

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA
ON
LOCAL BODIES
FOR THE YEAR ENDED 31 MARCH 2016**

**GOVERNMENT OF GUJARAT
REPORT NO. 2 OF 2017**

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PREFACE

This Report for the year ended 31 March 2016 has been prepared for submission to the Governor of the State of Gujarat.

This Report relates to Audit of receipts and expenditure of the Local Bodies in Gujarat conducted under provisions of the Comptroller and Auditor General (Duties, Power and Conditions of Service) Act, 1971 and read with proviso of Gujarat Panchayat Act, 1993, Gujarat Provincial Municipal Corporations Act, 1949 and Gujarat Municipalities Act, 1963, as amended on 04 April 2011 which empowers the Comptroller and Auditor General of India to conduct Audit of the accounts of Panchayati Raj Institutions (PRLs) and Urban Local Bodies (ULBs), and submit such Audit Report to the State Government for its placement in the State Legislature.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2015-16 as well as those, which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2015-16 have also been included, wherever necessary.

The Audit has been conducted in conformity with the Auditing Standards (March 2002) issued by the Comptroller and Auditor General of India.

OVERVIEW

This Report contains four chapters. The first and the third chapters contain an overview of the functioning, accountability mechanism and financial reporting issues of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second chapter contains one Compliance Audit paragraph and one individual paragraph on the Audit of financial transactions of PRIs. The fourth chapter contains two Performance Audit paragraphs and two Compliance Audit paragraphs on ULBs. A synopsis of the findings contained in the Performance Audits and Compliance Audits are presented in this overview.

1 An overview of the functioning, accountability mechanism and financial reporting issues of Panchayati Raj Institutions

The State Government could devolve only 19 out of 29 functions to the PRIs as envisaged in the 11th Schedule of the Constitution. District Planning Committees (DPCs) had been constituted in only eight districts. Meetings of DPC were not held in these eight districts during 2015-16. The appointment of Lokayukta had not been made till December 2016. As on March 2016, 243 Utilisation Certificates (UCs) aggregating to ₹ 590.19 crore due in respect of grants paid during the period 2001-16 were outstanding. The report of the 3rd State Finance Commission (SFC) submitted in December 2013 was yet to be placed before the legislature. The department could implement only nine and seven accepted recommendations of first and second SFCs respectively. An unspent grant of ₹ 79.45 crore of Thirteenth Finance Commission (ThFC) was lying with the PRIs. The State Government has not adopted the Web based software (PRIASoft) developed by the Government of India (GoI) for maintenance of accounts of PRIs as of date.

(Paragraph 1.1 to 1.10)

2 Conversion of land from Agricultural to Non-agricultural purposes by Panchayati Raj Institutions

The Gujarat Land Revenue Code and Rules enables the Government to monitor activities to discourage/indiscriminate conversion of agricultural land for non-agricultural purposes. It provided powers to accord necessary permission for conversion of land for non-agricultural purposes such as industrial, commercial, residential, charitable and temporary use. Audit was conducted to assess whether system for conversion of agricultural land to non-agricultural purposes by the Panchayati Raj Institutions was for rightful purpose and in accordance with rules and regulations.

- Permission for conversion of agricultural land for non-agricultural purpose had been granted by the Taluka Development Officers (TDOs) instead of District Development Officers (DDOs) and Collectors concerned. Permissions had been granted by three TDOs without obtaining approved lay-out plan of the Town Planner.*
- Permission in 270 cases was delayed upto 1,981 days from the stipulated date for issuance of permission.*

- *Permission for conversion of land had been granted without collecting conversion tax and measurement fees. Non-levy and Short levy of penalty for violation of conditions of permissions were noticed.*
- *Post monitoring of non-agricultural cases was found deficient.*

The above deficiencies need urgent attention of the State Government for ascertaining approval of non-agricultural cases for rightful purpose and in accordance with the rules and regulations.

(Paragraph 2.1.1 to 2.1.4)

3 Idle expenditure of ₹ 13.24 crore on underground drainage project besides depriving the targeted population of intended benefit

Failure to provide connection of drainage line from house to underground drainage system resulted in completed underground drainage projects lying idle for more than three years despite incurring an expenditure of ₹ 13.24 crore.

(Paragraph 2.2)

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

A review of finances of ULBs revealed that Audit of all Municipal Corporations (MCs) by Examiner Local Fund Audit (ELFA) was in arrears from 2012-13. The MCs and Nagarpalikas (NPs) had not carried out Social Audit of works. The State Level Property Tax Board constituted in March 2011 was non-functional as the assigned functions could not be carried out by the Board. UCs for grants aggregating to ₹ 1,040.92 crore paid during the period 2001-16 were outstanding as of March 2016. The total expenditure against the total available funds during the period 2015-16 was 56 per cent. The department could implement only 17 and eight accepted recommendations of first and second SFCs respectively. An unspent grant amounting to ₹ 126.57 crore of ThFC was lying with the NPs and MCs. State's Municipal Accounts Manual has also not been finalized as yet.

(Paragraph 3.1 to 3.13)

5 Relocation and Rehabilitation of slum dwellers in Ahmedabad Municipal Corporation Area

With an aim to improve the quality of life of urban poor, Ahmedabad Municipal Corporation (AMC) had prepared (2006) City Development Plan (CDP) for the period 2006-12. AMC had also prepared (2012) Slum Free City Plan of Action (SFCPoA) for the period 2013-22 based on socio-economic survey (2010) of all slum households. AMC identified 572 slums under Slum Free City Plan of Action (SFCPoA) to rehabilitate and redevelop through Government funding and private developers. The performance audit of "Relocation and Rehabilitation of slum dwellers in AMC area" was conducted for the period 2011-16 between May and September 2016. Following observations came to light –

- *As against the target of 60,000 Dwelling Units (DUs) under CDP, AMC had constructed only 20,112 DUs under Basic Service to Urban Poor (BSUP) scheme. Infrastructure development works were not taken up in 149 slums identified in the CDP.*

- *Under Slum Free City Plan of Action (SFCCPoA), AMC could achieve the target of only 10,151 beneficiaries (32 per cent) as of March 2016 against the target of 31,578 slum dwellers to be rehabilitated during 2013-15.*
- *AMC could recover only ₹ 19.41 crore out of ₹ 119.85 crore recoverable from the beneficiaries of 17,915 DUs under BSUP scheme.*
- *In BSUP housing project near Saint Mary's School, Naroda, 192 DUs allotted to slum dwellers remained unoccupied since completion of its construction (2012) due to the dilapidated conditions of the buildings. Similarly, in Ajit Mill Housing Project, Amraiwadi, possession of 40 DUs have not been taken by the beneficiaries, out of which 28 DUs are illegally occupied.*
- *Social infrastructure such as one Community Hall, one Training Centre, four Shops, 10 Anganwadis and 14 Public Health Centres were found non-functional since completion of their construction (August 2014) under BSUP.*
- *Out of 20,112 DUs constructed under BSUP, 2,197 DUs are lying vacant since last one to two years as of December 2016.*
- *Consent of slum beneficiaries were not obtained for 2,528 DUs under construction since September 2014.*
- *Under the Regulations for the Rehabilitation and Redevelopment of the Slums - 2010 (RRRS-2010), excess Transferrable Development Rights valuing ₹ 184.43 crore have been provided to the developers by AMC. Permitting the developers to construct low-rise buildings instead of high-rise buildings resulted in loss of revenue of ₹ 32.62 crore on account of vacant area after slum rehabilitation.*
- *As provided in RRRS-2010, slum dwellers identified in socio-economic survey (2010) were to be considered as eligible beneficiaries. Out of 215 and 533 DUs allotted in Bavaji na Chapra and Lakhudi Talavadi na Chapra projects, only 87 and 306 beneficiaries were covered from the list of socio-economic survey respectively.*
- *Under In-situ Rehabilitation of Slums - 2013 (ISRS-2013), developers of five projects have benefited from lower payment of land premium for vacant land due to non-valuation of land with respect to market rate and accepting the land premium as quoted by the bidders in their bid. Against the average cost of ₹ 4.39 lakh per DU under BSUP, Rajiv Awas Yojana and RRRS-2010, the average tender cost approved in six projects for 3,228 DUs was ₹ 7.69 lakh per DU which resulted in undue financial benefit of ₹ 106.52 crore to the developers.*

The above deficiencies indicated that the strategies adopted were not effective. This is a pointer to the fact that the Government may revisit the policies/strategies to achieve the intended objective of "slum-free city".

(Paragraph 4.1.1 to 4.1.10)

6 Service Delivery in Urban Local Bodies

With an objective to measure the performance of each ULB, GoI issued (July 2008) 28 Service Level Benchmarks (SLBs) for four services. The services included water supply, sewage, solid waste and storm water management. Recommendations of ThFC also provided that each State Government shall evolve methods to benchmark the services provided by ULBs. The SLBs issued by GoI were operationalised in the State from March 2011. The performance audit on “Service Delivery in ULBs” was conducted for the period 2011-16 between April and October 2016 which revealed some areas of concern relating to services delivered by ULBs as highlighted below –

- *NPs test-checked had not prepared the City Development Plan. The SLB Cell constituted in November 2011 had not carried out any activity envisaged in the Terms of Reference.*
- *SLB notification for water supply services indicated that all the MCs had achieved the SLBs in respect of per capita supply of water per day, non-revenue water, water quality and redressal of complaints. All the NPs have achieved the SLBs in respect of water quality and redressal of complaints. Only 31 NPs in the State could provide prescribed SLB of 135 lpcd of water. Efficiency in usage of water and leakages in the distribution system had not been ensured in any of the ULBs. Metered water connections had not been implemented in any of the ULBs except Surat and Vadodara MCs. None of the ULBs in the State could provide water for 24 hours. The supply of water ranged between 0.12 hours and nine hours.*
- *Discrepancies between actual performance and the performance indicators notified in respect of test-checked MCs and NPs were noticed. The actual coverage of water connections in Bhavnagar and Vadodara MCs was only 79 and 90 per cent as against 100 and 98 per cent notified. MCs and NPs have been reporting estimated Non-Revenue Water (NRW) instead of measuring the actual NRW. No Water Audit had been conducted to assess the actual NRW. Out of 13 test-checked NPs, two NPs supplied water on alternate days and four NPs supplied water once in three days. Tests prescribed for ensuring quality of water was not being carried out by the test-checked MCs and NPs. Actual recovery of cost for supply of water varied as compared to the recovery of cost notified.*
- *Out of 14 Water Supply projects implemented in test-checked ULBs, inordinate delay in execution of work was noticed in four projects. Five out of ten completed WS projects had not been completely put to use by the ULBs due to irregular/non-supply of water from source, faulty design and abandoning the work by the agency, etc. Test-checked ULBs had not achieved the prescribed SLBs in respect of water supply despite implementation of water supply projects.*
- *SLB notification for sewage management indicated that all the MCs and NPs had achieved the SLBs in respect of coverage of toilets and redressal of complaints. The coverage of sewage network in MCs ranged between*

22 and 98 per cent as against the benchmark of 100 per cent. The coverage of sewage network in NPs ranged from zero (96 NPs) to 100 per cent (one NP). Sewage treatment facility was available only in five MCs while the same was not available with NPs.

- *The actual achievement of coverage of sewage network, cost recovery for sewage services and efficiency in cost recovery in respect of test-checked NPs varied with reference to achievement notified.*
- *Out of 13 underground drainage projects approved for test-checked ULBs, five projects have been completed. Works in respect of seven projects are in progress and one project was yet to commence. Delay/non-completion of projects had been noticed in test-checked ULBs due to defective drawings, change in scope of work, non-construction of pump house, non-availability of site, etc. Completed project of Bardoli NP had not been put to use due to non-availability of electricity connections. In Unjha NP, the network laid was not being fully utilised due to improper laying of network pipelines by the agency.*
- *Only two test-checked ULBs had the facility of Sewage Treatment Plants (STPs). Instances of disposal of untreated sewage into stream/river/open area were noticed.*
- *SLB notification for Solid Waste Management services indicated that all the MCs and NPs had achieved SLB in household coverage of solid waste management services and efficiency in collection of Municipal Solid Wastes (MSWs). Segregation of MSWs ranged from two to 18 per cent in MCs. Segregation of MSWs was not being done in 155 NPs. Facility of processing MSW was not available in three out of eight MCs in the State. Only 48 out of 159 NPs had been processing the MSW, however, recovery of waste after processing of MSW was notified only in respect of two NPs. The facility of scientific disposal of MSW was not available in four out of eight MCs and none of the NPs in the State had the facility of scientific disposal of MSW.*
- *In test-checked MCs and NPs, Audit observed variations in achievement notified for Solid Waste Management services as against the actual achievement. Segregation of MSW was not being done at Bhavnagar and Vadodara MCs as against 17 and two per cent notified. Similarly, variation was noticed in test-checked NPs also in respect of achievement notified for segregation of MSW. As against 64 and 38 per cent of MSW notified as MSW processed by Bhavnagar and Vadodara MCs respectively, the actual MSW processed was only 18 and four per cent. Vadodara MC reported 100 per cent scientific disposal of MSW, however, the actual scientific disposal was only 35 per cent of the MSW generated.*
- *Vermicompost plants for processing of biodegradable wastes available in eight out of 13 test-checked NPs were found non-operational. Sanitary Landfill Facilities constructed in January 2013 at a cost of ₹ 46.88 crore for covering 36 NPs were not put to use. Resultantly, the NPs resorted to*

dumping of MSW in open area and instances of stray animals feeding on the wastes were also noticed.

- *Monitoring mechanism was found deficient as SLB Cell constituted had not monitored and reviewed the progress of benchmarking process as mandated. The notification of achievement of SLB was being done without proper assessment.*

The above deficiencies need urgent attention of the Government for proper delivery of services to the public by the ULBs and to achieve the target of SLBs prescribed by GoI.

(Paragraph 4.2.1 to 4.2.13)

7 Asset Management in selected Nagarpalikas

Audit was undertaken to review the standards of management of 11 important assets by the NPs and following deficiencies were noticed.

- *The works to be executed during the year had not been considered while preparation of budget estimates instead provision was made on lump-sum basis. The NPs had not prepared a five year corporate plan for prioritising the development works.*
- *Despite availability of funds, development works had not been commenced due to lack of planning.*
- *Ongoing projects had not been completed within the stipulated date of completion.*
- *Shops and platforms of shopping complexes and vegetable markets respectively constructed by the NPs were found lying idle. The buildings were found in dilapidated condition due to non-utilisation/non-auction.*
- *NGOs assigned with operation of pay and use toilets had left the work and the toilets were found lying idle without proper maintenance.*
- *Community halls constructed in Dhoraji and Prantij NPs could not be put to use since their construction.*
- *None of the test-checked NPs had been maintaining the asset register and other registers though envisaged in the Municipal Account Code.*
- *Deficient maintenance of buildings of primary school, healthcare centres and town halls was noticed.*
- *NPs had not taken any action for disposal of obsolete/unserviceable assets.*

The above deficiencies need urgent attention of the State Government for proper management of assets by the NPs for optimal utilisation and for providing necessary civic amenities to the people.

(Paragraph 4.3.1 to 4.3.8)

8 Collection of Professional Tax by selected Nagarpalikas

The test-checked NPs had not conducted any survey to ascertain actual number of tax payers in their jurisdiction. Resultantly employers and persons had been performing their profession, trade, etc. without payment of Professional Tax. The Registration Certificate and Enrolment Certificate holders had not been making timely payment of PT in five and ten test-checked NPs respectively which resulted in accumulation of arrears. In contravention to State Government instructions, three test-checked NPs had not credited into Government Account, the PT of ₹ 1.14 crore collected from their employees.

(Paragraph 4.4.1 to 4.4.4)

CHAPTER-I

PANCHAYATS, RURAL HOUSING AND RURAL DEVELOPMENT DEPARTMENT

AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF PANCHAYATI RAJ INSTITUTIONS

CHAPTER – I

AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

The 73rd Constitutional amendment gave constitutional status to Panchayati Raj Institutions (PRIs). It established a system of uniform structure, regular elections and continuous funds flow through Finance Commissions. As a follow up, the States are required to entrust these bodies with such powers, functions and responsibilities so as to enable them to function as Local Self Government Institutions (LSGIs). In particular, the PRIs are required to prepare plans and implement schemes for economic development and social justice. It also included those enumerated in the Eleventh Schedule of the Constitution.

A three-tier¹ system of Panchayats was envisaged in the Gujarat Panchayats Act, 1961. This Act was amended in April 1993 to incorporate the provisions of the 73rd Constitutional amendment.

The population growth in Gujarat during the last decade (2001-2011) was 19.30 *per cent* and was more than the national average of 17.70 *per cent*. By the year 2011, the population of the State was 6.04 crore, of which women comprised 47.90 *per cent*. The rural population of the State was 3.47 crore (57.45 *per cent*) and urban population was 2.57 crore (42.55 *per cent*). The comparative demographic and developmental picture of the State is given in **Table 1** below –

Table 1: Important statistics of the State

Indicator	Unit	State value	National value
Population	1,000s	60,440	12,10,570
Population density	Sq. Km	308	382
Rural Population	1,000s	34,695	8,33,463
Urban Population	1,000s	25,745	3,77,106
Gender Ratio	Females <i>per</i> 1,000 males	919	943
Population below poverty line	<i>Per cent</i>	16.63	21.92
Literacy	<i>Per cent</i>	78.00	73.00
Birth rate	<i>Per</i> 1,000 Population	20.08	21.40
Infant Mortality Rate	<i>Per</i> 1,000 live births	36	40
Maternal Mortality Ratio	<i>Per</i> 1,00,000 live births	112	167
Gross State Domestic Product ²	₹ in crore	8,95,202	1,24,88,205
Panchayati Raj Institutions (PRIs)	Numbers	14,312	2,44,453
District Panchayats (DPs)	Numbers	33	618
Taluka Panchayats (TPs)	Numbers	249	6,618
Gram Panchayats (GPs)	Numbers	14,030	2,48,245

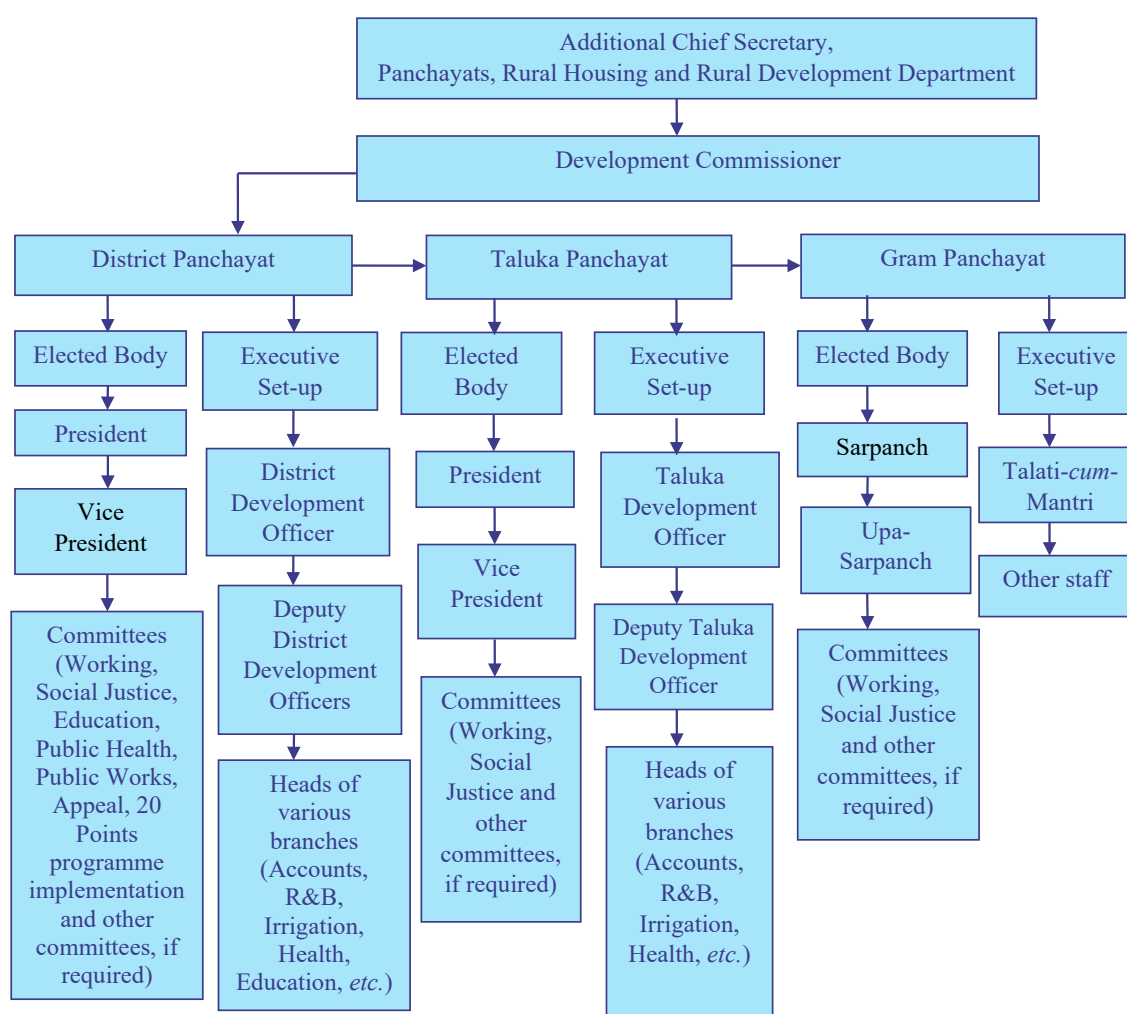
(Source: Socio-Economic Review 2015-16 of Gujarat and data available on the website of Planning Commission, Ministry of Health & Family Welfare and Ministry of Panchayati Raj, Government of India)

- 1 District Panchayat (DP) at district level, Taluka Panchayat (TP) at intermediate level and Gram Panchayat (GP) at village level
- 2 Estimated GDP at current price for the year 2014-15

1.2 Organisational set-up of the PRIs

Additional Chief Secretary, Panchayats, Rural Housing and Rural Development Department (PRHRDD) exercises administrative control over the PRIs. The PRHRDD is responsible for framing policies pertaining to formulation and implementation of developmental schemes and administration. The PRHRDD exercises administrative control through office of the Development Commissioner, Gandhinagar. The President and Vice President of the DPs and TPs are elected from amongst the elected representatives. The Sarpanch of a GP is elected directly by the villagers and the Upa-Sarpanch is elected from amongst the elected representatives. The Gujarat Panchayats Act envisages the functioning of the DPs, TPs and GPs through Standing Committees having elected representatives as members and chairperson. The Presidents in respect of DPs and TPs and Sarpanches of GPs are *ex-officio* Chairpersons of the Standing Committees.

The organisational set-up of the three tier system in Gujarat is shown below-



1.3 Functioning of PRIs

The 73rd Amendment to the Constitution envisaged transfer of 29 functions listed in the 11th Schedule of the Constitution to the PRIs. Article 243 G of the Constitution had empowered the State Legislature to decide and confer powers and responsibilities to the PRIs. As per Section 180 (2) of the Gujarat Panchayats Act, the State Government may entrust 29 functions to the PRIs to prepare and implement schemes³. State Government has, however, devolved (April 1993) 14 functions fully and five functions partially to PRIs. Ten functions have not yet been devolved. This indicated that the spirit of the Constitutional Amendment for the PRIs to function as grassroots level LSGIs has not been fulfilled.

1.4 Formation of various Committees

The number of Committees prescribed under the Gujarat Panchayats Act⁴ is seven⁵ for DPs and two⁶ for both TPs and GPs respectively. In addition, the Panchayats may, with the prior approval of the State Government, constitute Committee(s) for specific purposes.

Article 243 ZD of the Constitution of India envisages constitution of District Planning Committee (DPC) at district level in every State. DPC consists of such number of elected, nominated and permanent invitee members (not less than 15 and not more than 30) as determined by the Collector of the district. The Minister in-charge of the District is the Chairperson of the DPC. The tenure of DPC is five years and it is required to meet at least once in three months.

DPCs are constitutionally responsible to consolidate the plans prepared by Local Self Government Institute (LSGIs) in the District. They are also responsible for preparing a Draft Development Plan (DDP) of the District as a whole for onward transmission to the Government. The DPC is to monitor the quantitative and qualitative progress, especially its physical and financial achievements in implementation of the approved DDP. The State Government, while preparing the State plan, considers the proposal and priority included in the DDPs prepared for each District by the DPC.

DPCs were constituted in only eight districts out of 23 districts; Meetings of DPC were not held in these eight districts⁷ during 2015-16. State could not provide the information of remaining 10 districts. This could have factored the aspirations and felt needs of the populace.

1.5 Audit arrangement

1.5.1 Primary Auditor

Examiner Local Fund Audit (ELFA) is the primary auditor of the accounts of local bodies under the provisions of the Gujarat Local Fund Audit (GLFA) Act, 1963. The GLFA Act, 1963 provided that after the completion of the Audit, not later than three months thereafter, ELFA should prepare a report on the accounts

3 Relating to economic development and social justice

4 Article 145 and Article 123

5 Executive Committee, Social Justice Committee, Education Committee, Public Health Committee, Public Works Committee, Appeal Committee and Committee for implementation and review of Twenty Point Programme

6 Executive Committee and Social Justice Committee

7 Amreli, Bharuch, Dang-Ahwa, Kachchh-Bhuj, Mehsana, Rajkot, Sabarkantha and Surat

audited and examined. The report need to be sent to the local authority concerned and copies thereof to such officers and bodies as the State Government may direct. The ELFA under the State Finance Department is headed by the Examiner and has district level offices headed by Assistant Examiners.

The status of Audit conducted by ELFA as of December 2016 is shown in **Table 2** below -

Table 2: Status of Audit by ELFA

PRIs	Number of Auditable entities ⁸	Period of accounts covered of audited entities	Entities yet to be audited and period of accounts to be covered	Audit Report placed before the State legislature
DPs	26	2012-13	3 (2013-14) 26 (2014-15 onwards)	2012-13
TPs	223	2012-13	110 (2013-14) 223 (2014-15 onwards)	2012-13
GPs	14,002	2011-12	157 (2012-13) 146 (2013-14) 138 (2014-15)	2011-12

(Source: Information provided by ELFA)

The above table shows that Audit of three DPs and 110 TPs for the period 2013-14 and all DPs and TPs for the period 2014-15 onwards was in arrears. The Audit Report of ELFA on GPs for the year 2011-12 and in respect of DPs and TPs for the year 2012-13 had been placed before the State legislature.

1.5.2 Audit by the Comptroller and Auditor General of India

State Government by a resolution (May 2005) entrusted the Technical Guidance and Supervision (TGS) over the audit of PRIs to Comptroller and Auditor General of India (CAG). As per the resolution, the CAG would conduct test-check of some of the PRI and ULB units audited by the ELFA in order to provide technical guidance. The report of the test-check conducted by the CAG would be sent to the ELFA for pursuance of action taken by the PRIs and ULBs. Subsequently, the State Government entrusted (April 2011) audit of PRIs to CAG under Section 20(1) of CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971. It also provided that the CAG shall have the right to access the accounts and records of the PRIs under other sections of the CAG's DPC Act, 1971 and under other due statutory process. The CAG may provide suitable TGS to primary external auditors of PRIs viz. ELFA for the purpose of strengthening Public Finance Management and Accountability in PRIs. The provision of laying of Audit Report of ELFA along with the Report of the CAG before the State Legislature was made by amending (May 2011) the Gujarat Panchayats Act, 1993. Accordingly, the Audit Reports for the year ended March 2012 to March 2015 had been placed before the State Legislature. The discussions of the Audit Reports have been assigned to the Public Accounts Committee (PAC) of the State Legislature. The PAC has completed the discussion of Audit Report for the year ended March 2013.

⁸ The total numbers of DPs, TPs and GPs as compared to those shown in Table 1 under paragraph 1.1 of the Report was due to non-updation of ELFA records

Accountability Mechanism and Financial Reporting Issues

Accountability Mechanism

1.6 Ombudsman

Thirteenth Finance Commission (ThFC) guidelines provided that the State Government must appoint “Ombudsman⁹” at the State level for LSGIs¹⁰. The Ombudsman shall conduct investigations and enquiries in respect of any complaints of corruption and mal-administration. Thereafter, it may recommend suitable action against the functionaries of both elected members and officials concerned in accordance with the provisions of the Act.

The State Government decided to bring the functionaries of local bodies under the jurisdiction of Lok Ayukta. Accordingly, a bill seeking to amend the Gujarat Lokayukta Act, 1986 had been passed by the State Legislature on 30 March 2011 and the Gujarat Lokayukta Ayog Act, 2013 was enacted in September 2014. The appointment of Lokayukta is under consideration in General Administrative Department of the State.

1.7 Social Audit

The system of Social Audit (SA) was introduced to curb corruption and to promote integrity and quality of decision-making in delivery of public services. Social auditing is taken up for the purpose of enhancing local governance, particularly for strengthening accountability and transparency in LSGIs.

In Gujarat, the PRHRDD had made provision regarding Social Audit of works carried out and services provided at Panchayat level in the rules framed for “Gram Sabha”(October 2009). Commissioner of Rural Development (CRD) had awarded (February 2012) the work of SA of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) to “UNNATI¹¹”. The work was initially awarded for a period of two years, which was extended for a further period of one year *i.e.* up to January 2015. The State Government accorded (September 2014) the approval of setting-up of independent Social Audit Unit (SAU). As against five State Resource Persons (SRPs) at State level and 16 District Resource Persons (DRPs) at district level, only one SRP and seven DRPs respectively have been appointed as of August 2016.

1.8 Submission of Utilisation Certificates

The Gujarat Financial Rules¹² provided that Utilisation Certificates (UCs) for the grants should be submitted within 12 months of the closure of the financial year. The UCs shall be submitted by the institution or organisation concerned to the Head of Department concerned and after verification; these should be forwarded to the Accountant General. Audit observed that 243 UCs aggregating to ₹ 590.19 crore due in respect of grants paid during the period 2001-16 were outstanding as on 31 March 2016.

9 An independent quasi judicial authority

10 PRIs and Urban Local Bodies

11 A Non-Government Organisation

12 Rule 154 and 155 of the Gujarat Financial Rules, 1971

1.9 Internal Audit and Internal Control System of PRI

Internal Audit and Internal Control System in an organisation is meant to ensure that they have instituted their own internal audit function. It helps to ensure effective management of their own operations and sustain quality of their administrative as well as financial performance. It also helps to ensure whether the operations are carried out according to the applicable laws and regulations and in an economical, efficient and effective manner. A built-in Internal Control System and strict adherence to Statutes, Codes and Manuals minimise the risk of errors and irregularities. It helps to protect resources against loss due to waste, abuse and mismanagement.

The State Government had constituted (1982) an Audit Branch in each DP under the direct supervision of an Accounts Officer. The Audit Branch helps all branches of the DP in preparation and maintenance of the Accounts, Budget and all other required financial statements. All bills of DPs and TPs exceeding ₹ 40,000 are being pre-audited by the Audit Branch.

1.10 Financial Reporting Issues

1.10.1 Source of funds

In addition to own source of tax and non-tax revenue¹³ and capital receipts¹⁴, PRIs receive funds from State Government and Government of India (GoI). Funds are received in the form of grants-in-aid/loans for general administration, implementation of development scheme/works, creation of infrastructure in rural areas, *etc.* Besides, grants from State/Central Finance Commission are also received.

The receipt of PRIs from all sources during the last five years ending 2015-16 is shown in the **Table 3** below –

Table 3: Sources of revenue of PRIs

	(₹ in crore)				
Revenue	2011-12	2012-13	2013-14	2014-15	2015-16
Government Grants	13,087.87	14,464.38	17,295.00	17,503.96	18,287.26
Own Revenue	266.61	268.66	273.88	276.98	282.50
Central Finance Commission Grants	299.02	322.53	420.04	525.26	932.25
Total	13,653.50	15,055.57	17,988.92	18,306.20	19,502.01

(Source: Information furnished by the PRHRDD)

The above table shows that there was complete dependence of PRIs on the Government for even carrying out their basic functions as their ‘own revenue’ was very low. This impacted their fiscal autonomy, which is an important issue to be addressed for improving governance at the grassroot level.

- **Sectoral Receipts and Expenditure**

The sectoral allocation of receipts and expenditure of PRIs during 2011-16 is given in the **Table 4** as follows -

¹³ Fair Tax (Tax on melas held in the jurisdiction of PRIs), building tax, fee, rent from buildings and water reservoirs, *etc.*
¹⁴ From sale of land

Table 4: Sectoral receipts and expenditure of PRIs**(₹ in crore)**

Description		General Services	Social Services	Economic Services	Total
2011-12	Budget Provision	1,162.29	7,671.39	2,201.24	11,034.92
	Expenditure	921.51(8)	7,523.21(69)	2,510.92(23)	10,955.64
2012-13	Budget Provision	989.55	9,953.00	2,296.70	13,239.25
	Expenditure	1,420.93(10)	9,643.13(70)	2,708.40(20)	13,772.46
2013-14	Budget Provision	1,722.08	9,104.20	2,242.14	13,068.42
	Expenditure	2,004.77(12)	11,448.71(66)	3,841.51(22)	17,294.99
2014-15	Budget Provision	2,604.62	11,593.29	3,123.13	17,321.04
	Expenditure	2,975.88(17)	10,130.90(58)	4,397.18(25)	17,503.96
2015-16	Budget Provision	2,818.61	11,492.39	3,281.41	17,592.41
	Expenditure	3,128.46(17)	10,292.67(56)	4,856.34(27)	18,277.47

(Source: Information furnished by of PRHRDD)

The above table shows that percentage of expenditure to total expenditure increased from eight *per cent* (2011-12) to 17 *per cent* (2015-16) under general service and from 23 *per cent* (2011-12) to 27 *per cent* (2015-16) under economic service whereas it decreased from 69 *per cent* (2011-12) to 56 *per cent* (2015-16) under social services during the period 2011-16.

1.10.2 Recommendations of the State Finance Commission (SFC)

Article 243 I of the Constitution made it mandatory for the State Government to constitute a State Finance Commission (SFC). The SFC was to be constituted within one year from the enactment of 73rd Constitutional Amendment and thereafter on expiry of every five years. The SFC was responsible to review the financial condition of the PRIs and to make recommendations to the Governor for devolution of funds. GoI guidelines (June 2005) stipulated that the State Government was to act within six months of SFC's recommendations.

• Delayed/Non-Constitution of State Finance Commission

As the 73rd Constitutional amendment came into effect on 20 April 1993, the constitution of the first SFC was due by 19 April 1994. Status of constitution of SFCs by the State Government is given in **Table 5** below -

Table 5 : Constitution of State Finance Commission

Finance Commission	Due date for Constitution of SFC	Actual date of Constitution	Delay in Constitution	Month of submission of reports by SFC	Date of placement in Assembly
1 st FC	19 April 1994	15 September 1994	05 Months	October 1997	28 August 2001
2 nd FC	19 April 1999	19 November 2003	55 Months	November 2006	30 March 2011
3 rd FC	19 April 2004	02 February 2011	81 Months	December, 2013	Yet to be placed
4 th FC	19 April 2009	Not constituted	--	NA	NA
5 th FC	19 April 2014	Not constituted	--	NA	NA

(Source: Information received from PRHRDD)

The above table shows that the mandatory Constitutional provision in respect of timely constitution of the SFCs was not adhered to by the State Government. The 3rd SFC had submitted their report in December 2013. The Action Taken Report (ATR) on the report from the State Government departments is awaited. Consequently, the report and ATR had not been placed before the State Legislature. Delayed/non-constitution of the Commission resulted in non-availability of guiding principles for distributing State's financial resources among PRIs/ULBs. It also resulted in non-determination of taxes, duties, tolls and fees which are to be assigned to or appropriated by the Panchayats or the Municipalities.

The State Government had accepted 27 out of 52 recommendations (52 *per cent*) made by the First SFC and 20 out of 41 recommendations (49 *per cent*) made by the Second SFC. The department could implement only nine and seven accepted recommendations of First and Second SFCs respectively (December 2016).

1.10.3 Recommendations of Central Finance Commission (CFC)

1.10.3.1 Unspent Grant of Thirteenth Finance Commission

On the recommendation of ThFC, GoI released ₹ 1,797.29 crore to the State Government during the period 2010-15. Out of this, the State Government could utilise ₹ 1,717.84 crore, leaving unspent balance of ₹ 79.45 crore as of March 2016.

1.10.4 Maintenance of Records

- **Cash Book**

The Gujarat TP and DP Finance Accounts and Budget Rules, 1963 provides that the Cash Book is a preliminary and important record. It should be maintained properly under the supervision and control of the office/branch officer. Audit observed deficiencies/omissions in maintenance of Cash Book at two DPs, four TPs and 13 GPs test-checked during the year 2015-16.

- **Other records**

As per codal provision, PRIs are required to keep and maintain register/records, books/accounts in prescribed formats giving all the required details. Audit observed non-maintenance/improper maintenance of records in DPs, TPs and GPs test-checked during 2015-16 as shown in **Table 6** below –

Table 6: Non-maintenance/improper maintenance of records

PRIs	Number of units audited (2015-16)	Agreement Register	Advance Register	Dead Stock Register	Grant Register	Work Register
DPs	9	8	2	8	8	9
TPs	19	5	2	7	13	13
GPs	95	1	21	35	25	55

1.10.5 Reconciliation of Balances as per Cash Book with Treasury/Bank Pass Book

The Gujarat TP and DP Finance Accounts and Budget Rules, 1963 provided that reconciliation of balances of Cash Book with the balances in the Treasury/Bank Pass Book should be carried out at the end of each month. Audit observed that the reconciliation of balances was not carried out in three DPs, two TPs and two GPs test-checked during the year 2015-16.

1.10.6 Maintenance of Accounts by PRIs

State Government decided (September 2004) to accept the Model Accounting System (MAS) prescribed by the CAG. It provided four-tier classification of accounts viz. major head, minor head, sub head and object head. The State Government issued (March 2011) instructions for maintaining accounts as per double entry accrual accounting system in Gujarat Rural Accounting Management (GRAM) software. It shall also include eight formats prescribed in MAS in addition to the requirement of respective Financial Rules of PRIs. Audit observed that the formats had not been operationalised. The PRIs continued with their existing accounting formats prescribed under the Gujarat TP and DP Financial Accounts and Budget Rules, 1963.

Audit also observed that the web based software (PRIASoft) developed by the GoI for maintenance of accounts of PRIs had not been adopted by the State Government.

1.10.7 Issues related to AC/DC Bills

As per Gujarat Treasury Rules, 2000, the drawing officers are required to furnish the Detailed Contingent (DC) Bills in respect of all Abstract Contingent (AC) Bills. The DC bills are required to be furnished within three months from the date of drawal of AC Bills to Accountant General (A&E). As of May 2016, DC Bills in respect of 1,535 AC Bills (2000 to 2016) for an amount of ₹ 41.88 crore were outstanding though the prescribed period of three months had elapsed.

The State Government may issue instructions to the PRIs for submission of DC Bills within the prescribed time limit for timely regularisation of advance drawn on AC Bills.

1.11 Conclusion

The State Government had devolved 19 out of 29 functions to the PRIs as envisaged in the 11th Schedule of the Constitution. DPCs were constituted in only eight districts out of 23 districts; Meetings of DPC were not held in these eight districts during 2015-16. State could not provide the information of remaining 10 districts. Audit Report of ELFA on DPs and TPs for the years 2013-14 onwards and on GPs for the years 2012-13 onwards were yet to be placed before the State legislature. The appointment of Lokayukta had not been made till December 2016. As on March 2016, 243 UCs aggregating to ₹ 590.19 crore due in respect of grants paid during the period 2001-16 were outstanding. Prescribed periodicity for constitution of SFCs was not maintained

and the report of the 3rd SFC submitted in December 2013 was yet to be placed before the legislature. The PRHRDD could implement only nine and seven accepted recommendations of first and second SFCs respectively. As of March 2016, an unspent grant amount of ₹ 79.45 crore of Thirteenth Finance Commission was lying with the PRIs. Deficiencies/omissions in maintenance of cash book and non-maintenance/improper maintenance of records were noticed in PRIs test-checked during 2015-16. Web based software (PRIASoft) developed by the GoI for maintenance of accounts of PRIs has not been adopted by the State Government as of date.

CHAPTER-II

PANCHAYATS, RURAL HOUSING AND RURAL DEVELOPMENT DEPARTMENT

AUDIT FINDINGS

CHAPTER – II

This Chapter contains Audit findings of one Compliance Audit paragraph on the theme “Conversion of land from Agricultural to Non-agricultural purposes by Panchayati Raj Institutions” and an individual paragraph.

COMPLIANCE AUDITS

PANCHAYATS, RURAL HOUSING AND RURAL DEVELOPMENT DEPARTMENT

2.1 Conversion of land from Agricultural to Non-agricultural purposes by Panchayati Raj Institutions

2.1.1 Introduction

The Gujarat Land Revenue Code¹, 1879 (the Code), came into force to enable the Government to administer land use in the State. The State Government framed (1972) Gujarat Land Revenue Rules, 1972 (GLR Rules) for enforcement of the Code. The Code and Rules enables the Government to monitor activities to discourage/indiscriminate conversion of agricultural land for non-agricultural purposes. It provided powers to accord necessary permission for conversion of land for non-agricultural purposes such as industrial, commercial, residential, charity and temporary use.

The Additional Chief Secretary (ACS) is the administrative head of Panchayats, Rural Housing and Rural Development Department (PRHRDD). He is responsible for overall supervision of the PRIs. He is assisted by the District Development Officer (DDO) of District Panchayat at the district level and Taluka Development Officer (TDO) of Taluka Panchayat at taluka level. The District Collector is responsible in the municipal and notified area of the district. The DDO is responsible for implementation of policies and rules in rural area under the jurisdiction of District Panchayat and the TDO is responsible for areas under Taluka Panchayat and Village Panchayat.

An Audit was conducted to assess whether system for conversion of agricultural land to non-agricultural purposes by the Panchayati Raj Institutions was for rightful purpose and in accordance with rules and regulations. For this purpose, Audit test-checked (May 2016 to October 2016) records of seven² out of 33 District Panchayats (DPs) and four Taluka Panchayats (TPs) under each selected DPs (*i.e.* 28 TPs) in the State. Audit test-checked the records for the period 2011-16. Audit also conducted joint field visits of 17 non-agricultural lands with officials of test-checked DPs and TPs.

Audit findings

Audit scrutinised 884 out of 8,845 conversion cases finalised by the test-checked DPs and TPs during the period 2011-16. Cases noticed during the regular audit of DPs and TPs have also been included in this report.

¹ The Bombay Land Revenue Code, 1879 was renamed as Gujarat Land Revenue Code, 1879 in April 2011

² Bharuch, Kachchh-Bhuj, Mehsana, Morbi, Surat, Vadodara and Valsad

2.1.2 Approval of conversion of agricultural land to non-agricultural

2.1.2.1 Permission granted by non-designated official

Sections 65 and 67 of the Gujarat Land Revenue Code provided that the authority responsible for grant of permission for conversion of agricultural land for non-agricultural purpose shall inspect the sites before and after issuance of permission. It also provided that the officials shall levy and collect conversion tax, non-agricultural assessment, measurement fee and penalty if any, before grant of permission. The State Government delegated (July 2008) the powers for sanctioning conversion of agricultural land for non-agricultural purposes to following designated officers as shown in **Table 1** below –

Table 1: Officials delegated for sanctioning agricultural land for non-agricultural purposes

Sr. No.	Designated officer	Areas falling under the jurisdiction
1.	Collector	Areas under Municipal Corporation, Urban Development Authority, Notified Areas and Municipalities ('A' and 'B' Class) including Cantonment area
2.	Prant Officer ³	Municipalities ('C' and 'D' Class)
3.	Taluka Development Officer	Villages with population less than 3,000 and for area less than one acre (<i>i.e.</i> 4,047 square meter) amended by the State Government vide Resolution dated 08 April 2011
4.	District Development Officer	All other rural areas not included in the above three cases

(Source: Government Resolution of July 2008)

The Revenue Inspection Commissioner is responsible for inspection of Revenue and Panchayat offices relating to the revenue work of the State. Inspection notes are issued to respective offices for compliance of deficiencies.

In seven⁴ out of 28 test-checked TPs, 28 cases of land conversion had been granted by the TDOs irregularly. Audit scrutiny revealed that in 24 cases⁵, though the population was more than 3,000, the permission for land conversion was granted by the TDOs instead of DDOs. In four cases⁶, though the village was under the jurisdiction of the Urban Development Authority, the permission was granted by the TDOs instead of the Collector concerned.

The TDOs concerned accepted the audit observation and stated (June to September 2016) that due to non-availability of population data, the permission was granted. It was also stated that more care would be taken in this regard in future.

The reply is not acceptable as TDOs are supposed to have the data of population relating to the Taluka as a whole as well as those of villages.

3 Under Sections 8 and 9 of the Land Revenue Code Act 1879, the Prant Officer enjoys the power of land revenue administration and exercises the power of sub-divisional officer by virtue of his office

4 Mehsana, Morbi, Mundra, Savli, Tankara, Vijapur and Wankaner

5 Mehsana TP – three cases (residential), Morbi TP – 10 cases (four industrial, three commercial and three residential), Mundra TP – four cases (one residential and three commercial), Savli TP – one case (residential), Tankara TP – two cases (industrial), Vijapur TP – one case (commercial) and Wankaner TP – three cases (commercial)

6 Mehsana TP (two industrial and two residential)

2.1.2.2 Permission granted without approval of the Town Planner

The State Government instructions (March 1982) provided that the applicant shall apply directly to the Town Planning Authority for approval of the lay-out plan of the proposed land to be converted. The approved lay-out plan was required to be submitted with the application for conversion of agricultural land to non-agricultural purpose.

In three out of 28 test-checked TDOs, Audit observed in 19 cases⁷ that the permission for conversion of agricultural land to non-agricultural purpose had been granted without obtaining the lay-out plan approved by the Town Planner. In these cases, the applicants had not submitted the approved lay-out plan. The TDOs granted the permission without ascertaining the correctness of the plan from the Town Planner and granted the permission on the basis of lay-out plan prepared by Private Engineer.

With a view to ascertain the correctness of the lay-out plan of the private engineer, Audit obtained views of the Town Planner in respect of three cases approved by Mundra TP. The Town Planner stated (August 2016) that the permission in these three cases could not be granted due to following deficiencies –

- Parking space for commercial purpose had not been provided in all the cases.
- Details of construction work had not been provided by the applicant in the lay-out plan in all cases.
- In one case (Samagoga village), the site for construction of commercial unit was adjacent to six meter road which is not permissible as per Rule.

This indicated that the TDOs in the above cases had granted permission for conversion of agricultural land for non-agricultural purposes without proper scrutiny and without following the prescribed procedure leading to undue favour to the applicants.

The TDOs concerned accepted the audit observation and stated (August 2016) that due care would be taken in this respect in future.

The State Government may take action to regularize all cases of irregular land conversion granted by TDOs instead of DDOs and Collector concerned. Strict monitoring mechanism may be established to curb such irregular land conversion.

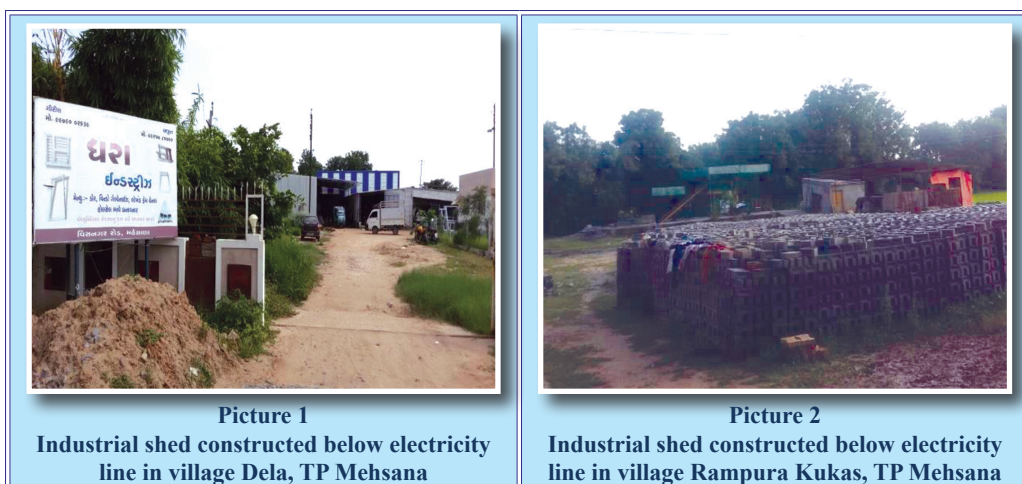
2.1.2.3 Irregular grant of permission

Section 65 of the Code provided that the authority responsible for grant of permission for conversion of agricultural land for non-agricultural purpose shall inspect the sites before and after issuance of permission. The State Government instructions (July 2008) provided that the permission shall be granted by the authorities only after obtaining “No Objection Certificates (NOC)” from various departments⁸.

⁷ Maliya TP (one case), Morbi TP (three cases) and Mundra TP (15 cases)

⁸ Railway, Electricity Company, Airport authority, Airforce, Forest, Collector, Town Planner and other authorities.

In TP Mehsana, the Uttar Gujarat Vij Company Limited (UGVCL) in their NOC for two cases⁹ had specifically denied permission for construction of any building. Permission was denied due to passage of 11 Kilowatt electricity line of the company. Audit observed that despite the remarks of UGVCL, the permission for industrial use had been granted by the TDO. During joint field visit, it was observed that the applicants had constructed a building below the electricity lines which was fraught with the risk of accidents (Pictures 1 and 2).



2.1.2.4 Delay in grant of non-agricultural permission

The State Government instructions (July 2008) provided that the permission for conversion of agricultural land for residential purposes should be granted within 30 days from the date of receipt of an application. For other purposes, the permission should be granted within 45 days. Audit observed that in five DPs and 19 TPs, the permission for conversion of land was delayed beyond the prescribed time period in 270 out of 707 cases. The delay upto 1,981 days for residential purpose in 141 cases and 1,099 days for other purposes in 129 cases were noticed. This was mainly due to late approval by the body of the PRIs and late receipt of NOC from various departments of the State and Central Government.

The DDOs and TDOs concerned accepted the audit observation and stated (September 2016) that efforts would be made to resolve administrative hurdles. It was also stated that efforts would be made to issue permission within the prescribed time limit.

The State Government may take action to remove the unauthorised constructions and keep a close vigil of such activities.

2.1.3 Levy of Taxes, Fees and Penalty

2.1.3.1 Levy of Conversion Tax

Section 67A of the Code provided for the levy of a conversion tax on change in the mode of use of the land from agricultural to non-agricultural purposes in respect

⁹ Dela Village - Survey No. 570 P/3 (Chaudhary Hiraben M.) and Rampura Kukas village – Survey No. 181 (Chaudhary Pravinbhai R.)

of land situated in a city, town or village. It also provided for levy of a conversion tax on change in mode of use of the land from one non-agricultural purpose to another. Different rates of the conversion tax are prescribed for residential/charitable and industrial/other purposes. These rates are prescribed depending upon the population of the city/town/notified area/village. The conversion tax is to be paid in advance into the Government account. The rates of conversion tax prescribed (July 2003) for different purposes are shown in **Table 2** below –

Table 2: Prescribed rates of conversion tax

Area in which land situated	Rates of tax per square meter (sq. mtr.)	
	For temporary non-agricultural/ residential/charitable purposes	For industrial and other purposes
Villages, notified areas and cities having population less than one lakh as per last census	₹ 2.00	₹ 6.00
Villages, notified areas and cities having population more than one lakh as per last census	₹ 10.00	₹ 30.00

(Source: State Government gazette of July 2003)

Audit observed in Bharuch DP and Mandvi TP that 10 applicants¹⁰ had not made the payment of conversion tax to the tune of ₹ 5.24 lakh for conversion of 2.58 lakh sq. mtrs. of land. This indicated that the DDO and TDO had issued permission without ascertaining the advance payment of conversion tax by the applicants. The said amount is outstanding as of October 2016.

The DDO and TDO accepted the audit observation and stated (September and October 2016) that action would be taken to recover the amount from the applicants.

2.1.3.2 Recovery of measurement fee

Settlement Commissioner and Director of Land Records, Gandhinagar revised (December 2002) the rates of measurement fee from 01 February 2003. Accordingly, the measurement fee is leviable at the rate of ₹ 1,200 for each development plan up to four plots and ₹ 300 for each additional plot.

In two test-checked DPs¹¹, Audit observed that the DDOs had not recovered measurement fees of ₹ 6.50 lakh in 47 cases for measuring 2,168 plots. In eight test-checked TPs¹², the TDOs had not recovered measurement fees of ₹ 0.86 lakh in 54 cases for measuring 285 plots. This resulted in non-recovery of fees to the tune of ₹ 7.36 lakh.

10 Bharuch DP – ₹ 5.00 lakh in nine cases for conversion of 2.54 lakh sq. mtrs. of land (Shri Hanif Ismail Intwala, Shri Kasambhai Haji Fatehbhai, Shri Usmanbhai Ismailbhai Patel, Shri Dineshbhai Ranchoddbhai Prajapati, Shri Manharbhai Chhotubhai, Shri Abdul Vali Ishap, Smt. Sonaben Raghulabhai Dayalbhai, Smt. Aayashaben Abdullah Mahad and Shri Babubhai Chhaganbhai Prajapati) and Mandvi TP - ₹ 0.24 lakh in one case for conversion of 0.04 lakh sq. mtrs. of land (Smt. Hemaben Pravinchand Sharma).

11 Mehsana (₹ 0.30 lakh in one case for measuring 100 plots) and Panchmahal (₹ 6.20 lakh in 46 cases for measuring 2,068 plots)

12 Dabhoi, Kadi, Karjan, Kheralu, Morbi, Vaghodia, Vagra and Vijapur

In 11 test-checked TPs¹³, the TDOs concerned had short recovered measurement fees of ₹ 0.92 lakh in 86 cases.

The DDOs and TDOs concerned accepted the audit observation and agreed (June to September 2016) to recover the above measurement fees in due course.

This indicated lack of control mechanism on the part of the district and taluka authorities in collection of revenue.

2.1.3.3 Non-realisation of penalty

(i) Section 66 of the Code provided that no land could be used for any other purpose without prior permission of the competent authority. In case of any breach of condition, the occupant is liable to pay penalty not exceeding 40 times of the non-agricultural assessment of the area of land. The State Government instructions (August 1980) provided penalty equal to 40 times of annual non-agricultural assessment for unauthorised use of land. This was applicable for cases where the land was being used for other purpose before obtaining the permission from the competent authority.

Audit observed in Morbi DP and six TPs¹⁴ test-checked that 36 applicants had been using the land for other purposes without obtaining permission. Instead of levying penalty at the rate of 40 times of non-agricultural assessment, the DDO and TDOs concerned had levied penalty of only 10 to 20 times of non-agricultural assessment. This resulted in short realisation of penalty.

During joint field visit, it was observed that –

- TDO Mundra, Kachchh-Bhuj granted permission for conversion of agricultural land for residential purpose in a case of Baroi village. The applicant had, however, constructed residential-cum-commercial unit instead of residential building (**Picture 3**).
- TDO Valsad granted permission for conversion of agricultural land for residential purpose in one case in Rola village. The applicant had, however, constructed one community hall, one bungalow and nine shops instead of residential building (**Picture 4**).

The applicants had also not obtained permission for construction of building from the village panchayat. This indicated lack of monitoring on the part of the authorities after issuance of permission. Necessary action may be initiated for non-compliance of the provisions of the code.

The State Government may consider removing the unauthorised construction and strengthen the monitoring mechanism.

13 Dabhoi (5 cases), Kadi (3 cases), Karjan (13 cases), Kheralu (1 case), Maliya (7 cases), Mehsana (7 cases), Morbi (31 cases), Mundra (1 case), Tankara (6 cases), Vaghodia (11 cases) and Vijapur (1 case)

14 Dabhoi (5), Maliya (1), Mandvi (1), Savli (5), Tankara (17) and Wankaner (2)



Picture 3

Commercial shops constructed in Survey No. 13, Plot No. 34 in Baroi village



Picture 4

Community hall and shops constructed in Survey No. 863/1 and 863/2 at Rola village

(ii) The permissions issued by the test-checked DPs and TPs for conversion of agricultural land for non-agricultural purposes specified that the construction work should be completed within two years from the date of issuance of permission. In case of default, penalty is leviable for non-fulfilment of the conditions.

Audit observed that none of the test-checked DPs and TPs had obtained the documents of completion of construction from the applicants. This indicated that the authorities had not made any efforts to ensure the observance of conditions of permission granted to the applicants. During joint field visit (between August and October 2016) of eight sites¹⁵ in Valsad DP and Bhuj TP, it was observed that the applicants had not commenced the construction (**Pictures 5 and 6**). The permission in these cases had been granted during 1979-2012.



Picture 5

Construction not done in land permitted for residential use since September 2012 (Survey No. 2/1, Village Padhadhar, Bhuj)



Picture 6

Construction not done in land permitted for residential use since March 1979 (Survey No. 25/11, Village Mirzapar, Bhuj)

It was also observed that the DDOs and TDOs concerned had not levied any penalty for breach of conditions of permission granted. This resulted in non-realisation of penalty and failure on the part of the authorities to monitor the use of land for which permission was granted.

The DDOs and TDOs concerned accepted the audit observation and agreed (June to October 2016) to recover the penalty.

¹⁵ Four cases each of Valsad DP and Bhuj TP

Audit is of the view that the district and taluka authorities may review all such cases, impose penalty for non-compliance.

The State Government may review and consider cancelling the permissions granted, if the conditions of permission granted are not complied with.

2.1.4 Internal Control Mechanism

2.1.4.1 Maintenance of Land Record

The State Government developed a website (<http://anyror.gujarat.gov.in>) to facilitate online updation and verification of land records. This enables the user of the website to know the type of land use and other information by entering the survey number of the land. The authorities responsible for granting permission for change in land use are required to send a copy of the non-agricultural order to the Mamlatdar of the district. The Mamlatdar¹⁶ is responsible for updation of the online information.

Audit scrutinised the details of updation of 69 out of 567 non-agricultural cases finalised (2011-16) by Surat DP and six TPs test-checked. It revealed that information of 22 out of 69 non-agricultural cases¹⁷ had not been updated in the website as of September 2016. This defeated the very purpose of development of the website for easy access to the public.

As per the provisions of Talati Manual¹⁸ issued (December 2008) by the State Government, the Talati-cum-Mantri (TCM) of village panchayat is required to maintain non-agricultural control register. Audit observed that the said register was not being maintained properly by the TCMs of all test-checked TPs. The details of area of land, survey number, area converted for non-agricultural purpose, taxes levied and collected, etc. were not being entered in the register.

The DDOs and TDOs concerned accepted the audit observation and stated (June 2016) that the register would be maintained in proper form in future.

2.1.4.2 Post monitoring of conversion cases

Section 65 of the Code provided that the authority responsible for grant of permission for conversion of agricultural land for non-agricultural purpose shall inspect the sites before and after issuance of permission. Post inspection of sites was required to be done to ascertain whether the conditions specified in the permission had been fulfilled by the applicant. The main conditions were whether –

- the land was being used for the purpose specified in the permission order;
- construction of building done as per approved plan and completed within two years;

16 Mamlatdar assists the Collector in maintaining the land records of each Taluka of the district

17 Surat DP – seven out of 45 cases, Dabhoi TP – two out of five cases, Mahuva TP – all three cases, Mandvi TP – two out of three cases, Morbi TP – all three cases, Palsana TP – two out of five cases and Waghodiya TP – three out of five cases.

18 Talati-cum-Mantri is in charge of the Gram Panchayat and is responsible for maintaining the village records. The Talati Manual prescribes the duties and powers of the Talati-cum-Mantri.

- facilities of approach road, drainage, percolation well, *etc.* had been made; and
- plantation of trees for environmental balance and controlling global warming had been done.

Audit observed that none of the test-checked DPs and TPs had conducted inspection of sites in respect of permissions granted for conversion of land use during 2011-16. This has resulted in utilisation of land for other purpose and non-commencement of construction as discussed in **Paragraph 2.1.3.3**. As regards plantation of trees, DP and TPs in Kachchh-Bhuj district recovered ₹ 25,000 as security deposit up to one acre of land from the applicants. For every additional acre of land, ₹ 5,000 was also being recovered in Kachchh-Bhuj district. In Mehsana district, the DP and TPs recovered ₹ 10,000 as security deposit up to one acre of land from the applicants. The security deposit collected was required to be refunded on completion of plantation. In case of non-plantation of trees, the security deposit would be forfeited and deposited in the own accounts of the PRIs after completion of five years.

Audit observed that none of the applicants had demanded the refund of the security deposit nor furnished the details of plantation done. In remaining test-checked districts, the authorities did not conduct any inspection to check the fulfilment of conditions of permission by the applicants.

The DDOs and TDOs concerned stated (June to September 2016) that the inspection of sites after issuance of permission had not been done due to shortage of staff. It was assured that efforts would be made to conduct post monitoring of conversion cases with the available staff in future.

This indicated that the authorities failed to monitor the observance of the prescribed conditions by the applicants. Audit is of the view that the State Government may ensure proper monitoring by the district and taluka authorities in this regard.

2.1.4.3 Submission of periodical returns

The Collector submits quarterly returns to the Revenue department regarding the details of permission granted for conversion of land. Audit observed that none of the test-checked DPs and TPs had submitted any periodical returns to PRHRDD or Revenue Department in this regards during 2011-16. This indicated lack of internal control mechanism on the part of State Government in respect of PRIs.

2.1.5 Conclusion

The Gujarat Land Revenue Code and Rules enables the Government to monitor activities to discourage/indiscriminate conversion of agricultural land for non-agricultural purposes. It provided powers to accord necessary permission for conversion of land for non-agricultural purposes such as industrial, commercial, residential, charitable and temporary use. Audit was conducted to assess whether system for conversion of agricultural land to non-agricultural purposes by the Panchayati Raj Institutions was for rightful purpose and in accordance with rules and regulations.

- Permission for conversion of agricultural land for non-agricultural purpose had been granted by the TDOs instead of DDOs and Collectors concerned. TDOs had issued permissions without obtaining approved lay-out plan of the Town Planner.
- Delay upto 1,981 days in 270 cases were noticed from the stipulated date for issuance of permission.
- Permission for conversion of land had been granted without collecting conversion tax. Measurement fees had not been recovered by DPs and TPs. Non-levy and Short levy of penalty for violation of conditions of permissions were also noticed.
- Post monitoring of non-agricultural cases was found deficient.

The above deficiencies need urgent attention of the State Government for ascertaining approval of non-agricultural cases for rightful purpose and in accordance with the rules and regulations.

The matter was reported to Government in August 2016. Reply is awaited (January 2017).

2.2 Idle expenditure of ₹ 13.24 crore on underground drainage project besides depriving the targeted population of intended benefit

Failure to provide connection of drainage line from house to underground drainage system resulted in completed underground drainage projects lying idle for more than three years despite incurring an expenditure of ₹ 13.24 crore.

The State Government launched (March 2009) RURBAN scheme. The objective of the scheme was to bridge the rural–urban divide, achieve balanced socio-economic development and to improve the quality of services¹⁹ in RURBAN areas. The State Government decided (March 2009) to take up Underground Drainage (UD) projects in rural areas²⁰ in the first phase of the scheme. Gujarat Rural Housing Board was nominated as the nodal agency. The Gujarat Water Supply and Sewerage Board (GWSSB) was responsible for providing technical guidance, monitoring and supervision. The District Development Officer of the District Panchayat (DP) was responsible to implement the projects approved by the State Government. Thereafter, the completed projects were to be handed over to the concerned Village Panchayats (VPs) for providing the connection from houses to chambers and their operation and maintenance (O&M).

On scrutiny of records of DP Panchmahal, Godhra, Audit observed (February 2016) that the State Government accorded (March 2011) administrative approval for five UD projects²¹ under RURBAN scheme in the first phase with an administrative approved cost of ₹ 14.05 crore. Out of these five UD projects, a project of Ghoghamba VP could not be taken up due to protest of villagers and another project of Kadana VP was ongoing. The remaining three projects were completed at the cost of ₹ 13.24 crore. The details of the completed UD projects is as shown in **Table** as follows -

19 Basic infrastructure, amenities, etc.

20 Villages having 10,000 population, Taluka place to be covered even though having less than 10,000 population and tribal village with minimum 7,000 population

21 Bakor, Goghamba, Jambughoda, Kadana and Morva Hadaf

Particulars	Village Bakor	Village Jambughoda	Village Morva Hadaf
Estimated cost	₹ 2.34 crore	₹ 2.69 crore	₹ 2.51 crore
Tendered cost	₹ 3.69 crore	₹ 3.73 crore	₹ 4.03 crore
Date of work order	02.05.2012	02.05.2012	28.04.2012
Stipulated date of completion	01.05.2013	01.05.2013	26.04.2013
Actual date of completion	30.09.2013	30.10.2013	25.10.2013
Date of handing over to VP	05.10.2013	20.11.2013	15.11.2013
Expenditure booked	₹ 4.35 crore	₹ 4.20 crore	₹ 4.69 crore

Audit observed that though the above projects were completed and handed over to the VPs, the projects were lying idle till date (December 2016) as not a single house in the village was connected with the UD system through drainage line. The connections were not provided by the VPs due to paucity of funds. Thus, even after lapse of more than three years, the UD projects completed at the cost of ₹ 13.24 crore in these three villages remained idle besides depriving the targeted population of underground drainage.

The Panchayats, Rural Housing and Rural Development Department had issued a resolution (March 2015) for providing financial assistance of ₹ 5.00 lakh annually for five years to VPs for O&M. The Grant was to be provided with the condition that VPs would review their taxation system for sanitation and would upgrade it to meet the expenditure of maintenance and connections charges. Despite this, VPs had neither prepared the estimates and plan nor demanded the grant for the purpose.

The District Development officer stated (February 2016) that repetitive instructions were issued to the VPs for providing the connection from the houses to chambers. The fact remained that the inaction on the part of the VPs concerned to provide connectivity from house to chambers resulted in non-utilisation of the UD projects completed and depriving the targeted population of intended benefit.

The matter was reported to Government in August 2016. Reply is awaited (January 2017).

CHAPTER-III

URBAN DEVELOPMENT AND URBAN HOUSING DEPARTMENT

AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF URBAN LOCAL BODIES

CHAPTER-III

AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF URBAN LOCAL BODIES

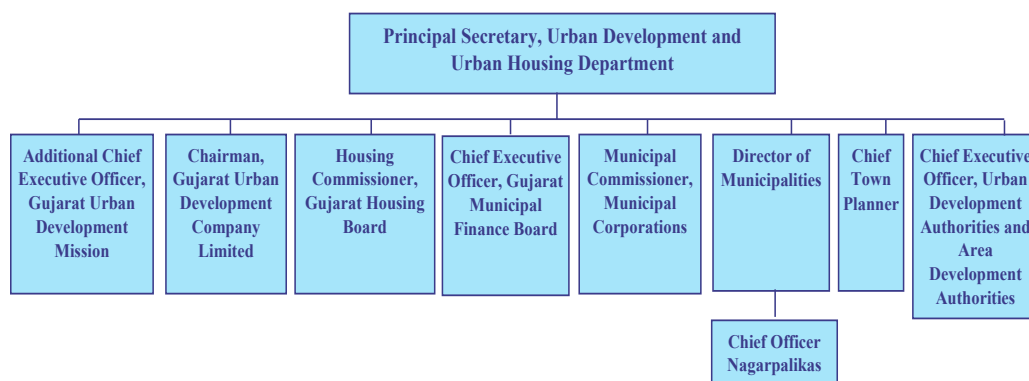
3.1 Introduction

Consequent upon the 74th Constitutional Amendment in 1993, Articles 243 P to 243 ZG were inserted in the Constitution. These Articles provided constitution and composition of municipalities and ward committees, reservation of seats for SCs/STs, powers, authority and responsibilities of municipalities, power to impose taxes, audit of accounts, elections to the municipalities, constitution of district planning committee, *etc.* This provided that the legislatures could endow certain powers and duties to the Urban Local Bodies (ULBs) in order to enable them to function as LSGIs. It would also enable the ULBs to carry out the responsibilities conferred upon them including those listed in the Twelfth Schedule of the Constitution.

As per Census 2011, Gujarat ranks sixth after Maharashtra, Uttar Pradesh, Tamil Nadu, West Bengal and Andhra Pradesh in the tally of most urbanised States. The urban population of Gujarat State was 2.57 crore, which constituted 42.55 *per cent* of the total population (6.04 crore) of the State and 2.12 *per cent* of the total population (121.06 crore) of India. In Gujarat, there were 200 ULBs *i.e.* eight Municipal Corporations (MCs), 162 Nagarpalikas (NPs) and 30 Notified Areas¹ (NAs) as of October 2016. Each MC/NP is divided into a number of wards. Wards are determined and notified by the State Government considering the population, dwelling pattern, geographical condition and economic status of the respective area.

3.2 Organisational set-up

3.2.1 The administrative department dealing with affairs of the ULBs is the Urban Development and Urban Housing Department (UD&UHD). An organisational **chart** indicating administrative set-up of the ULBs in Gujarat is as shown below

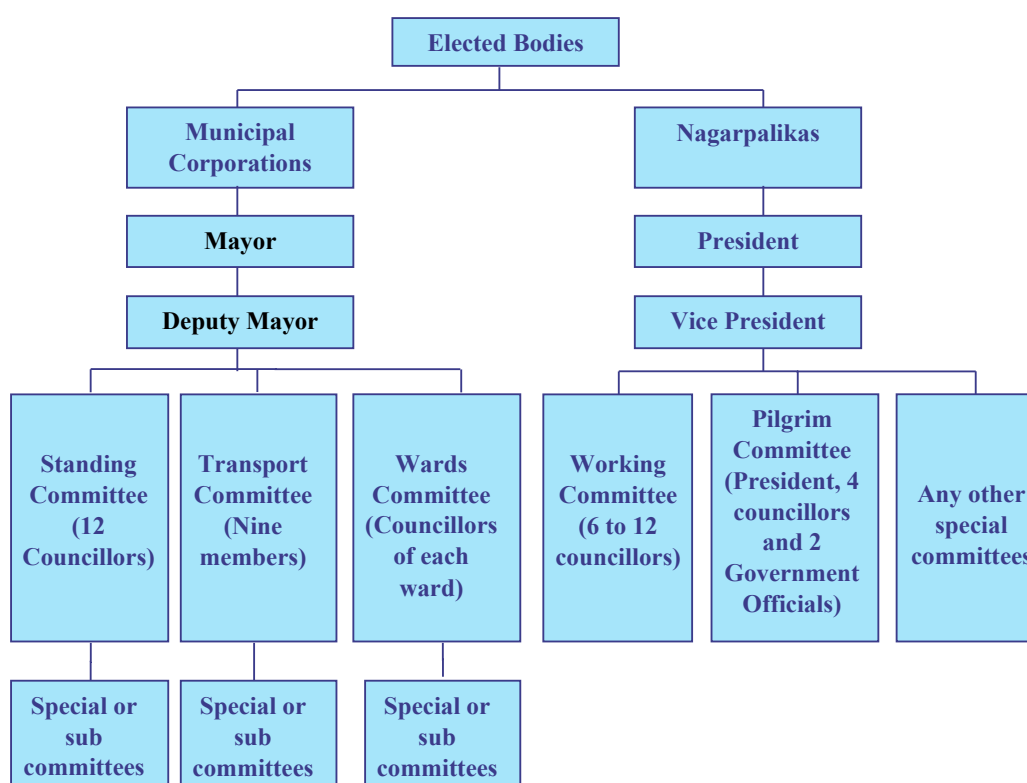


¹ Notified areas are declared by Industries and Mines department. Every notified area shall have a committee called the Board of Management appointed by the Government and shall perform its function and duties as per Gujarat Municipalities Act, 1963.

3.2.2 The State Government constituted various Boards and Authorities assigning specific functions to them. They were constituted to ensure comprehensive development and to improve service delivery systems in the thickly populated and urbanised areas of the State.

3.2.3 Composition of ULBs

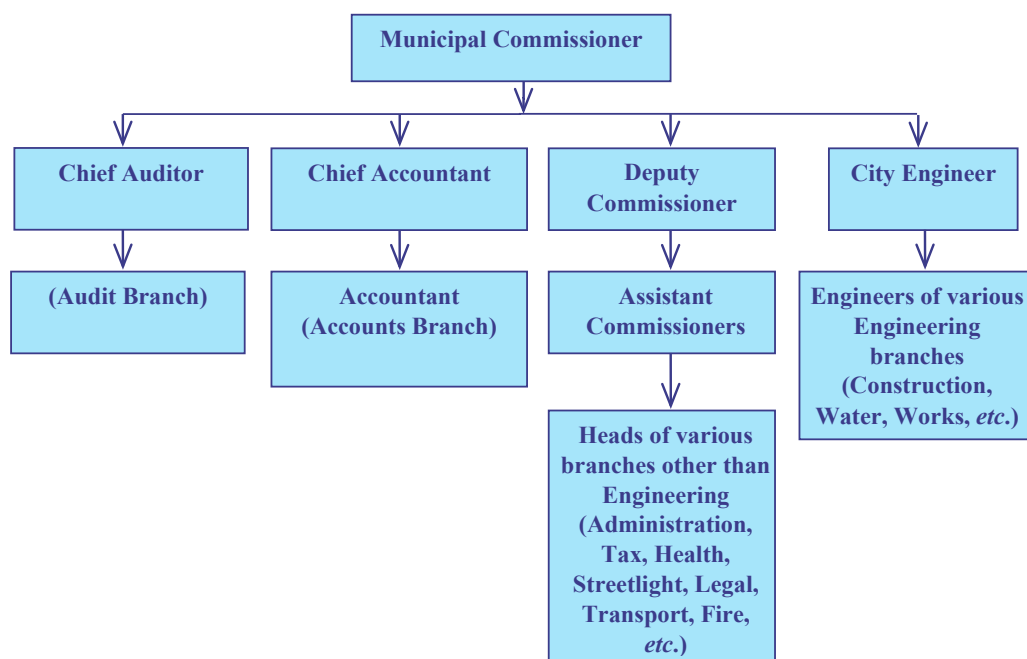
All the ULBs have a body comprising of Corporators/Councillors elected by the people under their jurisdiction. The Mayor/President who is elected by majority of the Corporators/Councillors presides over the meetings of the Corporation/Council and is responsible for governance of the body. The following **chart** shows the set-up of elected bodies in ULBs:



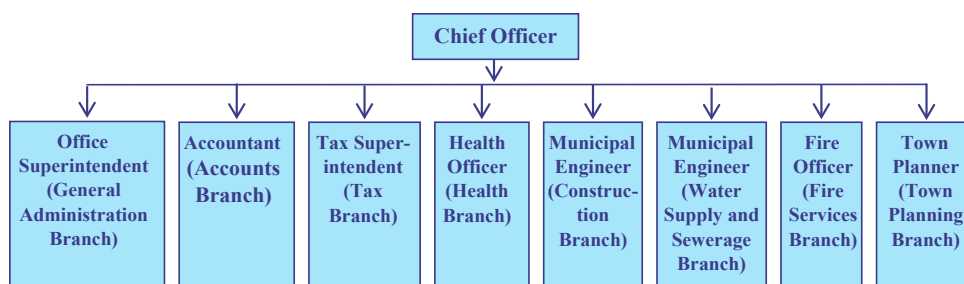
The Mayor, Deputy Mayor, President and Vice President are elected from amongst the elected councillors. The members of committees/sub-committees are elected from the elected councillors and the Chairperson of the committee is appointed from the members of the committee. The members of Transport Committee are persons with experience of Administration/transport/ engineering/industrial/ commercial/financial/labour matters. They may or may not be councillors.

The Municipal Commissioner is the executive head of MC and Chief Officer is the executive head of NP. The officers of ULBs exercise such powers and perform such functions as notified by the State Government from time to time. The executive set-up of MCs and NPs is shown as follows –

Executive set-up of Municipal Corporations



Executive set-up of Nagarpalikas



3.3 Functioning of ULBs

3.3.1 Powers and functions

ULBs exercise their powers and functions in accordance with provision of Section 87 of the Gujarat Municipalities Act, 1963. Section 87 of the Gujarat Municipalities Act, 1963 provides for various functions to be exercised in the sphere of Public Works, Education, Public Health and Sanitation, Development, Town planning and Administration. Under Section 63 to 72 of the Bombay Provincial Municipal Corporation Act, 1949, the State Government had devolved various functions and powers to Municipal Corporations.

- **Devolution of Funds, Functions and Functionaries to Urban Local Bodies**

Twelfth Schedule (Article-243 W) of the Constitution of India envisaged that the State Government may, by law, endow the ULBs with such powers and authority as may be necessary to enable them to function as LSGIs. The State Government devolved all the 18 functions envisaged in the Twelfth Schedule to the NPs and MCs to enable them to function as LSGIs.

3.4 Formation of various Committees

3.4.1 District Planning Committee

Article 243 ZD of the Constitution of India envisaged constitution of District Planning Committee (DPC) at district level in every State. The tenure of DPC is five years and it is required to meet at least once in three months. DPCs are constitutionally responsible to consolidate the plans prepared by LSGIs in the District. Thereafter, prepare a Draft Development Plan (DDP) for the District as a whole for onward transmission to the Government. The DPC is to monitor the quantitative and qualitative progress, especially its physical and financial achievements in the implementation of the approved DDP. The State Government, while preparing the State plan, considers the proposal and priority included in the DDPs prepared for each District by the DPC.

DPCs were constituted in only eight districts out of 23 districts; Meetings of DPC were not held in these eight districts² during 2015-16. State could not provide the information of remaining 10 districts. This could have factored the aspirations and felt needs of the populace.

3.4.2 Formation of committees in Urban Local Bodies

Bombay Provincial Municipal Corporation (BPMC) Act, 1949, provided that there shall be two mandatory committees in each MC *i.e.* Standing committee and Transport committee. It also provided that the MC may, from time to time, appoint out of its own body, special committees which shall conform to any instructions that the MC may from time to time give them. As per the information provided to Audit, the above mandatory committees have been formed in all MCs and additional committees have been formed based on their requirements.

Gujarat Municipalities Act, 1963 provided that there shall be two mandatory committees in each NP *i.e.* Executive committee and Pilgrim committee. It also provided that the NPs may from time to time constitute other committees to exercise the powers and perform the duties of the NP. As per the information provided to Audit, the above mandatory committees have been formed in all NPs and other committees have been formed based on their requirements.

3.5 Audit arrangement

3.5.1 Primary Auditor

Examiner Local Fund Audit (ELFA) is the primary auditor of the accounts of ULBs under the provisions of the Gujarat Local Fund Audit (GLFA) Act, 1963. The GLFA Act provided that ELFA shall prepare a report on the accounts audited and examined after the completion of the Audit. Thereafter, not later than three months, the report shall be sent to the local authority and copies thereof to such officers and bodies as the State Government may direct. The ELFA under the State Finance Department is headed by the Examiner and has district level offices headed by Assistant Examiners.

The status of Audit conducted by ELFA as on October 2016 is shown in **Table 1** as follows -

² Amreli, Bharuch, Dang-Ahwa, Kachchh-Bhuj, Mehsana, Rajkot, Sabarkantha and Surat

Table 1: Status of Audit by ELFA

ULBs	Number of Auditable entities	Entities audited and period of accounts covered	Entities yet to be audited and period of accounts to be covered	Audit Report placed before the State legislature
MCs	08	06 (2011-12)	02(2011-12) 08 (2012-13 onwards)	2010-11
NPs	159	157 (2012-13) 157 (2013-14) 155 (2014-15)	02 (2012-13) 02(2013-14) 04 (2014-15)	2011-12

(Source: Information furnished by ELFA)

The above table shows that Audit of all MCs was in arrears from 2012-13 and onwards. The Audit Report of ELFA on MCs for the year 2010-11 and in respect of NPs for the year 2011-12 had been placed before the State legislature.

3.5.2 Audit by Comptroller and Auditor General of India

State Government by a resolution (May 2005) entrusted the Technical Guidance and Supervision (TGS) over the audit of local bodies to CAG. As per the resolution, the CAG would conduct test-check of some of the PRI and ULB units audited by the ELFA in order to provide technical guidance. The report of the test-check conducted by the CAG would be sent to the ELFA for pursuance of action taken by the PRIs and ULBs. Subsequently, the State Government entrusted (April 2011) audit of ULBs to CAG under Section 20(1) of CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971. It also provided that the CAG shall have the right to access the accounts and records of the ULBs under other sections of the CAG's DPC Act, 1971 and under other due statutory process. The CAG may also provide suitable TGS to primary external auditors of ULBs viz. ELFA for the purpose of strengthening Public Finance Management and Accountability in ULBs. The provision of laying the Report of CAG on TGS with the Audit Report of ELFA before the State Legislature was made by amending (May 2011) the Gujarat Provincial Municipal Corporations Act, 1949 and Gujarat Municipalities Act, 1963. Accordingly, the Audit Reports for the year ended March 2012 to March 2015 had been placed before the State Legislature. The discussions of the Audit Reports have been assigned to the Public Accounts Committee (PAC) of the State Legislature. The PAC has completed the discussion of Audit Report for the year ended March 2013.

Accountability Mechanism and Financial Reporting Issues

Accountability Mechanism

3.6 Ombudsman

Thirteenth Finance Commission (ThFC) guidelines provided that the State Government must appoint "Ombudsman³" at the State level for LSGIs⁴.

³ An independent quasi judicial authority

⁴ PRIs and Urban Local Bodies

The Ombudsman shall conduct investigations and enquiries in respect of any complaints of corruption and mal-administration. Thereafter, it may recommend suitable action against the functionaries of both elected members and officials concerned in accordance with the provisions of the Act.

The State Government decided to bring the functionaries of local bodies under the jurisdiction of Lok Ayukta. Accordingly, a bill seeking to amend the Gujarat Lokayukta Act, 1986 had been passed by the State Legislature on 30 March 2011 and the Gujarat Lokayukta Ayog Act, 2013 was enacted in September 2014. The appointment of Lokayukta is under consideration in General Administrative Department of the State.

3.7 Social Audit

The system of Social Audit (SA) was introduced to curb corruption and to promote integrity and quality of decision-making in delivery of public services. Social auditing is taken up for the purpose of enhancing local governance, particularly for strengthening accountability and transparency in LSGIs. Social Audit had been set-up in the State only for works carried out in PRIs whereas no SA had been carried out for works carried out in NPs and MCs.

3.8 Property Tax Board

The ThFC recommended setting-up of a State Level Property Tax Board to assist the ULBs to put in place an independent and transparent procedure for assessing property tax. The commission also recommended that the Board shall enumerate all properties in the ULBs in the State and develop a database. The Board shall review the property tax system and suggest suitable basis for valuation of properties, design and formulate transparent procedure for valuation of properties, inspection for verification in ULBs in the State.

The State Level Property Tax Board was constituted in March 2011. Audit observed that the Board was non-functional as the assigned functions⁵ were not carried out by the Board.

3.9 Service Level Benchmark

The Thirteenth/Fourteenth Finance Commission recommended that the ULBs should put in place a system of benchmarking four basic services *i.e.* water supply, sewerage, solid waste management and storm water drainage. The State Government notifies every year the targets with respect to the benchmarks for above services to be achieved by the end of next fiscal year. Audit observations on achievement of service level benchmarks by selected NPs are discussed in Paragraph 4.2 of this Report.

3.10 Fire Hazard Response

ThFC guidelines for release and utilisation of grants provided that all MCs with population of more than ten lakh (Census 2001) must put in place a fire hazard

5 Provide guidance, technical support to ULBs in State for valuation of the properties, cause to enumerate the new properties in ULB area on request of concerned ULBs, ensure quality in valuation of properties, recommend modalities for periodic revision if necessary and undertake directly or through any institution, training of officers and employees of ULBs as the State Government may direct or as the Board may consider necessary for carrying out the recommendations made by the ThFC.

response and mitigation plan. Publication of these plans in the respective State Government Gazette will demonstrate compliance with this condition. Audit observed that all four MCs⁶ with more than 10 lakh population had prepared and published fire hazard response and mitigation plan.

3.11 Submission of Utilisation Certificate

The Gujarat Financial Rules provided that Utilisation Certificates (UCs) for the grants should be submitted within 12 months of the closure of the financial year. The UCs shall be submitted by the institution or organisation concerned to the Head of Department concerned and after verification; these should be forwarded to the Accountant General. Audit observed that 94 UCs aggregating to ₹ 1,040.92 crore due in respect of grants paid during the period 2001-16 were outstanding as on 31 March 2016.

3.12 Internal Audit and Internal Control Systems of ULBs

Internal Audit and Internal Control System is an integral component of ULBs' management process. It is established in order to provide reasonable assurance that the ULBs' operations are carried out effectively, economically and efficiently. Financial report and operational data are reliable and applicable laws and regulations are complied with to achieve objective of providing better civic facilities with its own revenue income. Audit observed that the State Government had established an independent internal audit wing in the MCs and NPs. The bills were passed after pre-audit by the internal auditor.

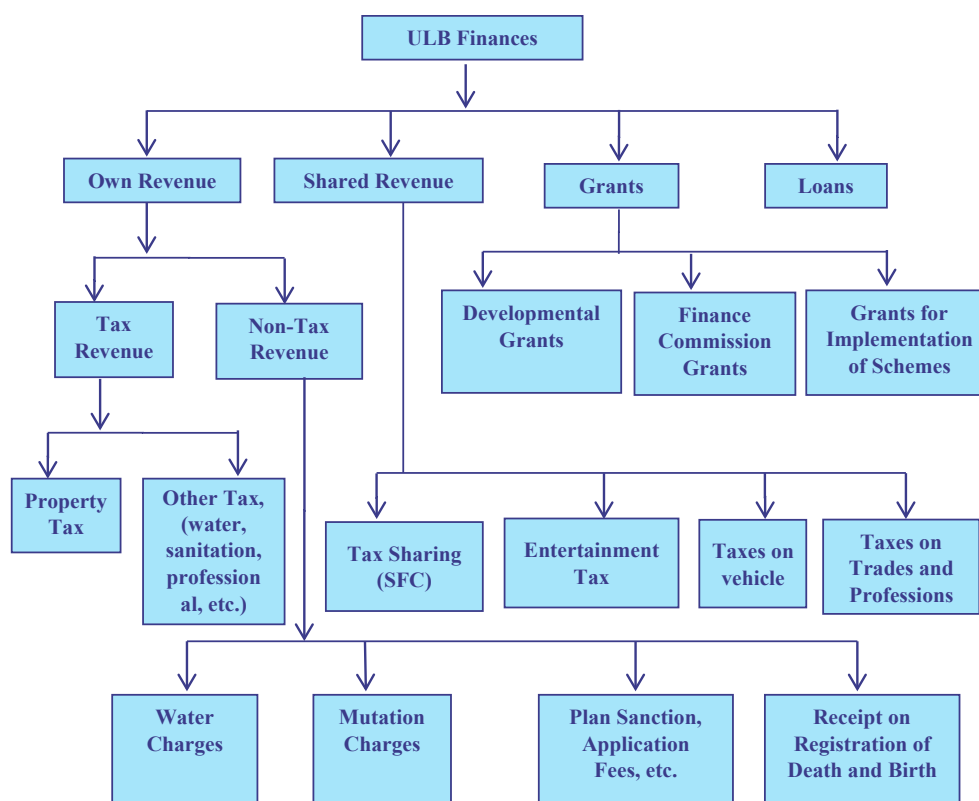
3.13 Financial Reporting Issues

3.13.1 Source of Funds

The finances of ULBs comprise of receipts from own sources, grants and assistance from Government of India (GoI)/State Government and loans raised from financial institution/nationalised banks. The ULBs do not have a large independent tax domain. Compared to PRIs, who do not have any worthwhile own source of revenue, ULBs do have an identifiable and visible source of revenue like the property tax. The property tax on land and buildings is the mainstay of ULB's own revenue. The property tax in the State is collected by the ULBs on Area Base System. The own non-tax revenue of ULBs comprises of fee for sanction of plans/mutations, water charges, *etc.*

Grants and assistance released by the State Government/GoI as well as loans raised from financial institutions are utilised for developmental activities and execution of various schemes. Flow **chart** of finances of ULBs is shown as follows -

⁶ Ahmedabad, Rajkot, Surat, Vadodara



3.13.2 Revenue and Expenditure of ULBs

The details of receipts and expenditure of ULBs are shown in **Table 2** below –

Table 2: Receipts and expenditure of ULBs

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Balance⁷	7,919.94	10,631.16	13,451.79	13,262.17	11,447.18
Receipts					
Grants-in-aid	3,530.41	5,287.16	6,110.70	5,851.59	8,026.63 (37)
Own Revenue	4,425.41	5,124.98	4,767.16	5,311.23	5,796.45 (9)
Finance Commission grants	191.00	191.40	219.12	203.04	614.91
Total Receipts	8,146.82	10,603.54	11,096.98	11,365.86	14,437.99
Total Funds available	16,066.76	21,234.70	24,548.77	24,628.03	25,885.17
Expenditure					
Roads, Drains, Culverts	783.33	2,317.00	2,893.60	2,538.45	2,672.65
Public Health and sanitation	242.35	430.52	503.60	502.16	582.38 (4)
Water Supply	707.97	1,285.90	1,132.20	1,061.64	1,322.88
Pay and Allowances	2,198.80	2,332.55	2,440.30	2,773.06	3,002.27 (21)
Loan repayment	93.34	214.53	121.40	171.68	173.58
Others	1,409.81	1,202.41	4,195.50	6,133.86	6,720.30
Total Expenditure	5,435.60 (34)	7,782.91 (37)	11,286.60 (46)	13,180.85 (54)	14,474.06 (56)
Closing Balance	10,631.16	13,451.79	13,262.17	11,447.18	11,411.11

(Source: Information provided by the Gujarat Municipal Finance Board)

⁷ Opening Balance and Closing Balance has been arrived at by audit.

The above position indicates that -

- the total expenditure against the total available funds during the period from 2011-12 to 2015-16 increased from 34 *per cent* (2011-12) to 56 *per cent* (2015-16).
- own revenue collection of ULBs increased by nine *per cent* and the grants-in-aid was increased by 37 *per cent* during the year 2015-16 as compared to 2014-15;
- the recurring expenditure on Public Health and sanitation was static and constituted only four *per cent* of the total expenditure during the period 2011-12 to 2015-16; and
- the pay and allowances of municipal staff constituted 21 *per cent* during 2015-16.

3.13.3 Recommendations of the State Finance Commission (SFC)

Article 243 I of the Constitution made it mandatory for the State Government to constitute a State Finance Commission (SFC). The SFC was to be constituted within one year from the enactment of 73rd Constitutional Amendment and thereafter on expiry of every five years. The SFC was responsible to review the financial condition of the ULBs and to make recommendations to the Governor for devolution of funds. GoI guidelines (June 2005) stipulated that the State Government was to act within six months of SFC's recommendations.

It was, however, noticed⁸ that the State Government had neither maintained periodicity for constitution of SFCs nor placed report (submitted by the belatedly constituted SFC) in the Assembly. This defeated the very purpose of the constitution of an SFC.

The State Government had accepted 29 out of 64 recommendations (45 *per cent*) made by the First SFC and 12 out of 42 recommendations (29 *per cent*) made by the Second SFC. The department could implement only 17 and eight accepted recommendations of First and Second SFCs respectively (December 2016).

3.13.4 Unspent Grant of Thirteenth Finance Commission

On the recommendation of ThFC, GoI released ₹ 925.76 crore⁹ to the State Government during the period 2010-15 which was released to the ULBs. Out of this, the State Government could utilise only ₹ 799.18 crore¹⁰, leaving unspent balance of ₹ 126.57 crore¹¹ as on March 2016.

3.13.5 Maintenance of Records

As per provisions contained in Municipal Account code, each NP shall maintain basic records in prescribed format. Basic records included work register, stock register, loan register, grant register, bill register, cheque register, deposit

8 As commented in Paragraph 1.10.2 of Chapter-I of this report

9 ₹ 690.34 crore to 159 NPs and ₹ 235.42 crore to eight MCs

10 ₹ 641.13 crore by 159 NPs and ₹ 158.05 crore by eight MCs

11 ₹ 49.20 crore by 159 NPs and ₹ 77.37 crore by eight MCs

register, assets register, *etc.* For exercising control and supervision over proper maintenance of accounts, work transactions and to prove its authenticity, the maintenance of basic records properly is essential.

Scrutiny of records of the seven out of 27 NPs test-checked during the year 2015-16, it was observed that important basic records such as assets register, grant register, work register, stock register and advance register were not being maintained or improperly maintained. In absence of such records, Audit could not ascertain the correctness and accuracy of the transactions. Non-maintenance of basic records also indicated weakness in the internal control mechanism and monitoring.

3.13.6 Maintenance of Accounts by ULBs

As per ThFC recommendations, an accounting framework consistent with the accounting format and codification pattern suggested in the National Municipal Accounts Manual (NMAM) was to be adopted by 2011-12. All ULBs were to thus introduce accrual based double entry accounting system as per the NMAM.

The MCs and NPs have adopted the accrual based double entry accounting system since 2006-07. NMAM envisages all States to develop State specific Municipal Accounts Manual. The draft Municipal Accounts Manual has been approved by the Government. The vetting by the Legislative and Parliamentary Affairs Department and publishing in the Government Gazette is however pending. The annual accounts for the year 2014-15 in respect of 158 NPs (except Savli Nagarpalika) have been finalised. Finalization of annual accounts for the year 2015-16 is still pending.

3.14 Conclusion

A review of finances of ULBs revealed that Audit of all Municipal Corporations (MCs) by Examiner Local Fund Audit (ELFA) was in arrears from 2012-13. Audit Report of ELFA on MCs for the years 2011-12 onwards and on NPs for the years 2012-13 onwards were yet to be placed before the State legislature. Social Audit had not been carried out for works carried out in NPs and MCs. The State Level Property Tax Board constituted in March 2011 was non-functional as the assigned functions could not be carried out by the Board. UCs aggregating to ₹ 1,040.92 crore due in respect of grants paid during the period 2001-16 were outstanding as of March 2016. The total expenditure against the total available funds during the period 2015-16 was 56 *per cent*. Own revenue collection of ULBs increased by nine *per cent* and the grants-in-aid was increased by 37 *per cent* during the year 2015-16 as compared to 2014-15. The UD&UHD could implement only 17 and eight accepted recommendations of first and second SFCs respectively. As of March 2016, an unspent grant amounting to ₹ 126.57 crore of Thirteenth Finance Commission (ThFC) was lying with the NPs and MCs. Non-maintenance of basic records were noticed in test-checked NPs. State's Municipal Accounts Manual has also not been finalized as yet.

CHAPTER-IV

URBAN DEVELOPMENT AND URBAN HOUSING DEPARTMENT

AUDIT FINDINGS

CHAPTER-IV

This Chapter contains Audit findings of two Performance Audits on “Relocation and Rehabilitation of slum dwellers in Ahmedabad Municipal Corporation Area” and “Service Delivery in Urban Local bodies”, and two Compliance Audits on the themes on “Asset Management in selected Nagarpalikas” and “Collection of Professional Tax by selected Nagarpalikas”.

PERFORMANCE AUDITS

URBAN DEVELOPMENT AND URBAN HOUSING DEPARTMENT

4.1 Relocation and Rehabilitation of slum dwellers in Ahmedabad Municipal Corporation Area

Executive Summary

With an aim to improve the quality of life of urban poor, Ahmedabad Municipal Corporation (AMC) had prepared (2006) City Development Plan (CDP) for the period 2006-12. AMC had also prepared (2012) Slum Free City Plan of Action (SFCCPoA) for the period 2013-22 based on socio-economic survey (2010) of all slum households. AMC identified 572 slums under SFCCPoA to rehabilitate and redevelop through Government funding and private developers. The performance audit of “Relocation and Rehabilitation of slum dwellers in AMC area” was conducted for the period 2011-16 between May and September 2016. Following observations came to light –

- AMC had constructed only 20,112 Dwelling Units (DUs) against the target of 60,000 identified in the CDP and had not taken up the work of infrastructure development in 149 slums.*
- Socio-economic survey conducted in 2010 was found deficient due to duplication of names and important information not filled in the forms.*
- Under SFCCPoA, only 572 out of 691 slums were planned for redevelopment. AMC could achieve the target of only 10,151 beneficiaries (32 per cent) as of March 2016 against the target of 31,578 slum dwellers to be rehabilitated during 2013-15.*
- AMC could recover only ₹ 19.41 crore out of ₹ 119.85 crore recoverable from the beneficiaries of 17,915 DUs under Basic Service to Urban Poor (BSUP) scheme.*
- In BSUP housing project near Saint Mary’s School, Naroda, 192 DUs allotted to slum dwellers remained unoccupied since completion of its construction (2012) due to the dilapidated conditions of the buildings. Similarly, in Ajit Mill Housing Project, Amraiwadi, possession of 40 DUs have not been taken by the beneficiaries, out of which 28 DUs are illegally occupied.*

- *Social infrastructure such as one Community Hall, one Training Centre, four Shops, 10 Anganwadis and 14 Public Health Centres were found non-functional since completion of their construction (August 2014) under BSUP.*
- *Out of 20,112 DUs constructed under BSUP, AMC has allotted only 17,915 DUs while remaining 2,197 DUs are lying vacant since last one to two years as of December 2016.*
- *Though RAY guidelines envisage obtaining prior consent from slum dwellers before commencement of any project, consent of slum beneficiaries were not obtained for 2,528 DUs under construction since September 2014.*
- *Under the Regulations for the Rehabilitation and Redevelopment of the Slums-2010 (RRRS-2010), excess Transferrable Development Rights (TDRs) valuing ₹ 184.43 crore have been provided to the developers by AMC. This was due to disregarding provisions of Planning Regulation for Rehabilitation of slums on Public Land (PRRSPL). Permitting the developers to construct low-rise buildings instead of high-rise buildings resulted in loss of revenue of ₹ 32.62 crore on account of vacant area after slum rehabilitation.*
- *As provided in RRRS-2010, slum dwellers identified in socio-economic survey (2010) were to be considered as eligible beneficiaries. Out of 215 and 533 DUs allotted in Bavaji na Chapra and Lakhudi Talavadi na Chapra projects, only 87 and 306 beneficiaries were covered from the list of socio-economic survey respectively.*
- *Under In-situ Rehabilitation of Slums-2013 (ISRS-2013), developers of five projects have benefited from lower payment of land premium for vacant land due to non-valuation of land with respect to market rate and accepting the land premium as quoted by the bidders in their bid. Against the average cost of ₹ 4.39 lakh per dwelling unit (DU) under Basic Services for Urban Poor (BSUP), Rajiv Awas Yojana and RRRS-2010, the average tender cost approved in six projects for 3,228 DUs was ₹ 7.69 lakh per DU which resulted in undue financial benefit of ₹ 106.52 crore to the developers.*
- *AMC had not made any estimation of affordable houses required in next 20 years though SFCPoA indicated shortage of 1.27 lakh houses as of January 2012.*

The above deficiencies indicated that the strategies adopted were not effective. This is a pointer to the fact that the Government may revisit the policies/strategies to achieve the intended objective of “slum-free city”.

4.1.1 Introduction

The city of Ahmedabad is situated on the eastern bank of the river Sabarmati and is now the seventh largest metropolis of our country. Ahmedabad is the hub of industrial, trading and commercial activities in Western India and considered

as a model urban centre due to its improved infrastructure and services. Under Jawaharlal Nehru National Urban Renewal Mission (JnNURM), Ahmedabad Municipal Corporation (AMC) prepared (2006) seven year plan (2006-2012) “A City Development Plan (CDP)” for Ahmedabad. Making Ahmedabad a “slum-free city” was a goal in the CDP. The Urban Development and Urban Housing Department (UD&UHD) had introduced “The Regulations for the Rehabilitation and Redevelopment of the Slums – 2010” (RRRS-2010). The RRRS-2010 provided rehabilitation of slums through private developers which was modified by introduction of “In-situ Rehabilitation of Slums - 2013 (ISRS-2013)”. As part of slum preventive strategy, UD&UHD announced (July 2013) “Mukhya Mantri Gruh Yojana (MMGY)” for providing financial assistance to houses constructed for Economically Weaker Sections (EWSs) and Low Income Groups (LIG). AMC had also constructed Night Shelters for migrants, homeless people, pavement dwellers, *etc.* to save lives of poor people and preventing them from creating new slums.

4.1.2 Organisational set-up

The Principal Secretary (PS), Urban Development and Urban Housing Department (UD&UHD) is the administrative head of the Department. The PS is responsible for the overall implementation of housing schemes in the urban areas of the State. Mission Director, Affordable Housing Mission (AHM), Gandhinagar is the State Level Nodal Agency (SLNA). AHM is responsible for releasing funds received from GoI and the State Government under various schemes to the implementing agencies.

The Municipal Commissioner (MC) of AMC is responsible for overseeing the implementation of these schemes in the AMC areas. The MC is assisted by Deputy MCs of Housing Branch, Estate Branch and six Zonal Offices.

4.1.3 Audit Objectives

The broad objectives of the Performance Audit were to assess whether -

- the survey and planning made for relocation/rehabilitation of slum dwellers were adequate;
- the financial management was efficient and effective; and
- all identified slums were relocated/rehabilitated as per phasing and planning made under CDP/SFCPoA through implementation of various schemes/regulations.

4.1.4 Audit Criteria

In order to achieve the audit objectives, the following audit criteria were adopted–

- City Development Plan (CDP) and Slum Free City Plan of Action (SFCPoA);
- General Development Control Regulations (GDCR); and
- Regulations, policies, guidelines, instructions/circulars/orders issued by the Ministry of Urban Development and Poverty Alleviation (MoUDPA) and the State Government;

4.1.5 Scope, Methodology and Coverage of Performance Audit

The Performance Audit commenced with an “entry conference” (29 April 2016) with the Deputy Secretary (Housing) of UD&UHD. The audit objective, scope and audit criteria were discussed in the entry conference and the inputs of the department were obtained.

The Audit scrutinised the records of six slum rehabilitation schemes implemented by AMC for the period 2011-16 at AMC, UD&UHD and AHM. Audit was conducted from May to September 2016. Audit also conducted beneficiary survey of four completed projects¹ where slum dwellers have been relocated/rehabilitated. The projects were selected on the basis of Simple Random Sampling method wherein 10 beneficiaries from each project were selected for survey work.

An exit conference was held (30 December 2016) with the Secretary (Housing) of UD&UHD to discuss the audit observations. Replies and views of the department have been considered in the Report.

4.1.5.1 Details of houses constructed under various schemes

AMC implemented five schemes² for rehabilitation of slum dwellers and for providing affordable houses to urban poor and a scheme for providing night shelter to homeless people. Scheme-wise details of number of houses sanctioned, number of houses constructed and number of houses under construction are shown in **Table 1** below -

Table 1: Details of houses sanctioned/completed/under progress under various schemes

Sr. No.	Name of schemes	Houses sanctioned	Houses completed	Houses under progress
1	BSUP ³ (Relocation of slum dwellers)	20,112	20,112	
2	RAY (Relocation of slum dwellers)	2,528	--	2,528
3	RRRS – 2010 (In-situ slum rehabilitation)	3,461	2,545	916
4	ISRS – 2013 (In-situ slum rehabilitation)	3,058	--	3,058
5	RAY/MMGY (EWS Phase I)	5,158	5,158	--
	RAY/MMGY (EWS Phase II)	4,293	--	4,293
6	MMGY (LIG)	4,957	--	4,957
Total		43,567	27,815	15,752

(Source: Information provided by AMC)

- Two projects of BSUP (Ajit Mills Housing Project and Near St. Mary's School Housing Project) and two projects of RRRS-2010 (Lakhudi Talawadi na Chapra and Bavaji na Chapra)
- Basic Services to the Urban Poor (BSUP) under JnNRUM, Rajiv Awas Yojana (RAY), Mukhya Mantri GRUH Yojana (MMGY), the Regulations for the Rehabilitation and Redevelopment of the Slums - 2010 (RRRS-2010) and In-situ Rehabilitation of Slums - 2013 (ISRS-2013)
- Out of 20,112 houses constructed under BSUP during 2007-16, 17,915 houses have been allotted to slum dwellers affected by Sabarmati River Front Project. These slums were de-listed before finalisation of SFCPoA, hence, only 2,197 houses have been allotted under SFCPoA

Audit Findings

4.1.6 Survey and Planning

4.1.6.1 City Development Plan

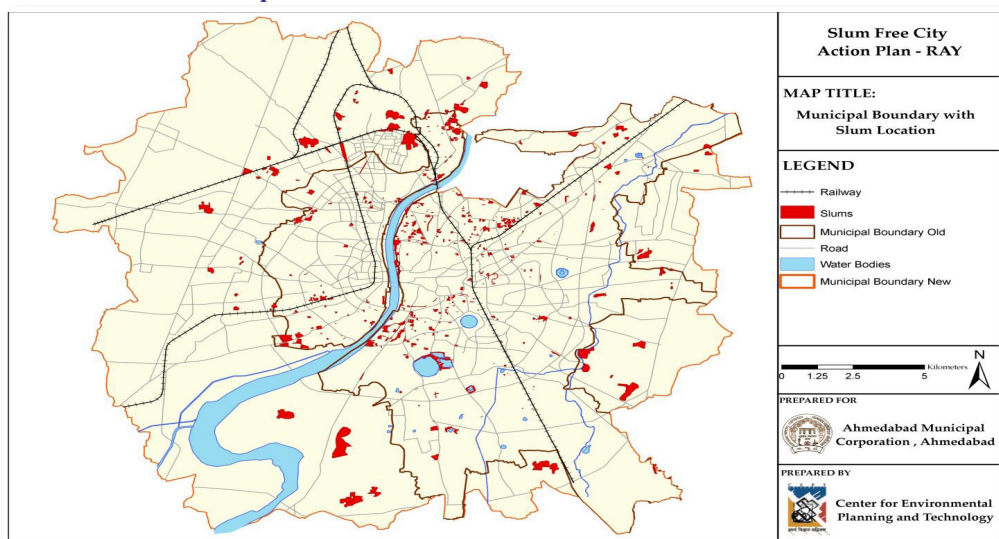
JnNURM guidelines envisaged preparation of a “City Development Plan (CDP)” by Urban Local Bodies for availing central assistance under BSUP component. Accordingly, AMC prepared (2006) CDP for Ahmedabad city for a period from 2006 to 2012. The main thrust of JnNURM was for integrated development of slums through projects for providing shelter, basic services and other related civic amenities under BSUP component. To achieve the goal of slum-free city by 2012, AMC planned construction of 60,000 Dwelling Units (DUs) for relocation of slum dwellers under BSUP. The plan also envisaged infrastructure development in 149 slums during 2006-12.

Audit observed that AMC had constructed (2007-14) only 20,112 DUs against the target of 60,000 under CDP. AMC had not taken up work of infrastructure development in 149 slums identified under CDP. Deficiencies noticed in the implementation of BSUP are discussed in **Paragraph 4.1.8.1.**

4.1.6.2 Socio-economic survey of slums

AMC conducted (2010) a socio-economic survey of households in slums within AMC area on introduction of Rajiv Awas Yojana (RAY) in 2009. As per the survey, there were 691 slums with 1.63 lakh houses and 7.28 lakh population (being 13.07 *per cent* of the population in the city). **Map 1** below shows the location of slums in AMC area as of 2010.

Map 1: Location of slums in AMC area as of 2010



(Source: Provided by AMC)

AMC prepared (2012) “Slum Free City Plan of Action (SFCPoA)” for the period 2013-22 under Rajiv Awas Yojana (RAY). The SFCPoA was prepared for achieving the goal of developing Ahmedabad as “A city without slums”. The SFCPoA considered 572 (1,39,584 huts) out of 691 slums identified during the survey for relocation/rehabilitation of slum dwellers. Remaining 119 slums were considered as well maintained, fully rehabilitated or existed on Gamtal⁴ area, *etc.*

4 All land that have been included by Government within the site of village

(i) Discrepancies in socio-economic survey

Audit selected ten slums for detailed scrutiny and joint field visit. AMC failed to provide the socio-economic survey forms of two slums⁵ to Audit as the same was not traceable. On scrutiny of 1,701 socio-economic survey forms of remaining eight slums, Audit observed -

- Duplication of names in 406 cases and 84 forms were found blank.
- Details of availability of drinking water (620 cases) and toilet facilities (332 cases) were not filled in the forms.
- Important information such as period since residing in slums, educational qualification and monthly income were not provided in 399, 493 and 399 forms respectively.
- Authentication of slum dwellers were not obtained in the forms.
- There was no signature of the surveyors in 858 forms.

The AMC attributed (July 2016) the reason of duplicate names to occupants possessing more than one hut in their names. It was further stated that the forms were incomplete due to non-providing of required information by the occupants. The reply is not tenable as AMC failed to take corrective measures for obtaining the required information. Incomplete information in the socio-economic survey forms resulted in irregularities in allotment of houses as discussed in **Paragraph 4.1.9.2**.

4.1.6.3 Irregular approval of slums under RRRS-2010

As per Paragraph 3 (as amended in January 2011) of the Regulations for the Rehabilitation and Redevelopment of the Slums - 2010 (RRRS-2010), the benefit of cost free DU was available to a slum dweller, having been identified during slum survey carried out in year 2010. It also provided that the identified slum dweller should have been registered with the competent authority on or before 01 December 2010. Out of 691 slums surveyed, AMC had prioritised 105 slums to be taken for in-situ rehabilitation based on community consultations. Audit observed that out of 11 projects approved under RRRS-2010, in four projects, the slums covered were not from those prioritised as shown in **Table 2** below -

Table 2: Slum Rehabilitation projects approved irregularly under RRRS-2010

Sr. No.	Details of slums approved	Irregularities noticed
1	Gulbai Tekara (Town Planning (TP) No. 20, Final Plot (FP) No. 282 & 284)	At the time of survey (2010), this slum was not considered for rehabilitation as the slum dwellers were not co-operating in providing information. Despite this, proposal submitted by the developer for development of this slum was approved by AMC and the UD&UHD. Subsequently, the work had not been taken up due to litigation pending in the Hon'ble High Court of Gujarat regarding dispute for numbers of eligible beneficiaries.
2	Kailash Nagar (TP No. 23, FP No. 450, 451 & 452)	As these slums and the slum dwellers were not identified and registered during the survey, the project proposals submitted by the developer was to be rejected. The same was, however, approved by the AMC and UD&UHD.
3	Shah Aalam Bhilvas (TP No. 37, FP No. 49)	
4	Bavaji na Chapra (TP No. 25, FP No. 162 & 164)	The work was executed by clubbing two slum plots FP No. 162 and 164. However, FP No. 162 was not in the list of slum survey carried out in 2010. The approval of this project was, thus, irregular.

(Source: Information collected from AMC)

5 (1) Shah Aalam ni Chali (TP No. 2, FP Nos. 211 and 212) and (2) Rabari Na Chapra (TP No. 25, FP Nos. 856 and 860)

This indicated that the above projects had been approved by Slum Rehabilitation Committee⁶ (SRC) and UD&UHD without proper scrutiny and evaluation, resulting in undue favours to the developers.

The MC attributed (May 2016) approval of these projects by SRC to submission of proposals by the developers with consent of more than 75 *per cent* slum dwellers as envisaged under RRRS-2010. The reply is not acceptable as four slums selected by developers were not from the 105 slums prioritised by AMC for in-situ rehabilitation and also not included in 691 slums surveyed.

4.1.6.4 Slum Free City Plan of Action

GoI launched (August 2009) Rajiv Awas Yojana (RAY) for the slum dwellers and the urban poor with the objective to achieve “Slum-free India” during the project period (2013-22). AMC prepared (2012) Slum Free City Plan of Action (SFCPoA) as envisaged in RAY guidelines for 691 slums (1,62,749 huts). Out of this, 119 slums were considered as well maintained slums. Remaining 572 slums (1,39,584 huts) were planned for redevelopment under four strategies within the project period as shown in **Table 3** below –

Table 3: Strategy-wise slums identified for relocation/redevelopment

Sr. No.	Strategy Adopted	Number of slums	Number of huts/ beneficiaries
1	Relocation Strategy for slums situated on road margin, railway margin, river bank, <i>etc.</i>	102	22,004
2	Strategy for in-situ Redevelopment (105 slums)		
	A. Slums already taken for In-situ redevelopment through PPP mode under RRRS-2010	09	2,264
	B. Slums to be undertaken under PPP mode by open bidding (slums on public land with high land value)	34	12,635
	C. In-situ redevelopment on public land (Slums on public lands)	62	24,153
3	Strategy for In-situ Infrastructure Up-gradation for slums on private lands	337	62,858
4	Mixed Strategy: Combination of In-situ up-gradation + Redevelopment + Relocation	28	15,670
Total		572	1,39,584

(Source: Information obtained from SFCPoA)

AMC planned coverage of 31,578 beneficiaries during 2013-15 under first three strategies. Out of these, AMC could achieve the target of covering only 10,151 beneficiaries (32 *per cent*) as discussed in **Paragraph 4.1.8.2**.

4.1.6.5 Non-revision of Slum Free City Plan of Action

RAY guidelines provided that SFCPoA should be reviewed every two years by conducting further survey of slums. Audit observed that AMC have not initiated any action to revise the SFCPoA prepared in 2012 based on the survey done

⁶ Committee comprises of Municipal Commissioner as Chairman, Dy. Municipal Commissioner as Member Secretary, Standing Committee Chairman, Chief Town Planner, Collector and Chief Executive Authority of Ahmedabad Urban Development Authority as Members.

in 2010. As observed in Audit (**Paragraph 4.1.6.3**), four slums selected under RRRS-2010 were not found in the list of slums surveyed during 2010. This indicated that there might be more slums which could have been identified by survey teams. Therefore, it was necessary to do periodic revision of list of slums by surveying all slums.

The MC stated (September 2016) that new action plan was under progress for Pradhan Mantri Awas Yojana introduced by GoI.

The State Government may issue instructions to conduct the survey on periodical intervals duly updating the database to avoid such discrepancies.

4.1.7 Financial Management

4.1.7.1 Receipt of funds and expenditure

The guidelines for Centrally Sponsored Schemes meant for Relocation and Rehabilitation of slum dwellers envisaged contributions from GoI, State Government, ULBs and beneficiaries. Guidelines for State Sponsored Schemes envisaged contributions from State Government, ULBs and beneficiaries. Affordable Housing Mission (AHM) is responsible for releasing funds received from GoI and the State Government under various schemes to the implementing agencies (IAs)/ULBs. In turn, the ULBs are responsible for collecting the beneficiary shares. The details of scheme-wise funds received and expenditure incurred by AMC during 2011-16 under various schemes (including BSUP implemented during 2007-16) are shown in **Table 4** below –

Table 4: Scheme-wise funds received and expenditure incurred by AMC

(₹ in crore)

Name of the Scheme	Funds received				Total funds received	Total expenditure	Unspent funds with AMC
	GoI	State Government	Beneficiary share	AMC share			
Basic Services to the Urban Poor	186.32	74.53	19.41	197.31	477.57	477.57	0.00
Rajiv Awas Yojana	37.44	86.72	142.26	0.00	266.42	254.49	11.93
Mukhya Mantri GRUH Yojana	NA	96.69 ⁷	380.33	0.00	477.02	377.41	99.61
Night Shelter (Ren Basera)	NA	2.66	NA	6.19	8.85	8.85	0.00
Total	223.76	260.60	542.00	203.50	1,229.86	1,118.32	111.54

(Source: Information provided by AMC)

The above table shows that unspent balance of ₹ 111.54 crore pertaining to RAY and MMGY was lying with AMC. Audit observed that AMC had incurred excess expenditure of ₹ 197.31 crore in BSUP due to price escalation⁸ and non-recovery of contribution from beneficiaries as discussed below -

- BSUP scheme guideline provided collection of ₹ 66,900 (being 30 per cent of project cost per unit) per DU from each beneficiary. AMC had constructed

⁷ Includes ₹.46.84 crore provided for 7,200 DUs but the projects were cancelled by AMC

⁸ GoI approved price of ₹ 1.79 lakh per DU, the work was delayed and completed with unit cost of ₹ 2.03 lakh (15,152 DUs) and ₹ 2.25 lakh (3,808 DUs)

(May 2011 to September 2015) 20,112 DUs under BSUP scheme at the cost of ₹ 470.67 crore. Of this, 17,915 houses had been allotted to the beneficiaries as of June 2016. The AMC could recover only ₹ 19.41 crore out of ₹ 119.85 crore recoverable from the beneficiaries as of December 2016. The Estate branch of AMC/Zonal offices had not taken any concrete action to recover outstanding instalments except for issuing few notices. AMC had not furnished any reply for non-recovery of outstanding dues from the beneficiaries. The Secretary in the exit conference (30 December 2016) stated that AMC would be instructed to take concrete action for speedy recovery of outstanding amount.

AMC may devise an effective mechanism for timely collection of beneficiary share for DUs allotted under BSUP scheme.

4.1.7.2 Creation of Revolving Fund

Para 18 of BSUP guidelines provided that 10 per cent of funds received from GoI and State Government are required to be ploughed into a Revolving Fund. These funds are required to be utilised for operation and maintenance (O&M) of assets created under the scheme. Audit observed that the State Government had not created a revolving fund of ₹ 25.82 crore as against ₹ 258.23 crore received from GoI and the State Government. Draft Project Report prepared by AMC provided for formation of a co-operative society with beneficiaries as its members. The society is responsible for the O&M of the assets. During joint field visit (22 June 2016) of Ajit Mill housing project, Audit observed that solid wastes had been disposed of by the residents in open plot due to non-establishment of mechanism for collection and disposal of wastes from the society (**Pictures 1 and 2**). The Co-operative society formed could not ensure upkeep and maintenance of the assets due to paucity of funds. The beneficiaries had not made the payment of their contribution of ₹ 200 per month for O&M and no funds had been provided by the State Government for O&M.



Pictures 1 and 2
Solid wastes disposed of in open spaces in Ajit Mill Housing Society
which led to unhygienic condition

The ACS stated (July 2016) that revolving funds were to be created only in respect of soft loan or grant-cum-loan, hence, not applicable for BSUP project. The reply is not convincing as the above funds were released as grant and the scheme guidelines provided for creation of a revolving fund for grant, soft loan and grant-cum-loan.

4.1.7.3 Maintenance of separate Bank Account

As per the conditions stipulated in the grant release orders for RAY and MMGY, the AMC was required to maintain separate cash book and bank accounts. Audit observed that the funds received under various schemes were being deposited in a single bank account. AMC received ₹ 58.79 crore⁹ for implementation of three projects during December 2013 to February 2015. AMC later decided to cancel the projects. Audit observed that the principal amounts pertaining to two projects¹⁰ had been refunded to Affordable Housing Mission (AHM). The interest accrued and the principal plus interest accrued in respect of third project have not been refunded to GoI/State Government as of June 2016. In absence of separate bank accounts, Audit could not ascertain the actual interest accrued on these funds.

The AMC agreed (January 2017) that no separate accounts were being maintained.

4.1.7.4 Recovery of positive land premium

General Information¹¹ (Point 7) of ISRS-2013 tender documents envisaged that the bidder/developer has to quote the net premium amount for the unutilised part of slum rehabilitation plot. It also envisaged that the bidder/developer has to make the payment of premium to the Local Bodies after adjusting the cost of slum rehabilitation work. The bidder/developer was required to make the payment of land premium in three instalments¹².

Audit observed that two developers¹³ had not paid their first instalment of land premium (₹ 8.75 crore) as of July 2016 though Letter of Acceptance (LoA) had been issued in October 2015.

The MC stated (June 2016) that the recovery of land premium had not been initiated as the bidder had quoted an approximate amount. The final amount would be ascertained only after finalisation of beneficiaries list. The reply is not convincing as first instalment was required to be collected on the basis of approximate amount as LoA had been issued. The final adjustment could be done from the final instalment.

4.1.8 Implementation of various schemes for slum rehabilitation

4.1.8.1 City Development Plan

AMC had prepared (2006) CDP for Ahmedabad city for a period from 2006 to 2012 under BSUP component of JnNURM scheme. AMC had planned to construct 60,000 DUs at an estimated cost of ₹ 500 crore under BSUP to achieve the goal of slum free city by 2012. AMC received ₹ 186 crore from GoI and ₹ 75 crore from State Government. As per paragraph 22.1 of BSUP guidelines, *the funds*

9 (1) ₹ 11.95 crore for In-situ Redevelopment of Ramesh Dutt Colony and Jadibanagar-Indiranagar (1,097 houses), (2) ₹ 32.51 crore for EWS (4,334 houses) and (3) ₹ 14.33 crore for LIG (2,866 houses)

10 (1) ₹ 11.95 crore for In-situ Redevelopment of Ramesh Dutt Colony and Jadibanagar-Indiranagar (1,097 houses) and (2) ₹ 14.33 crore for LIG (2,866 houses)

11 Under Project Information Memorandum

12 One third before signing development agreement or within 30 days from issuance of letter of acceptance (LoA), one third on completion of 33 *per cent* of work and remaining one third on completion of 66 *per cent* of work

13 M/s. Shidhi Developer (₹ 8.45 crore) and M/s. Aligance SKYZ Private Limited (₹ 0.30 crore)

shall be released to State level agencies upon receipt of utilisation certificates to the extent of 70 per cent of the funds released. Audit scrutiny revealed that AMC could not receive further funds from GoI as the construction of 20,112 DUs had been delayed as discussed below-

- GoI approved (February 2007) Draft Project Report – I (DPR-I) for construction of 18,976 DUs at 29 locations with unit cost of ₹ 1.79 lakh per DU under BSUP. The cost per DU was sharable in the ratio of 50:20:30 between GoI, State Government and the beneficiary. Out of 29 locations selected, nine locations were not available due to encroachment and non-finalisation of Town Planning schemes. AMC invited (April and May 2007) tenders for only 15,152 DUs to be constructed at 20 locations. The construction of these 15,152 DUs have been completed (May 2011) at a unit cost of ₹ 2.03 lakh¹⁴ per DU. AMC invited tenders for remaining 3,808 houses at seven locations only in September 2011 i.e. after a delay of more than four years from the date of approval of the project. The construction work was completed (July 2014) at a unit cost of ₹ 2.25 lakh¹⁵ per DU. Audit further observed that many other plots kept reserved for housing projects were available with the Estate branch but invitation of tenders for remaining DUs was initiated after completion of 15,152 DUs. This resulted in deprival of benefit of houses to the beneficiaries for four years.
- 192 DUs constructed under BSUP housing project near Saint Mary's School, Naroda was recorded as allotted to the beneficiaries affected by Sabarmati River Front Project. Joint field visit (22 June 2016) of the housing project revealed that the DUs were lying un-occupied since its construction (2012). The beneficiaries had not taken the possession due to deteriorated conditions of the buildings (Pictures 3 and 4).



Picture 3

Glasses of windows found in broken condition at housing project near Saint Mary's School Naroda



Picture 4

Broken door of house at housing project near Saint Mary's School, Naroda

Similarly, 704 DUs constructed (2011) under Ajit Mill housing project, Amraiwadi was recorded as allotted to the beneficiaries. Joint field visit of housing project revealed that possession of 40 DUs have not been taken over by beneficiaries and was lying vacant. Further, 28 out of these 40 DUs were found to be illegally occupied.

14 Total expenditure of I to V packages worth ₹ 3,071.53 lakh/15,152 DUs = ₹ 2.03 lakh

15 Total expenditure of VI to VIII packages worth ₹ 8,512.10 lakh/3,776 DUs = ₹ 2.25 lakh

The Secretary in the exit conference (30 December 2016) stated that the Government had sanctioned funds for renovation of unoccupied DUs. It was also stated that action would be taken against illegal occupancy.

- AMC constructed 24 Anganwadis (AWs), 20 Primary Health Centres (PHCs) and others social infrastructure at various housing project locations under BSUP at a cost of ₹ 3.45 crore¹⁶. Audit observed that 10 AWs and 14 PHCs were not functional as of May 2016 (**Picture 5**). The social infrastructure have not been put to use (**Picture 6**) since completion of its construction (August 2014).



Picture 5

AW found non-functional at Sadbhavnagar, Opp. Block No.65, Vatva (24-05-2016)



Picture 6

Community Hall and Training Centre at Vatva logged with drainage water and lying idle (24-05-2016)

Resultantly, the goal of slum less city by 2012 could not be achieved under BSUP.

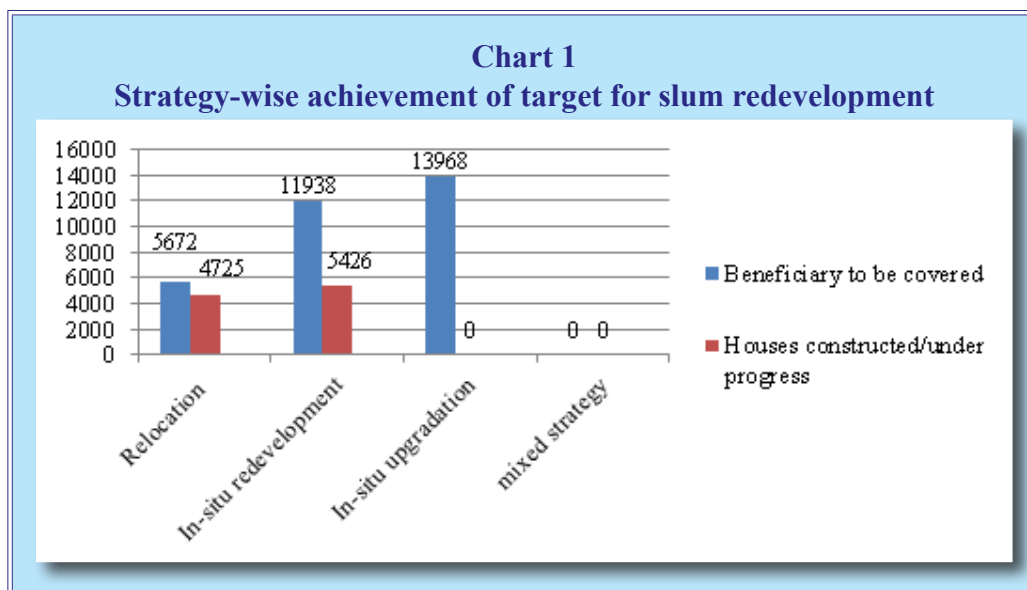
The Secretary in the exit conference (30 December 2016) stated that due to lack of coordination among various members of housing societies, social infrastructure created could not be utilised.

AMC may ensure that social infrastructure created are put to use to avoid further deterioration of buildings and other facilities.

4.1.8.2 Slum Free City Plan of Action

AMC prepared (2012) Slum Free City Plan of Action (SFCPoA) as envisaged in RAY guidelines for 572 slums (1,39,584 huts) to be rehabilitated through four strategies. As per SFCPoA, AMC had planned to rehabilitate 31,578 slum dwellers during 2013-15. Out of these, AMC could achieve the target of rehabilitating only 10,151 beneficiaries (32 per cent) as of December 2016 as shown in **Chart 1** as follows –

¹⁶ 18 AWs and 16 PHCs at the cost of ₹ 1.57 crore during February to March 2010. Social Infrastructures such as Community Hall, Training Centre, four Shops, six AWs and four PHCs at the cost of ₹ 1.88 crore between 2011 to August 2014



(Source: Information provided by AMC)

The above chart shows 83 *per cent* achievement under relocation strategy, 45 *per cent* under in-situ redevelopment strategy and nil achievement under in-situ upgradation strategy during 2013-15. Non-approval of two projects under RAY and non-finalisation of policy for in-situ upgradation of slums situated on private land led to non-achievement of targets set under SFCPoA as discussed below-

(i) Relocation of slums (Strategy-1)

AMC identified 102 slums with 22,004 slum dwellers under this strategy. These slums were located near environmentally sensitive zones¹⁷, major roads, railway lands, public places, heritage property and other objectionable lands. Under this strategy, these slum-dwellers were planned to be relocated to other safe locations. As against the requirement of 22,004 DUs, AMC could earmark only 2,197 DUs¹⁸ available from 20,112 DUs constructed under BSUP and 2,528 DUs under RAY. Audit observed that AMC had not relocated any identified slum dwellers under this strategy as of September 2016 as discussed below –

- Out of 20,112 DUs constructed under BSUP, AMC has allotted only 17,915 DUs. Remaining 2,197 DUs earmarked for relocation of slum dwellers of 102 identified slums had not been allotted as of September 2016 though the DUs were ready for use since last one to two years. Non-allotment of DUs for long periods could result in deterioration of the building structure and illegal occupation of DUs. The MC stated (December 2016) that the procedure for allotment of vacant DUs was under progress.
- RAY guidelines provided that the State Government may identify the beneficiaries under the scheme and may obtain their prior consent before commencement of any project. GoI approved 2,528 DUs under RAY with a project cost of ₹ 110.85 crore. The work orders had been issued (September 2014) with stipulation to complete the construction work within 24 months. In spite of availability of beneficiaries-list of 102 slums, AMC had not identified the beneficiaries as of December 2016.

¹⁷ Water bodies, drains, etc.

¹⁸ 17,915 out of 20,112 houses constructed under BSUP were allotted to slum dwellers affected due to Sabarmati Riverfront Project and those already delisted before finalisation of SFCPoA

The MC stated (June 2016) that at present three slums¹⁹ have been identified and the allotment of houses would be done after completion of the construction. The reply is not convincing as identification of these slums was tentative. The process for obtaining consent of slum dwellers and collection of beneficiaries contribution have not been initiated as of December 2016.

(ii) In-situ Redevelopment (Strategy-2)

Under in-situ redevelopment strategy, AMC decided to construct new DUs on the same plot and to provide basic infrastructural facilities²⁰. As per SFCPoA, AMC had identified 105 slums located on public land with 39,052 slum dwellers for in-situ redevelopment under strategy-2. Out of these, AMC planned in-situ redevelopment of 11,938 slum dwellers during 2013-15. Audit observed that AMC could achieve coverage of only 5,426 slum dwellers²¹ (45 *per cent*) under RRRS-2010 and ISRS-2013 during 2013-15 as discussed in **Paragraphs 4.1.9.1 and 4.1.9.4**. Audit further observed following irregularities in the implementation of RRRS-2010 and RAY -

- Out of 11 projects (3,963 DUs) approved (March 2010 to May 2013) under RRRS-2010, AMC had completed (July 2016) only eight projects (2,545 DUs). Of the remaining three projects, one project²² (503 DUs) had not commenced due to litigation. Remaining two projects (916 DUs) were under progress (December 2016) though the stipulated date of completion lapsed in September 2014 and May 2016 respectively. The developer of one project had completed only 20 *per cent* of work due to delay in finalisation of the metro route. While in the other project, the developer had completed only 45 *per cent* of work as of December 2016 due to late commencement of work.
- Out of 2,545 DUs constructed under RRRS-2010, AMC have not allotted 165 DUs to the beneficiaries since its completion (**Appendix-I**). These DUs were to be allotted to nearby project affected persons of road widening, bridge work, *etc.* AMC/Zonal offices had not identified project affected persons for allotment of DUs. During joint field visit of Lakhudi Talavadi na Chapra housing project, it was observed that six out of seven DUs shown as vacant were occupied.
- GoI had approved “In-situ Redevelopment of Ramesh Dutt Colony slum (924 DUs)” with project cost of ₹ 34.48 crore²³ under RAY. GoI released (December 2013) 40 *per cent* share of ₹ 6.28 crore to AMC. The State Government also released its matching share of ₹ 3.74 crore. Due to non-finalisation (between June 2014 to January 2015) of tenders by the Standing Committee and introduction of Pradhan Mantri Awas Yojana (PMAY) by GoI, the said project was cancelled (May 2015) by GoI. The funds received by AMC were refunded (December 2015). Delay in finalisation of tenders

19 (1) Kailashnagar, Sabarmati, (2) Kheta Vanjara na Chapra, Odhav and (3) Talav na Chapra, Thaltej.

20 Drainage, water supply, paving, road, street lights, *etc.*

21 Nine slums covering 2,770 slum dwellers under RRRS-2010 and 12 slums covering 2,656 slum dwellers under ISRS-2013

22 Gulbai Tekra housing project

23 Funds under the project were sharable in the ratio of 50:20:18:12 between GoI, State Government, AMC and beneficiaries.

by AMC resulted in loss of central assistance and deprivation of housing to the beneficiaries of Ramesh Dutt Colony slum.

The AMC stated (January 2017) that proposal was submitted many times to the Standing Committee for approval. The same is yet to be approved. Reasons for non-approval of the proposal were not available on records.

(iii) In-situ Infrastructure Up-gradation (Strategy-3)

This strategy involved providing basic facilities²⁴ for each DU and other infrastructural facilities²⁵. AMC had identified 337 slums situated on private lands for in-situ infrastructural upgradation under SFCPoA but no work was initiated. Audit observed that -

- Under RAY, GoI approved (December 2013) a project “In-situ infrastructure up-gradation of Jadibanagar –Indiranagar slum (163 DUs)” with a project cost of ₹ 6.63 crore. This project was subsequently cancelled (May 2015) by GoI due to non-finalisation of tenders by the Standing Committee of AMC and introduction of Pradhan Mantri Awas Yojana (PMAY). Resultantly, funds of ₹ 1.92 crore²⁶ received from GoI and State Government was refunded (December 2015) by AMC. Thus, the slum dwellers have been deprived of improved infrastructural facilities due to laxity on the part of AMC.

The AMC stated (January 2017) that proposal was submitted many times to the Standing Committee for approval. The same is yet to be approved. Reasons for non-approval of the proposal were not available on records.

- On the basis of socio-economic survey of households of slums (2010), AMC prepared SFCPoA for redevelopment of 572 slums. The plan included in-situ Infrastructure up-gradation of 337 slums situated on private lands.

The State Government introduced (March 2010) RRRS-2010 for slums situated on public as well as private lands. Accordingly, AMC submitted proposals for in-situ infrastructure up-gradation of 13 slums (11 on public lands and two on private lands²⁷) to the State Government. The proposal of two slums situated on private lands was not approved though all prescribed formalities were complied with by AMC. In the meantime, the State Government introduced new ISRS-2013 policy wherein in-situ rehabilitation of slums situated on private lands was repealed. Resultantly, AMC could not take up any work for redevelopment of 337 slums (59 per cent) situated on private lands during 2011-16.

The Secretary in the exit conference (30 December 2016) stated that the new policy had been framed and was at approval stage with the Government.

Audit is of the view that AMC may accelerate the implementation of redevelopment of slum dwellers to achieve the target set in SFCPoA.

24 Individual toilets, water connection, drainage line, etc.

25 Street lights, roads, paving, solid waste collection bins, etc.

26 GoI - ₹ 1.20 crore and State Government - ₹ 0.72 crore

27 (1) Kailashnagar Bhilwas (TP No. 23 FP Nos. 439 and 443) and (2) Ambica Plot (TP No. 28 FP Nos. 761/5, 761/6, 761/8 and 819)

4.1.9 Implementation of Regulations for slum rehabilitation through private developers

4.1.9.1 Undue favour to the developers by providing excess TDR and relaxation in execution of works under RRRS-2010

The State Government constituted (June 2009) a committee for formulation of a policy for rehabilitation of slums. Accordingly, the State Government introduced (March 2010) “The Regulations for the Rehabilitation and Redevelopment of the Slums – 2010” (RRRS-2010). Paragraph 14.3 of RRRS-2010 provided allotment of free of cost Dwelling Unit (DU) with basic infrastructure to all eligible slum dwellers by the developer. As per Paragraph 12.6.2, the developer would get additional Floor Space Index²⁸ (FSI) for construction of extra DUs/commercial units on vacant slum land for sale. UD&UHD amended (May 2012) RRRS-2010 wherein developers had been provided the option of Transferrable Development Right (TDR) for additional FSI²⁹ which could not be utilised on the vacant slum plot. The TDR provided could be utilised on any other plot or could be sold to any other developer/builder on the basis of proportionate jantri rates³⁰ of respective plots. In case of TDR, the financial benefits to the developers varied, as the jantri rates varied among the slum plots selected for in-situ rehabilitation *i.e.* at the rate of ₹ 7,000 to ₹ 36,500 per square metre (sq. mtr.). To rectify this discrepancy in RRRS-2010, the State Government introduced (July 2013) a new policy “In-situ Rehabilitation of Slums 2013 (ISRS-2013)”. Comparison of important provisions of RRRS-2010 and ISRS-2013 are shown in **Appendix-II**. Paragraph 8.7 of ISRS-2013 (as clarified in Point 8 of General Information in Tender Document) provided TDR equal to built-up area used for slum rehabilitation multiplied by the ratio of project cost per sq. mtr. and jantri rates. The State Government further issued (July 2013) a new planning regulation “Planning Regulation for Rehabilitation of slums on Public Land (PRRSPL)”. Paragraph 7 of the new regulation provided that the decisions taken under RRRS-2010 stood repealed and TDR would be calculated as per provision in ISRS-2013. In case any discrepancy arising on account of applicability of these regulations, the decision of the Government should be final. Audit, however, observed that AMC followed the provisions of RRRS-2010 and had incorrectly calculated the TDR to be provided to the developer. This led to undue benefits to the developers as discussed in the succeeding paragraphs.

- **Transferrable Development Right**

The UD&UHD had approved (July 2011 to May 2013) 11 projects of AMC under RRRS-2010. Out of 11 projects, AMC issued (June 2013 to July 2015) commencement letters to the developers of 10 projects. Of these 11 projects, eight projects have been completed (January 2014 to November 2015), two projects are under progress and one project has not been taken up (September 2016). All the above 11 projects had been approved for Residential-1 zone (R1).

Audit observed that AMC had not followed the formula provided in ISRS -2013 for calculating TDR. AMC granted TDR equal to the sum of FSI of gross plot area (*i.e.* 1.8 FSI available in R1 zone as per General Development Control Regulation)

28 FSI - It is the ratio of the total built-up area allowed to be constructed on the plot to the plot area

29 Equal to built-up area used for slum rehabilitation work

30 Jantri means annual statement of rates as declared by the Revenue Department

and built-up area used for slum rehabilitation work. In eight completed projects, the developers were provided TDR of 2,24,868 sq. mtrs³¹ as against admissible 1,31,871 sq. mtrs³² as per formula prescribed under ISRS-2013. This resulted in undue benefit of excess TDR of 92,998 sq. mtrs. to the developers valuing ₹ 184.43 crore as per prevailing jantri rates (**Appendix-III**). The developers of the remaining two ongoing projects are estimated to have been benefited by ₹ 150.48 crore for excess TDR (**Appendix-III**). Analysis of income generated by AMC by auction of five plots³³ revealed that the rate received per sq. mtr. was higher by 3.20 to 10.94 times (average 6.88 times) than the jantri rates (**Appendix-IV**). This indicated that the current market rates were much higher than the jantri rates. Therefore, the undue financial benefits to the developers could be much higher than the amounts stated above.

In reply to Audit observation, the MC stated (June 2016) that TDR was calculated correctly as per provision of RRRS-2010. The reply of MC was not acceptable as UD&UHD while approving the above projects clarified (July 2011 to May 2013) that the admissible TDR would be equal to the built-up area to be used for slum rehabilitation work. Even considering the provision of RRRS-2010, AMC had provided excess TDR of 1,17,996 sq. mtrs. (valuing ₹ 154.61 crore) in eight completed projects and 66,526 sq. mtrs. (valuing ₹ 125.16 crore) in two on-going projects (**Appendix-V**).

Moreover, as per provision of ISRS-2013 and PRRSPL, TDR was to be provided as per new formula. AMC has not even taken permission of the State Government and a suo-moto decision was taken at AMC level. The Secretary UD&UHD in the exit conference (30 December 2016) admitted that AMC had not obtained the required approval of UD&UHD for not calculating TDR as per provisions of PRRSPL. The Secretary stated that issue of calculation of TDR and applicability of PRRSPL required further discussion at UD&UHD level. The reply of Government would be furnished to Audit.

• *Income from vacant land*

RRRS-2010 provided utilisation of FSI at increased rate³⁴ on slum plots. It also provided that the developers are required to pay 100 *per cent* of Jantri Rates for the land used for construction of DUs/commercial units for sale. GDCR provided permission for construction of high rise buildings³⁵ based on the width of the road³⁶ along slum plots.

Analysis of FSI utilised in eight completed projects revealed that the average utilisation of FSI was only 1.63 as against increased rate of 3.6 permitted. Audit observed that AMC permitted the developers to construct low rise buildings (G⁺³ and G⁺⁴) instead of high rise for slum rehabilitation. This resulted in utilisation of 100 *per cent* of slum plot. Resultantly, the developers did not utilise available

31 1,17,995.17 sq. mtrs (1.8 FSI for plot area) plus 1,06,872.83 sq. mtrs. (Built-up area used for slum rehabilitation)

32 Built-up area used multiplied by ratio of construction rate per sq. mtr. and jantri rate per sq. mtr.

33 Four plots in Bodakdev area and one plot in Vejalpur area

34 1.8 FSI of total plot was admissible for slum rehabilitation work in R1 zone of AMC and similar FSI was admissible to developer to construct free sale unit on land remaining vacant after slum rehabilitation work *i.e.* total 3.6 FSI was permissible on slum plot.

35 Low rise buildings are upto G⁺⁴

36 Height of building up to 10 mts. in case of road width less than nine mts, 15 mts.in case of road width <9 and > 12, 25 mts.in case of road width <12 and >18 and 45 mts. in case of road width <18 and >40

additional FSI for construction of DUs/commercial units for sale on slum plots. The developers have been benefitted by claiming it as TDR for sale to other developers or for utilisation of the same in prime locations in AMC area.

In eight completed projects, a total of 2,628 units (2,545 houses + 83 shops) have been constructed in 65,553 sq. mtrs. of net plot area *i.e.* 24.94 sq. mtrs. per unit. In six projects with high rise building approved under ISRS-2013 policy, a total of 3,248 units (3,228 houses + 20 shops) had been proposed for construction in 50,240 sq. mtrs. of net plot area *i.e.* 15.47 sq. mtrs. per unit. Had the construction of 2,628 units under RRRS-2010 done by utilising average 15.47 sq. mtrs. as per ISRS-2013, only 40,655 sq. mtrs. of plot area would have been utilised, leaving vacant land admeasuring 24,898 sq. mtrs. for construction of DUs/commercial units for sale. This could have generated income of ₹ 32.62 crore (₹ 13,103 per sq. mtr.³⁷ being average jantri rate) for AMC against vacant plot area.

The AMC stated (January 2017) that high rise buildings require lift facility which would increase recurring maintenance cost. To avoid this, it was decided to construct low rise building (G⁺³ and G⁺⁴). The reply is not acceptable as it was in contravention to the provisions of ISRS-2013 wherein high-rise buildings with lift facilities were permitted with seven years free maintenance by developers. Therefore, construction of high rise buildings could have benefited in less utilisation of land for slum rehabilitation and AMC could have generated higher revenue.

The State Government may re-examine the cases of undue favour provided to the developers in the form of TDR and initiate appropriate action for recovery of revenue due to it.

4.1.9.2 Irregularity in allotment of houses

Out of eight completed projects under RRRS-2010, Audit selected two projects for detailed scrutiny of documents collected as proof of eligibility from the beneficiaries.

• Bavaji na Chapra Slum Rehabilitation Project

Comparison of the beneficiary list as per Socio-economic survey (195 beneficiaries), list provided by the developer (246 beneficiaries) and final DUs allotted by AMC (215 beneficiaries) revealed following irregularities -

- Only 67 beneficiaries were found common in all the three lists.
- Only 87 beneficiaries from the list of socio-economic survey have been allotted DUs under the project.
- Out of 215 DUs allotted to the beneficiaries, 45 DUs were allotted among 20 families *i.e.* two to five DUs have been allotted to a single family.

The Secretary in the exit meeting (30 December 2016) agreed to take necessary action in the matter.

• Lakhudi Talavadi na Chapara Slum Rehabilitation Project

Comparison of beneficiary lists as per Socio-economic survey (502 slum dwellers), list provided by the developer (513 beneficiaries) and final DUs allotted by AMC (533 beneficiaries) revealed following irregularities -

³⁷ Total value of eight plots (Area of each plot x jantri rate of the respective plot) divided by gross plot area of eight plots

- Only 158 beneficiaries were found common in all the three lists.
- Only 252 beneficiaries from the list of socio-economic survey were found common with the list provided by the developer.
- Only 306 beneficiaries from the list of socio-economic survey have been allotted houses under the project.

The Secretary in the exit meeting (30 December 2016) agreed to take necessary action in the matter.

4.1.9.3 Field visit of eight projects completed under RRRS-2010

Audit team conducted joint field visit of all eight housing projects completed under RRRS-2010 to ascertain whether necessary infrastructure and basic amenities were provided by AMC. Audit observed that adequate common plot, parking, internal roads, *etc.* and basic facilities such as drinking water, drainage, street light, *etc.* have been provided except in few cases stated below-

- Compound wall has not been provided to Kailash Nagar housing project.
- Office buildings for co-operative housing societies were required to be provided in each housing project as per RRRS-2010. The same has not been provided in all housing projects visited except for Salat Nagar housing project.
- Rain water harvesting systems have not been provided in all housing projects.
- Recreation facilities for kids have not been provided in four housing projects³⁸.

AMC agreed with Audit observation and stated (January 2017) that necessary action would be taken up for remedial measures.

4.1.9.4 In-situ Rehabilitation of Slums Policy - 2013

AMC invited (January 2015) open tenders for six projects consisting of 3,228 DUs and 20 shops under ISRS-2013. The projects awarded to selected bidders is shown in **Table 5** below –

Table 5: Details of six projects under ISRS-2013

(₹ in crore)				
Sr. No.	Town Planning/ Final Plot Number (Area)	Number of houses plus shops to be constructed	Project cost approved	Land premium offered by bidder
1	8/221,223 (Girdharnagar)	588 + 20	47.21	25.84
2	ODHAV-1/199, 201, 204, 207 and 264 (Odhav)	1500	132.00	100.00
3	3 Vejalpur /292 (Vejalpur)	554	40.30	65.67
4	21/505 (Ambavadi)	120	09.06	09.96
5	24,2/2 (Maninagar)	400	29.65	24.81
6	30/185 (Potliya)	66	05.26	00.00
	Total	3228+20	263.48	226.28

(Source: Information provided by AMC)

38 (1) Bhikha Deva no Wado, (2) Shah Aalam Bhilwas, (3) Lakhudi Talavadi na Chapra and (4) Bawaji na Chapra

Audit observed that the SRC approved (August 2015 to October 2015) the projects on the basis of land premium and cost of project quoted by the bidders. This was not compared with the market price and prevailing Schedule of Rates (SOR) respectively. This resulted in financial loss to AMC and undue benefit to developers as discussed in the succeeding paragraphs-

- ***Receipt of land premium***

As per Clause No. 9 of General Information under Project Information Memorandum of tender documents, *the land premium shall be reviewed with respect to the market price*. UD&UHD had also provided (October 2008) a formula³⁹ for valuation of any Government land put for auction to arrive at a market price.

AMC selected the developers by comparing cost of the project and land premium offered for vacant area. SRC approved (August to October 2015) land premium of ₹ 226.28 crore for vacant land admeasuring 94,240 sq. mtrs. in five in-situ rehabilitation projects⁴⁰. Land premium offered by developers was higher by 1.49 to 3.30 times (average 2.32 times) than the respective jantri rates as shown in **Appendix-VI**. Audit observed that SRC had approved the land premium price as quoted by L₁ bidders without reviewing it with the current market price while finalizing the tender as required. As per information collected from Estate branch by Audit, AMC had auctioned (between January and July 2015) five plots by considering estimated market price (ranging from 2.61 to 6.59 times higher to jantri rate) calculated as per provision of UD&UHD order of October 2008. The income generated was 3.20 to 10.94 times (average 6.88 times) higher than the jantri rates of the respective plots (**Appendix-IV**). This indicated that the selection and awarding of above five projects to the developers under ISRS 2013 was done without considering the estimated market price as required. Had this been done, the AMC could have generated more revenue.

The Secretary in the exit conference (30 December 2016) accepted that the land premium received by AMC for slum plots was low. The higher rates received in other plots could not be expected in case of slum plots. The Secretary agreed that UD&UHD need to adopt the procedure for valuation of slum plots through third party or by Panchnama or by other suitable method to ascertain its market value to get more reasonable value of slum plot.

- ***Costing of Projects***

Paragraph 191 of Public Works Manual (Volume I) provided that detailed item-wise estimate is required to be prepared before inviting tender for any work. Under ISRS-2013, the AMC invited tender (January 2015) for slum rehabilitation on lump-sum basis with estimated cost of ₹ 5.00 lakh per DU. The developers were allowed to quote in the bids the cost of the project without item-wise detailed estimates. SRC approved (August-October 2015) the projects of developers who had quoted the lowest project cost. The tender cost per DU (25 sq. mtrs carpet

39 the valuation of concerned land was to be done by addition of (i) average sale price of other surrounding plots during last six months, (ii) the average sale price was to be multiplied in ratio of two for Ahmedabad city area, (iii) 10 per cent to 200 per cent of average sale price on the basis of width of approach road available to concerned plot

40 As vacant land in one project was 'NIL'

area) approved in the six projects under ISRS-2013 ranged between ₹ 7.41 lakh and ₹ 7.97 lakh. On scrutiny of records of other schemes for slum dwellers which were executed (2014-16) by AMC, Audit observed that the average cost of a DU was only ₹ 4.39 lakh with same specifications as shown in **Table 6** below –

Table 6: Cost per DU in other housing schemes executed by AMC during 2014-16
(₹ in lakh)

Name of the schemes	Number of DUs	Carpet area of DUs (sq. mtr.)	Year of execution	Tender cost/Final cost per DU	Total cost ⁴¹ per DU worked out
BSUP Phase II	1,184	26.77	2014-15	3.01	4.19
RAY – In-situ redevelopment project	924	25.57	Tender finalised in 2014. AMC had not issued the work order. Subsequently, the project was cancelled by GoI	3.43	3.77
RAY – Slum Relocation	1,344	27.07	2014-16	3.64	4.95
RRRS-2010	2,545	25.00	2014-16	4.65	4.65
Thus average unit cost in four works worked out to ₹ 4.39 lakh					

(Source: Information obtained from AMC)

The above table shows that the cost per DU worked out in above housing schemes ranged from ₹ 3.77 to ₹ 4.95 lakh. The cost per DU approved in six projects (March and April 2015) under ISRS-2013 ranged between ₹ 7.41 and ₹ 7.97 lakh. The SRC by approving higher project cost under ISRS-2013 bestowed undue financial favour to the developers of ₹ 106.52 crore⁴² in constructing 3,228 DUs.

The Secretary (Housing), UD&UHD in the exit conference (30 December 2016) agreed with audit and stated that a cap was required to be fixed. This could restrict the developers from bidding higher project cost. In case of quoting of higher price, justification was required to be obtained from the bidder. The Secretary agreed to improve the tendering procedure in new policy which is under progress.

The State Government may ensure that the tendering procedures are transparent and unambiguous duly incorporating the necessary provision in regard.

4.1.10 Preventive measures to avoid creation of new slums

4.1.10.1 Non-preparation of Preventive Plan of Action

RAY guidelines provided preparation of SFCPoA in two parts. Part I for slum improvement or redevelopment (curative strategy) and Part II for prevention of slums in future (preventive strategy). The preventive strategies would need to assess the rate of growth of the city with a 20 year perspective. Based on the numbers, specific actions are proposed to be taken to obtain commensurate lands or virtual lands and to promote the construction of affordable EWS houses so as to stay abreast of the demand.

41 Includes 10 per cent operation and maintenance cost, ₹ 50,000 for transit accommodation and 10 per cent interest burden

42 3,228 DUs x ₹ 3.30 lakh (average project cost of ₹ 7.69 lakh per DU (-) average cost of ₹ 4.39 lakh per DU in four schemes)

SFCPoA indicated shortage of 1.27 lakh houses as of January 2012. Audit observed that AMC had not prepared any plan for constructing these houses. AMC had also not made any estimation of affordable houses required in future for the urban poor in next 20 years.

The MC accepted (July 2016) that the preventive plan of action had not been prepared under RAY and stated that demand survey for requirement of affordable houses in the city was under progress. Final action plan would be prepared after completion of demand survey.

4.1.10.2 Mukhya Mantri Gruh Yojana

As a part of strategy for prevention of future slums and considering the growing need for affordable houses in urban area, State Government announced (July 2013) Mukhya Mantri Gruh Yojana (MMGY) during the 12th Five Year Plan. Under MMGY, State Government provided subsidy of ₹ 1.50 lakh and ₹ 1.00 lakh for EWS and LIG houses respectively to the implementing agency. GoI also provides central assistance of ₹ 75,000 for EWS house under Affordable Housing in Partnership Scheme (AHPS) being a part of RAY. The remaining cost was to be borne by the beneficiaries.

GoI and the State Government approved 5,158 EWS houses (Phase I) and 4,293 EWS houses (Phase II) under AHPS/MMGY. All the houses of Phase I have been completed and allotted to the beneficiaries. Construction of houses under Phase II was under progress (20 *per cent*). Under MMGY, AMC had also taken up construction of 4,829 LIG houses (Phase-I) with unit cost of ₹ 9.55 lakh. Audit observed that the State Government had approved a project for construction of 2,866 LIG houses (Phase II) for AMC under MMGY. The State Government had released funds of ₹ 14.33 crore in February 2015 to AMC through AHM. AMC cancelled the project due to non-availability of beneficiaries subsequently. Audit observed that AMC had received 9,654 applications for LIG Phase I project. Only 4,829 beneficiaries had been provided LIG houses. People were deprived of the benefit of LIG houses when the project was cancelled by AMC.

AMC had not provided reply to audit observation. The Secretary in the exit conference (30 December 2016) instructed AMC to provide a detailed reply to Audit.

4.1.10.3 Identification of Land Banks

As per SFCPoA, AMC had 75.40 lakh⁴³ sq. mtrs. of vacant land for construction of EWS houses. Out of these, AMC have utilised 6.20 lakh sq. mtrs. of land for various housing projects. From the information provided by AMC, Audit observed that majority of the vacant lands were open without any fencing or compound wall. Resultantly, many of the plots have been encroached/occupied unauthorisedly by some people.

RAY guidelines provided identification and marking of vacant lands on GIS based map with the help of satellite images for field verification. AMC provided

43 67.03 lakh sq.mtr. (10 *per cent* area kept reserved under TP schemes), 3.82 lakh sq. mtr. (20 *per cent* of area surrendered by land owners for development of closed mills), 1.25 lakh sq. mtr. (50 *per cent* of area surrendered by land owners of green belt) and 3.30 lakh sq.mtr. (purchased by AMC from the State Government).

(October 2015) a list of 293 plots marked on GIS to Indian Space Research Organisation (ISRO) as a pilot study. The purpose was to ensure prevention of encroachment on the plots owned by AMC. As per status report of ISRO, five to 25 *per cent* of each vacant plot were found encroached with construction on it. Audit further observed that AMC had not finalised any monitoring system to ensure prevention of encroachment of vacant lands owned by AMC though it was provided under RAY guidelines.

The AMC stated (September 2016) that this was a pilot project. A comprehensive project for all reserved plots of AMC has been prepared to obtain satellite images to monitor encroachment. Final approval of the MC is awaited.

4.1.10.4 Utilisation of Night Shelters

Based on the orders (December 2010) of Hon'ble Supreme Court of India, the State Government instructed (January 2011) AMC to immediately construct night shelters for migrants, homeless people, pavement dwellers, *etc.* The objective was to save lives of poor people and is part of preventive strategy for non-creation of future slums. AMC constructed 46 night shelters⁴⁴ at a cost of ₹ 96.61 lakh with unit cost of ₹ 16.60 lakh per night shelter. Audit observed that two night shelters were lying unutilised as the policy for its operation and maintenance had not been finalised by AMC. Audit further observed that seven night shelters were closed between October 2013 and September 2015 and 17 night shelters were not being optimally utilized due to their location in the interior area from the main roads and lack of proper advertisement in newspapers, media, hoardings, *etc.*

The AMC stated (July 2016) that the work of construction of night shelters was taken up on war footing under over bridges and plots provided by Town Development Officers without proper survey for suitability of locations. It was further stated that initially advertisements were given but later on they were discontinued. The fact remains that the night shelters remained idle due to lack of proper planning and public awareness.

4.1.11 Conclusion

Audit of Relocation and Rehabilitation of slum dwellers in AMC area revealed the following deficiencies -

- AMC had constructed (2007-14) only 20,112 out of 60,000 DUs set under CDP for the period 2006-12.
- Out of ₹ 119.85 crore recoverable from beneficiaries, AMC could recover only ₹ 19.41 crore (December 2016) from the 17,915 beneficiaries, to whom DUs had been allotted under BSUP.
- In housing project near St. Mary's School, Naroda, 192 allotted DUs had not been occupied by the beneficiaries due to dilapidated condition of the buildings. Social infrastructures such as one Community Hall, one Training Centre, four shops, 10 Anganwadis and 14 Public Health Centres were found non-operational since their construction (August 2014). Out of 20,112 DUs constructed, AMC had not allotted 2,197 DUs since their construction.

44 41 night shelters during 2011-12, three in July 2012 and two during July and August 2015

- Against the target of 31,578 slum dwellers to be covered for rehabilitation during 2013-15 as per planning under SFCPoA, the number of DUs constructed/under progress was 10,151 (32 per cent).
- AMC had provided undue benefit to private developers under the RRRS-2010 in the form of excess TDRs valuing ₹ 184.43 crore for 92,998 sq. mtrs. of built-up area in eight completed projects. DUs were allotted to ineligible people under RRRS-2010. SRC had approved the land premium price and cost of projects as quoted by the bidders without reviewing it with current market rates and the estimated cost of the project respectively which resulted in huge financial benefits of land premium of ₹ 106.52 crore to the private developers.
- Two projects of slum rehabilitation approved under Rajiv Awas Yojana and one project of affordable housing approved under Mukhya Mantri Gruh Yojana (MMGY) were cancelled and funds were refunded to Government.
- Night shelters constructed for homeless people could not be utilised optimally due to lack of planning in selection of sites and public awareness.

The above deficiencies indicated that the strategies adopted were not effective. This is a pointer to the fact that the Government may revisit the policies/strategies to achieve the intended objective of “slum-free city”.

The matter was reported to the Government in November 2016. Reply is awaited (January 2017).

4.2 Service Delivery in Urban Local Bodies

Executive Summary

With an objective to measure the performance of each Urban Local Body (ULB), Government of India (GoI) issued (July 2008) 28 Service Level Benchmarks (SLBs) for four services. The services included water supply, sewage, solid waste and storm water management. Recommendations of Thirteenth Finance Commission (ThFC) also provided that each State Government shall evolve methods to benchmark the services provided by ULBs. The SLBs issued by GoI were operationalised in the State from March 2011. The performance audit on “Service Delivery in ULBs” was conducted for the period 2011-16 between April and October 2016 which revealed some areas of concern relating to services delivered by ULBs as highlighted below -

- *Nagarpalikas (NPs) test-checked had not prepared the City Development Plan (CDP) as required in the hand book on SLBs. The SLB Cell constituted in November 2011 had not carried out any activity envisaged in the Terms of Reference.*
- *SLB notification for water supply services indicated that all the MCs had achieved the SLBs in respect of per capita supply of water per day, non-revenue water, water quality and redressal of complaints. All the NPs have achieved the SLBs in respect of water quality and redressal of complaints. Only 31 NPs in the State could provide prescribed SLB*

of 135 lpcd of water. Efficiency in usage of water and leakages in the distribution system had not been ensured in any of the ULBs. Metered water connections had not been implemented in any of the ULBs except Surat and Vadodara MCs. None of the ULBs in the State could provide water for 24 hours. The supply of water ranged between 0.12 hours and nine hours.

- *Discrepancies between actual performance and the performance indicators notified in respect of test-checked MCs and NPs were noticed. The actual coverage of water connections in Bhavnagar and Vadodara MCs was only 79 and 90 per cent as against 100 and 98 per cent notified. MCs and NPs have been reporting estimated Non-Revenue Water (NRW) instead of measuring the actual NRW. No Water Audit have been conducted to assess the actual NRW. Out of 13 test-checked NPs, two NPs supplied water on alternate days and four NPs supplied water once in three days. Tests prescribed for ensuring quality of water was not being carried out by the test-checked MCs and NPs. Actual recovery of cost for supply of water varied as compared to the recovery of cost notified.*
- *Out of 14 Water Supply (WS) projects implemented in test-checked ULBs, inordinate delay in execution of work was noticed in four projects. Five out of ten completed WS projects had not been completely put to use by the ULBs due to irregular/non-supply of water from source, faulty design and abandoning the work by the agency, etc. Test-checked ULBs had not achieved the prescribed SLBs in respect of water supply despite implementation of WS projects.*
- *SLB notification for sewage management indicated that all the MCs and NPs had achieved the SLBs in respect of coverage of toilets and redressal of complaints. The coverage of sewage network in MCs ranged between 22 and 98 per cent as against the benchmark of 100 per cent. The coverage of sewage network in NPs ranged from zero (96 NPs) to 100 per cent (one NP). Sewage treatment facility was available only in five MCs while the same was not available with NPs.*
- *The actual achievement of coverage of sewage network, cost recovery for sewage services and efficiency in cost recovery in respect of test-checked NPs varied with reference to achievement notified.*
- *Out of 13 underground drainage projects approved for test-checked ULBs, five projects have been completed. Works in respect of seven projects are in progress and one project was yet to commence. Delay/non-completion of projects had been noticed in test-checked ULBs due to defective drawings, change in scope of work, non-construction of pump house, non-availability of site, etc. Completed project of Bardoli NP had not been put to use due to non-availability of electricity connections. In Unjha NP, the network laid was not being fully utilised due to improper laying of network pipelines by the agency.*

- *Only two test-checked ULBs had the facility of Sewage Treatment Plants (STPs). Instances of disposal of untreated sewage into stream/river/open area were noticed.*
- *SLB notification for Solid Waste Management services indicated that all the MCs and NPs had achieved SLB in household coverage of solid waste management services and efficiency in collection of Municipal Solid Wastes (MSWs). Segregation of MSWs ranged from two to 18 per cent in MCs. Segregation of MSWs was not being done in 155 NPs. Facility of processing MSW was not available in three out of eight MCs in the State. Only 48 out of 159 NPs had been processing the MSW. Recovery of waste after processing of MSW was notified only in respect of two NPs. The facility of scientific disposal of MSW was not available in four out of eight MCs. None of the NPs in the State had the facility of scientific disposal of MSW.*
- *In test-checked MCs and NPs, Audit observed variations in achievement notified for Solid Waste Management services as against the actual achievement. Segregation of MSW was not being done at Bhavnagar and Vadodara MCs as against 17 and two per cent notified. Similarly, variation was noticed in test-checked NPs also in respect of achievement notified for segregation of MSW. As against 64 and 38 per cent of MSW notified as MSW processed by Bhavnagar and Vadodara MCs respectively, the actual MSW processed was only 18 and four per cent. Vadodara MC reported 100 per cent scientific disposal of MSW, however, the actual scientific disposal was only 35 per cent of the MSW generated.*
- *Vermicompost plants (VCPs) for processing of biodegradable wastes available in eight out of 13 test-checked NPs were found non-operational. Sanitary Landfill Facilities (SLFs) constructed in January 2013 at a cost of ₹ 46.88 crore for covering 36 NPs were not put to use. Resultantly, the NPs resorted to dumping of MSW in open area. Instances of stray animals feeding on the wastes were also noticed.*
- *Monitoring mechanism was found deficient as SLB Cell constituted had not monitored and reviewed the progress of benchmarking process as mandated. The notification of achievement of SLB was being done without proper assessment.*

The above deficiencies need urgent attention of the Government for proper delivery of services to the public by the ULBs and to achieve the target of SLBs prescribed by GoI.

4.2.1 Introduction

The urban population of Gujarat State was 2.57 crore as per census 2011, which constituted 42.55 per cent of the total population (6.04 crore) of the State. This constituted 2.12 per cent of the total population of India (121.06 crore). The Urban Local Bodies (ULBs) in the State consisted of eight Municipal Corporations (MCs), 162 Nagarpalikas (NPs) and 31 Notified Areas.

The 74th Constitutional amendment in 1993 endowed responsibilities⁴⁵ listed in the Twelfth Schedule to the ULBs to function as institutions of self-Government. Government of India (GoI) made huge investments over the years through Centrally Sponsored Schemes and by devolution of direct funds as per the recommendations of various Finance Commissions.

Benchmarking is well recognized as an important mechanism for introducing accountability in service delivery. It involves measuring and monitoring of service provider's performance on a systematic and continuous basis. Recognizing its importance, Ministry of Urban Development (MoUD), GoI had launched the Service Level Benchmarking (SLB) initiative in July 2008 covering four services namely water supply, sanitation, solid waste management and storm water drainage (**Appendix-VII**). Thirteenth Finance Commission (ThFC) in its recommendation for the period of 2010-15 mandated that State Government should put in place standards for delivery of essential services by Local Bodies among the fulfilment of other conditions linked to the access of the performance grants.

4.2.2 Organisational set-up

The Additional Chief Secretary (ACS), Urban Development and Urban Housing Department (UD&UHD) is the administrative head of the department. Director of Municipalities (DoM) exercises administrative supervision of the NPs. The Gujarat Municipal Finance Board (GMFB) is responsible for distributing funds to MCs and NPs.

Gujarat Urban Development Mission (GUDM) is the State Level Nodal Agency (SLNA) for implementation of Centrally Sponsored Schemes (CSS) and State Sponsored Schemes (SSS). GUDM accorded administrative approval and technical sanctions for projects submitted by the ULBs. Water Supply Schemes (WSSs) are implemented either by Gujarat Urban Development Company (GUDC), Gujarat Water Supply and Sewerage Board (GWSSB) or the concerned ULBs. Underground Drainage Schemes (UDSs) are implemented by GUDC or GWSSB and Solid Waste Management (SWM) are implemented by GUDC.

4.2.3 Audit Objectives

The objectives of the Performance Audit were to ascertain whether –

- proper planning was done to put in place standards of service delivery of all essential services to be provided by ULBs;
- ULBs were able to provide the basic urban services; and
- an effective mechanism was in place to make the service level benchmarking operational as well as monitor and evaluate performance on provision of basic urban services.

⁴⁵ Responsibilities under Twelfth Schedule included urban planning (including town planning), regulation of land-use and construction of buildings, planning for economic and social development, roads and bridges, water supply for domestic, industrial and commercial purposes, public health, sanitation, conservancy and solid waste management, fire services, provision of urban amenities and facilities such as parks, gardens, playgrounds, etc.

4.2.4 Audit Criteria

In order to achieve the audit objectives, the following audit criteria were adopted-

- Handbook on Service Level Benchmarking issued by Ministry of Urban Development (MoUD), GoI;
- Recommendations of Thirteenth Finance Commission;
- Acts relating to Urban Local Bodies passed by State Legislature; and
- Rules and Regulations related to Urban Local Bodies notified by State Government.

4.2.5 Audit scope and methodology

The Performance Audit commenced with an 'entry conference with the UD&UHD. The Audit objectives, scope and methodology of Audit were discussed. The audit involved scrutiny of records for the period 2011-16 relating to the measurement and notification of SLBs, and implementation of WSS, UDS and SWM projects. Achievements of SLBs in respect of three out of four services have been covered in Audit *i.e.* Water Supply, Sewage Management and Solid Waste Management (SWM). Storm Water Management was not covered as Gujarat is a rain deficit State and the work related to Storm Water Management had not been taken up on large scale in the State. Records maintained in the offices of the UD&UHD, GUDM, GMFB, GUDC, two out of eight MCs⁴⁶ and 13 out of 56 "A" and "B" category NPs⁴⁷ were test-checked during May to October 2016. The sampling of MCs and NPs was done with population as measure of size. Joint field visit⁴⁸ of selected assets and infrastructures created was undertaken to ascertain the delivery of services to the populace.

An exit conference was held (13 January 2017) with the Secretary, UD&UHD and Additional Chief Executive Officer of GUDM to discuss the audit observations. Replies and views of the department have been incorporated in the Report.

Audit findings

Audit findings are based on the scrutiny of records related to the works done and measures taken by the ULBs to improve their performance against the SLBs notified by the State Government for test-checked ULBs. The findings have been arranged in order of services *i.e.* Water Supply, Sewage Management and Solid Waste Management.

4.2.6 Planning

4.2.6.1 Preparation of City Development Plan

Hand book on SLBs recommended that SLBs should be an integral part of City Development Planning (CDP) process for assessment of current situation and for setting targets under their plan. It further stated that SLBs should be part

46 Bhavnagar and Vadodara

47 Anjar, Amreli, Bardoli, Dholka, Gandhidham, Mahuva, Modasa, Navsari, Patan, Surendranagar, Unjha, Valsad and Wadhvan.

48 Audit team alongwith ULB staff

of the Detailed Project Reports for the concerned sectors, indicating both the current situation and changes the project would bring about. Subsequent process of implementation and monitoring of the projects would also evaluate these SLBs. Audit observed that none of the test-checked ULBs (except Bhavnagar and Vadodara MCs) had prepared the CDP. This indicated that the works/projects had been undertaken by the NPs without any assessment of infrastructural gaps for achieving the prescribed SLBs.

The DoM stated (December 2016) that though CDP was not prepared, the actual requirement is assessed by the NPs at the time of execution of work. The reply is not tenable as CDP provides an overall requirement of the NPs and helps in prioritising the works in a planned manner. Undertaking such major assessment for each project could prove to be very resource consuming. The audit observations in this regards are discussed in succeeding paragraphs.

4.2.6.2 Notification of Service Level Benchmarks

The Thirteenth Finance Commission (ThFC) grants are divided into two components – General Basic Grant (GBG) and General Performance Grant (GPG). GPG can be accessed only on complying with the conditions stipulated in the ThFC Report. One of the conditions of ThFC envisaged that the State Government shall notify targets and achievement for SLBs each year for each ULB.

Hand Book on Service Delivery issued by MoUD prescribed methods of measurement and calculation of benchmarks. The reliability of these benchmarks are fixed on the basis of methods adopted in measuring the benchmarks. It also envisaged that the State Governments and their nodal agencies need to evaluate periodically the SLBs. The results of evaluation shall be considered as an input for decision making relating to policy, allocation of resource, incentives and penalties, channelizing technical and manpower support and regulatory considerations among others. GUDM was the nodal agency to operationalise the SLB framework in the State.

Audit observed that neither the GUDM nor the test-checked ULBs had been maintaining any records regarding methods adopted for assessing the achievement and fixing of targets for SLBs. No system existed in respect of regular collection of data from ULBs by GUDM.

Audit observed that State Government had been notifying targets and achievements of SLBs from the year 2011-12 based on the work done by Centre for Environment Planning and Technology (CEPT) University. CEPT University have been conducting research project named “Performance Assessment System (PAS)” on water supply and sanitation in ULBs of Gujarat and Maharashtra States. The project is being funded by Bill and Melinda Gates Foundation. Based on the information collected from ULBs for their project, CEPT developed a website with online tools/modules for fixing targets and calculating achievement. The said database of the CEPT was being utilised by the State Government for notifying the achievement of SLBs.

This indicated that achievement and targets of SLBs were being notified without proper measurement and without analysing the actual facts at ULB level by the Nodal Agency (GUDM) as discussed in **Paragraph 4.2.7, 4.2.9 and 4.2.11**. It is apparent that the notifications are being issued only for meeting the conditions of ThFC for obtaining GPG.

The Secretary in the exit meeting stated (January 2017) that the work of notification of benchmarks was done regularly with the assistance of CEPT University and Urban Management Centre (UMC). The fact remained that the State Government failed to perform their work in this respect and the objectives of operationalising the SLBs in the State were not achieved.

4.2.6.3 Functioning of Service Level Benchmarks Cell

Ministry of Urban Development, GoI issued (October 2010) instructions to the State Government to constitute a SLB Cell at the State level. Accordingly, State Government constituted (November 2011) an SLB Cell with Principal Secretary, UD&UHD as Chairperson and Additional Chief Executive Officer, GUDM as member secretary. The Cell was required to meet once in three months to review and monitor the progress of benchmarking process in ULBs.

The UD&UHD issued (December 2012) Terms of Reference (ToR) of the Cell. The ToR provided that the Cell shall collect from time to time, the information regarding achievement of SLBs by each ULB. The Cell shall assist the ULBs in preparing Information System Improvement Plan (ISIP) and Performance Improvement Plan (PIP). The ToR also provided that the Cell shall publish annual SLB data book for all the ULBs in the State by 31st July every year and prepare quarterly reports of activities⁴⁹. As per ToR, the Cell shall meet once in every month.

Audit observed that the Cell had not carried out any activity envisaged in the ToR. Against four meetings required to be held before December 2012 and monthly meeting thereafter, only one meeting of the Cell had been held till December 2016.

GUDM stated (November 2016) that though only one meeting was held, UD&UHD had been monitoring the works under SLB on regular basis. The reply of GUDM is not acceptable as the Cell was responsible for operationalising, reviewing and monitoring the SLB framework in the State, which was not being done as it remained non-functional since its constitution.

WATER SUPPLY

4.2.7 Performance against Service Level Benchmarks for water supply

Hand book on SLB prescribed nine benchmarks to measure the performance of water supply (WS) services –

- **Coverage of WS connections** – 100 *per cent* households in the ULBs to be provided with direct WS connections;

⁴⁹ Training, capacity building and ISIP

- **Per capita supply of water** – minimum 135 litre per person per day (lpcd) of water to be supplied;
- **Continuity of water supply** – 24 hours supply of pressurised water per day;
- **Extent of Non-Revenue Water** - the revenue that could not be realised from water which has been lost through leakages, thefts, *etc.* The maximum loss of 20 *per cent* of total water produced is admissible;
- **Quality of water supplied** - the percentage of water samples that meet or exceed the specified potable water standards prescribed in the Central Public Health and Environmental Engineering Organisation (CPHEEO) Manual;
- **Extent of metering of water connections** - all water supply connections shall have a functional meter to measure the efficiency in water use, leakages in the distribution system and enables high-end consumers to be charged more for consuming more water;
- **Cost recovery in water supply services** - It is the total revenues recovered against the total operating cost incurred in supplying water;
- **Efficiency in redressal of consumer complaints** - 80 *per cent* of total number of complaints received to be redressed within 24 hours; and
- **Efficiency in recovery of water supply charges** - It is the revenue collected in the current year against the total demand of operating revenues.

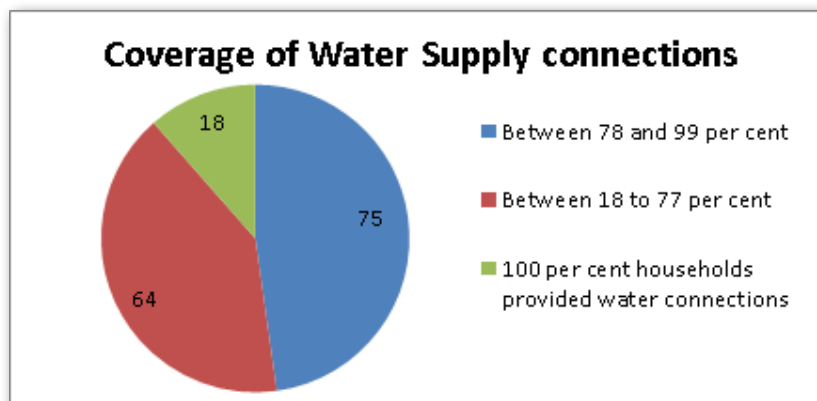
Audit analysed these benchmarks notified by the State Government for the year 2015-16 in respect of all the ULBs in the State. Analysis of benchmarks achieved by the MCs revealed the following -

- All the MCs have almost achieved the SLB in respect of per capita supply of water per day, non-revenue water, water quality and redressal of complaints. The coverage of water supply connection ranged between 50 *percent* (Junagadh) and 100 *per cent* (Gandhinagar).
- Consumer metering induces efficiency in water use, reveals leakages in the distribution system and enables high-end consumers to be charged more for consuming more. Metered water connections have been implemented only in Vadodara and Surat MCs which was only two *per cent* and six *per cent* respectively of the total water supply connections. This indicated that the MCs in the State had not ensured the efficiency in usage of water and leakages in the distribution system.
- None of the MCs could provide water for 24 hours. The supply of water ranged between 0.33 hours (Rajkot) and four hours (Surat).
- Recovery of cost towards supply of water ranged between eight *per cent* (Gandhinagar) and 132 *per cent* (Rajkot).

Analysis of benchmarks achieved by the NPs revealed the following -

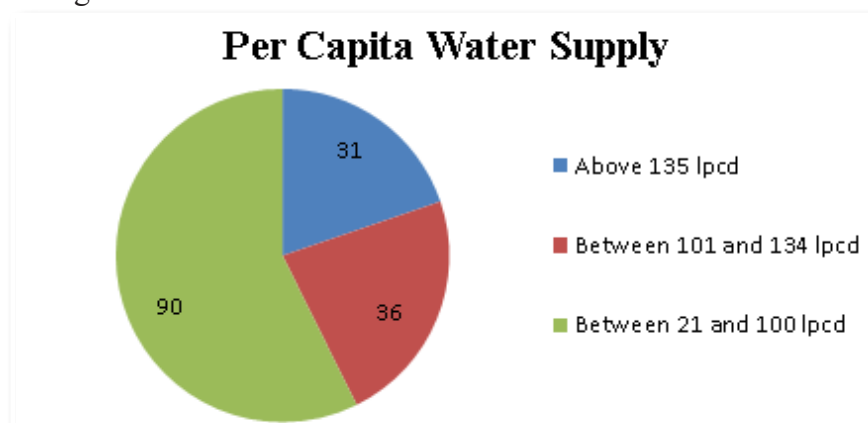
- All the NPs have achieved the SLB in respect of water quality and redressal of complaints.

- The average coverage of water supply connection was 78 *per cent*. The **chart** below shows the status of households provided water supply connections in the NPs of the State during 2015-16 –



The above chart shows that only 18 NPs could provide water connection to 100 *per cent* households.

- The average per capita supply of water per person was 101 lpcd. The **chart** below shows the status of per capita water supply in the NPs of the State during 2015-16 –



The above chart shows that only 31 NPs in the State could supply more than 135 lpcd of water.

- None of the NPs have implemented metered water connections. This indicated that the NPs in the State had not ensured the efficiency in usage of water and leakages in the distribution system.
- None of the NPs could provide water for 24 hours. The water supply hours ranged between 0.12 hours (Manavadar) and nine hours (Sojitra).
- Recovery of cost towards supply of water ranged between three *per cent* (Sutrapada) and 258 *per cent* (Amod).

Analysis of the SLBs notified by the State Government revealed that most of the NPs in the State were not able to achieve the SLBs in coverage of water connections, per capita supply of water, metering of water supply connections, hours of water supply and cost recovery. This indicated that the implementation framework of SLBs was deficient and time bound achievement of SLBs had not been put in place by the State Government.

4.2.7.1 Discrepancy in performance of SLB notified for water supply

The benchmarks notified in respect of test-checked MCs and NPs were scrutinised with reference to the records maintained at MC and NP level. On scrutiny of records in test-checked MCs and NPs, Audit noticed discrepancies between the actual performance and the performance indicators notified (**Appendix-VIII**), which are discussed below –

- The actual coverage of water connections in Bhavnagar and Vadodara MCs was only 79 and 90 *per cent* as against 100 and 98 *per cent* notified respectively. The percentage of water connections in test-checked NPs ranged between 64 (Gandhidham) and 98 (Amreli) as per notification. The actual percentage of water connections ranged between 50 (Bardoli) and 95 (Anjar and Modasa).
- Both the test-checked MCs have achieved the prescribed SLB of 135 lpcd supply of water. As regards test-checked NPs, only Navsari and Valsad NPs have achieved the SLB of 135 lpcd supply of water as per notification. The remaining test-checked NPs could supply water between 68 lpcd (Dholka) and 126 lpcd (Patan). Scrutiny of records revealed that four test-checked NPs (Bardoli, Navsari, Valsad Unjha) have achieved the prescribed SLB of 135 lpcd. In remaining NPs, the supply of water ranged between 86 lpcd (Vadhvan) and 131 lpcd (Modasa).
- Non-Revenue Water (NRW) in respect of Bhavnagar and Vadodara MCs was notified as 19 and 23 *per cent* respectively. In respect of test-checked NPs, NRW was notified in respect of nine test-checked NPs ranging between 12 (Anjar, Bardoli, Vadhvan) and 37 *per cent* (Dholka). Scrutiny of records revealed that the test-checked MCs and NPs have been reporting estimated NRW instead of measuring the actual NRW. It was also observed that they have not conducted any Water Audit to assess the actual NRW.
- Bhavnagar MC supplied water for average 0.65 hour a day as per notification. Audit observed that in MC Bhavnagar, the water was being supplied only for six days in a week for 0.65 hours.
- As per notification, the supply of water in test-checked NPs ranged between 0.37 and four hours a day. Scrutiny of records of test-checked NPs revealed that six NPs were not supplying water daily. Amreli and Anjar NPs supplied water on alternate days, and Gandhidham, Mahuva, Surendranagar and Vadhvan NPs supplied water once in three days.
- CPHEEO manual provided for chemical and bacteriological sampling of water. It also provided that minimum one sample per month per 10,000 population should be taken from source, treatment plant and end user points. As per the notification, the percentage of achievement of water quality by test-checked MCs and NPs ranged between 90 (Vadhvan NP) and 100 (Bardoli, Dholka, Gandhidham, Navsari, Patan and Unjha NPs). Scrutiny of records revealed that the above tests prescribed by CPHEEO were not being carried out by the test-checked MCs and NPs. Monthly samples from each prescribed points were not taken regularly by test checked ULBs. In respect of five NPs viz. Anjar, Dholka, Gandhidham, Surendranagar and

Vadhvan, not a single sample had been taken for quality testing of water. This indicated that the test-checked ULBs reported the quality of water without following prescribed testing methods.

- The actual recovery of cost for supply of water in Bhavnagar and Vadodara MCs was only 21 and 78 *per cent* as against 31 and 89 *per cent* notified. The percentage of cost recovery in test-checked NPs ranged between 45 (Vadhvan) and 94 (Unjha) as per notification. The actual percentage of cost recovery ranged between 16 (Anjar and Mahuva) and 87 (Vadhvan).

The above discrepancies indicated that proper system to measure and notify the SLB data was not in place which led to notifying the SLBs incorrectly by the State Government.

Regarding the discrepancy between SLB notified and calculated by audit, GUDM did not furnish any reply. The Secretary in the exit conference (January 2017) stated that the department would engage a professional agency to cross check the reliability of the mechanism in place with ULBs. The fact remains that as CEPT and UMC (an NGO) were capturing the data for their research projects, its suitability for Government usage in planning of services remained doubtful.

4.2.8 Implementation of water supply projects

To augment Water Supply (WS) in ULBs, the State Government executed (2005-12) WS projects under the CSS “Urban Infrastructure Development Scheme in Small and Medium Towns (UIDSSMT)”. WS projects were also executed (2009-17) under SPS “Swarnim Jayanti Mukhya Mantri Saheri Vikas Yojna (SJMMSVY)”. Project aimed to meet the prescribed SLB for providing minimum 135 lpcd of quality water to the population of ULBs.

4.2.8.1 Delay in implementation of water supply projects

In test-checked ULBs, 14 WS projects⁵⁰ had been implemented under UIDSSMT and SJMMSVY during the period 2006-16 except for Vadodara MC⁵¹. Ten projects have been completed and four projects⁵² were in progress. Audit observed that out of these four WS projects in progress, WS projects of Navsari and Amreli NPs, taken up in October 2010 and April 2013 respectively, were still under progress as of October 2016. Reasons for delay were not made available to audit by Amreli NP. Navsari NP stated (August 2016) that it had to change the location of overhead tank, sump and water treatment plant due to non-availability of clear land. Remaining two projects of Anjar and Surendranagar NPs had been taken up only in July 2015 and January 2016 respectively. Delay in implementation of projects resulted in non-supply of potable drinking water to the populace and non-achievement of prescribed SLBs.

50 SJMMSVY (Anjar NP, Amreli NP, Bhavnagar MC, Dholka NP, Gandhidham NP, Mahuva NP, Patan NP and Navsari NP), UIDSSMT (Bardoli NP, Valsad NP and Unjha NP) and both SJMMSVY and UIDSSMT (Modasa NP, Surendranagar NP and Vadhvan NP)

51 Implemented under “Jawaharlal Nehru National Urban Renewal Mission”

52 Anjar NP, Amreli NP, Navsari NP and Surendranagar NP

4.2.8.2 Utilisation of completed water supply projects

In five out of ten completed WS projects, it was observed that though the projects have been operationalised, three⁵³ ULBs could not achieve the prescribed SLB of supplying 135 lpcd potable water. Remaining five completed WS projects had not been put to use by the ULBs as discussed in the succeeding paragraph -

(i) Dholka NP supplied 4.65 MLD water through tube wells to the city upto 2010. The NP proposed a water supply project to the State Government indicating in the Detailed Project Report (DPR) that the ground water was not fit for use due to excessive drawl of ground water over the years. Accordingly, the State Government approved (March 2010) Narmada Canal based water supply project at a cost of ₹ 9.77 crore under SJMMSVY. The project envisaged supply of 16.21 MLD water considering the expected demand by the year 2041. The ULB started the work in October 2010 and completed the same in January 2015 at the cost of ₹ 9.77 crore. Audit observed that the NP was still supplying underground water and had been incurring recurring expenditure of ₹ 1.50 crore per annum on electricity charges for drawing ground water.

The Chief Officer stated (June 2016) that the water from tube wells was being utilised due to irregular supply of water from Narmada Canal. The Secretary in the exit meeting (January 2017) stated that the NPs showed unwillingness to draw water from Narmada as they have to pay the charges raised by the Irrigation Department. This indicated that despite spending an amount of ₹ 9.77 crore on the canal based water supply project, NP continued to exploit ground water which was not fit for use due to excessive drawl of water as stated in the DPR. Resultantly, the infrastructure created was not being fully utilised and the very purpose of supplying treated water and further depletion of ground water were defeated.

(ii) Mahuva NP had been supplying 45 lpcd of water to the town through tube wells. The State Government approved (November 2009) a WS project at a cost of ₹ 17.66 crore under SJMMSVY with source of water from Narmada Canal. The project envisaged supply of 26.48 MLD water considering the expected demand by the year 2038. The project work involved laying of distribution pipelines, construction of storage structures, pump houses and Water Treatment Plant (WTP) and installation of pumping machines. GWSSB started the work in March 2012 and completed the same in March 2013 at a cost of ₹ 17.70 crore.

Audit observed that the NP had not included in the DPR, the cost of pumping machines required for pumping of raw water and its treatment. It was contemplated by the NP that the old and existing pumping machines would be utilised for this purpose. Later, the NP realised that the existing machines were not sufficient to pump raw water into the WTP and treated water to distribution network. Resultantly, the raw water drawn had not been fully treated.

During joint field visit (24 May 2016), it was observed that the treated and raw water was being first filled in a sump and then supplied to the city. This defeated the very purpose of supplying clean water to the public. The supply of water through

53 Gandhidham NP – 89 lpcd, Modasa – 124 lpcd and Patan – 126 lpcd

the distribution network was below the rated capacity. The NP could supply only 79 lpcd water against the 135 lpcd of SLB besides non-supply of water in few areas.

The Chief Officer attributed (October 2016) the cause of underperformance to insufficient pumping machines for pumping water. The fact remained that despite incurring expenditure of ₹ 17.70 crore, adequate supply of treated water could not be achieved by the NP.

(iii) GoI sanctioned (September 2007) a WS project for Vadhwan NP with a project cost of ₹ 15.39 crore under UIDSSMT. The project work involved rising main line from Dhuli Dvaja Dam to the town, construction of storage structures, pump houses, two WTPs and installation of pumping machines. GUDC started the work in May 2009 and completed in May 2011 at the cost of ₹ 20.43 crore. During joint field visit, it was observed that WTPs constructed at Bhaktinandan and Hawamahel had not been put to use due to faulty design of WTPs (**Picture 1**). The provision for draining out wash water had not been provided in the design. Two sets of pumping machines was also found lying uninstalled since 2010 (**Picture 2**) due to non-construction of two pump houses.



Picture 1

Non-functional Water Treatment Plant



Picture 2

Pumping machines lying idle

- The distribution network of the town was very old. To augment this, the State Government sanctioned (September 2012) a project for laying distribution network under SJMMSVY at a cost of ₹ 18.01 crore. ULB awarded (March 2013) the work to an agency. The agency had abandoned (September 2015) the work after executing the work to the tune of ₹ 17.65 crore. Audit observed that the agency had laid distribution network in different parts of the town. These network lines had not been connected with the main lines. This resulted in non-utilisation of created infrastructure. The NP could provide water to the town only once in three days.

The Chief Officer stated (May 2016) that despite repeated reminders, the agency did not respond for completion of the work. The fact remained that the objective of supplying adequate water to the residents was defeated despite incurring huge expenditure of ₹ 38.08 crore for the above two schemes. The NP also failed to achieve the prescribed SLBs.

(iv) Bardoli NP had been providing untreated ground water to the town through tube wells. Continuous drawal of ground water had resulted in depletion of ground water and deterioration of water quality. With an aim to augment water supply by providing surface water, GoI approved (October 2007) a WS project for the NP under UIDSSMT at a cost of ₹ 5.12 crore. The project envisaged drawal of surface water from nearby perennial river Mindhola. The ULB commenced the work through an agency in December 2008 and completed the same in October 2013 at a cost of ₹ 10.40 crore.

Audit observed that in addition to drawal of six MLD water from the river, the NP was also drawing three MLD of ground water through tube wells. The ground water was not being treated and was mixed with the treated water. The NP had been incurring expenditure of ₹ 1.00 crore per annum on electricity charges for drawal of ground water.

The Chief Officer stated (September 2016) that the distribution network was very old. The ground water was mixed with the treated water to create adequate pressure in the distribution network for proper flow of water. This indicated that the WS project proposed by the NP had not included the component of augmenting the distribution network which was crucial for uninterrupted water supply by the NP. Despite completion of the project, the NP failed to supply treated water to the residents.

(v) Unjha NP had been supplying surface water from Dharoi dam and ground water from tube wells to the residents. With an aim to augment water supply to meet future demand and to reduce the use of tube wells, GoI approved (October 2007) a WS project for the NP under UIDSSMT at a cost of ₹ 17.00 crore. The project envisaged tapping water from Moti Dau pond of Narmada canal. The project work involved rising main line from Moti Dau pond, distribution network and construction of a WTP, storage structures and pump houses with machinery. The NP commenced the work through an agency in May 2010 and completed the same in March 2013 at a cost of ₹ 22.38 crore.

Audit observed that the project had not yet been put to use as Narmada, Water Resources, Water Supply and Kalpsar Department denied supply of water from the Narmada canal. The supply was denied as NP had executed the project without obtaining prior permission of the department for lifting water from the Narmada Canal. Resultantly, the infrastructure created under the project was lying idle. The residents were also deprived of the prescribed potable water despite investment of ₹ 22.38 crore.

The above observations indicated deficient planning on the part of the ULBs which resulted in delay and non-utilisation of projects completed besides depriving the population of basic urban services. This has also resulted in non-achievement of prescribed SLBs by these five test-checked NPs despite implementation of WS projects under UIDSSMT and SJMMSVY.

The State Government may take corrective measures to operationalise the completed WS projects. Instructions may be issued to GUDC, GWSSB and ULBs concerned to speed up and complete all WS projects so as to achieve the prescribed SLBs for supply of potable water to the public.

SEWAGE MANAGEMENT

4.2.9 Performance against Service Level Benchmarks for Sewage Management

Hand book on SLB prescribed nine benchmarks to measure the performance of sewage management –

- **Coverage of toilets** - it denotes the extent to which citizens of ULBs have access to toilets *i.e.* residential, commercial, industrial and institutional properties;
- **Coverage of sewage network services** - it denotes the extent to which underground sewage network has been provided to individual properties in the ULB area;
- **Adequacy of Sewage Treatment Capacity** - it denotes the availability of secondary treatment capacity as a percentage of waste water generation;
- **Collection efficiency of sewage network** - it denotes the quantum of waste water collected at Sewage Treatment Plant (STP) as against total sewage generation in the ULB;
- **Quality of sewage treatment** – it denotes the percentage of standard waste water samples that pass out the specified secondary treatment;
- **Extent of reuse and recycling of sewage** – it denotes the percentage of treated waste water reused;
- **Extent of cost recovery in sewage management** - It is the total revenue recovered against the total operating cost incurred on waste water treatment;
- **Efficiency in collection of sewage charges** - It is the revenue collected in the current year against the total demand of operating revenues; and
- **Efficiency in redressal of consumer complaints** - 80 *per cent* of total number of complaints received to be redressed within 24 hours.

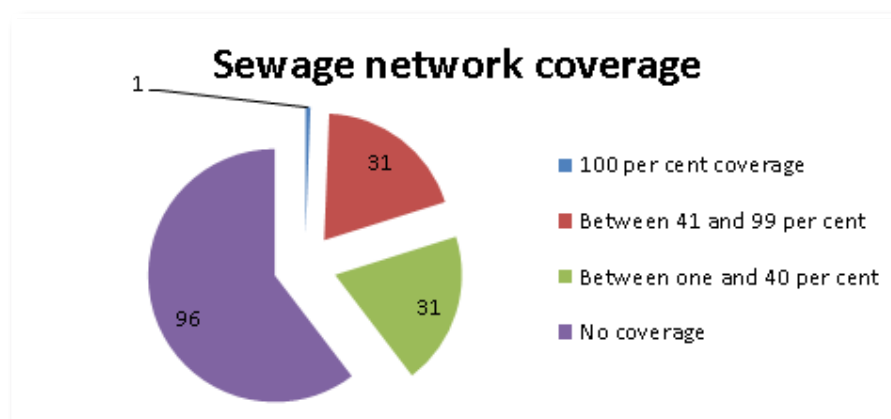
Audit analysed these benchmarks notified by the State Government for the year 2015-16 in respect of all the ULBs in the State. Analysis of benchmarks achieved by the MCs revealed the following -

- MCs were able to achieve the SLB in respect of coverage of toilets and redressal of complaints.
- In seven MCs for which coverage of sewage network was notified, average coverage of sewage network was 62 *per cent* against the benchmark of 100 *per cent*. The percentage of coverage ranged between 22 (Jamnagar) and 98 (Gandhinagar). In test-checked MCs, the coverage was 36 *per cent* in Bhavnagar and 93 *per cent* in Vadodara.
- Sewage treatment facility was available in only five out of eight MCs. In these five MCs, average treatment capacity was 109 *per cent* as against the benchmark of 100 *per cent* which ranged between 50 (Junagadh) and 177 *per cent* (Gandhinagar). In test-checked MCs, treatment facility was 84 *per cent* in Vadodara and no facility was available in Bhavnagar.

- Against the benchmark of 100 *per cent* cost recovery, the average recovery was 78 *per cent* in six MCs for which SLB was notified. The percentage of cost recovery in these MCs ranged between seven (Gandhinagar) and 125 (Vadodara). Test-checked Bhavnagar MC was not recovering the cost.

Analysis of benchmarks achieved by the NPs revealed the following -

- NPs were able to achieve SLB in respect of toilet coverage and complaint redressal.
- The status of sewage network in the NPs of the State during 2015-16 is shown in the **Chart** below –



The above chart shows that the facility of sewage network was not available in 96 NPs. This indicated that though 100 *per cent* toilet coverage was achieved by the NPs, they were not connected to sewage network. Resultantly, untreated sewage was being discharged in soak pits and open drains which could lead to soil and water pollution.

- None of the NPs in the State had functional sewage treatment facility. Collection efficiency of sewage network was notified for 11 NPs which was incorrect as it is linked to availability of sewage treatment facility.
- Cost recovery in sewage services was notified for 60 NPs which ranged between 0.5 *per cent* (Palanpur) and 163 *per cent* (Morbi). Out of this 60 NPs, only seven NPs could achieve the SLB of 100 *per cent* cost recovery.

4.2.9.1 Discrepancy in performance of SLB notified for sewage management

The benchmarks notified in respect of test-checked MCs and NPs were scrutinised with reference to the records maintained at MC and NP levels. On scrutiny of records in test-checked MCs and NPs, Audit noticed various discrepancies between the actual performance and the performance indicators notified (**Appendix-IX**) as discussed below –

- As per the SLB notification, coverage of sewage network ranged between 25 (Dholka) and 73 *per cent* (Navsari). On scrutiny of records, it was observed that the coverage of sewage network was 30 *per cent* in Dholka and 94 *per cent* in Navsari.

- Benchmark notified for the cost recovery for sewage management ranged between 12 (Anjar) and 85 *per cent* (Valsad). On scrutiny of records, it was observed that cost recovery was eight *per cent* in Anjar and 78 *per cent* in Valsad.
- SLB notified for efficiency in collection of sewage charges ranged between 46 *per cent* (Dholka) and 97 *per cent* (Bardoli). Scrutiny revealed that it was 10 *per cent* for Dholka and 69 *per cent* for Bardoli.

The above discrepancies are a pointer to the fact that the SLBs notified are not reliable. The Secretary in the exit conference (January 2017) stated that Department would engage a professional agency to cross-check the reliability of the mechanism in place with the ULBs. The fact remained that the State Government had not developed their own system for measurement of SLB and relied on the data generated by the CEPT.

4.2.10 Implementation of Underground Drainage Projects

To augment sewage facilities in ULBs, and to achieve the SLB for 100 *per cent* coverage of network and to provide 100 *per cent* treatment facility, State Government executed (2009-17) Underground Drainage (UD) Projects under SJMMSVY. In 13 out of 15 test-checked ULBs, the State Government had implemented 13 UD network projects during 2010-16. Of this, five projects⁵⁴ had been completed, seven projects⁵⁵ were in progress and one project of Modasa NP had not commenced till October 2016. Scrutiny of records revealed following deficiencies in implementation of these projects -

4.2.10.1 Delay/non-completion of Underground Drainage Network projects

(i) GMFB accorded (March 2011) administrative approval (AA) of ₹ 50.07 crore for a UD project under SJMMSVY for Bhavnagar Municipal Corporation (BMC). The work included drainage network in two areas of the city namely Ruva Tarsamia and Chitra Fulsar and a Sewage Treatment Plant (STP) at Nari for treatment of sewage collected through Chitra Fulsar Network. GUDM accorded (December 2011) AA of ₹ 43.72 crore for construction of another STP near Excel Industries for treatment of sewage collected through Ruva Tarsamia network. Work orders for different components⁵⁶ were issued between March 2012 and June 2015. The cost for the entire project was revised (October 2013) to ₹ 123.39 crore. Audit observed that -

- Chitra Fulsar network was divided into two parts and the works were awarded in August 2012 with stipulated date of completion by August 2013. The work of Chitra Fulsar (Part-II) had been completed in September 2016 while the work of Part-I and construction of STP was in progress (December 2016). At the time of execution of Chitra Fulsar I, the contractor noticed existing drainage network in most areas where network was to be laid. The Executive Engineer (Projects) BMC instructed (January 2013) the

54 Anjar NP, Bardoli NP, Dholka NP, Unjha NP and Vadhvan NP

55 Bhavnagar MC, Amreli NP, Mahuva NP, Navsari NP, Patan NP, Surendranagar NP and Valsad NP

56 Ruva Tarsamia, Chitra Fulsar I, II (August 2012), Gravity main to dispose sewage to STP near Excel industries (March 2012), Rising main towards STP at Excel industries (March 2012), Pumping stations (August 2012), 30 MLD, STP at Nari road (September 2012), 45 MLD STP near Excel industries

technical consultant who had prepared the DPR to resurvey and redesign the project. Accordingly, project was revised and was under execution (December 2016). During the execution of the project, alignment of main trunk line was shifted to the bed of Gadhechi river as road along with the river was newly carpeted. This resulted in need of additional pumping station after railway crossing. A new rising main from this pumping station to the STP with estimated cost of ₹ 10.00 crore was proposed. The work of new pumping station and rising main were at DPR stage (December 2016).

- During execution of the Ruva-Tarsamia project, the contractor found that the layout provided by BMC was faulty. The layout had no details of roads/ways where the line was to be laid and the width of roads in few areas was very short, making it difficult to lay pipes. Accordingly, the technical committee of BMC decided (December 2012) to revise the design. They also proposed a new pumping station and raising mains. The work of laying network had been completed in April 2015. The work of new pumping station and rising mains had been completed in September 2016 at the cost of ₹ 0.92 crore. The work of construction of both the STPs was in progress (December 2016).

In reply to audit observations, BMC stated (July 2016) that detailed survey was not done as DPR was to be submitted in short period. This led to change in scope of work as per the ground situation. The reply is not tenable as at the time of tendering, detailed estimates had to be prepared considering every aspect of the work. Redesigning both the projects showed that due care was not taken at the time of DPR preparation as well as at the tendering stage. This led to non-completion of works even after a lapse of three years from stipulated completion date and extra expenditure for execution of new components. This also resulted in non-achievement of SLB of providing network coverage to the entire city and treating the sewage collected through the network. The Secretary in the exit meeting (January 2017) stated that explanation would be called for from the BMC.

(ii) Navsari NP had a functional sewer collection system since 1925. A UD project was approved (November 2009) at a cost of ₹ 68.49 crore to cover the uncovered area. The sewage collected was also to be treated in an STP to stop flowing of untreated sewage into river and sea. The project work included sewer collection system, house connection chambers, rising and gravity mains⁵⁷, STPs, pump houses and pumping machines covering seven zones of the NP area.

Audit observed that GUDC had awarded (March 2012) the work of sewer collection system and house connection chambers of two zones to an agency at a cost of ₹ 12.58 crore. Though the Draft Project Report (DPR) envisaged the work in seven zones, GUDC had awarded works of only two zones due to opposition by the NP. The NP opposed that there was already a functional sewerage collection system in the old city and it was required only in newly developed areas having no sewer collection facility. The NP had also expressed the concern over the diameter of the pipes and asked for use of 200 mm pipe instead of 150 mm pipes included in the scope of the work. This resulted in change in scope of work and

⁵⁷ For carrying collected sewage to pumping stations and STPs

delay in completion of work, as the agency could complete work of only ₹ 2.74 crore as of August 2016.

The Chief Officer stated (August 2016) that NP had a functional sewage collection system. It was also stated that only up-gradation of pumping station and network system in newly developed area was required. The reply is not tenable as the DPR was approved after the Nagarpalika passed a resolution to this effect. Therefore, the NP should have considered these aspects at the time of approval of the project.

(iii) GUDM sanctioned (September 2010) a UD project under SJMMSVY for Patan NP at a cost of ₹ 50.62 crore. GUDC awarded (February 2012) the work to an agency at a tendered cost of ₹ 37.16 crore and the agency completed the work in July 2015. Audit observed that the completed drainage lines of one out of five zones had not been put to use due to non-construction of pumping station. The same could not be constructed due to non-availability of land.

The Chief Officer stated (August 2016) that land would be acquired and after construction of the pumping station, the system would be operationalised.

(iv) GUDM sanctioned (May and July 2010) a UD project each for Amreli and Valsad NPs under SJMMSVY at a cost of ₹ 47.66 and ₹ 54.93 crore respectively. The project work included laying of sewer collecting pipelines and rising mains, construction of house connection chambers, pumping stations, STP and installation of pumping machines. Audit observed that GUDC had awarded (September 2014 and November 2011) only the work of laying pipelines and construction of house connection chambers for both the NPs. Work of Valsad NP was completed while the work at Amreli NP was in progress. Total expenditure incurred was ₹ 15.87 crore at Amreli and ₹ 13.53 crore for Valsad. GUDC stated (July 2016) that pumping stations and other works would be taken up in the second phase of the project. As no drainage project could be made functional without construction of pumping stations, award of work only for drainage lines was not proper and would render expenditure unfruitful till the works relating to the pumping stations and STPs were completed.

(v) Underground drainage system was in existence in Modasa NP since 1995-96. The system was not functional and the sewage generation was being disposed of into a nearby river. To augment this system, GUDM sanctioned (May 2010) a UD project to recharge the old system and for covering new areas at a cost of ₹ 30.20 crore. The project work included laying of sewage collection pipelines, construction of pumping stations and STP, and installation of pumping machines. Audit observed that the project cost was revised (January 2014) to ₹ 62.86 crore due to change in design as the sites identified for pumping stations and STP were not available. The site identified for a pumping station belonged to a private owner. The site identified for STP was taken over by the Collector for construction of office buildings. The work had not commenced till November 2016 due to non-finalisation of sites for STP. Resultantly, the untreated sewage was being discharged into open drains/ river by the NP.

4.2.10.2 Utilisation of completed Underground drainage projects

Underground Drainage projects had been implemented with the aim to provide sewage network coverage and treatment facility to the sewage to stop the pollution of resources where untreated sewage were being discharged. Projects also aimed to meet the SLB for network coverage, treatment and reuse of the treated sewage water. Scrutiny of the completed projects in test checked ULBs revealed the following-

- GUDM sanctioned (March 2010) a UD project under SJMMSVY for the Unjha NP at a cost of ₹ 32.16 crore. GUDC awarded (February 2011) the work to an agency at a tendered cost of ₹ 28.31 crore. The agency completed the work in June 2013 at a cost of ₹ 26.78 crore. On scrutiny of records, Audit observed that the NP was facing problems in operation of the network as sewage pipelines were overflowing, water returned back to houses and the network got choked on regular basis. Despite repeated reminders to GUDC and to the contractor by the NP, the complaints have not been redressed. This led to improper disposal of sewage and non-utilisation of infrastructure created besides causing health hazards to the public.
- Bardoli NP had a functional UD system since 1986. The sewage collected was discharged into an oxidation pond⁵⁸. To augment the sewage collection network, GUDM sanctioned (September 2010) a UD project under SJMMSVY at a cost of ₹ 13.81 crore. GUDC awarded (May 2013) the work to an agency at a tendered cost of ₹ 11.42 crore and the agency completed the work in November 2015. Audit observed that the newly created sewage collection network was not put to use by the NP due to non-availability of electricity connection at main pumping station. Due to paucity of funds, the NP could not provide electricity connection. Nagarpalika had an oxidation pond for discharge of sewage from the existing network. During joint field visit of the oxidation pond, it was noticed (**Picture 3**) that due to leakages in the old discharge line, sewage was being not collected in the pond since last eight years. The untreated sewage was being discharged into Mindhola river.



Picture 3
Empty oxidation pond at Bardoli NP

⁵⁸ Oxidation pond: **Oxidation Ponds** are also known as stabilization **ponds** or lagoons. They are used for simple secondary treatment of sewage effluents.

The Chief Officer stated (September 2016) that due to non-functioning of old pumping stations, sewage was not flowing into the discharge line. It was also stated that the system would be made functional soon. This indicated that despite completion of sewage network, the operation of the same was held up for want of electricity connection for main pumping station. Resultantly, the sewage was disposed into the river and causing the pollution and not achieving the prescribed SLB.

The Secretary in the exit meeting (January 2017) stated that electricity connections had been obtained to put the created infrastructure in use. The details of which were not provided to Audit.

The above observations indicated that the planning, execution of works and utilization of created infrastructure for intended purpose were deficient. These deficiencies led to non-achievement of prescribed SLBs despite incurring huge expenditure on implementation of drainage projects.

The State Government may instruct GUDC to complete all UD projects at the earliest so as to achieve the prescribed SLB for sewage management.

4.2.10.3 Facility of Sewage Treatment Plants

Section 24 of Water (Prevention of Pollution) Act 1974 prohibits discharge of sewage water into stream, wells or land. The sewage collected is required to be treated in Sewage Treatment Plant (STP). The STPs are required to meet the effluent norms prescribed by the Gujarat Pollution Control Board (GPCB). Service Level Benchmarks issued by GoI provide for 100 *per cent* treatment of sewage generated by all the ULBs and 20 *per cent* reuse of treated sewage.

Construction of STPs was taken up only in five⁵⁹ test-checked ULBs during the period 2010-16. Out of this, two had been completed and three were in progress. On scrutiny of records, following observations were noticed—

- GoI approved (January 2009) a project for construction of STP at Channi under JnNURM. Vadodara MC awarded (February 2010) the work to an agency at the tendered cost of ₹ 21.52 crore. The tender conditions stipulated for operation of the STP on trial basis for three months after completion of work. The agency completed the work and started the trial run from July 2014. Audit observed that VMC had not accepted the trial run of the plant (September 2016), as the quality of treated sewage was not meeting to outflow norms⁶⁰. In addition to this, there was the issue of overflowing of outflow channels after secondary settling tank. This indicated that there were deficiencies in supervision of work during execution which resulted in plant not meeting the specified standards of treatment. Resultantly, VMC failed to achieve the SLB in quality and reuse of sewage. No reply was furnished by the VMC (January 2017).
- Bhavnagar MC awarded (November 2012) the work of construction of 30 MLD capacity STP to an agency at the tendered cost of ₹ 20.84 crore. The work was required to be completed within 24 months. The design of STP envisaged treatment of both domestic sewage and industrial effluents at the STP. The consultant while preparing the tender documents had pointed out that the

⁵⁹ Bhavnagar MC, Dholka NP, Mahuva NP, Patan NP and Vadodara MC

⁶⁰ Total Suspended Solids (TSS)- upper limit is 30 mg./litre and Biological Oxygen Demand (BOD)- upper limit is 20 mg./litre

domestic sewage and industrial effluent cannot be treated simultaneously. This would affect the plant operation and increase the cost of tertiary treatment. Despite this, the work was executed as per the design. Audit observed that the quality of mixed sewage to be treated in the STP was much above the norms stipulated for treatment of domestic sewage⁶¹. This could lead to improper treatment of effluent and affect the functioning of the STP besides high operational cost.

Bhavnagar MC stated (August 2016) that the decision had been taken based on an old agreement with industrial body to collect industrial effluent. It was also stated that the industrial sewage would form very little part of total sewage and would get diluted after mixing with domestic sewage. Reply is not convincing as data of mixed sewage collected by BMC from GPCB had very high incidence of Total Suspended Solids (TDS). Therefore, BMC should have incorporated this factor at the designing stage itself.

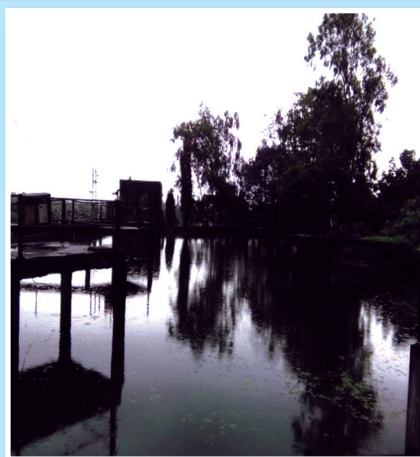
- GUDC awarded (September 2013) the work of construction of 25 MLD capacity STP to an agency at the tendered cost of ₹ 19.65 crore for Patan NP. The agency completed the work in June 2015. Audit observed that the NP had obtained electricity connection for the operation of STP only in March 2016. As of August 2016, the STP was non-operational due to pending decision as to how to dispose treated sewage.

The Chief Officer stated (August 2016) that as per the project plan, the treated sewage would be discharged into irrigation canal. It was also stated that this matter had been taken up with the Irrigation Department and GUDM. The fact remained that despite incurring huge expenditure of ₹ 19.65 crore, the STP was not put to use for want of arrangement for disposal of treated sewage.

- Valsad NP had two STPs with capacity to treat 11.5 MLD and 1.5 MLD sewage. During joint field visit (September 2016), Audit observed that both the plants were non-operational. The sewage was found overflowing near the STP and the untreated sewage was being disposed of into nearby river (Pictures 4 and 5).



Picture 4
Untreated sewage found overflowing at non-functional STP in Valsad NP



Picture 5
Untreated sewage being disposed of into river in Valsad NP

⁶¹ Input quality parameter taken in design of the plant-Total Suspended Solids (400 mg./litre), Biological Oxygen Demand (250 mg./litre) and Chemical Oxygen Demand (550 mg./litre)

The Chief Officer stated (September 2016) that the plant was non-functional since last two years and a new plant sanctioned under “AMRUT scheme” was under process.

Non-availability and non-operationalisation of STPs had resulted in disposal of untreated sewage into river/open area which could pose environmental risk and not achieving the prescribed SLB.

The State Government may ensure timely setting up of STPs alongwith UD network so as to avoid disposal of sewage in open area/river and to achieve the prescribed SLB.

SOLID WASTE MANAGEMENT

4.2.11 Performance against Service Level Benchmarks for Solid Waste Management

To streamline the process of handling, collection, transportation and disposal of Municipal Solid Waste (MSW) and to avoid any adverse impact on human health, GoI framed MSW (Management and Handling) Rules, 2000. GoI prescribed eight benchmarks to measure the performance of solid waste management services by ULBs –

- **Household level coverage of solid waste management services** – it denotes the extent of households and establishments covered by door-to-door collection of Municipal Solid Wastes (MSW) on daily basis;
- **Efficiency in collection of municipal solid waste** – it denotes the extent of total MSW collected by the ULB as against the total MSW generated within the ULB area;
- **Extent of segregation of municipal solid waste** – it denotes the extent of MSW being segregated. Segregation of wet and dry wastes should be done at the point of generation;
- **Extent of municipal solid waste recovered** – it denotes the quantum of collected MSW having been recycled or processed;
- **Extent of scientific disposal of municipal solid waste** – it denotes the total quantity of wastes disposed in Sanitary Landfill Facility (SLF) as against total waste disposal in all sites;
- **Efficiency in redressal of consumer complaints** – It denotes the number of complaints redressed within 24 hours as against total number of complaints received;
- **Extent in cost recovery in Solid Waste Management (SWM) services** - It is the extent to which the ULB is able to recover all operating expenses relating to SWM services; and
- **Efficiency in collection of SWM charges** – It is the revenue collected in the current year against the total demand of operating revenues.

Audit analysed these benchmarks notified by the State Government for the year 2015-16 in respect of all the ULBs in the State. Analysis of benchmarks achieved by the MCs revealed the following –

- All the MCs in the State had achieved SLB in household level coverage of solid waste management services and efficiency in collection of MSW.
- For segregation of MSW, achievement ranged between two (Gandhinagar) and 18 *per cent* (Ahmedabad) against the prescribed SLB of 100 *per cent*. Average segregation was nine *per cent*. In test-checked MCs, the same was 17 *per cent* (Bhavnagar) and two *per cent* (Vadodara). On scrutiny of records, it was observed that segregation was not being done at Bhavnagar and Vadodara. This indicated that the benchmark notified was incorrect.
- The facility of processing MSW was not available in three⁶² out of eight MCs. In remaining five MCs, the average recovery of useful material from the waste was 28 *per cent* as against prescribed SLB of 80 *per cent*. In test-checked MCs, the percentage of MSW processed was notified as 64 (Bhavnagar) and 38 (Vadodara). On scrutiny of records, it was observed that the percentage of MSW processed was only 28 (Bhavnagar) and four (Vadodara).
- The facility of scientific disposal of MSW was not available in four out of eight MCs. In remaining four MCs, the percentage of MSW disposed scientifically was eight (Ahmedabad), 14 (Rajkot) and 100 (Vadodara). The details of Surat MC was not notified. On scrutiny of records at Vadodara MC, it was observed that only 35 *per cent* MSW generated was being disposed scientifically as against 100 *per cent* notified. This indicated that the figures notified were incorrect.

Analysis of benchmarks achieved by the NPs revealed the following -

- The NPs had been able to achieve the benchmarks in respect of household level coverage of solid waste management services, efficiency in collection of MSW and efficiency in complaint redressal.
- Segregation of MSW was not being done by 155 out of 159 NPs. As against the benchmark of 100 *per cent*, the percentage of segregation of MSW in remaining four NPs was 42 (Mansa), 13 (Limdi), 10 (Valsad) and three (Tharad). In Valsad NP, segregation of MSW was not being done. Thus, the SLB notified was incorrect.
- Only 48 out of 159 NPs had been processing the MSW. As against the prescribed SLB of 80 *per cent*, average recovery of waste after processing among these 48 NPs was 32 *per cent*. Recovery of waste after processing of MSW was notified only in respect of two test-checked NPs *i.e.* Bardoli (16 *per cent*) and Modasa (40 *per cent*). On scrutiny of records in these test-checked NPs, it was observed that processing of MSW was not being done. Thus, the SLB notified was incorrect.
- As against the prescribed SLB of 100 *per cent* scientific disposal of MSW, the NPs in the State had not been disposing the MSW scientifically due to non-operation/non-availability of Sanitary Landfill Facilities (SLFs).

62 Jamnagar, Junagadh and Rajkot

The above deficiencies indicated that even after 16 years of issuance of MSW Rules and five years of operationalisation of SLB framework, most of the ULBs could not achieve the prescribed SLBs for MSW. The SLB notification provided an incorrect picture as against the actual level of service delivery.

4.2.11.1 Non-utilisation of Vermi Compost Plants

MSW Rules, 2000 provided that every municipal authority shall adopt suitable technologies or combination of technologies to make use of wastes so as to minimise burden on landfill. Bio-degradable waste shall be processed by composting, anaerobic digestion or any other biological process for stabilization of waste.

On scrutiny of records in test-checked NPs, it was observed that the facility of Vermi-compost Plants (VCPs) for processing the wastes were available only in eight⁶³ out of 13 test-checked NPs. During joint field visits with officials of NPs, audit observed that all these plants were non-operational (**Pictures 6 and 7**).



Picture 6
Non-operational VCP in Anjar NP



Picture 7
Dilapidated VCP in Surendranagar NP

The Chief Officers of NPs concerned stated (May to September 2016) that these plants would be operationalised in future. The Secretary in the exit conference (January 2017) stated that as per the policy decided by the State Government, the plants available with category “A” and “B” NPs were to be operated by the NP concerned. Despite this, the plants were not being operated by the NPs which resulted in non-achievement of prescribed SLB and dumping of unprocessed wastes in open area, causing air and land pollution.

4.2.11.2 Non-utilisation of Sanitary Landfill Facility

MSW Rules, 2000 provided that Sanitary Landfill Facility (SLF) should be developed for disposal of non-biodegradable, inert waste and other waste which are not suitable either for recycling or for biological processing.

Gujarat Urban Development Company (GUDC) constructed (January 2013) seven SLFs at a cost of ₹ 46.88 crore for covering 36 NPs. Audit observed (October 2016) that these SLFs were not put to use (**Picture 8**).

63 Anjar, Bardoli, Modasa, Mahua, Patan, Surendranagar, Unjha and Vadhan



Picture 8
Unutilised SLF in Patan NP

During joint field visit, it was observed that the test-checked ULBs (except Vadodara MC) resorted to dumping of MSW in open area due to non-utilisation/non-development of SLFs. Instances of stray animals feeding on the wastes were also noticed (**Pictures 9 and 10**).



Picture 9
Dumping of MSW done in open area near Auranga river in Valsad NP



Picture 10
Dumping of MSW done in open area and stray animals feeding on the wastes in Mahuva NP

GUDC stated (December 2016) that the work of solid waste management had been transferred to Mahatma Gandhi Swachhata Mission (MGSM) in July 2016 for further necessary action. The reply is not tenable as GUDC failed to operationalise these SLFs despite passage of more than four years since its completion. Therefore, the fact remained that the ULBs could not achieve the prescribed SLB and disposed the wastes in violation to the provisions of MSW Rules, 2000.

The State Government may ensure coverage of all households by the ULBs for collection of MSW. The NPs may ensure proper segregation at the point of generation. MGSM may be instructed to operationalise the VCPs and SLFs already constructed immediately. The State Government may draw up a time bound plan for providing facility of VCPs and SLFs to each ULB in the State.

4.2.12 Monitoring

Hand book on SLB prescribed monthly, quarterly and annual reporting and monitoring formats from various levels *i.e.* Wards, zones, ULBs and State level. On scrutiny of records, Audit observed that the said prescribed reporting was not being done by the test-checked ULBs as discussed in **Paragraph 4.2.6.3**. Resultantly, the reporting and monitoring mechanism was deficient.

The ULBs concerned attributed (January 2017) the reasons of non-reporting as per the prescribed format due to lack of instructions from the State Government. In absence of these reporting formats, it was difficult for the ULBs to measure the performance and fix targets realistically. Absence of proper reporting and monitoring of SLBs, the data notified was unreliable for planning purposes as discussed in **Paragraphs 4.2.7.1, 4.2.9.1 and 4.2.11**.

4.2.13 Conclusion

With an objective to measure the performance of each ULB, GoI issued (July 2008) 28 Service Level Benchmarks (SLBs) for four services. The services included water supply, sewage, solid waste and storm water management. Recommendations of Thirteenth Finance Commission (ThFC) also provided that each State Government shall evolve methods to benchmark the services provided by ULBs. The SLBs issued by GoI were operationalised in the State from March 2011.

A Performance Audit was conducted to assess whether the SLB framework was implemented in the State as envisaged in GoI guidelines/instructions. Various deficiencies in planning, achievement and monitoring the SLBs were noticed.

ULBs had not prepared City Development Plan though was envisaged in the hand book on SLBs. The SLB Cell constituted in November 2011 had met only once till December 2016 and had not carried out any activity envisaged in the Terms of Reference. The achievement and targets of SLBs were being notified without proper measurement and without analysing the actual facts at the ULB level.

Data analysis of SLBs notified for water supply revealed that only 18 NPs in the State could provide WS connections to 100 *per cent* households. Supply of prescribed 135 lpcd of water was achieved only by 31 NPs and Junagadh MC could supply only 50 lpcd of water. The ULBs in the State had not ensured the efficiency in usage of water and leakages in the distribution system as water connections were not metered.

The achievement of SLBs notified varied as against the actual as per records. The variation was noticed in respect of WS connections, quantum of water supplied, continuity of water supply, quality and cost recovery. Water Audit was not being done by the test-checked ULBs to assess the actual Non-Revenue Water. In six test-checked NPs, water was not being supplied on daily basis *i.e.* on alternate days (two NPs) and on third day (four NPs). Samples of water were not being taken for testing the quality in five NPs. In remaining ten test-checked ULBs, monthly samples from each prescribed points were not being taken on regular basis. SLBs had not

been achieved due to delay/non-completion of WS projects and non-operation of completed projects despite incurring huge expenditure on these projects.

Data analysis of SLBs notified for sewage management revealed that the facility of sewage network was not available in 96 NPs. Sewage treatment facilities was not available in three MCs and 158 NPs. In test-checked ULBs, it was observed that the achievement of SLBs notified varied as against the actual as per records. The variation was noticed in respect of coverage of sewage network, collection of sewage and cost recovery. Sewage network have not been provided in four test-checked NPs. The facility of Sewage Treatment Plant for treatment of waste water was not available in test-checked ULBs except Vadodara MC and Valsad NP. Due to non-availability/non-functioning of STPs, untreated sewage was being disposed into open area/river which may pose environmental risks. Delay/non-completion of UD network projects were noticed in Bhavnagar MC and five NPs test-checked. Completed UD projects of two NPs and STP at Patan NP had not been put to use.

Data analysis of SLBs notified for MSW revealed that segregation of wastes was not being done in 155 NPs and the percentage of segregation in MCs and NPs was also very meager. Recycling/processing of wastes was not being done in NPs. Facility of SLF for disposal of waste was not available in five MCs and all the NPs in the State. The achievement of SLBs notified varied as against the actual as per records. The variation was noticed in respect of segregation of waste, recycling/processing of wastes and scientific disposal of waste in SLF. The vermicompost plants for processing of wastes available in eight test-checked NPs were found non-operational. ULBs (except Vadodara MC) resorted to dumping of MSW in open area. Instances of stray animals feeding on the wastes were also noticed. Seven SLFs constructed in January 2013 at a cost of ₹ 46.88 crore for covering 36 NPs were found un-utilised since their development.

Monitoring mechanism for implementation framework of SLB was not functioning as envisaged in the relevant provisions. Measurement of achievements and fixing of targets for SLBs were being done as a part of a research project of CEPT University and not by the GUDM leading to incorrect presentations of achievement.

The above deficiencies need urgent attention of the Government for proper delivery of services to the public by the ULBs and to achieve the target of SLBs prescribed by GoI.

The matter was reported to the Government (December 2016). Reply is awaited (February 2017).

COMPLIANCE AUDITS

4.3 Asset Management in selected Nagarpalikas

4.3.1 Introduction

The Gujarat Nagarpalika Act 1963 (Act) provided mandatory and discretionary functions to the Nagarpalikas (NPs) in the State. The 74th Constitutional

amendment in 1993 endowed responsibilities listed⁶⁴ in the Twelfth Schedule to the ULBs to function as institutions of self-Government. The NPs are custodians of movable and immovable assets, remunerative and non-remunerative assets created or acquired by them from time to time. They are responsible for making adequate provisions related to public works, education, public health and sanitation, and other development works. They are also responsible for management of assets which included planning for creation/acquisition of assets, accounting, utilisation, maintenance and disposal of obsolete assets.

The Additional Chief Secretary (ACS), Urban Development and Urban Housing Department (UD&UHD) is the administrative head of the department. Director of Municipalities (DoM) exercises administrative supervision of the NPs. The Gujarat Municipal Finance Board (GMFB) is responsible for distributing funds to the NPs. The affairs of the NPs are governed by a body comprising of councilors elected by the people. Chief Officer appointed by the State Government is responsible for supervising the financial and executive administration of the NPs. As per census 2011, there are 162 NPs in the State. The NPs are classified into four categories⁶⁵ on the basis of population.

An Audit was conducted to assess management of assets by the NPs which included creation of assets, execution of works, accounting, utilisation and maintenance of assets. Audit focused on 11 categories of assets⁶⁶ in the NPs for providing basic civic services to the residents. Audit test-checked (May 2016 to October 2016) the records of UD&UHD, GMFB and 15 out of 162 NPs⁶⁷ covering the period 2013-16. The NPs were selected from each region of the State by adopting Simple Random Sampling without Replacement Method. Joint field visits⁶⁸ were also conducted in test-checked NPs to ascertain the status and utilisation of assets by the NPs.

Audit findings

4.3.2 Planning

4.3.2.1 Preparation of Annual Budget

As per the Act and Municipal Account Code (MAC), NPs are required to prepare budget estimate for the following financial year. The Budget Estimate for Revenue and Capital Accounts should be prepared separately. The provisions made in Revenue Account for operation and maintenance (O&M) of assets and in Capital Account for creation of assets should be supported with the schedule of works planned and estimated cost for execution in the financial year. Audit observed that none of the test-checked NPs had prepared separate revenue and

64 Responsibilities under Twelfth Schedule included urban planning (including town planning), regulation of land-use and construction of buildings, planning for economic and social development, roads and bridges, water supply for domestic, industrial and commercial purposes, public health, sanitation, conservancy and solid waste management, fire services, provision of urban amenities and facilities such as parks, gardens, playgrounds, etc.

65 'A' category – more than one lakh population, 'B' – 50,000 to one lakh population, 'C' – 25,000 to 50,000 population and 'D' – 15,000 to 25,000 population. Out of 162 NPs, 22 NPs are 'A' category, 34 NPs are 'B' category, 62 NPs are 'C' category and 44 NPs are 'D' category.

66 Town Halls, Community Halls, Civic Centres, Primary school buildings, Healthcare centres, Parks and gardens, Shopping complexes, Vegetable markets, *Pay and use toilets*, vehicles/equipments and water supply structures.

67 Bharuch, Godhra, Mehsana and Morbi (Category 'A'), Ankleshwar, Dhoraji, Himatnagar and Sanand (Category 'B'), Bavla, Pardi, Vadnagar and Wankaner (Category 'C'), Barwala, Chotila and Prantij (Category 'D').

68 Audit team alongwith officials of test-checked NPs.

capital accounts for the budget estimate, the provisions made for O&M and creation of assets were also not supported with the schedule of works planned. Thus, the budget estimates prepared by the test-checked NPs were not prepared in a realistic manner.

The Chief Officer of concerned NPs while accepting the audit observation stated (January 2017) that as the works to be executed in a financial year were not planned at the time of preparation of budget estimates, the provisions for the works were made on lump-sum basis in the budget estimates based on the income and expenditure of the previous year. It was also stated that efforts would be made for preparing the budget estimates as per the provisions of MAC. This indicated lack of planning on the part of the NPs for creation of assets and O&M of assets. Resultantly, the works were undertaken based on the availability of funds.

4.3.2.2 Preparation of Corporate Plan

The development works in the NPs had been carried out (2013-16) mainly from the funds released by the State Government. The funds had been released through GMFB under Swarnim Jayanti Mukhya Mantri Shaheri Vikas Yojana (SJMMSVY). The SJMMSVY guidelines envisaged that the NPs availing the benefit of the scheme were required to prepare a five year Corporate Plan for prioritising the development works. Audit observed that none of the test-checked NPs had prepared the Corporate Plan. In test-checked NPs, the development works were not being undertaken in planned manner. Lack of planning resulted in non-commencement and non-completion of works and non-utilisation of created assets as discussed in the succeeding paragraphs.

The Chief Officers of concerned NPs accepted (May to October 2016) that the Corporate Plan had not been prepared. It was also stated that the assets had been created considering the availability of funds.

The State Government may ensure that NPs prepare Corporate Plan duly prioritising the development works.

4.3.3 Creation of assets

Creation, utilisation and maintenance of assets are important functions of the ULBs for effective service delivery to its people. The details of availability of 11 important assets in the test-checked NPs are shown in **Appendix-X**.

The assets are being created and maintained by the NPs out of the funds received under Central and State Sponsored Schemes and from their own revenue. Separate funds for O&M are not being provided by the State Government and the NPs incur expenditure for O&M from their own revenue. The details of income received and expenditure incurred for creation/acquisition of assets and O&M of assets by the test-checked NPs during 2013-16 are shown in **Appendix-XI**. Audit observed that the NPs could not utilise the funds provided for creation of assets due to non-commencement and slow progress of works as discussed in the succeeding paragraphs.

4.3.3.1 Commencement of projects

The elected body of the NP approves the development works to be undertaken during the year considering the funds received from the State/Central Government and availability of own funds. The works are executed by engaging private

agencies after following tender procedure. Audit could not ascertain the number of works undertaken by the test-checked NPs, as they had not maintained work register as provided in MAC. Audit further observed that in three test-checked NPs, despite receipt of funds in four development works, the NPs had not undertaken the works till date of Audit as shown in **Table 1** below –

Table 1: Projects which could not be commenced

(₹ in crore)

Name of NPs	Purpose	Date of approval	Estimated Cost	Funds released to NPs	Date of release of funds	Remarks
Morbi	Construction of 1600 Dwelling Units (DUs) for slum dwellers	August 2014	61.54	23.62	January 2015	The NP issued (May 2015) work order to an agency at the tendered cost of ₹ 62.00 crore. Audit observed that the work had not commenced (June 2016) due to non-availability of land. This indicated that the work was allotted by the NP without ascertaining the availability of land. The Chief Officer stated (January 2017) that the Collector had allotted (July 2016) land for construction of 680 DUs and an expenditure of ₹4.36 crore incurred till January 2017. The allotment of land for remaining DUs is still awaited (January 2017). The fact remained that the slum dwellers had been deprived of houses for dwelling.
Himatnagar	Construction of Railway Under Bridge	April 2010	15.25	7.55	March 2011	The work had not been undertaken by the NP due to repeated changes in design by the NP and want of approval/permission from GUDC, Railways, etc. The Chief Officer stated (July 2016) that the design was changed on the basis of representation made by the local public and councilors. NP decided to construct Railway Under Bridge. Technical Sanction had been obtained but revised Administrative Approval was pending (July 2016).
	Construction of 144 DUs for slum dwellers	February 2008	3.01	3.01	March 2013	Tenders for the work had been invited four times by the NP between September and December 2011. No bidder had participated in the tendering process due to improper site as the site selected for construction of DUs was on the slope of the river. Audit observed that NP had not made any efforts for identifying any alternate site. Instead the NP decided (July 2013) to drop the project. This resulted in deprivation of housing to the slum dwellers.
Bavla	Construction of Railway Under Bridge	April 2010	10.00	4.00	March 2011	The NP had submitted the plan and estimates to the Railways for approval only in April 2013 after a lapse of three years. In September 2014, the NP decided to drop the project due to non-availability of technical expertise. Audit observed that though GUDC had instructed (November 2015) to surrender the funds, the NP had not surrendered the same and the fund was lying unutilised (January 2017).
Godhra	Drinking water distribution pipeline	September 2009	6.57	6.57	October 2009	The NP procured pipes at a cost of ₹ 4.56 crore upto June 2011. NP made attempts to award the work on labour basis by inviting tenders between October 2011 and February 2012 but no bidder had participated in the tender process. Thereafter, no efforts had been made by the NP to invite tender. The pipes valuing ₹ 1.56 crore had been utilised for other works while the remaining pipes were lying idle.

(Source: Information collected from test-checked NPs)

In addition to the above, Audit observed in six test-checked NPs, 33 number of works approved during 2012 to 2016 are yet to be taken up for execution. No reasons

were found on record for non-execution. This indicated lack of planning on the part of the NPs for creation of assets for providing civic amenities to the residents of the NP. The Chief Officer of Morbi NP did not assign reasons for non-execution of works. The Chief Officer of other concerned NPs stated (June 2016 to September 2016) that some of the works could not be taken up due to non-availability of land. The action for execution of remaining works is being taken up.

4.3.3.2 Incomplete projects

Technical comments of the Central Public Health and Environmental Engineering Organisation (CPHEEO) provided for obtaining necessary clearances/approvals⁶⁹ before commencement of the project. Public Works Department (PWD) Manual also provided that the statutory formalities are required to be completed before awarding the contract of the work. This would avoid any delay in completion of the project and cost escalation. Audit observed in nine test-checked NPs that 11 ongoing projects with tendered cost of ₹ 130.95 crore had not been completed within the stipulated date of completion. The details of projects not completed are shown in **Table 2** below –

Table 2: Details of projects not completed within the stipulated time in test-checked NPs
(₹ in crore)

Name of the NPs	Name of projects	Tender Cost	Stipulated date of completion	Expenditure	Delay upto December 2016 (in months)	Reasons for delay
Bharuch	Water Supply	30.01	January 2015	22.26	23	Change in site and delay in approval from three departments. Land for construction of underground sump was yet to be acquired by the NP.
Morbi	Housing project	18.94	December 2014	8.76	24	Delay in acquisition of land. The land was acquired in March 2015.
Mehsana	Water Supply	14.40	July 2014	10.76	29	Change in structural design and scope of work, and delay in acquisition of land.
	Town Hall	3.33	July 2011	7.53	65	Repeated change in structural design and scope of work.
Prantij	Water Supply	2.47	January 2015	2.04	23	Permission from the Railway Authority is pending.
Himat-nagar	Development of canal	18.30	August 2013	16.74	40	Repeated change in structural design and scope of work.
	Development of Garden	3.59	September 2014	2.99	25	Repeated change in structural design and scope of work.
Bavla	Water Supply	7.03	January 2016	1.52	11	Change of site and structural design.
Ankleshwar	Construction of Town Hall	4.62	February 2015	3.95	22	Repeated change in structural design and scope of work.
Dhoraji	Water Supply	14.18	January 2015	11.74	23	The permission from Railway and State Highway Authorities are still pending.
Wankaner	Water Supply	14.08	March 2015	9.56	21	The approved project cost was ₹ 14.08 crore. The NP procured (November 2012 to April 2014) pipes worth ₹ 7.30 crore. The work was awarded in two parts ⁷⁰ to two different agencies. The work of part one remained incomplete due to delay in providing the route for laying the pipeline by NP and non-obtaining of permission from National Highway Authority. The work of second part remained incomplete due to delay in providing site.
		130.95		97.85		

(Source: Information collected from test-checked NPs)

⁶⁹ Railways/State/Highway Authority, etc. wherever necessary

⁷⁰ Part One – Lowering, laying and jointing of pipelines (₹ 3.72 crore) and Part two – Design and build filter plant, sump, ESR and pump house (₹ 2.48 crore)

The above table shows that the projects have been delayed for want of approval from Railway/National Highway Authorities, change in design, change in site and non-acquisition of land. This indicated lack of planning on the part of the NPs concerned as the work was awarded without completing the statutory formalities as envisaged in the PWD Manual.

The Chief Officer of NPs concerned accepted the audit observation and stated (May to October 2016) that efforts would be made to complete the above works. The fact remained that despite incurring expenditure of ₹ 97.85 crore, residents of the NPs have been deprived of the intended benefits of these projects.

4.3.3.3 Abandoned works

- **Chotila Nagarpalika**

The NP awarded (December 2013) the work of augmentation of water supply project for the NP to an agency at the tendered cost of ₹ 9.86 crore. The stipulated date of completion was December 2014. Audit observed that due to changes in design and non-obtaining of permission from National Highway Authority for highway-crossing, *etc.*, work of ₹ 6.69 crore could not be completed (May 2016). The Chief Officer stated (September 2016) that the agency had abandoned the work. Action would be taken against the agency as per tender clause. The Chief Officer, however, had not stated the reasons for abandonment of the work by the agency.

- **Wankaner Nagarpalika**

The NP awarded (April 2006) the work of construction of shopping complex at Gandhi Town Hall to an agency on labour basis at a tendered cost of ₹ 15.65 lakh. The material for construction was to be provided by the NP. Audit observed that the agency had abandoned (2010) the work due to delay in supply of materials by the NP. The NP had incurred expenditure of ₹ 81.10 lakh upto the date of abandonment of work and decided (March 2011) to relieve the agency from the work. Thereafter, no efforts have been made by the NP to complete the work by engaging any other agency and the work was lying incomplete as of September 2016 (**Picture 1**).



Picture 1
Abandoned Shopping Complex in Wankaner NP

The Chief Officer stated (September 2016) that efforts would be made to complete the work from own funds.

- ***Bavla Nagarpalika***

The NP awarded (January 2013) the work of construction of Ambedkar Bhavan Community Centre to an agency at the tendered cost of ₹ 12.48 lakh. Audit observed that the agency abandoned (March 2015) the work after executing work to the tune of ₹ 7.19 lakh. The NP neither had initiated any action against the agency nor made any efforts to complete the work by engaging any other agency as of July 2016. The Chief Officer stated (July 2016) that efforts would be made to get the work completed from the same agency or by engaging a new agency. The Chief Officer, however, had not stated the reasons for abandonment of the work by the agency.

The State Government may issue instructions to NPs to complete all the works planned to provide the intended benefits to the people.

4.3.4 Utilisation of assets

4.3.4.1 Shopping complexes

Primary objective of constructing shopping complexes in NP area was to augment the revenue of the NP. The NPs are required to fix the minimum amount (upset price) for auction of each shop on lease after considering the cost of land and cost of construction. Thereafter, the NPs are required to decide the monthly rent of each shop and auction the shops by giving wide publicity in the local newspaper. All the test-checked NPs had constructed shopping complexes/shops for augmentation of their revenue. Audit observed in six test-checked NPs that some shops were lying un-auctioned. Audit also observed laxity on the part of NPs in recovering the monthly rent from the lessees resulting in huge outstanding recovery of revenue as discussed below -

- Godhra NP constructed (2003) a shopping complex consisting of eleven shops at a cost of ₹ 6.00 lakh. The Collector instructed (June 2005) the NP to take necessary action for auctioning of these shops after finalising the upset value. As of September 2016, the NP had not fixed the upset price and the shopping complex was lying idle. This resulted in loss of revenue realisable from auction price and annual rent. The Chief Officer stated (September 2016) that action would be taken for auctioning the shops.
- Wankaner NP constructed (2013) a shopping complex consisting of seven shops at a cost of ₹ 21.09 lakh. As of September 2016, these shops were lying idle, as the NP had not decided whether to sell the shops or allot them on lease. The Chief Officer stated (September 2016) that the decision would be taken in due course.
- Pardi NP constructed (2000-01) a vegetable-cum-shopping market at a cost of ₹ 15.22 lakh consisting of 23 shops in the basement and vegetable market in the ground floor. All the shops and vegetable market had been auctioned at a price of ₹ 16.52 lakh. The shops were lying idle since 2001 due to water-logging in the area. The NP decided (June 2005) to refund

the auction price after adjusting the rent upto 2005 and allotted 11 shops to their staff (sweepers) to be used as quarters. The Chief Officer accepted (September 2016) that the owners had not started their shops due to water-logging. This indicated that the NP had selected the site for the complex without ascertaining these critical facts. This resulted in non-utilisation of the created assets and defeated the very purpose of augmentation of revenue.

- Vadnagar NP constructed (2008-09) a Shopping Complex consisting of 39 shops and a hall at a cost of ₹ 30.09 lakh. The upset price fixed for each shop ranged between ₹ 2.45 lakh to ₹ 2.57 lakh. The upset price for the hall was fixed at ₹ 50.70 lakh. The NP could auction only 18 shops at a price of ₹ 1.03 crore. Remaining 21 shops and the hall were lying idle since 2008-09 which resulted in non-realisation of minimum revenue in the form of deposits to the tune of ₹ 1.02 crore as compared to the minimum upset price and monthly rent realisable by the NP. The Chief Officer attributed (October 2016) the reason of lack of response from the bidders. It was also stated that efforts would be made for its auction by adopting fresh upset price.
- Prantij NP constructed (2005) a Shopping Complex consisting of 68 shops and a hall at a cost of ₹ 57.00 lakh. The upset price fixed for each shop ranged between ₹ 1.50 lakh and 2.50 lakh. The upset price for the hall was fixed at ₹ 2.00 lakh. The NP could auction only 34 shops. Remaining 34 shops and the hall were lying idle since 2005. This resulted in non-realisation of minimum revenue in the form of deposits to the tune of ₹ 53.00 lakh as compared to the minimum upset price and monthly rent realisable by the NP. The Chief Officer attributed (October 2016) the reason of lack of response from the bidders and stated that efforts would be made for its auction.
- Bavla NP constructed (1996-97) a shopping complex consisting of 56 shops at a cost of ₹ 66.00 lakh. The NP had not auctioned the shops and was lying idle since construction. During joint field visit, it was observed that the complex was lying in very dilapidated conditions (**Picture 2**).



Picture 2
Dilapidated condition of a shopping complex at Pakshi Bhavan in Bavla NP

The Chief Officer stated (July 2016) that reasons for non-auctioning of shops was not available on records. It was also stated that the structural engineer had suggested demolition of the building instead of renovating the same.

- Out of 2,008 shops allotted on rent in test-checked NPs, recovery of monthly rent to the tune of ₹ 1.05 crore was outstanding from 992 shops as of March 2016. The rent was outstanding for the period ranging from one to 22 years. The Chief Officer of NP concerned stated (June to September 2016) that outstanding rent would be recovered by issuing notice to the occupants.

4.3.4.2 Vegetable Market

Primary objective of constructing vegetable market in the NP area was to provide a platform for the farmers and others to sell their products. The objective was also to provide purchase facility to the residents from one place in an organised manner. The facility of vegetable market had been made available in 11 out of 15 test-checked NPs. Audit observed that –

- In Morbi NP, a vegetable market consisting of 59 platforms was lying idle and the lessees had not paid the monthly rent since 20 years. The NP issued (June 2009 and August 2011) notices to the lessee for payment of rent arrears to the tune of ₹ 6.98 lakh. The NP also intimated the lessees that the platforms would be re-auctioned in case of non-payment of arrears. Thereafter, no action had been taken by the NPs and the platforms were lying idle. This resulted in non-recovery of arrears and non-utilisation of the vegetable market. The Chief Officer stated (June 2016) that action for re-auction of these platforms would be taken.
- A vegetable market consisting of 154 platforms was lying idle since 2003-04 as the lessees were not using and not paying the monthly rent. The NP had not taken any action either for regular utilisation of the platforms by the lessee or to re-auction the same. The Chief Officer stated (July 2016) that action for re-auction of these platforms would be taken.
- In Bavla NP, a vegetable market constructed (March 2015) at a cost of ₹ 41.83 lakh was found lying idle (**Picture 3**). The platforms were not auctioned, as the terms and conditions for auction and monthly rents to be recovered could not be finalised by the NP.



Picture 3
Vegetable market lying idle in Bavla NP

The Chief Officer stated (July 2016) that action would be taken for auctioning the same in due course.

The State Government may issue instructions to NPs for taking immediate action for auctioning the shops and platforms to provide organised shopping amenities to the public.

4.3.4.3 Pay and Use toilets

To prevent open defecation, NPs constructed *pay and use toilets* at various public places⁷¹ under various schemes. Most of the test-checked NPs had awarded the operation and maintenance of *pay and use toilets* to Non-Government Organisations (NGOs). The details of availability and utilisation of *pay and use toilets* in the test-checked NPs are shown in **Table 3** below –

Table 3: Availability and utilisation of pay and use toilets

Name of NPs	Number of pay and use toilets available	Number of pay and use toilets inoperative	Period for which lying inoperative
Bharuch	15	05	One to two years
Morbi	19	04	Four years
Mehsana	15	04	Three years
Himatnagar	24	02	Three years
Bavla	05	02	Two years
Pardi	05	Nil	--
Dhoraji	09	04	Three years
Ankleshwar	07	02	Not furnished
Godhra	16	02	Two years
Wankaner	12	04	Two years
Prantij	07	02	One year
Barwala	03	01	One year
Vadnagar	03	Nil	--
Sanand	07	0	--
Chotila	03	Nil	--
Total	150	32	

(Source: Information provided by the test-checked NPs)

The above table shows that 32 out of 150 *pay and use toilets* available in the NPs were lying inoperative since one to three years. Except for Wankaner NP, the Pay and Use toilets in test-checked NPs were being operated by NGOs. Audit observed that the NGOs assigned with the responsibility of operating the toilets had left the work (**Picture 4**). The NPs had not made adequate efforts for engaging any other NGO for their operation. Some toilets were also not being used for want of renovation/repairing work (**Picture 5**).

⁷¹ Bus stand, markets, hospitals, slums, etc.



Picture 4
Pay and use toilet lying idle in Ankleshwar NP as the NGO stopped its operation



Picture 5
Pay and use toilet in Mehsana NP not being used for want of repair

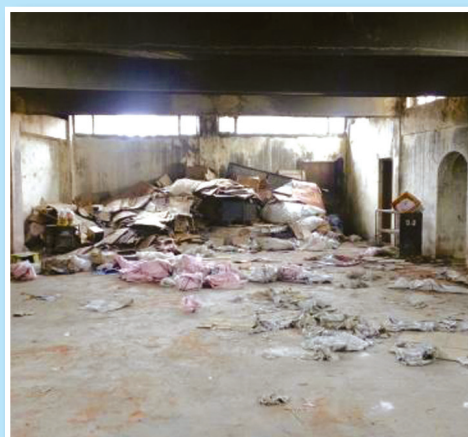
The Chief Officers of NPs concerned stated (June to September 2016) that the work of repairing/renovation required would be taken up in short time. It was also stated that the NGOs would be instructed to operate the toilets lying in-operative due to negligence of NGOs.

4.3.4.4 Community Hall

Community Halls (CH) are provided by the Government for social gathering, educational purpose, cultural activities, *etc.* Audit observed that the facility of CH was available in only seven⁷² out of 15 test-checked NPs. It was also observed that CHs in three out of these seven test-checked NPs were lying unutilised. Two CHs in Dhoraji and one in Prantij NPs could not be put to use since its construction due to pending decision of fixation of rent and conditions for usage. During joint field visit, it was observed that a CH in Dhoraji NP had no electricity and water connection (**Picture 6**). The CH in Godhra NP was in dilapidated condition and wastes were being dumped in the hall (**Picture 7**).



Picture 6
Community Hall at Fareni Road in Dhoraji NP lying idle since January 2015 for want of electricity and water connection



Picture 7
Community Hall in Godhra NP lying in dilapidated condition and wastes seen dumped

72 Barvala, Chotila, Dhoraji, Godhra, Morbi, Prantij and Sanand

The Chief Officer, Dhoraji NP stated (October 2016) that the terms and conditions for utilisation of CHs would be finalised in the next meeting of the General Body. It was also stated that the facility of electricity and water would be provided soon. The Chief Officer, Godhra NP stated (September 2016) that the CH was not being maintained due to paucity of funds with the NP.

4.3.4.5 Civic Centre

Civic Centres are established in NPs to facilitate delivery of Municipal services⁷³ to the residents of NP. Out of 15 test-checked NPs, only six NPs⁷⁴ had established separate buildings for use as Civic Centres. Himatnagar NP had constructed three Civic Centres for providing area-wise services. Audit observed in two test-checked NPs that the Civic Centres were either lying idle or had not been put to use for the intended purpose as shown in **Table 4** below -

Table 4: Civic Centres lying idle and not put to use for intended purpose

Name of NPs	Location of Civic Centre	Cost of construction (₹ in crore)	Date of completion of construction	Remarks
Mehsana	Mehsana	1.12	October 2015	Lying idle since 2015 due to non-finalisation of allocation of space to various branches.
Himatnagar	Mehtapura	0.27	September 2012	Only ground floor was being utilised for fire station. The first floor was lying idle since 2012.
	Gokulnagar	0.71	May 2014	The building was allotted to Himatnagar Urban Development Authority (HUDA) instead of using it as a Civic Centre. HUDA have not utilised the building till date.
	Khadbachiya	0.47	January 2012	The building was being used for training purpose instead of using it as a Civic Centre.
Total		2.57		

(Source: Information provided by test-checked NPs)

The Chief Officer Himatnagar NP stated (July 2016) that action would be taken to get back the possession of the building from HUDA and other two buildings would be used for the intended purpose. Chief Officer Mehsana NP stated (June 2016) that action is being taken for utilisation of the building as a civic centre.

The State Government may ensure proper utilisation of community halls and civic centres by the NPs to avoid idling of the assets created.

4.3.5 Accounting of assets

4.3.5.1 Maintenance of Asset Register

Municipal Account Code (MAC) provided for maintenance of registers for movable and immovable assets in prescribed form. The register should contain information of assets regarding date of procurement/creation, location, purpose of procurement/creation, market value, etc. Physical verification of the assets was required to be conducted by the competent authority of the NP. Audit observed

⁷³ Collection of taxes, issuance of death/birth certificates, issuance of licenses, etc.

⁷⁴ Barwala, Bavla, Bharuch, Himatnagar, Mehsana and Sanand

that asset registers have not been maintained in eight test-checked NPs. In remaining seven test-checked NPs, the asset register maintained was incomplete and was not updated. It was also observed that physical verification of assets had not been done in any of the test-checked NPs.

The Chief Officer of the NPs concerned stated (June to October 2016) that henceforth asset register would be maintained properly.

4.3.5.2 Maintenance of other registers

MAC provided that the ULBs in addition to Asset Register should also maintain two more registers *i.e.* Land register and Plant & Machinery register. The Land register shall contain the details of date of acquisition, purpose, area, location, market value and date of disposal. *The plant and machinery register shall contain the details of date of purchase, quantity, cost, date of disposal, etc.* Audit observed that none of the test-checked NPs had been maintaining these registers.

The Chief Officer of the NPs concerned stated (June to October 2016) that henceforth Land register and Plant & Machinery register would be maintained in prescribed formats as provided in MAC.

The State Government may instruct all the NPs to maintain asset register and other registers to have a complete inventory of the assets available. This would help the NPs in planning for creation and maintenance of assets.

4.3.6 Maintenance of assets

Consequent to the transfer of functions and institutions to ULBs, a large number of buildings, roads, bridges and land came under the control of the ULBs. This was in addition to the traditional assets such as ponds, parks and gardens, *etc.*, owned by them. Maintenance, upkeep and surveillance of these assets are of paramount importance for their long term usefulness, effective delivery of service and protection from encroachment and unauthorised occupation.

4.3.6.1 Mechanism for maintenance of assets

The Gujarat Municipalities Act, 1963 provided that the NPs shall make provision for maintenance of assets. Audit observed that none of the test-checked NPs had maintained any records indicating the details of assets requiring maintenance and assets having been maintained during a particular year. Resultantly, Audit could not ascertain the details of assets requiring maintenance/upkeep during the period of audit in test-checked NPs. Audit observed in test-checked NPs that assets have not been maintained though they required immediate maintenance as discussed in the succeeding paragraphs –

(i) Maintenance of school buildings

Out of 15 test-checked NPs, only two NPs (Bharuch NP and Ankleshwar NP) had taken the responsibility of managing the primary school buildings. In remaining NPs, the primary school buildings were being managed by the District Panchayat concerned. Bharuch NP manages 31 school buildings and Ankleshwar NP manages eight school buildings.

- As per Draft Project Report prepared (July 2013) by the NP Bharuch, seven school buildings were in a dilapidated condition which required to be constructed by complete demolition of existing buildings and other seven schools buildings required repair/renovation. Despite a lapse of three years, renovation/repair of only two school buildings had been completed by the NP. The students of remaining 12 schools were thus studying in buildings in poor condition putting their lives at risk.

The Chief Officer stated (May 2016) that NP had decided (July 2013) to repair/construct these buildings under Corporate Social Responsibility (CSR) activity. As of December 2016, construction of two school buildings could be done under CSR and State grant respectively. Remaining school buildings would be repaired/constructed either from State grant or from own revenue of the NP.

- In Ankleshwar NP, buildings of three schools⁷⁵ with 1,250 students were found in dilapidated condition (**Picture 8**). Shashnadhikari, Nagar Prathmik Shikshan Samiti had made repeated request (between 2012 and 2016) to the Chief Officer for renovation/construction of the new building. As of August 2016, the NP had not taken any action in this respect.



Picture 8
Kanya Shala No.1 with 350 students functioning in dilapidated residential building

The Chief Officer stated (August 2016) that these buildings would be constructed after dismantling of existing buildings in due course.

(ii) Dispensary and Maternity Home

Out of 15 test-checked NPs, only two NPs (Bharuch NP and Ankleshwar NP) provided healthcare facilities to the residents of the NP. Bharuch NP provided healthcare facilities through two municipal dispensaries and one maternity home.

⁷⁵ Kanya Shala No. 1 (350 students), Mukhya Shala No. 3 (400 students) and Hindi Madhyam Shala (500 students)

Ankleshwar NP provided healthcare facility through a maternity hospital and a general hospital. Audit observed that the buildings of all these healthcare centres in both the NPs were in dilapidated condition (**Pictures 9 and 10**). Adequate facilities of toilet, drinking water, waiting shed for patients and their relatives, *etc.* had not been provided in these centres.



Picture 9
**Dilapidated building of Municipal
Dispensary in Bharuch NP**



Picture 10
**Dilapidated building of Maternity
Home in Ankleshwar NP**

The Chief Officer Ankleshwar NP stated (August 2016) that since these buildings were very old, renovation/maintenance work were not carried out. The NP has planned to reconstruct these buildings after dismantling of the existing buildings. A proposal for allotment of ₹ 4.00 crore as special grants had been made (June 2016) to the UD&UHD for the said purpose. The Chief Officer Bharuch NP stated (June 2016) that action would be taken to renovate the buildings at the earliest.

(iii) Parks and Gardens

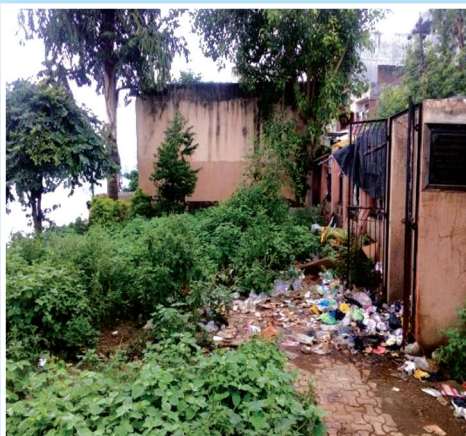
Parks and gardens are necessary for providing recreation, improving physical and psychological health of residents, to make the town more attractive with a green cover, *etc.* Green cover is a key consideration in urban planning. Out of 15 test-checked NPs, five NPs⁷⁶ had more than one garden, nine NPs⁷⁷ had only one garden and Sanand NP had no garden. During joint field visit, Audit observed that except in five NPs⁷⁸, the gardens in remaining nine NPs were not being maintained properly (**Picture 11**). They lacked common facilities such as cleanliness, well maintained lawns, walking paths, drinking water, toilets, benches, *etc.* In six⁷⁹ out of nine NPs having only one garden, it was observed that the gardens had not been maintained since long and only vestiges of these parks/gardens remained (**Picture 12**).

⁷⁶ Ankleshwar, Bharuch, Godhra, Mehsana and Morbi

⁷⁷ Barwala, Bavla, Chotila, Dhoraji, Himatnagar, Pardi, Prantij, Vadnagar and Wankaner

⁷⁸ Ankleshwar, Bharuch, Himatnagar, Prantij and Vadnagar

⁷⁹ Barwala, Bavla, Chotila, Dhoraji, Pardi and Wankaner



Picture 11

Unmaintained Dada Dadi Park in Godhra NP with wastes dumped at entrance gate.



Picture 12

Unmaintained Nehru Baag in Wankaner NP with wastes dumped and stray animals feeding on it

The Chief Officer Morbi attributed (June 2016) the reason of shortage of staff to non-maintenance of the parks/gardens and stated that plan for renovating these gardens was under consideration. The Chief Officer Mehsana stated (July 2016) that the maintenance of these gardens had been given (January 2013) to an NGO. As the NGO was not maintaining, the NP had decided to maintain the same in future. The Chief Officers of other concerned NPs stated (May to October 2016) that efforts would be made to maintain the gardens.

Development of a garden had been approved for Chotila and Wankaner NP at a cost of ₹ 35.84 lakh in December 2014 and ₹ 1.51 crore respectively. Audit observed that these NPs had not undertaken the works as of August 2016. The Chief Officer Chotila NP stated (September 2016) that the garden had not been developed due to non-availability of adequate funds. The development work of the garden would be taken up from the State funds. The Chief Officer Wankaner NP stated (September 2016) that the process of inviting tenders for construction of compound wall was in progress.

(iv) Town Halls

Town Halls in the municipal areas are useful to the residents for organising business/community meetings, civic and cultural activities such as art shows, stage performances, exhibitions, festivals, seminars, trainings, *etc.* The facility of a town hall was available in only four⁸⁰ out of 15 test-checked NPs and in six NPs⁸¹ construction of town hall building was under progress.

Audit observed that adequate maintenance of the town hall was not being done in three NPs (Morbi, Godhra and Himatnagar). These town halls lacked the basic facilities of sound system, adequate chairs, drinking water, toilets, parking, *etc.* Regular cleaning of the town halls was also not being ensured by the NPs.

The Chief Officer Himatnagar NP stated (December 2016) that an estimate of ₹ 4.94 crore for renovation of town hall had been submitted to Roads and Buildings Department for technical sanction. The said sanction is still awaited

⁸⁰ Bharuch, Godhra, Morbi and Himatnagar

⁸¹ Ankleshwar, Dhoraji, Mehsana, Pardi, Prantij and Vadnagar

(December 2016). The Chief Officer Morbi NP stated (January 2017) that the work of renovation of town hall had been divided in three parts. Work orders for Part I and II had been issued in April and June 2016 respectively. The tender for Part III has been invited in January 2017 which is yet to be finalised. The Chief Officer Godhra NP stated (August 2016) that action would be taken for renovation work of the town hall.

(v) Vehicles

Vehicles are provided to the NPs by various agencies of the State Government for specific purposes. Vehicles are also procured by NPs as per their requirements. Timely maintenance of vehicles increases the performance and usage of the same for longer periods. Audit observed in 10 test-checked NPs⁸² that 33 vehicles were lying idle for periods ranging from four months to five years for want of repair. The vehicles mainly were fire fighters, ambulances, road sweepers, drainage cleaners, tractors, *etc.* which are used for emergency/calamities and for maintaining cleanliness in the town (**Pictures 13 and 14**). Delay in repairing the vehicles may lead to unserviceable condition of the vehicles.



Picture 13

Water Bowser lying idle since 2009 for want of repair in Sanand NP



Picture 14

Vacuum Road Sweeper lying idle since October 2014 for want of repair in Wankaner NP

The Chief Officers of the NP concerned stated (June to October 2016) that the vehicles would be repaired and put to use in due course.

In addition to the above, Audit also observed that in Sanand NP and Godhra NP, truck mounted garbage compactor vehicles (two each) for disposal of solid waste were lying idle since procurement September 2012 and February-March 2014. The Chief Officer Sanand NP stated (August 2016) that the vehicles were not utilised due to shortage of driver and paucity of funds for maintenance. The Chief Officer Godhra NP stated (September 2016) that the vehicles would be utilised in future after making provision of ramp for transferring the wastes from other vehicles into the compactors.

The State Government may ensure that all NPs conduct periodical verification of assets to identify the assets requiring maintenance.

82 Barwala (02), Bharuch (01), Chotila (05), Dhoraji (01), Godhra (02), Mehsana (05), Pardi (04), Prantij (06), Sanand (03) and Wankaner (04)

4.3.7 Disposal of assets

Disposal of asset is the third and last phase in the supply management cycle where the first two phases consist of procurement, and utilisation and maintenance. Disposal occurs when a piece of equipment or property can no longer provide efficient service or though still working, has been rendered useless due to obsolescence. Disposal proceedings should be immediately initiated to avoid further deterioration of the property and consequent depreciation in its value. A systematic and timely disposal would yield benefits in terms of, among others, a higher appraised value and by freeing storage areas for other purposes. Unserviceable/obsolete vehicles, equipment, machineries, dead stock, *etc.* are required to be disposed of by way of auctioning after fixing a minimum upset price by the competent authority.

Audit observed in 12 out of 15 test-checked NPs that there were 89 vehicles⁸³ which were treated as unserviceable/obsolete and were lying idle for period ranging from one to 12 years. These vehicles had not been auctioned by the NPs for want of fixing a minimum upset price or holding of auction. Retention of these vehicles for a longer period would further deteriorate the condition of the vehicles and would reduce appraisable value.

During joint field visit, it was also observed in all test-checked NPs that huge volume of pipes, vehicle tyres, machineries, *etc.* which were not usable were lying un-disposed. None of the NPs had initiated any action to dispose of the same.

The Chief Officers of NPs concerned stated (May to October 2016) that survey would be conducted to identify such assets and action for their disposal would be taken immediately.

4.3.8 Conclusion

Audit was undertaken to review the standards of management of 11 important assets by the NPs and following deficiencies were noticed.

- The budget estimates prepared by NPs for creation/acquisition of assets and O&M of assets was not realistic. The works to be executed during the year had not been considered while preparation of budget estimates instead provision was made on lump-sum basis. The test-checked NPs had not prepared a five year corporate plan for prioritising the development works.
- Development works had not been commenced due to lack of planning despite availability of funds.
- Ongoing projects had not been completed within the stipulated date of completion due to change in design and site, non-acquisition of land and want of approval from various authorities.

⁸³ Ankleshwar – 12 vehicles (since five years), Bavla – 04 vehicles (one to two years), Bharuch – 08 vehicles (since three years), Chotila – 05 vehicles (two to ten years), Dhoraji – 05 vehicles (since five years), Godhra – 06 vehicles (not available), Mehsana – 07 vehicles (three to five years), Morbi – 19 vehicles (not available), Pardi – 04 vehicles (since one year), Prantij – 06 vehicles (since one year), Vadnagar – 02 vehicles (five to twelve years) and Wankaner – 11 vehicles (two to eight years)

- Shops and platforms of shopping complexes and vegetable markets respectively constructed by the NPs were found lying idle due to failure on the part of NP to auction them. During joint field visit, the buildings were found in dilapidated condition due to non-utilisation/non-auction.
- NGOs assigned with operation of *pay and use toilets* had left the work and the toilets were found lying idle without proper maintenance.
- Community halls constructed in Dhoraji and Prantij NPs could not be put to use since their construction due to non-finalisation of terms and conditions for usage and non-availability of electricity connection.
- None of the test-checked NPs had been maintaining the asset register and other registers though envisaged in the Municipal Account Code.
- Deficient maintenance of buildings of primary school, healthcare centres and town halls was noticed.
- NPs had not taken any action for disposal of obsolete/unserviceable assets.

The above deficiencies need urgent attention of the State Government for proper management of assets by the NPs for optimal utilisation and for providing necessary civic amenities to the people.

The matter was reported to the Government (December 2016). Reply is awaited (January 2017).

4.4 Collection of Professional Tax by selected Nagarpalikas

4.4.1 Introduction

The State Government enacted (March 1976) The Gujarat (Panchayats, Municipalities, Municipal Corporations and State) Tax on Professions, Trades, Callings and Employments Act, 1976 (The Act). For enforcement of the Act, the State Government framed (April 1976) Gujarat State Tax on Profession, Trades, Callings and Employments Rules, 1976 (The Rules). The Act provided that every person engaged in any Profession, Trade, Calling or Employment and falling under one or the other classes mentioned in Schedule I of the Act shall be liable to pay the Professional Tax (PT). The PT shall be paid to the designated authority at such rate fixed by the State Government from time to time. Up to September 2006, PT was levied and collected by the State Government. Thereafter, the functions had been transferred to the Urban Local Bodies (ULBs) and Panchayati Raj Institutes (PRIs) except for class of persons specified under 1A⁸⁴ of the schedule. As per instructions issued by the State Government, the PT collected in respect of class of persons specified under 1B to 10 of the schedule shall be treated as own revenue of the PRIs and ULBs concerned. PT collected from class of persons specified under 1A of the schedule shall be credited into State Government account. Professional tax is a major source of revenue for the Nagarpalikas (NPs).

⁸⁴ Salary and wage earners of the State Government, Central Government, Panchayats, Public Sector Undertakings of the State and the Central Government and Grant-in-aid institutions

The Additional Chief Secretary is the administrative head of Urban Development and Urban Housing Department (UD&UHD). The Director of Municipalities (DoM), Gandhinagar is designated as Professional Tax Commissioner for ULBs. The Chief Officer of the NP is responsible for assessment and collection of PT from every person engaged in any Profession, Trade, Calling or Employment in the NP area.

An Audit was conducted to assess the efficiency in assessment and collection of PT. Audit test-checked (May to November 2016) the records of eleven⁸⁵ selected NPs covering the period 2013-16. Audit also test-checked the records of UD&UHD and DoM.

Audit findings

4.4.2 Maintenance of database

The tax payable under this Act by any person earning a salary or wage, shall be deducted by his employer from the salary or wage. The employer is responsible to pay tax on behalf of all such persons. The Act provided that every employer (not being an office of Government) liable to pay tax shall obtain a certificate of registration from the prescribed authority. The Act also provided that every person liable to pay tax (other than a person earning salary or wages) shall obtain a certificate of enrolment from the prescribed authority.

Prior to transfer of function, the Sales Tax department maintained registers of Registration and Enrolment certificate holders. It contained the details of certificates issued, tax assessed, tax paid, arrears, *etc.* Audit observed that none of the test-checked NPs had updated the register thereafter except for incorporating the details of persons making their payment. The test-checked NPs had not conducted any survey to ascertain actual number of tax payers in their jurisdiction. This resulted in employers and persons performing their profession, trade, *etc.* without registration and enrolment respectively besides non-levy of tax, interest and penalty as discussed in the succeeding paragraphs.

The Chief Officers of NPs concerned attributed (June to August 2016) the reason of shortage of staff to non-updation of registers/records. It was also stated that due care would be taken for maintenance of records.

- **Non-levy of tax from unregistered persons**

As per instructions issued (April 2008) by the State Government, the PT collected in respect of class of persons⁸⁶ specified under 1B to 10 of the schedule shall be treated as own revenue of the ULBs concerned. As the test-checked NPs were not maintaining a complete database, Audit collected the details of some main class of persons performing Professions, Trading, Callings and Employments in the NPs from the sources detailed in **Appendix-XII**. On comparing the information with the list maintained by the NPs, Audit observed that following persons had not obtained enrolment certificate and were not paying PT.

⁸⁵ Bharuch, Dabhoi, Gandhidham, Himatnagar, Kadi, Kalol, Mehsana, Nadiad, Petlad, Vapi and Veraval

⁸⁶ Legal practitioners, Medical practitioners, consultants (architects, engineers, tax consultants, chartered accountant, *etc.*), agents, brokers, cable operators, distributors, owners (advertisement agencies, tuition classes, tutorial institutions, institution/service providers in computer, driving schools, marriage halls and clubs), Courier/angadia service, dealers, licensed money lenders, *etc.*

- 1,253 Legal practitioners⁸⁷ (Advocates) in eight test-checked NPs. Remaining three test-checked NPs (Bharuch, Kalol and Veraval NPs) had not furnished the details of legal practitioners;
- 390 private medical practitioners⁸⁸ in seven test-checked NPs;
- 253 cable operators⁸⁹ in seven test-checked NPs;
- 732 life and postal insurance agents⁹⁰ in four test-checked NPs;
- 13 courier service⁹¹ providers in two test-checked NPs;
- 147 consultants⁹² in five test-checked NPs;
- 14 commission agents⁹³ in two test-checked NPs; and
- 14 tour and travel agents⁹⁴ in two test-checked NPs.

Had these 10 out of 11 test-checked NPs made efforts to register these persons, the NPs could have collected PT to the tune of ₹ 28.16 lakh⁹⁵ for the year 2015-16 alone. This indicated that these persons had been evading the tax.

The Chief Officers concerned accepted the audit observation and stated (May to July 2016) that the tax and penalty would be recovered from these unregistered persons in due course. This indicated that no system existed for identifying the persons performing Profession, Trading, Callings and Employments in the NPs.

4.4.3 Recovery of Professional Tax

Section 11 of Gujarat Professional Tax Act, 1976 provided that every Registration Certificate (RC) holders shall pay the tax payable within fifteen days of the expiry of each previous month. Every Enrolment Certificate (EC) holders shall pay the tax payable by 30 September of succeeding year. In case of delay in payment of tax, simple interest at the rate of 1.5 *per cent* of the amount of tax due for each month or part thereof for which the tax remains unpaid was also leviable. The prescribed authority may, after giving a reasonable opportunity of being heard, impose a penalty not exceeding 50 *per cent* of the amount of tax due. The prescribed authority may raise the demand by issue of notice. In five out of 11 test-checked NPs, the RC holders had not been making timely payment of PT. The details of PT payable and tax paid by the RC holders in the test-checked NPs during 2013-16 is shown in **Table 1** as follows -

87 Dabhoi – 56, Gandhidham – 68, Himatnagar – 167, Kadi – 64, Mehsana – 454, Nadiad – 382, Petlad – 44 and Vapi 18
 88 Bharuch – 61, Gandhidham – 34, Himatnagar – nine, Kalol – 64, Mehsana – 49, Nadiad – 165 and Petlad – eight
 89 Bharuch – 41, Dabhoi – 105, Gandhidham – 26, Himatnagar – 13, Mehsana – 26, Petlad – 24 and Vapi - 18
 90 Gandhidham – three, Himatnagar – 293, Kadi – 21 and Kalol - 415
 91 Gandhidham – one and Himatnagar - 12
 92 Bharuch – 32, Gandhidham – 20, Himatnagar – six, Nadiad – 68 and Vapi - 21
 93 Gandhidham – five and Vapi - nine
 94 Gandhidham – two and Nadiad - 12
 95 2,816 persons x ₹ 1,000 per annum

Table 1: Payment of PT by the RC holders during 2013-16

(₹ in lakh)

Nagarpalikas	Period	Demand (including arrears)	Collection	Outstanding dues	Percentage of recovery
Gandhidham	2013-14	484.07	71.02	413.05	15
	2014-15	643.31	15.93	627.38	02
	2015-16	864.51	45.50	819.01	05
Himatnagar	2013-14	44.34	29.10	15.24	66
	2014-15	45.21	35.31	9.90	78
	2015-16	43.51	38.21	5.30	88
Bharuch	2013-14	56.23	42.63	13.60	76
	2014-15	92.15	70.65	21.50	77
	2015-16	116.18	92.58	23.60	80
Nadiad	2013-14	101.76	87.91	13.85	86
	2014-15	116.92	92.79	24.13	79
	2015-16	135.21	104.80	30.41	77
Vapi	2013-14	87.41	74.97	12.44	86
	2014-15	128.61	108.20	20.41	84
	2015-16	174.52	135.19	39.33	77
Grand Total of Outstanding dues				917.65	

(Source: Information provided by the test-checked NPs)

The above table shows that the RC holders had not been making timely payment of tax. The collection of tax by Gandhidham NP was very poor as it ranged from two to 15 *per cent* during 2013-16. Audit observed that these NPs had not made any efforts to collect the tax from the defaulters. The NPs had not imposed any interest and penalty for delayed payment and non-payment of tax leviable as per Rules. This resulted in huge accumulation of arrears to the tune of ₹ 9.18 crore and non-levy of interest and penalty for delayed/non-payment of tax.

The Chief Officers concerned attributed the reason of shortage of staff to non-collection of PT and stated (May to October 2016) that efforts would be made for collection of arrears. It was also stated that interest and penalty would be recovered under intimation to audit.

(i) Audit observed in nine out of 11 test-checked NPs that the EC holders had not been making timely payment of PT. The details of PT payable and tax paid by the EC holders in the test-checked NPs during 2013-16 are shown in **Table 2** below –

Table 2: Payment of PT by the EC holders during 2013-16

(₹ in lakh)

Nagarpalikas	Year	Demand (including arrears)	Collection	Outstanding dues	Percentage of recovery
Gandhidham	2013-14	395.07	62.35	332.72	16
	2014-15	546.07	60.03	486.04	11
	2015-16	820.87	52.20	768.67	6
Veraval	2013-14	98.31	21.40.	76.91	22
	2014-15	136.21	18.52	117.69	14
	2015-16	178.83	17.91	160.92	10
Nadiad	2013-14	259.72	71.68	188.04	28
	2014-15	285.80	53.18	232.62	19
	2015-16	333.45	51.42	282.03	15
Himatnagar	2013-14	86.60	42.68	43.92	49
	2014-15	88.96	32.39	56.57	36
	2015-16	102.92	40.50	62.42	39
Bharuch	2013-14	184.22	128.60	55.62	70
	2014-15	234.00	140.42	93.58	60
	2015-16	282.92	146.45	136.47	52
Mehsana	2013-14	330.00	250.12	79.88	76
	2014-15	355.00	275.83	79.17	78
	2015-16	360.00	266.51	93.49	74
Vapi	2013-14	125.47	101.35	24.12	81
	2014-15	170.13	143.04	27.09	84
	2015-16	217.88	173.71	44.17	80

Nagarpalikas	Year	Demand (including arrears)	Collection	Outstanding dues	Percentage of recovery
Kadi	2013-14	45.44	35.66	9.78	78
	2014-15	50.39	34.82	15.57	69
	2015-16	58.22	41.97	16.25	72
Kalol	2013-14	28.44	25.72	2.72	90
	2014-15	30.27	28.50	1.77	94
	2015-16	31.51	21.91	9.60	70
Dabhoi	2013-14	11.03	9.20	1.83	83
	2014-15	12.73	7.74	4.99	61
	2015-16	12.96	8.69	4.27	67
Grand Total of Outstanding dues				1,578.29	

(Source: Information provided by the test-checked NPs)

The above table shows that the EC holders had not been making timely payment of tax. The collection of tax in four test-checked NPs⁹⁶ was below 50 *per cent*. The collection of tax in Gandhidham NP ranged from six to 16 *per cent*.

This indicated lack of efforts on the part of the Chief Officers of these NPs in enforcement of the provisions of the Act and Rules. Timely recovery of the taxes would strengthen the financial position of the NPs and would help in carrying out the essential works for providing basic amenities to the public.

The Chief Officers concerned attributed the reason of shortage of staff to non-collection of PT and stated (May to October 2016) that efforts would be made for collection of arrears. It was also stated that interest and penalty would be recovered under intimation to audit.

4.4.4 Deposit of Professional Tax in Government Account

As per instructions issued (April 2008) by the State Government, PT collected from class of persons specified under 1A of the schedule shall be credited into State Government account. Class of persons under Schedule 1A included salary and wage earners of the State Government, Central Government, Panchayats, Public Sector Undertakings of the State and Central Government and grants-in-

96 Gandhidham, Himatnagar, Nadiad and Veraval

aid institutions. Audit observed in four test-checked NPs that the PT of ₹ 1.14 crore {Bharuch - ₹ 0.41 crore (March 2011 to May 2016), Himatnagar - ₹ 0.20 crore (April 2008 to May 2016), Kalol - ₹ 0.10 crore (October 2014 to June 2016) and Veraval – ₹ 0.43 crore (April 2008 to June 2016)} collected from their employees had not been credited into the Government Account. Instead the amount collected was deposited in their own fund in contravention to the Government instructions.

On this being pointed out by Audit, the Chief Officer, Kalol deposited the amount of ₹ 0.10 crore into Government Account. Chief Officers of remaining NPs stated (January 2017) that the amount would be credited into Government account under intimation to Audit.

The matter was reported to the Government (December 2016). Reply is awaited (February 2017).



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APPENDICES

APPENDIX - I**Statement showing the un-allotted houses reserved for project affected persons under RRRS-2010**

(Reference : Paragraph 4.1.8.2 ; Page 52)

Sl. No.	Name of the housing project	Town planning number/ Final plot number	Number of houses actually constructed	Number of houses allotted by AMC	Houses not allotted
1	Kailash Nagar	23/450,451 and 452	65	65	00
2	Abhuji Kuva na Chapra	21/422	56	49	07
3	Salat Nagar	16/305	292	262	30
4	Shah Aalam Bhilwas	37/49	82	72	10
5	Bhikha Deva no wado	27/48P	336	287	49
6	Bavaji na Chapra	25/162	56	215	07
	Bavaji na Chapra	25/164	166		
7	Lakhudi Talavadi na Chapra	3/190	540	533	07
8	Rishi Nagar and Talavadi na Zupda	27/49,50,51 and 52	952	897	55
Total			2,545	2,380	165

APPENDIX - II

Statement showing comparison of various provisions of RRRS-2010 and ISRS-2013

(Reference: Paragraph 4.1.9.1; Page 54)

RRRS – 2010	ISRS-2013
Developer has to submit proposal for in-situ slum rehabilitation with consent of at least 75 <i>per cent</i> of slum dwellers.	Developer has to be selected by open bidding, where developers has to quote project cost for in-situ slum rehabilitation as well as land premium of vacant slum plot.
Slum dwellers identified during survey and registered by the competent authority on or before 01.12.2010 were considered as eligible beneficiaries for free of cost Dwelling Unit.	Slum dwellers identified during survey and registered by the competent authority on or before 01.12.2010 were considered as eligible beneficiaries for free of cost Dwelling Unit.
The developer has to provide transit accommodation to slum dwellers and provide Dwelling Unit with two room, kitchen and toilet free of cost.	The developer has to provide transit accommodation to slum dwellers and provide Dwelling Unit with two room, kitchen and toilet free of cost.
Height of building up to 10 mtrs. in case of road width less than nine mtrs, 15 mtrs. in case of road width <9 and > 12, 25 mtrs. in case of road width <12 and >18 and 45 mtrs. in case of road width <18 and >40.	G+5 type houses was to be constructed on roads having 9.0 to 18.0 meters width, 45 mtrs. Height of building in case of road width more than 18.0 mtrs.
1.8 FSI (R1 zone)/1.2 FSI (R2 zone) of gross plot area was available to developer for slum rehabilitation work.	3.0 FSI of gross plot area was available to developer for slum rehabilitation work.
The developer has to pay 100 <i>per cent</i> of jantri rate to Government for slum plot remained vacant and use for free sale construction.	The developer has to quote land premium rate for slum plot remained vacant after slum rehabilitation work.
The developer can use the FSI remained unutilized out of 1.8/1.2 FSI provided for slum rehabilitation work for free sale construction on vacant slum plot. Additional FSI equal to built-area used for slum rehabilitation work was available to developer for free sale construction of vacant slum plot or in case of vacant plot not available, remaining FSI can be avail in form of Transferrable Development Right (TDR) for use in another plot or can be sold in open market.	If the land premium quoted by the developer was higher than the project cost of slum rehabilitation work, the developer has to pay to Government the differentiate amount. In case of land premium quoted by the developer was lower than the project cost, the developer would get TDR for differentiate amount. The TDR was to be calculated as proportionate sq. mtrs. of construction of slum rehabilitation work of differentiate amount multiplied by ratio of per sq. mtrs. project cost and jantri rate of plot.
TDR was to be valued with jantri rate and can be used in another plot with proportionate to jantri rate of respective plot.	TDR can be used in another plot with proportionate to jantri rate of respective plot.
The developer has to pay 10 <i>per cent</i> of project cost to co-operative society as maintenance cost.	The developer has to pay ₹ 250 per sq. mtrs. of construction of slum rehabilitation to co-operative society for maintenance and has to maintain lift for seven years.

APPENDIX - III

Statement showing excess TDR granted in eight completed works to developers by AMC and estimated excess TDR in two under progress works under RRRS-2010

(Reference: Paragraph 4.1.9.1; Page 55)

(in ₹)

Sl No.	Name of the slum rehabilitation project	Town Planning/ Final Plot number	Actual DU's-shops constructed	Net plot area	Project cost	FSI (sq. mt.) used for Slum Rehabilitation	Rate per sq. mt. (Col. 6/7)	Jantri Rate	Admissi- ble TDR (Col.7*8/9)	TDR granted by AMC (Col. (5*1.8)+7))	Excess TDR (Col. 11-10)	Value of excess TDR (Col. 12*9)	Agency
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Bhikha Deva no Wado	27/48P	336	10376.40	143151857	13767.64	10397.70	7000	20450.27	32445.16	11994.89	83964230	HN Safal
2	Salat Nagar	16/305	292	5658.85	146804106	12924.50	11358.59	7363	19938.08	23110.43	3172.35	23358013	GALA
3	Kailash Nagar	23/450,451, 452	65	1860.00	32130150	2660.89	12074.96	10250	3134.65	6008.89	2874.24	29460960	B Safal
4	Bava ji na Chapra	25/162, 164	222+31	5075.57	108884577	10641.69	10231.89	9149	11901.26	19777.71	7876.45	72061641	B Safal
5	Shah Aalam Bhilvas	37/49	82+17	1855.00	43290739	3658.50	11832.92	8250	5247.36	6997.50	1750.14	14438655	GALA
6	Lakhudi Talavadi na Chapra	3/190	540+35	11652.63	271648478	22643.05	11996.96	36500	7442.42	43617.78	36175.36	1320400640	B Safal
7	Talavadi and Rishi Nagar	27/49,50,51	952	27615.68	439909931	38270.16	11494.85	7000	62844.28	87978.38	25134.10	175938700	HN Safal
8	Abhuji Kuva na Chapra	21/422	56	1459.00	28280461	2306.40	12261.73	31000	912.27	4932.60	4020.33	124630230	B Safal
Total										224868.45	92997.86	1844253082 i.e. 184.43 crore	
Estimated excess TDR in two works under progress													
9	Mangal Talavadi na Chapra	26/274, 275p	728	32345.00	354589144	32085.19	11051.49	20500	17297.03	90306.19	73009.16	1496687780	B Safal
10	Sanjay Nagar	12/196	182+6	4614.00	103934600	7702.41	13493.78	7000	14847.80	16007.61	1159.81	8118670	Arvind Inf. P. L.
										106313.8	74168.97	1504806450 i.e. 150.48 crore	

APPENDIX - IV

Statement showing price received by Estate branch in five plots auctioned

(Reference: Paragraph 4.1.9.1 and 4.1.9.4; Page 55 and 58)

Sl. No.	Town Planning / Final Plot number	Purpose	Jantri rate per sq. mtr.	Estimated rate per sq. mtr.	Ratio of estimated rate against jantri rate (Col.5/ Col.4)	Auction price per sq. mtr.	Ratio of Premium received against jantri rate (Col. 7/4)
1	2	3	4	5	6	7	8
1	50 Bodak dev/370	Commercial	13250	75620	5.71	145000	10.94
2	50 Bodak dev/ 379/A	Commercial	10750	70894	6.59	81100	7.54
3	50 Bodak dev/358	Commercial	10750	70894	6.59	77100	7.17
4	50 Bodak dev/274	Residential	13250	61442	4.64	73300	5.53
5	27 Vejalpur/66	Residential	20750	54135	2.61	66400	3.20
Total					26.14		34.38
Average					5.23		6.88

APPENDIX - V Statement showing excess TDR provided by AMC in violation of provision of RRRS-2010 (Reference: Paragraph 4.1.9.1; Page 55) (₹ in crore)						
Sl. No.	Name of the slum rehabilitation project	Jantri Rate (in ₹)	FSI (sq. mtr.) used for Slum Rehabilitation	TDR granted by AMC (in sq. mtr.)	Excess TDR provided by AMC (Col.5-Col.4)	Value of excess TDR (Col.3 x Col.6)
1	2	3	4	5	6	7
1	Bhikha Deva no Wado	7000	13767.64	32445.16	18677.52	13.07
2	Salat Nagar	7363	12924.50	23110.43	10185.93	07.50
3	Kailash Nagar	10250	2660.89	6008.89	3348.00	03.43
4	Bavaji na Chapra	9149	10641.69	19777.71	9136.02	08.36
5	Shah Aalam Bhilvas	8250	3658.50	6997.50	3339.00	02.75
6	Lakhudi Talavadi na Chapra	36500	22643.05	43617.78	20974.73	76.56
7	Talavadi and Rishi Nagar	7000	38270.16	87978.38	49708.22	34.80
8	Abhuji Kuva na Chapra	31000	2306.40	4932.60	2626.20	08.14
	Total		106872.83	224868.45	117995.62	154.61
Estimated excess TDR in two works under progress						
9	Mangal Talavadi na Chapra	20500	32085.19	90306.19	58221.00	119.35
10	Sanjay Nagar	7000	7702.41	16007.61	8305.20	05.81
	Total		39787.60	106313.80	66526.20	125.16

APPENDIX - VI Statement showing premium rate received by AMC under ISRS – 2013 (Reference: Paragraph 4.1.9.4 ; Page 58)					
(₹ in crore)					
Town Planning/ Final plot number	Free sale area avail- able for developer (sq. mtr.)	Jantri rate per sq. mtr.	Premium received for free sale plot per sq. mtr.	Ratio of premium rate to Jan- tri rate	Total premium received (Col.2x4)
1	2	3	4	5	6
8/221 &223 (Girdhar-nagar)	7119.46	11000	36289.26	3.30	25.84
1 ODHAV /199, 201, 204, 207 & 264 (Odhav)	60296.00	7200	16584.85	2.30	100.00
3 Vejalpur/292 (Vejalpur)	14244.30	31000	46100.00	1.49	65.66
21/505 (Ambavadi)	2092.48	26500	47590.00	1.80	9.96
24/ 2/2 (Maninagar)	10488.70	8650	23649.93	2.73	24.81
Total	94240.94			11.62	226.27
Average				2.32	

APPENDIX - VII List of SLB issued by Government of India (Reference: Paragraph 4.2.1 ; Page 65)		
Sr. No.	Services	SLB prescribed
	Coverage of water supply services	
1	Coverage of WS connections	100 <i>per cent</i>
2	Per capita supply of water	135 lpcd
3	Continuity of water supply	24 hours
4	Extent of Non-Revenue Water	20 <i>per cent</i>
5	Quality of water supplied	100 <i>per cent</i>
6	Extent of metering of water connections	100 <i>per cent</i>
7	Cost recovery in water supply services	100 <i>per cent</i>
8	Efficiency in redressal of consumer complaints	80 <i>per cent</i>
9	Efficiency in recovery of water supply charges	90 <i>per cent</i>
	Sewage Management	
1	Coverage of toilets	100 <i>per cent</i>
2	Coverage of sewage network services	100 <i>per cent</i>
3	Adequacy of Sewage Treatment Capacity	100 <i>per cent</i>
4	Collection efficiency of sewage network	100 <i>per cent</i>
5	Quality of sewage treatment	100 <i>per cent</i>
6	Extent of reuse and recycling of sewage	20 <i>per cent</i>
7	Extent of cost recovery in sewage management	100 <i>per cent</i>
8	Efficiency in collection of sewage charges	80 <i>per cent</i>
9	Efficiency in redressal of consumer complaints	90 <i>per cent</i>
	Solid Waste Management	
1	Household level coverage of solid waste management services	100 <i>per cent</i>
2	Efficiency in collection of municipal solid waste	100 <i>per cent</i>
3	Extent of segregation of municipal solid waste	100 <i>per cent</i>
4	Extent of municipal solid waste recovered	80 <i>per cent</i>
5	Extent of scientific disposal of municipal solid waste	100 <i>per cent</i>
6	Efficiency in redressal of consumer complaints	80 <i>per cent</i>
7	Extent in cost recovery in Solid Waste Management (SWM) services	100 <i>per cent</i>
8	Efficiency in collection of SWM charges	90 <i>per cent</i>
	Storm Water Management	
1	Coverage of storm water drainage network	100 <i>per cent</i>
2	Incidence of water logging/flooding	0

APPENDIX - VIII

Status of achievement against the prescribed SLBs in test checked ULBs (notified and calculated by audit)

(Reference: Paragraph 4.2.7.1 ; Page 71)

(figures in percentage)

Sr. No.	Name of the test-checked ULBs	Coverage of water supply connection		Per capita supply of water per day (lpcd)		Cost recovery in water supply		Efficiency in Cost recovery in water supply charges	
SLBs fixed by GoI		100		135		100		100	
		Notified	Actual	Notified	Actual	Notified	Actual	Notified	Actual
1	Bhavnagar MC	100	79	148	189	39	39	39	21
2	Vadodara MC	98	90	167	250	95	52	95	78
3	Anjar NP	81	50	85	87	52	19	52	16
4	Amreli NP	98	51	119	121	74	20	74	29
5	Bardoli NP	77	50	112	138	35	NA	35	28
6	Dholka NP	84	80	68	91	31	26	31	35
7	Gandhidham NP	64	76	89	126	51	29	51	43
8	Mahuva NP	75	55	79	96	29	26	29	16
9	Modasa NP	86	95	124	131	51	52	51	55
10	Navsari NP	90	55	142	139	49	67	49	35
11	Patan NP	100	74	126	124	72	34	72	57
12	Surendranagar NP	75	57	107	96	50	7	50	33
13	Unjha NP	83	94	115	137	44	84	44	57
14	Valsad NP	78	51	150	191	77	66	77	47
15	Vadhvan NP	83	70	99	86	101	19	101	87

APPENDIX - IX

Status of achievement against the prescribed SLBs by test-checked ULBs for sewage management

(Reference: Paragraph 4.2.9.1 ; Page 77)

(figures in percentage)

Sr. No.	Name of ULBs	Coverage of sewage network		Extent of cost recovery in sewage management		Efficiency incollection of sewage charges	
SLBs fixed		100		100		100	
		Notified	Actual	Notified	Actual	Notified	Actual
1	Anjar NP	31	66	12	8	66	33
2	Bardoli NP	62	51	21	21	97	69
3	Dholka NP	25	30	15	3	46	10
4	Gandhidham NP	63	77	14	11	48	20
5	Mahuva NP	34	50	84	131	47	25
6	Navsari NP	73	94	62	32	90	99
7	Patan NP	28	36	49	14	79	31
8	Unjha NP	50	83	41	52	93	84
9	Valsad NP	41	51	85	78	90	64

APPENDIX – X

Statement showing details of availability of 11 selected assets in test-checked NPs

(Reference: Paragraph 4.3.3 ; Page 91)

Name of NPs	Category of NPs	Town Halls	Community Halls	Separate Civic Centres	Primary School buildings	Healthcare buildings	Parks and gardens	Shopping complexes	Vegetable markets	Pay and use toilets	Vehicles	Water Supply structures
Bharuch	A	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Godhra	A	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mehsana	A	UC	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Morbi	A	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ankleshwar	B	UC	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Dhoraji	B	UC	Yes	No	Yes	Yes	Yes	Yes	UC	Yes	Yes	Yes
Himatnagar	B	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sanand	B	No	Yes	Yes	Yes	Yes	No	Yes	UC	Yes	Yes	Yes
Bavla	C	No	UC	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pardi	C	UC	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Vadnagar	C	UC	No	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Wankaner	C	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Barvala	D	UC	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Chotila	D	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Prantij	D	UC	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes

Note : UC-Under Construction.

APPENDIX – XI Statement showing the details of income received and expenditure incurred for creation/acquisition of assets and O&M of assets during 2013-16 (Reference: Paragraph 4.3.3 ; Page 91) (₹ in crore)						
Name of NPs	Year	Revenue Income	Own Revenue	Expenditure on O&M	Capital Grant	Expenditure incurred for creation of assets
Bharuch	2013-14	32.47	13.69	11.71	24.12	11.10
	2014-15	34.75	13.36	11.69	12.65	11.41
	2015-16	45.00	14.42	12.17	22.33	38.19
	Total	112.22	41.47	35.57	59.10	60.70
Godhra	2013-14	13.12	7.62	2.71	7.92	12.26
	2014-15	18.39	8.86	3.87	7.26	3.62
	2015-16	24.93	9.43	6.41	20.07	11.63
	Total	56.44	25.91	12.99	35.25	27.51
Mehsana	2013-14	29.57	19.77	13.43	11.93	16.21
	2014-15	39.49	25.95	13.19	20.69	25.00
	2015-16	Not Available				
	Total	69.06	45.72	26.62	32.62	41.21
Morbi	2013-14	32.83	16.22	8.77	9.91	6.74
	2014-15	43.41	22.70	13.26	35.28	6.29
	2015-16	52.64	27.89	19.58	42.44	17.28
	Total	128.88	66.81	41.61	87.63	30.31
Ankleshwar	2013-14	15.67	6.74	5.53	10.84	7.98
	2014-15	16.50	7.47	5.70	6.80	6.30
	2015-16	17.39	6.91	6.00	8.46	11.44
	Total	49.56	21.12	17.23	26.10	25.72
Dhoraji	2013-14	10.39	4.55	2.58	5.88	0.65
	2014-15	12.05	4.25	4.77	10.48	0.37
	2015-16	12.71	5.12	4.19	16.67	1.70
	Total	35.15	13.92	11.54	33.03	2.72
Himatnagar	2013-14	17.02	10.20	3.66	7.27	3.52
	2014-15	18.35	9.76	3.67	4.57	14.69
	2015-16	19.27	11.33	3.82	18.35	36.67
	Total	54.64	31.29	11.15	30.19	54.88
Sanand	2013-14	5.87	2.88	2.78	4.74	4.47
	2014-15	5.38	3.08	2.63	3.18	3.17
	2015-16	5.09	2.44	2.11	3.70	3.90
	Total	16.34	8.40	7.52	11.62	11.54
Bavla	2013-14	6.28	2.44	2.34	4.40	4.73
	2014-15	6.11	3.31	2.43	9.37	3.65
	2015-16	5.71	2.85	2.24	6.18	3.99
	Total	18.10	8.60	7.01	19.95	12.37

Name of NPs	Year	Revenue Income	Own Revenue	Expenditure on O&M	Capital Grant	Expenditure incurred for creation of assets
Pardi	2013-14	4.17	2.48	0.90	5.26	3.00
	2014-15	7.21	2.08	3.38	4.30	2.50
	2015-16	5.36	2.27	2.01	9.94	6.87
	Total	16.74	6.83	6.29	19.50	12.37
Vadnagar	2013-14	2.18	1.05	1.21	9.10	1.37
	2014-15	3.39	1.24	1.09	4.49	3.02
	2015-16	3.03	1.38	1.49	4.93	4.05
	Total	8.60	3.67	3.79	18.52	8.44
Wankaner	2013-14	4.37	1.64	0.73	11.28	0.75
	2014-15	5.63	2.29	3.36	4.05	1.42
	2015-16	6.69	2.07	0.80	4.31	0.80
	Total	16.69	6.00	4.89	19.64	2.97
Barwala	2013-14	1.18	0.53	0.57	6.65	0.75
	2014-15	1.21	0.49	0.22	1.89	2.68
	2015-16	1.18	0.41	0.32	10.05	11.01
	Total	3.57	1.43	1.11	18.59	14.44
Chotila	2013-14	1.75	1.12	0.77	5.08	3.38
	2014-15	2.35	0.77	1.33	5.22	5.80
	2015-16	Not Available				
	Total	4.10	1.89	2.10	10.30	9.18
Prantij	2013-14	2.88	1.08	1.13	6.00	3.11
	2014-15	5.39	1.19	0.99	4.71	4.51
	2015-16	4.89	1.24	1.05	6.83	5.15
Total		13.16	3.51	3.17	17.54	12.77
Grand Total		603.25	286.57	192.59	439.58	327.13

APPENDIX – XII

Non-levy of tax and penalty from Unregistered persons

(Reference: Paragraph 4.4.2 ; Page 108)

Sr. No.	Category	Source
1.	Legal practitioners	List obtained from Bar Association.
2.	Medical practitioners	List obtained from Medical Association.
3.	Cable operators	List obtained from Entertainment tax branch of Nagarpalika.
4.	LIC and PLI agents	List obtained from LIC and PLI agents association.
5.	Couriers service providers	List obtained from Couriers service association.
6.	Consultants	List obtained from engineers and CA association.
	(i) Engineers	
	(ii) Chartered Accountant	
7.	Commission Agents	List obtained from Commission Agents association
8.	Tour and Travels Agents	List obtained from Tour and Travels agents association.