



**Report of the  
Comptroller and Auditor General of India  
on  
Local Bodies  
for the year ended 31 March 2017**



**Government of Telangana**  
*Report No. 3 of 2018*



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## Preface

This report for the year ended March 2017 has been prepared for submission to the Governor of Telangana under the CAG's DPC Act, 1971 for being laid before the Legislature of the State.

The Report contains significant results of the audit of the Panchayat Raj Institutions and Urban Local Bodies in the State including departments concerned.

The issues noticed in the course of test audit for the period 2016-17 as well as those issues which came to notice in earlier years, but could not be dealt with in the previous Reports have also been included, wherever necessary.

This Report includes one Performance Audit on 'Greater Hyderabad Municipal Corporation' and seven Compliance Audit Paragraphs including one detailed Compliance Audit Paragraph on 'Land Management in Panchayat Raj Institutions'.

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



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# Overview

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## Overview

Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs) fall under Panchayat Raj and Rural Development (PR&RD) and Municipal Administration and Urban Development (MA&UD) departments respectively. The Audit Reports on Local Bodies have been presented to the State Legislature since March 2008. Total seven Audit Reports (2005-06 to 2013-14 for erstwhile State of Andhra Pradesh excluding 2010-11 to 2011-12) were presented in the State Legislature of Andhra Pradesh and two for the years 2014-15 and 2015-16 in the State Legislature of Telangana. However, discussions have not taken place in the State Legislature since 2008. Explanatory notes were not received to any of the paragraphs and reviews included in the above Audit Reports.

This Report of the Comptroller and Auditor General of India (C&AG) on Government of Telangana includes results of one Performance Audit, one detailed Compliance Audit paragraph and six Compliance Audit paragraphs of PRIs and ULBs. These are as follows:

- Performance Audit on ‘Greater Hyderabad Municipal Corporation’
- Detailed Compliance Audit on ‘Land management in Panchayat Raj Institutions’
- Compliance Audit Paragraphs

An overview of the significant audit observations is given below:

### **Performance Audit on Greater Hyderabad Municipal Corporation**

*Greater Hyderabad Municipal Corporation (GHMC) covering an area of 650 sq. kms, was formed in April 2007 by amalgamating the erstwhile Municipal Corporation of Hyderabad (MCH) with 12 other municipalities. Functioning of GHMC is governed by GHMC Act, 1955. Performance Audit of GHMC in four selected areas viz., building permissions, property tax, solid waste management and storm water drains was carried out covering the period from 2012-13 to 2016-17. The overview of audit findings is given below:*

- *GHMC could not ensure compliance with regard to implementation of Building Rules issued by Government. This resulted in deviations to the approved plans and proliferation of unauthorised constructions. During 2012-17, deviations existed in 30,864 assessments (41 per cent) out of 75,387 property tax assessments in test-checked Circles. Of these, 10,460 were unauthorised constructions.*

*[Paragraph 4.4.4]*

- *GHMC did not ensure strict compliance with regard to enforcement of penal provisions for non/delay in payment of Property Tax. Of the total arrears of ₹1,403.43 crore as of March 2017 in respect of residential and*

*non-residential properties, an amount of ₹900.33 crore (64 per cent) was pending for more than three years from 1,78,701 assessments.*

*[Paragraph 4.5.4]*

- Lack of data integration between the Town Planning wing (building permissions) and Revenue wing (Trade licenses and Property Tax) resulted in short assessment of Property Tax. Audit analysis in six test-checked Circles showed short assessment of ₹5.25 crore in 708 assessments.*

*[Paragraph 4.5.3]*

- Corporation undertook 71 improvement works on 26 storm water drains with estimated cost of ₹350.13 crore. A total of ₹187.80 crore was expended on these works as of July 2017. Of these, 39 works were completed. 16 works were in-progress and 16 works were stopped mid-way due to failure of GHMC in evicting encroachments.*

*[Paragraph 4.7.3]*

- Collection of segregated waste from primary waste generating units was only 27 per cent of the total Municipal Solid Waste. Further, the poor segregation facilities at transfer stations burdened the landfill site.*

*[Paragraphs 4.6.4.2 and 4.6.4.4]*

- Efforts for processing and safe disposal of waste was not effective. Establishment of waste to energy plants<sup>#</sup>, which was envisaged as important source of disposal of Municipal Solid Waste had not materialised due to land issues. Two new processing and disposal units at Choutuppall and Lakdaram were yet to be established. Reclamation of existing dump sites was also not done.*

*[Paragraph 4.6.4.4]*

- The draft master plan for strengthening storm water drainage system for the city prepared in 2011 was yet to be implemented. There were 461 water logging points in the city, of which 52 points were critical and 67 major traffic junctions. All these water logging points were prone to risk of inundation during monsoon due to non-availability of connecting / aligning system to the nearby storm water drains.*

*[Paragraphs 4.7.1.1 and 4.7.1.3]*

- GHMC failed in protecting water bodies. There were 12,182 encroachments along nalas and water bodies, of which only 847 (7 per cent) were evicted as of July 2017. Seventeen lakes were not traceable while nine lakes were fully encroached. The incidence of*

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<sup>#</sup> a power generation plant that will generate electricity by using the municipal solid waste

*missing lakes showed non-protection of water bodies resulting in continuance of inundation during monsoons.*

*[Paragraphs 4.7.4.1 and 4.7.4.2]*

### **Compliance Audit Paragraphs**

#### **Land management in Panchayat Raj Institutions**

*Audit of 'Land management in Panchayat Raj Institutions' was carried out in five Zilla Praja Parishads, 25 Mandal Praja Parishads and 46 Gram Panchayats for the period 2014-17. The overview of audit findings is given below:*

- PRIs did not have records detailing the inventory of land in their possession. In the absence of records, stewardship was rendered difficult. This resulted in encroachment of PRIs land of 26 acres and 26 guntas in two Zilla Praja Parishads (Karimnagar and Rangareddy) and one Gram Panchayat (Aushapur GP of Rangareddy district).*

*[Paragraph 2.1.6]*

- As per Layout Rules 2002, 10 per cent of the total layout area developed in Gram Panchayat should be transferred free of cost to the GP by the developer. Audit observed that 161 acres and 24 guntas of land valuing ₹90.13 crore was not transferred in 29 GPs.*

*[Paragraph 2.1.4.1]*

#### **Non-protection of land from encroachments**

*Inadequate stewardship of land of Telangana State Institute of Panchayat Raj and Rural Development (TSIPARD) led to encroachment of 27 acres and 20 guntas of land with market value of ₹247.50 crore.*

*[Paragraph 2.3]*

#### **Incomplete water supply project**

*The Rural Water Supply department failed to initiate timely action to identify the source of funding before taking up the water supply scheme and completion of works in time. This had resulted in non-completion of the water supply scheme and thereby ultimate objective of providing safe drinking water to all the intended habitations could not be achieved.*

*[Paragraph 2.5]*



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**Part - A**  
**Panchayat Raj Institutions**

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# **Chapter – I**

## **An Overview of the functioning and financial reporting issues of Panchayat Raj Institutions**

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**Section-A**  
**An Overview of the functioning of the  
Panchayat Raj Institutions (PRIs) in the State**

**1.1 Introduction**

Government of India (GoI) enacted (1992) the 73<sup>rd</sup> amendment to the Constitution to empower Panchayat Raj Institutions (PRIs) as local self-governing institutions to ensure a more participative governing structure in the country. Accordingly, State Government enacted Andhra Pradesh Panchayat Raj (APPR) Act<sup>1</sup> in 1994 and repealed all the earlier Acts, to establish a three-tier system viz., Gram Panchayat (GP), Mandal Praja Parishad (MPP) and Zilla Praja Parishad (ZPP) at Village, Mandal and District levels, respectively. The profile of PRIs in the State is given in Table 1.1:

**Table 1.1**

<b>Indicator</b>	<b>Unit</b>	<b>State Statistics</b>
Area	Sq.km	1,12,077
Mandal/Tahsil	Number	584
Villages	Number	10,434
Total Population (Census 2011)	Crore	3.52
Rural population	Crore	2.16
Rural sex ratio	Females per 1000 Males	999
Density	Persons per Sq.km	312
Rural literacy rate	Percentage	57.30
Male literacy rate	Percentage	75.04
Female literacy rate	Percentage	57.99
Scheduled Caste Population	Percentage	17.47
Scheduled Tribe Population	Percentage	0.99
Zilla Praja Parishads	Number	9
Mandal Praja Parishads	Number	438
Gram Panchayats	Number	8,684

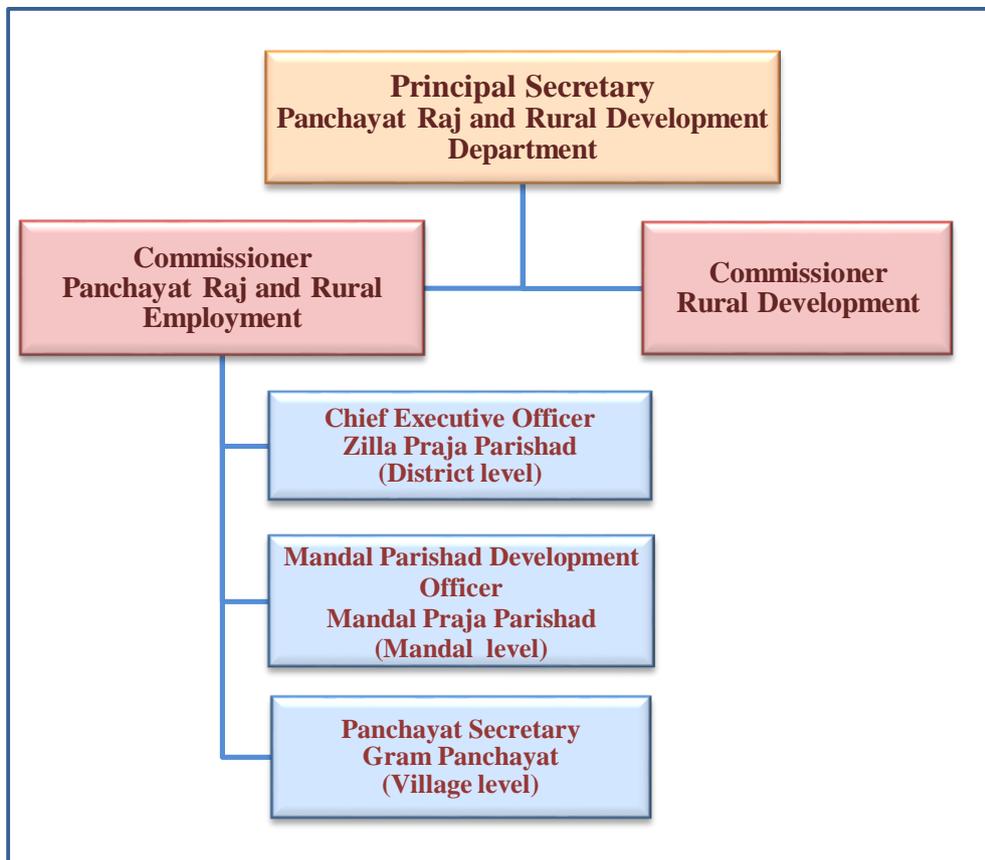
*Source: Information furnished by Commissioner, Panchayat Raj and Rural Employment and Telangana at a Glance 2017 published (June 2017) by Directorate of Economics and Statistics, Government of Telangana*

<sup>1</sup> Applicable in relation to the State of Telangana also as per Andhra Pradesh Reorganisation Act, 2014

## 1.2 Organisational set-up of PRIs

Organisational arrangements for the PRIs are as follows:

Chart 1.1



Elections to the PRIs at all the tiers was last conducted in July 2013/April 2014. The elected members of ZPP, MPP and GP were headed by Chairperson, President and Sarpanch respectively. They convene and preside over the meetings of standing committees and general body.

## 1.3 Functioning of PRIs

Eleventh Schedule to 73<sup>rd</sup> Constitutional Amendment Act, 1992 lists 29 subjects for devolution to strengthen the PRIs. During 2007-08, State Government devolved 10<sup>2</sup> functions to PRIs and, thereafter, no functions were devolved. Funds relating to devolved functions were released to PRIs through line departments concerned. During 2016-17, only three departments released

<sup>2</sup> (i) Agriculture and Agriculture Extension (ii) Animal Husbandry, Dairy and Poultry (iii) Fisheries (iv) Health and Sanitation (v) Education, including Primary, Secondary and Adult Education and non-formal education (vi) Drinking Water (vii) Poverty Alleviation Programme (viii) Women and Child Development (ix) Social Welfare, including Welfare of the Handicapped and Mentally retarded and (x) Welfare of the Weaker sections and in particular of the Scheduled Castes and Scheduled Tribes

funds amounting to ₹ 13.96 crore to PRIs in five out of nine rural districts in the State (*Appendix 1.1*).

#### **1.4 Formation of various committees**

As per the provisions of APPR Act, 1994 various committees were to be constituted at ZPP, MPP and GP level. Functional committees<sup>3</sup> were to be set up in every MPP and GP to monitor the progress of implementation of works and schemes. During the year 2016-17, functional committees were not constituted in respect of ten<sup>4</sup> (53 per cent) out of 19 test-checked GPs.

The State was empowered to constitute a District Planning Committee (DPC) at district level. DPC formed was to ensure that each Panchayat in the district prepares a development plan for the financial year. This plan was to be consolidated into the District Development Plan and to be submitted to the Government for incorporation into the State plan. In 19 GPs of Mahabubabad, Medak, Rangareddy, Warangal, Warangal (Urban) and Yadadri Bhuvanagiri districts, it was observed that the Action Plans were not prepared in 14<sup>5</sup> GPs.

#### **1.5 Sources of funds**

Resource base of PRIs consists of

- i. Own revenue generated by collection of tax<sup>6</sup>
- ii. Non-tax<sup>7</sup> revenues
- iii. Devolution at the instance of State and Central Finance Commissions / Central and State Government grants for maintenance and development purposes
- iv. Other receipts<sup>8</sup>

Summary of receipts of PRIs for the years 2012-17 is given below. Receipts for the period 2012-14 pertain to the composite State whereas the receipts for the period 2014-17 pertain to the State of Telangana.

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<sup>3</sup> for agriculture, public health, water supply, sanitation, family planning, education and communication

<sup>4</sup> Three GPs of Mahabubabad district, four GPs of Rangareddy, two GPs of Warangal, and one GP of Yadadri Bhuvanagiri

<sup>5</sup> Three GPs of Mahabubabad district, one GP of Medak, six GPs of Rangareddy, two GPs of Warangal, one GP of Wanangal (Urban), and one GP of Yadadri Bhuvanagiri

<sup>6</sup> Property tax, advertisement fee etc.,

<sup>7</sup> Water tax, rents from markets, shops and other properties, auction proceeds etc.,

<sup>8</sup> Donations, interest on deposits etc.,

**Table 1.2**

(₹ in crore)

S.No.	Receipts	2012-13	2013-14	2014-15	2015-16	2016-17
1	Own Revenue	976.50	736.50	16.96*	306.79	NA**
2	Assigned Revenue <sup>9</sup>	154.36	457.24	10.97*	NA**	NA**
3	State Government Grants	343.97	350.59	19.60	56.14	49.00
4	GoI Grants	1,201.03	1,330.86	1,131.28	695.98	932.60
5	Other Receipts	84.18	NA**	NA**	107.61	NA**
<b>Total</b>		<b>2,760.04</b>	<b>2,875.19</b>	<b>1,178.81</b>	<b>1,166.52</b>	<b>981.60</b>

Source: Commissioner, Panchayat Raj and Rural Employment

\* Data pertains to only 4 ZPPs and GPs of Adilabad district

\*\* Data not made available to audit despite specific requests

It could be seen from above table that there was reduction in release of grants by State Government during 2016-17 compared to 2015-16. This was mainly due to non-release of certain grants<sup>10</sup> during 2016-17. However, there was increase in GoI grants by 34 per cent during 2016-17 compared to 2015-16.

### 1.5.1 Financial assistance to PRIs

The quantum of financial assistance provided by State Government to PRIs by way of grants and loans for the years 2012-14 pertaining to the composite State of Andhra Pradesh and 2014-17 pertaining to State of Telangana is given below:

**Table 1.3**

(₹ in crore)

Details	2012-13	2013-14	2014-15	2015-16	2016-17 <sup>11</sup>	Total
<b>Budget</b>	329.27	328.89	203.18	819.04	962.16	<b>2,642.54</b>
<b>Actual Release</b>	158.10	164.57	30.30	752.12	957.99	<b>2,063.08</b>
<b>Expenditure</b>	98.20	114.85	30.30	622.29	957.99	<b>1,823.63</b>

Source: Commissioner, Panchayat Raj and Rural Employment

<sup>9</sup> Seigniorage fee and surcharge on stamp duty collected by Departments of Mines and Geology and Stamps and Registration are apportioned to Local Bodies in the form of assigned revenue

<sup>10</sup> General component of State Finance Commission grants, Grants under 'Assistance to Best Gram Panchayats' and 'Strengthening of Gram Panchayat Administration'

<sup>11</sup> As per Grant Audit Register(PAG(A&E)) – Net Appropriation ₹ 96.16 crore, Expenditure ₹ 95.74 crore

## 1.5.2 Application of funds

Summary of expenditure incurred by PRIs for the years 2012-14 pertaining to the composite State of Andhra Pradesh and 2014-17 pertaining to the State of Telangana is given below:

**Table 1.4**

(₹ in crore)

S.No.	Type of expenditure	2012-13	2013-14	2014-15	2015-16	2016-17
1	Revenue expenditure	1,405.50	3,562.39	134.15 <sup>#</sup>	615.18	527.78
2	Capital expenditure	1,033.47	1,756.98	32.22 <sup>*</sup>	780.73	1,155.49
<b>Total</b>		<b>2,438.97</b>	<b>5,319.37</b>	<b>166.37</b>	<b>1,395.91</b>	<b>1,683.27</b>

*Source: Commissioner, Panchayat Raj and Rural Employment*

<sup>#</sup> data pertains to only 4 ZPPs and GPs of Adilabad district

<sup>\*</sup> data pertains to only 3 ZPPs and GPs of Adilabad district

## 1.6 Recommendations of State Finance Commission (SFC)

As per Article 243-I of the Constitution and Section 235 of APPR Act, 1994, SFC has to be constituted once in five years to recommend devolution of funds from the State Government to Local bodies. State Government did not constitute SFC after Third SFC (2003). The Committee of Ministers and Secretaries felt that recommendations of Third Finance Commission could be applied for the period from 2010 to 2015 also. During 2016-17, State Government released ₹ 4 crore to PRIs of Telangana State and entire amount was spent as of October 2017.

## 1.7 Recommendations of Central Finance Commission

### 1.7.1 Fourteenth Finance Commission

The Fourteenth Finance Commission (FFC) recommended assured transfer of funds to the local bodies for planning and delivering basic services<sup>12</sup>. Grants are released under two components, *i.e.*, Basic grant and Performance grant in the ratio of 90:10.

Government of India released ₹ 908.99 crore during 2016-17. The entire amount was expended as of November 2017.

<sup>12</sup> including water supply, sanitation including septic management, sewage and solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths, street lighting, burial and cremation grounds

## **1.8 Audit mandate**

### **1.8.1 Primary Auditor**

Director, State Audit (DSA), functioning under the administrative control of Finance Department, is the statutory auditor for PRIs under Andhra Pradesh State Audit Act, 1989. As per Section 11(2) of the Act, DSA is required to prepare annual Consolidated Audit and Review Report for presentation to the State Legislature. The DSA had two Regional Offices and nine district offices (30 district offices as on March 2017) in the State. As per Section 10 of the Act, DSA is empowered to initiate surcharge proceedings against the persons responsible for causing loss to the funds of local authorities. Such amounts are to be recovered by the executive authority concerned under Revenue Recovery (RR) Act.

As per the information furnished (June 2017) by DSA, audit of the accounts of 11 MPPs and 540 GPs were in arrears. DSA attributed delay to non-production of records by MPPs and GPs. As of March 2017, 2,150 Surcharge Certificates<sup>13</sup> for ₹ 3.39 crore were issued, out of which ₹ 0.32 crore in respect of 119 cases were recovered.

The Consolidated Audit and Accounts Report for 2011-12 was tabled in the State Legislature on 31 March 2016. DSA stated (June 2017) that consolidation of Reports for the years 2012-13 and 2013-14 was under progress. Some of the major findings observed in 2011-12 report relate to excess utilisation/non-utilisation/ diversion/mis-utilisation of grants, non-collection of taxes and fee, advances pending adjustment, etc.

### **1.8.2 Audit by Comptroller and Auditor General of India**

Based on the recommendations of the Eleventh Finance Commission, State Government entrusted (August 2004) CAG with the responsibility for providing Technical Guidance and Supervision (TGS) in connection with the accounts and audit of Local Bodies under Section 20(1) of CAG's (DPC) Act.

Based on test-check of PRIs, a TGS Note was prepared at the end of each financial year and forwarded to the DSA for improving the quality of their reports. TGS note for the year 2016-17 was issued in September 2017.

#### ***Planning and conduct of audit***

The Audit process commences with assessment of risk<sup>14</sup> based on the following parameters:

- i. Expenditure incurred
- ii. Criticality/complexity of activities

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<sup>13</sup> Means the certificate by which the charge or the liability of a surchargee is communicated

<sup>14</sup> of department/local body/scheme/programme etc.,

- iii. Priority accorded for the activity by Government
- iv. Level of delegated financial powers
- v. Assessment of internal controls and
- vi. Concerns of stakeholders.

Previous audit findings were also considered in this exercise. Based on this risk assessment, frequency and extent of audit was decided and an annual audit plan was formulated to conduct audit. During 2016-17, 38 PRIs (2 ZPPs, 17 MPPs and 19 GPs), falling under the department of Panchayat Raj and Rural Development, were covered in audit.

Report of the Comptroller and Auditor General of India on Local Bodies for the year ended March 2016 was tabled in the State Legislature on 27 March 2017.

### **1.9 Response to Audit Observations**

After completion of audit, Inspection Reports (IRs) containing audit findings were issued to the head of the unit concerned. Heads of offices and next higher authorities were required to respond to observations contained in IRs within one month and take appropriate corrective action. Audit observations communicated in IRs were also discussed in meetings at district level by officers of the departments with officers of Principal Accountant General's office.

As of September 2017, 30 IRs containing 486 paragraphs pertaining to the period up to 2016-17 were pending settlement, as given below. Of these, initial replies had not been received in respect of 25 IRs and 395 paragraphs.

**Table 1.5**

Year	Number of IRs /Paragraphs		IRs/Paragraphs where even initial replies have not been received	
	IRs	Paragraphs	IRs	Paragraphs
Upto 2015-16	11	184	8	138
2016-17	19	302	17	257
<b>Total</b>	<b>30</b>	<b>486</b>	<b>25</b>	<b>395</b>

Lack of action on IRs was fraught with the risk of serious financial irregularities pointed out in these reports remaining unaddressed.

The Audit Reports on Local Bodies have been presented to the State Legislature since March 2008. Total seven Audit Reports (2005-06 to 2013-14 for erstwhile State of Andhra Pradesh excluding 2010-11 to 2011-12) were presented in the State Legislature of Andhra Pradesh and two for the years 2014-15 and 2015-16 in the State Legislature of Telangana. However, discussions have not taken place in the State Legislature since 2008. Explanatory notes were not received to any of the paragraphs and reviews included in the above Audit Reports.

## Section B

### Accountability framework and Financial Reporting issues

#### 1.10 Accounting framework

##### 1.10.1 Ombudsman

The Thirteenth Finance Commission had recommended establishment of an independent Local body ombudsman system. Commissioner, Panchayat Raj and Rural Employment stated (October 2017) that ombudsman system was not adopted in Telangana. However, State Government amended Lokayukta Act to take up complaints against the functionaries and elected representatives of PRIs. Number of cases registered district wise, and their disposal was, however, not furnished by CPR&RE despite specific request.

##### 1.10.2 Social Audit

Social audit involves verification of implementation of programme/scheme and delivery of its envisaged results by the community with active involvement of primary stakeholders. In May 2009, State Government created an independent autonomous body called the Society for Social Audit, Accountability and Transparency (SSAAT).

Post bifurcation of the State of Andhra Pradesh into Telangana and Andhra Pradesh with effect from 2 June 2014, the existing Society was retained with Telangana State. SSAAT conducted Social Audits in 343 Mandals in respect of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Social Security Insurance and Scholarships scheme, etc., during 2016-17. Functioning of society during 2016-17 showed the following:

- i. State Government should facilitate conduct of Social Audit of the works taken up under the Act in every Gram Panchayat at least once in six months, *i.e.*, twice a year. The Social Auditors are required to audit 100 *per cent* verification of muster rolls and work sites. During the year 2016-17, SSAAT had carried out Social Audits in respect of 8,110 GPs (out of 8,684 GPs) in the State. However, no GP was covered twice a year. SSAAT attributed (June 2017) the shortfall in coverage of audit to requests for postponement of audits on the grounds of Elections, implementation of State sponsored programme *Haritha haram*<sup>15</sup>, dearth of resource persons, etc.
- ii. As per State Social Audit Rules, the District Vigilance Cell is responsible to take follow-up action on the social audit observations immediately (within three days) on conclusion of the mandal social audit public hearing. During the year 2016-17, SSAAT found deviations amounting to ₹ 203.05 crore, of which ₹ 172.02 crore were accepted (85 *per cent* of total deviations) by the

<sup>15</sup> Tree planting programme of State Government

Presiding Officers<sup>16</sup> concerned. Orders for recovery were issued in respect of deviations of ₹ 3.93 crore only. Against this, only ₹ 32,000 was recovered as of March 2017.

### **1.11 Submission of Utilisation Certificates**

Scheme guidelines of Centrally Sponsored Schemes (CSS) and Central Finance Commissions (CFCs) stipulate that Utilisation Certificates (UCs) should be obtained by departmental officers from the grantees and after verification should be forwarded to GoI.

During 2016-17, State Government forwarded UCs to GoI for the total releases of ₹ 908.9 crore in respect of Fourteenth Finance Commission grants. In 10 PRIs<sup>17</sup> (26 per cent) out of 38 test checked during 2016-17, UCs amounting to ₹ 1.49 crore were yet to be furnished as of March 2017. Besides, UCs for grants related to Twelfth and Thirteenth Finance Commission, Backward Region Grant Fund, IHHL<sup>18</sup>, MPLADS<sup>19</sup> for ₹ 18.49 crore were also pending to be submitted by 25 test-checked PRIs.

### **1.12 Internal Audit and Internal Control System of PRIs**

As per the information furnished (October 2017) by CPR&RE, no internal audit system was adopted. As per Section 44(2)(a)(b) of APPR Act, 1994 the Government should appoint District Panchayat Officer, Divisional Panchayat Officer and Extension Officers as Inspecting Officers for overseeing the operations of Gram Panchayat (GP). Records of 19 GPs showed that in respect of 10<sup>20</sup> GPs inspections were not conducted (2013-14 to 2016-17). Cases of non-remittances of library cess, discrepancies between treasury/cash book and PRIASoft, improper maintenance of registers, non-remittance of statutory deductions etc., were reported in the inspection reports of other PRIs.

### **1.13 Maintenance of Records**

Records such as Cash book, Asset Register, Advance Register, Stock Registers etc., are to be maintained by ZPPs, MPPs as per the provisions of APPR Act, 1994. GPs are governed by GP Accounts Manual of Panchayat Raj and Rural Development Department. Records of 38 PRIs showed that cash book

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<sup>16</sup> District Programme Officer nominates a senior officer not less than the rank of the Additional District Programme Coordinator for presiding over the public hearing

<sup>17</sup> 3 GPs of Mahabubabad district, 1 GP of Medak, 1 GP of Nalgonda, 2 GPs of Rangareddy, 2 GPs of Warangal and one GP of Warangal(Urban)

<sup>18</sup> Individual House Hold Latrines

<sup>19</sup> Members of Parliament Local Area Development Scheme

<sup>20</sup> Mahabubabad (Shanigapuram), Medak (Rudraram), Nalgonda (Nereda), Rangareddy (Abdullapur, Aziznagar, Mokila, Turkayamjal), Warangal (Ghanpur Stn, Wardhannapet), Warangal (urban) (Peddapendyala)

was not properly maintained<sup>21</sup> in 15<sup>22</sup> PRIs (39 per cent). In ten<sup>23</sup> PRIs (26 per cent) stock registers were not maintained.

### 1.13.1 Physical verification of stores and stock

Article 143 of Andhra Pradesh Financial Code stipulates that all stores and stock should be verified physically once a year and a certificate to this effect be recorded by the Head of the Office in the Register concerned. It was seen that annual physical verification of stores and stock was not conducted in respect of 9<sup>24</sup> PRIs (24 per cent) out of 38 PRIs test checked during 2016-17.

### 1.13.2 Non-reconciliation of departmental figures with treasury

As per paragraph 19.6 of Andhra Pradesh Budget Manual, DDOs are required to reconcile departmental receipts and expenditure with those booked in treasury every month to avoid any misclassification and fraudulent draws. Reconciliation in respect of 15<sup>25</sup> PRIs (39 per cent) out of 38 PRIs test checked was pending from 2013-14.

### 1.13.3 Cases of misappropriation

Andhra Pradesh Financial Code stipulates responsibilities of Government servants in dealing with Government money, the procedure for fixing responsibility and recovery for any loss. State Government had ordered (February 2004) the departmental Secretaries to review cases of misappropriations on a monthly basis. The Chief Secretary to Government was to review these cases once in six months with all the Secretaries concerned. Misappropriation cases noticed by Director, State Audit which

**Table 1.6**

(₹ in lakh)

Unit	Up to 2016-17 <sup>26</sup>	
	No. of cases	Amount
ZPPs	0	0
MPPs	69	68.58
GPs	1094	532.67
<b>Total</b>	<b>1163</b>	<b>601.25</b>

Source: Director, State Audit.

<sup>21</sup> Certificate of the number of pages of cash book was not recorded in the first page; overwriting without attestation by competent authority, monthly closing and reconciliation were not done by Drawing and Disbursing Officer etc.,

<sup>22</sup> 1 GP of Mahabubabad district, 1 GP of Medak, 6 GPs of Rangareddy, 2 GPs of Warangal, 1 MPDO of Medchal, 2 MPDOs of Nalgonda, 1 MPDO of Warangal, 1 MPDO of Warangal Rural

<sup>23</sup> 1 GP of Medak district, 1 GP of Nalgonda, 3 GPs of Rangareddy, 1 GP of Warangal, 1 GP of Yadadri Bhuvanagiri, 1 MPDO of Nalgonda, 1 MPDO of Rangareddy, 1 MPDO of Warangal

<sup>24</sup> 1 GP of Medak district, 2 GPs of Nizamabad, 1 GP of Warangal, 1 GP of Warangal(Urban), MPDOs of Geesukonda, Moinabad, Qutbullapur, Ramannapet

<sup>25</sup> 2 GPs of Mahabubabad district, 1 GP of Medak, 6 GPs of Rangareddy, 2 GPs of Warangal, 2 GPs of Yadadri Bhuvanagiri, MPDOs of Geesukonda, Qutbullapur

<sup>26</sup> no information has been provided for the misappropriation cases for the year 2016-17

were pending from 2005-06 for disposal as of March 2017 are given in the Table 1.6.

### **1.14 Maintenance of Accounts by PRIs**

PRIs maintain accounts on cash basis. A Model Accounting System was prescribed by GoI in consultation with the Comptroller and Auditor General of India. State Government issued orders (September 2010) for adopting this format using PRIASoft, *i.e.*, Panchayat Raj Institutions Accounting Software developed by National Informatics Centre (NIC).

Government confirmed (September 2014) that online accounting was completed in all the PRIs. However, discrepancies in annual accounts maintained manually and PRIASoft were noticed in respect of 22 PRIs<sup>27</sup> (58 per cent) out of 38 PRIs test checked in 2016-17.

### **1.15 Issues related to AC/DC Bills**

As per Government orders<sup>28</sup>, an amount drawn on Abstract Contingent (AC) bills should be adjusted by submitting Detailed Contingent (DC) bill for the expenditure incurred, to the Accountant General (Accounts & Entitlements) with supporting vouchers within one month of drawal of such amount.

An amount of ₹ 3.42 crore was drawn on AC bills<sup>29</sup> by PRIs in the State and DC bills were pending for the entire amount as of November 2017.

### **1.16 Maintenance of database and the formats therein on the finances of PRIs**

State Government had released (2002-10) Eleventh and Twelfth Finance Commission grants amounting to ₹ 67.37 crore<sup>30</sup> to Commissioner Panchayat Raj of the composite State of Andhra Pradesh for creation of database on finances of PRIs. Of this ₹ 14.35 crore was allocated to Telangana State and transferred to Commissioner, Panchayat Raj, Telangana. Commissioner stated (November 2017) that an amount of ₹ 3.81 crore was available under this, and no further funds were received. Details of utilisation of these funds during 2016-17 were not furnished by CPR&RE despite specific request.

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<sup>27</sup> 3 GPs of Mahabubabad district, 7 GPs of Rangareddy district, 1 GP of Yadadri Bhuvanagiri district and MPDOs of Mahaboobabad, Quthbullapur, Chityala, Nampally, Ramannapet, Hayathnagar, Samshabad, Keesara, Dharmasagar, Geesugonda, Choutuppal mandals

<sup>28</sup> GO Ms. No.285 Finance (TFR-II) Department dated 15 October 2005, Andhra Pradesh Treasury Code, Rule 16, sub rule 18 (d) and GO Ms. Nos. 391 and 507 of April/May 2002 of Finance Department

<sup>29</sup> As per the information available in the office of Accountant General (Accounts and Entitlements) since 2007-08 to 2015-16 ₹ 3.32 crore, 2016-17 ₹ 0.10 crore

<sup>30</sup> including interest



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# **Chapter – II**

## **Compliance Audit Paragraphs**

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## 2.1 Land management in Panchayat Raj Institutions

### 2.1.1 Introduction

The Andhra Pradesh<sup>31</sup> Panchayat Raj (APPR) Act, 1994<sup>32</sup> provides for acquisition of immovable property required by Gram Panchayat (GP). Under the provisions of APPR Act, Government issued the Acquisition and Transfer of Property by Gram Panchayats (GPs), Mandal Praja Parishads (MPPs) and Zilla Praja Parishads (ZPPs) Rules<sup>33</sup> in June 2001.

According to these Rules, a PRI can, with the approval of District Collector, acquire an immovable property for a purpose which has a bearing on public health or sanitation. The Gram Panchayat Land Development (Layout<sup>34</sup> and building) Rules 2002 allow GPs to hold possession of lands in the form of open spaces at 10 *per cent* of layouts developed in villages / GPs. Apart from these lands, PRIs also take public or private lands on lease for carrying out the activities conferred upon them.

Thus the lands owned by PRIs include those acquired by the PRIs, donated<sup>35</sup> by public, open spaces from layouts or vested by the Government for commons like grazing lands etc. Land was central to the PRIs in performance of their constitutional functions and for implementation of developmental schemes. The stewardship of these assets was, thus, important. Such management would cover the entire gamut of acquisition, custody, utilisation and protection of lands available with PRIs.

### 2.1.2 Organisational set-up

The PRIs function under the administrative control of Principal Secretary, Panchayat Raj and Rural Development at Government level and Commissioner at departmental level. The elected members of ZPP, MPP and GP were headed by Chairperson, President and Sarpanch respectively. The Chief Executive Officer, Mandal Parishad Development Officer and Panchayat Secretary were the executive authorities of ZPP, MPP and GP respectively.

<sup>31</sup> Applicable to Telangana as per Andhra Pradesh Re-organisation Act, 2014

<sup>32</sup> repealing existing three Acts, namely, Andhra Pradesh Gram Panchayat Act, 1964, Andhra Pradesh Mandal Parishads, Zilla Praja Parishads and Zilla Pranalika and Abhivrudhi Sameeksha Mandals Act, 1986 and the Andhra Pradesh Local Bodies Electoral Reforms Act, 1989

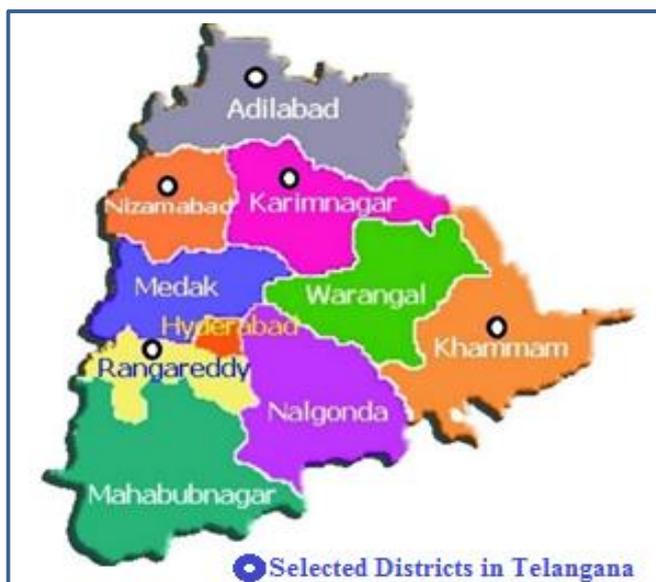
<sup>33</sup> These Rules were earlier called as Rules relating to the Acquisition and Transfer of Immovable Property by Mandal Praja Parishads and Zilla Praja Parishads framed (10 April 1962) in exercise of powers conferred upon Government by Andhra Pradesh Panchayat Samithis and Zilla Parishads Act, 1959

<sup>34</sup> Layout means the laying out a parcel of land or lands into building plots with laying of roads/streets with formation, levelling, metalling or black topping or paving of roads and footpaths, etc., and laying of the services such as water supply, drainage, street lighting, open spaces, avenue plantation etc.,

<sup>35</sup> As donated by public to villages

### 2.1.3 Audit Framework

Audit was conducted between February and June 2017 to assess whether (i) acquisition and transfer of lands to PRIs was properly executed as per the prescribed procedure, (ii) alienation /transfer of lands by PRIs were effectively carried out, and (iii) adequate controls were in existence for protection



of PRIs' lands. As of March 2016<sup>36</sup>, five out of 10 districts as shown in the map were selected for audit. Accordingly ZPPs of these districts, 25 Mandals<sup>37</sup> and 46 GPs (*Appendix 2.1*) were selected for detailed examination of records pertaining to management of lands for the period 2014-17. ZPPs and MPPs were selected based on random sampling method. GPs were selected based on highest number of layouts using stratified sampling method.

As of June 2017, the PRIs test-checked in audit were in possession of 750 acres and 10 guntas<sup>38</sup> of land. Of this, 64 acres and 06 guntas of land pertained to ZPPs and 302 acres and 08 guntas were possessed by MPPs (40 per cent). Remaining 383 acres and 36 guntas of land (51 per cent) pertained to GPs.

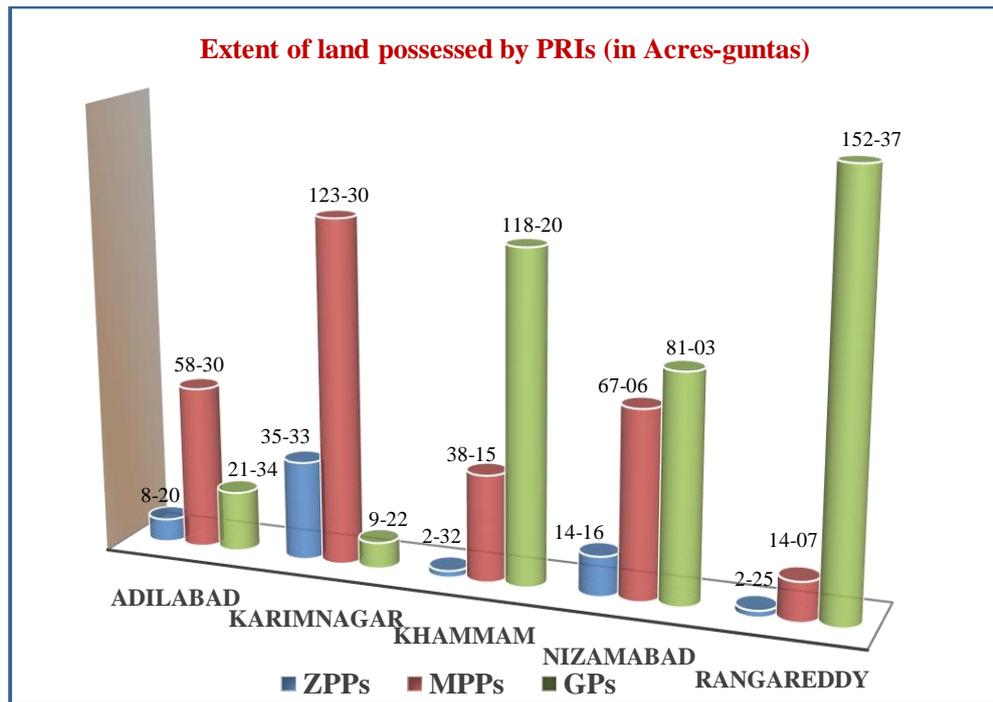
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<sup>36</sup> Districts in Telangana State were reorganised in October 2016 from 10 districts to 31 districts. Since the functioning of new ZPPs was not commenced by end of March 2017, districts as of March 2016 were considered for sample selection

<sup>37</sup> Five each in selected ZPP - **Adilabad** (Bellampalle, Dandepalle, Jainoor, Sarangapur and Sirpur(T)), **Karimnagar** (Dharmapuri, Gollapalle, Jammikunta, Ramagundam, Saidapur), **Khammam** (Bonkal, Burgampadu, Dammapeta, Julurpad and Thirumalayapalem), **Nizamabad** (Bhiknur, Dharpalle, Gandhari, Ranjal and Sadasivanagar) and **Rangareddy** (Pudur, Parigi, Shamirpet, Shankarpalle and Marpalle)

<sup>38</sup> 40 guntas is one acre

Chart 2.1



Source: Records of ZPPs, MPPs and Town Planning Authorities of test-checked GPs

GPs in Rangareddy district were the largest owners owning 40 per cent of the sampled land. Adilabad was a tribal dominated district, while Karimnagar was less urbanised district and hence owned substantially fewer lands.

There were no cases of land transfers in test-checked PRIs through alienation during the audit period (2014-17). GPs acquired 124 acres and 21 guntas (in audit sample) through gift deeds<sup>39</sup> towards open spaces from the layouts.

Audit methodology involved examination of records pertaining to acquisition and transfer of lands, management of lands etc., in the test-checked ZPPs, MPPs, GPs and the Commissioner, Panchayat Raj. Audit findings were benchmarked against criteria sourced from Andhra Pradesh Panchayat Raj Act, 1994, Land Acquisition Act, 1884, Andhra Pradesh Land Encroachment Act, 1905 and Financial Code and orders issued by State Government from time to time. An exit conference was held with the department in October 2017 to discuss the audit findings. Replies (October 2017/January 2018) of the Government have been suitably incorporated in the report.

<sup>39</sup> Gift deed is a legal document describing the voluntary transfer of a property from one person to another without any consideration as money or value in exchange. As per Layout Rules, 10 per cent of the total layout area developed in Gram Panchayat is transferred to Gram Panchayat free of cost in the form of Gift deed

## ***Audit Findings***

### **2.1.4 Acquisition and transfer of lands to PRIs**

#### ***2.1.4.1 Transfer of lands to GPs from layouts***

As per Layout Rules<sup>40</sup>, 2002, an owner / group of owners who intend to layout their land into building plots can apply to a Gram Panchayat (GP) for layout permission by duly paying the prescribed fees. The GP, in turn, forwards the proposals to the District Town and Country Planning<sup>41</sup> (DTCP) Officer functioning under the administrative control of Municipal Administration and Urban Development department for tentative technical approval.

The Rules further state that 10 *per cent* of the total layout area, free from all encumbrances, should automatically stand transferred to the GP by the developer free of cost. The purpose was to develop schools, parks etc., for community use. The layout plan submitted by the developer and approved by the DTCP identifies such land that would be transferred to the GP. As per the Rules, it is the duty of the executive authority (Panchayat Secretary) of the GP to ensure the transfer of such land immediately after receipt of technical clearance of the layout from DTCP.

After development of the layout, the concerned DTCP officer inspects the site and communicates the technical clearance for final approval of the layout to the GP concerned.

#### **Shortfall in transfer of land to GPs**

Audit cross-checked the technical clearance accorded (2014-17) by DTCP for transfer (10 *per cent*) of land measuring 257 acres and 26 guntas (290 layouts) in the test-checked GPs with the records of concerned GPs. **It was observed that 161 acres and 24<sup>42</sup> guntas of land (63 *per cent*), due for transfer by the developers in 29 GPs<sup>43</sup>, was not transferred to the GPs. The market value of the area not transferred to GPs worked out to ₹ 90.13 crore.**

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<sup>40</sup> Rule 3 (4)

<sup>41</sup> Urban Development Authority in case of GPs falling under their jurisdiction

<sup>42</sup> Prior to 2010: 24 acres and 16 guntas, 2010-11: 8 guntas, 2011-12: 1 acre, 2012-13: 23 acres and 23 guntas, 2013-14: 22 acres and 8 guntas, 2014-15: 18 acres, 2015-16: 34 acres and 8 guntas and 2016-17: 2 acres and 22 guntas. Date of formation of layouts were not available in GPs for the rest of the land

<sup>43</sup> **Rangareddy** – Aushapur (4 layouts), Korremula (3 layouts), Adibatla (3 layouts), Kongarakalan (8 layouts), Mangalapally (5 layouts), Kondakal (10 layouts), Shankarpally (21 layouts), Kismatpur (6 layouts), Gundlapochampally (3 layouts), Mokila (13), **Karimnagar** -Kurikyala (1), Chintakunta (1), Baddenapally (1) **Adilabad** -Jainath (1), **Nizamabad** – Adloor (18), Bhiknoor (4), Borgaon (9), Devanpalli (3), Jangampalli (4), Nadipalli (6), Narsanpalli (3) Pangra (4), Perkit (12), Rameswarpalli (4), **Khammam** – Gundrathimadugu(1), Konijerla (1), Singareni(1), Sivayiguda(1), Sujatha Nagar (1)

Audit also noted that in respect of approvals for 50 layouts cleared by DTCP in 12 GPs<sup>44</sup>, there was shortfall in marking of 10 *per cent* of land to be transferred to GPs. As per layout rules, the executive authority (Panchayat Secretary) of GP or District Panchayat Officer (DPO) are authorised to revoke any permission issued, in respect of such violations. Government Rules of 2000<sup>45</sup> provided for inspection of Gram Panchayats by DPO and Divisional Panchayat Officer every year. However, they did not exercise these controls for revoking of permissions neither the shortfall was identified. The value of such shortfalls was ₹6.10 crore. The largest of the shortfalls (1 acre and 35 guntas) being in Shankarpalli GP of Rangareddy district, valued at ₹1.08 crore. Thus proper controls should be put in place to ensure receipt of legitimate share of land from layouts by GPs.

Government accepted (October 2017) the audit observation and assured to issue instructions to DPOs to comply with Government orders.

#### 2.1.4.2 *Unauthorised layouts*

As per Layout Rules, the Executive Authority (Panchayat Secretary) of GP is responsible for identification and arresting of unauthorised layouts in GPs. The divisional panchayat officer is required to conduct a monthly review of the cases of encroachments in his jurisdiction through monitoring the process of eviction. He is also required to give periodical reports to District Panchayat Officer (DPO) who would review the cases once in two months.

The Panchayat Secretary, upon identification of unauthorised layouts, is required to get them regularised duly levying and collecting regularisation charges. The charges are levied on *pro-rata* basis from the owners of plots / colony against shortfall of open spaces, with the approval of District Panchayat Officer concerned. District Collector is the authority competent to fix the rates at which regularisation charges are to be collected.

As of June 2017, in 19<sup>46</sup> out of 46 test-checked GPs, Audit found existence of 216<sup>47</sup> unauthorised layouts involving 107 acres and 29 guntas<sup>48</sup> of area. The GPs of districts other than Rangareddy district could not intimate Audit the date of formation of the unauthorised layouts. The test-check of 58 unauthorised layouts in Rangareddy district showed that they were in existence for more than 30 years.

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<sup>44</sup> Aushapur (3), Adibatla (1), Kongarakalan (10), Mangalapalli (7), Kondakal (5), Shankarpalli(12), Kismathpur(3), Gundlapochampally (2) and Mokila (4) of Rangareddy Adluru (1) and Nadipally (1) of Nizamabad district and Kusumanchi (1) of Khammam district

<sup>45</sup> G.O.Ms.No.70 Panchayat Raj and Rural Development (Rules) dated 29 February 2000

<sup>46</sup> Adilabad: 1, Karimnagar: 4, Khammam: 6 and Rangareddy: 8

<sup>47</sup> Adilabad: 22, Rangareddy: 142 (no data in respect of 46 layouts), Karimnagar: 29 (no data in respect of 1 layout), Khammam: 23

<sup>48</sup> Rangareddy 81 acres and 23 guntas, Karimnagar 10 acres and 38 guntas, Khammam 12 acres and 30 guntas, Adilabad 2 acres and 18 guntas

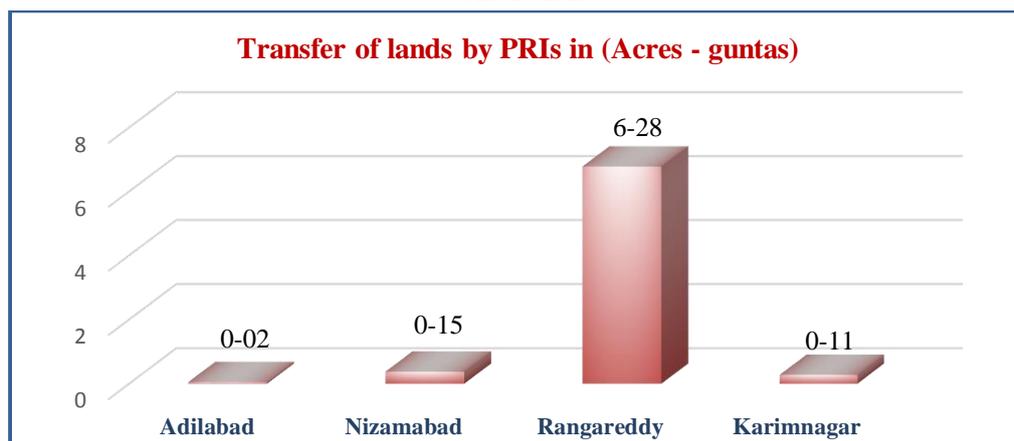
Audit noticed that neither the GPs nor DPOs concerned exercised their duties relating to regularisation. This resulted in loss of revenue towards regularisation charges. The above GPs had not approached the Collectors concerned for fixing regularisation charges. Thus, the loss of revenue towards these charges could not be quantified in audit.

Government accepted (October 2017) the observations and stated that the unauthorised layouts should be considered as encroachments. It was assured (October 2017 / December 2017) to issue suitable instructions to PRIs for taking action on unauthorised layouts.

### **2.1.5 Alienation of lands by PRIs**

As of March 2017, PRIs of four (Adilabad, Karimnagar, Nizamabad and Rangareddy) out of five test-checked districts transferred 7 acres and 16 guntas of land through alienation/auction. More than 90 per cent of such transfer took place in Rangareddy district. The transfers (6 acres and 28 guntas) in Rangareddy district to marketing committees of Agricultural department happened in 1976. There was no transfer of lands during the audit period.

**Chart 2.2**



Source: Records of PRIs

#### **2.1.5.1 Alienation of land**

The transfer<sup>49</sup> or lease of any immovable property made by PRIs is valid only on payment of compensation to PRIs. The District Collector may determine the amount to be payable in respect of the property to PRIs. Audit found that in the transfer of 32 guntas of PRIs lands, revenue amounting to ₹ 1.77 crore was not collected as discussed below:

- i. Government directed<sup>50</sup> (March 2012 / April 2013) ZPPs, Rangareddy and

<sup>49</sup> As per the acquisition and transfer of property Rules, 2001

<sup>50</sup> The Revenue Department through their orders directed (April 2010) Local Bodies to give advance possession of the identified vacant lands under their control to then APTRANSCO/DISCOMs for construction of power sub-stations, pending finalisation of alienation process and determination of land cost to be paid by these energy producing units. Required permission from Government has to be obtained before giving advance possession to them

Nizamabad to handover advance possession of 2,208 square yards<sup>51</sup> of land to the then APCPDCL<sup>52</sup>/ APNPDCL<sup>53</sup> for construction of 33/11 kV Sub-stations. After handing over the lands, ZPPs did not approach the units for payment of compensation as of June 2017. Failure to pursue the matter by ZPPs resulted in non-receipt of compensation of ₹ 1.76 crore. The lack of follow-up resulted in loss of revenue.

- ii. MPP Sirpur of Adilabad district transferred 240 square yards (valuing ₹ 1.20 lakh) to Co-operative and Marketing Department in October 2015. MPP allotted the land based on the resolution of MPP Council without obtaining the required permission from Government. Further, the land was given free of cost in violation of Acquisition and Transfer of Property Rules, 2001.
- iii. The District Collector, Karimnagar alienated (April 2012) 1,384 square yards of ZPP's staff quarters' land to various Government Departments<sup>54</sup>. ZPP did not take action to pursue for compensation despite the lapse of five years.

Government accepted (October 2017) the observation and stated that the units would be directed to pursue the matter with departments/Government for compensation.

### 2.1.6 Measures for protection of land

State Government issued (October 2004) comprehensive guidelines for strengthening the Asset Management (including land) by various Government departments including Local Bodies. These guidelines were issued based on the instances that had come to their notice that the records for the assets<sup>55</sup> were not updated.

As per the guidelines, all assets should be kept under proper watch and ward to safeguard them against theft, damage etc. Custodians of the assets are required to maintain asset register with up to date entries to know the actual ownership and prevent illegal occupation/utilisation.

The Rules framed (July 2011) by Government for GPs detailed the procedures to be followed, including:

- preparation of land inventory based on Field Measurement Book (FMB) / Field Survey Atlas (FSA);
- field inspections and validation of the results of inspection with revenue

<sup>51</sup> ZPP Nizamabad – 1,835 sq.yards, ZPP Rangareddy – 373 sq.yards

<sup>52</sup> Andhra Pradesh Central Power Distribution Company Limited

<sup>53</sup> Andhra Pradesh Northern Power Distribution Company Limited

<sup>54</sup> Intelligence Department (561 sq.yards), Anti-Corruption Bureau Department (376 sq.yards) and District Fire Department (447 sq.yards)

<sup>55</sup> with details of actual cost incurred for their acquisition, type of asset, type of structure, accessories, other equipment and installations etc.,

authorities, followed by approval in Gram Sabhas;

- notification of land inventory and updation in web domain.

In addition, State Government also issued Andhra Pradesh Gram Panchayat (Protection of Property) Rules 2011<sup>56</sup> for protection of GP lands. Separate cell at district level<sup>57</sup> in the office of DPO has to be constituted to monitor and protect the GP properties from time to time. In addition, a District Level High Power Committee<sup>58</sup> is also required to be constituted with DPO as Member Convener to review the progress of identification and removal of encroachments. The Committee has to meet every three months and review the progress. Audit found that separate cells and the High Power Committee at DPO's level for protection of GP lands and identification of encroachments were not constituted in any of the test-checked districts.

Audit also noticed that none of the test-checked ZPPs and MPPs followed the guidelines issued by Government in October 2004. Out of five ZPPs sampled, asset registers were maintained in two (Nizamabad and Rangareddy) from 2016-17 onwards. Except Gollapalli MPP of Karimnagar, none of the other 24 test-checked Mandals maintained asset register. Similarly, out of 46 test-checked GPs, only 13 GPs maintained asset register from 2016-17.

The land inventory was stated to have been prepared by 10 GPs<sup>59</sup>. However, FMBs and FSAs were not produced to audit. As such updated land inventory was not available in any of the PRIs test-checked.

Absence of land inventory / asset register increases risk of encroachments and loss of ownership of assets. Hence, proper controls should be put in place to ensure maintenance of asset registers with up to date entries.

**Audit found cases of encroachments worth 26 acres and 26 guntas of land valuing ₹ 62.07 crore, non-mutation of land measuring 1 acre and 20 guntas of ₹ 5.81 crore, and discrepancies between the land allotted to PRIs and the land in physical possession.** Details are given below:

## **I. Encroachment**

- i. ZPP, Karimnagar had land measuring 34 acres and 7 guntas for construction of staff quarters. ZPP noticed (April 2009) encroachment of land and approached (June 2009) Revenue Department for eviction of encroachers. During the survey, Revenue authorities observed that out of 34 acres and 7 guntas allotted to ZPP, only the land to extent of 8 acres and 26 guntas was available. Remaining 74 *per cent* of the land

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<sup>56</sup> G.O Ms. No. 188 dated 21 July 2011 of Panchayat Raj and Rural Development (Pts.IV) Department

<sup>57</sup> Para 5 of G.O Ms. No.188 dated 21 July 2011

<sup>58</sup> Para 7 of G.O Ms. No.188 dated 21 July 2011

<sup>59</sup> **Karimnagar** - Nustulapur and Chintakunta, **Rangareddy** - Adibatla, Aushapur, Kondakal, Korremula, Kismatpur, Mangalpally, Mokila and Shankarpally

worth ₹ 62 crore had been encroached upon.

Audit noticed that though the encroachment was identified in 2009, ZPP had not taken action to invite the attention of Government (Panchayat Raj and Rural Development Department) as of May 2017.

- ii. Government allotted 5 acres of land to Zilla Parishad High School (ZPHS), Shankarpally of Rangareddy district in February 2008. A survey conducted in 2010 showed that only 3 acres and 34 guntas of land was available with ZPHS. Audit observed that no action was taken by ZPP to identify the encroachments. This had given opportunity to private parties (eight households) for construction of houses. In fact, the Mandal Revenue Officer (MRO) granted pattas of 100 square yards each to these households based on which the houses were constructed with the permission obtained from GP Shankarpally.

CEO, ZPP replied (May 2017) that house site pattas were cancelled and after panchanama by the MRO, an extent of 726 square yards of land was handed over (January 2012) to ZPHS. Even after taking back the possession of land (726 square yards) by MRO, ZPHS land fell short of 1 acre<sup>60</sup>.

- iii. Audit conducted physical verification of GP lands along with departmental authorities in Aushapur GP of Rangareddy district. Land measuring about 600 square yards was encroached upon and compound wall was constructed around it. Details of encroachment were not on record. Value of land was ₹ 7.20 lakh. No action was taken by GP to bring the issue of encroachment to the notice of Revenue authorities for eviction of encroachers.

Government accepted (October 2017) the observations.

## II. Non-mutation of land

ZPP Khammam constructed (1999) an Auditorium<sup>61</sup> at a cost of ₹ 0.80 crore on 1 acre and 20 guntas of land transferred (1991) from Khammam Municipality. ZPP was also generating revenue from the Auditorium in the form of rents. Similarly, the Property Tax levied by Municipal authorities was also being paid by ZPP every year and the Auditorium was shown in their asset register.

Audit observed that ever since the land was transferred to ZPP in 1991, it had not pursued with Municipality and Revenue department for transfer of title deed of the property worth ₹ 5.81 crore in their name. Non-execution of mutation for transferring the title deed of the land posed the risk of losing the ownership.

Government accepted (October 2017) the observation.

<sup>60</sup> 40 guntas is equal to 1 acre. Existing land of 3 acres and 34 guntas plus 6 guntas make 4 acres (34 guntas + 6 guntas = 40 guntas, which is equal to 1 acre)

<sup>61</sup> In the name of 'Bhakta Ramadasu Kalakshetram'

### **III. Discrepancies between the land allotted and the land available**

- i. As per the records of MPP, Pudur of Rangareddy district, Government allotted (1998-2000) land to the extent of 1,317 square yards to MPP for construction of office buildings. However, as per asset register of ZPP, Rangareddy, the extent of land available with MPP was recorded as 1,239 square yards, leaving a difference of 78 square yards.
- ii. In respect of MPP Shamirpet of Rangareddy district, against total land of 10 acres allotted (August 1986) by Government for construction of Mandal Office Buildings, only 5 acres and 34 guntas was available as per survey conducted in February 2017.

Government accepted (October 2017) the observations.

### **IV. Lack of information**

None of the five test-checked ZPPs maintained land related information pertaining to ZPP schools such as area of land, mutation / title deeds, protection of land from encroachments etc. As regards MPP schools, the required data was not maintained by eight (32 *per cent*) out of 25 test-checked MPPs. Audit further noticed that no protection measures such as land survey and construction of compound wall/ fencing were taken for construction of compound wall in 128 (46 *per cent*) out of 281 schools in 17 other MPPs.

Government agreed (October 2017) with the audit observation. It was assured that necessary instructions would be issued to PRIs for proper maintenance of land inventory, asset register and mutation of land wherever necessary.

#### **2.1.7 Monitoring**

##### **2.1.7.1 Non-compilation of assets at departmental level**

As per Asset Management and Maintenance of Registers and Records guidelines (October 2004) of Government, all the HoDs<sup>62</sup> are required to compile the assets of subordinate offices including State level office. They shall report details of assets to the Administrative department by 31 December every year. The Administrative department in turn would furnish the same asset information to the Finance department by 15 January every year, for the issue of Fourth Quarter Budget Release Orders.

Audit examined the records pertaining to management of lands by PRIs in the office of Commissioner, Panchayat Raj. It was observed that they did not maintain any database of lands possessed by PRIs. Audit also observed that they did not frame any methodology for obtaining the information from PRIs for compilation at State level. As a result, no return on assets was sent to Commissioner by the test-checked units for onward submission to

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<sup>62</sup> Head of the Departments

administrative department at Secretariat by Commissioner, Panchayat Raj. This also indicated lack of controls and poor monitoring. Hence, proper controls should be put in place to ensure compilation of assets at departmental level.

Government accepted (October 2017) the audit observation and assured that steps would be taken to compile the assets at the departmental level.

#### **2.1.7.2 Non-formation of Vigilance and Enforcement wing**

As per State Government Rules,<sup>63</sup> a Vigilance and Enforcement wing has to be constituted in the Office of Commissioner, Panchayat Raj. The wing has to monitor the activities of district level cells for protection of GP properties. Audit noticed that no records were maintained in support of formation of a separate wing in the office of Commissioner, Panchayat Raj.

Government did not furnish specific reply.

#### **2.1.8 Conclusion**

The PRIs did not have records detailing the inventory of land in their possession in the absence of which stewardship was rendered difficult. This resulted in encroachment of the PRI lands, on which little was done to reclaim ownership. GPs did not play proactive role in obtaining their legitimate share of land in the form of open space from the approved layouts. The extent of land due to be transferred by the layout developers was 161 acres and 24 guntas valuing ₹90.13 crore. On the other hand, transfer of PRIs lands was done without protecting the financial interests of PRIs. Lands were transferred to other departments either without collection of compensation or free of cost in violation of State Government Rules.

### **2.2 Loss of revenue**

**Manikonda Gram Panchayat of Rangareddy district did not deduct Welfare Cess, resulting in loss of revenue of ₹80.37 lakh to the State Building and Other Construction Workers Welfare Board.**

Government of India (GoI) enacted Building and Other Construction Workers' Welfare Cess Act, 1996, with the objective of providing welfare measures to the construction workers. The subsequent Rules issued by GoI in 1998 provided for levying and collecting Cess from the employers undertaking Building and other Construction works. The State Government issued directions (December 2009) to Local Bodies to ensure receipt of one *per cent* Cess on projects<sup>64</sup> before approving building plans. The Cess collected has to be remitted to the Welfare Fund Account maintained by the State Building and Other Construction Workers Welfare Board.

<sup>63</sup> Para 8 of G.O. Ms. No.188 dated 21 July 2011

<sup>64</sup> Where estimated cost exceeds ₹ 10 lakh

Audit test-checked (February 2017) 35 cases of building permissions regulated (April 2014-January 2017) by Manikonda Gram Panchayat of Rangareddy district. It was found that Gram Panchayat did not levy Welfare Cess on the estimated cost of construction of the building works before according building permissions. This resulted in loss of revenue of ₹ 80.37 lakh<sup>65</sup> to the State Building and Other Construction Workers Welfare Board.

Thus, Gram Panchayat failed to comply with the provisions of Building and Other Construction Workers' Welfare Cess Act, 1996.

Government accepted (October 2017) the audit observation and stated that welfare cess would hereinafter be recovered.

### **2.3 Non-protection of land from encroachments**

**Inadequate stewardship of land of Telangana State Institute of Panchayat Raj and Rural Development (TSIPARD) led to encroachment of 27 acres and 20 guntas with market value of ₹ 247.50 crore**

Telangana State Institute of Panchayat Raj and Rural Development (TSIPARD), Hyderabad was an apex training Institute of Panchayat Raj and Rural Development (PR&RD) department.

In 1999, Institute got the possession of 233 acres of Extension Training Centres (ETCs) land in addition to the land measuring 22 acres already in their possession. Records of Institute showed the following:

- i. As per the provisions<sup>66</sup> of Andhra Pradesh Survey and Boundaries Act<sup>67</sup>, 1923, the registered holder of Government land is bound to maintain, renew and repair the survey marks<sup>68</sup> on the boundaries of his holding.

Audit noticed that after gaining (1999) the administrative control of ETCs, Institute did not install survey marks on the boundaries of entire land of 255 acres. A barbed wire fencing around the land of ETC at Rajendranagar was provided in the year 2002. It was later damaged and encroachments were noticed.

- ii. Institute proposed for construction of compound wall in September 2008, *i.e.*, 9 years after its possession of land in 1999. Based on the request (September 2008) of Institute, Government sanctioned (December 2008) ₹ 1.80 crore for construction of compound wall for protecting the land. The work was entrusted (January 2009 at contract value of ₹ 1.56 crore)

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<sup>65</sup> Cost of land is excluded

<sup>66</sup> Section 15

<sup>67</sup> Applicable in relation to the State of Telangana also as per Andhra Pradesh Reorganisation Act, 2014

<sup>68</sup> Survey stones

with a stipulation for completion by 30 days. Contractors<sup>69</sup> could not complete the work as the adjacent land owners and encroachers were claiming some of the pockets of the land as their own. Consequently the works were closed in 2009 after execution of works valued at ₹ 83 lakh.

- iii. As the compound wall could not be completed, Institute requested (May 2014) Commissioner, Survey, Settlement and Land Records for survey and demarcation of boundaries. Survey was completed (July 2014) and continuance of encroachments was reported. Audit observed (June 2017) from further examination of records/joint physical verification of boundary wall that a portion of wall constructed was broken. During 2008-2017, there was further encroachment upon 8 acres and 20<sup>70</sup> guntas of land.

Government accepted (December 2017) the audit observation and stated that security personnel were deployed to protect the land from further encroachments. Government further stated that funds were not allocated due to other priorities of the newly formed State.

**Thus failure of PR&RD department to ensure timely action to protect the land, resulted in encroachment of 27 acres and 20 guntas with market value of ₹ 247.50 crore. Expenditure of ₹ 83 lakh incurred on an incomplete compound wall remained unfruitful. Boundaries of the Institute were not protected with compound wall as of December 2017.**

## 2.4 Achievement of the objective

**A road cum bridge was not constructed in Adilabad District due to lapses in planning and delay in sanction of funds**

State Government sanctioned (November 2006) ₹ 2.60 crore for the work 'Providing BT on road from PWD road to Gundi including construction of bridge across Gundi vagu' in Adilabad district. The road-cum-bridge work was to provide connectivity for transportation of agricultural produce from adjacent villages of Gundi to the market centers of four<sup>71</sup> Mandal Headquarters. Cost of the work funded under NABARD/RIDF<sup>72</sup>-XII grant was revised to ₹ 3.85 crore in September 2007 due to change in SSR<sup>73</sup>. Engineer-in-Chief (ENC), Panchayat Raj accorded technical sanction for ₹ 3.81 crore in September 2008. The work was contracted (June 2009) with a stipulation for completion by October 2010.

<sup>69</sup> Work was split and entrusted to eight different contractors

<sup>70</sup> 27 acres and 20 guntas (2017) minus 19 acres (2008)

<sup>71</sup> Asifabad, Bellampally, Mancherial and Adilabad

<sup>72</sup> Rural Infrastructure Development Fund

<sup>73</sup> Standard Schedule of Rates

Audit examined (December 2015) the records of Panchayat Raj (PR) Engineering division, Asifabad of Adilabad district and had subsequent correspondence with them in June 2017. Improper survey coupled with inadequate funds resulted in the work remaining incomplete as of June 2017. The lapses are discussed below:

- i. On the basis of the Survey Report (December 2008) of PR department, the discharge of river water was taken as 420 cumecs. Subsequent inspection (January 2009) showed that the catchment area was “mis-interpreted”. This led to several changes in the designs of bridge<sup>74</sup>. Consequently the department revised (August 2009) the estimates of project to ₹ 6.78 crore. After several clarifications, department requested (January 2011) the Government to accord revised administrative sanction. Government did not accept (March 2011) the proposal.
- ii. Department proceeded with the construction of the bridge based on the revised drawings and designs, despite the rejection by Government. A supplementary agreement was concluded with the same contractor in June 2011. After execution of works<sup>75</sup> valuing ₹ 2.27 crore, department short closed (January 2015) the work due to slow progress and insufficient funds.
- iii. Gram Panchayats and public representatives had repeatedly represented to the department for early completion of the work since 2009. Government accorded revised administrative sanction of ₹ 8.40 crore (March 2016), after a delay of more than five years from January 2011. Work was awarded (December 2016) to another contractor with a stipulation to complete in 18 months. The work was in progress (June 2017).

Thus, the Panchayat Raj engineering department failed to do proper investigation and survey to ascertain the water discharge. The Government also delayed sanction of adequate funds. Despite incurring expenditure of ₹ 2.27 crore, the project remained incomplete for seven years, besides resulting in cost overrun of ₹ 3.89 crore. This resulted in non-achievement of the objective of providing BT road connectivity to the nearby villages of Gundi.

Government accepted (October 2017) the observation.

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<sup>74</sup> increase in number of vents (six to nine), size of foundation wells (6.50 mm dia to 8.00 mm dia), safe bearing capacity of trial pit (25t/sqm to 45t/sqm) and depth of scours (9 mts to 21 mts)

<sup>75</sup> Bridge work – well steining of 10 numbers and sinking work, road work – earth work and granular sub base

## 2.5 Incomplete water supply project

**Failure to ensure adequate funding led to incomplete project thus delaying the ultimate objective of safe drinking water to all the intended habitations.**

District Collector sanctioned (September 2008) ₹ 6 crore for a water supply scheme in Rajendranagar Mandal of Rangareddy district. The scheme intended to provide safe drinking water to six habitations<sup>76</sup> with assistance from the then Hyderabad Urban Development Authority<sup>77</sup> (HUDA). The HUDA agreed (July 2010) to provide funds to the extent of only ₹ 3 crore and the remaining cost (₹ 3 crore) was to be met by Rural Water Supply (RWS) department. The Shaikpet reservoir of Hyderabad Metro Water Supply and Sewerage Board (HMWSSB) was the source of water<sup>78</sup> needed for commissioning the project.

The RWS division, Hyderabad contracted (October 2009) the works (pumping and gravity mains) at a value of ₹ 3.05 crore for completion by April 2010. Due to insufficient funds, the contract was closed in March 2011 after executing works valuing ₹ 2.98 crore. Sanction for completing the project was subsequently accorded by Government under National Rural Drinking Water Programme (NRDWP) in three spells (April 2011, July 2012 and August 2012). However, the scheme was not commissioned as of June 2017.

Records of RWS division showed the following:

- i. RWS department was aware (July 2010) of the fact that HUDA would provide the funds to the extent of only ₹ 3 crore. Simultaneous action was, however, not taken for bridging the gap of funding. Department sent the proposals for additional fund requirement to Government only in February 2011, i.e., after the delay of seven months.
- ii. The revised administrative sanction accorded by Government for ₹ 2 crore under NRDWP (coverage) in April 2011 included the provision for only pipelines and Over Head Service Reservoirs (OHSRs). There was no provision for water connection charges payable to HMWSSB. An amount of ₹ 1.39 crore was incurred towards construction of OHRS as of January 2015.
- iii. HMWSSB issued demand notice in August 2011 for payment of ₹ 5.76 crore towards water connection charges due by 7 September 2011. Due to non-availability of funds, RWS department approached (July 2012) the Government with revised proposals for additional grant of ₹ 5.90 crore. This was sanctioned in July 2012 under NRDWP coverage grant and ₹ 5.76 crore was paid to HMWSSB in December 2012. Due to time lag of more than a year, during which tariff rates underwent revision, a revised

<sup>76</sup> Alijapur, Manchirevula, Manikonda, Nekkampur, Narsingi and Puppallaguda with the population 17,151

<sup>77</sup> Now Hyderabad Metropolitan Development Authority

<sup>78</sup> 2,520 Kilolitres per day

demand for ₹ 9.96 crore was issued by the HMWSSB in January 2013. The balance amount of ₹ 4.20 crore (₹ 9.96 crore minus ₹ 5.76 crore) had not been paid as of April 2017.

Government replied (November 2017) that RWS department had completed the works, and based on the orders issued by them in April 2015<sup>79</sup>, the project was handed over to HMWSSB for maintenance. Reply is not acceptable as the water was released to only three habitations, as clarified (July 2017 / December 2017) by HMWSSB. Works for supplying water to the remaining three habitations were yet to be taken up. Pending works include construction of 100 KL sump<sup>80</sup> with source being Krishna water.

Thus, RWS department failed in initiating timely action to identify the source of funding before taking up the scheme and completion of works in time. As a result, the objective of providing safe drinking water to all the targeted habitations remained unachieved.

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<sup>79</sup> State Government issued orders (April 2015) for providing drinking water supply to Gram Panchayats inside Outer Ring Road of Hyderabad to HMWSSB. RWS&S department was instructed to complete its entire ongoing works and handover to HMWSSB for future Operation and Maintenance

<sup>80</sup> Narsingi 100 Kilo Litre sump to Manchirevula with an estimated cost of ₹ 1.90 crore

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**Part – B**  
**Urban Local Bodies**

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**Chapter – III**  
**An Overview of the functioning and  
financial reporting issues of  
Urban Local Bodies**

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**Section-A**

**An Overview of the functioning of the  
Urban Local Bodies (ULBs) in the State**

**3.1 Introduction**

Government of India (GoI) enacted (1992) 74<sup>th</sup> amendment to the Constitution to empower Urban Local Bodies (ULBs) as local self-governing institutions in the country to perform effectively. Accordingly, State Government enacted Andhra Pradesh Municipal Corporations Act, 1994 to set up Municipal Corporations in the State. Provisions of Hyderabad Municipal Corporation (HMC) Act, 1955 including the provisions relating to levy and collection of taxes or fees were extended to all other Municipal Corporations in the State. Municipalities are, however, governed by the Andhra Pradesh Municipalities Act, 1965<sup>81</sup>. The profile of ULBs in the State is given in Table 3.1:

**Table 3.1**

Indicator	Unit	State Statistics
Urban population	Crore	1.36
Male	Lakh	69.07
Female	Lakh	67.02
Urban sex ratio	Females per 1000 Males	970
Urban literacy rate	Percentage	81.09
Municipal Corporations	Number	6
Municipalities	Number	42
Nagar Panchayats	Number	25

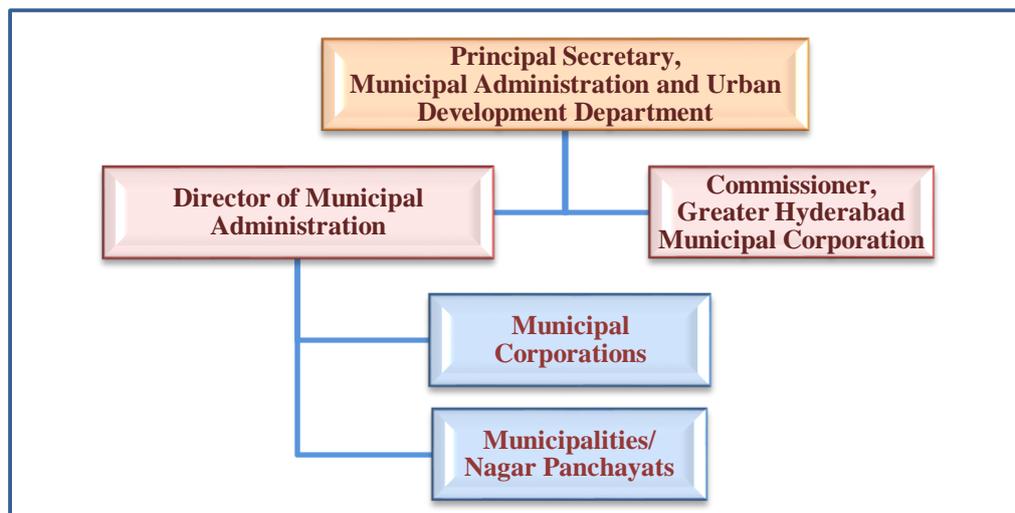
*Source: Records of Director Municipal Administration (DMA) and 'Telangana at a glance'*

<sup>81</sup> Applicable in relation to the State of Telangana also as per Andhra Pradesh Reorganisation Act, 2014

### 3.2 Organisational set-up of ULBs

Organisational arrangements for the ULBs are as follows:

Chart 3.1



The ULBs were under the administrative control of the Director of Municipal Administration (DMA). The Municipalities/Nagar Panchayats and Corporations transact their business as per the provisions of the Acts concerned. Day-to-day administration of all the ULBs rests with the Commissioners concerned.

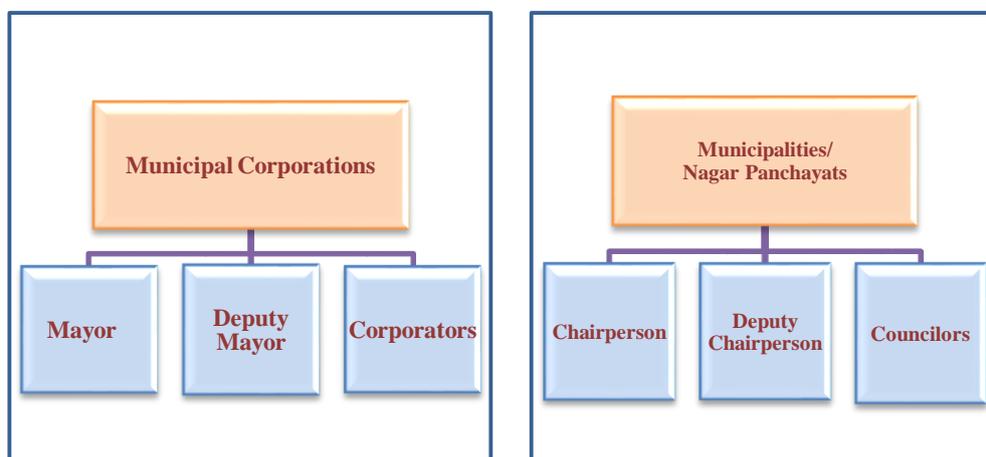
### 3.3 Functioning of ULBs

The 74<sup>th</sup> Constitutional Amendment Act, 1992 identified 18 functions for ULBs as incorporated in Twelfth Schedule to the Constitution. All the functions mentioned in this Schedule were devolved to ULBs in the State except 'Fire Services'.

### 3.4 Formation of various committees

The structure of the elected bodies of the ULBs is given below:

Chart 3.2



In respect of the Corporations, Standing Committees, comprising the Chairpersons of all the Ward Committees under them, meet at intervals prescribed by the Act. Similarly, in respect of the Municipalities, the Municipal Ward Committees meet at prescribed intervals to transact business, make regulations and scrutinise municipal accounts. The main functions of the Ward Committees (both Municipalities as well as Corporations) include provision and maintenance of sanitation, water supply and drainage, street lighting, roads, market places, playgrounds, school buildings, review of revenue collections, preparation of annual budget etc. Director, Municipal Administration stated (November 2017) that out of 72 ULBs (excluding GHMC), Ward Committees were constituted only in 28 ULBs. In remaining 44 ULBs, Municipal Councils concerned were discharging their roles and responsibilities.

### **3.5 Sources of funds**

Resource base of ULBs consisted of own revenue generated by collection of tax<sup>82</sup>, non-tax<sup>83</sup> revenues, devolution at the instance of State and Central Finance Commissions, Central and State Government grants for maintenance and development purposes and other receipts<sup>84</sup>.

Summary of receipts of ULBs for the years 2012-17 is given in the table below. Receipts for the period 2012-14 pertain to the composite State of Andhra Pradesh whereas the receipts for the period 2014-17 pertain to the state of Telangana.

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<sup>82</sup> Property tax, advertisement fee etc.,

<sup>83</sup> Water tax, rents from markets, shops and other properties, auction proceeds etc.,

<sup>84</sup> Donations, interest on deposits etc.,

**Table 3.2**

(₹ in crore)

S.No.	Receipts	2012-13	2013-14	2014-15	2015-16	2016-17
1	Own Revenue	2,898.52	3,183.43	371.28	1,616.50	2,575.67
2	Assigned Revenue <sup>85</sup>	819.28	695.66	65.97	418.36	254.84
3	State Government Grants	921.00	1,358.60 <sup>86</sup>	NA**	NA**	813.04
4	Government of India Grants					
	Scheme funds	378.36	-	NA**	NA**	807.31
	14 <sup>th</sup> Finance Commission	Nil	-	-	25.66	
5	Other Receipts*	Nil	275.60	20.32	203.37 <sup>#</sup>	318.01
<b>Total</b>		<b>5,017.16</b>	<b>5,513.29</b>	<b>457.57</b>	<b>2,263.89</b>	<b>4,768.87</b>

Source: Data furnished by Director of Municipal Administration and Greater Hyderabad Municipal Corporation

\*Other receipts include loans, accrued interest, penalties received, forfeited security deposits etc.

\*\*Data not made available

# Data pertains to only GHMC, as the information of other ULBs was not furnished by DMA

### 3.5.1 Financial Assistance to ULBs

Financial assistance was provided by State Government to ULBs by way of grants and loans. Details of the financial assistance provided by the Government to ULBs<sup>87</sup> is given below:

**Table 3.3**

(₹ in crore)

Details	2012-13	2013-14	2014-15	2015-16*	2016-17	Total
Budget	177.45	483.45	287.49	547.18	2,178.07	<b>3,673.64</b>
Actual Release	90.57	441.37	249.86	12.06	857.32	<b>1,651.18</b>

Source: Data furnished by Director of Municipal Administration

\* Information furnished by GHMC alone

<sup>85</sup> Seigniorage fee and surcharge on stamp duty collected by Departments of Mines and Geology and Stamps and Registration are apportioned to the Local Bodies in the form of assigned revenue

<sup>86</sup> This includes grants received from GoI

<sup>87</sup> for the years 2012-14, pertaining to the composite state of Andhra Pradesh and for the period 2014-17 pertaining to the state of Telangana

### 3.5.2 Application of funds

Details of expenditure incurred by ULBs for the years 2012-14, pertaining to composite State of Andhra Pradesh and for the period 2014-17, pertaining to State of Telangana are given below:

**Table 3.4**

(₹ in crore)

S.No.	Type of expenditure	2012-13	2013-14	2014-15	2015-16	2016-17
1	Revenue expenditure	3,153.33	3,418.10	253.82	1,819.62	2,675.64
2	Capital expenditure	1,166.59	1,573.30	148.51	1,233.82	1,182.03
<b>Total</b>		<b>4,319.92</b>	<b>4,991.40</b>	<b>402.33</b>	<b>3,053.44</b>	<b>3,857.67</b>

*Source: Data furnished by Director of Municipal Administration and Greater Hyderabad Municipal Corporation*

### 3.5.3 Recommendations of the State Finance Commission

As per Article 243Y of the Constitution, State Government has to constitute State Finance Commission (SFC) once in five years to recommend devolution of funds from the State Government to Local bodies. Third SFC was constituted in January 2003 and submitted its report in 2008. State Government issued orders for implementation of the recommendations of the SFC only in December 2013. Against ₹ 489.38 crore recommended by the SFC for devolution of funds to ULBs every year, Government agreed to release only ₹ 123.12 crore per annum.

State Government did not constitute SFC after 2013. Hence, the committee of Ministers and Secretaries felt that recommendations of Third Finance Commission could be applied for the period 2011-2016 also. During the year 2016-17, Government released<sup>88</sup> ₹ 47.97 crore to ULBs.

### 3.5.4 Recommendations of Central Finance Commissions

The Fourteenth Finance Commission (FFC) recommended that local bodies be assured transfers for planning and delivering services<sup>89</sup> under their charge. Grants were released under two components, *i.e.*, Basic grant and Performance grant in the ratio of 80:20. GoI released ₹ 538.68 crore during 2016-17.

<sup>88</sup> For Development works, Office building, Electricity charges, etc.,

<sup>89</sup> water supply, sanitation including septic management, sewage and solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths, street lighting, burial and cremation grounds

### **3.6 Audit Mandate**

#### **3.6.1 Primary Auditor**

Director, State Audit (DSA) functioning under the administrative control of Finance Department, is the statutory auditor for ULBs under Andhra Pradesh State Audit Act, 1989. As per Section 11(2) of the Act, DSA is required to prepare a Consolidated State Audit and Review Report for presentation to the State Legislature. The DSA had two Regional Offices and nine District offices in Telangana State. As per Section 10 of the Act, DSA is empowered to initiate surcharge proceedings against the persons responsible for causing loss to the funds of local authority. Such amounts are to be recovered by the executive authority concerned under Revenue Recovery (RR) Act.

As per the information furnished (November 2017) by DSA, audit of 5 ULBs<sup>90</sup> accounts was in arrears from 2001-02. DSA attributed the delay in audit to non-production of records by Municipalities and Nagar Panchayats. As per the information furnished (November 2017) by DSA, one surcharge certificate<sup>91</sup> amounting to ₹ 7,228 was issued during 2016-17 in Khammam.

The Consolidated Audit and Accounts Report for 2011-12 was tabled in the State Legislature on 31 March 2016. DSA stated (December 2017) that consolidation of Reports for the years 2012-13 and 2013-14 were under progress. Some of the major findings observed in 2011-12 report relate to excess utilisation/non-utilisation/diversion/mis-utilisation of grants, non-collection of taxes and fee, advances pending adjustment etc.

#### **3.6.2 Audit by Comptroller and Auditor General of India**

Based on the recommendations of the Eleventh Finance Commission, State Government entrusted (August 2004) the responsibility for providing Technical Guidance and Supervision (TGS) in connection with the accounts and audit of Local Bodies under Section 20(1) of CAG's (DPC) Act.

Based on test-check of ULBs a consolidated report (TGS Note) is prepared at the end of each financial year and forwarded to the DSA for improving the quality of their reports. TGS note for the year 2016-17 was issued in September 2017.

#### ***Planning and conduct of audit***

The Audit process commences with assessment of risk<sup>92</sup>, based on expenditure incurred, criticality/complexity of activities, priority accorded for the activity by Government, level of delegated financial powers, assessment of internal controls and concerns of stakeholders.

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<sup>90</sup> GHMC, Mahabubnagar-1, Sangareddy-2, Medak -1

<sup>91</sup> Means the certificate by which the charge or the liability of a surchargee is communicated

<sup>92</sup> of department/local body/scheme/programme etc.,

Previous audit findings were also considered in this exercise. Based on this risk assessment, frequency and extent of audit was decided and an annual audit plan was formulated to conduct audit. During 2016-17, 6 ULBs<sup>93</sup> falling under the department of Municipal Administration and Urban Development were covered in audit.

Report of the Comptroller and Auditor General of India on Local Bodies for the year ended March 2016 was tabled in the State Legislature on 27 March 2017.

***Response to audit observations***

After completion of audit, Inspection Reports (IRs) containing audit findings were issued to head of the unit concerned. Heads of offices and next higher authorities were required to respond to observations contained in IRs within one month and take appropriate corrective action. Audit observations communicated in IRs were also discussed in meetings at district level by officers of the Municipal Administration and Urban Development department with officers of Principal Accountant General's office.

As of October 2017, 73 IRs containing 1,761 paragraphs pertaining to the period up to 2016-17 were pending settlement as given below. Of these, initial replies had not been received in respect of 24 IRs and 894 paragraphs.

**Table 3.5**

Year	Number of IRs /Paragraphs		IRs/Paragraphs where even initial replies had not been received	
	IRs	Paragraphs	IRs	Paragraphs
Up to 2012-13	45	813	8	246
2013-14	3	131	3	131
2014-15	9	266	1	53
2015-16	10	363	6	276
2016-17	6	188	6	188
<b>Total</b>	<b>73</b>	<b>1761</b>	<b>24</b>	<b>894</b>

Lack of action on IRs was fraught with the risk of serious financial irregularities pointed out in these reports remaining unaddressed.

<sup>93</sup> Municipal Corporation-1 (Khammam), Municipalities-2 (Janagaon, Kothagudem), Nagar Panchayats-3 (Bhupalapalli, Huzurabad, Madhira)

## **Section B**

### **Accountability framework and Financial Reporting issues**

#### **3.7 Accounting framework**

##### **3.7.1 Ombudsman**

The Thirteenth Finance Commission recommended establishment of an independent local body ombudsman system. Independent ombudsman system was not adopted in the State. However amendments were made to the existing AP Lokayukta Act, 1983 to cover all the elected members of the Municipal bodies.

##### **3.7.2 Social Audit**

Social Audit was yet to be instituted for programmes/schemes implemented by Department of Municipal Administration and Urban Development (MA&UD).

##### **3.7.3 Property Tax Board**

The Thirteenth Finance Commission stipulated that State Government must put in place a Property Tax Board. The board was to assist all ULBs to put in place an independent and transparent procedure for assessing Property Tax. Accordingly, State Government issued (March 2011) orders for constituting Property Tax Board. The Andhra Pradesh Municipalities Act, 1965 was amended (2012) to provide the Legislative framework for the functioning of Andhra Pradesh State Property Tax Board.

State Government had sanctioned (October 2013) 28 posts for effective functioning of the board. Post bifurcation 14 posts were allotted to Telangana. The DMA stated (November 2017) that proposal for filling up of posts was sent (November 2017) to Government. Orders were awaited. DMA was authorised to discharge the functions of Chairman.

##### **3.7.4 Service Level Benchmark**

The Thirteenth Finance Commission stipulated that State Government must notify or cause the Urban Local Bodies to notify the service standards of four<sup>94</sup> core sectors to be achieved by them by the end of fiscal year. State Government fixed the targets for the year 2014-15 (March 2014). From 2015-16 onwards, ULBs were directed to publicise the Service Level Benchmarks by themselves.

Out of 73 ULBs, 68 ULBs published SLB targets for 2016-17. None of the six ULBs test-checked in audit during 2016-17 furnished the details of achievements against the SLB targets set.

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<sup>94</sup> water supply, sewerage, storm water drainage and solid waste management

### **3.7.5 Fire hazard response**

Guidelines of the Thirteenth Finance Commission stipulated that, all Municipal Corporations with a population of more than one million, must put in place a fire hazard response and mitigation plan. A gazette notification to this effect has to be issued by State Government demonstrating compliance by end of March 2014. Accordingly, State Government notified (September 2014) the fire hazard response and mitigation plans to be implemented by GHMC during 2014-15. Notifications for the subsequent years were not made available to audit.

During the year 2016-17, GHMC, having population of more than one million, sanctioned ₹ 63.17 crore under fire hazard response and mitigation plan and released ₹ 20.10 crore. Of this, ₹ 13.13 crore was expended.

### **3.8 Submission of Utilisation Certificates (UCs)**

Scheme guidelines of Centrally Sponsored Schemes (CSS) and Central Finance Commissions (CFCs) stipulate that UCs should be obtained by departmental officers from the grantees and after verification should be forwarded to GoI. Records of six test-checked ULBs (2016-17) showed that UCs in respect of CSSs and CFCs amounting to ₹ 8.52 crore<sup>95</sup> for the period (2008-09 to 2016-17) were yet to be furnished by three ULBs<sup>96</sup> as of March 2017. DMA did not furnish the details of UCs due to be submitted to GoI.

### **3.9 Maintenance of Records**

#### **3.9.1 Unspent balances in bank accounts of closed schemes**

Scheme guidelines stipulate surrender of unspent amount into Government account in respect of closed schemes. State level authorities of the schemes concerned and DMA should watch the balances of closed schemes lying in the accounts of different ULBs. Records of six ULBs during 2016-17 showed that ₹ 32.05 lakh pertaining to closed schemes such as NSDP<sup>97</sup> and BRGF<sup>98</sup> in Khammam Municipality remained unspent as of March 2017.

#### **3.9.2 Advances pending adjustment**

As per Andhra Pradesh Financial Code, advances paid should be adjusted without any delay and the drawing and disbursing officers concerned should watch their adjustment. Records of six ULBs during 2016-17 showed that

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<sup>95</sup> Backward Regions Grant Fund ₹ 4.22 crore, 13<sup>th</sup> FC ₹ 3.50 crore, 14<sup>th</sup> FC ₹ 0.80 crore

<sup>96</sup> Municipalities-2 (Kothagudem, Janagaon), Nagar Panchayat-1(Madhira)

<sup>97</sup> National Slum Development Programme

<sup>98</sup> Backward Region Grant Fund

advances<sup>99</sup> amounting to ₹ 8.65 lakh remained unadjusted as of March 2017 in Huzurabad Nagar Panchayat.

### **3.9.3 Non-reconciliation of departmental figures with treasury**

As per paragraph 19.6 of Andhra Pradesh Budget Manual, DDOs are required to reconcile departmental receipts and expenditure with those booked in treasury every month to avoid any misclassification and fraudulent draws. Reconciliation in respect of five<sup>100</sup> out of six ULBs test checked was pending from 2012-13.

### **3.9.4 Cases of misappropriation**

Andhra Pradesh Financial Code stipulates responsibilities of Government servants dealing with Government money, the procedure for fixing responsibility and recovery for any loss. State Government ordered (February 2004) the departmental Secretaries to review cases of misappropriations on a monthly basis. The Chief Secretary to Government was to review these cases once in six months with all the Secretaries concerned. As of March 2017, misappropriation cases noticed by Director, State Audit which were pending from 2005-06 for disposal are detailed below:

**Table 3.6**

(₹ in crore)

Unit	Up to 2016-17 <sup>101</sup>	
	No. of cases	Amount
Municipal Corporations	80	5.50
Municipalities	204	10.13
Nagar Panchayats	30	0.07
<b>Total</b>	<b>314</b>	<b>15.70</b>

Source: Director, State Audit.

Urgent action needs to be taken by the Government in this regard.

### **3.9.5 Maintenance of Accounts by ULBs**

The ULBs adopted the software Model Accounting System developed by the Centre for Good Governance for maintenance of Accounts. DMA stated that maintenance of database format of the finances of ULBs was adopted in all 72 ULBs. Records of Janagon Municipality showed discrepancies between annual accounts maintained manually and online.

<sup>99</sup> to staff for various purposes during 2012-13 to 2015-16

<sup>100</sup> Bhupalapally, Huzurabad, Janagaon, Kothagudem, Madhira

<sup>101</sup> No information has been provided for the misappropriation cases for the year 2016-17

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# **Chapter – IV**

## **Performance Audit**

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## Performance Audit on Greater Hyderabad Municipal Corporation

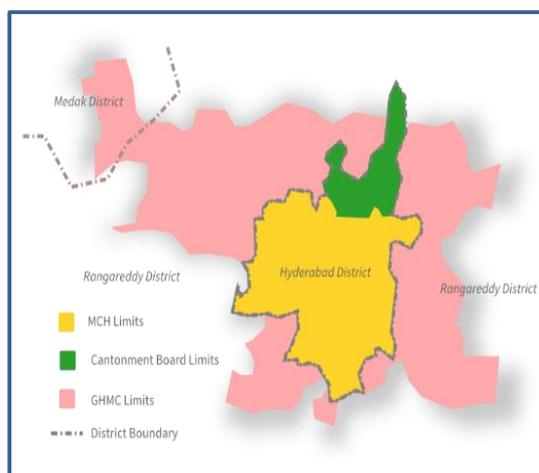
### 4.1 Introduction

Greater Hyderabad Municipal Corporation (GHMC) covering an area of 650 sq.kms, was formed in April 2007 by amalgamating the erstwhile Municipal Corporation of Hyderabad (MCH) with 12 other municipalities.

The population of GHMC as per 2011 census was 67.32 lakh. Functioning of GHMC is governed by GHMC Act, 1955. In

compliance with the provisions of this Act, GHMC discharges 29 obligatory<sup>102</sup> and 40 discretionary<sup>103</sup> functions. It provides civic services and infrastructure facilities to the residents of the twin cities of Hyderabad and Secunderabad.

The Corporation is empowered to levy and collect taxes<sup>104</sup> to meet the expenditure on these services. The other sources of revenue were non-tax revenue<sup>105</sup>, assigned revenue<sup>106</sup>, rental income from municipal properties etc. It also received grants and scheme funds from Government of India and State Government. During 2012-17, the receipts and expenditure of Corporation showed an increasing trend, except for receipts during 2016-17. There was shortfall in receipts by ₹ 16 crore in 2016-17 when compared with 2015-16. The receipt and expenditure of GHMC during 2012-17 are given in Chart 4.1.



<sup>102</sup> Functions requiring adequate provision by Corporation

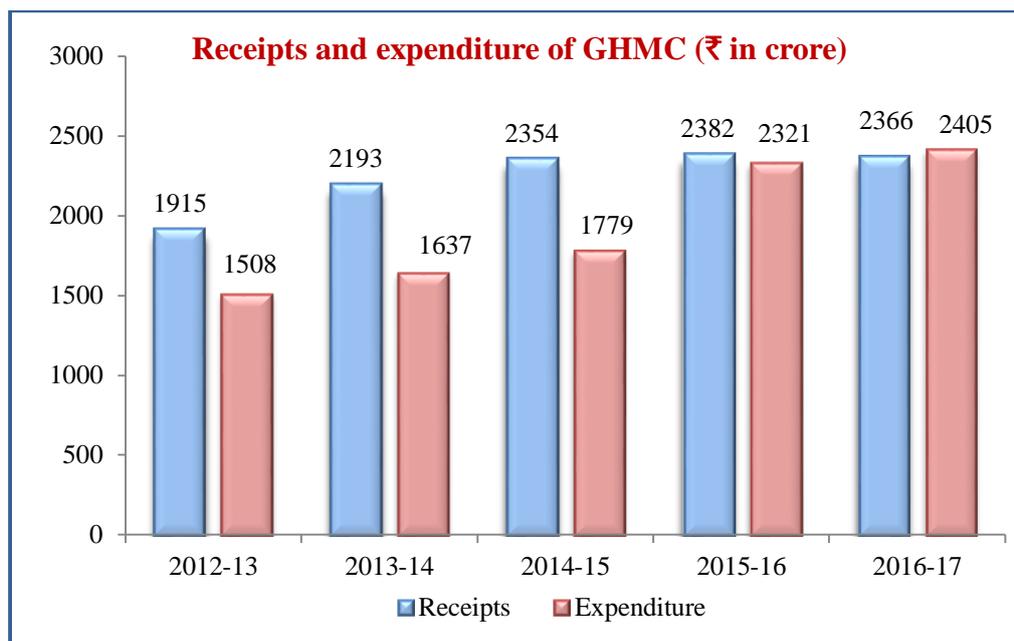
<sup>103</sup> Functions requiring provision from time to time either wholly or partly by Corporation

<sup>104</sup> Property tax, advertisement fee etc.,

<sup>105</sup> Water tax, auction proceeds etc.,

<sup>106</sup> Revenue apportioned to Local Bodies by State Government from their revenue collections such as seignorage fee, surcharge on stamp duty etc.,

Chart 4.1

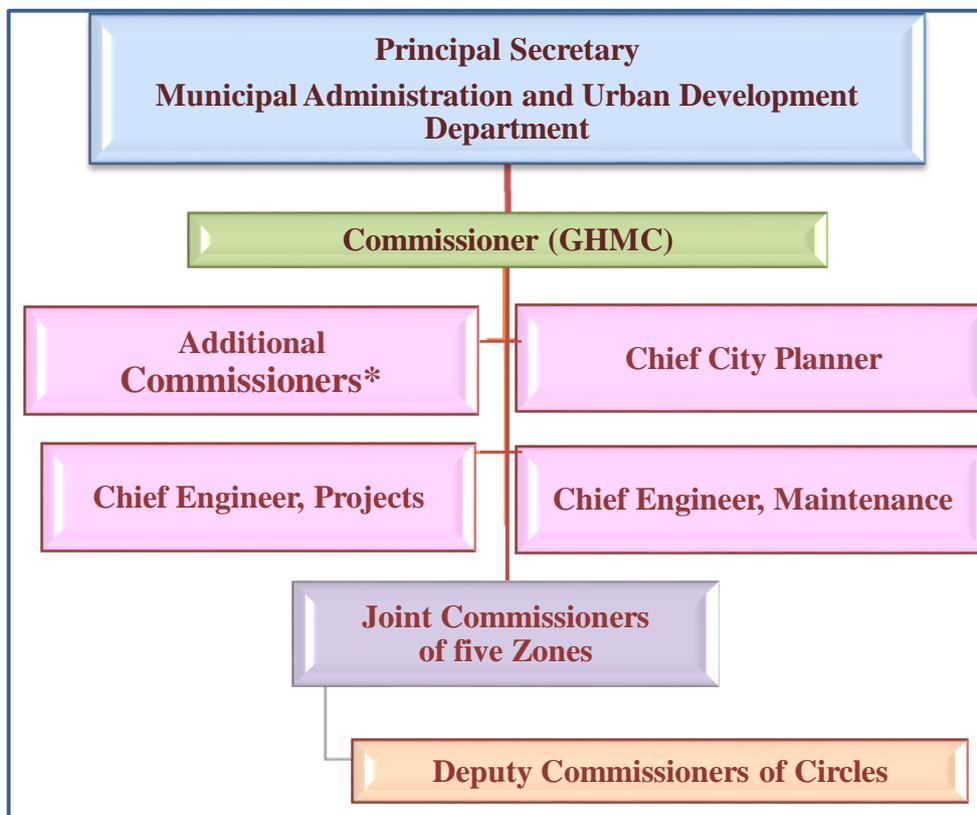


Source: Annual Accounts of GHMC for 2012-16, provisional accounts for 2016-17

## 4.2 Organisational set-up

The organisational chart of GHMC is given below:

Chart 4.2



\*Revenue, Finance, Information Technology, Sanitation etc.

### **4.3 Audit framework**

#### **4.3.1 Audit objectives**

Performance Audit of GHMC in four selected areas viz., Building permissions, Property Tax, Solid waste management and Storm water drains was carried out with the objective of assessing whether:

- i. existing arrangements for according Building Permissions and levy, collection and accounting of Property Tax were adequate and effective;
- ii. management of municipal solid waste was effectively carried out; and
- iii. storm water drains were adequately provided.

#### **4.3.2 Audit criteria**

Audit findings were benchmarked against criteria sourced from the following:

- i. Bye-laws and Council Resolutions of Corporation;
- ii. City Development Plan;
- iii. Hyderabad Municipal Corporation Act, 1955 (Amended as GHMC Act, 1955);
- iv. Relevant scheme/project guidelines and Service level benchmarks;
- v. Solid Waste Management Rules 2000 and 2016; and
- vi. Financial Code and Public Works Code.

#### **4.3.3 Audit sample, scope and methodology**

The audit was conducted between February and July 2017. The offices covered in audit included: (i) Municipal Administration and Urban Development department, and (ii) Office of Greater Hyderabad Municipal Corporation. Six<sup>107</sup> of highest revenue generating (under Property Tax) circles out of 24 circles in the Corporation were selected using stratified sampling method. The period covered was 2012-13 to 2016-17. Apart from scrutiny of records, physical verification of sites, wherever required, was conducted with departmental officials. An Entry conference was held (January 2017) with the officials of the department/Corporation wherein the audit framework was discussed. Exit Conference was held with the representatives of department/Corporation in December 2017 to discuss audit findings. Replies (November/December 2017) of the Government have been suitably incorporated in the report.

#### **4.3.4 Acknowledgements**

Audit acknowledges the cooperation and assistance extended by the GHMC and the State Government during the course of audit.

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<sup>107</sup> Circle-3A (L.B.Nagar), Circle-9A (Abids), Circle-10A (Khairatabad), Circle-11 (Serlingampally), Circle-14A (Kukatpally), Circle-18 (Secunderabad)

## **Audit findings**

### **4.4 Building permissions**

Section 428 and 433 of GHMC Act, 1955 requires every person who intends to build or make additions to a building, to apply to the Commissioner for permission. The Corporation accords building permissions after collecting the building permit fee.

The erstwhile Government of combined Andhra Pradesh had issued Building Rules in 2012. The Building Rules, 2012 adopted the provisions of National Building code of India (NBC) – 2005 including building resistance to earth quake/other natural hazards.

#### **4.4.1 Issue of building permissions**

Section 437 of GHMC Act, 1955, prescribes a time limit of 30 days for disposing of applications seeking building permission. Failing which, construction can be commenced and such construction is not treated as unauthorised. However, if the construction of building is contrary to the Building Rules, Corporation has the power to demolish such constructions.

During 2012-17, the Corporation accorded 42,425 permissions, representing 84.55 *per cent* of 50,177 applications, and collected building permit fee of ₹903.91 crore<sup>108</sup>. Applications totalling 7,512 (14.97 *per cent*) were returned/rejected owing to various reasons<sup>109</sup>. Further 240<sup>110</sup> applications received during 2013-17 were yet to be disposed of as of August 2017.

Government accepted (December 2017) the observation and stated that Development Permission Management System (DPMS) was introduced (June 2016) to dispose of the applications within the stipulated time. However, Audit found that there was no improvement in incidence of pendency of applications, as 212 applications received during 2016-17 were pending.

#### **4.4.2 Issue of Occupancy certificate**

Section 455 of GHMC Act, 1955 and Government order<sup>111</sup> (April 2012) stipulates that the owner is to be given possession of the building only after obtaining Occupancy certificate<sup>112</sup>. Without Occupancy certificate, services like power, water supply, drainage etc., can be denied or alternately charged at three times the normal tariff.

During 2012-16, GHMC issued 6,549 Occupancy certificates which accounted for 72 *per cent* of 9,094 applications received. 2,534 applications (28 *per cent*)

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<sup>108</sup> As per annual accounts of Corporation

<sup>109</sup> Incomplete documentation, violation of setback norms in proposed building plans, non-payment of building permit fee etc.,

<sup>110</sup> 2013-14: 4 applications, 2014-15: 3 applications, 2015-16: 21 applications and 2016-17: 212 applications

<sup>111</sup> G.O. Ms No.168 MA&UD Department dated 07 April 2012

<sup>112</sup> Upon receiving notice of completion through the registered architect and licensed builder/developer along with prescribed documents and plans

were rejected <sup>113</sup> and 11 applications <sup>114</sup> were pending. In 2016-17, 1,323 Occupancy certificates (33 *per cent*) were issued against 4,042 applications received, status of remaining applications was not on record. Government accepted (December 2017) the observation and stated that wherever Occupancy certificate was rejected, statutory notices were issued. In case of detection of unauthorised constructions statutory notices were also issued. During the years 2016 and 2017, 868 properties<sup>115</sup> were demolished. However, the reply was silent regarding the cases of pending applications.

#### **4.4.3 Absence of co-ordination between Town Planning wing and Revenue wing**

Town Planning wing issues building permissions and Occupancy certificate while the Revenue wing conducts assessment of buildings for levy and collection of Property Tax. For assessment of property, details of building permission are mandatory. Audit observed that there was no arrangement of forwarding building permissions with approved building plan by Town Planning wing to Revenue wing in any of the test-checked Circles. Revenue wings were separately conducting field inspections to identify newly constructed properties and additions to the buildings.

Government accepted (December 2017) the audit observation. The possibility of interfacing the modules of Town Planning wing and Property Tax of Revenue wing was assured to be looked into.

#### **4.4.4 Deviations/Unauthorised constructions**

As per Municipal Manual<sup>116</sup> the Town Planning wing conducts field visits to identify deviations from norms prescribed in building permissions. Town Planning wing of Corporation is empowered to initiate action to demolish unauthorised constructions.

Audit found that Town Planning wing did not take action on the constructions with deviations to the norms prescribed in building permissions. The absence of records <sup>117</sup> and deviations in constructions/unauthorised constructions (detected by Revenue wing) indicate ineffective field inspections by Town Planning wing. **During 2012-17, deviations were noticed in 30,864 assessments<sup>118</sup> (41 *per cent*) out of 75,387 Property Tax assessments in test-checked Circles.** Of these, 10,460 were unauthorised constructions.

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<sup>113</sup> Reasons being setback deviations were more than 10 *per cent*, constructions were in deviation to the approved plan etc.,

<sup>114</sup> 2013-14: 2 applications and 2015-16: 9 applications

<sup>115</sup> 2016: 585 properties and 2017: 283 properties

<sup>116</sup> developed by the department of Municipal Administration and Urban Development

<sup>117</sup> copies of inspection reports/tour diaries of officers concerned etc.,

<sup>118</sup> Penalty less than 100 *per cent*: Circle-3A 6,949 assessments, Circle-9A 1,338 assessments, Circle-10A 2,894 assessments, Circle-11 3,695 assessments, Circle-14A 3,719 assessments, Circle-18 1,809 assessments; penalty of 100 *per cent* Circle-3A 2,277 assessments, Circle-9A 495 assessments, Circle-10A 1,890 assessments, Circle-11 1,934 assessments, Circle-14A 1,624 assessments, Circle-18 2,240 assessments

Government accepted (December 2017) existence of buildings without permissions and constructions with deviation to the approved plans. They expressed (December 2017) their inability in taking action on violators due to Court cases and resistance from people's representatives etc. In order to avoid legal disputes on construction of buildings, it was stated that a proposal for setting up of Building Tribunal<sup>119</sup> was underway. Audit further noticed that there were 9,896 court cases of which 6,074 were still pending in various courts (High court, Civil court Lokayukta etc.,) as of January 2018.

#### **4.4.5 Short levy of Building permit fee**

Based on the resolution of Municipal Council, GHMC fixed (June 2008) Building permit fee separately for residential and non-residential purposes. Building permit fee comprises betterment charges, environmental impact fee, etc.

Of the 42,425 permissions issued during 2012-17 by the Corporation, 17,744 building permissions related to six test-checked circles. Of these, audit conducted detailed examination of 894 building permission files (5 per cent). The cases of short collection of Building permit fee due to incorrect computation are discussed below:

<b>S.No.</b>	<b>Audit Observation</b>	<b>Short levy (₹ in lakh)</b>
i	State Government issued <sup>120</sup> (June 2015) orders for levy of environment impact fee <sup>121</sup> . In respect of 10 building permissions granted during June 2015 to July 2016, Environment impact fee was not levied. Government stated (December 2017) that building permit fee was calculated before issue of Government orders and hence environment impact fee could not be levied. The reply was not satisfactory, as building permissions pointed out in audit were granted after issue of Government orders.	20.04
ii	As per resolution (June 2008) of Municipal Council, in respect of Group housing <sup>122</sup> , Betterment charges on built up area should be levied at the rate of ₹ 150 per sq.mt of	5.54 <sup>123</sup>

<sup>119</sup> With staff drawn from different enforcement wings including High Court, Police, Revenue etc.,

<sup>120</sup> G.O.Ms.No.34 dated 17 June 2015 of Industries and Commerce (Mines) department

<sup>121</sup> for any building or construction material that may have escaped levy of seignorage charges at source at the rate of ₹ 3 per sq.ft for buildings above 10,000 sq.ft of built-up area

<sup>122</sup> Group housing means building having 5 or more multiple dwelling units and common services on a plot in a single or multiple blocks

<sup>123</sup> Betterment charges: Circle-3A (2 cases) ₹ 0.43 lakh, Circle-11 (9 cases) ₹ 2.23 lakh, Circle-14A (8 cases) ₹ 1.81 lakh, Circle-18 (2 cases) ₹ 0.67 lakh; Advertisement and Postage charges: Circle-3A (2 cases) ₹ 0.04 lakh, Circle-11 (9 cases) ₹ 0.17 lakh, Circle-14A (8 cases) ₹ 0.15 lakh, Circle-18 (2 cases) ₹ 0.04 lakh

S.No.	Audit Observation	Short levy (₹ in lakh)
	<p>total built-up area. Advertisement and postage charges should be levied at the rate of ₹ 2,000 per applicant. In respect of 21 building permissions issued in four test-checked Circles, betterment fee was short levied by ₹ 5.14 lakh and Advertisement &amp; postage charges by ₹ 0.40 lakh.</p> <p>Government did not furnish reply to the cases referred in the observation.</p>	
iii	<p>Section 442 of GHMC Act, 1955 prohibits usage of residential property as godown, warehouse, factory workplace etc., without permission. In respect of eight cases, although building permissions were issued for residential purposes, these constructions were used for non-residential purposes.</p> <p>Government accepted (December 2017) the audit observation and stated that action would be initiated to ensure the usage as per permissions/demolition after conducting field visit.</p>	5.62 <sup>124</sup>

#### 4.5 Property Tax

Section 197 of GHMC Act, 1955, empowers GHMC to levy Property Tax (PT) on lands and buildings in its jurisdiction on the basis of Annual Rental Value<sup>125</sup> (ARV) of the building. GHMC fixes ARV on the basis of the relevant information<sup>126</sup> and the rates notified for the category<sup>127</sup> of the building. The Commissioner is supported by staff of Revenue wing for assessment, collection and accounting of PT.

Property Tax constituted a major source of tax revenue to the Corporation, constituting 40 to 51 *per cent* of total receipts resources during 2012-17. GHMC collected PT of ₹ 1,217.17 crore in 2016-17 through 14.78 lakh assessments, registering an increase of 17 *per cent* from the collection in 2015-16. The volume of PT in the total receipts during 2012-17 are given in Chart 4.3.

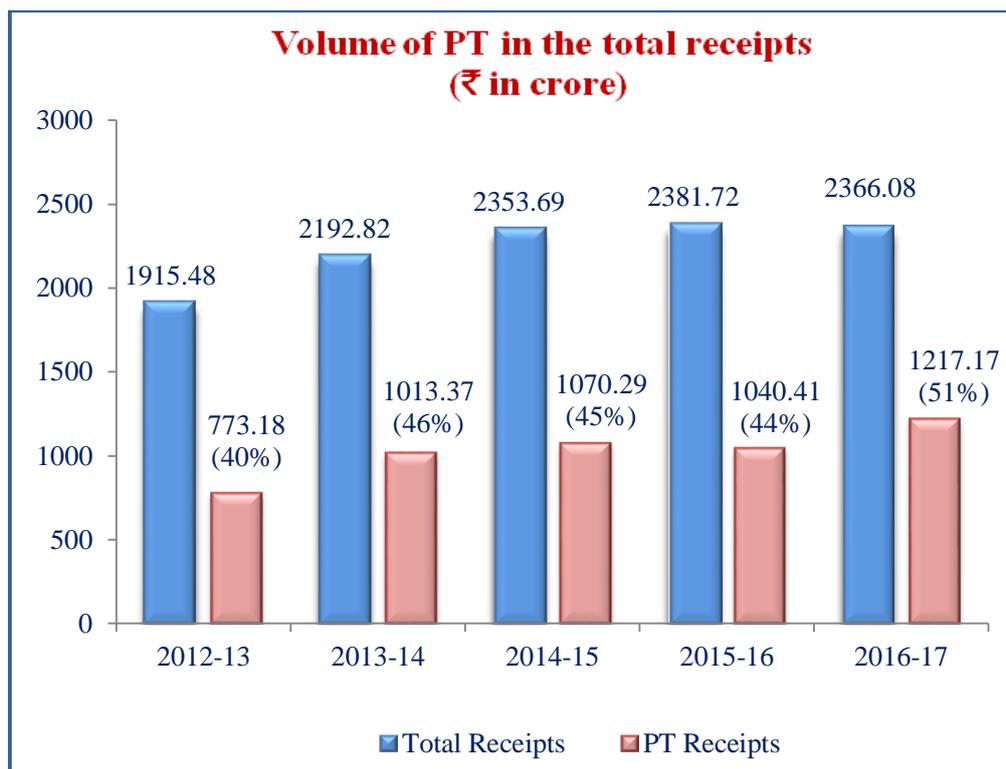
<sup>124</sup> East zone (2 cases) ₹ 1.38 lakh, West zone (1 case) ₹ 1.31 lakh, Circle-9A (1 case) ₹ 0.32 lakh, Circle-11 (3 cases) ₹ 2.22 lakh, Circle-18 (1 case) ₹ 0.39 lakh

<sup>125</sup> annual rental value of lands and buildings shall deemed to be the gross annual rent at which they may reasonably be expected to let from month to month or from year to year

<sup>126</sup> Such as plinth area, type of construction, age of building, nature of use, category of building etc.,

<sup>127</sup> Buildings abutting main roads; Buildings abutting internal roads; and Buildings abutting lanes and by-lanes

Chart 4.3



Source: Records of GHMC

#### 4.5.1 Revision of Annual Rental Value

Section 226 of GHMC Act, 1955 and Rule-7 of GHMC (Assessment of Property Tax) Rules, 1990 provide for revision of the rates of monthly or yearly rents once in five years for assessment of Property Tax (PT). In compliance with the recommendations of 13<sup>th</sup> Finance Commission, State Government constituted (March 2011) Property Tax Board to provide assistance and technical guidance to the ULBs<sup>128</sup> for proper assessment and revision of PT.

Audit observed that Annual Rental Value (ARV) on residential buildings was not revised since 2000<sup>129</sup>. In respect of newly merged municipalities, it was last revised in 2002. In respect of non-residential properties, rates were last revised in 2007<sup>130</sup>. The Property Tax Board constituted in March 2011 did not communicate any recommendations for improvement in PT collections.

Government accepted (December 2017) the audit observation.

<sup>128</sup> Urban Local Bodies

<sup>129</sup> for erstwhile Municipal Corporation of Hyderabad

<sup>130</sup> On the other hand, State Government issued (December 2015) orders for increasing the exemption limit of Annual rental value in respect of properties exempted from tax. Annual rental value of exempted properties was revised from ₹ 600 to ₹ 4,100

## 4.5.2 Completeness of database

Section 214 of GHMC Act, 1955, requires that Commissioner shall maintain an assessment book containing all details of the taxable properties in its jurisdiction. GHMC maintains a database of properties brought into tax-net with details of individual assesses<sup>131</sup>. As of March 2017, there were 14.78 lakh PT assessments in the jurisdiction of Corporation and 4.18 lakh<sup>132</sup> PT assessments in respect of six test-checked circles. Audit found that the database of PT assessments was not comprehensive and complete as discussed below:

- i. **Initiative for GIS Mapping:** In compliance with the orders<sup>133</sup> of State Government, GHMC concluded (July 2012) agreement with an agency<sup>134</sup> for mapping and development of Geographic Information System (GIS) based assessment of PT. An expenditure of ₹ 20.81 lakh was incurred on the survey. The initiative hit a roadblock after the Revenue wing reported that the results of GIS mapping and its survey through field visits did not match<sup>135</sup>. However, no efforts were made to reconcile the two results.

Government accepted (December 2017) the audit observation. In this regard, the success of the initiative<sup>136</sup> in geo-tagging of properties by all the 72 ULBs<sup>137</sup> in the State needs to be viewed by GHMC.

- ii. **Improper house numbering system:** GHMC Act, 1955<sup>138</sup> allows the Commissioner with the sanction of the Corporation, to determine the name of the street and the number of the premises, by which it shall be known. The process includes allotment of unique number to each building in a street or area. This will provide ease in location of properties and bringing them under the tax net. In the six test-checked circles, audit found duplication in door numbers allotted (consisting of either single or multiple owners) in respect of 10,905<sup>139</sup> assessments (3 *per cent*). Thus, the objective of allotment of unique house number was defeated.

Government accepted (December 2017) the observation. They assured to block the assessment number of duplicate numbers, if there were no Property Tax dues against the number.

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<sup>131</sup> name of the assessee, door number, location, plinth area, age of the building, type of construction, nature of usage etc.,

<sup>132</sup> Circle-3A (58,677 assessments), Circle-9A (55,150 assessments), Circle-10A (74,258 assessments), Circle-11 (55,425 assessments), Circle-14A (66,110 assessments), Circle-18 (1,08,481 assessments)

<sup>133</sup> G.O Ms No.152 dated 29 March 2012 for broadening the tax base by instituting Geographic information System (GIS) for mapping properties in all the cities with a population of 1 lakh

<sup>134</sup> M/s Venesoft India Private Limited

<sup>135</sup> Number of floors in a structure were not given for apartments / complexes

<sup>136</sup> As reported by Director, Municipal Administration during exit conference

<sup>137</sup> Urban Local Bodies

<sup>138</sup> Section 418

<sup>139</sup> Circle-3 (1,548 assesses), Circle-9A (616 assesses), Circle-10A (1,036 assesses), Circle-11 (4,663 assesses), Circle-14A (691 assesses), Circle-18 (2,351 assesses)

### **4.5.3 Assessment and Levy of Property Tax**

Property Tax is levied at the rate of 30 *per cent* per year on residential and commercial buildings on the Net Annual rental value<sup>140</sup>. Annual rental value, plinth area, nature of usage etc., are the key components for assessing PT of any building. The Revenue wing relies on field visits to identify new constructions as well as additions to buildings.

With a view to ensure transparency in levy and collection of PT and to involve citizens/tax-payers in the process, erstwhile Municipal Corporation of Hyderabad introduced (1999-2000) Self-Assessment scheme<sup>141</sup>. However, the scheme was not implemented, for which specific reasons were not on record. Self-Assessment scheme, was later revived in February 2017.

During the audit period (2012-17), 75,387 new assessments were brought into tax net by Revenue wing in test-checked Circles of GHMC. Of these, audit test-checked 3,000 files of PT assessments in six test-checked Circles. Audit cross checked the database on PT assessments with:

- The database maintained by the Revenue wing on Trade licenses taking door number as common field and
- Data from Town Planning wing for building permissions/building regularisation.

The above analysis revealed short assessment of PT by ₹ 5.25 crore in 708 assessments as detailed below. The incidence of mistakes was to the extent of 24 *per cent*.

- i. Trade licenses were issued in respect of 155 properties for commercial usage, however these properties were assessed under residential category in PT assessments. This resulted in short levy of PT by ₹ 1.35 crore<sup>142</sup> in six test-checked Circles. Audit also found that in another 185 cases of six test-checked Circles, the plinth area adopted in PT assessments was less than the plinth area recorded in the database of Trade licenses. This resulted in short levy of PT by ₹ 2.54 crore<sup>143</sup>.
- ii. The State Government declared two schemes for regularisation of unauthorised buildings through two Government orders<sup>144</sup>.

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<sup>140</sup> Net annual rental value is annual rental value of the land and building after allowing percentage of depreciation/rebate allowed as per age of the building

<sup>141</sup> The tax-payers were given the opportunity of calculating their own tax under the Self-Assessment Scheme as per the provisions of GHMC Act, 1955

<sup>142</sup> Circle-3A (₹ 0.03 crore) 41 assessments, Circle-9A (₹ 0.06 crore) 35 assessments, Circle-10A (₹ 0.27 crore) 35 assessments, Circle-11 (₹ 0.09 crore) 11 assessments, Circle-14A (₹ 0.33 crore) 25 assessments, Circle-18 (₹ 0.57 crore) 8 assessments

<sup>143</sup> Circle-3A (₹ 0.11 crore) 19 assessments, Circle-9A (₹ 0.01 crore) 13 assessments, Circle-10A (₹ 0.53 crore) 34 assessments, Circle-11 (₹ 1.10 crore) 64 assessments, Circle-14A (₹ 0.55 crore) 36 assessments, Circle-18 (₹ 0.24 crore) 19 assessments

<sup>144</sup> Orders issued in December 2007 for regularisation of unauthorised properties constructed after 1 January 1985 and before 15 December 2007; Orders issued in November 2015 for regularisation of unauthorised buildings constructed after 1 January 1985 and before 28 October 2015

Audit compared the plinth area declared by owners to the Town Planning wing at the time of regularisation with the plinth area adopted in individual PT assessments. There was short-levy of PT for ₹ 1.25 crore<sup>145</sup> in respect of 287 assessments in six test-checked Circles.

- iii. Construction varied from the building permissions granted by Town Planning wing with respect to plinth area, classification of building etc., in respect of 81 assessments of six test-checked Circles. The Revenue wing did not levy penalty<sup>146</sup> in these cases. Loss due to non-imposition of penalty and short levy of PT was ₹ 11.18 lakh<sup>147</sup>. The Revenue wing therefore needs to utilise the information from Town Planning wing and other technological applications such as geo-tagging for continuous updation of information regarding properties due for assessment.

Government accepted (December 2017) the audit observation and stated that process of re-verification of properties by conducting field visits was initiated and proposals were being revised wherever necessary. The cases pointed out in audit were only illustrative and all the properties need to be verified by the Government. Controls should be put in place to ensure integration of database of both the Town Planning and Revenue wings.

Further analysis of database in Circle-18 showed that they allowed rebate of 40 *per cent* to non-residential buildings against eligible rebate of 10-30 *per cent*<sup>148</sup> on the Annual Rental Value depending upon the age of the building. This led to short levy of PT by ₹ 82.12 lakh in respect of 837 non-residential properties during 2012-17.

<sup>145</sup> Based on orders issued in 2007: Circle-3A (₹ 16 lakh) 44 assessments, Circle-9A (₹ 2 lakh) 10 assessments, Circle-10A (₹ 4 lakh) 4 assessments, Circle-11 (₹ 29 lakh) 32 assessments, Circle-14A (₹ 37 lakh) 67 assessments, Circle-18 (₹ 7 lakh) 36 assessments and based on orders issued in 2015: Circle-3A (₹ 0.82 lakh) 10 assessments, Circle-9A (₹ 20.21 lakh) 37 assessments, Circle-10A (₹ 5.06 lakh) 17 assessments, Circle-11 (₹ 0.99 lakh) 7 assessments, Circle-14A (₹ 1.05 lakh) 13 assessments, Circle-18 (₹ 1.63 lakh) 10 assessments

<sup>146</sup> Amendment (August 2013) to GHMC Act, 1955 provides for levy of penalty on deviations/unauthorised constructions along with property tax until such unauthorised constructions are either demolished or regularised at the rate of 25 *per cent* on PT - Up to ten *per cent* violation of permissible setbacks only in respect of floors permitted in a sanctioned plan, 50 *per cent* of PT - more than ten *per cent* violation of permissible setbacks only in respect of floors permitted in a sanctioned plan, and 100 *per cent* PT- Unauthorised floors over the permitted floors in a sanctioned plan or total unauthorised construction

<sup>147</sup> Circle-3A (₹ 1.15 lakh) 22 assessments, Circle-9A (₹ 4.09 lakh) 07 assessments, Circle-10A (₹ 3.23 lakh) 10 assessments, Circle-11 (₹ 0.45 lakh) 10 assessments, Circle-14A (₹ 1.31 lakh) 09 assessments, Circle-18 (₹ 0.95 lakh) 23 assessments

<sup>148</sup> Section 212 of GHMC Act, 1955, stipulates that the property owners were eligible for rebate of 10 *per cent* for building up to 25 years, 25 *per cent* for buildings above 25 and up to 40 years and 30 *per cent* for buildings above 40 years, 40 *per cent* in respect of residential properties occupied by owners

Government accepted (December 2017) the observation and stated that the incorrect rebate was due to technical error. It was assured that the error would be rectified in the database.

#### **4.5.4 Collection of Property Tax**

Collection of PT is watched through Demand, Collection and Balance (DCB) register. The mode of collection included deployment of bill collectors for collection of PT, on-line payment, payments through e-Seva, citizen centers, etc.

Demand and collection of PT in respect of residential / non-residential properties (excluding State Government properties and PSUs<sup>149</sup>) during the period 2012-13 to 2016-17 is given in the Table 4.1. The percentage of collection of PT was only 44 to 50 *per cent* of total demand raised during this period.

**Table 4.1**

(₹ in crore)

<b>Year</b>	<b>Demand</b>	<b>Collection</b>	<b>%</b>
2012-13	1,687.97	739.59	44%
2013-14	1,832.78	879.37	48%
2014-15	2,072.00	1,036.08	50%
2015-16	1,993.48	963.64	48%
2016-17	2,436.67	1,094.26	45%

*Source: Information furnished by GHMC*

Section 269 of GHMC Act, 1955 provides that if the tax dues are not paid within 15 days of the demand notice, the Commissioner may recover the dues through distraint<sup>150</sup>. If distraint is found impracticable, Commissioner may prosecute the defaulter before court of jurisdiction. As per Section-278A, no distraint shall be made, no prosecution shall be commenced and no suit shall be instituted in respect of any sum due to the Corporation on account of Property Tax after the expiration of the period of three years<sup>151</sup> from the date on which distraint might have been made or after the expiration of a period of six years from the date on which prosecution might first have been commenced or after the expiration of nine years from the date on which suit have been first instituted, as the case may be, in respect of such sum. Section 278-A(2) stipulates that the Commissioner shall place a list of properties against which arrears are due to be time-barred,

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<sup>149</sup> Hence, the data does not match with Chart in paragraph 4.5

<sup>150</sup> by issue of warrant and sale of movable property of the defaulter, the amount of tax together with warrant fee, distraint fee and any other incidental charges incurred in this connection

<sup>151</sup> Article 113 of the Limitation Act, 1963 governs the field providing three years limitation period for initiating proceedings to recover the amount due from the date when the right to sue accrues

before the Standing Committee at least one year before the expiry of the period stating the reasons for the delay in the recovery.

Of the total arrears of ₹1,403.43 crore as of March 2017<sup>152</sup> in respect of residential and non-residential properties (excluding State Government properties, Public Sector Undertakings etc.) an amount of ₹900.33 crore<sup>153</sup> (64 *per cent*) was pending for more than three years from 1,78,701 assessments. In respect of six test-checked circles, ₹194.42 crore<sup>154</sup> was due from 31,776 assessments. Audit observed that none of the test-checked circles initiated action for issuing distraint warrants. The time barred cases were not brought to the notice of Standing Committee with reasons for delay in collection.

The low collection of Property Tax was the result of inaction on the part of GHMC on defaults. Further, repeated ‘one time measures’ offered by the State Government in (March 2012, March 2013, March 2014, March 2015 and February 2016) for waiver of interest<sup>155</sup> on PT, acted as a disincentive to diligent taxpayers.

Government accepted (December 2017) the audit observation on not issuing distraints to PT defaulters, as it would involve hardship to citizens. They further stated that database included uncollectable demand<sup>156</sup>. However, Government claimed improvement in collections over the years on account of various measures<sup>157</sup> introduced.

The fact, however, remained that, the percentage of collection of PT ranged from 44 to 50 *per cent* during audit period despite the measures. GHMC did not initiate action to rectify the incorrect demand despite having the details of uncollectable demand.

Further analysis showed the following shortcomings:

- i. **Total outstanding dues as of March 2017 in the test- checked circles (excluding State Government/State PSUs), were ₹370.14 crore. Of this, ₹106.06 crore<sup>158</sup> (29 *per cent* of the total) was due from top 100 defaulters of each test-checked circle (600 defaulters). Out of these,**

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<sup>152</sup> As per the information furnished (June 2017) by Commissioner

<sup>153</sup> Including penal charges

<sup>154</sup> Circle-3A (₹ 21.55 crore) 3,881 assessments, Circle-9A (₹ 20.67 crore) 5,473 assessments, Circle-10A (₹ 79.39 crore) 6,674 assessments, Circle-11 (₹ 14.53 crore) 3,046 assessments, Circle-14A (₹ 6.64 crore) 1,855 assessments, Circle-18 (₹ 51.64 crore) 10,847 assessments

<sup>155</sup> Section 269 (2) of the GHMC Act, 1955, empowers Corporation to impose penalty at two *per cent* interest per month or disconnect the essential services to the premises of the defaulter

<sup>156</sup> demolished buildings, road widening affected portions, duplicate assessments, Court Cases, Sick Units (closed industries) etc.,

<sup>157</sup> online, debit/credit cards, extending rebate to the tax payers through the scheme ‘early bird’ (Extending rebate of 5 *per cent* for early tax payers), ‘incentives’ (lucky draw scheme to encourage prompt payment of tax)

<sup>158</sup> It ranged from 47 *per cent* in Circle-11 to 7 *per cent* in Circle-18

**282 cases for ₹ 54.20 crore, representing 51 per cent of the above dues from top 100 defaulters, had become time barred.**

Commissioner stated (June 2017) that special drives were conducted through weekly targets. The fact remained that time barred cases continued to pile up.

- ii. **As of March 2017, dues towards PT on 1,383 State Government properties were ₹ 3,214.83 crore. Of this ₹ 1,172.32 crore was towards arrears and ₹ 2,042.51 crore was interest on arrears.** The period from which these amounts were pending was not forthcoming from the records produced to audit.

Government accepted (December 2017) the observation.

- iii. As per instructions<sup>159</sup> of GoI, properties of Central Government departments were exempted from payment of Property Tax. However, in lieu of services provided by the Corporation, Central Government departments were liable to pay service charges<sup>160</sup>. As of March 2017, ₹ 23.82 crore was due from 65 properties.

Government accepted (December 2017) the observation and stated that departments concerned were being pursued for clearing the dues.

#### ***Good practices***

In order to promote cashless transactions, Government issued (May 2017) orders that the transaction charges levied by payment gateway merchants shall be borne by the Corporation.

#### **4.5.5 Accounting of Property Tax receipts**

Andhra Pradesh Treasury Code (Rule-7 of Part-I) stipulates that all money received by or tendered to Government servant in official capacity shall be paid in full into the treasury without delay. The PT collections through various sources including Citizen Service Centres, Bill collectors, Mee-seva, Online etc., were remitted into the account maintained by GHMC<sup>161</sup>.

Audit correlated bank statements furnished by GHMC for the years 2014-17<sup>162</sup> in six test checked circles, with the data on PT payments made through cheques. This analysis showed that cheques received from 4,641 assesses amounting to

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<sup>159</sup> Memo No. N-11025/26/2003-UCD of Ministry of Urban Development (GoI) dated 19 December 2009

<sup>160</sup> Service charges at 75 per cent, 50 per cent and 33.33 per cent of PT for providing full, partial and nil services respectively

<sup>161</sup> Section 170 of GHMC Act, 1955 stipulates that all moneys payable to the credit of Municipal fund shall be paid into State Bank of Hyderabad (now State Bank of India) to the credit of GHMC account

<sup>162</sup> Banks statements for the years 2012-14 was not furnished

₹ 29.96 crore<sup>163</sup> were not credited into bank account. However, in the assessment and payment history of these assesses, cheque status was shown as cleared instead of bounced. As such, there was no mechanism to raise demand in such cases resulting in loss of revenue. Corporation needs to strengthen the system of automatic revision of demand in respect of bounced cheques.

Government accepted (December 2017) the observation and stated that the cases of non-reversed demand would be examined.

#### 4.5.6 Remittance of Library Cess

Corporation shall levy and collect Library Cess<sup>164</sup> at the rate of 8 paisa on each rupee of PT and remit to the Zilla Grandhalaya Samstha<sup>165</sup> (ZGS). Corporation collected (2012-17) ₹ 229.28 crore towards Library Cess, of which, only ₹ 6.33 crore (3 per cent) was remitted by them to ZGS as of August 2017. GHMC had not laid down any standard procedure for immediate transfer of library cess on collection to ZGS.

Government accepted (December 2017) the observation and stated that Corporation released funds to ZGS on monthly basis. However, the fact remained that an amount of ₹ 222.95 crore was still pending to be transferred to ZGS.

### 4.6 Solid Waste Management

#### 4.6.1 Introduction

The GHMC Act, 1955 requires the Corporation to make adequate provisions for collection, removal, treatment and disposal of sewage, offensive matter and rubbish. Municipal Solid Waste (MSW) comprises residential and commercial waste generated in a municipal area in either solid or semi-solid form.

Government of India, in supersession of the existing Municipal Solid Waste (Management and Handling) Rules, 2000 notified the Solid Waste Management Rules in 2016 to regulate management and handling of waste. As per these Rules, every Municipal authority is responsible for management of waste scientifically by proper collection, segregation, storage, transportation, processing and disposal of municipal solid waste.

#### 4.6.2 Fund Management

Corporation meets the expenditure towards management of solid waste through grants received from GoI and State Government besides their own resources.

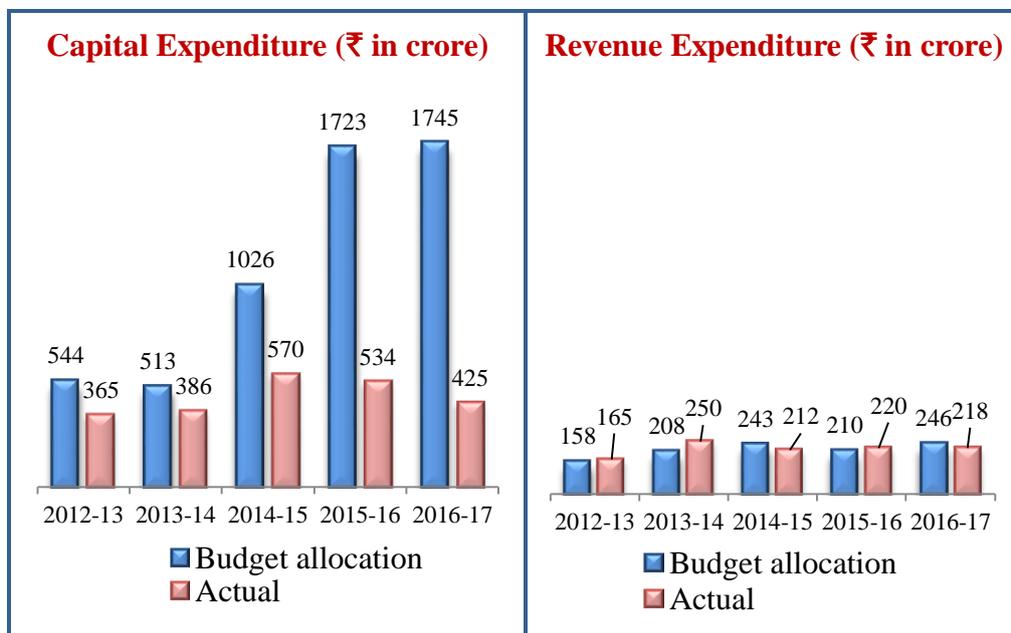
<sup>163</sup> Circle-3A (₹ 2.56 crore) 369 assesses, Circle-9A (₹ 8.13 crore) 1,087 assesses, Circle-10A (₹ 10.36 crore) 1,346 assesses, Circle-11 (₹ 4.40 crore) 837 assesses, Circle-14A (₹ 2.25 crore) 644 assesses, Circle-18 (₹ 2.26 crore) 358 assesses

<sup>164</sup> According to section 20 of Andhra Pradesh Libraries Act 1960, every Grandhalaya Samstha shall levy in the area a Library Cess in the form of surcharge on the property tax levied in such area

<sup>165</sup> District Central Library

Details of expenditure incurred towards capital<sup>166</sup> and revenue<sup>167</sup> items of Solid Waste Management during 2012-17 are given in Chart-4.4. Expenditure on capital items was far less than the Budget allocation.

**Chart 4.4**



Source: Information furnished by GHMC

Government accepted (December 2017) the observation and attributed staff union problems and land disputes to short utilisation of funds towards implementation of solid waste management.

### 4.6.3 Planning

Solid Waste Management Rules, 2016 stipulates preparation of State Policy and solid waste management strategy for the State. The Rules further required that a State Level Advisory Body<sup>168</sup> should be constituted within six months from the date of notification (April 2016) of the Rules.

The State Level Advisory Body was constituted in July 2017. State policy was under preparation. However, the guidelines (June 2005) of State Government, in compliance with Municipal Solid Waste (MSW) Rules, 2000, were being implemented in GHMC.

Government accepted (December 2017) the observation and stated that the preparation of draft State Policy was entrusted to ASCI<sup>169</sup> in October 2017.

<sup>166</sup> Construction and improvements of garbage dumping yards & transfer stations, purchase of heavy / light vehicles, dumper bins/garbage dust and litter bins

<sup>167</sup> Fuel for heavy / light vehicles, machinery rent, hire charges for vehicles, garbage clearance, sanitation and conservancy expenses, maintenance of garbage dumping yards / transfer stations

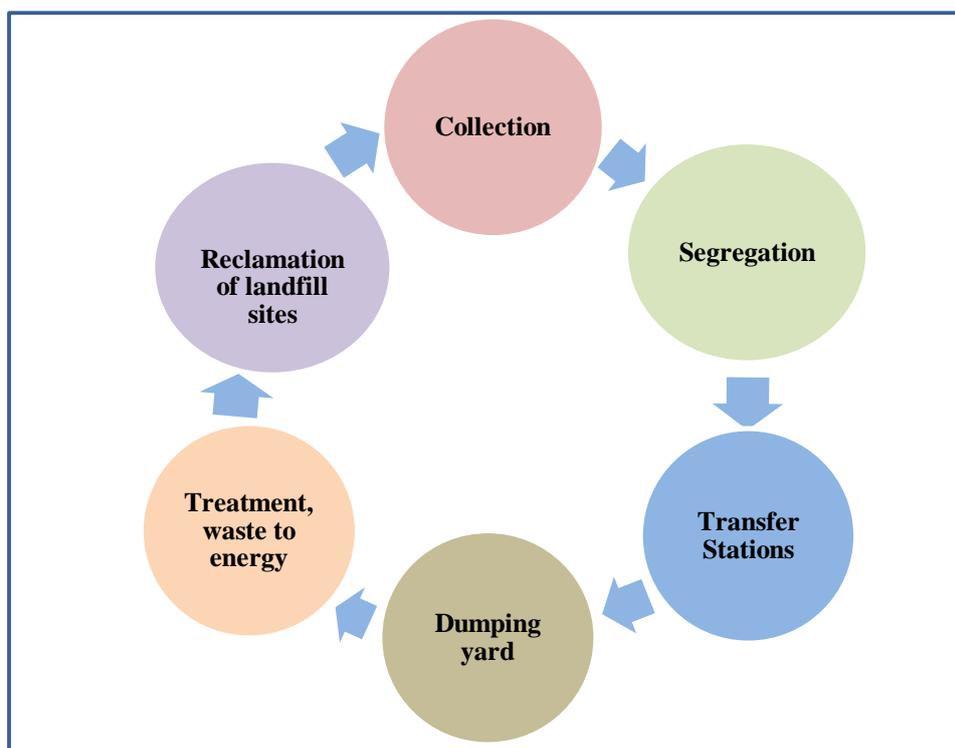
<sup>168</sup> The Board would review and advice State Government on measures for expeditious and appropriate implementation of these Rules

<sup>169</sup> Administrative Staff College of India

#### 4.6.4 Project Implementation

GHMC took up implementation of Integrated Municipal Solid Waste Management (IMSWM) system in Hyderabad through Public Private Partnership (PPP) mode. GHMC entered (February 2009) into a Concession Agreement (CA) with M/s Ramky Enviro Engineers Limited (Concessionaire), Hyderabad for a concession period of 25 years. The implementation of IMSWM was in two stages viz., (1) Collection and Transportation and (2) Treatment and disposal. The various stages of processing of Solid waste are indicated in Chart-4.5. As per the Concession agreement, all the works<sup>170</sup> forming part of above two stages were to be completed within two years from the date of agreement, i.e., by 20 February 2011. The milestones for project implementation were later revised<sup>171</sup> through a supplementary agreement (September 2012).

Chart 4.5  
Stages of processing of solid waste



The works as envisaged in the agreement to be completed by February 2011 were not completed as of July 2017. Detailed findings on implementation of Municipal Solid Waste are discussed below:

<sup>170</sup> from procurement of all the vehicles, equipment, machinery for collection and transportation to plant and machinery installation for integrated processing at Jawaharnagar, completed construction of landfill cell in all aspects, completion of construction works for collection, storage and treatment leachate

<sup>171</sup> After settlement of court case challenging entrustment of project

**4.6.4.1 Assessment of municipal waste**

Assessment of MSW generated<sup>172</sup> in the city is a pre-requisite for planning the infrastructure for its management. In a span of five years, MSW generated in the Corporation had doubled (as shown in the Table). GHMC stated (April 2017) that entire quantum of MSW generated was being collected.

**Table 4.2**  
**Waste generated in GHMC**

Year	Tons	Metric tons per day
2012-13	7,58,839	2,079
2013-14	11,49,037	3,148
2014-15	11,76,628	3,224
2015-16	13,57,621	3,720
2016-17	14,92,979	4,090

*Source: Records of GHMC*

Audit found that there was no mechanism to assess the quantity of waste generated / collected in the Corporation. Existing intermediary storage facilities (transfer stations) were not equipped with weighbridges both at entry and exit points. The quantum of MSW collected in GHMC was not accurately known.

Government accepted (December 2017) the observation.

**4.6.4.2 Collection of segregated waste**

Municipal Solid Waste (MSW) Rules, 2000 and the guidelines of State Government stipulate door-to-door collection<sup>173</sup> of segregated waste<sup>174</sup>. In compliance with 13<sup>th</sup> Finance Commission guidelines, Corporation notified (2013) the service level bench mark for segregation of MSW as 100 *per cent*.

As per Concession agreement, the task of primary<sup>175</sup> and secondary<sup>176</sup> collection of segregated MSW was to be handed over to Concessionaire in 2009. Audit observed that only few areas of two<sup>177</sup> out of 24 Circles were handed over (2014) to Concessionaire. In remaining areas, door-to-door collection was carried out by GHMC with the out-sourced staff. Corporation could not address the union problems with labourers who were collecting MSW from households.

<sup>172</sup> From households, commercial establishments, markets, hotels and restaurants, etc.,

<sup>173</sup> through the Municipal Staff / Authorised agency

<sup>174</sup> Bio-degradable and recyclable

<sup>175</sup> Primary collection means lifting and removal of segregated waste from source of its generation including households, shops etc., and transporting it to community bins

<sup>176</sup> Secondary collection means lifting of waste from community bins and transporting to transfer stations

<sup>177</sup> Kapra and Uppal

Municipal Solid Waste Rules for collection of segregated waste from source generating units were issued in 2000. GHMC distributed around 43.65 lakh bins to domestic units<sup>178</sup> in 2015-16. As per monthly report<sup>179</sup> the segregated waste constituted only around 27 per cent of the total MSW collected by them.



*Segregation of waste not ensured*

Government accepted (December 2017) the observation and stated that continuous efforts would be made to achieve 100 per cent segregation of waste through awareness campaigns.

#### ***Good practices***

Introduced Swachh Community Resource Persons (Swachh Dhooths) for creation of awareness on segregation at source by way of one to one interaction at household level.

Initiated a programme called PARICHAYAM (know your worker) to know their sanitation worker by the general citizens duly displaying the name and contact number in their respective jurisdiction to resolve grievances.

#### ***4.6.4.3 Transportation and storage of waste***

Primary transportation of solid waste involves movement from source generation to the intermediate storage<sup>180</sup> facility (Transfer station). Secondary transportation involves carriage of waste from transfer station to the waste treatment plants/land fill sites. Transfer stations should be set up with sufficient space for segregation of waste with weighing facilities.

As per agreement, Concessionaire had to upgrade<sup>181</sup>, operate and maintain the existing three transfer stations<sup>182</sup> and develop five<sup>183</sup> new transfer stations. For construction of new transfer stations, required land was to be provided by GHMC. Construction had not started in any of the five locations, since the land was not provided by GHMC and also due to non-finalisation of drawings. The management of existing three transfer stations, was taken over (2012) by GHMC on account of union problems. By then, upgradation works were

<sup>178</sup> details of bins provided to bulk generators were not furnished

<sup>179</sup> on collection of MSW

<sup>180</sup> a facility created to receive solid waste from collection areas and transport in bulk in covered vehicles or containers to final disposal point (dumping yard)

<sup>181</sup> Preparation of drawings for the transfer station including details of layout, structural details etc., provision of weigh bridges, computerised system for billing and tracking vehicle movement, facilities for segregation

<sup>182</sup> Imbliban, Lower Tank bund and Yousufguda

<sup>183</sup> Fathulguda, Gandhamguda, Kapra, Serlingampally (later shifted to Kukatpally) and Shamshiguda

partially<sup>184</sup> completed in only one location (Imbliban). However, this transfer station also lacks the facilities for assessment and segregation of waste for treatment.

Government accepted (December 2017) the observation. Non-transfer of locations to Concessionaire for development of existing/new transfer stations was attributed to resistance from public and land litigations. It was assured to complete the leftover facilities in Imbliban transfer station.

#### **4.6.4.4 Processing and disposal of waste**

Municipal Solid Waste (MSW) Rules, 2000 stipulates that suitable technology<sup>185</sup> has to be adopted to utilise the waste. Rules also require every municipal authority to improve landfill<sup>186</sup> sites as per specifications and also to identify new landfill sites<sup>187</sup>. In addition, the existing dump sites are also required to be reclaimed and put to alternate use.

The waste generated in the city was dumped in the dumping yard at Jawaharnagar and it was handed over to Concessionaire as part of PPP project. The activities undertaken in the dumping yard at Jawaharnagar included segregation of waste into renewable inerts, development of landfills, etc. Audit observations on processing and disposal of waste were as follows:

- i. As part of PPP project, the Concessionaire was required to establish two new processing and disposal units at Choutuppal and Lakdaram. The required land was to be provided by GHMC. However, the work was not started by Concessionaire due to non-allotment of land as of March 2017.

Government accepted (December 2017) the observation and stated that land could not be allotted due to agitations from villagers. Identification/allotment of required land was under process with the consultation of the District collectors of Rangareddy, Mahabubnagar, Nalgonda and Medak.

- ii. Prior to PPP project, GHMC concluded (September 2007) agreement with an agency<sup>188</sup> for establishment of 11 MW waste to energy Plant<sup>189</sup>. Stipulated date of completion was April 2010. Audit noticed that the plant was yet to be started as of March 2017. This was due to delay in handing over of the land and insufficient<sup>190</sup> capital contribution by GHMC. Government accepted (December 2017) the observation and stated that

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<sup>184</sup> Administrative block, workers rest room, and rain water harvesting etc.,

<sup>185</sup> Bio-degradable waste is to be processed by composting, vermi-composting, anaerobic digestion etc. Mixed waste containing recoverable resources should be recycled

<sup>186</sup> means disposal of residual solid wastes on land in a facility designed with protective measures against pollution of ground water etc.,

<sup>187</sup> for future use and make sites ready for operation and setting up of waste processing and disposal facilities etc.,

<sup>188</sup> M/s RDF Power Projects Limited, Hyderabad

<sup>189</sup> at Chinnarevulapalli, Nalgonda district

<sup>190</sup> Only ₹ 3.75 crore out of ₹ 6.44 crore was released

plant was under trial run.

As part of PPP project, the Concessionaire had to set up another waste to energy plant of 48 MW at Jawaharnagar processing and disposal unit. However, the works for establishment of the plant were not commenced<sup>191</sup> as of March 2017. Government accepted (December 2017) the observation and stated that consent from Pollution Control Board for establishment of 19.8 MW was received in March 2017. Earthwork had commenced. Thus, the aim of processing of waste by setting up of waste to energy plants remained unachieved as yet.

- iii. Land filling has to be restricted to non-biodegradable, inert waste and other waste<sup>192</sup> and filling of mixed waste shall be avoided. Audit noticed that due to lack of proper segregation facilities at transfer stations, unsegregated waste<sup>193</sup> burdened the existing landfill site at Jawaharnagar. GHMC identified (March 2017) sites for construction of 11 more landfills. However, the process of entrustment had not commenced as of July 2017.

Government accepted (December 2017) the audit observation.

- iv. As per agreement, the Concessionaire had to reclaim four dump sites<sup>194</sup>. Audit observed that works were under progress at two sites<sup>195</sup> and it could not commence in the remaining two sites<sup>196</sup>.

Government accepted (December 2017) the observation. Thus, the objective of reclamation of existing dump sites remained unachieved.

#### 4.6.4.5 Notification of Buffer Zone

Rule 11(l) of the Solid Waste Management Rules, 2016 stipulates that the Secretary, Urban Development Department in the State should notify buffer zone<sup>197</sup> in consultation with the State Pollution Control Board.

Audit observed from records of Pollution Control Board that only draft guidelines for maintaining buffer around waste processing and disposal

<sup>191</sup> State Government issued (December 2000) orders for establishment of a Biotech park at Turkapally (Rangareddy district). These orders prohibit the location / expansion of certain air pollution industries near the proposed biotech park within a distance of 25 km. Since the proposed plant at Jawaharnagar was at a distance of 17.5 km from the Biotech park, the works could not be commenced. Relaxation orders based on the representations (2013-2016) of GHMC and Pollution Control Board (PCB) for establishment of the plant as a special case were accorded by Government only in March 2017

<sup>192</sup> not suitable either for recycling or for biological processing

<sup>193</sup> A test-check of monthly reports (February – April 2015 and January – February 2017) revealed mixed waste being dumped in landfill site amounted to 1,311.85 tons including silt, industrial waste, debris etc.,

<sup>194</sup> Fathulguda, Gandhamguda, Jawaharnagar and Shamshiguda

<sup>195</sup> Fathulguda (profiling and soil cover completed and further layers yet to be completed) and Jawaharnagar (capping work in progress)

<sup>196</sup> Gandhamguda (contract terminated) and Shamsiguda (land under dispute)

<sup>197</sup> for the solid waste processing and disposal facilities of more than five tons per day

facilities had been prepared (March 2017). Thus, the buffer zone was not notified. Government accepted (December 2017) the observation.

#### **4.6.5 Contract management**

##### **4.6.5.1 Escrow account**

Article 7.2 (b) (ii) of Concession agreement stipulates that GHMC deduct/ withhold 10 per cent of the Treatment Disposal revenue receivables from GHMC by the concessionaire, shall be held in Escrow account<sup>198</sup> towards post-closure obligations<sup>199</sup>. GHMC deducted ₹31.18 crore and credited to General fund account of Corporation. At the instance of audit, Escrow account was opened in June 2017. Out of ₹31.18 crore to be credited, only ₹10.95 crore was deposited as of June 2017.

Government accepted (December 2017) the observation and stated that the balance amount would be deposited as and when financial position of Corporation improved.

##### **4.6.5.2 Excess payment of tipping fees**

Concession agreement stipulates that Tipping Fee (TF) shall be the only fee paid by GHMC to the Concessionaire for performing the services under this Agreement. Tipping Fee covers three<sup>200</sup> main components of work. The Base Tipping Fee shall be increased annually, without compounding, by 5 per cent thereof. Audit observed from the bills paid to the Concessionaire towards Tipping Fee that ₹8.66 crore was paid in excess to Concessionaire during February 2012 to December 2016. This was due to the incorrect adoption of base tipping fee. Similarly, ₹81.15 lakh was paid for 11,838.28 tons of solid waste over and above the quantities certified by the Independent Engineer for the months of January-September 2015.

Government accepted (December 2017) the observation and stated that the balance amount would be recovered from the future bills after reconciliation with Independent Engineer.

##### **4.6.5.3 Non-recovery of dues from concessionaire**

Article 7.2 b (i) of Concession agreement stipulates that, statutory deductions<sup>201</sup> are to be effected from the payments made to Concessionaire. However, GHMC did not recover statutory dues of ₹2.59 crore from the payments made to the

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<sup>198</sup> Escrow account is a temporary account held by a third party during the process of a transaction between two parties

<sup>199</sup> In the event of termination due to any reason whatsoever, the amounts in the escrow account would be appropriated by GHMC towards post-closure obligations

<sup>200</sup> (i) Primary and secondary collection & transportation of waste up to transfer station: 40% of the TF; (ii) Transfer Station management and transportation of waste from transfer station to the processing facilities: 20% of the TF and (iii) Treatment & Disposal: 40% of the TF

<sup>201</sup> Income Tax and Service Tax

Concessionaire for the months of April to June 2012. GoI issued<sup>202</sup> Notification (June 2012) exempting service tax for activities related to Solid Waste management from 1 July 2012. Hence, Concessionaire was liable to pay back ₹ 2.59 crore paid towards Service Tax.

Government stated (December 2017) that the service tax dues would be recovered from the future bills of tipping fee after reconciliation with Independent Engineer.

#### **4.6.6 Monitoring on implementation of SWM**

Concessionaire Agreement provided for appointment of an Independent Engineer. Accordingly, GHMC concluded (July 2010) an agreement with Environmental Protection Training & Research Institute (EPTRI) to act as an Independent Engineer (IE) to monitor the activities<sup>203</sup> involved in the project.

Concessionaire Agreement stipulates that Project facilities can be safely and reliably opened for operation subject to Readiness Certificate issued by Independent Engineer. If Provisional Readiness Certificate is issued by Independent Engineer, it shall append list of outstanding items (punch list) to be completed. The Concessionaire had to complete the punch list items within 90 days of the date of issue of Provisional Readiness Certificate. Upon satisfactory completion of all punch list items, Independent Engineer shall promptly and in any case within 15 days issue Readiness Certificate.

If the Concessionaire fails to complete the punch list items within the said period of 90 days, GHMC may get the punch list items of work completed. The cost incurred by GHMC in completing the punch list items, as certified by the Independent Engineer, shall be reimbursed by the concessionaire to GHMC. While forwarding the review reports to GHMC, Independent Engineer had to describe in reasonable detail the lapses, defects or deficiencies in construction works of the project. From the records of GHMC, audit noticed that:

- i. Provisional Readiness Certificate was issued to Concessionaire in 2013. However, the punch list items<sup>204</sup> were not completed by the Concessionaire as of July 2017. There were no records to show the deficiencies pointed out by Independent Engineer in execution of project works by Concessionaire. GHMC also expressed their dissatisfaction over the responsibilities to be discharged by Independent Engineer.
- ii. Independent Engineer did not deploy qualified personnel<sup>205</sup> as per

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<sup>202</sup> Notification No.25/2012-Service tax dated 20 June 2012

<sup>203</sup> waste storage windrow management, RDF storage, landfill operations, compost, leachate (liquid that seeps through solid waste or other medium and has extracts of dissolved or suspended material from it) collection and treatment, capping, etc., which create environmental pollution

<sup>204</sup> such as capping of old dump site, reclamation of existing dump sites and establishment of waste to energy plant, etc.,

<sup>205</sup> Team leader, MSW Expert, Material Testing and Quality Controller, Mechanical Engineer, supporting staff of requisite qualification, etc.,

agreement and no technical deviations were reported.

- iii. Periodical (fortnightly) submission of progress reports to GHMC was not ensured by Independent Engineer. Test-check of progress reports showed that the fortnightly reports for the period from April 2015 to March 2016 were submitted by Independent Engineer in April 2016.
- iv. Independent Engineer did not ensure strict compliance to the environmental parameters in and around the dumping yard<sup>206</sup> by the Concessionaire. This was evidenced from zero points in three consecutive monthly reports (January – March 2017) under 'Compliance to Environmental Provisions'. Similarly, gas emissions in landfill were above 100 *per cent* against the stipulated norm of 25 *per cent* in Concessionaire agreement.

GHMC imposed (January 2017) a penalty of ₹ 20 lakh on Independent Engineer for non-compliance of agreement conditions. This was an indication of poor monitoring by Independent Engineer over the activities of the Concessionaire. In this regard, the clauses of Concessionaire Agreement providing rights to the Concessionaire in selection and termination of Independent Engineer need a review.

Government agreed (December 2017) to review the functioning of Independent Engineer and the detrimental clauses in Concessionaire Agreement.

#### **4.7 Storm water drains**

As per Section 290 of Greater Hyderabad Municipal Corporation Act, 1955, all municipal drains are under the control of Commissioner. The drainage system in Hyderabad comprises of a hierarchy of natural and man-made drains/nalas and water bodies that ultimately discharge surface run-off. The nalas are the major carriers of storm water finally disposing into the river and water bodies<sup>207</sup> in the catchment.

There were 173 storm water drains<sup>208</sup> with a length of 390 km passing through the limits of GHMC. In addition to storm water discharge, these drains were also used to discharge sullage<sup>209</sup> and septic tank overflows.

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<sup>206</sup> to arrest air, ground water, surface water pollution

<sup>207</sup> The most important lakes are Hussain Sagar, Osmansagar, Himayat Sagar, Mir Alam Tank, Saroornagar Lake, Safilguda Lake, and Langerhouz Lake etc.,

<sup>208</sup> 82 Primary drains (carry storm water into water bodies) with 211 km, 76 secondary drains (connecting drains to primary drains) with 160 km and 15 tertiary drains (road side drains discharging water into primary/secondary drains) with 19 km

<sup>209</sup> waste water from household sinks, showers and baths

### 4.7.1 Planning

As part of urban reforms agenda under JNNURM<sup>210</sup>, a City Development Plan<sup>211</sup> (CDP) was formulated by erstwhile MCH in 2005. Storm Water Drains was one of the prioritised activities involved in CDP.

#### 4.7.1.1 Master plan for Storm water drainage

Erstwhile Municipal Corporation of Hyderabad undertook (2001) the study for preparation of storm water drainage master plan. Based on the study report, the Corporation identified key issues<sup>212</sup> and challenges in respect of storm water drains in CDP. As part of investment plan under CDP, Government also proposed (2005) for preparation of Comprehensive Drainage Master Plan by end of 2008.

Erstwhile MCH entrusted (2006) M/s Kirloskar Consultants, Pune with preparation of micro level master plan for Storm water drainage. After formation of GHMC, Corporation entrusted (2008) M/s. Voyants Solutions Private Limited with preparation of Comprehensive Master Plan and Micro level Storm Water drain network. Further they were also entrusted with preparation of Detailed Project Reports (DPRs) for Storm water drains duly utilising the report of M/s Kirloskar Consultants.

M/s. Voyants Solutions submitted (December 2011) draft master plan and Detailed Project Reports (DPRs) for improvement/remodelling of 102 drains in a phased manner, during 2011 to 2015. Master plan and DPRs were yet to be approved as there were pending items<sup>213</sup> to be submitted by M/s. Voyants Solutions Private Limited.

Government stated (November 2017) that master plan and DPRs for improvement of storm water drains were agreed to in principle. Reply was in contravention of letter addressed to M/s. Voyants Solutions Private Limited by GHMC in August 2017, listing the pending items of Master plan and individual DPRs.

#### 4.7.1.2 Plan for improvement of primary, secondary and tertiary drains

M/s. Kirloskar consultants identified 71 Storm water drains for improvement/remodelling in erstwhile MCH<sup>214</sup> area. As per investment plan of City

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<sup>210</sup> Jawaharlal Nehru National Urban Renewal Mission

<sup>211</sup> The plan outlined priorities for developmental activities in Hyderabad city along with the strategies and action plans for achieving these and investment required for the purpose

<sup>212</sup> Low coverage, Low capacity, Lack of integrated drainage plan and Encroachments

<sup>213</sup> As per the letter addressed (August 2017) to M/s. Voyants Solutions Pvt Ltd, the pending items include drain inventory data for Zone 1, 3, 4, micro level storm water network plan for water stagnation areas, lack of information about detailed survey of drains and its flood prone areas, etc.,

<sup>214</sup> Municipal Corporation of Hyderabad

Development Plan, these were to be taken up and completed within a span of seven years (2005-06 to 2011-12).

Audit noticed that as of March 2017, GHMC could take up improvement works only on 24 (34 *per cent*) out of 71 Storm water drains identified by M/s. Kirlosakar consultants. Even the works proposed were not for complete length of drain as identified by M/s. Kirlosakar consultants. As regards improvement works on 102 Storm water drains recommended by M/s. Voyants, GHMC took up only two Storm water drains. Accordingly, the objective of improving hydraulic capacity<sup>215</sup> of the nalas through widening, deepening and construction of sidewalls for limiting the risk of floods was not achieved despite the lapse of five years.

Government accepted (November 2017) the audit observation and stated that works could not be taken up as proposed due to encroachments and stiff resistance from people. The fact remained that there was no further improvement in taking up the works.

#### **4.7.1.3 Planning for new tertiary drains**

Based on the challenges identified during preparation of City Development Plan (CDP), erstwhile MCH<sup>216</sup> proposed for construction of tertiary drains on a priority basis. The city comprises of 800 km of tertiary drains covering only 40 *per cent* of the road length. Accordingly, tertiary drains to all the major arterials<sup>217</sup> and important roads were proposed in CDP to facilitate proper draining of storm water by 2012.

Corporation did not take up construction of tertiary drains as planned. Audit observed from the records of GHMC that there were 461 water logging points in the city, of which 52 points were critical<sup>218</sup> and 67 major traffic junctions<sup>219</sup>. All these points were prone to risk during monsoon due to non-availability of connecting / aligning system to the nearby storm water drains.

Government stated (November 2017) that tertiary drains were taken up wherever required. Reply was not satisfactory, as there were 461 water logging points as per records of GHMC. Though the requirement of tertiary drains was identified while drawing CDP in 2005, the same were not addressed as of September 2017. As a result, the problem of water logging continued during every monsoon and, thereby, causing great inconvenience to the commuters / public.

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<sup>215</sup> Increase the flow of water

<sup>216</sup> Municipal Corporation of Hyderabad

<sup>217</sup> A high capacity urban road

<sup>218</sup> major being Lakdi-ka-pool, Chilkaiguda, NMDC, Nampally T-Junction, Malakpet, Tolichowki

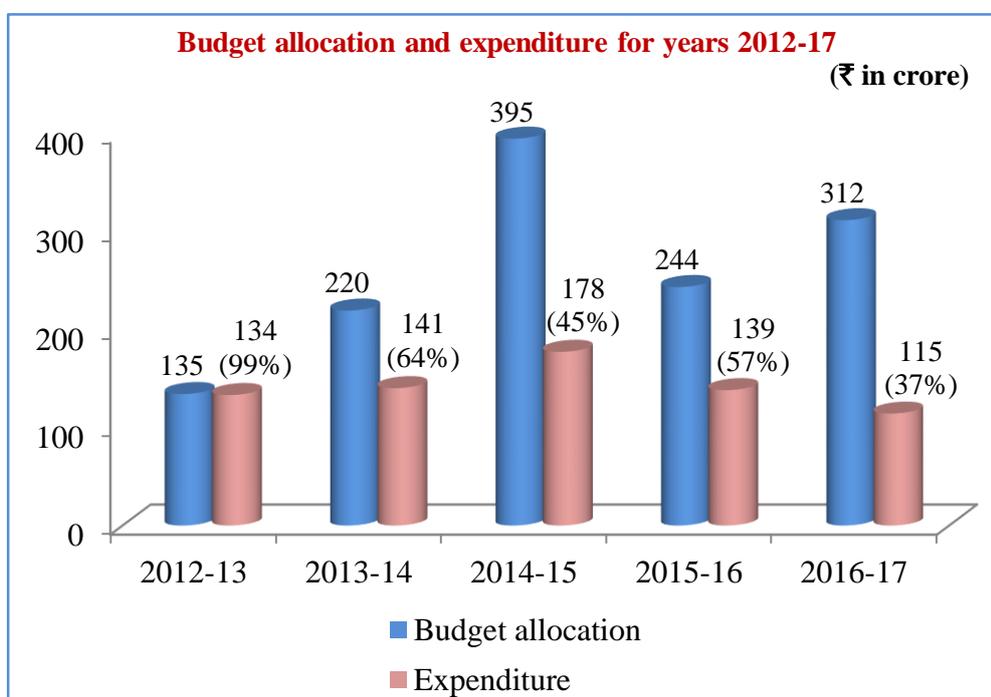
<sup>219</sup> major being Central Bus Station, Sangeeth signal, Satyam theatre at Ameerpet, Chanchalguda, Puranapul

## 4.7.2 Fund Management

Corporation met the expenditure towards improvement and remodelling of storm water drains through grants received from GoI<sup>220</sup> and State Government<sup>221</sup> besides their own resources. Expenditure towards maintenance of storm water drains was met through own resources of Corporation.

During audit period (2012-17), Corporation provided budget proposals for ₹1,306 crore against which ₹707 crore was incurred as depicted in the Chart 4.6. It could be seen that though there was increase in provision of budget for Storm water drains during 2016-17, percentage of expenditure was not encouraging when compared to previous years. Short utilisation of funds could be attributed to poor execution of works as commented in paragraph 4.7.3.

Chart 4.6



Source: Budget estimates for 2012-16 and provisional figures for 2016-17 as furnished by Corporation

### 4.7.2.1 Assured Assistance foregone

Government of India sanctioned (October 2008) a project 'Improvement of storm water drainage in Zone I and II' for ₹124.10 crore under JNNURM<sup>222</sup>. Of the sanctioned cost, GoI share was ₹43.44 crore against which ₹10.86 crore was released (December 2008) as first instalment. GoI issued notice for withdrawal of project in October 2012 and final notice in March 2013, as there was slow progress in implementation of the project. Physical progress was less

<sup>220</sup> Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Thirteenth Finance Commission

<sup>221</sup> matching State share of JNNURM

<sup>222</sup> Jawaharlal Nehru National Urban Renewal Mission

than 25 per cent even after two years of sanction of project. Action initiated by Corporation for further GoI releases was not forthcoming and there were no releases after December 2008. Thus, Corporation had foregone assured assistance of ₹ 32.58 crore in respect of this project due to slow progress.

Government stated (December 2017) that GoI, while according approval to the revised DPR, restricted the cost to the length of work completed (9 km) against the actual requirement (24 km). Thus, non-completion of the work as proposed resulted in foregoing the assured assistance.

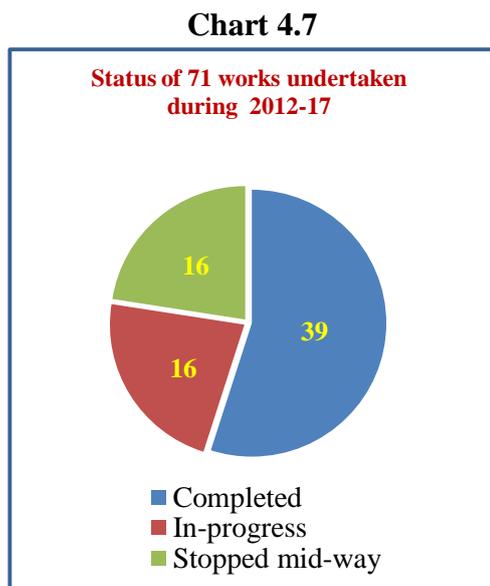
#### **4.7.2.2 Non-repayment of loan component under JNNURM**

Jawaharlal Nehru National Urban Renewal Mission (JNNURM) guidelines envisage creation of Revolving fund<sup>223</sup>, which would graduate to a State Urban Infrastructure fund at the end of Mission period. TUFIDC<sup>224</sup> released (July 2010 and March 2013) ₹ 2.71 crore under loan component to GHMC for implementation of three Storm water drain projects. As of March 2016, Corporation was yet to pay ₹ 1.69 crore towards principal and interest.

Government did not furnish reply to this observation.

#### **4.7.3 Execution of works**

During the audit period (2012-17) Corporation undertook 71 improvement / remodelling works on 26 storm water drains with estimated cost of ₹ 350.13 crore. An amount of ₹ 187.80 crore was expended on these works as of July 2017. A total of 39 works were completed, 16 works were in-progress and 16 works were stopped mid-way due to failure of Corporation to evict encroachments and to provide clear stretch of site as depicted in the Chart-4.7.



<sup>223</sup> State level nodal agency sanction grant-cum-loan to the urban local bodies in such a manner that 25 per cent to the Central and State grant put together was to be recovered and ploughed into a Revolving fund to leverage market funds for financing further investment in infrastructure projects

<sup>224</sup> Telangana Urban Finance and Infrastructure Development Corporation, the State level nodal agency for JNNURM

For detailed examination, Audit selected 24 works pertaining to improvement/remodelling<sup>225</sup> of Storm water drains with estimated cost of ₹ 227.82 crore (**Appendix-4.1**). Of the test-checked works, 13 works were stopped mid-way and there was delay of two to five years in completion of 5 works after incurring an expenditure of ₹ 75.23 crore. This was due to failure of Corporation in handing over the clear stretch of site by evicting encroachments/clearing of properties/structures, shifting of utilities<sup>226</sup> etc. Details of significant cases of test-checked works are given in **Appendix-4.2**.

Government accepted (November 2017) the audit observation and stated that efforts were being made to convince public for removal of encroachments through public representatives, welfare associations etc. The fact remained that there was no progress in eviction of encroachments and execution of works.

#### **4.7.4 Monitoring on management of SWDs**

GHMC Act<sup>227</sup>, 1955, stipulates that the Commissioner shall maintain and keep in repair all drains, ensure cleansing<sup>228</sup> of drains, and remove any buildings or structures erected over drains without permission. Also as per recommendations of Central Public Health and Environmental Engineering Organisation (CPHEEO) and as planned in City Development Plan, Corporation has to ensure routine cleaning of drains before and after monsoon to monitor regularly not to dispose of solid waste in the drains, and remove encroachments.

##### **4.7.4.1 Encroachments**

There were 12,182 encroachments along nalas and water bodies, of which only 847 (7 per cent) were evicted as of July 2017.

A work ‘Construction of Storm water drain from Patancheruvu to Gangaram cheruvu’ sanctioned (April 2013) for ₹ 11.57 crore was based on the DPR prepared (December 2011) by M/s. Voyants Solutions Private Limited. The work was technically sanctioned in October 2013 and awarded in May 2014 for ₹ 8.40 crore with a stipulation for completion by August 2015. Later, Corporation proposed (February 2015) change in alignment<sup>229</sup> duly enhancing the length of drain and revising the design from open drain<sup>230</sup> to box drain<sup>231</sup>.

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<sup>225</sup> Improvement/remodelling of Storm water drains includes drain widening, drain deepening, drain wall raising, drain wall reconstruction and restoration, bed protection etc., for free flow of storm water and making areas free of inundation during floods

<sup>226</sup> Electrical poles, telephone cable, sewerage lines etc.,

<sup>227</sup> Section 292, 295 and 299

<sup>228</sup> flushed, cleansed and emptied

<sup>229</sup> via NH-9

<sup>230</sup> Surface drain

<sup>231</sup> Sub-Surface drain

Audit noticed that the change of alignment was due to the fact that a major length of drain proposed was not traceable (May 2013), as it was encroached by many structures.

Government accepted (November 2017) the audit observation.

#### **4.7.4.2 Missing lakes due to encroachments**

There were 185 lakes in the jurisdiction of Corporation, after formation of GHMC in 2007. Storm water runs into these lakes, and water stored was used for agricultural purposes. As per the information furnished (June 2017), there were only 159 lakes, and 17 lakes<sup>232</sup> were not traceable while nine lakes<sup>233</sup> were fully encroached. The 26 missing lakes, due to encroachments result in inundation of areas during heavy rains.

Government did not furnish reply to this observation.

#### **4.7.4.3 Maintenance of nalas**

The Commissioner, along with his staff of Engineering Division<sup>234</sup> looks after the construction and maintenance of storm water drains. Maintenance of drains by GHMC included de-silting and minor repair works. During 2012-17, 1,918 maintenance works were taken up on Storm water drains with ₹78.34 crore. The physical verification of the sites showed that GHMC had not addressed the issue of dumping / disposal of solid waste into drains as shown in the photograph.



***Dumping of waste into drains***

Government stated (November 2017) that 'Swachh Volunteers' were appointed to address<sup>235</sup> the issue of dumping of solid waste into drains. Regular desilting of drains were being taken up to ensure free flow of storm water. The fact remains that dumping of solid waste into drains continued as seen from above photograph.

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<sup>232</sup> 1) Tummalakunta 2) Chintalakunta 3) Puppalkunta, 4) Kurmacheruvu, 5) Qutubullapur cheruvu, 6) Komakunta, 7) Komarkunta, 8) Gollavanikunta, 9) Bhajansahikunta 10) D.Bongalakunta 11) Shan Keesamunakunta, 12) HMT Colony lake, 13) Quarry kunta, 14) Camelot layout lake, 15) Banda kunta, 16) Sudharshan lake and 17) Anjayacheruvu

<sup>233</sup> 1) Ramanthacheruvu, 2) Wadlakunta, 3) Kothacheruvu, 4) Bandamkunta, 5) Shamalakunta Ameerpet, 6) Yousufguda tank, 7) Shamalakunta Sanathnagar, 8) Myasammakunta and 9) Chapala cheruvu

<sup>234</sup> Engineering wing of maintenance is headed by Chief Engineer (M) and there were 30 maintenance divisions spread over in five zones of Corporation

<sup>235</sup> By educating the people

## 4.8 Redressal mechanism

### *Good practices*

GHMC introduced (July 2015) Mobile Application (*My GHMC App*) for providing services relating to payment of taxes and addressing the problems like clearing of dustbins, water logging, etc. Besides these, the status of various permissions accorded by GHMC can also be viewed through this Application. GHMC already had various modes<sup>236</sup> of redressal mechanism for attending grievances of the public. The grievances, thus, received from various sources were directly forwarded to the officials of the concerned department for resolution, which were also monitored online.

Audit noticed that out of 3.14 lakh complaints received during the audit period (2012-17), GHMC could resolve 3.11 lakh (99 *per cent*) complaints.

## 4.9 Conclusion

GHMC took several initiatives towards providing citizen friendly services, of which *My GHMC App* was most noteworthy.

However, the Municipal body could not ensure compliance with regard to implementation of Building Rules issued by Government. This resulted in deviations to the approved plans and proliferation of unauthorised constructions. Due to pending revision of Annual Rental Value of the buildings, as per the provisions of GHMC Act, 1955, sources for augmentation of revenue resources through Property Tax remained largely unutilised. Lack of data integration between the Town Planning wing (building permissions) and Revenue wing (Trade licenses and Property Tax) resulted in short/non-assessment of properties. GHMC did not ensure strict compliance with regard to enforcement of penal provisions for non/delay in payment of Property Tax.

A Public Private Partnership (PPP) model for collection, transportation, treatment and disposal of solid waste was attempted in 2009. However, inability to engage with stakeholders, particularly its employees, substantially curtailed the scope of work. GHMC could not ensure compliance for collection of segregated waste from primary waste generating units. Poor segregation facilities burdened the landfill sites. The existing transfer stations were not upgraded and new transfer stations planned under PPP were not established. Waste to energy plants envisaged as important source of disposal of Municipal Solid Waste were yet to materialise.

A draft master plan for strengthening storm water drainage system for the city was prepared in 2011. However, it could not be implemented due to GHMC's inability to evict encroachments. The continuous inadequacy of drains and the incidence of missing lakes also show GHMC's failure in protection of valuable

<sup>236</sup> through written complaints (*Prajavani Parishkaram, Commissioner peshi etc.*) online services (*GHMC online, twitter*) and mobile calls (*Call centre, emergency dial 1100*)

water bodies, resulting in inundation during monsoons.

#### **4.10 Recommendations**

- GHMC should ensure strict implementation of Building rules and strengthen Town Planning wing towards this objective.
- Co-ordination between the Town Planning wing and Revenue wing should be ensured. GIS mapping should be used to reduce the interface of Revenue wing with Public.
- GHMC may put in place a mechanism to ensure realisation of Property Tax from every property, private or Government, on regular basis without accumulation of arrears.
- 100 *per cent* segregation of Municipal Solid Waste at source should be ensured by GHMC to ensure proper disposal. Efforts should be made to complete the pending infrastructure facilities at disposal points including intermediary transfer stations to avoid burden on land fill sites.
- GHMC should ensure linking of drains on priority to avoid water logging. Outreach to all stakeholders may be planned to forge partnerships in removal of encroachment on storm water drains.

Government accepted (December 2017) the recommendations.

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# **Chapter – V**

## **Compliance Audit Paragraphs**

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## 5.1 Loss of revenue

**Gajwel Nagar Panchayat of Siddipet district did not deduct Welfare Cess, resulting in loss of revenue of ₹ 53.66 lakh to the State Building and Other Construction Workers Welfare Board.**

Government of India (GoI) enacted Building and Other Construction Workers' Welfare Cess Act, 1996, for providing welfare measures to construction workers. Subsequent Rules issued by GoI in 1998 provided for levy and collection of Cess from the employers undertaking building and other construction works. The State Government issued directions (December 2009) to Urban Local Bodies to ensure receipt of one *per cent* Cess on projects<sup>237</sup> before approving building plans. The Cess collected has to be remitted to the Welfare Fund Account maintained by the State Building and Other Construction Workers Welfare Board.

Audit test-checked (September 2015) nine cases of building permissions regulated (2013-15) by Gajwel Nagar Panchayat of Siddipet district (erstwhile Medak District). It was observed that the Nagar Panchayat did not levy Welfare Cess on the estimated cost of construction of the building works before according building permissions. Loss of revenue in this regard was ₹ 53.66 lakh<sup>238</sup> to the State Building and Other Construction Workers Welfare Board.

Thus, Nagar Panchayat failed to comply with the provisions of Building and Other Construction Workers' Welfare Cess Act, 1996.

Government accepted (December 2017) the observation and assured to recover the short collected amounts.

<sup>237</sup> Where estimated cost exceeds ₹ 10 lakh

<sup>238</sup> Cost of land is excluded

## **5.2 Short levy and collection of Building permit fee**

**Incorrect application of rates and omission of certain components while computing the building permit fee by Gajwel Nagar Panchayat, resulted in a revenue loss of ₹ 1.49 crore**

According to the provisions of Andhra Pradesh Municipalities Act, 1965<sup>239</sup>, the Municipalities / Nagar Panchayats are entrusted with the powers to accord permission for construction of buildings. The permissions would be issued by charging fees for every such permission on such units<sup>240</sup> and at such rates as may be fixed by the Municipal Council. The Council of Gajwel Nagar Panchayat (NP) revised (April 2013) Building permit fee and other charges, in compliance with Government orders<sup>241</sup> (February 2013).

Audit examined (September 2015) records pertaining to building permissions regulated (2013-15) by Gajwel NP of Siddipet district. In respect of nine test-checked cases of building permissions, there was short realisation of building permit fee to the extent of ₹ 1.49 crore with reference to the rates revised (April 2013) by the Council. This was due to non/incorrect adoption of rate of betterment charges, incorrect adoption of rate of building permit fee, non-deduction of open space contribution, etc.

Thus, due to incorrect application of rates and omission of certain components while computing the building permit fee, the Nagar Panchayat sustained a revenue loss of ₹ 1.49 crore.

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<sup>239</sup> Andhra Pradesh Municipalities Act, 1965 as adopted by Telangana on reorganisation

<sup>240</sup> Square metre (Sq.mts) or Square feet (Sq.ft) as notified by ULB

<sup>241</sup> to adopt uniform and simplified schedule of rates on Town Planning fee and charges

Government accepted (December 2017) the observation on short levy and collection of building permit fee.

**Hyderabad**  
**The 16 March 2018**

**(AJAIB SINGH)**  
**Principal Accountant General (Audit)**  
**Telangana**

**Countersigned**

**New Delhi**  
**The 19 March 2018**

**(RAJIV MEHRISHI)**  
**Comptroller and Auditor General of India**



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# Appendices

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## Appendix - 1.1

(Reference to paragraph 1.3 page 3)

Statement showing district-wise and department-wise devolution of funds to PRIs during 2016-17

(₹ in lakh)

S.No.	Name of the District	Animal Husbandry Department	Backward Classes Welfare Department	Fisheries Department	Total
1	Adilabad	65.70	0	429.90	495.60
2	Karimnagar	0	0	0	0
3	Khammam	0	0	286.84	286.84
4	Mahabubnagar	0	0	537.18	537.18
5	Medak	0	0	76.44	76.44
6	Nalgonda	0	0	0	0
7	Nizamabad	0	0	0	0
8	Rangareddy	0	0.20	0	0.20
9	Warangal	0	0	0	0
	<b>Total</b>	<b>65.70</b>	<b>0.20</b>	<b>1,330.36</b>	<b>1,396.26</b>

Source: Information furnished by CPR&amp;RE

## Appendix - 2.1

(Reference to paragraph 2.1.3 page 14)

Statement showing the list of Gram Panchayats selected for detailed compliance audit on 'Land Management in Panchayat Raj Institutions'

District	Gram Panchayats
<b>Adilabad</b>	Jainath, Gudipet, Narsingapur, Basar, Anukunta and Battisavargaoan
<b>Karimnagar</b>	Chelpur, Kurikyala, Thimmapur, Nusthulapur, Chintakunta, Rekurthy, Thadoor, Baddenapally, Kamanpur and Velichala
<b>Khammam</b>	Kusumanchi, Sivai Gudem, Lakshmi Puram, Konijerla, Gundratimadugu, Arempula, Singareni, Lakshmipuram(B), Sujathanagar and Tallada
<b>Nizamabad</b>	Adloor, Borgaon, Perkit, Jangampally, Narasnapally, Pangra, Devanpally, Bhiknoor, Nadipally and Rameshwarpally
<b>Rangareddy</b>	Adibatla, Aushapur, Gundla Pochampally, Kismatpur, Kondakal, Kongara Kalan, Korremula, Mangalpally, Mokila and Shankerpally

**Appendix - 4.1**

**(Reference to paragraph 4.7.3 page 67)**

**Statement showing the list of test-checked works of Storm Water Drains**

S.No.	Name of the Work	Name of the Scheme	Estimated cost (₹in crore)	Expenditure as of July 2017 (₹in crore)	Status of work
1	Construction of RCC retaining wall from Km 5.875 to Km 6.030 & from Km 6.095 to Km 6.175 (155+80=235 m) on Balkapurnala (MN4)	JNNURM	2.30	2.05	Completed
2	Investigation, Surveying, Design, preparation of detailed estimates and execution of construction of RCC retaining wall Shobhana Colony to Minor Bridge at Fathenagar (both sides) on Kukatpallynala (EPC) System	JNNURM	14.58	14.63	Completed
3	Investigation, Survey, Design preparation of details estimates and execution of improvements for Balkapurnala by constructing Retaining walls	JNNURM	17.58	19.34	Completed
4	Remodelling of Moghalkana for Balance Length	13th FC	2.47	1.76	Completed
5	Proposed construction of RCC storm water drain at Uttamnagar RUB	GHMC	0.82	0.28	Completed
6	Reconstruction of Storm Water Drain within the premises of AP Dairy Development Cooperative Federation Limited (APDDCFL)	GHMC	0.19	0.12	Completed
7	Construction of RCC retaining wall for length of 450m at satyanagar on Hussain Sagar Surplus nala	JNNURM	3.00	1.79	In Progress
8	Construction of Storm water Drain from Patancheruvu to Gangaram Cheruvu in Serilingampally Circle ( from Node N-83 to N-86)	13th FC	9.95	7.42	In Progress
9	Construction of SWD from Kalanikethan to River Musi	13th FC	9.97	9.07	In Progress
10	Remodelling murkinala (P9) from Ch:4,235 to 4,996 (1,522m) at Uppuguda Durdana Hotel and Shivajinagar	13th FC	9.70	7.59	In Progress
11	Remodelling of Picket Nala from SP Road to Minister Road	GHMC	3.98	1.08	In Progress

S.No.	Name of the Work	Name of the Scheme	Estimated cost (₹in crore)	Expenditure as of July 2017 (₹in crore)	Status of work
12	Improvement to Storm water drain (SWD) at Gandhinagar nala, Zone II	JNNURM	8.50	6.85	Stopped
13	Investigation, Surveying, Design preparation of detailed estimates and execution of construction of RCC retaining wall channelisation of Gurram Cheruvu nala P8 from Ch.7.687 KM to 7.917 KM and from 8.015 to 10.89 on Murkinala (KS5) (P11 & P12)	JNNURM	27.99	7.96	Stopped
14	Remodelling of Murkinala (P-12) at Yakutpura Railway station	JNNURM	7.00	1.41	Stopped
15	Improvement to SWD of Yousufgudanala, Zone-I	JNNURM	19.50	3.72	Stopped
16	Construction of Storm water drain of Banjara Hills nala for a length of 2460m funded under JNNURM	JNNURM	11.50	3.38	Stopped
17	Improvement of SWD of Kalasigudanala (Reach IV)	JNNURM	3.40	1.70	Stopped
18	Investigation, Surveying, Design preparation of detailed estimates and execution of construction of RCC retaining wall channelisation of Gurram Cheruvunala P8 (from Ch.1.39 Km to 2.37 Km) on Murkinala P9 from Km 2.91 to Km 5.91 on Murkinala	JNNURM	34.11	8.98	Stopped
19	Improvement of Storm water drain Panjagutta Nala (MN11)	JNNURM	5.30	1.37	Stopped
20	Improvement of SWD at Yellareddyguda Nala in Zone-I	JNNURM	13.70	0.87	Stopped
21	Improvement to SWD at Dandu Mansion Nala Zone-II	JNNURM	8.40	1.19	Stopped
22	Manufacturing and jacking of precast RCC NP4 Class socket and spigot pipe of 2000 mm ID with M35 concrete including construction of drive pits of suitable size by pipe jacking technique for improvement of storm water drain near Swarna Jayanthi Complex, SR Nagar, Yousufguda Nala	JNNURM	2.22	1.88	Stopped

S.No.	Name of the Work	Name of the Scheme	Estimated cost (₹in crore)	Expenditure as of July 2017 (₹in crore)	Status of work
23	Investigation surveying designing and preparation of details estimates and execution of construction of RCC retaining wall at different stretches on both sides of Kukatpallynala for a length of 900m funded under JNNURM	GHMC	4.16	1.95	Stopped
24	Construction of SWD from Qayamnagar to ESI river in Rajendranagar circle	GHMC	7.50	7.02	Stopped
	<b>Total</b>		<b>227.82</b>	<b>113.41</b>	

Source: Records of GHMC

#### Appendix - 4.2

(Reference to paragraph 4.7.3 page 67)

#### Statement showing the significant findings on the test-checked Storm Water Drain works

S.No.	Details of work	Extent of work done (in meters)	Expenditure (₹ in crore)	Status of work
1	'Improvement of Storm water drain at Yellareddygudanala in Zone-I' entrusted (November 2010) for ₹ 13.75 crore with a stipulation for completion by May 2011.	230 m out of 2894m (8 per cent)	0.87	Stopped
2	'Improvement to Storm water drain at Dandu Mansion Nala Zone-II' entrusted (August 2010) for ₹ 8.02 crore with a stipulation for completion by February 2011.	830m out of 5791m (14 per cent)	1.19	Stopped
3	'Improvement to Storm water drain at Yousufgudanala Zone-I' entrusted (November 2010) for ₹ 19.53 crore with a stipulation for completion by May 2011.	625m out of 3960 (16 per cent)	3.72	Stopped
4	'Remodelling of Murkinala at Yakutpura Railway station' entrusted (March 2013) for ₹ 6.79 crore with a stipulation for completion by December 2013.	250m out of 910m (28 per cent)	1.41	Stopped
5	'Improvement of Storm water drain Panjagutta Nala' entrusted (July 2012) for ₹ 4.60 crore with a stipulation for completion by March 2013	360m out of 794m (45 per cent)	1.37	Stopped

S.No.	Details of work	Extent of work done (in meters)	Expenditure (₹ in crore)	Status of work
6	'Improvement to Storm water drain at Gandhinagar nala, Zone -II' entrusted (June 2010) for ₹8.04 crore with a stipulation for completion by December 2010.	1206m out of 2280m (53 per cent)	7.32	Stopped
7	'Improvement of Storm water drain of Kalasiguda nala <sup>242</sup> ' entrusted (August 2013) for ₹ 3.03 crore with a stipulation for completion by August 2014.	383m out of 570m (67 per cent)	1.70	Stopped
8	'Construction of Storm water drain <sup>243</sup> in Rajendranagar circle' entrusted (April 2015) for ₹5.96 crore with a stipulation for completion by April 2016.	874m out of 1537m (57 per cent)	7.02	Stopped
9	'Construction of RCC <sup>244</sup> retaining wall <sup>245</sup> for length of 450m at satyanagar on Hussain Sagar Surplus nala' entrusted (June 2012) for ₹2.90 crore with a stipulation for completion by December 2012.	309m out of 450m (69 per cent)	1.79	In progress
10	'Storm water drain from Kalaniketan to River Musi for a length of 1,500 m' entrusted (March 2014) for ₹9.13 crore with a stipulation for completion by June 2015.	1076m out of 1500m (72 per cent)	9.07	In progress
11	'Remodelling murkinala <sup>246</sup> at Uppuguda Durdana Hotel and Shivajinagar entrusted (August 2014) for ₹9.11 crore with a stipulation for completion by August 2015	1206m out of 1522m (79 per cent)	7.59	In progress

Source: Records of GHMC .

<sup>242</sup> Reach IV

<sup>243</sup> from Qayamnagar to ESI river

<sup>244</sup> Reinforced Cement Concrete

<sup>245</sup> km 7.693/7.365 to km 7.918/7.590

<sup>246</sup> (P9) from Ch:4,235 to 4,996 (1,522m)



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# **Glossary of Abbreviations**

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<b>AC bill</b>	Abstract Contingent bill
<b>AG</b>	Accountant General
<b>AP</b>	Andhra Pradesh
<b>APCPDCL</b>	Andhra Pradesh Central Power Distribution Company Limited
<b>APIIC</b>	Andhra Pradesh Industrial Infrastructure Corporation
<b>APMDP</b>	Andhra Pradesh Municipal Development Project
<b>APNPDCL</b>	Andhra Pradesh Northern Power Distribution Company Limited
<b>APPR Act</b>	Andhra Pradesh Panchayat Raj Act
<b>APTRANSCO</b>	Transmission Corporation of Andhra Pradesh
<b>APUFIDC</b>	Andhra Pradesh Urban Finance Infrastructure Development Corporation
<b>ARV</b>	Annual Rental Value
<b>ASCI</b>	Administrative Staff College of India
<b>BRGF</b>	Backward Regions Grant Fund
<b>BSO</b>	Board of Standing Orders
<b>BT</b>	Black Top
<b>CA</b>	Concession Agreement
<b>CAG</b>	Comptroller and Auditor General
<b>CDP</b>	City Development Plan
<b>CEO</b>	Chief Executive Officer
<b>CFC</b>	Central Finance Commission
<b>COD</b>	Commercial Operation Date
<b>CPHEEO</b>	Central Public Health and Environmental Engineering Organisation
<b>CPR&amp;RD</b>	Commissioner Panchayat Raj and Rural Development
<b>CPR&amp;RE</b>	Commissioner Panchayat Raj and Rural Employment
<b>CRD</b>	Commissioner Rural Development
<b>CSS</b>	Centrally Sponsored Schemes
<b>DC bill</b>	Detailed Contingent Bill
<b>DCB</b>	Demand Collection and Balance
<b>DDO</b>	Drawing and Disbursing Officers
<b>DEABAS</b>	Double Entry Accrual Based Accounting System
<b>DISCOM</b>	Distribution Company
<b>DMA</b>	Director Municipal Administration
<b>DPC</b>	District Planning Committee
<b>DPC Act</b>	Duties, Powers and Conditions of Service Act
<b>DPMS</b>	Development Permission Management System
<b>DPO</b>	District Panchayat Officer
<b>DPR</b>	Detailed Project Report

<b>DSA</b>	Director State Audit
<b>DTCP</b>	Director Town and Country Planning
<b>EE</b>	Executive Engineer
<b>ENC</b>	Engineer in Chief
<b>EPTRI</b>	Environment Protection Training & Research Institute
<b>ER</b>	Eastern Region
<b>ESI</b>	Employees State Insurance
<b>ETC</b>	Extension training centres
<b>FFC</b>	Fourteenth Finance Commission
<b>FMB</b>	Field Measurement Book
<b>FSA</b>	Field Survey Atlas
<b>GHMC</b>	Greater Hyderabad Municipal Corporation
<b>GIS</b>	Geographic Information System
<b>GoI</b>	Government of India
<b>GPDP</b>	Gram Panchayat Development Plan
<b>GPs</b>	Gram Panchayats
<b>HMC</b>	Hyderabad Municipal Corporation
<b>HMWSSB</b>	Hyderabad Metropolitan Water Supply and Sewerage Board
<b>HOD</b>	Head of the Department
<b>HUDA</b>	Hyderabad Urban Development Authority
<b>HUDCO</b>	Housing and Urban Development Corporation
<b>IE</b>	Independent Engineer
<b>IEC</b>	Information Education and Campaign
<b>IHHL</b>	Individual House Hold latrines
<b>IMSWM</b>	Integrated Municipal Solid Waste Management
<b>IR</b>	Inspection Report
<b>JNNURM</b>	Jawaharlal Nehru National Urban Renewal Mission
<b>LB</b>	Local Bodies
<b>MA &amp; UD</b>	Municipal Administration and Urban Development
<b>MCH</b>	Municipal Corporation of Hyderabad
<b>MGNREGS</b>	Mahatma Gandhi National Rural Employment Guarantee Scheme
<b>MPDO</b>	Mandal Parishad Development Officer
<b>MPLAD</b>	Members of Parliament Local Area Development
<b>MPP</b>	Mandal Praja Parishad
<b>MRO</b>	Mandal Revenue Officer
<b>MSW</b>	Municipal Solid Waste
<b>MTPD</b>	Metric Tons Per Day
<b>MW</b>	Mega Watt
<b>NA</b>	Not Available

<b>NABARD</b>	National Bank for Agriculture and Rural Development
<b>NH</b>	National Highway
<b>NIC</b>	National informatics Centre
<b>NP</b>	Nagar Panchayat
<b>NRDWP</b>	National Rural Drinking Water Programme
<b>NSDP</b>	Net State Domestic Product
<b>OHSR</b>	Over Head Service Resources
<b>ORR</b>	Outer Ring Road
<b>PAG</b>	Principal Accountant General
<b>PCB</b>	Pollution Control Board
<b>PESA</b>	Panchayat, Extension to Scheduled Areas
<b>PF</b>	Provident Fund
<b>PPP</b>	Public Private Partnership
<b>PR</b>	Panchayat Raj
<b>PR&amp;RD</b>	Panchayat Raj & Rural Development
<b>PR&amp;RE</b>	Panchayat Raj and Rural Employment
<b>PRI</b> s	Panchayat Raj Institutions
<b>PRIASoft</b>	Panchayat Raj Institution Accounting Software
<b>PSU</b>	Public Sector Undertaking
<b>PT</b>	Property Tax
<b>PWD</b>	Public Works Department
<b>RCC</b>	Reinforced Cement Concrete
<b>RIDF</b>	Rural Infrastructure Development Fund
<b>RR</b>	Revenue Recovery
<b>RWS</b>	Rural Water Supply
<b>SE</b>	Superintending Engineer
<b>SFC</b>	State Finance Commission
<b>SHpsc</b>	State Level High Powered Steering Committee
<b>SLB</b>	Service Level Benchmark
<b>SLTC</b>	State Level Technical Committee
<b>SSAAT</b>	Society for Social Audit, Accountability and Transparency
<b>SWDs</b>	Storm Water Drains
<b>SWM</b>	Solid Waste Management
<b>TDWSP</b>	Telangana Drinking Water Supply Project
<b>TF</b>	Tipping Fee
<b>TFR</b>	Treasury and Financial Rules
<b>TGS</b>	Technical Guidance and Supervision
<b>TSIIC</b>	Telangana State Industrial Infrastructure Corporation
<b>TSIPARD</b>	Telangana State Institute of Panchayat Raj and Rural Development

<b>TSUIFSL</b>	Telangana State Urban Infrastructure Financial Services Limited
<b>TUFIDC</b>	Telangana Urban Finance Infrastructure Development Corporation Limited
<b>UCs</b>	Utilisation Certificates
<b>ULB</b>	Urban Local Bodies
<b>WPI</b>	Wholesale Price Index
<b>ZGS</b>	Zilla Grandhalaya Samstha
<b>ZPHS</b>	Zilla Parishad High School
<b>ZPP</b>	Zilla Praja Parishad



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