

**CHAPTER II**  
**PERFORMANCE REVIEWS**  
**(URBAN LOCAL BODIES)**



## CHAPTER II

### PERFORMANCE REVIEWS (URBAN LOCAL BODIES)

This Chapter presents one performance review dealing with Anaithu Peruratchi Anna Marumalarchi Thittam and one long paragraph on Utilisation of Central Twelfth Finance Commission Grant for Solid Waste Management in Urban Local Bodies.

#### MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

##### 2.1 Anaithu Peruratchi Anna Marumalarchi Thittam – a scheme for strengthening infrastructure of Town Panchayats

###### *Highlights*

*‘Anaithu Peruratchi Anna Marumalarchi Thittam’ envisages strengthening of existing civic infrastructural facilities and creation of requisite amenities in Town Panchayats such as water supply, storm water drain, roads, street lights, community halls, office buildings, etc. A performance audit conducted on the scheme revealed delayed release of funds to Town Panchayats, surrender of funds by Town Panchayats due to under utilisation, creation of infrastructure by Town Panchayats without necessary amenities and construction of shopping centres without demand assessment leading to idle investments. The important points noticed on the above deficiencies were: -*

- There was delay of more than three months in release of Rs 10.68 crore to Town Panchayats by five Zonal Assistant Directors of Town Panchayats.

*(Paragraph 2.1.7.1)*

- For want of clear instructions in the guidelines, eight Town Panchayats refunded unspent balance of Rs 12.04 lakh to the Director of Town Panchayats.

*(Paragraph 2.1.7.4)*

- Failure of five Zonal Assistant Directors of Town Panchayats to follow the instructions of Director of Town Panchayats in procurement of compact fluorescent lamps resulted in avoidable expenditure of Rs 13.42 lakh.

*(Paragraph 2.1.8.2)*

- Twenty community halls constructed under the scheme at a cost of Rs 2.72 crore were not put to use either due to lack of basic amenities or due to their construction in remote areas.

*(Paragraph 2.1.8.3)*

- **Defects such as poor quality of work and non-shifting of electricity poles to the edge of the road were noticed in cement concrete roads formed in four Town Panchayats.**

*(Paragraph 2.1.8.5)*

- **33 out of 37 shops constructed at a cost of Rs 42.08 lakh in five Town Panchayats were not let out either due to lack of demand or non-availability of power connection.**

*(Paragraph 2.1.8.6)*

- **There was shortfall of 74 per cent in convening the meetings of District Level Monitoring Committee in four test-checked districts.**

*(Paragraph 2.1.11.1)*

### 2.1.1 Introduction

There are 561 Town Panchayats (TPs) in Tamil Nadu. TP is an area in transition from a rural area to an urban area. The State Government introduced (July 2007) 'Anaithu Peruratchi Anna Marumalarchi Thittam' (APAMT), a State plan scheme for strengthening the infrastructure of the TPs. Further the scheme also contemplates creation of awareness among people regarding health and cleanliness and effective collection of tax. The scheme proposed to cover all the TPs over a period of four years. Under the scheme Rs 50 lakh<sup>1</sup> per TP was allotted for creation and strengthening of infrastructural facilities. Besides, the TPs were to dovetail infrastructural development projects executed by other departments for Rupees One crore. During the years 2007-09, 140 TPs were selected per year and Rs 70 crore per year was allotted to those TPs.

### 2.1.2 Organisational set up

The organisation chart regarding functioning of Town Panchayats is given in **Appendix 2.1**. The responsibilities of the implementing officers of the scheme was as under:

Organisation/Agency	Responsibility
Municipal Administration and Water Supply Department	<ul style="list-style-type: none"> <li>▪ Selection of TPs for implementing the scheme in a phased manner</li> <li>▪ Release of scheme funds to Director of Town Panchayats</li> <li>▪ Overall supervision of implementation of scheme</li> </ul>
Director of Town Panchayats	<ul style="list-style-type: none"> <li>▪ Distribution of scheme funds to TPs through Assistant Director of Town Panchayats</li> <li>▪ Formulation of necessary guidelines for implementing the scheme</li> <li>▪ Approval of works above Rs 10 lakh to be undertaken under the scheme</li> </ul>
District Collector	<ul style="list-style-type: none"> <li>▪ Chairman of District Level Monitoring Committee</li> <li>▪ Approval of works below Rs 10 lakh to be undertaken under the scheme</li> </ul>
Assistant Director of Town Panchayats at zonal level	<ul style="list-style-type: none"> <li>▪ Member Secretary of District Level Monitoring Committee</li> <li>▪ Preparation of necessary proposals and estimates for implementing the scheme</li> <li>▪ Furnishing necessary details to District Collector to facilitate the implementation of the scheme</li> </ul>

<sup>1</sup> Rs 35 lakh – Government grant; Balance - Rs 15 lakh from Twelfth Finance Commission Grant/other sources of TPs or from infrastructure gap filling fund in respect of TPs which are unable to mobilise from their own sources

Organisation/Agency	Responsibility
District Level Monitoring Committee	<ul style="list-style-type: none"> <li>▪ Finalising the list of priority works to be undertaken under the scheme</li> <li>▪ Co-ordinating the implementation of the scheme with various agencies</li> <li>▪ Monitoring the progress of the scheme</li> </ul>
Executive Officers, Town Panchayats	<ul style="list-style-type: none"> <li>▪ Execution of the schemes</li> <li>▪ Member of District Level Monitoring Committee</li> <li>▪ Conduct of impact assessment on completion of the scheme</li> </ul>

### 2.1.3 Audit objectives

The objectives of the Performance Audit were to assess whether

- funds released were efficiently managed and effectively utilised,
- selection, location and execution of works were as per scheme guidelines and technical specifications,
- works were executed effectively and economically and amenities created were effectively utilised,
- monitoring and internal control system was in place for effective planning and execution of activities and
- impact and improvement of the quality of amenities available in the TPs after implementation of APAMT was assessed by Executive Officers of the respective Town Panchayats.

### 2.1.4 Audit criteria

The following were adopted as audit criteria:

- Tamil Nadu District Municipalities Act, 1920 and rules made there under.
- Guidelines for selection and design criteria for various components under APAMT, orders and instructions issued by the State Government.
- Public Works manual for technical specifications.
- Departmental instructions.

### 2.1.5 Audit methodology and coverage

Performance audit of the scheme was evaluated in 35 selected TPs (20 TPs in 2007-08 and 15 TPs in 2008-09) (**Appendix 2.2**) in seven districts<sup>2</sup> selected through random sampling method and TPs selected by arranging them in an

<sup>2</sup> Dharmapuri, Kanniyakumari, Nagapattinam, Pudukkottai, Thanjavur, Thiruvannamalai and Vellore

alphabetical order and adopting interval method. In addition, records relating to the scheme were also checked in the Office of the Director of Town Panchayats, Office of the Assistant Director of Town Panchayats of selected districts and selected TPs between June 2009 and November 2009. Data was also collected by circulating suitable structural questionnaires and through audit enquiries. Entry conference was held with the Head of the Department (July 2009). The draft review was communicated to the State Government (December 2009). The exit conference was held with the Director of Town Panchyats (DTP) during June 2010 and the findings were discussed in detail.

### **2.1.6 Physical and financial achievements**

According to the guidelines issued in July 2007, out of Rs 50 lakh allocated for each TP under the scheme, Rs 45 lakh was to be used for priority works such as formation of black topped (BT) roads, construction of community halls, improvement to ponds, formation of cement concrete roads, improvements to bus stand/daily markets with basic amenities and improvements to cremation grounds. The balance of Rupees Five lakh was to be utilised as per the discretion of the TPs. The physical and financial achievements under the scheme for the years 2007-08 (140 TPs) and 2008-09 (140 TPs) were as given in **Table 1**.

**Table 1: Physical and Financial achievement**

Year	Physical (No. of works)			Financial (Rupees in crore)		
	Target	Achievement	Shortfall	Target*	Achievement	Shortfall/savings
2007-08	1,493	1,493	--	74.05	73.44	0.61
2008-09	1,438	1,425	13	78.34	73.33	5.01

\* Includes additional input by the TPs in addition to Rs 70 crore released under the scheme.  
(Source – Information furnished by DTP)

As against Rs 17.50 crore released for 2007-09, the expenditure was Rs 17.69 crore in the 35 test-checked TPs indicating additional inputs by the TPs. Out of 379 works planned to be taken up, 371 works were completed, seven works were under progress and one work was not taken up due to non-identification of site (September 2009). There was delay of more than three months and up to 11 months in completion of 42 works executed at a cost of Rs 3.39 crore in 15 test-checked TPs in six out of seven test-checked districts.

### **Audit Findings**

Findings of the performance audit on the scheme are discussed in the succeeding paragraphs.

## 2.1.7 Financial management

### 2.1.7.1 Delay in release of funds

There was delay of more than three months in release of Rs 10.68 crore to Town Panchayats by five Zonal Assistant Directors of Town Panchayats

Based on the proposal of DTP, State Government releases fund for the scheme. The DTP would distribute the funds to Zonal Assistant Director of Town Panchayats (ZADTPs). The ZADTPs were required to release the funds to the Executive Officers (EOs) of the respective TPs under their control without any delay. However there were delays in release of funds by the ZADTPs of five zones to TPs under their control for the years 2007-08 and 2008-09 as given in **Table 2**.

**Table 2: Delay in release of funds**

(Rupees in crore)

Name of zone	Delay in release of funds			
	Up to 15 days	16 to 30 days	31 to 90 days	91 to 162 days
Dharmapuri	1.01	0.49	--	2.00
Kanniyakumari	1.25	6.50	1.35	4.90
Thanjavur	5.56	0.49	2.31	0.64
Tiruchirappalli (for Pudukkottai zone)	1.20	1.94	1.22	3.14
Vellore	4.82	1.03	3.15	--
<b>Total</b>	<b>13.84</b>	<b>10.45</b>	<b>8.03</b>	<b>10.68</b>

As may be seen, the ZADTPs released Rs 10.68 crore during 2007-09, after three months from the date of receipt by them. The DTP and the District Level Monitoring Committee also failed to monitor the release of funds. The delay in release of funds would not only delay the achievement of the objectives of the scheme but also postpone the accrual of benefits to the society. The ZADTPs replied (June 2009 – October 2009) that delay was due to administrative reasons and would be avoided in future.

### 2.1.7.2 Interest on deposits of scheme funds

Though the guidelines of the scheme prescribed that the scheme funds should be kept in a separate savings bank account, it was silent regarding utilisation of interest earned on such deposits. As a result, interest of Rs 10.71 lakh earned on deposits of scheme funds, in respect of Kanniyakumari, Nagapattinam, Thanjavur and Tiruchirappalli districts by the ADTPs concerned, was kept unutilised. Scheme funds in respect of Dharmapuri, Thiruvannamalai and Vellore districts were deposited in a common bank account by the Assistant Directors concerned and hence the interest earned out of the scheme funds could not be identified.

Similarly, interest of Rs 11.39 lakh earned in Savings Bank account of 30 test-checked TPs was kept unutilised and three<sup>3</sup> other TPs kept scheme funds in

<sup>3</sup> 1. Keeranur TP (Pudukkottai District); 2. Thirparappu TP and 3. Villukuri TP (Kanniyakumari District)

common bank account and hence interest earned on the scheme funds could not be worked out. Panapakkam TP (Thiruvannamalai District) kept scheme funds in a current account and Ganapathipuram TP (Kanniyakumari District) with Treasury earning no interest. The TPs replied (July-September 2009) that the interest amount would be utilised after getting orders from the Directorate.

#### **2.1.7.3 Assets created not entered in Assets Register**

As per scheme guidelines value of assets created have to be entered in the register of immovable assets treating them as the assets of respective TPs. However, 27 test-checked TPs did not enter assets created at a total cost of Rs 12.86 crore. In reply the TPs stated (June – October 2009) that it was noted for future guidance and action would be taken to incorporate the value of assets created under APAMT in the register of immovable assets.

#### **2.1.7.4 Refund of funds**

The guidelines issued by the Municipal Administration and Water Supply Department is silent about the method of accounting for the unspent balances at the end of the financial year. There was no provision in the guidelines either for surrender of funds to the Government Account or for the utilisation of funds by the Town Panchayat in the next financial year. For want of clear instructions in the guidelines, eight<sup>4</sup> out of 140 TPs refunded a sum of Rs 12.04 lakh during 2007-08 and the amount was credited to the Directorate's account. The DTP replied (July 2009) that action would be taken either to release the amount to the TPs concerned or to surrender to Government account.

**Eight TPs refunded unspent balance of Rs 12.04 lakh though there was no provision for such refund in the scheme guidelines**

#### **2.1.8 Execution of priority works**

The scheme envisaged taking up of the following works on priority out of Rs 45 lakh allocated for priority works to each TP:

- Formation of bus plying roads as BT roads with lighting by compact fluorescent lamps (Rs 10 lakh).
- Construction of community hall for use by public and Self Help Groups (Rs 10 lakh).
- Improvement to ponds situated within the TP limits (Rupees Five lakh).
- Conversion of narrow lanes in slum areas into cement concrete roads (Rupees Five lakh).
- Construction of bus stand, shopping complex, etc. (Rs 10 lakh).
- Improvement to cremation grounds (Rupees Five lakh).

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<sup>4</sup> Kaniyur, Kottaiyur, Natarasankottai, Sayalkudi, Sundarapandiam, S.Kodikulam, Vengampudur and V.Pudupatti



The results of review conducted on execution of the above priority works in the test-checked TPs are discussed in the succeeding paragraphs.

#### **2.1.8.1 Formation of BT roads**

##### ***Excess provision of bitumen for laying tack coat***

As per instructions (May 2004) of Chief Engineer (General), Highways Department, provision of bitumen emulsion for laying tack coat was four kg and three kg per 10 Sq. m. over water bound macadam and BT surfaces respectively. However while according technical sanction, the Assistant Executive Engineers of respective zones have approved provision of bitumen emulsion upto 10 kg per 10 Sq. m., in violation of the above instructions. As a result it was noticed that in five<sup>5</sup> districts, this excess provision of bitumen had led to avoidable expenditure of Rs 6.13 lakh in respect of 27 road works carried out at a cost of Rs 1.55 crore.

#### **2.1.8.2 Provision of Compact Fluorescent Lamps**

##### ***Uneconomical purchase of Compact Fluorescent Lamps (CFL)***

**Failure of five ZADTPs to follow the instructions of DTP in procurement of compact fluorescent lamps resulted in avoidable expenditure of Rs 13.42 lakh**

The DTP (January 2008) directed that purchase of street lights could be made as per Tender Transparency Act, 1998. The Act provides that tender notice should be published in District Tender Bulletin if the purchase value is less than Rs 25 lakh and at State level if the purchase value is more than Rs 25 lakh. Further, the Director had instructed that for purchase of street lights, uniformity in price should be maintained in all the TPs within a district. However, 32 TPs in five districts purchased CFL of different specifications and rates by inviting tenders individually. This not only resulted in financial loss of Rs 13.42 lakh<sup>6</sup> to the TPs (with reference to the lowest rates at which CFL was procured in the districts by one of the TPs) but also resulted in wastage of manpower in each TP for tendering and procurement work which could have been avoided, had there been a system for centralized procurement of the lamps.

##### ***Injudicious purchase of compact fluorescent lamps***

Guidelines to the APAMT observed that the TPs incurred considerable expenditure towards electricity charges and in order to reduce the expenditure, the guidelines envisaged purchase and installation of power saver lamps i.e., CFL while replacing tube lights (40 watts) also. Obviously, the intention was that CFL should be of less than 40W capacity.

Ten TPs in Kanniyakumari and Thanjavur Districts had purchased 2,959 CFL sets at a cost of Rs 43.97 lakh. It was noticed that out of this, 400 CFL light

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<sup>5</sup> Dharamapuri – Rs 0.30 lakh, Kanniyakumari – Rs 3.25 lakh, Pudukkottai – Rs 0.40 lakh, Thiruvannamalai – Rs 0.85 lakh and Vellore – Rs 1.33 lakh

<sup>6</sup> Kanniyakumari – Rs 11.45 lakh, Nagapattinam – Rs 0.02 lakh, Pudukkottai – Rs 0.37 lakh, Thanjavur – Rs 0.53 lakh and Vellore – Rs 1.05 lakh

sets of more than 40W were purchased at a cost of Rs 10.57 lakh resulting in non-achievement of the above objective and also in avoidable recurring expenditure on electricity charges of Rs 1.30 lakh<sup>7</sup> per annum. ADTPs concerned replied (September 2009) that the observations were noted for guidance.

### **2.1.8.3 Construction of multipurpose community halls**

The scheme envisaged construction of multipurpose community halls in such a way that it is useful to the society and Self Help Groups and remunerative to the TPs. The community halls were required

- to be located in the middle of the town,
- not to be located away from the residential area,
- to have a Library,
- to have provision for displaying the products of Self Help Groups and
- to have enough space for future expansion.

**Twenty community halls constructed under the scheme at a cost of Rs 2.72 crore were not put to use either due to lack of basic amenities or due to their construction in remote areas**

In the 35 test-checked TPs, 23 community halls were constructed. A review on status of utilisation of the community halls by public and Self Help Groups revealed that 20 halls constructed at a cost of Rs 2.72 crore were not made use of for one or more of the following reasons:

Seven<sup>8</sup> community halls have been constructed in remote areas or area with limited access or near solid waste dump yard;

- Nine<sup>9</sup> halls did not have water, toilet and septic tank facilities and three<sup>10</sup> halls did not have water supply;
- Seven<sup>11</sup> halls did not have power connection; and

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<sup>7</sup> No. of CFLs purchased by each of the 10 TPs x Excess watts over and above 40 Watts x 10 hours usage per day x 365 days x Rs 3 per unit of power divided by 1,000

<sup>8</sup> Azhagiyaipandiapuram, Keeranur, Mulagumoodu, Ponmanai, Thirunageswaram, Verkilambi and Villukuri

<sup>9</sup> Azhagiyaipandiapuram, Ganapathipuram, Kambainallur, Kappiyarai, Katpadi, Ponmanai, Puthalam, Villukuri and Vettavalam  
<sup>10</sup> Alangayam, Keeranur and Pudupalayam

<sup>11</sup> Ganapathipuram, Keeranur, Mulagumoodu, Ponmanai, Puthalam, Thiruppanandal and Villukuri

- Three<sup>12</sup> halls had cracks in the buildings due to improper selection of site and poor quality of work.



Library and space for displaying products of the Self Help Groups as envisaged in the scheme were not provided in 19 halls and 16 halls respectively.

Though provisions were made in the estimates for water, toilet and septic tanks (eight halls) and power connection (seven halls), these works were not executed. Construction of community halls at remote areas, non-provision of amenities and poor quality of work indicated failure on the part of the Executive Officers (EOs) of the TPs concerned and defeated the intended social objective.

#### **2.1.8.4 Improvement to ponds**

In order to augment the water resources by rain water harvesting, the ponds within the TP area were to be improved. Ground water potential was to be improved by rainwater harvesting, clearance of inlet/outlet channel, de-silting of the pond and strengthening of bund. The scheme also envisaged provision of bathing ghat and retaining wall for the pond and also children's park around the pond. Out of 35 TPs test-checked, 28 TPs<sup>13</sup> had improved ponds during 2007-08 and 2008-09 at a total cost of Rs 1.27 crore.

However, provision for the following were not made in the estimates for

- De-silting in respect of ten ponds
- Inlet channels in respect of nine ponds

<sup>12</sup> Thirunageswaram, Villukuri and Veppathur

<sup>13</sup> Azhagiapandiapuram, Ganapathipuram, Kappiyarai, Keezhkulam, Kumarapuram, Kothanallur, Mulagumoodu, Ponmanai, Thirparappu, Unnamalaikadai, Valvachagostam, Verkilambi and Villukuri in Kanniyakumari District; Alangudi and Keeranur in Pudukkottai District; Aduthurai, Melathirupunthuruthi, Thirunageswaram, Thiruppanandal and Veppathur in Thanjavur District; Thittachery in Nagapattinam District; Alangayam, Katpadi, Panappakkam and Pennathur in Vellore District; Kalambur, Vettavalam and Kilpennathur in Thiruvannamalai District

- Outlet channels in respect of ten ponds and
- Bathing ghats for six ponds.
- None of the 28 TPs provided a children's park around the pond.

Preparation of estimates by the EOs of TPs and approval by District Level Monitoring Committees without provision for the above items of work were defective. Due to the above deficiencies the objective of augmentation of ground water was not achieved and other envisaged social benefits did not accrue to the optimum level.

#### 2.1.8.5 Provision of cement concrete roads

Guidelines provide for conversion of narrow roads of width less than 3.75 metres in slum area into Cement Concrete (CC) road. Field visits to CC roads in four TPs revealed defects in execution as depicted in **Table 3**.

**Table 3: Defects in CC roads formed**

(Rupees in lakh)

S.No.	Name of TP	Work completed in	Cost	Defects noticed
1.	Azhagiyapandiapuram	January 2008	4.78	Lot of pot holes and breakage
2.	Melathirupunthuruthi	January 2008	4.83	Dummy duct for drain not provided and electric poles not shifted to edge of the road
3.	Unnamalaikadai	July 2008	5.00	Open drain provided across the road and drainage allowed to flow on the surface of the road
4.	Veppathur	December 2007	4.74	Electric poles not shifted to the edge of the road

Non-shifting of electric poles to the edge of the roads and flow of drainage over the roads put the road users at risk. The defects would indicate failure on the part of the Junior Engineers of the TPs, Assistant Executive Engineers of the zones and EOs of the TPs to ensure quality of work. The EOs of TPs concerned replied (July and September 2009) that the defects would be rectified.

#### 2.1.8.6 Construction of shopping centres

With a view to augment the revenue of the TPs, creation of remunerative assets were contemplated under the scheme. The Commissioner of Town Panchayats also instructed (October 2008) all the EOs of the TPs, where shopping centres were proposed, to take action to auction the shops even before completion of construction works so as not to keep the shops idle after construction.

(i) A review on status of shopping centres constructed in five TPs revealed that most of the shops were not let out due to various reasons such as lack of demand, non-conduct of auction, lack of power supply, etc. as depicted in **Table 4**.

Defects such as poor quality of work and non-shifting of electricity poles to the edge of the road were noticed in Cement Concrete roads formed in four Town Panchayats

33 out of 37 shops constructed in five Town Panchayats at a cost of Rs 42.08 lakh were not let out either due to lack of demand or non-availability of power connection

**Table 4: Status of shopping centres**

S.No.	Name of TP	No. of shops		Cost of construction (Rs in lakh)	Reasons for not leasing out shops
		Constructed (month)	Not let out		
1.	Kumarapuram TP (Kanniyakumari District)	6 (April 2008)	6	10.00	Non-fixing of rent
2.	Mulagumoodu TP (Kanniyakumari District)	10 (September 2008)	6	10.00	Demand for shops not assessed before construction and lack of demand
3.	Thirunageswaram TP (Thanjavur District)	5 (November 2008)	5	5.08	Demand for shops not assessed, site away from habitation and auction not conducted
4.	Thiruppanandal TP (Thanjavur District)	4 (April 2009)	4	10.00	Power supply not provided and auction not conducted
5.	Thimiri TP (Vellore District)	12 (June 2008)	12	11.00	Demand for shops not assessed before construction and lack of demand
<b>Total</b>		<b>37</b>	<b>33*</b>	<b>46.08</b>	

\* The cost of construction for 33 shops not let out = Rs 42.08 lakh (Rs 46.08 lakh – Rupees Four lakh (the cost of construction for four let out shops in Mulagumoodu TP proportionately worked out))

Construction of shops without assessment of demand and non-provision of power connection indicated failure on the part of the EOs of TPs concerned. The TPs stated that appropriate action would be taken to lease out the shops.

(ii) Collector, Pudukkottai District accorded administrative approval (March 2008) for construction of shopping centre consisting of 12 shops at koil poramboke land<sup>14</sup> in Keeranur TP at an estimated cost of Rs 10 lakh. Work order was issued by the Executive Officer (EO), Keeranur TP in June 2008. The work could not, however, be commenced as five councillors of the TP objected to the construction as the land was owned by Revenue Department. The District Level Monitoring Committee should have insisted upon verification of ownership of the land by the EO, Keeranur TP before clearance of this priority work. Failure to do so resulted in selection of irregular site and non-utilisation of fund.

The TP replied (September 2009) that new site between the bus stand and the TP office was being proposed for construction of shopping complex. On finalisation, the work would be commenced.

#### **2.1.8.7 Improvement to cremation grounds**

As per scheme guidelines the cremation grounds could be improved at a cost of Rupees Five lakh with approach road, cremation shed, bore well for water, provision of electric lights, waiting shed, planting of trees and provision of compound wall. Improvement works to cremation ground were taken up in 18 test-checked TPs<sup>15</sup> under the scheme at a cost of Rs 89.22 lakh. During a review of these works, one or more of the following deficiencies were noticed.

<sup>14</sup> Government land abutting temple tank

<sup>15</sup> Kumarapuram, Ponmanai, Thirparappu, Unnamalaikadai, Villukuri in Kanniyakumari District, Alangudi in Pudukkottai District, Alangayam, Katpadi, Pennathur, Thimiri and Vilapakkam in Vellore District, Kalambur, Kilpennathur, Pudupalayam and Vettavalam in Thiruvannamalai District, B. Mallapuram in Dharmapuri District, Thiruppanandal and Veppathur in Thanjavur District

- Four TPs did not provide approach road to cremation grounds, which is an important component in the estimates,
- Water supply to cremation grounds was not provided by four TPs,
- Waiting sheds were not provided in the estimates by 12 TPs,
- Adequate number of lights were not provided in cremation grounds in nine TPs,
- Compound wall to cremation ground was not provided in the estimates in three TPs and
- Twelve TPs did not provide for planting trees around the cremation grounds in the estimates as contemplated in the guidelines.

Failure of EOs of the TPs concerned to make provision for the above works in the estimates indicated poor planning on their part. The TPs concerned assured (July – September 2009) to rectify the defects pointed out.

### **2.1.9 Execution of other works**

Out of Rs 50 lakh provided under the scheme the TPs can take up works as per requirement under their discretion for Rupees Five lakh. Further, if all the facilities under priority works were already available, the TPs can also take up other works for improvement of infrastructure like creation and improvement of water supply (if their supply level was less than 70 litre per capita per day). The TPs were required to send a proposal to Tamil Nadu Water Supply and Drainage Board (TWAD) with the prior approval of DTP for taking up water supply improvement works. A review of such works executed in the test-checked TPs revealed the following:

#### **2.1.9.1 Execution of water supply works**

(i) Valvachagostam Town Panchayat is having water supply level of 57 litre per capita per day. To augment the water supply under APAMT scheme, administrative sanction and technical sanction for digging up two open wells at Poonachivilai, Panichakulam and construction of two over head tanks at Poolanvilai and Melatheni were accorded by the District Collector, Kanniyakumari District and Assistant Executive Engineer, Town Panchayat respectively in April 2008 for Rs 20 lakh (each work at a cost of Rupees Five lakh). The work was executed by the Executive Engineer, Valvachagostam Town Panchayat and completed in February 2009 at a cost of Rs 19.16 lakh. However, the Executive Engineer of the Town Panchayat did not provide pumpsets, electricity connection and distribution network. The failure of the EO in not providing these facilities resulted in non utilisation of open wells and overhead tanks.

In reply the EO stated (August 2009) that the funds position was very weak and the above components would be provided after improvement in funds position.

(ii) Administrative sanction and technical sanction for construction of an over head tank at Kunjancode CSI Church at an estimated cost of Rupees Five lakh in Keezhkulam Town Panchayat was accorded by District Collector and Assistant Executive Engineer, Town Panchayat, Nagercoil respectively in April 2008 and the work was completed in December 2008. However, the EO, Keezhkulam Town Panchayat failed to provide distribution network and this resulted in non utilisation of overhead tank.

The EO replied (August 2009) that TWAD Board Engineer had been contacted for supply of water by providing extension of pumping main from Kulithurai Combined Water Supply Scheme.

#### **2.1.9.2 Construction of office buildings**

Veppathur TP constructed (September 2008) an office building at a cost of Rs 7.50 lakh. The office of the TP was, however, not shifted (September 2009) to the new premises due to large cracks in the newly constructed building. The pressed tile laid over the weathering course was broken in some portion. The above defect indicated failure on the part of the Junior Engineer of TP and Assistant Executive Engineer of the zone to ensure quality of work. The TP replied (September 2009) that the defects would be rectified and office would be shifted.

#### **2.1.9.3 Formation of parks**

The scheme guidelines envisaged that parks formed under the scheme should be on public – private participation. The parks should also contain children’s play area, physical fitness centre with play materials, walking space and library. Planting of trees, flowering plants and forming of meadows was also to be done in the parks.

Out of 35 TPs test-checked, three TPs<sup>16</sup> in Vellore District had formed parks at a total cost of Rs 12.50 lakh. A review on formation of these parks revealed that the parks were not formed/maintained with public-private participation, not also provided with physical fitness centre or library as contemplated under the scheme. Further Vilapakkam TP did not plant trees and Thimiri TP did not provide walker’s path in the parks. Due to non-provision of the envisaged amenities in the parks the expected social benefits did not accrue to the society.

#### **2.1.10 Awareness campaign**

APAMT envisaged conduct of awareness campaign regarding implementation of the scheme and also on importance of solid waste management, toilets in every household and cent *per cent* collection of taxes due. A review on action taken in this regard by the test-checked TPs revealed the following:-

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<sup>16</sup> 1. Katpadi (Rupees Five lakh); 2. Thimiri (Rupees Five lakh) and 3. Vilapakkam (Rs 2.50 lakh)

### **2.1.10.1 Shortfall in conduct of camps and campaign**

The scheme envisaged conducting of six camps and campaign to spread awareness among public about the scheme and public sanitation. Out of 35 TPs test-checked, 45 *per cent* shortfall (23 camps conducted out of 42 due) in conducting camps and campaigns were noticed in seven TPs in four districts. Had camps and campaigns been conducted by the TPs, the pace of achievement towards self sufficiency could have been more effective.

### **2.1.10.2 Arrears in tax collection**

As per the scheme guidelines, cent *per cent* taxes were to be collected as of 15 August 2007. Out of 35 TPs test-checked in seven districts, there were arrears in tax collection in 27 TPs as detailed in **Appendix 2.3**. Arrears as of March 2008 were Rs 2.52 crore and as of March 2009 it was Rs 3.95 crore. The arrears increased by 57 *per cent* in 2008-09 when compared to the arrears of 2007-08. Thereby, the improvement in tax collection anticipated was not achieved.

### **2.1.11 Monitoring**

#### **2.1.11.1 Shortfall in the District Level Monitoring Committee meeting**

**There was shortfall of 74 per cent in convening the meetings of District Level Monitoring Committee in four test-checked districts**

As per the scheme guidelines, the District Level Monitoring Committee headed by the District Collector was required to be convened once in two months. The Committee was expected to monitor overall implementation of the scheme, review progress of works taken up under the scheme and take remedial measures if there was any delay in execution. However, as against 39 meetings due in four<sup>17</sup> test checked districts, only 10 meetings were held during 2007-09.

The shortfall in convening the meeting of the Committee was 74 *per cent*. Various defects in execution of works under scheme discussed in paragraphs above could be attributed to lack of proper monitoring by the District Level Monitoring Committee. Assistant Directors of Town Panchayats concerned replied (August – October 2009) that the shortfall would be avoided in future.

### **2.1.12 Impact assessment**

In order to assess the improvement in infrastructural development after implementation of APAMT, an impact assessment study was necessary to be conducted by EOs of respective TPs, so as to adopt remedial measures, if any, required in subsequent years. This was not conducted and hence the impact of the scheme in the integrated development of TPs could not be ascertained.

### **2.1.13 Conclusion**

There was delay in release of funds. Allotted funds were refunded to the DTP in the absence of clear instructions in the guidelines. Interest earned on deposits of scheme funds were not made use of due to lack of provision in the guidelines. In three districts, funds released under the schemes were kept in

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<sup>17</sup> Dharmapuri, Nagapattinam, Pudukkottai and Thanjavur



common bank account instead of a separate account. Construction of shopping centres without conducting demand survey and non provision of electricity connection resulted in number of shops being kept idle. Amenities as envisaged were not provided in parks formed and cremation grounds improved under the scheme. There was shortfall in convening of District Level Monitoring Committee meetings.

#### **2.1.14 Recommendations**

The following recommendations are made for effective implementation of the scheme:

- Procurement should be made at the District level by pooling the requirements of all TPs within the district.
- Proper scrutiny of estimates and supervision of works by higher officials should be insisted upon to ensure quality of works done.
- Survey to assess demand for shops should be made a prerequisite for construction of shopping complex.
- The sanctioning authority should ensure that all requisite components of a community hall are included in the estimate prior to sanctioning.
- Internal control mechanism needs to be strengthened to ensure maintenance of proper books of accounts

The above points were referred to Government in December 2009; reply has not been received (June 2010).

## **2.2 Utilisation of Central Twelfth Finance Commission Grant for Solid Waste Management in Urban Local Bodies**

### **2.2.1 Introduction**

The Solid Waste Management (SWM) scheme was implemented in Urban Local Bodies (ULBs) utilising the grant received under Central Twelfth Finance Commission (CTFC). During 2005-09 a sum of Rs 457.60 crore was released by Government of India for distribution to ULBs in Tamil Nadu. The grant was distributed to the ULBs at Rs 114.40 crore each year. As per guidelines, 50 *per cent* of the grant released should be earmarked for Solid Waste Management. Under the programme of SWM the waste generated in urban areas are to be segregated into biodegradable and non-biodegradable items and they have to be scientifically disposed off without causing environmental pollution. A High Level Committee (HLC) headed by the Chief Secretary to Government of Tamil Nadu was constituted in December 2005 by the State Government in pursuance of the recommendations of the CTFC to monitor the programme.

### **2.2.2 Audit objectives**

The audit objectives were to assess whether the

- local bodies utilised the grants earmarked for the programme effectively
- grants released under the programme was not diverted for other purposes
- infrastructure created under the programme was effectively utilised and
- Municipal and Solid Waste (Management and Handling) Rules, 2000 was adhered to.

### **2.2.3 Audit Coverage**

The records relating to release of the grant were checked in the Commissionerate of Municipal Administration and the Directorate of Town Panchayats. The records relating to utilisation of CTFC Grant for Solid Waste Management scheme were test checked in 20 Municipalities (out of 148) and 55 Town Panchayats (out of 561) selected on the basis of stratified random sampling (**Appendix 2.4**) besides the Corporations of Salem, Tiruchirappalli and Tirunelveli. The review was undertaken under Section 14 of Comptroller and Auditor General of India's (Duties, Powers and Condition of Service) Act, 1971 and covered utilisation of the grant (Solid Waste Management component) released to ULBs for the period from 2005-06 to 2008-09.

## Audit Findings

### 2.2.4 Financial Management

During the period 2005-09, a total sum of Rs 457.60 crore was released by the Government of India as CTFC grants to the State for onward transmission to ULBs. Out of this an amount of Rs 84.03 crore was released for SWM in selected ULBs. The amount was transferred to ULBs in two equal instalments every year as given in **Table 1**.

**Table 1: CTFC Grants to ULBs for SWM**

(Rupees in crore)

	Total CTFC transfer	Total CTFC transfer for SWM	Total transfer relating to audit sample
Corporations (3)	141.86	70.43	32.73
Municipalities (20)	187.33	93.67	38.15
Town Panchayats (55)	128.41	64.20	13.15
<b>Total</b>	<b>457.60</b>	<b>228.30</b>	<b>84.03</b>

#### 2.2.4.1 Non-utilisation of funds

Grants received during 2005-06 to 2007-08 were not utilised

In three of the test-checked local bodies, viz. Tiruchirappalli City Municipal Corporation, Kovilpatti and Sankarankoil Municipalities the grant sanctioned from 2005-06 to 2007-08 was not utilised till date (October 2009). Though the local body council had approved the works to be undertaken and the list of equipment to be purchased with the grant, the allotted grant of Rs 1.58 crore was not utilised for the intended/approved purpose as shown in **Table 2** for reasons stated therein by the respective Commissioners.

**Table 2: Non-utilisation of grants**

(Rupees in lakh)

Sl. No.	Name of ULB	Year of grant	Particulars	Amount not utilised	Reason for non-utilisation
1.	Tiruchirappalli Corporation	2006-07	Fabrication and supply of SS Containers	35.10	Delay in tender finalisation
		2007-08	Purchase of vehicles and wheeled bins, compactor	73.90	
2.	Kovilpatti Municipality	2006-07	Providing fencing arrangements at compost yard	10.00	Delay in acquisition of site for compost yard
		2007-08	Purchase of dumper placer Bins	20.62	
3.	Sankarankoil Municipality	2005-06	Purchase of 2 mini lorries with tipper	11.00	Awaiting Commissioner of Municipal Administration's (CMA) approval
		2006-07	Purchase of Dumper Placer Vehicle	7.40	
<b>Total</b>				<b>158.02</b>	

This indicated the inability of the local bodies to effectively utilise the grants and poor monitoring of the programme by State HLC.

### 2.2.4.2 Shortfall in utilisation of funds

Shortfall in utilisation of Solid Waste Management grant ranged from 16 per cent to 69 per cent

According to the Central Twelfth Finance Commission (CTFC) recommendation and as per the decision of High Level Committee (HLC), 50 per cent of the grant sanctioned to ULBs shall be utilised only for the programmes of SWM, 25 per cent of the grant for maintenance of roads and storm water drains and remaining 25 per cent for miscellaneous works like creation of database and payment of electricity charges, etc. It was noticed in Audit that during 2005-06 to 2008-09, 10 ULBs were not able to spend the grant as per envisaged allocation. The shortfall under SWM was Rs 19.79 lakh in 10 of the test checked ULBs (**Appendix 2.5**) ranging from 16 per cent to 69 per cent.

### 2.2.4.3 Diversion for Revenue expenditure

Salem City Municipal Corporation diverted Rs 3.06 crore towards fuel expenses

As per para 8.15 of the CTFC recommendations, the focus of the SWM scheme was on funding of capital expenditure including the cost of construction of landfills and compost plants based on waste. The recommendations proposed to provide grants-in-aid only to meet the capital cost of equipment and machinery required for collection, transportation and disposal and their replacement cost. The Salem City Municipal Corporation diverted Rs 3.06 crore (Rs 1.53 crore each for 2005-06 and 2006-07) towards fuel expenses for the vehicles used for collection and transportation of waste (conservancy vehicles). In reply, the Commissioner of Salem City Municipal Corporation stated (October 2009) that the amount was spent as per the directions of CMA. The reply is not tenable in view of specific guidelines which states that the grant should be utilised only to meet capital cost.

### 2.2.4.4 Diversion for Civil works

Funds amounting to Rs 23.16 lakh earmarked for SWM were utilised for other civil works

The guidelines of CTFC and instructions of CMA (January 2007) stipulated that 50 per cent of the funds be utilised for SWM. However, in eight of the test-checked Town Panchayats, the entire grant was utilised for civil works. The details of diversion of funds amounting to Rs 23.16 lakh earmarked for SWM to other civil works are given in **Table 3**.

Table 3: Details of diversion of grant for civil works

(Rupees in lakh)

Sl. No.	Name of the Town Panchayat	Year of grant	Total Government Grant sanctioned	Details of other civil works	Expenditure on other civil works
1.	Chitlapakkam	2005-06	5.61	Construction of drain culverts and cement road	6.19
2.	Idaikazhinadu	2005-06	8.98	Construction of drain, laying cement and Black Topped (BT) Road	8.94
3.	Perungudi	2005-06	3.43	Laying of BT Road	5.24
4.	Thiruneermalai	2005-06	6.33	Laying of BT Road	6.40
5.	Sembakkam	2005-06	4.77	Laying of BT Road	5.26
6.	Thirunageswaram	2007-08	7.14	Laying of cement and BT Road and construction of drain and payment of Electricity Bills	7.16
7.	Sankarnagar	2005-06 to 2007-08	4.80	Construction of drain and culvert	6.07
8.	Naranammalpuram	2006-07	5.25	Construction of drain and culvert	5.30
<b>Total</b>			<b>46.31</b>		<b>50.56</b>

(50 per cent of grant allotted for Solid Waste Management = Rs 23.16 lakh (Rs 46.31 lakh/2))

### 2.2.4.5 Non-furnishing of Utilisation Certificates

Non furnishing of Utilisation Certificates by certain ULBs

Under para 14.11 of CTFC recommendations, High Level Committees (HLC) have to monitor the proper utilisation of grants. Utilisation Certificates (UCs) against the grants released were to be furnished by ULBs to the Commissioner of Municipal Administration/Director of Town Panchayats. In the test-checked cases it was noticed that UC for grants amounting to Rs 22.56 crore were not furnished in respect of eighteen ULBs as given in Table 4.

Table 4: Non-furnishing of Utilisation Certificates

(Rupees in crore)

Sl. No.	Name of the ULB	Year (s) for which UC(s) were not furnished	Grant Amount
1.	Tiruchirappalli Corporation	2006-07 to 2008-09	9.92
2.	Vellore Corporation	2007-08 and 2008-09	1.83
3.	Thanjavur Municipality	2007-08 and 2008-09	1.45
4.	Kumbakonam Municipality	2006-07 to 2008-09	2.22
5.	Kovilpatti Municipality	2006-07 to 2008-09	1.18
6.	Sankarankoil Municipality	2005-06 to 2008-09	0.80
7.	Tenkasi Municipality	2008-09	0.28
8.	Vaniyambadi Municipality	2008-09	0.36
9.	Gudiyatham Municipality	2008-09	0.37
10.	Namakkal Municipality	2008-09	0.27
11.	Thiruchengodu Municipality	2008-09	0.42
12.	Rasipuram Municipality	2005-06 to 2008-09	1.12
13.	Kancheepuram Municipality	2006-07 to 2008-09	2.01
14.	Ambasamudram III Grade Municipality	2007-08	0.10
15.	Kaveripakkam Town Panchayat	2008-09	0.07
16.	Naranammalpuram Town Panchayat	2008-09	0.05
17.	Kalappanaickenpatti Town Panchayat	2008-09	0.06
18.	Pattanam Town Panchayat	2008-09	0.05
<b>Total</b>			<b>22.56</b>

### 2.2.5 Physical Performance

#### 2.2.5.1 Infructuous expenditure on infrastructural facilities

Infructuous expenditure on infrastructure facilities created for segregation and conversion of waste into manure were not utilised

According to Rule 4 of the Municipal Solid Waste (Management and Handling) Rules, 2000, every municipal authority shall be responsible for implementation of the provisions of these rules and development of infrastructure necessary for collection, storage, segregation, transportation and processing of solid waste.

Under SWM Programme, the urban local bodies are required to dispose off the biodegradable solid waste by conversion of such waste to manure. The process to be adopted for such conversion is vermin-composting and or by aerobic-composting. The infrastructural facilities required for composting such as windrows platform, vermin-compost pits, water supply arrangements,

segregation shed, etc. were created at a cost of Rs 1.04 crore in seven<sup>1</sup> test-checked municipalities and Vellore Corporation. Despite this, the Municipalities and the Corporation did not segregate the biodegradable waste and non-biodegradable waste and dumped the waste in a common yard. The infrastructural facilities created for conversion of biodegradable waste into manure was not utilised for want of approach road, shortage of man power, inadequate space etc. This resulted in infructuous expenditure of Rs 1.04 crore<sup>2</sup>.

### **2.2.5.2 Excess payment due to non-segregation of waste into biodegradable and non-biodegradable**

The collection, segregation, and transportation of waste to the compost site was privatised in four of the test-checked municipalities and two corporations (Kancheepuram, Pallavaram, Ranipet and Tambaram Municipalities; Salem and Tirunelveli Corporations) and Rs 6.76 crore<sup>3</sup> was paid to the private operators for the above work during 2005-06 to 2008-09.

**Excess payment due to non-segregation of waste into biodegradable and non-biodegradable waste**

It was observed that the private operators handled only the operations of collection and transportation of waste. The segregation of waste was not done and the entire waste collected was dumped as mixed waste in the municipality/corporation dumping site. Though the contractor did not execute portion of his work relating to segregation of waste, the Corporations and Municipalities paid the full contract amount to the contractor resulting in excess payment to that extent.

The intended objective of segregating the waste into biodegradable and non-biodegradable waste was not achieved.

In reply, the Commissioners of Municipalities/Corporation stated (Kancheepuram Municipality – August 2009; Pallavaram Municipality – July 2009; Tambaram Municipality - August 2009 and Salem Corporation - October 2009) that new sites acquired were being developed as compost yard. The Commissioner, Ranipet Municipality stated (October 2009) that new site was yet to be acquired and there was no reply from Commissioner, Tirunelveli Corporation.

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<sup>1</sup> Gudiyatham, Kancheepuram, Kumbakonam, Madhuranthagam, Sankarankoil, Pattukottai and Tenkasi

<sup>2</sup> Municipalities : Kancheepuram - Rs 20.00 lakh, Maduranthagam - Rs 14.93 lakh, Kumbakonam - Rs 4.97 lakh, Pattukottai - Rs 4.50 lakh, Sankarankoil - Rs 5.03 lakh, Gudiyatham - Rs 16.10 lakh, Tenkasi - Rs 10.00 lakh and Vellore Corporation - Rs 28.90 lakh

<sup>3</sup> Kancheepuram Municipality - Rs 0.10 crore, Pallavaram Municipality - Rs 1.31 crore, Ranipet Municipality - Rs 0.43 crore, and Tambaram Municipality - Rs 0.90 crore, Salem Corporation - Rs 3.06 crore and Tirunelveli Corporation - Rs 0.96 crore

**High Level  
Committee meetings  
were held only once  
in a year as against  
once in a quarter**

### **2.2.6 Monitoring**

The Central Twelfth Finance Commission recommendations require a High Level Committee comprising Chief Secretary, Finance Secretary and Secretaries of Municipal Administration and Rural Development Departments to be formed at the State level to ensure proper utilisation of local body grants. As per Paras 11 and 12 of Chapter 14 of the recommendations, the HLC should meet at least once in every quarter to review the utilisation of the grants. The Committee was to be responsible for approval of the projects at the beginning of every year and specify the physical and financial targets for achievement of objectives. During the period from 2005-06 to 2009-2010 (up to October 2009), it was observed that five High Level Committee meetings were held in December 2005, July 2006, January 2007, July 2008 and September 2009. The meetings were thus held only once in a year as against the recommended quarterly meetings. Monitoring of the effective utilisation of the grant by specifying physical and financial target for achievement were not discussed in the meetings and specific projects to be executed by local bodies were not approved. Due to lack of direction and in the absence of effective monitoring at the apex level, the local bodies delayed civil works as well as purchase of equipments required for SWM. The processing of biodegradable waste, the main thrust of the SWM Programme was not implemented in any of the test-checked Corporations/Municipalities. The meetings of the High Level Committee failed to monitor the actual progress in implementation of the SWM Programmes by local bodies.

### **2.2.7 Conclusion**

There was substantial shortfall in utilisation of Central Twelfth Finance Commission grants every year besides diversion of funds to other civil works. The segregation of waste into biodegradable and non-biodegradable waste was not done in any of the test checked Urban Local Bodies and the entire waste was dumped in the municipality/corporation dumping sites. Eight test-checked Urban Local Bodies were not able to utilise infrastructure created for converting the waste into manure due to absence of approach road, shortage of man power, inadequate space, etc.

### **2.2.8 Recommendations**

- Monitoring mechanism should be made effective so that Urban Local Bodies plan well and utilise the grants in time and furnish utilization certificates promptly.
- Proper control mechanism should be institutionalized to check irregular payments, diversion of scheme funds etc.
- Optimum utilization of the assets created and its proper maintenance should be ensured.

The above points were referred to Government in December 2009; reply has not been received (June 2010).