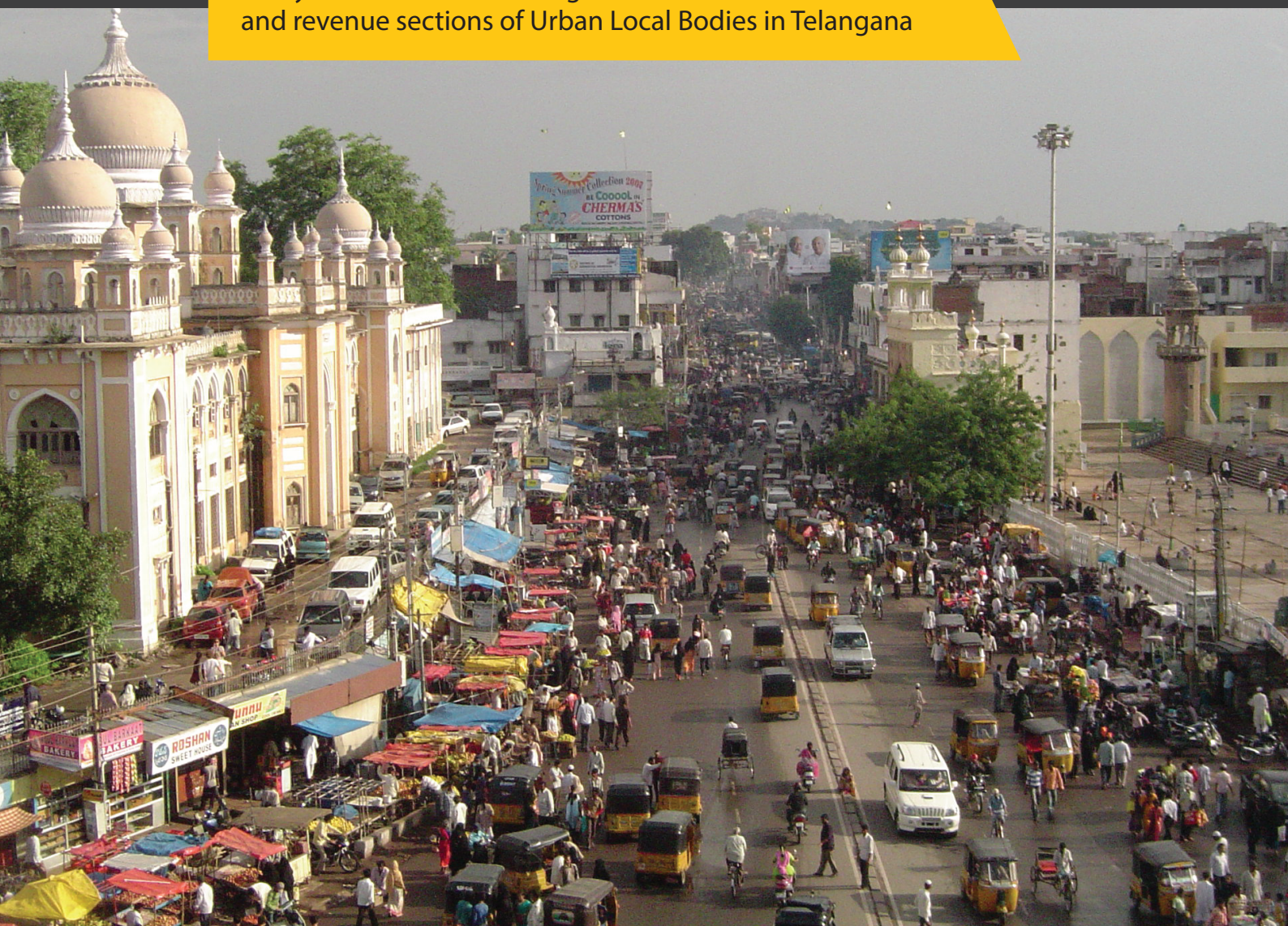




REFORMING INSTITUTIONAL CAPACITIES IN URBAN TELANGANA

Analysis of workforce management in the accounts and revenue sections of Urban Local Bodies in Telangana



December 2019

A study supported by





Janaagraha Centre for Citizenship and Democracy

Janaagraha Centre for Citizenship and Democracy (Janaagraha) is a Bengaluru based not-for-profit institution that is a part of the Jana group. Janaagraha's mission is to transform quality of life in India's cities and towns. It defines quality of life as comprising quality of infrastructure and services and quality of citizenship. To achieve its mission, Janaagraha works with citizens to catalyse active citizenship in city neighbourhoods and with governments to institute reforms to City-Systems.

Authors

V R Vachana

Associate Manager – Advocacy and Reforms

Mythreyi Mugundan

Intern - Advocacy and Reforms

Disclaimer

The views/analysis expressed in this report/document do not necessarily reflect the views of Shakti Sustainable Energy Foundation. The Foundation also does not guarantee the accuracy of any data included in this publication nor does it accept any responsibility for the consequences of its use.

Acknowledgement

We would like to thank Shakti Sustainable Energy Foundation (SSEF) in extending their support to this study. SSEF works to strengthen the energy security of India by aiding the design and implementation of policies that support renewable energy, energy efficiency and the adoption of sustainable transport solutions.


We would like to thank Dr T K Sreedevi, IAS, director of municipal administration, commissioner and director of municipal administration (C&DMA), Telangana, for her relentless support in facilitating this study.

Further, we would like to thank Mr T S V N Thrilleshwar Rao, deputy director, C&DMA and Mr P Veerender, assistant director, C&DMA for their support.

We would also like to extend our thanks to Mr G Venugopal Reddy, commissioner, Karimnagar municipal corporation, Ms Rukmini, internal auditor, Karimnagar municipal corporation, Mr V Sammaiah, commissioner, Sircilla municipality, Mr Ramanjula Reddy, commissioner, Suryapet municipality. This study would not have been possible without the support extended by the officers and other employees in the revenue, accounts and administration sections of Karimnagar municipal corporation, Sircilla municipality and Suryapet municipality.

We would also like to thank the contributions of interns who have associated with us at various phases of the report development – Ms Pratima Kollali, Ms Rui Su and Ms Shreyee Mathur.

Finally, thanks to team members from Janaagraha who made significant contributions in various capacities –Ms Mathangi Chandrasekhar and Mr Jayashankar Vengathattil.



The total vacancy in Telangana municipal cadre is

43%

Average tenure of a municipal commissioner in Telangana is

11 months

The last staff rationalisation exercise in Telangana was carried out in

2011

which was before its bifurcation from the state of Andhra Pradesh.



Telangana municipal accounts subordinate service cadre was mandated in

| 2011

The vacancy in Telangana municipal accounts subordinate service is

| 62%

The vacancy in Telangana municipal ministerial subordinate service (covers revenue and administration functions) is

| 44%

EXECUTIVE SUMMARY

The efficient and effective functioning of any organisation depends primarily on the competence of its workforce in implementing its policies and programmes. One of the celebrated political scientists, Herman Finer, has said, “However adequately organised the political side of government, however wise the political philosophy, high leadership and command, these would be of no effect without body of official experts in applying accumulated supply of power and wisdom to particular cases, permanently and specially employed to do so”.¹

This is more so in the case of Urban Local Bodies (ULBs) which are responsible for delivering services to citizens, influencing their quality of life. But various government committees such as the second administrative reforms commission, the 11th five year plan, the high powered expert committee on urban infrastructure etc, have raised red flag with respect to the weak workforce system in ULBs. A 2010 report by McKinsey global institute titled ‘India’s urban awakening: building inclusive cities, sustaining economic growth’ blamed the lack of local capacity and technical expertise for the inability of cities and states to successfully implement urban reforms.²

This report analyses the municipal workforce management in the state of Telangana, focussing on accounts and revenue functions. It is very often overlooked that a range of inefficiencies in urban management is directly linked to staffing, including revenue collections, and quality of financial management. This study aims to identify gaps in workforce management and measures to strengthen the capacity in these sections in order to drive financial sustainability of the ULBs.

The key findings of this study are:

- There are no mandates on the frequency to revisit the municipal staff requirement. The revision of staffing norms was undertaken last in 2011, before the state of Telangana was formed.
- Both accounts, and revenue sections are saddled with high vacancy against sanctioned positions, with accounts section affected the most. There is 62% vacancy in Telangana municipal accounts subordinate services and 44% vacancy in Telangana municipal ministerial subordinate service which includes revenue and administration functions.
- High vacancy rate has burdened the employees in the accounts section more than the revenue section. Revenue section depends on in-charge bill collectors who were originally employed to discharge a different function, which might not be a sustainable approach.
- There are well laid out processes for recruitment to the accounts and revenue sections in Telangana. While the direct recruitment examination checks for command over rules, procedures etc, there is no procedure to test for technical skills. Also, there is no department / proficiency test for recruitment via promotion. Only bill collectors in the revenue section have to appear for department test to climb up the ladder via promotions.

1. Herman Finer, 1965, *Theory and Practice of Modern Government*, Mathew and Co. Ltd., London, p.123

2. McKinsey Global Institute, 2010, *India’s urban awakening: building inclusive cities, sustaining economic growth*

- The academic qualifications stipulated for accounts section is reasonable as the rules mandate employees at all levels to be a graduate in commerce. In case of the revenue section, there is no stipulation of a specific discipline and it allows personnel with 12th pass to become a revenue officer based on seniority. Cadre and recruitment (C&R) rules for both sections do not provide for specific technical and competency skills. Also, both sections are currently challenged by missing specialist functions such as urban infrastructure finance, treasury management, revenue expert for analysis and forecast, asset management expert etc.
- ULBs in Telangana are supported by Double Entry Based Accounting System (DEBAS) software in accounts section and E-Suvidha Software in revenue section. However, it does not house an integrated Enterprise Resource Planning (ERP) system that connects these along with works module, and MIS for decision making.
- Telangana, like all states in India does not have a robust municipal performance management system. C&R rules specify training and skill upgradation at the induction stage for all accounts section, and for class five employees in the revenue section. However, ULBs do not undertake an assessment of training needs and do not have an annual training plan, and end up having training programmes that are ad-hoc in nature.
- Employee confidence in computer operations skill is low, and more than 80% of the respondents expressed that it will be beneficial to receive systematic training in computer operations, including typing. Employees in accounts section expressed that they would like to learn advanced excel.
- Weak staffing in the accounts and revenue sections has resulted in a poor financial management system with municipalities having high budget variance, high audit objections, pendency in audit responses, and poor credit worthiness.

This report also provides a blueprint to fix the workforce management system in the municipal accounts and revenue sections. The blueprint enlists the reforms to be undertaken by providing timelines (short-term, medium-term, long-term). It also specifies the entity responsible for carrying out the same, giving due considerations to the current working arrangement between the government and ULBs in the state of Telangana.

REFORMING INSTITUTIONAL CAPACITIES IN URBAN TELANGANA





TABLE OF CONTENTS

1.	Introduction	10
2.	India's municipal staffing – A landscape on accounts and revenue functions	14
3.	Telangana's municipal staffing – A landscape of accounts and revenue sections	20
4.	Telangana's municipal accounts and revenue sections – An analysis	26
5.	The spill over impact of weak staffing	48
6.	A blueprint to fix municipal staffing – Accounts and revenue functions	53

1. INTRODUCTION



Cities need significant amounts of capital to invest in not just creating new infrastructure and catching up on service delivery deficits, but also for revenue expenditure, such as operations & maintenance and hiring of talent. Janaagraha's Annual Survey of India's City-Systems (ASICS) 2017 report³ shows that both availability of money, and its management are showstoppers in India's cities. Several cities don't generate enough funds to even cover staff salaries, and have grossly inadequate financial management systems.

It is often overlooked that a range of inefficiencies in urban management is directly linked to staffing, including revenue collections, and quality of financial management. Therefore, any attempt to bring in financial sustainability will fall flat in the absence of measures strengthening institutional capacity. Unless this is fixed, ULBs cannot promote cities as 'engines of growth'. While all functions in an ULB are important, accounts and revenue functions play a major role, especially in building financial sustainability of the ULBs.

This study aims to identify gaps in workforce management, and measures to strengthen the capacities in these sections, in order to drive financial sustainability of the ULBs. Towards this, it assesses the workforce management by analysing the legal and institutional provisions for municipal accounts and revenue sections in the state of Telangana, which is the seventh most urbanised state in India. Telangana, a state that was formed in the year 2014, with the capital city as Hyderabad, is spread over an area of 1,12,077 square kilometres with a population of 350.04 Lakhs ⁴ making it the 11th largest state in terms of geographical spread and 12th in terms of population⁵. Telangana is the seventh most urbanised state in India. As per census 2011, 1.36 crore, i.e., 38.9% of the state's total population of 3.5 crore, lives in urban areas.

3. Annual Survey of India's City-Systems (ASICS) 2017: Janaagraha Centre for Citizenship and Democracy <http://www.janaagraha.org/asics/report/ASICS-report-2017-fin.pdf>

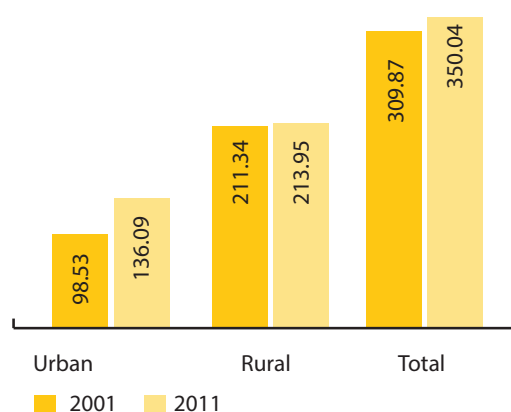
4. <https://www.telangana.gov.in/About/State-Profile>

5. http://www.ficci.in/state/1013/Project_docs/FICCI-Telangana-State-Profile.pdf

Table 1: Telangana's Urban Profile

1. Towns	
a. Census	158
b. Statutory	141
2. Urban Local Bodies	141
a. Municipal Corporations	13
b. Municipalities	128
Major Agglomeration	10
AMRUT Cities	12
Smart Cities	3

Source: Census, 2011, CDMA website
Telangana, Socio-economic outlook, 2019

Fig 1 : Population growth trend in urban and rural Telangana

Source: Telangana, Statistical yearbook 2017

1.1 Objective

- Analyse the adequacy of workforce in the accounts and revenue sections of ULBs in Telangana
- Analyse the availability of skilled workforce
- Assess the reliance on information systems
- Assess the approaches to performance management and training

1.2 Methodology

This study analyses the legal and institutional provisions for municipal workforce management in Telangana, specifically in the accounts and revenue sections. It employs mixed research methods involving primary and secondary data collection and analysis. C&R rules, staffing adequacy, transfer and promotions, roles and responsibilities of various designations, skill sets, employee performance management and training systems have been analysed. To gain in depth understanding of the field dynamics of workforce management, field study has been undertaken in the month of November 2019. Three sample ULBs were selected for this purpose – Karimnagar municipal corporation, Suryapet municipality, and Sircilla municipality. These samples have been chosen to ensure representation of both, a municipal corporation and two municipalities and were further suggested by the office of C&DMA-Telangana. Primary data collection involved collection of staffing data from the C&DMA, interviews with the relevant officers at C&DMA, and also encompassed interviews with municipal commissioners, officers of accounts, revenue & administration sections of sample ULBs to delve into the details of their day to day functioning, challenges at work and field realities. Confidentiality of the respondents were maintained in this study. Table 2 gives the profile of the three sample ULBs

Table 2 : Profile of sample ULBs

Particulars	Karimnagar	Sircilla	Suryapet
Year of constitution	1941	1987	1952
Type	Municipal corporation	Grade 2 municipality	Grade 1 municipality
Area	23.85 Sq. Km.	15.25 Sq. Km.	24 Sq. Km.
Population	261,185	75,640	105,250
Sex Ratio	981	1003	1025
Density of population	11,000 per Sq. Km.	4,960 per Sq. Km.	4,385 per Sq. Km.
Number of wards			
1. Municipal	50	33	34
2. Revenue	10	12	34
Number of properties	53,917	16,247	19,604
Number of sanctioned employees	497	434	32
Number of working staff	248	355	25

Particulars	Karimnagar	Sircilla	Suryapet
Vacancy rate	50%	18%	40%
Literacy rate	85.82%	75.1%	77.35%
No. of slums			
1. Notified	42	23	44
2. Non-notified	16	1	6
Service levels –			
1. Per Capita water supply	27 MLD	7 MLD	14.5 MLD
2. No. of house service connection	37,685	9,849	14,802
3. Length of storm water drain	35 Kms	5 Kms	142.5 Kms
4. Number of sewer connections	264 Kms	466.5 Kms	80.09 Kms
5. Length of road			
Income	52,03,62,981	11,24,62,650	14,63,61,293

Source: Respective ULB websites, C&DMA Telangana urban dashboard and ULB budget documents

1.3 Structure

This report has four parts – one, providing a landscape on municipal staffing in India focussed on accounts and revenue sections, two, landscape of Telangana's workforce management specific to accounts and revenue section, three, the impact of weak staffing on financial management, and four, blueprint towards building institutional capacity in municipal accounts and revenue sections in Telangana.

2. INDIA'S MUNICIPAL STAFFING - A LANDSCAPE WITH REFERENCE TO ACCOUNTS AND REVENUE FUNCTIONS



States have different acts, policies and rules guiding cadre management at municipal level⁶. This section provides a landscape of India's municipal service with reference to accounts and revenue sections covering key features of C&R rules. It also brings out some of the best practices across the globe, and provides a high level picture of staff shortage in India's municipal accounts and revenue sections.

2.1 States have started to embrace municipal cadre system

States predominantly used to follow integrated personnel management system which allowed for inter-departmental transfers and promotions. But this system resulted in a scenario of lack of expertise in specific functions and mismatch of expertise to the positions occupied. This gave impetus to the concept of municipal cadre system⁷. The rationale behind municipal cadre was to meet the functional domain needs of ULBs, in the light of growing importance of city management in the era of urbanisation. 21 states in India have created dedicated cadre for urban services⁸. Although this concept was recognised way back in 1948, it received a strong push with the launch of capacity building and reform management in JNNURM – II⁹. It mandated the establishment of municipal cadres in all states to receive funds under the scheme. This reform measure has found its space in the AMRUT mission too.

6. Service rules of Odisha, Madhya Pradesh, Telangana, Karnataka, Tamil Nadu and Jharkhand were analysed. Telangana rules have not been mentioned in this section given that it is analysed in detail in the upcoming sections.

7. ICF GHK, 2014, Approach towards establishing Municipal Cadres in India, <http://pearl.niua.org/sites/default/files/Final-Report-30-09-2014-submitted-M%20Cadre.pdf>

8. <https://www.livemint.com/Opinion/hmHMn85DsLvWG5eIdZNAUK/A-reform-agenda-for-Indian-cities.html>

9. ICF GHK, 2014, Approach towards establishing Municipal Cadres in India, <http://pearl.niua.org/sites/default/files/Final-Report-30-09-2014-submitted-M%20Cadre.pdf>

2.2 Absence of modern job descriptions in cadre and recruitment rules and wide variations in prescribed qualifications

While all states have detailed municipal C&R rules, none of them entail modern job descriptions covering both technical skills and managerial competencies by role or position in the ULB. Ex. For Example, while Odisha, a state that ratified municipal cadre rules in 2017 and created municipal finance services (methods of recruitment and condition of services) rules, 2017, is the only state (among the assessed) that mandates the chief finance officer posted under direct recruitment must have completed CA under ICAI or CWA from ICWAI. But the recruitment rules fail to mention technical and behavioural competencies. Also, there is variation across states in terms of the level of qualification required for the same posts. An accountant who is required to have a postgraduate degree, (via direct recruitment) in Madhya Pradesh, needs only an undergraduate degree in most states like Karnataka, Maharashtra, Telangana etc. Most posts, especially in the revenue section are filled by promotion based on the sheer number of years in service. This allows a bill collector with a 12th pass qualification to become a revenue inspector and further a revenue officer. Although there are provisions for direct recruitment at various levels and the educational qualification required is clearly defined, there are no pre-requisites of skills or merit or job experience associated with the post. Developing countries like South Africa have clearly defined recruitment policy that details the educational qualification, skills required, merit, and character¹⁰. In the City of Albany of New York, citizen facing services such as interactions with tax payers, requires personnel with a under-graduate or high school degree as well as experience in community-centered work. Communication skills have been specifically called out in such job descriptions. Similarly, the position of tax clerk is expected to have the ability to deal with public effectively, clerical aptitude, tact and courtesy¹¹ etc.

2.3 Missing functions

Indian municipal C&R rules fail to adapt to the changing urban landscape and do not include contemporary functions. They do not provide for a full-fledged human resource management department which handles not just monthly payroll, transfers and disciplinary actions, but also covers talent management, learning and development, performance management etc. A few examples specific to accounts and revenue sections cover posts such as corporate finance or treasury management, GIS specialist, data analyst etc. Global cities like London, New York, Berlin etc., have developed and incorporated jobs such as credit risk manager, senior research advisor; financial services, financial analyst etc., that are focused on ensuring the financial sustainability of the municipalities¹².

2.4 Absence of performance management system

Performance evaluation in ULBs is carried out as per service rules in prescribed formats. It is referred to as annual confidential report or performance appraisal report or employee record sheet in various states. However, the content captured in this format is not commensurate with contemporary HR Practices, as the information sought are on parameters unrelated to performance parameters such as health, property tax filing etc. No state in India has an established performance management system. Also there exists no performance based incentives mechanism in any state, to monetarily reward employees based on their performance.

2.5 Absence of training and capacity building policy

Training and capacity building is yet to evolve as a full-fledged function due to the absence of training policy in Indian states. Madhya Pradesh is perhaps the only exception to this as they have created an urban training policy as part of its ULB restructuring. But even in Madhya Pradesh, there is no systematic assessment of training need¹³. Most of the states have not mandated foundation and mid-career training by law.

10. Ministry of Finance, 2018, *Local Government: Municipal Finance Management Act, 2003, Amendments to municipal regulations on minimum competency levels*, 2007 https://www.gov.za/sites/default/files/gcis_document/201810/41996gon1146.pdf

11. <https://jobs.albanyny.gov/default/showdesc/Tax%20Record%20Clerk%207-25-01%20final.pdf>

12. <https://jobs.toronto.ca/jobsatcity/search/?q=&q2=&alertId=&title=&department=Accounts&shifttype=&date=>

13. http://www.mpurban.gov.in/Urban_Scenario.asp?id=2

Case 1 – Municipalities in South Africa and Performance Management System (PMS)

Municipalities in South Africa use performance management system and the balance scorecard to improve efficiency and effectiveness of service delivery as well as to reinforce accountability. The latter is important since municipalities are held accountable for the utilization of a municipality's resources and the quality of service delivery they ultimately render. Performance management system was introduced in municipalities of South Africa as a response to ineffective service delivery at the grass roots level and non-performance amongst personnel. Some of the key attributes of this system are improved planning and budgeting, effective monitoring and measurement of performance to enable transparent and convincing reporting on achievements.

City of Johannesburg publishes a city performance scorecard. Ex. It assesses the city manager's performance based on five Key Performance Indicators (KPIs) – basic service delivery, municipal institutional development and transformation, local economic development, municipal financial viability and management and good governance and public participation. These KPIs are translated from the integrated development plan and are further cascaded to the individual scorecard in the form of 2 KPIs – functional performance objectives, strategic performance objectives and core competency requirements. While the city scorecard provides us with the evidence on the impact of PMS in improved service delivery across departments, increased growth in city's GDP, increased financial viability and so on, the individual scorecard has department specific KPIs and strategic performance objectives based on which each employee is assessed.

Source: https://www.joburg.org.za/about/_/government/Documents/201617%20scorecards/City%20Manager.pdf

Case 2 - GLA's training policy

Greater London Authority (GLA) provides its staff with regular training in order to equip them with required skills to perform effectively and adapt to any organisational changes. The training is given by the Learning and Organisational Development (L & OD) team based on a clearly defined framework with strategy policies and procedures. The framework is made available to all GLA staff and details on courses with the contact point is published on the GLA website.

The need for individual training is identified by performance management review conducted on an yearly basis, followed by a mid-year review. The performance recorded is discussed with the staff and their line managers. Appropriate courses are chosen on the basis of the gap between the required skill sets and the staff's performance. Team trainings required are identified jointly by senior managers of the respective department and L & OD. The training providers are to be approved by the senior managers and are regularly evaluated. The trainees are expected to complete feedback forms for all training days run. L & OD maintains the attendance record. Any cancellation has to be backed up with valid reasons. Waiting list for the course is also maintained by L & OD. These regular training sessions have enabled GLA to maintain an appropriately skilled and developed work force.

Source: <https://www.london.gov.uk/moderngov/documents/s71425/9%201b%20Final%20Report%20Learning%20Needs%20and%20Delivery%203.7.18.pdf>

Case 3 - Johannesburg's city academy for chartered accountants training programme

To strengthen the capacity of public sector finance, the city's group human capital management department started the city's academy for chartered accountants training programme to expand the stock of chartered accounts ready for civil service. Trainees, who have already completed their Certificate in the Theory of Accounting (CTA) from an accredited university by the time of entry, will gain hands-on experience in accounting & external reporting, local government business operations & management, and management decision-making, while receiving a competitive salary.

Source: https://www.joburg.org.za/work/_/Documents/Vacancy%202018/Information%20for%20the%20Marketing%20Department.pdf

2.6 Variation in the source to meet employee cost

Source of funds to meet employee cost varies significantly in states. Most ULBs meet employee cost from state government funds as well as its own revenue. Ex. In West Bengal, 85% of costs are met by state and remaining by respective ULBs. In Telangana, 100% costs (barring contract employees) is met by the state. Some of the states have capped administrative cost at 49% of the total revenues of the state. Lack of sufficient revenue at ULB level is a key impediment to filling up vacancies.

2.7 Absence of scientific workforce planning

While states have staffing norms for revenue and accounts sections based on population, households or income of the ULBs, these norms are followed based on past experiences or historical data. There is no evidence to suggest that states undertake workforce estimation by employing scientific techniques such as time and motion study, at regular intervals¹⁴.

2.8 Endemic staff vacancy

One of the more pressing problems faced by most ULBs in India is the high rate of vacant posts. While it is extremely difficult to source municipal staffing data, for few cities, where the data was available for revenue and accounts section, significant staff vacancies, particularly in Grades A and B have been observed.

14. ICF GHK, 2014, *Approach towards establishing Municipal Cadres in India*, <http://pearl.niua.org/sites/default/files/Final-Report-30-09-2014-submitted-M%20Cadre.pdf>

Table 3:Grade wise vacancy in revenue sections

City	Particular	Grade A	Grade B	Grade C	Grade D	% Vacancy*
Bhubaneswar	Total number of sanctioned post	4	0	74	17	18%
	Total number of permanent staff	0	0	64	13	
	Total number of contractual staff	0	0	3	0	
	Total number of staff in deputation	4	0	0	4	
	Grade-wise vacancy (Per. - San.)	4	0	10	4	
Chennai	Total number of sanctioned post	3	29	378	41	11%
	Total number of permanent staff	3	24	333	39	
	Total number of contractual staff	0	0	0	6	
	Total number of staff in deputation	0	1	8	3	
	Grade-wise vacancy (Per. - San.)	0	5	45	2	
Guwahati	Total number of sanctioned post	12	81	215	21	44%
	Total number of permanent staff	1	28	133	20	
	Total number of contractual staff	0	0	0	0	
	Total number of staff in deputation	0	0	0	0	
	Grade-wise vacancy (Per. - San.)	11	53	82	1	
Pune	Total number of sanctioned post	1	3	75	677	52%
	Total number of permanent staff	1	2	36	321	
	Total number of contractual staff	0	0	0	0	
	Total number of staff in deputation	0	0	0	0	
	Grade-wise vacancy (Per. - San.)	0	1	39	356	

Source: RTI Applications (2017-18); *Sanctioned-Permanent staff %

The position in accounts/finance departments appears to be a shade worse than in the revenue department. Number of sanctioned positions themselves in Grades A and B are too few, and within them, vacancies are high.

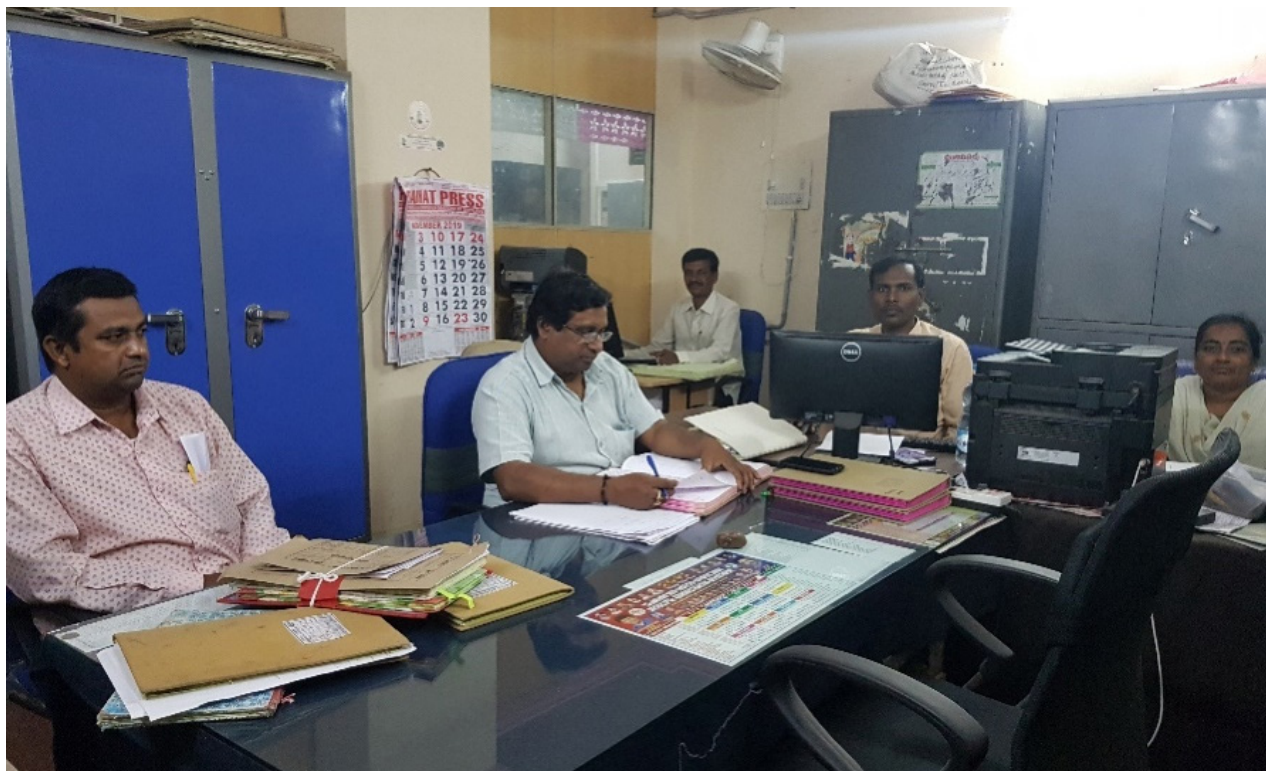
Table 4: Grade wise vacancy in accounts / finance sections

City	Particular	Grade A	Grade B	Grade C	Grade D	% of Vacancy*
Bhubaneswar	Total number of sanctioned post	2	0	4	0	100%
	Total number of permanent staff	0	0	0	0	
	Total number of contractual staff	0	0	2	0	
	Total number of staff in deputation	0	0	2	0	
	Grade-wise vacancy (Per. - San.)	2	0	4	0	
Chennai	Total number of sanctioned post	1	35	223	18	7.2%
	Total number of permanent staff	0	16	223	18	
	Total number of contractual staff	0	0	0	0	
	Total number of staff in deputation	1	19	0	0	
	Grade-wise vacancy (Per. - San.)	1	19	0	0	
Guwahati	Total number of sanctioned post	0	17	11	4	40.6%
	Total number of permanent staff	0	4	11	4	
	Total number of contractual staff	0	0	0	0	
	Total number of staff in deputation	0	0	0	0	
	Grade-wise vacancy (Per. - San.)	0	13	0	0	
Pune	Total number of sanctioned post	6	0	176	22	30.39%
	Total number of permanent staff	2	0	126	14	
	Total number of contractual staff	0	0	0	0	
	Total number of staff in deputation	1	0	1	0	
	Grade-wise vacancy (Per. - San.)	4	0	50	8	

Source: RTI Applications (2017-18)

Various facets of municipal staffing, especially of accounts and revenue functions show that India suffers from chronic challenges in municipal staffing.

3. TELANGANA'S MUNICIPAL STAFFING- A LANDSCAPE OF ACCOUNTS AND REVENUE SECTIONS



Telangana was one of the first states to have dedicated municipal service cadres in the country (when it was part of the state of Andhra Pradesh). As studies show, states with a dedicated municipal cadre system have been able to drive significant progress in urban development¹⁵. Telangana is not a misnomer to this and it has been able to usher in e-governance initiative, improve urban revenues etc.

This chapter provides an overview of the personnel system, including the hierarchy of services in urban Telangana. It further explains the staffing norms specific to accounting and revenue sections, provides details about current cadre strength & vacancies, and poor tenure of the executive leadership.

3.1 An overview of the personnel system in Telangana's municipal cadre service

The Andhra Pradesh Municipalities Act, 1985 provided for the establishment of municipal services and the same provision has been reinstated in the newly enacted Telangana Municipalities Act, 2019.

The key highlights of the new act are:

1. The state government has the power to make rules to govern the classification, methods of recruitment, qualification, conditions of service, pay and allowances, trainings and initiate disciplinary actions for municipal employment.
2. District collector may initiate disciplinary action or suspend municipal commissioner or other employees if the officer / employee has failed to carry out duties entrusted to him/her by law.
3. The state government decides on the sanction post necessary to run the ULBs with due regard to the its financial soundness.

15. ICF GHK, 2014, Approach towards establishing Municipal Cadres in India, <http://pearl.niua.org/sites/default/files/Final-Report-30-09-2014-submitted-M%20Cadre.pdf>

The state also enacted the Telangana municipal laws and urban development authorities law (amendment) act, 2016, to provide for the constitution of common municipal services. Once the corresponding rules are notified, this provision would enable postings and transfers to all categories of ULBs and urban development authorities, which is currently not possible. Ex. Currently, an officer in a municipality cannot get transferred to a municipal corporation. This provision is expected to create better opportunities for learning and career progression.

There are three types of municipal services in Telangana – state service, municipal subordinate service, and municipal services. Examinations to these services except municipal services are conducted by Telangana Public Service Commission (TPSC). There are no recruitment exams for the ‘municipal services’ cadre.

Fig 2: Hierarchy of Telangana urban service cadres



- The officers of state services are appointed by the government and they work both in ULBs and government departments. When the officers work in the ULBs, they are considered as municipal officers and they are under the administrative control of the municipal commissioner, who is the executive authority of the ULBs. Government has authority over transfers, initiating disciplinary action and termination.
- The officers for state municipal subordinate services are appointed by the C&DMA or Regional Director of Municipal Administration (RDMA). Appointing authority has powers over transfers, disciplinary action and termination.
- The officers in municipal service form the lowest in hierarchy and are appointed by the municipality with the prior approval of the C&DMA. Transfers are not applicable to this service and commissioner can initiate disciplinary action, as well as terminate employees with the approval from the C&DMA.
- Exhaustive service rules have been framed separately by sub categories of services to regulate the classification, recruitment, conditions of service, discipline and conduct etc. of the officers.
- Salaries and pensions of state services and municipal subordinate services are paid by the government. ULBs take care of salaries only of contract / outsourced employees.

3.2 Cadre and recruitment rules for accounts and revenue sections- key features

As can be seen in fig 4, accounts and revenue departments come under municipal subordinate service. They are governed by Telangana municipal accounts subordinate service rules, 2011 and Telangana municipal ministerial subordinate service rules 2012, respectively. Since the focus of this report is accounts and revenue sections, the service rules applicable to these sections are discussed below.

3.2.1 Municipal accounts subordinate service rules

Municipal accounts subordinate service was formed only in 2011 and prior to that ULBs did not have any accounts wing. A snapshot view of this service can be seen in table 6.

Table 5: C&R rules in a snapshot-accounts section

Sl. No.	Category	Post	Scale of Pay	Method of appointment	Qualification	Appointing authority	Local unit ¹⁶
1	Category I	Accounts officer (sanctioned only in ULBs with income more than ten crore rupees)	31,460-84,970	50% by direct recruitment 50% by promotion (by deputation from treasure and accounts department if employees with prescribed qualification are unavailable for promotion)	1. Graduation in commerce 2. Accounts test for local body employees. 3. Accounts test for subordinate officers - Part I and Part II	C&DMA	Multi-zone
2	Category II	Junior accounts officer (function as head of accounts section in ULBs with income upto ten crore rupees)	28,940-78,910	50% by direct recruitment 50% by promotion (By deputation from treasures and accounts department if employees with prescribed qualification are unavailable for promotion)		C&DMA	Multi-zone
3	Category III	Senior accountant	22,460-66,330	50% by direct recruitment 50% by promotion (direct recruitment if employees with prescribed qualification are unavailable for promotion)		RDMA	Each zone will be a local unit
4	Category IV	Junior accountant	16,400-49,870	50% by direct recruitment 50% by promotion (direct recruitment if employees with prescribed qualification are unavailable for promotion)		RDMA	Each district will be a local unit

Source: Telangana Municipal Accounts subordinate services rules, 2011

Areas mandated to cover in the induction training:

- Municipal organisation
- Office Procedures
- Revenue management
- Expenditure management
- Financial accountability
- Accounts / financial statements preparation
- Budget preparation
- Audit of accounts
- Service rules / departmental codes
- IT applications in accounting

- All candidates appointed by direct recruitment or promotion to all categories of this service should undergo an induction training for four months. Further, C&DMA shall hold orientation training at periodic intervals as required.
- The appointing authority is also the authority for discipline and control and can suspend, demote, withhold retirement from service, dismiss from service.
- Temporary appointment can be made by the appointing authority in the public interest to fill a vacancy immediately via promotion from a lower category.

3.2.2 Municipal ministerial subordinate service rules – key features

Ministerial subordinate services covers both administration and revenue sections. The details with respect to revenue section are given in table 7.

Table 6: C&R rules in an snapshot-revenue section

Sl. No.	Category	Post	Scale of Pay	Method of appointment	Qualification	Appointing authority	Local unit ¹⁷
1	Category II	Revenue officers of special and selection grade municipalities	(24440-71510)	By promotion	A pass in accounts test for local body employees	C&DMA	Multi-zone
2	Category III	Revenue officers of first, second and third grade municipalities		By promotion	A pass in accounts test for local body employees	&DMA	
3	Category IV	Upper division revenue inspectors / senior assistant	(22460-66330)	By promotion	A pass in accounts test for local body employees	RDMA	
4	Category V	Lower division revenue inspector / junior assistant	(16400-49870)	By promotion	A pass or intermediate or its equivalent examination	RDMA	
5	Category VI	Bill collectors	-	By promotion	A pass or intermediate or its equivalent examination	RDMA	

Source: Telangana municipal accounts subordinate services rules, 2011

17. Local unit determines the locations into which the officer can be posted and transferred.

- It is mandatory to give preference to women in direct recruitment and at least 30% in categories of open competition, backward classes, SC/ST quota should be reserved for women.
- Promotion is determined by seniority, primarily by age.
- Every person appointed to category V, should undergo an induction training for four months and those appointed to category VI should undergo induction training for a period of three months as prescribed by the C&DMA. Ministerial subordinate rules, unlike the accounts subordinate rules does not have a clause on orientation training at regular intervals.
- The appointing authority is also the authority for discipline and control, and can suspend, demote, withhold retirement from service, dismiss from service.

Areas mandated to cover in the induction training of category V employees:

- Two weeks in accounts section
- Two weeks in taxation
- Two weeks in town planning section
- Two weeks in engineering section
- Two weeks in public health section
- One week in council meeting section
- One week in inward section
- One week in outward section
- One week in record room

3.3 Norms for staffing

Municipal Administration and Urban Development Department (MA & UDD) looks at staffing norms as and when it deems fit. The last staff rationalisation study was undertaken in March 2007, which was before the state's bifurcation from Andhra Pradesh. Based on this study the government issued a Government Order (GO) in June 2011 revising the staffing norms across services in the state. The key drivers behind this move were absence of uniformity in staff strength in various ULBs among different grades as well within each grade, increasing urbanisation in the state (based on 2001 census), significant increase in financial transactions in ULBs etc. Posts were sanctioned based on population criteria in case of administration, revenue, public health, engineering and town planning sections. ULBs income was the criteria used to sanction posts in accounts section.

3.4 Shortage of staff in Telangana's ULBs

ULBs in Telangana are saddled with severe staff shortage. The total municipal service vacancy is 43%. There is a vacancy as high as 97% in selection grade and special grade municipalities for the post of commissioner, who is the executive head of an ULB. Most of these vacancies are handled through deputed officers / in-charges / foreign services. Ministerial subordinate service, which is essentially the oil in the day to day running of a ULB is crippled with a vacancy of 42%, severely impacting the ability of ULBs to deliver services.

Table 7: Cadre strength in ULBs of Telangana

Name of the post/service	Sanctioned	Working	Vacancy	% of vacancy
State cadre				
Additional director	10	4	6	60%
Regional director cum appellate commissioner	2	5	(3)	0%
Selection grade municipal commissioner	31	1	30	97%
Special grade municipal commissioner	46	1	45	97%
Grade – I municipal commissioner	40	40	0	0%
Assistant director	14	13	1	7%
Total	143	64	82	57%

Name of the post/service	Sanctioned	Working	Vacancy	% of vacancy
Multi zonal cadre				
Municipal commissioner grade - II	98	33	65	66%
Municipal commissioner grade - III	58	22	36	62%
Total	156	55	101	65%
Municipal subordinate services				
Administrative and revenue wing	991	559	432	44%
Accounts wing	210	81	129	62%
Public health and sanitation wing	172	45	127	73%
Urban poverty alleviation	18	12	6	33%
Town planning	407	175	232	57%
Engineering service	957	816	168	17%
Health and family service	168	41	127	76%
Total	2923	1729	1221	42%
Grand total	3222	1848	1374	43%

Source: Data as provided by the CDMA

Note:

1. Against 65 vacancies, 26 vacancies indent was submitted to the TPSC for onwards notification and remaining are kept aside for Assistant Section Officers / Superintendents
2. Against the 36 vacancies (Grade III), TPSC has issued notification for 19 vacancies under Group – II vacancies vide notification No. 20/2015 vacancies

3.6 Poor tenure of top management

Janaagraha's ASICS -Telangana 2019 study, shows that the average tenure of municipal commissioners in the state is less than a year, and it varies significantly across types of ULBs. Two biggest cities, Hyderabad and Warangal have witnessed four commissioners in last five years. The remaining four corporations have seen over five times a change in executive leadership. Newly constituted ULBs have already had two commissioners in less than one year of being constituted. Table 9 shows that the story in the sample ULBs of this study are no different. Karimnagar municipal corporation has seen as high as 13 municipal commissioners since 2014.

In such circumstances, the person leading the organization is transferred to another job before they can learn and implement the strategies they are expected to.

Table 8 : Churn of municipal commissioners in the sample ULBs since 2014

Karimnagar	Sircilla	Suryapet
13	5	4

Source: Data provided by the respective urban local bodies

4 TELANGANA'S MUNICIPAL ACCOUNTS & REVENUE SECTIONS- AN ANALYSIS



This chapter analyses the workforce management in the accounts and revenue sections by diagnosing four aspects:

1. Adequacy of workforce
2. Availability of skilled workforce
3. Reliance on information systems
4. Robustness of performance management system and employee training programme

4.1 Adequacy of workforce in accounts and revenue sections

Availability of adequate workforce is key to the functioning of any organisation. This section diagnoses the adequacy of workforce by looking at the staffing norms, vacancies in accounts and revenue sections and day to day responsibilities of the employees. It also assesses if the responsibilities that the employee should handle are reasonable. It also looks at the churn of section heads as it's a key factor ensuring the leadership continuity.

4.1.1 Staffing norms & process for its revisit

Municipal accounts subordinate services and municipal ministerial services follows staffing norms as per the GO in June 2011. In case of accounts function, income is the criteria for sanctioning post. In case of revenue function, population is the criteria for sanctioning post, Table 10, 11 provides the staffing norms to be followed in the ULBs.

Table 9: Staffing norms for accounts service

Post (Accounts)	ULB - Population size					
	Above INR 100 Crores	Above 50 crores and up to 100 crores	Above 20 crores and up to 100 crores	Above 10 crores and up to 20 crores	Above 3 crores and up to 10 crores	Up to 3 crores
Accounts officer	2	1	1	1	-	-
Junior accounts officer	2	1	1	0	1	1
Senior accountant	6	4	3	3	2	1
Junior accountant	8	6	5	3	2	1

Source: GO No. 218 Dated 15.06.2011

Table 10: Staffing norms for revenue service

Post (Revenue)	ULB - Population size					
	10 Lakhs above	5 Lakhs and above and below 10 lakhs	3 lakhs and above and below 5 lakhs	1 lakh and above and below 3 lakhs	40,000 and above and below 1 lakh	Below 40,000
Revenue officer	8 Two for each circle	4 Two for each circle	2	1 (category II)	1 (category III)	-
UD revenue inspector	One for 4 bill collectors	One for 4 bill collectors	One for 4 bill collectors	One for 4 bill collectors	One for 4 bill collectors	One for 4 bill collectors
Bill collector	One for 3,000 assessments	One for 3,000 assessments	One for 3,000 assessments	One for 3,000 assessments	One for 3,000 assessments	One for 3,000 assessments

Source: GO No. 218 Dated 15.06.2011

A decade has passed since the staffing structure has been revisited. Given that the state is newly formed and that there could be new challenges owing to the formation of new ULBs and merging of panchayats to existing ULBs, it will be useful if the state undertakes a comprehensive staff rationalisation exercise.

4.1.2 Shortage of staff

The state level picture of staff shortage was visible in the sample ULBs. In accounts section, as can be seen in table 12, no ULBs that were sampled have an accounts officer. Karimnagar, which is a municipal corporation has only a junior accounts officer to handle all the affairs pertaining to its accounts section. This junior accounts officer is deputed from Kagaz Nagar municipality. Deputation from another ULB is an adjustment arrangement practiced in urban Telangana, wherein a relatively better staffed ULB's employee is sent on deputation to a poorly staffed ULB. In this working arrangement, the deputed employee draws salary from the parent municipality but works for the deputed ULB. This mode of functioning has completely ignored the span of control that should exist within an organisation. For example, Suryapet municipality, has a junior accounts officer and senior accountant, but they have the additional responsibility of handling accounts section of newly constituted municipalities, as employees under accounts section have not yet been sanctioned in these municipalities. Junior accounts officer has additional responsibility of Wyra municipality (87.7 km from Suryapet municipality) and senior accountant has additional responsibility of Chitiyal (58.4 km from Suryapet) and Thirumalgiri (45 km from Suryapet) municipalities. The junior accounts officer spends two days in Wyra and four days in Suryapet in a week, with the number of days not being prefixed but decided as required. Similarly, senior accountant spends one day each in Chitiyal and Thirumalgiri and four days in Suryapet, significantly adding to their burden of work.

Table 11: Staffing strength in sample ULBs-accounts section

Designation	Karimnagar			Sircilla			Suryapet		
	Sanctioned	Working	Vacancy%	Sanctioned	Working	Vacancy%	Sanctioned	Working	Vacancy%
Accounts officer	1	0	100%	0	0	100%	0	0	100%
Junior accounts officer	1	1	0%	1	1	0%	2	1	50%
Senior accountant	3	0	100%	2	0	100%	2	1	50%
Junior accountant	5	0	100%	2	0	100%	5	0	100%

Source: Respective ULBs

The municipal functionary manual, which is part of the municipal administration manual details down the job responsibilities by designation. These detailed responsibilities have been enlisted in table 13.

While the municipal functionary manual provides job responsibilities by designation, there is no separate manual otherwise available that splits the responsibilities in case there is more than one officer under the same designation. The distribution of work between employees is to be done by the accounts officer who is essentially the manager of accounts section. But as we have seen already, the severe shortage of staff in the accounts section has made this functionary manual pointless given that, in practice, there is only one or two officers to handle supervision and day to day affairs.

Table 12: Responsibilities of officers in the accounts section

Accounts officer	Junior accounts officer (JAO)	Senior accountant (SA)	Junior accountant (JA)
Distribution of work amongst accounts section	Assist the accounts officer in fulfilling his duties	Assist JAO in fulfilling her/ his duties	Assist higher level functionaries
Responsible for all activities listed in circular dated 25.03.2013	Supervising the responsibilities of other staff	Deliver on the responsibilities of JAO or JA in their absence	Discharge the functions of SA in her/ his absence
Supervise all the responsibilities entrusted to the accounts section	Daily reconciliation of all collections made	Discharge banking responsibilities	Follow general accounting checks and procedures
Internal audit of all bills	Quarterly reconciliation of all balances from demand registers	Follow accounting checks for all employee transactions	Preparation of monthly and annual up-to date financial statements as per the DEABAS
Nodal Officer for implementing Double Entry Accrual Based Accounting System (DEABAS)	Internal unit reconciliation such as property tax demand etc.	Follow accounting checks for utilization of central and state grants	Preparation of budget estimates and revised budget estimates
Exercise budgetary control over expenditure	Budgetary control	Preparation of monthly and annual financial statements in DEABAS system	Preparation of replies to objections raised in audit report
Ensure correct preparation and processing of cheque	Internal audit of all bills	Act as custodian for all investments	Maintenance of cash book

Accounts officer	Junior accounts officer (JAO)	Senior accountant (SA)	Junior accountant (JA)
Maintenance of all registers related to accounting	Preparation of monthly and annual accounts in DEABAS	Preparation of budget estimates and revised budget estimates	Ensuring proper payments from municipal funds as per rules
Supervise fulfilment of responsibilities of staff	Preparation of budget estimate and revised budget estimate	Preparation of replies to objections raised in audit report	Closing of cash book every month
In the absence of JAO, carry out her/ his functions as well	Preparation of replies to objections raised in audit report	Ensuring proper payments from municipal funds as per rules	Reconcile cash book with remittances
Preparing agenda relating to accounts section	Proper maintenance of all book of accounts	Closing of cash book every month	Reconcile cash book with treasury and bank pass book
Attend council meetings	Ensure proper payments from municipal funds as per rules	Reconcile cash book with remittances	Maintain paid vouchers in safe custody
	Act as custodian of all investments	Reconcile cash book with treasury and bank pass book	Maintain various registers
	In the absence of senior or junior accountants, carry out her/his responsibilities as well	Maintain posting register	Ensure the closure of accounts for PF, FBF, GIS and Pensions
	Maintain paid vouchers in safe custody	Scrutinise and pass bills	
		Maintain various registers	Recover statutory deductions from employees
		Check the closure of accounts for PF, FBF, GIS and Pensions	Adjustment of assigned revenues, grants to the municipal funds
		Scrutinize and pass bills	Responsible for all investments made by the municipality and ensure prompt realization
		Recover statutory deductions from employees	Ensuring expenses are within the budget provision
		Adjustment of assigned revenues, grants to the municipal funds	Placing financial position of municipality before the council
		Payment of loan annuities	
		Adjustment/ recovery of all kinds of advances	
		Placing financial position of ULB before the council	
Other responsibilities as delegated by the commissioner			

Note: Municipality in this table refers to ULBs

Source: Telangana Functionary Manual

The interviews with employees and analysis of a typical day of work of employees in the accounts sections, peak time of work and additional responsibilities beyond core work shows that the employees in accounts section are overburdened.

The inadequacy of staff throttles the accounts section the most, as there is usually only a single person to handle all the responsibilities. Based on the interviews, it was learned that these officers spend an average of 10-12 hours a day at work. They have to perform a range of functions such as daily reconciliation of collections made, payments from municipal funds, bill scrutiny, maintenance of cash book, internal audit of bills related to public works, budgetary control, preparation of manual and monthly accounts in 'DEBAS' software, budget preparation etc. The peak time for the accounts section is from November to March with budget preparation and closure of financial year formalities. During this period, the working hours on some days even extend to 12-14 hours, sometimes even taking up the weekend.

Table 13: Staff strength in sample ULBs- revenue section

Designation	Karimnagar			Sircilla			Suryapet		
	Sanctioned	Working	Vacancy%	Sanctioned	Working	Vacancy%	Sanctioned	Working	Vacancy%
Revenue officer	2	0	100%	1	1	0%	1	1	0%
Revenue inspector	4	4	0%	1	1	0%	1	1	0%
Bill collectors	17	8	52%	8	5	38%	5	0	100%

Source: Respective ULBs

In the revenue section, the situation is relatively better when compared to the accounts section. Karimnagar municipal corporation has sanctioned strength of two revenue officers, but the ULB is being currently managed by an in-charge who is basically a revenue inspector. All the three municipalities also have shortage of bill collectors, who are the key agents for improving collection efficiency in the ULB. Suryapet municipality, does not even have a single regular bill collector. However, it may be noted that ULBs have appointed in-charge bill collectors, who were originally recruited to discharge a different duty and contract/ outsourced bill collectors, who help in performing reasonably on revenue collection. Ex: Sircilla municipality has a total of 12 bill collectors including in charge employees and contract/ outsourced bill collectors, to collect property tax and water charges from its 12 revenue wards.

Table 14: Bill collectors Vis-a-Vis number of properties

ULB	Total revenue wards	Total assessments	Working	In charge /out-sourced	Total	Bill collector per property (Regular)	Bill collector per property (Total)
Karimnagar	10	53,948	71	11	18	1 regular bill collector for 7,707 properties	1 bill collector for 2,997 properties
Sircilla	12	16,258	0	12	12	0 regular bill collectors	1 bill collector for 1,354 properties
Suryapet	34	19,648	4	12	16	1 bill collector per 1,637 properties	1 bill collector for 1,228 properties

Source: Respective urban local bodies

1. Although there are regular bill collectors, one of them is assigned only to tap bill collection

While the combined number of bill collectors satisfy the staffing norm of one bill collector for 3,000 properties, it is not a sustainable practice to depend on in-charge employees in the long run.

The municipal functionary manual, also includes job responsibilities of revenue sections by designation and is given in table 17. The distribution of work between employees is to be done by the revenue officer who is essentially the manager of revenue section.

Table 15: Responsibilities of officers in the revenue section

Revenue Officer (RO)	Revenue Inspector (RI)	Bill Collector (BC)
Outdoor inspection to supervise the work of RIs and BCs	Outdoor inspection to supervise the work of BCs	Daily outdoor work for a period of 5 hours
Timely action on assessment of all new buildings	Timely action on assessment of all new buildings	Proper service of bills for collection of tax and non-tax
Assessment of all vacant lands	Assessment of all vacant lands in her/ his jurisdiction	100% collection of tax and water charges
Assessment of animal and vehicle tax	Assessment of animal and vehicle tax in her/ his jurisdiction	Spot entry into memoranda post collection
Detecting under-assessed and un-assessed properties	Detecting under-assessed and un-assessed properties in her/ his jurisdiction	Maintain Daily Collection Book(DCB) and make entries in challan register
Actioning on time barred taxes before competent authority	Prompt service of demand notice of property tax/ water charge	Remit collections as entered in challan register into municipal treasury
Timely collection of tax and non-tax revenue	Collection of monthly rentals of municipal shops and shopping complexes etc.	Report new constructions, addition to existing buildings etc.
Preparation of demand notices and other charges		Service of occupier notices and other notices and obtain acknowledgement
Test-check 10% of the bills	Timely collection of taxes and non-taxes in her/ his jurisdiction	Service of special notices and obtain acknowledgement
Verify register of bills	Initiate distraint proceedings against tax defaulters	
Attest corrections in supplementary bills	Collection of all arrears	Attend the office of Municipal Standing Counsel(MSC) for obtaining information of suits filed against the Corporation
Corrections in property tax demand register	Check daily collections of BCs, at municipal treasury and e-seva centers	Attend civil courts on behalf of the Corporation
Test check bill receipts, demand notices, memoranda	Ensure BCs make spot entry	Submission of list of arrears pertaining to the ward
Supervise RIs, BCs.	Check 10% of the receipts issued by the BCs	Maintain a register with address of tax payers residing outside municipal limits
Scrutinise diaries of RIs, BCs	Ensure BCs make entry of daily collections in challan register	
Preparation of arrear demand register	Ensure BCs remit daily collection into municipal treasury	
Maintain record verification of money value forms	Submit diary along with the jurisdiction's BCs' diary to RO	
Ensure timely collection of property tax	Ensure timely collection of property tax	
Furnish monthly demand, collection and balance statement	Attend the office of Municipal Standing Counsel(MSC) for obtaining information of suits filed against the Corporation	
Check tax and non-tax due from elected representatives		

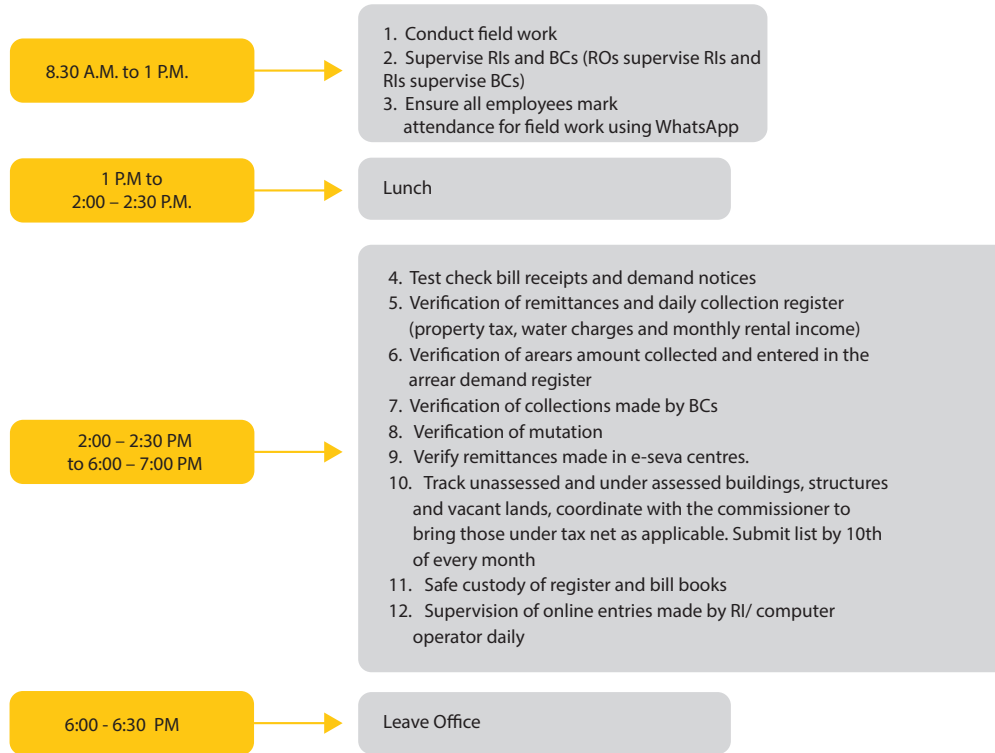
Revenue Officer (RO)	Revenue Inspector (RI)	Bill Collector (BC)
Collate list of collection from e-seva centers	Attend civil courts on behalf of the corporation	
Maintenance of all prescribed registers	Maintain list of taxes and non-taxes due from elected representatives	
Other responsibilities as per the acts and rules	Other responsibilities as per the acts and rules	
Perform any activities delegated by the Commissioner/ Deputy Commissioner/ Assistant Commissioner		

Note: Municipality in this table refers to ULBs

Source: Telangana Functionary Manual

As can be seen from Fig 4, 5, on an average, a revenue officer / an employee spends only about 9.5 hours at work. They typically begin their day by 8:00 AM with field work and spend afternoon on office work. But systematic revenue collection is doubted as the employees informed that they work till 10:00-11:00 PM on few days in February-March. This period also witnesses taxing of other employees from other sections to achieve maximum revenue collection by the year end. Also, revenue section tends to get additional work especially on field assignments such as supervision of 'haritha vanam' project, an urban forestry drive, plastic collection drive, beneficiary verification for pension payment and pension distribution, assignments aligned to swachh bharath mission etc.

Fig 3: One day of work- Revenue Officer and Revenue Inspector



One day of work: Revenue inspector

Peak time – February to March

Work during weekends, typically 8:00 AM to 10:00 PM.

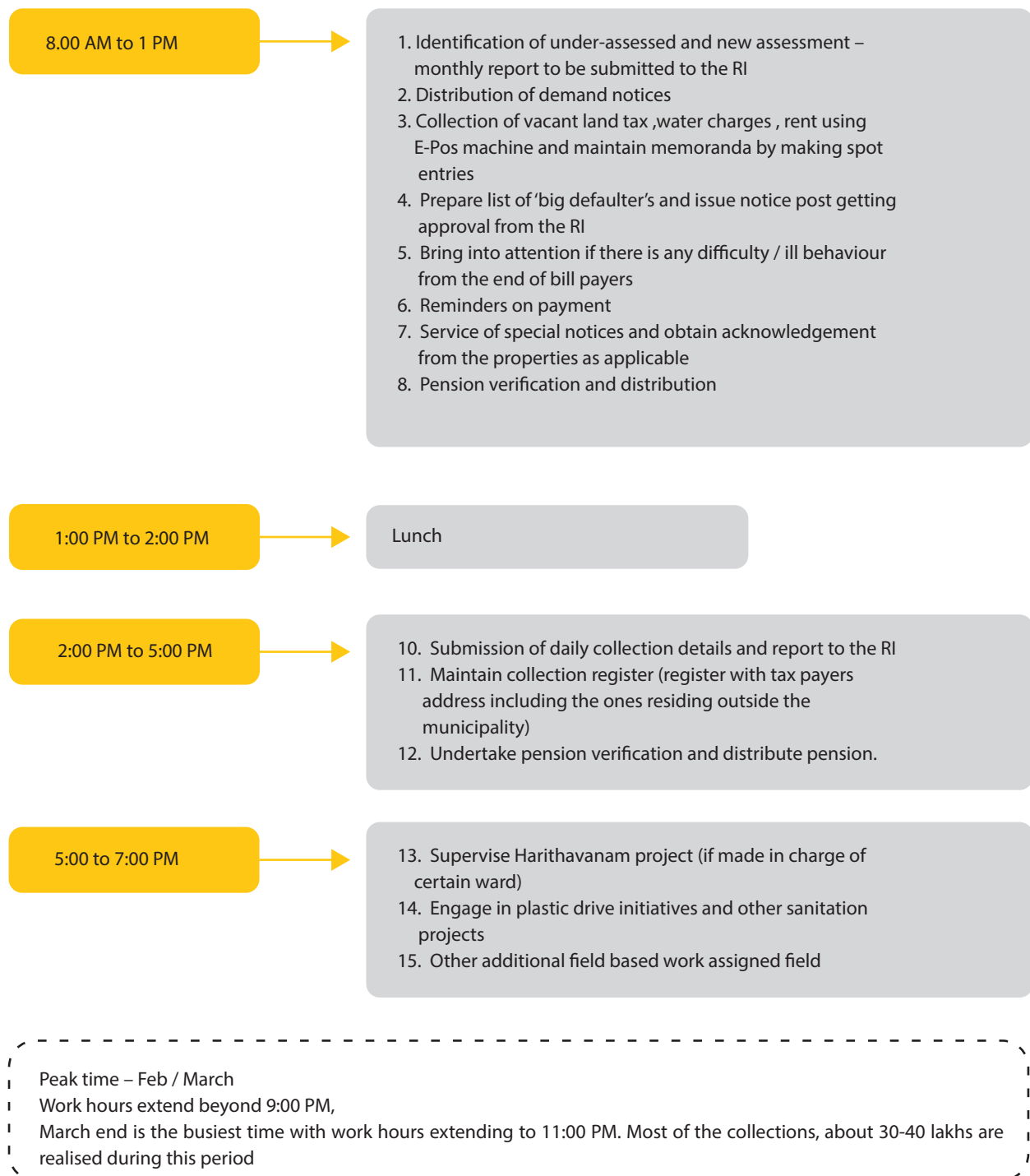
Rush period – March

- a) More than 50% of revenue collection, especially property tax collection happens in February and March.
- b) To achieve the maximum collection possible, commissioner typically creates a team, with member from other sections apart from revenue in the last two weeks of March.
- c) C&DMA monitors the revenue collection efficiency and therefore there is pressure on the ULB to realize the potential to maximum

The work schedule of revenue inspector is similar to the revenue officer. Revenue inspector supervises bill collectors and reports to the revenue officer. In case there is more than one revenue inspector in an ULB, the revenue wards and the corresponding bill collectors will be equally distributed between the revenue inspectors.

Source: Based on interviews in sample ULBs

Fig 4: One day of work - Bill Collector



4.1.3 Tenure of department heads

A key factor affecting workforce adequacy is also the stable tenure of the department heads. As can be seen in table 18 the sample ULBs seems to have reasonable tenure for department heads in both accounts and revenue departments, except Sircilla municipality which had six revenue officers since 2014 and Karimnagar which had six accounts officers since 2014.

Table 16: Churn of department heads

Post	Karimnagar	Sircilla	Suryapet
Revenue Officer	3	6	2
Accounts Officer	6	1	0

Source: Respective ULBs

Note: Posts include in charge officers / acting officer

Absence of stability in leadership tenure can negatively impact the department functioning .

4.1.4 The way forward

Based on the analysis on adequacy of workforce, it can be concluded that both accounts and revenue sections suffer from insufficient workforce to carry out day to day tasks. The following steps can be undertaken to overcome this challenge.

State

1. Amend Telangana municipalities act, 2019 to mandate a comprehensive revision of state level municipal staff requirement based on scientific techniques such as time and motion study, every ten years , to ensure that the sanctioned strength is commensurate with the growth of the cities.
2. Undertake a comprehensive scientific staff rationalisation exercise in the accounts and revenue services (preferably for all departments), given that the last such exercise was undertaken in 2011 based on 2001 census.
3. Amend Telangana municipal accounts subordinate service rules and municipal ministerial subordinate service rules to mandate three year tenure for revenue officer and accounts officer to ensure stability in leadership tenure.
4. Fill vacant position in accounts and revenue sections on an urgent basis given the impact of inadequate workforce on work distribution. The hiring would involve a financial implication of about INR 265,902,414 (excluding other employee benefits).
5. Explore outsourcing based solutions (non-core functions such as billing and collections) to overcome shortage of staff, both in terms of quantity and quality. This should be based on a cost benefit analysis. ULBs could engage with an agency to facilitate collections through digital channels, actively leveraging tele calling, instead of bill collectors going on a door to door campaign to give payment reminders. The agency hired is to be paid only a percentage of tax collected through the digital channels. The experience of Ranchi municipal corporation and other ULBs in Jharkhand could be instructive.

ULB

6. Create a medium-term workforce plan and an annual workforce plan aligned to ULB's medium term fiscal plan and annual budget.

4.2 Availability of skilled workforce

Quality of human resources is as important as the quantity of workforce available. This section looks into the recruitment process and quality of C&R rules in terms of mandates on qualifications. It also identifies the gaps in the current service rules pertaining to the skill sets applicable to accounts and revenue sections.

4.2.1 Recruitment process and mandates on qualification

Telangana State Public Service Commission (TSPSC) is in charge of recruitment to the local bodies in the state. The recruitment process entails written test and / oral tests as prescribed by law.

In case of municipal accounts subordinate service, candidates should clear 'accounts test for subordinate services' (paper 8 and 10) and also the accounts test for the employees of local bodies (paper 146 and 148). The direct recruitment process entails only written test and no interview.

As we can see in table 19, an aspirant of municipal accounts subordinate service will have to learn rules and procedures pertaining to financial code, treasury code, budget manual etc. They also have to appear for two general papers, 'accounts test for the employees of local bodies' (which aspirants vide all services have to clear) and it covers common acts, acts relevant to local bodies, parts of treasury code etc. However, it must be noted that there is no test to assess their computer operations skills, considering the growing importance of IT in the administration of ULBs.

The municipal accounts subordinate service rule stipulates 50% of the posts to be filled by direct recruitment and 50% by promotion. However, there is no department test or proficiency test held by TPSC in case of recruitment vide promotion in accounts service.

In case of municipal ministerial subordinate service, candidates need to appear only for one test on general paper, 'accounts test for the employees of local bodies'. The TSPSC also conducts department exams in the month of May and November every year, for promotion from lowest rung. Ex. If a bill collector has to climb up the ladder, he/ she will have to clear paper 146 and 148 to be considered for promotion as senior assistant. But there are no other department test / proficiency test required for recruitment vide promotion beyond this level. As seen in table 7, the municipal ministerial subordinate rules provides for recruitment only vide promotion for revenue inspector and revenue officer posts.

The scope of work of both revenue and accounts functions entails technical skill sets such as proficiency in microsoft excel and word, accounting or database software. The absence of evaluation tools on technical skills required for the role in the recruitment process, as we will see in the upcoming sections, has rendered people with inadequate skill sets getting recruited for the job. Similarly, proficiency test for promotions is also important, in the interest of including adequate skills component as the personnel scales the ladder. Currently though promotion is only based on seniority.

Table 17: Syllabus for recruitment/ department exams for accounts and revenue sections

The accounts test for subordinate officers – part 1(paper code – 8)	The accounts test for subordinate officers – part 2(paper code – 10)	Accounts test for the employees of local bodies – paper 1 (paper code – 146)	Accounts test for the employees of local bodies – paper 2 (paper code – 148)
<ol style="list-style-type: none"> 1. Andhra Pradesh Financial Code, Volume 1 2. Andhra Pradesh Financial Code, Volume 2 3. Andhra Pradesh Treasury code, Volume 1, Part 1, Part 2(Chapters 2,5&7) & Part 3(Chapter 4) 4. Andhra Pradesh Treasury code, Volume 2(omitting appendices 1 to 10, 11,14,15 and 18 to 25) 5. Andhra Pradesh Account code, Volume 1(Chapter 3 to 6 and appendix 3) 6. Andhra Pradesh Budget Manual, Chapter 1,5,7 and 8 7. Fundamental Rules and Subsidiary Rules framed thereunder by the AP 8. Government including the AP Leave rules, 1993 9. Andhra Pradesh Manual of Special Pay and Allowances, Part 1(omitting appendix) and Part 2 10. Andhra Pradesh Pension Code 	<ol style="list-style-type: none"> 1. Andhra Pradesh Treasury Code, Volume 1, Part 2(Chapters 1,2,4,6,8,9 and 10) and Part 3(Chapter 1 to 3) 2. Andhra Pradesh Treasury Code, Volume 2(Omitting appendices 1 – 9, 12,13,16 and 17) 3. Andhra Pradesh Account Code, Volume 2 4. Government Securities Manual, third edition. Chapter 1(omitting para 10 and 11), chapter 2(omitting para 13 & 23), Chapters 4,5,6,9 & 10 (omitting para 123 and appendix 2) and the Andhra Pradesh Government Securities Rule, 1937 5. Constitution of India, 1950, Articles 148 to 151, 202 to 207, 264 to 293 and 308 to 314 6. An introduction to the Indian Government Accounts and Audit 7. Andhra Pradesh Pension Code 	Common acts: <ol style="list-style-type: none"> 1. Andhra Pradesh Elementary Education Act 2. Andhra Pradesh Public Health Act 3. Public Health Code 4. Andhra Pradesh Public Libraries Act 5. Local Authorities Loans Act 6. Places of Public Resort Act 7. Andhra Pradesh Municipalities Act, 1956 and the rules framed thereunder 8. Andhra Pradesh Town Planning Act and chapter 14 of Andhra Pradesh 9. Telangana area) District Municipalities Act, 1956 10. Manual of Prevention of Food Adulteration 	<ol style="list-style-type: none"> 1. Fundamental Rules 2. Manual of Special Pay and Allowances 3. Portion from the Andhra Pradesh Treasury Code, Volume 1 – part 1 of treasury rules 10,12 to 29, 31 and 32 4. Part 2 Chapter 3 Subsidiary rules 1 to 4,6 to 12, 18 and 19 5. Instructions 7 to 10, 17 to 20, 28 to 30 and 32 6. Chapter 4 Subsidiary rules 1 to 5 7. Chapter 5 Subsidiary rules 1 to 14, 18 to 26, 31, 32, 39 to 51, 57, 61, 64 and 90 8. Instructions 38, 40 to 45, 50 and 57 9. Chapter 7 Subsidiary rules 1 to 5 10. Instructions 1 & 2 11. Part 3, Chapter 4, Instructions 1 to 4

Source: Notice issued by TSPSC , as shared by C&DMA

4.2.2 Qualification of employees

The municipal accounts subordinate service rules mandate all employees in the accounts section to be a graduate in Commerce. As can be seen in table 20, all the employees in the accounts section of the sample ULBs hold a postgraduate degree in commerce. The municipal ministerial subordinate rules on the other hand do not specify any specific discipline and a personnel with 12th pass can become revenue officer vide promotion based on experience. As can be seen in table 21, employees in revenue section come with various backgrounds such as 12th pass, degree in social science disciplines etc. This could be a problem given that the revenue function requires handling of number and academic training without sufficient quantitative aspects could impact the working of the department, especially on functions such as revenue forecast and optimisation, drawing up business plan for the ULB etc, which currently ULBs do not carry out, but ideally should.

Table 18: Academic qualifications of employees in the accounts section (sample ULBs)

Post	Karimnagar			Sircilla			Suryapet		
	Education	Experience in the current role	Total services years	Education	Experience in the current role	Total services years	Education	Experience in the current role	Total services years
Accounts officer	-	-	-	-	-	-	-	-	-
Junior accounts officer	M.Com	6	6	M.Com, Bed	6	6	M.Com, PGDCA	6	6
Senior accountant							M.Com, MBA (Finance)	6	6
Junior accountant	-	-	-	-	-	-	-	-	-

Source: Respective ULBs, interviews

Table 19: Academic qualifications of employees in revenue section (sample ULBs)

Post	Karimnagar			Sircilla			Suryapet		
	Education	Experience in the current role	Total services years	Education	Experience in the current role	Total services years	Education	Experience in the current role	Total services years
Revenue officer	BA Sociology	1	24	MA Political Science	0.75	9	BA History	1	11
Revenue inspector	BSc/B.Com	2	NA	12th pass	4	19	12th pass	1	36
Revenue inspector	BA History	4.5	NA	BA Economics	2	9	-	-	-
Revenue inspector	12th pass	13	29	-	-	-	-	-	-

Source: Respective ULBs, interviews

If this level of qualification and experience is compared to some of the global cities, a stark contrast can be seen. An intermediate level analyst in the accounting and finance department with the GLA has an M.Sc. in investment management and a B.Sc. in banking and international finance . The chief finance officer of Joburg is a qualified accountant as a fellow chartered certified accountant, with a graduation in commerce degree. He also has qualifications in advanced principles and applications of South African taxation, investment appraisal and risk analysis and practical leadership in a political environment . The current deputy commissioner of the department of finance's property division in New York city is in charge of overseeing the operations of the valuation, mapping, and exemptions units. He holds a master of science degree in real estate and is a certified general real estate appraiser and has about 15 years of experience in property management¹⁸ .

18. Based on LinkedIn profile

4.2.3 Absence of technical & behavioural competencies in C&R rules

Both the C&R rules lack any specifications on technical competencies such as skills in computer application, programming etc. and behavioural competencies such as managerial skills, stakeholder management, customer service skills, negotiation skills, people management skills etc. In spite of IT becoming a significant part of municipal functioning, the C&R rules do not mandate computer operation skills for revenue or accounts sections. Most employees were not confident with their basic computer operations skill. While the employees in the accounts section of sample ULBs said that they are comfortable with excel and are well-versed with DEBAS software, they ranked themselves only 3-6 on a scale of 0 to 10. There was only one employee, who self-ranked 8. The revenue officers in all sample ULBs identified their computer operations skill as weak or zero. Revenue inspectors also self-ranked between 3 and 4. Interestingly, few of the younger bill collectors, who joined on compassionate grounds, with 12th pass and later studied further (B.Com / B.Tech) self-ranked between 6 and 7. Considering the state of current IT skills and absence of training programme, expanding revenue management online will be a real challenge. All three ULBs have tried to circumvent this issue by outsourcing this function to a computer operator. But in the long term it is important that employees' IT skills are sharpened, to better streamline the processes and achieve more efficiency.

Well run global cities have these elements well defined in the service rules. Ex. The head of financial services of the GLA, who is in charge of developing and implementing financial strategies that contribute to the mayor's strategic objectives, and devise MTFPs and LTFPs, is mandated to be a full time member of a professional accountancy body and possess sufficient knowledge and experience in management accounting in public sector. Apart from technical proficiency, skills like relationship management, planning and organising, decision making, organisational awareness and performance management – trait linked to one's character and conduct are highly valued ¹⁹.

4.2.4 Missing functions

The C&R rules does not provide for contemporary roles. Both accounts and revenue sections are challenged by missing functions. Technology has become a force-multiplier in urban administration's service delivery. Use of IT, GIS, GPS in land assessment, property tax and other online services cannot be achieved effectively without professional talent. While most global cities have sanctioned posts dedicated for planning and management of asset, treasury accountant, cash flow accountant, and credit risk manager etc., these roles do not find a mention in the Telangana C&R rules.

It is interesting to note that accounts section employees in the sample ULBs were not oriented towards the concept of financial management plan / medium term fiscal plan and revenue officers were not oriented towards revenue management plan. Similarly, when asked about the skills the employees would like to pick, most of the employees in the revenue section couldn't identify a skill that they would like to learn and the senior employees showed no interest in picking up computer operation skills. There was a lethargy evident in the revenue section in the sample ULBs. While skill is a factor, this could also be driven by the fact that the ban on recruitment in revenue section over a decade has resulted in creating a laid back approach within the department. Also, more than 90% of the new appointments were based on compassionate grounds. This has resulted in a lack of energetic fresh blood in the organisation. All these indicate the weak framework of accounts and revenue sections envisaged for an ULB and therefore weak staffing.

In response to this lack of motivated employees and inadequate staff force, the 5th State Finance Commission of Haryana has recommended to establish a State Level Urban Shared Services Center (USSC) to provide technological support and expertise to urban local bodies to help improve their delivery of public amenities and services. The report states that such an arrangement will not only reduce burden on the local municipalities but also help ULBs work with the limited capacities, and facilitate enhancing delivery of urban services. The report proposes to establish USSC under the urban directorate of the state. As municipal responsibilities are becoming increasingly complex and demanding, ULBs may explore shared services and other cooperative opportunities to reduce cost and improve or maintain service delivery. This is potential option to consider given its scope to surmount the constraints of manpower in urban local bodies.

19. <https://www.london.gov.uk/about-us/governance-and-spending/spending-money-wisely/gla-senior-salaries-and-job-descriptions>

Case 4: Municipal shared services arrangement between municipal entities in New York

Municipal shared services in New York is a practice in which communities with budget constraints share services with neighbouring municipalities. The practice results in cost savings by elimination of duplicate services. Article 5-C of the general municipal law provides broad authority for undertaking cooperative efforts. Municipalities of all types are authorized to enter into inter-municipal cooperation agreements, where one municipality provides a service to another, or there are agreements among municipalities to jointly provide services. The article defines a municipal corporation as a county outside the city of New York, a city, a town, a village, a board of cooperative educational services, fire district or a school district.

In the state of New York, many municipalities are leveraging the practice of shared services in functions such as accounting which involves staff, payroll services etc., property tax collection, procurement records management, equipment sharing, IT administration, IT asset management, IT security etc..

MSS increased the quality of public service, in the form of better cooperation and integrated planning, enhanced efficiencies, centralized and improved personnel training, all of which resulted in efficient and effective delivery of services to the citizens.

Source: <https://www.osc.state.ny.us/localgov/pubs/research/sharedservices.pdf>

4.2.2 The Way forward

As we have seen, the quality of human resources is a significant challenge in the ULBs of Telangana. Given below are the steps that can be adopted to overcome these challenges.

STATE

1. Create Municipal Share Services Centre (MSSCs) with regional units to adequately serve the ULBs to overcome the challenges of both the quantity and quality of staff in accounts and revenue sections (extendible to other services such as payroll processing, vendor payments, MIS etc). MSSCs should be structured as to be commercially viable, attractive enough for ULBs to opt-in, and capable of crowding in private investment. It will provide ULBs the flexibility of not having to staff all sections in a uniform manner, creating economies of scale and standardisation, and eventually building the capability to rotate a centralised pool of staff among ULBs, based on requirements.

The fifth state finance commission of Haryana recommends to establish a state level urban shared service centre under the urban directorate of the state. The suggested purpose is to provide technological support and expertise to ULBs to help improve their delivery of public services and amenities, reducing burden on ULBs.

2. Include evaluation parameters on technical competency such as requisite skills in computer operations in the recruitment exams at all levels of accounts and revenue sections.

3. Amend both municipal accounts subordinate rules and municipal ministerial subordinate service rules to include technical competencies (Ex. skills in computer operations such as microsoft excel, microsoft word, database applications etc) and behavioral competencies (Ex. planning & monitoring skills, team building skills, decision making skills, execution and coordination skills, time management, communication skills, problem solving skills etc).

4. Amend municipal accounts subordinate service rules to include following roles:

- a. Treasury management expert to oversee cash flows management, overall financial management and management information system
- b. Urban infrastructure financing expert

5. Amend municipal ministerial subordinate service rules to include contemporary functions such as:

- a. Revenue expert for revenue analysis and forecasts
- b. Asset management expert
- c. Bill collectors assigned to specific revenue source with specific collection targets.

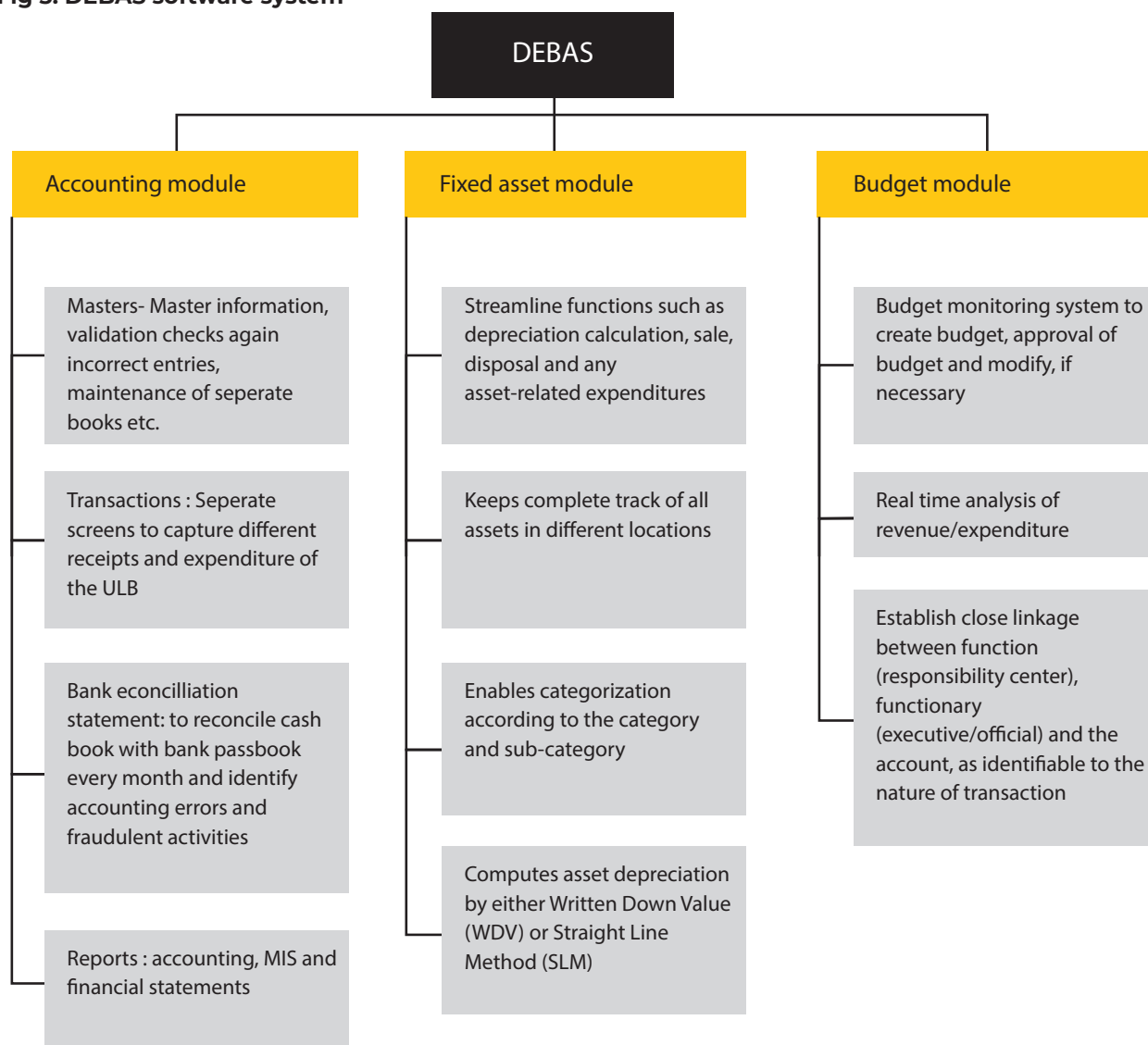
Since acquiring such skills could be difficult for smaller ULBs such services can be housed at MSSCs or can be outsourced to specialised institution.

6. Introduce proficiency test / department test for recruitment vide promotion.

4.3 Reliance on information systems

Accounts sections across the ULBs in the state use Double Entry Based Accounting System (DEBAS) software which was introduced in the year 2009 for financial and budget management. As can be seen in Fig 6, DEBAS has three main modules – accounts, budget and fixed asset module. The software enables the department to adopt double entry accounting system, helps in generating records (cash book, journal book, ledgers) and financial statement reports, provides management control for voucher and work-flow approval.

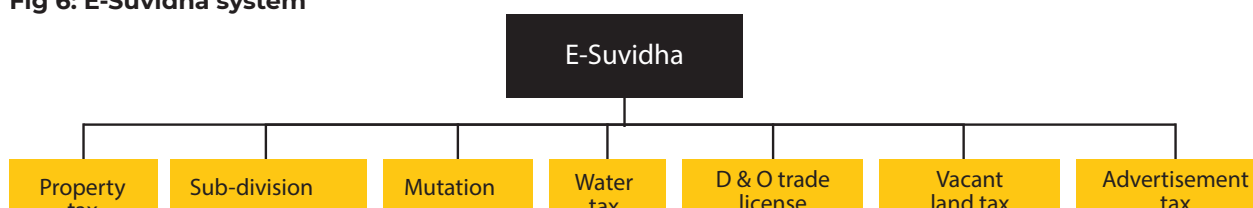
Fig 5: DEBAS software system



Source: As provided by C&DMA

Similarly, the revenue sections uses the E-Suvidha software which was introduced in the ULBs in Telangana in the year 2002 for property tax management. As can be seen in Fig 7, it consists of seven modules that enable the ULBs to levy and collect taxes and non-taxes online. While the software helps the department in dispensing everyday responsibilities of book-keeping and record maintenance and collection of taxes, it does not have provisions for enabling better planning and forecasting.

Fig 6: E-Suvidha system



Source: As provided by C&DMA

The government is working towards expanding E-Suvidha platform to all types of bill collections such as trade license vacant land tax etc.

4.3.2 The Way forward

While it's positive to leverage information systems in the accounts and revenue sections, the ULBs lack an integrated Enterprise Resource Planning (ERP) system, to bring out the potential of information system in accounting and revenue functions.

State

1. Build an integrated system to enable tracking of project management, project execution, live tracking of projects, process from procurement to payment linked to accounting, MIS to feed data into decision making. ULBs in Telangana can house such a system by integrating the existing DEBAS software and E-Suvidha software with works module and MIS. Also, provide necessary training for the ULBs to adopt the same.
2. Build a separate IT service wing to support the IT infrastructure in ULBs

4.4 Performance management system and continual employee training

According to the second administrative reforms commission, “performance management is the systematic process by which the organisation involves its employees, as individuals and members of a group, in improving organisational effectiveness in the accomplishment of organisational mission and goals”. Even after having the right people- with the right skills, if an organisation fails to incentivise or monitor the progress of its staff and projects, all efforts taken in order to build the organisations capacity can fail.

Continuos employee training and development is a critical part of performance management system. It is important as it helps in creating a more competitive workforce, increase employee retention, and result in higher employee engagement. Training can be a powerful medium, particularly when there is proof that the root cause of the learning need is an undeveloped skill or a knowledge deficit ²⁰.

Fig 7: Stages of performance management system (An illustration)



20. <https://hbr.org/2018/10/when-companies-should-invest-in-training-their-employees-and-when-they-shouldnt>

This section analyses the existing system of performance management system and identifies gaps in the same. It also looks into other factors that help in incentivising personnel to perform, such as career progression & transfer policy and appraisal linked to performance etc. It further looks into the career planning process in the accounts and revenue sections.

4.4.1 Performance management system- process and practice

Telangana, like all states in India does not have a robust municipal performance management system for its employees. Employees, including those in the accounts and revenue sections have a 'record sheet' to fill every year, which basically consists of the details such as punishments imposed, submission of annual property returns, pendency of accounts and audit work during the employee's tenure etc along with personal details. This record sheet is used to take calls for promotion, considering seniority. But since the ULBs / accounts/ revenue sections do not set organisational/ department / individual performance targets there is no mechanism to actually measure the performance of the organisation / department / employees in the medium and long-term. The exercise of filling record sheets is not linked to annual performance appraisal either.

Fig 8: Record Sheet of municipal employees

1	Name of the Employee S/o / D/o. W/o.																					
2	Designation with Category																					
3	Educational Qualifications																					
4	Date of Birth																					
5	Date of Retirement																					
6	Date of entry into service																					
7	Whether belongs to SC/ST/BC/OC																					
8	Native District (As per local status as declared under G.O.610)																					
9	Native place																					
10	Name of the present station																					
11	Date of joining in the present station																					
12	Whether he/she has passed the prescribed test for promotion?																					
13	Total period of service in the present station in all cadres																					
Previous Posts held since appointment <table border="1"> <thead> <tr> <th>Station</th> <th>Post</th> <th>From</th> <th>To</th> <th>Total period</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>			Station	Post	From	To	Total period															
Station	Post	From	To	Total period																		
14	Punishments imposed / Record warning issued, if any, during the period under report vide G.O/Lr./Memo No.& Date (Reasons for such punishment / warning etc)																					
15	Whether Annual Property Returns submitted or not?																					
16	Whether the Accounts and Audit work is pending during his tenure in the present station?																					
17	Fit / Unfit for promotion (The competent authority who writes unfit for promotion has to substantiate his remarks. Otherwise they will be ignored)																					
18	Any other relevant information																					

**Signature of the Reporting Officer
(Name in Block Letters)**

Case 5: Performance Management System in the City of Johannesburg

The Municipal Systems Act 32 of 2000 requires that the city of Johannesburg establish a performance management system that is commensurate with its resources, best suited to its circumstances and in line with the priorities, objectives, indicators and targets contained in its integrated development plan. There has been a gradual development and improvement of the policy framework for performance management in the city to integrate the city's core administration (the departments) and the municipal entities within a group context. The intention of the group monitoring and evaluation framework is to enable the city to manage performance within the city and across all its entities. By subjecting both the city and its entities to a similar PMS, the business and development plans of the city would speak to a common objective and would be monitored and evaluated using a comparable lens. The performance of the city is published in an integrated annual report that presents the scorecards of all the service providing entities which is then collated into a table that presents the overall performance against the annual planned targets.

From an employee performance management perspective, the group framework provides that individuals must be held accountable for the performance of the city at all levels i.e. citywide, cluster and department/ municipal entity level. The individual performance scorecard has three sections- functional performance objectives, strategic performance objectives and core competency requirements. Each employee signs an agreement with the city of Johannesburg titled the 'performance agreement', which encompasses KPIs. KPIs for the accounts department include percentage collection of revenue with respect to service billings, percentage resolution of billing queries as per the service level agreement, percentage spend of capital budget etc. At the employee level, the scorecard of the chief finance officer includes the following KPIs-

- a) functional performance objectives such as number of transactions classified as unauthorized, irregular, fruitless and wasteful in the financial year, percentage attainment of performance targets in departmental scorecard etc.
- b) strategic performance objectives- turnaround time for issuing of clearance certificates on applications received etc.
- c) core competency requirements- percentage spent of allocated departmental capex, percentage of valid departmental invoices paid within 30 days of invoice date etc.

Source: https://www.joburg.org.za/about_/government/Documents/201920%20Scorecards/SCOJ_CITY_M19070514040.pdf

Further, the personnel management framework does not incentivise employees to improve their performance. This is more so in the case of accounts section as it does not have any promotion avenue and the highest level promotion available is the post of accounts officer. Since this is a newly formed section for which recruitment happened in 2013, most of the employees have 25-30 years of service years remaining. The junior accounts officers have promotion channel to accounts officer, however the sanctioned posts of accounts officers are itself less and considering accounts service is newly formed, promotion possibilities are lesser and a stagnation is created at junior accounts level itself. This would inevitably create stagnation in service and is bound to reduce efficiency of employees. In the field study, all the personnel in the accounts section expressed their worry of not having promotion avenues. Also, employees of accounts section in municipalities are not eligible for posting in municipal corporations thus reducing their learning opportunity and improving their grade in service.

Unlike in the accounts section, employees in the revenue section have more promotion avenues as it comes under ministerial service and also get opportunities to work with administration department. A bill collector with an educational qualification of intermediate level after five years of service can get promoted as a junior assistant in administration section, and if the employee clears the department exam for promotion, they can then move to senior assistant (administration) and can eventually become revenue officer. The promotion channel is open till the position of manager of special and selection grade municipalities.

All the three ULBs where field study was undertaken incentivise the bill collectors to improve bill collection by giving a 'best bill collector' award presented by the municipal commissioner. The interviews with the bill collectors in all three ULBs revealed that they consider the opportunity to receive an award from the municipal commissioner as a matter of pride.

While promotion avenues and incentives for bill collectors should help in creating performance ambience in the section to some extent, it is curtailed by the fact that there has not been a single case of direct recruitment for over a decade, in any of the ULBs that were visited. Most of the employees were recruited based on compassionate appointment and climbed up the ladder vide promotions. It was also learned that due to political influence, most of them have been serving the same municipality for over 10 plus years. All of these factors bring in a lethargy and revenue collection work gets pushed to the end of the financial year instead of a monthly systematic approach.

4.4.2 Continual training of municipal employees- mandates and practice

In an era where ULBs are assuming critical roles, training and development is an indispensable function. Training allows employees to acquire new skills, sharpen existing ones, perform better and increase productivity.

As we have seen, the C&R rules mandate induction training for all categories of employees in the accounts section but only for category V officers in case of ministerial subordinate service. There are no mandates for refresher training or mid-career training. In case of employees in the accounts section of the sample ULBs, all employees had undergone four months induction programme organised by the C&DMA in 2013, which was when the first recruitment to the service took place. While all the respondents said that the induction training was useful, one of the officers commented that it would have been helpful if the modules were more practical oriented as the practice in the ULB seem to be different especially in case of budget management and preparation. The C&DMA also organises training programmes but it is not annually planned and is mostly ad-hoc in nature. Typically, training programmes are held when there is an introduction of a new system. Ex. recently employees attended a session on GST.

In case of the revenue section, few employees in the three ULBs had attended a training session on revenue management. However, most employees reported that they have not attended any training sessions or couldn't recollect a session that they had attended. It was learned that the bill collectors who were in service in 2015-16 period attended training on property tax assessment.

Under AMRUT mission, there is individual capacity building programme for revenue and accounts functions covering financial planning and management, revenue mobilisation. But this can only be accessed by AMRUT cities and other ULBs are left out.

It is also observed that none of the employees had exposure visits to understand best practices elsewhere in the country or abroad.

As established earlier, most employees in both the accounts and the revenue department are not confident about their basic computer skills while the state is trying to make all services online. It has already put in place DEBAS system and E-Suvidha platform for which software support has also been provided to ULBs, except for the newly formed ULBs. This makes it imperative to sharpen employees' IT skills. In the interviews, it was interesting to note that accounts section employees were keen to learn advanced excel skills, sharpen computer operations skills and learn RTI management. In revenue section, most of the employees couldn't identify a skill that they would like to learn or upgrade their skills on. Two revenue inspectors and young bill collectors expressed their interest to sharpen computer operations skills, given that all revenue collection and management will soon be made online.

4.4.3 The way forward

Performance management system is a process through which the organisation aligns their mission, goals and objectives with available resources. An effective performance management system can be used as a tool to establish accountability and efficiency across hierarchies if appropriate measurement indicators are adopted. The following measures can be followed to establish a robust performance management system in the accounts and revenue sections.

State

1. Create a state level urban training & skill upgradation policy in line with India's national training policy 2019.

2. Undertake a comprehensive training programme to improve the computer operations skills and typing skills of employees in the accounts and revenue sections. Employees in accounts sections should be trained in advanced excel and RTI management.
3. Set aside budget for municipal employee training costs.
4. Amend municipal accounts subordinate service rules and municipal ministerial subordinate service rules to mandate performance management system and performance linked salary appraisal system
5. Amend municipal accounts subordinate service rules to mandate mid-career training and municipal ministerial subordinate service rules to mandate foundation training and mid-career training.
6. Conduct training sessions for municipal accounts and revenue employees based on annual skill and training assessment undertaken by the ULB.
7. Draw up implementation strategy for performance management system that encompasses the following and undertake necessary training of ULB employees for its effective implementation.
8. Conduct assessment test post training sessions, and the scores to be made part of the performance appraisal system, influencing salary appraisals and promotions.
9. Amend rules to create a full-fledged human resource management section that would handle not just monthly payroll and transfers and disciplinary actions, but also covers talent management, learning and development, performance management etc at the ULB level.

ULB

10. Undertake annual skill and training assessment in revenue and accounts sections. Create annual and medium term workforce training plan based on the estimation of workload and future projects, under the aegis of the ULBs' human resource management section.
11. Implement performance management system as prescribed by the state.

5. THE SPILL OVER IMPACT OF WEAK STAFFING



Weak municipal workforce management results in poor management of finances, incapacity to transform processes, and non-transparent and unaccountable systems. It affects tax collection, outreach to citizens and buoyancy in revenue, which in turn restricts ULBs from appointing new staff or contracting external agencies for projects in other departments. This chapter analyses the impact of weak staffing on the performance of accounts and revenue sections on the following aspects:

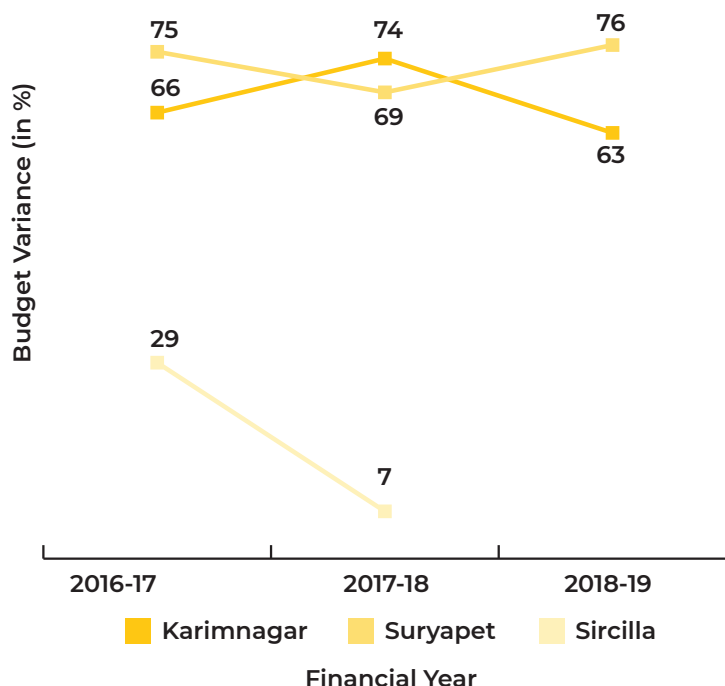
1. Quality of budgeting
2. Audit objections and pendency in audit
3. Access to municipal bond market
4. Access to performance grants
5. Efficiency in property tax collection

5.1 Unrealistic budget and financial planning

Inadequate staff in terms of both quantity and quality in accounts section has resulted in improper budgeting process resulting in unrealistic budget, indicating misallocation and mismanagement of existing resources.

As can be observed in fig 10, in the last three years, all the three sample ULBs have had budget variance of more than 15%, except for Sircilla in 2017-2018 period.

Fig 9: Budget Variance over the years



Source: Budget and financial documents of the respective ULBs

According to Janaagraha's ASICS – Telangana 2019 study, the average budget variance of ULBs over the last three years is 38.33% with municipalities performing poorly compared to municipal corporations. Municipalities, on an average have a budget variance of 40% as opposed to 30% for corporations.

5.2 Pendency in responding to audit objections

Number of audit objections raised by the state audit department and pendency in responding to such objections is another indication of poor financial management practice. As can be seen in table 22, the number of audit objections that have been raised is as high as 538 in Karimnagar municipal corporation. All the three cities have pendency in responding to audit objections, with Sircilla still having to respond to all 486 audit objections raised since 2011.

Table 20: Pendency in audit and audit responses

Name of the ULB	Audit objections raised (since 2011)	Pending audit response
Karimnagar	538	196
Sircilla	486	486
Suryapet	463	38

Source: Respective ULBs

5.3 Limited access to bond market

Credit rating which is a key reform agenda under AMRUT, is an assessment of an ULB's ability to pay its financial obligations. It is the first necessary step to mobilise funds from markets through issuance of municipal bonds. All the 12 AMRUT cities in the state have been credit rated but among these only eight ULBs have credit rating above 'BBB-' and therefore, only these will be able to access the bond market. Of these eight ULBs which can access municipal bond market, so far only Greater Hyderabad Municipal Corporation (GHMC) has been able to raise funds through the bond market.

Table 21: Credit rating of AMRUT cities

Sl.No.	ULB	Credit rating	Agency
1	Adilabad	BB	M/s Credit Analysis & Research (CARE) Ltd.
2	GHMC	A+	M/s ICRA Limited
3	Karimnagar	BBB	M/s ICRA Limited
4	Khammam	BBB	M/s Credit Analysis & Research (CARE) Ltd.
5	Mahbubnagar	BBB-	M/s Credit Analysis & Research (CARE) Ltd.
6	Miryalaguda	BB	M/s ICRA Limited
7	Nalgonda	BBB	M/s Credit Analysis & Research (CARE) Ltd.
8	Nizamabad	BBB-	India Ratings and Research Ltd (Fitch group)
9	Ramagundam	BBB-	India Ratings and Research Ltd (Fitch group)
10	Siddipet	BB	M/s ICRA Limited
11	Suryapet	BB	M/s ICRA Limited
12	Warangal	A	M/s Credit Analysis & Research (CARE) Ltd.

Source: As received from MoHUA

All of these together indicate overall weak staffing in the accounts and revenue sections across the state and therefore its inability to explore alternative financing sources.

5.4 Reasonable performance on collection efficiency (but such performance is based on unsustainable means of revenue collection)

While property tax collection efficiency may look good, as can be seen in table 24, systematic tax collection is doubted primarily because of the last minute rush all ULBs resort to towards the end of financial year. Another interesting observation is the ULBs' inability to collect property tax from government properties. One of the employees said "we feel powerless before the government and they always postpone the payment saying budget was not allocated".

Table 22: Property tax collection efficiency

Name of ULB	% of collection – private assessments	% of collection – government assessments
Karimnagar	96.42%	13.50%
Sircilla	100%	22.19%
Suryapet	100%	31.17%

Source: As provided by respective ULB

The state lead project on GIS based property tax assessment which was initiated in 2017 and its continuous updating is helping in regularising assessment system in the state.

5.5 Tapping into performance grants (primarily driven by the state impetus)

Fourteenth finance commission has prescribed to devolve 20% of the ULB grants as performance grants upon fulfilling of below three criteria:

1. Submit audited annual accounts, related to a year preceding the year in which it seeks to claim the performance grant
2. Increase own revenues of the ULBs, over the preceding year

3. Publish the service level benchmarks relating to basic urban services each year for the period of the award and should be publicly available

Table 23: Access to performance grants

Name of the ULB	2015	2016	2017	2018
Karimnagar	Yes	Yes	Yes	Yes
Sircilla	Yes	Yes	Yes	Yes
Suryapet	yes	yes	yes	Yes

Source: As provided by the respective ULBs

All three sample ULBs were able to tap into performance grant since 2015. While this is a positive, this is also driven by the strong push from the state.

As we have seen in this section, weak staffing has impacted the financial management performance of the ULBs. It is therefore quintessential to deem municipal staffing a critical aspect for improving financial sustainability.

A BLUEPRINT TO FIX MUNICIPAL STAFFING: ACCOUNTS & REVENUE SECTIONS

This blueprint to fix Telangana's municipal staffing in accounts and revenue sections, enlists the reforms to be undertaken by providing timelines (short-term, medium-term and long-term). It also specifies the entity (state / ULB) responsible for carrying out such reforms. These reforms are recommended giving due consideration to the current working arrangement between the state and ULBs in the state.

Adequate workforce

Short- term

1 year



Ensure stability in leadership tenure



Annual & medium term workforce plan

STATE

1. Amend Telangana municipal accounts subordinate service rules and municipal ministerial subordinate service rules to mandate three year tenure for revenue officer and accounts officer to ensure stability in leadership tenure

URBAN LOCAL BODY

2. Create a medium-term workforce plan and an annual workforce plan aligned to ULBs medium term fiscal plan and annual budgets.

Medium- term

3 years



Staff requirement revisit at regular intervals



Rules for contracting/ outsourcing employees

STATE

1. Amend Telangana municipalities act 2019 to mandate a comprehensive revisit of state level municipal staff requirement based on scientific techniques every ten years, to ensure that the sanctioned strength is commensurate with the growth of the city.

2. Explore outsourcing based solutions to overcome shortage of staff both in terms of quantity and quality. Ex. ULBs could engage with an agency to facilitate collections only through digital channels, actively leveraging tele calling, instead of bill collectors going on a door to door campaign to give payment reminders. The agency hired is to be paid only a percentage of tax collected through the digital channels.

3. Draw up detailed rules for contracting and outsourcing non-core functions in the municipal accounts and revenue section.

Long-term

5 years



Staff rationalisation



Fill vacant positions

STATE

1. Undertake a comprehensive staff rationalisation exercise in the accounts and revenue services (preferably for all departments), given that the last such exercise was undertaken in 2011 based on 2001 census.

Phases of performance management system



2. Fill vacant positions in accounts and revenue sections on an urgent basis given the impact of inadequate workforce. Hiring would involve annual financial implication of approximately INR 26,59,02,414 (excluding other employee benefits).



Municipal Shared Service Centres



Technical & behavioural competencies



Contemporary functions

STATE

1. Create Municipal Share Services Centre (MSSCs) with regional units to adequately serve the ULBs to overcome the challenges of both the quantity and quality of staff in accounts and revenue sections (extendible to other services such as payroll processing, vendor payments, MIS etc). MSSCs should be structured as to be commercially viable, attractive enough for ULBs to opt-in, and capable of crowding in private investment. It will provide ULBs the flexibility of not having to staff all sections in a uniform manner, creating economies of scale and standardisation, and eventually building the capability to rotate a centralised pool of staff among ULBs, based on requirements.

The fifth state finance commission of Haryana recommends to establish a state level urban shared service centre under the urban directorate of the state. The suggested purpose is to provide technological support and expertise to ULBs to help improve their delivery of public services and amenities, reducing burden on ULBs.

Phases of MSSCs

Evaluate need, feasibility & boundary constraints.

MSSCs need to be based on a rigorous cost-benefit/feasibility analysis (in turn supported by process understanding at different types of ULBs, study of current staffing patterns & related costs).

Transaction processing

Payroll processing, vendor payments, accounting/ book-keeping, grievance management, MIS, IT helpdesk, other similar transactions/ functions can be migrated to begin with.

Resource mobilisation

Tax & other revenue collections

- It is preferable that MSSCs are anchored by state level special purpose vehicles but operated by private sector players with domain expertise.
- Telangana being a large state, regional MSSCs will be better than a centralised set up based out of Hyderabad.

2. Include evaluation parameters on technical competency such as requisite skills in computer operations in the recruitment exams at all levels of accounts and revenue sections.

3. Amend both municipal accounts subordinate rules and municipal ministerial subordinate service rules to include technical competencies (Ex. skills in computer operations such as microsoft excel, microsoft word, database applications etc) and behavioral competencies (Ex. planning & monitoring skills, team building skills, decision making skills, execution and coordination skills, time management, communication skills, problem solving skills etc).

4. Amend municipal accounts subordinate service rules to include following roles:

- Treasury management expert to oversee cash flows management, overall financial management and management information system
- Urban infrastructure financing expert

5. Amend municipal ministerial subordinate service rules to include contemporary functions such as:

- Revenue expert for revenue analysis and forecasts
- Asset management expert
- Bill collectors assigned to specific revenue source with specific collection targets

Since acquiring such skills could be difficult for smaller ULBs such services can be housed at MSSCs or can be outsourced to specialised institutions.



Introduce proficiency test

STATE

1. Introduce proficiency test / department test for recruitment vide promotion.

Leveraging information systems

Medium- term

3 years



Integrated enterprise resource planning system

STATE

1. Build an integrated system to enable tracking of project management, project execution, live tracking of projects, process from procurement to payment linked to accounting, MIS to feed data into decision making. ULBs in Telangana can house such a system by integrating the existing DEBAS software and E-Suvidha software with works module and MIS. Also, provide necessary training for the ULBs to adopt the same.

Long-term

5 years



Separate IT service wing

STATE

1. Build a separate IT service wing to support the IT infrastructure in ULBs.

Robust performance management system & employee training

Short- term

1 year



Urban training & skill upgradation strategy



Comprehensive training programme

STATE

1. Create a state level urban training & skill upgradation policy in line with India's national training policy 2019.

2. Undertake a comprehensive training programme to improve the computer operations skills and typing skills of employees in the accounts and revenue sections. Employees in accounts sections should be trained in advanced excel and RTI management.

3. Set aside budget for municipal employee training costs.

3 years

Medium-term



Performance linked salary appraisal system



Foundation and mid-career training



Annual skill & training assessment



Annual workforce training plan

STATE

1. Amend municipal accounts subordinate service rules and municipal ministerial subordinate service rules to mandate performance management system and performance linked salary appraisal system
2. Amend municipal accounts subordinate service rules to mandate mid-career training and municipal ministerial subordinate service rules to mandate foundation training and mid-career training.
3. Conduct training sessions for municipal accounts and revenue employees based on annual skill and training assessment undertaken by the ULB.

URBAN LOCAL BODY

4. Undertake annual skill and training assessment in revenue and accounts sections. Create annual and medium term workforce training plan based on the estimation of workload and future projects, under the aegis of the ULBs' human resource management section.

5 years

Long-term



Robust framework to monitor employee performance



Full-fledged human resource management section

STATE

1. Draw up implementation strategy for performance management system that encompasses the following and undertake necessary training of ULB employees for its effective implementation.

Phases of performance management system

Performance planning

Create a department level performance targets (long-term, medium-term and annual) tied with the ULB targets.
Based on the above, create employee job descriptions and key performance indicators at department and employee levels with quantitative and qualitative targets/ metrics.

Performance monitoring

Assess the performance of employee, shortfalls in targets, competencies half yearly. Revise plan accordingly for the remaining part of the year.

Performance appraisal of employees

Assess performance and provide feedback (by the reporting head).
The performance appraisal score could be linked to increments, promotions, punitive actions to motivate employees to work effectively and efficiently. This process should be transparent and bias-free.

- a) Examples of performance metrics of accounts department could be, capping budget variance below 15%, performance against timelines for finalisation of books of accounts at the end of a financial year, etc.
b) Examples of performance metrics of revenue department could be % of revenue collection, % resolution of billing queries etc.

2. Conduct assessment test post training sessions, and the scores to be made part of the performance appraisal system, influencing salary appraisals and promotions.
3. Amend rules to create a full-fledged human resource management section that would handle not just monthly payroll and transfers and disciplinary actions, but also covers talent management, learning and development, performance management etc at the ULB level.

URBAN LOCAL BODY

1. Implement performance management system as prescribed by the state.

List of tables

Table	Title	Page No.
1	Telangana's urban profile	11
2	Profile of sample ULBs	11
3	Grade wise vacancy in revenue section	18
4	Grade wise vacancy in accounts / finance section	19
5	C&R rules in a snapshot - accounts section	22
6	C&R rules in a snapshot - revenue section	23
7	Cadre strength in ULBs of Telangana	24
8	Churn of municipal commissioners in the sample ULBs since 2014	25
9	Staffing norms for accounts service	27
10	Staffing norms for revenue service	27
11	Staffing strength in sample ULBs-accounts section	28
12	Responsibilities of officers in the accounts section	28
13	Staff strength in sample ULBs- revenue section	30
14	Bill collectors vis-a-vis number of properties	30
15	Responsibilities of officers in the revenue section	31
16	Churn of department heads	35
17	Syllabus for recruitment/ department exams for accounts and revenue sections	37
18	Academic qualifications of employees in the accounts section (sample ULBs)	38
19	Academic qualifications of employees in revenue sections (sample ULBs)	38
20	Pendency in audit and audit responses	49
21	Credit rating of AMRUT cities	50
22	Property tax collection efficiency	50
23	Access to performance grants	51

List of Figures

Figure	Title	Page No.
1	Population growth trends in urban and rural Telangana over the years	11
2	Hierarchy of Telangana urban service cadre	21
3	One day of work- revenue officer and revenue inspector	33
4	One day of work - bill collector	34
5	DEBAS software system	42
6	e-Suvidha system	42
7	Stages of performance management system (an illustration)	43
8	Record sheet of municipal employees	44
9	Budget variance over the years	49

List of case studies

Case study.	Title	Page No.
1	Municipalities in South Africa and Performance Management System	16
2	GLA's training policy	16
3	Joburg's City Academy for Chartered Accountants Training programme	16
4	Municipal shared services arrangement between municipal entities in New York	40
5	Performance management System in the city of Joburg	45

List of abbreviations

AMRUT	Atal Mission for Rejuvenation and Urban Transformation
ASICS	Annual Survey of India's City-Systems
BC	Bill Collector
C&DMA	Commissioner & Director of Municipal Administration
C&RR	Cadre & Recruitment Rules
CA	Chartered Accountant
CFO	Chief Financial Officer
CWA	Cost and Works Accountant
DEBAS	Doubles Entry Based Accounting System
ERP	Enterprise Resource Planning
GDP	Gross Domestic Product
GHMC	Greater Hyderabad Municipal Corporation
GLA	Greater London Authority
GO	Government Order
GST	Goods and Services Tax
ICAI	Institute of Chartered Accountants of India
ICWAI	Institute of Cost and Works Accountants of India
IDP	Integrated Development Plan
JA	Junior Accountant
JAo	Junior Accounts Officer
JNNURM	JawaharLal Nehru Urban Renewal Mission
KPI	Key Performance Indicator
L&OD	learning & organisational development
LTFP	Long Term Fiscal Plan
MA&UDD	Municipal Administration & Urban Development Department
MIS	Management Information System
MLD	Million Litre per Day
MSC	Municipal Standing Counsel
MSS	Municipal Shared Service
MSSC	Municipal Shared Service Center
MTFP	Medium Term Fiscal Plan
PMS	Performance Management System
PPP	Public - Private Partnership
RDMA	Regional Director of Municipal Administration
RI	Revenue Inspector
RO	Revenue Officer
RTI	Right to Information
SA	Senior Accountant
SLM	Straight Line Method
TPSC	Telangana Public Service Commission
ULB	Urban Local Body
UPA	Urban Poverty Alleviation
USSC	Urban Shared Service Center
WDV	Written Down Value



JANAAGRAHA CENTRE FOR CITIZENSHIP & DEMOCRACY

19/4 , Sair Bagh Building, Third Floor,
Cunningham Road, Bengaluru
Karnataka – 560052

www.janaagraha.org | www.ipaidabribе.com | www.ichangemycity.com | www.janausp.org
Phone: +91 80 41200844/ 41500844 | E-mail: asics@janaagraha.org