

**Annual Technical Inspection Report
on
Urban Local Bodies**

for the year ended 31 March 2016

**Office of the Principal Accountant General
(General & Social Sector Audit)
Uttar Pradesh**

Government of Uttar Pradesh

TABLE OF CONTENTS

Particulars	Reference to	
	Paragraph No.	Page No.
PREFACE	-	iii
OVERVIEW	-	v
CHAPTER 1		
An Overview of the Functioning, Accountability Mechanism and Financial Reporting		
Introduction	1.1	1
Organisational set up of Urban Local Bodies (ULBs)	1.2	2
Functioning of ULBs	1.3	2
Formation of various Committees	1.4	3
Audit arrangement	1.5	3
Response to Audit observations	1.6	4
Property Tax Board	1.7	5
Service Level Benchmark	1.8	5
Fire-hazard response	1.9	6
Submission of Utilisation Certificates	1.10	6
Financial reporting	1.11	6
Conclusion	1.12	11
CHAPTER 2		
Performance Audit		
Performance Audit on “Municipal Solid Waste Management by Urban Local Bodies”	2	13
CHAPTER 3		
Compliance Audit		
Audit on “Management of own funds by Municipal Boards including collection of Revenue in Urban Local Bodies”	3.1	43
Audit Paragraphs		
Wasteful expenditure in <i>Nagar Nigam</i> Varanasi	3.2	56
Unfruitful expenditure in <i>Nagar Palika Parishads</i> Khatauli and Bangarmau	3.3	57
Unfruitful expenditure in <i>Nagar Nigam</i> Allahabad	3.4	59
Violation of pollution norms in <i>Nagar Nigams</i> Agra and Lucknow	3.5	60
Loss of revenue in <i>Nagar Palika Parishad</i> Hathras	3.6	61
Loss of revenue in <i>Nagar Nigam</i> Varanasi	3.7	62

Appendices		
Number	Particulars	Page Number
1.1	Functions of Urban Local Bodies	65
1.2	Functions performed exclusively by Urban Local Bodies	65
1.3	Sharing of functions between Urban Local Bodies and Government Agencies	66
1.4	Functions performed by Government departments/ agencies	66
1.5	Details of maintenance of records, SLBs <i>etc.</i>	67
1.6	Details of difference in figures	69
1.7	Revenue realised from own resources	70
2.1	List of Sampled ULBs	71
2.2	Status of MSW Processing and Disposal facility in the State	72
2.3	Details of projects entrusted to M/s A2Z Waste Management Ltd.	75
2.4	Status of unmanaged Municipal Solid Waste at processing plant, <i>Nagar Nigam</i> (NN) Kanpur	76
2.5	Non imposition of penalty	76
2.6	Pollution control norms not adhered	77
2.7	Specification for compost quality laid down in MSW Rules 2000	77
3.1.1	List of Sampled ULBs	78
3.1.2	List of 39 items of license fees	78
3.1.3	Financial position of test checked ULBs	79
3.1.4	Revenue realisation against budget provisions in test checked ULBs	83
3.1.5	Loss of revenue due to decreasing in Annual Rental Value (ARV) of properties by ULBs	85
3.1.6	Loss of revenue on water charge	86
3.1.7	Loss of revenue due to non-levy of license fees on wine shops in NN Moradabad and NN Jhansi	88
3.1.8	Loss of revenue to NN Jhansi due to non-charging of license fees on medical activities	89
3.1.9	Outstanding dues of own funds in test checked ULBs	90
3.1.10	House Tax and water tax arrears	91
3.2	Details of purchased vehicles	94
3.3	Loss of revenue from parking places	95
3.4	Recoverable license fees during 2014-16	95

PREFACE

This Report for the year ended March 2016 has been prepared for submission to the Government of Uttar Pradesh in terms of Technical Guidance and Support to audit of ULBs under Section 20(1) of CAG's DPC Act 1971.

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

The issues noticed in the course of test audit for the period 2015-16 as well as those issues which came to notice in earlier years, but could not be dealt within the previous Reports have also been included, wherever necessary.

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

OVERVIEW

This Report consists of three chapters relating to Urban Local Bodies. Chapter 1 provides an overview of the Functioning, Accountability Mechanism and Financial Reporting. Chapter 2 comprises Performance Audit on “Municipal Solid Waste Management by Urban Local Bodies” while chapter 3 includes Compliance Audit and Audit Paragraphs. A synopsis of audit findings included in the report is presented below:

Chapter 1 An Overview of the Functioning, Accountability Mechanism and Financial Reporting

Audit arrangement

The entrustment of Technical Guidance and Support audit of Urban Local Bodies (ULBs) was continued in the State as per the recommendation of Thirteenth Finance Commission. The CAG or his representative will have the right to report to State Legislature the result of audit at his discretion, as per the entrustment (2011). Laying of the audit report in State Legislature and formation of a committee for its discussion was mandated.

However, these are not yet followed by the State Government. Consequently, the ATIRs for the period 2004-05 to 2013-14 and the CAG audit report for the period 2014-15 has not been laid in the State Legislature as of March 2017. Out of 636 ULBs in the State, the audit of accounts of 116 ULBs (*Nagar Nigams:07, Nagar Palika Parishads:40 and Nagar Panchayats:69*) was conducted during 2015-16

The Director, Local Fund Audit (DLFA) is the primary auditor as per Uttar Pradesh Local Fund Audit Act, 1984 and is to prepare a consolidated audit report for laying it in each house of the State Legislature. However, such reports were placed in the Legislature up to 2010-11 and are discussed by the Local Fund Audit Compliance Committee constituted by the State Government. Out of 636 ULBs in the State, the audit of accounts of 570 ULBs was conducted by DLFA during 2015-16.

(Paragraph 1.5.1, 1.5.2 & 1.6)

Devolution of function and funds

Government devolved only 13 out of 18 functions provided in Twelfth Schedule of Constitution due to which the ULBs activities are limited and also affected the active participation of these bodies in poverty alleviation and planning for economic and social development of the urban areas as envisaged in the Constitution.

During 2011-16, the total receipt of ULBs in the State was of ₹ 36,321.31 crore which includes grants from GoI and the State Government under the recommendations of CFC, SFC and own revenue. Own revenue and grants from

CFC showed an increasing trend, while SFC grants increased substantially during 2013-15.

In 2015-16, the State Government transferred the funds to ULBs with a delay of three days, as a result it had to incur avoidable interest payment of ₹ 33.35 lakh.

The targets fixed by the Government for realisation of revenue were not achieved by the ULBs, indicating their large dependency on Government grants.

(Paragraph 1.3, 1.11.1.1, 1.11.3.1 and 1.11.5)

Utilisation certificate

Audit observed that UCs provided by GoUP to GoI were only on the basis of grants released to ULBs and no certificates regarding its utilisation were obtained from the ULBs.

(Paragraph 1.10)

Compliance to audit observation

Compliance to large number of audit observations pertaining to previous years was not sent by State Government, resulting in non-settlement of audit observations.

(Paragraph 1.6)

Chapter 2 Performance Audit on “Municipal Solid Waste Management by Urban Local Bodies”

Municipal Solid Waste (MSW) comprises residential and commercial wastes generated in a municipal area in either solid or semi-solid form excluding industrial hazardous wastes but including treated bio-medical wastes. The Government of India (GoI), in exercise of the powers conferred under the Environment (Protection) Act, 1986, had framed Municipal Solid Wastes (Management and Handling) Rules, 2000 (MSW Rules) to regulate the management and handling of MSW to protect and improve the environment and to prevent health hazards to human beings and other living creatures. As per MSW Rules, every municipal authority is responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid wastes.

A Performance Audit on Municipal Solid Waste Management (MSWM) was conducted, covering 36 ULBs of ten districts for the period 2011-16. Significant audit observations are as follows:

Waste processing facilities were not sanctioned in 604 out of 636 ULBs of the State. The facilities were operational in only 1.4 *per cent* of total ULBs. In the 36 test checked ULBs, waste processing and disposal facility was sanctioned only for seven.

(Paragraph 2.6.2)

Thirty five *per cent* (₹ 177.91 crore) of sanctioned cost (₹ 505.30 crore) of MSW management projects in the State remained unutilised as installation works of 19 MSW processing and disposal facilities were held up due to various reasons.

(Paragraph 2.7.1)

The fund released by GoI (₹ 37.56 crore) and the State (₹ 30.39 crore) for construction of Solid Waste Management projects under *Swachchh Bharat* Mission was not utilised and remained blocked at State level.

(Paragraph 2.7.3)

In NPP Sambhal and NPP Mirzapur, the plant operation had not commenced, even after payment of ₹ 3.22 crore and ₹ 6.46 crore respectively to the executing agency.

(Paragraph 2.8.5.2)

NN Lucknow and NN Kanpur irregularly paid ₹ 18.10 crore and ₹ 19.87 crore respectively as tipping fees to the Concessionaire before commercial operations date of the Project.

(Paragraph 2.8.6.1)

Improper selection of site led to time and cost overrun of ₹ 9.91 crore in MSW disposal project in NN Lucknow.

(Paragraph 2.7.5)

Unnecessary procurement of equipment and vehicles resulted in wasteful expenditure of ₹ 2.72 crore.

(Paragraph 2.8.6.3)

Chapter 3 Compliance Audit

Audit on “Management of own funds by Municipal Boards including collection of Revenue in Urban Local Bodies”

Collection of tax & non-tax revenue was not up to the mark and collection of own funds were also not effective & efficient as required Bye-laws were not approved in many ULBs.

(Paragraph 3.1.4.1 and 3.1.4.2)

The mechanism for revenue generation for own funds through proper assessment, collection and recovery was found weak as ₹ 109.81 crore were in arrears for recovery at the end of March 2016 in test checked ULBs.

(Paragraph 3.1.4.4)

Audit Paragraphs

Installation of dry sump pump in Raw Water Pumping Station, Varanasi, without ensuring viability and its becoming inoperable resulted in wasteful expenditure of ₹ 2.02 crore in *Nagar Nigam*, Varanasi.

(Paragraph 3.2)

Unfruitful expenditure of ₹ 1.30 crore on purchase of Leak Detection System and training for its operation, without analysing the technical viability, in *Nagar Nigam*, Allahabad.

(Paragraph 3.4)

In contravention to National Auto Fuel Policy for reducing vehicular emission, *Nagar Nigam* Agra and Lucknow purchased BS-III model vehicles instead of

BS-IV models at a cost of ₹ 6.85 crore, which led to failure of implementing environment norms on air pollution.

(Paragraph 3.5)

License fee to be paid by private hospitals/nursing homes, clinics, *etc.* were not fixed, leading to a loss of ₹ 41.50 lakh in *Nagar Nigam*, Varanasi.

(Paragraph 3.7)

CHAPTER 1

An Overview of the Functioning, Accountability Mechanism and Financial Reporting

1.1 Introduction

The Seventy Fourth Constitutional Amendment Act, 1992 paved the way for decentralisation of powers and devolution of more functions and funds to Urban Local Bodies (ULBs) for enabling them to function as institutions of self-governance. Consequently, more diversified responsibilities were devolved through three-tier structures, namely, *Nagar Nigam*¹ (NN), *Nagar Palika Parishad*² (NPP) and *Nagar Panchayat*³ (NP). To incorporate the provisions of the Seventy Fourth Constitutional Amendment, the legislature of Uttar Pradesh enacted (1994) the Uttar Pradesh Urban Local Self Government Laws (Amendment) Act, 1994.

Subsequently, the existing Uttar Pradesh Municipalities Act, 1916 and Uttar Pradesh Municipal Corporation Act, 1959 were amended to enable the State Government to devolve funds, functions and functionaries to the grass-root level. The objective was to make ULBs self-reliant and to provide better civic facilities to the people of the areas under their jurisdictions.

Accordingly, the elected bodies at each level of ULBs were established with regular elections of ULBs in every five years.

1.1.1 State Profile

Uttar Pradesh is the fifth largest State in the country in terms of size and spans with an area of 2.41 lakh square kilometres. There were 636 ULBs in the State, governed by elected members of the boards with normally five years tenure. The last election to these ULBs was held in 2012. The profile of ULBs as compared to national value is given in **Table 1**.

Table 1: Important statistics of the State

Sl. No.	Indicator	Unit	State Value	National Value
1	Urban population	<i>Per cent</i>	22.28	31.16
2	Number of ULBs	Number	636	3,842
3	Number of NNs	Number	14	139
4	Number of NPPs	Number	198	1,595
5	Number of NPs	Number	424	2,108
6	Gender Ratio (Urban)	Females per 1000 Males	894	929
7	Literacy (Urban)	<i>Per cent</i>	75.14	84.11

(Source: Census Report 2011 and Thirteenth Finance Commission Report)

¹ Represents larger urban area.

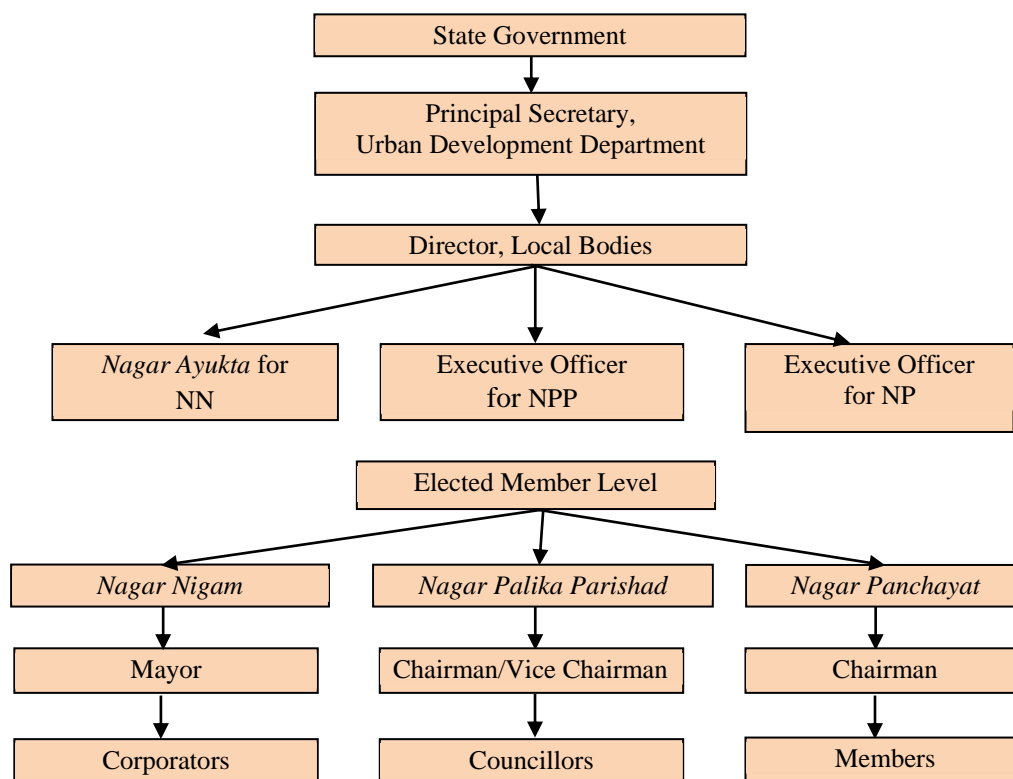
² Represents smaller urban area.

³ Represents transitional area.

1.2 Organisational set up of ULBs

The organogram of the ULBs at the Government and Elected representative level of the State is given in **Chart 1**.

Chart 1: Organisational structure of ULBs



(Source: Director, Local Bodies, Lucknow)

While the Mayor heads the NN, Chairman heads NPP and NP. The elected representatives exercise their powers and discharge duties through the committees of elected members. *Nagar Ayukta* in case of NN and Executive Officer in case of NPP and NP are the administrative heads, responsible for execution of works and utilisation of funds. At the Government level the Director, Local Bodies is the head of respective bodies, under overall control of Principal Secretary, Urban Development Department (UDD).

1.3 Functioning of ULBs

The Seventy Fourth Constitutional Amendment Act, 1992, envisaged devolution of 18 functions (**Appendix 1.1**), listed in the 12th Schedule of the Constitution, to the ULBs. As of March 2016, eight functions were being performed exclusively by ULBs (**Appendix 1.2**); five functions were being shared between ULBs and other Government agencies (**Appendix 1.3**) and five functions were being performed by Government departments/agencies (**Appendix 1.4**).

Thus, the Government devolved only 13 functions⁴ to ULBs as against 18 functions envisaged in the Constitution. This partial devolution of funds,

⁴ Inclusive of five functions that were being shared between ULBs and other Government agencies.

functions and functionaries restricted the activities of ULBs and also affected their active participation in poverty alleviation and planning for economic and social development of the urban areas as envisaged in the Constitution.

1.4 Formation of various Committees

1.4.1 Standing Committees in ULBs

As per the provisions of Sections 88 to 105 of Uttar Pradesh Municipal Corporation Act, 1959 and Sections 104 to 112 of Uttar Pradesh Municipalities Act, 1916, a number of standing committees were required to be formed to carry out the business of ULBs. However, information regarding the number of committees formed and their functional status has not been furnished by Government, though called for (July 2016).

1.4.2 District Planning Committees

Article 243 ZD of the Constitution of India (Constitution) inserted vide 74th Constitutional Amendment Act in 1993 states that “There shall be constituted in every State at the district level a District Planning Committee (DPC) to consolidate the plans prepared by the *Panchayats* and the Municipalities in the district and to prepare a draft development plan for the district as a whole”.

In pursuance with the above amendment, the Government of Uttar Pradesh enacted the Uttar Pradesh DPC Act, 1999 (July 1999). The Act provides that there shall be constituted a DPC in each district to prepare District Development Plan (DDP) for whole of the district integrating the plans prepared by ULBs and allocate funds to sectors and sub-sectors within outlines of the DDP.

Director, Local Bodies, Lucknow stated (July 2016) that the DPCs were constituted and functional.

1.5 Audit Arrangement

1.5.1 Primary Auditor

The Director, Local Fund Audit (DLFA) is the primary auditor and empowered to conduct the audit of ULBs as per Uttar Pradesh Local Fund Audit Act, 1984. Out of 636 ULBs in the State, the audit of accounts of 570 ULBs was conducted by DLFA during 2015-16.

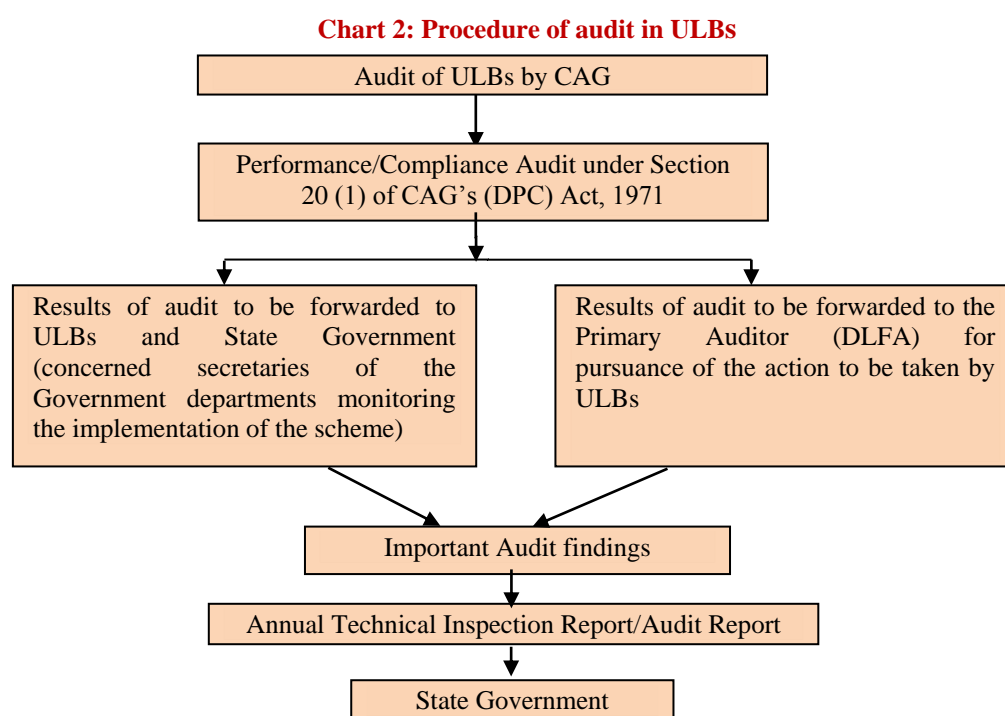
As per Section 8(3) of the Act, DLFA is to prepare a consolidated audit report of accounts and forward to the State Government every year for laying it in each house of the State Legislature. However, such reports were placed, up to 2010-11 only. In reply (July 2016), DLFA stated that the report for the year 2011-12 was prepared and sent to government for its laying before the state legislature and reports for the years 2012-16 were under process. State Government has constituted Local Fund Audit Compliance Committee to discuss the audit reports prepared by DLFA in legislature. The reports from 1999-11 have been discussed.

The reply, however, does not indicate reasons as to why the Audit Reports were not prepared in time for the years 2012-16.

1.5.2 Audit by the Comptroller and Auditor General of India

Thirteenth Finance Commission recommended continuance of entrustment of Technical Guidance and Support (TGS) of ULBs in the State. It provided for an additional component of Performance Grant which was linked to the condition of laying of the CAG's Annual Technical Inspection Report (ATIR) for Local bodies in the State Legislature. CAG's certificate was to demonstrate compliance to that condition. As per the entrustment letter (October 2011), the CAG or his representative will have the right to report to State Legislature the result of audit at his discretion. Also, the CAG is to decide the scope, manner and extent of conducting audit.

The TGS for the audit of ULBs to Local Fund Auditors/DLFA is given by the CAG under Section 20 (1) of CAG's (DPC) Act, 1971. The results of audit/audit reports are sent to State Government, Director, Local Bodies and DLFA for compliance and pursuance of action. Procedure of audit of ULBs is depicted in **Chart 2**:



Though the entrustment letter (October 2011) provides for the laying of the audit reports in the State Legislature, the ATIRs for the period 2004-05 to 2013-14 and the CAG audit report for the period 2014-15 has not been laid in the State Legislature as of March 2017.

1.6 Response to Audit observations

To check that expenditure was as per rules, procedures and purposes for which it was carried out, compliance audit by the CAG was conducted during 2011-16; the details of outstanding compliance audit objections with money value are depicted in **Table 2**.

Table 2: Details of outstanding compliance audit objections as on 31 March 2016

Year	No. of Inspection Reports (IRs)	No. of Paras in IRs	Amount involved (₹ in crore)	No. of Paras settled	No. of outstanding Paras	Money value of outstanding Paras (₹ in crore)
2011-12	43	194	297.29	Nil	194	297.29
2012-13	88	480	3,832.23		480	3,832.23
2013-14	131	756	4,107.19		756	4,107.19
2014-15	121	730	2,701.09		730	2,701.09
2015-16	116 ⁵	627	1,836.25		627	1,836.25

(Source: Register of Audit Inspection Reports)

It may be seen from **Table 2** that the 756 audit observations (value: ₹ 4,107.19 crore) relating to 2013-14, 730 audit observations (value: ₹ 2,701.09 crore) relating to 2014-15 and 627 audit observations (value: ₹ 1,836.25 crore) relating to 2015-16 were communicated to the heads of offices of the ULBs and the DLFA. However, no audit observations were settled up to March 2016.

Accountability Mechanism and Financial Reporting

Accountability Mechanism

1.7 Property Tax Board

Property Tax Board (PTB) was to be constituted to see the various aspects relating to proper levy and realisation of property tax. Though PTB was constituted in March 2011, it remained ineffective as the basic purpose of constituting PTB, viz. streamlining the process of levy and realisation of property tax, was not fulfilled.

The Director Local Bodies in its reply (July 2016) stated that property Tax Board was constituted for the year 2016-17. Audit findings in this regard have been specified in the paragraph 3.1.4.1 of this Report.

1.8 Service Level Benchmark

In accordance with Para 6.4.10 of the Thirteenth Finance Commission guidelines, the State Government was to notify, by the end of succeeding fiscal year, that all Municipalities and Municipal Corporations in the State may propose a specified minimum level of the service for each of the four service sectors viz. water supply, sewerage disposal, solid waste management and storm water drainage, for improvement in service delivery.

The Director, Local Bodies stated (August 2016) that notification (May 2015) for issuance of service level bench mark for *Nagar Nigams* and *Nagar Palika Parishads* was issued. But, no direction was issued to *Nagar Panchayats* in this regard. The status of achievement of standards against the target in the test checked ULBs w.r.t. the four key service sectors are given in the **Appendix 1.5**.

⁵ Out of 116 Inspection Reports, NNs: Seven; NPPs:40; NPs:69.

1.9 Fire-hazard Response

All municipal corporations having population of more than one million (2001 census) were to set up a Fire-hazard Response and Mitigation Plan for their respective jurisdictions. However the Fire-hazard Response and Mitigation Plan were not set up in any of the test checked ULBs (*Appendix 1.5*).

1.10 Submission of Utilisation Certificates

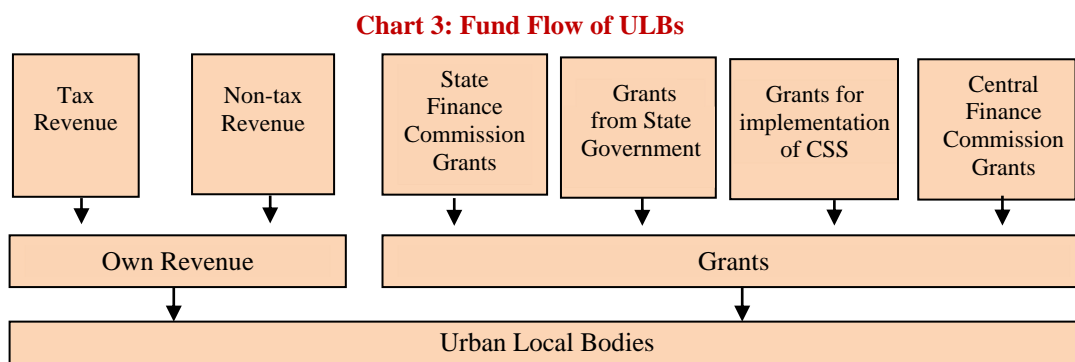
The State Government was to submit Utilisation Certificates (UCs) in respect of grants received from GoI for expenditure incurred through local bodies as per General Financial Rule.

Audit observed that UCs provided by GoUP to GoI were only on the basis of grants released to ULBs and no certificates regarding its utilisation has been taken from the ULBs.

1.11 Financial reporting

1.11.1 Source of funds

The resource base of ULBs consists of own receipts, State Finance Commission (SFC) grants, Central Finance Commission (CFC) grants, State Government grants and grants for implementation of Centrally Sponsored Schemes (CSS) for maintenance and development purposes. The fund flow chart of ULBs is given in **Chart 3**.



(Source: Director, Local Bodies, Lucknow)

1.11.1.1 Flow of revenue

With the constitution of Eleventh Finance Commission, ULBs were brought within the purview of Finance Commission for the first time. The objective was to augment Consolidated Fund of the state to enable the State Government to supplement resources of ULBs. Accordingly, the successive Finance Commissions recommended release of grants to the State Government, who was also to further release grants to ULBs. Together, the sources of revenues for ULBs comprised:

- Grants assigned under Twelfth/Thirteenth/Fourteenth Finance Commissions;

- Funds from Centrally Sponsored Schemes;
- Devolution of 7.5 *per cent* of net proceeds of total tax revenue of the State Government under recommendations of the Third SFC;
- Funds from departments for functions transferred to ULBs; and
- Revenue earned by ULBs out of their own resources *i.e.* taxes, rent, fee *etc.*

The position of gross receipts and expenditure of ULBs during 2011-16 is given in **Table 3**.

Table 3: Receipt and expenditure of ULBs during 2011-16

(₹ in crore)

Sl. No.	Year	Source of revenue			Total receipts	Expenditure		
		Own Revenue (tax+ non-tax)	Transfers from 13 th /14 th CFC	Devolution (SFC)		Revenue	Capital	Total
1	2011-12	1,089.19	517.51	3,354.37	4,961.07	4,207.63	2,457.61	6,665.24
2	2012-13	1,307.02	756.49	3,993.98	6,057.49	5,049.15	2,949.13	7,998.28
3	2013-14	1,269.11	760.01	6,160.69	8,189.81	NA	NA	NA
4	2014-15	1,413.69	821.98	6,948.17	9,183.84	NA	NA	NA
5	2015-16	1,483.07	983.60	5,462.43	7,929.1	NA	NA	NA
Total		6,562.08	3,839.59	25,919.64	36,321.31			

(Source: Director, Local Bodies, Lucknow) (NA- Not made available by Director, Local Bodies, Lucknow).

Government did not give any reason for not furnishing expenditure figures for 2013-16. Details of actual funds utilised from previous years and the closing balance at the end of each year were also not provided to Audit. Own revenue and grants from CFC showed an increasing trend, while SFC grants increased substantially during 2013-15 before suffering significant decrease in 2015-16. Throughout 2011-16, own revenue remained between 14 and 18 *per cent* of the total receipts.

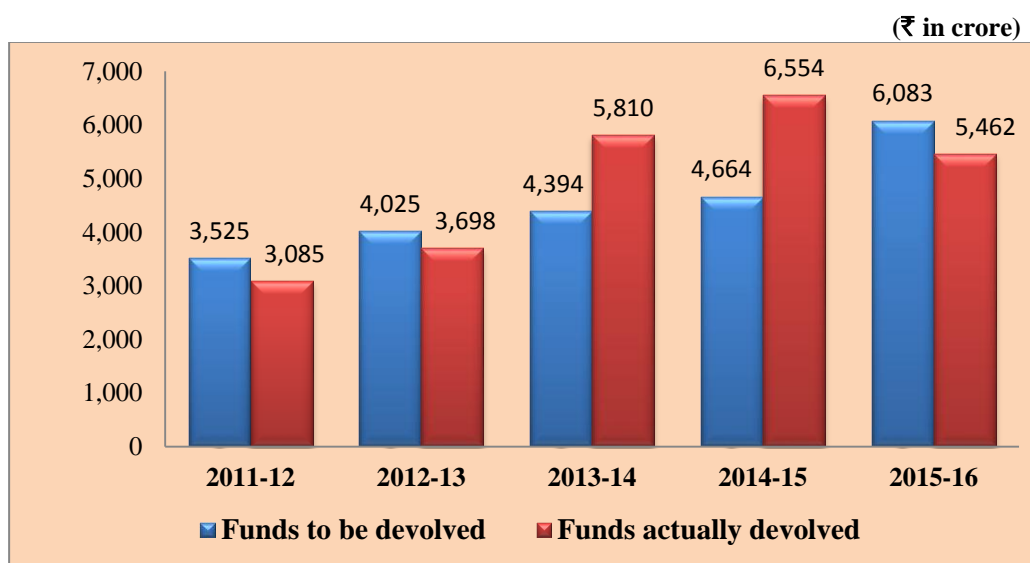
It is important to be mentioned that the figures under Central and State Finance Commission grants provided to Audit by the Urban Development Department (Directorate of UDD) have substantial differences in the years 2011-12 to 2015-16 (**Appendix 1.6**) compared to the figures reported now by the Department of Finance GoUP both in respect of CFC and SFC. This indicated poor monitoring and control of the Government over accounting of the funds devolved under CFC and SFC grants to ULBs.

Government should examine and carry out early reconciliation of these figures to ensure that there is no misappropriation and or diversion of grants of CFC and SFC.

1.11.2 Recommendation of State Finance Commission

Third and Fourth SFCs recommended that 7.5 *per cent* of the total tax revenue of the State Government should be devolved to ULBs. The devolution of funds during 2011-16 is given in **Chart 4**.

Chart 4: Devolution of SFC grants vis-à-vis net Tax Revenue



(Source: Director, Local Bodies, Lucknow)

As seen from **Chart 4**, actual devolution of funds was erratic as it was significantly higher than the recommended value during 2013-15, while being lowered during 2011-13 and 2015-16.

1.11.3 Recommendations of Central Finance Commission

The sanction and release of CFC grant in the state for ULBs during the period 2011-16 is given in **Table 4**.

Table 4: Details of sanction and release of CFC grants

(₹ in crore)

Sl. No.	Financial Year	General Basic Grant		General Performance Grant		Total		Less (-)/ More (+) to total sanction
		Sanctioned	Released	Sanctioned	Released	Sanctioned	Released	
1	2011-12	318.83	344.60	109.02	172.91	427.85	517.51	(+) 89.66
2	2012-13	372.61	391.47	255.72	365.01	628.33	756.48	(+) 128.15
3	2013-14	441.50	451.62	301.63	308.39	743.13	760.01	(+) 16.88
4	2014-15	451.55	493.63	292.92	328.35	744.47	821.98	(+) 77.51
5	2015-16	983.60	983.60	-	-	983.60	983.60	-

(Source: Director, Local Bodies, Lucknow)

It may be seen from the **Table 4** that CFC grants released for ULBs during 2011-15 were higher than the grants sanctioned due to receipt of additional performance grant. In this regard, the Director, Local Bodies stated (July 2016) that this was due to release of additional CFC grants of States which did not perform and fulfilled the nine conditions of the 13th Finance Commission.

However, several important conditions *viz.* Maintenance of accounts on double entry system, Placement of audit report to state legislature, Constitution of Property Tax Board, Evaluation of performance on State Level Benchmarks and setting up of Fire-hazard Response and Mitigation plan were not fulfilled by GoUP as discussed in preceding paragraphs.

1.11.3.1 Interest paid due to delay transferred to ULBs

According to the recommendation of the CFC, the States should release the grants to the Municipalities within five days of its being credited to their account by Union government. In case of delay, the State government must release the instalment along with interest at the Bank Rate of the Reserve Bank of India. In 2015-16 the State Government transferred the funds to ULBs with a delay of three days, resulting in an avoidable interest payment of ₹ 33.35 lakh.

Director, Local Bodies, Lucknow stated (August 2016) that the delay was made at the government level in issuance of financial sanction.

1.11.4 Expenditure under major Centrally Sponsored Schemes (CSS)

JNNURM was the major CSS being implemented in ULBs. The GoI launched (December 2005) JNNURM with the objective of encouraging the reforms and fast-tracking development of major cities with specific focus on efficiency in urban infrastructure and service delivery mechanisms, community participation and accountability of ULBs. The Director, Local Bodies/State Nodal Agency was responsible for the monitoring of the JNNURM Scheme. Expenditure in ULBs during 2011-16 under this scheme is given in **Table 5**.

Table 5: Expenditure under JNNURM

(₹ in crore)

Sl. No.	Year	Allotment	Expenditure
1.	2011-12	1,512.43	1,512.43
2.	2012-13	1,279.38	1,279.38
3.	2013-14	1,107.75	1,107.75
4.	2014-15	299.10	299.10
5.	2015-16	126.48	126.48
Total		4,325.14	4,325.14

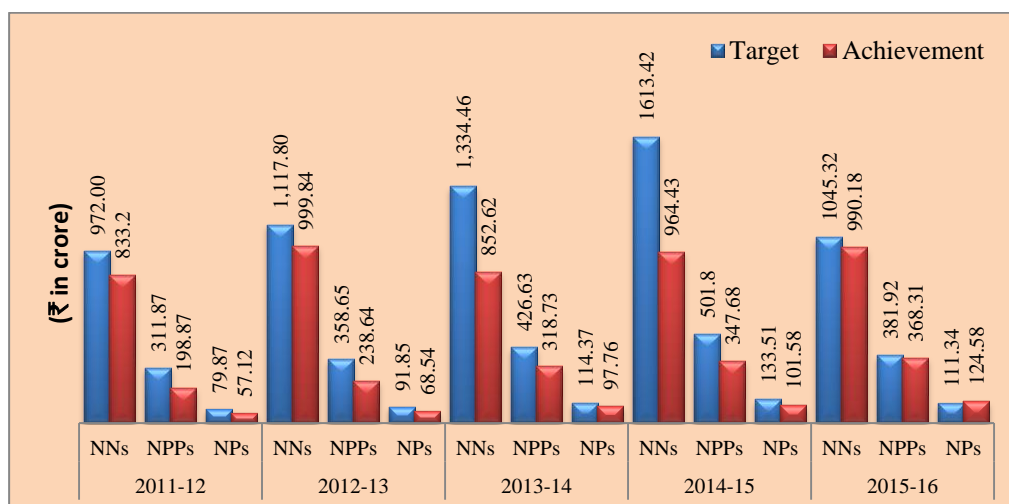
(Source: Director, Local Bodies, Lucknow)

It may be seen from **Table 5** that entire funds allotted were utilised by the ULBs during 2011-16. Director, Local Bodies, Lucknow intimated that the funds released to ULBs were treated as final expenditure. Apart from this ₹ 320.81 crore was allotted (2015-16) for Atal Mission for Rejuvenation and Urban Transformation (AMRUT) Scheme. However, expenditure actually made at the level of ULBs was not ascertained by the government.

1.11.5 Revenue realised from own resources

ULBs were required to generate revenues by collecting taxes, rent, fees *etc.*, to meet establishment and recurring expenditure. Position of target fixed by the Government for revenue realisation and achievement there against during 2011-16 for the ULBs in the state is given in **Chart 5** and **Appendix 1.7**

Chart 5: Revenue realised from own resources



(Source: Director, Local Bodies, Lucknow)

It may be seen from the above chart that the targets were consistently not achieved. Further, it was noticed that the targets for the year 2015-16 were reduced from that of previous year and even the reduced targets were not achieved in NNs and NPPs during 2015-16. The matter has been reported to the government.

The details in this regard have been specified in chapter 3.1 of this Report.

1.11.6 Maintenance of records of ULBs

Audit noticed that the test checked ULBs did not at all maintain the following records:

- road register which indicate history of roads constructed/maintained;
- contractor ledger which incorporates payments made time to time to the contractor;
- contract bond register which depicts details of bonds executed;
- work register which disclosed details of the works and payments made their against;
- PF register & broadsheet which shows amount of credits and debits of the incumbents;
- grant registers which showed grants sanctioned and received;
- log book indicate status of running of vehicle; and
- asset register indicate details of assets in the ULBs.

It was also noticed that apart from not maintaining the above records certain other records were also maintained only partially, the details of which are given in **Appendix 1.5**

1.11.7 Maintenance of Accounts of ULBs

In terms of the Eleventh Finance Commission recommendations, Government of India (GoI), Ministry of Urban Development in consultation with the CAG, developed (November 2004) the National Municipal Accounts Manual (NMAM), for maintenance of accounts on accrual basis. The implementation of accrual based Double Entry Accounting System (DEAS) by the ULBs would increase transparency and accountability in utilisation of public funds by ULBs.

However, it was noticed that even after a lapse of more than 12 years, ULBs did not adopt NMAM (August 2016).

It was noticed in 21 test-checked ULBs (NNs:2, NPPs:8, NPs:11) that accrual based accounts on DEAS were not prepared in 17 ULBs and partially prepared in four ULBs. Further, quality and reliability criteria of the records could not be ascertained (*Appendix 1.5*).

In reply, for not implementation of NMAM and Annual Accounts on DEAS, Director, Local Bodies, Lucknow stated (July 2016) that the Uttar Pradesh Municipal Account Rules 2012 have been prepared and forwarded to GoUP for their approval.

1.12 Conclusion

Laying of the audit report in State Legislature and formation of a committee for its discussion was mandated in Thirteenth Finance Commission recommendations. These are yet to be followed by the State Government.

Government devolved only 13 functions⁶ to ULBs against 18 functions as envisaged in the Constitution which restricted the activities of ULBs and also affected their active participation in poverty alleviation and planning for economic and social development of the urban areas.

Compliance to audit observations pertaining to previous years was not sent by State Government which resulted that the audit observations were not settled.

The targets fixed by the Government for realisation of revenue were not achieved by the ULBs, indicating their large dependency on government grants.

⁶ Inclusive of five functions that were being shared between ULBs and other Government agencies

CHAPTER 2

Performance Audit on “Municipal Solid Waste Management by Urban Local Bodies”

Executive Summary

Municipal Solid Waste (MSW) comprises residential and commercial wastes generated in a municipal area in either solid or semi-solid form excluding industrial hazardous wastes but including treated bio-medical wastes. The Government of India (GoI), in exercise of the powers conferred under the Environment (Protection) Act, 1986, had framed Municipal Solid Wastes (Management and Handling) Rules, 2000 (MSW Rules) to regulate the management and handling of MSW to protect and improve the environment and to prevent health hazards to human beings and other living creatures. As per MSW Rules, every municipal authority is responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid wastes.

A Performance Audit on Municipal Solid Waste Management (MSWM) was conducted covering 36 ULBs of ten districts for the period 2011-16. Significant audit observations are as follows:

- City plans were not prepared by the test checked ULBs but for NN Lucknow, NN Kanpur and NPP Sultanpur.

Paragraph 2.6.1

- Waste processing facilities were not sanctioned in 604 ULBs of the State. The facilities were operational in only 1.4 *per cent* of total ULBs. Out of 36 test checked ULBs, waste processing and disposal facilities was sanctioned only for seven, whereas only three of these were operational.

Paragraph 2.6.2

- Thirty five *per cent* (₹ 177.91 crore) of sanctioned cost (₹ 505.30 crore) of MSW management projects in the State remained unutilised as installation works of 19 MSW processing and disposal facilities were held up due to various reasons.

Paragraph 2.7.1

- The fund released by GoI (₹ 37.56 crore) and the State (₹ 30.39 crore) for construction of Solid Waste Management projects under *Swachhh Bharat* Mission was not utilised and remained blocked at State level.

Paragraph 2.7.3

- Regarding operation of waste treatment plants, concessionaires at NPP Etawah, NPP Kannauj, NPP Mainpuri and NN Kanpur did not deposit Performance Security and Additional Performance Security of ₹ 9.12 crore.

Paragraph 2.7.4

- Improper selection of site led to time and cost overrun of ₹ 9.91 crore in MSW disposal project in NN Lucknow.

Paragraph 2.7.5

- Only five ULBs (NN Lucknow, NN Kanpur and NPP Kannauj, NPP Etawah, NPP Mirzapur) had implemented partial door-to-door collection of MSW.

Paragraph 2.8.1.2

- Segregation of waste at source as required was not being done in any of the test checked ULBs.

Paragraph 2.8.2.1

- Regarding number of vehicles for effective transport of waste, no assessment was done by test checked ULBs. Moreover, test checked ULBs, except NN Lucknow and NN Kanpur, were transporting MSW by uncovered vehicles.

Paragraph 2.8.4

- In NPP Sambhal and NPP Mirzapur, the plant operation had not commenced, even after payment of ₹ 3.22 crore and ₹ 6.46 crore respectively to the executing agency.

Paragraph 2.8.5.2

- The processing and disposal facilities of MSW were held up in NN Kanpur since February 2014, whereas the MSW plants in NN Lucknow and NPP Etawah could not be made operational to its full capacity. In NPP Kannauj the plant was found to be of inadequate capacity.

Paragraph 2.8.5.3, 2.8.5.4 and 2.8.5.5

- NN Lucknow and NN Kanpur irregularly paid ₹ 18.10 crore and ₹ 19.87 crore respectively as tipping fees to the Concessionaire before commercial operations date of the Project.

Paragraph 2.8.6.1

- Due to change in site for installation of MSW Plant in NN Lucknow, the rate of tipping fee was enhanced by 285 *per cent*, which was not proportionate to the circumstances arisen and hence irregular.

Paragraph 2.8.6.2

- Unnecessary procurement of equipment and vehicles resulted wasteful expenditure of ₹ 2.72 crore, with the objective of utilising these for the projects.

Paragraph 2.8.6.3

- Annual Reports, required to be submitted to Uttar Pradesh Pollution Control Board, were not submitted by the ULBs during 2011-15.

Paragraph 2.9.2

- Independent engineer to review and monitor the operations at MSW Plant was not appointed by the concerned ULBs and hence necessary monitoring of the plant operations was not being done.

Paragraph 2.9.4

2.1 Introduction

Municipal Solid Waste (MSW) comprises residential and commercial wastes generated in a municipal area in either solid or semi-solid form excluding industrial hazardous wastes but including treated bio-medical wastes. Solid Waste Management (SWM) includes all activities that seek to minimise health, environmental, and aesthetic impacts of solid waste. The Government of India (GoI), in exercise of the powers conferred under the Environment (Protection) Act, 1986, had framed Municipal Solid Waste (Management and Handling) Rules, 2000 (MSW Rules) to regulate the management and handling of MSW to protect and improve the environment and to prevent health hazards to human beings and other living creatures. As per MSW Rules, every municipal authority is responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid wastes.

Manual of MSW Management states that waste management involves collection, transportation, recovery of recyclable materials and disposal of waste, including the supervision of such operations and after care of disposal sites. It also provides that priority should be given to extract the maximum practical benefits from the waste, promote waste prevention and waste minimisations.

2.2 Organisational Set up

At State level the Secretary, Urban Development Department (UDD) is responsible for enforcing and overseeing the implementation of provisions of MSW Rules. Director, Local Bodies was to assist the State Government for release of grants and examination of budget of Urban Local Bodies (ULBs), organising and compiling data of review meetings *etc.* Besides, the District Magistrate of the concerned district has the overall responsibility for the enforcement of MSW Rules within the territorial limits of their jurisdiction with the help of *Nagar Ayukta* for *Nagar Nigams* (NNs) and Executive Officer for *Nagar Palika Parishads* (NPPs) and *Nagar Panchayats* (NPs). Member Secretary, Uttar Pradesh Pollution Control Board (UPPCB) is the prescribed authority to grant authorisation and oversee the implementation of the MSW Rules.

In each ULB unit, a Board is constituted with various elected members and a Mayor/ Chairman for management and policy decisions of Local Body.

The organisational set up and fund flow is given in paragraph 1.2 under Chapter 1 of this Report.

2.3 Audit Objectives

The objectives of the Performance Audit (PA) were to assess whether:

- Comprehensive plans for municipal solid waste management were prepared for systematic and regular collection of waste from all the municipal areas and for ensuring safe and proper disposal of waste in a timely manner;

- Adequate priority was accorded in allocation of funds for municipal solid waste management and the available funds were utilised economically, efficiently and effectively;
- Adequate infrastructure was created and effectively operational for proper collection, storage and transportation, segregation, processing and scientific disposal of municipal solid wastes;
- Pollution control norms were strictly adhered to during disposal of MSW; and
- Effective monitoring mechanism was in place to ensure compliance of MSW Rules.

2.4 Audit Criteria

Audit criteria for Performance Audit were drawn from the following sources:

- Municipal Solid Waste (Management and Handling) Rules, 2000;
- Environment (Protection) Act, 1986;
- Manual on Municipal Solid Waste Management issued by Ministry of Urban Development, GoI;
- Orders/ circulars issued by Government of Uttar Pradesh and the concerned local bodies from time to time for implementation of MSW Rules;
- Annual Reports and Budget Documents;
- Handbook of Service Level Benchmarking (SLB) issued by Ministry of Environment, GoI;
- Provisions of Financial Rules;
- Various reports and returns submitted and maintained in the Department; and
- Uttar Pradesh Municipal Corporation Act, 1959 and Municipalities Act, 1916.

2.5 Scope and Methodology of audit

There are 636 ULBs in 75 districts of Uttar Pradesh. For the Performance Audit, 10 districts (36 ULBs) were selected on the basis of Simple Random Sampling Without Replacement (SRSWOR) method. Details of test checked ULBs are in **Appendix 2.1**.

Audit methodology included scrutiny of basic records, registers and files, collection of information, audit enquiries, obtaining replies and interaction with the officials *etc.*, from the offices of the *Nagar Ayukta* and Executive Officer of the selected NNs/NPPs/NPs and operators of processing plants (the Concessionaire), during March-July, 2016. Besides, joint physical inspection of dumping sites, processing plants and landfill sites was also done. Also,

beneficiary survey for cleanliness of public places in each of the selected ULBs was carried out.

Information relating to planning, budget formulation, release of grants, sanction and implementation of MSW Rules 2000 *etc.*, was collected from the offices of the Director, Local Bodies, and the Secretary, UDD.

An Entry Conference was held with Secretary, UDD in March 2016 in which audit objectives, scope and methodology were explained. After the conclusion of field audit, the draft audit findings were discussed with Special Secretary, UDD during exit conference (February 2017), where the facts and figures of the draft were accepted. However, point-wise replies of PA as assured in the exit conference were not received till finalisation of the report.

Audit acknowledges the co-operation and assistance extended by UDD, ULBs and their officials at various stages during conduct of the performance audit.

Audit Findings

2.6 Planning

Effective management of solid waste requires a well-defined policy to establish waste management systems and to carry them forward in a sustainable manner. The policy should, *inter alia*, provide for the strategies to reduce, recycle, and reuse waste, which would lessen the amount of waste meant for final disposal and the cost of disposal.

2.6.1 Preparation of City Plan

As per chapter 26 of Solid Waste Management Manual, a city plan for solid waste management, should be a written document outlining activities to be undertaken with a definite time frame. Management of MSW involves activities associated with generation, storage, collection, transfer and transport, processing, recovery and disposal of solid waste which are environmentally sustainable adopting principles of economy, aesthetics, energy and conservation.

Audit observed that except NN Lucknow, NN Kanpur and NPP Sultanpur, none of the ULBs of ten test checked districts had prepared a city plan. Consequently, none of the ULBs could implement the MSW Rules properly, which are discussed in the succeeding paragraphs.

2.6.2 Status of functionality of Waste processing and disposal facilities

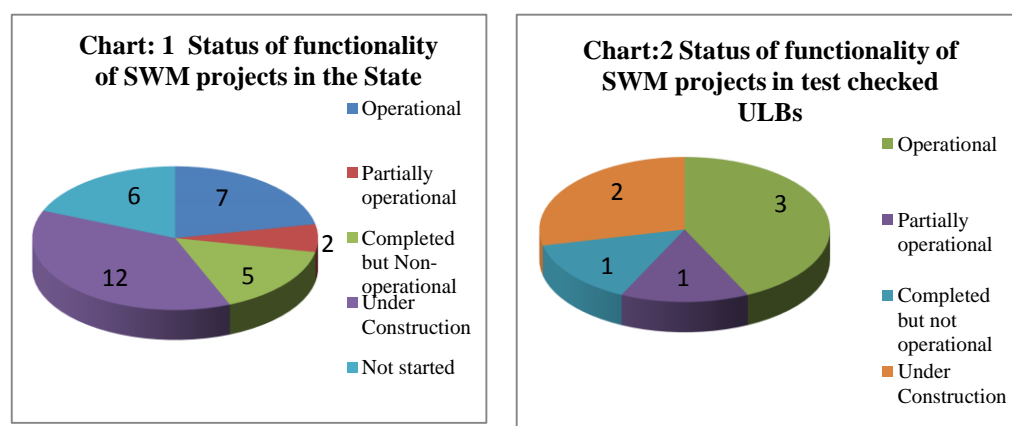
As per MSW Rules every municipal authority was to set up the facility after obtaining authorisation from State Pollution Control Board, by the stipulated date, *i.e.* 31 December 2003 or earlier for processing and disposing the waste generated within their jurisdiction.

Scrutiny of records of Directorate, Local Bodies revealed that out of total 636 ULBs in the State, waste processing and disposal facilities (projects) were sanctioned in only 32 ULBs, as on March 2016. Besides, none of the projects

could be set up by the stipulated date, as mentioned in the Rules. Thus, due to lack of planning by the Department to cover all ULBs of the State, waste processing facilities were not sanctioned in 604 ULBs (95 *per cent*), even after 16 years of MSW Rules being implemented in the State. Even out of 32 projects sanctioned, only nine projects (1.4 *per cent* of total ULBs in the State) were operational till March 2016 (*Appendix 2.2*).

Out of 36 test checked ULBs, waste processing and disposal facilities were sanctioned in only seven ULBs. However, the projects could be made operational in only three out of total 36 ULBs test checked, till March 2016.

The status of all 32 projects in the state as well as projects in the test checked ULBs is summarised in **Charts 1 and 2**.



(Source: Information provided by Director, LB)

2.6.3 Facilities working without authorisation

As per MSW Rules the municipal authority or an operator of a facility (Concessionaire) was to submit an application in prescribed form, for grant of authorisation for setting up waste processing and disposal facility including landfills from the UPPCB to comply with the implementation programme. Scrutiny of records, however, revealed that out of 32 projects sanctioned in the State, only five ULBs had obtained authorisation during 2011-16 as detailed in **Table 1**.

Table 1: Status of authorisation obtained during 2011-16

Sl. No.	Name of ULBs	Years in which authorisation obtained				
		2011-12	2012-13	2013-14	2014-15	2015-16
1.	NPP Raibareli	Obtained	Obtained	Not obtained	Obtained	Not obtained
2.	NN Bareilly	Not obtained	Obtained	Obtained	Not obtained	Not obtained
3.	NPP Barabanki	Not obtained	Obtained	Obtained	Obtained	Not obtained
4.	NN Lucknow	Not obtained	Not obtained	Obtained	Obtained	Obtained
5.	NN Allahabad	Not obtained	Not obtained	Not obtained	Not obtained	Obtained
Total		One obtained	Three obtained	Three obtained	Three obtained	Two obtained

(Source: Information provided by UPPCB)

It is evident from **Table 1**, that none of the ULBs or operators has obtained regular authorisation. Further the authorisation granted to operator of NN Lucknow plant was valid up to December 2015 only, which was not renewed till date (July 2016).

2.6.4 Unauthentic estimation of waste

Proper assessment of quantity and characteristic of waste generated is essential for correct planning and successful implementation of MSW Rules. The MSW Rules envisage the facility of Weigh Bridge at disposal sites in each ULB for accurate assessment of solid waste generated and its reporting in the Annual Returns. However, during joint physical inspection, it was noticed that out of 36 test checked ULBs, only three NPPs¹ and two selected NNs² had the facility of weighing the waste.

2.6.5 Manpower management

For proper management of MSW, there should be adequate manpower deployment. To oversee the implementation of MSW Rules, Sanitary Inspectors as supervisory staff were required. Audit scrutiny, however, revealed that during 2011-16, against the 144 sanctioned posts of Sanitary Inspectors in 36 test checked ULBs, there was a shortage ranging from 39 to 41 numbers of Sanitary Inspectors.

Thus, due to failure of proper planning for deployment of supervisory staff in the test checked ULBs, the implementation of MSW management was affected.

Recommendation: Government should prepare plans to ensure smooth implementation of the MSW Rules, 2000 and monitoring of MSW projects in the State.

2.7 Financial Management

ULBs used the funds from State Finance Commission (SFC), Thirteenth Finance Commission (13th FC) and other scheme funds/own funds for management of MSW. The position of expenditure incurred on MSW management by ULBs of the State and test checked ULBs during 2011-16 is given in **Table 2**.

Table2: Expenditure on MSW management by ULBs of the State and test checked ULBs
(₹ in crore)

Year	Expenditure in the State			Expenditure in test checked ULBs		
	Total	On MSW	Percentage of expenditure on MSW	Total	On MSW	Percentage of expenditure on MSW
2011-12	3,050.74	167.86	5.50	1,623.98	65.61	4.04
2012-13	2,874.32	203.09	7.07	1,559.38	66.06	4.24
2013-14	3,853.77	244.26	6.34	1,841.10	94.16	5.11
2014-15	5,324.68	344.68	6.47	2,200.30	104.58	4.75
2015-16	NA	NA	NA	2,420.65	144.66	5.98
Total	15,103.51	959.89		9,645.41	475.07	

(Source: Information published in departmental annual report-“Karyavivran” and test checked ULBs)

¹ Etawah, Kannauj and Mainpuri.

² Kanpur and Lucknow.

Table 2 shows that management of MSW works were not given due priority by ULBs of the State, as expenditure on management of MSW ranged between 5.5 and 7.07 *per cent* only, against total expenditure. The position in test checked 36 ULBs were also meagre ranging 4.04 to 5.98 *per cent* of total expenditure indicating that the allocation of funds for MSW management was not given due importance though it was very much essential and needed more emphasis for the sake of public health.

2.7.1 Sanctions of MSW management projects under schemes

Total 29 projects for solid waste management were sanctioned by GoI and three projects by Government of Uttar Pradesh (GoUP). Out of 29 projects sanctioned by the GoI, 27 were in schemes under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) amounting to ₹ 419.61 crore and two projects³ amounting to ₹ 27.38 crore under Airfield Town Schemes. The funds sanctioned by GoUP for the three projects⁴ was ₹ 58.31 crore. Details of sanctioned cost of MSW management projects, release and expenditure against them are given in **Table 3**.

Table 3: Status of MSW projects in State as on March 2016

(₹ in crore)

Name of scheme		No. of projects sanctioned	Sanctioned cost	Total released amount	Expenditure	Unutilised amount against sanction	
						Amount	Per centage
Government of India	UIDSSMT ⁵	19 ⁶	169.03	138.46	99.71	69.33	41.02
	UI&G ⁷	07 ⁸	241.60	227.44	202.77	38.82	16.07
	Satellite Town Scheme	01 ⁹	8.98	4.49	4.44	4.54	50.56
	Airfield Town Scheme	02	27.38	26.62	20.47	6.91	25.24
Government of UP	State sector scheme	03	58.31	13.80	0.00	58.31	100
Total		32	505.30	410.81	327.39	177.91	35.21

(Source: Information published in departmental annual report-“*karyavivran*”)

As may be seen from **Table 3**, 35 *per cent* of sanctioned cost of MSW management projects in the State remained unutilised as installation works of 19 MSW processing and disposal facilities were held up due to various reasons *viz.* dispute between contractor and sub-contractor, land dispute, unavailability of suitable land *etc.*

³ NN Bareilly and NN Ghaziabad.

⁴ NPPs Bhadohi, Nazibabad and Rampur.

⁵ Urban Infrastructure Development Scheme for Small and Medium Towns.

⁶ Aligarh, Ballia, Barabanki, Basti, Budaun, Etawah, Fatehpur, Firozabad, Gorakhpur, Jaunpur, Jhansi, Kannauj, Loni, Mainpuri, Mirzapur, Moradabad, Muzaffarnagar, Raebareli and Sambhal.

⁷ Urban Infrastructure and Governance.

⁸ Agra, Allahabad, Kanpur, Lucknow, Mathura, Meerut and Varanasi.

⁹ Pilkhuwa Solid Waste Management

2.7.2 Unproductive expenditure on incomplete and abandoned projects

Scrutiny of records of Director LB revealed that Executing Agency (Construction & Design Services, Uttar Pradesh Jal Nigam), entrusted the work of 15 projects (*Appendix 2.3*) to a firm, M/s A2Z Waste Management Ltd. (concessionaire), for construction of MSW processing and disposal plant and operation of plant for next thirty years. The concessionaire started (September 2008 to December 2010) the work in eleven projects, where land was available and could complete only two projects (Muzaffarnagar and Meerut). Due to “financial difficulties” the concessionaire stopped the works abruptly and requested (July 2013) to sublet the projects to another firm. After getting sanction from Executive Agency, the Concessionaire sublet nine¹⁰ projects to M/s Accord Hydroair Private Limited (Sublette firm) in July 2013. The Concessionaire and the Sublette firm could only complete three projects¹¹ upto December 2013. The work in remaining six projects could not re-start and was incomplete till date. Further, four¹² completed projects were operational for about one to three years, when concessionaire stopped their operation due to dispute with ULBs over tipping fee.

Thus, due to selection of a concessionaire firm having poor financial health, the waste management projects in ten ULBs failed, resulting in unproductive expenditure of ₹ 156.22 crore (*Appendix 2.3*).

2.7.3 Blocking of funds of Swachhh Bharat Mission

As per *Swachhh Bharat Mission* (SBM) guidelines Central Government incentive for the SWM projects was to be in the form of a maximum of 20 *per cent* Grant for each project. The State Government was to release funds along with State share to ULBs within 30 days of release of the central share. Urban Development Department of GoI released (March 2015) first instalment of ₹ 37.56 crore for construction of SWM projects under SBM. However, GoUP could not sanction any project for 18 months (up to September 2016). Although, GoUP sanctioned SWM work plans amounting to ₹ 116.49 crore and released ₹ 50.78 crore (Central Share: ₹ 20.39 crore and State Share: ₹30.39 crore) to the Directorate Local Bodies (October 2016), the same was not released to ULBs by the Director till January 2017. Thus, the fund released by GoI (₹ 37.56 crore) and the State (₹30.39 crore) remained blocked at State level (22 months)/directorate level (four months).

2.7.4 Performance Security/Additional Performance Security to be obtained

As per Concession Agreement, the Concessionaire was to submit bank guarantee as Performance Security for the entire concession period as per the rate/amount agreed in Concession Agreement. Status of Performance Security deposited by Concessionaire in respect of the projects in the test checked districts is summarised in **Table 4**.

¹⁰ NNS: Aligarh, Kanpur, Moradabad and Varanasi; NPPs: Badaun, Ballia, Fatehpur, Mirzapur and Sambhal.

¹¹ Fatehpur, Kanpur and Moradabad.

¹² Fatehpur, Kanpur, Meerut and Moradabad.

Table 4: Status of Performance Security

Name of ULBs	Name of concessionaire	Amount to be realised of Bank Guarantee (₹ in lakh)	Status of Performance Security
NN Kanpur	A2Z Infrastructure Private Limited	766.25	NN had not obtained Performance Security at all.
NPP Etawah	Accord Hydroair Private Limited	19.70	NPP had not obtained Performance Security at all.
NPP Mainpuri	Accord Hydroair Private Limited	NA	Copy of Articles and Schedules of details of Concession Agreement and details of Performance Security/ Bank Guarantee not available with NPP.
NPP Kannauj	Accord Hydroair Private Limited	28.22	Bank Guarantee deposited as Performance Security had not been renewed since November 2015.
Total		814.17	

(Source: Information provided by test checked ULBs)

It may be noticed from **Table 4** above that two ULBs (NN Kanpur, NPP Etawah) had failed to obtain the Performance Security whereas in NPP Mainpuri no details were available.

In NPP Kannauj, Concessionaire submitted (November 2011) a bank guarantee of ₹ 28.22 lakh to NPP, issued by Chartered Marchantile M B Ltd. Lucknow, as performance security. Audit scrutiny revealed that NPP neither verified the bank guarantee from bank nor the status of issuing bank. Later, Executing Agency intimated that this bank was not registered with the Reserve Bank of India. Thus, the bank guarantee proved to be fake; but NPP neither blacklisted the concessionaire nor took any action against erring firm. Bank Guarantee deposited as Performance Security had also not been renewed since November 2015.

Moreover, as per the Concession agreements the Concessionaire was to also submit an Additional Performance Security, subsequent to the completion of one calendar year from the Appointed Date, by way of bank guarantee for a sum as prescribed in agreements. Scrutiny of records of the aforementioned four ULBs revealed that three¹³ of them had not obtained Additional Performance Security amounting to ₹ 97.99 lakh. In NPP Mainpuri, details of additional performance security/bank guarantee were not available.

2.7.5 Extra expenditure of ₹ 9.91 crore due to wrong site selection

GoI sanctioned (March 2007) an amount of ₹ 42.92 crore for development of MSW processing and disposal facility in the NN Lucknow. The initially earmarked land for this purpose at Village *Dashahari* in 2010 was later revealed as *falpatti*¹⁴ area and hence restricted for construction. Later, new sites were identified in Village *Shivri* and *Palhenda* road and handed over to Concessionaire during April 2011 to December 2012. Due to time overrun,

¹³NPP Etawah, NPP Kannauj, and NN Kanpur had not obtained Additional Performance Security of ₹ 15.00 Lakh, ₹ 15.00 Lakh and ₹ 67.99 Lakh, respectively.

¹⁴ *Falpatti* area is an area where a micro climate provides good conditions for fruit growing.

cost overran by ₹ 9.91 crore, which was sanctioned by GoUP and additional amount was paid from the Thirteenth Finance Commission grant (August 2014). This led to an additional expenditure of ₹ 9.91 crore.

2.8 Execution

As per MSW rules every municipal authority was responsible for collection, segregation, storage, transportation, processing and disposal of waste within their area. The Municipal Corporation Act, 1959 and Municipalities Act, 1916 of Uttar Pradesh, *inter alia*, required the municipalities to make adequate arrangements for sweeping, cleaning of streets, removal of rubbish and provision of dustbins and vehicles for removal of filth.

2.8.1 Collection of MSW

2.8.1.1 Waste collection system

MSW Rules specify steps for collection of waste generated in the Municipal area such as organised house to house collection, collection from slums squatter areas or localities including hotels, restaurants, office complexes commercial areas *etc.* Scrutiny revealed that except NN Lucknow, none of the test checked ULBs had maintained records regarding collection of waste, *e.g.* proper log books of vehicles engaged for MSW collection, list of collection centres, schedule of collection *etc.* Further in NN Lucknow, records for 55 wards out of total 110, where collection of MSW was being done by the concessionaire, were not available. Thus, audit could not verify whether the specified system was implemented in the ULBs for collection of waste on regular basis.

2.8.1.2 Door-to-door collection of MSW

Scrutiny of records revealed that out of 36 test checked ULBs door-to-door collection of MSW was not done at all in 31 ULBs. Rest five¹⁵ ULBs had a system of partial collection of MSW.

The failure in implementing the system of door-to-door collection resulted in littering of garbage in open spaces, road-sides and overflowing open dustbins at collection centres.

2.8.1.3 Levy/recovery of user charges

As per GoUP order (June 2014), user charges were to be levied at the rates notified by the concerned ULB for the first three years and collected from the consumers by the Concessionaire. The user charges thus collected were to be used for payment of tipping fee to Concessionaire by the ULBs for door-to-door collection and transportation of MSW upto disposal site.

However, in violation of GoUP order, NPP Etawah paid a tipping fee of ₹ 1.24 crore (for the period August 2014 to January 2016) to the Concessionaire from

¹⁵ NN Kanpur, NN Lucknow, NPP Etawah, NPP Kannauj and NPP Mirzapur.

SFC/Town Fund without recovering any user charges from consumers for door-to-door MSW collection.

Further scrutiny of records in 36 test checked ULBs revealed that none of the ULBs except *Nagar Nigam* Lucknow and NN Kanpur had levied user charges. NN Lucknow started door-to-door collection of MSW in 55 wards from May 2010. However, rates of user charges to be levied were notified by *Nagar Nigam* only in September 2013. Further scrutiny revealed that against the provision in GoUP order, NN Lucknow did not issue bills to households; instead the same were being issued by concessionaire. It was also noticed that NN Lucknow was not maintaining records regarding collection of user charges (details of wards, number of houses, number of bills issued, amount due and recovered as user charges). In absence of these records, the amount of due and recovered as user charges could not be ascertained by Audit.

2.8.1.4 Collection of MSW from offices and commercial complexes

As per MSW rules, ULBs had to devise collection of waste from slums and squatter areas or localities including hotels, restaurants, office complexes and commercial areas. Scrutiny revealed that only eight¹⁶ out of 36 test checked ULBs had arrangements for collection of MSW from these areas on regular basis. However, user charges were not levied in these ULBs. Remaining 28 test checked ULBs were collecting MSW from these areas only by road sweeping.

2.8.1.5 Collection of bio-degradable waste

As per MSW rules, wastes from slaughter houses, meat and fish, fruits and vegetable markets *etc*, which are bio-degradable in nature, shall be managed to make use of such wastes. Scrutiny revealed that except NN Lucknow, none of other 35 test checked ULBs had made arrangements for collection of bio-degradable waste from fruits and vegetable markets.

2.8.1.6 Burning of MSW

MSW Rules provides that waste (garbage, dry leaves) shall not be burnt for which all ULBs should take measures to prevent burning of tree leaves and other waste by sweepers on the roadside and direct sweepers to take all waste to the community waste storage bins/sites only.

However, during joint physical inspection it was observed that MSW was being burnt in the open at various places in 18 ULBs¹⁷, whereas in NPP Kannauj and NPP Etawah MSW was being burnt within processing plant premises which was also not permitted.

¹⁶ NN Kanpur; NPPs Bilhaur, Etawah, Jaswantnagar, Sultanpur; NPs Bakewar, Bithoor, Shivrajpur.

¹⁷ NPPs Chandausi, Chhibramau, Deoria, Etawah, GauraBarhaj, Jaswantnagar, Kannauj, Mirzapur, Padrauna, Sambhal, NPs Bakewar, BhatparRani, Bhogaon, Hata, Karkhana, Lakhna, Rampur, Ramkola, and Samdhan.



Burning of MSW was not only a violation of MSW Rules but also fraught with severe environmental and health risks.

2.8.1.7 Inadequate provision of community bins

As per Manual of MSW management, the municipalities were to provide community dustbins at a reasonable distance ranging from 25 to 250 metres of road length depending on local requirement. The details of community dustbins required and placed by the test checked ULBs are furnished in **Table 5**:

Table 5: Details of community dustbins

(In number)

Years	Total road length in 36 ULBs (in meters)	Community dustbins required ¹⁸	Dustbins provided	Shortage	Percentage of shortage
2011-12	83,88,309	33,553	4,041	29,512	87.95
2012-13	84,36,784	33,747	4,190	29,557	87.58
2013-14	84,96,413	33,985	1,865	32,120	94.51
2014-15	85,57,199	34,228	2,970	31,259	91.32
2015-16	86,09,571	34,438	3,344	31,094	90.29
Total	4,24,88,276	1,69,951	16,410	15,3542	90.35

(Source: Information provided by concerned ULBs)

As evident from **Table 5**, the shortage of community dustbin ranged between 88 to 95 *per cent* in all test checked ULBs, during 2011-16. This resulted in wastes being thrown on the roadsides and also in municipal drains blocking flow of water.



¹⁸Considering upper range at the rate of one bin per 250 metres.

2.8.1.8 Roads/Streets Sweeping

Laws governing ULBs make it obligatory to ensure daily cleaning/sweeping of public roads/ streets/ other public places and disposal of waste collected through road sweeping and door-to-door collection. For the purpose, according to MSW Manual, a list of roads and streets together with their length and width should be prepared and a program for their daily cleaning should be worked out by the local body keeping in view the prescribed work norms. A time schedule should be prepared for cleaning of open public spaces daily or periodically to ensure that they do not become dump yards and remain clean.

Scrutiny of records of the test checked ULBs, however, revealed that such list was not prepared by 12 ULBs (33 *per cent*). Further, in 11 ULBs the time schedule for cleaning and sweeping of public places was not prepared. Hence the progress in this regard could not be established through records in audit.

Recommendation:

- ***Door-to-door collection of wastes from all households, Offices and commercial complexes and collection of bio-degradable waste should be achieved in a time bound manner. Proper policy for levying user charges and its recovery should be made by the State.***
- ***Each ULB should provide sufficient number of dustbins for collection of MSW. Burning of MSW should be strictly avoided.***

2.8.2 Segregation of MSW

2.8.2.1 Conducting public awareness programmes

The compliance criteria under MSW Rules for segregation of MSW provides that the municipal authority shall organise awareness programmes, meetings with local resident welfare associations and NGOs to encourage the citizens and community participation for segregation of various types of waste and for promoting recycling or reuse of segregated materials.

Scrutiny revealed that only nine¹⁹ ULBs out of the 36 test checked had organised awareness programmes to motivate local citizens through rallies, hoardings, banners, pamphlets, *etc.* However, none of the test checked ULBs held meetings with local resident welfare associations and NGOs to encourage community participation for segregation of various types of wastes at source. Thus, lack of public awareness, segregation of MSW was not being done at its origin. Scrutiny further revealed that in four²⁰ test checked ULBs where MSW processing plant was operational, segregation of MSW was not being done. Thus, segregation of waste of different nature at any stage of processing, prior to its transmission for final disposal was not being done in any of the test checked ULBs. Examples of dustbins placed but not being used due to lack of awareness among the citizens of NPP Chandausi and NP Narauli are depicted in photographs below:

¹⁹ NPPs: Ahraura, Etawah, Jaswant Nagar, Mirzapur, Padrauna, Sultanpur, NPs: Bakewar, Kachhwan and Lakhna.

²⁰ NPPs : Etawah, Kannauj, Mainpuri and NN Kanpur.



2.8.2.2 Mixing of other wastes with municipal solid waste

MSW Rules specifies that horticulture and construction/ demolition waste or debris are required to be separately collected and disposed-off following proper norms. However, Audit observed that these wastes were not being collected separately, thereby violating the provisions of the Rules.



MSW mixed with construction debris at open dump site in NN Lucknow

MSW Rules also provide that Bio-medical waste (BMW) shall not be mixed with MSW and such wastes shall be disposed-off following the rules separately specified for the purpose. However, audit scrutiny in test checked ULBs and joint field visit revealed that BMW was mixed with MSW, which could prove harmful to the environment.

Recommendation: ULBs should arrange programme with the Resident Welfare Associations, Non-Government Organisations and school going children regularly for awareness regarding segregation of waste.

2.8.3 Storage of MSW

As per MSW Rules, Municipal authorities were to establish and maintain storage facilities in such a manner that they do not create unhygienic and unsanitary conditions around it. Audit scrutiny revealed that in all test checked ULBs, open dustbins were found in violation of the MSW Rules.



MSW littered outside dustbin in Mainpuri

Further, 26 ULBs²¹ out of 36 test checked accepted that they were not ensuring proper and regular cleaning of dustbins.

MSW Rules also envisage that to prohibit littering of MSW in cities, the municipal authority was to ensure that collected and segregated waste is properly stored in a manner not to cause any hazard to public health or to the environment and to take steps for not allowing the stray animals to move around waste storage facilities.

Audit observed that intermediate collection centres were not developed or maintained regularly in test checked ULBs, except six²². Thus, these 30 ULBs were collecting MSW from unhygienic dump yards, roadsides, low lands, *etc.* During joint physical verification, it was observed that ULBs were not managing intermediate collection centres efficiently and regular lifting of garbage from there was not ensured, which posed a health hazard.



MSW Rules also envisage that the bins for storage of bio-degradable wastes were to be painted green, white for storage of recyclable wastes and black for storage of other wastes. But it was noticed that in violation of MSW Rules, none of the selected ULBs purchased dustbins adhering to colour coding norms or placed the different coloured containers at one particular place.

Recommendation: The State Government should draw up a time bound plan for providing storage facility; open storages should be replaced with covered storages.

2.8.4 Transportation of MSW

According to MSW Rules, vehicle used for transportation of waste shall be covered. Waste should neither be visible to the public nor exposed to the open environment to prevent its scattering. Transportation vehicles shall be so designed

²¹ NN Lucknow, NPPs Ahraura, Chandausi, Chibramau, Deoria, Gaura Barhaj, Jaswant Nagar, Kannauj, Mainpuri, Mirzapur, Padrauna, Sultanpur, NPs Babrala, Bakewar, Bakshi Ka Talab, Bhatpar Rani, Bhogaon, Hata, Kachhwa, Lakhana, Mahona, Naroli, Ramkola, Rampur Karkhana, Samdan and Talgram.

²² NN Lucknow, NPPs: Chandausi, Jaswant Nagar, Mirzapur, Sultanpur and NP Lakhna.

that multiple handling of waste prior to final disposal is avoided. Audit scrutiny revealed that in all test checked ULBs, except in NN Lucknow and NN Kanpur, MSW was transported by using uncovered vehicles.



Further scrutiny revealed that the assessment of required vehicles for effective transportation of MSW was not done by ULBs. Also, the norms for transportation vehicles were not laid down by the Director, Local Bodies.

It was also noticed that multiple handling of waste was common in all test checked ULBs. NN Kanpur and NPP Sambhal, however, stated that they were ensuring MSW transportation without multiple handling, but both these ULBs could not provide evidence in support of their contention. Hence, the ULBs failed to prevent littering of MSW on roads from the vehicles and spreading of foul odour and multiple handling could not be avoided.

Recommendation: ULBs should arrange covered vehicles for transporting MSW in an environment friendly manner.

2.8.5 Processing and disposal of Municipal Solid Waste

MSW Rules provide that municipal authorities shall adopt suitable technology or combination of such technologies to make use of wastes, so as to minimise burden on landfill. In this connection, bio-degradable wastes shall be processed by composting, vermicomposting, anaerobic digestion or by any other appropriate processing for stabilisation of wastes and shall ensure that compost or any other end product shall comply with standards as specified in the Rules.

2.8.5.1 Status of waste processing and disposal facilities

Upto 2015-16, in only seven out of 36 test checked ULBs works of waste processing and disposal facilities were sanctioned. Status of seven MSW Plants is furnished in **Table 6:**

Table 6: Status of MSW Plants in seven test checked ULBs

Name of ULBs	Sanctioned cost (₹ in crore)	Date of start	Due date for completion	Actual date of completion	Actual cost (₹ in crore)	Date of start of Operation	Present status
NPP Mirzapur	11.01	02/2011	31.03.14 (revised)	Not complete	6.46	Not complete	Not operational
NPP Sambhal	6.55	01.04.08	31.03.09	Not complete	3.22	Not complete	Not operational
NN Kanpur	56.24	07.08.08	04/2009	12.11.11	56.02	11.05.12	Abandoned
NN Lucknow	42.92	08.04.11	07.12.11	Not complete	39.38	Not complete	Partially operational
NPP Etawah	5.82	11.08.10	30.06.12	31.10.12	5.42	08.02.13	Operational
NPP Kannauj	4.62	01.01.09	31.03.11	30.04.11	4.57	17.11.11	Operational
NPP Mainpuri	4.28	10.06.10	NA	30.06.12	3.74	29.12.12	Operational

(Source: Information provided by concerned ULBs)

The **Table 6** indicates that none of the projects in these ULBs could be completed in due time. The status of the seven projects is discussed hereafter:

2.8.5.2 Wasteful expenditure and blockage of fund

As per agreement executed (February 2012) between the Concessionaire²³ and Executing Agency for installation of MSW Management project in NPP Sambhal, Concessionaire was to provide good quality motorable roads within the MSW Plant area and construction of approach road was not the liability of the Concessionaire. Besides, NPP Sambhal had to provide high tension (HT) line up to the MSW facility premises.

However, scrutiny revealed that NPP failed to provide the approach road and HT line connection from urban line feeder and hence the Concessionaire left (June 2012) the work of installation of MSW processing and disposal facility incomplete after incurring an expenditure of ₹ 3.22 crore. In reply, NPP stated that although correspondence for construction of approach road have been done with administration/GoUP; approach road could not be constructed.

In NPP Mirzapur, the Concessionaire²⁴ left the installation work of plant midway due to its poor financial position and the work could not be restarted and remained incomplete till date after incurring an expenditure of ₹ 6.46 crore. In reply, NPP accepted the fact stating that the work of construction was held up due to dispute between concessionaire and Sublette firm.

Further, in joint physical inspection of sites in Sambhal and Mirzapur, all the equipment and machineries were found lying in dilapidated condition at site and work for construction of boundary wall remained incomplete (March 2016).

²³M/s A2Z Waste Management (Sambhal) Private Limited.

²⁴M/s A2Z Waste Management (Mirzapur) Private Limited.



Thus, objective of installation/operation of MSW plant remained unfulfilled even after incurring an expenditure of ₹ 9.68 crore²⁵ by these ULBs.

Besides, ₹ 6.42 crore²⁶ were blocked with NPPs and ₹ 1.46 crore²⁷ remained blocked with executing agencies of these ULBs, as the work was abandoned and facilities were still incomplete (March 2016).

2.8.5.3 MSW processing and disposal facility not functional

In *Nagar Nigam* Kanpur, the MSW processing facility was installed and handed over to NN in May 2012 by the executing agency. During audit scrutiny it was observed that the Concessionaire²⁸ responsible for collection, segregation, transportation, processing and disposal of municipal solid waste for a 30-year period as per agreement was not doing its duties properly as the processing at plant was held up from February 2014 despite several notices (September 2014 to March 2015) issued by NN. The position of processing of MSW gradually deteriorated during 2013-15 (**Appendix 2.4**), which resulted in increase of quantum of MSW at plant site. Moreover, the Concessionaire left the work abruptly (April 2015) without assigning any reason.

As observed in joint physical inspection huge heaps of unprocessed MSW was lying at plant site.



²⁵ ₹ 3.22 crore and ₹ 6.46 crore by NPP Sambhal and NPP Mirzapur, respectively.

²⁶ ₹ 2.40 crore and ₹ 4.02 crore NPP Sambhal and NPP Mizapur respectively.

²⁷ ₹ 93.24 lakh and ₹ 52.72 lakh NPP Sambhal and NPP Mizapur respectively.

²⁸ M/s A2Z Infrastructure Private Limited.

In *Nagar Nigam* Lucknow, as per Concession Agreement (October 2010), the work of installation of MSW processing and disposal facility (plant) was to be completed within eight month (*i.e.* December 2011) after handing over of land (April 2011) to the concessionaire²⁹ at new identified site. The concessionaire had to install the plant and four transfer stations at four different centres in Lucknow. But, the concessionaire did not complete the work even by May 2016. Moreover, the MSW processing plant required 1500 KVA electric connection for smooth running of its all units which was to be managed by the Concessionaire. Audit scrutiny revealed that Concessionaire could get only 500 KVA connection as the Concessionaire had not deposited the required amount of ₹ 2.12 crore to electric department for additional electric connection. Due to insufficient power supply the plant could not be made operational to its full capacity.

Further, during physical inspection it was noticed that transfer station at Hardoi road, lacks boundary wall, gate, office site and site levelling work, whereas another transfer station at Sitapur road was running without gate. Further, Landfill site work at *Shivari* was incomplete.



2.8.5.4 MSW processing and disposal facility operating sub-optimally

In NPP Etawah, MSW plant started in August 2014, at *Kameth* but was not operational to its optimum capacity (2250 MT per Month) due to inadequate power supply.

Audit scrutiny revealed that as per agreement, the concessionaire³⁰ was responsible for making alternative arrangement for uninterrupted power supply to ensure smooth functioning of the plant. But concessionaire could not make such arrangement



²⁹M/s Jyoti Envirotech Private Limited.

³⁰M/s Accord Hydroair Private Limited.

and hence due to insufficient availability of uninterrupted power supply at plant, only 825 MT, out of total MSW 1675 MT generated per month in the municipal area, was being processed and the remaining was being dumped at plant site unprocessed. Accepting the fact, NPP stated that availability of electricity supply at the plant was only for three to four hours.

2.8.5.5 Inadequate capacity of MSW plant

In NPP Kannauj, average quantity of MSW generated in 2015-16 was 984 MT per month. However, capacity of MSW processing plant installed in NPP Kannauj was of only 750 MT per month. As per agreement, this tonnage of MSW was to be revised as mutually agreed between the ULB and the concessionaire periodically, keeping in view the actual growth in waste generated, and the requirement of MSW for processing. However, NPP had not initiated for revising the quantity of MSW to be processed at plant commensurate with the requirements of increased quantum of MSW generated and hence remaining 234 MT MSW per month was untreated and being dumped on road sides.

2.8.5.6 Dumping of MSW in improper places

Other than seven cases discussed above, audit noticed that the MSW processing facilities and proper dumping sites was not available in 29 test checked ULBs. In absence of proper dumping sites in 31 test checked ULBs (including two ULBs in which plant could not be installed), MSW generated (average 9007 MT per month during 2011-16) was being dumped on road sides, low land area *etc.* As the ULBs continued to dump the waste in open environment without scientific treatment, the risk to human beings due to contamination of soil and ground water remained high.

Further, GoUP ordered (June 2012) all the ULBs to identify 10 *acres* of land for setting up of waste processing plant and disposal of landfill site where such facility was not installed. But none of the remaining 29 ULBs (excluding 7 ULBs having operative/inoperative plant), except NPP Chhibramau, had identified the required land for the same (Mach 2016).

2.8.6 Other Miscellaneous issues

2.8.6.1 Irregular payment of Tipping Fee

As per concessionaire agreements of NN Kanpur and NN Lucknow, tipping fee was payable to the concessionaire for maintenance and operation commencing from the COD³¹ as per rates quoted by the selected bidder in its financial proposal.

Audit scrutiny revealed that NN Kanpur started paying tipping fee to the concessionaire from December 2010, whereas COD of this plant was May 2012. Thus, payment made by NN to the concessionaire amounting to ₹ 19.87 crore (from December 2010 to April 2012) as tipping fee was irregular.

³¹ As per concession agreement “COD” means the commercial operations date of the Project on which the Construction Supervisor has issued the Provisional Completion Certificate or Completion Certificate.

In reply, NN Kanpur stated that the work for collection and transportation of MSW was being taken from the concessionaire from October 2010, and the payment of tipping fee was made accordingly. Reply of the ULB is not tenable as the action was against the provision in the agreement.

Similarly, NN Lucknow irregularly paid an amount of ₹ 18.10 crore (for the period 2011 to 2015) as tipping fee to concessionaire without declaration of COD of the project since the project was yet to be completed as stated in **para 2.8.5.3**.

2.8.6.2 Irregular enhancement of rate of tipping fee

Scrutiny of records of NN Lucknow revealed that due to lowest quoted rate of tipping fee in its Financial Proposal among four bidders, the executing agency accepted the Request for Proposal of the Concessionaire and the rate of tipping fee was incorporated in the Concession Agreement.

As per Concession Agreement, the rate of tipping fee was set as ₹ 562 per MT for first three years and thereafter rates were calculated adding the price escalation in certain percentage³², upto next thirty years. As discussed in **para 2.7.5**, new land was identified and the distance was increased by 12 kilometres in comparison to earlier site. Keeping this in view the Concessionaire put up a revised business plan (February 2014) for installation/operation of MSW processing plant in which a revision in tipping fee rate was proposed. A Review Committee constituted (March 2014) by GoUP for reviewing this plan, added various components³³ while analysing the rate of tipping fee and recommended the revised rate as ₹ 1,604 per MT for the first three years, thereafter rates were calculated adding the price escalation in certain percentage³⁴, an increase of 285 *per cent* in the rate of tipping fee.

Scrutiny revealed that there was only one change (increase in distance of site) that affected the rate of tipping fee but while analysing the rate of tipping fee in revised business plan, the committee added various components in analysis of rate of tipping fee. Moreover, as per agreement these components belonged to the liability of Concessionaire. Thus, 285 *per cent* enhancement of rates was not proportionate to the circumstances arisen due to change of site and hence irregular.

2.8.6.3 Unnecessary procurement of equipment and vehicles

In Detail Project Reports (DPRs) of SWM projects of NPPs Sambhal, Mirzapur, Kannauj and Mainpuri, provision for procurement of Equipment and Vehicles was made for collection and transportation of MSW upto processing and disposal plant site.

Audit scrutiny revealed that in NPP Sambhal, the executing agency purchased and supplied (August 2008 to November 2008) Equipment and Vehicles worth ₹ 1.19 crore to the NPP before finalisation of tender for establishment of

³² Increasing the rate by 2.60 *per cent* to 1.68 *per cent* from fourth year upto 30 year.

³³ Ten *per cent* contractor profit, three *per cent* contingency and three *per cent* was the administrative expenditure, net loss in running the plant expenses towards vehicle tracking and GPS mobile phone, IEC and grievances redressal *etc.*

³⁴ Increasing the rate by 2.60 *per cent* to 1.68 *per cent* from fourth year upto 30 year.

MSW processing plant, on request of NPP (June 2008). These were neither entered into stock book of NPP nor put into use, as observed in joint physical inspection of store. The Equipment and Vehicles were lying idle in dilapidated condition since 2008.



Photograph of Tools & Equipment lying unused for eight years in NPP Sambhal

Similarly, in NPP Kannauj, two refuse collectors mounted on heavy duty double wheel trolley, were purchased by executing agency at a total cost of ₹ 21.70 lakh and supplied (February 2010 and June 2011) to NPP. The supplier did not organise any training for drivers of NPP to handle refuse collectors, even though it was a precondition in supply order. Further, tractors of sufficient capacity were not available with NPP to make these refuse collectors functional.



Refuse collectors lying idle in NPP Kannauj,

Consequently, both refuse collectors were not put in to use and were lying idle since purchase. Similarly, out of three other vehicles purchased and supplied to NPP (February 2010 to October 2011), two vehicles costing ₹ 5.70 lakh were lying idle for five years.

In NPP Mirzapur, executing agency procured equipment and vehicles costing ₹ 1.26 crore and handed over to NPP (February, 2011) much before the construction of the plant, without obtaining necessary consent/demand in confirmation of GoUP orders (May 2009). Further, installation of the plant got held up midway (August 2012) and remained incomplete, resulting in the equipment³⁵ and vehicles³⁶ lying unused and became decrepit as observed in audit.

³⁵Rickshaw trolley and Metallic container.

³⁶ Refuse collector, Hand cart, Dumper placer, Trolley tractor.

Thus, the unnecessary procurement of equipment and vehicles resulted in wasteful expenditure of ₹ 2.72 crore, defeating the objective of utilising these for the projects.

Further, in NPP Mainpuri, audit scrutiny revealed that 100 M.S. containers costing ₹ 17.80 lakh were purchased (March 2013) by executing agency on the request from NPP. However, details of utilisation or stock entries of these containers were not available with the NPP. In the absence of stock entries and details of utilisation of these containers, authenticity of actual purchase could not be ascertained in audit.

2.8.6.4 Penalty against short collection of MSW

In NN Kanpur, as per the agreement, the Concessionaire was to ensure supply of minimum Assured Incoming Waste (AIW) at the MSW Processing Facility on monthly basis, to be calculated at the rate of 80 *per cent* of the MSW generated during the operation period in accordance with the Operation & Maintenance (O&M) requirements. In the event, in any given month, aggregate quantity of incoming waste falls short of the AIW, the concessionaire was to pay a penalty equivalent to higher of (a) 50 *per cent* of the tipping fee payable for the shortfall in AIW quantity or (b) 120 *per cent* of the amount payable by the ULB to the MSW processing facility operator for its default under the agreement for O&M of the MSW processing facility and sanitary landfill.

Audit scrutiny, however, revealed that the firm did not maintain the AIW during May 2012 to January 2015 but the penalty from the tipping fee of the firm amounting to ₹ 14.60 crore (**Appendix 2.5**) was not imposed by NN, though, an amount of ₹ 37.42 lakh was withheld and not paid to the firm by the NN. Thus penalty from the tipping fee amounting to ₹ 14.23 crore, even after adjusting the withheld amount was not imposed.

The NN did not furnish any specific reply on not taking any action to collect the amount ₹ 14.23 crore from the Concessionaire.

2.8.6.5 Refuse Derived Fuel facility not established

Audit scrutiny of records revealed that in all the three ULBs where processing plant were operational, the executing agency reported that the facility for Refuse Derived Fuel³⁷ (RDF) was established, in their handing over reports. Moreover, availability of RDF facility was also reported by these ULBs in Service Level Benchmark report submitted annually to the Director, LB. However, joint physical inspection of processing and disposal plant, revealed that no such facility was available at site in all the three ULBs, resulting in no further processing after getting waste.

³⁷ Refuse derived fuel refers to as small cubes or cylindrical pieces made out of solid wastes.

2.8.6.6 No development of Buffer Zone

MSW Rules specifies that a buffer zone of no-development shall be maintained around landfill site and shall be incorporated in the Town Planning Department's land-use plans. However, Audit scrutiny revealed that any notification issued by the NN/NPP/State Government or any record regarding declaration of the adjoining areas of Sanitary Land Fills as buffer zone of no-development was not available and habitats were not far from the plant. It was noticed that a school was functioning just adjoining the landfill site in NN Kanpur.



School functional just adjoining the landfill site in NN Kanpur.

2.8.6.7 Vehicle Tracking and Monitoring System

In NN Lucknow, as per agreement, the Concessionaire was to install a Vehicle Tracking and Monitoring System (System) at its own cost and expense in all the vehicles used by the Concessionaire for collection of MSW including the vehicles provided by NN.

Audit scrutiny, however, revealed that the System was not installed in any of the vehicles through which transportation of MSW was done by either ULB or Concessionaire.

2.8.6.8 Doubtful tendering process and supply of sub-standard buckets

For door-to-door collection of MSW, NPP Mainpuri initiated tender process (July 2014) for purchase of 2500 buckets of 30 litre capacity each. Scrutiny of records revealed that sale, deposit and opening of tender date were the same (11 July 2014). It was further noticed that an affidavit³⁸ which was to be submitted by successful bidder after finalisation of tender (11 July 2014), was submitted one day before the same (10 July 2014), indicating doubts over the tender process.

Further scrutiny revealed that the material of buckets was not mentioned in sanction note, tender notice, tender documents and work order. In spite of this, bidders quoted their rate and selected bidder supplied the plastic buckets (March 2015) and a bill for ₹ 10 lakh on an ordinary letter head without any bill-book number or serial number, was raised by the supplier. Against this bill, a sum of ₹ 8.75 lakh was paid after deducting ₹ 50 per bucket for sub-standard supply of buckets. Thus, an expenditure of ₹ 8.75 lakh was

³⁸ Regarding execution of agreement between bidder and the NPP, on a ₹ 100 stamp paper.

incurred for the purchase of sub-standard buckets and through a tendering process that was not transparent.

2.8.6.9 Joint survey of beneficiaries

During performance audit a beneficiary survey involving 1,688 beneficiaries was conducted in test checked 36 ULBs. Issues raised and responses of beneficiaries and the outcome of the survey are summarised in **Table 7**:

Table 7: Beneficiary Survey Outcomes

Sl. No.	Issues Raised	Beneficiaries accepted	
		In numbers	In per cent
1	Regular streets sweeping was not being done in ward.	347	21
2	Regular waste was not being lifted from roads/ streets in ward.	386	23
3	Door-to-door collection of waste was not being done in ward.	422	25
4	Sufficient number of dustbins were not available in wards.	769	46
5	Different colour dustbins were not available in ward for collection of different type of waste.	1,636	97
6	Awareness programs were not organised in ward for segregation of different types of waste.	1,537	91
7	Waste was not being transported in covered vehicles.	1,235	73
8	Beneficiaries were not satisfied with ULB works.	341	20
9	Necessary action had not been taken by ULB regarding complaint for disposal of waste.	363	22

2.9 Monitoring

2.9.1 Lack of monitoring

As per Municipal Solid Waste Manual of GoI, the State Governments should frame appropriate policies to guide the local bodies and take a lead role in activating the local bodies to perform their obligatory duties effectively. MSW Rules also stipulates that the District Magistrates within the territorial limits of their jurisdiction shall have the overall responsibility for the enforcement of the Rules. The municipal authority should, comply with MSW Rules as per implementation schedule laid down in schedule-I and monitor the performance of waste processing and disposal facility every six months.

However, it was noticed that no monitoring records, such as consolidated monitoring reports and ULB-wise implementation status were maintained at the State level. Also norms and periodicity of monitoring and inspections at various levels were not determined by the State. Test checked ULBs having waste processing and disposal facilities also did not have any system of regular periodic monitoring regarding performance of facilities on the records.

2.9.2 Submission of annual report of MSW to UPPCB

The MSW Rule 4 (4) prescribes that every municipal authority shall furnish its Annual Report (AR) to the District Magistrate of concerned district, with a

copy to the UPPCB on or before the 30th June every year, and UPPCB, in turn, shall prepare and submit its AR to the Central Pollution Control Board (CPCB) with regard to the implementation of the MSW Rules by 15 September every year.

Audit scrutiny revealed that none of the test checked 36 ULBs submitted the ARs to UPPCB during the period 2011-15. Despite that, UPPCB submitted the ARs to CPCB consisting of data as per standard norms of per capita waste generation. Thus, authenticity of the data in the ARs submitted by UPPCB could not be verified by Audit.

2.9.3 Pollution control norms in disposal process of MSW

The pollution control norms for disposal process of MSW as detailed in *Appendix 2.6* were not being adhered to by any of the test checked ULBs. However, audit observed that none of the five³⁹ test checked ULBs except NN Kanpur, where processing plants were installed, covered the MSW with soil or developed the leachate collection system. Periodical monitoring of landfill site for ensuring control on ground water contamination and air pollution was not being done by any of these ULBs. Further, in the rest 31 ULBs where MSW processing plant was not installed or operational, MSW was dumped wherever possible in the municipal area, posing hazard to human life.

2.9.4 Independent Engineer for waste processing facility not appointed

Independent Engineers were to be appointed by ULBs to review and monitor the operations at waste processing plant. However, in NPP Kannauj, NPP Mainpuri, and NPP Etawah, where plants were operational, engineers were not appointed at the plant and hence necessary review/monitoring of operations at waste processing plant, as envisaged, was not being done.

2.9.5 Compost quality specifications

MSW Rules provide to ensure safe application of compost, and hence the specifications for compost quality as mentioned in Schedule IV (*Appendix 2.7*), were to be met.

However, audit observed that at three⁴⁰ test checked ULBs, where plant was operational, compost was piled as a product and there were no records to verify the quantum of produce, its sale to farmers, examination of the concentration of manure on above parameters and the steps to ensure safe application of compost. Audit also observed that health check-ups of waste handlers were not being done by the test checked ULBs.

2.9.6 Achievements against Service Level Benchmarks

The Ministry of Urban Development, GoI issued eight performance indicators in MSWM in Hand Book of Service Level Benchmarking (SLB) (July 2008). The achievements reported against the SLBs prescribed by GoI on the eight

³⁹ NPPs:Etawah, Kannauj and Mainpuri, NNs: Kanpur and Lucknow.

⁴⁰ NPPs:Etawah, Kannauj and Mainpuri.

performance indicators in MSW by 17 out of 36 test checked ULBs (two NNs and 15 NPPs) are shown in **Table 8**. The remaining ULBs (19 NPs) did not submit the SLB report.

Table 8: Achievements reported against SLBs of GoI during 2012-16

Service Level Benchmark Indicators	National benchmarks (per cent)	No. of NNs/NPPs who achieved National Benchmark	Range of SLB achievement (in per cent)
Household level coverage of MSW	100	None	2 to 82 <i>per cent</i> in seven ULBs, 10 NPPs have zero achievement
Efficiency of collection of MSW	100	Nine	79 to 99 <i>per cent</i> achievement in only eight ULBs
Extent of segregation of MSW	100	One	11 to 68 <i>per cent</i> in two ULBs, 14 ULBs have zero achievement
Extent of MSW recovered	80	One	47 to 73 <i>per cent</i> in four ULBs, 12 ULBs have zero achievement
Extent of scientific disposal of MSW	100	Two	Rest 15 ULBs have zero achievement
Efficiency in redressal of consumer complaints	80	Sixteen	79 <i>per cent</i> achievement in one ULB
Extent of cost recovery in SWM services	100	None	Two ULBs achieved 59 to 82 <i>per cent</i> , 15 ULBs have zero achievement.
Efficiency in collection of SWM charges	90	One	One ULB achieved 80 <i>per cent</i> , 15 ULBs have zero achievement

(Source: SLB reports submitted by concerned ULBs to the Director, Local Bodies)

It may be seen that none of the 17 NNs/NPPs were able to achieve the national benchmarks with regards to collection, segregation, scientific disposal of MSW, cost recovery of services, *etc.*

Recommendation: Monitoring system should be strengthened at State as well as ULB level for effective implementation of MSWM.

2.10 Conclusion

- The State Government had not sanctioned MSW processing and disposal facilities in 95 *per cent* of ULBs of the State. The facility was made operational in only 1.4 *per cent* of total ULBs in the State.
- Absence of well-defined policy, contingency plans and reliable/complete data about quantum of waste generated in the ULBs rendered waste management programmes ineffective and resulted in unscientific disposal of waste.

- Door-to-door collection of MSW from all households, offices and commercial complexes and collection of bio-degradable waste was not proper in all the test checked ULBs. User charges were not levied by any of the test checked ULBs except NN Lucknow and NN Kanpur.
- MSW collection centres were open and not developed properly. Colour coding norms for bins were not adhered to.
- Shortage of dustbins for collection of MSW was found in all test checked ULBs. Burning of MSW was observed in most of the test checked ULBs.
- Segregation of waste at source, prior to its transmission for final disposal was not being done at any stage of processing, in any of the test checked ULBs.
- All test checked ULBs except NN Lucknow and NN Kanpur transported MSW by uncovered vehicles.
- Monitoring system for MSW Management at State level and also in the test checked ULBs was deficient.

These matters were reported to the Government (October 2016), their reply was awaited (March 2017).

CHAPTER 3

Compliance Audit

3.1 Audit on “Management of own funds by Municipal Boards including collection of Revenue in Urban Local Bodies”

3.1.1 Introduction

The Seventy fourth Constitution Amendment Act (1992) paved the way for devolution, by the State Legislature, of powers and responsibilities upon the Municipalities with respect to preparation of plans for economic development and social justice, and for the implementation of development schemes as may be required to enable them to function as institutions of self-government as well as levy of taxes and duties by municipalities, assigning of such taxes and duties to Municipalities by State Governments and for making grants-in-aid by the State to the Municipalities as may be provided in the State law. To enable the ULBs for effectively implementing decentralised planning, improving functional devolution and improving the delivery of public services, Fourteenth Finance Commission (FC-XIV) has recommended strengthening of revenue realisation in ULBs. At present there are 14 *Nagar Nigams* (NNs), 198 *Nagar Palika Parishads* (NPPs) and 424 *Nagar Panchayats* (NPs) in Uttar Pradesh.

Audit of the ULBs was taken up to assess whether management of the funds including collection of revenue by the Municipal Boards was efficient and effective. Twenty three ULBs (02 NNs, 10 NPPs and 11 NPs) of eight districts (**Appendix 3.1.1**) were selected for test check on the basis of Simple Random Sampling Without Replacement (SRSWOR) method, covering the period 2011-12 to 2015-16.

3.1.2 Audit Constraints

Audit observed that the test checked ULBs kept their tax and non-tax revenue under a common item ‘Board Fund’. Audit checked utilisation of tax revenue under two *per cent* stamp duty only as no separate records regarding expenditure of other tax and non-tax revenue were maintained by test checked ULBs.

3.1.3 Financial Management

3.1.3.1 Sources of own fund

ULBs generate own funds from various tax and non-tax resources as per the provisions of Uttar Pradesh Municipal Corporation Act, 1959 (Corporation Act)¹ and Uttar Pradesh *Nagar Palika* Act, 1916 (Municipality Act)². The details of tax and non-tax revenue are given as under:

¹Section 172 to 227 of chapter nine.

² Section 128 to 164 of chapter five.

Tax revenue: ULBs assess and levy taxes such as property tax (house tax, water tax, drainage tax and conservancy tax), advertisement tax, theatre tax, animal tax, vehicle tax, tax for transfer of assets and other taxes based on rules and bye-laws as approved by GoUP and ULBs. House tax and water tax are levied and collected on the basis of Annual Rental Value (ARV) of building/land at the rates decided by State Government/ULBs. Advertisement tax is levied and collected on hoardings or advertisements displayed on any land, building, wall *etc.* For the remaining taxes, rates are decided as per orders of GoUP from time to time.

Non-tax revenue: ULBs earn non-tax revenue through water charge, rent, *tahbazari*, slaughter houses, license fees *etc.* Water charge is levied and collected from water connection holders for water supply at such rate as approved by the State Government. Rent is collected from rented shops and buildings of ULBs, while license fee is charged for issuing licenses by municipality on 39 items (*Appendix 3.1.2*) as per order of GoUP.

3.1.3.2 Financial Position of test checked ULBs

The overall position of the state revenue receipts under tax and non-tax revenue are given in Chapter-I. The position in respect of the 23 test checked ULBs is given in **Table 1** and **Chart 1**. The ULB wise break-up of receipts is given in *Appendix 3.1.3*.

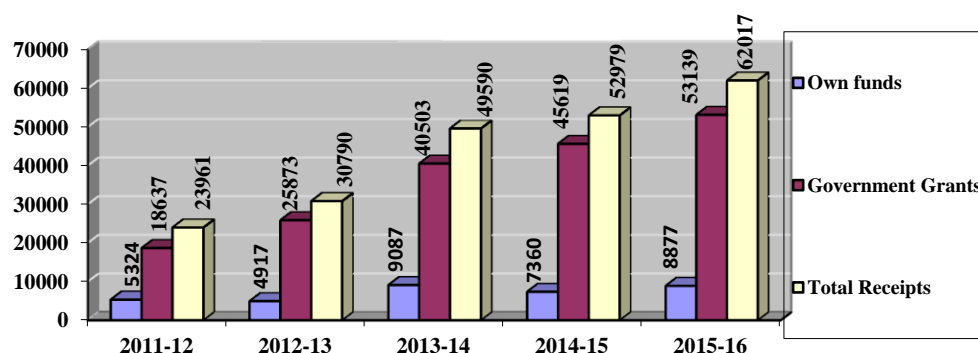
Table1: Financial Position of test checked ULBs

(₹ in lakh)

Summary of Financial Position of test checked ULBs				
Year	Own funds	Government Grants	Total Receipts	Percentage of own funds in respect of total receipts
2011-12	5,323.74	18,637.13	23,960.87	22.22
2012-13	4,917.22	25,872.66	30,789.88	15.97
2013-14	9,087.75	40,502.69	49,589.91	18.32
2014-15	7,360.12	45,618.88	52,979.00	13.89
2015-16	8,877.22	53,139.49	62,016.71	14.31

Chart 1: Financial position of test checked ULBs

(₹ in lakh)



Scrutiny revealed that the share of own funds compared to the total receipts during 2011-16 was 14 to 22 *per cent*, indicating that the ULBs were mainly dependent on Government grants.

3.1.3.3 Revenue realisation against budget provision

The summarised position of revenue realisation against budget provision and shortage in the test checked ULBs is given under **Table 2** and **Chart 2**. The ULB wise detail are given in **Appendix 3.1.4**.

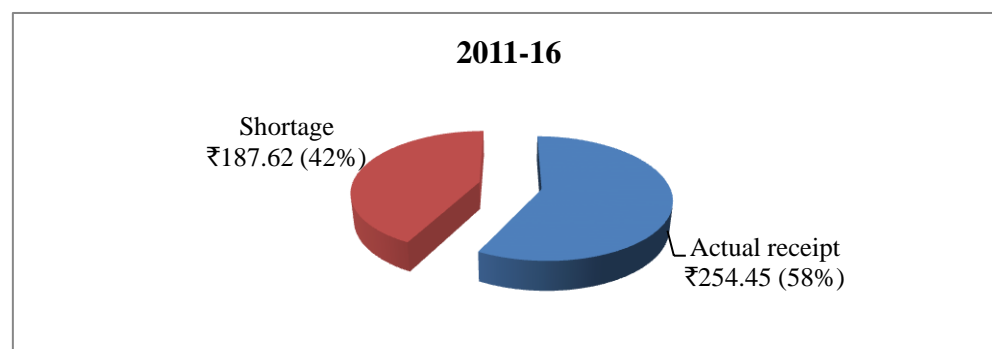
Table 2: Revenue realisation against budget provision

(₹ in lakh)

Summary of Budget provision, actual receipt and shortage				
Year	No. of ULBs	Budget Provision	Actual Receipt	Shortage
2011-12	11	8,154.33	4,329.22	3,825.11
2012-13	12	7,732.10	4,188.86	3,543.24
2013-14	8	4,557.42	2,114.79	2,442.63
2014-15	14	11,734.19	6,678.73	5,055.46
2015-16	13	12,028.83	8,133.76	3,895.07
Total		44,206.87	25,445.36	18,761.51

Chart 2: Revenue realisation and shortfall against budget provision

(₹ in crore)



As may be seen from above, actual receipt (₹ 254.45 crore) against budget provision (₹ 442.07 crore) was only 58 *per cent* in test checked ULBs. This wide gap indicates that revenue collection against budget provision was not effectively practiced.

3.1.4 Audit Findings

3.1.4.1 Tax Revenue

Property tax

Property tax comprises of house tax, water tax, drainage tax and conservancy tax, and is collected on ARV of the house or land or both. The audit findings are detailed in the succeeding paragraphs:

Preparation of property tax assessment list

Sections 207 to 211 of Corporation Act and Sections 141 to 145 of Municipality Act provide for fixing rent rate, preparation of property tax assessment list and its revision at regular interval by ULBs.

Audit scrutiny of test checked ULBs (02 NNs, 10 NPPs and 11 NPs) revealed that Property tax assessment list was not prepared by these ULBs. *Nagar Nigam* Moradabad and Jhansi were collecting property tax on the basis of old survey, while in NPPs and NPs property tax was being collected on the basis of assessment register prepared at an interval of five years.

Implementation of self-assessment tax system

Government Order³ (March 2011) and amendments made in Municipality Act provides for levy and collection of property tax on the basis of self-assessment tax system.

Audit scrutiny of test checked ULBs revealed that NPP Pratapgarh, NPP Bijnore, NPP Najibabad, NPP Ghazipur and NP Hariharpur had approved bye-laws during 2011-14⁴ for levy of property tax as per order (March 2011). However, it was noticed that property tax was being collected on the basis of the old survey till date. Further scrutiny revealed that NP Hariharpur approved the bye-laws for collection of property tax as per self-assessment system only in 2013-14. However it did not issue any demand for property tax from 2013-14 till date. Moreover, NPP Bilari and Nagina and eight test checked NPs-Umarikala, Narauli, Moth, Ranipur, Kurara, Saidpur, Pratapgarh City and Patti did not approve bye-laws as per the order. Thus, in the absence of a system to prepare the property tax assessment list and implement the self-assessment tax system, Audit could not ascertain whether all properties had actually been brought to the tax net.

In reply, Executive Officers of these ULBs stated that compliance would be done in future. Reply was not acceptable as no timely action was taken by these ULBs

Decreasing the rate of ARV

Section 174 of the Corporation Act and Section 140 (1) of the Municipality Act provides power to ULBs to limit Annual Rental Value (ARV) only in extraordinary circumstances. Audit scrutiny of property tax assessment register in nine test checked ULBs (02 NNs, 5 NPPs and 2 NPs) revealed that ARV calculated on the basis of survey was reduced from ₹ 12.83 crore to ₹3.58 crore in test checked cases without recording any reason. The details of period of reduction in the ARV were not made available to audit. An analysis by Audit revealed that due to irregular reduction of ARV of ₹ 9.25 crore in certain test checked cases alone in the nine test checked ULBs, the loss of house tax and water tax worked out to ₹1.35 crore per year (**Appendix 3.1.5**). Similarly, NP Moth reduced house tax of 773 houses of four wards from ₹4.03 lakh to ₹1.36 lakh, resulting in loss of house tax to ₹2.67 lakh per year. Thus reduction of ARVs without recording any justification as prescribed under rules revealed failure of a sound and robust system in fixing the ARVs.

³ No. 135/9-9-11-190-IIIndSFC/04 *Nagar Vikas Anubhag*-9.

⁴ NPP Pratapgarh 2011-12; Bijnore 2012-13; Najibabad 2012-13; Ghazipur 2011-12 and NP Hariharpur 2013-14.

Further scrutiny of ARV of 80 residential buildings test checked in NPP Khalilabad revealed that NPP reduced ARV of these buildings from ₹ 2.35 lakh to ₹ 1.47 lakh on the basis of age of the buildings without obtaining any documentary evidence in support of age of building/property, resulting in loss of house tax revenue amounting to ₹ 0.09 lakh per year. Thus, 11 ULBs suffered from huge loss of revenue every year due to irregular reduction in ARV.

In reply, executive heads of these ULBs stated that reduction was done on basis of application furnished by house owners. EO Khalilabad stated that ARV of 80 residential building was reduced on basis of age of these buildings. Reply was not acceptable as no documentary evidence was provided to audit in support of reply.

House tax and water tax not levied

Section 128 of the Municipality Act provides for collection of house tax and water tax on ARV of buildings or lands. In test checked ULBs, it was noticed that NP Pratapgarh City and NP Saidpur were not collecting house tax and water tax. NPP Bilari, NP Narauli and NP Umarikala were not collecting water tax and even the house tax was being collected on lump sum basis instead of on ARV.

In reply, EOs of these ULBs stated to collect revenue at the earliest. Reply was not acceptable as timely action was not taken to collect house tax and water tax resulting in loss of revenue.

Recommendation: A uniform mechanism for levy and collection of Property tax with a defined timeframe should be put in place in all ULBs.

Show tax

Section 128 (2) (3) of the Municipality Act provides for charging theatre tax.

It was noticed that NPP Najibabad recovered show tax at the rate of ₹ 20 per show from four theatres under its municipal area. Scrutiny of records of show tax revealed that ₹ 1.80 lakh was in arrear for recovery from three theatres at the end of March 2015.

On being pointed out, EO stated that arrears could not be collected as all four theatres were closed. Thus, due to failure in ensuring timely collection of show tax, NPP suffered a loss of revenue amounting to ₹ 1.80 lakh.

Advertisement tax

Section 128 of the Municipality Act provides for collection of advertisement tax on hoardings. Scrutiny of records of NPP Pratapgarh revealed that in the year 2011-12 no advertisement tax was collected as neither auctioning of hoardings nor departmental collection was ensured. Further, Audit noticed that in the year 2014-15 no tender was received regarding advertisement on hoardings and therefore departmental recovery order of advertisement tax was issued in November 2014 and ₹ 29,000 was collected. This resulted in loss of

revenue amounting to ₹ 66,000 in comparison to receipt of ₹ 95,000 in 2013-14.

On being pointed out, the Executive Officer NPP replied that order of departmental recovery was issued in November 2014 as no tender was received. Reply was not acceptable as loss of revenue was resulted due to belated order of departmental recovery.

3.1.4.2 Non-tax revenue

Collection of water charges

Government Order⁵ (January 1997) provides for collecting water charge in NNs at the rate of ₹ 75 per connection per month, NPPs at the rate of ₹ 50 per connection per month and NPs at the rate of ₹ 30 per connection per month. Audit scrutiny of 11 test checked ULBs (01 NN, 5 NPPs and 5 NPs) revealed that against the required demand of ₹ 34.11 crore, these ULBs raised a demand for only ₹ 12.59 crore during 2011-16 due to not adopting the water charge rate prescribed by Government resulting in loss of revenue amounting to ₹ 21.50 crore (*Appendix 3.1.6*).

In reply, Executive heads of these ULBs stated that this was done as per the orders of the Boards of ULBs. The reply was not acceptable as the documents regarding power of the Boards to make such reduction in rates of water charges, was not made available to audit.

Levy of license fees

Section 452 of the Corporation Act and Section 241 of the Municipality Act provide for charging and collecting license fees for business activities in municipal areas. Further, Government Order⁶ (December 1997) fixed rate of license fees for 39 businesses (*Appendix 3.1.2*). However, it was noticed that out of 23 test checked ULBs, 12 ULBs⁷ did not undertake any efforts to implement the provisions of the Act/Government Order.

In reply, Executive Officers of these ULBs accepted the audit observation.

Levy of license fees on Liquor shops

NN Moradabad and NN Jhansi approved bye-laws⁸ to collect license fees from Bar/beer shops, desi wine shops and foreign wine shops at the prescribed rate of ₹ 6000, ₹ 6000 and ₹ 12000 per shop per year respectively. As per information provided by District Excise Officer Moradabad and Jhansi, 91 to 96 wine shops were running in NN Moradabad and 102 to 111 wine shops were running in NN Jhansi during 2011-16. Out of these shops, NN Moradabad levied and collected license fees from 38 to 40 shops but NN

⁵ No. 1810/9-2-96-57(2)/96 Nagar Vikas Anubhag-2 Lucknow.

⁶ No. 161 CM/Nine-9-97-23J/97.

⁷ NPP Nazibabad and NPs Pratapgarh City, Patti, Narauli, Umarikala, Sahanpur, Jhaloo, Moth, Ranipur, Kurara, Hariharpur and Saidpur.

⁸ NN Moradabad in January 2000 and NN Jhansi in January 1998.

Jhansi did not levy license fee on any of these shops. This resulted in loss of revenue amounting to ₹ 62.76 lakh⁹ during 2011-16 (**Appendix 3.1.7**).

In reply, executive heads of NN Moradabad and Jhansi stated to collect license fees after proper survey in future. Reply was not acceptable as these ULBs suffered from loss of revenue as the license fees was not collected from all wine shops running in their areas.

License fees on medical activities

As per orders of GoUP (December 1997 and May 2014¹⁰) medical activities¹¹ were to be charged license fee as per prescribed rates. Writ petition filed by Indian Medical Association regarding exemption from license fees to nursing homes and private hospitals was rejected by Hon'ble High Court Allahabad (July 2006). However, GoUP issued order for collection of license fees from nursing homes only after eight years (May 2014) of termination of the writ. Audit findings regarding charging of license fees on medical activities in test checked ULBs are as follows:-

NN Moradabad approved bye-laws for charging license fees on private hospitals/clinics *etc* in January 2000. As per information collected from Chief Medical Officer, Moradabad (May 2016), 397 private hospitals/clinics *etc.* were working in Municipal area, but NN Moradabad was charging license fees from 183 private hospitals /clinics only. NN Moradabad collected license fees amounting to ₹ 9.53 lakh from 183 hospitals/clinics only against required license fees of ₹ 23.96 lakh¹² from 397 private hospitals/clinics for the period 2014-16, resulting in loss of revenue of ₹ 14.43 lakh.

NN Jhansi (then NPP) prepared bye-laws in January 1998 for regularisation, controlling and collection of license fees from nursing homes *etc.* As per information collected from CMO Jhansi, 526 private hospitals/clinics *etc.* were established in 2015-16 in NN area but it did not charge any license fee from them resulting in loss of revenue of ₹ 19.82 lakh during 2014-16 (**Appendix 3.1.8**).

As per information collected from Chief Medical Officer, Bijnore (May 2016), 110 private hospitals/clinics *etc.* were established in NPP area but NPP did not make any bye-laws to implement the Government order, resulting in loss of revenue.

Thus, due to belated order of GoUP and non-charging of license fees on all medical activities, ULBs suffered from huge loss of revenue.

In reply, executive heads of these ULBs stated to collect license fees after obtaining list of medical activities in future. Reply was not acceptable as these

⁹ NN Moradabad ₹ 22.38 lakh and NN Jhansi ₹ 40.38 lakh

¹⁰ No. 445/9-9-14-23J/97 TC

¹¹ Nursing homes upto 20 beds, nursing homes above 20 beds, maternity centers upto 20 beds, private hospitals, pathology centers, x-ray clinic, dental clinic and private clinic

¹² 52 Private hospitals at the rate of ₹ 5,000 per year, 41 Dental clinics at the rate of ₹ 4,000 per year, 11 Maternity homes at the rate of ₹ 4,000 per year, 78 Nursing homes at the rate of ₹ 2,000 per year, 25 Pathology labs at the rate of ₹ 1,000 per year, 169 private clinics at the rate of ₹ 3,000 per year, X-ray/diagnosis centers at the rate of ₹ 2,000 per year.

ULBs suffered from loss of revenue due to failure in collection of license fees from all medical activities running in their areas.

Recommendation: As per the Act and orders of GoUP, bye-laws must be approved timely and implemented accordingly.

Loss of revenue in parking *theka*

Scrutiny of the records of parking *theka* of NN Jhansi revealed that 34 parking *theka*¹³ contracts were not given during 2012-16 which resulted in not realising any revenue from these *thekas*. Further, contracts of four parking *thekas* of 2014-15 were cancelled on the basis of complaint. Due to cancellation of these *thekas*, against contract amount of ₹ 15.87 lakh, only ₹ 8.76 lakh was recovered, resulting in loss of revenue of ₹ 7.11 lakh.

As per contract condition of parking *theka*, whole amount of the *theka* was to be deposited before start of work. However it was found in case of two parking *thekas* pertaining to 2013-14, NN Jhansi accepted seven post-dated cheques of ₹ 8.20 lakh (December 2014); subsequently four cheques of ₹ 6.70 lakh bounced due to which dues of parking *theka* could not be recovered.

On being pointed out in audit, *Apar Nagar Ayukta* Jhansi stated that the same was noted for future compliance and a notice had been issued to the contractor (May 2016). Thus, due to its lackadaisical approach, NN Jhansi suffered loss of revenue of ₹ 6.70 lakh.

Loss of revenue from shop rent

Audit of NPP Pratapgarh revealed that shop rent of ₹ 30.49 lakh was outstanding at the end of March 2016 from 11 markets in which ₹ 18.26 lakh (61 *per cent*) pertained to Sanjay Market from which no recovery was made in the year 2015-16. Further scrutiny revealed that agreement of 72 shops of *Sabjimandi* expired in the year 2002 and after this no renewal/new agreement was made. An amount of ₹ 9.34 lakh was outstanding against the shops of *Sabjimandi* at the end of March 2013.

Audit of NPP Bijnore revealed that out of total demand of shop rent of ₹ 42.80 lakh for the year 2015-16, only ₹ 24.92 lakh was recovered and ₹ 17.89 lakh was outstanding at the end of March 2016 from 14 markets. The percentage of rent collection during 2011-16 was only 42 to 58 *per cent*.

On being pointed out in audit, the EO NPP Pratapgarh stated that recovery notice had been issued in January 2014 for Sanjay Market and shops of *Sabjimandi* Market would be demolished for construction of new shops. Reply was not acceptable as NPP suffered from loss of revenue due to not collecting shop rent timely.

¹³ 2012-13(4), 2013-14 (12), 2014-15(6), 2015-16(12).

Loss of revenue in miscellaneous contracts

NPP Bijnore entered into a contract of exhibition amounting to ₹ 80.26 lakh during the year 2013-14. As per conditions of contract, contractor was to deposit stamp fees at the rate of four *per cent* of the contract amount. Audit scrutiny revealed that the required stamp fee was not deposited by the contractor which resulted in loss of revenue of ₹ 3.21 lakh (four *per cent* of ₹ 80.26 lakh) to the government and also violated the contract condition.

Further, as per the contract conditions the contractor was to deposit full amount of ₹ 80.26 lakh after acceptance of contract. Audit scrutiny revealed that contractor deposited only ₹ 78.76 lakh as against contract amount of ₹ 80.26 lakh for the year 2013-14. Thus ₹ 1.50 lakh was short deposited by contractor. FDR of ₹ 1.50 lakh was deposited by contractor as security at the time of auction, which was to be returned to the contractor after completion of auction as per contract condition. Audit observed that NPP neither returned FDR nor made any effort to obtain remaining contract amount of ₹ 1.50 lakh which resulted in loss of revenue of ₹ 1.50 lakh.

Further, scrutiny of contract register of NPP Bijnore, NPP Baruasagar and NP Moth revealed that arrears amounting to ₹ 15.39 lakh¹⁴ were not recovered till date of audit (May 2016) relating to exhibition, *tehbazari*, *murdamevesi*, hoardings, ponds *etc.*, for the period 1974-75 to 2011-12. As the arrears are very old the possibility of their recovery is bleak. Thus, failure to ensure timely collection of contract amount resulted in loss of revenue of ₹ 15.39 lakh to these ULBs.

In reply, the EO, NPP Bijnore stated for taking necessary action regarding audit observation of exhibition contract. EO NPP Bijnore, Baruasagar and NP Moth stated that efforts would be done for collection of arrears. Reply was not acceptable as these ULBs suffered from loss of revenue due to slackness in taking timely action.

3.1.4.3 Other Miscellaneous Issues

Idle machinery amounting to ₹ 36.84 lakh

It was noticed in audit of NN Moradabad that during 2014-15, *Jal Kal Vibhag* purchased 10 pumps of 33 HP and 20 pumps of 50 HP by incurring an expenditure of ₹ 36.84 lakh under two *per cent* stamp duty. Scrutiny of stock register and physical verification of stock revealed that all 30 pumps were lying idle as on May 2016. Meanwhile, warranty period of these pumps had also expired. This indicates that pumps were purchased without assessing requirement, resulting in an unfruitful expenditure of ₹ 36.84 lakh.

In reply, General Manager (*Jal Kal Vibhag*) NN Moradabad stated that pumps were purchased for emergency situations. Reply was not acceptable as emergency situation was not assessed properly and pumps were lying idle after expiry of warranty period.

¹⁴ NPP Bijnore, ₹ 14.20 lakh, NPP Baruasagar, ₹ 0.53 lakh and NP Moth ₹ 0.66 lakh.

Unfruitful expenditure on GIS mapping work

NPP Sambhal made a contract with a firm (February 2010) for Geographical Information System (GIS) mapping of property situated in municipal area. As per the contract, works were to be completed within 54 weeks. Scrutiny revealed that ₹ 2.56 lakh was paid to the company in September 2010 and Rupees one lakh was paid in August 2013. Scrutiny of records relating to GIS survey revealed that works were not completed by the company. Thus, GIS and mapping work of property remained incomplete even after incurring an expenditure of ₹ 3.56 lakh.

Audit scrutiny of records of GIS survey of NP Moth revealed that NP incurred expenditure of ₹ 19.70 lakh during 2013-14 and 2014-15 for GIS survey, mapping and digitalisation of mapping but NP was still collecting house tax on the basis of old survey as GIS survey report was not provided by the surveying firm. Thus, expenditure of ₹ 19.70 lakh remained unfruitful.

Scrutiny of records of GIS survey of NP Ranipur revealed that an expenditure of ₹ 16.45 lakh was incurred (May 2016) for GIS survey, billing software and digitalisation of NP Ranipur mapping. No evidence regarding completion of above works was available on record and NP was still collecting house tax on the basis of old survey. Thus, expenditure of ₹ 16.45 lakh remained unfruitful.

Audit scrutiny of NPP Baruasagar of District Jhansi revealed that GIS survey of properties under the purview of NPP was awarded to a private firm. The work of GIS Survey was completed and the firm provided details of 184 houses of 16 *Muhallas* to NPP in March 2015, which were not paying house tax. It was noticed that though the details were available, NPP did not raise house tax demand of these houses, resulting in loss of revenue of ₹ 0.53 lakh per year as house tax.

Thus, due to incomplete GIS survey, the objective of identification of all properties of municipal areas could not be achieved and expenditure incurred on GIS survey work remained unfruitful.

In reply, Executive Officers of NPP Sambhal, NP Moth and Ranipur accepted the audit observation. EO NPP Baruasagar stated that recovery based on GIS mapping would be done at earliest after entering the detail of houses in DCR. Reply was not acceptable as timely action was not taken by these ULBs.

Delayed deposit of collected revenue in banks

As per rule 3 of Municipality Accounting Rules, all money pertaining to the municipal fund shall at once be credited to the appropriate head of account.

Scrutiny of cash book and bank account of town fund of NP Pratapgarh City revealed that security deposits from contractor as cash amounting to ₹ 25.58 lakh was deposited with a delay of 17 to 81 days in the bank. Similarly, NP Moth deposited ₹ 0.75 lakh¹⁵ with delay in the bank. Delay in deposit of cash receipts resulted not only in loss of interest, but also was

¹⁵ ₹ 56,035 of 1st April 2015 to 6th July 2015 was deposited on 9 July 2015, ₹ 19,436 of 21 August 2015 to 16 September 2015 was deposited on 21 September 2015.

violation of Municipal Accounting Rules. This also indicated lack of internal control and risk of misappropriation of municipal funds.

In reply, EOs of these ULBs stated that the matter was noted for future compliance. Reply was not acceptable as these ULBs violated the provisions of Municipal Accounting Rules.

Utilisation of own funds

Audit observed that the revenue realised from own sources was deposited in Board Funds and no separate records were maintained for its utilisation. However, it was noticed that separate records for revenue collected and transferred by GoUP under additional stamp duty was maintained. The money received as stamp duty was utilised mainly for construction and maintenance of roads in ULBs. Test check of 69 road (18 bituminous and 51 other road works) works in nine selected ULBs revealed following discrepancies:

- Road register was not prepared by the test checked ULBs.
- Survey report regarding position of work prior to estimation was not prepared in all 69 works.
- Para 375 A of Financial hand book volume VI provides that no work shall be started without preparation of detailed estimates and obtaining technical sanction. It was noticed in audit that neither detailed estimate of works were prepared nor technical sanction had been obtained in all 69 works.
- Government Order¹⁶ (January 2007) of Public Works Department (PWD) provides for use of various prescribed tender forms¹⁷ to prevent anti-social elements in construction work. Audit scrutiny of records of works revealed that the prescribed tender forms were not used for inviting tenders in all 69 works.
- Long term tender should be invited for obtaining better competitive rates. Audit scrutiny revealed that all 69 works were executed by calling short-term tender without wide publicity. This deprived the ULBs not only of better competitive rates but also possibility of pool tendering could not be ruled out.
- Government Order¹⁸ (August 1996) provides provision for quality control in estimates and quality testing accordingly. Audit scrutiny of all test checked 69 works revealed that no provision was made for quality control in estimates and no quality tests were carried out. Therefore, quality of the test checked 69 works could not be ensured in audit.
- Government Order¹⁹ (May 2009) provides that executing agency will issue authorisation letter to refinery for issuing of required bitumen to contractor for allotted work and contractor will submit original Consign Receipt *Challan* (CRC) for obtaining payment of bituminous work. Records of

¹⁶ No. 6738/23-7-2006-176(G)/06.

¹⁷ PWD T-1, T-2, T-3, T-4, T-5 and T-6.

¹⁸ No. 742/23-9-96-11 A C/96.

¹⁹ No. 1408/2-3-07-62(General)/08/T.C. of Chief Secretary UP.

these works revealed that executing agency neither issued authorisation letter nor CRC was produced by contractor before obtaining payment.

3.1.4.4 Monitoring

Outstanding dues of own funds

As per Rule 19 of Municipality Accounting Rules, Demand and Collection Register (DCR) regarding property tax shall be made in specified Form for five years as per assessment list. Audit scrutiny of 21 test checked ULBs (2 NNs, 9 NPPs and 10 NPs) revealed that DCR was not prepared properly by these ULBs. Entries regarding demand, collection and arrears were not completed and totaled and therefore actual demand and arrear of house tax and water tax could not be verified in audit. Information provided by six test checked ULBs (2 NPPs and 4 NPs) revealed that arrears of ₹ 2.01 crore had accumulated at the end of March 2015. The arrears at the end of March 2016 could not be verified in audit as DCR were not prepared by the all of the six ULBs for the year 2015-16. Audit noticed that 15 ULBs (2 NNs, 7 NPPs and 6 NPs) had arrears of ₹ 107.81 crore at the end of March 2016. Audit scrutiny of NPP Ghazipur revealed that arrears of ₹ 1.03 crore were outstanding at the end of March 2013 on account of house tax and water tax and NPP did not prepare DCR; therefore further demand and arrear could not be verified in audit. Thus, ₹ 109.81 crore of own funds were in arrears for recovery at the end of March 2016 (*Appendix 3.1.9*). The major arrears were under the heads house tax and water tax, amounting to ₹ 103.99 crore (*Appendix 3.1.10*).

In reply, executive heads of these ULBs stated that efforts would be made for recovery of arrears. Reply was not acceptable as timely collection of arrears was not ensured by these ULBs.

Incorrect reporting

ULBs send information regarding demand, collection and arrears of own funds to Director, Local Bodies in a specified proforma along with budget every year. Audit scrutiny of test checked ULBs revealed that information regarding demand and arrears sent to Director, LB was not correct as Audit found that the reported data was incomplete and not based on DCRs. It was noticed that there was a variation in the figures reported to the department and that provided to audit in respect of the following test checked ULBs given in **Table 3:**

Table 3: Detail of incorrect reporting of property tax

(₹ in lakh)

Sl No.	Name of the test checked ULBs	Arrear of property tax regarding all properties reported to Director, LB	Arrear of property tax as per audit scrutiny	
			Detail of test checked cases	Figures provided to audit /worked out by audit
1	NN Moradabad	90.87	All properties	9246.68
2	NPP Sambhal	66.30	382 commercial and government buildings	254.46
3	NPP Najibabad	0.49	Three <i>Muhallas</i>	0.73
4	NPP Nagina	0	Six wards	10.53

Table 3 shows that property tax arrears reported to Director, LB was incorrect and not based on DCR as there was a wide gap between reported arrears and arrears worked out/provided to audit. This indicates poor accounting and reporting system.

3.1.4.5 Conclusion

There was no uniform mechanism and a defined timeframe in all the ULBs for collection of tax. Collection of tax & non-tax revenue was not up to the mark and collection of own funds were also not effective & efficient as required. Bye-laws were not approved in many ULBs. The mechanism for levy, assessment, collection and recovery was found weak. Monitoring and internal control was not sound as large amount of own funds was running into arrears in ULBs and accounting for utilisation of own funds was not proper.

Audit Paragraphs

3.2 Wasteful expenditure in Nagar Nigam Varanasi

Installation of dry sump pump in Raw Water Pumping station, Varanasi without ensuring viability and its becoming inoperable, resulting in wasteful expenditure of ₹ 2.02 crore.

With a view to enhance the pumping capacity of raw water pumping station at Bhadaini, Varanasi, the pumps which had completed their useful life²⁰ were proposed (July 2007) to be replaced. There were three pumping stations at Bhadaini, out of which two were wet sump pumping stations and one was dry sump pumping station. Seven wet pumps (Four 40 KL/min and three 20 KL/min) installed at the two wet sump pumping stations were proposed to be replaced by three wet pumps (80 KL/min). Two dry pumps (70 KL/min) installed at the dry sump pumping station were proposed to be replaced by two dry pumps (80 KL/min).

A total of ₹ 7.69 crore was sanctioned under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for Bhadaini Intake Works including ₹ 4.94 crore for supply, replacement and commissioning, testing, *etc* of the five pumps. Uttar Pradesh *Jal Nigam* was the executing agency for these works.

The executing agency allotted (May 2008) the work²¹ to the lowest bidder²² at a cost of ₹ 7.69 crore, along with other²³ works, with scheduled date of start and completion as June 2008 and June 2010, respectively. As per conditions of the contract, the completed works were to be handed over to NN during the period of trial run of three months. The bidder had to monitor the operation of pumps for performance guarantee period of 12 months after three months of trial run and would carry the full liability to make good any defects in the work at his own cost up to this period.

Scrutiny of records (February 2016) of NN revealed that the purchase and installation of five pumps was completed in January 2011 by incurring expenditure of ₹ 4.88 crore and these were handed over (June 2012) to NN, after the performance guarantee period had passed. It was noticed that two dry sump pumps out of five pumps, costing ₹ 2.02 crore were found to be malfunctioning intermittently during the performance guarantee period of 12 months. However no action was taken to rectify the pumps during performance guarantee period. It was noticed that the dry pumps had become totally inoperative since July 2012. Though the matter was repeatedly²⁴ taken up by the NN with UP *Jal Nigam* during the performance guarantee period and also after, the defects were not rectified by *Jal Nigam*.

²⁰ Year of commissioning of old pumps: before 1986.

²¹ Supply, replacement and commissioning, testing *etc.* of five raw water pumps in dry /wet sumps.

²² M/s Flowmore Private Limited, Gurgaon.

²³ Civil work for repairing/renovation of Raw Water Pumping Station, installation and commissioning of two substations for uninterrupted power supply.

²⁴ Civil work for repairing/renovation of Raw Water Pumping Station, installation and commissioning of two substations for uninterrupted power supply.

Subsequently in April 2015, as the dry pumps for water supply were not working, the Commissioner in a meeting decided that these pumps should be made operational by May 2015 and offers were received from the pump manufacturing firm for repairs at a cost of ₹ 55.49 lakh.

It was noticed that meanwhile Banaras Hindu University (BHU) was nominated for conducting a technical study, based on which a consultant firm recommended that there was no significant benefit of repairing the pumps at such high cost as the pumps would suffer from high vibration resulting in cavitation and breakdown. It was also stated that the pumps were not suitable as per the local system requirements. Replacement of these dry pumps with submersible pumps, which were easier to operate and easily available in the market was also suggested by the firm. The estimated cost of ₹ five crore was proposed by the consultant firm, which was accepted by NN. Subsequently, NN Varanasi has proposed to spend the amount from AMRUT²⁵ scheme. Further, it was noticed that the pumps were still not purchased (February 2017).

On being pointed out, General Manager, *Jal Kal Vibhag* of NN Varanasi stated that pumps were functional only for nine days after installation and *Jal Nigam* did not agree for their operation and maintenance (O&M). Reply was not acceptable as the technical feasibility of dry sump pumps was not assessed before sanctioning/installation, which was also supported by the recommendation of BHU that the choice of two dry sump pumps was not suitable.

Thus, installation of dry sump pumps without performing any feasibility study and the failure of not getting it repaired during the performance guarantee period, resulted in the pumps becoming completely inoperative soon after handing over and thereby wasteful expenditure of ₹ 2.02 crore.

3.3 Unfruitful expenditure in *Nagar Palika Parishads Khatauli and Bangarmau*

Unfruitful expenditure of ₹ 32.60 lakh incurred on construction of shops, besides a revenue loss of ₹ 16.13 lakh.

With a view to develop selected regional growth centres with infrastructure and service facilities, *Sangathit Vikas Yojna* (SVY), a Centrally Sponsored Scheme, was launched (1979-80) to enable such towns to emerge as regional centres for economic growth with increase in employment opportunities and to arrest migration towards big cities.

Scrutiny of records (January 2015) of NPP Khatauli, Muzaffarnagar revealed that an estimate of ₹ 33.13 lakh was proposed (November 2008) for construction of 18 shops (Khatauli) and its technical sanction was granted (July 2009) by Town and Country Planning Department²⁶, Uttar Pradesh, Lucknow.

²⁵ Atal Mission for Rejuvenation and Urban Transformation.

²⁶ In Department of Housing and Urban Planning, Government of Uttar Pradesh, Lucknow.

Tenders were invited (July 2009) and the work order was issued (February 2010) to the lowest bidder at a cost of ₹ 33.13 lakh. Work started in April 2010 and was completed in January 2012 by incurring an expenditure of ₹ 22.82 lakh²⁷. However, these shops were not allotted for more than four years, resulting in unfruitful expenditure ₹ 22.82 lakh.

On being pointed out, Executive Officer (EO), NPP Khatauli stated (July 2016) that the shops were lying vacant at present and required repair. EO, NPP further stated (September 2016) that Associate Planner, SVY, did not make efforts to ensure allotment of shops. The reply is not acceptable as the proposal for construction of shops under SVY was given by the EO NPP, as also reflected in the financial sanction. Moreover, the responsibility for optimum utilisation of assets and generation of revenue rests on NPP, Khatauli. Thus, failure of NPP Khatauli, to allot the shops resulted in unfruitful expenditure of ₹ 22.82 lakh, besides avoidable loss of revenue of ₹ 3.53 lakh²⁸ (September 2016).

Similarly, administrative and financial sanction of ₹ 38.61 lakh was accorded (January 2009) for construction of 33 shops and five residential houses through collection of premium from prospective buyers by NPP Bangarmau, Unnao.

Scrutiny of records (February 2016) of NPP Bangarmau, Unnao revealed that tender was invited (January 2009) and the work order was issued to the lowest tenderer (March 2009) at a cost of ₹ 38.61 lakh, with the scheduled period of completion of 60 days (May 2009). Thirty shops were completed within time at a cost of ₹ 19.56 lakh, but the construction of residential houses could not start as no premium could be collected. NPP conducted six auctions²⁹ for the shop. However, only 15 shops were allotted after six years and the remaining 15 shops were still lying unused. Hence, construction of shops without assessing their demand resulted in failure in their allotment (September 2016) resulting unfruitful expenditure of ₹ 9.78 lakh³⁰ incurred on their construction besides avoidable loss of revenue of ₹ 12.60 lakh³¹ (September 2016).

On being pointed out, Executive Officer, NPP Bangarmau stated (February 2016) that in future, before construction of shops, demand would be assessed. The fact remains that construction of shops without assessing the demand led to unfruitful expenditure of ₹ 32.60 lakh besides a revenue loss of ₹ 16.13 lakh.

²⁷ First running bill: ₹11.71 lakh (September 2010); Second running bill: ₹11.11 lakh (March 2012).

²⁸ 18 shop with rent of ₹350 per shop per month for 56 months i.e. January 2012 to September 2016.

²⁹ On dates 17 December 2011; 10 October 2012; 31 January 2013; 15 February 2013, 18 June 2013 and 31 May 2016.

³⁰ Construction cost of 15 shops at rate of ₹ 65,200 each (₹ 19,56,000/30 shops: ₹ 65,200 per shops).

³¹ 10 shops with rent of ₹ 700 per shop per month and 19 shops with rent of ₹ 400 per shop per month for 84 months i.e. May 2009 to May 2016 and 18 shops (4 shops with rent 700 and 14 shops with rent 400) for 4 months i.e. May 2016 to September 2016.

3.4 Unfruitful Expenditure in Nagar Nigam Allahabad

Unfruitful expenditure of ₹ 1.30 crore incurred on purchase of Leak Detection System and training for its operation, without analysing the technical viability, in Nagar Nigam Allahabad.

With a view to provide continuous potable water supply in the city of Allahabad, Nagar Nigam Allahabad proposed (July 2006) a project for water supply of Allahabad city (Part-II) under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), comprising of reorganisation and strengthening of distribution network, provision of tube wells and storage reservoirs. Purchase of Leak Detection System (LDS) was one of the components required for strengthening of distribution network to diagnose the location of leakage point technically and economically and to formulate and implement action to reduce it. It also results in meeting additional demands with water, as losses are reduced and saves the cost of additional production and distribution. Cost of the LDS as per the proposal (July 2006) was ₹ three crore.

Scrutiny of records (November 2015) of NN revealed that ₹ 2.85 crore was allotted to Jal Nigam, the executing agency, for purchase of LDS and training of personnel for its operation. JN invited (June 2010) the tender for LDS (which works on radio frequency) and accepted the lowest tenderer (June 2013) at a cost of ₹ 1.37 crore. Audit observed that the qualified firm proposed (March 2013) to JN for the purchase of a new advance component by replacing two allied components, which was accepted by the tender committee on the same date without technically analysing its viability. Accordingly, a fresh agreement was executed (December 2013) with the firm for supply of LDS (within six months) at a cost of ₹ 1.37 crore. JN received (March 2014) LDS at a cost of ₹ 1.22 crore and an amount of ₹ 7.27 lakh was paid (July 2014) to the firm for imparting training³² for operation of LDS. Total payment of ₹ 1.30 crore was made to the firm.

Audit observed that the new device was not in operation. On being pointed out (February 2017), NN stated that LDS would be operative in a Wi-Fi zone only and therefore, the system was returned (June 2015) to the firm for software up-gradation so that the system would work at radio frequency but no progress was reported as on February 2017.

Reply was not acceptable as during the finalisation of the tender, the components were replaced without technical analysis of operating viability for the new component of LDS. As a result, expenditure of ₹ 1.30 crore incurred on purchase and training for its operation was rendered unfruitful.

³² The training was imparted from 24 March 2014 to 22 April 2014.

3.5 Violation of pollution norms in *Nagar Nigam Agra* and *Lucknow*

In contravention to National Auto Fuel Policy for reducing vehicular emission, *Nagar Nigam Agra* and *Nagar Nigam Lucknow* purchased BS-III model vehicles instead of BS-IV models at a cost of ₹ 6.85 crore, which led to failure of implementing environment norms on air pollution.

With a view to provide a roadmap for achieving vehicular emission norms over a period of time and meeting environmental concerns by reducing pollution, Ministry of Petroleum and Natural Gas, Government of India in response to the direction of Hon'ble Supreme Court (1999) announced National Auto Fuel Policy (NAFP) in October 2003. In view of this, Ministry of Road Transport & Highways, New Delhi (Ministry) issued an order³³ that only four wheeler vehicles (manufactured on or after 1st April 2010) with Bharat Stage-IV (BS-IV) emission norms were allowed to be registered for plying in 13 cities from 1st April 2010. As per the report submitted by National Environment Engineering Research Institute (NEERI), the pollution levels had risen to most significant and dangerous levels resulting in change in the colour of the famous and peculiar marble from white to yellow of the Taj Mahal and being damaged by air pollution. In view of the above, serious measures like avoiding running of vehicles within the 500 meters territory from the structure and including Agra in the above said 13 cities, had been taken. Furthermore, BS-III model vehicles emit more carbon mono-oxide, hydrocarbon and nitrogen oxide in comparison to BS-IV model vehicles and hence, caused more environmental pollution.

Scrutiny of records (July 2015) of NN Agra revealed that in contravention of the above norms, tenders were invited (December 2013) for purchase of BS-III or BS-IV model vehicles by the Executive Engineer, NN. Against the tenders, NN Agra purchased (October 2014 to March 2015) 15 vehicles (*Appendix 3.2*) of BS-III model at a total cost of ₹ 6.03 crore under Thirteenth Central Finance Commission Grants. The vehicles were registered in the Regional Transport Office, Firozabad by mentioning temporary address of *Nagar Palika Parishad* Firozabad because Government restricted the registration of BS-III emission model vehicles in Agra. These vehicles were plying under NN Agra.

Similarly, scrutiny of records of NN Lucknow revealed that in contravention of the above norms, five tipper trucks of BS-III model were purchased (January 2014) at a cost ₹ 82.25 lakh and registered in district Barabanki for transportation of Municipal Solid Waste in Lucknow.

On being pointed out, NN Agra stated that as BS-IV model vehicles were not available, BS-III model vehicles were purchased with a view to keep the city clean. NN Lucknow stated that BS-III model vehicles were purchased because of their cheap rates. Reply is not acceptable as the purchase of these vehicles violated the provision of NAFP of GoI.

³³ Ministry of Road Transport & Highways, New Delhi vide Order No. RT-11011/11/2009/MVL dated 28 May 2010.

Thus, NN Agra and NN Lucknow violated the provision of NAFP of GoI by purchasing BS-III vehicles at a cost of ₹ 6.85 crore

3.6 Loss of revenue in *Nagar Palika Parishad Hathras*

Failure to invite tender and allot the parking places of vehicles for collection of parking fees led to loss of revenue of ₹ 1.15 crore to NPP Hathras.

The Seventy fourth Constitution Amendment Act (1992) paved the way for decentralisation of powers and transfer and devolution of more functions and funds to Urban Local Bodies (ULBs). In order to reduce the dependency on Government grants, ULBs were required to generate revenues by collecting taxes, rents, fees, *etc.*, from the people of the area under their jurisdiction.

Scrutiny of records (February 2016) of Executive Officer (EO) NPP Hathras, revealed that six parking places for vehicle stand of NPP where tongas, tempos, private buses *etc.*, stopped for boarding and disembarking of passengers were allotted to private contractors by tendering in the year 2010-11 for ₹ 25.60 lakh³⁴. Further, it was noticed that in the year 2011-12, only three parking places³⁵ were auctioned while rest of the parking places were not auctioned. In the year 2012-13, the processes of auction was initiated by inviting tender, but the process of the award of contract was not completed. The then District Magistrate, Hathras directed all the Sub-Divisional Magistrates (SDM) to examine and verify with *Nazari Naksha* of the parking places before auction through tendering. In compliance of these orders, SDM Hathras verified the five places³⁶ and reported (April 2012) about their suitability for auction to the DM. Further, NPP Hathras submitted *Nazari Naksha* of the parking places and sought permission for auction. After getting the *Nazari Naksha*, DM Hathras directed (August 2012) EO, NPP to take appropriate action as per GO (January 2009). However, no action was taken by EO, NPP for auction of these parking places. No tenders were invited during 2013-14, 2014-15 and 2015-16 and therefore, no auction was carried out for parking places in the NPP during these years. Given the fact that NPP's own revenue ranged between ₹ 1.74 crore to ₹ 1.81 crore³⁷ during 2012-15, no collection of parking fees for four years led to significant revenue loss for NPP. Hence, NPP neither executed the auction from 2012-13 to 2015-16 nor collected the parking fees through departmental staff.

On being pointed out, EO stated (February 2016) that since 2011-12, collection of parking fees was stopped by the verbal order of DM. Reply is not acceptable as after the submission of *Nazari Naksha*, DM directed the EO, NPP to take action for collection of parking fees. However, no effort was made by the EO, NPP Hathras in this regard.

³⁴ Aligarh road ₹ 6,43,000, Mendu road ₹ 5,61,000, Agra road ₹ 2,95,000, Mursan road ₹ 6,25,000, Iglas road ₹ 2,05,000 and Jalesar road ₹ 2,30,850 (₹ 950/day for 243 days).

³⁵ Aligarh road, Mursan road and Mendu road.

³⁶ Jalesar road, Aligarh road, Agra road, Iglas road and Sikandararau road.

³⁷ ₹ 1.74 crore in 2012-13, ₹ 1.76 crore in 2013-14 and ₹ 1.81 crore in 2014-15.

Thus, failure of the department to auction the parking lots resulted in loss of ₹1.15 crore (*Appendix 3.3*).

3.7 Loss of revenue in *Nagar Nigam, Varanasi*

License fee to be paid by private hospitals/nursing homes, clinics *etc.* were not fixed leading to a loss of ₹ 41.50 lakh in *Nagar Nigam, Varanasi*.

Municipal Rules³⁸ stipulate that corporations may from time to time make bye-laws with respect to fixing of fee for any license, sanction or permission to be granted by or under the Corporation Act. It further states that bye-laws be confirmed by the Government and published in the official gazette for its implementation.

Government of Uttar Pradesh (GoUP) issued Government order (GO) (December 1997) for recovering and increasing the license fees from private nursing homes, hospitals, pathology centres *etc.* with an objective to make the ULBs monetarily self-reliant and strong. In response to the request made by the Indian Medical Association regarding imposition of license fee on nursing homes and hospitals, a standing order (December 2001) was issued for suspending the license fees on nursing homes and hospitals till further order. However, GoUP, again issued an order (May 2014) for lifting the standing orders, stating that nursing homes can be categorised under revenue generating entities, and the provision of GO was revoked.

Scrutiny of records (February 2016) of *Nagar Nigam* (NN) Varanasi revealed that bye-laws for control, operation and permission for providing license to private hospitals, nursing homes and pathology centres were prepared and published (March 1999) in the gazette by NN Varanasi. There were 275 private clinics, 139 pathology centres, 76 private hospitals, 80 nursing homes (up to 20 beds), 7 nursing homes (above 20 beds), 63 dental clinics, 46 maternity homes (upto 20 beds) and 50 X- Ray clinics were functioning within NN Varanasi during 2014-16.

Audit observed that despite the Government Order (May 2014), no system for issuing of licenses to medical establishments was put in place, which resulted in a loss of revenue of ₹ 41.50 lakh³⁹ to NN during the years 2014-16 (*Appendix 3.4*).

On being pointed out, NN stated (June 2016) that recovery of license fees were not imposed by NN as per order (2001) of GoUP. Reply is not acceptable as the Orders of GoUP (December 2001) was revoked by the Order


³⁸ Paragraph 541 (41) to 544 of Uttar Pradesh *Nagar Nigam Adhiniyam* 1959.

³⁹ 275 Private clinic at the rate of ₹ 3000 per annum, 139 Pathology centre at the rate of ₹1000 per annum, 76 Private hospital at the rate of ₹ 5000 per annum, 80 Nursing home (upto 20 bed) at the rate of ₹ 2000 per annum, 7 Nursing home (above 20 bed) at the rate of ₹ 5000 per annum, 63 Dental clinic at the rate of ₹ 4000 per annum, 46 Maternity home (upto 20 bed) at the rate of ₹ 4000 per annum, and 50 X- Ray clinic at the rate of ₹ 2000 per annum. (License fees for two years as per gazette).

(May 2014) and no action was taken by the NN to levy the licence fees leading to a loss of ₹41.50 lakh to NN Varanasi.


The matter was reported to Government (February 2016 to July 2016); their reply was awaited (March 2017).

ALLAHABAD
THE
24 MAY 2017


(BHAVIKA JOSHI LATHE)
Deputy Accountant General
General and Social Sector Audit
Uttar Pradesh

COUNTERSIGNED

ALLAHABAD
THE
24 MAY 2017


(P. K. KATARIA)
Principal Accountant General
General and Social Sector Audit
Uttar Pradesh

Appendix 1.1

Functions of Urban Local Bodies

(Reference: Paragraph no. 1.3; page 2)

- | | |
|---------|---|
| (i) | Urban planning including town planning. |
| (ii) | Regulation of land use and construction of buildings. |
| (iii) | Planning for economic and social development. |
| (iv) | Roads and bridges. |
| (v) | Water supply for domestic, industrial and commercial purposes. |
| (vi) | Public health, sanitation, conservancy and solid waste management. |
| (vii) | Fire services. |
| (viii) | Urban forestry, protection of the environment and promotion of ecological aspects. |
| (ix) | Safeguarding the interests of weaker sections of society including the handicapped and intellectually disabled. |
| (x) | Slum improvement and upgradation. |
| (xi) | Urban poverty alleviation. |
| (xii) | Provision for urban amenities and facilities such as parks, gardens, playgrounds. |
| (xiii) | Promotion of cultural, educational and aesthetic aspects. |
| (xiv) | Burials and burial grounds, cremations, cremation grounds and electric crematorium. |
| (xv) | Cattle ponds, prevention of cruelty to animals. |
| (xvi) | Vital statistics including registration of births and deaths. |
| (xvii) | Public amenities including street lighting, parking lots, bus stops and public conveniences. |
| (xviii) | Regulation of slaughter houses and tanneries. |

(Source: Director, Local Bodies, Lucknow)

Appendix 1.2

Functions performed exclusively by Urban Local Bodies

(Reference: Paragraph no. 1.3; page 2)

- | | |
|-------|--|
| i. | Water supply for domestic, industrial and commercial purposes. |
| ii. | Public health, sanitation, conservancy and solid waste management. |
| iii. | Provision of urban amenities and facilities such as parks, gardens and play grounds. |
| iv. | Burials and burial grounds, cremation and cremation grounds. |
| v. | Cattle ponds and prevention of cruelty to animals. |
| vi. | Vital statistics including registration of births and deaths. |
| vii. | Public amenities including street lighting, parking lots, bus stops etc. |
| viii. | Regulation of slaughter houses and tanneries. |

(Source: Director, Local Bodies, Lucknow)

Appendix 1.3

Sharing of functions between Urban Local Bodies and Government Agencies

(Reference: Paragraph no.1.3; page 2)

Sl. No.	Services	Department/ Government Agencies
1.	Urban planning including town planning.	Urban Development Authorities in 27 cities and by ULBs in remaining towns.
2.	Regulation of land use and construction of buildings.	Development Authorities in 27 cities, Regulated Area Authorities in 74 towns and ULBs in remaining towns.
3.	Promotion of cultural, educational and aesthetic aspects.	(i) Cultural Activities State Culture Department and ULBs.
		(ii) Education Education Department except middle level schools in Corporations.
		(iii) Aesthetic aspects Government Departments and ULBs.
4.	Planning for economic and social development.	Development Authorities, <i>Vikas Parishads</i> , ULBs, SUDA, UP <i>Jal Nigam</i> , UP <i>Jal Sansthan</i> s and other departments.
5.	Roads and bridges	Development Authorities & ULBs.

(Source: Director, Local Bodies Lucknow)

Appendix 1.4

Functions performed by Government departments/ agencies

(Reference: Paragraph no.1.3; page 2)

Sl. No.	Services	Department/Agencies
1.	Fire services	Fire Fighting Department
2.	Urban forestry	Forest Department
3.	Protection of environment and promotion of ecological aspects	Environment Department
4.	Safeguarding the interests of weaker sections of society including handicapped and intellectually disabled people	Urban Poverty Alleviation and Employment Department through SUDA and DUDA
5.	Slum improvement and upgradation	Urban Poverty Alleviation and Employment Department through State Urban Development Agency (SUDA) and District Urban Development Agency (DUDA)

(Source: Director, Local Bodies, Lucknow)

Appendix 1.5

Details of maintenance of records, Service Level Bench Mark etc.

(Reference: Paragraph no. 1.8, 1.9, 1.11.6 and 1.11.7; pages 5,6,10 and 11)

Name of the unit	Maintenance of records	Status of Reconciliation of balances as per Cash Book with Bank Pass Book	1-Accounts being maintained as per the National Municipal Accounts Manual (NMAM) 2-Status of preparation of Annual Accounts on DEAS 3-Quality and reliability of Annual Accounts	Current status of Property Tax Board	Fire hazard response and mitigation plan	Achievement of standards against the target w.r.t. the four key service sectors viz: 1-Water supply 2-Sewerage 3-Storm water drainage 4-Solid waste management	Comments on AC/DC bill
NN Bareilly	Partially maintained.	Not reconciled.	1. Not prepared 2. Partially prepared. 3. Not Applicable.	Not Applicable	Not Applicable (NA)	1- 47.8 per cent 2- Not provided 3- Not provided 4- Not provided	NA
NN Moradabad	Partially Maintained	Reconciled	1. Not prepared 2. Partially prepared. 3. Not Applicable.	-	NA	Achieved	No
NPP Bilari, Moradabad	Partially maintained.	Not reconciled	1. Not prepared 2. Not prepared 3. Not Applicable.	Not constituted	NA	1-Achieved 2- Not achieved 3- Not achieved 4- Not achieved	No AC Bill was drawn
NPP Atarra, Banda	Partially maintained.	Not reconciled	1. Not prepared 2. Not prepared 3. Not Applicable.	Not constituted	NA	NA	NA
NPP Sant Kabir nagar	Partially maintained.	Not reconciled	1. Not prepared 2. Not prepared 3. Not applicable	Not constituted	NA	1-Achieved 2- Not achieved 3- Not achieved 4- Not achieved	No AC Bill was drawn
NPP Hamirpur	Partially Maintained	Not reconciled	1. Not prepared 2. Not prepared 3. Not applicable	Not constituted	NA	Not implemented	No AC Bill was drawn
NP Kaurara, Hamirpur	Partially Maintained	Not reconciled	1. Not prepared. 2. Not prepared 3. Not Applicable.	Not constituted	NA	Not implemented	No AC Bill was drawn
NP Khiri, Lakhimpur	Partially Maintained	Reconciled	1. Up to 2015-16 a/c not prepared on accrual basis. 2. Not prepared 3. Not applicable	Not constituted	NA	Work to be completed as per direction.	No AC Bill was drawn
NPP Bijnore	Partially Maintained	Not reconciled	1. Not prepared 2. Partially prepared 3. Not applicable	Not constituted	NA	1-Achieved 2- Not achieved 3- Not achieved 4- Not achieved	No AC Bill was drawn
NPP Nazibabad, Bijnore	Partially Maintained	Not reconciled	1. Not prepared 2. Not prepared 3. Not applicable	Not constituted	NA	1-Achieved 2- Not achieved 3- Not achieved 4- Not achieved	No AC Bill was drawn
NPP Nagina, Bijnore	Partially maintained.	Not reconciled	1- Not prepared 2- Not prepared 3- Not applicable	Not constituted	NA	1-Achieved 2- Not achieved 3- Not achieved 4- Not achieved	No AC Bill was drawn

NP Jhaloo, Bijnore	Partially maintained.	Not reconciled	1. Not prepared 2. Not prepared 3. Not applicable	Not constituted	NA	No	No AC Bill was drawn
NP Saharanpur, Bijnore	Partially maintained.	Not reconciled	1- Not prepared 2- Not prepared 3- Not applicable	Not constituted	NA	No	No AC Bill was drawn
NPP, Pilibhit	Partially maintained.	Not reconciled	1. Not prepared 2. Partially prepared. 3. Not applicable.	Not constituted	NA	1- 51.7 <i>per cent</i> 2- Nil 3- 100 <i>per cent</i> 4- Nil	No AC Bill was drawn
NP Patti, Pratapgarh	Partially Maintained	Not reconciled	1. Not prepared 2. Not prepared 3. Not applicable	Not constituted	NA	Not implemented	No AC Bill was drawn
NP Hariharpur, Sant Kabir Nagar	Partially Maintained	Not reconciled	1. Not prepared 2. Not prepared 3. Not applicable	Not constituted	NA	Not implemented	No AC Bill was drawn
NP Goshainganj, Faizabad	Partially Maintained	Reconciled	1. Not prepared 2. Not prepared 3. Not applicable3. NA	Not constituted	NA	NA	NA
NP Bikapur, Faizabad	Partially Maintained	Reconciled	1. Not prepared 2. Not prepared 3. Not applicable	Not constituted	NA	NA	NA
NP Bhadarasa, Faizabad	Partially Maintained	Reconciled	1. Not prepared 2. Not prepared 3. Not applicable	Not constituted	NA	NA	NA
NP Moth, Jhansi	Partially Maintained	Not reconciled.	1. Not prepared 2. Not prepared 3. Not applicable	Not constituted	NA	Not implemented	No AC Bill was drawn
NP Ranipur, Jhansi	Partially Maintained	Not reconciled	1. Not prepared 2. Not prepared 3. Not applicable	Not constituted	NA	Not implemented	No AC Bill was drawn

(Source: Concerned ULBs)

Appendix 1.6

Details of difference in figures

(Reference: Paragraph no.1.11.1.1; page 7)

(₹ in crore)

Central Finance Commission (CFC)			
Year	Figure given in respective years by Director, Urban Development Department (UDD)	Figure given by Special Secretary Finance Department	Difference in the figures of Director, UDD and Special Secretary Finance Department (Col 2 – Col 3)
1	2	3	4
2011-12	517.51	517.50	0.01
2012-13	756.49	756.45	0.04
2013-14	760.01	941.88	-181.87
2014-15	821.98	640.08	181.9
2015-16	983.60	983.60	0

(₹ in crore)

State Finance Commission (SFC)			
Year	Figure given in respective years by Director, UDD	Figure given by Special Secretary Finance Department	Difference in the figures of Director, UDD and Special Secretary Finance Department (Col 2 – Col 3)
1	2	3	4
2011-12	3,354.37	3,767.51	-413.14
2012-13	3,993.98	4,158.26	-164.28
2013-14	6,160.69	4,808.60	1,352.09
2014-15	6,948.17	5,677.86	1,270.31
2015-16	5,462.43	6,099.86	-637.43

(Source: Director, Urban Development Department and Finance Department, GoUP)

Appendix 1.7

Revenue realised from own resources

(Reference: Paragraph no.1.11.5; page 9)

(₹ in crore)

Category of ULBs	Year	Target (₹)	Achievement (₹)	Excess(+)/ Short(-) (₹)	Per centage of shortfall
NNs	2011-12	972.00	833.20	(-)138.8	14.28
	2012-13	1,117.80	999.84	(-)117.96	10.55
	2013-14	1,334.46	852.62	(-)481.84	36.11
	2014-15	1,613.41	964.43	(-)648.98	40.22
	2015-16	1,045.32	990.18	(-)55.14	5.27
NPPs	2011-12	311.87	198.87	(-)113	36.23
	2012-13	358.65	238.64	(-)120.01	33.46
	2013-14	426.63	318.73	(-)107.9	25.29
	2014-15	501.80	347.68	(-)154.12	30.71
	2015-16	381.92	368.31	(-)13.61	3.56
NPs	2011-12	79.87	57.12	(-)22.75	28.48
	2012-13	91.85	68.54	(-)23.31	25.38
	2013-14	114.37	97.76	(-)16.61	14.52
	2014-15	133.51	101.58	(-)31.93	23.92
	2015-16	111.34	124.58	(+)13.24	--

(Source: Director, Local Bodies, Lucknow)

Appendix 2.1

List of Sampled ULBs

(Reference: Paragraph no.2.5; page 16)

District	Selected Nagar Nigams	Selected Nagar Palika Parishads	Selected Nagar Panchayats
DEORIA	-	Deoria	Bhatpar Rani
		Gaura Barhaj	Rampur Karkhana
ETAWAH	-	Etawah	Bakewar
		Jaswant Nagar	Lakhana
KANNAUJ	-	Chibramau	Samdan
		Kannauj	Talgram
KANPUR	Kanpur	Bilhaur	Bithoor
		Ghatampur	Shivrajpur
KUSHINAGAR	-	Padrauna	Hata
			Ramkola
LUCKNOW	Lucknow	-	Bakshi Ka Talab
			Mahona
MAINPURI	-	Mainpuri	Bhogaon
			Kisni
MIRZAPUR	-	Ahraura	Kachhwa
		Mirzapur	
SAMBHAL	-	Chandausi	Babrala
		Sambhal	Narauli
SULTANPUR	-	Sultanpur	Dostpur
			Kadipur
Total	2	15	19

(Source: Director, Local Bodies, Lucknow)

Appendix 2.2

Status of MSW Processing and Disposal facility in the State (March 2016)

(Reference: Paragraph no. 2.6.2; page 18)

(₹ in crore)

Sl. No.	Name of ULBs	Name of the Scheme				Capacity (TPD)	Physical Progress (%)	Remarks
			Sanctioned Amount	Funds Released	Expenditure			
01	02	03	04	05	06	07	08	09
OPERATIONAL								
1	Nagar Nigam Allahabad	UI&G	30.41	30.41	29.51	600	90	The Concessionaire has terminated the Agreement and the Plant was being operated by another agency selected by Nagar Nigam.
2	NPP Barabanki	UIDSSMT	5.37	5.24	5.24	30	100	Project completed on 30 September 2012.
3	NPP Etawah	UIDSSMT	5.82	5.42	5.42	75	100	Project completed on 31 October 2012.
4	NPP Kannauj	UIDSSMT	4.62	4.57	4.57	25	100	Project completed March 2011.
5	NPP Mainpuri	UIDSSMT	4.28	3.74	3.74	30	100	Project completed on 31 October 2012.
6	NPP Muzzafar Nagar	UIDSSMT	6.58	5.8	5.8	120	100	Project completed on October 2011.
7	NPP Raibareli	UIDSSMT	8.78	7.37	7.37	70	100	Project completed on August 2011.
PARTIALLY OPERATIONAL								
8	NN Aligarh	UIDSSMT	16.07	16.06	14.17	220	100	Project completed in July 2012. The operation of the plant had been stopped by the Concessionaire M/s A2Z
9	NN Lucknow	UI&G	42.93	42.93	38.88	1300	88	Processing Plant Commissioned in August 2015; the project was likely to be completed by March 2016.
COMPLETED BUT NON-OPERATIONAL								
10	NN Bareilly	Not available	13.86	13.86	13.86	300	100	After operation for a few months Hon'ble NGT has ordered to stop the operation of the plant till Authorisation from UPPCB is obtained.
11	NPP Fatehpur	UIDSSMT	9.38	9.38	9.38	55	100	After operating the plant for about 12 to 18 months the operation of the plant had been stopped by the Concessionaire M/s A2Z.
12	NN Kanpur	UI&G	56.24	56.24	56.02	1500	100	After operating the plant for about three years, the Concessionaire M/s A2Z had stopped operating the plant since February 2014.

13	NPP Mathura	UI&G	9.91	9.91	9.9	180	100	Operation of the Plant had been stopped by the Concessionaire after operating for about 2 years. Concession Agreement had been terminated.
14	NN Moradabad	UIDSSMT	13.16	12.24	12.24	280	100	Project completed in July 2013. The operation of the plant had been stopped by the Concessionaire M/s A2Z after operating for about 2 years.
UNDER CONSTRUCTION								
15	NN Agra	UI&G	30.84	30.84	22.34	750	90	Work held up due to dispute, Agreement had been terminated and Nagar Nigam had invited tenders for a Waste to Energy project.
16	NPP Budaun	UIDSSMT	5.78	5.78	4.51	55	70	The Concessionaire M/s A2Z had stopped the construction work.
17	NPP Ballia	UIDSSMT	6.82	6.82	4.1	40	70	The Concessionaire M/s A2Z had stopped the construction work.
18	NN Ghaziabad	Not available	13.52	12.76	6.61	300	50	The order of Hon'ble High Court Allahabad on suitability of site for Solid Waste Management has been challenged by private parties in Hon'ble Supreme Court.
19	NN Jhansi	UIDSSMT	12.16	12.15	6.08	200	62	Concessionaire M/s UP Waste Processing Co. Pvt. Ltd. had stopped the construction works. Agreement had been terminated by ULB. Retendering was in progress by NN.
20	NPP Mirzapur	UIDSSMT	11.01	11.01	6.46	100	70	Due to dispute between M/s A2Z and M/s Accord Hydro Air (Sub Contractor), work was hampered.
21	NPP Sambhal	UIDSSMT	6.55	6.55	3.22	75	65	Approach road to be constructed by ULB. Due to dispute between M/s A2Z and M/s Accord Hydro Air (Sub Contractor), work was hampered.
22	NN Varanasi	UI&G	48.68	40.16	35.15	600	80	The <i>Nagar Nigam</i> had terminated the Concession Agreement due to default of the Concessionaire M/s A2Z, which had been challenged in Hon'ble High Court.
23	NN Gorakhpur	UIDSSMT	15.63	7.82	2.83	280	3	The Concessionaire M/s Gorakhpur Waste Processing Co. Ltd. had stopped the construction work. Agreement had been terminated by ULB.

24	NPP Jaunpur	UIDSSMT	12.2	6.1	1.34	80	20	Due to dispute between M/s A2Z and M/s Accord Hydro Air (Sub Contractor), work was hampered.
25	NN Meerut	UI&G	22.59	16.95	10.97	600	18	The Concessionaire M/s A2Z had terminated the Concession Agreement. Subsequently the <i>Nagar Nigam</i> had also terminated the Concession Agreement due to default of the Concessionaire.
26	NPP Pilkhuwa	Satellite Town P rogram	8.98	4.49	4.44	45	28	Under construction. Third instalment of ₹ 179.54 lakh had been released by GoI on 02.03.16.
NOT STARTED								
27	NPP Basti	UIDSSMT	5.86	2.93	0.49	40	5	Land was water logged and prima facie not suitable for SWM project.
28	NPP Bhadohi	State Sector	17.35	6.90	0	70		Construction of Boundary wall hampered due to dispute on land by local people.
29	NN Firozabad	UIDSSMT	7.14	3.57	1.53	130	15	State Government had accorded permission for purchase of alternative land in Jan 16. Project is likely to be completed in 2016-17.
30	NPP Loni	UIDSSMT	11.81	5.91	1.21	120	10	Possession of land could not be taken due to resistance by farmers. Collection & Transportation equipment had been procured.
31	NPP Najibabad	State Sector	17.27	6.90	0	60		Original land was not found to be feasible due to proximity with Reserve Forest. Alternative Land was being identified.
32	NPP Rampur	NA	23.69	0	0	150		Project was sanctioned under State Sector but a Waste to Energy PPP project had been approved by the Hon'ble UP Cabinet. Letter of Award had been issued in August 2015.
Total			505.30	410.81	327.39			

(Source: Information provided by Director, Local Bodies)

Appendix 2.3

Details of projects entrusted to M/s A2Z Waste Management Limited (March 2016)

(Reference: Paragraph no. 2.7.2; page 21)

Sl No.	Name of ULBs	Name of Scheme	Expenditure (₹ in crore)	Remarks
PROJECTS NOT STARTED (4)				
1	NN Firozabad	UIDSSMT	1.53	Land dispute
2	NPP Loni	UIDSSMT	1.21	Possession of land could not be taken due to resistance by farmers.
3	NPP Basti	UIDSSMT	0.49	Land was water logged and <i>prima facie</i> not suitable for SWM project.
4	NPP Jaunpur	UIDSSMT	1.34	Due to dispute between M/s A2Z and M/s Accord Hydro Air (Sub Contractor) work was hampered.
Total expenditure			4.57	
PROJECTS SUBLETTE AND COMPLETED (3)				
1	NN Kanpur	UIDSSMT	56.02	After operating the plant for about three years, the Concessionaire stopped the operation from February 2014.
2	NN Moradabad	UIDSSMT	12.24	Project completed but the operation of the plant had been stopped by the Concessionaire.
3	NPP Fatehpur	UIDSSMT	09.38	Project completed but after operating the plant for about 12-18 months the operation of the plant had been stopped by the Concessionaire.
Total expenditure			77.64	
PROJECTS SUBLETTE BUT INCOMPLETE (6)				
1	NPP Budaun	UIDSSMT	4.51	Sublet. The Concessionaire M/s A2Z had stopped the construction work.
2	NPP Ballia	UIDSSMT	4.10	Sublet. The Concessionaire M/s A2Z had stopped the construction work.
3	NPP Mirzapur	UIDSSMT	6.46	Sublet. Due to dispute between Concessionaire and Sub Contractor work was hampered.
4	NPP Sambhal	UIDSSMT	3.22	Sublet. Due to dispute between Concessionaire and Sub Contractor work was hampered
5	NN Aligarh	UIDSSMT	14.17	Project completed in July 2012. The operation of the plant had been stopped by the Concessionaire.
6	NN Varanasi	UI&G	35.15	The <i>Nagar Nigam</i> has terminated the Concession Agreement.
Total expenditure			67.61	
COMPLETED BY CONCESSIONAIRE BUT NOT OPERATIONAL (1)				
1	NN Meerut	UI&G	10.97	The Concessionaire M/s A2Z had terminated the Concession Agreement.
Total expenditure on incomplete and abandoned projects ₹ 156.22				
COMPLETED BY CONCESSIONAIRE AND OPERATIONAL (1)				
1	NPP Muzzafar Nagar	UIDSSMT	5.80	Project completed and operational.

(Source: Information provided by Director, Local Bodies)

Appendix 2.4

Status of unmanaged MSW at processing plant, NN Kanpur

(Reference: Paragraph no. 2.8.5.3; page 31)

(In thousand MT)

Year	Generated MSW	Collected MSW	Uncollected MSW (col.2-col.3)	Processed MSW	Unmanaged MSW	
					At Plant site (col.3-col.5)	Total (col.4+col.6)
1	2	3	4	5	6	7
2010-11 (from 10/2010)	282.10	155.73	126.37	161.03	(-)5.30 ¹	121.07
2011-12	565.75	425.11	140.64	254.66	170.45	311.09
2012-13	565.75	331.24	234.51	276.22	55.02	289.53
2013-14	565.75	320.41	245.34	114.90	205.51	450.85
2014-15	565.75	498.40	67.35	-	498.40	565.75
2015-16	565.75	489.60	76.15	-	489.60	565.75
Total	3,110.85	2,220.49	890.36	806.81	1,413.68	2,304.04

(Source: Information provided by NN Kanpur)

Appendix 2.5

Non imposition of penalty

(Reference: Paragraph no. 2.8.6.4; page 36)

Period (days)	Required supply of AIW for the period (in MT)	Actually supplied MSW (in MT)	Short supply of MSW (in MT) (Col. 2 – Col.3)	Rate of transportation per MT	Amount of penalty (50 per cent tipping fees payable) (₹ in lakh)
1	2	3	4	5	6
May 2012 to Apr.2013 365 days	4,38,000	2,66,642.63	1,71,357.38	456	390.69
May 2013 to Apr.2014 365 days	4,38,000	2,24,403.18	2,13,596.82	456	487.00
May 2014 to Jan.2015 306 days	3,67,200	1,11,794.57	2,55,405.43	456	582.32
Total	12,43,200	6,02,840.38	6,40,359.63		1,460.01

(Source: Information provided by Nagar Nigam Kanpur)

¹ MSW already dumped at plant site before start of operation (October 2010) of processing plant.

Appendix 2.6

Pollution control norms not adhered

(Reference: Paragraph no. 2.9.3; page 39)

Para No. of MSW Rules	Specifications for landfill sites in Schedule III of MSW Rule 2000
19 and 20	Waste shall be covered immediately or at the end of each working day with minimum 10 cm of soil and an intermediate cover of 40-65 cms. thickness of soil shall be placed on the landfill prior to monsoon with proper compaction and grading to prevent infiltration.
22	Diversion of storm water drains to minimise leachate generation, prevention of pollution of surface water and also for avoiding creation of marshy conditions, construction of non-permeable lining system and a Leachate Collection System shall be made.
23	That before establishing any landfill site, the baseline data of ground water quality in the area shall be collected and kept on record for future reference. The ground water quality within 50 meters of the periphery of landfill site should be periodically monitored to ensure that the ground water is not contaminated beyond an acceptable limit. It shall be carried out to cover different seasons in a year i.e. summer, monsoon and post-monsoon period.
25 and 26	The landfill gas from the collection facility at a landfill site shall be utilized for either direct thermal applications or power generation, as per viability. Otherwise, landfill gas shall be burnt (flared) and shall not be allowed to directly escape to the atmosphere or for illegal tapping. Ambient air quality at the landfill site and at the vicinity shall be monitored.

Appendix 2.7

Specification for compost quality laid down in MSW Rules 2000

(Reference: Paragraph no. 2.9.5; page 39)

Sl. No.	Specification	Concentration not to exceed (Mg/Kg dry basis, except pH value and C/N ratio)
1	Arsenic	10.00
2	Cadmium	5.00
3	Chromium	50.00
4	Copper	300.00
5	Lead	100.00
6	Mercury	0.15
7	Nickel	50.00
8	Zinc	1000.00
9	C/N ratio	20-40
10	PH	5.5 - 8.5

Appendix 3.1.1

List of sampled ULBs

(08 Districts, 2 NNs, 10 NPPs, 11NPs)

(Reference: Paragraph no. 3.1.1; page 43)

Districts	Nagar Nigams	Nagar Palika Parishads	Nagar Panchayats
Jhansi	Jhansi	Baruwa Sagar	Moth, Ranipur
Sant Kabir Nagar	Moradabad	Khalilabad	Hariharpur
Hamirpur		Hamirpur	Kurara
Bijnore		Bijnore, Najibabad, Nagina	Jhaloo, Sahanpur
Moradabad		Bilari	Umari Kala
Pratapgarh		Pratapgarh	Patti, Pratapgarh City
Ghazipur	Sambhal	Ghazipur	Saidpur
Sambhal		Sambhal	Naroli

(Source: Director, Urban Development Department)

Appendix 3.1.2

List of 39 items of license fees

(Reference: Paragraph no. 3.1.3.1 and 3.1.4.2; pages 44 and 48)

S. No.	Name of Items	S. No.	Name of Items
1.	Hotel , Lodging, Guest House and Marriage Hall	21.	<i>Thela-Theli</i>
2.	Three star hotel	22.	Hand <i>thela</i>
3.	Five star hotel	23.	Bullock Cart
4.	Nursing homes under 20 beds	24.	Trolley
5.	Nursing homes above 20 beds	25.	Finance company/Chit fund
6.	Maternity centre under 20 beds	26.	Insurance company per branch
7.	Maternity centre above 20 beds	27.	Slaughter house
8.	Private hospital	28.	<i>Haddi khal godam</i>
9.	Pathology centre	29.	Bar/Beer
10.	X-Ray clinic	30.	Ice factory
11.	Dental clinic	31.	Builders (Reg.)
12.	Private clinic	32.	<i>Desi</i> liquor (per shop)
13.	Auto rickshaw two seater	33.	English wine (per shop)
14.	Auto rickshaw seven seater	34.	Buffalo meat shop
15.	Auto rickshaw four seater	35.	Goat meat shop
16.	Mini bus	36.	Meat (per animal)
17.	Bus	37.	Penalty on animals locked in <i>Kanji</i> house
18.	Tonga	38.	Per day diet for small animals
19.	Rickshaw on rent	39.	Per day diet for big animals
20.	Own rickshaw		

(Source: Government order dated 16 December 1997)

Appendix 3.1.3

Financial position of test checked ULBs

(Reference: Paragraph no 3.1.3.2; page 44)

(₹ in lakh)

2011-12							
Sl. No.	Name of test checked ULBs	Receipts from own resources (₹)			Government Grants (₹)	Total receipts (₹)	Percentage of own funds in total receipts (₹)
		Tax	Non-tax	Total			
1	NN Moradabad	1,621.45	731.64	2,353.09	6,650.85	9,003.94	26.13
2	NN Jhansi	869.55	255.05	1,124.60	3,748.10	4,872.70	23.08
3	NPP Pratapgarh	171.88	114.68	286.56	787.04	1,073.6	26.69
4	NPP Sambhal	143.60	16.06	159.66	1,455.21	1,614.87	9.89
5	NPP Bilari	27.68	11.46	39.14	263.80	273.53	14.31
6	NPP Bijnore	177.27	100.98	278.25	588.10	866.35	32.12
7	NPP Nagina	161.81	29.05	190.86	593.64	784.50	24.33
8	NPP Najibabad	111.51	52.66	164.17	719.58	883.75	18.58
9	NPP Baruasagar	49.63	91.78	141.41	209.44	350.85	40.30
10	NPP Hamirpur	14.81	27.41	42.22	357.41	399.63	10.56
11	NPP Ghazipur	85.97	98.84	184.81	935.81	1,120.62	16.49
12	NPP Sant Kabir Nagar	111.36	61.77	173.13	553.13	726.26	23.84
13	NP Pratapgarh City	6.67	5.50	12.17	140.34	152.51	7.98
14	NP Patti	13.23	0.98	14.21	80.88	95.09	14.94
15	NP Narauli	5.44	6.93	12.37	160.08	172.45	7.17
16	NP Umarikala	0.92	3.79	4.71	151.78	156.49	3.01
17	NP Jhaloo	5.54	8.86	14.40	183.92	198.32	7.26
18	NP Sahanpur	9.43	10.88	20.31	153.64	173.95	11.68
19	NP Moth	4.55	17.23	21.78	187.46	209.24	10.41
20	NP Ranipur	2.34	4.58	6.92	200.27	207.19	3.34
21	NP Kurara	2.87	29.15	32.02	231.48	263.50	12.15
22	NP Saidpur	9.13	30.32	39.45	209.83	249.28	15.83
23	NP Hariharpur	0.18	7.32	7.50	104.75	112.25	6.68
Total		3,606.82	1,716.92	5,323.74	18,637.13	23,960.87	22.22
2012-13							
Sl No.	Name of test checked ULBs	Receipts from own resources			Government Grants	Total receipts	Percentage of own funds in total receipts
		Tax	Non-tax	Total			
1	NN Moradabad	1,620.14	346.31	1,966.45	7,995.08	9,961.53	19.74
2	NN Jhansi	824.62	238.06	1,062.68	5,056.32	6,128.00	17.34
3	NPP Pratapgarh	120.29	36.14	156.43	1,014.65	1,171.08	13.36
4	NPP Sambhal	195.64	19.28	214.92	3,261.39	3,476.31	6.18
5	NPP Bilari	67.70	17.04	84.74	352.19	436.93	19.39
6	NPP Bijnore	199.22	85.46	284.68	765.77	1,050.45	27.10
7	NPP Nagina	195.19	40.85	236.04	731.28	967.32	24.40
8	NPP Najibabad	140.13	41.25	181.38	874.67	1,056.05	17.18

9	NPP Baruasagar	4.28	78.26	82.54	277.29	359.83	22.94
10	NPP Hamirpur	24.85	19.77	44.62	450.36	494.98	9.01
11	NPP Ghazipur	116.50	95.61	212.11	1,634.36	1,846.47	11.49
12	NPP Sant Kabir Nagar	108.01	44.44	152.45	697.17	849.62	17.94
13	NP Pratapgarh City	0.89	15.42	16.31	181.90	198.21	8.23
14	NP Patti	7.32	1.51	8.83	108.11	116.94	7.55
15	NP Narauli	4.45	41.41	45.86	270.68	316.54	14.49
16	NP Umarikala	10.25	15.43	25.68	170.65	196.33	13.08
17	NP Jhaloo	7.10	8.83	15.93	205.32	221.25	7.20
18	NP Sahanpur	11.14	9.98	21.12	238.09	259.21	8.15
19	NP Moth	7.66	1.12	8.78	218.68	227.46	3.86
20	NP Ranipur	2.46	7.67	10.13	269.01	279.14	3.63
21	NP Kurara	11.23	27.58	38.81	212.97	251.78	15.41
22	NP Saidpur	8.17	33.33	41.50	291.29	332.79	12.47
23	NP Hariharpur	0.79	4.44	5.23	595.43	600.66	0.87
Total		3,688.03	1,229.19	4,917.22	25,872.66	30,789.88	15.97

2013-14

Sl No.	Name of test checked ULBs	Receipts from own resources			Government Grants	Total receipts	Percentage of own funds in total receipts
		Tax	Non-tax	Total			
1	NN Moradabad	2,683.95	2,180.58	4,864.53	12,318.58	17,183.11	28.31
2	NN Jhansi	1,090.31	321.45	1,411.76	8,149.11	9,560.87	14.77
3	NPP Pratapgarh	170.88	39.15	210.03	1,940.65	2,150.68	9.77
4	NPP Sambhal	103.80	43.81	147.61	3,017.33	3,164.94	4.66
5	NPP Bilari	80.16	100.95	181.11	565.82	746.93	24.25
6	NPP Bijnore	286.68	284.52	571.20	1,344.67	1,915.87	29.81
7	NPP Nagina	201.92	33.04	234.96	1,190.28	1,425.24	16.49
8	NPP Najibabad	123.68	211.42	335.10	1,510.97	1,846.07	18.15
9	NPP Baruasagar	79.15	141.71	220.86	552.32	773.18	28.57
10	NPP Hamirpur	12.93	81.06	93.99	795.74	889.73	10.56
11	NPP Ghazipur	250.55	68.58	319.13	1,995.78	2,314.91	13.79
12	NPP Sant Kabir Nagar	147.49	74.27	221.76	1,272.10	1,493.86	14.84
13	NP Pratapgarh City	7.53	24.44	31.97	314.35	346.32	9.23
14	NP Patti	8.86	0.44	9.30	169.70	179	5.20
15	NP Narauli	4.67	14.68	19.35	352.24	371.59	5.21
16	NP Umarikala	10.17	21.94	32.64	476.44	509.08	6.31
17	NP Jhaloo	12.72	9.19	21.91	768.72	790.63	2.77
18	NP Sahanpur	12.77	10.59	23.36	735.57	758.93	3.08
19	NP Moth	16.5	0.91	17.41	323.94	341.35	5.10
20	NP Ranipur	3.52	9.74	13.26	448.65	461.91	2.87
21	NP Kurara	4.20	43.43	47.63	372.78	420.41	11.33
22	NP Saidpur	14.88	30.93	45.81	801.77	847.58	5.40
23	NP Hariharpur	0.32	12.75	13.07	1,085.18	1,098.25	1.19
Total		5,327.64	3,759.58	9,087.22	40,502.69	49,589.91	18.32

2014-15							
Sl No.	Name of test checked ULBs	Receipts from own resources			Government Grants	Total receipts	Percentage of own funds in total receipts
		Tax	Non-tax	Total			
1	NN Moradabad	2,797.83	455.19	3,253.02	12,022.96	15,275.98	21.30
2	NN Jhansi	1,248.60	401.34	1,649.94	8,069.64	9,719.58	16.98
3	NPP Pratapgarh	106.75	38.51	145.26	1,753.55	1,898.81	7.65
4	NPP Sambhal	251.61	113.47	365.08	3,129.34	3,494.42	10.45
5	NPP Bilari	103.75	35.62	139.37	768.62	907.99	15.35
6	NPP Bijnore	66.93	325.59	392.52	1,893.30	2,285.82	17.17
7	NPP Nagina	180.38	48.81	229.19	2,201.60	2,430.79	9.43
8	NPP Najibabad	119.99	84.69	204.68	1,690.24	1,894.92	10.80
9	NPP Baruasagar	30.71	78.85	109.56	638.64	748.2	14.64
10	NPP Hamirpur	25.85	46.83	72.68	757.49	830.17	8.75
11	NPP Ghazipur	54.80	51.19	105.99	2,051.99	2,157.98	4.91
12	NPP Sant Kabir Nagar	354.54	77.39	431.93	2,768.45	3,200.38	13.50
13	NP Pratapgarh City	9.21	3.24	12.45	279.99	292.44	4.26
14	NP Patti	1.26	3.31	4.57	136.25	140.82	3.25
15	NP Narauli	4.40	14.44	18.84	346.86	365.70	5.15
16	NP Umarikala	10.01	32.61	42.62	500.26	542.88	7.85
17	NP Jhaloo	11.19	9.93	21.12	1,260.65	1,281.77	1.65
18	NP Sahanpur	17.53	11.47	29.0	938.49	967.49	3.00
19	NP Moth	15.72	1.24	16.96	384.70	401.66	4.22
20	NP Ranipur	3.29	7.03	10.32	459.87	470.19	2.19
21	NP Kurara	2.58	31.01	33.59	423.26	456.85	7.35
22	NP Saidpur	2.67	51.39	54.06	731.48	785.54	6.88
23	NP Hariharpur	0.02	17.35	17.37	2,411.25	2,428.62	0.72
Total		5,419.62	1,940.5	7,360.12	45,618.88	52,979.00	13.89
2015-16							
Sl No.	Name of test checked ULBs	Receipts from own resources			Government Grants	Total receipts	Percentage of own funds in total receipts
		Tax	Non-tax	Total			
1	NN Moradabad	2,673.24	716.75	3,389.99	12,556.09	15,946.08	21.26
2	NN Jhansi	1,837.69	817.14	2,654.83	14,412.96	17,067.79	15.55
3	NPP Pratapgarh	241.63	52.52	294.15	1,710.59	2,004.74	14.67
4	NPP Sambhal	220.62	112.36	332.98	2,961.42	3,294.4	10.11
5	NPP Bilari	128.21	57.37	185.58	1,072.86	1,258.44	14.75
6	NPP Bijnore	269.48	319.10	588.58	2,293.23	2,881.81	20.42
7	NPP Nagina	237.92	123.58	361.50	3,301.45	3,662.95	9.87
8	NPP Najibabad	163.96	57.44	221.39	2,088.81	2,310.21	9.58
9	NPP Baruasagar	21.74	82.97	104.71	910.66	1,015.37	10.31
10	NPP Hamirpur	20.50	101.73	122.23	618.03	740.26	16.51
11	NPP Ghazipur	94.83	68.14	162.97	1,745.25	1,908.22	8.54
12	NPP Sant Kabir Nagar	87.07	95.57	182.64	3,456.33	3,638.97	5.02
13	NP Pratapgarh City	12.35	6.78	19.13	393.98	413.11	4.63

14	NP Patti	18.36	5.11	23.47	279.32	302.79	7.75
15	NP Narauli	5.96	4.03	9.99	287.37	297.36	3.36
16	NP Umarikala	2.04	11.21	13.25	376.22	389.47	3.40
17	NP Jhaloo	14.61	25.37	39.98	814.06	854.04	4.68
18	NP Sahanpur	15.99	16.48	32.47	567.04	599.51	5.42
19	NP Moth	9.71	7.03	16.74	257.97	274.71	6.09
20	NP Ranipur	1.95	10.13	12.08	406.63	418.71	2.89
21	NP Kurara	4.00	38.27	42.27	355.49	397.76	10.63
22	NP Saidpur	9.96	50.94	60.90	646.46	707.36	8.61
23	NP Hariharpur	1.11	4.27	5.38	1,627.27	1,632.65	0.33
Total		6,092.93	2,784.29	8,877.22	53,139.49	62,016.71	14.31

(Source: Information collected from test checked ULBs)

Appendix 3.1.4

Revenue realisation against budget provision in test checked ULBs

(Reference: Paragraph no. 3.1.3.3; page 45)

(₹ in lakh)

2011-12				
Sl. No.	Name of test checked ULBs	Budget Provision	Actual Receipt	Shortage/Excess
1	NN Moradabad	4,758.69	2,353.09	2,405.60
2	NN Jhansi	2,315.41	1,124.6	1,190.81
3	NPP Sambhal	198.50	159.67	38.83
4	NPP Bilari	54.98	39.14	15.84
5	NPP Bijnore	293.27	278.25	15.02
6	NPP Najibabad	287.25	164.17	123.08
7	NPP Baruasagar	157.16	141.41	15.75
8	NP Narauli	17.99	12.37	5.62
9	NP Jhaloo	17.20	14.40	2.80
10	NP Sahanpur	24.66	20.34	4.32
11	NP Moth	29.22	21.78	7.44
Total		8,154.33	4,329.22	3,825.11
2012-13				
Sl. No.	Name of test checked ULBs	Budget Provision	Actual Receipt	Shortage/Excess
1	NN Moradabad	3,423.10	1,966.45	1,456.65
2	NN Jhansi	2,614.70	1,062.68	1,552.02
3	NPP Pratapgarh	287.80	156.43	131.37
4	NPP Sambhal	217.80	214.92	2.88
5	NPP Bijnore	355.49	284.68	70.81
6	NPP Najibabad	312.25	181.38	130.87
7	NPP Baruasagar	135.46	82.54	52.92
8	NPP Sant Kabir Nagar	176.85	152.45	24.40
9	NP Jhaloo	17.20	15.93	1.27
10	NP Sahanpur	31.99	21.12	10.87
11	NP Moth	28.26	8.78	19.48
12	NP Saidpur	131.20	41.50	89.70
Total		7,732.1	4,188.86	3,543.24
2013-14				
Sl. No.	Name of test checked ULBs	Budget Provision	Actual Receipt	Shortage/Excess
1	NN Jhansi	3,544.10	1,411.76	2,132.34
2	NPP Pratapgarh	287.52	210.02	77.50
3	NPP Sambhal	302.25	147.62	154.63
4	NPP Nagina	242.65	234.96	7.69
5	NP Narauli	27.00	19.35	7.65
6	NP Jhaloo	23.80	21.91	1.89
7	NP Sahanpur	46.40	23.36	23.04
8	NP Saidpur	83.70	45.81	37.89
Total		4,557.42	2,114.79	2,442.63

2014-15				
Sl. No.	Name of test checked ULBs	Budget Provision	Actual Receipt	Shortage/Excess
1	NN Moradabad	4,790.26	3,253.02	1,537.24
2	NN Jhansi	3,844.70	1,649.94	2,194.76
3	NPP Pratapgarh	300.02	145.26	154.76
4	NPP Bijnore	625.35	392.56	232.79
5	NPP Nagina	287.24	229.19	58.05
6	NPP Najibabad	364.50	204.68	159.82
7	NPP Baruasagar	134.01	109.56	24.45
8	NPP Ghazipur	186.28	105.99	80.29
9	NPP Sant Kabir Nagar	946.00	431.93	514.07
10	NP Narauli	31.38	18.83	12.55
11	NP Jhaloo	41.51	21.12	20.39
12	NP Sahanpur	48.45	29.0	19.45
13	NP Kurara	55.64	33.59	22.05
14	NP Saidpur	78.85	54.06	24.79
Total		11,734.19	6,678.73	5,055.46
2015-16				
Sl. No.	Name of test checked ULBs	Budget Provision	Actual Receipt	Shortage/Excess
1	NN Moradabad	5,190.93	3,389.99	1,800.94
2	NN Jhansi	3,866.05	2,654.83	1,211.22
3	NPP Pratapgarh	339.49	294.15	45.34
4	NPP Sambhal	390.91	332.98	57.93
5	NPP Bijnore	1,087.92	588.58	499.34
6	NPP Nagina	364.08	361.50	2.58
7	NPP Najibabad	380.00	221.41	158.59
8	NPP Baruasagar	137.60	104.71	32.89
9	NP Narauli	36.20	9.99	26.21
10	NP Jhaloo	46.01	39.98	6.03
11	NP Sahanpur	50.85	32.47	18.38
12	NP Kurara	56.74	42.27	14.47
13	NP Saidpur	82.05	60.90	21.15
Total		12,028.83	8,133.76	3,895.07

(Source: Information collected from test checked ULBs)

Appendix 3.1.5

Loss of revenue due to decreasing in Annual Rental Value (ARV) of properties by ULBs

(Reference: Paragraph no. 3.1.4; page 46)

(₹ in lakh)

Sl. No.	Name of ULBs	No. of cases	Old ARV	Revised ARV	Limited ARV	Loss of Property Tax
1	NN Moradabad	02	130.21	81.22	48.99	6.82
2	NN Jhansi	20	235.39	51.00	184.39	18.44
3	NPP Pratapgarh	25 ward	349.00	95.44	253.56	43.10
4	NPP Sambhal	128	459.00	97.11	361.89	57.92
5	NPP Bijnore	03	24.43	5.75	18.68	3.55
6	NPP Hamirpur	5/725	17.88	9.80	8.08	0.65
7	NPP Khalilabad	5/1251	46.15	9.61	36.54	3.96
8	NP Patti	4/628	16.14	4.34	11.80	0.61
9	NP Kurara	11/1843	4.97	3.49	1.48	0.14
Total			1,283.17	357.76	925.41	135.19

(Source: Assessment Register of test checked ULBs)

Appendix 3.1.6

Loss of revenue on water charge

(Reference: Paragraph no. 3.1.4.2; page 48)

2011-12							
Sl. No.	Name of ULBs	No. of water connections	Per connection per month water charge prescribed by Government (₹)	Water charge to be collected per year (₹)	Per connection per month water charge applied by ULB (₹)	Water charge demand raised per year (₹)	Loss of revenue due to application of lower rate (₹)
1	NN Moradabad	59,460	75	5,35,14,000	30	2,14,05,600	3,21,08,400
2	NPP Pratapgarh	8,971	50	53,82,600	Nil	0	53,82,600
3	NPP Sambhal	6,749	50	40,49,400	15	12,14,820	28,34,580
4	NPP Bilari	3,000	50	18,00,000	17	6,12,000	11,88,000
5	NPP Ghazipur	453	50	2,71,800	30	1,63,080	1,08,720
6	NPP Khalilabad	1,262	50	7,57,200	17	2,57,448	4,99,752
7	NP Narauli	1,001	30	3,60,360	12	1,44,144	2,16,216
8	NP Umarikala	803	30	2,89,080	20	1,92,720	96,360
9	NP Jhaloo	1,521	30	5,47,560	21	3,83,292	1,64,268
10	NP Sahanpur	2,084	30	7,50,240	25	6,25,200	1,25,040
11	NP Hariharpur	123	30	44,280	20	29,520	14,760
Total				6,77,66,520		2,50,27,824	4,27,38,696
2012-13							
Sl. No.	Name of ULBs	No. of water connections	Per connection water charge prescribed by Government (₹)	Water charge to be collected (₹)	Per connection water charge applied by ULB (₹)	Water charge demand raised per year (₹)	Loss of revenue due to application of lower rate (₹)
1	NN Moradabad	59,886	75	5,38,97,400	30	2,15,58,960	3,23,38,440
2	NPP Pratapgarh	9,077	50	54,46,200	Nil	0	54,46,200
3	NPP Sambhal	6,759	50	40,55,400	15	1,21,66,20	28,38,780
4	NPP Bilari	3,197	50	19,18,200	17	6,52,188	12,66,012
5	NPP Ghazipur	488	50	2,92,800	30	1,75,680	1,17,120
6	NPP Khalilabad	1,302	50	7,81,200	25	3,90,600	3,90,600
7	NP Narauli	1,084	30	3,90,240	12	1,56,096	2,34,144
8	NP Jhaloo	1,564	30	5,63,040	21	3,94,128	1,68,912
9	NP Sahanpur	2,181	30	7,85,160	25	6,54,300	1,30,860
10	NP Hariharpur	126	30	4,5360	20	30,240	15,120
Total				6,81,75,000		2,52,28,812	4,29,46,188
2013-14							
Sl. No.	Name of ULBs	No. of water connections	Per connection water charge prescribed by Government (₹)	Water charge to be collected (₹)	Per connection water charge applied by ULB (₹)	Water charge demand raised per year (₹)	Loss of revenue due to application of lower rate (₹)
1	NN Moradabad	59,383	75	5,34,44,700	30	2,13,77,880	3,20,66,820
2	NPP Pratapgarh	9,159	50	54,95,400	Nil	0	54,95,400

3	NPP Sambhal	7,818	50	46,90,800	15	14,07,240	32,83,560
4	NPP Bilari	3,560	50	21,36,000	17	7,26,240	14,09,760
5	NPP Khalilabad	1,323	50	7,93,800	25	3,96,900	3,96,900
6	NP Narauli	1,192	30	4,29,120	12	1,71,648	2,57,472
7	NP Jhaloo	1,625	30	5,85,000	21	4,09,500	1,75,500
8	NP Hariharpur	126	30	45,360	20	30,240	15,120
Total				6,76,20,180		2,45,19,648	4,31,00,532
2014-15							
Sl. No.	Name of ULBs	No. of water connections	Per connection water charge prescribed by Government	Water charge to be collected (₹)	Per connection water charge applied by ULBs	Water charge demand raised per year (₹)	Loss of revenue due to application of lower rate (₹)
1	NN Moradabad	60,357	75	5,43,21,300	30	2,17,28,520	3,25,92,780
2	NPP Pratapgarh	9,342	50	56,05,200	Nil	0	56,05,200
3	NPP Sambhal	7,909	50	47,45,400	15	14,23,620	33,21,780
4	NPP Bilari	3,900	50	23,40,000	17	7,95,600	15,44,400
5	NPP Khalilabad	1,326	50	6,95,600	25 (up to August 2014)	5,29,850	1,65,750
6	NP Narauli	1,270	30	4,57,200	12	1,82,880	2,74,320
7	NP Hariharpur	131	30	47,160	20	31,440	15,720
Total				6,82,11,860		2,46,91,910	4,35,19,950
2015-16							
Sl. No.	Name of ULB	No. of water connections	Per connection water charge prescribed by Government	Water charge to be collected (₹)	Per connection water charge applied by ULB	Water charge demand raised per year (₹)	Loss of revenue due to application of lower rate (₹)
1	NN Moradabad	61,789	75	5,56,10,100	30	2,22,44,040	3,33,66,060
2	NPP Pratapgarh	9,437	50	56,62,200	Nil	0	56,62,200
3	NPP Sambhal	7,909	50	47,45,400	15 (up to Sept)	30,84,510	16,60,890
4	NPP Bilari	4,562	50	27,37,200	17	9,30,648	18,06,552
5	NP Narauli	1,313	30	4,72,680	12	1,89,072	2,83,608
6	NP Hariharpur	136	30	48,960	20	32,640	16,320
Total				6,92,76,540		2,64,80,910	4,27,95,630

(Source: Records of water charge of test checked ULBs)

(₹ in crore)

Summary of loss of revenue of water charge during 2011-16			
Year	Water charge to be collected	Water charge demand raised	Loss of revenue due to application of lower rate
2011-12	6.78	2.50	4.27
2012-13	6.82	2.52	4.29
2013-14	6.76	2.45	4.31
2014-15	6.82	2.47	4.35
2015-16	6.93	2.65	4.28
Total	34.11	12.59	21.50

Appendix 3.1.7

(A) Loss of revenue due to non- levy of license fees on wine shops in NN Moradabad

(Reference: Paragraph no. 3.1.4.2; page 49)

Year	Category of wine shops	No. of shops as per District Excise Officer	No. of license issued by NN	No. of shops for license not issued	Rate of license fees per shop per year (₹)	Loss of revenue (₹)
2011-12	Desi	29	11	18	6,000	1,08,000
	Foreign	31	13	18	12,000	2,16,000
	Beer Bar	31	14	17	6,000	1,02,000
2012-13	Desi	30	11	19	6,000	1,14,000
	Foreign	33	13	20	12,000	2,40,000
	Beer Bar	31	16	15	6,000	90,000
2013-14	Desi	30	11	19	6,000	1,14,000
	Foreign	33	13	20	12,000	2,40,000
	Beer Bar	33	16	17	6,000	1,02,000
2014-15	Desi	30	11	19	6,000	1,14,000
	Foreign	33	13	20	12,000	2,40,000
	Beer Bar	33	16	17	6,000	1,02,000
2015-16	Desi	30	11	19	6,000	1,14,000
	Foreign	33	13	20	12,000	2,40,000
	Beer Bar	33	16	17	6,000	1,02,000
Total						22,38,000

(B) Loss of revenue due to non levy of license fees on wine shops in NN Jhansi

Year	Beer bars shops			Desi wine shops			Foreign wine shops		
	No.	Rate	Amount	No.	Rate	Amount	No.	Rate	Amount
2011-12	25	₹ 6,000 per shop	1,50,000	54	₹ 6,000 per shop	3,24,000	23	₹ 12,000 per shop	2,76,000
2012-13	26		1,56,000	59		3,54,000	26		3,12,000
2013-14	26		1,56,000	59		3,54,000	26		3,12,000
2014-15	26		1,56,000	59		3,54,000	26		3,12,000
2015-16	26		1,56,000	59		3,54,000	26		3,12,000
Total			7,74,000			17,40,000			15,24,000
Total loss 7,74,000+17,40,000+15,24,000= ₹ 40,38,000									

(Source: Information collected from DEO Moradabad and Jhansi and records of NN Moradabad and Jhansi)

Appendix 3.1.8

Loss of revenue to NN Jhansi due to non-charging of license fees on medical activities

(Reference: Paragraph no. 3.1.4.2; page 49)

2014-15							
Sl. No.	Category of medical activity	Rate of license fee per year (₹)	License fees required to be collected		License fees actually collected		Actual loss
			No. (as per CMO)	Amount (₹)	No. (as per NN)	Amount (₹)	
1	Nursing homes above 20 beds	2,000	69	1,38,000	51	1,02,000	36,000
2	Nursing homes up to 20 beds	5,000	25	1,25,000	10	50,000	75,000
3	Maternity centers upto 20 beds	4,000	4	16,000	-	-	16,000
4	Private hospitals	5,000	82	4,10,000	-	-	4,10,000
5	Pathology centers	1,000	90	90,000	-	-	90,000
6	X-ray clinics	2,000	25	50,000	-	-	50,000
7	Dental clinics	2,000	64	1,28,000	-	-	1,28,000
8	Private clinics	1,000	125	1,25,000	6	6,000	1,19,000
Total							9,24,000
2015-16							
Sl. No.	Category of medical activity	Rate of license fee	License fees required to be collected		License fees actually collected		Actual loss
			No. (as per CMO)	Amount	No. (as per NN)	Amount	
1	Nursing homes up to 20 beds	2,000	69	1,38,000	28	56,000	82,000
2	Nursing homes above 20 beds	5,000	25	1,25,000	03	15,000	1,10,000
3	Maternity centers upto 20 beds	4,000	4	16,000	-	-	16,000
4	Private hospitals	5,000	85	4,25,000	-	-	4,25,000
5	Pathology centers	1,000	41	41,000	-	-	41,000
6	x-ray clinic	2,000	27	54,000	-	-	54,000
7	Dental clinic	2,000	60	1,20,000	-	-	1,20,000
8	Private clinic	1,000	215	2,15,000	5	5,000	2,10,000
Total							10,58,000

(Source: Information collected from CMO Jhansi and records of NN Jhansi)

Appendix 3.1.9

Outstanding dues of own funds in test checked ULBs

(Reference: Paragraph no. 3.1.4.4; page 54)

(₹ in lakh)

Sl. No.	Name of ULBs	Arrear Demand	Current Demand	Total Demand	Recovery	Arrear
1	NN Moradabad	8,369.99	3,254.82	11,624.81	1,819.44	9,805.37
2	NN Jhansi	486.57	1,799.82	2,286.39	2,029.22	257.17
3	NPP Pratapgarh	359.45	81.38	440.83	90.26	350.57
4	NPP Sambhal	51.57	120.95	172.52	103.59	68.93*
5	NPP Bilari	14.38	21.00	35.38	11.8	23.6
6	NPP Bijnore	45.49	76.12	121.61	5.66	115.95*
7	NPP Najibabad	0.68	221.39	222.07	221.39	0.68
8	NPP Baruasagar	7.14	16.13	23.28	19.65	3.63
9	NPP Hamirpur	40.22	123.64	163.86	122.23	41.63
10	NPP Ghazipur	64.02	33.11	97.13	18.92	180.93#
11	NPP Sant Kabir Nagar	1.13	26.37	27.50	19.43	8.07
12	NP Patti	2.85	1.33	4.18	0.76	3.42
13	NP Narauli	15.73	2.75	18.48	2.83	15.65
14	NP Umarikala	19.93	5.25	25.18	2.43	22.75
15	NP Jhaloo	19.79	16.05	35.84	12.8	23.04
16	NP Sahanpur	25.34	20.32	45.66	25.76	19.9
17	NP Moth	3.93	13.57	17.50	13.06	4.44*
18	NP Ranipur	4.38	12.81	17.19	12.08	5.11*
19	NP Kurara	2.98	2.19	5.17	2.98	2.19*
20	NP Saidpur	22.93	26.01	48.93	24.59	24.24
21	NP Hariharpur	3.57	3.01	6.58	2.53	4.05*
Total						10,981.32

(Source: Information collected from test checked ULBs)

includes outstanding demand of house tax and water tax amounting to ₹ 102.72 lakh for the year 2011-12 and 2012-13 since then DCR not maintained

*Arrear balances as on 31.03.2015=200.67 lakh

Arrear balances as on 31.03.2016=10780.62 lakh

Appendix 3.1.10

House Tax and water tax arrears

(Reference: Paragraph no. 3.1.4.4; page 54)

(₹ in lakh)

2011-12							
Sl. No.	Name of test checked ULBs	House Tax			Water Tax		
		Demand	Collection	Arrears	Demand	Collection	Arrears
1	NN Moradabad	3,517.65	578.64	2,939.04	2,831.64	328.10	2,503.54
2	NN Jhansi	848.98	404.93	444.05	nil	nil	nil
3	NPP Pratapgarh	126.98	14.48	112.50	277.00	28.99	248.08
5	NPP Bilari	8.07	3.12	4.95	nil	nil	nil
6	NPP Bijnore	43.24	35.46	7.74	56.12	52.60	10.62
7	NPP Nagina	45.43	41.04	4.93	82.27	80.77	1.50
8	NPP Najibabad	11.75	11.67	0.8	27.98	27.57	0.41
9	NPP Baruasagar	6.04	3.19	2.85	nil	nil	nil
10	NPP Hamirpur	56.59	14.81	41.78	nil	nil	nil
11	NPP Ghazipur	36.21	14.99	21.23	69.60	29.89	39.71
12	NPP Sant Kabir Nagar	5.05	4.08	0.97	nil	nil	nil
13	NP Patti	3.17	1.09	2.08	nil	nil	nil
14	NP Narauli	9.51	0.44	9.08	nil	nil	nil
15	NP Umarikala	9.10	9.20	8.18	nil	nil	nil
16	NP Jhaloo	4.66	3.34	1.32	nil	nil	nil
17	NP Sahanpur	4.38	1.88	2.50	nil	nil	nil
18	NP Ranipur	8.19	2.34	5.85	nil	nil	nil
19	NP Kurara	3.22	1.16	2.26	nil	nil	nil
Total		4,748.22	1,145.86	3,612.11	3,344.61	547.92	2,803.86
2012-13							
Sl No.	Name of test checked ULBs	House Tax			Water Tax		
		Demand	Collection	Arrears	Demand	Collection	Arrears
1	NN Moradabad	4,543.86	644.41	3,899.45	3,622.46	384.45	3,238.01
2	NN Jhansi	991.18	452.41	538.77	nil	nil	nil
3	NPP Pratapgarh	132.98	27.60	105.38	266.39	51.29	215.10
4	NPP Sambhal	80.31	33.59	46.72	33.65	27.02	6.63
5	NPP Bilari	6.21	3.12	3.09	nil	nil	nil
6	NPP Bijnore	49.84	45.24	4.60	66.13	56.12	10.01
7	NPP Nagina	47.04	47.85	0.09	84.02	82.35	1.67
8	NPP Najibabad	15.72	15.64	0.08	35.49	35.08	0.41
9	NPP Baruasagar	5.77	4.28	1.49	nil	nil	nil
10	NPP Hamirpur	61.76	24.85	36.91	nil	nil	nil
11	NPP Ghazipur	38.11	23.41	14.70	76.52	49.43	27.09
12	NPP Sant Kabir Nagar	5.05	4.60	0.45	nil	nil	nil
13	NP Patti	3.41	1.01	2.40	nil	nil	nil
14	NP Narauli	9.84	1.75	8.09	nil	nil	nil
15	NP Umarikala	10.42	1.36	9.06	nil	nil	nil
16	NP Jhaloo	5.32	2.85	2.47	nil	nil	nil
17	NP Sahanpur	7.08	3.44	3.64	4.51	2.03	2.48
18	NP Moth	5.99	2.89	3.10	nil	nil	nil

19	NP Ranipur	8.44	2.46	5.98	nil	nil	nil
20	NP Kurara	3.24	1.70	1.53	nil	nil	nil
Total		6,031.57	1,344.46	4,688	4,189.17	687.77	3,501.4
2013-14							
SI No.	Name of test checked ULBs	House Tax			Water Tax		
		Demand	Collection	Arrears	Demand	Collection	Arrears
1	NN Moradabad	5,276.11	851.43	4,424.68	4,204.77	480.77	3,724.00
2	NN Jhansi	991.18	516.05	475.13	nil	nil	nil
3	NPP Pratapgarh	131.61	30.10	101.51	303.04	56.26	246.78
4	NPP Bilari	6.19	3.15	3.04	nil	nil	nil
5	NPP Bijnore	45.36	45.17	0.19	59.86	74.89	15.03
6	NPP Nagina	53.92	53.90	0.02	84.02	84.01	0.01
7	NPP Najibabad	16.17	16.09	0.08	35.69	35.28	0.41
8	NPP Baruasagar	8.82	5.54	3.28	nil	nil	nil
9	NPP Hamirpur	56.89	12.93	43.16	nil	nil	nil
10	NPP Ghazipur	NA	18.12	NA	nil	186.86	0
11	NPP Sant Kabir Nagar	10.10	9.22	0.88	nil	nil	nil
12	NP Patti	3.73	1.40	2.33	nil	nil	nil
13	NP Narauli	8.85	1.01	7.84	nil	nil	nil
14	NP Umarikala	11.34	3.36	7.98	nil	nil	nil
15	NP Jhaloo	6.54	4.07	2.47	4.07	4.07	0
16	NP Sahanpur	8.24	3.69	4.55	7.06	3.05	4.01
17	NP Moth	5.49	1.76	3.73	nil	nil	nil
18	NP Ranipur	8.57	3.53	5.04	nil	nil	nil
19	NP Kurara	2.88	1.27	1.61	nil	nil	nil
20	NP Hariharpur	0.57	0.32	0.25	nil	nil	nil
Total		6,652.56	1,582.11	5,087.77	4,698.51	925.19	3,990.24
2014-15							
SI No.	Name of test checked ULBs	House Tax			Water Tax		
		Demand	Collection	Arrears	Demand	Collection	Arrears
1	NN Moradabad	6,101.62	1,147.29	4,954.33	4,808.54	516.19	4,292.35
2	NN Jhansi	1,330.12	864.33	465.79	nil	nil	Nil
3	NPP Pratapgarh	126.01	29.78	96.23	289.92	56.48	233.44
4	NPP Sambhal	117.20	56.64	60.56	54.40	44.42	9.98
5	NPP Bilari	6.00	3.69	2.31	nil	nil	Nil
6	NPP Bijnore	52.51	11.24	41.27	115	18.55	96.40
7	NPP Nagina	53.96	53.96	0	90.01	90.01	0
8	NPP Najibabad	23.34	23.26	0.08	49.74	49.33	0.41
9	NPP Baruasagar	10.61	7.48	3.12	nil	nil	Nil
10	NPP Hamirpur	63.94	25.85	38.09	nil	nil	Nil
11	NPP Ghazipur	NA	27.77	NA	nil	26.90	0
12	NPP Sant Kabir Nagar	20.00	14.81	5.19	nil	nil	Nil
13	NP Patti	3.65	0.80	2.85	nil	nil	Nil
14	NP Narauli	8.72	0.45	8.26	nil	nil	Nil
15	NP Umarikala	10.22	1.01	9.21	nil	nil	Nil
16	NP Jhaloo	7.82	4.07	3.75	5.35	4.07	1.28
17	NP Sahanpur	9.21	3.77	5.44	8.64	3.35	5.29
18	NP Moth	6.52	2.27	4.25	nil	nil	Nil

19	NP Ranipur	6.63	3.29	4.34	nil	nil	Nil
20	NP Hariharpur	0.25	0.02	0.23	nil	nil	Nil
Total		7,958.33	2,281.78	5,705.3	5,421.6	809.3	4,639.15
2015-16							
Sl No.	Name of test checked ULB	Demand	House Tax Collection	Arrears	Demand	Water Tax Collection	Arrears
1	NN Moradabad	6,429.84	1,163.63	5,266.21	5,065.01	568.30	4,496.71
2	NN Jhansi	1,320.78	1,121.59	199.19	nil	nil	Nil
3	NPP Pratapgarh	126.21	22.07	104.14	286.63	48.63	238..00
4	NPP Bilari	11.96	3.07	8.89	nil	nil	Nil
5	NPP Bijnore	56.38	56.38	0	98.48	98.48	0
6	NPP Nagina	53.94	53.94	0	90.0	90.0	0
7	NPP Najibabad	26.81	26.73	0.08	56.86	56.45	0.41
8	NPP Baruasagar	9.15	6.62	2.53	nil	nil	Nil
9	NPP Hamirpur	59.48	20.50	38.98	nil	nil	Nil
10	NPP Ghazipur	NA	32.80	NA	NA	44.75	NA
11	NPP Khalilabad	NA	NA	NA	nil	nil	Nil
12	NP Patti	4.18	0.76	3.42	nil	nil	Nil
13	NP Narauli	9.14	0.93	8.21	nil	nil	Nil
14	NP Umarikala	11.44	1.36	10.08	nil	nil	Nil
15	NP Jhaloo	9.10	4.83	4.27	6.63	4.83	1.80
16	NP Sahanpur	10.14	4.64	5.50	9.99	4.64	5.35
17	NP Moth	NA	Na	NA	nil	nil	Nil
18	NP Ranipur	6.93	1.95	4.98	nil	nil	Nil
19	NP Hariharpur	NA	NA	NA	nil	nil	Nil
Total		8,145.48	2,521.80	5,656.48	5,613.6	916.08	4,742.27
Total house tax and water tax arrears = 5,656.48+4,742.27=10,398.75							

(Source: Information collected from test checked ULBs)

Appendix 3.2

Details of Purchased Vehicles

(Reference: Paragraph no. 3.5; page 60)

Sl. No.	Types of Vehicles	BS-III/ BS-IV	Date on which Payment made	Payment made to the firm (₹)	Voucher number	Name of the firm
1.	Eicher 20.16 Tipper body 10 cubic meter capacity	BS-III	19.10.2014	40,67,600	8171,8172	M/s Amar Auto Spare Agra
2.	Eicher 10.95 Tipper body 06 cubic meter capacity	BS-III	19.10.2014	29,78,000	8173,8174	Technic Fabrication Pvt Ltd. Mohali Pbh.
3.	Mud pump		15.06.2012	10,00,000		Amar Auto Spare Agra
4.	Eicher 20.16 Tipper 10 cubic meter capacity	BS-III		26,60,000		Prem Auto Enterprises
5.	Fabricator Tipper		27.06.2014	12,92,000	3331	Amar Auto Spare Agra
6.	Mahindra Tractor		19.10.2014	15,87,143	8178	Sharad Motors Agra
7.	Eicher 20.16 Tipper body 10 cubic meter capacity	BS-III	03.01.2015	80,35,000	12050 to 12053	Amar Auto Spare Agra
8.	Eicher 20.16 Tipper body 10 cubicmeter capacity	BS-III	23.03.2015	40,00,000	13558	Amar Auto Spare Agra
9.	Eicher 10.95 Tipper body 06 cubic meter capacity	BS-III	02.09.2014	29,78,000		Technic Fabrication Pvt Ltd. Mohali Pbh.
10.	Eicher 10.95 Tipper body 06 cubic meter capacity	BS-III	23.03.2015	29,15,000	13555	Black Berry Delhi
11.	Eicher 10.95 Tipper body 06 cubic meter capacity	BS-III	31.03.2015	29,30,000	14042,43	Black Berry Delhi
12.	Eicher 10.95 Tipper body 06 cubic meter capacity	BS-III	02.09.2014	29,78,000	6050	Technic Fabrication Pvt Ltd. Mohali Pbh.
13.	Eicher 20.16 Tipper body 10 cubic meter capacity	BS-III	19.10.2014	40,67,600	81,768,170	Amar Auto Spare Agra
14.	Open Loader		23.03.2015	85,41,000	13557	Time Faridabad
15.	Open Loader		23.03.2015	1,02,97,000	13556	Time Faridabad
Total				6,03,26,343		

(Source: Nagar Nigam, Agra)

Appendix 3.3

Loss of revenue from parking places

(Reference: Paragraph no. 3.6; page 62)

Sl. No.	Name of the places where parking fees were not charged	Contract/collection was not made during the period	Income from parking places during the year 2010-11 ₹	Expected income from parking places during the year 2011-12 to 2015-16 ₹
1	Aligarh road	2012-13 to 2015-16 (4 years)	6,43,000	25,72,000
2	Mendu road	2012-13 to 2015-16 (4 years)	5,61,000	22,44,000
3	Mursan road	2012-13 to 2015-16 (4 years)	6,25,000	25,00,000
4	Agra road	2011-12 to 2015-16 (5 years)	2,95,000	14,75,000
5	Iglas road	2011-12 to 2015-16 (5 years)	2,05,000	10,25,000
6	Jalesar road	2011-12 to 2015-16 (5 years)	3,46,750 ¹	17,33,750
Total				1,15,49,750

(Source: Nagar Palika Parishad, Hathras)

Appendix 3.4

Recoverable license fees during 2014-16

(Reference: Paragraph no. 3.7; page 62)

Sl. No.	Particulars	Annual license fee rate	Number	Annual Amount in ₹
1	Private clinic	3000	275	8,25,000.00
2	Pathology centre	1000	139	1,39,000.00
3	Private hospital	5000	76	3,80,000.00
4	Nursing home (up to 20 beds)	2000	80	1,60,000.00
5	Nursing home (above 20 beds)	5000	07	35,000.00
6	Dental clinic	4000	63	2,52,000.00
7	Maternity home (up to 20 beds)	4000	46	1,84,000.00
8	Maternity home (above 20 beds)	5000	Nil	Nil
9	X- Ray clinic	2000	50	1,00,000.00
Total				20,75,000.00
Grand Total (2014-16)				41,50,000.00

(Source: Nagar Nigam, Varanasi)

¹ Amount received in one year ₹ 3,46,750.00 (365 days ₹ 950/day)