CHAPTER-V

PROFILES OF THE GREATER HYDERABAD AND VIJAYAWADA MUNICIPAL CORPORATIONS

Introduction:

This chapter presents profiles of the Greater Hyderabad and Vijayawada Municipal Corporations. It also presents its population, organization structure, functions of municipal corporations, staff pattern, municipal administration and urban development, objectives, scope and methodology of audit and implementation of reforms also discussed in this chapter.

A PROFILE OF GREATER HYDERABAD MUNICIPAL CORPORATION

5.1. History, Birth and Growth of Hyderabad Municipal Corporation:

The municipal corporation of Hyderabad has a rich history and surprises. It is known to very few people that till 1869, the city police commissioner known as Kotwal-e-Balda held the functions of chief city magistrate and city municipal commissioner. It was Salar Jung-I, who created the department of municipal and road maintenance under a district ministry and appointed a municipal commissioner for Hyderabad city in 1869. During the same year, the municipality turned into a corporation and for the first time citizens were provided with the fundamental right to empower representatives to the corporation, (http://www.newindianexpress.com/states/andhra_pradesh/Birth-and-growth-of-Hyderabad-municipal-corporation/2013/09/16/article1786782.ece, Retrieved on 12-01-2014). The city of Hyderabad was divided into four and the suburbs of Chaderghat were divided into five divisions. The whole management of both the city and the suburbs was handled by the then City Police Commissioner, Kotwal-e-Balda. In the same year, Sir Salar Jung-I, the then Prime Minister of Hyderabad State under the Nizam, has constituted the Department of Municipal and Road Maintenance. At that time, city was just 55 km with a population of 3.5 lakhs. In 1886, the suburban area of Chaderghat was handed over to a separate officer and then Chaderghat became Chaderghat Municipality. In 1921 Hyderabad Municipality has increased to 84 km. The first corporation in 1933, Chaderghat Municipality was merged with Hyderabad Municipality to form Hyderabad
Municipal Corporation and was given statutory status under the Hyderabad Municipal Act. During the following year (1934), the first elections were held for Municipal Corporation and a Standing Committee was appointed at that time. Jubilee Hills Municipality in the year 1937, Jubilee Hills Municipality was formed by the amalgamation of Jubilee Hills and Banjara Hills. Later, in 1942, the corporation status for the city has been removed due to some issues. Secunderabad Municipality in the year 1945, Secunderabad Municipality was formed. Again in 1950, Hyderabad regained its lost Corporation status along with the amalgamation of Jubilee Hills Municipality. Municipal Corporation of Hyderabad The Hyderabad Corporation and the Secunderabad Corporation, were established in 1950 via the Hyderabad Corporation Act. Jubilee Hills Municipality merged into the Municipal Corporation of Hyderabad during this time (http://www.ghmc.gov.in/greaterhyd.asp, Retrieved on 17-12-2013).

In 1955, the Hyderabad Municipal Corporation Act merged the municipal corporations overseeing Hyderabad and neighbouring Secunderabad. Once again in 1955, both the municipal corporations of Hyderabad and Secunderabad were merged to form Municipal Corporation of Hyderabad (MCH). In 1956, Hyderabad became capital of Andhra Pradesh after the state was formed. On August 3, 1960, the Hyderabad and Secunderabad corporations were merged into the Municipal Corporation of Hyderabad for managing an area of 73 sq.kms with a turnover of `1.5 crore. The Greater Hyderabad Municipal Corporation was formed on 16 April 2007 by merging 12 municipalities and 8 gram panchayats with the Municipal Corporation of Hyderabad. The municipalities are L. B. Nagar, Gaddi annaram, Uppal Kalan, Malkajgiri, Kapra, Alwal, Qutubullapur, Kukatpally, Serilingampalle, Rajendranagar, Ramachandrapuram and Patancheru. These municipalities are in Rangareddy district and Medak district. The panchayats are Shamshabad, Satamarai, Jallapalli, Mamdipalli, Mankhal, Almasguda, Sardanagar and Ravirala.

The Government Order 261 was initially issued in July 2005. Now, the Supreme Court has rejected the plea to interfere into the matter, the Andhra Pradesh government has passed the G.O. No. 261 that is related to the creation of Greater Hyderabad on 16 April 2007. Earlier, the twin cities of Hyderabad and
Secunderabad had a population of 4.5 millions living in an area of 172 km. The new urban agglomeration sprawls across 650 square kilometers with a population of 6.7 millions. The erstwhile city of the Nizams has now transformed into an area far greater and is the second largest, in terms of area - after New Delhi. (http://www.Thehindu.com, 8 July 2011).

The Government has decided to divide the Greater Hyderabad Municipal Corporation into five zones (south, east, north, west and central zones), 17 circles and 150 wards. Each ward would cover about 37,000 people. The Greater Hyderabad Municipal Corporation is headed by a Commissioner and also has a Special Commissioner both of whom belong to IAS. Each zone will have a zonal commissioner, an officer of the rank of additional commissioner with a deputy municipal commissioner heading every circle. There will also be a separate engineering wing with an Engineer in Chief and Chief Engineer at head office level and a superintending engineer for each zone; a town planning wing with Additional Commissioner (Planning) and a Chief City Planner at the head office level and a city planner for each zone.

5.2. **Greater Hyderabad Municipal Corporation:**


5.3. **The 10 municipalities in Ranga Reddy district are:** L. B. Nagar, Gaddi annaram, Uppal Kalan, Malkajgiri, Kapra, Alwal, Qutubullapur, Kukatpally, Serilingampalle and Rajendranagar

5.4. **The 8 panchayats in Ranga Reddy district are:** Shamshabad, Satamarai, Jallapalli, Mamdipalli, Mankhal, Sardanagar and Ravirala

5.5. **The 2 municipalities in Medak district are:** Ramachandrapuram and Patancheru
5.6. Hyderabad Metropolitan Development Authority:

The areas under Hyderabad Metropolitan Development Authority includes,

1. **16 mandals in Hyderabad district** (entire Hyderabad District)
2. **24 mandals in Ranga Reddy district** - Shamshabad, Rajendranagar, Sherilingampally, Balanagar, Quthubullapur, Malkajigiri, Alwal, Lothkunta, Keesara, Ghatkesar, Uppal, Saroornagar, Medchal, Shameerpet, Hayathnagar, Shankerpally, Chevella, Shahbad, Moinabad, Maheshwaram, Ibrahimpatnam, Yacharam (part), Manchal (Part), Kandukur
3. **10 mandals in Medak district** - Patancheru, Ramachandrapuram, Sangareddy, Jinnaram, Hathnoora (Part), Narsapur, Shivampet, Tupran, Wargal, Mulug
4. **5 mandals in Nalgonda district** - Bhongir, Bibinagar, Pochampally, Bommalaramaram, Choutuppal
5. **2 mandals in Mehboobnagar district** - Kothur, Farooqsnagar (Part)

5.7. Executive:

The Andhra Pradesh Government has appointed C.V.S.K. Sarma as the first Chief Commissioner of Greater Hyderabad Municipal Corporation. There is also a provision for a directly elected mayor of Hyderabad. Mohammed Majid Hussain from Ahmednagar division holds this post presently. However, the Chief Commissioner can allocate more funds and in general has more power.

5.8. Legislature:

The term of the legislature of precursor to the Greater Hyderabad Municipal Corporation namely the Municipal Corporation of Hyderabad, then simply called by the same name ended before the formation of the Greater Hyderabad Municipal Corporation. The Standing Committee of the Legislature takes a major role in the decision making process within the legislature when it is in session (http://en.wikipedia.org/wiki ). On September 3, 5 and 15 more additions were made. The Greater Hyderabad Municipal Corporation population as per the 2011
census including the merger area is 71,70,545 (GHMC Population - 67, 31,790 + newly added 4,38,755). The Greater Hyderabad Municipal Corporation area including the newly added area is 922.66 sq.kms (GHMC 625.52 sq.kms + newly added area 297.14 sq.kms)


5.9. Hyderabad Linked to 25 District Headquarters:

Andhra Pradesh State Wide Area Network (APSWAN) is a system linking the State capital Hyderabad with 25 district headquarters and development centers over high speed (2MBPS lines). This is first one of its kind in the entire country. The Andhra Pradesh State Wide Area Network (APSWAN) is going to be a backbone network for voice, data and video communications throughout the State. To be undertaken in a phased manner in the first phase, Hyderabad will be linked with Vijayawada, Tirupati and 23 District headquarters using Optical Fiber Link. This multi services network will help in establishing a high-speed information highway enabling fast and efficient movement of information in the State.

Table-V.I


<table>
<thead>
<tr>
<th>year</th>
<th>Population</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>56,463</td>
<td>0</td>
</tr>
<tr>
<td>1911</td>
<td>75,598</td>
<td>19,132</td>
</tr>
<tr>
<td>1921</td>
<td>1,73,000</td>
<td>97,402</td>
</tr>
<tr>
<td>1931</td>
<td>4,22,000</td>
<td>2,49,000</td>
</tr>
<tr>
<td>1941</td>
<td>9,80,000</td>
<td>5,58,000</td>
</tr>
<tr>
<td>1951</td>
<td>16,17,000</td>
<td>6,37,000</td>
</tr>
<tr>
<td>1961</td>
<td>27,12,000</td>
<td>10,95,000</td>
</tr>
<tr>
<td>1971</td>
<td>20,09,000</td>
<td>11,67,000</td>
</tr>
<tr>
<td>1981</td>
<td>16,68,882</td>
<td>3,40,118</td>
</tr>
<tr>
<td>1991</td>
<td>29,83,882</td>
<td>13,15,000</td>
</tr>
<tr>
<td>2001</td>
<td>38,12,780</td>
<td>8,28,898</td>
</tr>
</tbody>
</table>

5.10. Hyderabad Population:

Andhra Pradesh has experienced rapid growth of urbanization during the last four decades. Andhra Pradesh is the sixth most major urbanized state in the country. Hyderabad covering an area of 650 sq.km (250 sq mi), has a population of 6,809,970 making it the fourth most populous city in India. There are 3,500,802 male and 3,309,168 female citizens. The area under the municipality increased from 170 sq.km (66 sq mi) to 650 sq km (250 sq mi) in 2007 when the Greater Municipal Corporation was created. As a consequence, the total population leaped from 3,637,483 in 2001 census to 6,809,970 in 2011 census, an increase of over 87% (http://en.wikipedia.org/wiki/Greater_Hyderabad_Municipal_Corporation, Retrieved on 11-4-2013).

5.11. Ground Water Department:

Ground Water Department was established in March 1971 for evaluation of minor irrigation schemes of well sinking and energize of wells with pump sets in the state to fulfill the contractual obligations as per the agreement entered into by the Government of India with the World Bank (International Development Association Programme) for financing minor irrigation schemes when the estimation of groundwater resources was made responsibility of the State Government. The department is headed by the Director at the State level. Ground Water Department is under the administrative control of Irrigation & Command Area Development Department, Government of Andhra Pradesh under Ministry of Minor Irrigation (Govt of A.P, Hyderabad Municipal Water Supply & Sewage Board (HMWSSB) Report, 2009).

5.12. Hyderabad Metropolitan Development Authority (HMDA):

The Hyderabad Metropolitan Development Authority (HMDA) was formed by an Act (GO Ms. No. 570 MA dt: 25-08-2008) of the Andhra Pradesh Legislature in the year 2008, with an area of 7,100 sq km under its purview. It is the 2nd largest urban development area in India, after the Bangalore Metropolitan Region Development Authority (8,005 sq km). HMDA was formed by the merging of the following erstwhile entities like Hyderabad Urban Development
Authority (HUDA), Hyderabad Airport Development Authority (HADA) and Cyberabad Development Authority (CDA). The Hyderabad Metropolitan Development Authority (HMDA) was set up for the purposes of planning, coordination, supervising, promoting and securing the planned development of the Hyderabad Metropolitan Region. It coordinates the development activities of the municipal corporations, municipalities and other local authorities, the Hyderabad Metropolitan Water Supply & Sewerage Board, the Andhra Pradesh Transmission Corporation, and the Andhra Pradesh Industrial Infrastructure Corporation, the Andhra Pradesh State Road Transport Corporation, and other such bodies (Govt of A.P, Hyderabad Metropolitan Development Authority (HMDA) Report.2011).

5.13. **Urban Community Development (UCD) Programme of Greater Hyderabad Municipal Corporation:**

Government initiatives to upgrade slums in Hyderabad have met with varied degree of success. The major schemes were Slum Clearance Scheme, Slum Improvement Programme, Environmental Improvement Scheme, and Housing Scheme for Urban Poor, Integrated Urban Development Programme, Hyderabad Slum Improvement Project and the Urban Community Development Programme. Out of these, the most effective is the Urban Community Development. Greater Hyderabad Municipal Corporation (GHMC) undertakes overall community development including health, women and child welfare, employment generation, environmental improvement, etc. in the slums under the Urban Community Development (UCD) Scheme. The project aims at motivation, organization and convergence of development programmes for the urban poor. The project delivered about 40,000 ‘pattas’ and upgraded 22,000 houses (Mahadevia, Darshini & Gogoi Trishna, 2010).

5.14. **Existing staff in Municipalities:**

The following officers and staff are working in all Urban Local Bodies excluding PH and Non-PH workers, Class IV employees, drivers, attenders and exclusive of the staff working in Greater Hyderabad Municipal Corporation (GHMC):-
Table-V.II

Working staff in Greater Hyderabad Municipal Corporation

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Section</th>
<th>Existing posts (Nos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Administration</td>
<td>2688</td>
</tr>
<tr>
<td>2</td>
<td>Revenue</td>
<td>1097</td>
</tr>
<tr>
<td>3</td>
<td>Accounts</td>
<td>78</td>
</tr>
<tr>
<td>4</td>
<td>Public Health and Sanitation</td>
<td>1726</td>
</tr>
<tr>
<td>5</td>
<td>Engineering</td>
<td>1065</td>
</tr>
<tr>
<td>6</td>
<td>Town Planning</td>
<td>485</td>
</tr>
<tr>
<td>7</td>
<td>UPA</td>
<td>244</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>7383</strong></td>
</tr>
</tbody>
</table>


A total of 34,035 employees inclusive of Public Health (PH) and Non-PH workers, Class IV employees, drivers, attenders are working in all Urban Local Bodies except the staff working in Greater Hyderabad Municipal Corporation.

5.15. **Functions of Municipal Corporations:**

The functions of the Corporation are broadly divided into two categories, obligatory and discretionary. Obligatory functions are those which need to be compulsorily performed, and discretionary are those which can be done at choice or will.

5.16. **Obligatory functions:**

I. Provision of water supply for domestic, industrial and commercial purposes.

II. Public health, sanitation, conservancy and solid waste management.

III. Construction, maintenance and cleaning of drains and drainage works.

IV. Provision of sewerage

V. Construction, maintenance and improvement of roads, bridges, subways, culverts.

VI. Urban planning including town planning.
VII. Regulation of land use and construction of buildings.
VIII. Provision of public parks, gardens, play-grounds.
IX. Slum improvement and upgradation.
X. Urban poverty alleviation.
XI. Provision of public markets, slaughter houses and regulation of all markets and slaughter houses.
XII. Provision of burial grounds, cremation grounds and electric crematoriums.
XIII. Vital statistics including registration of births and deaths.
XIV. Regulation of offensive and dangerous trades.
XV. Prevention of infectious diseases.
XVI. Construction and maintenance of cattle pounds.
XVII. Maintenance of secondary and elementary schools.
XVIII. Removal of obstructions and projections in streets and other public places.

Twenty nine (29) obligatory functions are listed in section 112 of Greater Hyderabad Municipal Corporation Act, 1955.

5.16.a). **Discretionary functions: -**

Forty (40) discretionary functions are listed in section 115 of Greater Hyderabad Municipal Corporation Act, 1955.

5.17. **Sections in Municipal Corporations: -**

With reference to the functions referred to above, the following sections are provided in Municipal Corporations except Greater Hyderabad Municipal Corporation.
Table-V.III
Functions of Greater Hyderabad Municipal Corporation

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Section</th>
<th>Broad functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Administration</td>
<td>To look after general administration, including school administration.</td>
</tr>
<tr>
<td>2.</td>
<td>Revenue</td>
<td>To assess and collect various taxes and non-taxes and collection of rents from municipal properties.</td>
</tr>
<tr>
<td>3.</td>
<td>Accounts</td>
<td>To maintain accounts, prepare annual accounts, budget, and attend to audit of accounts.</td>
</tr>
<tr>
<td>4.</td>
<td>Secretary</td>
<td>To look after meetings of the Corporation and Committees.</td>
</tr>
<tr>
<td>5.</td>
<td>Public Health and Sanitation</td>
<td>To look after sanitation, public health and solid waste management including medical and maternity services.</td>
</tr>
<tr>
<td>6.</td>
<td>Engineering</td>
<td>To look after water supply and sewerage, public works like roads, drains, buildings, parks and play grounds, street lighting.</td>
</tr>
<tr>
<td>7.</td>
<td>Town Planning</td>
<td>To regulate town planning activities including land uses, lay outs, building constructions and encroachments.</td>
</tr>
</tbody>
</table>


In addition to the above functions, few additional sections are provided in major Municipal Corporations.

**5.18. Functionaries working in Municipal Corporations:**

The following functionaries are working in Municipal Corporations except Greater Hyderabad Municipal Corporation:

**5.18.a). Administration:**

1. Municipal Commissioner
2. Additional Commissioner (Administration)
3. Public Relations Officer
4. Education Officer
5. Manager
6. Superintendent
7. Staff

5.18.b). **Secretary:**

Secretary

5.18.c). **Revenue:**

1. Additional Commissioner / Deputy Commissioner - Main Office
2. Deputy Commissioner / Assistant Commissioner - Circle Office
3. Revenue Officer
4. Tax Inspector
5. Bill Collector

5.18.d). **Accounts:**

1. Examiner of Accounts
2. Assistant Examiner of Accounts
3. Accounts Officer
4. Accountant

5.18.e). **Public Health and Sanitation:**

1. Chief Medical Officer of Health
2. Assistant Medical Officer of Health.
3. Urban Malaria Officer/Biologist
4. Sanitary Supervisor
5. Sanitary Inspector
6. Health Assistant/Birth and Death Registrar

5.18.f). **Engineering:**

1. Chief Engineer
2. Superintending Engineer (SE)
3. Executive Engineer
4. Deputy Executive Engineer
5. Assistant Executive Engineer/ Assistant Engineer
6. Work Inspector

5.18.g): Town Planning:

1. Chief City Planner / City Planner
2. Deputy City Planner / Assistant City Planner / Town Planning Officer (Sel. Grade)
3. Town Planning Supervisor
4. Town Planning and Building Overseer
5. Town Surveyor

5.18.h). Urban Poverty Alleviation:

1. Project Director
2. Town Project Officer
3. Community Organizer
4. Data Entry Operator-cum-Junior Assistant (Urban Poverty Alleviation)


5.19. Municipal Administration and Urban Development Department:

The Municipal Corporation of Hyderabad (MCH), discharges obligatory and discretionary functions as per the provisions of the Hyderabad Municipal Corporation Act, 1955 and provides civic services and infrastructure facilities to the citizens of the twin cities of Hyderabad and Secunderabad. The Municipal Corporation of Hyderabad (MCH) has been providing services relating to property tax, 'births and deaths' registration, trade licenses, advertisements, etc. The Municipal Corporation of Hyderabad set up its own Intranet with connectivity established to all its subordinate offices consisting of four zonal offices and seven circle offices functioning under these zonal offices in order to (i) increase the speed of civic services (ii) provide transparency in the system, (iii) cut administrative delays and (iv) link various internal organs that enhances efficiency. Online collection of property tax is done through 45 e-Seva centres and
four Municipal Corporation of Hyderabad Citizen Service Centre’s which also provide other services like registration of births & deaths, trade licenses, etc.

5.20. Organizational set up:

The Municipal Corporation of Hyderabad is headed by a Commissioner who functions under the overall supervision of the Principal Secretary, the Municipal Administration and Urban Development Department. The Information Technology section of the Municipal Corporation of Hyderabad functions under the control and supervision of the Additional Commissioner (Finance).

5.21. Information Systems set up:

For administrative purposes Municipal Corporation of Hyderabad is divided into four zones, seven circles, 100 constitutional wards and 254 localities. The data centre at its head office is connected to the LAN (Local Area Network) of all its zonal offices through 64 kbps leased lines backed up by ISDN lines. The Head Office has connectivity to e-Seva data-centre managed by the Director, e-Seva, functioning under the Information Technology and Communication Department. Two leased lines i.e., BSNL (128 Kbps) and VSNL (512 Kbps) were used for web hosting and internet access. As of March 2005, The Municipal Corporation of Hyderabad has one RS 6000 server, and nine other IBM e-series servers at head office and four zonal offices, and four more servers (two database servers and, two application servers) procured (March 2005) for change of architecture. The operating systems in use were AIX for database server, Linux for mail server and development server and Windows 2000 for web server. There were 355 desktops, which were networked and 203 printers. All the applications were developed using Oracle 8i at back end and e-Seva is an e-governance project caters to many services like electricity bills, telephone bills, water charges, property tax, etc. M/s. ECIL was entrusted (December 1997) with the development of Integrated Online Information Processing System (IOLIPS) at a cost of Rs 17.50 lakh with the objective to computerize and integrate all the functions of Municipal Corporation of Hyderabad. The Integrated on Line Information Processing System has the following modules, viz., solid waste management, engineering, finance, personal management, inventory management, property tax, trade licenses, births and deaths, grievances and estate. Of these, solid waste management, finance,
inventory management, births and deaths, grievances and estate modules were not in use.

5.22. Objectives, Scope and Methodology of Audit:

The IT Audit had the following objectives:

• studying specified objectives and goals vis-à-vis designed and implemented applications with regard to Property tax, Registration of births and deaths, Trade Licenses and Advertisement modules.

• checking of general and environmental controls and IT application controls in respect of specific applications mentioned above Information Technology (IT) Audit was conducted by analyzing relevant data tables/records relating to the period 2001-05 (as of February 2005) using CAATs (IDEA). The results of the review are mentioned in the succeeding paragraphs.

5.23. Computation of Taxes:

Computation of property tax, trade licenses and advertisement fees were not done by the system. Instead the tax was always computed by the concerned valuation officers and entered in the input form. It was observed that property tax data contained 67906 records where the benchmark rates were not applied. Even if the least of the benchmark rate (Rs 0.40), where category is residential (22797 records), is applied, 7896 records showed short tax assessment amounting to Rs 56.81 lakh. Thus the Municipal Corporation of Hyderabad did not effectively use the computing facilities of the hardware and software. It was only using the database with simple interface for collection of taxes.

5.24. Property Tax:

5.24.a. Software Validations:

As of August 2005 the bill collectors were still doing many collections manually and such transactions were updated from local servers at Circle Offices. There was no filtration of data accessed at the Circle Offices. This resulted in payments towards records kept under delete status in the database. Many key fields like door numbers, assessed names and plinth area were kept blank in the
database due to lack of validation, leading to the possibility of non-communication of demand notices to the assesses.

5.24(b). Advertisement:

The Municipal Corporation of Hyderabad had been collecting advertisement fee from Hoardings, Glow/Neon Sign Boards, Brand Names, Mobile Advertisements, etc. It was found that the Advertisement module was not being used effectively, as the fee was being calculated manually, leaving incomplete data in the database. Commissioner replied (September 2005) that all the records were updated as on 31 March 2005 and the discrepancies rectified (http://www.icisa.cag.gov.in).

Hyderabad is currently ranked as the sixth largest urban agglomeration in the country. It is not only the administrative capital, but also the economic and financial capital of Andhra Pradesh. It is the largest contributor to the state’s Gross Domestic Product, state taxes and excise revenues. It is divided into 5 taxation zones (south, central, east, west and north) for the assessment of Property tax, which is further divided into 18 circles, which is again subdivided into taxation main zones and sub zones.

Property tax is the main source of income of Greater Hyderabad Municipal Corporation and is levied and collected on all the lands and buildings within the municipal corporation limits as laid down under Section 197 and 199 of Municipal Corporation of Hyderabad Act, 1955 (Hyderabad Act –II of 1955). The slab rates of taxation are being adopted only in respect of residential buildings w.e.f 1-4-1982, while non-residential buildings are being levied at the flat rate of 30% of the Annual Rental Value (ARV) in respect of their slab rates. As per Section 264 of Municipal Corporation of Hyderabad Act, Property Tax shall be payable on half yearly basis. The scheme of self-assessment of property tax was introduced during the year 1999-2000. The information is self-assessment form is called as a written return based on the requisition made by the Commissioner, under Section 213 of the Municipal Corporation of Hyderabad Act of 1955. For residential buildings,
an elaborate procedure of determination of Annual Rental Value and assessment of Property tax is in vogue vide G.O issued on 20-11-2006. The Annual Rental Value (ARV) is determined on the basis of 10 parameters that, among others, include nature of usage, classification based on type of construction etc. However, the new system of tax envisages fixation of Annual Rental Value based on location, type of construction, nature of use, plinth area and age of building, at 20% of Annual Rental Value. The above slab rates are in vogue from 01-04-1974 under section 197 & 199 (2) of the Hyderabad Municipal Corporation Act, 1955 graded slab rates of taxation are being adopted only in respect of residential buildings with effect from 01-04-1982, while non-residential buildings are being taxed at a flat rate of 30% of the Annual Rental Value (ARV) irrespective of their slab. The Municipal Corporation of Hyderabad collects property tax under the following components: (a) General Tax, (b) Conservancy Tax, (c) Drainage Tax, (d) Lighting Tax and (e) Library Cess. When property taxes collected under various components are linked to or earmarked for the services for which they are collected, they serve as indirect market prices of those services (http://cag.gov.in/html/LB/andhra_lb06_07/departmentwise06-07/AUDIT%20REPORT%202006, Retrieved on 14-06-2013).

5.25. **Self-Assessment System:**

General revision of Property Tax as contemplated under Hyderabad Municipal Corporation Act, 1955 was not done in the then Municipal Corporation of Hyderabad for the past few decades. In the absence of this, property owners continued to pay taxes as levied decades ago causing heavy financial loss to the then Municipal Corporation of Hyderabad. The highest property tax collection of Rs. 58 crores was made during the year 1998-1999. Attempts to revise and improve the property tax base made earlier were caught in legal problems. Keeping the above points in view, the scheme of self-assessment of property tax was introduced during the year 1999-2000. This scheme was introduced by taking the advantage of provisions under section 213 of Hyderabad Municipal Corporation Act in which commissioner is empowered to call for information
pertaining to the property from owners/occupiers. The information in self-assessment form is called as a “Written Return” based on the requisition made by the commissioner, under section 213 of Hyderabad Municipal Corporation Act 1955. The Return is to be filed with the signature of the owner of occupier of property.

- To ensure complete transparency and openness in levy and collection of Property Tax and to enable citizens/Taxpayers to understand the basis of taxation and to calculate the tax by themselves.

www.indiaurbanportal.

- To build a computerized Property Tax Data Base with each property in the twin cities by assigning with an unique property tax identification number, (PTIN) so as to enable the tax payers to have information of their property tax online and to pay property tax at any e-seva centers/citizen service centers/circle offices.

- Bench marking of rate per sq.ft, both for residential and non-residential properties to eliminate discretion, in the levy and collection of tax and to avoid questionable intention and harassment.

- To minimize prolonged disputes between taxpayers and Municipal Corporation of Hyderabad, pending since 10-15 years.


- To link services with tax payment so that tax payers get value for money (Quality services) and also feel proud of contributing their mite to the development of their own city.

- To assist their fellow citizens living in slums and poor localities, to gain access to basic civic amenities


5.26. Revenue Augmentation:

The corporation’s steps to improve it resources and recover costs include:

Property tax reforms (including the introduction of the scheme of the self-assessment of property tax), re-vamping of advertisement fees and trade licensing
fees with emphasis on self-declaration and self-filing of returns, use of land as a resource and adoption of the ‘users and polluters pay’ principle.

Municipal Corporation of Hyderabad is making an all-out effort to identify direct and indirect users of services and levy user charges and benefit taxes. Polluters are also identified and made to pay for pollution mitigation and prevention measures.

5.27. Major Revenue Augmentation Modules:
- Property Tax
- Trade Licence
- Advertisement

5.28. Increasing Realization from Existing Taxes/Charges:

Improvement in coverage: the Municipal Corporation of Hyderabad has created a database with details of assessments, name and addresses of tax-payers, arrears of tax, current tax, penal interest if any; tax paid and balance tax to be paid. Information on assessments, collections and more has been made available on the website, www.ourmch.com.

Though this citizens can learn about the procedure adopted to assess properties to be taxed, the process of collection of property tax, or the action by Municipal Corporation of Hyderabad on defaulters. Due to the computerization of the property tax database 2001-2002, tax collections have increased by 41 per cent.

Rationalization of property tax: This is to minimize prolonged disputes between the tax-payers and Municipal Corporation of Hyderabad, and to establish a healthy relationship between Municipal Corporation of Hyderabad and the taxpayers/residential welfare associations.
Municipal Corporation of Hyderabad has made self-assessment forms available at e-Seva centres. Through these, returns can be filed and payments made. Property tax can also be paid at the citizen services centres. Bill collectors, tax inspectors’ and other collection staff also collect tax directly from the taxpayers. Special camps are also being conducted at residential apartment complexes and residential colonies, to enable tax payers to pay their taxes at their doorstep (http://www.developmentfunds.org/pubs/CRISIL%20Compendium.pdf, Retrieved on 24-08-2013).

5.29. Conclusion:

In Hyderabad the population had increased rapidly Hyderabad being urban agglomeration occupied in our state. The percentages of literates have been increasing decade by decade. Many migrants are forced to stay on the pavement of the city, because of inadequate housing facilities. The above analysis clearly indicates that the growths of amenities are not in tune with the growth rate of population. However the local Government has to take steps from time to time to increase the amenities of the ever increasing population. To conclude, this chapter, the various trades, in industries and commerce the challenges faced to undertaken developmental systems, which have been undertaken for the improvement of the financial management, have been discussed in detail in this chapter.

A PROFILE OF VIJAYAWADA MUNICIPAL CORPORATION

5.30. Introduction:

This chapter presents “A Profile of Vijayawada Municipal Corporation” its population, and problems for urbanization, challenges for development. It also deals with Financial Structure in Vijayawada Municipal Corporation various rehabilitation programmes undertaken.
5.31. **History:**

Vijayawada is the commercial city of Andhra Pradesh and the third largest after Hyderabad and Visakhapatnam, with an area of 261.88 km. The city municipal limits have a population of 1,048,240 (2011 Census) http://www.censusindia.gov.in/2011-prov-results/paper2/data_files/india2/Table-2-PR-cities-1lakh-and-Above.pdf., Retrieved on 18-02-2013) while the population of the metropolitan area is 1,491,202. (Isher Judge Ahluwalia, 2011). The city is also popularly known by its historic name Bezwada, which is used by the Indian Railways in assigning its railway station code "BZA". The city is well connected to other regions by road, air and rail, and has the second biggest railway junction in India. (“India will be third largest economy by 2025", *The Hindu*, 2011). As the commercial capital of Andhra Pradesh, Vijayawada is politically active, sociologically dominant, agriculturally rich, and is an industrial transportation hub. Vijayawada has been recognized as a Global City of the Future by McKinsey Quarterly (Global cities of the future, 2013). Formerly Vijayawada was known as Bezwada, in the 5th and 6th Centuries it was an important centre of Vishnukundin rulers. It was taken by Badami Chalukyas became the headquarters of Eastern Chalukya. There was a Buddhist monastery, in 639 Chinese pilgrims Huien Tsang stayed here. There are five rock-cut cave-temples built in the 7th century during the rule of Eastern Chalukya  (http://www.bl.uk/onlinegallery, Retrieved on 16-09-2013).

The Municipality of Vijayawada (Bezawada) was constituted on 1st April 1888 and was upgraded as a selection grade municipality in the year 1960. The municipality was upgraded to a corporation in 1981. With the merger of Gunadala, Patamata and Bhavanipuram village panchayats and two villages, Payakapuram and Kundavari kandrika in the corporation in 1985. The total area of the corporation is 61.88 sq.kms. The city is divided into 59 political wards. An elected body headed by the Mayor performs the Administration of the Corporation. The Commissioner acts as the executive head, and oversees the day to day functioning of the local body. The staff strength of the corporation is just over 5000 (http://www.ourvmc.org, Retrieved on 14-01-2013).
5.32. Civic Administration:

The city is run by the Vijayawada Municipal Corporation. The Municipality of Vijayawada was constituted on 1st April 1888 and was upgraded as a selection grade municipality in the year 1960. The municipality was upgraded to a corporation in 1981. With the merger of Gunadala, Patamata and Bhavanipuram village panchayats and two villages Payakapuram and Kundavari kandrika in the corporation in 1985. More than 400,000 people reside outside corporation limits. Many areas on out skirts or yet to be merged into corporations limits. The total area of the corporation is 61.8 square kilometres (23.9 sq mi) and the population of the whole city (along with Vijayawada sub-urban and Vijayawada rural) is more than 2.5 million. It is a city of Jawaharlal National Urban Renewal Mission. The Government is thinking of converting the city into Greater in the name of Mahanagar, merging almost 45 villages of nearby.

The city is divided into 59 political wards. Each ward of the Municipal Corporation is represented by an area corporator. An elected body headed by the mayor performs the administration of the corporation. The Commissioner acts as the executive head and oversees the day-to-day functioning of the local body. The Commissioner is an IAS officer of Joint Collector rank appointed by the State Government. It has a dedicated Sub-Collector's office for administration of State and Central Government programmes. The staff strength of the Corporation is over 5,000. Vijayawada is one of the three cities in Andhra Pradesh to be provided with its own Police Commissionerate. The Vijayawada City Police is headed by a Police Commissioner, who is an Indian Police Service (IPS) officer of DIG rank along with two Deputy Commissioners of Police who are also IPS officers.

The industrial estate in Kondapalli, an industrial suburb, is spread over 450 acres (1.8 km) and is base to more than 800 industries (http://www.thehindu.com, 2006). In addition an 1800MW Vijayawada thermal power project (VTPS) and 368.144 MW gas-based LANCO Power Plant which is under expansion to 768.144 MW is located here (The Financial Express, 2012). In March 2011 Bharat Heavy Electricals Limited (BHEL) announced that it signed an agreement with APGENCO for setting up a 182 MW plant at Vijayawada as a technology
demonstration project (Sajeev Kumar, V. 2012). Kondapalli suburb also houses Andhra Pradesh Heavy Machinery & Engineering Limited (APMEL) factory besides being a hub for storage, bottling and transportation of petroleum products. The fact that Vijayawada is well connected through rail and road makes it one of the main hubs of commercial activities. The second largest wagon workshop of Indian railways is at Rayanapadu near Vijayawada (http://www.thehindu.com/2006/06/18/stories/2006061802210200.html, Retrieved on 11-02-2013).

Property prices in Vijayawada are very high and are comparable with top cities of India. According to the data prepared by the NHB, the property prices (Articles.economictimes.indiatimes.com, Retrieved 08-08-2013) increase was observed in Pune, by 10.5%, followed by Bangalore (8.7%), Patna (8.6%), Ahmedabad (6.4%), Ludhiana (5.3%), Lucknow (4.1%), Mumbai (3.7%), Delhi (2.6%), Kolkata (2.6%), Bhubaneswar (1.7%), Bhopal (1.7%), Chennai (1.7%), Surat (1.2%), Guwahati (1.2%), Vijayawada (1.1%), and Kochi (1.1%) ("Vijayawada City Municipal Corporation –Education", Ourvmc.org, 30 June 2009, Retrieved on 12-02-2013).

The Municipality of Vijayawada was constituted on 1 April 1888 with an area of 30 sq km, and was upgraded into a Corporation on 6 June 1981 and the provisions of the Hyderabad Municipal Corporation (HMC) Act, 1955 including the provisions relating to the levy and collection of any tax or fee were made applicable mutatis mutandis with certain exceptions. With the merger of the surrounding villages in 1985, the total area of the Vijayawada Municipal Corporation (VMC) increased to 58 sq km., having population of 1.10 million and it is the third largest city in the State (http://cag.gov.in/html/LB/andhra_lb06_07/departmentwise06-07/AUDIT%20REPORT%202006, Retrieved on 14-06-2013).

5.33. Birth of Municipal Corporation:

Vijayawada Municipality was upgraded into a Municipal Corporation with effect from 8-6-1981 by the Government order and
was inaugurated by the then chief minister, Sri T. Anjaiah on 20-06-1981. As a result, the area of Vijayawada Municipal Corporation extended to 54.16 sq. kms with a population of 5,30,074. Vijayawada is the third largest city in Andhra Pradesh. It is situated at the latitude $16^030'$ N. Longitude $80^034'$ E.

Table V.IV

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921</td>
<td>44,159</td>
<td>+34.4%</td>
</tr>
<tr>
<td>1931</td>
<td>60,427</td>
<td>+36.8%</td>
</tr>
<tr>
<td>1941</td>
<td>86,184</td>
<td>+42.6%</td>
</tr>
<tr>
<td>1951</td>
<td>161,198</td>
<td>+87.09%</td>
</tr>
<tr>
<td>1961</td>
<td>234,360</td>
<td>+45.4%</td>
</tr>
<tr>
<td>1971</td>
<td>344,607</td>
<td>+47.0%</td>
</tr>
<tr>
<td>1981</td>
<td>543,008</td>
<td>+57.6%</td>
</tr>
<tr>
<td>1991</td>
<td>845,756</td>
<td>+55.8%</td>
</tr>
<tr>
<td>2001</td>
<td>1,011,152</td>
<td>+19.6%</td>
</tr>
<tr>
<td>2011</td>
<td>1,491,202</td>
<td>+47.5%</td>
</tr>
</tbody>
</table>

Sources: Rao, Kondapalli Ranga; Rao, M. S. A. (1984), since 1971, the population is that of Vijayawada agglomeration.

As per provisional data of 2011 census, Vijayawada urban agglomeration had a population of 1,491,202, out of which males were 750,770 and females were 740,432. The literacy rate was 81.60 per cent. Vijayawada Municipal Corporation had a population of 1,048,240 (Urban Agglomerations/Cities, Provisional Population data 2012). The city's population is expected to reach 2.5 million by 2025. Average literacy rate is 82.59 percent. The sex ratio of Vijayawada city is 997 females per 1000 males. Children form 8.86 percent of total population ("Vijayawada City Population Census 2011 | Andhra Pradesh", Census2011.co.in, http://www.census2011.co.in/census/city/408-vijayawada.html, Retrieved 08-08-2013).

5.34. Urban Problems:

The growth of population in cities and towns in the world over is a time bomb ticking away, and unless decisive action is taken immediately the explosion
when it come it shakes the society to its foundations. Though there is a rapid development of facilities in Vijayawada city since last two decades, they are quite inadequate when compared to the growing population. The city is suffering from urban problems such as acute shortage of houses, inadequate health and sanitary facilities, education facilities and poor transportation (Koteswara Rao. M. 1995: 362).

Executive Wing
Commissioner,
Organizational Structure:
5.35. Departments:

Accounts, Administration, Education, Engineering, Horticulture, P.R.O, Public Health, Revenue, Secretary Cell, Town Planning, Urban Community Development Project, Projects, Legal Cell, Fire Prevention Wing, Ministerial Staff, School Teachers (https://www.ourvmc.org/general/execmem.htm)

The obligatory duties of the Vijayawada Municipal Corporation inter alia include:

- Defining the limits of the city;
- Watering, scavenging and cleaning of all public streets and places and removal of garbage;
- Construction and maintenance of drains /streets /bridges/ culverts /greenery of the city etc;
- Lighting the public streets and municipal markets/ public places;
- Management and maintenance of municipal water works;
- Naming and numbering of streets/ premises;
- Regulation of Dangerous and Offensive trades (D&O) or practices; and
- Registration of births and deaths.
In addition, Vijayawada Municipal Corporation (VMC) was distributing Social security pensions, managing Schools and Health centres and other social schemes of Union as well as State under these provisions.

Towards improving the Government-Citizen interface, the State Government identified several projects under the “Electronic Governance” initiative, one such being the setting up of a Community Information System for Vijayawada Municipal Corporation. The Vijayawada Municipal Corporation (VMC) is implementing the project from 31 December 1999 and it was named as “Vijayawada Online Information Centre” (VOICE).

5.36. Organisational set up:

For executing the functions of the Vijayawada Municipal Corporation, there is an elected Standing Committee consisting of the Chairpersons of the ward committees, headed by elected Mayor and Dy. Mayor. The Vijayawada Municipal Corporation functions under Housing, Municipal Administration and Urban Development Department (Municipal Administration) under the supervision of the Commissioner and Director, Municipal Administration (CDMA). The Commissioner is the executive head and is responsible for the daily administration of the Vijayawada Municipal Corporation. The Commissioner is assisted by City Engineer, City Planner, and Medical Officer of Health, Examiner of Accounts and Addl. / Dy. /Asst. Commissioners for discharging various duties and responsibilities. The city is divided into 59 wards with elected councillors. The power of each agency and functionary is outlined in the Hyderabad Municipal Corporation Act.
The IT wing of Vijayawada Municipal Corporation is headed by an Additional Commissioner (Projects), who is assisted by a Jr. Assistant, Bill collector, Record Assistant and a Sanitary Ministry for implementing and maintaining the IT applications/ software/ hardware.
5.38. **Audit Objectives:**

The audit objectives were to assess/evaluate the following activities:

- Whether the maintenance of accounts was as per codal provisions; and
- Whether the financial management with regard to execution of works, collection and utilisation of revenues was effective.

IT Audit of Vijayawada Municipal Corporation had the following objectives:

- Whether the task of revenue collection relating to taxes and other non-tax revenues under the jurisdiction of the Vijayawada Municipal Corporation was effectively performed;
- Whether completeness, integrity, reliability, accuracy and security of the data was ensured; and
- Whether the general and environmental controls and IT application controls were adequate.

5.39. **Audit Criteria:**

The audit criteria adopted for the Performance Audit were as follows:

- Rules, Bylaws and provisions under the Hyderabad Municipal Corporation (HMC) Act, 1955;
- Instructions issued by the Government of India (GOI) and Government of Andhra Pradesh; from time to time; and
- Instructions issued and rates adopted by the Vijayawada Municipal Corporation.

5.40. **The criteria adopted for IT audit were:**

• Instructions issued by the GOI and Government of Andhra Pradesh from time to time;
• Instructions issued and rates adopted by the Vijayawada Municipal Corporation; and
• Best practices for a computerised system.

5.41. **Scope and Methodology of Audit:**

The accounts of the Commissioner, Vijayawada Municipal Corporation for the financial years 2002-03 to 2006-07 were examined in general during the performance audit undertaken in selected areas of interest. An entry conference was held in November 2007 with the active participation of the Commissioner and other officers of Vijayawada Municipal Corporation.

The IT Audit was conducted by examining the controls and review of IT related practices. Data pertaining to VOICE project consisting of Revenue Taxation module (covering Property Tax, Water and Sewerage Tax, Vacant Land Tax, Water Meter Charges), Births & Deaths module, Commercial Complexes module, Dangerous and Offensive (D&O) Trades module, Complaints monitoring module was analysed for the period 1999-2007 (as of August 2007) using IDEA (Interactive Data Extraction and Analysis) a software package. The exit conference was held during September 2008. The views of the Vijayawada Municipal Corporation were also taken into account while formulating the audit conclusions.

5.42. **Maintenance of Cash Books:**

The cash book is the primary record for knowing the funds position and forms source material for the Annual Accounts. The Vijayawada Municipal Corporation is maintaining 30 bank accounts in three nationalised banks and one private bank (Under the provisions of
Hyderabad Municipal Corporation Act, Vijayawada Municipal Corporation was required to open bank account for General Fund in the State Bank of Hyderabad only. The maintenance of cash books in respect of these accounts was deficient as detailed in the table below.

Table-V.V
Vijayawada Municipal Corporation Audit Findings

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Subject</th>
<th>Audit findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Posting on the receipt side of cash books</td>
<td>As per the codal provisions, the DDs/Cash should soon after their receipt be posted in the cash book and then sent to bank for credit. Scrutiny revealed that DDs/Cash received by Vijayawada Municipal Corporation were being sent to banks without posting in the cash books. Vijayawada Municipal Corporation wholly relied on the credits shown in the bank statements by the banks. Thus, there was no assurance that all the cheques/cash deposited in banks were being fully credited to Vijayawada Municipal Corporation’s account.</td>
</tr>
<tr>
<td>2.</td>
<td>Closings</td>
<td>As per the codal provisions, cash books should be closed regularly and at the end of each financial year. The cash books maintained by the Accounts Branch were not being closed either daily, monthly or annually. The balances were arrived at periodically and were carried forward since April 2002 onwards. There was no system of any internal check by an official other than the writer of the cash book. The balances have not been carried forward from April 2005 onwards. As a result, the balances available under the respective accounts were not ascertainable.</td>
</tr>
<tr>
<td>3.</td>
<td>Reconciliation</td>
<td>As per the codal provisions, the cash book figures should be reconciled with bank statements monthly and at the end of each year. Audit observed that reconciliation of cash book figures with bank statements was not being done in the Accounts wing in any of the 30 bank accounts since 1 April 2001. The cash books were not maintained properly and hence reconciliation was not possible. In the absence of reconciliation, the correctness or otherwise of the amounts credited to bank was not ensured.</td>
</tr>
</tbody>
</table>

The Commissioner, Vijayawada Municipal Corporation assured (October 2008) that steps would be taken for proper maintenance of the cash books and for periodical reconciliation.
5.43. **Examiner of Accounts:**

Under the Act, the Examiner of Accounts (EOA) has been assigned only the duty of verifying the expenditure but not the task of examination of accounts relating to collection of taxes and their proper accountable. It was further observed that in the cash books maintained by Vijayawada Municipal Corporation, postings were made only in respect of expenditure but not the receipts. This is a basic deficiency which needs to be rectified.

5.46. **Financial Management:**

The major source of revenue of the Vijayawada Municipal Corporation is from Property Tax, Vacant Land Tax and Advertisement Tax. In addition, non-tax revenues through charges from registration of births and deaths, building plan approvals, supply of water, D & O trade licences, etc., are collected by Vijayawada Municipal Corporation. Besides, Government also assigns revenues such as surcharge on transfer duty on registration of properties, entertainment tax, seignorage fee and grants-in-aid for specific purposes.

5.47. **Information Technology Audit:**

5.47a). **Profile:**

For setting up a Community Information System, under the title Vijayawada Online Information Centre (VOICE), Vijayawada Municipal Corporation entered into an agreement (January 1999) with M/s CMC Ltd. The project was completed (31 December 1999) at a total cost of Rs 1.87 crore.

Vijayawada Online Information Centre (VOICE) provides access to citizens through its web site (http://www.ourvmc.org) for information on various services offered by Vijayawada Municipal Corporation and details of tax dues/ payments and for lodging complaints. Some of the e-Seva centres and the civic service centres were given access to Vijayawada Online Information Centre on the network for accepting online payments from January 2003. Vijayawada Municipal
Corporation relies totally on Vijayawada Online Information Centre for raising demands, collection of taxes as well as non taxes. Vijayawada Online Information Centre was developed using Oracle (Ver.8i) as the database and Developer 2000 as front end. The hardware includes Compaq Prolient ML 350 and ML 150 servers operating on Windows 2000 (database server) and Windows 2003 (Web server). The network connectivity is through leased lines. A Local Area Network (LAN) of the Vijayawada Municipal Corporation forms the backbone of this network. On an average, expenditure on providing services through Vijayawada Online Information Centre is of the order of Rs 17 lakh per year.

5.48. Revenue Taxation:

The task of revenue collections are divided into the following three stages.

1. Raising of demands
2. Communication of demands to the taxpayers and
3. Accounting of the receipts.

Vijayawada Municipal Corporation maintains a database Vijayawada Online Information Centre (VOICE) for online revenue collections. The deficiencies noticed in the system in each of the three stages are described further.

Audit findings

Raising of demands

5.49. Database:

The first prerequisite is to have a comprehensive and authentic database of all tax payers (rate payers). The existing database is the one originally prepared in the earlier IT system and carried over to the new system. There was no assurance that the database is comprehensive and no tax payer is left out and address indicators are authentic and reliable.
5.50. **Integration of Water Charges with Property Tax:**

For every property there are two taxes payable namely property tax (PT) and water meter charges (Water connection with water meter: where demand is raised monthly on the basis of consumption) / tap charges (Water tap connection without meter: where the monthly lump-sum charges called tap charges are collected along with property tax demand, served half yearly). A scrutiny of property tax table relating to property tax assessments revealed lack of unique identification number for each property. Likewise there was no unique identification number for the properties in database table concerning water charges. As a result there is no assurance that property tax and water meter charges/ tap charges are being collected for all properties under the jurisdiction of Vijayawada Municipal Corporation. Audit observed that there were 2,956 transaction records in the database pertaining to water tap charges for which PT assessment number was not available.

5.51. **Water Meter Readings:**

The Vijayawada Municipal Corporation engaged outside agencies for recording water meter reading with the help of hand held devices. It was observed that there were 328 (out of 6,519 records of water meter connections) records in water meter master table for which water meter readings were never taken. In 333 live records water meter readings were taken but demands for water meter charges were not raised. Thus, Vijayawada Municipal Corporation has not evolved foolproof mechanism to ensure that meter readings are properly taken in respect of all meter connections and where meter readings are taken, the demands are promptly issued.

5.52. **Communication of Demands:**

The existence of verifiable record is necessary to check whether all the demands for taxes computed have been communicated to the correct addresses. There is no mechanism at present to ensure correct communication of the bills as detailed in this section.
5.53. **Demand not generated for Water Meter Readings:**

It was observed that though there were 6,519 live connections as of July 2007 only 4,942 and 5,007 demands were generated for April and May 2007. Thus all the connections were not covered in the billing cycle. Vijayawada Municipal Corporation stated (December 2007) that instructions were given to the Spot Billing Agency to avoid omissions in future.

5.54. **Incomplete Database Relating to door Numbers:**

There were 8,551 records in property tax, water meter and Vacant Land Tax (VLT) modules where the door numbers were not available indicating incomplete master data of addresses in the Vijayawada Online Information Centre (VOICE) database. Due to incomplete master data in respect of door numbers, Vijayawada Municipal Corporation switched back to the old practice of delivering the demands through bill collectors.

5.55. **Accounting of the Receipts:**

The existing system in the Vijayawada Municipal Corporation does not correlate the actual collections with the demands due.

5.56. **Capturing of Information Relating to Receipts Issued:**

The particulars of taxes collected through cash counters of e-Seva and City Civic centres of Vijayawada Municipal Corporation are entered in the system and a receipt is generated automatically by the system for issue to the party at the collection centre as an acknowledgement for receipt of cash/cheque.

Audit noticed 218 records in commercial complex module amounting to Rs 3.45 lakh, in the online collection data (i.e., after January 2003), without receipt numbers in the database. This raises serious doubts about the data integrity of particulars of tax collected.

In respect of properties leased out by Vijayawada Municipal Corporation, there were 1,958 transaction records in lease transaction table involving an amount of Rs 53.11 lakh. There were no matching
records found in accounts module in respect of these transactions. In the absence of such integration, the integrity of financial transactions was adversely affected.

**General controls:**

5.57. **Non-Deployment of Technical Personnel:**

Vijayawada Municipal Corporation identified and imparted training to five member core team through CMC (Core Metal Crew) on the administrative, operational and maintenance aspects, to enable their active involvement and participation. It was however, observed that none of these persons from the original core team was deployed in Vijayawada Online Information Centre as of July 2007. Also no person was posted as full time Project in-charge for Vijayawada Online Information Centre.

5.58. **Segregation of Duties:**

Audit noticed a group consisting of a Sanitary Ministry, Typist, Junior Assistant, Bill collector and Record Assistant were assigned the combined roles of a DBA, DEO, and System Administrator without the specific allocation of duties. Lack of segregation of duties had exposed the project to the risk of potential misuse of critical data and application. Apart from the day to day functioning, even critical jobs like programming, database, network and system administration were being handled by this group. There was no system of logs to help to fix responsibility in case of damage to the data and system software. As a consequence, no accountability existed.

5.59. **No Policies for Computerisation in Vijayawada Municipal Corporation:**

Audit noticed that there were no approved documented policies in Vijayawada Municipal Corporation for day to day operations of the computerisation and security of data and other IT infrastructure. There is no IT strategic plan, Security policy, Password policy, Backup policy, Business continuity plan, Network security policy and Change management policy.
5.60. **No Audit trail:**

There was no transaction ID existing to trace a transaction across the tables in the database. Vijayawada Municipal Corporation replied (January 2008) that Vijayawada Online Information Centre (VOICE) was developed only as an information system and transaction ID was not thought of (http://cag.gov.in/html/LB/andhra_lb06_07/departmentwise06-07/AUDIT%20REPORT%202006, Retrieved on 14-06-2013).

5.61. **Jawaharlal Nehru National Urban Renewal Mission:**

The Mission Statement: The aim is to encourage reforms and fast track planned development of identified cities. Focus is to be on efficiency in urban infrastructure and service delivery mechanisms, community participation, and accountability of Urban Local Bodies/Parastatal agencies towards citizens.

5.62. **Objectives of the Mission:**

The objectives of the Jawaharlal Nehru National Urban Renewal Mission are to ensure that the following are achieved in the urban sector;

1. Focused attention to integrated development of infrastructure services in cities covered under the Mission;
2. Establishment of linkages between asset-creation and asset-management through a slew of reforms for long-term project sustainability;
3. Ensuring adequate funds to meet the deficiencies in urban infrastructural services;
4. Planned development of identified cities including peri-urban areas, outgrowths and urban corridors leading to dispersed urbanisation;
5. Scale-up delivery of civic amenities and provision of utilities with emphasis on universal access to the urban poor;
6. Special focus on urban renewal programme for the old city areas to reduce congestion; and
7. Provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply and sanitation, and ensuring delivery of other existing universal services of the government for education, health and social security.

5.63. **Scope of the Mission:**

The Mission shall comprise two Sub-Missions, namely:

1. Sub-Mission for Urban Infrastructure and Governance: This will be administered by the Ministry of Urban Development through the Sub-Mission Directorate for Urban Infrastructure and Governance. The main thrust of the Sub-Mission will be on infrastructure projects relating to water supply and sanitation, sewerage, solid waste management, road network, urban transport and redevelopment of old city areas with a view to upgrading infrastructure therein, shifting industrial and commercial establishments to conforming areas, etc.

2. Sub-Mission for Basic Services to the Urban Poor: This will be administered by the Ministry of Urban Employment and Poverty Alleviation through the Sub-Mission Directorate for Basic Services to the Urban Poor. The main thrust of the Sub-Mission will be on integrated development of slums through projects for providing shelter, basic services and other related civic amenities with a view to providing utilities to the urban poor (JNNURM” Impact assessment of projects under Jawaharlal Nehru National Urban Renewal Mission with special Reference to Indore”, school of good governance & policy Analysis
Jawaharlal Nehru National Urban Renewal Mission reform conditionalities to be called for improved municipal accounting, with the objective of having a modern accounting system based on double entry and actual principles, leading to better financial management, transparency and self-reliance, as a mandatory reform for local bodies. During field audit in states/UTs, some of the instances on the efforts made in the implementation of this reform were as under:

In Andhra Pradesh, although almost all the test checked Urban Local Bodies (as well as SLNA) State Level Nodal Agency reported successful implementation of accrual based double entry system, in reality, only Greater Hyderabad Municipal Corporation (GHMC) had actually finalized accounts on the accrual-based double entry system. The latest account of the other test-checked Urban Local Bodies (Greater Visakhapatnam Municipal Corporation)-2009-10, Vijayawada Municipal Corporation-2009-10, Thirupathi Municipal Corporation and Warangal Municipal Corporation), revealed that they had not finalized their accounts on accrual-based double entry system, (Performance audit of JNNURM chapter-4, implementation reforms, saiindia.gov.in/English/home/Our Products/.../Chap_4.pdf, Retrieved on 8-10-2013).

5.65. **Vijayawada Municipal Corporation Highlights:**

- Vijayawada Municipal Corporation is the first ISO 9001 Urban Local Body in the entire Country.
- Vijayawada Municipal Corporation was the winner of the CRISIL Siti e-governance award in 2004 and runner up in the CSI-Nihilent National e-governance award of Ministry of Information Technology in 2003. It was also the finalist for the Stockholm Challenge Award for 2003.
Vijayawada is the first and the only City in the country to achieve the distinction of having 100 per cent door-to-door basket collection.

The city is the only second one in the entire country and the first to fully cover the City with Energy Saving technology in street lighting. This intervention is expected to yield savings worth Rs. 6.25 Cr over the next 5 years and Rs. 1.7 Cr annually thenceforth.

Vijayawada Municipal Corporation has outsourced its entire fleet of sanitation vehicles, which is expected to generate savings worth Rs. 4.09 Cr over the coming three years.

Vijayawada Municipal Corporation has also introduced the Global Positioning System (GPS) based monitoring of all its vehicles. This has enabled accurate monitoring of all the sanitation vehicles and water tankers, thereby reducing the huge fraudulent claiming of bills by vehicle contractors.

In order to ensure leakages in water meter tariff collection are cut down, the Vijayawada Municipal Corporation has initiated monthly spot billing of metered water connections. This has considerably increased regular payment of water meter charges, without accumulation of arrears.

All the commercial complexes have been rationalized by issuing photo ID cards and pass books, and by clearing up to date all mutations, lease renewals, arrears. This has ensured effective monitoring of the status of the large number of commercial establishments owned by the Corporation, which fetches the Vijayawada Municipal Corporation nearly Rs. 5 Crores in annual revenues.

An integrated database of all the welfare and other development benefits recipients from the Government is under preparation, which would eliminate the problem of leakages and pilferages, and ensure that welfare services and benefits actually reach the targeted beneficiaries. The IRIS identification technology is
5.66. **Financial Management of Vijayawada Municipal Corporation including Information Technology Audit:**

5.67. **Development Challenges:**

5.67.a). **Perspective Plan:**

With the objective of achieving good governance, the corporation prepared a perspective plan to be implemented during the period of Jawaharlal Nehru National Urban Renewal Mission. The plan gives directions and approach of the local bodies and envisages further reforms in revenue improvement, institutional development and better service delivery mechanisms to improve municipal performance. It also aims at the provision of infrastructure in all notified poor settlements, critical infrastructure improvement and improved operation and maintenance. It also aims at social development and strengthening of (SHGs) Self Help Group/s and (C.S.Os) Community Service Officers. The other focus of perspective plan is to mainstream gender issues, participatory planning and implementation and capacity building.

5.67.b). **Proposals for JNNURM:** (Jawaharlal Nehru National Urban Renewal Mission)

The proposals in Jawaharlal Nehru National Urban Renewal Mission aim at municipal performance improvement of environmental infrastructure and aims at Socio-economic development. The proposals for municipal reforms are aimed at enhancing the efficiency, effectiveness and service delivery with accountability. The Jawaharlal Nehru National Urban Renewal Mission reform proposals include Privatization of advertisement tax collection, revenue improvement, town development, operation and maintenance of critical infrastructure investment.
The environmental infrastructure proposals aim at improvement of infrastructure in the prioritized poor settlements as per poverty and infrastructure deficiency matrices and linked infrastructure for poor settlements. These include rehabilitation of existing infrastructure provision of water supply, roads, drains, sanitation and street lighting based on community prioritization and construction of drains to improve the living environment.

The Social development proposals aim at addressing the Socio-economic needs identified and prioritized through participatory micro planning process. These proposals cover areas of health, education, livelihood, vulnerability and strengthening of (SHGs) Self Help Group/s, with focus on gender issue. This leads to the reduction of poverty and improvement in living conditions of the people in the poor settlements, (J.N.N.U.R.M, city development plan 2006:11-13).

5.68. Conclusion:

In Vijayawada the population had increased rapidly Vijayawada being urban agglomeration occupied 3rd rank in our state. The capital city of Andhra being the first, Viskhapatanam stands second. The percentages of literates have been increasing decade by decade. Houses are not sufficiently built to the people. The above analysis clearly indicates that the growths of amenities are not in tune with the growth rate of population. However the local Government has to take steps from time to time to increase the amenities of the ever increasing population. To conclude, this chapter, the various trades, in industries and commerce along with the problem of urbanization, the challenges faced to undertaken developmental programmes, which have been undertaken for the improvement of the financial management, have been discussed in detail in this chapter.

The finances of Greater Hyderabad Municipal Corporation, in a tabular form 2000-01 to 2009-10 will be presented in the next chapter. A broad picture of the municipal finances in Greater Hyderabad, covering the revenue and expenditure trends and it also the comparison between tax revenue and expenditure on salaries
and expenditure on roads, health and water of Greater Hyderabad Municipal Corporation will be presented in the next chapter.

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