur Municipality	1993-94	41	118.00
14	Kavali Municipality	1993-94	72	347.00
15	Palakonda Municipality	2008-09	23	3.11
16	Pedana Municipality	1987-88	77	41.72
17	Nandigama Nagar Panchayat	2006-07	5	8.53
18	Addanki Nagar Panchayat	2007-08	26	4.82
	Total		2,347	18,325.32

The Department stated (December 2022) that steps would be taken to recover arrears of Property Tax from the defaulters.

4.1.4 Waiver of Property Tax

The Second Administrative Reforms Commission (SARC) recommended that categories of exemptions from property tax need to be reviewed and minimised. Further, 14th Finance Commission recommended for not providing such exemption in normal course and wherever it is necessary the loss may be compensated by State Government.

We observed that State Government ordered (February 2019)⁴⁸ to waive-off the interest on arrears of property tax (Buildings and Vacant Land Tax) and interest on arrears for the year 2018-19 as one-time measure in the Municipalities and Corporations. In test-checked ULBs (18), an amount of ₹20 crore was waived off towards interest on property tax in the year 2018-19 as detailed in **Table 4.4** below:

⁴⁸ vide G.O.Ms. No.53 dated 06/02/2019

Table 4.4: ULB-wise particulars of tax waived off

Sl. No.	Name of the ULB	Waived amount (₹ in crore)
1	Eluru Municipal Corporation	4.34
2	Tanuku Municipality	0.81
3	Hindupur Municipality	1.03
4	Tadipatri Municipality	0.10
5	Mangalagiri(Mangalagiri-Tadepalli Municipal Corporation)	0.38
6	Tadepalli(Mangalagiri-Tadepalli Municipal Corporation)	0.28
7	Tirupati Municipal Corporation	2.40
8	Guntur Municipal Corporation	6.02
9	Nandigama Nagar Panchayat	0.20
10	Chilakaluripet Municipality	0.43
11	Addanki Nagar Panchayat	0.18
12	Dharmavaram Municipality	0.85
13	Peddapuram Municipality	0.25
14	Ponnur Municipality	0.61
15	Kavali Municipality	1.01
16	Bobbili Municipality	0.85
17	Palakonda Municipality	0.12
18	Pedana Municipality	0.14
	Total	20.00

However, the State Government had not compensated ULBs for such loss of property tax. Resultantly, significant portion of own revenue of ULBs amounting to ₹20 crore in test-checked ULBs on account of exemption/waiver was foregone.

4.1.5 Enterprise Resource Planning

The Government had introduced (2016) Enterprise Resource Planning (ERP) system with the objective of increase in revenue and timely collection, standardise processes across all ULBs in the state, enable data driven decision making, quick service delivery to the citizens and transparency and accountability. The Revenue wing of ULBs adopted ERP modules towards tax and non-tax revenue. The levy, assessment and collection of Property Tax is implemented through ERP module in ULBs. The Andhra Pradesh Building Rules 2017⁴⁹ stipulates that the penalties are to be levied while assessing the Property Tax. The following Rules are provided for levying following penalties:

- As per Rule 155 of AP Building Rules, in case of failure in construction of the rainwater harvesting structures by the applicant, the ULB shall levy a penalty

⁴⁹ GO Ms No. 119, dated 28/03/2017

equivalent to additional 10 *per cent* of Property Tax till the rainwater harvesting structures are constructed and maintained.

- As per Rule 57(6) (c), (d) and (e) a strip of at least 1m greenery/lawn along the frontage of the site within the front setback shall be developed and maintained⁵⁰ with greenery. As per Rule 57(6) (f), if the strip of greenery/lawn and the organised open space (tot lot) are not maintained, 10 *per cent* of additional Property Tax every year shall be imposed as penalty by the Sanctioning Authority till the condition is fulfilled.
- As per Rule 156 (amended vide GO Ms No. 223 dated 9th July 2018) stipulates that in case of new buildings proposed for construction with plot area more than 4,000 sq.mts and all public buildings, the Solar Roof Top Systems (SRTS) shall be installed. In case of failure (as per Rule 163) by the applicant, a penalty equivalent to additional 10 *per cent* of Property Tax shall be levied by the concerned ULB, till the SRTS is constructed and maintained.

We observed that as penalty provisions were not included in the ERP Module being in use, the ULBs could not levy penalties while assessing property tax and could not depict the true picture of Demand Collection and Balance (DCB) by respective ULBs.

The Department did not provide any specific reply.

4.2 Building Permissions

Section 381(4) & (5) of APMC Act and Section 209 & 210 of APM Act require every person who intends to construct or to erect or make addition/alteration to a building, to apply for permission. As per Section 622(2) of APMC Act and Section 344(2) of APM Act, permission will be accorded after collecting the fee fixed by the Corporation and Municipality/Nagar Panchayat. The State Government issued comprehensive Building Rules *i.e.*, A.P. Building Rules 2017 in March 2017 revising the earlier building Rules 2012⁵¹ to bring uniform stipulations for construction of buildings in the State.

With a view to promote e-Governance, an integrated Online Building Permission Management System (OBPMS) was introduced in March 2017. Subsequently, the Government had issued orders⁵² for delegating of powers to ULBs, UDAs/CRDA and GPs for issue of building permits revising the earlier building Rules issued in April 2012 and issued (October 2020)⁵³ orders for implementation of reforms in OBPMS.

⁵⁰ for Plots above 300 sq.m in addition to frontage a minimum 1m wide continuous green planting strip in the periphery on remaining sides are required to be developed and maintained within the setback. For all residential/institutional/industrial plots above 750 sq.m, in addition to above, 5 *per cent* of the site area to be developed as organised open space and be utilised as greenery, tot lot or soft landscaping *etc.*, and shall be provided over and above the mandatory setbacks. Such organised open space could be in more than one location and shall be of a minimum width of 3m with a minimum area of 15 sq.m at each location.

⁵¹ G.O.Ms.No.168 MA&UD (M) Department dated 07/04/2012

⁵² vide G.O.Ms.No.62 dt.27/03/15; G.O.Ms.No.443 dt.18/12/2017; G.O.Ms.No.49 dt.01/02/2018

⁵³ vide G.O.Ms.No.179 dt.01/10/20

We observed that though the authority to collect building permission charges and issue of building permissions was vested with ULBs, powers pertaining to the issue of building permission for high rise & Group Development Schemes, levy and collection of development charges and other charges⁵⁴, exemptions *etc.*, were vested with the State Government only. We also noticed that in the year 2019-20, UDAs/CRDA/ MRDAs under the control of State Government collected an amount of ₹5.97 crore towards high rise building development charges and other charges, which was foregone by ULBs as part of their own resources. All civic amenities to these high rise buildings are being provided by ULBs only.

Further, we observed the following lapses in issue of building permissions in test-checked ULBs:

- (i) The State Government had delegated (March 2015)⁵⁵ powers of authority to respective local bodies and staff working in the authority for development control group (for issue of building permissions, layout permissions *etc.*). Accordingly, the Municipal Corporations falling within the region of Capital Region Development Authority (CRDA) are competent to issue all building permissions. The CRDA Act was repealed in July 2020⁵⁶. The areas falling within the jurisdiction of CRDA shall come under the Andhra Pradesh Metropolitan Region and Urban Development Authorities (APMR&UDA) Act 2016. As per these rules, for the areas falling under APMR&UDA, the Government had delegated powers for issue of building permissions between UDA/CRDA and ULBs in December 2017⁵⁷.

As per delegation, the Guntur Corporation is competent to issue building permission only up to an extent of 1,000 sq.mts plot area and State Government through UDA is competent for above 1,000 sq.mts plot area. However, it was observed that the Guntur Corporation had issued building permissions for the sites having plot area more than 1000 sq.mts though it was not competent to issue. The Corporation had issued seven irregular permissions during the period July 2020 to December 2021. No ratification measures were taken up as of January 2022 for the proceedings issued during such period.

- (ii) The Government fixed (February 2016) timelines for inspection of buildings after grant of permissions through Online Building Permissions Management System (OBPMS) by the concerned town planning staff at different levels for inspection of buildings at different levels⁵⁸. After inspection of building permissions issued through online by the concerned town planning staff as per said timelines, they shall submit field inspection report in OBPMS within 48 hours.

⁵⁴ Green fee, City Level Infrastructure Impact Fee, shelter fee, open space contribution charges,

⁵⁵ vide G.O.Ms.No.62 dated 27/03/15

⁵⁶ vide Act No.27 of 2020

⁵⁷ vide G.O.Ms.No.443, dated 18/12/2017

⁵⁸ Town Planning Building Overseer (TPBO)/Town Planning Supervisor (TPS) - All buildings - within 10 days of permission and in every 30 days thereafter Assistant City Planner (ACP) - All buildings above 300 Sq. mts. site area – once in 3 months City Planner (CP) – 10 *per cent* of the buildings randomly – once in 3 months

However, we observed in 20 test-checked ULBs that field inspections were not conducted in all the cases by town planning staff⁵⁹ during 2016-20 after issue of building permissions.

- (iii) The Government issued orders (October 2020⁶⁰) that to have effective supervisory checks on all town planning activities by the concerned personnel, in all ULBs and UDAs, the DTCP shall develop a centralised online module to select files at random for inspection and to up-load and monitor the inspection reports.

We observed that the DTCP had not proposed the framework of supervisory checks at various levels and assigned the duties to town planning staff after dispensing with the post verification checks as of February 2022.

Further, the details of centralised online module developed, random selected inspection files and inspection reports were not furnished to audit for scrutiny by DTCP.

- (iv) During the verification of Building Permissions issued by the ULBs in OBPMs website randomly, we observed that the deemed approvals/Building Permits were generated in Tirupati and Guntur Municipal Corporations without paying prescribed charges *viz.*, open space charges, development charges *etc.*, and without furnishing the required documents *viz.*, approved layout plans, land conversion certificates *etc.*, as the Corporations had not conducted post inspections after generating the deemed approvals.

Thus, non-collection of open space charges from the deemed approvals resulted a loss of revenue of ₹3.66 crore⁶¹ to the Corporations.

- (v) Government orders⁶² stipulated that occupancy certificate shall be mandatory for all buildings. No person shall occupy or allow any other person to occupy any building or part of a building for any purpose unless such building has been granted an occupancy certificate by the sanctioning authority. The sanctioning authority shall communicate the approval or refusal of the occupancy certificate within 15 days from the date of receipt of application or may issue the same after levying and collecting compounding fee, if any.

During 2016-17 & 2017-18, the test-checked ULBs (18) had issued building permissions to 6,886 cases. However, occupancy certificates were issued for only 1498 cases (22 *per cent*). Scope existed for properties not being brought under tax net immediately after completion of construction resulting in leakage of revenue. The ULB-wise particulars on issue of building permissions and occupancy certificates for the test-checked ULBs is given in **Appendix 4.1**.

⁵⁹ working in the respective ULBs

⁶⁰ vide G.O.Ms.No.179 dt.01/10/2020

⁶¹ Tirupati Corporation- 11 deemed approvals generated involving open space charges (@ 14 *per cent* of Market Value of Land) of ₹1,20,31,596/- (MV ₹ 8,59,39,971 X 14 *per cent*); Guntur Corporation – 3 deemed approvals generated involving open space charges of ₹2,45,65,639 (MV ₹ 17,54,68,850 X 14 *per cent*)

⁶² Rule 32 of AP Building Rules 2017 and Rule 26 of G.O.Ms. No.168 dated 07/04/2012

- (vi) Further, as per Clause ‘j’ under Rule 33 of A.P. Building Rules 2017, the functional/line agencies shall not give regular connections of power, water, sewerage *etc.*, unless such occupancy certificate is produced or alternatively may charge three times the tariff till such time occupancy certificate is produced.

We observed from the website of Andhra Pradesh Development Permission Management System (APDPMS) that all the ULBs had not conducted survey after completion of prescribed period of three years from the date of application to detect completed houses and issue notice for occupancy certificate. As a result, the ULBs could not monitor the commencement and completion of construction of buildings after issue of permission. This resulted in loss, as renewal charges had not been collected from buildings/houses not completed within the stipulated period.

The lapses as above with regard to issue of building permissions need to be addressed by the Government by delegating indivisible responsibility on ULBs for proper town planning and public safety. The Department accepted (December 2022) that Government had retained the powers to levy and collect fees with respect to High-rise Building Permissions.

4.3 Water Supply

Water supply to residential, commercial and industrial establishments is an obligatory and important function of the ULBs, devolved by the State Government as per Article 243W. The ULBs are receiving water from rivers in addition to their own source of surface and ground water and supplying to the citizens in their jurisdiction. As per the Service Level Benchmarks (SLBs) fixed by Ministry of Urban Development (MoUD) and recommended in 13th and 14th Finance Commissions, water is to be supplied to households on daily basis.

(i) Per Capita water supply

As per SLBs of 14th Finance Commission, water was to be supplied at 135 LPCD (Litre per Capita per day) (*i.e.*, 24 hours water supply) in the ULBs with 100 *per cent* coverage of connections. The vision of the State Government is to provide water supply @135 LPCD as per CPHEEO⁶³ Manual for all ULBs in the state.

We observed that in all the test-checked ULBs this requirement was not achieved as of March 2021. The water supply was deficient⁶⁴ in 15 out of 20 test-checked ULBs. In five test-checked ULBs, which achieved @135 LPCD, water is being supplied once in a day⁶⁵ at a limited time. Water is being supplied once in two days in eight⁶⁶ test-checked ULBs due to insufficient source, distribution network, storage capacity *etc.*

⁶³ Central Public Health & Environmental Engineering Organisation

⁶⁴ supply of less than 135 lpcd

⁶⁵ in Eluru Municipal Corporation, Tirupati Municipal Corporation, Guntur Municipal Corporation, Peddapuram Municipality and Ponnur Municipality twice in a day

⁶⁶ Tadipatri, Dharmavaram, Kuppam, Bobbili, Pedana, Chilakaluripet, Nandigama and Penukonda

The details of quantity of water supply and frequency of water supplied in test-checked ULBs were given in **Appendix 4.2**.

Further, the Public Health Municipal Engineering Department (PHMED)⁶⁷ had taken up 110 water supply works across all ULBs in the state with an estimated cost of ₹7,835.56 crore under various grants⁶⁸ in 2017-18. However, only eight out of 110 were completed by incurring expenditure of ₹148.40 crore as of February 2022. The remaining works (102) involving agreement value of ₹6,424.34 crore were yet to be completed. Expenditure incurred on these works was ₹2,270.79 crore as of February 2022.

(ii) Water connections

Thirteenth Finance Commission (TFC) has prescribed a Service Level Benchmark of 100 *per cent* coverage of water supply connections to the households in the ULBs. However, in test-checked ULBs, service connections were not provided to 5,91,878 households out of 11,61,091 households (50.97 *per cent*) as of March 2021 as detailed in **Table 4.5** below:

Table 4.5: Details of water connections provided in test-checked ULBs

S.No.	Name of the ULB	No. of households existed	Connections provided	Percentage of households having connection	Percentage of households not having connection
1	Eluru Municipal Corporation	55,014	29,800	54.17	45.83
2	Tirupati Municipal Corporation	9,660	42,942	43.53	56.47
3	Greater Visakhapatnam Municipal Corporation	4,83,000	2,51,105	51.99	48.01
4	Mangalagiri-Tadepalli Municipal Corporation	48,071	12,841	26.71	73.29
5	Guntur Municipal Corporation	1,84,966	1,02,211	55.26	44.74
6	Tanuku Municipality	24,408	5,171	21.19	78.81
7	Hindupur Municipality	36,725	23,125	62.97	37.03
8	Tadipatri Municipality	29,800	16,159	54.22	45.78
9	Dharamavaram Municipality	31,045	24,316	78.33	21.67
10	Peddapuram Municipality	16,348	7,907	48.37	51.63
11	Chilakaluripet Municipality	36,083	16,067	44.53	55.47
12	Bobbili Municipality	14,437	4,755	32.94	67.06
13	Ponnur Municipality	11,109	4,435	39.92	60.08
14	Kavali Municipality	23,980	5,556	23.17	76.83
15	Palakonda Municipality	9,350	2,028	21.69	78.31
16	Pedana Municipality	11,000	2,826	25.69	74.31

⁶⁷ the parastatal department functioning under the administrative control of MA&UD department executes the water supply works/projects under various grants in ULBs in the state

⁶⁸ AMRUT, Plan Grant, Corporate Social Responsibility (CSR) and Asian Infrastructure Investment Board (AIIB)

S.No.	Name of the ULB	No. of households existed	Connections provided	Percentage of households having connection	Percentage of households not having connection
17	Nandigama Nagar Panchayat	16,269	6,637	40.80	59.20
18	Addanki Nagar Panchayat	10,272	4,780	46.53	53.47
19	Kuppam Nagar Panchayat	12,937	2,729	21.09	78.91
20	Penukonda Nagar Panchayat	7,617	3,823	50.19	49.81
	Total	11,61,091	5,69,213	49.03	50.97

(iii) Fixation of water meters

As per Service Level Benchmarks (SLBs) fixed by the Ministry of Urban Development, GoI, and recommended by the 13th and 14th Finance Commission recommendations, meters were to be installed to 100 *per cent* of the water connections. Metering⁶⁹ of water supply is desirable to minimise the wastage and to maintain the economic pricing of water. However, test-checked ULBs had installed the meters to only 7453⁷⁰ connections which is one *per cent* of 5,69,213 service connections.

Thus, the objective of minimizing wastage, ascertaining the actual quantity and economic pricing of water could not be ensured.

(iv) Operation and Maintenance cost of water supply

The ULBs have fixed monthly water charges by obtaining Council Resolutions. As per CPHEEO Manual⁷¹ water charges shall cover Operation and Maintenance (O&M) costs and during the period 2016-21, test-checked ULBs⁷² had incurred an amount of ₹289.22 crore towards O&M of water supply. Against this, the collection of water charges was ₹151.89 crore resulting a huge gap of ₹137.33 crore. No review was undertaken by the ULBs to revise water charges.

(v) Water audit and energy audit

The Government of India revised National Water Policy during 2012. As per para 11.3 of National Water Policy Urban domestic water systems need to collect and publish water accounts and water audit reports. Leakages and pilferages should be reduced taking into consideration social issues.

Test-checked ULBs had not conducted the water audits⁷³ to identify the leakages and pilferages of water supply. In addition, Energy Audit of water supply scheme⁷⁴ to

⁶⁹ as per para 1.2.2. of Operation and Maintenance Manual

⁷⁰ for commercial connections/apartments

⁷¹ Para No.2.6.11

⁷² Visakhapatnam Corporation had not furnished the information and two ULBs Ponnur & Penukonda collections were made as per manual

⁷³ as per Chapter 15 of O&M manual and as per State Government instructions (vide G.O.Rt.No.147 dated 24/03/2016)

⁷⁴ as per para 16.1 of O&M Manual and as per State Government instructions (vide G.O.Rt.No.147 dated 24/03/2016)

regulate energy consumption and identify possible steps needed to reduce the energy costs was also not conducted by all the test-checked ULBs.

The Department accepted (December 2022) the above audit observations.

4.4 Solid Waste Management

In accordance with Solid Waste Management Rules 2016 (SWM Rules 2016), the State Government had constituted (September 2017) a State Level Advisory Board (SLAB) and formulated (October 2016) a state sanitation policy and strategy.

ULBs are required to ensure that solid waste generated in the city/town is managed in accordance with the provisions of SWM Rules 2016. These rules also specified the duties of management of solid waste for various Departments/Agencies like ULBs, State Pollution Control Board, hospitals, industries *etc.* Further, every ULB has to prepare a SWM plan within six months from the date of notification⁷⁵.

However, only five⁷⁶ out of 20 test-checked ULBs had prepared solid waste management plan as of December 2021.

Absence of a SWM plan would affect the planning and implementation of the waste management system and impact on functions such as door to door collection & segregation of waste, trainings to waste pickers, collection of user charges, involvement of Self Help Groups (SHG) into waste collection *etc.*

4.4.1 Non-collection of user charges towards collection of waste/garbage

Rule 15(f) of SWM Rules 2016 empowered ULBs for collection of user charges from waste generators. However, in only 13⁷⁷ out of 20 test-checked ULBs, user charges were collected from all waste generators.

The Department accepted the audit observation and stated (December 2022) that user charges were being collected with effect from October 2020 in some ULBs.

4.4.2 Segregation and Collection of waste

ULBs are required to arrange door to door collection of segregated solid waste from all households, frame by-laws incorporating the provisions of these rules within one year from the date of notification and ensure timely implementation.

We observed that –

- Door to door collection of waste is achieved 100 *per cent* in all test-checked ULBs.

⁷⁵ State Government issued notification directing all ULBs to take immediate action for implementation of SWM Rules 2016

⁷⁶ Tirupati, Bobbili, Peddapuram, Pedana and Ponnur

⁷⁷ Tirupati, Mangalagiri-Tadepalli, Hindupur, Tadipatri, Bobbili, Peddapuram, Tanuku, Pedana, Chilakaluripet, Ponnur, Kavali, Palakonda and Nandigama

- As per Rule 15(h) Solid Waste was segregated at source in nine⁷⁸ test-checked ULBs.
- Local authority has to frame by-laws incorporating the provisions of SWM Rules, 2016 within one year from the date of notification (April 2016). However, only nine⁷⁹ out of 20 test-checked ULBs have framed by-laws (Rule 15e).
- Rule 15(zf) provides for formulation of by-laws and prescribed criteria for levying of spot fine for persons who litter or fail to comply with the provisions of these rules and delegate powers to officers or local bodies to levy spot fines as per the by-laws framed. Only ten⁸⁰ ULBs are levying spot fines for persons who litters or fails to comply the provisions of these rules.

4.4.3 Storage and Transportation

As per Solid Waste Management Rules, 2016 (Rule 15-h) (i) the local authority has to set up material recovery facilities or secondary storage facilities with sufficient space for sorting of recyclable material to separate recyclables from the waste *etc.*, establish waste deposition centres for domestic hazardous waste and give direction for waste generators to deposit domestic hazardous wastes at this centre for its safe disposal. (ii) To establish waste deposition centres for domestic hazardous waste (Rule 15-i) and to ensure safe storage and transportation of waste to the waste disposal facility. We observed that-

- Material Recovery Facility (MRF) centres have been established in 71 ULBs in the state for sorting of recyclable materials for collection of segregated recyclable waste such paper, plastic, metal, glass, textile *etc.*, from MRF Centres.
Further, out of 20 test-checked ULBs, only nine⁸¹ ULBs have established material recovery facilities or secondary storage facilities with sufficient space for sorting of recyclable material were established.
- Waste deposition centres for domestic hazardous waste were established in only six⁸² out of 20 test-checked ULBs (Rule 15i).
- Only six⁸³ out of 20 test-checked ULBs have intermediate storage points/ transfer stations for storage of waste from residential and non-residential establishments. As a result, 14 ULBs were transporting solid waste in the vehicles without segregating bio-degradable and non-bio degradable wastes and without ensuring safe storage and transportation as required under Rule 15(q).
- Rule 15(x) provides for adequate funds for capital investments as well as operation and maintenance of solid waste management services in the annual budget ensuring

⁷⁸ Tirupati, Mangalagiri-Tadepalli, Hindupur, Tadipatri, Bobbili, Chilakaluripet, Ponnur, Kavali and Nandigama

⁷⁹ Tirupati, Mangalagiri-Tadepalli, Dharmavaram, Bobbili, Peddapuram, Tanuku, Pedana, Ponnur and Kavali

⁸⁰ Tirupati, Guntur, Mangalagiri-Tadepalli, Bobbili, Peddapuram, Pedana, Tanuku, Chilakaluripet, Ponnur and Kavali

⁸¹ Tirupati, Mangalagiri-Tadepalli, Hindupur, Tadipatri, Bobbili, Chilakaluripet, Ponnur, Kavali and Nandigama

⁸² Tirupati, Guntur, Mangalagiri-Tadepalli, Bobbili, Tanuku and Chilakaluripet

⁸³ Tirupati, Guntur, Mangalagiri-Tadepalli, Bobbili, Chilakaluripet and Ponnur

that funds for discretionary functions of the local body have been allocated only after meeting the requirement of necessary funds for solid waste management and other obligatory functions of the local body as per these rules. However, only eight⁸⁴ out of 20 test-checked ULBs had allocated funds for operation and maintenance of Solid Waste Management.

4.4.4 Processing and Disposal

As per Rule 16C, the ULBs are required to submit application to Andhra Pradesh Pollution Control Board (APPCB) for obtaining authorisation for processing/recycling/treatment and disposal of solid waste in Form I as prescribed.

However, all 123 ULBs in the state have not obtained authorisation from APPCB for processing and disposal of solid waste.

- As per Rule 15(m) of SWM Rules, ULBs were to collect waste from vegetable, fruit, flower, meat, poultry and fish market on day to day basis and promote setting up of decentralised compost plant or bio-methanation plant at suitable locations in the markets or in the vicinity of markets ensuring hygienic conditions. However, only nine⁸⁵ out of 20 test-checked ULBs had established compost plants or bio-methanation plants in their vicinity of markets ensuring hygienic conditions.
- Rule 15(v) facilitates construction, operation and maintenance of solid waste processing facilities and associated infrastructure on their own or with private sector participation or through any agency for optimum utilisation of various components of solid waste adopting suitable technology⁸⁶. Preference shall be given to de-centralised processing⁸⁷ methods to minimise transportation cost and environmental impacts.

The Department stated that two waste to energy plants⁸⁸ were under construction as of September 2021. Thirty two (32) waste to compost plants have been established to process the wet waste in the state, Sixteen (16) waste to compost plants were under construction and Seventy two (72) plants were in tender stage as of March 2022.

In test-checked ULBs, we observed that five⁸⁹ ULBs were processing the waste into vermicompost.

- In line with Rule 9 of Sanitation Policy and Strategy, 128 dumpsites were identified for remediation process in 123 ULBs, out of which, the process was completed only

⁸⁴ Tirupati, Mangalagiri-Tadepalli, Bobbili, Tanuku, Chilakaluripet, Ponnur, Kavali and Addanki

⁸⁵ Tirupati, Guntur, Mangalagiri-Tadepalli, Hindupur, Tadipatri, Bobbili, Tanuku, Ponnur and Nandigama

⁸⁶ the guidelines issued by the Ministry of Urban Development from time to time and standards prescribed by the Central Pollution Control Board

⁸⁷ such as a) bio-methanation, microbial composting, vermi-composting, anaerobic digestion or any other appropriate processing for bio-stabilisation of biodegradable wastes; b) waste to energy processes including refused derived fuel for combustible fraction of waste or supply as feedstock to solid waste based power plants or cement kilns

⁸⁸ at Visakhapatnam, proposed to be commissioned in November 2021 and at Guntur, proposed to be commissioned in October 2021

⁸⁹ Tirupati, Guntur, Bobbili, Chilakaluripet and Ponnur

in two dumpsites⁹⁰ as of March 2022. The Swachha Andhra Corporation replied that process of remediation in remaining dumpsites will be taken up in phase 2 of Swachh Bharat Mission.

4.4.5 Training Programmes

As per Rule 15(L) of SWM Rules, training is required to be provided on solid waste management to waste-pickers and waste collectors. We observed in 11⁹¹ test-checked ULBs that Training Programmes have been provided to waste pickers and waste collectors on solid waste management.

- In accordance with the State Sanitation Strategy (SSS), to support the implementation of SSS in Andhra Pradesh, it is necessary to have a dedicated Centre with adequate domain expertise to address the training needs of the State Department and ULBs in the state. The state will therefore tap funding opportunities that are being offered by MoUD to the maximum possible to establish State Institute of Urban Development (SIUD).

However, SIUD was not established to address the training needs of ULBs.

- Dedicated funds for training and capacity building activities are required to be provided as recommended by National Training Policy 2012 (NTP), MA&UD and the ULBs will set aside at least 2.5 *per cent* of their salary budget for training.

Audit observed that dedicated funds for training and capacity building were not provided by the Government.

Thus, the State Government/MA&UD Department plays a major role in policy and strategy formulation in core ULBs' function of Solid Waste Management and ULBs are implementing the various activities under the overall supervision of State Government/MA&UD. This arrangement undermines the role of ULBs in the local self-governance.

The Department did not give any specific reply.

4.5 Public amenities

4.5.1 Street Lighting

Public lighting facilitates safe and easy movement of traffic during night times. The level and type of lighting provided for a street is based mainly on the volume of traffic, both vehicular and pedestrian.

Section 146 of APM Act specified that the Council shall, so far as the funds at its disposal permit, cause the public streets to be lighted and for that purpose shall provide such lamps and works as it thinks necessary. As per Section 424 of APMC Act, the Commissioner shall take measures for lighting in a suitable manner the public streets,

⁹⁰ at Vijayawada and Tirupati

⁹¹ Tirupati, Guntur, Mangalagiri-Tadepalli, Hindupur, Bobbili, Peddapuram, Pedana, Ponnur, Kavali, Palakonda, and Addanki

municipal gardens and open spaces and municipal markets and all buildings vesting in the Corporation.

We observed that –

- (i) As per Bureau of Indian Standards (BIS) norms, street lighting has to be classified⁹² with reference to the traffic density of the road. However, only five⁹³ out of 20 test-checked ULBs classified the roads as per BIS norms and in all the 20 ULBs the City Development Plan (CDP) were not prepared for street lighting.
- (ii) LED street light project – The State Government decided (February 2015) to replace the existing conventional street lights with LED⁹⁴ based street lighting system in all test-checked ULBs⁹⁵ through M/s. Energy Efficiency Services Limited (EESL) with the objective of taking efficiency measures in street lighting.

The Government instructed ULBs to adopt standard format for concluding of agreement with M/s. EESL. As per Agreement with EESL, the present consumption shall be reduced by 50 *per cent* after installation of LED lamps. The works relating to LED Street Lighting Project were completed in test-checked ULBs with a delay ranging 6 – 41 months. However, a comparison of the consumption charges of street lighting before and after installation of LED lamps in Eluru Municipal Corporation⁹⁶, where the work was completed in November 2016, revealed that the energy consumption was not reduced as per Bills raised. The consumption charges of street lighting before installation of LED lamps was ₹6,34,822/- in October 2016 and after installation of LED lamps was ₹7,76,686/- in January 2017. Likewise, in other test-checked ULBs also, the payment of electricity charges was not reduced. Thus, measures taken for improvement in efficiency of street lighting did not work out as expected.

Further, the ULBs had not levied penalty for not reaching the percentage of energy consumption below 50 *per cent*, as per the agreement with EESL.

- (iii) As per condition of agreement 9(iv), EESL assured a minimum energy savings of 50 *per cent* from the existing energy consumption. This reduction of energy consumption will be verified by an independent agency appointed by EESL and respective ULB every year for the entire contract period.

However, no action was taken to appoint independent agency for verification of reduction in energy consumption even after completion of the project in test-checked ULBs.

⁹² Group A-main roads, Group B-secondary roads; Group C-unclassified roads, Group D-Bridges and flyovers; Group E-town and city centres; Group F- roads with special requirements

⁹³ Tirupati, Kuppam, Bobbili, Tanuku and Addanki

⁹⁴ Light Emitting Diode

⁹⁵ test-checked Municipal Corporations and Municipalities except Tanuku and Tadipatri as these two municipalities replaced LED lights its own

⁹⁶ 7230 conventional lights were replaced with 7230 LED lights

4.5.2 Parking places

As per Section 115(40) of APMC Act, the Municipal Corporation has to provide parking places, public landing places, halting places for vehicles of any description including motor vehicles and levy fees for their use. There is no provision in the APM Act for providing parking places.

Audit noticed that no parking place/public landing places existed or were identified in test-checked ULBs except Tirupati. Further, we observed that plans were not formulated to establish/identify parking places or public landing places and budget provision was not made for identification of parking places in all the test-checked ULBs during 2016-21.

Increasing urbanisation in the state would increase the load of vehicles on urban roads, which would further increase the requirement of parking in the ULBs. Inadequate parking facilities in the cities lead to traffic congestion, which will impact the quality of life. Hence, ULBs should formulate plans by identifying suitable locations in their jurisdiction for establishing parking places.

4.5.3 Bus stops

As per Section 112(30) of APMC Act, the Municipal Corporation is responsible for organisation, maintenance or management of transport facilities and public utilities including State Road Transport Corporation for the conveyance of the public or goods or to provide assistance to such public utility in the manner as assessed and decided by the Government from time to time. There is no provision in the APM Act for establishing and maintenance of bus stops.

We observed that only three ULBs out of 20 test-checked ULBs had⁹⁷ bus stops under their jurisdiction and remaining 17 ULBs did not have bus stops under their jurisdiction.

4.5.4 Public convenience

As per Section 156 of APM Act, the Council shall as far as the funds at its disposal may permit, provide and maintain in proper and convenient places a sufficient number of public latrines and urinals and shall cause the same to be daily cleaned and kept in proper order. The Commissioner may issue a license to any person under Section 156A for maintaining a latrine or urinal for public use.

As per Section 112(4) of APMC Act, the Corporation shall make adequate provision for maintenance and cleansing of drains and drainage works, water-closets, urinals and similar conveniences. The Commissioner shall provide and maintain in proper and convenient situations and on sites vesting in the Corporation, water-closets, latrines, privies and urinals and other similar conveniences for the public.

⁹⁷ Visakhapatnam (28), Tanuku (8) and Tirupati (69)

We observed that-

(i) In seven⁹⁸ out of 15 ULBs⁹⁹ public latrines were not provided. Seven¹⁰⁰ out of 15 ULBs have not provided/identified public privies and urinals according to the Act provisions. Nine¹⁰¹ out of 15 ULBs have not provided/identified closets according to the Act provisions.

(ii) As five ULBs¹⁰² did not furnish the details of public conveniences provided/identified to provide in their jurisdiction, audit could not verify the provision of public conveniences in these ULBs as per Act provisions.

(iii) The parastatal agency, Swachh Andhra Corporation (SAC)¹⁰³ is given the responsibility of construction of Community Toilets/Public Toilets and Urinals in all ULBs as part of the Swachh Bharat Mission.

The SAC has assessed the requirement of 9,087 Community Toilets/Public Toilets and 11,249 Urinals in all ULBs at a cost of ₹123.72 crore for the period 2016-17 to 2020-21 and proposed to construct 4,144 Community Toilets/Public Toilets and 5,035 Urinals in the said period. However, the SAC had constructed 3516 Community Toilets/Public Toilets and 4,515 Urinals by incurring expenditure of ₹48.95 crore during the period 2016-21.

The Department accepted (December 2022) audit observations.

Conclusions:

- ***ULBs lack autonomy in administering property tax due to the instructions of State Government. Further, due to non-enforcement of Rules, the arrears of Property Tax had not been collected from defaulters and in cases of waiver, not received compensation from Government.***
- ***Since penalty provisions in case of default were not incorporated in ERP modules, additional tax in case of defaulters was not being collected.***
- ***The State Government has retained the powers of levy and collection of fees with respect to building permission of specific buildings, and assigned the revenues to parastatals, depriving the ULBs of revenue.***
- ***Though 110 works were planned in 2017-18, eight works were only completed. The remaining works (102) of value ₹6,424.34 crore need to be completed.***

⁹⁸ Nandigama NP, Tadipatri, Penukonda, Ponnur, Palakonda, Kuppam, Pedana.

⁹⁹ out of 20, five ULBs viz., Mangalagiri-Tadepalli Municipal Corporation, Guntur Corporation, Eluru Corporation and Visakhapatnam Corporation have not provided information

¹⁰⁰ Nandigama NP, Tadipatri, Penukonda, Ponnur, Palakonda, Kuppam, Pedana.

¹⁰¹ Nandigama NP, Tadipatri, Penukonda, Ponnur, Palakonda, Kuppam, Pedana, Bobbili and Peddapuram

¹⁰² Mangalagiri-Tadepalli Municipal Corporation, Guntur Corporation, Eluru Corporation and Visakhapatnam Corporation

¹⁰³ functioning under the Administrative Control of MA&UD department, established in May 2015 to achieve Swachh Bharat Mission (SBM) goals. It acts as a nodal agency to guide technically and to facilitate as per eligibility for taking up the activities of construction of Individual Household Toilets (IHT), Community Toilets and Public Toilets

Further water supply connections to 51 per cent of households in the 20 test-checked ULBs were not provided.

- *Rules are brought out for effective management of Solid waste. However, lack of action in test-checked ULBs was noticed in implementing these rules. SWM is mostly ad hoc without adequate or no capacity for collection and disposal.*

Recommendations:

- *Government should ensure that ULBs enforce recovery of dues from defaulters of Property Tax.*
- *Penalty provisions may be incorporated in ERP module and penalty levied on the defaulters.*
- *Government may transfer the power of levy and collection of fees and sanction of Building Permissions for all types of buildings to ULBs.*
- *Government and ULBs should coordinate to complete the remaining water supply works and provide water connections to all households.*