

CHAPTER-I

SOCIAL SECTOR

***Performance Audit on “Delivery of Core Basic Services by
Urban Local Bodies”***

COMPLIANCE AUDIT

CHAPTER-I

SOCIAL SECTOR

1.1 Introduction

The audit findings relating to various State Government departments/offices under Social Sector are covered in this chapter.

During 2017-18, against a total budget provision of ₹ 52,837.74 crore, an expenditure of ₹ 40,158.14 crore was incurred by 19 departments, including three Councils under sixth schedule areas, viz., the Bodoland Territorial Council (BTC) under Welfare of Plain Tribes and Backward Classes (WPT&BC) Department; North Cachar Hills Autonomous Council (NCHAC) and the Karbi Anglong Autonomous Council (KAAC) under Hill Areas Department. Department-wise details of budget provision and expenditure incurred thereagainst by these 19 departments are given in *Appendix-1.1*.

1.1.1 Planning and conduct of audit

The audit of this Sector is conducted in accordance with Annual Audit Plan. The departments/offices are selected on the basis of risk assessment. Departments/offices are categorized as 'high' risk, 'medium' risk and 'low' risk based on weighted parameters such as expenditure trends, serious objections found during previous audit, media reports, major activities/scheme executed *etc.* Inspection Reports are issued to the heads of offices as well as heads of departments after completion of audit. Based on the replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed for inclusion in the Report of the Comptroller and Auditor General of India.

During 2017-18, out of 509 auditable units under Social Sector, 469¹ were audited during the year involving an expenditure of ₹ 23,181.88 crore (including expenditure incurred in earlier years). This chapter contains one Performance Audit (PA) on 'Delivery of Core Basic Services by Urban Local Bodies' and 13 Compliance Audit paragraphs.

The major observations made in audit during the year 2017-18 are discussed in succeeding paragraphs.

¹ High risk units:146, medium risk units:125 and low risk units: 198.

Performance Audit

Urban Development Department and Guwahati Development Department

1.2 Delivery of Core Basic Services by Urban Local Bodies

The principle of decentralisation of funds, functions and functionaries in Urban Local Bodies (ULBs) articulated under 74th Constitutional Amendment mandated the responsibility of ULBs in providing the basic services to the citizens. Benchmarking mechanism is a tool to establish accountability in service delivery by measuring and monitoring the performance of ULBs in providing services to the citizens.

The present Audit on “Delivery of core basic services by Urban Local Bodies” was conducted to assess the performance of ULBs in providing the core basic services in line with the service level benchmarks (SLBs) prescribed by the Ministry of Urban Development (MoUD), Government of India (GoI) for the period 2013-14 to 2017-18. The results of Audit showed that the standard of basic services provided by the ULBs in Assam remained much below the desired level prescribed by GoI as highlighted below.

Highlights:

- *The system of gathering data regarding services delivered by ULBs as well as other parallel agencies was absent. Further, generation of performance reports by ULBs to assess the standard of services delivered and review of the same at the ULBs as well as Government level was also absent. (Paragraph 1.2.6.1)*
- *The ULBs did not adopt/implement the SLBs as prescribed in Handbook on SLB though the same was notified by Urban Development Department, on three occasions during 2011-12 to 2013-14. There were instances where UDD prescribed targets for services, which were not even being provided in the ULBs. Further, Guwahati Development Department (GDD), which has administrative control of the Guwahati Municipal Corporation (GMC), did not notify targets for SLB till date. (Paragraphs 1.2.6.2 & 1.2.6.2.1)*
- *Test checked ULBs utilised only ₹13.30 crore (18 per cent) of the total grant of ₹72.76 crore received during 2013-18 towards four core basic services. (Paragraph 1.2.7.2)*
- *None of the ULBs was providing all the four basic services in their respective cities. The service ‘Sewage Management’ was not provided by any of the ULBs, while the water supply service was not in existence in 35 (47 per cent) out of total 74 ULBs in general areas of the State. (Paragraph 1.2.8)*
- *Against mandated benchmark of 100 per cent, the coverage of piped water connection ranged between zero and 64.57 per cent, the number of metered connection was nil, and the cost recovery in water supply services was 5.77 to 78 per cent. (Paragraphs 1.2.8.1.1, 1.2.8.1.3 & 1.2.8.1.7)*

- *Water loss in respect of GMC was 53 per cent against the benchmark of 20 per cent resulting in loss of ₹25.83 crores to GMC. ULBs could not ensure quality and quantity of water supply to its citizens. The efficiency in collection of water tax/charges ranged between 0.60 and 63.84 per cent only against the benchmark of 90 per cent resulting in accumulation of unrecovered dues (₹6.38 crore) towards water charges.*

(Paragraphs 1.2.8.1.4 to 1.2.8.1.6 & 1.2.8.1.8)

- *Solid Waste Management (SWM) System in ULBs was inadequate and poorly managed. The mechanism for doorstep collection, segregation, processing, recycling, scientific disposal of solid waste and recovery of SWM charges by ULBs was largely absent. Open dumping was the most common option for the disposal of solid waste. Dumping sites were situated at the bank of river/water bodies resulting in pollution of surface water, narrowing the river etc. In GMC, there was a shortfall of ₹67.70 crore (94 per cent) in collection of user charges against collectable amount of ₹72.28 crore for a period of 26 months out of five years' period covered in audit. Besides, there was an inadmissible payment ₹2.79 crore in respect of doorstep collection of waste by NGOs.*

{Paragraphs 1.2.8.2 (i) to (x)}

- *Against the mandated 100 per cent benchmark, the coverage of storm water drainage was 3 to 37 per cent only. Due to poor coverage of city roads with storm water drains, 4 to 14 water logging points were found facing water logging 2 to 40 times against the benchmark of zero incidence.*

(Paragraphs 1.2.8.4.1 & 1.2.8.4.2)

1.2.1 Introduction

Maintenance of services relating to water supply, sewage and sanitation *etc.*, are essential elements of daily needs and basic requirement for public health. The 74th amendment of the Constitution had entrusted the responsibility for ensuring civic services and provision of basic amenities (including water supply, sewage and sanitation, solid waste management *etc.*) to the Urban Local Bodies (ULBs).

Recognising the importance of delivery of basic services in the urban sector, Ministry of Urban Development, Government of India (GoI) published Handbook of Service Level Benchmarking (SLB) in 2008 covering four basic services *viz.*, (i) Water Supply, (ii) Sewage Management (Sewerage and Sanitation), (iii) Solid Waste Management and (iv) Storm Water Drainage. The handbook provided a tool to establish accountability in service delivery by measuring and monitoring the performance of ULBs in providing basic services. The key objective of the benchmarking was to help the ULBs to identify gaps in the delivery of the core basic services, plan and prioritise improvement measures, and take remedial action to provide basic services at par with the prescribed benchmarks with due recovery of cost involved in providing such services.

The principle of benchmarking was also endorsed by Thirteenth and Fourteenth Finance Commissions (13th FC and 14th FC) by making SLBs as one of the pre-conditions for receipt of performance based grant (PBG).

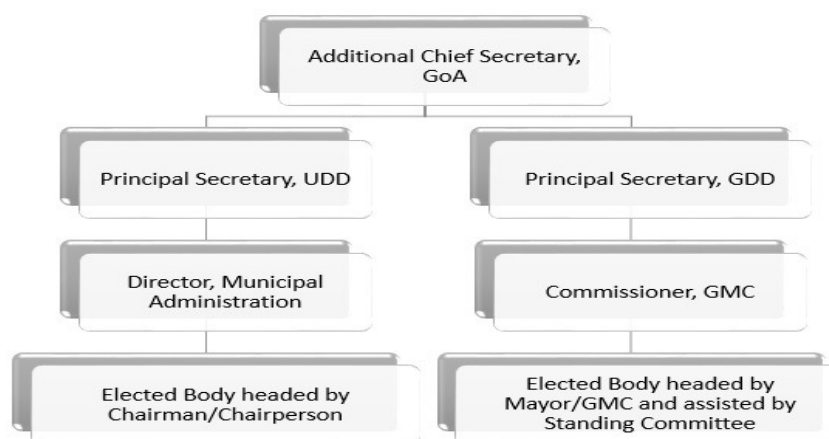
This performance audit, 'Delivery of Core Basic Services by ULBs' was undertaken with a view to assess the level of core basic services provided by ULBs *vis-a-vis* SLB indicators of four core basic services.

1.2.2 Organisational Structure

ULBs in Assam fall in three categories, namely, Guwahati Municipal Corporation for Guwahati city, Municipal Boards for large urban areas, and Town Committees for relatively smaller urban areas. The Guwahati Municipal Corporation (GMC), Guwahati, was functioning under the administrative control of Guwahati Development Department (GDD) whereas, the Municipal Boards (MB) and Town Committees (TC) had been working under Urban Development Department (UDD), Government of Assam (GoA). The organisational set up and hierarchy of ULBs is represented in **Chart 1.1**

Chart-1.1

Organisational set up and hierarchy of ULBs



Source: Departmental records.

1.2.3 Audit objectives

The main objectives of the present performance audit were to assess whether:

- the objectives of ensuring the Service Level Benchmarking by ULBs were achieved economically, efficiently and effectively;
- the processes planned at different levels for Service Level Benchmarking by ULBs were efficient and effective;
- fund management was efficient and effective;
- effective monitoring mechanism existed to assess the impact of delivery system of core basic services by ULBs.

1.2.4 Audit Criteria

The criteria set out for achieving the objectives of the performance audit were sourced from the following:

- Handbook of Service Level Benchmarking published by Ministry of Urban Development, Government of India;
- Assam Municipal Act 1956, Guwahati Municipal Corporation Act, 1971, Municipal Solid Waste (Management and Handling) Rules 2000, Solid Waste Management Rules 2016 by GoI;
- Quality Parameter Test of water as per the Central Public Health and Environmental Engineering Organisation (CPHEEO);
- Recommendations and guidelines of Central and State Finance Commissions;
- Various Orders, notifications, circulars, instructions, guidelines issued by GoI/GoA.

1.2.5 Audit Scope and Methodology

The present Performance Audit covering the period 2013-14 to 2017-18 was conducted during April-July 2018. For selecting the samples, all the 25 districts of the State in general area (having total 74 ULBs) were divided into three geographical strata² and total eight districts from three strata (30 *per cent* of the districts from each stratum) were selected. Out of 34 ULBs (GMC and 33 MBs/TCs) in nine sampled districts, eight³ MBs/TCs and the GMC were selected by applying Probability Proportional to Size without Replacement (PPSWOR) sampling method as shown in *Table-1.1*.

Table-1.1: Number of districts and ULBs selected

	District	ULBs*	Remarks
Total	25	74	9 ULBs (8 MBs/TCs and the GMC) out of 34 ULBs in 9 sampled districts were selected for detailed examination.
Sampled districts	9 (36 <i>per cent</i>)	34 (45 <i>per cent</i>)	
Selected ULBs in sampled districts	-	9 (26 <i>per cent</i>)	

*ULBs included the Guwahati Municipal Corporation (GMC) for Guwahati city, Municipal Boards (MBs) for large urban areas and Town Committees (TCs) for smaller urban areas.

Accordingly, records of nine selected ULBs were examined to evaluate the performance of ULBs in delivery of basic services *vis-a-vis* the SLBs. Audit methodology involved collection of data, evidences gathering including photographic evidence, joint physical verification with departmental/ULB staff and beneficiary survey of the residents or users in selected ULBs apart from conducting audit of selected units and getting their replies to audit observations.

² Upper Assam, Lower Assam and Barak Valley.

³ 20 per cent MBs/TCs from each district *viz.*, Barpeta, Dibrugarh, Hojai, Jorhat, Nagaon, Silchar, Sivasagar, Sonari

An entry conference was held (May 2018) with the representatives of the UDD, GDD and Finance Department (FD) of GoA wherein the audit objectives, audit criteria, scope and methodology of present performance audit (PA) were discussed. The PA concluded in December 2018 with an exit conference on 4 December 2018 with the representatives of the UDD, GDD and FD. The views of the representatives of UDD, GDD expressed during the exit conference have been suitably taken into account while finalising the Audit Report.

Audit findings

1.2.6 Planning

1.2.6.1 Absence of planning in delivery of basic services

The parameters prescribed for service delivery highlight the minimum standards of services which should be maintained and monitored by the management of Urban Local Bodies or other civic agencies. These performance measurements are required to be carried out by the service delivery agencies themselves for wide dissemination as well as reporting to higher levels of management.

Audit noticed deficiencies in planning activities of ULBs, which had serious implications on delivery of basic services by ULBs. As a result, the performance of ULBs in Assam with regard to delivery of basic services remained much below the desired level as prescribed in the Handbook of SLBs. The deficiencies noticed in planning activities of ULBs are discussed in **Table 1.2** below:

Table 1.2: Shortcomings in planning for implementation of SLB

Sl. No.	Requirements as per the Handbook of SLBs	Achievement
1.	City Development Plan: SLBs should be an integral part of City Development Plan ⁴ (CDP), both for assessment of the current situation, and for setting future targets.	None of the nine test checked ULBs were having CDP for their city. Works for providing water supply, sanitation and Solid Waste Management (SWM) were undertaken by ULBs without involving the stakeholders and the end users. Further, ULBs failed to assess the requirement of resources for providing public services.
2.	Systems for decision making: State Government was supposed to periodically evaluate the SLBs as an input for decision making related to policy, resource allocations, providing incentives and penalties, <i>etc.</i> ULBs were required to develop systems for decision-making and periodical submission of performance reports to the Council/ Standing Committees to review the performance achieved and make decisions to address gaps in service delivery.	No Committee/cell at Government level was constituted, which was imperative to monitor implementation of SLB. None of the test checked ULB generated performance reports during the period of five years (2013-14 to 2017-18) covered under audit. The monitoring of the services provided by ULBs and the decision making process to ensure effective mechanism for provision of services by ULBs was not of the level as envisaged.

⁴ A city development plan is both a perspective and a vision for the future development of the city. It presents the current stage of the city development and also suggest alternative routes, strategies and interventions for bringing about the change.

<p>3. Systems for Capturing Data: ULBs were required to develop and design systems for capturing of service delivery data at the zone/ward level with the help of field level staff such as sanitary supervisors, water pump operators, accounts clerks, <i>etc.</i> The captured data was to be provided to upper level for collation and determination of the service level performance.</p>	<p>None of the nine test checked ULBs engaged/ appointed field level staff for collection of service delivery data. As a result, the performance of ULBs with reference to the SLB could not be assessed and reported to Government during 2013-14 to 2017-18.</p>
<p>4. Examine performance of other parastatal civic agencies: ULBs, being the principal elected institutions for self-governance in the city, needed to examine performance of other civic agencies providing the basic services, even if, the ULBs were not be directly responsible for service delivery in those areas.</p>	<p>In six⁵ out of nine selected ULBs, multiple agencies such as the Public Health Engineering Department (PHED), Assam Urban Water Supply & Sewerage Board (AUWS&SB) and Guwahati Jal Board (GJB), were involved in providing water supply, but inter-agency coordination was lacking. Only three⁶ out of six ULBs were having part data with regard to water supply service delivered by other agencies (PHED, GJB and AUWS&SB) while the remaining three ULBs⁷ did not collect data from other agencies.</p>

Due to absence of city development plan; non-existence of systems of decision making; and gathering data regarding services delivered by ULBs as well as other parallel agencies, the ULBs failed to implement a unified and coordinated system for achieving the SLB for effective delivery of basic services in urban areas as evident from the audit observations contained in this Report.

1.2.6.2 Failure to notify service delivery standards

As per the recommendations of 13th FC, State Government was responsible for notification of the service delivery standards either on its own, or through the ULBs, for the four basic services by the end of each fiscal year (31st March) to be achieved by the ULBs by the end of succeeding fiscal year. The 14th FC also made a similar recommendation requiring the urban local bodies to measure and publish service level benchmarks for basic services. Both the FCs had required the publishing of SLBs as one of the conditions for obtaining of Performance Grants by the ULBs. It was observed that during the period of five years (2013-18) covered under the PA, the UDD had only once⁸ notified (December 2013 for the year 2013-14) the delivery standards for four service sectors to be achieved by 74 MBs/TCs. Further, seven⁹ out of eight test checked MBs stated that they have not received any such targets from the Government. The remaining ULB, (Nagaon MB) though accepting having received the targets, did not implement the same on the plea that the Board did not take any decision in this regard. Thus, there was absence of coordination at ULBs level and lack of oversight by the Government in implementation of service delivery standards at ULB level. It also indicated a casual approach of the Government in issuing notification of service delivery targets and implementation thereof by the ULBs.

⁵ Excepting Barpeta, Sivasagar and Dibrugarh ULB which did not provide Water Supply Services.

⁶ Hojai, Jorhat and Nagaon.

⁷ GMC, Silchar and Sonari MB.

⁸ The UDD had however, notified the SLB in 2010-11 and 2011-12 for the year 2011-12 and 2012-13 respectively.

⁹ Barpeta, Dibrugarh, Hojai, Jorhat, Silchar, Sivasagar and Sonari

As regards failure of GMC and Government (GDD), there was lack of coordination between GMC and GDD in fixation and implementation of SLB targets. It was observed that the targets for 2011-12, proposed (March 2011) by the GMC for four basic services could not be notified by Government due to non-submission of required data in the prescribed format by the GDD to the Government printing press. Further, as per the information furnished by the Commissioner, GMC, no targets were fixed during four out of five years (2013-14 to 2017-18) covered under audit (excepting 2014-15) for basic services delivered. Though the Commissioner, GMC had set targets (December 2014) for achieving the standards of service delivery during 2014-15, the same were neither notified by GDD nor circulated by GMC to its lower rung offices for implementation. Thus, during the period covered under audit, GMC set the target for only for one year (2014-15), which also proved fruitless due to non-circulation of the same to implementing units of GMC.

The Director, Municipal administration (MA) stated that SLB implementation was hampered due to lack of capacity of the ULBs whereas the Commissioner, GMC stated in the exit conference (December 2018) that collection of data from all agencies and generation of performance report was absent due to lack of coordination among various agencies (GMC, PHED, AUWS&SB, Guwahati Jal Board *etc.*) delivering the services.

The reply was not tenable, as ULBs were primarily responsible to gather data on service delivery and generate performance report thereon for their respective areas even if other agencies were also involved in service delivery in those areas. Thus, lack of coordination and monitoring by the Government (UDD/GDD) led to non-implementation of SLBs.

1.2.6.2.1 Fixing of misleading and unrealistic targets by Urban Development Department

Examination of records of ULBs revealed various deficiencies in the targets notified by UDD for 2011-12 to 2013-14 as detailed below:

- As mentioned under *paragraph 1.2.6.1* above, none of the nine test checked ULBs had generated the performance report during 2013-14 to 2017-18. It was observed that UDD had fixed targets for four basic services during 2011-12 to 2013-14 in respect of all the MBs test checked on assumption basis without obtaining the actual performance data from MBs. The targets fixed were not linked with previous performances. This was evident from the fact that in case of one MB (Silchar MB), target for household coverage with piped water connection for 2013-14 was set at 40 *per cent*, which was below the performance already achieved (more than 66 *per cent*) by the MB.
- UDD fixed the targets (2013-14) relating to sewage management services for all eight MBs/TCs test checked ignoring the fact that the service was not available in any of the ULBs in the State. This indicated unreliable and casual approach by UDD in fixation of service delivery targets for ULBs.
- Similarly, targets for water supply service (WSS) were fixed (2013-14) for Dibrugarh MB in spite of the fact that WSS was not available in Dibrugarh.

- Targets for the performance indicators relating to extent of municipal solid waste recovered and scientific disposal of the same were fixed though the solid waste treatment facility and landfill sites were not available in any of the test checked MBs.

The above observations are indicative of the fact that the UDD had adopted a casual approach in implementing the SLB in ULBs and were not serious in handling their basic job.

Recommendation: *GoA may take appropriate steps to ensure effective coordination among ULBs, UDD and GDD while implementing the SLBs to ensure the desired results.*

1.2.7 Financial Management

1.2.7.1 Deficiencies in Budgeting

As per the Handbook of SLBs, the budget heads relating to basic services should be clearly separated to determine the actual cost of providing these services and ensure proper cost recovery of these services.

Further, for the common costs, proper cost allocation standards should be in place as it was instrumental in identifying the key costs relating to basic services. For example, costs of electricity/salary and wages for water supply services should be segregated from overall cost of electricity/salary and wages of the ULBs.

Audit scrutiny revealed that even though the budgets of eight out of nine test checked ULBs (excepting Silchar MB) depicted separate heads of accounts for the core basic services (like, water supply and solid waste management services *etc.*), the common costs were not apportioned and depicted separately for each service as prescribed. Thus, the expenditure towards electricity, salary, maintenance *etc.*, incurred on the core basic services in those ULBs were not identifiable. Further, in case of revenue receipt, the amount of revenue arrears and collection thereagainst were not found included in the budgets of any of the nine test checked ULBs. In the absence of said details, the extent of cost recovery relating to core basic services and efficiency in collection of the same, could not be determined from budgets of ULBs. As a result, the ULBs were unable to assess the cost effectiveness in core service delivery.

The Director, MA/Commissioner, GMC assured in the exit conference (December 2018), to examine the issue of non-apportionment of common costs under the related heads and take appropriate action in the matter accordingly.

1.2.7.2 Low utilisation of FC grants for basic services

As per the recommendation of the 13th and 14th FC, grants were provided to support and strengthen the delivery of basic services *viz.*, water supply, sewerage, storm water drainage solid waste management, maintenance of community assets, maintenance of roads, footpaths, street lighting, burial and cremation grounds and other basic services. It was observed that test checked ULBs utilised only ₹ 13.30 crore (18 *per cent*) of the total grant (₹ 72.76 crore) received during 2013-14 to 2017-18 towards four core basic

services¹⁰, with another ₹ 28.34 (39 per cent) crores on other basic services. The summarized details of utilization of FC grants towards basic services during the period from 2013-14 to 2017-18 is shown in **Table-1.3**.

Table-1.3: Status of utilisation of 13th and 14th FC grants

(₹ in lakh)

Name of ULBs	Total Grants received	Grants utilised towards core basic services					Grants spent on other basic services	Grant remaining un-utilised (2)-(7)-(8)	Percentage of un-utilised grant
		Water Supply	SWM	Sewage	SWD	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
GMC	4129.60	0	550.88	0	0	550.88	1398.68	2180.04	52.79
Barpeta	214.08	6.47	0	0	0	6.47	81.15	126.46	59.07
Dibrugarh	486.01	0	98.71	0	0	98.71	298.86	88.44	18.20
Hojai	204.40	0	71.35	0	41.32	112.67	0	91.73	44.88
Jorhat	549.36	5.6	81.3	0	0	86.90	283.31	179.15	32.61
Nagaon	481.41	0	46.21	0	132.41	178.62	302.79	0	0.00
Silchar	765.97	0	33.02	0	164.10	197.13	255.91	312.95	40.86
Sivasagar	278.33	7.82	11.58	0	52.62	72.02	125.30	81.01	29.11
Sonari	166.99	0	2.89	0	23.29	26.18	88.45	52.36	31.36
Total	7276.15	19.89 (0.27%)	895.95 (12%)	0	413.74 (6%)	1329.58 (18%)	2834.45 (39%)	3112.12	42.77

Source: Information furnished by ULBs.

It can be seen from the **Table** above that 42.77 per cent (₹ 31.12 crore) of the FC grants was lying unspent with eight MBs¹¹ (except Nagaon MB). Poor utilisation of funds towards four core basic services indicated that the ULBs concerned were having least priority for four core services, which led to delivery of services below the prescribed bench mark as discussed in succeeding paragraphs.

The Commissioner, GMC and Director, MA clarified in the exit conference (December 2018), that grants were not allotted service wise and the ULBs preferred construction of roads and drains instead of utilising the grants for core basic services.

Recommendation: ULBs may be suitably encouraged and incentivized to optimally utilise the funds at their disposal for delivery of core basic services.

1.2.8 Implementation of services vis-a vis SLB

As per the 74th amendment to the Constitution of India and the benchmarking fixed by GOI under the Handbook of SLBs published, the ULBs were responsible to deliver the basic civic services related to Water Supply, Sewage Management (Sewage and Sanitation), Solid Waste Management and Storm Water Drainage in urban areas. Audit observed that the sewerage system was non-existent in all the ULBs in Assam. Further, the water supply service was also not in existence in 35 (47 per cent) out of total 74 MBs/TCs in general areas of the State. It was further observed that the standard of services¹² delivered by nine test checked ULBs¹³ in four basic areas was below par for

¹⁰ Water supply, sewerage, storm water drainage solid waste management

¹¹ GMC: ₹ 21.80 crore, Barpeta: ₹ 1.19 crore, Dibrugarh: ₹ 1.49 crore, Hojai: ₹ 0.92 crore, Jorhat: ₹ 2.92 crore, Silchar: ₹ 3.31 crore, Sivasagar: ₹ 1.09 crore, Sonari: ₹ 1.17 crore.

¹² Water Supply, Sewage Management, Solid Waste Management, and Storm Water Drainage.

¹³ Guwahati Municipal corporation (GMC), Barpeta, Dibrugarh, Hojai, Jorhat, Nagaon, Silchar, Sivasagar and Sonari MB

all 28 performance indicators set in the Handbook of SLBs. Shortcomings noticed in delivery of four basic services by ULBs are discussed in the succeeding paragraphs

1.2.8.1 Water Supply Service

Water supply services in nine test checked ULBs were provided by different agencies (including ULBs concerned) viz., Public Health Engineering Department (PHED), Assam Urban Water Supply and Sewerage Board (AUWS&SB), Guwahati Jal Board. The summarised position of the water requirement of nine cities falling under the jurisdiction of nine test checked ULBs, available capacities of water production and agencies involved in delivery of water supply service (WSS) have been shown in *Table-1.4*.

Table-1.4: Water supply services in test checked ULBs

{Figures in Million Liters per Day (MLD)}

Sl. No.	Name of the city	Water requirement for cities as per SLB	Production capacity of WSS maintained/operated by			Water produced by			Shortfall in production of water vis-a vis requirement and (per cent)
			ULBs	Agencies other than ULBs	Total	ULBs	Agencies other than ULBs	Total	
1	2	3	4	5	6	7	8	9	10 (3-9)
1	Guwahati	243.53	74.00	31.15	105.15	45	26.23	71.23	172.3 (71)
2	Barpeta	6.68	3.79	0.00	3.79	3.75	0.00	3.75	2.93 (44)
3	Dibrugarh	21.28	No water supply scheme						-
4	Hojai	5.37	4.6	3.00	7.6	0.60	0.08	0.68	4.69(87)
5	Jorhat	17.68	1.22	24.87	26.09	1.22	11.51	12.73	4.95 (28)
6	Nagaon	18.11	0.00	NA	NA	NA	0.45	0.45	17.66 (98)
7	Silchar	26.36	0.00	30.60	30.6	0.00	23.5	23.5	2.86 (11)
8	Sivasagar	7.24	2.86	0.00	2.86	2.67	0.00	2.67	4.57 (63)
9	Sonari	3.62	0.00	3.29	3.29	0.00	0.36	0.36	3.26 (90)

Source: Census data and data furnished by ULBs.

It can be seen from the *Table* above that, the existing water production capacity of above mentioned cities was not adequate. The shortfall in production of water with reference to its requirement varied from 11 per cent (*Silchar MB*) to 98 per cent (*Nagaon MB*). The maximum 98 per cent shortfall was in respect of Nagaon city, which did not have any water production capacity of its own. Even the water production capacity of other agencies in Nagaon City was negligible at around three per cent of requirement. In Dibrugarh city, the water supply service did not exist and the people were using water from other sources by making their own arrangements. In the absence of necessary provision for supply of clean drinking water in this ULB, the population at large was exposed to the risk of water borne diseases viz., Jaundice, Diarrhea etc. Thus, there was a huge gap between water requirement and availability of water which requires urgent attention by GoA and priority may be given to water supply schemes for bridging such critical gap.

In respect of Guwahati city, GoA decided to transfer GMC's WSS to the Guwahati Jal Board by August 2015 to bring all the WSS of Guwahati under one umbrella for systematic delivery of water supply service in the city. The matter of transfer of GMC's

water supply scheme was, however, lingering due to non-settlement of service conditions of related staff, assets and liability *etc.*, by the GMC. As such, the water supply system could not be streamlined in Guwahati leading to poor coverage of households (HHs) with piped water connection.

In reply, the GMC stated (January 2019) that three new schemes were being planned for increasing water supply. Similarly, the Director, Municipal Administration stated that the other agencies *i.e.*, Assam Urban Water Supply and Sewerage Board (AUWS&SB) and Public Health Engineering department (PHE) were responsible for taking up water schemes. However, it can be seen from the **Table** that the ULBs were not able to utilize their already deficient total capacity for water production and other agencies too were having zero to negligible presence in six out of nine test checked ULBs.

Recommendation: *GoA needs to take up new water projects in cities having deficient water supply and augment the existing water supply services to meet the existing demand and to provide safe drinking water to the people.*

1.2.8.1.1 Coverage of water supply connections (Benchmark 100 per cent)

As per the Handbook of SLBs, ULBs were responsible to ensure that all the households (HHs) in the service area were connected with a direct piped water supply connection. The status in nine test checked ULBs (August 2018) was as shown in **Table-1.5**.

Table -1.5: Coverage of water supply connections by ULBs

Name of the ULB	Total Nos. of HHs	Nos. of Piped water connection	Percentage of coverage
Hojai	6662	864	12.97
Nagaon	15619	5013	32.10
Silchar	23937	15455	64.57
Sivasagar	11073	3198	28.88
Jorhat	12995	3000	23.09
Barpeta	9871	664	6.73
GMC	230500	30000	13.02
Dibrugarh	No piped water supply scheme was found.		
Sonari	Agency other than Sonari MB were supplying water.		

Source: *Information furnished by ULBs.*

As could be noticed from the **Table** above, the coverage of HHs with piped water connection ranged from Nil *per cent* (*Dibrugarh*) to 64.57 *per cent* (*Silchar*), which was far below the requirement of 100 *per cent* coverage as prescribed under the Handbook of SLBs. Six out of seven ULBs attributed the low coverage to inadequate production capacity of their existing water supply system. It was, however, observed that the ULBs did not take any initiative for augmenting the existing water supply capacities or for installing new water supply system despite having significant deficiencies in meeting the water requirements of HHs. It indicated that ULBs were not serious for covering the entire city with water supply networks. In respect of Hojai MB,

the water supply scheme was sanctioned¹⁴ at a cost of ₹ 10.55 crore in 2006-07 to benefit of 6,000 HHs with piped water connection by 2011. The scheme was to be handed over to Hojai MB by AUWS&SB¹⁵ for operation after completion of the project. However, the project was still not completed (June 2018) despite incurring more than 90 per cent (₹ 9.73 crore) of the sanctioned cost even after a lapse of nine years of approval of the scheme. Due to delay in completion of the project, only 9.40 per cent (564 HHs) of the targeted population (6000 HHs) could be covered by piped water connection so far. The reason for non-completion of the project was not available with the Hojai MB as it was implemented by MD, AUWS&SB.

1.2.8.1.2 Per capita supply of water (Benchmark 135 litres per capita per day)

As per the Handbook of SLBs, the quantity of water supplied to the distribution system and the number of people served in the service areas were two important factors to determine the per capita supply of water. The quantum of water supplied to the distribution system was to be determined by measuring the flow in water supply systems with the help of flow meter. The status of achievement in test checked ULBs against the set benchmark of 135 litres per capita per day (lpcd) is shown in the *Table-1.6*.

Table-1.6: Achievement in test-checked ULBs against the set benchmark

Name of the ULB	Achievement (lpcd)
Barpeta and Jorhat	135
Nagaon	107
Hojai	83
Sivasagar, Silchar and GMC	No record maintained.
Dibrugarh	No piped water supply scheme.
Sonari	Sonari MB not involved in water supply scheme.

Source: Information furnished by the ULBs.

As could be noticed from the *Table* above, only four out of seven ULBs had furnished the required information. Audit, however, observed that in the seven test checked ULBs having water supply scheme, the flow meters were not installed at source/treatment plant/distribution systems of water supply schemes. In absence of flow meter, it was not possible to measure the actual quantity of water supplied to distribution system. As such, the authenticity of information provided by four ULBs (Jorhat, Barpeta, Nagaon and Hojai MBs) was doubtful as these ULBs did not mention about the system adopted for measurement of quantity of water supplied without flow meter.

In reply, GMC stated (January 2019) that it was not possible to install the flow meter as the existing water supply system was 28 to 60 years old and no measuring system was installed initially also and the delivery lines were damaged due to old age. The reply was not tenable, as GMC should find a suitable mechanism to measure and track the performance on this important Service, without which, achievement cannot be properly

¹⁴ under Urban Infrastructure Development scheme for small and Medium Town.

¹⁵ Implementing agency.

monitored and improved upon. No comments were, however, offered by the Director, MA on the issue.

1.2.8.1.3 Extent of metering of water connections (Benchmark 100 per cent)

As per the Handbook on SLBs, it was essential to measure the quantity of water supplied and set up a volumetric-based tariff structure to levy water charges to ensure recovery of the cost of building, operating and maintaining the WSS system.

Audit observed that:

- Water connection was not metered in seven out of nine test-checked ULBs (December 2018).
- In one ULB (*i.e.*, GMC) only 1101 (3.67 per cent) out of 30000 water connections were metered by GMC but all were non-functional for more than 10 years.
- In the remaining one ULB (*i.e.*, Hojai MB), only 350 (40.5 per cent) out 864 water connections were metered, but all were non-functional for more than one year.

The audit observations discussed above were indicative of the fact that the ULBs in Assam were far behind the mandated target of 100 per cent metering of water connections prescribed under the Handbook of SLBs.

Due to non-installation of water meters, the ULBs failed to recover charges from consumers on actual consumption basis leading to short realisation of the operational cost against Water Supply Services as discussed in *Paragraph 1.2.8.1.4* below.

The Director, MA stated in exit conference (December 2018) that paucity of funds with ULBs (other than GMC) was one of the reasons for not installing the meters. The reply was not tenable as 30 per cent of Finance Commission fund was found unutilized by the eight test checked ULBs. The Commissioner, GMC stated that metered connections were not feasible since GMC did not provide 24 hours supply of water and collects fixed water charge (₹ 140 per connection).

The reply of the Commissioner, GMC was misleading as supplying water 24 hours a day was not a pre-requisite for installation of water meters.

Recommendation: Water meters should be installed in all households receiving water supply in the interest of calculating quantity of water being supplied as well as for collection of water charges on correct lines.

1.2.8.1.4 Extent of non-revenue water (Benchmark 20 per cent)

The extent of water produced which did not earn any revenue was termed as Non-Revenue Water (NRW). Thus, NRW comprised consumption which was authorised but not billed, such as public stand posts, apparent losses due to water theft, metering inaccuracies *etc.*, as well as real losses on account of leakages in the transmission and distribution networks. As per the Handbook of SLBs, total water produced and put into distribution system and the quantum of NRW was to be determined based on the total water reaching to ultimate consumers. Bulk flow meters at the bulk production points as

well as the metering at the consumer's end for all categories of consumers were essential for determining the quantity of water actually reaching the consumers.

Examination of records of ULBs showed that all seven test checked ULBs, which had water supply schemes (excluding Dibrugarh and Sonari MBs, which did not have water supply schemes) had neither installed the bulk flow meter at production points nor the water meter at the consumer ends. In absence of proper metering of the water supplied by the test checked ULBs, Audit could not ascertain the actual loss of water in the distribution system.

In case of GMC, however, the quantum of water loss was estimated by GMC at two million litres per day (MLD) based on the capacity of pumps, operational hours and capacity of reservoirs *etc.* Reasonability of distribution loss of water in respect of GMC was analysed with reference to year-wise actual production *vis-à-vis* the minimum consumption of water by each HH (135 litres per day per person for five persons) and after allowing the permissible limit of water loss (20 *per cent* of total water produced) as per the norms prescribed under the Handbook of SLBs. It was observed that the water loss during 2013-14 to 2017-18 as determined by Audit based on the above mentioned criteria was at 33 *per cent* of water produced involving production cost of ₹ 25.83 crore as detailed in **Appendix-1.2**. Due to significant water loss in excess of the prescribed norms as stated above, GMC was not able to recover the cost of water supplied.

GMC, in reply (December 2018), accepted the facts and stated that the plants were old and there was possibility of leakage in transit due to rusting and worn out pipes in absence of proper maintenance due to paucity of funds.

GMC, further claimed that the loss of water was much below the quantum of water loss indicated by Audit, but it could not quantify the actual quantity of water loss to substantiate its claim.

The reply given by GMC was not acceptable as it was imaginative as it did not flow from any analysis of facts in the records. As such, the GMC needs to seriously undertake a comprehensive exercise relating to various aspects of its water supply system, as the significant water loss pointed towards possibility of theft of water through unauthorised water connections.

1.2.8.1.5 Uninterrupted water supply (Benchmark 24 hrs)

As per Handbook of SLBs, the benchmark set for continuity of water supply was 24 hours. The water supply hours were to be calculated with the help of operational records at each of the operating points or on the basis of survey, across all zones in the city. Audit observed that none of the nine test checked ULBs had maintained operational records at the operating points to work out the actual water supply hours. Further, none of these ULBs had conducted any survey of consumers in their respective jurisdictions to ascertain continuity of water supply to help improving this core basic

service. Non-maintenance of records indicated gross monitoring lapse on the part of the Commissioner/Chairman/Executive officer of the ULBs concerned. Further, four¹⁶ out of nine test checked ULBs claimed to have supplied the water for 30 minutes to four hours daily. None of the four ULBs however, could produce any documentary evidence in support of their claim.

Recommendation: All ULBs need to maintain relevant records about the supply of water as an important element of good governance in providing basic services to the people, which would help in ensuring adequate supply of water.

1.2.8.1.6 Quality of water supplied (Benchmark 100 per cent)

The Handbook of SLBs prescribed the benchmark of 100 per cent to maintain the quality of water supplied by ULBs. To assess the quality of water supplied, the Handbook prescribed testing of water samples at the outlet of the treatment plant as well as at the consumer end on monthly basis. Audit examined the compliance of the water testing periodicity prescribed under the Handbook by seven test checked ULBs (excluding Dibrugarh and Sonari MBs, which did not have water supply schemes) during the five years (2013-18) period and observed the following:

- one ULB (GMC) tested the water samples only five out of sixty times in five years against the prescribed duration of monthly testing;
- another ULB (Jorhat MB) tested the water samples only 10 out of 60 times (twice a year) during 2013-18 against the prescribed duration of monthly testing;
- Sivasagar MB tested the water samples only once in the entire period of five years; and
- remaining four ULBs (Barpeta, Hojai, Nagaon and Silchar MB) had never tested the water samples in the last five years to ensure the supply of quality water to their consumers.

The above audit observations were indicative of the fact that the ULBs had failed to ensure the quality of water supplied in the absence of periodical tests of water quality at the consumer end as prescribed under the Handbook of SLBs. This also indicated monitoring lapses on the part of Commissioner/Executive officers of ULBs concerned.

Recommendation: ULBs need to ensure monthly testing of water samples at the outlet of the treatment plant as well as at the consumer end.

1.2.8.1.7 Cost recovery in water supply services (Benchmark 100 per cent)

Financial sustainability of ULBs is critical to maintain continuity in delivery of efficient and economical basic urban services to the citizens in the long run. For the basic services, such as, water supply service, benefits received by the consumers were direct and could be quantified. As per Handbook of SLBs, benchmark set for cost recovery

¹⁶ Barpeta: 30 minutes, Hojai: 60 to 90 minutes, Jorhat: four hours and Silchar: 45 to 60 minutes

was 100 *per cent*, which was to be calculated taking into consideration the total annual operating expenses and revenue.

It was observed that none of the nine test checked ULBs had made any efforts to analyse the extent of recovery of the operating cost for water supply services during 2013-14 to 2017-18. As such, they were not aware of the actual cost recovery. Scrutiny of records of the test checked ULBs, however, revealed that during the period 2013-14 to 2017-18, the cost recovery in case of five¹⁷ out of nine test checked ULBs ranged between 5.77 *per cent* and 78 *per cent*, which was far below prescribed benchmark (100 *per cent*) as shown in the **Table-1.7**.

Table-1.7: Details of cost recovery in test checked ULBs during 2013-14 to 2017-18

Sl. No.	Name of ULBs	Total operating expenses ¹⁸ (₹ in lakh)	Revenue collections ¹⁹ (₹ in lakh)	Cost recovered (<i>per cent</i>)
1	GMC	7719.20	1407.21	18.23
2	Barpeta MB	117.19	19.02	16.23
3	Hojai MB	24.06	13.45	55.90
4	Jorhat MB	633.15	36.57	5.77
5	Sivasagar MB	271.11	211.86	78.15

Source: Records of ULBs.

Lack of any action plan towards cost recovery against water supply service indicated casual approach of ULBs towards collection of revenue leading to short recovery of operational costs. As discussed under **Paragraph 1.2.8.1.3** above, the unmetered supply of water had also contributed towards short recovery of operational cost of water supply services.

Recommendation: *ULBs need to augment the revenue collection out of service delivery to achieve the cost recovery to the standard as prescribed under Handbook of SLB.*

1.2.8.1.8 Efficiency in collection of water supply-related charges (Benchmark 90 *per cent*)

As per the Handbook of SLBs, it was important that the revenues were collected in the same financial year as to help attaining the financial sustainability of the Water Supply Service. The benchmark for collection efficiency was 90 *per cent*, leaving a possibility that recovery of about 10 *per cent* of the dues could be deferred to the next year. The details of demand raised and collection effected in respect of seven²⁰ out of nine ULBs test checked during the period 2013-14 to 2017-18 are shown in **Table-1.8**.

¹⁷ Cost recovery i.r.o. Silchar, Nagaon, Dibrugarh and Sonari MBs could not be measured as, the WSS in Silchar and Nagaon were collectively operated by MBs and Public Health Engineering Department (PHED). In Dibrugarh, the WSS did not exist while in Sonari, Assam Urban Water Supply & Sewage Board (AUWS&SB) run its WSS without involving Sonari MB.

¹⁸ The operating cost was calculated by audit on the basis of information/data furnished by the ULBs concerned.

¹⁹ Including the collections arrears of revenue pertaining to previous years.

²⁰ Excluding Dibrugarh and Sonari, because in Dibrugarh, water supply system did not exist, in Sonari, MB was not supplying water.

Table-1.8: Efficiency in collection of water supply charge

Sl. No.	Name of ULBs	Period	Total current demand (₹ in lakh)	Total current collection (₹ in lakh)	Efficiency in collection (in per cent)
1	GMC	2013-14 to 2017-18	Did not maintain demand and collection register		
2	Barpeta		38.43	0.24	0.60
3	Jorhat		57.28	36.57	63.84
4	Hojai		21.23	2.82	13.28
5	Sivasagar		207.75	109.65	52.78
6	Nagaon		137.46	21.15	15.39
7	Silchar		733.07	205.39	28.02

Source: Records furnished by ULBs.

As could be noticed from **Table** above, the efficiency in collection of water service charges in six out of seven ULBs (excepting GMC) ranged between 0.60 per cent (Barpeta MB) and 63.84 per cent (Jorhat MB), which was below the benchmark of 90 per cent. GMC was having total 30,000 water connections but it failed to provide the status of total demand and the amount actually collected there-against. The revenue collection by GMC against water supply connections has been discussed in detail under **Paragraph 1.2.8.1.9** below.

Audit observed that in the absence of effective monitoring for recovery of dues on part of the Chairman/ Executive Officer of the ULBs concerned, the efficiency in collection of water charges was very poor. As a result, the unrecovered dues of water charges as on 31 March 2018 in respect of six out of nine test checked ULBs had accumulated to ₹ 6.38 crore²¹.

Recommendation: GoA may, therefore, review the position in the state as a whole. The authorities (GoA & ULBs) concerned may investigate the matter of low collection of revenue and fix responsibility for inefficiency of the staff responsible for collection of revenue from water service.

1.2.8.1.9 Revenue collection by GMC

GMC adopted two different methodologies to collect water tax/charges from 30,000 HHs consumers falling under its jurisdiction. The HHs having water connection prior to 2006 were billed only for the water tax component along with the property tax at the

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Sl. No.	Name of ULBs	Period	Total demand (Current + arrear)	Total collection (Current + arrear)	Demand outstanding (Current + arrear)
1	GMC	2013-14 to 2017-18	Discussed separately		
2	Barpeta		70.39	19.02	51.37
3	Jorhat		57.28	36.57	20.71
4	Hojai		45.51	13.45	32.06
5	Sivasagar		243.59	211.84	31.75
6	Nagaon		241.11	62.07	179.04
7	Silchar		926.68	603.95	322.73
Total			1584.56	946.90	637.66

rate of 10 *per cent* of the Annual Rateable Value (ARV)²² (for HHs connected with direct pipeline) and 7.5 *per cent* of ARV (for HHs not connected with piped water).

In case of water connections provided after 2006, GMC charged the water tax at the rate of 7.5 *per cent* of the ARV *plus* monthly fixed water charges of ₹ 140 from the HHs having upto four members. In case of HHs having more than four members, GMC charged additional fixed water charges of ₹ 35 per month for each additional member in excess of four members.

Out of total 30,000 piped water connections, 8,032 direct piped water connections were released after the year 2006 while the balance 21,968 water connections existed prior to 2006. GMC had not maintained demand and collection register for water supply services. Besides, the vital information relating to direct piped water connections issued prior to 2006 (21968), such as, total water tax collectable with property tax, family members in each HHs having piped water connection *etc.*, were not available with the GMC. In absence of these details, it was not clear as to how the GMC was raising monthly demand and collecting revenue against the water supplied without having complete details of water connections. The matter of non-maintenance of complete records/details of water connections was taken up (January 2019) with GMC. Response of GMC on the issue was, however, awaited (June 2019). As the GMC was not in a position to ascertain the total amount of revenue collectable and amount actually collected there against, Audit worked out the short recovery of water charges for the years 2013-14 to 2017-18 in respect of 8032 water connections only which were provided after 2006. The position has been shown in the *Table 1.9*.

Table-1.9

Details of short collection of water charges by GMC in respect of water connections released after 2006

Year	Total connections (number)	Monthly water charge ²³ (₹)	Water charge collectable (₹ in lakh)	Water charge actually collected (₹ in lakh)	Short collection (₹ in lakh)
2013-14	6863	140	115.30	27.46	87.84
2014-15	7106	140	119.38	16.47	102.91
2015-16	7425	140	124.74	70.29	54.45
2016-17	7742	140	130.07	41.37	88.70
2017-18	8032	140	134.94	47.19	87.75
Total			624.43	202.78	421.65

Source: Compiled from the records of GMC.

From the *Table* above, it can be seen that against the total collectable amount of ₹ 6.24 crore against the water charges for the years 2013-14 to 2017-18, the actual collection was ₹ 2.03 crore (32.47 *per cent*) resulting in unrecovered dues of ₹ 4.22 crore (67.52 *per cent*). GMC, however, stated that most of connection holders

²² 'Annual Ratable Value' is a system in which the gross annual rent of the property is fixed and property tax is levied based on the estimated rented value of premises. The GMC uses this system for determining the property tax. The property tax includes, General Tax, scavenging tax, water tax, light tax.

²³ In absence of details of number of the family members in a HH, flat water charges @ ₹ 140 per month have been considered.

were not willing to pay monthly charge, as they wanted removal of water tax of 7.5 per cent of ARV²⁴, which was charged along with property tax.

Examination of records of GMC revealed that despite having significant arrears against the water charges, GMC had not carried out any age-wise analysis of outstanding dues recoverable from the consumers. The age-wise analysis of outstanding dues relating to 997 out of 8032 connections was carried out by Audit as shown in **Table 1.10**.

Table-1.10: Water Charge due for collection

Periodicity	Outstanding dues (₹ in lakh)	Nos. of HHs
Up to 1 year	1.67	153
1-5 years	19.14	362
5-12 years	62.51	482
Total	83.32	997

Source: Compiled from records of GMC.

As could be seen from the **Table** above, out of the total unrecovered dues of ₹ 83.32 lakh pending against 997 connections as on March 2018, ₹ 62.51 lakh (75 per cent) were pending recovery for 5 to 12 years.

The Guwahati Municipal Corporation Act 1971, provides that if the person liable for the payment of any tax is deemed to be in default, a sum not exceeding five to 20 per cent of the amount of the tax as may be determined by the Commissioner may be recovered from him by way of penalty, in addition to the amount of the tax. However, despite pending demands for years together, no action was initiated against defaulters by GMC.

Recommendations:

- *There should be a nodal agency responsible for water supply in each town to address the coordination issues.*
- *Steps may be taken to enhance the capacity of WSS to meet the increasing requirement of cities.*
- *Maintenance of complete and proper records must be ensured for better generation/collection of revenue.*
- *Quality test for water samples may be carried out on monthly basis as prescribed in Handbook of SLBs followed by corrective action, if required.*
- *Economy and cost effectiveness need to be taken care of by ULBs for sustainable and quality service delivery by ensuring timely recovery of dues from consumers.*

1.2.8.2 Solid Waste Management

Solid waste management is one of the most essential services for maintaining the quality of life and ensuring better standards of health and sanitation in the urban areas. Solid Waste Management (SWM), if not performed efficiently, could cause

²⁴ The HHs obtained connections after 2006, were required to pay water tax @ 7.5 per cent of ARV plus ₹ 140 month as water charge.

deterioration of health, sanitation as well as environmental degradation. As per the new Solid Waste Management, Rules 2016 (SWM Rules), it was necessary to consider all aspects of the 'Solid Waste Management' (SWM) and devise cost effective system to ensure adequate level of SWM services to all class of citizens along with collection, transportation and disposal of waste in an environmentally acceptable manner.

The mechanism for processing, recycling, scientific disposal of solid waste and recovery of SWM charges by the nine test checked ULBs was reviewed and the audit findings have been discussed in the succeeding paragraphs.

(i) Household level coverage of Solid Waste Management Services (Benchmark 100 per cent)

As per the Handbook of SLBs, doorstep (door-to-door) collection of waste was an essential and critical starting point in the entire chain of scientific SWM services. The exercise was important in order to maintain waste-free clean roads and drains as well as scientific treatment of waste. Door-to-door collection of waste on regular basis also helps in recycling and disposal of waste in a scientific and sustainable manner. As per the SWM Rules, it was the primary duty of ULBs to arrange for door to door collection of segregated solid waste from all households.

The position of door to door collection of solid waste in nine test checked ULBs during 2013-14 to 2017-18 has been detailed below.

Sl. No.	Name of the ULB	Status of doorstep collection of solid waste
1	Barpeta, Dibrugarh and Jorhat MB	System for door to door collection of waste did not exist.
2	Nagaon MB	17 out of 26 wards were covered with doorstep collection of waste through local arrangements made by the respective ward commissioners and therefore, data of coverage of HH was not available with the MB.
3	Silchar MB	Could not provide data as the doorstep collection of waste was managed by the NGOs engaged by the district administration.
4	Sivasagar and Sonari MBs	Doorstep collection of waste was started during 2017-18 only, coverage being 27 per cent (Sonari MB) and six per cent (Sivasagar MB).
5	Hojai	Door to door waste collected from 71 per cent of the HH in Hojai city.
6	GMC	Data on coverage of household not furnished

Source: information provided by the ULBs

During the joint physical verification of City roads of test checked ULBs conducted by Audit along with the representatives of the ULBs concerned, it was revealed that the waste was dumped at roadsides at various points before transporting the same to dumping ground. This had caused littering of the drains and streets creating unhygienic and insanitary conditions around the ULB cities test checked. Thus, the objective of maintaining waste-free clean roads and drains was hampered on account of the inefficiencies in carrying out the activity of doorstep collection of waste by the ULBs.

In exit conference (December 2018), representatives of UDD did not offer comments in the matter. Director, MA, however, stated that the ULBs had now started collecting waste from doorsteps of HHs. GMC stated that it was not possible to provide actual coverage of HH against the targeted HH.

Absence of an effective and efficient system of doorstep collection of waste in MBs indicated casual approach of the UDD as well as ULBs towards SWM service. Further, non-availability of the required data with GMC indicated that GMC had never reviewed the status of coverage of HHs relating to door to door collection of waste.

(ii) Efficiency of collection of municipal solid waste (Benchmark 100 per cent)

Schedule II of MSW Rules 2016 prohibits littering of municipal solid waste in cities, towns and urban areas. As per the Handbook of SLBs, collection efficiency for the Solid Waste was to be measured with reference to total waste generated and total quantum of waste collected by the ULBs or authorised service providers. Total waste generated was to be determined based on the population size of the cities, whereas total waste collected was to be determined by weighing the waste arrived at disposal sites. Audit observed that none of the ULBs (except GMC where weighing machine was available but was not in use) were having weighing machine at disposal sites to determine the quantity of waste arrived at disposal sites. In absence of said weighing machines, it was not possible for the ULBs concerned to determine the actual quantity of waste collected and disposed of. Besides, ULBs did not maintain any records for quantity of the wastes generated and collected. The deficiencies indicated that ULBs were not in a position to correctly monitor and report performance on this parameter.

During the joint physical verification²⁵ of the areas falling under the jurisdiction of nine test checked ULBs, waste was found scattered at road sides at various points as evident from the following photographs.



Due to dumping of solid waste at roadside in cities, bad odor was prevalent around the dumping sites causing health hazard for citizens. Besides, the waste so accumulated fell into drains resulting in choking of drains, which obstructed the flow of waste water.

²⁵ Technical staff viz., JE/AE from ULBs side were present in the joint physical verification carried out.

(iii) Extent of segregation of Municipal Solid Waste (Benchmark 100 per cent)
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SWM rules 2016 provide that all residents, welfare and market associations shall, in partnership with the local body, ensure segregation of waste at source by the waste generators to facilitate collection of segregated waste. The Handbook of SLBs stipulated that segregation of waste (wet and dry) preferably at source enables recycling, reuse, treatment and scientific disposal of different components of the waste. Further, it was equally important that waste segregated at the source did not get mixed up again, and was transported through the entire chain in a segregated manner.

Audit observed that the segregation of waste was not done in any of the nine test checked ULBs resulting in zero achievement against mandated 100 per cent benchmark. In absence of a proper mechanism for segregation of waste, people disposed of recyclable waste such as, plastic, paper, metal *etc.*, along with the domestic food waste without segregating the same at source.

In compliance to the SWM Rules, GMC had issued (October 2017) notification thereby making the public responsible to segregate the waste at source and hand over the segregated waste to the waste pickers authorized by the GMC. The notification issued in this regard, however, proved mere formality as the segregation of waste could not be ensured in the city. No such initiative was taken by other eight test checked ULBs (other than GMC). Publication of such notice by the ULBs for segregation of solid waste by public, however, would be out of place considering the fact that doorstep collection of waste was not completely operational in these eight test checked ULBs.

Recommendations:

- *Initiate public campaign, public awareness drives, etc. to educate people for segregation of waste at source; and*
- *Introduce incentive schemes to encourage people in this matter.*

(iv) Extent of Municipal Solid Waste recovered (Benchmark 80 per cent)

The extent of Solid Waste recovered represented the quantum of waste collected and recycled/processed. The ULBs were to determine this figure with respect to the waste actually processed or recycled and the total quantum of waste collected by the ULB/authorised service providers.

Audit observed that eight out of nine test checked ULBs (excepting GMC) had no facility to recycle or process the waste for its re-use. As such, the extent of Municipal Solid Waste (MSW) recovered was 'nil' in case of these ULBs. Further, none of these ULBs had taken any initiatives for installation/augmentation of facilities for recycling/processing of waste.

In case of GMC, a waste processing plant (compost plant) was installed (February 2011) with a capacity of 50 tonnes per day (TPD) at Boragaon dumping site for treatment of MSW. It was capable of processing a maximum of 18,000 MT waste in a year. As per the information furnished to audit, the GMC had collected 1,44,000 MT of

waste during 2017-18. As such, as per the quantity of waste collected during 2017-18, the GMC was seriously lacking capacity and required to make additional provision for treatment of 1,26,000 MT waste.

The existing plant was found to be non-functional during the joint physical verification (August 2018). GMC stated that the plant was not functional because the power cables of APDCL were defective. As per the information furnished (January 2019) by GMC for the period of five years from 2013-14 to 2017-18²⁶, GMC could process and recover waste to the extent of 44.64 *per cent* during 2013-14, which constantly decreased in subsequent years and reduced to 12.22 *per cent* during 2017-18. Thus, the extent of treatment and recovery of MSW by GMC during the last five years was far behind the benchmark of 80 *per cent* prescribed for recovery of MSW.

Recommendation: ULBs should ensure installation of waste treatment plant of adequate capacity in their cities/towns.

(v) Extent of scientific disposal of municipal solid waste (Benchmark 100 per cent)

The Handbook of SLBs also prescribed that inert²⁷ waste should be finally disposed of at landfill sites. Landfilling was an accepted method for disposal of residual solid waste on land specifically designed for the purpose with provisions of protective measures against pollution of ground water, surface water, bad odor, fire hazard, bird menace, pests or rodents, *etc.*

As per the SWM Rules, dumping yard/scientific landfill sites should be away from habitation clusters, water bodies, *etc.*, the disposal sites should be protected to prevent entry of unauthorised persons and stray animals; manual handling of waste must be carried out with due care and proper safety of workers. As per Schedule I of MSW Rules, the setting up of solid waste management facilities was to be completed by all the ULBs before 31 December 2003 while the waste processing and disposal facilities/landfills should be set up only after obtaining authorisation from the Pollution Control Board of Assam (PCBA).

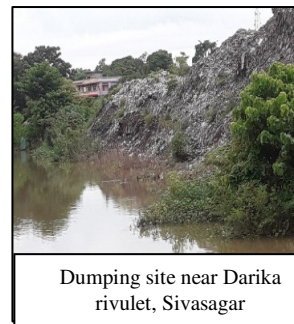
Audit observed that none of the nine test checked ULBs could develop proper landfill sites for scientific disposal of MSW so far (December 2018). The test checked ULBs were disposing of the waste in an unscientific and unhygienic manner. As such, the achievement of the test checked ULBs against the prescribed target for scientific disposal of municipal solid waste was ‘Nil’.

Year	Waste generated (Quantity in MT)	Waste collected (Quantity in MT)	Waste recovered (Quantity in MT)	Percentage of recovery
2013-14	50400	40320	18000	44.64
2014-15	135000	108000	17200	15.92
2015-16	147600	118080	17900	15.16
2016-17	160200	128160	18000	14.04
2017-18	180000	144000	17600	12.22

²⁷ Waste that does not undergo any significant physical, chemical or biological transformations.

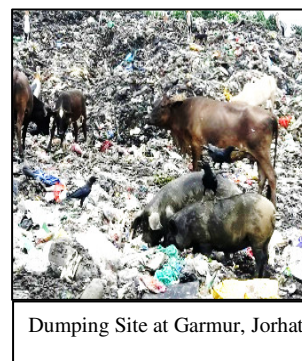
The joint physical verification of the dumping sites of test checked ULBs had further revealed several other deficiencies as discussed below:

- The dumping grounds in seven ULB cities²⁸ were adjacent to water bodies. As a result, the waste, leachate *etc.*, from dumping area were entering into the water body. In one ULB (Jorhat), dumping of waste at river bank had resulted in narrowing the river. Dumping site was also close to one of the intake point of water supply scheme of Assam Urban Water Supply & Sewerage Board (AUWS&SB).



Dumping site near Darika rivulet, Sivasagar

- Regional Executive Engineer, PCBA, Silchar had informed the Silchar ULB that the dumping ground had become overburdened due to continuous dumping of waste. Despite the alarming situation as intimated by PCBA authorities, Silchar MB did not take any corrective action to find an alternate site and continued dumping of waste at that site (April 2019).



Dumping Site at Garmur, Jorhat

- In eight out of nine test checked ULBs (excepting Hojai ULB), the dumping grounds were not protected with boundary wall and gate. Resultantly, stray animals were found roaming in the dumping site.

- Workers handling waste manually were not provided with the protective measures like, gloves, gum boot, facemask *etc.* As such, these workers were exposed to the risk of skin related diseases and other infections.

- None of the test checked ULBs had obtained authorisation from PCBA for handling of waste and its disposal.

- No safety measures (like fire-fighting equipment), as well as utilities (like drinking water, sanitary, lighting facilities, drainage system *etc.*) were available at the dumping ground in any of the test checked ULBs for safety and convenience in the operations of Waste dumping.

(vi) Extent of cost recovery in SWM services (Benchmark 100 per cent)

Extent of cost recovery parameter indicated the ability of a ULB to recover all operating expenses relating to SWM services and efficiency in collection of revenue from the intended users.

The Handbook of SLBs prescribed that costs related to SWM should be recovered through a combination of taxes and user charges, which could be supplemented with the revenues from recycling, reuse and conversion of waste to either compost, fuel or energy.

²⁸ Barpeta, Dibrugarh, Guwahati (GMC), Nagaon, Jorhat, Sivasagar and Sonari

During conduct of audit, no evidence of revenue generation from recycling/composting of waste was found on records in any of the eight test checked ULBs (except GMC). Further, seven²⁹ out of these eight ULBs were not collecting taxes and charges for SWM. Only one ULB (Jorhat MB) had collected charges of ₹ 0.47 crore (4.90 per cent) during 2013-14 to 2017-18 from establishments such as hospitals, nursing homes and defence establishment, which was meagre against the total expenditure of ₹ 9.54 crore incurred by the ULB toward SWM during the period.

Further, GMC was not maintaining operating cost data for SWM due to which the extent of cost recovery in case of GMC could not be ascertained.

(vii) Efficiency in collection of SWM charges (Benchmark 90 per cent)

Efficient collection of revenues due is an important factor to achieve cost recovery objectives by any utility. As per the Handbook of SLBs, efficiency in collection represents the 'current year revenues actually collected' as a percentage of the 'total operating revenues' for the corresponding time period.

The efficiency in collection of SWM charges in respect of seven test checked MBs was 'zero' considering the fact that none of these MBs had been collecting taxes and charges towards recovery of SWM as discussed in *Paragraph 1.2.8.2 (vi) above*.

The GMC with the help of NGOs had started collection of waste from door step since 2014, but due to short collection/deposit of user charges by Non-Government Organisations (NGOs) engaged for doorstep collection of waste, the GMC had to bear extra expenditure from its own resources as discussed under *Paragraph 1.2.8.2 (viii) below*.

(viii) Short collection of user charge by NGOs

GMC invited (May 2014/September 2017) tenders from NGOs for doorstep collection of Municipal Solid Waste (MSW) from households and commercial establishments and transportation of the same to secondary collection points. Under both the tenders, NGOs³⁰ were authorised to collect the User charges³¹ through money receipts issued from GMC and deposit the same to GMC. GMC, however, could not provide data on collection of User charges by NGOs as well as category-wise details of commercial establishments under its jurisdiction. GMC, however, furnished the details of actual revenue collected by NGOs for partial periods of 26 months (July 2014 to March 2015; March 2016 to January 2017 and October 2017 to March 2018).

In absence of the actual data on the category-wise number of Users, Census 2011 data on number of HH/commercial establishment were considered for determining the total amount of User charges to be collected by NGOs for each month. The *Table-1.11* shows the details of monthly User charges (category wise) to be collected by NGOs based on the minimum charges applicable for each category of Users.

²⁹ Barpeta, Dibrugarh, Hojai, Nagaon, Silchar, Sivasagar, Sonari

³⁰ May 2014: 31 NGOs and in September 2017: 58 NGOs

³¹ @ ₹ 20.00 to ₹ 8000.00 per month

Table-1.11: Calculation of monthly collectable User charge

Particulars	Residence	Residence cum other users	Shop/ office	School/ college etc.	Hotel/ Lodge etc.	Hospital/ dispensary etc.	Factory etc.	Total Monthly charges to be collected
Category wise number of HHs/establishment as per census 2011 (in numbers)	2,43,484	4,028	48,180	1,570	1,955	1,205	3,510	--
Minimum user charges for the users under each category (in ₹)	30	30	100	500	2,000	300	3,000	--
Amount to be collected monthly (1) × (2) (in ₹)	73,04,520	1,20,840	48,18,000	7,85,000	39,10,000	3,61,500	1,05,30,000	2,78,29,860 (₹2.78 crores)

Source: Census 2011 and information furnished by GMC.

Examination of the records of GMC revealed significant gap between 'amount to be collected' and the 'amount actually collected' by NGOs for the period of 26 months (July 2014 to March 2015; March 2016 to January 2017 and October 2017 to March 2018) provided by GMC, as detailed in *Table-1.12*.

Table-1.12: Short collection of User charges*(₹ in crore)*

Months	Total Months	Charges to be collected monthly	Minimum user charges to be collected	Actual collection	Short collection
1.	2.	3.	4. (2x3)	5.	6. (4-5)
July 2014 to March 2015	9	2.78	25.02	1.21	23.81
March 2016 to January 2017	11	2.78	30.58	2.48	28.10
October 2017 to March 2018	6	2.78	16.68	0.89	15.79
Total	26	--	72.28	4.58	67.70

Source: Compiled from records of GMC.

Thus, it can be seen that there was a shortage of ₹67.70 crore in collection of user charges during the period of 26 months for which GMC had provided the actual collection data. Despite meagre collection of user charges, GMC never analysed reasons for inefficiency in collection of user charges by the NGOs.

In exit conference (December 2018), Commissioner, GMC stated that they had received some complaints against NGOs who had printed duplicate receipts for collection of user charges and they were planning to impose penalty on the erring NGOs.

The reply of Commissioner, indicated that monitoring by GMC was deficient and ineffective.

Recommendation: *The financial control mechanism in the GMC needs to be strengthened to plug the leakage of revenue.*

(ix) Collection of user charges without issuing money receipt

As per contract provision, NGOs were to collect user charges from users through printed money receipt books only as discussed in *Paragraph 1.2.8.2 (viii)* above. NGOs were not authorised to collect the user charges online through their accounts without issuing the printed money receipt. Audit, however, noticed that three NGOs³² had collected user charges for ₹ 38000 per month from three establishments without issuing printed money receipt of GMC. The user charges were deposited online in the NGOs' bank accounts by the concerned establishments without any money receipt. As the GMC's printed receipt was not used, it is suspected that the amount collected from three establishments was not received by the GMC. Further, it was the duty of the Commissioner, GMC, to create awareness

- about actual rates of user charges payable by users for different categories of users.
- among users about collecting the printed money value receipts from the NGO while depositing the user charges.

As per records of GMC, however, no such steps of public awareness were found taken. Thus, the public were ignorant about obtaining GMC's receipt against payment made to the NGOs for door to door collection of waste. This was a major lapse on the part of GMC.

(x) Irregular payment to the NGOs employed for waste collection

As per the conditions of tender invited (September 2017) for doorstep collection of waste, GMC was required to provide the printed receipt books (with face value of ₹ 20, ₹ 30, ₹ 100, ₹ 500 and ₹ 1000) to NGOs for collection of User charges. NGOs were required to collect the said receipt books from GMC in advance, on payment of the cost of receipt books and utilise the same to collect the User charges. As per the contract conditions, if the monthly collection of User charges was minimum 70 per cent of the collectable amount, the NGOs were entitled for an incentive of 20 per cent of the User charges actually collected during that month in addition to their monthly dues³³ (collection charges) for providing the doorstep services. The NGOs were, however, neither entitled for payment of incentive nor for the monthly dues for providing the

³²

Name of the Establishment	Ward Number	Service providers name (NGO)	Monthly user charge collected by NGO (₹)
Gauhati University, Jalukbari	1	Udyan Social Welfare Society, Guwahati	27000
Sri Sankaradeva Netralaya, Beltola	28(1)	Enajori, Beltola, Guwahati	5000
O/o the A.G.(Audit), Assam, Beltola	30(1)	Sunshine, Basistha, Guwahati	6000
Total:			38000

³³ Monthly dues: Targeted HHs X Offered/accepted rates (₹ 20 to ₹ 30 per HH)

services, in case the total monthly collection against User charges fell below 50 *per cent* of the collectable amount.

Scrutiny of the records of GMC revealed that during October 2017 to March 2018, 58 NGOs collected receipt books valued ₹ 0.89 crore from GMC. It was further seen that GMC had irregularly paid the collection charges for providing the doorstep service as well as incentive to 58 NGOs even though the total collection of User charges during the said period (October 2017 to March 2018) was below 50 *per cent* and 70 *per cent* of the collectable amount by the NGOs (except few). As such, GMC had paid an amount aggregating ₹ 3.12 crore to 58 NGOs as monthly dues towards cost of providing the services of doorstep collection of waste and incentive for one to five months period³⁴ against the admissible amount of ₹ 0.33 crore in violation of the terms of the contract. This had resulted in excess payment of ₹ 2.79 crore by GMC to 58 NGOs as detailed in **Appendix-1.3**.

In exit conference (December 2018), the Commissioner, GMC stated that the matter would be investigated.

1.2.8.3 Sewage Management (Sewerage and Sanitation)

The management of sewage comprises collection of sewage through sewer lines at generation points, its transportation to Waste Water Treatment Facility (WWTF) and treatment of sewage at par with regulatory norms before its disposal into water bodies or other available sites. This process also included monitoring the quality of treated water at the disposal point in terms of prescribed environment standards.

The Service Level Benchmarks (SLBs) on Sewage Management (Sewerage and Sewage management) are given below, which were required to be achieved within a specified time frame.

- Coverage of toilets (Benchmark 100 *per cent*)
- Coverage of sewage network services (Benchmark 100 *per cent*)
- Collection efficiency of the sewage network (Benchmark 100 *per cent*)
- Adequacy of sewage treatment capacity (Benchmark 100 *per cent*)
- Quality of sewage treatment (Benchmark 100 *per cent*)
- Extent of reuse and recycling of sewage (Benchmark 20 *per cent*)
- Efficiency in redressal of customer complaints (Benchmark 80 *per cent*)
- Extent of cost recovery in sewage management (Benchmark 100 *per cent*)
- Efficiency in collection of sewage charges (Benchmark 90 *per cent*)

Audit observed that, none of the nine test checked ULBs had implemented sewage management service. Thus, none of these ULBs had carried out any exercise for assessment of performance in service delivery.

³⁴ From October 2017 to February 2018

Further, due to non-existence of sewage treatment plant in any of the nine test checked ULBs (*viz.*, 8 MBs and the GMC), the natural drainage systems of the cities carried the sewage of the entire cities into rivers/water bodies polluting them to a great extent. Name of cities and rivers/water bodies wherein sewage of cities fell into are shown in **Table-1.13**.

Table-1.13: Name of cities and rivers/water bodies wherein sewage of cities deposited of

Sl. No.	Name of City	Name of rivers/water
1	Guwahati	Brahmaputra River
2	Barpeta	Chaulkhowa River
3	Dibrugarh	Brahmaputra River
4	Hojai	Dimari Channel
5	Jorhat	Toklai Rivulet
6	Nagaon	Kolong River and Kolong Water Body
7	Silchar	Barak River
8	Sivasagar	Dorika River and Jamuna Water Body
9	Sonari	Tawkak River

Source: Records furnished by ULBs.

In exit conference (December 2018), Commissioner, GMC and Director, MA accepted that the Sewage Management service did not exist. It indicated that the ULBs did not have a comprehensive plan for sewage management, which reflected lackadaisical approach of ULBs towards scientific disposal of sewage and protect the water bodies from pollution in their jurisdiction.

Recommendation: *GoA may initiate steps to operationalise a sewage management system under ULBs and ensure treatment of sewage before its disposal in water bodies.*

1.2.8.4 Storm Water Drainage

Storm Water Drainage (SWD) means runoff of water from rainfall that flows over roads, driveways, parking lots, rooftops and other paved surfaces that did not allow water to get soaked into the ground.

1.2.8.4.1 Coverage of storm water drainage network (Benchmark 100 per cent)

Coverage of storm water drainage network had been defined in terms of the percentage of road length (roads that are more than 3.5 m wide carriageway), which had been covered by the storm water drainage network. For this purpose, the primary, secondary and tertiary drains made of *Pucca* construction were to be counted as drains.

Audit test checked total nine ULBs (GMC and eight out of 33 ULBs) in eight selected districts. It was observed that the coverage of storm water drainage, in six³⁵ out of eight

35

Name of ULBs	Total length of Road network in Km (more than 3.5 m carriage way)	Total length of Road network in Km covered by storm water drainage network	Coverage with Storm water drains (in per cent)
1	2	3	4 (3/2x100)
Sonari	18.26	3.2	17.52
Silchar	46.66	1.42	03.04
Sivasagar	23.99	3.75	15.63
Nagaon	125	6.42	5.13
Dibrugarh	188	9.40	5.00
Barpeta	60.60	22.35	36.88

test checked ULBs ranged between 3 and 37 *per cent* against the prescribed standard of 100 *per cent* as such the storm water drainage network was non-compliant with the benchmark requirement. Remaining two ULBs (Hojai and Jorhat MB) did not maintain records required to calculate the coverage of storm water drainage in the city.

As regards GMC, it was stated that data regarding storm water drainage was not available as it was involved with works of drain desilting only. Scrutiny of records of GMC, however, revealed that during 2013-14 to 2017-18, GMC had incurred expenditure amounting to ₹32.57 crore on desilting of drains. Incurring of huge expenditure by GMC on desilting of drains without properly maintaining the data on drains indicated negligent approach of GMC while providing the required information to Audit for verification.

Thus, poor coverage of drainage network prevents attainment of its intended objective and non-availability of data with regard to storm water drainage indicated that ULBs were not serious on achievement of service standard at par with the prescribed SLBs.

1.2.8.4.2 Incidence of water logging/flooding (Benchmark zero *per cent*)

As per the Handbook of SLBs, indicator relating to incidences of water logging provides a picture of the impact or outcome of lack of storm water drainage systems on the normal life and mobility. In six out of nine test checked ULBs, the number of water logging areas and occasions of water logging in a year during 2013-14 to 2017-18 is shown in *Table-1.14*.

Table-1.14

Number of water logging areas and occasions of water logging in a year during 2013-14 to 2017-18

Sl. No.	Name of ULBs	Nos. of water logging points	Number of occasions water logging occurred
1	GMC	14	6-7 times
2	Dibrugarh MB	11	6-8 times
3	Silchar MB	14	30-40 times
4	Sivasagar MB	4	5 times
5	Sonari MB	6	2-3 times
6	Jorhat MB	3	3-4 times

Source: information furnished by the ULBs.

It can be seen from the *Table* above that in six³⁶ out of nine test checked ULBs, the number of water logging points ranged from 3 to 14, with a yearly occurrence of water logging 2 to 40 times as against the prescribed norms of zero *per cent*. As such the prescribed benchmark could not be achieved in respect of ULBs mentioned in the above *Table*.

Guwahati city witnessed death of seven civilians due to flash floods and death of four citizens due to electrocution in June 2014. Besides, the storm water becomes polluted as it gets mixed with solid waste, clinical waste, silt, contaminants, domestic wastes and other human activities and increase the water borne diseases. The matter regarding

³⁶ Three ULBs viz., Barpeta, Hojai, Nagaon did not have any information.

reasons for water logging and details of initiative taken to reduce the water logging points in the areas were taken up (January 2019) with GMC. Response of GMC on the issue was awaited (June 2019).

The significant number of occurrence of water logging indicated that the Storm water drainage system was inadequate in the cities.

Recommendation: GoA needs to implement suitable schemes to cover the city roads with storm water drainage system in the entire state to ensure flow of storm water in water bodies.

1.2.8.5 Achievement of SLB vis-à-vis Performance Grant eligibility requirement

The 13th and 14th FC had recommended for measurement and publishing of service level benchmarks for basic services as one of the conditions for obtaining Performance by Urban Local Bodies. The FC did not however explicitly link it to the attainment of any specific level of service delivery.

The Ministry of Urban Development notified in April 2017 the Scheme of Disbursal of Performance Grant to ULBs for 2017-18 to 2019-20 to regulate the disbursal of Performance Grant to urban local bodies (ULBs). This scheme expanded on the recommendation made by the 14th FC, specifically, on the issue of attainment of Service Level Benchmarks. A scoring model was prescribed by MoUD in the scheme to assess eligibility for Performance Grants, with 50 *per cent* weight being given to the extent of achievement in select parameters relating to the core services of Water Supply and Solid Waste Management. Of the 50 *per cent* weight allotted to these parameters, 40 *per cent* was for Water Supply and 10 *per cent* for Solid Waste Management.

As per the scheme, each ULB was to self-evaluate and submit its claim for Performance Grant to the State Government not later than 30th September of each year for which the Performance Grant was being claimed. The State governments in turn was expected to send their consolidated report for claim of performance grant after evaluation of performance of ULBs and due verification of the same by 30th October of each year to MoUD.

Audit examined the report submitted by GoA to MoUD for claim of Performance Grants for ULBs for the year 2017-18 and 2018-19. As per the report of GoA, only 29 *per cent* of the ULBs were found eligible for Performance Grant in 2017-18, which further dropped to 20 *per cent* in 2018-19.

An examination of the self-reported score obtained by ULBs on the SLBs related parameters revealed that in 2017-18, all the 22 ULBs stated to have been eligible for the Performance Grants had scored 100 *per cent* in the SLB relating parameter. In the report of the following year, *i.e.*, 2018-19, the number of eligible ULBs dropped from 22 to 15, and the score on the SLB related parameter also dropped, with none of the ULBs reporting a 100 *per cent* score, and only five of the 15 eligible ULBs reporting a score of more than 50 *per cent*. The remaining ULBs reported a score of zero *per cent* in the SLB related parameter. Thus, we see that very few ULBs have been able to attain

the benchmark even on the limited set of parameters included by MoUD in the scoring scheme. Even, here wide variation across the years raises doubts on the accuracy of the reports.

Out of the test checked ULBs, Silchar, Hojai and Jorhat were reported by GoA as SLB compliant under the scheme. We checked the accuracy of the self-reported score on SLB parameters of test checked ULBs by computing the score as per the information collected during audit – the results of which are summarized as in the *Table-1.15*.

Table-1.15: Assessment of Self-Reported Score on SLB Parameters of test checked ULBs

Year	Name of ULBs	Score reported by GoA to MoUD (out of 50)	Score assessed by Audit as per information collected during field study
2017-18	Silchar	50	0
	Hojai	50	0
	Jorhat	50	0
2018-19	Silchar	30	0
	Hojai	15	0

As can be seen in the *Table 1.15*, the score reported by GoA was not in line with the ground reality as observed in Audit. Audit also observed that there was inconsistency in the data reported by the Director, Municipal administration regarding score achieved on SLB parameters *vis-a-vis* the score reported by the individual ULB in 2017-18.

The performance of ULBs on SLBs has been poor, with most of the ULBs being ineligible for Performance Grants.

1.2.9 Monitoring and evaluation

The Handbook on Service Level Benchmarking was a ready reckoner to enable Urban Local Bodies (ULBs) and other city level agencies to implement systems for measuring, reporting and monitoring the SLBs. However, the monitoring system was deficient as evident from the details given in *Table-1.16*.

Table-1.16: Deficiency in monitoring system

Sl. No.	Role of stakeholders	Remarks
1	State Government State governments needed to periodically evaluate the SLBs as an input for its decisions related to policy, resource allocations, providing incentives and penalties, channelizing technical and manpower support, and regulatory considerations, among others.	None of the nine test checked ULBs engaged/appointed field level staff for collection of data on the services delivered by them. As a result, the achievement of SLBs were not reported to Government, apart from the reporting on the SLB parameters linked with release of Performance Grant. Hence, the monitoring of the services and decision making regarding provision of services delivered were not as envisaged.
2	Departments The Directorate of Local Bodies/Department of Municipal Administration were supposed to do constant inter-city comparisons. Department should leverage the power of information technology to build and operate systems that periodically capture and report on SLBs. Web-based technologies should be leveraged to manage information flow.	Neither was there any system of periodical capture of performance of ULBs nor was any inter-city comparison reports available at the directorate level. In the absence of planning, works for providing water supply, sanitation and SWM were undertaken by ULBs without involving the stakeholders and the end users.

3	<p>ULBs As the principal elected institution for self-governance in the city, ULBs needed to examine performance of other parastatal civic agencies, even if the ULBs were not directly responsible for service delivery in those areas.</p>	<p>Test checked ULBs did not have the comprehensive data with regard to services provided by other agencies in the city. Five out of eight ULBs were having part data with regard to water supply service delivered by other agencies, whereas GMC, Silchar and Sonari MB did not collect data from other agencies (PHED & AUWS&SB) and therefore, the concerned ULBs did not have information regarding coverage of HHs with water supply service, extent of metering of water supply connections, cost recovery <i>etc.</i></p>
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Recommendation: The level of Monitoring and evaluation should be improved to ensure proper coordination among the agencies delivering the basic services and to mobilise the ULBs to submit performance report periodically.

1.2.10 Conclusion

There was inadequacy/absence of provisions for core basic services in the Urban Local Bodies (ULBs), which requires immediate attention. The basic civic services of water supply and sanitation was not addressed adequately. Most alarming was the fact of absence of Sewage treatment plants in the State leading to constant pollution of water bodies, which had large manifestation on human health and aquatic life. There was overall lack of attention on part of Guwahati Development Department (GDD), which did not notify the Service Level Benchmarking (SLBs) for the Guwahati Municipal Corporation (GMC) catering to the biggest urban settlement in the State. There was absence of necessary systems for capturing data on basic services, preparation of performance report in line with the suggestion made in the Handbook on SLB, and implementation of corrective action plan for improving delivery of basic services. This indicated that ULBs as well as GoA failed to discharge their responsibility in relation to identification of gaps in service delivery and taking corrective measures to mitigate the gaps and improve the service delivery mechanism. Low cost recovery in respect of water supply service affected the quality of service delivery to citizens. These shortcomings were not found addressed effectively due to absence of monitoring system at all levels in the Government.

1.2.11 Summary of Recommendations

- *GoA may ensure implementation of SLBs by ULBs by appropriately notifying them.*
- *GoA may consider putting a system in place to ensure that ULBs use the allocated funds optimally for delivery of each of the core basic service.*
- *GoA may initiate steps to operationalise a sewage management system under ULBs and ensure treatment of sewage before discharge in water bodies.*
- *Steps may be taken to enhance the capacity of WSS to meet the requirement of cities.*
- *GoA may introduce mandatory provisions for segregation, treatment and scientific disposal of waste in ULBs cities.*
- *GoA may lay emphasis on schemes to cover the city roads with storm water drainage system.*

Compliance Audit

Health and Family Welfare Department

1.3.1 Undue financial benefit

Allowing enhancement of rate for maintenance of paying cabin by Chairman of Executive Committee, Hospital Management Society, GMCH beyond his delegation of power and in violation of contract agreement led to undue financial benefit of ₹ 61.05 lakh to the service providing firm.

Government of Assam (GoA), Finance Department vide Office Memorandum (OM) dated 11 August 2010 had instructed that open Notice Inviting Tender (NIT) to be issued for finalization of the lowest rate in case of procurement of goods and services involving public fund of ₹ 50,000 and above.

As per the terms and conditions for management of the New Paying Cabin Block (NPCB) of Gauhati Medical College Hospital (GMCH), Hospital Management Society (HMS) was to select suitable parties through competitive bidding and award the work to the lowest bidder. The NPCB had 116 rooms including four VIP suites for stay of patients on rental basis.

The work of management of NPCB for the period from 16 February 2014 to 15 February 2017 was outsourced by re-engaging a service provider who was initially selected³⁷ for the same purpose for the years 2011 to 2014. As per the terms and conditions of the agreement (15 February 2014), the payable rate to service provider was fixed at 25 per cent of the rent of the paying cabin per day per occupied room basis. The rent of paying cabin during the period was ₹ 800 and as such, the service provider was to be paid at ₹ 200 only. However, within six months, the service provider asked (September 2014) for enhancement of rate to ₹ 300 on the plea of large scope of work. The enhancement was accordingly granted (September 2014) by the Chairman of Executive Committee (EC), HMS, GMCH.

In this regard, Audit observed that:

1. Prior to selection of the same service provider, NIT was not called for in violation of the instruction of GoA as well as terms and conditions for management of NPCB.
2. The supplier was allowed higher rate, *i.e.*, 37.5 per cent violating the agreed payable rate of 25 per cent of the rent of the paying cabin despite the rate being fixed for three years as per agreement.
3. Approval of the competent authority *i.e.*, Chairman of the Governing Body of HMS was not taken for the enhancement.
4. The enhancement was irregular because the service provider had agreed to the rate with full knowledge of the nature of services to be provided and there was no change in the scope of work.

³⁷ The service provider was selected in February 2011 being the lowest amongst four bidders.

Thus, the enhancement of rate beyond the scope of the agreement though there was no change in the scope of work after six months of award of original work resulted in undue financial benefit of ₹ 61.05 lakh³⁸ to the service providing firm.

On being pointed out in audit, the Superintendent of GMCH stated (June 2018 and March 2019) that ex-post facto approval of the competent authority would be taken, however, the same was still awaited (July 2019). The reply was not acceptable as it was not relevant. As such, responsibility needs to be fixed on the Chairman of Executive Committee, HMS, GMCH for allowing undue favour to a private party and causing loss to the exchequer of ₹ 61.05 lakh.

The matter was reported to the Government (July 2018). In a meeting on the observation raised in audit, the Joint Secretary to GoA, Health and Family Welfare Department, stated (November 2018) that reply would be obtained from GMCH and forwarded. However, their reply was still awaited (July 2019).

Higher Education Department

1.3.2 Loss of interest

Gauhati University incurred loss of ₹ 77.73 lakh towards Tax Deduction at Source on Fixed Deposits in different banks due to non-submission of Tax Exemption Certificate.

Clause 23C (iii) (ab) under Section 10 of the Income Tax Act, 1961 provides that any income received by any person on behalf of any university or other educational institute existing solely for educational purpose and not for the purpose of profit, and which is wholly or substantially financed by the Government is exempted from Income Tax. However, the onus lies with the University to produce necessary documents/circulars to the bank authority in support of their claim for non-deduction of Tax Deducted at Source (TDS) from interest on Fixed Deposits at the time of deduction of tax. As such, Bank authorities can deduct TDS amount due to non-submission of Tax Exemption Certificate by University.

The Registrar, Gauhati University (GU) had made 104 Fixed Deposits (FDs) with eight different Banks aggregated to ₹ 250.55 crore during the period from September 2011 to June 2017. Though the income of GU is exempted from Income Tax, Audit observed that two banks deducted ₹ 77,72,983³⁹ as TDS towards Income Tax out of total credited interest of ₹ 7,39,97,736 during the assessment year 2015-16 to 2017-18.

³⁸ At the differential rate of ₹ 100 (₹ 300 minus ₹ 200) for 61,046 cabins occupied during October 2014 to February 2017.

³⁹

Sl. No.	Name of Bank	Amount Credited (in ₹)	TDS deducted (in ₹)	Assessment year
1	State Bank of India	4,72,77,827.00	51,05,788.00	2017-18
2	United Bank of India	25,21,769.73	2,52,180.00	
3	State Bank of India	2,01,22,559.00	20,12,373.00	2016-17
4	United Bank of India	37,71,290.00	3,77,129.00	
5	State Bank of India	2,09,008.00	21,984.00	2015-16
6	United Bank of India	35,282.26	3,529.00	
Total		7,39,97,735.99	77,72,983.00	

Source: Departmental records.

After being pointed out by Audit, during an exit meeting (December 2018), the Registrar, GU, in presence of Jt. Secretary, Higher Education Department, GoA stated that the GU had applied (October 2018) for the Tax Exemption Certificate for the assessment year 2019-20. However, the reply was not tenable as the GU has applied for the Certificate only for the assessment year 2019-20.

Thus, failure to obtain and submit Tax Exemption Certificate by GU for the assessment year 2015-16 to 2017-18, resulted in loss of interest of ₹ 77.73 lakh deducted towards Income Tax.

The matter was reported to Government in August 2018 and in exit meeting in December 2018; their reply was awaited (July 2019).

1.3.3 Unapproved courses offered by the Institute of Distance and Open Learning, Gauhati University

Institute of Distance and Open Learning, Gauhati University offered 21 courses, which were not approved by statutory council, during the period 2010-2017 and collected fees of ₹ 39.06 crore from the students, raising a question mark on their employability.

Indira Gandhi National Open University (IGNOU), with the approval of Distance Education Council (DEC) accorded recognition (August 2010) to Institute of Distance and Open Learning (IDOL), Gauhati University (GU) for offering eight⁴⁰ courses through distance education mode for a period of three academic years *w.e.f.* 2010-11 to 2012-13. The recognition was offered based on the recommendations of the Joint Committee comprising of University Grants Commission (UGC), All India Council for Technical Education (AICTE) and DEC. It was specifically instructed that IDOL, GU shall not offer any other course through distance mode other than those eight courses. Subsequently, the approval for continuation of the eight courses through Open and Distance Learning (ODL) mode was extended for 2013-14 to 2017-18 by UGC.

Audit observed that IDOL, GU had offered 21 unapproved courses beyond the approved eight courses through ODL mode during the year 2010-11 to 2016-17. DEC, IGNOU, had clearly stated (July 2013) that courses offered by GU through distance mode other than the approved eight courses were not recognized by DEC and such degrees were not valid for jobs in Central Government Services.

Audit also observed that 73,912 students were enrolled in 19 courses⁴¹ out of unapproved 21 courses during the year 2010-11 to 2016-17 and GU collected fees of ₹ 39.06 crore on these unapproved courses.

Audit noticed that Guwahati University had submitted affidavits to UGC from time to time assuring not to start any new distance education programme without prior approval

⁴⁰ MA (English), MA (Assamese), MA (Bodo), MA (Bengali), MA (Economics), MA (History), M.Sc. (IT), MCJ-Modular.

⁴¹ In other two courses *viz.*, M.Sc. (Mathematics) and PGD in Insurance Management, there was no enrolment.

of UGC and in anticipation of recognition. As such, GU submitted false affidavits for getting extension of the recognition of IDOL.

On being pointed out, GU stated (October 2017 and December 2018⁴²) that in anticipation of approval, the courses were offered and from the academic year 2017, the unapproved courses were discontinued. The reply was not tenable because the courses were offered without approval of UGC and AICTE. On being enquired by audit, UGC stated (February 2018) that no University can offer programmes through distance mode without obtaining prior and specific approval from UGC. Moreover, false affidavit submitted by GU indicated that the University had not even approached for such approval.

Thus, the GU was offering unapproved courses risking the career prospects of the students as degrees under such courses were not valid for jobs in Central Government services.

The matter was reported to Government in August 2018; their reply is still awaited (July 2019).

Panchayat and Rural Development Department

1.3.4 Defalcation of Government money

The Block Development Officer violated the codal provisions in handling of cash and defalcated ₹ 2.35 lakh which remained unrecovered due to laxity on the part of department.

Rule 95 of Assam Financial Rules (AFR) stipulates that the Head of the office is personally responsible to Government for the due accounting of all moneys received and disbursed and for safe custody of cash. For this purpose, he should satisfy himself by periodical examination, at least once in three months that the actual cash corresponds with the Cash Book. Further, the balance of each column at the end of the month should also be verified with the balance of cash in hand and a certificate to the effect that this verification has been made should be recorded in the Cash Book under the signature of the Government servant responsible for the money.

Audit scrutiny (June – July 2017) of the records of the Block Development Officer (BDO) of Kalaigaon Development Block under the Project Director (PD), District Rural Development Agency (DRDA), Udalguri revealed that an amount of ₹ 5.33 lakh⁴³ was withdrawn (May and June 2015) through self-cheques by the BDO in respect of the works under two sub-schemes⁴⁴ under the National Social Assistance

⁴² During a meeting held on 13 December 2018.

⁴³ ₹ 4,37,000 vide Cheque No. 3666xxx (dated 19.06.2015) of Assam Gramin Vikash Bank, Kalaigaon; ₹ 43,000 vide Cheque No. 384xxx (dated 12.05.2015) of United Commercial Bank, Kalaigaon; and ₹ 53,000 vide Cheque No 384xxx (dated 12.05.2015) of Assam Gramin Vikash Bank, Kalaigaon.

⁴⁴ Indira Gandhi National Old Age Pension Scheme (IGNOAPS) (₹ 4,80,000) and National Family Benefit Scheme (NFBS) (₹ 53,000).

Programme (NSAP)⁴⁵. The amount so withdrawn, had not been disbursed to any beneficiary under NSAP. Audit noticed that there was a partial deposit of the amount withdrawn (₹ 2.98 lakh) in November 2015, and the balance ₹ 2.35 lakh⁴⁶ was being shown as cash in hand. However, the Cash Books were not verified and authenticated by the respective DDOs from time to time.

The BDO, who expired on 23 December 2015 had entered the amount in the Cash Book (May 2015 - November 2015) as there was no post of Cashier in the office. However, the Cash Book was not closed at the end of month violating the norms of AFR. The Cash Book was closed in March 2016 during the preparation of annual accounts for the year 2015-16 showing the amount of ₹ 2.35 lakh as cash in hand against actual 'Nil' balance by the present BDO (31 March 2016). Thus, the action of the present BDO also, to reflect the amount in the Cash Book despite being in full knowledge of the unaccounted amount, was not in order as it tantamounted to misrepresentation of facts in violation of AFR.

Thus, the previous BDO withdrew cash which were neither disbursed nor refunded leading to misappropriation of the amount, and this was not highlighted by the present BDO after due verification of cash.

During exit meeting (November 2018), Secretary to GoA, Panchayat and Rural Development Department stated that an enquiry had been initiated in the matter raised in audit. It was further stated that the amount would be recovered from the terminal benefits of the deceased BDO which were yet to be forwarded for finalisation.

The above facts indicated lack of proper monitoring and reporting system to keep watch on the status of implementation of schemes in the organization under the control of DRDA which needs to be addressed to prevent any such recurrence.

1.3.5 Unfruitful expenditure

Expenditure of ₹ 109.64 lakh incurred by Hailakandi Zilla Parishad and Ajuha Gaon Panchayat became unfruitful as the works remained incomplete due to approval of part cost under the closed 'Backward Regions Grant Fund' scheme.

(A) Government of Assam (GoA) sanctioned (April 2013 and November 2014) ₹ 20.96 crore to Hailakandi Zilla Parishad (ZP) for execution of works under Backward Regions Grant Fund (BRGF) Scheme for the period from 2012-13 to 2014-15 on the basis of the Annual Action Plan (AAP) of Hailakandi ZP.

BRGF scheme was closed in March 2015. GoI in a formal communication (12 March 2015) had informed GoA regarding transfer of BRGF scheme to the State with effect from the financial year 2015-16. GoI had further advised GoA that the State could implement this scheme out of the resources of the State/funds being devolved under the Fourteenth Finance Commission award. In the light of above mentioned

⁴⁵ It is a fully funded Centrally Sponsored Scheme under which financial assistances is provided to below poverty line (BPL) beneficiaries.

⁴⁶ ₹ 1,81,500 under IGNOAPS and ₹ 53,000 under NFBS

communication (12 March 2015) received from GoI, the Commissioner, Panchayat & Rural Development (P&RD), Assam had specifically instructed (25 March 2015) all CEOs to settle all liabilities under the programme and not to make any commitments under BRGF.

However, test check (August - September 2017) of records of the Chief Executive Officer (CEO), Hailakandi ZP showed that :

- Thirteen works sanctioned under BRGF between July 2013 and March 2016 (**Appendix-1.4**) relating to construction of Reinforced Cement Concrete (RCC) bridges executed departmentally were lying incomplete (September 2017) though ₹ 84.69 lakh (87 per cent) was utilised out of ₹ 96.83 lakh. In reply to Audit query, the CEO, Hailakandi ZP stated (June 2018) that due to closure of BRGF scheme, required funds were not received for completion of incomplete works.
- Out of the above 13 works, six works were sanctioned between May 2015 to March 2016 even after the closure of BRGF ignoring the instruction of the Commissioner, P&RD.
- Total approved amount for 13 works was ₹ 2.05 crore against which a part amount of ₹ 96.83 lakh was only sanctioned by the CEO, Hailakandi ZP to avail Scheme funding for maximum number of projects and continued to release (31 March 2015 to 3 March 2016) funds in a phased manner for these works despite having the knowledge that the scheme stood closed and further funds would not be available to complete the works.

The ZP submitted (May 2016) the proposal to GoA for funding the incomplete works. There was, however, no correspondence/assurance seen on records from GoA to provide necessary funding for incomplete works so far (January 2019). As such, ₹ 84.69 lakh utilised so far for construction of 13 RCC bridges at different locations in Hailakandi ZP to solve the communication problem of the area remained unfruitful.

(B) Similarly, during test check (December 2017) of records of the Secretary, Ajuha Gaon Panchayat (GP) under Dhemaji Zilla Parishad (ZP)⁴⁷, one work "Construction of RCC Bridge on Burhabhakat Dulung River" after incurring an expenditure of ₹ 24.95 lakh (March 2014 to March 2016) under Backward Region Grant Fund (BRGF) 2012-13 was found incomplete. The proposed bridge was essential for connecting the villages of that area.

⁴⁷ Government of Assam (GoA) sanctioned ₹ 10.39 crore to Dhemaji Zilla Parishad (ZP) for execution of 156 works under Backward Regions Grant Fund (BRGF) Scheme as per the Annual Action Plan (AAP) 2012-13 of Dhemaji ZP. However, funds were released by GoA to Dhemaji ZP during 2013-14. Accordingly, Dhemaji ZP released the funds to APs and GPs during 2013-14.

Examination of records revealed that while submitting the project proposal for availing the project funding under BRGF Scheme, only partial cost of RCC bridge (₹ 25.00 lakh) was proposed in the AAP 2012-13 instead of total estimated cost (₹ 62.50 lakh) of the work. The Chief Executive Officer (CEO), Dhemaji ZP accordingly accorded sanction for ₹ 25 lakh.

Remaining portion of the bridge was not constructed due to non-availability of required funding (₹ 37.50 lakh *i.e.*, ₹ 62.50 lakh *minus* ₹ 25.00 lakh).

Thus, due to approval of part cost against closed scheme funds executed by Hailakandi ZP and Ajuha Gaon Panchayat, and despite incurring an expenditure of ₹ 109.64 lakh (₹ 84.69 lakh *plus* ₹ 24.95 lakh) the work remained incomplete rendering the expenditure as unfruitful.

During a meeting with Audit (November 2018), the Secretary, P&RDD, GoA accepted the audit observation and stated that proposal would be moved for getting funds from other sources. However, report on action taken on the matter was awaited (July 2019).

Audit recommends that the Government may consider funding the cost of the incomplete work so as to achieve the intended purpose of the project.

Skill Employment and Entrepreneurship Development Department

1.3.6 Idle expenditure

The Director, Employment and Craftsman Training, Guwahati procured tools and equipment before constructing the classroom and workshop and also creation of post for its utilization giving rise to idle investment of ₹ 1.80 crore for more than five years on the procurement.

‘Enhancing Skill Development Infrastructure in North Eastern States and Sikkim’ is a Centrally Sponsored Scheme which came into effect in February 2011. The main component of the scheme was upgradation of Industrial Training Institutes (ITIs). The upgradation had four components *viz.*, Construction of classroom and workshop, Procurement of equipment, machinery and furniture, Procurement of hand tools and instruments, and Grant for recurring expenditure. Government of India, Ministry of Labour and Employment, released (May 2012 - September 2016) a total amount of ₹ 8.74 crore⁴⁸ in three instalments to the Director, Employment and Craftsman Training (DECT), Guwahati for upgradation of six ITIs under the scheme. This was based on a proposal (May 2012) submitted by DECT. In this regard, Audit observed that:

1. DECT, prior to taking up of the construction work, procured (December 2012 to June 2013) tools and equipment relating to 10 trades for six ITIs at a cost of ₹ 1.80 crore.

⁴⁸ ₹ 5.69 crore for civil works and ₹ 3.05 crore for equipment, furniture *etc.*

2. Work order for civil works (construction of workshop, class room *etc.*) was issued after almost three years (February 2015) and the proposal for creation of posts against the upgraded trades was sent to Government in July 2016 which was yet to be approved.

3. Tools and equipment were procured without immediate requirement which were lying idle for more than five years.

4. As of May 2018, construction of civil works of all six ITIs remained incomplete and a sum of ₹ 1.69 crore was spent against the tendered value of ₹ 3.06 crore.

It was seen that ₹ 3.49 crore (₹ 1.80 crore *plus* ₹ 1.69 crore) was spent against the release of ₹ 8.74 crore and the balance amount of ₹ 5.25 crore was lying in bank account.

Thus, the action of procurement of equipment in a hurried manner before ensuring construction of ITIs was a case of ill planning which resulted in idle investment.

Physical verification conducted (May 2019) by Audit showed the following status:

Nagaon ITI - tools and equipment for two trades worth ₹ 8.48 lakh (out of ₹ 33.64 lakh) were not found physically available in ITI. Items worth ₹ 0.94 lakh were not found in working condition. Only one trade (Hair and Skin care) was started since January 2018.

Majuli ITI - tools and equipment worth ₹ 26.60 lakh supplied to the ITI were lying idle.

Jorhat ITI - equipment worth ₹ 12.94 lakh for 'Digital photography' were lying idle of which software and computer worth ₹ 8.29 lakh had become obsolete.

Thus, it is concluded that the equipment were procured without immediate requirement and mostly were lying idle with the risk of getting damaged. Short receipt of materials by Nagaon ITI warrants further investigation by the Department.

The matter was reported to Government in September 2018 and discussed in a meeting (November 2018). In reply, DECT stated (December 2018) that three ITIs (Jorhat, Majuli and Nagaon) had been completed and Utilisation Certificate for ₹ 3.90 crore was submitted to GoI. Tools and equipment were kept in store. Two trades were being operationalised in two ITIs.

Government may consider for fixing responsibility on DECT for procurement without immediate requirement leading to idle investment.

1.3.7 Idle investment

The Director, Employment and Craftsman Training, Guwahati procured tools and equipment for machinist trade before constructing the centre and creation of post for its utilization giving rise to idle investment of ₹ one crore for more than three years on the procurement.

The Director, Employment and Craftsman Training, Guwahati (DECT) submitted (September 2014) a proposal of ₹ one crore for procurement of Tools and Equipment of Machinist Trade for the scheme “Setting up of Tool Room and Skill Development Centre at Nazira”. Based on the proposal, Government of Assam accorded administrative approval and financial sanction in November 2014 and January 2015 respectively.

The tools and equipment were supplied in February 2015 and the DECT paid the full amount of ₹ one crore in March 2015. However, construction of Tool Room and Skill Development Centre with the creation of post for Machinist Trade was proposed by the DECT in July 2015, after the purchase of tools and equipment. The construction work remained incomplete till April 2018 with 80 *per cent* physical progress only.

In this regard, Audit observed that:

1. The tools and equipment were procured before ensuring its immediate utilization and it remained uninstalled for more than three years.
2. The construction of Tool Room and Skill Development Centre was initiated four months after the procurement of tools. It remained incomplete till date of Audit (May 2018).
3. Tools and equipment were susceptible to damage due to passage of time.

The matter was reported to the Government in August 2018 and discussed in a meeting (November 2018); DECT in its reply stated (December 2018) that since the construction of ITI, Nazira was not complete, Tools & Equipment were installed at ITI Gargaon. However, the reply was misleading, incorrect, and false reporting, as determined by audit during physical verification conducted in May 2018, when the Equipment were found lying idle without any utilisation and maintenance in ITI, Gargaon, although installation was shown to have been done in February 2016.

Thus, due to poor planning by DECT, ITI Nazira neither could be completed in time nor the equipment could be utilized. Procurement of tools and equipment before taking up the construction work without immediate requirement resulted in idle expenditure of ₹ one crore for more than three years. As such, the Government needs to fix responsibility in the case to avoid such irregularity in future.

Urban Development Department

1.3.8 Idle expenditure in Jorhat Municipal Board

Injudicious procurement of a 'Truck Mounted Road Sweeping Machine' by the Chairman, Jorhat Municipal Board without conducting any feasibility study for its operation led to an idle expenditure of ₹ 26.16 lakh besides an additional payable liability of ₹ 35.28 lakh.

Government of Assam (GoA), sanctioned ₹ 4.32 crore for Solid Waste Disposal for Urban Local Bodies (ULBs) in General Areas under the award of Fourth Assam State Finance Commission for the year 2012-13. Out of the said amount, ₹ 26.00 lakh was sanctioned to Jorhat Municipal Board for purchase of one back loader (₹ 14.00 lakh) and one open drain cleaning machine (₹ 12.00 lakh).

As per the sanction order (for back loader and open drain cleaner), Purchase Committee (PC) was to be formed prior to purchase of the Machines. The PC was required to issue Notice Inviting Tender (NIT). After receipt of quotations, the PC was required to carry out a comparative analysis of the rates *etc.*, received from bidders and accordingly purchase the machines from the lowest eligible bidder.

Audit scrutiny (March 2018) of records of Jorhat MB showed that in deviation from the conditions of the Sanction order, Chairman Jorhat MB ordered (September 2014) procurement of a Truck Mounted Road Sweeping Machine (TMSM) at a cost of ₹ 61.44 lakh without following the tendering process. On the contrary, the purchase was made based on a recommendation (July 2014) made by the Additional Deputy Commissioner (ADC) on the proposal of a supplier for "favour of kind and sympathetic consideration". The machine was procured (September 2014) by releasing part payment of ₹ 26.16 lakh in advance towards cost (₹ 25.10 lakh) and Entry Tax⁴⁹ (₹ 1.06 lakh). The above payment was sourced through diversion of ₹ 26.00 lakh sanctioned by the GoA for procurement of back loader and open drain cleaning machine. The TMSM, however, could not be used after its purchase (September 2014) as it was found unsuitable for intended operations due to high operational cost.

Audit observed the following irregularities in this procurement.

1. Jorhat, MB failed to assess the suitability of TMSM before its procurement. As a result, TMSM procured at significant cost (₹ 61.44 lakh) remained unutilised for more than four years (November 2018) since its procurement (September 2014) due to high operational cost.
2. Jorhat MB failed to follow the condition of GoA sanction order regarding formation of PC and inviting of open tenders before purchasing the machine. There was no effort to discover the market price and the quoted price was accepted by the MB.

⁴⁹ The Assam Entry Tax Act, 2008 had been enacted by the State Legislature to levy a tax on the entry of goods into local area for the purpose of providing the infrastructure and amenities to facilitate trade and commerce within the State of Assam.

Moreover, the decision for purchasing the machine was taken by the Chairman, Jorhat MB without obtaining approval of the Municipal Board, which was irregular and against the principles of prudence and violative of prescribed purchase procedure. Further, the machine was procured over and above the sanctioned cost and without any funding arrangement, which was against the financial interest of the MB.

3. TMSM was purchased by diverting the funds sanctioned for procurement of the machines/equipment to be utilised for disposal of solid waste in the MB. Since the TMSM was meant for cleaning/sweeping of roads and did not fulfil the requirement of disposal of solid waste, procurement of TMSM was not suitable for the purpose for which GoA had given sanction and funds.

Thus, diversion of funds (₹ 26.00 lakh) meant for disposal of solid waste on purchase of Truck Mounted Road Sweeping Machine had defeated the declared purpose of GoA sanction. Further, the failure of the Chairperson to follow the prescribed procurement procedure in purchasing the TMSM led to idle expenditure of ₹ 26.16 lakh, and a balance payable liability of ₹ 35.28 lakh towards unpaid cost of TMSM. This calls for fixing of responsibility of the erring officials/persons involved in such an unwarranted purchase at Government purchase.

The matter was reported (July 2018) to Government. During a meeting with the Audit, the Pr. Secretary, Urban Development Department (UDD) stated (November 2018) that the whole matter would be investigated and appropriate action initiated against the erring officer. He also stated that steps would be taken to utilise the TMSM in some other MBs, if found feasible. However, report on action taken in this regard was awaited (July 2019).

The Government of Assam may consider issuing clear instruction to all the ULBs for strict compliance of guidelines/recommendations/procedures as specified in the sanction/administrative orders. Timely action in the matter may also be ensured.

Welfare of Plain Tribes and Backward Classes Department

1.3.9 Avoidable expenditure

Bodoland Territorial Council procured mosquito nets at exorbitant rates without assessing the available market rate which resulted in avoidable extra expenditure of ₹ 20.11 crore.

Rule 21(i) of General Financial Rule, 2005 provides that every officer is expected to exercise the same vigilance in respect of expenditure from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

As desired by the Hon'ble Chief of BTC, the Council Head of Department, Welfare of Plain tribes and Backward Classes (WPT & BC) proposed (September 2015) to procure mosquito net for distribution to BPL families. Based on the proposal, Bodoland Territorial Council (BTC) accorded (September 2015) administrative approval for procurement of 3,57,142 mosquito nets (nylon, size 5 ft x 6.5 ft) for distribution to the beneficiaries within the BTC area under BTC Chief Discretionary Fund to extend

assistance to people of BTC. CHD, WPT & BC issued supply order (December 2015) to the supplier selected by purchase board for the supply of 3,57,142 mosquito nets at ₹ 700 each. The supplier supplied (May 2016) the same and was paid ₹ 22.69 crore leaving balance unpaid amount of ₹ 2.31 crore.

Audit observed (August - October 2017) that the actual cost of the supplied mosquito net was ₹ 137 each at which the supplier procured those from Kolkata based firm. This indicated that the Purchase Board accepted the exorbitantly high rate without assessing the available market rate. Therefore, there was excess cost of ₹ 563 per mosquito net involving extra expenditure of ₹ 20.11 crore (₹ 563 X 3,57,142).

The matter was reported to the Government (July 2018) and discussed in a meeting (November 2018). In response, Government forwarded a reply in which Secretary, BTC stated that the supply was awarded to the lowest tenderer through competitive bidding and comparison of rate of mosquito net purchased from Kolkata with the tendered rates was not correct as it included transportation cost, statutory dues, profit, risk, place of delivery *etc.* However, the reply was not tenable due to the following reasons:

1. Though the supply was awarded to the lowest tenderer through competitive bidding, the tendered rate was not compared with the market rates to ensure reasonableness in violation of the financial rule.
2. The rate of ₹ 137 each net was inclusive of transportation cost from Kolkata to the district level offices.

Thus, the purchase board though accepted lowest offered rate but it was exorbitantly higher than available market rate. This highlighted inefficiency of BTC in maintaining economy in spending public money.

1.3.10 Doubtful purchase

The Additional Principal Chief Conservator of Forest cum Council Head of Department, Forest, Bodoland Territorial Council, failed to establish the supply and plantation of the saplings shown to have been procured for the purpose of re-stock of denuded forests rendering the reported expenditure of ₹ 1.80 crore infructuous.

Government of Assam (GoA), Finance Department vide OM dated 11 August 2010 instructed that open Notice Inviting Tender (NIT) to be issued for finalisation of the lowest rate in case of procurement of goods and services involving public fund of ₹ 50,000 and above.

A proposal submitted by the Additional Principal Chief Conservator of Forests (APCCF), Bodoland Territorial Council (BTC) for procurement and plantation of saplings for restocking denuded⁵⁰ forest areas of BTC was approved (02 February 2016) by

⁵⁰ Forest covers were being stated to be denuded every day by illegal green felling and encroachment by clandestine well organised gangs.

the Secretary, Forestry and Wildlife Department, BTC for ₹ 2.30 crore (including ₹ 0.50 crore planting cost). APCCF, BTC procured (February 2016) 18 lakh saplings of nine⁵¹ species at the rate of ₹ 10 each and the supplier was paid (March 2016) ₹ 1.80 crore. Planting cost of ₹ 0.50 crore, however, was not released by BTC.

During audit (August - October 2017) of the accounts of Principal Secretary, BTC, it was observed as under:

1. In violation of the GoA directive, procurement was made without calling open NIT, only one notice calling for quotations was issued through office notice board. Thus, wide publicity for the procurement was not done, which was a serious violation of prescribed rules.
2. The supply order (February 2016) stated that the saplings were to be supplied at Habrubari forest colony and the Divisional Forest Officers (DFOs) were to collect the saplings from colony.
3. The saplings were not distributed to any division and all five DFOs confirmed (September 2017) to Audit that they had neither proposed any plantation work nor received any such saplings.
4. Details of plantation done, if any, indicating places of plantation, how the same was carried out in the absence of planting cost and Survival Report *etc.*, was not shown to Audit though the same was specifically called for from the department.

Thus, due to the lack of basic records at the central and divisional levels and denials by the DFOs, the supply of saplings could not be established and the reported expenditure of ₹ 1.80 crore on procurement was doubtful.

On this being pointed out by Audit, GoA stated (August 2018) that due to non-release of planting cost (₹ 50 lakh), seedlings could not be distributed to divisions and were distributed (April 2016 and August 2016) to different government organisations (schools) and Non-government organisations (NGOs). APRs (actual payees receipt) and some photographic evidences were also forwarded along with the reply showing onward distribution of saplings to villagers by NGOs.

The reply was not tenable as audit of the unit was conducted between August and October 2017, but neither any mention of distribution of saplings was made in response to audit query nor any record relating to distribution of saplings to NGOs (April and August 2016) was produced. Also the documents submitted as APRs had several instances of overwriting of dates. In view of irregular procurement and in absence of on the spot records, the reply subsequently appeared to be a case of after-thought. Besides, even if the supply was actually received and distributed to NGOs, schools *etc.*, it did not serve the intended purpose of restocking of denuded forest areas, neither does this regularise the violation of rules in procurement process.

⁵¹ Gamari, Sisoo, Tita Chap, Olive, Jam, Hilika, Amloki, Bohera and Arjun.

Thus, the entire procurement exercise suffers from lack of genuineness, which calls for investigations by Vigilance Department followed by fixing of responsibility of erring officials.

1.3.11 Fraudulent payment

Executive Engineer, PWD, Rural Road Division, Kokrajhar made a payment of ₹ 91.51 lakh to a consultancy firm for preparation of Detailed Project Reports (DPRs) which were found non-existent.

The Detailed Project Report (DPR)/estimate is prepared for submission to the competent authority for obtaining administrative approval (AA) / financial sanction to the works. On receipt of the AA, the DPR/estimate is further submitted to the higher authority concerned for according of technical sanction to the work.

Executive Engineer (EE), Public Works Department (PWD), Rural Road Division, Kokrajhar, prepared and forwarded (May 2011 to January 2013) 23 DPRs/estimates {four schemes under Non lapsable Central Pool Resources (NLCPR) and 19 schemes under Prime Minister's Special Assistance Plan (PMSAP)} relating to construction of roads and bridges, to the GoA/GoI through Bodoland Territorial Council (BTC) for approval. Accordingly, all the works were approved by GoA/GoI between February 2012 and February 2013.

Audit scrutiny of records of the office of EE, PWD revealed that the Additional Chief Engineer (Addl. CE), PWD, BTC, Kokrajhar showed engagement (March 2012 to May 2013)⁵² of a consultancy firm⁵³ for preparation of DPRs for the same 21 works (NLCPR: 04; PMSAP: 17) out of 23 works stated above. The EE paid ₹ 91.51 lakh⁵⁴ to the firm based on the bills submitted by the firm against the work order issued by the Addl. CE.

Following irregularities were noticed in this matter as a result of audit scrutiny of records of the office of the EE, PWD:

1. Copies of DPRs prepared by the consultancy firm were not found on record.
2. The DPRs prepared by the division were found duly sanctioned by the same Addl. CE.
3. All the works executed were based on the DPRs prepared by the division.

The Principal Secretary, BTC forwarded (December 2018) a reply furnished by the EE, PWD, Kokrajhar Rural Road Division stating that the consultant was engaged for

⁵² Formal work orders were issued during March 2012 to March 2013, however, preliminary orders were issued in December 2011.

⁵³ FAR Infrastructures Pvt. Ltd., Guwahati; the firm was selected without calling Notice Inviting Tender (NIT) violating Government of Assam (GoA), Finance Department OM dated 11 August 2010 which stipulated for floating NIT in case of procurement of goods and services involving public fund of ₹ 50,000 and above.

⁵⁴ The amount was paid out of Contingency and Miscellaneous (Consultancy) charges provided in the estimate.

preparation of DPR under various programme due to shortage of technical staff in the Division. However, the reply was not acceptable as the EE had already stated that the DPRs were prepared by its staff and not by the consultant. Moreover, copies of DPRs prepared by the consultant, if any, were also not found with the EE during audit and all the works were executed based on the DPRs prepared by the divisional staff.

From the above, it was evident that Addl. CE, PWD Kokrajhar Rural Road Division fraudulently showed engagement of the firm for preparation of DPRs, though the DPRs had already been prepared by the Division. The fictitious engagement of the firm was done with the intention to defraud public money. Government may fix responsibility on the Addl. CE for the unwarranted action and advise the Vigilance Department to investigate the matter in detail to initiate suitable action under rules for this fraudulent payment.

1.3.12 Idle expenditure

Field Trial Station, Balagaon remained defunct for 13 years due to want of land to carry out its activities resulting in idle expenditure to the tune of ₹ 4.10 crore towards the salary of its staff.

Field Trial Station (FTS), Balagaon, Kokrajhar was established in the year 1978 for the development of agriculture with the objective of conducting trials in the lower Brahmaputra valley of newly released varieties of crops from Assam Agricultural University and other Agricultural Universities.

Audit observed (March 2018) that the entire land⁵⁵ under the possession of FTS was taken over (September 2005) by Bodoland Territorial Council (BTC) for construction of Central Institute of Technology (CIT). As a result, the FTS could not carry out any activity of trial, demonstration *etc.*, including implementation of plan and schemes put forward by the Director of Agriculture, Assam for want of land.

The Deputy Director, FTS, requested (March 2006) the Secretary, BTC for allotment of 100 bighas of land to make the FTS functional. No further correspondence, however, was made for the revival of the FTS. Consequently, the staff (14 nos.) of the defunct FTS had no assigned work and the expenditure of ₹ 4.10 crore (year 2008-18) made towards their pay and allowances proved idle. The Deputy Director, FTS stated (July 2018) that three member of staff⁵⁶ were attached with other two offices. The fact, however, remains that no step was taken in 13 years to make the FTS functional for utilisation of its work force to achieve its *bonafide* objectives.

Principal Secretary, BTC in his reply stated (November 2018) that most of the staff members were attached with different establishments and forwarded copies of attachment orders (March 2006 to March 2011) for fourteen staff members. However, the reply was not tenable because of the following reasons:

⁵⁵ 71 bighas 3 kathas 18 lessas.

⁵⁶ Two gardeners with District Agriculture Office, Kokrajhar and one sweeper with Soil Testing Laboratory, Kokrajhar.

1. The initial reply (July 2018) furnished by Deputy Director, FTS stated engagement of only three staff to other establishments.
2. Five⁵⁷ number of staff members shown to be engaged were not in the list of 14 employees against whom the observation relates to.
3. The engagement of staff to other establishments could not be shown during audit. Moreover, the reply was not supported with required staff strength in the offices to which engagement was shown.

Government needs to take immediate measures to revive the FTS by allotting suitable land or engaging the idle staffs to other deficient offices.

1.3.13 Payment of fraudulent claims

The Director, Department of Welfare of Plain Tribes and Backward Classes irregularly selected a supplier and made payment without ensuring actual supply of books thereby facilitating fraudulent payment of ₹ 55.19 lakh.

Government of Assam (GoA), Finance Department vide OM dated 11 August 2010 instructed that open Notice Inviting Tender (NIT) is to be issued for finalization of the lowest rate in case of procurement of goods and services involving public fund of ₹ 50,000 and above.

The Director, Welfare of Plain Tribes and Backward Classes (WPT&BC) received and spent (year 2012-17) a total amount of ₹ one crore⁵⁸ (₹ 50 lakh Central share and ₹ 50 lakh State Share) for implementation of the scheme “Book Bank for Scheduled Tribe (ST) students”. The scheme was to establish book banks for all ST students pursuing higher level technical courses⁵⁹.

The Director issued supply orders (year 2012-16) to M/s Orient Publications, Guwahati for supply of books to 17 colleges/institutions.

During scrutiny (January - February 2018) of records of the Director, WPT & BC, it was observed as under:

1. Cross check of records of 16⁶⁰ colleges/institutes showed that 759 books were supplied between 2012-13 and 2016-17 to these institutes. However, as per supplier’s bill, 8,361 books were shown as having been supplied to these 16 colleges/institutes. Thus, there was short supply of 7,602 books by inflating the number worth ₹ 55.19 lakh as shown in the **Table-1.17** (details are shown in **Appendix-1.5**) below:

⁵⁷ Shri Kamal Jyoti Das, Sub Divisional Agril. Officer, Shri Ashok Kr. Das, Sub-divisional Agril. Officer, Shri Upendra Borgayari, Attendant, Shri Jageswar Basumatary, Attendant, Shri Subodh Ch. Roy, Field Astt.

⁵⁸ Book Bank scheme was to be shared in 50:50 ratio between Central and State Government.

⁵⁹ Medical, Engineering, Agriculture, Law and Veterinary Degree Colleges of Assam and Institutes of Assam imparting Chartered Accountancy, MBA and Polytechnic courses.

⁶⁰ As per delivery challan and bill, 76 books amounting to ₹ 16,25,177/- were shown to have been delivered to Silchar Polytechnique College. However, the status could not be verified due to non-maintenance of records by the College, hence excluded from observation.

Table-1.17
Statement showing the books supplied by M/s Orient Publication in respect of scheme of Book Bank

Year of Supply Order Issued	Quantity supplied as per bill & challan	Amount claimed by the supplier	Quantity actually received by the institutions	Amount of actual supply of books	Short supply of books by the supplier	Excess amount claimed and paid (in ₹)
2012-13	797	643400.00	77	60698.00	720	582702.00
2013-14	8	7680.00	0	0.00	8	7680.00
2014-15	2521	1930199.00	229	172772.00	2292	1757427.00
2015-16	5035	3469704.00	453	298832.00	4582	3170872.00
Grand Total	8361	6050983.00	759	532302.00	7602	5518681.00

Source: Departmental records.

- The supplier submitted receipted copy of delivery challans which were inflated by him showing excess number of books over the actual number of books supplied.
- The supplier was selected by the Director, WPT&BC without inviting any tender in contravention of the Government's instructions/rules.
- The Director, WPT&BC did not indicate Institution wise list of books and total number of books in each set in the supply order and also made payment to the supplier without ascertaining the actual supply of books or genuineness of the claim made by the supplier. This resulted in fraudulent payment of ₹ 55.19 lakh.

The matter was reported to Government in August 2018 and discussed in a meeting (November 2018) held with WPT&BC. In their reply (December 2018), the Director, WPT&BC stated that at the instance of audit, the supplier had supplied the short quantity of books (3,022 books) to eight institutes. In support of the reply, the Director also forwarded copies of receipted delivery challan (October and November 2018) of the institutes submitted by the supplier. However, the reply was not tenable because during physical verification conducted in December 2018, no such supply to those eight institutes were found to have taken place.

Thus, the Director, WPT&BC had selected the said supplier repeatedly, year after year, without calling NIT who submitted forged bills throughout the period of five years. Further, the Director did not verify the actual supply of books before releasing payment to the said supplier. Government may refer the matter to the Vigilance Department and lodge FIR against the supplier and initiate action against the Director for facilitating fraudulent payment. Immediate action is also required to recover the amount from the supplier.

