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**CHAPTER-V**

**COMPLIANCE AUDIT**  
**(URBAN LOCAL BODIES)**

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- 5.1 Implementation of Service Level Benchmarks in Aurangabad Municipal Corporation**
- 5.2 Avoidable Expenditure on Purchase of Diesel**
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## CHAPTER V

### COMPLIANCE AUDIT

#### URBAN DEVELOPMENT DEPARTMENT

##### 5.1 Implementation of Service Level Benchmarks in Aurangabad Municipal Corporation

###### 5.1.1 Introduction

Service Level Benchmarks (SLB) are parameters prescribed (July 2008) by the Government of India for assessment of four basic services rendered by urban local bodies viz., Water Supply, Solid Waste Management, Sewage Management and Storm Water Drainage System. Benchmarking ensures accountability in service delivery. It involves measuring and monitoring of service provider performance on a systematic and continuous basis. Sustained benchmarking could help utilities to identify performance gaps and introduce improvements through the sharing of information and best practices, ultimately resulting in better services to people. Recognising its importance, the Ministry of Urban Development, Government of India (GoI) prescribed (July 2008) the Service Level Benchmarking in above four key sectors in the form of Hand Book. The Government of Maharashtra (GoM) adopted the National level benchmarks with modifications in February 2010 for urban local bodies in the State (**Appendix 5.1**).

Aurangabad, a medium sized town in Maharashtra with an estimated population of 11.65 lakh (Census 2011), was selected for thematic audit to assess the implementation of SLBs in Corporation area. All the urban local bodies come under administrative control of Urban Development Department, (GoM). The Aurangabad Municipal Corporation (AMC) is headed by Municipal Commissioner who is assisted by the Additional Commissioner and three Deputy Commissioners. AMC is divided into six Wards (Zones) headed by the Ward Officers. The audit was conducted during January to June 2016 covering the period 2011-16. Audit observations on achievement of SLBs against National/State benchmarks in each service sector with reasons for shortfall and its impact are based on responses to questionnaires issued to ward offices and departments of AMC. An exit conference was held (January 2017) with the officials of Government and the AMC. Responses were considered while finalising the report.

#### Audit findings

##### 5.1.2 Planning

###### 5.1.2.1 Planning for Implementation of Service Level Benchmarks

GoM fixed targets (February 2010) for all four parameters in line with National Level Benchmarks and directed (April 2011) Urban Local Bodies (ULBs) of the State to establish Special Cells headed by the Municipal Commissioners for effective control on implementation of SLBs. These Cells

were made responsible for collecting and collating statistical information on basic services provided within the municipal area and reporting to the Government. It was directed that these Cells should prepare a time bound action plan for achievement of the prescribed SLBs and should set quarterly targets for each performance indicator.

AMC formed a Special Cell in May 2011. The members of the Cell were required to meet every second and fourth Monday of the month to review the improvements in the implementation process and fix quarterly targets. Special Cell met first in December 2011 in which Commissioner, AMC expressed displeasure about the absence of various authorities and implementation of SLBs and directed departmental heads to prepare action plan for implementation of SLBs. Audit observed that the Special Cell did not convene any meeting thereafter. No action plan for implementation and achievement of prescribed SLBs was framed.

AMC accepted (July 2016) the audit observations. During exit conference held in January 2017, Government stated that no meeting of special cell was held after December 2011.

#### **5.1.2.2 Non-linking of City Sanitation Plan and City Development Plan with SLBs**

Hand book on SLBs recommended that SLBs should be an integral part of City Sanitation Plan (CSP) and City Development Plan (CDP) for assessment of current situation and for setting targets under these plans. It further stated that SLBs should be part of the Detailed Project Reports for the concerned sectors, indicating both the current situation and changes the project would bring about. Subsequent process of implementation and monitoring of the projects would also evaluate these SLBs.

CSP prepared (November 2011) by AMC included all four services *viz.*, water supply, sewage management, solid waste management and storm water drainage system considering population growth up to the year 2041. Approval of General Body of AMC was held up for want of Marathi version of CSP.

A draft CDP was also prepared (2011) for planning city development during 2011-31. The area for water supply reservoirs, sewage treatment plant and disposal of solid waste in compost depot were included in the plan. However, no reservations for storm water drainage and landfill sites were earmarked. CDP was yet to be approved by GoM (February 2017). Both CSP and CDP were not linked with SLBs. AMC did not furnish any reply to the audit observation made in August 2016. During exit conference held in January 2017, Government accepted the audit observation. This indicated that the development works had been undertaken by the AMC without any assessment of infrastructural gaps for achieving the prescribed SLBs.

#### **5.1.2.3 Non-availability of Performance Data for SLBs**

As per Paragraph 3.1.2 of SLB Handbook, the measurement of performance against each indicator was to be made at Ward/ULB level on monthly/quarterly/annual basis. This data should be entered into a format prescribed in the SLB Handbook. The ULB would collate this data and

compute achievement of SLB indicators against the prescribed benchmarks for further reporting to the State/Central Government every year.

Audit observed that neither the Ward Offices nor AMC collected this data in prescribed formats and at prescribed frequency against each indicator. As a result AMC could not intimate achievement of SLBs to Government during 2011-16 except for 2013-14. However, no supporting documents were made available to audit to substantiate the fact that AMC intimated the achievement for the year 2013-14 to Government.

AMC did not furnish any reply to the audit observation made in August 2016. During exit conference held in January 2017, Government accepted the audit observation.

**Recommendation 1: Government may ensure that the Special Cell functions efficiently so that a time bound action plan for achievement of SLBs is formulated and implemented.**

### **5.1.3. Implementation**

Audit observations on achievement of SLBs against National/State level benchmarks in each service sector with reasons for shortfall and its impact are discussed below.

#### **5.1.3.1 Water Supply**

##### **Performance against SLBs for Water Supply**

Hand book on SLB prescribed nine benchmarks to measure the performance of water supply services. These were:

- **Coverage of Water Supply connections** – 100 *per cent* households in the ULB to be provided with direct water supply connections;
- **Per capita supply of water** – minimum 135 litres per capita per day (lpcd) of water to be supplied;
- **Extent of metering of water connections** – all water supply connections shall have a functional meter to measure the efficiency in water use, leakages in the distribution system and enables high-end consumers to be charged more for consuming more water;
- **Extent of non-revenue water** – the revenue that could not be realised from water which has been lost through leakages, thefts, *etc.* The maximum loss of 20 *per cent* of total water produced is admissible;
- **Continuity of water supply** – 24 hours supply of pressurised water per day;
- **Efficiency in redressal of customer complaints** – 80 *per cent* of total number of complaints received to be redressed within 24 hours;
- **Quality of water supply** – the percentage of water samples that meet or exceed the specified potable water standards prescribed in the Central Public Health and Environmental Engineering Organisation (CPHEEO) Manual;

- **Cost recovery in water supply services** – it is the total revenue recovered against the total operating cost incurred in supplying water; and
- **Efficiency in collection of water supply related charges** – it is the revenue collected in the current year against the total demand of operating revenue.

Presently, water requirement of Aurangabad city is 180 million litres per day (MLD). As the existing water supply Schemes of AMC (Harsul, Jayakwadi old and Jayakwadi new) were old, only 122 to 124 MLD of water could be supplied for consumption against water availability of 166 MLD. The existing water pipelines of about 900 km length are around 30 years old and loss of water due to leakages during distribution was 42 MLD. AMC could provide only 103 to 116 Litres Per Capita Per Day (lpcd)<sup>1</sup> against the SLB of 135 lpcd to the population of 11.65 lakh.

The depleted status of the existing water supply system of the AMC led to significant shortfall in achievement of SLBs indicated in **Table 5.1.1**.

**Table 5.1.1: Statement showing status of achievement of SLBs in water supply services**

Sr. No.	Performance Indicators	National level bench-marks	State level bench-marks	Unit	2011-12	2012-13	2013-14	2014-15	2015-16
1	Coverage of Water Supply connection	100	100	<i>per cent</i>	45	42	42	36	44
2	Per capita supply of water	135	135	lpcd	103	103	103	103	115.8
3	Extent of metering of water connections	100	100	<i>per cent</i>	0.01	0.01	0.01	1.93	2.01
4	Extent of non-revenue water	20	15	<i>per cent</i>	17.95	13.33	11.60	10.00	12.22
5	Continuity of water supply	24x7	24x7	--	Once in three days				
6	Efficiency in redressal of customer complaints	80	80	<i>per cent</i>	100	100	100	100	99.36
7	Quality of water supply	100	100	<i>per cent</i>	99.09	99.79	99.62	100	100
8	Cost recovery in water supply services	100	100	<i>per cent</i>	62.18	75.71	65.96	70.97	74.94
9	Efficiency in collection of water supply related charges	90	100	<i>per cent</i>	44.95	42.74	49.30	52.18	52.49

Source : Information furnished by AMC

<sup>1</sup> LPCD: Litres per capita per day *i.e.* per day requirement of water for each individual

As per information provided by AMC, in two out of nine SLBs viz., quality of water supply and efficiency in redressal of customer complaints were shown achieved. However, scrutiny revealed that 17,561 (85 per cent) out of 20,722 complaints received (September 2014 to March 2016) were redressed. Out of 2,92,358 households in AMC area, 1,29,161 households were provided with water connections as of March 2016. The coverage of direct water supply connections was 44 per cent. The continuity of water supply was once in three days at low pressure for one hour as against requirement of 24x7 with pressurised supply. This was causing severe inconvenience to the citizens. It was seen that AMC had reported (2013-14) to the GoM coverage of water supply connections as 80 per cent against actual achievement of 42 per cent.

Coverage of consumer metering was negligible and ranged between 0.01 per cent (2011-14) and 2.01 per cent (2015-16) of the total water supply connections. Failure of the AMC to improve service deliveries to the consumers led to frequent public agitation and strong opposition to installation of consumer meters.

AMC in reply stated (June 2016) that the prescribed benchmarks would be achieved on completion of the parallel water supply Scheme. The reply is not acceptable as the contract for the parallel water supply Scheme was terminated (October 2016) and the matter is pending in the Court of law as discussed in succeeding paragraph. During exit conference held in January 2017, Government accepted the audit observation.

The fact remained that even after a lapse of seven years, the AMC could not achieve the SLBs on water supply services and citizens were deprived of this basic service.

### **Augmentation of Parallel Water Supply Scheme on Public Private Partnership basis**

To overcome the shortfalls in distribution of water, AMC proposed (2005-06) a Scheme of Augmentation of City Water Supply termed as “Parallel Water Supply Scheme” at an estimated cost of ₹ 359.67 crore under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT). GoI sanctioned (June 2009) the project at the same cost, to be apportioned among GoI:GoM:AMC in the ratio of 80:10:10 and released first installment (50 per cent of its share) of ₹ 143.86 crore in August 2009. The project cost increased to ₹ 638.38 crore due to delay in sanction by the Government. To bridge this gap of ₹ 278.71 crore, AMC decided to take up the Scheme on public private partnership basis and initiated (August 2009) tendering process. Tender<sup>2</sup> was finalised for ₹ 792.20 crore and a Concession Agreement (CA) was entered (September 2011) for a period of 20 years. The GoM also released (May 2011) ₹ 17.94 crore as first installment (50 per cent of its share).

<sup>2</sup> M/s Subhash Project Marketing Limited and consortium including VA-Tech Wabag and National Water and Sewage Corporation

The Concessionaire was to take up the project within six months of signing of agreement by attaining financial closure<sup>3</sup>. As the concessionaire could not achieve the financial closure, AMC granted extensions up to 31 August, 2014 and finally handed over the assets<sup>4</sup> to the Concessionaire (September 2014) inspite of non-achievement of financial closure. The project cost escalated to ₹ 1,018.55 crore as per schedule of rates 2014-15 (Concessionaire share of ₹ 619.02 crore + State Government share ₹ 399.53 crore) from ₹ 792.20 crore. The scope of work broadly included:

- (i) Construction of a new parallel water pipeline of 39.12 km from Jayakwadi dam to major balancing reservoir at Nakshatrawadi and rehabilitation of the existing distribution pipeline of 1,036.35 km of Aurangabad city within three years from the appointed date (01 September 2014 to 31 August 2017) which would be referred to as construction and rehabilitation period.

Scrutiny of the records revealed that against Government share of ₹ 161.80 crore (₹ 143.86 crore + ₹ 17.94 crore), AMC released ₹ 20.09 crore to the concessionaire. The concessionaire could invest only ₹ 11 crore against the requirement of ₹ 619.02 crore as of March 2016 due to non-achievement of financial closure. The concessionaire could complete only 40 km water pipe line against total required length of 1,075.47 km (April 2016). Of the 40 km pipe line laid, 6.1 km was laid in unauthorised layouts without the permission of AMC at a cost of ₹ 50.19 lakh, while 26.5 km pipeline were laid without conducting hydraulic tests.

- (ii) Operation and maintenance of the Aurangabad water supply Scheme in accordance with the service level requirements and undertaking metering, improving billing and collection system for which concessionaire would be paid by AMC, Annual Operation Support Grant (AOSG) of ₹ 63 crore in the first year and in subsequent years an amount enhanced by six *per cent* annually up to a period of 20 years plus retention of water user charges at the rates prescribed in CA.

The operation and maintenance of water supply Scheme by the Concessionaire was inadequate<sup>5</sup>. However, it was noticed that he was paid ₹ 127.16 crore as AOSG. In addition, ₹ 43.71 crore was paid as user charges from Collection Account. AMC issued (April 2016) a show cause notice to the concessionaire for his failure to maintain the progress of work as per CA.

Finally, as the concessionaire grossly failed to keep up with the terms of the CA, the AMC under clause 34 of the CA terminated (October 2016)

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<sup>3</sup> Provide evidence in a manner reasonably acceptable to AMC that the concessionaire has the funds available (whether by debt or equity) to undertake the project. Such evidence may include, but not be limited to, an executed loan agreement or a letter of commitment from the Sponsors which would be termed as financial closure

<sup>4</sup> Assets as per Schedule VI of the CA includes land for head works, approach bridge, raw water pumping main, water treatment plant site and distribution system sites

<sup>5</sup> Coverage of water supply connection - 36 and 44 *per cent*, providing water meter connection - 1.93 and 2.01 *per cent* against 100 *per cent*, continuity of water supply only once in three days against 24 × 7 in 2014-16



the contract with concessionaire. AMC intended to encash the performance security of ₹ 79.22 crore submitted (August 2014) by the concessionaire. The AMC could not invoke performance security and take over the project as the concessionaire approached (October 2016) the Bombay High Court (Aurangabad Bench) which, in turn, rejected (24 October 2016) its appeal. Aggrieved by this decision, the concessionaire moved the Supreme Court of India who ordered *status quo* in the matter on 28 October 2016. Pending the decision of the Apex Court, the work on the Scheme was stopped and expenditure of ₹ 190.96 crore<sup>6</sup> incurred got blocked.

AMC accepted (June 2016) the audit observation. During exit conference held in January 2017, Government accepted the audit observation and no reply was furnished.

Thus, even after incurring an expenditure of ₹ 190.96 crore, the AMC failed to provide water supply services and achieve the prescribed SLBs.

**Recommendation 2: Government may take effective action to complete the parallel water supply Scheme to achieve the prescribed SLBs.**

#### **5.1.4 Sewage Management**

##### **5.1.4.1 Performance against Service Level Benchmarks for Sewage Management.**

Hand book of SLB prescribed nine benchmarks to measure the performance of sewage management. These were:

- **Coverage of toilets** – it denotes the extent to which citizen of ULBs have access to toilets in residential, commercial, industrial and institutional properties;
- **Coverage of sewage network services** - it denotes the extent to which underground sewage network has been provided to individual properties in the ULB area;
- **Collection efficiency of sewage network** - it denotes the quantum of waste water collected at Sewage Treatment Plant as against total sewage generated in the ULB;
- **Adequacy of Sewage Treatment Capacity** – it denotes the availability of secondary treatment capacity as a percentage of waste water generation;
- **Quality of sewage treatment** – it denotes the percentage of standard waste water samples that pass out the specified secondary treatment;
- **Extent of reuse and recycling of treated water** - it denotes the percentage of treated waste water reused;
- **Extent of cost recovery** – it is the total revenue recovered against the total operating cost incurred on waste water treatment;

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<sup>6</sup> ₹ 127.16 crore as AOSG + ₹ 43.71 crore as user charges + ₹ 20.09 crore for project

- **Efficiency in redressal of customer complaints** – eighty *per cent* of total number of complaints received to be redressed within twenty four hours; and
- **Efficiency in collection of sewage charges** – it is the revenue collected in the current year against the total demand of operating revenues.

The City of Aurangabad is divided mainly into two river basins *viz.*, Kham and Sukhana. The existing sewage system was developed (1976) with projected population of two lakh which was insufficient to cater to the needs of the current population. There existed four Sewage Treatment Plants (STPs) at City and Industrial Development Corporation (CIDCO), Salim Ali, Zalta and Kanchanwadi. Of these, only two (one at CIDCO and another at Salim Ali Lake) were functional with combined capacity of 11.50 MLD and two had not been commissioned since their installation (1976). Of 103 MLD of sewage generated in the city, only 11.50 MLD was treated of which 2.75 MLD was used for watering gardens during 2011-16. The untreated 91.50 MLD sewage was being discharged into Kham and Sukhana rivers.



**Picture 1 and 2: Untreated sewage entering into Kham river**

The status of SLBs in respect of sewage management during 2011-16 is indicated in **Table 5.1.2**.

**Table 5.1.2: Statement showing status of achievement of SLBs in sewage management**  
(in per cent)

Performance Indicators	National level Bench-marks	State level Bench-marks	2011-12	2012-13	2013-14	2014-15	2015-16
Coverage of toilets	100	100	92.77	93.70	93.99	Records not available	
Coverage of sewage network	100	100	80.98	70.71	68.50	67	67
Collection efficiency of sewage network	100	100	8	8	8	8	7.9
Adequacy of sewage treatment capacity	100	100	13	12.5	11.9	11.7	11.16
Quality of sewage treatment	100	100	Records not available				
Extent of reuse and recycling of treated water	20	20	29.72	29.72	29.72	29.72	29.72
Extent of cost recovery	100	100	0	0	0	0	0
Efficiency in redressal of customer complaints	80	100	100	100	100	100	100
Efficiency in collection of sewage charges	90	90	0	0	0	0	0
Source : Information furnished by AMC							

The AMC achieved only two out of nine indicators as per National/State level benchmarks *i.e.* extent of reuse and recycling of treated water and efficiency in redressal of customer complaints. Remaining seven benchmarks were under achieved or not at all achieved. There was a declining trend in the coverage of sewage network as the installation of sewage network connection was not commensurate with increase in the number of properties. Similarly, adequacy of sewage treatment capacity also dropped as only two STPs with combined capacity of 11.50 MLD were functioning while the waste water generation increased gradually during 2011-16. The collection efficiency of sewage network was only eight *per cent*. 8,755 properties in the city were connected to open drainage system posing serious public health hazards. The AMC did not have data relating to testing of quality of treated sewage water.

Thus, old and inefficient system for waste water management and inadequate access of collection network to main sewer lines led to shortfall in achievement of prescribed SLBs. The AMC stated (June 2016) that the prescribed SLBs would be achieved after completion of on-going Sewage Treatment Project. During exit conference held in January 2017 Government accepted the audit observation and did not furnish any reply.

#### 5.1.4.2 Water Pollution Caused due to Untreated Sewage

A Comprehensive Environment Pollution Index (CEPI)<sup>7</sup> captures the various health dimensions of environment including air, water and land. Central

<sup>7</sup> The index captures the various health dimensions of environment including air, water and land

Pollution Control Board (CPCB) in its reports on CEPI (December 2009) stated that preparation of effective remedial action plan would yield desired results in terms of sustainable use of carrying capacity of the respective industrial area and suggested that areas having aggregated CEPI scores of 70 and above should be considered as critically polluted industrial areas and need further detailed investigations in terms of the extent of damage and formulation of appropriate remedial action plan. CPCB declared Aurangabad city as one of the critically polluted areas with CEPI of 77.44. The CPCB and Ministry of Environment and Forests (MoEF) had directed (April 2011) the Maharashtra Pollution Control Board (MPCB) to prepare action plan for reducing the CEPI score. Accordingly, MPCB prepared (May 2011) and submitted the action plan to MoEF and CPCB along with short term and long term measures to be taken by AMC in a time bound manner. MPCB directed (May 2011) AMC to develop mechanism till March 2012 for scientific collection, treatment and disposal of sewage generated from human habitation which included installation of treatment facility for waste water flowing through Kham and Sukhana River. A bank guarantee of ₹ five lakh was also submitted (July 2011) by AMC to MPCB. As the AMC failed to implement the action plan within the timeframe, the MPCB served five show cause notices under Water (Prevention and Control of Pollution) Act, 1974 to AMC between October 2012 and March 2016 and forfeited (April 2013) the bank guarantee.

In the show cause notices MPCB expressed concern over adverse impact on public health due to release of untreated sewage water into the river Sukhana and Kham which further enters into the Jayakwadi dam, polluting the only source of potable water for Aurangabad City and surrounding areas. The MPCB declared (March 2016) its intention to prosecute the AMC for such a serious violation and negligence of the environment protection aspect.

AMC stated (June 2016) that the matter of letting out untreated waste water in Sukhana and Kham rivers would be resolved on completion of the sewage treatment project by July 2017. The reply is not acceptable as the AMC failed to adhere to the directions of MPCB since April 2011.

During exit conference held in January 2017 Government accepted the audit observation and did not furnish any reply.

#### **5.1.4.3 Refurbishment of the Existing Sewage System through UIDSSMT**

The AMC was aware of inadequate sewage treatment facility and release of untreated water into the rivers. For refurbishment of existing facilities, AMC appointed (October 2010) a Project Management Consultant (PMC) for preparation of Detailed Project Report (DPR). The PMC prepared DPR for ₹ 367.16 crore which was technically sanctioned (March 2012) by Maharashtra Jeevan Pradhikaran (MJP). AMC mooted (January 2013) the proposal under UIDSSMT and GoI accorded (December 2013) approval to this project for ₹ 365.69 crore with funding ratio of 80:10:10 (GoI:GoM:AMC). The GoI and GoM released 50 *per cent* of their share at ₹ 146.28 crore (December 2013) and ₹ 18.28 crore (May 2014) respectively. However, AMC contributed 50 *per cent* of its share in two installments, of ₹ 10.85 crore (August 2014) and ₹ 7.42 crore belatedly in June 2016.

The components of the project as per DPR were as given in **Table 5.1.3**.

**Table 5.1.3: Components of the project as per DPR**

Sr. No.	Components	Details of works to be carried out
1	Collection system	Development of underground sewage collection system in Aurangabad city. The proposed sewer length was 260 km.
2	Sewage Treatment plants	Construction of six STPs with total capacity of 216 MLD which included five new STPs <sup>8</sup> and augmentation of one STP <sup>9</sup> .
3	Pumping stations	Construction of eight pumping stations at Golwadi, Banewadi, Siddharth Garden, Padegaon, Zalta, CIDCO, intermediate pumping station at Ward 98 and pumping station from Golewadi SPS to Kanchanwadi.

Source: Bid document

AMC initiated tendering process in January 2014 and work was awarded (July 2014) to an agency for ₹ 464.00 crore to be completed in 36 months. Audit findings are discussed below:

#### Deficiencies in the DPR and Execution

- Section I of the SLB Handbook provides that the relevant SLBs should be part of DPRs for projects taken up in the concerned sectors. Audit observed that no such linking of SLBs was made in the DPR to assess the achievement of indicators as provided in the National/State level benchmarks.
- As per CPHEEO Manual, the sewage system including STPs and collection system should be designed for 30 years. Though collection system was proposed with projection up to 30 years, only six STPs and pumping stations were considered in the DPR based on projections for 15 years (up to 2030) due to financial constraints.
- AMC merged (March 2015) the capacity of Siddharth Garden STP (4.50 MLD) and Banewadi (20 of 30 MLD) with Nakshatrawadi STP by expanding its capacity to 161 MLD from 136.50 MLD. This was due to objections raised (March 2015) by the Zoo Authority of India against the proposed STP at Siddharth Garden anticipating its adverse impact on zoo animals and also due to non-availability of land at Banewadi. Concerns were expressed (January 2014) by Airport Authority of India over the STP at CIDCO in view of the potential danger of bird hits to the aircraft. Consequently, AMC expanded the capacity of Zalta STP to 35 MLD from 20 MLD by merging CIDCO STP (15 MLD) with it.
- Encroachment was noticed on three main sewer lines viz., sewer 'C' (Surana Apartment to AMC shops), sewer 'D' (Zilla Parishad ground to Aushadhi Bhavan) and sewer 'L' (Airport compound to Jay Bhavani chowk) passing through local nullah. Hence, these three sewer lines were diverted along the road side instead of passing through the nullah bed. This diversion led to increase in length of sewer line by 745

<sup>8</sup> 1 Nakshatrawadi (capacity 136.50 MLD); 2 Banewadi (capacity 30 MLD); 3 Padegaon (capacity 10 MLD); 4 Siddharth Garden (capacity 4.50 MLD); and 5 Zalta (capacity 20 MLD)

<sup>9</sup> CIDCO: capacity to be increased from existing 6.50 MLD to 15 MLD

metres for which AMC had to bear extra financial burden of ₹ 78.60 lakh.

- The physical progress of four STPs ranged between six and 61 *per cent*<sup>10</sup> as of December 2016.
- Against 70.16 km length of main sewer, 60.15 km was completed and 87.05 km of internal collection system out of 200 km was covered as of December 2016.
- The physical progress of four Sewage Pumping Stations (SPS) was ranging between 45 and 85 *per cent*<sup>11</sup> as of December 2016. However, the work of SPS connecting Golwadi to Kanchanwadi and other three SPS at Banewadi, Siddharth Garden and CIDCO were not taken up as of December 2016.

The above situation indicated that even after the lapse of thirty<sup>12</sup> months and incurring an expenditure of ₹ 193.41 crore (January 2017), the progress of the work was slow. No milestones were fixed for completion of the project.

AMC stated (December 2016) that the changes were necessary due to issues noticed during actual execution. The reply is not acceptable as the changes proposed subsequently should have been factored in while preparing the DPR for smooth execution of the work.

During exit conference held in January 2017 Government accepted the audit observation but did not furnish any reply.

Therefore, AMC could not achieve the prescribed SLBs due to non-completion of sewage treatment project even after a lapse of almost five years.

**Recommendation 3: Government may ensure that the ongoing project of sewage management is completed expeditiously to achieve the prescribed SLBs.**

### **5.1.5 Solid Waste Management**

#### **5.1.5.1 Performance against SLBs for Solid Waste Management.**

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

- **Household level coverage of SWM services through door to door collection of wastes** – it denotes the extent of solid waste and establishments covered by door to door collection of municipal solid wastes on daily basis;

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<sup>10</sup> Nakshatrawadi (61 *per cent*), Banewadi (6 *per cent*), Padegaon (37 *per cent*) and Zalta (56 *per cent*)

<sup>11</sup> Golwadi SPS (45 *per cent*), Zalta SPS (80 *per cent*), Ward 98 (45 *per cent*) and Padegaon (45 *per cent*)

<sup>12</sup> 01 July 2014 to 31 December 2016

- **Efficiency in collection of solid waste** – it denotes the extent of total solid waste collected by the ULB as against the total solid waste generated within the ULB area;
- **Extent of segregation of solid waste** – it denotes the extent of solid waste being segregated. Segregation of wet and dry wastes should be done at the point of generation;
- **Extent of solid waste recovered** – it denotes the quantum of collected solid waste recycled and processed;
- **Extent of scientific disposal of solid waste** – it denotes the total quantity of wastes disposed in landfill facilities as against total waste disposal in all sites;
- **Extent of cost recovery in SWM services** – it is the extent to which the ULB is able to recover all operating expenses relating to SWM services;
- **Efficiency in redressal of complaints** – it denotes the number of complaints redressed within 24 hours as against total number of complaints received; and
- **Efficiency in collection of SWM charges** – it is the revenue collected in the current year against the total demand of operating revenues.

The AMC was handling and transporting 450 Metric Tonnes (MT) of solid waste generated daily in the city deploying its own resources (vehicles and labours) and hiring private transport vehicles of two agencies. 61<sup>13</sup> heavy and 151<sup>14</sup> light vehicles were deployed for collection and dumping of solid waste. The private transporters were paid on the basis of trips made to dumping yards at Naregaon. Though the CSP envisaged (November 2011) entering into a long term contract with a private vendor for collection, segregation, processing, recycling and disposal of the solid waste, the AMC did not make any effort to carry out this work through any private agency.

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<sup>13</sup> Vehicles owned by AMC: 7 Skip loaders, 7 Hook loaders and 28 Trucks;  
Vehicles hired through private agency: 6 Tippers and 13 Tractors

<sup>14</sup> Vehicles owned by AMC: 58 Vehicles, Vehicles hired through private agency:  
93 Vehicles

The mechanism for processing, recycling, scientific disposal of solid waste and recovery of SWM charges was absent. This led to severe shortfall in achievement of prescribed SLBs during 2011-16 as indicated in **Table 5.1.4**.

**Table 5.1.4: Statement showing status of achievement of SLBs in SWM**

Performance Indicators	National Level Bench-marks	State Level Bench marks	(in per cent)				
			2011-12	2012-13	2013-14	2014-15	2015-16
Household level coverage of SWM services through door to door collection of waste	100	100	50.01	53.94	56.14	59.49	66.46
Efficiency in collection of solid waste	100	100	93.20	94.19	89.97	93.56	92.77
Extent of segregation of solid waste	100	100	0	0	0	0	19.95
Extent of solid waste recovered	80	80	0	0	0	0	0
Extent of scientific disposal of solid waste	100	100	0	0	0	0	0
Extent of cost recovery in SWM services	100	100	0	0	0	0	0
Efficiency in redressal of complaints	80	100	99.70	100	100	100	100
Efficiency in collection of SWM charges	90	100	0	0	0	0	0

Source :Information furnished by AMC

Only one SLB (efficiency in redressal of complaints) out of eight was achieved by the AMC against National/State level benchmarks. Although, efficiency in collection of solid waste (lifting of garbage) was exceeding 90 per cent, the coverage of door to door collection from households was around 57 per cent<sup>15</sup> only. In four SLBs, there was nil achievement during 2011-16, in respect of scientific disposal, extent of solid waste recovered, cost recovery of SWM charges and efficiency in its collection. During 2015-16, the achievement was only 19.95 per cent in respect of solid waste segregation. The AMC incurred ₹ 185.30 crore during 2011-16 on operating expenses<sup>16</sup> under SWM but revenue collection was zero. The AMC had reported (May 2014) to the State Government that 80 per cent household had been covered and recovery of solid waste at 10 per cent was achieved during 2013-14. Audit scrutiny, however, revealed that it was only 56 per cent and nil respectively.

Regarding hiring of vehicles, the AMC made payment to agencies on the basis of trips made to the dumping yard at Naregaon. The Standing Committee of AMC observed (September 2012) that against requirement of two trips, only one trip was made by the two private agencies due to shortage of departmental labour. Further, work of transportation of garbage was not satisfactory due to

<sup>15</sup> Average of household coverage from 2011 to 2016: (50.01+53.94+56.14+59.49+66.46)/5=57

<sup>16</sup> Operating expenses includes costs related to operation and maintenance, administrative and establishment expenditure (including salaries, wages), payment to contractors for activities outsourced by the ULB



slackness of departmental workers. The Committee recommended to make payment on weight basis to make this system more efficient as the private agency would strive to lift maximum garbage. The AMC could not adhere to those instructions and continued to dump the garbage on trip basis.

AMC stated (March 2016) that tenders for payments on weight basis were called but there was no response. Thus, the AMC could not develop an effective and efficient system for handling and transportation of solid waste.

During exit conference held in January 2017 Government accepted the audit observation and stated that the surprise checks of vehicles were being carried out. The reply is not acceptable as the monitoring of the transporting vehicles on regular basis is necessary to ensure lifting of entire garbage generated in the city.

#### **5.1.5.2 Un-scientific Disposal of Solid Waste**

Rule 4 of the Solid Waste Management Rules, 2000 (SWM Rules) and the CSP prepared by AMC provides that municipal authority shall be responsible for adhering to SWM rules involving collection, storage, segregation, transportation, processing and disposal of municipal solid wastes.

Audit observed that AMC was transporting the solid waste and dumping it at Naregaon dumping yard without segregation, processing and recycling. The MPCB issued (April 2013) a notice to AMC in pursuance of the order passed by the Bombay High Court (Aurangabad Bench) on 02 April 2013 regarding discontinuance of the dumping of solid waste at Naregaon which had exceeded its capacity and instructed (April 2013) AMC to identify alternate sites for disposal of solid waste. MPCB reported (March 2016) that the AMC had failed to dispose the municipal solid waste in a scientific manner which posed serious threat to the public health. Despite these instructions, AMC continued to dump the solid waste at Naregaon dumping yard in an unscientific manner as evident from the photograph below:



**Picture 3: Un-authorized dumping of solid waste at Naregaon**

As per the SWM Rules, dumping yard and scientific landfill sites should be away from habitation clusters. A mechanism should exist to measure the

concentration of hazardous Methane gas generated due to garbage. Rule 6 stipulates that the municipal authority has to obtain authorization from State Pollution Control Board for creation of the landfill facility.

Audit observed that 72 ordinary landfill pits were dug by AMC in residential areas to dump the garbage. The dumped garbage in landfill pits was not compacted and covered so as to check infiltration and erosion of solid waste. No authorisation from MPCB was sought for creating these pits. There was also no mechanism to measure the concentration of Methane gas generated at dumping/landfill sites.



**Picture 4: Open landfill pit in the residential area of Ward-B**

Audit further observed that AMC had made a provision of ₹ 50 crore in the CSP for scientific landfill sites. No budget provision was, however, made in the annual budget to develop scientific facility for SWM during 2011-16.

AMC in reply stated (May 2016) that the efforts for finding the alternate site for dumping of solid waste were being made but were not successful.

During exit conference held in January 2017 Government accepted the audit observation regarding failure in finding alternate site for dumping of solid waste. Regarding landfill pits, it was stated that the same were used for composting of garbage.

Reply is not acceptable as the AMC could not adhere to the instructions of MPCB since year 2013. AMC also failed to establish a mechanism for scientific segregation, processing, recycling and disposal of solid waste as per the guidelines of SLBs. Thus, the AMC failed to render SWM related services to the citizens efficiently and could not achieve the prescribed SLBs.

**Recommendation 4: Government may ensure that an efficient mechanism for SWM is formulated and an alternate site for dumping solid waste is identified.**

## 5.1.6 Storm Water Drainage

### 5.1.6.1 Road Side Drainage

Storm Water Drainage (SWD) is runoff from rainfall that flows over roads, driveways, parking lots, rooftops and other paved surfaces that do not allow water to soak into the ground. As per Hand book on SLB, each road having carriageway exceeding 3.5 metre should be provided *pucca* and covered drains. Government prescribed 100 *per cent* coverage for SWD net-work.

The CSP estimated the fund requirement of ₹ 1,424.37 crore<sup>17</sup> for SWD. No budget provision was, however, made by the AMC from 2011-16 under this head as ward offices of the AMC did not propose such works. The progressive status of SWD in AMC is depicted in **Table 5.1.5**.

**Table 5.1.5: Storm water drainage data**

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Total length of road network (in km)	1129.96	1187.55	1229.45	1245.35	1272.45
Total length of <i>pucca</i> covered drains (in km)	48.14	52.79	60.09	66.59	69.14
Coverage of storm water drainage network (in <i>per cent</i> )	4	4	5	5	6

Source : Information furnished by AMC

The coverage of *pucca* covered drains ranged between four *per cent* and six *per cent* of the total road length during 2011-16. Out of 142.49 km<sup>18</sup> of new road length constructed during 2011-16, the road side drainage was provided for road length of only 21 km<sup>19</sup>.

AMC stated (March 2016) that as no budget provision was created, the work of road drainage was not considered. The reply is not acceptable as ward officer neither proposed such work nor demanded fund from the AMC.

During exit conference held in January 2017 Government accepted the audit observation and stated that Aurangabad was selected for 'Amrut Yojna' under which works of storm water drainage would be executed along with roads.

### 5.1.6.2 Water Logging Spots

As per paragraph 2.4.2 of the Handbook on SLB, the flood prone spots in the ULB limits should be first identified based on reports/complaints filed by citizens, or by direct observation and reported to a Central Room with details of time, date, location and extent of flooding. The frequency of water logging/flooding at these spots throughout the year should be added up to give aggregate number of incidents. Thus, an assessment of the impact or outcome of SWD systems could be made. Government prescribed zero incidence of water logging in the municipal area.

Audit observed that during 2011-16, the AMC carried out measurement of water logging spots only once in September 2015 against the requirement of quarterly survey prescribed in SLB Handbook of GoI. The occurrence of water

<sup>17</sup> Road side drains: ₹ 375 crore; nullah training: ₹ 1,000 crore; and construction of catch pits, survey: ₹ 49.37 crore

<sup>18</sup> 1,272.45 km – 1,129.96 km = 142.49 km

<sup>19</sup> 69.14 km – 48.14 km = 21 km

logging incidents was also not measured. A total of 126 spots were identified (18 September 2015) within the city limits in this survey.

During 2011-16, AMC reported this data to the GoM only once *i.e.* for the year 2013-14 wherein 22 water logging incidents were mentioned. The reported data was not based on any survey as no quarterly surveys were carried out by the ward offices of AMC during 2013-14 due to shortage of manpower.

The primary cause of the water logging was encroachment and unauthorised constructions over the natural course of existing nullahs as shown in picture 5 and 6 below:



**Picture 5 and 6: Unauthorised constructions**

No action was taken to remove unauthorised constructions by AMC due to shortage of manpower and funds. AMC did not furnish any reply to the audit observation made in August 2016.

During exit conference held in January 2017, Government accepted the audit observation and did not furnish any reply.

**Recommendation 5: Government may ensure immediate removal of such encroachments on natural course of nullah to avoid any natural disaster.**

#### **5.1.7 Training and Orientation**

The SLB guidelines provided that the Head of Department (here Municipal Commissioner, AMC) should take the lead in orienting staff by imparting training on SLBs to enable them to play their respective roles in the overall Performance Management System. However, no such training was organised by the AMC during 2011-16. AMC did not furnish any reply to the audit observation.

During exit conference held in January 2017, Government accepted the audit observation and no reply was furnished.

**Recommendation 6: Government may ensure imparting training to the municipal staff for effective implementation of service level benchmarks.**

### 5.1.8 Conclusion

With an objective to measure the performance of each ULBs, GoI issued (July 2008) 28 SLBs for four services and GoM adopted (February 2010) the same with modifications. The services included water supply, sewage management, solid waste management and storm water drainage system.

The Special Cell formed by AMC was to prepare a time bound action plan for achievement of SLBs, however, the special cell met only once during 2011-16. The CSP and CDP remained unapproved and were not linked with the SLBs. There was no mechanism for collection of basic data on performance against SLBs from the wards and reporting the same to various authorities. There were deficiencies in preparation of DPRs for the projects and in execution. Insufficient budget provisions and ineffective management of ongoing projects led to severe shortfall in achievement of SLBs thereby depriving the citizens of Aurangabad city of basic amenities like water supply, sewage management, disposal of solid waste and drainage of storm water. MPCB expressed concern over adverse impact on public health due to release of untreated sewage water into the river Sukhana and Kham which further entered into the Jayakwadi dam, polluting the only source of potable water for Aurangabad City and surrounding areas. The MPCB declared (March 2016) its intention to prosecute AMC for such negligence. Despite this, no action was taken by the AMC even after a lapse of more than five years. Staff concerned of AMC was not imparted training for effective implementation of service level benchmarks.

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

## PUNE MAHANAGAR PARIVAHAN MAHAMANDAL LIMITED

### 5.2 Avoidable Expenditure on Purchase of Diesel

**Undue delay by Pune Mahanagar Parivahan Mahamandal Limited in switching over from wholesale to retail purchase of diesel resulted in an avoidable expenditure of ₹ 9.89 crore.**

The Ministry of Petroleum and Natural Gas, Government of India (Ministry) had a policy of dual pricing regarding sale of diesel *i.e.* different prices for bulk and retail consumers. The bulk consumers were being supplied diesel at the wholesale price. The Ministry revised the above policy from 18 January 2013 and issued directions to the oil companies to sell diesel to bulk consumers at the market determined prices.

Prior to revision of policy, Pune Mahanagar Parivahan Mahamandal Limited<sup>20</sup> (PMPML), a bulk consumer of diesel, had been purchasing diesel directly from three<sup>21</sup> oil marketing companies at the wholesale price of ₹ 52.10 per litre. Upon revision of policy from 18 January 2013, the wholesale price increased to ₹ 64.13 per litre which was higher than the prevailing retail price of ₹ 53.65 per litre. The PMPML worked out (21 January 2013) an additional liability of ₹ 8.66 lakh per day on account of increase in wholesale prices.

Scrutiny of records of PMPML revealed (March 2016) that the Company took unduly long time to decide the modalities for purchase of diesel. Between 18 January 2013 and 31 July 2013 (195 days), PMPML purchased 115.14 lakh litres of diesel at the new wholesale prices and incurred an expenditure of ₹ 73.52 crore, which was higher than the prevailing retail prices during the same period by ₹ 9.89 crore<sup>22</sup>. From 01 August 2013, PMPML started purchasing diesel for all the buses under its control at the prevailing retail prices.

The PMPML attributed (July 2016) the delay in switching-over to retail purchase of diesel to correspondence and meetings held with the oil marketing companies/private pump owners/depots of PMPML to evolve a system of procurement of diesel from private pump owners and additional staff requirement for security, quality control and system of payment *etc.*

The reasons attributed by PMPML for delay in decision-making were not very convincing because, the only meeting with oil marketing companies was held within 10 days of price rise (28 January 2013) and the decision to purchase diesel from private pump owners was taken on 08 February 2013. Further, PMPML was aware that it would have to incur an additional liability of ₹ 8.66 lakh per day due to price rise. Therefore, delay in switching over to retail purchase of diesel was unjustifiable. Regarding the requirement of additional staff, quality control measures *etc.* it was seen that no additional arrangements were eventually put in place by PMPML. Moreover, the credit facilities which were in place with oil companies also continued with private pump owners and no new system of payment was evolved. It is also pertinent to mention that other fleet owners<sup>23</sup> had taken timely decision to shift to retail purchase of diesel.

Thus, undue delay by PMPML in switching over from wholesale to retail purchase of diesel resulted in an avoidable expenditure of ₹ 9.89 crore.

The matter was referred to the State Government in December 2016; their reply was awaited as of February 2017.

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<sup>20</sup> A public limited Company formed under the provisions of the Companies Act, 1956 by amalgamating the transport undertakings of the Pune Municipal Corporation and Pimpri-Chinchwad Municipal Corporation vide Government of Maharashtra resolution dated 19 April 2007

<sup>21</sup> Bharat Petroleum Corporation Limited, Hindustan Petroleum Corporation Limited and Indian Oil Corporation Limited

<sup>22</sup> ₹ 73.52 crore (wholesale price) - ₹ 63.63 crore (retail price)

<sup>23</sup> Maharashtra State Road Development Corporation and Brihanmumbai Electric Supply and Transport Undertaking

**MUNICIPAL CORPORATION OF GREATER MUMBAI,  
AMBERNATH MUNICIPAL COUNCIL, KULGAON-  
BADLAPUR MUNICIPAL COUNCIL AND PANVEL  
MUNICIPAL COUNCIL**

**5.3 Short-levy of Development Charges**

**Municipal Councils Ambernath, Kulgaon-Badlapur and Panvel levied and collected development charges at pre-revised rates which resulted in short-levy of ₹ 5.58 crore affecting their revenues. The Municipal Corporation of Greater Mumbai recovered the entire short-levy of development charges of ₹ 1.02 crore at the instance of audit.**

As per Section 124 (A) of the Maharashtra Regional and Town Planning (Amendment) Act, 1992, all Municipalities shall levy and collect development charges at the specified rates within the area of their jurisdiction. Section 124 (B) (2) read with Second Schedule of the Act specifies that development charges were to be levied at the rates<sup>24</sup> based on per square metre of the area. The rates for industrial and commercial users were one and half times and two times higher than the residential rates. Consequent on introduction of Maharashtra Regional and Town Planning (Amendment) Act, 2010, the Urban Development Department, GoM revised the rates of development charges vide Government Resolution (GR) dated 27 December 2010 based on percentage of stamp duty ready reckoner rates, instead of per square metre basis.

Scrutiny of records of three Municipal Councils<sup>25</sup> (February 2016 to August 2016) revealed that though the rates of development charges had been revised vide GR of 27 December 2010, these Councils continued to levy and collect development charges at the pre-revised rates based on per square metre on plans approved after 27 December 2010. While Ambernath and Kulgaon-Badlapur Municipal Councils implemented the revised rates with effect from September 2015, Panvel Municipal Council implemented the revised rates from July 2015. This resulted in short-levy of development charges of ₹ 3.25 crore in Ambernath Municipal Council (391 cases), ₹ 0.68 crore in Kulgaon-Badlapur Municipal Council (121 cases) during the period 2011-12 to 2015-16 (up to August 2015) and ₹ 2.64 crore in Panvel Municipal Council (79 cases) during the period 2014-16<sup>26</sup> (up to June 2015).

The Ambernath Municipal Council confirmed (March 2017) that ₹ 68.54 lakh<sup>27</sup> had been recovered from the developers and demand notices were being issued for recovery of the balance amount. The Kulgaon-Badlapur Municipal Council stated (February 2017) that ₹ 0.20 crore had been recovered in 27 of 121 cases and notices had been issued in the remaining 94 cases. The Panvel Municipal Council stated (January 2017) that ₹ 9.75 lakh

<sup>24</sup> Minimum and maximum rates were prescribed within which development charges were to be levied

<sup>25</sup> Ambernath, Kulgaon-Badlapur and Panvel

<sup>26</sup> Municipal Council, Panvel did not furnish any information pertaining to period 2011-14

<sup>27</sup> Full recovery was effected in 75 of 391 cases and partial recovery was effected in the remaining 316 cases

had been recovered in three cases (partly in one case) and action was being taken to recover the balance amount.

Similar observation on short-levy of development charges of ₹ 1.02 crore<sup>28</sup> was also raised by audit in Municipal Corporation of Greater Mumbai, which had since been recovered (January 2017) by the Corporation from the developer at the instance of audit.

Thus, failure to implement revised rates of development charges resulted in short-levy of ₹ 5.58 crore in 487 cases in three Municipal Councils (316 cases in Ambernath, 94 in Kulgaon-Badlapur and 77 in Panvel).

The matter was referred to the State Government in January 2017; their reply was awaited as of February 2017.

## **YAVATMAL MUNICIPAL COUNCIL**

### **5.4 Unfruitful Expenditure on Purchase of Organic Waste Converter Machine**

**The Municipal Council, Yavatmal purchased organic waste converter machine but failed to put it to use even after a lapse of four years from purchase rendering expenditure of ₹ 19.79 lakh unfruitful.**

The Municipal Council, Yavatmal (MC) decided (June 2011) to purchase organic waste converter (OWC) machine for conversion of organic waste generated from slaughter houses, poultry and fish markets into organic manure. The Collector, Yavatmal accorded (September 2011) administrative approval of ₹ 20 lakh for purchase of OWC machine under Thirteenth Finance Commission funds. The MC placed supply order for purchase of OWC machine in October 2011 at a cost of ₹ 19.79 lakh from a firm. The OWC machine was supplied by the firm in November 2011.

Scrutiny of the records (March 2012 and December 2014) revealed that the OWC machine was installed (January 2012) in the village Sawargadh and the machine was used intermittently for five months from March 2012 to March 2013. However, due to opposition of the villagers in transporting and disposal of solid waste in their village on the ground of pollution of water and unhygienic condition, the OWC machine could not be put to use. Further, it was observed that between April 2013 and November 2014 the dumping site was changed twice (Pimpalgaon site and Dhamangaon bypass site) but the OWC machine was not shifted and organic waste generated (3 metric tonne per day) from slaughter houses, poultry and fish markets was disposed off with municipal solid waste (55 metric tonne per day) without any treatment in pits in the fields occupied on lease. Thus, OWC machine could not be put to use thereafter. This had resulted in unfruitful expenditure of ₹ 19.79 lakh on purchase of organic waste converter machine.

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<sup>28</sup> MCGM had levied and recovered development charges at residential/industrial rates instead of commercial rate (refer development proposal for business office building on plot bearing C.T.S. No. 73A, 73A/1, 73A/2, 73A/3, 73A/4, 73A/5, 73B & 74B at village Tungwa, opposite L&T Gate No. 7 in Saki Vihar Road, Mumbai)



Government accepted the facts and stated (December 2016) that the machine would be put to use.

## NAGPUR IMPROVEMENT TRUST

### 5.5 Lapses in Upkeep of Bank Guarantees

#### **Failure of Nagpur Improvement Trust to submit original bank guarantee with the bank resulted in loss of ₹ 25 lakh.**

With a view to ensure that the Bank Guarantees (BG) accepted by the organisation are genuine and en-cashable, the Central Vigilance Commission (CVC) issued (December 2007) guidelines prescribing procedure for acceptance of BG from contractor/suppliers, verification of genuineness/authenticity of BG, designating one officer who should be responsible for verification of genuineness, timely renewal and timely encashment of BGs *etc.*

Scrutiny (May 2015 and July 2015) of records of Nagpur Improvement Trust (Trust) revealed that the Trust entered (December 2010) into an agreement with an agency for development of playground and hospital at Chikhali (Deosthan), Nagpur on Public Private Participation mode. The work of playground was to be completed within 12 months and the work of hospital was to be completed in a period of 36 months. As per agreement, the agency submitted performance security of ₹ 25 lakh in the form of BG with a validity up to December 2012. The BG was to be renewed till the works under the contract were completed. In January 2013, the Trust asked the agency to extend the validity of the BG. The agency renewed the same with validity up to November 2013 and submitted a photo copy of the BG to the Trust. As there was no progress of work, the Trust terminated (June 2013) the contract and approached the bank for encashment of the BG. The bank refused to encash the BG as the Trust failed to submit the original BG.

Audit also observed that in two other works, the executing agencies had submitted BGs amounting to ₹ 107.39 lakh to the Trust which lapsed without renewal. However, after being pointed out in audit, the Trust directed these agencies to renew the BGs which was complied with.

On this being pointed out, the Trust stated (August 2016) that in compliance to the audit observation, circulars had been issued to all Head of Departments of the Trust to make them aware of the specific areas of action and their responsibility in terms of CVC guidelines. The Trust had also initiated action for collection of database of all the Banks for effective verification of genuineness of BGs.

The matter was referred to the State Government in June 2016; their reply was awaited as of February 2017.

## THANE MUNICIPAL CORPORATION

### 5.6 Idling of Healthcare Facilities

**Upgraded healthcare facilities created in September 2013 at a cost of ₹ 5.98 crore in Chhatrapati Shivaji Maharaj Hospital, Kalwa under Thane Municipal Corporation remained idle for 41 months due to non-deployment of requisite manpower.**

Chhatrapati Shivaji Maharaj Hospital, Kalwa (hospital) under Thane Municipal Corporation (TMC) is a 500-bedded hospital equipped with five operation theatres (OTs) and eight-bedded intensive care unit (ICU). In order to deal with larger number of serious accident cases and other emergency cases, TMC decided (November 2011) to upgrade the existing OTs and ICU. The TMC awarded (January 2012) the upgradation work to a contractor on turnkey basis at a total cost of ₹ 13.62 crore for completion by June 2012. The scope of work included (i) upgradation of existing five OTs into modular prefabricated structures, (ii) upgradation of eight-bedded ICU into 40-bedded modular prefabricated ICUs (four ICUs of 10 bed each), (iii) construction of 12-bedded modular prefabricated trauma unit, and (iv) construction of seven-bedded modular prefabricated casualty unit. The work was completed after a delay of 14 months in September 2013 after incurring an expenditure of ₹ 13.62 crore.

Scrutiny of records of the Chief Medical Officer, Health Department, TMC revealed (October 2015) that though the upgradation work was completed in September 2013, one of five modular prefabricated OT, 20 of 40-bedded modular prefabricated ICUs and all the 19-bedded modular prefabricated trauma and casualty units were non-functional as of February 2017, due to inadequate manpower. Though TMC requisitioned (November 2011) 16 posts of Intensivists<sup>29</sup> for the upcoming upgraded facilities, the Urban Development Department sanctioned (March 2014) only four posts of which, two posts were filled up by TMC (one regular post in August 2014 and one temporary post in February 2016), leaving a shortage of 14 Intensivists as of February 2017. Further, in view of persistent shortage of other staff members in the hospital such as, Sisters-in-charge (03), Staff nurses (12) and Ward boys (44) as of September 2016, the hospital was not in a position to spare the available staff for the upgraded facilities created in September 2013.

The Medical Superintendent, Chhatrapati Shivaji Maharaj Hospital stated (September 2016) that while it was difficult to prescribe any time frame for filling up the vacant posts, efforts were being made to ensure smooth running of the hospital including the upgraded facilities created in September 2013.

Thus, failure of Urban Development Department and Thane Municipal Corporation to sanction/fill up the posts of Intensivists and support staff led to

<sup>29</sup> An Intensivist, also known as a critical care physician, is a medical doctor with special training and experience in treating critically ill patients



