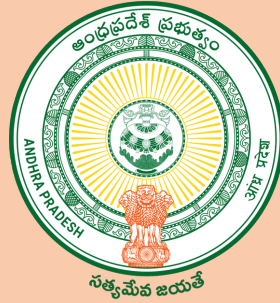




**Performance Audit Report of the  
Comptroller and Auditor General of India  
on Efficacy of Implementation of  
74<sup>th</sup> Constitutional Amendment Act**



**SUPREME AUDIT INSTITUTION OF INDIA**  
**लोकहितार्थ सत्यनिष्ठा**  
**Dedicated to Truth in Public Interest**



**Government of Andhra Pradesh**  
**Report No.2 of 2023**



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## Preface

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Andhra Pradesh under the Article 151 of the Constitution of India, for being laid before the Legislature of the State.

The Report contains significant results of Performance Audit of Efficacy of Implementation of 74<sup>th</sup> Constitutional Amendment Act, covering the period 2016-17 to 2020-21.

The instances mentioned in this Report are among those which came to notice in the course of test audit.

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





## Executive Summary

The 74<sup>th</sup> Constitutional Amendment Act (74<sup>th</sup> CAA) 1992, which came into effect in June 1993, provided a Constitutional status to Urban Local Bodies (ULBs). It has empowered ULBs to perform 18 functions listed in the Twelfth Schedule of the Constitution of India. The aim of the Performance Audit was to ascertain whether the ULBs have been empowered by the State Government to discharge their functions/responsibilities effectively, the functions stated to have been devolved were effective on ground and the ULBs have been empowered to access adequate resources.

Government of Andhra Pradesh (GoAP) through statutes had complied with the provisions of the 74<sup>th</sup> CAA. The Performance Audit discusses various issues including timely conduct of elections, implementation of State Finance Commission (SFC) recommendations and constitution of District Planning Committees (DPC)/ Metropolitan Planning Committees (MPC). The major findings of the Performance Audit are presented below: -

1. Out of 18 functions, GoAP devolved 13 functions fully and three functions partially to Municipal Corporations and devolved only seven functions fully and five functions partially to Municipalities/ Nagar Panchayats. Out of devolved functions also, all ULBs had the full functional role in five functions only.
2. In Andhra Pradesh, the powers of delimitation of wards, reservation of seats in the Councils for Mayor/ Chairperson, Dy. Mayor/ Vice-Chairperson and Wards are still vested with GoAP instead of State Election Commission (SEC). The elections in 16 ULBs were not held for 36 months and for five newly constituted ULBs for 19 months as of July 2022. In respect of one ULB, the elections had not been held since 2005 *i.e.*, for more than 16 years. In 100 ULBs, elections were held with delays ranging from 11 to 28 months. Though elections were held in the remaining lone Municipality, Council was not formed. During the absence of elected representatives, the Administration was run by Special Officers appointed by GoAP without participation of peoples' representatives at the helm of affairs.
3. Ward Committees were not formed. Instead, Government introduced (July 2019) the system of Ward Secretariats with an intention of decentralised governance. The Ward Secretariats were formed without participation of elected representatives at ward level. Thus, formation of Ward Secretariat at ward level without formation of ward committee diluted the spirit of Constitution as envisaged for local self-governance. We recommend that Government should form Ward Committees and integrate Ward Secretariats with Ward Committees and Area Sabhas to realise self-governance.
4. Development plan lays down the targets set under different development or performance indicators for the financial year. District Planning Committee (DPC) for consolidation of plans prepared by the Panchayats and Municipalities

in the district and Metropolitan Planning Committee (MPC) for Metropolitan areas to prepare a draft development plan, were not constituted under the aegis of ULBs. Thus, local needs and matters of common interest were not considered in carrying out the Development Plan. We recommend that DPCs and MPCs may be constituted under the governance of ULBs to evolve the Development Plans with local needs.

5. Though the authority to collect property tax is vested with ULBs, powers pertaining to the rates and revision thereof, procedure of collection, exemptions *etc.*, were vested with GoAP. Thus, ULBs in the State lacked complete autonomy in generating own revenue. We observed that Property Tax Board (PTB), as per Act provisions and as desired by 13<sup>th</sup> FC to provide assistance and technical guidance to all ULBs for proper assessment of property tax on buildings and vacant lands, was not constituted. Government should constitute Property Tax Board in compliance with Act provisions.
6. The Parastatals *viz.* Urban Development Authorities (UDA) were discharging functions such as town planning, regulation of land use and the Directorate of Town & Country Planning (DTCP) was in-charge of preparation of master Plans. Thus, parastatals such as UDAs, DTCP, *etc.*, significantly eroded the autonomy of ULB in the matters of urban and town planning (Land Regularisation Scheme and Building Penalisation Scheme), Building permission, Fund Management, execution of major water supply projects and sanitation, *etc.* We recommend that powers with respect to urban planning, sanitation, *etc.*, may be assigned to ULBs instead of parastatals.
7. Hon'ble High Court suspended the Government orders issued for inclusion of four villages into Tanuku Municipality. However, we observed in these four villages, the Municipality was taking up developmental activities such as sanitation, collection of taxes, lighting, *etc.*, and pre-election exercise like delimitation of wards and reservation of seats.
8. While seeking the funds from the State Government, the recommendations of State Finance Commission are taken as criteria as they are made after reviewing the financial position of ULBs. So far, only three SFCs were constituted and submitted their Reports and recommendations. Due to delay in constitution of the SFCs, recommendations of previous SFCs were taken into consideration and funds were released. Fourth SFC was constituted (May 2018) with a delay of eight years and has not yet submitted the Report. Government should constitute State Finance Commissions within time frames to review the financial position of ULBs and pursue the constituted State Finance Commission to issue timely recommendations, for provision of funds to ULBs.
9. Due to non-enforcement of Act provisions relating to collection of property tax, we observed that an amount of ₹262.21 crore was pending towards arrears of property tax from various kinds of defaulters in 20 test-checked ULBs. Further,

Government waived interest on arrears of property tax amounting to ₹20 crores in 2018-19 in the test-checked ULBs and did not compensate. Government should ensure that ULBs enforce recovery of dues from defaulters of Property Tax.

10. GoAP had taken up 110 water supply works across all ULBs with an estimated cost of ₹7,835.56 crore under various grants in 2017-18. We observed that only eight out of 110 were completed by incurring expenditure of ₹148.40 crore. 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 (February 2022). Further, in test-checked ULBs, water supply connections were not provided to 5,91,878 households out of 11,61,091 households as of March 2021. Government and ULBs should coordinate to complete the remaining water supply works and provide water connections to all households.
11. Fiscal transfers from the Government in the form of Grants constituted 32 *per cent* on an average of total revenues of ULBs. Basic Grants relating to 14<sup>th</sup> FC amounting to ₹129.45 crore was short released during 2015-16 to 2019-20 due to non-formation of elected bodies in all ULBs in the State. Similarly, Performance grants of 14<sup>th</sup> FC amounting to ₹28.93 crore was short released in 2016-18 and ₹423.20 crore (entire allocation) was not released in 2018-19 & 2019-20. ULBs in the State did not utilise the 14<sup>th</sup> FC grant within time period of award. Though, Government of India extended the period up to March 2022 to utilise the grants, an amount of ₹275.34 crore was lying unutilised (May 2022). As per recommendations of the 15<sup>th</sup> FC, grants amounting to ₹994 crore were allocated towards tied grant to ULBs (other than Million plus cities) and ₹497 crore was not released by GoI due to non-payment of penal interest by the State Government to ULBs for delayed transfer of Central Finance Commission grants. Therefore, we recommend that the State Government may ensure timely transfer and availability of fiscal grants to ULBs.
12. Since the delivery of municipal service comes at a cost, it was necessary to scientifically estimate the cost of each municipal service to assess the requirement and source of funds for efficient delivery. We observed that such exercise was not undertaken in the 20 test-checked ULBs. We recommend that Government may motivate ULBs to prepare realistic budgets taking into account income and expenditure and costing all the municipal services required to be offered.
13. The powers to assess, recruit and devise the service conditions of the staff in ULBs is retained completely by the State Government. Hence, there is no autonomy for ULBs in the matter of human resources. The ULBs lacked adequate manpower as 20 *per cent* of sanctioned posts were vacant in test-checked ULBs, affecting efficient service delivery. ULBs were largely dependent on outsourced staff for service delivery. We recommend that State

Government may delegate adequate powers to ULBs to assess and recruit required staff to ensure efficient service delivery.

Thus, the State Government, wherever mandated by the Constitution of India, has created appropriate legal framework through the AP Municipal Acts without provision for enforcement. We recommend that Government should endeavour to create institutional mechanism appropriately for effective decentralisation of functions with powers.

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**Chapter I**  
**Introduction**

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## Chapter I Introduction

### 1. Introduction

#### 1.1 74<sup>th</sup> Constitutional Amendment Act

In order to enable the Urban Local Bodies (ULBs) to perform effectively as vibrant democratic units of self-government, it was considered necessary that provisions relating to Urban Local Bodies are incorporated in the Constitution of India (CoI) through an Amendment. Such an amendment was to put on a firmer footing, their relationship between the State Government with respect to the functions, resources as well as for regular conduct of elections and providing adequate representation for the weaker sections like Scheduled Castes, Scheduled Tribes and women.

The Constitution (Seventy Fourth Amendment) Act, 1992 (74th CAA) which came into effect on 01 June 1993, introduced Part IXA (the Municipalities). The Act provided a constitutional status to Urban Local Bodies (ULBs). Article 243W of the Constitution through 74th CAA authorised the State Legislature to enact laws to endow local bodies with powers and authority as may be necessary to enable them to function as institutions of self-government and make provisions for devolution of powers and responsibilities with respect to preparation of plans for economic development and social justice. The 74th CAA introduced Articles 243Q to 243ZG for the Urban Local Bodies (ULBs) relevant to their constitutions, functions, devolution *etc.* The Twelfth Schedule of the Constitution enumerates 18 specific functions (*Appendix 1.1*) to be devolved to Urban Local Bodies.

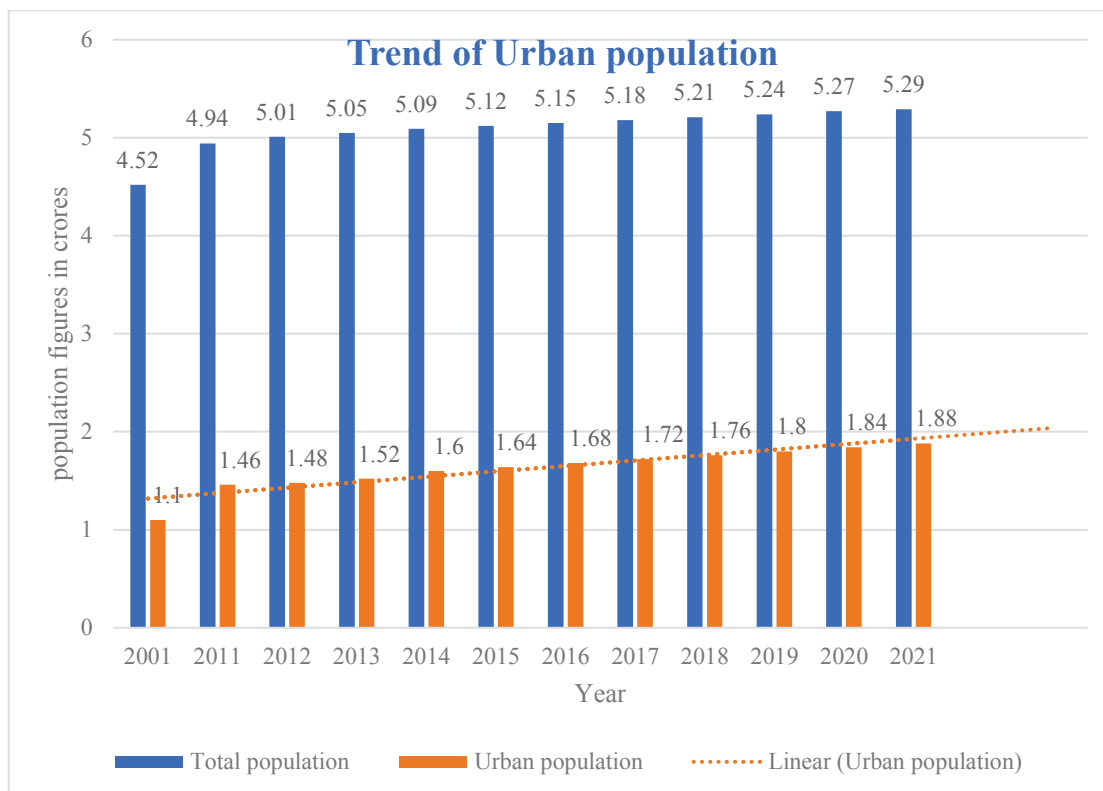
#### 1.2 Trend of urbanization in Andhra Pradesh

As per census of 2011, 1.46 crore (29.6 *per cent*) people out of the total population of 4.95 crore reside in urban areas. The growth rate of urban population in the decades 2001-2011 was 25 *per cent*. The projected<sup>1</sup> urban population of the State as of 2021 is 1.87 crore (35.41 *per cent*) out of the total population of 5.28 crore. The trend of urbanization during last three decades in Andhra Pradesh is depicted in *Chart 1.1* below:

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<sup>1</sup> estimated by National Commission on Population, Ministry of Health & Family Welfare, New Delhi

**Chart 1.1: Trend of urbanization in Andhra Pradesh**



### 1.3 Profile of Urban Local Bodies

Article 243Q of 74<sup>th</sup> CAA provided for constitution of three types of Municipalities viz., (i) Nagar Panchayats, (ii) Municipalities/Municipal Councils and (iii) Municipal Corporations. The Andhra Pradesh Municipal Corporations (Fixation of Criteria for Specification of Larger Urban Areas) Rules, 1994 and Andhra Pradesh Constitution of Nagar Panchayats and Municipalities Rules, 2019 provided the criteria (as detailed in **Appendix 1.2**) for constitution of three types of Municipalities. The State Government also categorised the Urban Local Bodies into six grades. There are 123 Urban Local Bodies in Andhra Pradesh as detailed in **Table 1.1**.

**Table 1.1: Category-wise ULBs in Andhra Pradesh**

Type of ULB	Number of ULBs
Municipal Corporation (MC)	17
Municipalities	76
Nagar Panchayats	30

*Source: information provided by Commissioner & Director of Municipal Administration (CDMA)*

Each Municipal Corporation/Municipal Council/Nagar Panchayat area has been divided into territorial constituencies *i.e.*, wards, which are determined and notified by the State Government for the purpose of election of members. All ULBs consist of elected members from each ward and members nominated by the Corporation/Council.



## 1.4 Legislations governing Urban Local Bodies

The Municipal Corporations/Municipalities are governed by

- Greater Hyderabad Municipal Corporation Act, 1955 and the Rules made thereunder (Andhra Pradesh Adaptation) Order, 2015
- The Andhra Pradesh Municipalities Act, 1965 (APM Act, 1965);

Subsequent to the 74th Constitutional Amendment Act, 1992, the provisions of the Acts were amended from time to time in the Andhra Pradesh Municipal Laws. The major changes pertaining to the Article 243W and 243X of the Constitution of India are discussed in detail in *Paragraph 3.2* of the Report.

## 1.5 Organisational Structure of Urban Governance in Andhra Pradesh

The Municipal Administration and Urban Development Department (MAUDD), headed by the Principal Secretary to the Government of Andhra Pradesh (GoAP), is the department which oversees the governance of all ULBs. The Commissioner and Director of Municipal Administration (CDMA) functions as an interface between the State Government and ULBs. In accordance with the powers conferred under the Andhra Pradesh Municipal Corporation Act<sup>2</sup> (APMC Act) and APM Act, the CDMA administers, facilitates, co-ordinates and monitors the ULBs. The organisational structure with respect to functioning of ULBs in the State is indicated in *Appendix 1.3*.

In addition to ULBs, the Municipal Administration and Urban Development Department (MAUDD) has key parastatal agencies such as Andhra Pradesh Urban Finance Infrastructure Development Corporation (APUFIDC), Urban Development Authorities (UDAs), Directorate of Town and Country Planning (DTCP), the Andhra Pradesh Greening and Beautification Corporation (APGBC), Mission for Elimination of Poverty in Municipal Areas (MEPMA), Public Health & Municipal Engineering department and Swatchha Andhra Corporation (SAC) for undertaking some of the functions expected to be performed by the ULBs under the 74<sup>th</sup> CAA. These parastatals deliver services like urban planning, development of slum areas, urban development, development of parks and gardens, promotion of cultural events and urban poverty alleviation. The details of parastatals and their functions are in *Appendix 1.4*.

## 1.6 Audit framework

### 1.6.1 Audit Objectives

The Performance Audit (PA) seeks to ascertain whether:

- the ULBs have been empowered by the State Government to discharge their functions/responsibilities effectively through creation of appropriately designed institutions/institutional mechanisms and their function

<sup>2</sup> GHMC Act was adopted on 23 February 2015 with certain modifications for the state of Andhra Pradesh under APMC Act

- the functions stated to have been devolved were effective on ground and
- the ULBs have been empowered to access adequate resources including sufficient resources for discharge of functions stated to be devolved to them

### **1.6.2 Audit Criteria**

The Criteria for the PA were derived from the following:

- ❖ Constitutional (74<sup>th</sup>) Amendment Act 1992
- ❖ Greater Hyderabad Municipal Corporation Act, 1955 and the rules made thereunder (Andhra Pradesh Adaptation) Order, 2015
- ❖ Andhra Pradesh Municipalities Act 1965
- ❖ The Andhra Pradesh (Andhra Area) Town Planning (AFTP) Act 1920
- ❖ Central Public Health Engineering and Environment Organisation (CPHEEO) Manual
- ❖ Recommendations of the Second Administrative Reforms Commission (SARC)
- ❖ Urban Development Authorities Act
- ❖ Andhra Pradesh Municipalities (Gradation of Municipal Councils and Nagar Panchayats) Rules 1994
- ❖ Andhra Pradesh District Planning Committees Act 2005
- ❖ Andhra Pradesh Metropolitan Planning Committee Act 2007
- ❖ Andhra Pradesh Municipalities Development Control Rules 2008
- ❖ GHMC (Assessment of Property Tax) Rules 1990
- ❖ Andhra Pradesh Building Rules 2017
- ❖ Solid Waste Management (SWM) Rules 2016
- ❖ Andhra Pradesh Finance Code
- ❖ Andhra Pradesh Municipalities (Preparation of Accounts) Rules 2017
- ❖ State Government Orders, notifications, circulars and instructions issued from time to time
- ❖ White paper released by the MAUD Department on Municipal Administration and Urban Development in December 2018

### **1.6.3 Audit scope and methodology**

The Performance Audit covering the period April 2016 to March 2021 was carried out from September 2021 to February 2022. The offices covered in audit include (i) Secretary to the Government of Municipal Administration (ii) CDMA (iii) Directorate of Town and Country Planning (DTCP) and (iv) Twenty ULBs sampled by Audit as indicated in *Appendix 1.5*. The twenty ULBs out of 123, selected through

simple random sampling method with population as criteria based on census 2011 from each types of ULB.

We selected the following five functions out of eighteen functions according to 74<sup>th</sup> CAA for detailed examination:

1. Property Tax
2. Regulation of land use and construction of building
3. Water supply for domestic, industrial and commercial purpose
4. Solid Waste Management
5. Public amenities including street lighting, parking lots, bus stops and public conveniences

An Entry Conference was held on 02 September 2021 with the Special Secretary, Municipal Administration Department, in which the audit methodology, scope, objectives and criteria were explained. Audit methodology involved analysis of records, issue of questionnaires, and eliciting responses of audited institutions through audit queries. An exit conference of the PA was conducted with the Commissioner and Director of Municipal Administration and other officials of the Department on 28 December 2022, wherein the observations in the report were discussed in detail. Departmental replies wherever received are suitably included in the Report. Further, the recommendations given by audit were accepted by the Department.

#### **1.6.4 Audit findings - Structure**

The audit observations relating to status of devolution of functions, funds and functionaries are presented in the following chapters.

Chapter II – Compliance to provisions of 74<sup>th</sup> Constitutional Amendment Act

Chapter III– Empowerment of ULBs and their functioning

Chapter IV – Effectiveness of selected functions

Chapter V – Financial Resources of ULBs

Chapter VI – Human Resources of ULBs

### **1.7 Acknowledgement**

Audit acknowledges the cooperation and assistance extended by the State Government, CDMA and all the test-checked ULBs in conducting the Performance Audit.



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**Chapter-II**  
**Compliance to provisions of 74th Constitutional**  
**Amendment Act**

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## Chapter II

### Compliance to provisions of 74th Constitutional Amendment Act

Provisions of the 74th Constitutional Amendment Act were incorporated by the State Government in various Municipal Acts. However, we observed that provision was not made for their enforcement. Thus, the spirit of the Amendment Act was not fructified.

## 2. Compliance to provisions of 74<sup>th</sup> CAA

### 2.1 Comparison of State level legislations with 74<sup>th</sup> CAA

The 74th CAA introduced certain provisions relating to Municipal Bodies as incorporated in Articles 243Q to 243ZG. Provisions corresponding to the 74<sup>th</sup> CAA were incorporated by the State Government in Andhra Pradesh Municipal Acts as indicated in *Table 2.1*.

**Table 2.1: Comparison of State level legislations with 74<sup>th</sup> CAA**

Provision of Constitution of India	Requirement as per provision of Constitution of India	Provision of State Act/Acts
Article 243Q	<b>Constitution of Municipalities:</b> It provides for constitution of three types of municipalities namely a Nagar Panchayat for transitional area, a Municipal Council for a smaller urban area and a Municipal Corporation for a larger urban area.	Section 3 of Andhra Pradesh Municipal Corporations (APMC) Act and Section 2A and 3 of Andhra Pradesh Municipalities (APM) Act.
Article 243R	<b>Composition of Municipalities:</b> All the seats in a Municipality shall be filled by direct elections and by persons with special knowledge in municipal administration nominated by Government. The Legislature of a State may by law, provide for representation to the Municipality Members of Parliament and Legislative Assembly whose constituencies lie within the municipal area and Members of the council of State and State Legislative Council who are registered as electors within the city.	Section 5 of APMC Act, and Section 5 of APM Act
Article 243S	<b>Constitution and composition of Wards Committee:</b> This provides for constitution of Wards Committees in all municipalities with a population of three lakh or more	Section 8 of APMC Act and Section 5B of APM Act

Provision of Constitution of India	Requirement as per provision of Constitution of India	Provision of State Act/Acts
Article 243T	<b>Reservation of seats:</b> The seats are to be reserved for SC/ST, women and Backward classes for direct election.	Section 6 of APMC Act and Section 8 of APM Act.
Article 243U	<b>Duration of Municipalities:</b> The municipality has a fixed tenure of five years from the date of its first meeting and re-election to be held within the six months of end of tenure	Section 7 of APMC Act and Section 20 of APM Act
Article 243V	<b>Disqualifications for membership:</b> (1) A person shall be disqualified for being chosen as, and for being, a member of a Municipality- (a) if he is so disqualified by or under any law for the time being in force for the purposes of elections to the Legislature of the State concerned: Provided that no person shall be disqualified on the ground that he is less than twenty-five years of age, if he has attained the age of twenty-one years; (b) if he is so disqualified by or under any law made by the Legislature of the State.	Section 20 to 23 of APMC Act and Section 16 of APM Act
Article 243W	<b>Powers, authority and responsibilities of the Municipalities:</b> All municipalities would be empowered with such powers as may be necessary to enable them to function as effective institutions of self-government. The State Government shall entrust with such powers and authority to enable them to carry out the responsibilities in relation to the 12 <sup>th</sup> Schedule.	Chapter III (sections from 112 to 129) of APMC Act and Chapter III (sections 30 to 58) of APM Act.
Article 243X	<b>Power to impose taxes by and funds of the Municipalities:</b> <ul style="list-style-type: none"> <li>• Municipalities would be empowered to levy and collect the taxes, fees, duties <i>etc.</i>,</li> <li>• Grant-in-aid would be given to the Municipalities from the State</li> <li>• Constitution of funds for crediting and withdrawal of money by the Municipality</li> </ul>	Chapter VIII (Sections 197 to 281) of APMC Act and Part 4 – Chapter-1 (Sections 81 to 85) of APM Act



Provision of Constitution of India	Requirement as per provision of Constitution of India	Provision of State Act/Acts
Article 243Y read with Article 243I	<b>Finance Commission:</b> State Government shall constitute Finance Commission for <ul style="list-style-type: none"> <li>Review the financial position of the Municipalities and taking such steps that help in boosting the financial condition of the Municipal bodies</li> <li>Distributing between the state and the Municipalities of the net proceeds of the taxes, fees, tolls and duties that are charged by the State Government.</li> <li>Allotting the funds to the municipal bodies in the state from the consolidated fund of the State.</li> </ul>	Section 196A of APMC Act and 132A of APM Act
Article 243Z	<b>Audit of accounts of Municipalities:</b> This provides provision for maintenance of accounts by the Municipalities and the auditing of such accounts.	Section 196 of APMC Act and 127A & 128 of APM Act
Article 243ZA read with Article 243K	<b>Elections to the Municipalities:</b> The Superintendence, direction and control of all procedure of election of the Municipalities shall be vested in the State Election Commission (SEC)	Section 9 of APMC Act and Section 10A of Municipalities Act 1965
Article 243ZD	<b>Committee for District Planning:</b> <ul style="list-style-type: none"> <li>Constitution of District Planning Committee at district level.</li> <li>Composition of District Planning Committee.</li> <li>Preparation of draft development plan and forward to the Government.</li> </ul>	The State Government has formulated Andhra Pradesh District Planning Committees Act 2005 separately.
Article 243ZE of Constitution of India	<b>Committee for Metropolitan Planning:</b> Provision for constitution of Metropolitan Planning Committee (MPC) in every Metropolitan area with a population of 10 lakhs or more.	The State Government formulated Andhra Pradesh Metropolitan Planning Committee Act 2007 separately.

*Source: Andhra Pradesh Municipal Corporation Act and Andhra Pradesh Municipalities Act*

The above table shows that the statutes complied with the provisions of the 74<sup>th</sup> CAA. However, compliance to the constitutional provisions by Law does not guarantee effective decentralization on ground unless followed by effective implementation. Audit observed that the legal provisions were not backed by decisive actions resulting in a situation in which the spirit of the 74<sup>th</sup> CAA was not fructified as discussed in Chapter III of this Report. This was especially true in case of provisions pertaining to the devolution of functions and creation of appropriate institutional mechanisms for effective decentralization, which are discussed in the subsequent chapters.

***Conclusion:***

*The State Government, wherever mandated by the CoI, has created appropriate legal framework through the AP Municipal Acts without provision for enforcement.*

***Recommendation:***

*Government should endeavor to create institutional mechanism appropriately for effective decentralization of functions with powers.*

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**Chapter III**  
**Empowerment of Urban Local Bodies**  
**and their functioning**

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## **Chapter III**

### **Empowerment of Urban Local Bodies and their functioning**

The 74<sup>th</sup> CAA intended to empower ULBs through devolution of 18 functions specified in the 12th Schedule of the Constitution of India. Out of 18 functions, only five functions had been devolved to the ULBs fully and functionally. Two functions to Municipal Corporations and six functions to Municipalities/Nagar Panchayats had not been devolved so far. Though, Act came into force 29 years ago, the Government had not devolved all the functions to ULBs. Inclusion of villages into the Municipalities and upgradation of Municipalities was not properly carried out as per procedures. Government was vested with the powers relating to delimitation of wards and reservation of seats instead of State Election Commission. Councils were not formed as Elections were delayed in ULBs, thereby citizens' representation was missing in the governance. Re-elections were not held where posts of elected representatives fell vacant for various reasons. Ward Secretariats came into force without integration with Ward Committees and thereby the role of the elected representatives was missing in the formation of Ward Secretariats. This diluted the spirit of Constitution as envisaged for local self-governance. Development Plans could not be prepared as DPCs and MPCs had not been formed, though relevant Acts came into force in 2003 and 2007 respectively. State Finance Commissions should be constituted once in every five years to review the financial position of the ULBs and make recommendations for devolution of powers. Fourth SFC was constituted belatedly by eight years and report had not been submitted even after 12 years after its constitution. A Property Tax Board (PTB) as per the Act was to be constituted to assist the ULBs to put in place an independent and transparent procedure for assessing property tax on buildings and lands. The set-up of PTB constituted in the Composite State could not be continued in the Successor State, instead, State Government was issuing orders for assessment and revision of Property Tax. Prior to introduction of the 74<sup>th</sup> CAA, Parastatals such as UDAs, DTCP and APUFIDC had been endowed with the powers relating to high-rise building permissions, urban planning, reforms and financial management. Provisions of 74<sup>th</sup> CAA had not been incorporated in the relevant Acts.

### **3. Empowerment of Urban Local Bodies and their functioning**

#### **3.1 Actual status of devolution of functions**

The 74<sup>th</sup> CAA sought to empower ULBs to perform functions and implement schemes in relation to 18 functions specified in the 12<sup>th</sup> Schedule of the Constitution of India. State Government was expected to enact a legislation to implement the amendment. The State Government, out of 18 functions, devolved 13 functions fully and three

functions<sup>3</sup> partly to Municipal Corporations by incorporating relevant provisions in APMC Act. Two functions viz., town planning and fire services were not devolved. Relating to Municipalities/ Nagar Panchayats, the State Government devolved only seven functions fully and devolved five functions<sup>4</sup> partially out of 18 functions by incorporating relevant provisions in the APM Act. Six functions<sup>5</sup> were not devolved. The status of functions devolved to ULBs is depicted in the **Appendix 3.1**.

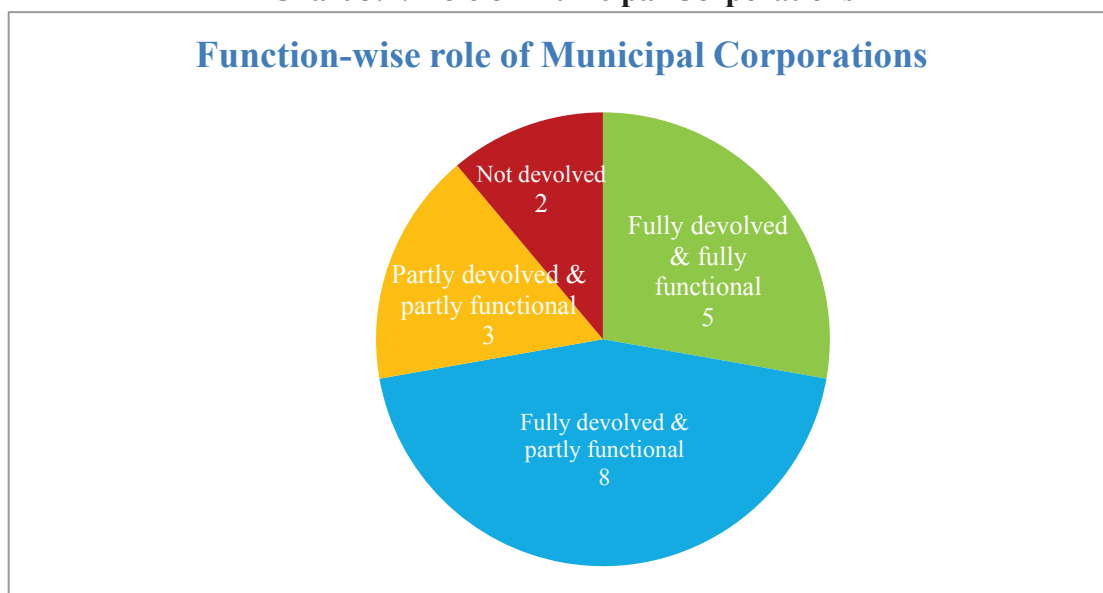
Thus, the Government had not devolved all the functions to ULBs despite a period of 29 years elapsed since the 74<sup>th</sup> CAA came into force.

The Department replied (December 2022) that they would take up the matter with the Government.

### 3.2 Role of ULBs in implementation of functions

Audit observed several overlaps in discharge of the functions between ULBs and Parastatals/Government Departments. Briefly, the extent of role of ULBs in these 18 functions is depicted in the **Chart 3.1** below:

**Chart 3.1: Role of Municipal Corporations**



- Though 16 functions have been devolved to Municipal Corporations, they have full jurisdiction over five functions only.

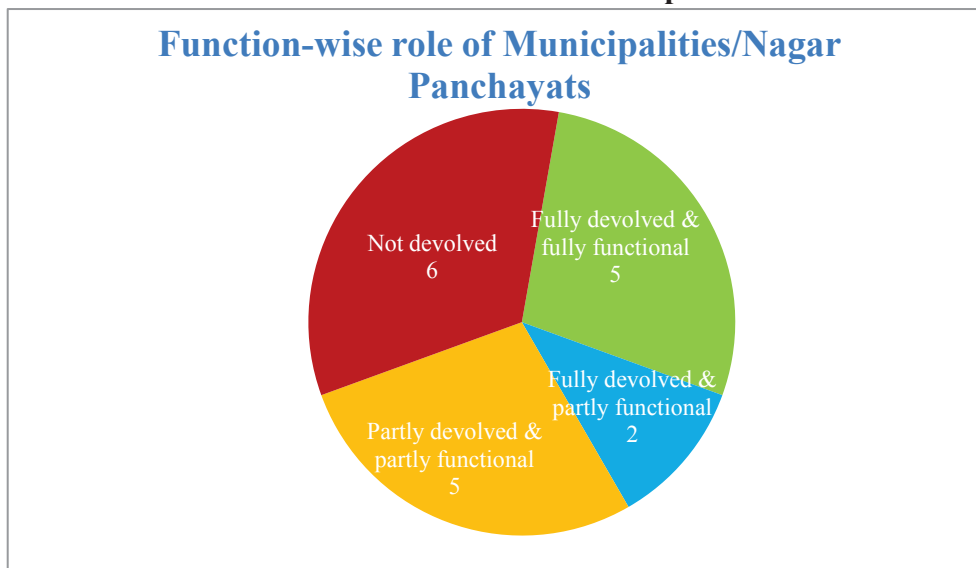
<sup>3</sup> (i) Public amenities including street lighting, parking lots, bus stops and public conveniences; (ii) Regulation of land use and construction of buildings and (iii) Public health, sanitation conservancy and solid waste management(O); are partially devolved

<sup>4</sup> (i) Public amenities including street lighting, parking lots, bus stops and public conveniences; (ii) Regulation of land-use and construction of buildings; (iii) Public health, sanitation conservancy and solid waste management(O); (iv) Urban forestry, protection of the environment and promotion of ecological aspects; and (v) Promotion of cultural, educational and aesthetic aspects; are partially devolved

<sup>5</sup> 1) slum improvement and upgradation, 2) planning for economic and social development, 3) safeguarding of interests of weaker sections of society including handicapped and mentally retarded, 4) Urban Planning including town planning, 5) Urban poverty alleviation and 6) fire services

- The Municipal Corporations were playing partial role in respect of eleven functions, though the State Government devolved these functions by incorporating the provisions in the APMC Act, Parastatals and other State Government departments are involved in discharging of these functions.

**Chart 3.2: Role of Municipalities**



- Though 12 functions were devolved to Municipalities/Nagar Panchayats, they have full jurisdiction over five functions only.
- The Municipalities/Nagar Panchayats were playing partial role in respect of seven functions, though the State Government devolved these functions by incorporating the provisions in the APM Act, Parastatals and other State Government Departments are involved in discharging of these functions.
- The Municipalities/Nagar Panchayats are partially discharging six functions along with Parastatals and other departments though the functions are not devolved by the Government.

Audit observed in 20 test-checked ULBs that the functions devolved and their actual role in implementing devolved functions and the results are as indicated below in **Table 3.1**.

**Table 3.1:  
Statement showing the Role of ULBs in implementation of functions and actual status of discharging of functions by ULBs**

Sl. No.	Functions	Activities	Actual status of implementation of the devolved functions
<b>Functions where ULB has full jurisdiction</b>			
1	Burials and burial grounds; cremations, cremation grounds and electric crematoriums	Construction and Operation & Maintenance of crematoriums and burial grounds, upgrade them as modern crematoriums and electric crematoriums	All the 20 test-checked ULBs have carried out this function.

Sl. No.	Functions	Activities	Actual status of implementation of the devolved functions
2	Cattle pounds; prevention of cruelty to animals	Reduce the stray animal's population, catching strays and handing over to Animal Protection Committees	All the 20 test-checked ULBs have carried out this function.
		Registration of pet animals, cause vaccination	
		Ensuring safety of animals	
3	Regulation of slaughterhouses and tanneries	Ensuring quality of animals and meat	All the 20 test-checked ULBs have carried out this function.
		Prohibit or regulate the slaughter, cutting or skinning of animals	
		Establishment and modernisation of slaughterhouses	
4	Public amenities including street lighting, parking lots, bus stops and public conveniences	Installation and maintenance of street lights, conversion of conventional street lights into energy efficient lighting mode	Public toilets were constructed in eight <sup>6</sup> ULBs out of test-checked ULBs. Only one ULB (Tirupati Corporation) identified parking places out of the 20 test-checked ULBs.
		Development of road junctions, medians and parking spaces. Establishment and maintenance of destitute homes, night shelters and shelters for exigencies, bus stops and bus shelters	
5	Water supply for domestic, industrial and commercial purposes	Water supply	All the 20 test-checked ULBs have been carrying out this function.
		Providing individual tap connections.	
		Operation & Maintenance (O&M), reducing non-revenue water and undertake water audit.	
		Collection of water charges	
<b>Functions where ULB has partial role</b>			
6	Provision of urban amenities and facilities such as	Creation of parks, gardens, community halls and sports complexes	Parks and nurseries were created but no Playgrounds

<sup>6</sup> Tirupati, Hindupur, Tanuku, Bobbili, Kavali, Addanki, Chilakaluripet, Peddapuram; and remaining five ULBs Mangalagiri-Tadepalli Municipal Corporation, Guntur Municipal Corporation, Eluru Municipal Corporation and Visakhapatnam Municipal Corporation did not furnish information



Sl. No.	Functions	Activities	Actual status of implementation of the devolved functions
	parks, gardens, playgrounds	Operation and Maintenance	exist in any of 20 test-checked ULBs.
7	Planning for economic and social development	Programme implementation for economic activities Policies for social development	While the State Government issues the guidelines and identifies the beneficiaries, verification is done by all the 20 test-checked ULBs for implementation of Welfare schemes such as housing and other livelihood enhancement programmes.
8	Safeguarding the interests of weaker sections of society including the handicapped and mentally retarded	Identifying/verification of beneficiaries Providing tools/benefits such as tricycles Housing programmes	State Departments such as (i) Scheduled Castes Development (ii) Health, Medical and Family Welfare (iii) Women, Children, Disabled and Senior Citizens and State Engineering Departments are responsible for these functions. All 20 test-checked ULBs were involved only in identification/verification of the beneficiaries.
9	Urban poverty alleviation	Identifying/verification of beneficiaries Livelihood and employment Street vendors	Only identification/verification of beneficiaries is done by all 20 test-checked ULBs. Scheme Implementation is being done by District Rural Development Agencies (DRDAs) and other livelihood <sup>7</sup> activities by Mission for Elimination of Poverty in Municipal Areas (MEPMA).
10	Regulation of land-use and construction of buildings	Ensuring construction and development in accordance with the plan and land use and	Land use and building construction activities are regulated by ULBs. In case

<sup>7</sup> Training in capacity building, soft loans and skilled Development

Sl. No.	Functions	Activities	Actual status of implementation of the devolved functions
		regulation of unauthorised buildings Approving building plans/high rises	of the high-rise buildings, various bodies such as UDAs and State Fire Services are involved. The role of 20 test-checked ULBs is restricted to issuance and renewal of building permissions and enforcement of building by-laws.
11	Roads and bridges	Improve or repair the same ensuring public safety or convenience. Divert or close public roads. Widen or expand roads ensuring traffic flow pattern Construction and maintenance of bridges, drains, flyovers and footpaths	While Roads & Buildings Department plays the lead role in construction of roads and bridges, flyovers, all 20 test-checked ULBs are involved in construction and maintenance of internal roads, bridges, drains and footpaths within the jurisdiction.
12	Public health, sanitation, conservancy and solid waste management	Construction of individual household toilets, public toilets, community toilets, SHE toilets, make Municipalities Open Defecation Free (ODF), sewage and sewerage management, faecal sludge and septage management, waste water treatment Prevention and control of infectious, communicable diseases public vaccination Promotion measures for abatement of all forms of pollution, including air pollution Cleaning and disinfection of localities affected by infectious diseases Solid Waste Management Control and supervision of public markets	All the 20 test-checked ULBs only have a limited role in case of public health allied responsibilities, as Department of Health, Medical and Family Welfare plays the major role in maintaining hospitals and dispensaries. The ULBs along with the State Departments/ Parastatal agencies undertake immunization/ vaccination programs and wastewater treatment. ULBs are also responsible for cleaning and disinfecting of localities affected by infectious diseases. Solid waste management and control and supervision of public markets are vested with 20 test-checked ULBs.

Sl. No.	Functions	Activities	Actual status of implementation of the devolved functions
13	Urban forestry, protection of the environment and promotion of ecological aspects	Afforestation	All 20 test-checked ULBs undertake Greenification, afforestation and awareness drives along with the Horticulture and Forest Departments and Andhra Pradesh Urban Greening Corporation. Hence, protection of the environment and promotion of ecological aspects is partially vested with all the 20 test-checked ULBs.
		Greenification	
		Awareness drives	
		Protection of the environment and promotion of ecological aspects	
14	Promotion of cultural, educational and aesthetic aspects	Maintenance of natural resources like lakes and water bodies protection and development, etc.,	Primary responsibility vest with Department of Education for academic activities. The test-checked ULBs are providing infrastructure to schools. All 20 test-checked ULBs along with the State Departments of Culture, Archaeology & Museums and UDAs undertake allied activities such as public spaces beautification, organizing fairs and festivals.
		Promotion of cultural activities, music, physical education, sports and theatres and infrastructure therefor	
		Heritage structures/areas Beautification of public spaces	
15	Vital statistics including registration of births and deaths	Coordinating with hospitals	Both ULBs (all 20 test-checked ULBs) and the Department of Health, Medical and Family Welfare maintain database of births and deaths. ULBs register and issue certificates of births and deaths.
		Maintaining and updating Database	
16	Slum improvement and upgradation	Improvement of notified and identified slums	All 20 test-checked ULBs are carrying out only identification of beneficiary for Pradhan Mantri Awaas Yojana (PMAY) scheme.
		De-notification of developed slums	

Sl. No.	Functions	Activities	Actual status of implementation of the devolved functions
<b>Function not devolved</b>			
17	Urban planning including town planning	Preparation of Master Plans	None of the 20 test-checked ULBs have been carrying out this function. Master Plans are being prepared by Urban Development Authorities (UDAs)/ Directorate of Town and Country Planning (DTCPs).
		Enforcing implementation of Master Plan regulations	
		Planned development of new areas for human settlement	
18	Fire Services	Providing fire NOC/approval certificate in respect of high-rise buildings	This function is not vested to ULBs. It is vested with Andhra Pradesh State Disaster Response and Fire Services Department.

### 3.3 Inclusion of villages into Municipalities

Andhra Pradesh Municipalities (inclusion or exclusion of areas into/from the limits of Municipalities/Nagar Panchayats) Rules, 2006 prescribed the following procedure for inclusion of villages into adjoining ULBs:-

- Municipal Council, before arriving at an opinion of the proposal shall take into consideration 'the public interest as the primary motive' for any inclusion or exclusion and justify its opinion. Then the Municipal Commissioner shall forward the Council's Resolution on the proposal along with the specific observations on the proposal to the Commissioner and Director of Municipal Administration (CDMA) through District Collector concerned.
- The District Collector shall examine the proposal in consultation with the respective Gram Panchayat/Gram Panchayat Officer and forward the same along with his recommendations to the Government through the CDMA.
- The CDMA shall scrutinise the proposal and with his recommendations forward it to Government. After its examination, if the Government is satisfied to consider the same, forward such proposal to Panchayat Raj & Rural Development (PR&RD) Department for examination and orders.
- On receipt of the acceptance from PR&RD Department, the Government will issue a show cause notice to the Council/Special Officer affording an opportunity for submission of views/objections/suggestions and a copy shall also be fixed on the notice board of the Municipality.
- After receipt of the views of the Council/local people, Government shall examine the representation of the local people and it shall be open to Government to declare

by Notification in the A.P. Gazette for inclusion or exclusion of the area into the limits of Municipality/Nagar Panchayat.

However, in two test-checked ULBs, audit noticed the following lapses in inclusion of adjoining villages into Municipalities:

- (i) The Council of Tanuku Municipality resolved (September 2009)<sup>8</sup> to merge seven adjoining villages<sup>9</sup> which are located within the radius of 3km from town and the resolution was forwarded to District Collector. Out of these villages, only four GPs<sup>10</sup> have given willingness to merge into Tanuku Municipality.

The Panchayat Raj & Rural Development (PR&RD) Department issued (March 2013) notification<sup>11</sup> for inclusion of the four villages and MA&UD Department also issued (March 2013) notification<sup>12</sup> for merger of these villages into Tanuku Municipality. Subsequently, the Hon'ble of High Court of A.P. had suspended (December 2014) two GOs issued for inclusion of these villages into Tanuku Municipality until further orders<sup>13</sup>. The case was still pending in Hon'ble High Court as of October 2021.

However, audit noticed that the Municipality had continued their inclusion into Municipality and has been taking up developmental activities *viz.*, sanitation, collection of taxes, lighting *etc.* Further, the Municipality had completed (March 2021) the delimitation of wards and reservation of seats by including these villages for conducting of General elections while the suspension of Government Orders by Hon'ble High Court was in force. The Municipality had replied that Elections were not conducted due to some legal issues in merger of villages.

- (ii) The Mangalagiri Municipal council resolved (September 2019)<sup>14</sup> to merge five villages (Atmakur, Nowluru, Errabalem, Bethapudi and Chinakakani) into

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<sup>8</sup> vide resolution No.153 dated 15/09/2009

<sup>9</sup> Venkatarayapuram township, Mandapaka, Paidiparru, Chivatam, Kasavaram, Palangi (Survey No. 150, 151, 152 and 153) and Veerabhadrapuram

<sup>10</sup> Paidiparru Panchayat Resolution No.45, dt.14/03/2013; Veerabhadrapuram Resolution No.33dt.14/03/2013 and Venkatarayapuram township area Resolution No.96 dt.23/03/2013; RS No.150 to 153 of Palangi (v) Resolution No.140 dt.23/03/2013

<sup>11</sup> vide G.O.Ms.No.194 dt. 26/03/2013

<sup>12</sup> vide G.O.Ms.No.123 dt. 26/03/2013

<sup>13</sup> vide W.P.No.12157 of 2013 dt.26/12/2014

<sup>14</sup> vide resolution No.222 dt.11/09/2019

Mangalagiri Municipality for upgradation from Grade II to Grade I<sup>15</sup>. The Government issued (February 2020) orders<sup>16</sup> for merger of these villages.

Subsequently, the Commissioner of Mangalagiri Municipality had also submitted proposals to merge another six villages (Peda Vadlapudi, China Vadlapudi, Kaza, Nidamaru, Nutakki and Ramachandrapuram) into Municipality on 7 February 2020. The Government had issued (December 2020) Gazette Notification<sup>17</sup> by merging total 11 (eleven) surrounding villages<sup>18</sup> into Mangalagiri Municipality.

In this connection, during the verification of merger proposals, council resolutions *etc.*, it is observed that Grama Sabha and Panchayat General Bodies of these 11 (eleven) villages resolved to oppose the merger of their villages into Mangalagiri Municipality. However, the Municipality did not consider the resolutions of the merging villages. The Municipality had not communicated the resolutions of villages to the Government.

However, the Government had issued orders for merger of these villages without considering the public opinion.

Thus, inclusion of villages into Municipalities was not properly carried out as per procedure.

### **3.4 Up-gradation of Municipalities**

Rule 3 of Andhra Pradesh Municipalities (Gradation of Municipal Councils and Nagar Panchayats) Rules, 1994, the Government, from time to time, by notification in the Andhra Pradesh Gazette, may declare the grades of Municipalities and Nagar Panchayats on the basis of annual income prescribed in the Rule.

However, audit noticed that four ULBs in the state had not been upgraded as per their eligibility as detailed below:

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<sup>15</sup> Nagar Panchayat means a Nagar Panchayat with an annual income rupees one crore or less than one crore; Third Grade Municipality means a Municipality with an annual income of rupees more than one crore and less than two crore; Second Grade Municipality means a Municipality with an annual income of rupees more than two crore and less than four crore; First Grade Municipality means a Municipality with an annual income of rupees more than four crores and less than six crores; Special Grade Municipality means a Municipality with an annual income of rupees more than six crores and less than eight crores and Selection Grade Municipality means a Municipality with an annual income of rupees eight crores and above

<sup>16</sup> vide G.O.Ms.No.98 dated 06/02/2020

<sup>17</sup> vide Ordinance No.17 of 2020

<sup>18</sup> Atmakur, Nowluru, Bethapudi, Yerrabalem, Chinakakani, Nidamaru, Nutakki, Kaza, Chinavadlapudi, Ramachandrapuram and Pedavadlapudi

**Table 3.2: List of ULBs upgraded against their eligibility**

S.No.	Name of the ULB	Average Annual income for three years i.e., 2016-17, 2017-18 & 2018-19 (₹ in crore)	Eligible for	Upgraded as
1	Tadipatri Municipality	14.93	Selection grade	Special grade
2	Srikalahasti Municipality	8.58	Special grade	First grade
3	Punganur Municipality	5.64	First grade	Second grade
4	Addanki	3.83	2 <sup>nd</sup> Grade	Nagar Panchayat

Thus, Municipalities had not been upgraded as per Rules. The reply from the department is awaited.

### 3.5 Institutional mechanisms for and in urban local bodies

The State Government transferred 16 functions to Municipal Corporations and 12 functions to Municipalities/Nagar Panchayats. The discharge of these functions can be effective only when appropriate institutions are established and adequately empowered. *Appendix 3.1* details the status of devolution of 18 functions to Urban Local Bodies.

#### 3.5.1 State Election Commission

As per Article 243ZA(1) of 74<sup>th</sup> CAA, the powers of State Election Commission (SEC) include superintendence, direction and control of the preparation of electoral rolls and conduct of all elections to ULBs. For all other matters related to elections to ULBs, the authority lies with the Legislature of the State.

The Second Administrative Reforms Commission (SARC) observed (October 2007) that in Andhra Pradesh, the powers of delimitation of local Government constituencies and reservation and rotation of reserved constituencies have been retained by the State Government. In many cases, particularly in urban areas, the SECs have to wait until a delimitation exercise is completed by the State Governments. The SARC recommended<sup>19</sup> that once delimitation and reservation of seats is carried out by SECs, State Governments cannot delay the conduct of elections on the plea of delimitation exercise and delay in reservation of seats of local constituencies. The recommendation was accepted by GoI.

However, the powers of delimitation of wards and reservation of seats for the council and for posts like Mayor/ Chairperson, Dy. Mayor/Vice-Chairperson and ward members were still vested with the State Government instead of State Election Commission.

##### 3.5.1.1 Status of elections and formation of councils

The election shall be conducted by SEC as stipulated in APMC Act and APM Act read with APM (conduct of election) Rules<sup>20</sup>, Elections to Council of ULBs shall be

<sup>19</sup> Recommendation – Para No. 3.2.1.12

<sup>20</sup> Andhra Pradesh Municipalities (conduct of elections) Rules 1965



completed before expiry of the duration of present Council. Further, Article 243U(3)(a) of the Constitution of India and provisions of APMC and APM Acts stipulate a fixed tenure of five years for the Corporators/Councilors of ULBs from the date of first meeting. The status of elections and formation of councils in the ULBs of the State is depicted in **Table 3.3** given below:

**Table 3.3: Status of elections and formation of councils in ULBs (as of July 2022)**

Total No. of ULBs	123
Newly formed ULBs	15
Term of existing councils completed	July 2019
Delay 20 months	August 2019 to March 2021
Elections held and Councils formed	100
Elections held but councils not formed	1
Elections due during 2019-21 but not held due to court cases/administrative reasons	22 (one is due from 2005, 16 are due from 2019 and five are from 2020)

*Source: Information furnished by CDMA*

It can be seen from the above that there were no Councils for ULBs during August 2019 to March/November 2021. Audit noticed that the State Government appointed Special Officers for these ULBs in July 2019. In the absence of an elected council and non-involvement of elected representatives in decision making and implementation, the element of participatory democracy is missing. Further, a ULB without a council cannot be held accountable to citizens.

The Special Officers discharged the functions of Council till the formation of new councils in March/November 2021.

### 3.5.1.2 Non-conduct of re-elections of Members for Vacant Ward

As per Section 21 of APM Act, every casual vacancy in the office of an elected member of a Municipality shall be reported by the Commissioner to the State Election Commission within fifteen days from the date it becomes vacant and shall be filled within four months from such date.

During the scrutiny of information provided to audit, it is noticed that 13<sup>21</sup> ward members in five ULBs were disqualified during 2014-19 in the state on various grounds. However, no re-election was conducted to fill these vacancies until the regular elections were held in these ULBs in March 2021. Thus, the wards had been vacant without members representing people ranging from July 2014 to July 2019.

<sup>21</sup> Yalamanchili Municipality (one member on 30/12/2017 due to non-attending the three consecutive council meetings), Machilipatnam Corporation (one member on 30/06/2018 due to non-attending the three consecutive council meetings), Rayachoty Municipality (two members on 04/07/2014 due to disobedience of party whip), Yerraguntla Municipality (eight members on 23/08/2014 due to disobedience of party whip) and Nagiri (one member on 31/07/2014 due to disobedience of party whip)



### 3.5.2 Ward Committee

Article 243S of Constitution provides for constitution of Wards Committees (WCs) in all Municipalities with a population of three lakh or more. As per Section 10 of Andhra Pradesh Municipal Corporations (APMC) Act, 1994<sup>22</sup> and Rule 3 of Andhra Pradesh Municipal Council (Constitution of Ward Committee) Rules 1995<sup>23</sup>, Wards Committees shall be constituted by all ULBs. The term of these bodies will be co-terminus with the Council. The composition of WCs shall consist of Municipal Corporation member (Chairman of WC), representatives (10) from Civil Society and Area Sabha representatives. The Ward Committees were to act as a bridge between the municipal government and citizens and function as institutions of neighbourhood governance and increase proximity between elected representatives and citizens and provide a space for citizen participation in local level planning. They were to perform functions<sup>24</sup> such as sanitation work and drainage maintenance; distribution of water supply; working of the street lights *etc.*

Audit observed that Wards Committees were not constituted in all the test-checked ULBs. Thus, due to non-constitution of Ward Committees, the provision for Ward Committees remained unimplemented which hampered the decentralization in local governance and the objective of facilitating the community participation in local governance is not met.

The Department accepted (December 2022) the non-constitution of Ward Committees.

### 3.5.3 Area Sabhas

As per Section 8B of APMC Act, each ward in a Corporation shall be divided into such number of areas based on the population, so that each area shall consist of not less than two thousand and not more than five thousand population.

There shall be an Area Sabha for each area with all the electors in the jurisdiction of the area. There shall be an Area Sabha Representative for each area to be nominated by the Municipal Corporation from the representatives of the civil society as may be prescribed. The functions to be discharged by Area Sabha are also specified in the Act.

However, audit noticed that Area Sabhas were not formed in all test-checked Municipal Corporations. Resultantly, citizen participation in local governance through Area Sabha had not been ensured and the objective of facilitating community participation in local governance is not met.

The Department accepted (December 2022) the non-formation of Area Sabhas.

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<sup>22</sup> Section 8A of GHMC Act

<sup>23</sup> The Commissioner and Director of Municipal Administration may also constitute Wards Committee for a Municipality having a population of less than three lakh provided the annual income of the said Municipality is not less than rupees 4 crore

<sup>24</sup> the ULBs shall allocate 20 *per cent* of the annual budget for attending these functions

### **3.5.4 Ward Secretariat**

The main objective of the local self-government is self-governance by including the elected representatives and the citizens in the local administration and taking governance closer to citizens.

The Government introduced (July 2019)<sup>25</sup> the system of Ward Secretariats<sup>26</sup> in Andhra Pradesh. According to Government instructions, the delegation of administrative functions to the Ward Secretariat would make ward a unit of administration like the State, District and Urban Local Body and the Ward Secretariat would work in co-ordination with the Ward Committee. The Ward Secretary would further cater to the needs of two or more contiguous Wards, without disturbing the autonomy of the ULB for administrative convenience. Government constituted<sup>27</sup> 3,786 Ward Secretariats and 37,860 posts of Ward Secretaries at the rate of 10 Ward Secretaries per Ward Secretariat. The existing posts of bill collector, work inspector, Tap Inspector, Fitter and TP Tracer had been absorbed<sup>28</sup> (total 2,434 posts) and redesignated as Ward Administrative/Amenities/TP&R Secretaries. The remaining posts were filled with direct recruitment process by State Selection Committee.

Government deployed<sup>29</sup> the system of Ward Volunteers in Urban Areas to ensure delivery of timely and transparent services to eligible households to eliminate the corruption at all levels of administration. Accordingly, instructions<sup>30</sup> were issued to ULBs to position the Ward Volunteers on Performance based honorarium in a Ward. Volunteers were selected through interviews by a Selection Committee consisting of Municipal Commissioner and others. As of September 2019, 70,888 posts of volunteers existed in ULBs.

Subsequently Government created<sup>31</sup> Department of Gram Volunteers and Village Secretaries and Ward Secretaries (DGVVW & VSWS) to manage the working of Ward Secretariats.

During the years 2019-20 and 2020-21, the Government spent ₹303.94 crore and ₹887.01 crore towards the salaries/honorarium of these Ward Secretariats and expenditure was met from the Consolidated Fund of the State.

As such, creation of new set up at ward level was not consistent with 74<sup>th</sup> CAA and the Municipal Acts. As per Constitutional provisions, Ward Committee with elected representatives is the Constitutional set up at ward level. The institution of Ward Committee was made irrelevant, and the purpose was defeated with the introduction of

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<sup>25</sup> vide G.O.Ms.No.217 dated 20/07/2019 & G.O. Rt. No. 650 dated 3/10/2019 of MA&UD(UBS) Department

<sup>26</sup> a platform created by State Government to provide 10 functional assistants of line departments to be called as 'Ward Secretaries' to be placed under the administrative control of the Municipal Commissioner of the respective ULB through the administrative hierarchy and to deliver the services to the citizens.

<sup>27</sup> G.O. Rt. No. 650 dated 3/10/2019 of MA&UD(UBS) Department

<sup>28</sup> G.O.Ms.No. 286 dated 7/11/2019 of MA&UD(UBS) Department

<sup>29</sup> G.O. Ms. No.201 dated 23/06/2019 of MAUD (UBS) Department & G.O. RT No.8 dt 1/4/2021 of DGVVW & VSWS Department

<sup>30</sup> G.O. Ms. No.254 dated 09.09.2019 of MAUD (UBS) Department

<sup>31</sup> G.O. Ms.No.156 dated 21.12.2019 of General Administration (Cabinet II) Department

Ward Secretariats. Government could have integrated these Ward Secretariats with the Constitutional setup by making them accountable to the Ward Committees and Area Sabhas.

Thus, formation of Ward Secretariat at ward level diluted the constitutional provisions and purpose of Ward Committee as envisaged in the Constitution as a bridge between citizens and governance.

Department stated (December 2022) that creation of Ward Secretariat is an administrative functionary at Ward level to deliver the services and the Ward Secretaries were responsible to the elected council through the Municipal Commissioner. The reply of the Department is not acceptable as there is no participation of Elected Representatives or Civil Society Members as envisaged in bodies like Ward Committees/ Area Sabhas.

### 3.5.5 Annual Administrative Report

As per Section 34 of APM Act, Council shall submit Annual Administrative Report to the Government and furnish information relating to its plan schemes to Zilla Parishad<sup>32</sup>. As per Section 180 of APMC Act, the Commissioner shall as soon as may be after each first day of April, cause to be prepared a detailed report of the Municipal Administration of the City during the previous financial year<sup>33</sup> and shall submit the same to the Standing Committee. The report and the statement, after examination by the Standing Committee shall also be laid before the Corporation for its approval. The Commissioner shall forward a copy of each of the report and statement prepared by him under Section 180 together with a copy of the Committee's review to the Department for the purpose of being laid before the Legislative Assembly of the State.

However, Audit observed that Annual Administrative Report was not prepared and forwarded to the District Collector for onward submission to Government/placing before the Legislative Assembly during 2016-21 in test-checked ULBs.

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<sup>32</sup> (a) as soon as may be after day of 1st April, in every year and not later than such date as may be fixed by the Government through the District Collector a report on the Administration of the Municipality during the preceding year in such form and with such details as the Government may direct.

(b) the Commissioner shall prepare the report and submit it to the Council. The Council shall consider the report and forward it to the Government with its resolution, there on if any.

(c) the report and the resolutions thereon, if any, shall be published in the manner on the council, subject to the approval of the Government.

(d) the Council shall furnish to the Zilla Parishad concerned such information relating to the plan schemes of the Municipality as may from time to time, be required by Z.P.

<sup>33</sup> together with a statement showing the (amounts of income and expenditure, assets and liabilities, and receipts and payments of the) Municipal Fund during the said year and the balance at the credit of the Fund at the close of the said year

### 3.5.6 Monitoring of functions by Mayor/Chairperson

Section 47 of APM Act 1965 and Section 112 of APMC Act specified the powers and functions<sup>34</sup> of Chairperson. Notwithstanding any other provisions in the Act, the Chairperson shall perform the functions of the Municipality as per Act provisions.

Audit noticed from the minute books of the selected ULBs, the evidence of inspections conducted by Mayor/Chairperson to ensure effective implementation of the functions assigned at ground level during the period 2016-19 is not made available in the records.

Further,

- We observed that, no mechanism existed to follow-up the implementation of Council resolutions in test-checked ULBs and
- The State Government had not defined the duties and responsibilities of Chairperson/ Mayor and Ward Members (Councilor or Corporator) in the relevant Acts like other State Governments. The Telangana State Government had defined the specific duties and responsibilities for Chairperson (Section 23) and Ward Members (Section 56) in Telangana Municipalities Act 2019.

### 3.5.7 District Planning Committee

Article 243ZD provides for the constitution of a District Planning Committee (DPC) for consolidation of plans prepared by the panchayats and the municipalities in the districts. Accordingly, the State Government formulated the Andhra Pradesh District Planning Committees Act 2005 which came into force w.e.f. 30<sup>th</sup> December 2003 (as mentioned in the Act). According to Section 14 of the Act, the Government may make rules to carry out the purposes of the Act. However, audit noticed that no rules had been formulated to enforce the Act.

Further, as per Section 7 of above Act every Municipality, Municipal Corporation and Nagar Panchayat shall prepare a Development Plan before the beginning of the financial year taking into consideration the tax levied by them and the non-tax revenue received by them and the funds likely to be received from the Government and other departments or Agencies during the financial year and such plan shall also include the human development or disaster mitigation initiatives proposed to be undertaken during the financial year.

Audit observed that DPCs were not constituted in the districts and development plans were not prepared by test-checked ULBs. The Department accepted (December 2022) non-constitution of DPCs.

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<sup>34</sup> maintain proper sanitation, water supply, street lighting and scientific process and disposal of solid and liquid wastes; ensure 100 *per cent* households and commercial establishments in the Corporation segregate the waste and handover to person/agency authorised by the Municipality; Ensure 100 *per cent* removal of encroachments on Government/Municipal lands in the Municipality; Ensure no unauthorised constructions in the Municipality; develop and maintain parks and play grounds in the Municipality; Ensure construction of Rain Water Harvesting System (RWHS) in the Municipality; ensure proper tree plantation, survival and maintain Green coverage in the Municipality

### 3.5.8 Metropolitan Planning Committee

Article 243ZE mandates that there shall be constituted in every Metropolitan area<sup>35</sup>, a Metropolitan Planning Committee (MPC) to prepare a draft development plan for the Metropolitan Region as a whole. The State Government also formulated The Andhra Pradesh Metropolitan Planning Committee Act 2007, which came into force on 22 October 2007.

In test-checked ULBs only Greater Vishakhapatnam Municipal Corporation (GVMC) met the criteria of having one million population for formation of MPC. However, the GVMC has not constituted the MPC to prepare draft development plan in accordance with the provisions.

Department replied (October 2022) that master plans were being prepared by UDA, which is about town planning and not relevant to MPC. The Department accepted (December 2022) non-constitution of MPCs.

### 3.5.9 State Finance Commission

Article 243I of the Constitution of India makes it mandatory for the State Government to constitute a Finance Commission within one year of the commencement of the CAA and thereafter on expiry of every five years. The mandate of the State Finance Commission (SFC) is to review the financial position of the Local Bodies and to make recommendations to the Governor for devolution of funds. State Government provided for constitution of SFC in APMC and APM Acts. Accordingly, three SFCs were constituted as detailed in *Table 3.4*.

**Table 3.4: Status of constitution of State Finance Commissions (SFCs)**

SFC	To be constituted	Actually constituted	Delay	Date of submission of Report	Period covered
First	By 31/03/1994	22/06/1994	3 months	Not available	1997-98 to 1999-2000
Second	1999-2000	08/12/1998	-	Not available	2000-01 to 2004-05
Third	2004-05	29/12/2004	-	Not available	2005-06 to 2009-10

*Source: Information furnished by CDMA office*

The fourth SFC, to cover the period 2010-11 to 2015-16 which was constituted in May 2018 belatedly after eight years instead of in 2009-10, had not submitted report to Governor as of September 2021. The dates of submission of SFC recommendations/report are not available with the Government/Department. Delay in constitution of SFCs, thus, indicated the disregard for this process. This is explained at *Para 5.1.1.2*.

The Department accepted (December 2022) delay in constitution of 4<sup>th</sup> SFC.

<sup>35</sup> a metropolitan area is defined as an area having a population of one million

### 3.5.10 Property Tax Board

The 13<sup>th</sup> Finance Commission mandated constitution of a Property Tax Board (PTB) to assist all Municipalities and Municipal Corporations in the State to put in place an independent and transparent procedure for assessing property tax. Section 85A of APM Act and Section 197A of APMC Act also provided for constitution of PTB with a Chairperson, who has held the office of Judge of a High Court and members having knowledge and experience in the fields of valuation of properties for assessment of property tax. The State Government constituted (March 2011) Property Tax Board (PTB) appointing the Commissioner & Director of Municipal Administration (C&DMA) as a Chairman to discharge the functions<sup>36</sup> till the regular Chairman is appointed.

Audit observed that –

- After bifurcation of State, the Expert Committee, formed for demerger of erstwhile PTB, has recommended to seek deletion of PTB from the Schedule-IX (Item No.62) by addressing to the GoI, as it was a Government Body to serve the MA&UD Department of both successor states. Government accepted (January 2018) the proposal to seek the deletion of item from IX<sup>th</sup> schedule by addressing to the GoI on demerger of Andhra Pradesh Property Tax Board (APPTB). However, Audit observed that, APPTB had not been re-constituted to provide assistance and technical guidance for proper assessment of Property Tax.
- After bifurcation of combined State, the Telangana State Government had constituted (October 2015) the Telangana State Tax Board. But the Andhra Pradesh State Government did not take steps to constitute the PTB as of September 2021.
- The Government had issued (November 2020)<sup>37</sup> Rules for Levy and Assessment of Property Tax by amending the respective Municipal Acts<sup>38</sup> to change the system of levying property tax from existing Annual Rental Value (ARV) system to Capital Value (CV)<sup>39</sup> system with effect from April 2021.

This indicated that the ULBs in the State lacked technical guidance for assessment and revision of Property Tax. Thus, the provisions in the respective Acts were put forth to fulfil the conditions for obtaining the Performance Grant as per the 13<sup>th</sup> CFC award.

The Department stated (December 2022) that PTB was formed with Departmental officials and is functioning. However, PTB was not formed as per the Act provisions (adhering to the qualification of chairperson and members), the present constitution of

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<sup>36</sup> to make arrangements for preparation of data base of property tax, for proper maintenance of records and registers; to make arrangements for assessment of property tax on all buildings and lands situated in the Municipalities; to monitor that the assessment books shall be completely revised by the Commissioner once in five years *etc.*

<sup>37</sup> vide G.O.Ms.No.198, dated 24/11/2020.

<sup>38</sup> vide Act No.44 of 2020

<sup>39</sup> the capital value of lands and buildings fixed by the Stamps and Registration Department for the purpose of registration as per Andhra Pradesh Revision of Market Value Guidelines Rules 1998, shall be deemed to be the guideline value for fixation of property tax



PTB was a cosmetic exercise to fulfil the conditions for obtaining Performance Grant as per the 13<sup>th</sup> CFC award. The CDMA accepted audit contention and stated that Government would take action in this regard.

### 3.6 Powers of the State Government over ULBs

Constitution of Municipalities and their sustenance is the responsibility of the State Government as per Article 243Q of the Constitution of India. Audit observed that the State Government had overriding powers over ULBs, which was against the spirit of Constitutional Amendment. A few provisions are indicated in **Table 3.5** below:

**Table 3.5: State Government powers over ULB**

S. No.	Subject	Provisions in the Municipal Acts
1	Power to frame Rules	The State Government, may by Notification in the Gazette, make rules for carrying out all or any of the purposes of the Acts after approval of the State Legislature (Section 585 of APMC Act, 1955 and Section 326 of AP Municipalities Act, 1965) even after implementation of 74 <sup>th</sup> CAA <i>e.g.</i> , Property Tax
2	Power to cancel or suspend a resolution or decision taken by ULBs	The State Government may cancel or suspend a resolution or decision taken by ULBs, if the State Government is of the opinion that it is not legally passed or in excess of the power conferred on Municipal Corporation and Municipalities Acts, any other law or likely to endanger human life, loss to Municipality, public safety, health, or communal harmony or in violations of orders issued by Government (Section 59 of AP Municipalities Act 1965 and Section 679A of APMC Act)
3	Power to dissolve ULBs	The State Government, by Notification, may dissolve the ULBs, if ULBs fail to perform or default in performance any of the duties imposed on them, after giving reasonable opportunity. The order of the dissolution of the ULB shall be laid before both the Houses of State Legislature with a statement of reasons therefor (Section 62 of AP Municipalities Act 1965 and Section 679D of Corporation Act).
4	Sanction of by-laws by Government	The Acts empower the ULBs to make by-laws. However, the by-laws shall be confirmed by the Government (Section 589 of APMC Act and Section 330 & 330A of AP Municipalities Act 1965)
5	Sanction to deposit and invest surplus funds	ULBs are empowered to invest or deposit surplus money but only after prior approval of the Government (Section 178 of APMC Act)
6	Sanction to borrow money	ULBs are allowed to borrow money but with the prior sanction of the Government (Section 149 of APMC Act)
7	Lease and sale of property	The ULBs are allowed to lease or sell movable and immovable property belonging to them, but with certain restrictions and prior sanction of the Government (Section 148 of GHMC Act and Section 42 of APM Act 1965)

In contravention of the envisaged provisions of the 74<sup>th</sup> CAA, the State Government retains the powers to call for the records of the ULBs and take action against any Municipal Authority, if it fails to perform its duty. The State Government also enjoys the power to cancel the resolution passed by the Council. Further, the Government has power to dissolve the council. The power to borrow money, sanction of by-laws, lease and sale of property, allow works to be taken up also vests with the Government.

### **3.7 Formation and Functioning of SMART Cities in Andhra Pradesh**

The Government of India introduced ‘100 SMART Cities Mission’ on 25 June 2015 with the objective to promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of ‘SMART’ Solutions. In Andhra Pradesh, four cities were selected for development as SMART Cities. The four SMART Cities in Andhra Pradesh are Visakhapatnam, Kakinada, Amaravati and Tirupati. The works done by the SMART Cities under the mission guidelines are related to construction of roads, construction of houses, development and maintenance of Parks, renovation of Heritage Sites, *etc.* Further, with the concept of Area Based Development, certain areas had been allocated to the SMART Cities Mission. For example, in Visakhapatnam, the ‘R K Beach’ and in Tirupati, ‘Tirupati Town Centre (TTC)’ are being developed by SMART Cities Mission. Funds amounting to ₹1000 crore and ₹520.06 crore were spent in Visakhapatnam and Tirupati respectively during the period 2016-21.

Functions of SMART Cities include promoting land use, housing, road, water supply, solid waste management, creation of parks and developing open spaces, which were otherwise functions that have been devolved on the Urban Local Bodies in Andhra Pradesh. As shown above, SMART Cities are getting significant funds for executing their functions, which could have otherwise been utilised by Urban Local Bodies concerned.

Further, as per the SMART City Mission Guidelines, the functions and responsibilities of the SMART Cities also include determination and collection of the user charges, collection of taxes, surcharges, *etc.*, as authorised by the Urban Local Bodies. This functional deviation has the potential to further curtail the revenue of the ULBs and participation of people’s representatives at decision making level.

The advent of SMART Cities has further eroded the space of Urban Local Bodies.

### **3.8 Parastatals, their functions and impact on Urban Local Bodies**

The objective of the 74<sup>th</sup> CAA was to entrust delivery of major civic functions to ULBs. However, the functions of urban planning including town planning, regulation of land use and Urban Poverty Alleviation are continued to be delivered by parastatals as already indicated in **Table 3.1**. These parastatals are controlled by the Government and have their own governing bodies which would not include elected representatives of



ULBs. They are directly accountable to the State Government rather than ULBs. The details of Parastatals and their functions are given in *Appendix 1.4*.

The role of parastatals and their impact on the devolved functions in the test-checked ULBs is discussed below:

- (i) The function of Urban Planning including town planning is not devolved to ULBs by State Government. The functions of Urban Planning and regulation of land use are discharged by the Urban Development Authorities (UDAs) established for the planned development of important urban areas falling within their jurisdiction under the Andhra Pradesh Urban Area Development Act 1975, Andhra Pradesh Metropolitan Region and Urban Development Authorities Act 2016 and Andhra Pradesh Capital Region Development Authority Act 2014. In Andhra Pradesh, 18 UDAs<sup>40</sup> are functioning covering the area of 94 ULBs out of 123 ULBs. The UDAs are responsible for preparation of master plans, zoning of land use for residential, commercial, industrial, agricultural, recreational, educational and other purposes together with zoning regulations.

The UDAs are also involved in issuing of building permissions for high rise buildings for urban areas falling within their jurisdiction as per State Government delegation issued<sup>41</sup> in December 2017.

- (ii) The Directorate of Town and Country Planning (DTCP) is involved in preparation of Master Plans for towns in Andhra Pradesh State, revision of Master Plans for the ULBs other than those covered under UDAs. In Andhra Pradesh, 29 ULBs were covered under DTCP. The DTCP gives technical approval of layouts, group housing, commercial complexes, preparation and approval for type of designs for community and public buildings for urban areas falling within its jurisdiction.

The DTCP is also acting as Nodal Agency for online monitoring of Layout Regularisation Scheme (LRS) and Building Penalisation Scheme (BPS) across all ULBs in the state. The amounts so collected under these schemes are credited into DTCP Account.

- (iii) The Andhra Pradesh Urban Finance and Infrastructure Development Corporation (APUFIDC) provides financial and technical assistance to ULBs and to act as channelising agency for funds released by Central and State Government and other External Aided Projects. The ULBs approach APUFIDC with a loan/grant proposal to support its potential investment. In this context, ULBs enter into an agreement specifying the terms and conditions of loan with APUFIDC. It acts as State Mission Directorate for all 32 AMRUT ULBs in the state. Its role is to monitor/review the periodical progress of implementation, fund management, capacity building for urban development and implementation of reforms.

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<sup>40</sup> including Capital Region Development Authority (CRDA)

<sup>41</sup> vide G.O.Ms.No.443 dt.18/12/2017

Given the backdrop, devolution of functions like urban planning including town planning and regulation of land use to ULBs assumes prominence not only for raising own financial resources but also for overall planning purposes to meet the needs for growing urbanisation by ULBs. However, it is evident from the **Table 3.1** that the State Government had not devolved functions relating to urban planning and land use to ULBs. The Urban Development Authorities along with DTCP play a major role in these functions thereby restricting the autonomy of ULBs despite adequate provisions in the Constitution.

The parastatal agencies were established before and after enactment of 74<sup>th</sup> CAA through issue of notifications and are governed by the respective State Acts. The Government should have amended these Acts to comply with the provisions of 74<sup>th</sup> CAA thereby making them accountable to ULBs.

Without complete devolution of the functions, the ULBs cannot be strengthened in the state. These parastatal bodies without including or having elected representatives of ULBs also deprive of urban governance of citizen participation.

Department replied (December 2022) that parastatals were created for effective functioning of ULBs and are supplementing the ULBs but not undermining the functioning of ULBs. It was further stated that by providing technical support to the ULBs, parastatals are directly supporting the Government. The reply of CDMA is not acceptable as the 74<sup>th</sup> CAA requires ULBs to have complete functional autonomy/jurisdiction over devolved functions. The State Government is responsible to empower the ULBs to perform in these devolved functions.

### **Conclusions:**

- ***Out of the 18 functions listed in the 12<sup>th</sup> Schedule of the CoI, only 16 are devolved to the Municipal Corporations while only 12 are devolved to the Municipalities and Nagar Panchayats. Even in the functions devolved, the ULBs do not have complete functional autonomy/jurisdiction. The state had created multiple parastatals which are undermining the role of ULBs in the functions supposed to the exclusive domain of the ULBs.***
- ***The conduct of elections is not regular, leading to administration by special officers, defeats the spirit of 74<sup>th</sup> CAA. The SEC does not have role in other election related activities such as delimitation and reservation of seats, which leaves the pre-election exercise to the discretion of the State Government.***
- ***State Government constituted the fourth SFC belatedly after eight years. However, funds were released to the ULBs during the meantime without relevant recommendations.***
- ***Inclusion of villages into Municipalities was not properly carried out as per procedure with regard to test-checked two Municipalities.***
- ***The CoI had envisaged institutional mechanisms – like Area Sabha, Ward Committee - to engage citizens in the planning and functioning of ULBs.***

*Government has also created a parallel bureaucratic setup viz., Ward Secretariat to provide services at the ground level. This dilutes the representative principle and roles of Area Sabha and Ward Committees.*

- *The Acts providing for MPCs and DPCs are not implemented at the ground level. The municipal acts still provide for overarching powers to the State over the ULBs in administrative and financial aspects.*
- *ULBs are to take technical guidance in assessing and revising Property Tax from Property Tax Board. Instead, Government was issuing orders for assessment and revision of Property Tax.*

***Recommendations:***

- *Government should assign powers with respect to urban planning, sanitation etc., to ULBs instead of Parastatals.*
- *Government should form Ward Committees and integrate Ward Secretariats with Ward Committees and Area Sabhas to realise self-governance.*
- *Government should constitute District Planning Committees and Metropolitan Planning Committees under the guidance of ULBs to prepare development plans based on local needs.*
- *The Property Tax Board needs to be constituted in compliance with Act provisions.*



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**Chapter IV**  
**Effectiveness of implementation of selected**  
**functions**

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## 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 74<sup>th</sup> 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 Tax<sup>42</sup> (PT) on lands and buildings on the basis of Annual Rental Value (ARV)<sup>43</sup> 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.

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<sup>42</sup> taxes on lands and buildings

<sup>43</sup> 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 warrant<sup>44</sup> 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)<sup>45</sup>, 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:

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<sup>44</sup> '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)

<sup>45</sup> 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
	<b>Total</b>		<b>2,678</b>	<b>2,610.15</b>

(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)<sup>46</sup> 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.

<sup>46</sup> 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
	<b>Total</b>		<b>2,776</b>	<b>5,286.22</b>

(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)<sup>47</sup> 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.

<sup>47</sup> 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
	<b>Total</b>		<b>2,347</b>	<b>18,325.32</b>

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, 14<sup>th</sup> 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)<sup>48</sup> 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:

<sup>48</sup> 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
	<b>Total</b>	<b>20.00</b>

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 2017<sup>49</sup> 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

<sup>49</sup> 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 maintained<sup>50</sup> 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 9<sup>th</sup> 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 2012<sup>51</sup> 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 orders<sup>52</sup> 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)<sup>53</sup> orders for implementation of reforms in OBPMS.

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<sup>50</sup> 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.

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

<sup>52</sup> 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

<sup>53</sup> 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 charges<sup>54</sup>, 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)<sup>55</sup> 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 2020<sup>56</sup>. 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 2017<sup>57</sup>.

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 levels<sup>58</sup>. 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.

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<sup>54</sup> Green fee, City Level Infrastructure Impact Fee, shelter fee, open space contribution charges,

<sup>55</sup> vide G.O.Ms.No.62 dated 27/03/15

<sup>56</sup> vide Act No.27 of 2020

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

<sup>58</sup> 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 staff<sup>59</sup> during 2016-20 after issue of building permissions.

- (iii) The Government issued orders (October 2020<sup>60</sup>) 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 crore<sup>61</sup> to the Corporations.

- (v) Government orders<sup>62</sup> 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**.

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<sup>59</sup> working in the respective ULBs

<sup>60</sup> vide G.O.Ms.No.179 dt.01/10/2020

<sup>61</sup> 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*)

<sup>62</sup> 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 13<sup>th</sup> and 14<sup>th</sup> Finance Commissions, water is to be supplied to households on daily basis.

#### (i) Per Capita water supply

As per SLBs of 14<sup>th</sup> 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 CPHEEO<sup>63</sup> 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 deficient<sup>64</sup> in 15 out of 20 test-checked ULBs. In five test-checked ULBs, which achieved @135 LPCD, water is being supplied once in a day<sup>65</sup> at a limited time. Water is being supplied once in two days in eight<sup>66</sup> test-checked ULBs due to insufficient source, distribution network, storage capacity *etc.*

<sup>63</sup> Central Public Health & Environmental Engineering Organisation

<sup>64</sup> supply of less than 135 lpcd

<sup>65</sup> in Eluru Municipal Corporation, Tirupati Municipal Corporation, Guntur Municipal Corporation, Peddapuram Municipality and Ponnur Municipality twice in a day

<sup>66</sup> 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)<sup>67</sup> had taken up 110 water supply works across all ULBs in the state with an estimated cost of ₹7,835.56 crore under various grants<sup>68</sup> 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

<sup>67</sup> 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

<sup>68</sup> 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
	<b>Total</b>	<b>11,61,091</b>	<b>5,69,213</b>	<b>49.03</b>	<b>50.97</b>

### (iii) Fixation of water meters

As per Service Level Benchmarks (SLBs) fixed by the Ministry of Urban Development, GoI, and recommended by the 13<sup>th</sup> and 14<sup>th</sup> Finance Commission recommendations, meters were to be installed to 100 *per cent* of the water connections. Metering<sup>69</sup> 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 7453<sup>70</sup> 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 Manual<sup>71</sup> water charges shall cover Operation and Maintenance (O&M) costs and during the period 2016-21, test-checked ULBs<sup>72</sup> 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 audits<sup>73</sup> to identify the leakages and pilferages of water supply. In addition, Energy Audit of water supply scheme<sup>74</sup> to

<sup>69</sup> as per para 1.2.2. of Operation and Maintenance Manual

<sup>70</sup> for commercial connections/apartments

<sup>71</sup> Para No.2.6.11

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

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

<sup>74</sup> 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 notification<sup>75</sup>.

However, only five<sup>76</sup> 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 13<sup>77</sup> 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.

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

<sup>76</sup> Tirupati, Bobbili, Peddapuram, Pedana and Ponnur

<sup>77</sup> 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 nine<sup>78</sup> 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 nine<sup>79</sup> 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 ten<sup>80</sup> 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 nine<sup>81</sup> 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 six<sup>82</sup> out of 20 test-checked ULBs (Rule 15i).
- Only six<sup>83</sup> 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

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<sup>78</sup> Tirupati, Mangalagiri-Tadepalli, Hindupur, Tadipatri, Bobbili, Chilakaluripet, Ponnur, Kavali and Nandigama

<sup>79</sup> Tirupati, Mangalagiri-Tadepalli, Dharmavaram, Bobbili, Peddapuram, Tanuku, Pedana, Ponnur and Kavali

<sup>80</sup> Tirupati, Guntur, Mangalagiri-Tadepalli, Bobbili, Peddapuram, Pedana, Tanuku, Chilakaluripet, Ponnur and Kavali

<sup>81</sup> Tirupati, Mangalagiri-Tadepalli, Hindupur, Tadipatri, Bobbili, Chilakaluripet, Ponnur, Kavali and Nandigama

<sup>82</sup> Tirupati, Guntur, Mangalagiri-Tadepalli, Bobbili, Tanuku and Chilakaluripet

<sup>83</sup> 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 eight<sup>84</sup> 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 nine<sup>85</sup> 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 technology<sup>86</sup>. Preference shall be given to de-centralised processing<sup>87</sup> methods to minimise transportation cost and environmental impacts.

The Department stated that two waste to energy plants<sup>88</sup> 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 five<sup>89</sup> 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

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<sup>84</sup> Tirupati, Mangalagiri-Tadepalli, Bobbili, Tanuku, Chilakaluripet, Ponnur, Kavali and Addanki

<sup>85</sup> Tirupati, Guntur, Mangalagiri-Tadepalli, Hindupur, Tadipatri, Bobbili, Tanuku, Ponnur and Nandigama

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

<sup>87</sup> 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

<sup>88</sup> at Visakhapatnam, proposed to be commissioned in November 2021 and at Guntur, proposed to be commissioned in October 2021

<sup>89</sup> Tirupati, Guntur, Bobbili, Chilakaluripet and Ponnur



in two dumpsites<sup>90</sup> 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 11<sup>91</sup> 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,

<sup>90</sup> at Vijayawada and Tirupati

<sup>91</sup> 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 classified<sup>92</sup> with reference to the traffic density of the road. However, only five<sup>93</sup> 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 LED<sup>94</sup> based street lighting system in all test-checked ULBs<sup>95</sup> 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 Corporation<sup>96</sup>, 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.

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<sup>92</sup> 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

<sup>93</sup> Tirupati, Kuppam, Bobbili, Tanuku and Addanki

<sup>94</sup> Light Emitting Diode

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

<sup>96</sup> 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 had<sup>97</sup> 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.

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<sup>97</sup> Visakhapatnam (28), Tanuku (8) and Tirupati (69)

We observed that-

(i) In seven<sup>98</sup> out of 15 ULBs<sup>99</sup> public latrines were not provided. Seven<sup>100</sup> out of 15 ULBs have not provided/identified public privies and urinals according to the Act provisions. Nine<sup>101</sup> out of 15 ULBs have not provided/identified closets according to the Act provisions.

(ii) As five ULBs<sup>102</sup> 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)<sup>103</sup> 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.***

<sup>98</sup> Nandigama NP, Tadipatri, Penukonda, Ponnur, Palakonda, Kuppam, Pedana.

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

<sup>100</sup> Nandigama NP, Tadipatri, Penukonda, Ponnur, Palakonda, Kuppam, Pedana.

<sup>101</sup> Nandigama NP, Tadipatri, Penukonda, Ponnur, Palakonda, Kuppam, Pedana, Bobbili and Peddapuram

<sup>102</sup> Mangalagiri-Tadepalli Municipal Corporation, Guntur Corporation, Eluru Corporation and Visakhapatnam Corporation

<sup>103</sup> 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.*



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**Chapter V**  
**Financial Resources of Urban Local Bodies**

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## Chapter V

### Financial Resources of Urban Local Bodies

Functions can be carried out effectively by ULBs only when they are supported with sufficient financial resources such as grants from State and Central Governments. Funds received towards ULBs from Central Government were diverted by State Government. Funds released to ULBs were also delayed by State Government. Share of own revenue was observed as 59 per cent of the total revenue on average in test-checked ULBs. Due to costing of each municipal service was not assessed scientifically, variations occurred between estimates, resources and actual expenditure. Thus Budget preparation exercise was done unrealistically.

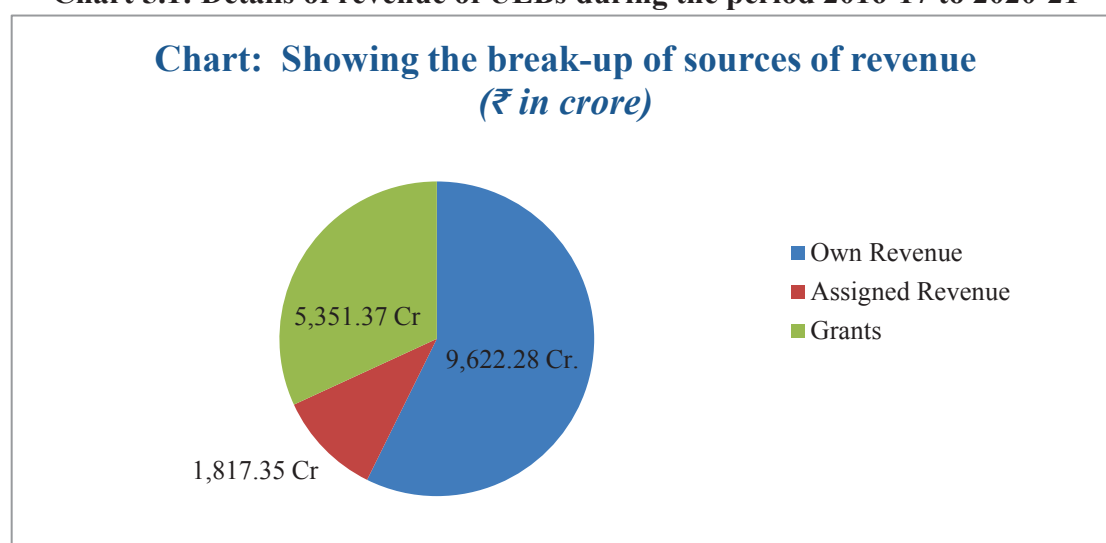
#### 5. Financial Resources of Urban Local Bodies

Sustainable financing is paramount to ensure discharge of any function. The devolved functions can be carried out effectively by ULBs only when they are supported with sufficient financial resources. Such financial resources could take the form of predictable fiscal transfers or access to own revenue streams that are buoyant and commensurate with the expenditure obligations, accompanied by appropriate expenditure powers. Predictable fiscal transfers to ULBs need to be ensured through a robust State Finance Commission mechanism and compliance with State and Central Finance Commission recommendations. Access to own sources of revenue would include both the power to levy and collect from specific revenue streams. Expenditure powers refer to reasonable delegation limits that allow the ULB to utilise their financial resources.

#### 5.1 Sources of revenue

The details of revenues of ULBs in the State during the period 2016-17 to 2020-21 are indicated in *Chart 5.1* and *Table 5.1* below:

**Chart 5.1: Details of revenue of ULBs during the period 2016-17 to 2020-21**



**Table 5.1:**  
**Details of revenues of Urban Local Bodies in the State during the period 2016-21**  
(₹ in crore)

Year	Grants	Own Revenue	Assigned Revenue	Total Revenue/ financial resources	Percentage of own revenue to total revenue/ financial resources	Percentage of fiscal transfer to total revenue/financial resources
2016-17	1,030.75	1,931.85	345.01	3,307.61	58	31
2017-18	1,086.43	1,996.87	337.62	3,420.92	58	32
2018-19	1,330.71	2,123.88	374.53	3,829.12	55	35
2019-20	1,049.14	1,398.58	283.96	2,731.68	51	38
2020-21	854.34	2,171.10	476.23	3,501.67	62	24
<b>Total</b>	<b>5,351.37</b>	<b>9,622.28</b>	<b>1,817.35</b>	<b>16,791.00</b>	<b>57</b>	<b>32</b>

Source: Information furnished by CDMA for all ULBs in the State

The share of Own Revenue to total financial resources of the Urban Local Bodies is 57 per cent on average. Thus, the Urban Local Bodies rely significantly on other revenue resources also which are not under their control.

We observed that, the share of own revenue to total financial resources of test-checked ULBs is 59 per cent on average as detailed in **Table 5.2** below:

**Table 5.2:**  
**Details of revenues of test-checked Urban Local Bodies during the period 2016-21**  
(₹ in crore)

Year	Grants	Own Revenue	Assigned Revenue	Total Revenue/ financial resources	Percentage of own revenue to total revenue/ financial resources	Percentage of fiscal transfers to total revenue/finance resources.
2016-17	517.59	904.78	127.94	1,550.31	58	33
2017-18	480.08	995.99	136.18	1,612.25	62	30
2018-19	595.90	1,089.96	210.99	1,896.86	57	31
2019-20	514.45	848.87	202.33	1,565.65	54	33
2020-21*	380.40	1,042.68	176.97	1,600.06	65	24
<b>Total</b>	<b>2,488.42</b>	<b>4,882.29</b>	<b>854.41</b>	<b>8,225.13</b>	<b>59</b>	<b>30</b>

Note: \*Guntur Municipal Corporation figures were not included for 2020-21 as annual accounts were not finalised.

### 5.1.1 Fiscal transfers to urban local bodies

Funds were received by the ULBs by means of transfer by Central and State Governments in the form of grants. As can be seen from the **Table 5.1**, the fiscal transfers from Government in the form of grants constituted 30 per cent on average of total revenue. Own and assigned revenue constituted major portion of revenue (59 per



cent own revenue and 11 per cent assigned revenue) of ULBs in the State during the period 2016-17 to 2020-21.

We observed the following shortcomings in fiscal transfers to ULBs:

### 5.1.1.1 Central Finance Commission grants

Article 280(3)I of the Constitution of India mandates that the Central Finance Commission (CFC) should recommend measures to augment the Consolidated Fund of a State to supplement the resources of ULBs based on the recommendations of the State Finance Commission.

#### (a) 14<sup>th</sup> Finance Commission Grants

The Fourteenth Finance Commission (FFC) had recommended assured transfers to the local bodies for planning and delivering of basic services smoothly and effectively within the functions assigned to them under relevant legislations. The FFC has recommended Grants-in-aid to duly constituted ULBs in two parts; namely- (i) Basic Grant (80 per cent) and (ii) Performance Grant (20 per cent) for the award period 2015-20.

Details of the allocation and release of Basic and Performance Grants by GoI as per FFC recommendations during the period 2015-16 to 2019-20 is depicted in **Table 5.3** below:

**Table 5.3:**  
**Details of the allocation and release of Basic and Performance Grants by GoI as per FFC recommendations**

(₹ in crore)

Period	Basic Grants			Performance Grants		
	Allocation	Released by GoI	Short released	Allocation	Released by GoI	Short released
2015-16	348.92	331.47	17.45	-	-	-
2016-17	483.14	483.14	0.00	142.59	128.33	14.26
2017-18	558.23	504.94	53.29	161.36	146.69	14.67
2018-19	645.77	587.06	58.71	183.25	0.00	183.25
2019-20	872.57	872.57	0.00	239.95	0.00	239.95
<b>Total</b>	<b>2,908.63</b>	<b>2,779.18</b>	<b>129.45</b>	<b>727.15</b>	<b>275.02</b>	<b>452.13</b>

As per guidelines for implementation of recommendations of FFC issued (October 2015) by Ministry of Finance, GoI grants shall be released to State Government for the duly constituted<sup>104</sup> ULBs in two instalments *i.e.* 50 per cent of Basic Grants in June and remaining portion of Basic Grants and full Performance Grants in October every year. Release of second and subsequent instalments of grants (both Basic and Performance) will be facilitated on receipt of utilisation certificate for the previous instalment.

<sup>104</sup> a duly constituted Municipality means where elections have been held and an elected body is in place as provided in Part IXA of the Constitution.

## Basic Grants

- There was short release of ₹129.45 crore of basic grants by GoI to the State Government during 2015-20 due to non-formation of elected bodies in all ULBs of the State.
- As per GoI guidelines<sup>105</sup>, State Governments are required to release the grants to ULBs within 15 days of credit to their account by GoI. In case of delay, the State Governments are required to release the same along with interest (*i.e.*, bank rate of RBI). We observed that there were delays ranged from 16 to 523 days in release of funds to ULBs by State Government during 2015-19. However, the State Government did not release interest amounting to ₹28.20 crore<sup>106</sup> for delay in release of funds to ULBs in compliance with directions of GoI as detailed in *Appendix 5.1*.
- The guidelines *ibid* stipulate that there should not be any deductions at source from the grants due to the local bodies. However, we observed that the Government withheld amounts of ₹6.77 crore and ₹5.70 crore respectively in release of 1<sup>st</sup> and 2<sup>nd</sup> instalment of grants to ULBs during the year 2015-16. Further the Government withheld ₹3.02 crore (1<sup>st</sup> instalment of 2016-17) and ₹17.22 crore (2<sup>nd</sup> instalment of 2018-19) violating the provisions stipulated in the guidelines.
- GoI guidelines advised (October 2015) that the cost of technical and administrative support towards O&M and capital expenditure under basic grant should not exceed 10 *per cent* of allocation to Municipality under any circumstance. Out of 10 *per cent* allocation made to ULBs towards technical and administrative support, one *per cent* of total grant are to be earmarked for Information, Education and Communication (IEC) activities and one *per cent* for capacity building of stake holders in the ULBs, since the ULBs shall prepare action plans and achieve the set of goals to access performance grants, which needs more expertise.

We observed in test-checked ULBs that IEC and Capacity building activities were not taken up during the period 2016-17 to 2020-21, though funds were received under this component. Instead, the ULBs had transferred the earmarked funds under this component amounting to ₹7.98 crore (as detailed in *Table 5.4* below) to CDMA on the instructions of CDMA.

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<sup>105</sup> para 17 of Government of India Lr. No. 13(32)FFC/FCD/2015-16 dated 08/10/2015

<sup>106</sup> both Basic Grant (₹22.24 crore) and Performance Grant (₹5.96 crore)

**Table 5.4: Details of Basic Grants transferred to CDMA***(₹ in lakh)*

S.No.	Name of the ULB	Basic Grants transferred to CDMA towards IEC etc.,
1	Eluru Municipal Corporation	141.81
2	Tanuku Municipality	44.34
3	Hindupur Municipality	75.85
4	Tadipatri Municipality	32.21
5	Mangalagiri-Tadepalli Municipal Corporation	58.47
6	Tirupati Municipal Corporation	63.46
7	Guntur Municipal Corporation	126.11
8	Nandigama Nagar Panchayat	25.75
9	Chilakaluripet Municipality	24.26
10	Addanki Nagar Panchayat	33.51
11	Dharmavaram Municipality	27.49
12	Penukonda Nagar Panchayat	0.00
13	Peddapuram Municipality	22.53
14	Ponnur Municipality	30.43
15	Kavali Municipality	25.01
16	Bobbili Municipality	23.81
17	Palakonda Nagar Panchayat	26.09
18	Kuppam Municipality	0.00
19	Pedana Municipality	16.85
	<b>Total:</b>	<b>797.88</b>

Thus, funds to be earmarked for IEC activities & Capacity building under 14<sup>th</sup> FC were diverted. CDMA did not furnish the reply for the audit observation.

### Performance Grants

Fourteenth Finance Commission recommended Performance Grants (PG) to ensure accountability of ULBs by specifying three performance criteria *i.e.*, timely availability of Audited Accounts, improvement in own revenues and publication of Service Level Benchmarks for basic services. These grants were to be disbursed with effect from 2016-17, so as to give sufficient time and enable the State Government and ULBs to put in place a scheme and mechanism for implementation of the guidelines.

- The State Government devised (March 2016) a scheme regarding release of Performance Grants as recommended by 14<sup>th</sup> FC. GoI released Performance Grant of ₹128.33 crore for the year 2016-17. The State Government distributed the amount among all ULBs.
- There was short receipt of Performance Grant of ₹28.93 crore during 2016-18 and entire allocation of ₹423.20 crore for the years 2018-19 & 2019-20 was not released by GoI to State Government. The CDMA did not furnish the reasons for short receipt/non-receipt of grants.

- The ULBs in the state did not utilise the 14<sup>th</sup> FC grant within time period of award. GoI accepted (June 2021) the proposal of State Government of AP for expending the funds remained with ULBs as a one-time dispensation for incurring expenditure up to March 2022. However, the ULBs did not utilise the grants within extended award period. Unutilised grants amounting to ₹275.34 crore was available in the State as of May 2022. The State Government requested (May 2022) the GoI to extend the time limit up to October 2022 for utilising the balance grant. The response is awaited from GoI.

### (b) 15<sup>th</sup> Finance Commission Grants:

The 15<sup>th</sup> Finance Commission recommended the grants to ULBs by dividing them into two categories *viz.*, (i) Million-Plus Cities and (ii) all other cities and towns with less than one million population. The funds allocated by 15<sup>th</sup> FC to Non Million-Plus Cities and towns consist of two equal parts: (i) 50 *per cent* of the allocated amount is Basic Grant (untied) and (ii) 50 *per cent* of the allocated amount is Tied Grant. The State Government has issued (October 2020) comprehensive guidelines for utilization of grants. The allocation and release of 15<sup>th</sup> FC grants by GoI for the year 2020-21 is depicted in **Table 5.5** below:

**Table 5.5: Fund allocation under 15<sup>th</sup> FC**

(₹ in crore)			
Year	Grants particulars	Allocation	Released by GOI
2020-21	Million plus cities	270	270
	Others	994	497

- We observed that GoI had not released the 2<sup>nd</sup> instalment (non million plus cities) of ₹497.00 crore due to non-payment of penal interest to ULBs towards belated transfer of grants to ULBs. GoI has requested (8<sup>th</sup> September 2021) the State Government to furnish a revised Grants Transfer Certificate (GTC) after payment of interest accrued due to late transfers of Grant to ULBs. As such, it is evident that the State Government could not get the 2<sup>nd</sup> instalment due to non-release of penal amount to ULBs.
- GoI<sup>107</sup> requires that the State (Finance Department) shall transfer grants-in-aid directly to all ULBs within 10 working days of receipt from the Union Government without any deduction and any delay beyond 10 working days will require the State Government to release the same with interest from its own funds as per effective rate of interest on market borrowings/State Development Loans (SDLs) for the previous year.

The State Government released funds in the year 2020-21 with delays ranged from 11-82 days to ULBs without the interest payable amounting to ₹6.63 crore for delay in compliance with directions of GoI as detailed in **Appendix 5.2**.

<sup>107</sup> vide Lr. No. F.15(3) FC-XV/FCD/2020-25 dated 19/05/2020

### 5.1.1.2 State Finance Commission Grants

The State has constituted three SFCs as indicated in the table below. While the first three SFCs had given recommendations, the fourth SFC is yet to give its report even after 12 years of its constitution. During the first three SFCs, the amounts recommended and released based on their recommendations formed a significant share of the resources of ULBs.

The details of funds recommended by the SFCs and actually released for three SFC periods are given in **Table 5.6** below:

**Table 5.6: Details of funds released under SFC**

SFC	Period covered	Funds recommended by SFC per annum (₹ in crore)	Funds released (₹ in crore)	Short release (₹ in crore)
First	1997-98 to 1999-2000	160.32	144.06	16.26
Second	2000-01 to 2004-05	626.61	245.00	381.61
Third	2005-06 to 2009-10	489.38	362.92	126.46
	<b>Total</b>	<b>1,276.31</b>	<b>751.98</b>	<b>524.33</b>

During the year 1997-98 to 2009-10, against the recommendation of ₹1276.31 crore, the State Government had released ₹751.98 crore (59 per cent) leading to short release of ₹524.33 crore.

Further, the State Government extended (December 2013) the recommendations of third SFC for the period 2010-11 to 2015-16<sup>108</sup> and an amount of ₹879.21 crore was released to ULBs due to non-constitution of 4<sup>th</sup> SFC. State Government has continued to release SFC grants ₹495.37 crore to ULBs during the period 2016-17 to 2019-20, without any recommendation for release of grants.

The constitutional mandate of forming an SFC for every five years has not been implemented by the Government within stipulated time and the funds were released without objective criteria.

The Department accepted (December 2022) the short release of funds recommended in three SFCs and the delay in constitution of 4<sup>th</sup> SFC.

### 5.1.2 Own revenue of Urban Local Bodies

APM Act and APMC Act empowers ULBs in the State to tap various sources of own revenue. The property tax on land and buildings is the mainstay of ULB's own revenue. The own non-tax revenue of ULBs comprises water charges, rent from shops, building license fee, trade license fee *etc.* The AP State Laws revealed that, while the authority to collect certain taxes like property tax, advertisement tax vested with ULBs, powers pertaining to the rates and revision thereof (advertisement tax), procedure of collection (property tax), method of assessment, exemptions *etc.*, were vested with the State

<sup>108</sup> up to 2015-16 combined state figures

Government. Similarly, ULBs lacked in full autonomy with respect to Non Tax Revenue viz., Building License fees. The ULBs, thus lacked complete autonomy in generating own revenue. The share of own revenue to total revenue of ULBs for the period 2016-17 to 2020-21<sup>109</sup> in test-checked Urban Local Bodies is shown in **Table 5.7**.

**Table 5.7:**  
**Details of total own revenue against total financial resources for the period 2016-21**  
**(₹ in crore)**

Type of Urban Local Body	Assigned Revenue	Own Revenue	Government Grants	Total financial resources	Percentage of own revenue against financial resource	Total expenditure
Municipal Corporations	750.66	4,362.76	2,096.11	7,209.53	61	6,733.52
Municipalities	91.47	461.76	330.26	883.49	52	786.11
Nagar Panchayats	12.29	57.78	62.05	132.12	44	100.78
<b>Total</b>	<b>854.42</b>	<b>4,882.28</b>	<b>2,488.42</b>	<b>8,225.12</b>		<b>7,620.41</b>

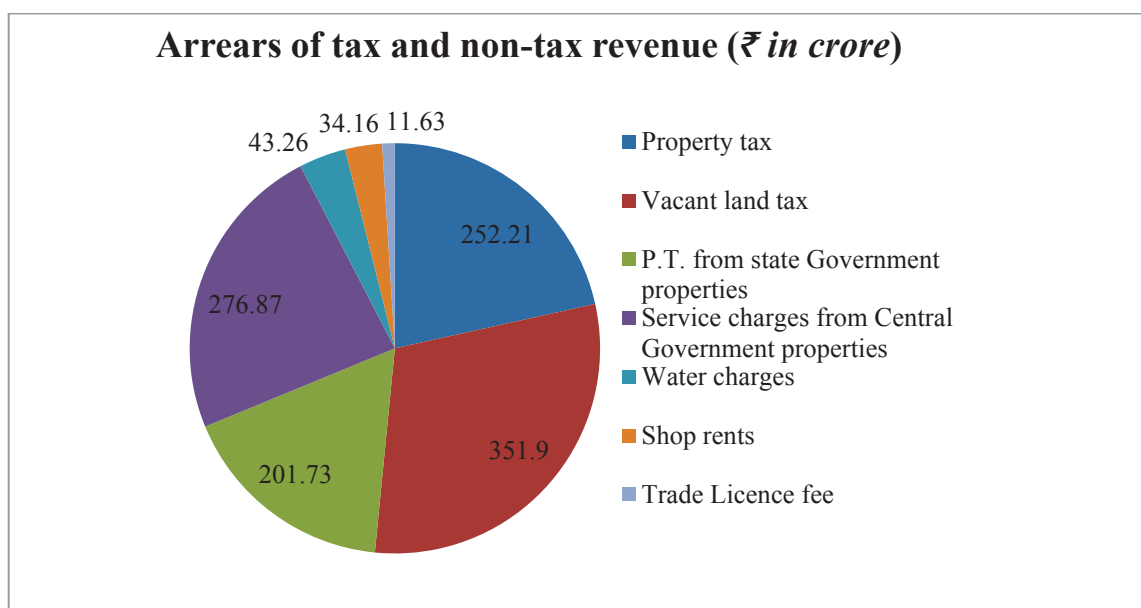
*Source: Information provided by the test-checked Urban Local Bodies*

It is evident from the above table that Nagar Panchayats and Municipalities were dependent on the Government Grants to an extent of 47 *per cent* and 37 *per cent* of their total financial resources respectively, during the period 2016-21. The corporations were dependent to an extent of 29 *per cent* of total financial resources. During the period 2016-21, four test-checked Nagar Panchayats had incurred expenditure of ₹100.78 crore, out of which, they met ₹62.05 crore (62 *per cent*) from Government grants. Similarly, the Municipalities made 42 *per cent* of expenditure from Government Grants, while in case of corporations it was only 31 *per cent* of the expenditure.

In test-checked ULBs we observed that an amount of ₹895 crore as arrears collectable to the end of March 2021 as depicted in **Chart 5.2** below:

<sup>109</sup> Guntur Municipal Corporation did not furnish the figures of 2020-21

Chart 5.2: Arrears collectable of own revenue



### 5.1.2.1 Property tax

The ULBs were watching the collection of property tax through Demand, Collection and Balance (DCB) register. The status of collection of property tax during the period 2016-17 to 2020-21 is given below:

#### i. Property Tax on buildings

In test-checked ULBs, the collection of property tax on buildings showed that the pending arrears collectable were ₹248.52 crore<sup>110</sup> against the demand ₹684.62 crore as of March 2021. The average collection efficiency was 60 *per cent* in test-checked ULBs during the period 2016-21. The closing balance at the end of the year had not been correctly carried forward as opening balance for the subsequent year in all the test-checked ULBs.

The details of tax on buildings demanded and collected by test-checked ULBs are given in **Table 5.8**.

**Table 5.8:**  
**Demand, Collection and Balance of Property Tax on Buildings in test-checked ULBs**  
(₹ in lakh)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Demand</b>	49,144.54	53,513.62	56,909.96	60,693.73	68,462.45
<b>Collection</b>	27,356.44	28,114.74	37,951.82	34,290.57	43,610.09
<b>Balance</b>	21,788.10	25,398.88	18,958.14	26,403.16	24,852.36
<b>Percentage of collection</b>	56	53	67	56	64

<sup>110</sup> Addanki NP, Guntur Corporation and Palakonda NP furnished for the period 2018-21, Nandigama NP did not furnish information separately for private properties and Tanuku Municipality did not furnish complete information.



## ii. Property tax on lands (Vacant Land Tax)

In test-checked ULBs, collection of Vacant Land Tax (VLT) showed that arrears ₹351.90 crore<sup>111</sup> was collectable against the demand of ₹385.39 crore as of March 2021. The average collection efficiency of VLT was only nine *per cent* during the period 2016-21.

The details of vacant land tax demand raised and collected by test-checked ULBs are given in **Table 5.9**:

**Table 5.9:**  
**Demand, Collection and Balance of vacant land tax in test-checked ULBs.**  
(₹ in crore)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Demand</b>	366.94	240.00	280.22	280.07	385.39
<b>Collection</b>	18.12	25.75	23.93	27.76	33.49
<b>Balance</b>	348.82	214.25	256.29	252.31	351.90
<b>Percentage of collection</b>	5	11	9	10	9

iii. In all test-checked ULBs, it was also noticed that the closing balance was not carried forward correctly to subsequent year as opening balance relating to Demand, Collection and Balance (DCB) of Property Tax, Water charges *etc.*, during the period 2016-21. Due to this the true picture of DCB could not be ascertained.

## iv. Property Tax from State Government properties

Though the MA&UD Department has issued instructions to ULBs from time to time for collection of property tax from State Government owned properties, the ULBs have not collected property tax by duly approaching the concerned departments.

We observed that an amount of ₹166.28 crore was due from State Government in respect of properties in test-checked ULBs as of March 2021.

## v. Service Charges

Central Government properties located in the vicinity of municipal area are exempted from payment of Property Tax and in lieu of the property tax, service charges are required to be levied at the rate of 33, 50 and 75 *per cent* of the total Property Tax where no services, partial services and all services are being provided by the Municipal Corporations/ Municipalities/Nagar Panchayats respectively. For this purpose, agreements required were to be entered with concerned Central Government Departments. State Government has issued instructions to ULBs from time to time for levy and collection of service charges before entering into

<sup>111</sup> Hindupur Municipality and Addanki NP did not furnish the information; Kuppam and Penukonda NPs furnished for the year 2020-21; and Palakonda NP furnished for the period 2018-21



Memorandum of Understanding (MoU) with the concerned Departments within the jurisdiction of respective Urban Local Bodies where the property was located.

We observed that the test-checked ULBs did not collect service charges except raising of demand in respect of the Central Government properties. As of March 2021, an amount of ₹276.87 crore was due from Central Government properties in test-checked ULBs.

#### vi. Library Cess

The ULBs shall levy<sup>112</sup> and collect library cess at eight *per cent* of PT and remit it to the Zilla Granthalaya Samstha (ZGS) concerned within a month from the date of collection of PT. In test-checked ULBs (10)<sup>113</sup>, an amount of ₹58.28 crore was collected towards Library Cess during the period 2016-17 to 2020-21. Out of this, an amount of ₹15.59 crore was transferred to the concerned ZGS leaving a balance of ₹42.68 crore which was credited into General Fund of the concerned ULBs. The details of amount collected, remitted and pending to be remitted are given in **Table 5.10** below:

**Table 5.10: Particulars of library cess in test-checked ULBs**

(₹ in crore)					
Sl. No.	Name of the ULB	Library Cess Collected	Remitted	Library Cess to be remitted	Pending year
1	Guntur Municipal Corporation	39.14	12.43	26.71	2007-21
2	Tirupati Municipal Corporation	9.14	1.28	7.86	2016-21
3	Eluru Municipal Corporation	4.73	0.86	3.87	2016-21
4	Hindupur Municipality	0.49	0	0.49	2019-21
5	Tadipatri Municipality	0.23	0.21	0.02	2020-21
6	Chilakaluripet Municipality	2.67	0.40	2.27	
7	Kavali Municipality	0.99	0	0.99	2016-21
8	Pedana Municipality	0.17	0.09	0.07	2016-21
9	Addanki Nagar Panchayat	0.18	0	0.18	2017-21
10	Nandigama Nagar Panchayat	0.54	0.32	0.22	2016-21
	<b>Total</b>	<b>58.28</b>	<b>15.59</b>	<b>42.68</b>	

<sup>112</sup> as per sections 20(1) and (2) of AP Public Library Act, cess shall be levied and collected in the form of surcharge on the Property tax by the respective jurisdictional ULBs. Section 20(3) of the Act stipulates that the amount of library cess collected by the ULBs shall be paid to the ZGS concerned

<sup>113</sup> GVMC has not produced the information and remaining nine ULBs (Mangalagiri-Tadepalli Municipal Corporation, Tanuku, Dharmavaram, Peddapuram, Ponnur, Bobbili, Kuppam Municipalities, Palakonda and Penukonda Nagar Panchayats) stated that there were no amount pending

### 5.1.3 Non-release of Advertisement Tax subsumed in Goods and Services Tax (GST)- ₹31.89 crore

As per Section 197(1)(f) of APMC Act and Section 114, 119 of APM Act, the ULBs were empowered to levy and collect the advertisement tax. Further GoI introduced GST w.e.f. 1 July 2017 and the Advertisement Tax was subsumed in GST through (101<sup>st</sup>) Constitutional Amendment. As such, Commissioner of ULB is not entitled to collect Advertisement Tax. In order to claim the compensation from GoI, the Commissioner of Commercial Taxes (CCT) requested (December 2016) CDMA to furnish the collection particulars for the year 2015-16. The CDMA had furnished the collection particulars along with certificate of collection in a prescribed format to CCT in February 2018. However, the CCT had not released the estimated compensation of ₹31.89 crore<sup>114</sup> as of September 2021. We observed from the records that the CDMA had not pursued the matter with Government for release of compensation to ULBs.

The Government vide Act No. 09 of 2020 amended the APM Act and the words 'advertisements' is substituted with 'Display Devices' wherever occur in the section 115 to 119 of APM Act. Further Section 119 *ibid* is substituted and empowered the Commissioner of ULB to collect registration fees and permission fees on Display Devices, for any period not exceeding one year at a time on such terms and conditions as may be determined by the Council.

However, in test-checked ULBs, the process of registration and collection of this fee was not completed as of February 2022. Due to which Audit could not assess the revenue foregone by the test-checked ULBs.

### 5.1.4 Entertainment Tax

Section 258 and 686A(3)(xv (d)) of APMC Act stipulates that Entertainment Tax (ET), shall be levied and collected by State Government (Commercial Tax Department) and remitted it to ULB. During GST regime, the Entertainment Tax is subsumed under the GST as Entry 62<sup>115</sup> in List II of Schedule VII to the Constitution of India. The Andhra Pradesh Entertainments Tax Act 1939 was also repealed under Section 174(ii) of APGST Act 2017 w.e.f. 1 July 2017.

In order to claim the loss, the CDMA requested (November 2018) the Government to release compensation to ULBs. As per the instructions of Government, the CDMA requested (March 2019) the CCT to release the compensation in lieu of loss incurred towards Entertainment Tax.

However, the CCT has not released the compensation as of February 2022. Thus, loss was on average estimated loss at ₹130.00 crore per annum in respect of ULBs in the State. Further, the CDMA did not pursue the matter with Government since March 2019.

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<sup>114</sup> amount collected by ULBs in the year 2015-16

<sup>115</sup> taxes on luxuries, including taxes on entertainments, amusements, betting and gambling

### 5.1.5 Water charges

As per Section 214(f) of APMC Act and Section 141 of APM Act, the ULBs may fix water charges for supply of water to the public. The ULBs were collecting fixed monthly water charges through issue of Gazette Notification/Council Resolution.

In test-checked ULBs, the collection of water charges is not effective and showed arrears as ₹43.26 crore<sup>116</sup> as of March 2021. The details of water charges demanded and collected by test-checked ULBs are given in **Table 5.11** below:

**Table 5.11: Details of collection of water charges in test-checked ULBs**

Particulars	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Demand	67.47	71.21	79.81	93.55	87.30
Collection	28.59	28.22	22.43	28.62	44.04
Balance	38.87	42.99	57.38	64.93	43.26
Percentage of collection	42	40	28	31	50

### 5.1.6 Rents from commercial establishments

The ULBs were empowered to collect rent from the buildings let out to private persons/agencies and the rent was to be revised periodically. While the ULBs have been revising the rents regularly as per the extant instructions of the Government, we observed that rent amounting to ₹34.16 crore was in arrears as at the end of March 2021 in 20 test-checked ULBs<sup>117</sup> as detailed in **Table 5.12** below:

**Table 5.12: Details of arrears of rent in test-checked ULBs**

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Number of shops	4,875	4,910	4,970	5,012	4,909
Shops occupied	4,603	4,643	4,725	4,729	4,586
Vacant	272	267	245	283	323
Demand (₹ in crore)	32.68	38.67	33.58	40.72	51.96
Collection (₹ in crore)	17.31	22.29	17.30	19.91	17.80
Balance (₹ in crore)	15.37	16.38	16.28	20.82	34.16
Percentage of collection	53	58	52	49	34

Further, out of 4,909 shops in test-checked ULBs, 323 shops were vacant at the end of March 2021 and generated no revenue.

<sup>116</sup> Addanki Nagar Panchayat and Visakhapatnam Corporation did not furnish information, Eluru Corporation furnished for the period 2016-20 and Penukonda Nagar Panchayat furnished for the year 2020-21

<sup>117</sup> Mangalagiri-Tadepalli Municipal Corporation has not furnished the information with respect to erstwhile Mangalagiri Municipality

### 5.1.7 Trade licence

As per Section 521 and 622 (2) of APMC Act and Section 279 to 280 of APM Act, for every trade licence or written permission, a fee may be charged at such rate from time to time be fixed by the Commissioner, with the sanction of the Corporation.

Scrutiny of records/information of test-checked ULBs (15)<sup>118</sup> showed that arrears in collection of trade licence fees of ₹11.63 crore as at the end of March 2021 as detailed in **Table 5.13** below:

**Table 5.13:**  
**Demand, Collection and Balance Particulars of Trade licence in test-checked ULBs**  
(₹ in crore)

Year	Demand	Collection	Balance
2016-17	17.43	13.39	4.03
2017-18	21.25	15.90	5.35
2018-19	25.23	18.15	7.08
2019-20	29.47	21.14	8.33
2020-21	34.43	22.80	11.63

Thus, we observed that business establishments continued to function without valid licences and no mechanism existed for monitoring the renewal of trade licenses.

### 5.1.8 Layout Regularisation Scheme

The State Government issued (January 2020)<sup>119</sup> the Andhra Pradesh Regularisation of unapproved layouts and plots Rules 2020. The scheme was monitored through online module by Directorate of Town and Country Planning (DTCP). However, we observed Rule 14 requires that the amount collected shall be kept in a separate account and utilised only for improvement of amenities as prescribed by Government. Rule 15 specified that the amount collected towards open space charges shall be utilised for the purpose for which it is collected. Rule 16 also specified that the proceeds arising from the regularization are exclusively utilised for capital works leading to revenue generation for the concerned UDAs/Local Bodies, helping them to become self-sustaining.

As of February 2022, the ULBs/UDAs approved 10,135 unauthorised layouts/plots under Layout Regularisation Scheme 2020. The penal amount of ₹278.46 crore (₹124.27 crore towards UDAs and ₹154.19 crores towards ULBs) realised under the scheme is credited to DTCP account. However, we observed that the DTCP had not transferred the amount collected to ULBs and UDAs for utilizing it towards capital works leading to revenue generation in their respective areas.

<sup>118</sup> five ULBs (Hindupur, Addanki, Pendukonda, Visakhapatnam and Mangalagiri-Tadepalli) have not furnished information.

<sup>119</sup> vide G.O.Ms.No.10 dated 08/01/2020

### 5.1.9 Building Penalization Scheme (BPS)

The State Government issued (January 2019)<sup>120</sup> Rules/Regulations for penalization of Building constructed unauthorisedly and in deviation from the sanctioned plan. The penal charges are levied for the total violated built up area on all floors for the building constructed. Rule 15 of the Building Penalization Scheme requires that the amount collected by the Competent Authority<sup>121</sup> under these rules shall be kept and maintained under the control of the Competent Authority in a separate account and utilised only for improvement of amenities as prescribed by the Government. According to Rule 16, the DTCP is the monitoring authority to address any grievances resulting out of the software and other issues related to the scheme.

- Test-checked ULBs did not produce records/information relating to finalisation of applications for BPS due to non-functioning of website. Reasons for non-functioning of website was not furnished to audit by DTCP though requisitioned.

From the available information in test-checked ULBs (14), we observed that an amount of ₹74.11 crore was not received from DTCP towards penal charges under BPS. Details of receipt of BPS to be received from DTCP is given in the **Table 5.14** below:

**Table 5.14: Details of amounts to be received from DTCP in test-checked ULBs**  
(₹ in crore)

Sl. No.	Name of the ULB	No. of applications disposed off	Amount credited and retained with DTCP
1	Guntur Municipal Corporation	2,176	24.00
2	Tirupati Municipal Corporation	1,393	21.90
3	Eluru Municipal Corporation	339	6.82
4	Mangalagiri-Tadepalli Municipal Corporation	103	0.57
5	Hindupur Municipality	114	1.64
6	Tadipatri Municipality	79	1.40
7	Tanuku Municipality	338	4.86
8	Dharmavaram Municipality	61	0.53
9	Peddapuram Municipality	130	0.92
10	Ponnur Municipality	97	0.87
11	Kavali Municipality	731	8.80
12	Bobbili Municipality	99	1.49
13	Pedana Municipality	28	0.18
14	Palakonda Nagar Panchayat	17	0.13
	<b>Total</b>		<b>74.11</b>

Notes: GVMC, Chilakaluripet Municipality and Kuppam, Penukonda, Addanki and Nandigama Nagar Panchayats did not furnish information.

<sup>120</sup> vide GO Ms. No. 14, MA&UD (M) Department, dated 04/01/2019

<sup>121</sup> 'Competent Authority' means Municipal Commissioner in case of areas falling under ULBs.

### 5.1.10 Labour cess

The Building and Other Construction Workers' Welfare Cess Act, 1996 provides for the levy and collection of a cess on the cost of construction incurred by employers with a view to augmenting the resources of the building and other Construction Workers' Welfare Board.

Rule 5(2) of the Building and Other Construction Worker Welfare Cess Rules, 1998 provides that the proceeds of the Cess collected under Rule 4 shall be transferred by such government Office, Local Authority or Cess Collector to the Andhra Pradesh Building and other Construction Workers Welfare Board (APBOCWFB) and such office may deduct from the Cess collected or claim from the Board, as the case may be, actual collection expenses not exceeding one *per cent* of the total amount collected.

Out of 20 selected ULBs<sup>122</sup>, Labour Cess collected in 15 ULBs amounting to ₹55.39 crore towards was not transferred to Andhra Pradesh Building and Other Construction Workers' Welfare Board for the period 2016-17 to 2021-22 as of January 2022. The ULB-wise pending transfer of labour cess is given in **Table 5.15** below:

**Table 5.15: Collection of Labour Cess in test-checked ULBs**

(₹ in crore)

Sl. No.	Name of the ULB	Labour Cess collected
1	Guntur Municipal Corporation	6.81
2	Tirupati Municipal Corporation	13.57
3	Eluru Municipal Corporation	3.91
4	Mangalagiri Tadepalli Municipal corporation	12.55
5	Tanuku Municipality	1.71
6	Hindupur Municipality	2.50
7	Tadipatri Municipality	0.60
8	Chilakaluripet Municipality	2.18
9	Dharmavaram Municipality	1.49
10	Kavali Municipality	3.09
11	Pedana Municipality	0.28
12	Addanki Nagar Panchayat	1.13
13	Nandigama Nagar Panchayat	1.07
14	Peddapuram Municipality	3.67
15	Ponnur Municipality	0.83
	<b>Total</b>	<b>55.39</b>

Due to non-transfer of labour cess collected by ULBs, the intended objective of the Act to augment the financial resources for the Board is defeated.

<sup>122</sup> three ULBs 1)Bobbili Municipality, 2)Kuppam Municipality and 3)Palakonda Nagar Panchayat have remitted Labour Cess to the Board and two ULBs 1) Penukonda and 2) Visakhapatnam did not furnish the data

### 5.1.11 Green Fee

The Government instructed (August 2017)<sup>123</sup> all ULBs to levy and collect Green Fee at rupees three per square feet at the time of issue of building permissions in respect of constructions having built up area 5,000 sqft or more and meant for parking and other allied services under Consolidated State Head of Account.

From the information provided to audit by the test-checked ULBs, we observed that 15 test-checked ULBs had collected Green Fee of ₹12.91 crore from the concerned applicants while issuing building permissions during the period 2018 to 2022. However, the ULBs misclassified the collected Green Fee and did not transfer the amount to the respective heads as of January 2022. The ULB-wise pending remittance of Green Fee is given in table below:

**Table 5.16: Particulars of Green Fee collected in test-checked ULBs**

(₹ in crore)

Sl. No.	Name of the ULB	Green Fees to be remitted
1	Guntur Municipal Corporation	5.42
2	Tirupati Municipal Corporation	2.87
3	Eluru Municipal Corporation	0.49
4	Mangalagiri-Tadepalli Corporation	2.55
5	Tanuku Municipality	0.38
6	Hindupur Municipality	0.06
7	Chilakaluripet Municipality	0.32
8	Dharmavaram Municipality	0.00
9	Kavali Municipality	0.16
10	Kuppam Municipality	0.01
11	Palakonda Nagar Panchayat	0.00
12	Addanki Nagar Panchayat	0.32
13	Nandigama Nagar Panchayat	0.12
14	Peddapuram Municipality	0.14
15	Ponnur Municipality	0.07
	<b>Total</b>	<b>12.91</b>

*Note: GVMC and Penukonda ULBs did not furnish information*

### 5.1.12 Mis-appropriation

Article 3(3) of Andhra Pradesh Finance Code (APFC) specified that public moneys should not be utilised for the benefit of a particular person or section of the community. Articles 5, 273, 294, 300, 301 and 302 of APFC also lay down the responsibilities of the Government servants in dealing with Government money, the procedure to fix responsibility/accountability for any loss sustained by Government servant, procedure to be followed and action to be initiated for recovery of money.

<sup>123</sup> vide G.O.Ms.No.112 dated 30/08/2017



Government also decided (February 2006) that recovery from the Government servant for the losses by misappropriation of Government money shall be recovered at bank rate as fixed by RBI plus two *per cent* in addition to misappropriated amount/loss caused. The loss/misappropriation shall be determined by the disciplinary authority as per Rules, and the recovery proposed is at the cost of fund for the Government.

We observed in Tadipatri Municipality that an amount of ₹28,21,559/-<sup>124</sup> collected during May to July, 2019 was not remitted into bank/treasury. The Municipality identified the official responsible (the then Sharoff) for not remitting the collected amount and Municipality had not taken steps to recover the amount from the concerned official except lodging of complaint with Police Department as of November 2021. Loss of revenue ₹28,21,559/- to the Municipality had not been replenished by recovery from the concerned official.

Besides, an amount of ₹14,45,375/- was not remitted into bank/treasury immediately after collecting the amount but with a delay of 36 days to 63 days which is also violation of code.

## 5.2 Estimation of requirement of funds/expenditure

In accordance with the Rules<sup>125</sup>, the Commissioner shall in each year, prepare a budget estimate showing the probable receipt and expenditure during the ensuing year. The working balance to be provided for in the budget shall not be less than five *per cent* of the estimated receipts of the year excluding receipts from endowments, government grants and debt heads. The budget shall be placed before the council by the Commissioner ordinarily not later than 15<sup>th</sup> November. The Chairperson shall submit a copy of the budget as approved by the council to the Government through the Commissioner and Director of Municipal Administration not later than 31<sup>st</sup> December of each year. In case of Municipal Corporation, the Commissioner on or before 10<sup>th</sup> day of November each year shall cause to prepare and lay budget estimates for the ensuing year before the Standing Committee.

However, we observed that there was delay in preparation, submission and approval of Budget Estimates by the Council from three to 458 days and onward submission to Government ranged from two to 407 days in 18 out of 20 test-checked ULBs<sup>126</sup>. Since Budgetary planning is a timely exercise, delay extending into the year of implementation would serve no purpose for the intended year.

### 5.2.1 Unrealistic budget exercise

Expenditure estimation depends on services to be provided by the local government and the costs associated with the provision of these services. It should include both the

<sup>124</sup> 25/06/2019-₹394426; 29/06/2019-₹588779; 30/06/2019-₹569809; 07/05/2019-₹313502; 10/05/2019-₹366937; 11/07/2019-₹288106 and 04/06/2019-₹3,00,000

<sup>125</sup> Andhra Pradesh Municipalities (Preparation of Budget, Allotment and Transfer of Funds) Rules, 1967

<sup>126</sup> Kuppam and Penukonda NPs have not furnished information. These are newly constituted ULBs



capital and O&M expenditure that the local body will have to incur to achieve appropriate service levels.

During the early 1960s, the Zakaria Committee formulated minimum standards of services for different levels of ULBs and estimated the annual recurring requirements for each municipal service to be provided by the ULBs. The Committee also felt that it was possible to maintain the various services if adequate taxes and charges were levied for services provided. Since the delivery of municipal services comes at a cost, it was necessary to scientifically estimate the cost of each municipal service to assess the requirement and source of funds for efficient delivery. We observed that test-checked ULBs had not prepared the budget estimates according to the requirement of services.

Instead, the budget was prepared on the basis of expected allocation of funds/grants by Government. Further, the stipulated date for approval of the budget for the ULBs was 31<sup>st</sup> December of preceding financial year whereas the State budget was usually placed before the Legislature in the month of February/March. Since the ULBs allocate resources for various activities basing on the expected receipt of funds instead of on the actual receipt of funds, shortfall of any, in receipt of funds would impact the execution/implementation of the activities planned. Thus, this method of budget preparation suffered from a basic flaw.

We observed variations existed between the budget estimates and actual Receipts and Expenditure figures in test-checked ULBs.

The component wise percentage of variations between Budgeted Estimates and actual figures of test-checked ULBs is shown in **Table 5.17** below:

**Table 5.17:**  
**Particulars of variations between budgeted estimates and actuals in test-checked ULBs.**  
(₹ in crore)

Year	Receipts			Expenditure		
	Budget Estimate	Actual Receipt	Percentage of actuals to Budget Estimate	Budget Estimate	Actual Expenditure	Percentage of actuals to Budget
2016-17	3,442.34	1,496.73	43	3,378.75	1,343.21	40
2017-18	2,695.26	1,440.59	53	2,900.57	1,291.00	45
2018-19	3,374.44	1,416.13	42	3,745.92	1,357.38	36
2019-20	4,463.58	1,266.96	28	4,351.41	1,124.24	26
2020-21	4,337.64	1,184.17	27	6,679.69	1,570.51	24

*Source: information furnished by test-checked ULBs*

It can be seen from the above, percentage of variation between BE and actual with respect to receipt figures ranged from 27 per cent to 53 per cent. Whereas for Expenditure, variation ranged from 24 per cent to 45 per cent during the years 2016-21.

The Department accepted (December 2022) audit observations.

### 5.2.2 Annual Accounts

As per Rule 83 of AP Municipalities (Preparation of Account) Rules, 2017, Preparation of Annual Account comprising various Financial Statements is the responsibility of Head of Accounts Section. However, the ultimate responsibility lies with the Commissioner of the Municipality. The Annual Accounts shall be prepared before the end of June following the year of accounts.

We observed that -

- Annual Accounts were not prepared in time in three test-checked ULBs<sup>127</sup> during the year 2016-21. Further, Annual Accounts of 2020-21 were not finalised as of February 2022 by five test-checked ULBs in Tanuku, Hindupur and Pedana Municipalities and in Guntur and Eluru Municipal Corporations.
- As per Section 193 of APMC Act, the Municipal Examiner of Accounts shall conduct a weekly examination and audit of the municipal accounts and shall report thereon to the Standing Committee which may also from time to time and for such period as it thinks fit conduct independently an examination and audit of the municipal accounts,

However, it is noticed that, Examiner of Accounts has not been conducting weekly examination and audit of municipal accounts and not reporting there on to Standing Committee in test-checked Municipal Corporations.

- As per Section 195(3), as soon as may be after the commencement of each financial year the Municipal Examiner of Accounts shall deliver to the Standing Committee a report upon the whole of the municipal accounts for the previous financial year.

However, reports of municipal accounts have not been delivered to Standing Committee in any financial year by the Examiner of Accounts in test-checked Municipal Corporations.

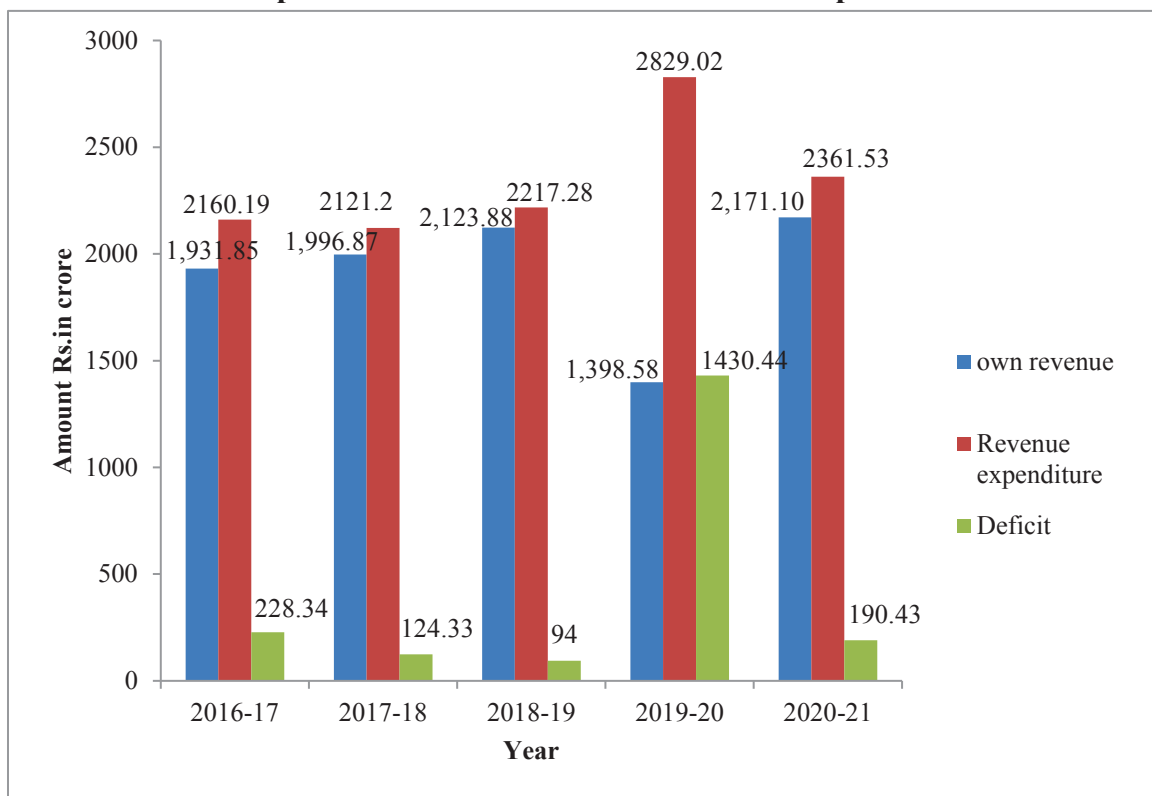
### 5.3 Resource-expenditure gap

The ULBs were able to generate own resources only to meet the revenue expenditure during the period 2016-17 to 2020-21. In the year 2019-20, the ULBs generated own revenue to an extent of 51 *per cent* of revenue expenditure. The ULBs were not able to generate the own revenue to incur for development activities towards devolved functions. A comparison of the own revenue to revenue expenditure showed gaps as depicted in **Chart 5.4** below, which needs to be reduced to optimal level by ULBs.

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<sup>127</sup> Tanuku, Hindupur Municipalities and Eluru Municipal Corporation

Chart 5.4: Comparison of the own revenue to revenue expenditure of ULBs



Resource: expenditure gap in ULBs

### Conclusions:

- *The ULBs are largely dependent on fiscal transfers. Allocated fiscal transfers were not received due to non-conduct of elections in time from the GoI. The State Government had released the Finance Commission grants to ULBs with a delay.*
- *Budget preparation exercise was unrealistic. Costing of each municipal service was not assessed scientifically, leading to variations between estimate and actual, in respect of both receipts and expenditure.*

### Recommendations:

- *Government may ensure timely transfer and availability of fiscal grants to Urban Local Bodies. Government should constitute State Finance Commissions within time frames to review the financial position of ULBs and pursue the constituted State Finance Commission to issue timely recommendations, for provision of funds to ULBs*
- *Government may motivate Urban Local Bodies to prepare realistic budgets taking into account income and expenditure after ascertaining the realisable receipts and properly costing all the municipal service to be offered to the public.*



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**Chapter VI**  
**Human Resources of Urban Local Bodies**

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## Chapter VI

### Human Resources of Urban Local Bodies

The availability of human resources such as Manpower, sufficiency and function of staff, constitution of local government services/Municipal services, capacity building of ULBs were not as per Rules/Provisions. The powers to assess, recruit and devise the service conditions of the staff in ULBs were retained completely by the State Government. Hence, there was no autonomy for ULBs in the matter of human resources. The ULBs lacked adequate manpower as 20 per cent of sanctioned posts were vacant in test-checked ULBs, affecting efficient delivery of services. Urban Local Bodies were largely dependent on outsourced staff for service delivery.

## 6. Human Resources of Urban Local Bodies

### 6.1 Limited powers to ULBs over manpower

Adequate and qualified manpower is essential for the empowerment of ULBs.

The assessment of the manpower should be based on the functions undertaken by ULBs with a view that majority of the functions are service oriented and must be discharged within a reasonable time. This assessment could be done by ULBs themselves considering various criteria such as the extent of geographical area to be covered, population to be served, the number of existing properties, nature of service to be provided *etc.*

We observed that ULBs had neither the power to assess the staff requirement nor to recruit the required staff. These powers are vested with the Government<sup>128</sup>.

Further, Chapter IV of APMC Act and Part II & III of APM Act allow the State Government to appoint and transfer any Officer or Government Servant of a Municipal Corporation/Municipality from one ULB to another or to any other local authority. An appeal against any order of ULB imposing penalty on any officer or employee rests with the State Government.

#### 6.1.1 Recruitment of staff

In accordance with the Acts governing ULBs, the State Government regulates the classification, method of recruitment, conditions of service, pay and allowance, discipline and conduct of staff and officers of ULBs. The Government is the appointing authority for all categories of posts in ULBs.

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<sup>128</sup> as per Sections 72 to 80 of APM Act

### 6.1.2 Powers over staff

The powers to promote officials, initiate disciplinary action, impose penalties *etc.*, in respect of the officials of ULBs, other than on deputation; have also not been delegated to ULBs. The SARC also opined (2007) that City Government should have the power to appoint all officials including the Commissioner and to hold them to account.

### 6.1.3 Improper assessment of requirement of staff

To perform their functions effectively, norms have been formulated<sup>129</sup> for sanction of posts in Administration, Revenue, Public Health, Engineering and Town Planning sections based on population for the reasons that population is the basis for provision of civic services in ULBs. Further, ULBs have been classified into six categories based on population for development of norms as shown under:

**Table 6.1: Classification of ULBs**

Category	Population range	Income range
I	Less than 40,000	Upto ₹3 crore income
II	40,000-1,00,000	Above ₹3 crore and upto ₹10.00 crore
III	1,00,000-3,00,000	Above ₹10.00 crore and upto ₹20.00 crore
IV	3,00,000-5,00,000	Above ₹20.00 crore and upto ₹50.00 crore
V	5,00,000-10,00,000	Above ₹50.00 crore and upto ₹100.00 crore
VI	Above 10,00,000	Above ₹100.00 crore

However, audit observed that

- (i) Analysis of sanctioned strength in test-checked ULBs showed that the existing sanctioned strength was not commensurate with the norms fixed by the Government. Audit also noticed that there was excess sanctioned strength in some cadres and short fall in some cadres in each section. Illustratively, in Administration section of Eluru Municipal Corporation, there was a shortage (5) of sanctioned strength in the cadre of Senior Assistant and in the same section, there was an excess (13) sanctioned strength in the cadre of Junior Assistant. Similarly, in Revenue section, there was a shortage (1) of sanctioned strength in the cadre of Revenue Officer and there was excess (4) sanctioned strength in the cadre of Revenue Inspector. Likewise, there was excess sanctioned strength in one cadre and shortage of sanctioned strength in another cadre in each section of all test-checked ULBs.

The section-wise required strength as per norms, existing sanctioned strength and excess/short operation of posts in test-checked ULBs is given in **Table 6.2** below:

<sup>129</sup> vide G.O.Ms.No.218 dt.15/06/2011



**Table 6.2:**  
**Particulars of excess/shortfall in sanctioned strength in test-checked ULBs**

Sl. No	Name of the section	Required Sanctioned strength as per norms	Existing Sanctioned strength	Excess in certain cadres	Shortfall in certain cadres
1	Administration	2,087	2,214	241	114
2	Revenue	825	738	7	94
3	Accounts	139	114	6	31
4	Public Health	1,195	1,182	102	115
5	Engineering	1,061	993	43	111
6	Town planning	1,030	946	53	137
	<b>Total</b>	<b>6,337</b>	<b>6,187</b>	<b>452</b>	<b>602</b>

The ULB-wise required and existing sanctioned strength for each test-checked ULB was shown in the *Appendix 6.1 & 6.2* in detail for each category of post.

- (ii) The State Government notified (March 2021)<sup>130</sup> the areas covered under Mangalagiri Municipality and Tadepalli Municipality as larger urban area and upgraded as Mangalagiri-Tadepalli Municipal Corporation. Consequent to upgradation, the Corporation had submitted a proposal to CDMA for sanction of 336 posts to the newly constituted Municipal Corporation in July 2021. The cadre strength of Corporation was not yet finalised by State Government as of November 2021.

However, audit noted that the Corporation had submitted proposal against the norms laid down by the Government. It proposed 19 posts less in the category of sanitary maistry/sanitary jawan and 95 posts were proposed against the required eligibility of 55 posts for all cadres. The Corporation was eligible for Commissioner Post at a level of Joint Director, against which, the Corporation proposed the Commissioner post at a level of Regional Director in violation of norms. The details of cadre/category-wise proposals are given in *Appendix 6.2*.

Further, the Corporation has proposed 194 excess posts (*Appendix 6.3*) out of 336 posts in various cadres<sup>131</sup>, without following any criteria/rationality for such proposal as these posts were not permissible as per prescribed norms.

## 6.2 Sufficiency and functioning of staff

### 6.2.1 Insufficient staff in urban local bodies

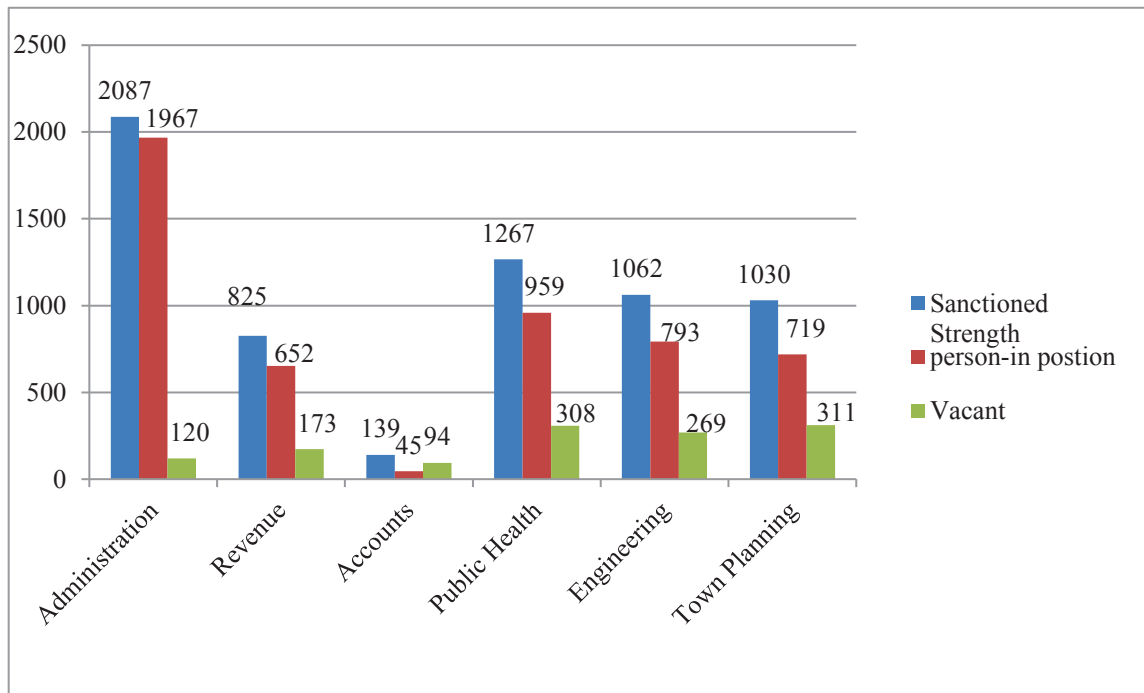
The discharge of functions would be ineffective with a huge vacancy position. Scrutiny of staff position of test-checked ULBs revealed that 1,275 posts were kept vacant as of

<sup>130</sup> vide Gazette No.162 dt.23/03/2021

<sup>131</sup> sweeper, scavenger, school assistant, borewell attender, attender etc.,

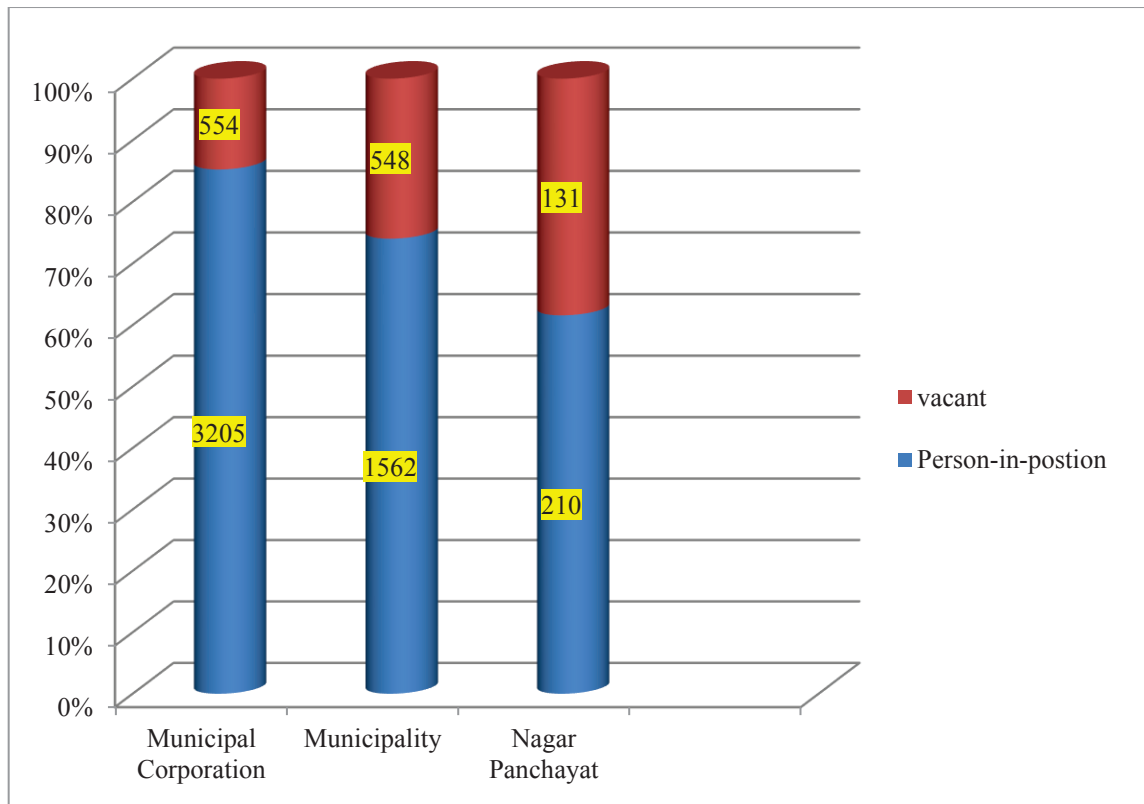
March 2021 against the sanctioned strength of 6,410 posts resulting in 20 per cent vacancies as shown in the **Chart 6.1** below (section-wise status of posts):

**Chart 6.1: Section-wise status of posts and vacancies working in test-checked ULBs**



Type-wise details of working strength of test-checked ULBs showing sanctioned posts, person-in-position and vacancies are also given in the **Chart 6.2** below:

**Chart 6.2: Particulars of vacancies in test-checked ULBs**



It can be seen from the above chart that all the three types ULBs *i.e.*, Municipal Corporations, Municipalities and Nagar Panchayats are functioning with 14.73, 25.99 and 38.42 *per cent* vacancies respectively of existing sanctioned strength. ULB-wise existing sanctioned strength and person-in-position are given in two tables under **Appendix 6.4**.

Audit also noticed that ULBs were largely dependent on outsourced staff for service delivery<sup>132</sup> and in test-checked ULBs, 14,282 outsourced staff were deployed as of March 2021. These outsourced staff were engaged for implementation of SWM (door to door collection of waste, segregation, transportation, sanitation *etc.*) in addition to the permanent sanctioned strength. The ULB-wise details of outsourced staff for test-checked ULBs<sup>133</sup> is shown in **Table 6.3** below:

**Table 6.3: Details of outsourced staff in test-checked ULBs**

Sl. No.	Name of the ULB	Outsourcing employees
1	GVMC	7,048
2	Guntur Municipal Corporation	2,583
3	Tirupati Municipal Corporation	1,366
4	Mangalagiri-Tadepalli Municipal Corporation	155
5	Eluru Municipal Corporation	512
6	Hindupur Municipality	341
7	Tadipatri Municipality	412
8	Chilakaluripet Municipality	332
9	Dharmavaram Municipality	223
10	Peddapuram Municipality	92
11	Ponnur Municipality	167
12	Kavali Municipality	345
13	Bobbili Municipality	24
14	Pedana Municipality	79
15	Tanuku Municipality	227
16	Palakonda Nagar Panchayat	89
17	Penukonda Nagar Panchayat	42
18	Addanki Nagar Panchayat	103
19	Nandigama Nagar Panchayat	142
	<b>Total</b>	<b>14,282</b>

### 6.2.2 Creation of posts at higher level

The Government issued (June 2011)<sup>134</sup> orders to assess the manpower for functioning of ULBs from lower level to higher level. Accordingly, sanctioned strength was

<sup>132</sup> engaged largely towards solid waste management and sanitation

<sup>133</sup> Kuppam Municipality did not furnish the information

<sup>134</sup> vide G.O.Ms.No.218 dated 15/06/2011

provided for each ULB for each cadre. Subsequently, the Government appointed (July/August 2019) Ward Secretaries for each ward to deliver various services.

However, audit noticed that the Government did not appoint staff proportionately at middle and higher level to monitor ward secretaries. The ULBs were continuing to function with the existing staff at middle/higher level to monitor ward secretaries (approximately 120 to 300 secretaries in each ULB). Thus, the ratio of lower level to middle/higher level posts was not rational. Illustratively, the ratio of Revenue Ward Secretary (Previously its nomenclature was Bill Collector) to Revenue Inspector (RI) working in test-checked ULBs is given in **Table 6.4** below:

**Table 6.4: Ratio of posts at supervisory level in test-checked ULBs**

Sl. No.	Name of the ULB	Revenue Inspector post sanctioned at supervisory level	Number of Revenue Ward Secretary posts sanctioned	No. of Ward Secretaries sanctioned against one RI sanctioned
1	Tirupati Municipal Corporation	2	93	47
2	Guntur Municipal Corporation	9	207	23
3	Mangalagiri-Tadepalli Municipal Corporation	2	35	18
4	Tadipatri Municipality	1	30	30
5	Dharmavaram Municipality	1	39	39
6	Bobbili Municipality	1	16	16
7	Pedana Municipality	1	9	9
8	Chilakaluripet Municipality	1	29	29
9	Kavali Municipality	1	28	28
	<b>Total</b>	<b>19</b>	<b>486</b>	<b>26</b>

Thus, we observed that the ratio of Revenue Inspector to Revenue Ward Secretary ranged between 1:9 and 1:47 in nine test-checked ULBs, resulting in large span of control. Further, Revenue Inspector posts were not sanctioned to supervise the Revenue Ward Secretaries in nine test-checked ULBs as given **Table 6.5** below:

**Table 6.5: Details of posts sanctioned at functioning level and supervisory level**

Sl. No.	Name of the ULB	Ward Secretary sanctioned	Revenue posts	Revenue Inspector posts sanctioned
1	Eluru Municipal Corporation		62	0
2	Hindupur Municipality		43	0
3	Peddapuram Municipality		14	0
4	Tanuku Municipality		27	0
5	Ponnur Municipality		17	0

Sl. No.	Name of the ULB	Ward Secretary sanctioned	Revenue posts	Revenue posts sanctioned	Inspector sanctioned
6	Palakonda Nagar Panchayat		9		0
7	Nandigama Nagar Panchayat		10		0
8	Addanki Nagar Panchayat		10		0
9	Penukonda Nagar Panchayat		2		0
	<b>Total</b>		<b>194</b>		<b>0</b>
1	Kuppam Municipality	Not sanctioned			Not sanctioned

Note: GVMC did not furnish the information

Posts at functioning level without posts at supervisory level would result in lack of communication, control and coordination to achieve intended performance.

### 6.2.3 Executive head of ULBs

The Municipal Commissioner is the executive head of the Municipality. As per Section 29 read with Section 72 of APM Act and Sections 104 to 111 of APMC Act, the appointment, transfer, pay & allowances *etc.*, of the Municipal Commissioner rest with the Government. The cadre of AP Municipal Service are eligible for the post of Commissioners, categorised under different grades of officers eligible for different grades of ULBs.

Review of the postings of the Municipal Commissioners in all ULBs showed that Seven (7)<sup>135</sup> out of 123 posts, which were not from A.P. Municipal Service, were discharging the functions of the Municipal Commissioner on deputation as of September 2021. We observed that out of 123 Municipal Commissioners of ULBs, in 48 cases, officials belonging to ineligible cadres such as Dy. Executive Engineer, Sanitary Inspector, Panchayat Secretary, Project Director, Manager, Revenue Officer, Superintendent to the post of Commissioner, were holding the charge and posted as Commissioners. Discharging the duties of Municipal Commissioner by personnel who are neither from Municipal Service nor of a sufficient senior rank may jeopardise the efficacy of service delivery by ULBs and is against the provisions of Acts. Further, the post of Commissioner were vacant (as of September 2021) in five ULBs<sup>136</sup> and were functioning with in-charge Commissioners.

## 6.3 Constitution of Local Government Services

Section 130 of APMC Act specified that Local Government Service (LGS) shall be constituted for regulating the powers and duties of the posts mentioned in Schedule C<sup>137</sup>. Government shall have the power to appoint, dismiss, transfer and to take disciplinary action against officers belonging to the said service and prescribe

<sup>135</sup> Mandal Praja Parishad Development Officer -2 (for Bhimavaram and Srikalahasti); Executive Officer (PR&RD department) -1 for Vinukonda; Extension Officer (PR&RD department)-1 for Nandikotkur; Panchayat Secretary-1 for Rajampeta; Assistant Director of Horticulture department -1 for Palamaneru and Assistant Audit Officer of State Audit department for Venkatagiri ULBs

<sup>136</sup> Hindupur, Proddatur, Tanuku, Saluru & Jaggaiahpet ULBs

<sup>137</sup> Commissioner, Additional Commissioner, Chief Engineer, Superintending Engineer, Chief Medical Officer of Health, Chief City Planner, *etc.*,

conditions of their service. However, the Local Government Service was not constituted by the Government as of February 2022.

#### 6.4 Constitution of Common Municipal Services

As per Section 132-A of APMC Act, Government may, after consulting all Urban Development Authorities, other Municipal Corporations, Municipalities and Nagar Panchayats in the State, constitute a Common Municipal Service for the State consisting of any class of officers or employees of all Urban Development Authorities, Municipal Corporations, Municipalities and Nagar Panchayats in the State. Upon the issue of a notification under sub-section (1), the Government shall have power to make rules to regulate the classification, methods of recruitment, conditions of service, pay and allowances and discipline & conduct of the Common Municipal Service thereby constituted and such rules may vest jurisdiction in relation to such service in the Government or in such other authority or authorities as may be prescribed therein.

We observed that instead of framing Common Municipal Services, the Government framed various services to regulate the staff in ULBs as detailed in **Table 6.7** below:

**Table 6.7: Particulars of Services regulating the staff in ULBs**

Sl. No.	Name of the Service	Posts covered
1	Andhra Pradesh Municipal Ministerial Subordinate Service (APMMSS)	Ministerial and subordinate employees working in Municipalities
2	Andhra Pradesh Municipal Accounts Subordinate Service	Officers and accountants working in accounts section of Municipalities
3	Andhra Pradesh Urban Poverty Alleviation (Municipal Administration) Subordinate Services	Town Project Officer, Community Organiser
4	Andhra Pradesh Municipal Engineering Services	Municipal Administration Executive Engineer (MAEE), Municipal Assistant Engineer (MAE)
5	The Andhra Pradesh Municipal Town Planning Subordinate Service	Town Planning Officer (TPO), Town Planning Supervisor (TPS), Town Planning Building Overseer (TPBO), Draftsman, Surveyor
6	The Andhra Pradesh Municipal Health Subordinate Service Rules	Sanitary Supervisors, sanitary inspectors and Health Assistants working in Municipalities
7	Greater Visakhapatnam Municipal Corporation Ministerial Subordinate Service Rules 2014	Ministerial employees in GVMC
8	Andhra Pradesh Municipal Commissioners Subordinate Services Service Rules	For Grade-III Municipal Commissioners working in Municipal Administration Department

The CDMA replied that action is initiated (July 2019) to frame unified Municipal Service rules for Municipalities/Municipal Corporations.

However, the reply is not relevant as the proposal is related to A.P General Subordinate Service Rules to include ward secretary posts and proposed the unified service rules incorporating the promotional channel to the ward Secretaries' is not relevant as it is not related to forming the Common Municipal Services for all category of posts in the ULBs as per Act provisions.

## 6.5 Capacity Building for human resources of ULBs

Second Administrative Reforms Commission (SARC) recommended (October 2007) that the capacity building efforts in rural and urban self-governing institutions must attend to the professional and skills up-gradation of individuals associated with these bodies, whether elected or appointed. Relevant Panchayat and Municipal Legislations and manuals framed thereunder must contain clear enabling provisions in this respect. Training of elected representatives and personnel should be regarded as a continuing activity. There should be special capacity building programmes for women members. As an aid to capacity building, suitable schemes need to be drawn up under State Plans for Rural and Urban Development for documentations of case studies, best practices and evaluation with reference to the performance of the prescribed duties and responsibilities of such bodies.

GoI while realizing the need for development of human resources in view of the changed environment in all spheres of governance, which *inter alia* include 73<sup>rd</sup> and 74<sup>th</sup> CAA, issued National Training Policy in January 2012. The policy *inter alia* recommended that each state would formulate a training policy on National Training Policy.

Audit noted that the State Government has not incorporated provisions towards capacity building in APMC and APM Acts. No relevant manuals/guidelines were also framed for strengthening the capabilities of personnel working in the ULBs.

However, induction trainings were imparted to 24 Municipal Commissioners appointed during 2016-21. We observed that no trainings were provided to the staff working in the test-checked ULBs for strengthening of their capabilities to discharge the duties effectively.

Thus, no structured mechanism was in place for capacity building of the various cadres for effective service delivery in the ULBs.

The Department accepted (December 2022) audit observations.

### **Conclusion:**

- *The powers to assess, recruit and devise the service conditions of the staff in ULBs is retained completely by the State Government. Hence, there is no autonomy for ULBs in the matter of human resources.*
- *The ULBs lacked adequate manpower as 20 per cent of sanctioned posts were vacant in test-checked ULBs, affecting efficient delivery of services. Urban Local Bodies were largely dependent on outsourced staff for service delivery.*

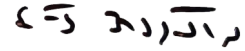


**Recommendation:**

*The State Government may delegate adequate powers to Urban Local Bodies to assess and recruit staff required on their own for efficient service delivery.*

Vijayawada

The 24 AUG 2023



(INDU AGRAWAL)

Principal Accountant General (Audit)  
Andhra Pradesh

Countersigned



New Delhi

The 25 अगस्त  
AUG 2023

(GIRISH CHANDRA MURMU)

Comptroller and Auditor General of India



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## APPENDICES

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**Appendix-1.1**  
**(Reference to Paragraph 1.1, Page 1)**

**List of functions to be devolved to ULBs as per Twelfth Schedule (Article 243W)**

<b>Function No.</b>	<b>Function</b>
1	Urban planning including town planning
2	Regulation of land-use and construction of buildings
3	Planning for economic and social development
4	Roads and bridges
5	Water supply for domestic, industrial and commercial purposes.
6	Public health, sanitation conservancy and solid waste management.
7	Fire services
8	Urban forestry, protection of the environment and promotion of ecological aspects
9	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded
10	Slum improvement and upgradation
11	Urban poverty alleviation
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds
13	Promotion of cultural, educational and aesthetic aspects
14	Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
15	Cattle pounds; prevention of cruelty to animals
16	Vital statistics including registration of births and deaths
17	Public amenities including street lighting, parking lots, bus stops and public conveniences
18	Regulation of slaughter houses and tanneries

Appendix - 1.2

(Reference to Paragraph 1.3, Page 2)

**Criteria for constitution of Nagar Panchayats/Municipalities/Municipal Corporations**

1. Andhra Pradesh Constitution of Nagar Panchayats and Municipalities Rules, 2019
2. Andhra Pradesh Municipalities (Gradation of Municipal Councils and Nagar Panchayats) Rules, 1994
3. The Andhra Pradesh Municipal Corporations (Fixation of Criteria for Specification of Larger Urban Areas) Rules, 1994 amended vide GO Ms No. 571 dated 14<sup>th</sup> September 2009

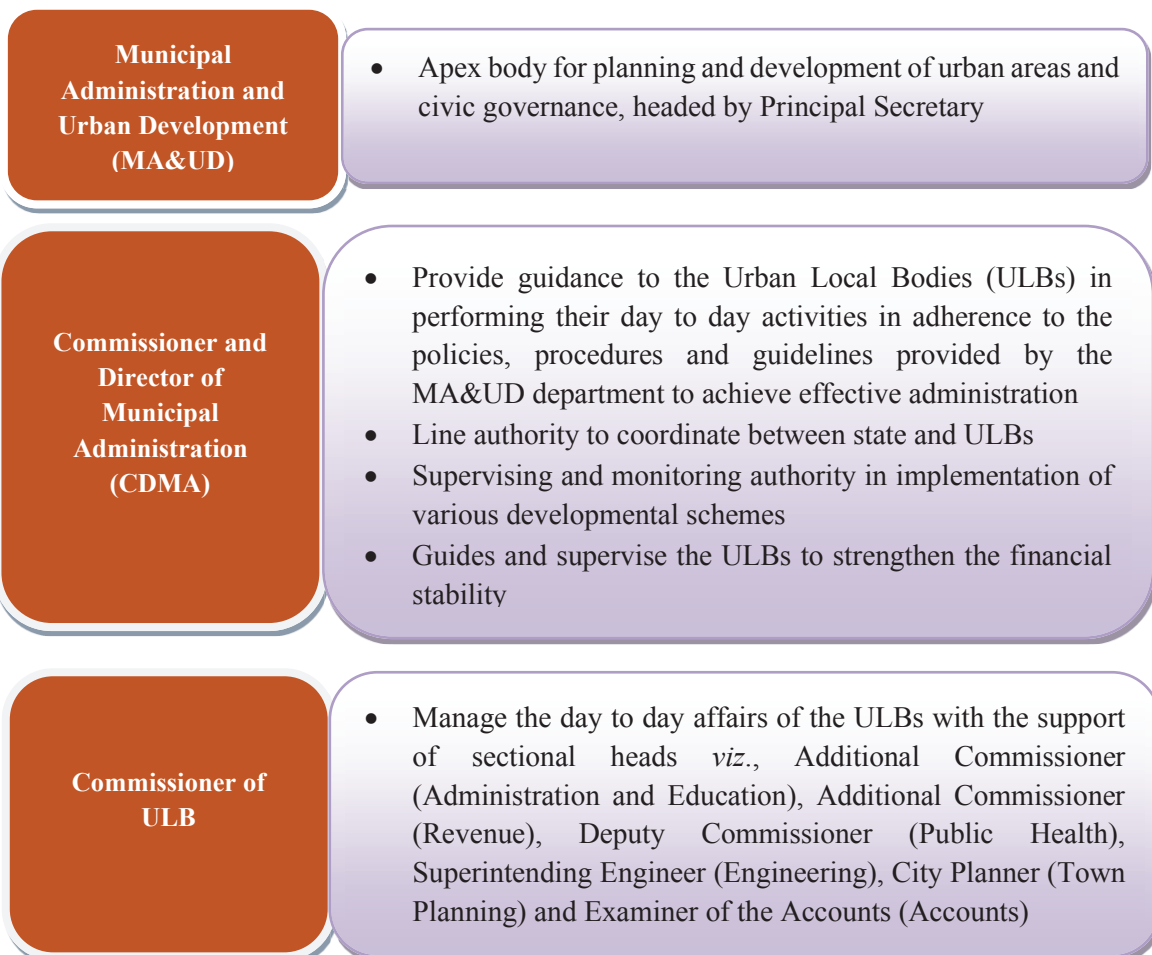
Sl. No.	Criteria	Nagar Panchayat	Municipality					Municipal Corporation
			Grade III	Grade II	Grade I	Special Grade	Selection Grade	
1	Population	20,000 to 40,000	Above 40,000 and up to 3,00,000					3 lakhs provided that a municipality with a lesser population may also be considered if it is of regional importance or has to play a significant role in regional development by virtue of its strategic location.
2	Density of population	400	500					“Not less than 5,000”.
3	Revenue	₹40.00 lakh Provided that local area with a lesser income may also be considered if it has acquired urban characteristics	₹60.00 lakh Provided that local area with a lesser income may also be considered if it has acquired urban characteristics	₹2 crore to ₹4 crore	₹4 crore to ₹6 crore	₹6 crore to ₹8 crore	₹8 crore and above	₹ 8 crores and above
4	Percentage of employment in non-agricultural activities	25 <i>per cent</i> Provided that a local area with a lesser percentage of employment in Non-agricultural	40 <i>per cent</i> Provided that a local area with lesser percentage of employment in Non-agricultural activities may also be considered if it is not more than 20 kms away from a Municipality (District Head quarter) or Municipal Corporation.					

Sl. No.	Criteria	Nagar Panchayat	Municipality					Municipal Corporation
			Grade III	Grade II	Grade I	Special Grade	Selection Grade	
		activities may also be considered if it is not more than 20 kms away from a Municipality (District Head Quarter) or Municipal Corporation						
5	Economic importance	Availability of market facilities and potentialities to attract Industries	Availability of market facilities and potentialities to attract industries.					Established Industries, potential for growth of industries, commerce higher education, medical facilities and adequate infrastructure necessary for economic and industrial growth.
6	Other factors	Local area acquiring Urban Characteristics	Local area acquiring Urban Characteristics					The number of peripheral villages whose growth and expansion are towards the proposed larger urban area.”

### Appendix 1.3

(Reference to Paragraph 1.5, Page 3)

## Organisational Chart of Municipal Administration and Urban Development (MA&UD)



**Appendix-1.4**  
**(Reference to Paragraphs 1.5 & 3.8, Page 3)**  
**Details of Parastatals and their functions**

S.No.	Parastatal	Functions
1	Andhra Pradesh Urban Finance Infrastructure Development Corporation (APUFIDC)	The APUFIDC is established in 1993. It is functioning under the administrative control of MA&UD department. Its functions are to provide financial and technical assistance to ULBs, to act as channelling agency for the funds released by the Central and State Governments and other Externally Aided Projects.
2	Urban Development Authorities (UDAs)	In Andhra Pradesh UDAs are functioning under the administrative control of MA&UD department. The UDAs are established for the planned development of important urban areas falling within their jurisdiction under the Andhra Pradesh Urban Area Development Act 1975, Andhra Pradesh Metropolitan Region and Urban Development Authorities Act 2016 and Andhra Pradesh Capital Region Development Authority Act 2014 . In Andhra Pradesh, eighteen UDAs <sup>138</sup> are functioning covering the area of 94 ULBs out of 123 ULBs. The UDAs were responsible for preparation of Master Plans, zoning of land use for residential, commercial, industrial, agricultural, recreational, educational and other purposes together with zoning regulations.
3	Directorate of Town and Country Planning (DTCP)	The DTCP is functioning under the administrative control of MA&UD department. It looks after the subject of planning and development in urban and rural areas. The technical statutory functions of DTCP are preparation of Master Plans; technical approval of layouts; technical approval of building plans (Group Housing), commercial complexes; preparation and approval of type designs for community and public buildings <i>etc.</i> The DTCP is also involved in formulation of guidelines for AP Building Rules 2017 and acted as nodal agency for implementation of Building Penalisation Scheme (BPS) and Layout Regularisation Scheme (LRS) in Andhra Pradesh.
4	Andhra Pradesh Greening and Beautification Corporation (APGBC)	The APGBC is functioning under the administrative control of MA&UD department. It is constituted in February 2015 for protection and planning of all urban vacant lands, municipal lands, parks, green zones and to manage them effectively by establishing parks, urban forestry and herbal plantations <i>etc.</i> , in all Urban Local Bodies of the State. The Mission and Scope of APGBC is to design, implement and take up the greening and beautification of the urban

<sup>138</sup> including one Capital Region Development Authority (CRDA).

S.No.	Parastatal	Functions
		and peri-urban areas to convert them as accessible lung spaces for ecological and recreation services; to equip itself and act as prime and apex monitoring organization in the field of urban greening & climate change management in extending the services to municipal bodies <i>etc.</i>
5	Mission for Elimination of Poverty in Municipal Areas (MEPMA)	State Government established MEPMA in June 2007 for formulating strategies to implement poverty reduction programmes in urban areas. The Objective of the Mission is to enable the urban poor particularly the poorest of poor to eliminate poverty and vulnerability in a sustainable manner and improve their quality of life in urban areas. The Mission is involved in implementation of Central Government schemes in urban areas like National Urban Livelihood Mission (NULM); formation of urban women into self-help groups, social security pension schemes <i>etc.</i>
6	Public Health and Municipal Engineering Department (PH&MED)	The PH&MED is under administrative control of MA&UD department. The services offered to ULBs by PH&MED are approval of designs, technical sanction to estimates, technical opinion in finalization of tenders, periodical inspection of water supply schemes maintained by ULBs, approval of by-laws for water supply in ULBs.
7	Swatchha Andhra Corporation (SAC)	SAC is established in May 2015 under the administrative control of MA&UD Department. SAC is taking up the activities of construction of Individual Household Toilets, Community Toilets and Public Toilets in urban and rural areas. SAC is also involved to take up scientific processing and disposal of municipal solid waste; waste to energy projects; and waste to compost projects; tackle the construction & demolition waste <i>etc.</i> , under public private partnership in urban areas.



**Appendix-1.5**  
**(Reference to Paragraph 1.6.3, Page 4)**  
**LIST OF 20 ULBs SELECTED**

Sl. No.	Name of the ULB
<b>Municipal Corporations</b>	
1	Greater Visakhapatnam
2	Tirupati
3	Guntur
4	Eluru
5	Mangalagiri-Tadepalli
<b>Municipalities</b>	
6	Hindupur
7	Tadipatri
8	Dharmavaram
9	Kuppam
10	Bobbili
11	Peddapuram
12	Tanuku
13	Pedana
14	Chilakaluripet
15	Ponnur
16	Kavali
<b>Nagar Panchayats</b>	
17	Palakonda
18	Nandigama
19	Addanki
20	Penukonda

**Appendix-3.1**  
**(Reference to Paragraph 3.1, Page 12)**  
**Status of functions devolved to ULBs**

S.No.	Description of the function	Status of devolution to Municipal Corporation	Status of devolution to Municipalities/Nagar Panchayats
1	Burials and burial grounds; cremations, cremation grounds	Devolved Section 112(9)	Devolved Section 302
2	Cattle pounds; prevention of cruelty to animals	Devolved Section 112(11)	Devolved Section 262
3	Regulation of slaughter houses and tanneries	Devolved Section 112(10)	Devolved Section 271
4	Water supply for domestic, industrial, and commercial purposes	Devolved Section 112(17)	Devolved Section 47 and 141
5	Public amenities including street lighting, parking lots, bus stops and public conveniences.	Partially devolved Public conveniences- Section 112(4); Street lighting- Section 112(5) and parking places, public landing places - 115(40)	Partially devolved Street lighting – Sections 47 and 146; Public conveniences-Section 156
6	Slum improvement and upgradation	Devolved Section 112(28)	Not devolved
7	Planning for economic and social development	Devolved Section 112(24)	Not devolved
8	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded	devolved Section 112(26)	Not devolved
9	Provision of urban amenities and facilities such as parks, gardens, playgrounds	Devolved Section 112(21)	Devolved Section 47
10	Roads and bridges	Devolved Section 112(15)(16)	Devolved Section 171A and 172
11	Regulation of land-use and construction of buildings	Partially devolved Construction of buildings-Section 391, 428 to 463	Partially devolved Construction of buildings – Chapter 4
12	Urban planning including town planning	Not devolved	Not devolved

S.No.	Description of the function	Status of devolution to Municipal Corporation	Status of devolution to Municipalities/Nagar Panchayats
13	Public health, sanitation conservancy and solid waste management	Partially devolved Sanitation and Solid Waste Management- Section 112(2)(3)	Partially devolved Sanitation and Solid Waste Management- Sections 47,277,279, 308 and 322
14	Urban forestry, protection of the environment and promotion of ecological aspects.	devolved Section 112(25)	Partially devolved Tree plantation, green coverage – Section 47; water bodies – Section 133
15	Urban poverty alleviation	Devolved Section 112(29)	Not devolved
16	Promotion of cultural, educational and aesthetic aspects.	devolved Section 112(27)	Partially devolved Maintenance of schools - Section 74, 338
17	Vital statistics including birth and death registration	Devolved Section 112(14)	Devolved Section 308
18	Fire Services	Not devolved	Not devolved

*Source: APMC Act and APM Act*

**Notes:** Devolved – Where all the sub-activities relating to the function are devolved.  
Partially Devolved – Where some but not all sub-activities to the function are not devolved.  
Not Devolved – Where no sub-activity relating to the function is devolved.

**Appendix 4.1**

**(Reference to Paragraph 4.2 (v), Page 44)**

**Statement showing the details of permissions applied for Occupancy Certificates (OC) issued during the years 2016-21 in test-checked ULBs**

ULB	Building permission issued 2016-17 and 2017-18	OC issued
Tirupati	606	12
Tadipatri	207	3
Chilakaluripet	347	5
Eluru	405	22
Nandigama	168	0
Mangalagiri -Tadepalli	131	25
Addanki	127	0
Tanuku	369	12
Dharmavaram	840	0
Penukonda	419	0
Peddapuram	234	0
Ponnur	249	6
Kavali	500	0
Bobbili	226	8
Palakonda	171	0
Kuppam	0	0
Pedana	101	0
Guntur	1,786	1,405
<b>Total</b>	<b>6,886</b>	<b>1,498</b>
GVMC	Information not furnished	
Hindupur		

*Note: Greater Visakhapatnam Municipal Corporation and Hindupur Municipality did not furnish information*

## Appendix 4.2

(Reference to Paragraph 4.3 (i), Page 46)

Statement showing volume of Water Supply and Frequency in selected ULBs

Sl. No.	Name of the ULB	Volume (lpcd)	Frequency
<b>Corporations</b>			
1	Greater Visakhapatnam	110	Once in a day
2	Tirupati	135	Once in two days
3	Guntur	135	Once in a day
4	Eluru	135	Twice in a day
5	Mangalagiri-	100	Once in a day
6	Tadepalli	90	Once in a day
<b>Municipalities</b>			
7	Hindupur	100	Once in two days
8	Tadipatri	75	Once in two days
9	Dharmavaram	115	Once in two days
10	Kuppam	75	Once in two days
11	Bobbili	76	Once in two days
12	Peddapuram	135	Once in a day
13	Tanuku	90	Twice in a day
14	Pedana	84	Once in two days
15	Chilakaluripet	100	Once in two days
16	Ponnur	135	Once in a day
17	Kavali	90	Once in a day
<b>Nagar Panchayat</b>			
18	Palakonda	78	Once in a day
19	Nandigama	75	Once in two days
20	Addanki	63	Once in a day
21	Penukonda	70	Once in two days

**Appendix 5.1**

**(Reference to Paragraph 5.1.1.1(a), Page 60)**

**Statement showing the details of funds released to ULBs with a delay under 14<sup>th</sup> FC grants**  
**(₹ in crore)**

Basic Grant							
Year	Install-ment	Amount released by GoI	Date of receipt in State Government account	Amount disbursed/ released to ULBs	Date of disbursement	Delays (in days)	Penalty interest amount to be released
2015-16	1st	174.46	04/07/2015	167.69	26/09/2015	69	2.62
				6.77	26/12/2016	523	0.72
2015-16	2 <sup>nd</sup>	157.01	08/01/2016	151.32	08/02/2016	16	0.51
				5.70	26/12/2016	336	0.37
2016-17	1st	217.41	25/07/2016	116.00	30/11/2016	112	2.45
				3.02	26/12/2016	138	0.08
2017-18	2 <sup>nd</sup>	253.74	22/01/2018	253.74	28/03/2018	50	2.17
2018-19	1st	293.53	23/07/2018	293.53	05/12/2018	120	6.51
2018-19	2 <sup>nd</sup>	293.53	01/02/2019	276.31	28/06/2019	130	6.20
				17.22	18/09/2019	211	0.61
Performance Grant							
2016-17		128.33	18/01/2017	128.33	31/08/2017	208	4.78
2017-18		146.69	23/08/2019	146.69	30/10/2019	53	1.18
<b>Total</b>							<b>28.20</b>

## Appendix 5.2

(Reference to Paragraph 5.1.1.1(b), Page 62)

Statement showing the details of funds released to ULBs with a delay under 15<sup>th</sup> FC grants  
(₹ in crore)

Category	Year	Amount released	due date to be released	Date of release	SDL Rate of Interest	No. of days delayed	Penalty amount
Non Million Plus cities	2020-21 (1st) Basic Grants	248.50	31/05/20	21/08/20	7.36	82	4.11
Million plus cities	2020-21 (1st) Tied grants (Air Quality)	67.50	14/11/20	25/11/20	7.36	11	0.15
Both Million plus and non-million plus cities	2020-21(1st) Tied grants water and SWM	316.00	17/11/20	15/12/20	7.36	28	1.78
Million plus cities	2020-21(2nd) Tied Grants Air Quality and Water & SWM	135.00	12/04/21	07/05/21	7.36	25	0.68
	<b>Total penalty</b>						<b>6.72</b>
	<b>Penalty already released for delayed transfer to ULBs</b>						<b>0.09</b>
	<b>Balance to be released as a penalty</b>						<b>6.63</b>

**Appendix 6.1**

**(Reference to Paragraph 6.1.3(i), Page 81)**

**ULB wise required strength and sanctioned strength**

Sl. No.	Name of the ULB	Required Sanctioned Strength as per norms	Existing Sanctioned Strength
<b>Corporations</b>			
1	Greater Visakhapatnam	630	782
2	Tirupati	750	725
3	Guntur	1,581	1,581
4	Eluru	503	515
5	Mangalagiri-	174	168
6	Tadepalli	121	103
<b>Municipalities</b>			
7	Hindupur	350	347
8	Tadipatri	258	239
9	Dharmavaram	313	325
10	Kuppam	89	0
11	Bobbili	153	148
12	Peddapuram	139	131
13	Tanuku	217	211
14	Pedana	89	81
15	Chilakaluripet	249	225
16	Ponnur	156	146
17	Kavali	224	207
<b>Nagar Panchayat</b>			
18	Palakonda	87	62
19	Nandigama	107	96
20	Addanki	110	89
21	Penukonda	37	6

*\*All regular posts are not yet sanctioned.*



## Appendix 6.2

(Reference to Paragraph 6.1.3(ii), Page 81)

Statement showing the details of post-wise sanction strength and excess/ short proposals relating to Mangalagiri-Tadepalli Municipal Corporation.

Sl. No	Name of the post	Required Sanctioned strength as per G.O.MS. No. 218	Proposed sanctioned strength of corporation	Shortage/excess sanctioned strength proposed
<b>Administration</b>				
1	Commissioner	1	1	
2	Additional Commissioner	1	1	
3	Secretary	1	1	
4	Assistant Commissioner (Admn.)	1	1	
5	Public Relation Officer	1	1	
6	Education Officer	1	1	
7	Superintendent	7	15	8 Excess
8	Senior Assistant	14	14	
9	Junior Assistant	14	19	5 Excess
10	Senior Stenographer (PA to Commissioner)	1	3	2 Excess
11	Record Assistant	1	1	
12	System Manager	1	1	
13	System Assistant	1	2	1 Excess
<b>Revenue</b>				
1	Deputy Commissioner	1	1	
2	Revenue Officer	1	2	1 Excess
3	UD Revenue Inspector	One for four Bill Collector (9)	3	6 Short
<b>Accounts</b>				
1	Examiner of Accounts	1	1	
2	Accounts Officer	1	1	
3	Junior Accounts Officer	1	1	
4	Senior Accountants	3	3	
5	Junior Accountants	5	5	
<b>Public Health &amp; sanitation</b>				
1	Municipal Health Officer	1	1	
2	Sanitary Supervisor	1 (One for every 5 sanitary Inspectors)	2	1 Excess
3	Sanitary Inspector	6 (One for every 40,000 population)	8	2 Excess

Sl. No	Name of the post	Required Sanctioned strength as per G.O.MS. No. 218	Proposed sanctioned strength of corporation	Shortage/excess sanctioned strength proposed
4	Health Assistant / Birth & Death Registrar	2	3	1 Excess
5	Sanitary Maistry / Sanitary Jawan	18 (Three for one sanitary Inspector)	5	13 short
<b>Engineering</b>				
1	Superintendent Engineer	0	1	1 Excess
2	PA to SE DEE cadre	0	1	1 Excess
3	Executive Engineer/Municipal Engineer Gr-I	1	3	2 Excess
4	Dy. Executive Engineer Gr.II	2 +1 for Env. Engg	4	1 Excess
5	Horticulture Officer	1	1	
6	Municipal Asst. Executive Engineer / Municipal Asst. Engineer	5	11	6 Excess
7	Draughtsman	1	2	1 Excess
8	CAD / GIS Operator	1	1	
<b>Town Planning</b>				
1	Deputy city Planner	0	1	1 Excess
2	Assist. City Planner/Town planning Officer (Selection Grade)	1	2	1 Excess
3	Transportation Planner	1	1	
4	Town planning supervisor	4 (One for every 60,000 population (min.2))	5	1 Excess
5	Town planning building overseer	6 (One for every 40,000 population (min.4))	8	2 Excess
6	CAD/GIS operator	1	2	1 Excess
7	Town surveyor	1	2	1 Excess
	<b>Total</b>	<b>121</b>	<b>142</b>	<b>40 Excess and 19 shorts</b>

**Appendix 6.3**  
**(Reference to Paragraph 6.1.3(ii), Page 81)**  
**Details of posts sanctioned without support criteria**

<b>Name of the Post</b>	<b>Strength proposed</b>
Assistant Statistical Officer	1
Attender	9
Tractor Driver	4
Fitter	3
Gang Cooly	4
Bore well Attender	8
Reservoir Watchman	1
Street Lighting Helper	3
Lighter	2
Superior Field Worker	2
Sweeper	37
Drain Cleaner	5
Scavenger	12
Thoti	2
Malaria Worker	4
Cesspool Cleaner	3
Tractor Worker	4
Public Health Worker	3
Head Master	1
LFL HM	5
School assistant	13
SGT	62
SGT (Urdu)	6
<b>Total</b>	<b>194</b>

**Appendix 6.4**

(Reference to Paragraph 6.2.1, Page 83)

**ULB wise required sanctioned strength and person in position**

Sl. No.	Name of the ULB	Existing Sanctioned Strength	Person in position
<b>Corporations</b>			
1	Greater Visakhapatnam	782	502
2	Tirupati	725	663
3	Guntur	1,581	1,373
4	Eluru	515	433
5	Mangalagiri	168	143
6	Tadepalli	103	91
<b>Municipalities</b>			
7	Hindupur	347	247
8	Tadipatri	239	174
9	Dharmavaram	325	267
10	Kuppam#	0	0
11	Bobbili	148	17
12	Peddapuram	131	106
13	Tanuku	211	186
14	Pedana	81	68
15	Chilakaluripet	225	188
16	Ponnur	146	126
17	Kavali	207	183
<b>Nagar Panchayat</b>			
18	Palakonda	87	55
19	Nandigama	107	77
20	Addanki	110	70
21	Penukonda	37	8

\*All regular posts are not yet sanctioned.

# Existing sanctioned strength was not provided by Kuppam Municipality; hence it is shown as zero.

## ULB wise required sanctioned strength, sanctioned strength and person in position

ULB	Wing/Section	Required Sanctioned strength as per GO Ms. No. 218	Existing sanctioned strength of Municipality	Shortage/excess sanctioned strength		Person in position	Vacant Posts as compared to required sanctioned strength	
				Shortage	Excess		Shortage	Excess
Visakhapatnam	Administration	154	311	14	171	231	61	138
	Revenue	13	15	3	5	14	4	5
	Accounts	19	18	4	3	6	13	0
	Public health	221	243	35	57	144	79	2
	Engineering	121	144	8	31	86	39	4
	Town planning	102	51	53	2	21	81	0
	<b>Total</b>	<b>630</b>	<b>782</b>	<b>117</b>	<b>269</b>	<b>502</b>	<b>277</b>	<b>149</b>
Tirupati	Administration	261	263	5	7	254	14	7
	Revenue	99	98	2	1	94	6	1
	Accounts	11	2	9	0	0	11	0
	Public health	119	115	6	2	100	19	0
	Engineering	134	129	8	3	112	24	2
	Town planning	126	118	8	0	103	23	0
	<b>Total</b>	<b>750</b>	<b>725</b>	<b>38</b>	<b>13</b>	<b>663</b>	<b>97</b>	<b>10</b>
Guntur	Administration	509	542	1	34	505	28	24
	Revenue	266	223	43	0	207	59	0
	Accounts	13	12	1	0	0	13	0
	Public health	298	322	3	27	251	47	0
	Engineering	254	240	14	0	209	45	0
	Town planning	241	242	2	3	201	40	0
	<b>Total</b>	<b>1,581</b>	<b>1,581</b>	<b>64</b>	<b>64</b>	<b>1,373</b>	<b>232</b>	<b>24</b>
Eluru	Administration	183	188	8	13	176	19	12
	Revenue	68	65	4	1	57	12	1
	Accounts	11	11	0	0	3	8	0
	Public health	90	102	0	12	77	16	3
	Engineering	74	75	3	4	64	11	1
	Town planning	77	74	4	1	56	21	0
	<b>Total</b>	<b>503</b>	<b>515</b>	<b>19</b>	<b>31</b>	<b>433</b>	<b>87</b>	<b>17</b>
Mangalagiri	Administration	59	60	0	1	53	6	0
	Revenue	26	22	4	0	22	4	0
	Accounts	5	5	0	0	4	1	0
	Public health	30	27	3	0	21	9	0
	Engineering	25	25	0	0	21	4	0
	Town planning	29	29	1	1	22	7	0
	<b>Total</b>	<b>174</b>	<b>168</b>	<b>8</b>	<b>2</b>	<b>143</b>	<b>31</b>	<b>0</b>
Tadepalli	Administration	46	46	0	0	42	4	0
	Revenue	17	17	0	0	16	1	0

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ULB	Wing/Section	Required Sanctioned strength as per GO Ms. No. 218	Existing sanctioned strength of Municipality	Shortage/excess sanctioned strength		Person in position	Vacant Posts as compared required sanctioned strength	
				Shortage	Excess		Shortage	Excess
	Accounts	5	3	2	0	1	4	0
	Public health	6	2	4	0	2	4	0
	Engineering	22	20	2	0	16	6	0
	Town planning	25	15	10	0	14	11	0
	<b>Total</b>	<b>121</b>	<b>103</b>	<b>18</b>	<b>0</b>	<b>91</b>	<b>30</b>	<b>0</b>
Hindupur	Administration	129	135	1	7	91	38	0
	Revenue	47	44	3	0	33	14	0
	Accounts	6	6	0	0	2	4	0
	Public health	57	56	1	0	43	14	0
	Engineering	58	53	8	3	40	20	2
	Town planning	53	53	2	2	38	15	0
	<b>Total</b>	<b>350</b>	<b>347</b>	<b>15</b>	<b>12</b>	<b>247</b>	<b>105</b>	<b>2</b>
Tadipatri	Administration	89	85	4	0	70	19	0
	Revenue	33	32	1	0	25	8	0
	Accounts	7	9	0	2	2	5	0
	Public health	43	38	5	0	26	17	0
	Engineering	45	36	9	0	28	17	0
	Town planning	41	39	2	0	23	18	0
	<b>Total</b>	<b>258</b>	<b>239</b>	<b>21</b>	<b>2</b>	<b>174</b>	<b>84</b>	<b>0</b>
Dharmavaram	Administration	102	97	5	0	93	9	0
	Revenue	43	41	2	0	37	6	0
	Accounts	11	5	6	0	2	9	0
	Public health	54	45	9	0	39	15	0
	Engineering	53	51	2	0	38	15	0
	Town planning	50	86	2	38	58	17	25
	<b>Total</b>	<b>313</b>	<b>325</b>	<b>26</b>	<b>38</b>	<b>267</b>	<b>71</b>	<b>25</b>
Kuppam	Administration	29	0	29	0	0	29	0
	Revenue	10	0	10	0	0	10	0
	Accounts	3	0	3	0	0	3	0
	Public health	15	0	15	0	0	15	0
	Engineering	16	0	16	0	0	16	0
	Town planning	16	0	16	0	0	16	0
	<b>Total</b>	<b>89</b>	<b>0</b>	<b>89</b>	<b>0</b>	<b>0*</b>	<b>89</b>	<b>0</b>
Bobbili	Administration	53	52	2	1	49	5	1
	Revenue	18	18	0	0	16	2	0
	Accounts	5	5	0	0	3	2	0
	Public health	26	23	3	0	19	7	0
	Engineering	25	21	4	0	19	6	0
	Town planning	26	29	1	4	17	10	1
	<b>Total</b>	<b>153</b>	<b>148</b>	<b>10</b>	<b>5</b>	<b>123</b>	<b>32</b>	<b>2</b>

ULB	Wing/Section	Required Sanctioned strength as per GO Ms. No. 218	Existing sanctioned strength of Municipality	Shortage/excess sanctioned strength		Person in position	Vacant Posts as compared to required sanctioned strength	
				Shortage	Excess		Shortage	Excess
Peddapuram	Administration	48	46	2	0	43	6	1
	Revenue	16	15	1	0	10	6	0
	Accounts	5	5	0	0	2	3	0
	Public health	24	21	3	0	21	3	0
	Engineering	22	21	1	0	16	6	0
	Town planning	24	23	1	0	14	10	0
	<b>Total</b>	<b>139</b>	<b>131</b>	<b>8</b>	<b>0</b>	<b>106</b>	<b>34</b>	<b>1</b>
Tanuku	Administration	72	74	2	4	71	4	3
	Revenue	30	28	2	0	27	3	0
	Accounts	5	5	0	0	4	1	0
	Public health	37	36	1	0	28	9	0
	Engineering	35	33	2	0	25	10	0
	Town planning	38	35	3	0	31	7	0
	<b>Total</b>	<b>217</b>	<b>211</b>	<b>10</b>	<b>4</b>	<b>186</b>	<b>34</b>	<b>3</b>
Pedana	Administration	29	27	2	0	25	4	0
	Revenue	10	10	0	0	9	1	0
	Accounts	3	3	0	0	2	1	0
	Public health	15	12	3	0	11	4	0
	Engineering	16	14	2	0	11	5	0
	Town planning	16	15	1	0	10	6	0
	<b>Total</b>	<b>89</b>	<b>81</b>	<b>8</b>	<b>0</b>	<b>68</b>	<b>21</b>	<b>0</b>
Chilakaluripet	Administration	84	76	8	0	64	20	0
	Revenue	32	31	1	0	28	4	0
	Accounts	6	6	0	0	3	3	0
	Public health	45	39	6	0	33	12	0
	Engineering	43	35	8	0	32	11	0
	Town planning	39	38	2	1	28	11	0
	<b>Total</b>	<b>249</b>	<b>225</b>	<b>25</b>	<b>1</b>	<b>188</b>	<b>61</b>	<b>0</b>
Ponnur	Administration	52	50	3	1	50	3	1
	Revenue	19	18	1	0	17	2	0
	Accounts	5	5	0	0	3	2	0
	Public health	27	24	3	0	17	10	0
	Engineering	26	22	4	0	20	6	0
	Town planning	27	27	0	0	19	8	0
	<b>Total</b>	<b>156</b>	<b>146</b>	<b>11</b>	<b>1</b>	<b>126</b>	<b>31</b>	<b>1</b>
Kavali	Administration	75	71	4	0	66	9	0
	Revenue	30	30	0	0	23	7	0
	Accounts	7	7	0	0	4	3	0

Performance Audit on Efficacy of Implementation of 74th Constitutional Amendment Act

ULB	Wing/Section	Required Sanctioned strength as per GO Ms. No. 218	Existing sanctioned strength of Municipality	Shortage/excess sanctioned strength		Person in position	Vacant Posts as compared to required sanctioned strength	
				Shortage	Excess		Shortage	Excess
	Public health	38	33	6	1	30	8	0
	Engineering	36	33	4	1	30	7	1
	Town planning	38	33	5	0	30	8	0
	<b>Total</b>	<b>224</b>	<b>207</b>	<b>19</b>	<b>2</b>	<b>183</b>	<b>42</b>	<b>1</b>
Palakonda	Administration	29	23	6	0	20	9	0
	Revenue	10	9	1	0	9	1	0
	Accounts	3	0	3	0	0	3	0
	Public health	15	12	3	0	9	6	0
	Engineering	14	9	5	0	8	6	0
	Town planning	16	9	7	0	9	7	0
	<b>Total</b>	<b>87</b>	<b>62</b>	<b>25</b>	<b>0</b>	<b>55</b>	<b>32</b>	<b>0</b>
Nandigama	Administration	36	33	4	1	31	5	0
	Revenue	14	10	4	0	10	4	0
	Accounts	3	4	0	1	2	1	0
	Public health	16	19	0	3	13	3	0
	Engineering	18	16	3	1	10	8	0
	Town planning	20	14	6	0	11	9	0
	<b>Total</b>	<b>107</b>	<b>96</b>	<b>17</b>	<b>6</b>	<b>77</b>	<b>30</b>	<b>0</b>
Addanki	Administration	37	31	6	0	27	10	0
	Revenue	21	10	11	0	9	12	0
	Accounts	3	3	0	0	1	2	0
	Public health	13	13	0	0	12	1	0
	Engineering	17	16	1	0	10	7	0
	Town planning	19	16	4	1	11	8	0
	<b>Total</b>	<b>110</b>	<b>89</b>	<b>22</b>	<b>1</b>	<b>70</b>	<b>40</b>	<b>0</b>
Penukonda	Administration	11	4	8	1	6	6	1
	Revenue	3	2	1	0	1	2	0
	Accounts	3	0	3	0	0	3	0
	Public health	6	0	6	0	0	6	0
	Engineering	7	0	7	0	0	7	0
	Town planning	7	0	7	0	1	6	0
	<b>Total</b>	<b>37</b>	<b>6</b>	<b>32</b>	<b>1</b>	<b>8</b>	<b>30</b>	<b>1</b>
<b>Grand Total</b>		<b>6,337</b>	<b>6,187</b>	<b>602</b>	<b>452</b>	<b>5,083</b>	<b>1,490</b>	<b>236</b>

\*Existing sanctioned strength was not provided by Kuppam Municipality; hence it is shown as zero to arrived at required sanctioned strength.



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## **GLOSSARY**

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Abbreviation	In Full
AP	Andhra Pradesh
APBOCWFB	Andhra Pradesh Building and Other Construction Workers Welfare Board
APDPMS	Andhra Pradesh Development Permission Management System
APFC	Andhra Pradesh Financial Code
APGBC	Andhra Pradesh Greening and Beautification Corporation
APGST	Andhra Pradesh Goods and Services Tax
APM Act	Andhra Pradesh Municipalities Act
APMC Act	Andhra Pradesh Municipal Corporation Act
APMR&UDA	Andhra Pradesh Metropolitan Region & Urban Development Authority
APPCB	Andhra Pradesh Pollution Control Board
APPTB	Andhra Pradesh Property Tax Board
APTP	Andhra Pradesh Town Planning
APUFIDC	Andhra Pradesh Urban Finance Infrastructure Development Corporation
ARC	Administrative Reforms Commission
ARV	Annual Rental Value
BIS	Bureau of Indian Standards
BPS	Building Penalisation Scheme
CAA	Constitutional Amendment Act
CCT	Commissioner of Commercial Taxes
CDMA	Commissioner & Director of Municipal Administration
CDP	City Development Plan
CFC	Central Finance Commission
CoI	Constitution of India
CPHEEO	Central Public Health Engineering and Environment Organisation
CRDA	Capital Region Development Authority
CV	Capital Value
DCB	Demand, Collection & Balance
DPC	District Planning Committee
DRDA	District Rural Development Agency
DTCP	Directorate of Town & Country Planning
EESL	Energy Efficiency Services Limited
ERP	Enterprise Resource Planning
ET	Entertainment Tax

<b>Abbreviation</b>	<b>In Full</b>
FC	Finance Commission
FFC	Fourteenth Finance Commission
GHMC	Greater Hyderabad Municipal Corporation
GIS	Geographic Information System
GO	Government Order
GoAP	Government of Andhra Pradesh
GoI	Government of India
GST	Goods and Services Tax
GTC	Grants Transfer Certificate
GVMC	Greater Visakhapatnam Municipal Corporation
IEC	Information, Education & Communication
LED	Light Emitting Diode
LPCD	Litres Per Person (Capita) per Day
LRS	Land Regularisation Scheme
MAE	Municipal Assistant Engineer
MAEE	Municipal Administration Executive Engineer
MAUDD	Municipal Administration & Urban Development Department
MC	Municipal Corporation
MEPMA	Mission for Elimination of Poverty in Municipal Areas
MoU	Memorandum of Understanding
MoUD	Ministry of Urban Development
MPC	Metropolitan Planning Committee
MRDA	Metropolitan Regional Development Authority
MRF	Material Recovery Facility
NOC	No Objection Certificate
NP	Nagar Panchayat
O&M	Operation & Maintenance
OBPMS	Online Building Permission Management System
ODF	Open Defecation Free
PA	Performance Audit
PHMED	Public Health Municipal Engineering Department
PMAY	Pradhan Manthri Awaas Yojana
PR&RD	Panchayath Raj & Rural Development
PT	Property Tax
PTB	Property Tax Board
RBI	Reserve Bank of India
SAC	Swachha Andhra Corporation
SARC	Second Administrative Reforms Commission

Abbreviation	In Full
SDLs	State Development Loans
SEC	State Election Commission
SFC	State Finance Commission
SIUD	State Institute of Urban Development
SLAB	State Level Advisory Board
SLBs	Service Level Bench Marks
SRTS	Solar Roof Top System
SWM	Solid Waste Management
TPBO	Town Planning Building Overseer
UDA	Urban Development Authority
ULBs	Urban Local Bodies
VLT	Vacant Land Tax
WC	Ward Committee
ZGS	Zilla Grandhalaya Samstha

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