

## CHAPTER-V COMPLIANCE AUDIT

### HOUSING AND URBAN DEVELOPMENT DEPARTMENT

#### 5.1 Implementation of Rajiv Awas Yojana in the State

##### 5.1.1 Introduction

Rajiv Awas Yojana (RAY) was launched in June 2011 in pursuance of “Slum Free India” started in August 2009 by Government of India (GoI). The scheme was executed by Housing and Urban Development (H&UD) Department of Government of Odisha (GoO) in two phases. The first phase was the preparatory phase for a period of two years which ended in June 2013. The second was implementation phase from 2013 to 2022. However, RAY was discontinued from May 2015. The liabilities created by it were subsumed in a new mission namely “Housing for All”. This scheme was launched by Ministry of Housing & Urban Poverty Alleviation (MoHUPA), GoI.

The objectives of the scheme were

- (i) improving and provisioning of housing,
- (ii) to expand credit linkage for the urban poor,
- (iii) institutionalise mechanisms for prevention of slums,
- (iv) enabling reforms to address some of the causes leading to creation of slums,
- (v) strengthening institutional and human resource capacities at the Municipal, City and State levels and
- (vi) empowering community by ensuring their participation at every stage of decision making.

The State RAY Mission was to create a State Level Sanctioning and Monitoring Committee (SLSMC) to take decision on projects and their priorities for seeking Central assistance. It also had to oversee, guide, review and monitor the scheme.

Audit of the scheme was conducted at State level in Odisha Urban Housing Mission (OUHM) and in four ULBs<sup>1</sup>. It covered the period from 2009-10 to 2016-17. Audit was conducted during April to May 2017 through test check of records and joint physical inspection. Audit scope was limited to only funds released under RAY up to May 2015 and utilisation of the same as of March 2017. The objectives of audit were to ascertain whether:

- Slum Free City Plan of Action (SFCPoA) was drawn to achieve the goal of slum-free cities in the State;
- the implementation and execution of projects was fair, effective and economical, and

<sup>1</sup> Berhampur Municipal Corporation (BeMC), Bhubaneswar Municipal Corporation (BMC), Cuttack Municipal Corporation (CMC) and Jajpur Municipality

- an effective monitoring mechanism and grievance redressal system was in place.

## **Audit findings**

### **5.1.2 Overall performance of the State**

The objective of RAY was to make the cities slum-free and this was to be done by 2022 in a systematic manner. Odisha had 111 Urban Local Bodies (ULBs). Of these, the Government had no information on the number of slums<sup>2</sup> in 21 ULBs<sup>3</sup>. In the remaining 90 ULBs, there were 3,172 slums with 4.33 lakh households (HHs). However, the State had prioritised only seven<sup>4</sup> out of 90 ULBs for implementation of RAY. Out of seven ULBs identified, only four were covered under RAY. This project was withdrawn in three ULBs due to i) non-submission of DPRs (Sambalpur) and ii) non-finalisation of agencies (Puri and Rourkela). As against approval of 12,424 dwelling units (DUs)<sup>5</sup> of 126 slums of seven prioritised ULBs by Central Sanctioning and Monitoring Committee (CSMC), the State took up 10,484 DUs in 16 projects<sup>6</sup> in 124 slums of four ULBs. To achieve this, the State had to carry out mandatory reforms, make institutional arrangements, enhance capacity building and make surveys and mapping. The State had also to prepare Slum Free City Plan of Action (SFCPoA) for each selected city and DPR for each slum. The targeted date of completion of projects was 27 months from the date of approval of CSMC.

Audit observed that:

- SFCPoA was not approved by the selected ULBs due to non-coverage of all slums under survey.
- The outsourcing agencies could not provide the experts continuously to State Level Technical Cell which affected the institutional arrangement at State level.
- The State neither prepared the model curriculum for capacity building nor planned any exposure visits.
- Geographic Information System (GIS) mapping and integration with Management Information System (MIS) was not completed in any of the ULBs, which was required for prioritisation of slums and preparation of DPR. The financial management of scheme suffered due to issues like i) non-refund of unutilised fund of ₹ 0.80 crore, ii) non-submission of utilisation certificates of ₹ 57.95 crore and iii) delayed release of central share of ₹ 2.25 crore by H&UD Department.

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<sup>2</sup> Slum is a compact settlement of at least 20 HHs with collection of poorly built tenements, mostly of temporary nature, crowded together usually with inadequate sanitary and drinking water facilities.

<sup>3</sup> Athagarh, Balimela, Basudevapur, Belaguntha, Binika, Chikiti, Dasapalla, Dhamnagar, Dharamgarh, Hirakud, Jaleswar, Junagarh, Kamakshyanagar, Kesinga, Khalikote, Nawarangpur, Purusottampur, Ranapur, Sonapur, Sundergarh and Tusura

<sup>4</sup> Bhubaneswar, Berhampur, Cuttack, Jajpur, Puri, Rourkela and Sambalpur

<sup>5</sup> Dwelling unit is a self-contained unit of accommodation used by one or more households as a home

<sup>6</sup> A project is meant for construction of dwelling units with provision of basic infrastructure and civic amenities. It may cover one or more adjacent slums

- Out of seven ULBs identified, only four were covered under RAY excluding Sambalpur, Puri and Rourkela.
- Out of 10,484 projects sanctioned, only 1,356 DUs (13 *per cent*) were completed as of March 2017. Even after incurring expenditure of ₹ 143.64 crore (64.81 *per cent*), not a single project was fully completed and no city had become slum-free as of March 2017.

The overall performance of the State in these four ULBs as of March 2017 is shown in *Table 5.1*.

**Table 5.1: Physical status of the DUs in four test checked ULBs**

Name of the ULB	Amount received (₹ in crore)	DUs sanctioned	DUs completed	DUs in progress	DUs not started	Amount spent (₹ in crore)
BeMC	97.37	5053	5	1235	3813	42.71
BMC	84.18	3232	520	2480	232	69.09
CMC	8.75	602	273	167	162	8.75
Jajpur	31.31	1597	558	181	858	23.09
<b>Total</b>	<b>221.61</b>	<b>10484</b>	<b>1356</b>	<b>4063</b>	<b>5065</b>	<b>143.64</b>

Source: Records of test checked ULBs

As seen from the Table, the rate of completion of targeted DUs in last four years was 13 *per cent*. The remaining 87 *per cent* work would have to be achieved in next five years.

### 5.1.3 Deficiencies in Planning

#### 5.1.3.1 Inadequate institutional arrangement

As per para 16.2.2 of the guidelines, each State was to identify a State Level Nodal Agency (SLNA) under RAY. Further, as per para 16.2.3, the State Mission Directorate was to be supported by a State Level Technical Cell (SLTC). It consisted of experts in MIS, GIS, Town Planning, Social Development, Project/Engineering and Capacity Building/Training.

Audit noticed that Bhubaneswar Development Authority (BDA) which was initially declared as SLNA (July 2010) had selected an agency in December 2010 to provide six experts for SLTC. Later on, H&UD Department was made SLNA from June 2012. It selected another agency for providing six experts from June 2015 to February 2016. However, both agencies had failed to provide required experts continuously. There were gaps in deployment of experts for periods ranging from 27 to 42 months from January 2011 to February 2016.

Out of four test checked ULBs, City Level Technical Cells (CLTCs) were formed in three cities i.e. BeMC, CMC and BMC. In Jajpur, the consultants and the required funds were not provided by H&UD Department. Thus, the institutional arrangement suffered due to inadequate deployment of experts.

The Joint Mission Director, Odisha Urban Housing Mission stated in April 2017 that the agencies were paid as per engagement of experts. However, the reply was silent on shortfall of experts in SLTC and the reasons for not filling up of the gaps.

### **5.1.3.2 Failure in preparation of Slum-free City Plan of Action**

As per para 7.1 of the scheme guidelines, selected cities had to draw up their SFCPoA in a systematic and time bound manner. The SFCPoA had to draw an overall action plan of the ULB with investment requirements projected and prioritised. The purpose was to improve the existing slums and provide houses with basic civic infrastructure and social amenities for the urban poor for the next 10-15 years.

Audit observed that the draft SFCPoA prepared by the agencies for three ULBs (except Jajpur) were not approved by the said ULBs due to non-coverage of all slums under survey. Jajpur had not prepared any plan as no funds were provided for preparing the plan. Due to non-survey of slums in a systematic and time bound manner, the ULBs failed to submit the SFCPoA to State Level Steering Committee (SLSC) for approval as of March 2017.

### **5.1.3.3 Inadequate Capacity Building**

As per para 4.1 and 4.3 of the Guidelines for Capacity Building, the existing capacities of different stakeholders from State and ULBs were to be enhanced through trainings, workshops and exposure visits. As per para 5.1.5 of the said guidelines, exposure visits were to be planned for officials from different States/ULBs to other States/ULBs where successful intervention had taken place. H&UD Department instructed (April 2013) to prepare a model curriculum for capacity building with a provision of rigorous 3-4 days' workshops to the volunteers for mobilisation of slum dwellers.

Audit noticed that neither the model curriculum for capacity building was prepared nor any exposure visit was planned. Out of four test checked ULBs, only BeMC and CMC had conducted training. Jajpur had not conducted any training due to non-receipt of funds during the preparatory phase. BMC had spent ₹ 10.71 lakh towards capacity building of community volunteers of different slums, but it could not produce any evidence to support the same.

Similarly, as per status report submitted by SLTC in April 2013, community mobilisation meeting was conducted in 948 slums<sup>7</sup> out of 1269 slums of seven ULBs. Further, no workshop was conducted in three ULBs<sup>8</sup>.

### **5.1.3.4 Inadequate slum surveys, MIS and GIS mapping**

As per para 6.2.1.2 of guidelines, the components of the preparatory stage included: (i) slum surveys and (ii) mapping as well as integration of MIS and GIS for development of 'Slum-free City Plan' for each selected ULB.

To identify and execute the agreement with beneficiaries, it was necessary to conduct surveys for identification of existence of slums. Slum survey would include basic slum information viz., i) land status, ii) demographic and socio-economic profile, iii) source of earning of the HHs etc. After surveys, GIS mapping as well as GIS-MIS integration was to be done in each ULB.

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<sup>7</sup> BeMC (200), BMC (360), CMC (270), Puri (62) and Rourkela (56)

<sup>8</sup> RMC, SMC and Jajpur Municipality

Audit noticed that out of 987 slums existing in four test checked ULBs, no surveys were conducted in 125 slums. In 862 slums, surveys were conducted. Of these 862 slums, GIS mapping and GIS-MIS integration was done only in 808 slums. From the performance review report of SLNA (January 2014), it was seen that the Jajpur Municipality had not conducted any survey.

The Joint Mission Director, OUHM stated (August 2017) that preparatory activities were not taken up at Jajpur Municipality and therefore, the survey was not conducted. However, survey was conducted in all the other ULBs. He further stated that GIS mapping and GIS-MIS integration could not be completed due to technical issues.

The reply was not acceptable because the fact of non-conduct of socio-economic survey in 125 slums was taken from the information furnished by OUHM.

Inadequacies in surveys, GIS mapping and GIS-MIS integration resulted in deficiencies in preparation of SFCPoA and DPRs.

#### 5.1.3.5 *DPRs prepared with increased project cost*

As per step (ii), (iii) and (iv) of the guidelines for preparation of DPR, the State had to ensure that the land/ project area was under the possession of the ULB. It had also to ensure that the land was free from all encroachment and encumbrance. It was also required to create detailed plan to determine how many dwelling units were to be provided by replacing or building new housing in lieu of existing housing.

Audit noticed from the scrutiny of 14 DPRs in four test checked ULBs that preparation of 10 DPRs did not conform to RAY guidelines as stated below:

- In the in-situ projects of Cuttack, 18 beneficiaries<sup>9</sup> having pucca house/ disputed land and one having no land were included in DPR. This increased the cost of projects by ₹ 0.45 crore.
- In seven projects of Berhampur, construction of 2,138 DUs was not feasible. The reasons were site problems viz. private land, land reserved for defence personnel, land belonging to medical college, non-willingness of beneficiaries and *sub-judice* cases (*Appendix-5.1*). Inclusion of these DUs in DPRs was irregular which inflated the project cost by ₹ 70.61 crore.
- In the in-situ projects of Jajpur, Audit found that out of test checked 383 beneficiaries, 48 belonged to non-slum HHs and 24 had no land. One beneficiary had appeared twice (Sl. No.14 and 39 of the Naharpada slum). These 73 cases were included in DPR for in-situ development which inflated the project cost by ₹ 2.39 crore<sup>10</sup>.

<sup>9</sup> Five beneficiaries having pucca house and 13 beneficiaries having land dispute

<sup>10</sup> 38 DUs amounting to ₹ 114.76 lakh @ ₹ 3.02 lakh/DU (DPR-I) + 35 DUs amounting to ₹ 124.60 lakh @ ₹ 3.56 lakh/DU (DPR-II)

Thus, the project costs in DPRs had increased by ₹ 73.45 crore in the above ULBs. This was due to inadequate surveys and evaluation by the Executive Officers (EOs)/ Municipal Commissioners before the commencement of projects.

The Joint Mission Director, OUHM stated (August 2017) that in Berhampur, the DPR prepared in the post-Phailin (cyclonic storm) period had included the vulnerable persons residing in the affected belts. At a later stage, some sites were not found feasible. Regarding Jajpur, the EO had been instructed to examine the matter and report to OUHM. However, the fact remained that the ULBs had not made proper surveys and scrutiny for preparation of DPRs.

#### **5.1.4 Financial management and implementation of projects**

CSMC had sanctioned ₹ 684.30 crore for 18 DPRs out of which GoI's share was ₹ 350.69 crore. GoO released ₹ 7.14 crore to the ULBs for the preparatory phase and ₹ 255.96 crore for implementation phase of the projects.

The deficiencies in management of funds and execution of projects are discussed below.

##### **5.1.4.1 Receipt and utilisation of funds**

Sanction orders for release of fund under RAY from GoI stipulated that the State had to pass on the same alongwith their matching share to the implementing agencies without any delay. It had to submit the Utilisation Certificates (UCs) in the prescribed format. As per para 14.4 of the Scheme guidelines, the first installment (40 per cent of approved Central share) was to be released to the State following the approval of DPR by the CSMC. The subsequent installment was to be released after utilisation of 70 per cent of the previous release along with State matching share.

Audit observed that:

- The State released ₹ 7.14 crore to six ULBs (except Jajpur) against which it submitted (February 2013 to May 2016) UCs for ₹ 6.34 crore to GoI. The proportionate GoI share out of unutilised amount of ₹ 0.80 crore was not refunded to GoI as of March 2017.
- Contrary to the GoI instructions, H&UD Department had released Central share of ₹ 2.25 crore<sup>11</sup> received for the preparatory stage to the selected ULBs with delay ranging from 325 to 423 days.
- During implementation phase, four ULBs had spent ₹ 143.64 crore out of ₹ 221.61 crore released towards creation of assets. The State had submitted UCs only for ₹ 85.69 crore to CSMC and kept UCs pending for ₹ 57.95 crore as of March 2017. GoI did not release ₹ 150.13 crore<sup>12</sup> due to non-submission of UCs.

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<sup>11</sup> ₹ 1.84 crore-379 days, ₹ 0.01 crore-415 days, ₹ 0.22 crore-423 days and ₹ 0.18 crore-325 days

<sup>12</sup> ₹ 350.69 crore - ₹ 60.54 crore (due to cancellation of projects in Puri and RMC) - ₹ 0.33 crore (withheld for non-reform) - ₹ 139.69 crore (already received)



#### 5.1.4.2 Non-collection of beneficiary contribution

The funding of the housing project was shared among GoI, State, ULB and the beneficiary. The beneficiary share ranged from 10 to 25 per cent of the cost of housing. CSMC had approved the beneficiary contribution for In-situ development of 10 slum clusters in Cuttack as 20 per cent of the housing cost of ₹ 2.37 lakh per beneficiary. As per the progress report of March 2017, 231 DUs were completed.

On scrutiny of records, Audit noticed that CMC had not issued any letter to the above 231 beneficiaries regarding collection of the personal contribution of ₹ 1.10 crore at the rate of ₹ 47,471 per beneficiary.

During joint physical inspection of 20 DUs, it was also found that CMC had not collected beneficiary contribution from 13 beneficiaries even after they occupied the DUs.

Joint Mission Director, OUHM stated (August 2017) that contribution of beneficiaries would be collected. The reply was not acceptable as the Joint Mission Director was not mentioned any time limit for collection of beneficiary contribution from the completed DUs.

#### 5.1.4.3 Misutilisation of fund meant for transit house

As per para 5.2.7 of guidelines, in-situ development was to be encouraged as the programme of choice. This was to ensure that development did not lead to loss of job linkage or additional hours on income lost on commuting to work. Transit housing was meant to accommodate the temporarily displaced slum dwellers, where phased in-situ development was taken up.

The CSMC had approved (March 2013), ₹ 2.05 crore for construction of transit house in Jajpur Municipality with a provision for 104 HHs. However, an expenditure of ₹ 4.14 crore (including interest earned from RAY fund) had been incurred as of March 2017 on the building.



Transit house used as market complex at Jajpur Municipality

JPI of the transit house was conducted and it was noticed that the transit house was not allotted to any beneficiary or displaced slum dwellers for residential purpose. The ground floor was being used as a market complex as shown in the photograph and the first floor was left incomplete. Thus, the entire amount was spent towards an inadmissible purpose. This deprived the beneficiaries of the intended benefit.

The Commissioner-cum-Secretary, H&UD Department assured (July 2017) to recoup ₹ 4.14 crore from the concerned municipality fund to RAY fund. However, Audit noticed that the beneficiaries were deprived of the intended benefit.

#### **5.1.4.4 Non-compliance with procurement process**

As per clause-13 of Annexure-D of RAY guidelines for preparation of DPR, all procurements were to be done through a transparent bidding process. As per Appendix-IX of OPWD code Vol-II, tenders costing above ₹ 10 lakh and up to ₹ 1.00 crore were to be published in one local English daily and two local Oriya dailies.

In Jajpur, the EO procured the doors with rolling shutter for transit houses for ₹ 18.23 lakh from one dealer, without observing the above formal tender procedure.

Further, the EO had invited bids from special and super class contractors for construction of 140 DUs of Purusottampur slum under RAY with an estimated cost of ₹ 4.52 crore. However, the bid was awarded (November 2014) to one contractor, who had not furnished valid license for special or super class contractor. The Engineer-in-Chief had also instructed (October 2014) the Executive Officer of the ULB to obtain the same from the contractor before signing the agreement. However, the same was not obtained. Also, initial security deposit was not taken.

#### **5.1.4.5 Deficiencies in execution of projects**

In BMC, DPR of Rangamatia slum cluster was approved in January 2012 by CSMC for ₹ 44.76 crore which included six components. These components were:

- (i) in-situ development of DUs for 157 beneficiaries (₹ 3.66 crore),
- (ii) construction of transit houses (₹ 6.26 crore),
- (iii) 608 new DUs under relocation (₹ 18.87 crore),
- (iv) infrastructure development (₹ 6.91 crore),
- (v) O&M charges (₹ 0.71 crore) and
- (vi) other charges (₹ 8.35 crore).

All the works were to be executed at Rangamatia. H&UD Department had intimated MoHUPA in December 2014 that for upgradation of housing, 26 beneficiaries were overlooked. The total number of beneficiaries should have been 183 for in-situ development including above 157 beneficiaries. Out of 183 beneficiaries, 100 beneficiaries had already upgraded their kutcha/semi-pucca houses to pucca houses on their own. In February 2015, MoHUPA had deleted the first component i.e., in-situ development of 157 DUs. The project cost of Rangamatia slum cluster was revised to ₹ 41.04 crore. On scrutiny of records by Audit, the following lapses were noticed in execution of projects.

#### **(i) Cost escalation of project without approval of revised DPR**

As per guidelines of quality assurance under RAY, the works were to be awarded within three months of approval of DPR and completed within 24 months of issue of work order.

The CSMC had approved the project of Rangamatia slum cluster for ₹ 44.76 crore in January 2012. BMC had awarded the work to National Buildings Construction Corporations Ltd. (NBCC) in October 2013 after a delay of 15



months. Due to deletion of 157 DUs, the project cost was arrived at ₹ 41.04 crore. NBCC prepared and submitted the DPR for ₹ 66.20 crore on the basis of current Schedule of Rate i.e. 2013-14. BMC had approved (January 2017) the revised DPR. However, no administrative approval was obtained from H&UD Department. Also the revised DPR for ₹ 66.20 crore was not approved by SLSC/ CSMC. Thus, the Commissioner, BMC had permitted unauthorised cost escalation of ₹ 25.16 crore in the project, arising on account of the delay of 15 months for award of works. This created an extra liability to BMC due to initial delay in award of works.

The Joint Mission Director, OUHM stated (August 2017) that excess expenditure was unavoidable and the revised DPR was pending for approval. However, Audit noticed that the Department had not established these delays as unavoidable.

**(ii) Irregular acceptance of tender**

As per Finance Department (FD) instruction dated December 2010 regarding procedure for acceptance of tender for public works, in respect of works exceeding ₹ 5 crore or more, in case the tender premium<sup>13</sup> exceeds the estimated cost by 10 *per cent* or more, prior concurrence of FD was required for acceptance of tender. As per clause 2.7 of the agreement between BMC and NBCC, the latter was to invite open tender and award the work to the technically lowest bidder. As per appendix-IX of OPWD code Vol-II, tender for works costing more than ₹ 100.00 lakh shall be published in one national newspaper in addition to one Odia daily.

Audit observed that NBCC had invited online tender only from its pre-qualified contractors for an estimated cost of ₹ 34.18 crore without publication of notice in newspapers. Only one bidder i.e. M/s Vishal Builders offered his quote at 22.5 *per cent* excess which was negotiated to 17 *per cent* premium. Thus, the codal procedure was violated by NBCC.

During execution, BMC had paid ₹ 30.76 crore including ₹ 4.47 crore as premium at 17 *per cent* of estimated cost to NBCC for the work done up to March 2017. This was beyond its admissibility of 10 *per cent* i.e. ₹ 2.63 crore. No approval of FD was taken. Thus, payment of ₹ 1.84 crore (₹ 4.47 - ₹ 2.63 crore) towards tender premium by the Commissioner, BMC was unauthorised.

Commissioner-cum-Secretary, H&UD Department stated (July 2017) that tender premium in excess of or less than 10 *per cent* was not inadmissible provided it had received prior approval of competent authority. The fact remained that the approval of FD was not obtained and tender process deviated from the codal provision.

**(iii) Utilisation of earmarked funds on a different component**

As per para 5.2.7 of Scheme guidelines, transit house was permissible to accommodate the temporarily displaced slum dwellers during in-situ development and the requirement should be proposed in the DPR. In

<sup>13</sup> The excess price offered above the value put to tender

Relocation project, adequate housing and infrastructure would be provided to the slum dwellers on alternate site. It should be done only for untenable slums with emphasis on providing mobility and recreating livelihood linkages. As per sanction orders of GoI, the funds were to be utilised for the purpose for which it was given failing which it was to be refunded along with interest as per provisions of GFR 2005.

Out of ₹ 41.04 crore approved for the Rangamatia slum cluster project, H&UD Department released ₹ 34.36 crore to BMC. As in-situ development of 157 DUs was deleted by the CSMC, the project became relocation only and no slum dwellers were required to be displaced. So, transit house was not required at Rangamatia. However, BMC had received ₹ 4.69 crore<sup>14</sup> for transit house which it spent on housing and infrastructure instead of refunding to the funding agencies.

The Joint Mission Director, OUHM stated (August 2017) that H&UD Department had decided to take up all the components as per the approved DPR. The reply was not acceptable as the transit house was not required after deletion of in-situ development of 157 DUs.

***(iv) Unfruitful expenditure on a closed project***

As per the approved DPR of original project of Rangamatia that included in-situ development and transit house, the infrastructural development of the site was also taken up. Subsequently, construction of 608 new DUs under relocation project was shifted (June 2013) from Rangamatia to Gadakana due to protest of local people. The in-situ development project was cancelled in February 2015. Meanwhile, BMC had incurred an expenditure ₹ 1.19 crore between July and November 2013 out of RAY fund for infrastructural development. The entire expenditure became unfruitful due to late decision of the Government to close all the housing projects at Rangamatia.

JMD, OUHM stated (August 2017) that as per the decision of the review meeting (August 2013) taken by the Development Commissioner-cum-Addl. Chief Secretary, the Rangamatia in-situ project was limited to development of infrastructure only. The reply was not acceptable as BMC had already spent ₹ 1.16 crore in the month of July 2013 before the decision was taken.

**5.1.5 Monitoring and Grievance Redressal**

***5.1.5.1 Poor progress of projects and misreporting of status***

As per guidelines, RAY was to be monitored at both city and State level. Physical and financial reports were to be submitted online by ULBs, agencies and Third Party Inspection and Monitoring Agencies (TPIMA).

Scrutiny of progress reports showed that out of 10,484 sanctioned DUs in the State, only 1356 (13 per cent) were completed, 4063 (38 per cent) were under progress and the remaining 5065 (49 per cent) were yet to start as of March 2017. CMC reported completion of 273 DUs to SLNA and the same were

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<sup>14</sup> As per funding pattern of DPR, out of ₹ 6.26 crore earmarked for Transit house, GoI share was 50 per cent (₹ 3.13 crore) and State share 25 per cent (₹ 1.56 crore)

uploaded in MoHUPA. However, as per information furnished to Audit, only 231 DUs were completed as of March 2017. At OUHM and test checked ULBs, the following lapses were noticed in monitoring and grievance redressal mechanism.

**(i) Non-establishment of TPIMA**

As per para 14.5 and 17.4 of the RAY guidelines, the monitoring of quality of projects executed by the implementing agencies was to be done through TPIMA at State level.

Audit observed that SLNA requested SLTC RAY Cell (MIS Specialist) to float Request for Proposal (RFP) for establishment of TPIMA in September 2014. The RAY Cell had not floated RFP due to which monitoring through TPIMA was not done as of March 2017.

**(ii) Lack of Social Audit and grievance redressal**

As per para 14.7 and para 16.4 of the guidelines, State had to identify agencies for (i) undertaking Social Audit (ii) preparation of annual action plan for the identified projects and (iii) set up a suitable grievance redressal system at State level.

Audit observed that no steps had been taken by the SLNA and SLTC to identify any agency for undertaking social audit of the RAY projects. Thus, the monitoring and evaluation mechanism of RAY projects at State and ULB level was virtually non-existent. Further, no grievance redressal system was found at State level.

**5.1.6 Conclusion**

The State had prioritised only seven (six *per cent*) out of 111 ULBs and implemented RAY in only four ULBs having 987 slums with 1.41 lakh HHs. Only 124 slums (12.5 *per cent*) with 0.10 lakh households (seven *per cent*) were covered under RAY by spending ₹ 143.64 crore during the project period. However, this constituted only 2.3 *per cent* of total slum HHs of the State.

Further, the State had failed in preparation of SFCPoA. Three ULBs had inflated the cost of DPRs. Jajpur Municipality had misutilised funds for market complex. BMC had incurred unfruitful expenditure on closed projects and created extra liability. Out of 10,484 dwelling units sanctioned under four ULBs, only 1356 units (13 *per cent*) were completed as of March 2017. Because of this lackadaisical approach of the State, not a single city had become slum-free. The completion of DUs in last four years was 13 *per cent* of the sanctioned DUs. The remaining 87 *per cent* work would have to be achieved in next five years.

## **5.2 Implementation of Swachh Bharat Mission**

### **5.2.1 Introduction**

The Swachh Bharat Mission (SBM) was launched by Government of India (GoI) on 2<sup>nd</sup> October 2014 and would be in operation till 2<sup>nd</sup> October 2019. The Ministry of Urban Development (MoUD) implemented the mission in urban areas of the country. Housing and Urban Development (H&UD) Department, Government of Odisha (GoO) implemented the mission in all 111 ULBs of the State. Census 2011 had accounted for 4.09 lakh households<sup>15</sup> (HHs) in 107 ULBs that had no access to toilets. The implementation of SBM gained more importance in Odisha as 33 *per cent* of the State's urban population was used to Open Defecation (OD).

The main objectives of SBM were to eliminate open defecation, eradicate manual scavenging and manage municipal solid waste scientifically. The mission was implemented under six components i.e.

- (i) Individual House Hold Latrine (IHHL)<sup>16</sup>,
- (ii) Community Toilet (CT)<sup>17</sup>,
- (iii) Public Toilet (PT)<sup>18</sup>,
- (iv) Solid Waste Management (SWM),
- (v) Information Education Communication and Public Awareness (IEC&PA) and
- (vi) Capacity Building and Administrative and Office Expenses (CB and A&OE).

In Odisha, H&UD Department created State Mission Directorate headed by State Mission Director (SMD) in April 2015. SMD was assisted by Additional and Assistant Mission Directors for implementation of SBM (Urban). Odisha Water Supply and Sewerage Board (OWSSB), Bhubaneswar acted as the State Level Nodal Agency. Audit was conducted during April to May 2017 covering the period from October 2014 to 31 March 2017. The records of H&UD Department, State Mission Directorate, OWSSB and five ULBs<sup>19</sup> were test checked. Joint Physical Inspections (JPIs) were also conducted in these ULBs.

### **Audit Finding**

#### **5.2.2 Overall performance of the State**

The objective of the mission was to achieve open defecation-free cities by March 2018. To achieve this, the ULBs were required to conduct D2D survey

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<sup>15</sup> As per 2011 census in respect of 107 ULBs

<sup>16</sup> It is the household toilet constructed under SBM (Urban) which has two main structures- the toilet superstructure (including the pan and water closet) and the substructure (either an onsite treatment system or a connection to existing underground sewerage system)

<sup>17</sup> A Community Toilet block is a shared facility provided for a group of residence or an entire settlement. Community toilet blocks are used primarily in low income formal settlements where space and/or land are constraints.

<sup>18</sup> Public toilets are provided for the floating population/general public in places such as markets, railway stations or other public areas, where a considerable number of people pass by

<sup>19</sup> Pattamundai municipality, Pipli NAC, Puri municipality, Ranpur NAC and Sambalpur Municipal Corporation (SMC)

to identify toilet-less households and prepare City Sanitation Plan. The aim was to cover all such HHs under the mission for construction of IHHL and construct required number of Community Toilets for households where IHHL was not possible. The ULBs were also required to construct sufficient number of Public Toilets in all prominent places within the city attracting floating population. The State and ULBs were to undertake massive public awareness campaigns on sanitation and establish its link to public health, hygiene and environment.

The State would propose extensive capacity building activities in a mission mode to enable the progressive achievement of objectives of SBM (Urban) in a time bound manner. All the support structure for implementation of the mission at the State and ULB level were to be formed for achievement of objectives. The ULBs were required to prepare a Detailed Project Report (DPR) for Solid Waste Management of their city for scientific disposal of Municipal Solid Waste.

Under para 4.3.1 of SBM guidelines, ULBs were expected to carry out door to door (D2D) survey. Based on the survey, ULBs would identify all HHs practising OD and approve either a household toilet or plan community toilets. With above required data on toilet less HHs and required numbers of CP/PT, the City Sanitation Plan (CPS) was to be prepared.

As per para 3 of the guidelines, without a proper City Sanitation Plan and resulting State Sanitation Strategy, comprehensive planning could not be achieved to attain the objectives of Swachh Bharat Mission. The State had to prepare City Sanitation Plan and State Sanitation Strategy as per National Urban Sanitation Strategy.

Audit noticed that:

- The ULBs had not prepared City Sanitation Plans based on door to door (D2D) survey as of March 2017.
- Government prepared Odisha Urban Sanitation Strategy (OUSS) and Odisha Urban Sanitation Policy (Ousp) in December 2016 without preparing City Sanitation Plan of all ULBs and consolidating these into a State level sanitation plan. This affected the Sanitation Policy and Strategy at the planning stage itself.
- For the years 2015-17, the State Government prepared Annual Action Plans for ₹ 561.20 crore but released ₹ 164 crore. The total funds released were only 29 *per cent* of the funds required for the years 2015-17. Against this, utilisation of funds was only 15.87 *per cent*.
- Government did not take any steps for mobilisation of additional resources, rather the beneficiaries were to arrange the funds on their own. This affected the objective of construction of IHHLs.
- In the Action Plans for 2015-17, the State fixed a target of 3,21,189 IHHLs to be achieved by March 2017. However, the State could achieve 16,372 (five *per cent*) IHHLs as of March 2017. In five test checked ULBs, the achievement was 1467 (4.5 *per cent*) against target of 26,788 IHHLs.

- Government could not conduct the awareness campaigns effectively as only 28 per cent funds were utilised for the purpose in the State.
- Nine per cent of targeted Community Toilet seats were taken up and only two per cent of toilets were completed as of March 2017. Out of the targeted Hybrid Toilets<sup>20</sup> seats, only 11 per cent were taken up and one per cent was completed as of March 2017. In Public Toilet category, the achievement was only seven per cent of mission target.
- In the State, 110 out of 111 ULBs had not prepared the Detailed Project Reports on solid waste management till March 2017. Four out of five test checked ULBs were collecting and dumping un-segregated municipal Solid Waste in the sites not approved by the State Pollution Control Board.

### **5.2.3 Deficiency in Planning**

#### ***5.2.3.1 Deficiencies in preparation of Comprehensive Sanitation Plan***

Para 2.5 and 3 of SBM guidelines stipulated that the State had to prepare a Comprehensive Sanitation Plan including City Level Sanitation Plans (CSPs) for all ULBs in the State. As per para 4.3.1 *ibid*, ULBs were to carry out Door to Door (D2D) surveys to identify all HHs practicing OD and approve either a household toilet or plan for community toilets. H&UD Department had instructed all ULBs in September 2015 for preparation and immediate submission of CSPs. In December 2016, H&UD Department again instructed the ULBs to revise their sanitation plans by 15th January 2017 after making D2D surveys of toilet-less HHs.

Audit noticed that H&UD Department prepared Odisha Urban Sanitation Strategy (OUSS -2017) and Odisha Urban Sanitation Policy (OUSP), 2017 in December 2016 for the period 2017-26.

Para 9.7 and 11 of the guidelines stipulated setting up of Project Management Unit (PMU) at State level to support the State Mission Directorate and Programme Implementation Units (PIUs) at the city level. PIUs were to support smooth convergence of different sanitation programmes, monitoring and co-ordination with different line departments. H&UD Department set up a PMU in September 2015 through outsourcing. However, setting up of PIUs was delayed upto March 2017. The delay in formation of PIUs was due to non-finalisation of outsourcing agency and delay in verification of Curriculum Vitae of the candidates. This delayed setting up of PIUs affected the planning, implementation and monitoring of the targets fixed by MoUD.

The PMU had to set up guidelines for the ULBs to operationalise the sanitation strategy of Swachh Bharat Mission, monitor and assess the implementation of mission at State level. The PMU was to tender advice whenever required by the ULBs. It also had to prepare draft sanitation plan for ULBs and consolidate all CSPs into a State level sanitation plan. The plan had

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<sup>20</sup> A Hybrid Toilet is an eco-toilet that uses less water and recovers more nutrients than a conventional flush toilet



to specify timeframe, finances and operational components. It was also to follow up the guidelines for implementation of each component.

Audit noticed that the CSPs of 103 ULBs were prepared after May 2017. By that time, D2D survey which was to be conducted first, was also not done. Thus, OUSS-2017 and OUSP-2017 prepared in December 2016 were not based on the CSPs. This had defeated the very purpose of preparation of a Sanitation Strategy and Sanitation Policy at the planning stage itself. These were not based on ground realities.

### **5.2.3.2 Poor planning to mobilise additional resources for IHHL**

As per para-3 of the guidelines, the State Government prepared a Concept Note on State Sanitation Strategy and submitted it (January 2015) to the National Mission Director (SBM). In the Concept Note, the H&UD Department estimated a requirement of ₹1967.94 crore for the implementation of SBM (Urban) during the mission period 2014-19. The share of GoI was ₹ 786.26 crore which inter alia included ₹ 154.24 crore for construction of 3,27,518 new IHHLs, conversion of 33,273 existing single pit and 24,810 insanitary toilets to sanitary toilets. For each IHHL, Central incentive was ₹ 4000 and the State incentive was ₹ 1300. For vulnerable category<sup>21</sup> constituting 95 per cent of IHHL beneficiaries, the State declared additional incentive of ₹ 2700 each. The balance funds were to be arranged by mobilisation of additional resources. Under SBM, these additional resources were to be generated from various sources viz., (i) private sector participation, (ii) contribution from State Government/ULBs, (iii) beneficiary share, (iv) user charges, (v) land leveraging, (vi) innovative revenue streams, (vii) Swachh Bharat Kosh, (viii) corporate social responsibility, (ix) market borrowing and (x) external assistance etc.

It was noticed in Audit that except for beneficiary share, all other forms of mobilization were responsibility of the State Government / ULBs. Also, the Annual Action Plans (AAPs) made for 2015-16 and 2016-17 had no strategy for mobilisation of additional resources for IHHL except beneficiary contribution.

Audit conducted beneficiary interviews in April and May 2017. The beneficiaries stated that they were unable to complete the IHHLs due to financial constraint. Lack of motivation was another reason. Absence of effective planning of Government for arranging additional resources for the beneficiary affected the objective of construction of IHHL. This also affected the scheme objective of OD-free cities by the end of October 2019 (preponed to March 2018).

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<sup>21</sup> SC/ST HHs residing in slum, sanitation and construction worker HHs, HHs headed by minor/widow/female/+65 age, HHs of person with disability/transgender/chronic illness/beggar/rag picker/street vendor, etc.

**5.2.4. Funds management**

**5.2.4.1 Receipt and utilisation of funds**

During 2014-15, the GoO received ₹ 1.43 crore from GoI. However, GoO did not release the same for utilisation.

The component-wise receipt and utilisation of funds against AAP 2015-16 and 2016-17 is given in **Table 5.2**.

**Table 5.2: Statement showing funds released and utilised under various components of SBM during 2015-17**

(₹ in crore)							
Component	Central share required	State share required	Total funds required (2015-17)	Central assistance received	State share released*	Total funds released including central/ State share & Addl. Incentive for VC	Funds utilised by March 2017
IHHL	128.48	58.65	187.13	60.46	42.96	103.42	22.52 (22 %)
CT/PT/Hybrid Toilet	25.85	139.61	165.46	16.14	6.5	22.64	0.65 (3 %)
IEC&PA	10.92	3.64	14.56	8.08	2.06	10.14	2.83 (28 %)
CB and A&OE	3.19	1.06	4.25	1.41	1.08	2.49	0.04 (1.6 %)
SWM	37.96	151.83	189.79	18.98	6.33	25.31	0
<b>Total</b>	<b>206.40</b>	<b>354.79</b>	<b>561.19</b>	<b>105.07</b>	<b>58.93</b>	<b>164.00</b>	<b>26.04 (15.87 %)</b>

(Source: Information furnished by H&UD Department)

\* This included additional State Incentive of ₹ 33.73 crore

As shown in the table, the utilisation of fund by the State was as low as 16 per cent.

In five test checked ULBs, the utilisation was only 27 per cent (**Appendix-5.2**). There was wide variation in utilisation of funds in test checked ULBs ranging from 2.6 per cent in Sambalpur Municipal Corporation (SMC) to 87 per cent in Puri municipality. There was no expenditure under SWM component and the expenditure under CB and A&OE and CT/PT was only 1.6 and 2.9 per cent respectively as of March 2017.

The Puri municipality was allotted ₹ 2.18 lakh under CB and A&OE. However, ₹ 42.06 lakh (1929 per cent) was spent by diverting ₹ 39.88 lakh from IHHL component. The municipality incurred expenditure of ₹ 28.45 lakh on six inadmissible items as shown in **Table 5.3**.

**Table 5.3: Statement showing expenditure incurred on inadmissible items**

Sl. No.	Nature of expenditure	Amount paid (₹)
1	Refund of EMD to sanitation outsourced agency	20,000
2	Towards payment for provision of GPS service to 23 office vehicles at Puri	5,02,444
3	Towards payment for project under Icon city for road, drain cleaning and transportation to dumping yard from 23.12.16 to 31.12.16	6,55,019
4	Towards payment for purchase of 10 smart phones for Sanitary Inspector and Conservancy Jamadar	88,000
5	Payment of pathway cleaning, drain cleaning and door to door collection of solid waste under SBM for the month of February 2017.	4,97,487
6	Payment for purchase of 50 Hand Barrow Carts with complete fittings	10,82,025
<b>TOTAL</b>		<b>28,44,975</b>

(Source: Records furnished by H&UD Department)

The Mission Director, SBM assured (August 2017) to submit the compliance after receipt of the same from Puri municipality.

## 5.2.5 Weaknesses in Financial Incentive management

### 5.2.5.1 Irregularity in release of financial incentive to IHHL beneficiaries

As per para 4.4.1 of SBM guidelines and instruction of State Mission Director, financial incentive of ₹ 2,000 was to be released to the beneficiary HHs by the ULB as 1st Central incentive on approval of application by ULB. The balance incentive (₹ 3,300 for non-vulnerable and ₹ 6,000 for vulnerable category) would be released on completion of construction of IHHL. The balance funds were to be arranged by mobilisation of additional resources, which was the responsibility of the State Government / ULB (except beneficiary share). Para 4.4.5 *ibid* stipulated that ULBs should ensure about transfer of financial incentive to beneficiary HHs in a timely and hassle-free manner. Subsequently, H&UD Department instructed (December 2016) the ULBs to pay 100 *per cent* financial incentive only after completion of IHHL.

A comparison and analysis of the instructions of GoI and H&UD Department revealed that (i) In AAPs for 2015-16 and 2016-17, mobilization of additional resources was made the responsibility of the beneficiary and (ii) As per H&UD Department instructions of December 2016, the Government incentive was to be paid after 100 *per cent* completion. Hence, the beneficiary would bear the full cost of the IHHL and subsequently claim the reimbursement of the incentive. This placed a financial burden on the beneficiary leading to lack of motivation for construction of IHHL.

### 5.2.5.2 Violation of orders of Government of India

GoO dispensed with release of 1<sup>st</sup> incentive of ₹ 2,000 (December 2016) and instructed all ULBs to issue 100 *per cent* work order for IHHLs by January 2017. However, the said instruction was not supported by any GoI orders.

### 5.2.5.3 Insufficient incentives for construction of IHHLs

The State Government prepared a Concept Note (January 2015) in which the tentative estimate of a new IHHL was shown as ₹ 30,000. The Central incentive was ₹ 4000 and State incentive was ₹ 1300/ 4000 (in case of vulnerable category). Beyond this incentive of ₹ 5300/ 8000, the balance amount was to be borne by the beneficiary. However, it was noticed during beneficiary interviews that the insufficient incentive was one of the reasons for non-construction of IHHLs.

## 5.2.6 Target of construction of IHHL not achieved

SBM (Urban) aims to ensure that no HH engages in the practice of open defecation. All the HHs without latrine were targeted for construction of IHHL. In addition, 60 *per cent* of single pit latrines and all insanitary latrines were targeted for conversion to sanitary latrines. As per guidelines, the target of construction of all the IHHL/CT/PT was to be achieved by March 2017. In March 2016, MoUD revised timeline for elimination of open defecation from October 2019 to March 2018.

The target vis-à-vis achievement of different types of toilets under SBM is shown in **Table 5.4**.

**Table 5.4: Statement showing target and achievement of different types of toilets during 2015-17**

Year	IHHL		CT		PT		HT	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
2015-16	131490	678	3986	293	2181	372	0	0
2016-17	189699	15694	0	0	0	0	5957	62
<b>Total</b>	<b>321189</b>	<b>16372</b>	<b>3986</b>	<b>293</b>	<b>2181</b>	<b>372</b>	<b>5957</b>	<b>62</b>

(Source: Information furnished by H&UD Department)

In AAPs of 2015-16 and 2016-17, the State Government fixed a target to complete 3,21,189 IHHLs by March 2017. Audit noticed that construction of only 16,372 IHHLs (five *per cent*) were completed upto March 2017. Construction of 12,874 IHHLs (four *per cent*) was under progress and construction of 2,91,943 IHHLs (91 *per cent*) had not started.

In five test checked ULBs, only 1,467 IHHLs<sup>22</sup> (4.5 *per cent*) out of the target of 26,788 IHHLs<sup>23</sup> were completed. Construction of 9,445 IHHLs (35 *per cent*) was under progress and 15,876 IHHLs (59 *per cent*) had not commenced.

#### **5.2.6.1 Delay in verification and approval of applications**

Para 4.3.1 of guidelines stipulated that application received from the beneficiaries should be verified within seven days and approved by the ULBs. The same was reiterated by the State Mission Director in December 2016 with the instruction to issue work order within 10 days of receipt of application.

Audit noticed in five test checked ULBs that 9,782 applications<sup>24</sup> (47 *per cent*) out of 20,800 applications were pending for verification as of March 2017. The period and reasons for pendency could not be ascertained due to non-maintenance of details like date of receipt, verification and approval of the application. The accountability for delay in verification was also not fixed.

#### **5.2.6.2 Awareness campaigns not effective**

Para 4.3.1 of the guidelines envisaged that a campaign to create awareness ought to be taken up by the ULBs to motivate HHs without toilets to come forward on their own for construction of IHHL.

Audit noticed that the Government incurred total expenditure of ₹ 2.83 crore on IEC&PA during the years 2015-17. This was only 28 *per cent* of the total release of ₹ 10.14 crore in these two years. In five test checked ULBs, expenditure on IEC&PA was ₹ 14 lakh (35 *per cent*) against the receipt of ₹ 40.11 lakh.

However, the awareness campaigns were not effectively implemented, as only 28 *per cent* funds were utilised in the State.

<sup>22</sup> Physical achievement: Pattamundai municipality-37, Pipli NAC-nil, Puri municipality-1,231, Ranpur NAC-147 and SMC-52

<sup>23</sup> Physical Target: Pattamundai municipality- 3,153, Pipli NAC-1,258, Puri municipality-6,213, Ranpur (NAC)-962 and SMC-15,202

<sup>24</sup> Pattamundai municipality-113 (1861), Pipli NAC-423 (903), Puri municipality-715 (7,006), Ranpur NAC-37 (353) and SMC-8,494 (10,677)

### 5.2.7 Target for construction of Community Toilets (CTs) not achieved

Under para 5.1 of guidelines, it was estimated that about 20 per cent of the urban HHs in cities who were practising OD are likely to use community toilets as a solution due to space constraints in constructing IHHL for them. Subsequently, GoI allowed (July 2016) flexibility in determining target of IHHL and CT. Thereafter, GoO issued instructions (December 2016) to all the ULBs to conduct D2D survey and revise the target of IHHL, CT and PT by 15 January 2017 as per the need of the ULBs. However, revised target of CT was not made by any ULBs as D2D survey was not completed as of March 2017.

Audit noticed that 12,557 CT seats were targeted during the mission period. The State set target for 3,986 seats as per AAP 2015-16. Of these, 1,132 CT seats (nine per cent) were taken up and 293 (two per cent) were completed. Further, 839 (6.6 per cent) CTs were under progress as of March 2017. In AAP 2016-17, the State targeted 5,957 Hybrid Toilets (HT) seats. Of these, only 627 (11 per cent) were taken up and 62 (one per cent) completed as of March 2017.

In SMC and Puri municipality in 2015-16, the target was converted to hybrid toilets. The status of completion of Community and Hybrid toilets in test checked ULBs are given in *Table 5.5*.

**Table 5.5: Statement showing target and achievement of CT and HT seats in five test checked ULBs during 2015-17**

Name of ULB	CT seats			HT seats		
	Target	Taken up	Achievement	Target	Taken up	Achievement
SMC	0	0	0	871	138	17
Puri municipality	0	0	0	333	17	0
Pattamundai municipality	43	0	0	0	0	0
Pipili NAC	15	8	0	0	0	0
Ranpur NAC	16	0	0	0	0	0
<b>Total</b>	<b>74</b>	<b>8</b>	<b>0</b>	<b>1204</b>	<b>155</b>	<b>17</b>

(Source: Information furnished by H&UD Department and test checked ULBs)

As seen from above table, the achievement of target for construction of CT seats was nil. In case of HT seats, the achievement was only 1.4 per cent of the target. Clearly, this would adversely affect the objective of elimination of OD in test checked ULBs.

The Mission Director (SBM) stated (August 2017) that land constraint was the main reason for non-achievement of targets under CT. To overcome this, they were promoting cluster toilets of one / two seater for cluster of four/ six HHs for better usage. Government also added that GoI had made the targets for IHHL and CTs interchangeable as per field requirement since July 2016.

The reply of the Government was not acceptable as the Government had to revise the target of IHHL and CT after conducting D2D survey of toilet-less HHs. But there was no revision of target as of March 2017.

### 5.2.8 Target for construction of Public Toilets (PTs) not achieved

As per para 6 of the guidelines, States and ULBs would ensure that a sufficient number of public toilets are constructed in each city and in all prominent

places within the city to meet the requirement of floating population. Efforts shall be made to construct the toilets within two years i.e. upto 2016-17.

Audit noticed that 5,191 PT seats were targeted for construction during the mission period. Of these, 2,181 PT seats were to be completed by March 2017. Against this target, 593 PT seats (27 per cent) were taken up for construction. Of these, 372 (17 per cent) were completed as of March 2017. The achievement was only seven per cent of mission target.

In Puri, a target of 10 PT seats was set in 2015-16 while in SMC, it was 20 in 2016-17. In remaining three test checked ULBs, the target of 11 PT<sup>25</sup> seats was set as of March 2017. However, Audit noticed that no work was taken up in all these ULBs during the period.

The Mission Director (SBM) stated (August 2017) that the ULBs had been instructed to revise the city sanitation plan after conducting D2D survey. Government informed that 81 ULBs have completed D2D survey and the others were in the process after which the construction of CT/PT toilets would be expedited.

The reply of the Government was not acceptable as requirement of PT was mainly for floating population and had no relevance with D2D survey.

#### **5.2.9 Manual scavengers /rag pickers not identified**

As per para 2.5 of guidelines, all manual scavengers in urban areas were to be identified and adequately rehabilitated and insanitary toilets linked to their employment upgraded to sanitary toilets. Similarly, the rag pickers were to be identified and enumerated to upgrade their work condition by integrating them into formal system of SWM in the cities.

Audit noticed that no action plan was prepared by the Mission Directorate to identify and rehabilitate manual scavengers and rag pickers. In test checked ULBs, the same was not done as of March 2017.

The Mission Director (SBM) stated (August 2017) that manual scavenging had been eliminated. The scheme now aimed at rehabilitating family members of manual scavengers. The Mission Director also stated that the family members of manual scavengers were not coming for registration. The reply of the Government was not acceptable as it was the responsibility of the Government to identify manual scavengers and their family members and rehabilitate them. Further, as per Socio Economic and Caste Census 2011, there were 237 identified manual scavengers in urban areas of Odisha.

#### **5.2.10 Poor achievement in SWM activities**

As per Para 7 of guidelines, ULBs were required to prepare Detailed Project Report (DPR) for SWM of their city in consultation with State Government. The DPR had to consist of street sweeping and litter control interventions. Further, the management and handling of waste is regulated by the

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<sup>25</sup> Pattamundai municipality-7, Pipil NAC-2 and Ranpur NAC-2



Environment (Protection) Act, 1986 and rules made there under viz. the Municipal Solid Waste (Management and Handling) Rules, 2000 which stipulated that the municipal authority was to obtain authorisation from the State Pollution Control Board for setting up waste processing and disposal facility including landfills. The landfill sites should be away from habitation clusters, water bodies, wetlands, national parks etc.

Audit observed that none of the ULBs in the State except Berhampur Municipal Corporation had prepared the DPRs till March 2017. In 36 ULBs, preparation of DPRs was under process and in the remaining 64 ULBs, the work for preparation of DPR had not started as of March 2017. Audit noticed the following instances relating to SWM in test checked ULBs.

- In SMC, the DPR was held up as the selected site for SWM was unsuitable due to presence of a water body in it. Contrary to the Municipal Solid Waste (Management and Handling) Rules, 2000 stated above and SBM guidelines, the un-segregated MSW had been dumped on the bank of river Mahanadi at Durgapalli.
- In Puri municipality, scientific disposal of MSW had been followed since 1998. But, in other four test checked ULBs, the same was not done. The ULBs were collecting and dumping un-segregated MSW in the sites identified on their own as per their suitability within their jurisdiction.
- In Pattamundai, State Pollution Control Board authorised (July 2015) the ULB to set up and operate scientific waste processing/ disposal facility at Matia Pala dumping site. However, the ULB authority was unable to develop the site due to public protest and the untreated MSW were dumped without adopting proper land filling methods.

#### **5.2.10.1 Daily sweeping and door-to-door collection of MSW**

Under SBM, H&UD Department set (December 2016) the timeline of January 2017 for undertaking different activities. They were daily sweeping of wards, two times sweeping of commercial areas, 100 per cent D2D collection of dry and wet waste, transportation and composting of MSW etc. Contracts with existing manpower agencies for SWM were to be amended by 28 December 2016 incorporating these activities in the agreement.

Audit noticed that street sweeping and 100 *per cent* D2D collection of MSW had been done only in 68 out of 111 ULBs of the State. In five test checked ULBs, Audit noticed the following during joint physical inspection of wards:-

- Segregation and 100 *per cent* D2D collection of dry and wet waste, and composting of wet waste was not done.
- Sweeping of commercial areas twice daily was not done. The norms for deploying sweepers for D2D collection were also not fixed. However, sweeping of roads daily had been done in all test checked ULBs.
- The agreement with the outsourced agencies for SWM activities were not amended till April 2017.

### **5.2.11 Monitoring and evaluation**

As per Para 11.2 of the guidelines, a High Power Committee (HPC) should be constituted in the State for the management of the SBM (Urban). The Chief Secretary of the State was to be the chairperson and other members were to be from the concerned Departments including representatives of Ministry of Urban Development. The HPC was to monitor the outcome and O&M arrangements of the projects, sanctioned and completed under the mission. Audit observed that the HPC was formed at State level in January 2015 but only two meetings were held as of March 2017.

As per Para 12.3 of guidelines, the District Level Review & Monitoring Committee (DLRMC) under the Chairpersonship of a Member of Parliament was to be formed for ensuring satisfactory monitoring of Projects under SBM. Detailed guidelines in this regard were issued by MoUD in April 2015 and June 2016. H&UD Department stated that 20 DLRMCs were formed in the State. However, Audit noticed that out of five test checked ULBs, DLRMCs were not formed in respect of four ULBs<sup>26</sup> as of March 2017. This affected the monitoring of SBM (Urban) at the district level.

As per Para 12.1 and 12.2 of SBM guidelines, a comprehensive and robust IT enabled MIS was to be in place for tracking of targets and achievements. Further, evaluation of the Mission was to be undertaken during the course of its implementation to effect mid-term correction to achieve its objectives.

Audit noticed that the existing IT-enabled MIS was not effectively developed under different ULBs in the State. In the web portal, under categories of State, city and ward level information, details including i) SBM proposal, ii) Sanitation Intensive Drive (State), iii) ward details, iv) solid waste collection and disposal (cities), v) contact details of ward level officers, vi) under-construction/completion of PT, CT seats, SWM were not uploaded. The ULBs had not uploaded the data on application, date of approval, amounts of incentive paid and date of payment in the IHHL category. One of the reasons for this was non-availability of fields for entering this data into the portal.

Further, no impact assessment study was conducted by the State for evaluation of the Mission to correct deficiencies in implementation. Swachh Survekshan was conducted by MoUD in February 2016 on the parameters viz., sanitation, hygiene, cleanliness, OD-free etc. in which two cities i.e. Cuttack and Bhubaneswar were ranked as 59 and 24 respectively out of 73 cities. In Survekshan January-February 2017, nine cities of Odisha had participated. The cities of Cuttack and Bhubaneswar were downgraded to rank 204 and 94 respectively out of 434 cities. Other seven cities<sup>27</sup> included in Survekshan 2017 ranked between 168 and 349. This indicated that the State had not proceeded well in its goal towards becoming Swachh.

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<sup>26</sup> Puri Municipality, Pipili NAC (Puri District), Pattamundai Municipality (Kendrapara District), Ranpur NAC (Nayagarh District)

<sup>27</sup> Rourkela 168, Berhampur 187, Balasore 190, Puri 194, Baripada 261, Sambalpur 322 and Bhadrak 349.

The Mission Director (SBM) stated (August 2017) that the IT-enabled MIS software was managed by the GoI through NIC. He further stated that lower rank in cities was mainly due to non-availability of SWM facilities and steps were being taken to set up decentralised composting facilities.

### 5.2.12 Conclusion

Preparation of Comprehensive Sanitation Plan of ULBs was the basis for Sanitation Strategy of the State. 103 out of 111 ULBs had not prepared their Sanitation Plan as of March 2017. However, State Government prepared Odisha Urban Sanitary Strategy-2017 in December 2016. This did not include Comprehensive Sanitation Plan of ULBs and clear timeline to achieve open defecation-free city by March 2018.

The delayed setting up of Project Implementation Units at city level affected the planning, implementation and monitoring of the targets.

The achievement against target fixed for Individual Household Latrines in Annual Action Plans of 2015-16 and 2016-17 was only five *per cent*. The utilisation of funds was only 16 *per cent* of total funds released during 2015-17. The responsibility of additional resources was completely shifted to the beneficiary. Subsequently, the beneficiary had to bear the full cost of construction of toilet and then claim reimbursement of the incentive. The financial constraint of beneficiary and consequent lack of motivation had impacted the coverage of the scheme in urban areas of the State. The Mission Directorate required special efforts to rectify these deficiencies, to achieve the objective of open defecation-free cities. Proper disposal of Municipal Solid Waste was also required to ensure healthy environment in the cities.

Audit noticed that the incentive for construction of IHHLs were insufficient and did not motivate the beneficiaries to construct IHHLs.

### 5.3 Misappropriation of sale proceeds of PDS commodity

**Misappropriation of sale proceeds of PDS commodity amounting to ₹ 66.41 lakh by the officials of Choudwar Municipality during 2014-16.**

As per Rule 25 of the Odisha Municipal Accounting Rule 2012, the Collection Offices and Collection Centres shall record the particulars of each receipt in the collection register on a daily basis. The amount collected during the day shall be accounted based on the summary statements, through a cash receipt voucher or bank receipt voucher.

Choudwar Municipality had distributed wheat, rice and kerosene oil under Public Distribution System (PDS) to ration card holders through different sales centres. Wheat and rice were procured from the District Civil Supply Corporation, Cuttack and kerosene from agents appointed by Civil Supply Department. Municipal employees in charge of the sale centres received the commodities from departmental godown. The sale proceeds had to be

deposited with the cashier of the Municipality. The rate of distribution of PDS wheat was ₹ 7.00 per kg up to November 2015 and ₹ 1.00 per kg from December 2015. Similarly, the municipality distributed the kerosene oil at ₹ 14.11 to ₹ 14.43 per litre.

Scrutiny of PDS register of the Municipality (November 2016) showed that there was no separate cash book for PDS transactions prior to 2015-16. Test check of stock/issue register of wheat for the period 2014-16 was done along with the deposit registers on sale proceeds. It was noticed that there was a closing stock of 230.02 qtls. and 957.89 qtls. of wheat as on 31 March 2014 with Sri Raturaj Muduli, Peon and Sri P.K. Mansingh, Zamadar respectively. They had received 3,658.50 qtls. and 6,475.73 qtls. of wheat respectively during April 2014 to March 2016. Sri Muduli had deposited the sale proceeds of 926.28 qtls. of wheat worth ₹ 6.50 lakh. Sri Mansingh had deposited sale proceeds of 4,308.79 qtls. worth ₹ 24.71 lakh. The sale proceeds of remaining quantity of wheat of 6,087.07 qtls. amounting to ₹ 44.70 lakh<sup>28</sup> were not deposited by Sri Muduli and Sri Mansingh. They had also not shown it as closing stock.

Similarly, stock/ issue register of kerosene oil for the period 2014-16 and the related deposit registers on sale proceeds was test checked in audit. It showed that there was closing stock of kerosene oil of 5,699 ltrs. and 10,247 ltrs. with Sri Muduli and Sri Mansingh respectively as on 31 March 2014. Sri Muduli and Sri Mansingh were issued with 1,20,696 ltrs. and 3,56,298 ltrs. of kerosene oil respectively during 2014-16. However, they had deposited ₹ 48.21 lakh as sale proceeds of 3,39,582 ltrs. of kerosene with the cashier. The sale proceeds of remaining 1,53,358 ltrs. of kerosene amounting to ₹ 21.71 lakh<sup>29</sup> had not been deposited by Sri Muduli and Sri Mansingh. The details of quantity of commodities vis-a-vis sale values which were not deposited by the municipal officials are given in the following **Table 5.6:**

**Table 5.6: Details of quantity of commodities not deposited by the Municipal Officials**

Name of the Official	Year	Name of the commodity-Wheat (in qntl)						
		Quantity of commodity		Quantity available for sale	Quantity for which sale proceeds deposited		Quantity for which sale proceeds not deposited	
		OB	Receipt		Quantity	Amount (in ₹)	Quantity	Amount (in ₹)
<b>Name of the commodity-Wheat (in qntl)</b>								
R.R. Muduli	2014-15	230.02	588.56	818.58	610.94	4,28,314	207.64	1,44,692
P.K. Mansingh		957.89	2,358.04	3,315.93	2,957.17	15,24,376	358.76	7,96,775
R.R. Muduli	2015-16	207.64	3,069.94	3,277.58	315.34	2,21,232	2,962.24	19,85,166
P.K. Mansingh		358.76	4,117.69	4,476.45	1,351.62	9,46,338	3,124.83	24,84,968
<b>Total</b>		<b>566.40</b>	<b>7,187.63</b>	<b>7,754.03</b>	<b>1,666.96</b>	<b>11,67,570</b>	<b>6,087.07</b>	<b>44,70,034</b>
<b>Name of the commodity- Kerosene Oil (in litre)</b>								
R.R. Muduli	2014-15	5,699	44,020	49,719	38,737	5,48,070	10,982	1,52,529
P.K. Mansingh		10,247	1,77,548	1,87,795	1,61,017	22,81,198	26,778	3,76,867

<sup>28</sup> Sri Muduli 2962.24 qtls = ₹ 19.85 lakh and Sri Mansingh 3,124.83 qtls = ₹ 24.85 lakh

<sup>29</sup> Sri Muduli 64,414 ltrs = ₹ 9.15 lakh and Sri Mansingh 88,944 ltrs = ₹ 12.56 lakh

Name of the Official	Year	Name of the commodity-Wheat (in qntl)						
		Quantity of commodity		Quantity available for sale	Quantity for which sale proceeds deposited		Quantity for which sale proceeds not deposited	
		OB	Receipt		Quantity	Amount (in ₹)	Quantity	Amount (in ₹)
R.R. Muduli	2015-16	10,982	76,676	87,658	23,244	3,31,194	64,414	9,14,500
P.K. Mansingh		26,778	1,78,750	2,05,528	1,16,584	16,60,692	88,944	1256488
<b>Total</b>		<b>37,760</b>	<b>2,55,426</b>	<b>2,93,186</b>	<b>1,39,828</b>	<b>19,91,886</b>	<b>1,53,358</b>	<b>21,70,988</b>

The officials were required to deposit ₹ 98.00 lakh as the total sale proceeds of wheat and kerosene oil. Against this, they had deposited ₹ 31.59 lakh only with the cashier. The balance amount of ₹ 66.41 lakh retained by them was treated as misappropriation of Government money.

Audit noticed that the provisions of Orissa Municipal Accounting Rules regarding daily accounting of all collections were not followed. There were discrepancies in issue and stock register which were not monitored on a regular basis. Such failure of internal control mechanism paved the way for the officials to misappropriate sale proceeds of commodities. The Executive Officer, Choudwar Municipality instituted (March 2016) departmental proceedings against both the officials for misappropriating PDS sale proceeds of ₹ 22.12 lakh<sup>30</sup>. The findings in the proceedings were accepted by the convicted officials and they deposited ₹ 15.45 lakh<sup>31</sup>. However, Audit further noticed (November 2016) that the calculation made by the Accountant of the Municipality in March 2016 of the sum misappropriated was incorrect. The actual amount misappropriated was ₹ 66.41 lakh as shown in **Table 5.7**. Hence, ₹ 50.96 lakh was yet to be recovered.

**Table 5.7: Cost of Misappropriated amount of PDS articles**

Name of the official	Amount due for recovery		Total	Amount recovered	Amount yet to be recovered
	Wheat	Kerosene oil			
R.R. Muduli	19,85,166	9,14,500	28,99,666	5,44,000	23,55,666
P.K. Mansingh	24,84,968	12,56,488	37,41,456	10,00,902	27,40,554
<b>Total</b>	<b>44,70,134</b>	<b>21,70,988</b>	<b>66,41,122</b>	<b>15,44,902</b>	<b>50,96,220</b>

The EO confirmed the facts and figures and stated (November 2016) that audit observations would be enquired and follow up action would be taken immediately.

The matter was referred (December 2016) to the Commissioner-cum-Secretary, Housing and Urban Development Department. Reply is awaited (December 2017).

<sup>30</sup> Misappropriation of ₹ 9.96 lakh against Sri Mansingh and ₹ 12.16 against Sri Muduli

<sup>31</sup> Sri Mansingh deposited ₹ 10.01 lakh and Sri Muduli deposited ₹ 5.44 lakh and a monthly recovery of ₹ 7000 from his salary has been deducted.



## 5.4 Unfruitful expenditure

### A. Balangir Municipality

**Non-specification of the bucket size of Drain Cleaners and non-utilisation of Mobile Toilets led to idling machineries for more than three years with idle expenditure of ₹ 27.86 lakh.**

Finance Department had issued (February 2012) purchase guidelines for making public procurement. As per paragraph 3 of it, the specifications in terms of quality, type and quantity of goods to be procured were to be clearly spelt out keeping in view the specific need of the procuring organisation. Purchases must be made in accordance with definite requirement of the public service.

Audit scrutinised (August 2016) the purchase files (Sanitation) for the period 2010-16 at Balangir Municipality. It was observed that the Municipal Council approved (May 2012 and June 2012) procurement of six mobile toilets and one Trailer mounted Drain Cleaner machine. These were for providing better sanitation services to the public. However, the Chairman of the Municipal Council ordered (March 2013) for purchase of two Drain Cleaners and four mobile toilets. The Municipality purchased (February and September 2013) two Drain Cleaners (₹ 14.38 lakh) and two Mobile Toilets (₹ 13.48 lakh).

Audit observed that both the drain cleaners were lying idle from the date of purchase.



View of a choked drain



Idle drain cleaners

Executive Officer of the municipality stated that the bucket provided with the drain cleaner was unadjustable. The narrow size of drains made the machines unusable. Audit noted that the Municipality had not specified the size of the bucket while inviting quotations.

Similarly, mobile toilets were to be stationed at public places like hospital, market, bus stand, railway station and fair sites etc. for emergency public use. However, two mobile toilets purchased by the Municipality remained unused from the date of purchase for the last three years. The register of mobile toilets was also not maintained. Thus, the amount of ₹ 13.48 lakh spent for the purchase of toilets was unfruitful.

The Executive Officer stated (August 2016) that two mobile toilets were insufficient and public would protest against placement of these in their areas.



The replies are not acceptable as the details in the notice inviting quotations did not specify the required bucket size for the drain cleaner. Further, the number of mobile toilets purchased were scaled down, without any reasons, from six to two. Finally, even the mobile toilets that were purchased, were not actually used.

### B. Athagarh NAC

#### **Non-utilisation of Cesspool Tanker for more than six years led to unfruitful expenditure of ₹ 6.50 lakh.**

Audit of Athagarh NAC for the period 2010-16 was conducted in January-February 2017. The NAC had purchased (January 2012) one Cesspool Tanker at a cost of ₹ 6.50 lakh to provide better sanitation services. However, the NAC approved this procurement six month later in June 2012.

Audit observed that the Cesspool equipment comprised a mechanised tanker mounted on a trailer without self-propelling capacity. To an audit query, it was stated that the tanker was lying in the premises of Athagarh Block without any use for the last five and half years due to lack of propelling vehicle. Thus, the expenditure of ₹ 6.50 lakh made on procuring Cesspool equipment was unfruitful.

The Executive Officer replied (February 2017) that (i) the Cesspool tanker had no self-propelling system (ii) NAC had only one tractor which could not be spared for propelling the tanker and (iii) there was less demand for the tanker.



View of idle cesspool tanker of Athagarh NAC

The reply is not acceptable as the availability of a vehicle to pull the tanker was not considered before its purchase.

The matter was referred to the Commissioner-cum-Secretary, Housing and Urban Development Department (December 2016 and March 2017). Reply is awaited (December 2017).

### 5.5 Wasteful expenditure

#### **Construction of Night Shelter building without verifying its title in land records resulted in wasteful expenditure of ₹ 9.79 lakh.**

Housing & Urban Development (H&UD) Department made a notification (April 2012) regarding construction of night shelters with toilet and baths for homeless/shelterless urban population including street children and destitute women. These were to be in the nature of dormitories/halls with plain floors to

be used for sleeping at night. During the day time these were used for other social purposes e.g. health care centre, training for self-employment and adult education etc.

Paragraph 3.7.4 of OPWD code Vol-I read with paragraph 2.2.62 stipulated that no work should be commenced by Divisional Officers in charge of execution of works, on a land, which has not been duly handed over to him by a responsible public officer. Besides as per paragraph 3.4.11 *ibid*, the site of every building should, as far as possible, be definitely settled before the design and estimates are prepared.

The records of Cuttack Municipal Corporation (CMC) were scrutinized in March 2017. Audit observed that the Public Works Standing Committee of CMC approved (October 2012) construction of four night shelters in the city. One of these Night Shelters was to be constructed at Jobra on land<sup>32</sup> originally owned by Irrigation and Power Department. In the year 2003, the said land was allotted<sup>33</sup> to Higher Education Department (Ravenshaw Junior College, Cuttack). However, CMC requested (April 2013) Revenue and Disaster Management (R&DM) Department (through H&UD Department) to alienate the land in its favour without checking the updated land records. Meanwhile, H&UD Department accorded (February 2013) Administrative Approval and Technical Sanction to the project. It released ₹ 30.59 lakh in December 2014 while CMC's request was pending (March 2017) with the Revenue authority. The work was awarded (July 2013) at a value of ₹ 32.71 lakh stipulating completion within six months.



View of abandoned night shelter at Jobra, Cuttack

In January 2015, the Municipal Commissioner of CMC learnt that the land had been allotted to Ravenshaw College. CMC immediately stopped (January 2015) the construction work. By then the Contractor was paid (January 2017) ₹ 9.79 lakh for the work already done.

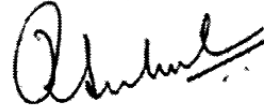
Thus, commencement of the construction work without verifying the land records resulted in wasteful expenditure of ₹ 9.79 lakh. The balance fund of ₹ 20.80 lakh was lying unutilised with CMC since December 2014.

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<sup>32</sup> Plot No .855; PT(Khata No.822 at Mouza :Cuttack Town, Unit No .25, PS : Malgodown at Ward No.36, Police Outpost side, Jobra)

<sup>33</sup> Plot No .855; Ac 1.214( Khata No.823/1 at Mouza :Cuttack Town, Unit No .25, Jobra)

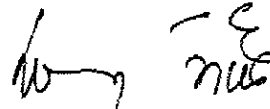
Confirming the facts, the Commissioner-cum-Secretary, H&UD Department stated (July 2017) that CMC, the Collector and the Tahasildar Cuttack were requested to move Higher Education Department for relinquishment of land in favour of R&DM Department. The R&DM Department would lease the same land in favour of the H&UD Department.



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