

CHAPTER VI

IMPLEMENTATION OF SCHEMES

ULBs were assigned the implementation of various Central/ State sponsored developmental schemes during the periods covered under audit.

Various irregularities including poor utilisation of funds, irregular engagement of contractors, diversion of grants and other shortcomings in the implementation of the schemes are described in the subsequent paragraphs. These are indicative of poor planning and lack of monitoring by the Board of Councillors of the respective ULBs.

6.1 National Slum Development Programme (NSDP)

NSDP, a Centrally sponsored scheme, was introduced in 1996-97 with the objective of overall development of slum areas under ULBs by providing basic amenities like shelter, water supply, healthcare, sanitation, education and connectivity through construction of roads, etc.

6.1.1 Poor utilisation of NSDP Grants

There was an opening balance of Rs 18.78 crore with 55 ULBs under NSDP at the commencement of 2004-2005. They received Rs 30.99 crore during the year but spent only Rs 17.78 crore (36 *per cent*) leaving a balance of Rs 31.99 crore (Appendix -18). The ULBs did not record any reasons for the slow pace of implementation of the programme.

Non utilisation of funds hinders the progress of efforts of the Government in providing basic amenities to slum dwellers.

6.1.2 Non-declaration of slum area

Programme guidelines of NSDP require each ULB to declare its slum areas / pockets before execution of developmental works. 35 municipalities

incurred an aggregate expenditure of Rs 24.51 crore for implementation of the NSDP during 2001-2006 (Appendix -19) without declaring the slum area/ pocket.

Due to non-declaration of slum areas by ULBs, it could not be ascertained in audit if benefits reached the targeted population.

6.1.3 Engagement of contractor

To ensure participation of the community in the development process, ULBs are required to implement NSDP departmentally with the guidance and advice of the Community Development Society (CDS) and Neighbourhood Committee (NHC), to be constituted for this purpose.

However, scrutiny in audit revealed that 34 municipalities engaged contractors for execution of works valuing Rs 17.25 crore under NSDP without executing the same departmentally or involving CDS and NHC (Appendix -20).

The engagement of contractors, thus, defeated the objective of community participation in the execution of works.

6.1.4 Diversion of NSDP fund

During 2002-2006, twenty six ULBs incurred an aggregate expenditure of Rs 5.22 crore from NSDP grants towards various works which were not within the scope of the scheme (Appendix - 21). The amount so diverted was 19.77 *per cent* of the total available fund under NSDP. This is indicative of the absence of an adequate internal control mechanism to prevent the diversion of funds.

6.1.5 No expenditure incurred for shelter less people

Ten *per cent* of the NSDP grants were earmarked for construction of shelter for people of slum areas who were shelter less. However, 17 municipalities did not take up any work for construction of shelter during 2001-2006, in violation of the guidelines, although expenditure of an amount of Rs 1.10 crore was incurred under the scheme.

Thus, in these ULBs, the potential beneficiaries were deprived of availing the benefits of Rs 1.10 crore earmarked under the NSDP (Appendix -22).

6.1.6 Absence of Slum Development Committee

ULBs engaged in slum development activities are required to create a Slum Development Committee (SDC), which would oversee all slum development programmes within the urban area. Test check revealed that eight municipalities¹⁸ spent Rs 8.23 crore during 2001-2005 without setting up of SDC. As a result, the quality of works executed and the extent to which benefits reached the slum dwellers could not be vouchsafed.

Bankura and South Dum Dum Municipalities did not even set up the CDS during 2002-2005 for performing various community development activities.

6.1.7 Non adjustment of advance

In violation of Government order, Bankura Municipality paid advance of Rs 26.39 lakh during 2002-2005 for execution of works without preparing estimates. As a result, the Municipality could not adjust the amount as of March 2005.

6.2 Basic Minimum Services (BMS)

The scheme of BMS was introduced in the year 1996 to improve the quality of life of all sections of society by providing seven basic services like safe drinking water, primary health, primary education, housing, supplementary nutrition, connectivity and streamlining the public distribution system in a time bound manner.

6.2.1 Poor utilisation of BMS grants

Test check of implementation of the scheme during the year 2004-05 revealed that 42 ULBs had an opening balance of Rs 3.09 crore and received Rs 1.08 crore during the year. The ULBs utilised only Rs 2.08 crore leaving a closing balance of Rs 2.10 crore at the end of the year (Appendix 23). Sixteen

¹⁸ Panihati: Rs 197.39 lakh, Habra: Rs 92.92 lakh, Dhupguri: Rs 105.94 lakh, Mal: Rs 43.65 lakh, Ashoknagar-Kalyangarh: Rs 104.10 lakh, Jangipur: Rs 99.51 lakh, Rajarhat-Gopalpur: Rs 152.23 lakh, Kandi: Rs 27.36 lakh

ULBs did not furnish any reason for the poor utilisation of grants which ranged between zero and 17 *per cent* only.

The under utilisation of BMS grants indicates that the implementation of the scheme by ULBs was tardy thereby depriving the inhabitants of access to improved basic services.

6.2.2 Engagement of contractors

To ensure participation of the community in the development process, ULBs are required to implement the BMS scheme departmentally.

In violation of the above guidelines, seven municipalities¹⁹ engaged contractors for execution of works valuing Rs 2.16 crore under BMS. This defeated the objective of active involvement of the community besides resulting in a minimum avoidable expenditure of Rs 21.59 lakh towards contractors' profit.

6.2.3 Diversion of BMS grants

Eight municipalities²⁰ diverted an aggregate amount of Rs 93.92 lakh during 2002-05 from BMS grants for various purposes including expenditure on electrical goods, repair of tube well, office building, routine maintenance, construction of primary school, jungle cutting, etc. which were not within the scope of the scheme. The fund so diverted constituted 49.25 *per cent* of the total available fund under BMS scheme.

6.3 Swarna Jayanti Sahari Rozgar Yojana (SJSRY)

The Swarna Jayanti Sahari Rozgar Yojana (SJSRY), a scheme sponsored by Government of India and State Government (75:25 basis) was launched in the year 1997 with the objective of providing gainful employment to the unemployed

¹⁹ Panihati: Rs 60.52 lakh, Basirhat: Rs 40.48 lakh, Ranaghat: Rs 10.21 lakh, Madhyamgram: Rs 30.62 lakh, Purulia: Rs 18.61 lakh, Baruiপুর: Rs 6.05 lakh, North Barrackpore: Rs 49.46 lakh.

²⁰ Basirhat: Rs 41.57 lakh, Dhupguri: Rs 0.76 lakh, Ranaghat: Rs 10.21 lakh, Joynagar-Mozilpur: Rs 7.16 lakh, Baranagar: Rs 6.28 lakh, Purulia: Rs 18.67 lakh, Madhyamgram: Rs 1.52 lakh, North Barrackpore: Rs 7.75 lakh

or under-employed urban poor through setting up of self employment ventures or wage employment.

The SJSRY comprised two special schemes viz.

- i) The Urban Self Employment Programme (USEP)
- ii) The Urban Wage Employment Programme (UWEP)

6.3.1 Poor utilisation of SJSRY grants

Details of grants received from Government for implementation of SJSRY and utilisation thereof during the year 2004-05 in respect of 47 ULBs revealed that there was an opening balance of Rs 3.86 crore and an amount of Rs 2.02 crore was received during the year. The above ULBs utilized only Rs 3.41 crore being 58 *per cent* of available fund leaving a balance of Rs 2.46 crore (Appendix 24). The financial performance of 17 ULBs was below 50 *per cent* of available fund. The ULBs did not furnish any reasons for under utilisation of available funds despite a significant percentage of the population being below the poverty line.

6.3.2 Irregularities in implementation of SJSRY

Under SJSRY, the under employed and unemployed urban poor are encouraged to set up small enterprises relating to servicing, petty business and manufacture of items etc. For this purpose, beneficiaries are trained under the programme to develop their skills at a unit cost of Rs 2000 per trainee. On completion of the training programme, each beneficiary undertakes a project at a maximum cost of Rs 50,000 and 95 *per cent* of project cost is sanctioned as composite loan (including 15 *per cent* subsidy) by the bank. On scrutiny of records made available to audit, the following irregularities were noticed in implementation of SJSRY:

- (i) Egra Municipality recommended 541 cases to the bank which did not sanction loans to 366 applicants. The fact of implementation of projects by 175 beneficiaries utilizing the loan amount of Rs 4.47 lakh was not ascertained. Similarly Rishra, Mal and Naihati municipalities did not monitor end use of training imparted by them to 337, 182 and 417 trainees respectively during 1997-

2006. Thus due to lack of monitoring by ULBs the fulfillment of the basic objective of providing gainful employment, after imparting training, remained unverified.

Bhadreswar Municipality imparted training to 200 beneficiaries during the year 2004-2006. Thirty five cases were recommended to the bank which did not sanction loans in 23 cases since the applicants had no technical knowledge. Thus, the Municipality failed to ensure utilisation of loans amounting to Rs 1.06 lakh.

(ii) Ranaghat Municipality paid Rs 1.50 lakh in cash to trainees in lieu of providing toolkits which violated the guidelines.

(iii) The following six ULBs diverted Rs 21.03 lakh towards expenditure outside the purview of the scheme:

Name of ULB	Year	Particulars	Amount (Rupees in lakh)
Ranaghat	2002-04	Expenditure towards procurement of diesel /furniture/ electrical goods, earth cutting, advertisement etc.	4.28
Tufanganj	2002-05	Routine maintenance and conservancy work.	5.99
Rishra	2002-06	Expenditure towards salary and contingencies.	3.88
Madhyamgram	2003-05	Wages to watchman, purchase of chairs etc.	3.88
Jhalda	2002-05	Expenditure incurred on office computer, fax, photocopy machine, construction of club house	1.89
Kandi	2003-05	Diversion for construction of marriage cum dormitory hall under IDSMT scheme	1.11
Total			21.03

(iv) The Scheme for Development of Women and Children in the Urban Areas (DWCUA) which was extended to poor urban women to set up self employment ventures in a group, remained neglected in Mal and Jhalda municipalities during 2002-2005.

(v) Mal Municipality incurred an expenditure of Rs 39.73 lakh during 2002-2005 under UWEP without setting up Neighborhood Groups, Neighbourhood Committee and Community Development Society. The identification of viable projects was not made with the involvement of the intended beneficiaries as was envisaged in the scheme. As a result, benefit if any, that reached the targeted groups could not be verified in audit.

6.4 Eleventh Finance Commission

Eleventh Finance Commission (EFC) recommended local body grants to augment the Consolidated Fund of the state governments to supplement the resources of the ULBs on the basis of recommendations of the State Finance Commission. The recommendation was made with a view to maintaining civic services like primary education, primary health care, safe drinking water, street lighting, sanitation and maintenance of cremation and burial grounds in urban areas. The scheme was launched in the year 2000-01.

6.4.1 Poor utilisation of EFC grants

Test check of utilization of EFC grants by 55 ULBs during the year 2004-05 revealed that out of the available fund of Rs 12.71 crore, an amount of Rs 8.11 crore was utilized leaving an unspent balance of Rs 4.60 crore (ULB wise details shown in Appendix -25). The utilisation of available funds by Islampur Municipality and Kulti Municipality was as low as 6 per cent and 5 per cent respectively.

6.4.2 Diversion of fund

Twenty ULBs²¹ diverted an amount of Rs 2.04 crore during the year 2002-2006 for construction of road; drain; culvert; retaining wall; hawkers stall; boundary wall; dumping ground; market complex; municipal building; garage;

²¹ Dhupguri: Rs 0.21 lakh, Halisahar: Rs 8.83 lakh, Ranaghat: Rs 28.78 lakh, Tufanganj: Rs 10.20 lakh, Rishra: Rs 16.27 lakh, Asansol M.C.: Rs 12.13 lakh, Mal: Rs 8.49 lakh, Nalhati: Rs 3.28 lakh, Katwa: Rs 18.52 lakh, Nabadwip: Rs 14.11 lakh, Sonamukhi: Rs 4.68 lakh, Purulia: Rs 3.04 lakh, Ashoknagar-Kalyangarh: Rs 14.22 lakh, Baruiপুর: Rs 8.46 lakh, Mathabhanga: Rs 4.90 lakh, Islampur: Rs 6.60 lakh, Bishnupur: Rs 10.76 lakh, Jhalda: Rs 18.39 lakh, Jalpaiguri: Rs 2.06 lakh, Dalkhola: Rs 10.50 lakh.

dormitory; procurement of electric goods; cement; fuel; and payment of electricity bills and wages, which did not fall under the objectives of the scheme.

6.4.3 Irregular expenditure

Habra and Joynagar-Mozilpur Municipality incurred expenditure of Rs 8.41 lakh and Rs 4.69 lakh during 2003-04 and 2003-05 respectively towards various construction works without obtaining the approval of the Board of Councillors.

6.5 Member of Parliament Local Area Development Schemes

Under the Member of Parliament Local Area Development Schemes launched in 1994, each Member of Parliament may recommend works for implementation in their constituencies. The selection of the works should be developmental in nature based on local need.

6.5.1 Poor utilisation of grants

Test check of grants under MPLAD scheme in 37 ULBs for the year 2004-05 revealed that they had an opening balance of Rs 5.76 crore and received an amount of Rs 4.06 crore. During 2004-05, an amount of Rs 5.52 crore only was utilized (Appendix -26). Four²² ULBs could not utilise even one *per cent* of the fund available.

6.5.2 Irregular expenditure/action

- Maheshtala, Halisahar and Tufanganj municipalities allotted Rs 7.15 lakh, Rs 3.50 lakh and Rs 14.95 lakh respectively to schools, clubs, libraries and societies for different works. However, the ULBs did not ensure the completion of work by the concerned organisations.
- Maheshtala Municipality executed works for a commercial organization, private institution and societies valuing Rs 0.95 lakh which were outside the purview of the scheme.

²² Ashoknagar – Kalyangarh, Champdani, Diamond Harbour and Tufanganj.

- Kanchrapara Municipality procured material for an amount of Rs 1.80 lakh in excess of requirement. Maheshtala and Bhadreswar Municipality could not produce documents / vouchers in support of utilisation of bitumen and other expenditure valuing Rs 4.91 lakh and Rs 5.08 lakh respectively. Bhadreswar Municipality did not follow an open tender procedure for procurement of materials worth Rs 8.27 lakh under the scheme.
- Diamond Harbour Municipality irregularly spent Rs 4.00 lakh towards construction of a Municipal building and Market Complex in lieu of the sanctioned scheme for construction of a Sanghati Kendra.
- Bhadreswar Municipality incurred an excess expenditure of Rs 8.27 lakh for construction of a Maternity and Child Care Unit without approval of the competent authority.

6.6 Other Schemes

6.6.1 Non/short realisation of beneficiary's share

Krishnanagar Municipality received grants of Rs 25.72 lakh during 2004-2006 for implementation of a Department for International Development (DFID) assisted project for introduction of Honorary Health Worker Scheme. According to norms, health funds need to be raised by collecting Rs 2.00 per month from each Below Poverty Level (BPL) family. As of January 2006, the Municipality had to collect Rs 2.11 lakh from 8800 BPL families for the period from December 2004 to December 2005 against which the municipality collected only Rs 0.64 lakh and Rs 1.37 lakh remained unrealised.

Furthermore, under Valmiki Ambedkar Awas Yojana a sum of Rs. 20.51 lakh, representing share of beneficiaries for construction of dwelling houses, was also not realised as of January 2006.

Replies from the concerned ULBs / Government are awaited.