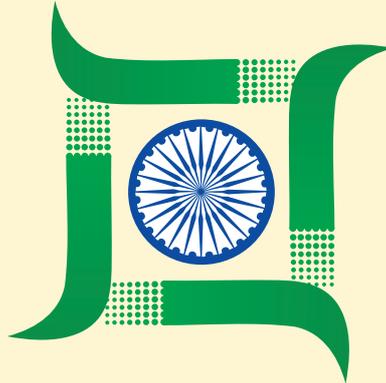




सत्यमेव जयते

**Annual Technical Inspection Report  
on  
Local Bodies  
for the year ended 31 March 2016**



झारखण्ड सरकार

**Government of Jharkhand  
Office of the Accountant General (Audit),  
Jharkhand, Ranchi**

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**on**  
**Local Bodies**

**for the year ended 31 March 2016**

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## **PREFACE**

This report has been prepared for submission to the Government of Jharkhand in accordance with Technical Guidance and Supervision (TGS) over the audit of Local Bodies entrusted by the State Government under Section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The Report contains significant results of the audit of the Panchayati Raj Institutions and Urban Local Bodies in the State including the departments concerned.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2015-16 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports, instances relating to the period subsequent to 2015-16 have also been included, wherever necessary.

The audit has been conducted in conformity with Auditing Standards issued by the Comptroller and Auditor General of India.

# OVERVIEW

## OVERVIEW

This Report contains five chapters. The first and third chapters contain an overview of the functioning, accountability mechanism and financial reporting issues of the *Panchayati Raj* Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second chapter contains Compliance Audit observations on 'Construction Activities by PRIs in the State of Jharkhand' while the fifth chapter contains Compliance Audit observations on 'Utilisation of Thirteenth Finance Commission Grants by ULBs in the State of Jharkhand' and three Audit Paragraphs on ULBs. The fourth chapter contains Performance Audit on 'Management of Water Supply, Sanitation and Solid Waste Management Services by ULBs'. The audit findings included in the Performance Audit and Compliance Audit paragraphs in this report have total money value of ₹ 325.47 crore.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn on statistical sampling as well as risk based judgemental sampling. The specific audit methodology adopted has been mentioned in the Performance Audit. The audit conclusions have been drawn and recommendations have been made taking into consideration the views of the Government. A summary of main audit findings is presented in this overview.

### **1. An Overview of the functioning, accountability mechanism and financial reporting issues of Panchayati Raj Institutions**

There are 4689 units of PRIs in Jharkhand which includes 24 *Zila Parishads* (ZPs), 263 *Panchayat Samitis* (PSs) and 4402 *Gram Panchayats* (GPs). During 2015-16, 13 ZPs, 36 PSs and 70 GPs were audited. There was an increasing trend of outstanding audit paragraphs. The department has not taken adequate steps for settlement of audit observations. As on March 2016, 3,723 paragraphs for the period 2011-16 having money value of ₹ 288.86 crore were outstanding for settlement.

The Report of the Comptroller and Auditor General of India on Local Bodies for the year ended 31 March 2015 was placed before State Legislature in July 2016 but the State Government has not formed any committee for discussion of the Audit Report.

Social Audit Unit for conducting social audit of schemes was established in Jharkhand in May 2016. However, 49 social audits in GPs were conducted in the State during 2015-16 under Mahatma Gandhi National Rural Employment Guarantee Scheme.

Though the State Government appointed (November 2014) Director, Local Fund Audit (DLFA) to perform the duties of the primary Auditor as envisaged under the Technical Guidance and Supervision arrangement, DLFA has not commenced the audit of PRIs (September 2016).

Basic records such as Grant/Loan Register, Asset Register and Stock Register were not maintained by test checked ZPs. Failure to maintain important registers weakened local self-government control over finances/assets of *panchayats*. PRIs were largely dependent on Grants and Loans from Government as their own resources were not sufficient to meet their

expenditure needs. State Government has not framed any rule for imposition of taxes by *Panchayats* due to which PRIs abstain from imposing and collecting taxes.

(Paragraphs 1.1 to 1.11.9)

## 2. Compliance Audit - PRIs

### 2.1 Audit on Construction Activities by the Panchayati Raj Institutions in the State of Jharkhand

Audit on 'Construction Activities by PRIs in the State of Jharkhand' covering the period 2011-16 was conducted between May 2016 and August 2016 through test check of records of six ZPs, 22 PSs and 104 GPs. Major audit findings are:

PRIs executed functions such as construction of roads, culverts and bridges valued ₹ 130.55 crore during 2011-16 although these functions were not devolved to them by the departments concerned of the State Government.

The PRIs were deprived of Central grants worth ₹ 1129.10 crore due to failure of the State to hold District Planning Committee (DPC) meetings in time, submit Annual Action Plan and comply mandatory conditions for release of fund.

The construction activities were not efficiently managed by the PRIs as there was wasteful expenditure of ₹ 74.04 lakh on 14 abandoned works, unfruitful expenditure of ₹ 37.46 crore on 398 incomplete works, cost escalation of ₹ 4.65 crore on 68 works, excess payment of ₹ 5.63 crore for failing to impose penalty in 124 works besides failure to recover unutilised funds, interest money and advances worth ₹ 30.43 crore from the implementing agencies.

Leasing of assets created from construction activities was not ensured as 125 buildings constructed at a cost of ₹ 24.30 crore for income generation remained idle since its completion while two *Vivah Bhawans* valued ₹ 34.96 lakh in Godda could not be leased for want of electricity and water.

Internal control mechanism was weak in absence of maintenance of prescribed records, constitution of standing committees by DPC and holding of prescribed number of meetings by DPCs.

(Paragraph 2.1)

## 3. An Overview of the functioning, accountability mechanism and financial reporting issues of Urban Local Bodies

There are 44 ULBs in Jharkhand which includes six Municipal Corporations (M. Corps), 19 Municipal Councils (MCs), 16 *Nagar Panchayats* (NPs), one *Nagarpalika* and two Notified Area Committees (NACs). During 2015-16, four M. Corps, 12 MCs, four NPs and one NAC were audited. There was an increasing trend of outstanding audit paragraphs. The department has not taken adequate steps for settlement of audit observations. As on March 2016, 1,137 paragraphs for the period 2011-16 having money value of ₹ 1371.49 crore were outstanding for settlement.

Basic records such as Grant/Loan Register, Asset Register and Stock Register were not maintained by the test-checked ULBs. Failure to maintain important

registers weakened local self-government control over finances/assets of municipal bodies. The ULBs were financially dependent on Grants and Loans from the Government as their own resources were not sufficient to meet their expenditure needs. Further, realisation of revenue by the ULBs was far behind the target set to the extent of 87 *per cent*.

Utilisation Certificates worth ₹ 491.55 crore were pending with the ULBs as on February 2017. Besides, as on November 2016, Detailed Contingencies bills in respect of 55 Abstract Contingencies bills valued ₹ 31.21 crore was pending against the Department. Social Audit setup was not established for programmes/schemes implemented by the ULBs.

(Paragraphs 3.1 to 3.14.10)

#### 4. Performance Audit - ULBs

##### 4.1 Performance Audit on Management of Water Supply, Sanitation and Solid Waste Management Services by ULBs

Performance Audit on 'Management of Water Supply, Sanitation and Solid Waste Management Services by ULBs' covering the period 2011-16 was conducted between April 2016 and August 2016 in 10 test-checked ULBs. Major audit findings are discussed below:

Service Level Benchmarks framed by Ministry of Urban Development, Government of India for Water Supply, Solid Waste Management (SWM) and Sewage could not be achieved by the test checked ULBs during 2011-16. Four water supply projects in four test checked ULBs targeted to create 306 million litres per day (MLD) capacity could not be completed despite spending ₹ 583.47 crore while SWM projects worth ₹ 146.29 crore were stopped midway after incurring an expenditure of ₹ 28.47 crore. Further, none of the test checked ULBs constructed sewage network while 60 *per cent* drains in nine of the 10 test checked ULBs were uncovered and beset with garbage.

Incomplete water supply projects affected water supply to at least 22.67 lakh inhabitants of municipal area. In test checked ULBs, only 29 *per cent* of the total households (HHs) had access to piped water while shortages in supply of water ranged between nine and 99 *per cent* of requirement. Further, per capita supply of water in seven out of 10 test checked ULBs ranged between 10 and 110 litres per capita daily (lpcd) against standard of 135 lpcd while seven out of 10 test checked ULBs did not install meters for residential water connections.

Four test checked ULBs failed to recover outstanding water user charges of ₹ 37.22 crore while the State Government lost ₹ 10.50 crore per year on Non-revenue water beyond the benchmark limit of 20 *per cent*.

Toilet facility was limited to 23 *per cent* to 72 *per cent* HHs in test checked ULBs against 100 *per cent* of the benchmarking while HHs in eight out of 10 test checked ULBs were not covered under solid waste management services. The coverage of waste collection in six sampled ULBs ranged between 39 and 90 *per cent*. No landfill sites (except Ranchi) were available in any of the test checked ULBs and as result, waste was dumped in close proximity to residential areas as well as river side.

Shortage of manpower to the extent of 90 *per cent* in supervisory/sweeper cadre and inadequate garbage disposal vehicles in the test checked ULBs affected the cleanliness of cities and posed a threat to environment and health of residents.

In audit survey conducted with 741 households living within the service network of 10 test checked ULBs, 91 *per cent* HHs responded that water supply facilities provided by the test checked ULBs were not satisfactory and 85 *per cent* residents told that during summer season, sufficient water was not supplied. In respect of sanitation facilities, 75 *per cent* residents were not satisfied by the services provided by the test checked ULBs. Likewise, under SWM service, 71 *per cent* residents said that door to door waste collection was not done while 78 *per cent* residents reported that they were not happy with the conditions of vehicles used for transporting garbage.

**(Paragraph 4.1)**

## **5 Compliance Audit - ULBs**

### **5.1 Audit on Utilisation of Thirteenth Finance Commission Grants by Urban Local Bodies in the State of Jharkhand**

Audit on 'Utilisation of Thirteenth Finance Commission (13 FC) grants by the Urban Local Bodies (ULBs) in the State of Jharkhand' covering the period 2011-16 was conducted between April 2016 and August 2016 in nine test-checked ULBs. Major audit findings are:

State Government was deprived of 13 FC grant of ₹ 202.04 crore on account of failure to submit Utilisation Certificates on time and comply with the mandatory conditions for release of performance grants. Further, the State government distributed special area grant of ₹ 9.47 crore among three ineligible ULBs beyond the domain of special area which deprived three entitled ULBs to get the grant.

High Level Monitoring Committee sanctioned 299 works worth ₹ 457.55 crore against the availability of 13 FC grant worth ₹ 349.70 crore resulting from deficient planning. As a result, State Government failed to complete construction of 60 sanctioned works estimated at ₹ 256.66 crore during the 13 FC period (2010-15) as fund worth ₹ 148.81 crore only was available for these works. During the same period, there was under utilisation of 13 FC grant between 49 *per cent* and more than 97 *per cent* in the sampled ULBs. Thus, paucity of fund coexisted with under utilisation of fund but the State Government neither resolved the financial imbalance nor took up convergence measures with other scheme funds to complete these works within the 13 FC period.

In the sampled ULBs, 42 works estimated at ₹ 113.41 crore were not taken up for construction after according sanction while 53 works estimated at ₹ 126.36 crore were lying incomplete despite expenditure of ₹ 64.50 crore having been made.

**(Paragraph 5.1)**

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**Audit Paragraphs****(i) Failure to collect /short collection of service tax**

Municipal Corporations Ranchi, Dhanbad and Deoghar have failed to levy and collect service tax of ₹ 2.29 crore from the renters of municipal assets.

**(Paragraph 5.2)**

**(ii) Loss of Government money**

Failure to levy and collect Labour Welfare Cess by Urban Local Bodies deprived the 'Building and other Construction Workers Welfare Board' of ₹ 1.40 crore under Urban Development and Housing Department.

**(Paragraph 5.3)**

**(iii) Loss of interest**

Unauthorised deposit of government money in current account of a private bank led to loss of interest of ₹ 40.33 lakh to Municipal Corporation, Dhanbad.

**(Paragraph 5.4)**

**PART - A**  
**CHAPTER - I**  
**PANCHAYATI RAJ INSTITUTIONS**



## PART-A

### CHAPTER-I

#### AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF PANCHAYATI RAJ INSTITUTIONS

##### An overview of the Functioning of the Panchayati Raj Institutions (PRIs) in the State

### 1.1 Introduction

The Seventy-third Constitutional Amendment enacted in 1992 envisaged constitutional status to *Panchayati Raj* Institutions (PRIs) and established a system of uniform structure, regular elections, regular flow of funds through Finance Commissions, etc. As a follow up, the States are required to entrust these bodies with such powers, functions and responsibilities so as to enable these institutions function as institutions of self-government. In particular, the PRIs are required to prepare plans and implement schemes for economic development and social justice including those enumerated in the Eleventh Schedule of the Constitution.

Consequently, the State Government enacted the Jharkhand *Panchayat Raj* (JPR) Act, 2001 to establish a three-tier<sup>1</sup> PRI system in the State and framed Jharkhand *Panchayat Raj* (Budget and Accounts) Rules, 2010, to ensure smooth functioning of PRIs.

There are 4689 units of PRIs in Jharkhand which includes 24 *Zila Parishads* (ZPs), 263 *Panchayat Samitis* (PSs) and 4402 *Gram Panchayats* (GPs).

As per Census 2011, the population growth in Jharkhand in the last decade was 22.4 *per cent* against the national average of 17.7 *per cent*. The percentage of urban and rural population was 24 and 76 respectively of the total population of the state. Decadal growth rates for rural and urban population were 19.6 and 32.4 *per cent* respectively. The comparative demographic and developmental picture of the State is given in **Table-1.1**.

**Table-1.1: Important statistics of the State**

Particulars	State	Rural
Population size	32988134	25055073
Population size (Male)	16930315	12776486
Population (Female)	16057819	12278587
Sex Ratio	949	961
Literacy Rate (7+ years) ( <i>per cent</i> )	66.4	61.1
Literacy Rate (Female) (7+ years) ( <i>per cent</i> )	55.4	48.9

(Source: Census 2011)

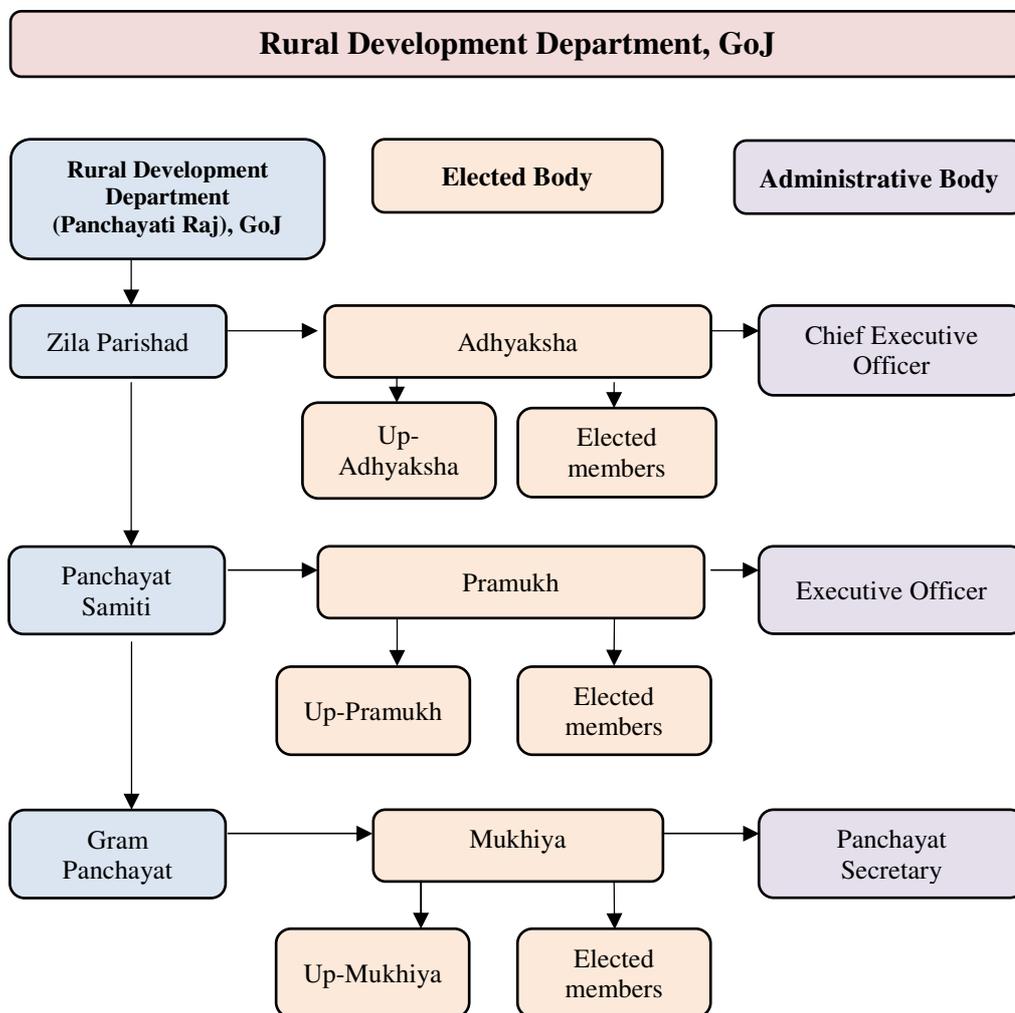
<sup>1</sup> *Zila Parishad* at district level, *Panchayat Samiti* at intermediate level and *Gram Panchayat* at village level

## 1.2 Organisational setup of PRIs

The PRIs are under the administrative control of the Rural Development Department (RDD) *Panchayati Raj* (PR), Government of Jharkhand (GoJ) headed by Secretary. The Deputy Development Commissioner cum Chief Executive Officer (CEO) and the Block Development Officer cum Executive Officer (EO) are the executive heads of the ZP and the PS respectively. The *Panchayat* Secretary is in-charge of the office of the GP. The second elections of the PRIs were held in December 2015.

The JPR Act, 2001 and Rules/byelaws made thereunder provide for elected body also in addition to the Executive/Administrative body to deliver the mandate and manage administration of PRIs. Under the set-up of elected body, ZP is headed by *Adhyaksha*, PS by *Pramukh* and GP by *Mukhia*. The organisational structure of PRIs is depicted in **Chart-1.1** below:

**Chart-1.1: Organisational Structure**



### 1.3 Functioning of PRIs

#### 1.3.1 Power and Functions of PRIs

Article 243G and 243H of the Constitution of India stipulate that the State Government may endow the PRIs with the following powers, authority and responsibilities:

- Preparation of plans for economic development and social justice;
- Implementation of schemes for economic development and social justice as may be entrusted to them in relation to the matters listed in the Eleventh Schedule; and
- Powers to impose taxes and constitute funds for crediting all moneys of the *panchayats*.

With these objectives, the powers and functions of the GPs, PSs and ZPs have been defined by the State Government under sections 75, 76, 77 and 79 to 83 of the JPR Act, 2001. A summary of these powers and functions of the PRIs is given in **Appendix-1.1**. The functions of the authorities of the PRIs are given in **Appendix-1.2**.

#### 1.3.2 Powers of the State Government

The JPR Act, 2001 entrusts the State Government with following powers to enable it to monitor proper functioning of the PRIs. A brief summary of powers and roles of the State Government in respect of PRIs is given in **Table-1.2** below:

**Table-1.2: Powers of the State Government**

Authority	Powers of the State Government
Section 131 of JPR Act, 2001	<b>Power to frame rules:</b> The State Government may, by notification in Official Gazette, make rules to carry out functions as specified in JPR Act, 2001, subject to approval by the State Legislature.
Section 100 and 135 of JPR Act, 2001	<b>Power of Government to make model regulations and Inspections:</b> The State Government may make model regulations and bye-laws for PRIs for the purposes of JPR Act, 2001 and has the power of Inspection of working of <i>panchayats</i> .
Section 123 of JPR Act, 2001	<b>District Planning Committee:</b> The State Government shall constitute in every district a District Planning Committee to consolidate plans prepared by the <i>Panchayats</i> and the Municipalities in the district and to prepare a Draft Development Plan for the district as a whole.
Section 114 of JPR Act, 2001	<b>Finance Commission for Panchayats:</b> The State Government shall constitute in every five year, a Finance Commission to review the financial position of PRIs, and to make recommendations for devolution of funds and measures to improve the financial position of PRIs.
Section 93 and 95 of JPR Act, 2001	<b>Taxation:</b> The PRIs may impose taxes on holdings, professions and levy tolls, fees and rates subject to the maximum rates notified by the State Government.
Section 163 of JPR Act, 2001	<b>Removal of difficulties:</b> If any difficulty arises in giving effect to the provisions of the Act, the State Government, may by order, do anything necessary to remove the difficulty.

### 1.3.3 Devolution of functions

The Eleventh Schedule of the Constitution contains 29 subjects pertaining to the PRIs. The State Government was to devolve functions, functionaries and funds to PRIs for these 29 subjects to enable these institutions to function as institutions of self-government, but only 16 functions were devolved to the PRIs (as detailed in **Appendix-1.3**) by 14 departments (December 2016). However, these functions were still being implemented by the departments except in the case of activities relating to construction of ponds (under Agriculture with agriculture extension function) and renovation of *anganwadis* (under Social welfare function). The officers and staff of the State Government required for execution of the entrusted functions have not been transferred/deputed to PRIs (20 March 2017).

The position of sanctioned strength and persons-in-position in test checked ZPs is detailed in **Appendix-1.4** and abstract thereof is given in the **Table-1.3**:

**Table-1.3: Sanctioned strength vis-a-vis persons-in-position in test-checked ZPs.**

Level of PRIs	Number of PRIs	Sanctioned strength	Persons -in-position	Vacancy
ZP	12	790	234	556

(Source: Information provided by the test checked PRIs)

The above table reflects acute shortage of manpower i.e.70 *per cent* at ZP level which affected their functioning. The test checked GPs stated that sanctioned strength of GPs was not intimated by the State Government.

## 1.4 Formation of various Committees

A GP may constitute seven Standing Committees for discharge of its functions and duties, and such committees shall be under general control of the GP and shall exercise such powers as may be conferred on them by the GP. The Secretary of the GP shall be the *ex-officio* Secretary of the Standing Committee.

Similarly, every PS and ZP shall constitute eight Standing Committees from amongst its elected members. The CEO/EO shall be the *ex-officio* Secretary of all the committees of the ZP/PS, as the case may be. The modalities for constitution of standing committees and their functions have been detailed in **Appendix-1.5**.

Moreover, ZP and PS may constitute one or more than one committee for such matters which do not come within the business ambit of the prescribed committees.

### 1.4.1 District Planning Committee

In pursuance of article 243 ZD of the Constitution of India and Section 123 of the JPR Act, 2001 the State Government issued gazette notification<sup>2</sup> in August 2011 and prescribed modalities for constitution of District Planning Committee (DPC) in every district of Jharkhand.

<sup>2</sup> Jharkhand *Panchayat Raj* (District Planning Committee, Constitution and procedures, powers and executions) Rules, 2011

The DPC is primarily responsible for consolidation of plans of all PRIs and Urban Local Bodies (ULBs) of a district. The objective of DPC is to arrive at an integrated, participatory and coordinated plan for development of a district.

It was noticed that although provision in Article 243 ZD of the Constitution mandated that not less than four-fifth of the total members of DPC should be elected from the elected members of ZP and municipal bodies, the JPR Act, 2001 provides only for selection of three-fourth members from the elected members.

Thus, the provision of the JPR Act, 2001 regarding representation of elected member in the DPC was in contravention to the Constitutional provision. As a result, provision for adequate representation of the elected members in the constitution of DPC was not ensured.

However, provisions have been made for constitution of sub-committees (**Appendix-1.6**) for giving suggestions to the DPC on the subject concerned.

On being pointed out it was replied (November 2016) by the department that issue was being examined at the department level.

## **1.5 Audit Arrangement**

### **1.5.1 Primary Auditor**

The Comptroller and Auditor General (CAG) of India has the right to conduct such test check of the accounts and to comment on and supplement the report of the Statutory Auditor, as he may deem fit under sub-section (1) of section 20 of the CAG's DPC (Duties, Powers and Conditions of Service) Act 1971. Accordingly, the office of the Accountant General (Audit) (AG) is conducting audit of PRIs under Technical Guidance and Supervision (TGS) module as notified (October 2011) by the State Government after amendment of Bihar and Orissa Local Fund Audit Act<sup>3</sup>, 1925 in March 2012. Further, as per para 10.121 of the recommendations of Thirteenth Finance Commission, Audit Report prepared by Director of Local Fund Audit (DLFA) and the CAG shall be placed before the State Legislature. The State Government appointed (November 2014) DLFA as primary Auditor to audit the accounts of PRIs. However, DLFA did not commence (September 2016) audit of PRIs.

### **1.5.2 Audit by the Comptroller and Auditor General of India**

During 2015-16, 13 ZPs, 36 PSs and 70 GPs were audited. Annual Technical Inspection Report (ATIR) for the year 2012-13, 2013-14 and Audit Report (Report of the CAG) on Local Bodies for the year 2014-15 have been placed before State Legislature but the State Government has not formed (August 2016) any committee in the line with the Public Accounts Committee or otherwise for discussion of the ATIRs and Audit Report.

### **1.5.3 Technical Guidance and Supervision**

Under Regulation 152 of Regulations on Audit and Accounts, 2007 read with State Government Notification dated March 2012, CAG may provide suitable TGS to primary auditor<sup>4</sup> of PRIs for the purpose of strengthening Public

<sup>3</sup> Prior to TGS, Local Bodies were audited under the Act.

<sup>4</sup> DLFA

Finance Management and Accountability in PRIs. The parameters of such TGS as given in Regulation 152 are following:

- The Local Fund Auditor shall prepare an annual audit plan for the next financial year by the end of March every year;
- The audit methodology and procedure for the audit of PRIs by the DLFA shall be as per various Acts and Statutes enacted by the State Government and guidelines prescribed by the CAG of India;
- Copies of Inspection Reports (IRs) shall also be forwarded by DLFA to the AG (Audit) for advice on system improvement;
- DLFA shall furnish returns in such format as may be prescribed by the CAG for advice and monitoring;
- AG (Audit) would conduct test check of some units in order to provide technical guidance and report of the test check would be sent to the DLFA for pursuance of action;
- Irrespective of the money value, any serious irregularities shall be intimated to the AG (Audit);
- DLFA shall develop a system of internal control in his organisation in consultation with the AG (Audit);
- AG (Audit) shall also undertake training and capacity building of the Local Fund Audit staff.

The State Government created 22 posts<sup>5</sup> (March 2013) and appointed DLFA (November 2014) for constitution of the office of the DLFA to perform the duties of the primary Auditor as envisaged under the TGS arrangement. Against these posts, three Deputy Comptroller of Accounts and 14 Auditors have been appointed (August 2016). However, DLFA did not commence (September 2016) audit of PRIs.

DLFA informed (September 2016) conducting audit of the accounts of 35 ULB units by eight audit parties. However, IR on the accounts of Local Bodies, format prescribed for IR, method of preparation of audit plan and other requisite information though asked for (November 2016 and January 2017) in pursuit of the task of providing technical guidance and support was not responded to by DLFA as of February 2017.

## **1.6 Response to Audit Observations**

The AG (Audit), Jharkhand conducts periodical inspection of PRI units by test-check of transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed by issue of Inspection Reports (IRs). When important irregularities, etc. detected during inspection is not settled during audit period, these are included in IRs and issued to the head of the office inspected, and a copy of the same is sent to next higher authorities.

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<sup>5</sup> Director-1, Joint director (ULB)-1, Joint director (PRI)-1, Section officer-2, Private secretary-1, Assistant-4, Personal assistant-2, Computer operator-3, Upper division clerk-1, Lower division clerk-1, Driver-3, Peon-2

The CEOs of the ZPs, EOs of the PSs and the *Mukhiyas* of GPs were required to respond to observations contained in the IRs and send compliance report to AG (Audit) within four weeks. Further, according to TGS arrangement, the DLFA would pursue settlement/action taken on the audit observations raised by the AG (Audit) in the same manner as he would pursue his own reports/audit observations.

Details of outstanding paragraphs for the period 2011-16 against PRIs of the State as of March 2016 are shown in **Table-1.4**.

**Table-1.4: Statement showing outstanding paragraphs**

Year	IRs	No of Paragraphs	(₹ in crore)
			Money Value
2011-12	55	304	49.87
2012-13	231	1674	111.64
2013-14	88	610	6.62
2014-15	60	565	107.83
2015-16	100	570	12.90
<b>Total</b>	<b>534</b>	<b>3723</b>	<b>288.86</b>

A review of the IRs revealed that the executives, whose records were audited by the Examiner of Local Accounts, before entrustment of TGS (October 2011) did not send any reply in respect of outstanding IRs/paragraphs. This indicated lack of efforts by authorities in furnishing compliance to those paragraphs. The matter was brought (January 2017) to the notice of the Chief Secretary, Government of Jharkhand, Ranchi; the response is awaited.

### Accountability Mechanism and Financial Reporting Issues

#### Accountability Mechanism

##### 1.7 Ombudsman

Para 10.66 of the Thirteenth Finance Commission provides for constituting a separate ombudsman for local bodies by amending the respective State *Panchayat* and Municipal Acts.

However, the JPR Act, 2001 do not provide for constitution of ombudsman for PRIs. The State Government did not respond to the information request by audit about establishment of any institutional arrangement/Ombudsman for settlement of complaints against functionaries (elected as well as appointed) of PRIs.

##### 1.8 Social Audit

Social audit involves verification of implementation of programme/scheme and delivery of its envisaged results by the community with active involvement of primary stakeholders. Social Audit is widely accepted as an important mechanism to address corruption and strengthen accountability in government service delivery. Government of India (GoI) enacted Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) Audit of Scheme Rules, 2011. The rules include social audit, audit of accounts and social audit facilitation by State Government and creation of independent

organisation for conduct of social audits. It was noticed that Social Audit Unit was established in Jharkhand in May 2016. However, during 2015-16, 49 Social Audits in GPs were conducted in the State under Mahatma Gandhi National Rural Employment Guarantee Scheme.

### 1.9 Submission of Utilisation Certificates

As per Jharkhand Financial Rules, in case of an annual or a non-recurring conditional grant, the Departmental officer on whose signature or counter-signature Grant-in-aid bill is drawn, shall furnish the Utilisation Certificates (UCs) to the AG within one year from the date of the sanction of the grant.

Information received (February 2017) from the Office of the AG (Accounts & Entitlement), Jharkhand revealed that against grants amounting to ₹ 1295.76 crore paid during 2011-12 to 2014-15 under Major Head 2515<sup>6</sup> (Other Rural Development Programme), UCs amounting to ₹ 564.16 crore only was received in the Office of the AG (Accounts & Entitlement) as of December 2016. Failure to submit UCs of ₹ 731.60 crore for such a long period indicate weak internal control and possible misutilisation of funds.

### 1.10 Internal Audit and Internal Control System of PRIs

Section 100 of JPR Act, 2001 provides for inspection of working of *Panchayat*. The inspection of works and the working of *Panchayats* could be done by the officers authorised from time to time by State Government. The Office-bearer as well as officers and servants of a GP, PS and ZP shall be obliged to give all such information and produce all such records as may be called for by the Inspecting Officer.

RDD (PR) intimated (November 2016) to audit that DDC-cum-CEO, ZP is required to maintain internal control of PRIs. However audit noticed that internal control system was not established in the test checked PRIs.

## Financial Reporting Issues

### 1.11 Financial Reporting Issues

#### 1.11.1 Fund flow to PRIs

##### 1.11.1.1 Source and custody of funds in PRIs

There are mainly three sources of funds for PRIs viz. (i) grants released by the Central and State Governments for development works and office expenses like salary grant for staff, contingent grant etc. (ii) loans by State Government for Salary and (iii) own revenues, in respect of ZPs like rent receipts from shops, *Dak Bunglows*, *Inspection Bunglows*, etc. Own revenue (other than interest earned on funds) in respect of PSs and GPs have not yet been generated<sup>7</sup>. Department at the State level does not compile any information of own revenue of the PRIs. Thus, Department was not aware of own revenue receipts of the PRIs. The fund flow arrangements for major schemes are given in **Table-1.5**.

<sup>6</sup> Minor head 196, 197, 198-Assistance to ZP, PS and GP

<sup>7</sup> Except revenue obtained from auction of sand *ghat* in some GPs

**Table-1.5: Fund flow arrangements in major schemes**

Sl. No.	Scheme	Fund flow arrangements
1	Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	The funds received from GoI and GoJ are pooled in State Employment Guarantee Fund (SEGF). The fund flow is monitored through Public Fund Management System (PFMS). Share of both State and Central is kept with the sponsor bank at Ranchi. The respective designated drawing officers are required to raise the Fund Transfer Orders (FTOs) directly to the sponsor banks as and when payments are due.
2.	Backward Region Grant Fund (BRGF)	The funds are released by State Government to PRIs within 15 days of release of funds by GoI failing which State Government has to pay penal interest to PRIs at Reserve Bank of India rate of interest for the period of delay. However, the scheme has been delinked by GoI from the financial year 2015-16.
3.	Thirteenth Finance Commission (13 FC) Grants	Grant is released in two installments to the DDC-cum-CEO (the DDO) of the ZPs with instruction to transfer the respective share of PSs and GPs within two days of its receipt.
4.	Fourteenth Finance Commission (14 FC) Grants	Grants shall be released in two installments in June and October every year which must be transferred to the GPs within 15 days of receipt from the Central Government. The GoJ releases funds to the GPs through Real Time Gross Settlement (RTGS) on the basis of population and area.

**1.11.1.2 Financial assistance to PRIs**

The position of financial assistance given by Central and State Government to all PRIs under different schemes during 2011-12 to 2015-16 was as under:

**Table-1.6: Position of receipts and expenditure of PRIs**

Year	Receipts				Expenditure			Percentage of expenditure against total receipt
	Plan	Non-Plan	Loan	Total	Revenue	Capital	Total	
2011-12	827.03	316.30	2.27	<b>1145.60</b>	135.24	827.02	<b>962.26</b>	84
2012-13	748.39	475.62	2.50	<b>1226.51</b>	93.49	748.41	<b>841.90</b>	69
2013-14	513.91	626.15	2.71	<b>1142.77</b>	128.89	772.77	<b>901.66</b>	79
2014-15	827.57	640.99	3.51	<b>1472.07</b>	624.75	826.81	<b>1451.56</b>	99
2015-16	35.59	414.65	0.00	<b>450.24</b>	0.00	450.24	<b>450.24</b>	100

(Source: Information provided by the State Government)

From the table above, it is clear that expenditure against the total receipts of grants/loans ranged between 69 and 100 *per cent* during the years 2011-12 to 2015-16. Suboptimal utilisation of the available funds was noticed during 2011-12 to 2013-14.

**1.11.1.3 Financial profile of selected PRIs**

The details of receipts and expenditure of the test checked PRIs during the years 2011-12 to 2015-16 are shown in the **Table-1.7**.

**Table-1.7: Position of receipts and expenditure of test checked PRIs**

(₹ in crore)

Year	PRIs	Opening Balance	Receipt				Total	Expenditure		Total	Closing Balance
			Plan	Non-Plan	Loan	Own source		Non-Plan	Plan		
2011-12	ZP	233.72	203.64	2.17	0.58	10.62	450.73	3.96	213.73	217.69	233.04
2011-12	PS	3.60	14.98	2.94	0.00	0.00	21.52	2.95	12.87	15.82	5.70
2011-12	GP	0.38	4.74	0.00	0.00	0.00	5.12	0.03	3.59	3.62	1.50
2012-13	ZP	233.04	317.19	3.36	0.81	3.19	557.59	4.85	199.16	204.01	353.58
2012-13	PS	5.70	25.26	3.74	0.00	0.00	34.70	3.72	19.59	23.31	11.39
2012-13	GP	1.50	4.56	0.03	0.00	0.00	6.09	0.15	4.69	4.84	1.25
2013-14	ZP	353.58	274.59	1.46	0.96	3.25	633.84	3.33	307.78	311.11	322.73
2013-14	PS	11.39	32.32	4.54	0.01	0.02	48.28	4.63	28.84	33.47	14.81
2013-14	GP	1.25	4.75	0.00	0.00	0.02	6.02	0.05	4.73	4.78	1.24
2014-15	ZP	322.73	423.68	3.54	1.27	10.17	761.39	3.46	333.56	337.02	424.37
2014-15	PS	14.81	18.29	5.46	0.01	0.01	38.58	5.16	18.49	23.65	14.93
2014-15	GP	1.24	4.72	0.00	0.00	0.00	5.96	0.06	3.74	3.80	2.16
2015-16	ZP	424.37	101.99	2.88	1.18	7.19	537.61	8.66	228.31	236.97	300.64
2015-16	PS	14.93	16.06	5.11	0.01	0.02	36.13	5.16	18.69	23.85	12.28
2015-16	GP	2.16	5.92	0.00	0.00	0.00	8.08	0.00	5.52	5.52	2.56
<b>Total</b>		<b>1624.40</b>	<b>1452.69</b>	<b>35.23</b>	<b>4.83</b>	<b>34.49</b>	<b>3151.64</b>	<b>46.17</b>	<b>1403.29</b>	<b>1449.46</b>	<b>1702.18</b>

(Source: Information provided by the test checked PRIs)

Audit noticed that:

- Only 80 per cent of available funds amounting to ₹1764.94 crore (Opening Balance for the year 2011-12 of PRIs + fund received by PRIs during the year 2011-16) were utilised by the PRIs for execution of schemes (₹ 1403.29 crore) during 2011-12 to 2015-16.
- Own revenue of PRIs was not sufficient to meet its expenditure of its establishment. The own revenue<sup>8</sup> (₹ 34.49 crore) of PRIs is only 75 per cent of expenditure incurred by them under the head establishment (₹ 46.17 crore).
- Own source revenue is very meagre, as it is only 2.31 per cent (₹ 34.49 crore) of fund received (₹1492.75 crore) during the period 2011-16.

#### 1.11.1.4 Levy of Taxes

Section 93 of JPR Act, 2001 empowers ZPs/PSs/GPs to impose and collect tax on occupant of a holding, tax on business, trades, professions and employments, water rate etc. under their jurisdiction for augmentation of their own revenue. Further, the Act *ibid* advocates that State Government may make rules to regulate imposition, assessment and collection of the taxes. But, the State Government has not framed any rule for imposition of taxes by the *Panchayats* due to which PRIs are not imposing and collecting taxes as yet. As such PRIs are dependent solely on grants and loans from State Government for delivery of services. Further, PRIs were not empowered to generate own sources through taxation resulted in dependence on assistance from Government for discharge of their functions.

On being pointed out, RDD (PR) replied (December 2016) that State Government is preparing the proposal for revenue generation from own sources by the PRIs and certain *Panchayats* were getting revenue from auctioning of Sand mines.

<sup>8</sup> Receipts such as shop rent, settlement money and interest earned

### 1.11.2 Recommendation of the State Finance Commission

The 73<sup>rd</sup> Constitutional Amendment provides for appointment of a Finance Commission by the State Government to review the financial position of the *Panchayats* and recommend the:

- (i) sharing pattern of the net proceeds of taxes, duties, tolls and fees leviable by the State between the State and the *Panchayats*;
- (ii) assignment of taxes, duties, tolls and fees to the *Panchayats*; and
- (iii) Grants-in-aid to the *Panchayats*.

The report of the Commission together with a memorandum of action on it is to be laid before the State Legislature.

In pursuance of Article 243 I of the constitution, the State Government had constituted three State Finance Commissions (SFC) to assess the financial status and to determine the principles on the basis of which adequate financial resources would be ensured to local bodies. Details are given in **Table-1.8:**

**Table-1.8: Constitution of State Finance Commissions**

State Finance Commission	Date of constitution	Date of submission of report
First SFC	January 2004	April 2009
Second SFC	December 2009	Not submitted
Third SFC	April 2015	In progress

The first SFC had submitted its report in April 2009 which contained some recommendations relating to urban local bodies only. The second SFC had not submitted its report due to want of manpower and finally its tenure ended in January 2014. The tenure of third SFC is in progress (up to January 2019) and its recommendations are awaited. The Secretary to third SFC had informed (January 2017) that the manpower given to the commission for running this organisation is insufficient and technically not sound enough to help/assist it to come out with any report. He further stated that the State Government has been moved to allow engagement of any policy making institution to help/assist the commission to undertake consultation and research work for coming out with a meaningful recommendation.

### 1.11.3 Maintenance of Records/Register

The Jharkhand *Panchayat Raj* (Budget and Accounts) Rules, 2010 prescribes maintenance of records, registers and accounts for transparency and accountability. A test check of record management in ZPs revealed that important records/ registers were not maintained as shown in **Table-1.9.**

**Table-1.9: Failure to maintain basic records**

Sl. No.	Records/ Registers not maintained	Name of the ZPs	Implications
1	Grant Register	Giridih, Latehar, Jamshedpur, Pakur, Ranchi, Sahibganj, Simdega	Grant received, purpose & date of receipt, appropriation made from time to time and amount lying unutilised in respect of a particular grant could not be ascertained.

Sl. No.	Records/ Registers not maintained	Name of the ZPs	Implications
2	Loan Register	Giridih, Latehar, Jamshedpur, Pakur, Ranchi, Sahibganj, Simdega	The date of receipt, amount, condition attached and overdue instalment of loan with interest could not be ascertained.
3	Asset Register	Giridih, Jamshedpur, Pakur, Ranchi, Sahibganj, Simdega	Identification and valuation of assets, proper record of all lands, sites of buildings, tanks, ponds, ferries etc. could not be ascertained.
4	Stock Register	Deoghar, Giridih,	Position of stock could not be verified.

(Source: Information provided by the test checked ZPs)

It is evident from above table that important records/registers are not being maintained properly by ZPs.

On being pointed out test checked ZPs stated that proper maintenance of records could not be done due to acute shortage of staff and lack of proper training to their concerned staff.

#### 1.11.4 Annual Accounts

The Jharkhand *Panchayat Raj* (Budget and Accounts) Rules, 2010 prescribes for preparation of Annual Accounts/Reports of PRIs by the CEO/EO<sup>9</sup> and submission by 30 May every year to General Administrative Committee of PRIs for its approval and the same shall be approved and accepted by the General Assembly of each tier of PRIs on or before 15 June every year. The Annual Accounts/Reports, after its approval by each tier of PRIs, shall be sent to the Divisional Commissioner and the Director, RDD (PR) by 30 June every year.

The RDD (PR) does not maintain consolidated information about finalisation of Annual Accounts of PRIs. Hence, status of preparation of Annual Accounts by all the PRI units in the State could not be commented upon. However, in 13 ZPs, 36 PSs and 70 GPs audited during 2015-16, it was observed that only five<sup>10</sup> ZPs had prepared the Annual Accounts for 2015-16 as of December 2016 while rest of the test checked PRIs did not prepare the Annual Accounts for 2015-16 as of February 2017. Thus, the receipt and expenditure figures and the financial performance of the test checked PRIs for the year 2015-16 could not be verified in audit.

#### 1.11.5 Preparation of Budget

Budgeting and budgetary process entails preparation and examination of the annual budget estimates and the subsequent control over expenditure to ensure that it was kept within the authorised grants or appropriations. With this objective, each PRIs was to prepare annual budget in terms of JPR Act, 2001.

<sup>9</sup> The Block Development Officer (EO) for PS and GP and CEO for ZP

<sup>10</sup> Deoghar, Garhwa, Hazaribagh, Latehar and Simdega

It was, however, noticed that nine test checked ZPs<sup>11</sup> did not prepare budget for the period 2011-12 to 2015-16. Also, none of the test checked PSs/GPs prepared their budget during the above period. Thus, in absence of the budget, expenditure made by the PRIs was in contravention to the provisions of the Jharkhand *Panchayat Raj* (Budget and Accounts) Rules, 2010. Further due to failure in preparation of the budget, the performance of the PRIs *vis-à-vis* their annual plans could not be evaluated.

#### **1.11.6 Creation of Panchayat Raj Fund**

Section 94 of JPR Act, 2001 provides for creation of *Panchayat Raj* Fund at every district in which receipts of Cess under section 93 of JPR Act, 2001, additional stamp fees<sup>12</sup> or such other taxes under the *Panchayat*, as specified by the State Government shall be deposited after making deduction therefrom of such collection charges as may from time to time be determined by the State Government.

The consolidated amount available in the *Panchayat Raj* Fund shall be distributed among the three-tier *Panchayats* in such manner and in such proportion as may be ascertained by the State Government.

Audit noticed that *Panchayat Raj* Fund was not created in any of the 14 test-checked ZPs except Hazaribagh ZP.

On being pointed out State Government replied (December 2016) that information was sought from the districts.

#### **1.11.7 Appointment of Chief Accounts Officer**

Section 90 of JPR Act, 2001 provides for appointment of Chief Accounts Officer (CAO) in every ZP, who shall advise the ZP on matters of financial policy and preparation of annual accounts and budget.

State Government has not appointed CAO in ZPs of the State and it has affected preparation of annual accounts, budget and maintenance of records (December 2016).

#### **1.11.8 Adoption of Budget and Accounting formats**

The CAG, in consultation with Ministry of *Panchayati Raj* (MoPR), GoI, prescribed a new accounting structure for exercising proper control and securing better accountability for preparation of budget and accounts and database on finances of PRIs comprising detailed heads and codes and forwarded (October 2009) to the State Government for adoption and its operationalisation from 1 April 2010 in the State.

MoPR recommended (October 2009) software for accounting of PRIs named as PRIASoft (*Panchayati Raj* Institutions Accounting Software) that captures three-tier revised classification and generates all the reports in the formats on Budget and Accounting Standards for PRIs. Once basic entries about the

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<sup>11</sup> Garhwa, Giridih, Hazaribagh, Latehar, Jamshedpur, Pakur, Palamu, Ranchi and Sahibganj

<sup>12</sup> Stamp fees should firstly to be deposited in the consolidated fund of the state and the State Government may, at the commencement of every financial year, if such provision is made by appropriation bill passed in this behalf by the Legislative Assembly, withdraw from the consolidated fund of the State such an amount as will be equal to the receipts made (realised) by the State Government in the preceding year.

transactions are made by the Accountant, PRIASoft and the backend support will automatically generate reports, registers and information in the desired formats which could be used to prevent the public money meant for the end users from misuse and misappropriation.

MAS as well as PRIASoft, which was to be adopted from 1 April 2010, has been adopted by the State Government in November 2013 though directions in regard to maintenance of accounts in PRIASoft were issued with effect from 1 June 2011 in all tiers of PRIs. Status of feeding data through PRIASoftware by different units of PRIs is detailed in **Table-1.10**:

**Table-1.10: Status of data entry in PRIASoft**

<b>PRIs</b>	<b>ZPs</b>	<b>PSs</b>	<b>GPs</b>
Total number of accounting units	24	263	4402
Total number of units with voucher entry	11	83	3684

(Source: Report generated through PRIASoft on 24 January 2017)

#### **1.11.9 Abstract Contingencies (AC)/ Detailed Contingencies (DC) Bills**

As per Jharkhand Treasury Code, Contingent Charges requiring countersignature after payment are drawn on “abstract bills” which do not contain details of charges and are presented to the Treasury without any supporting vouchers. The monthly detailed bill in the case of countersigned contingent charges, shall be submitted to the controlling officer or if there is no controlling officer, to the AG with all sub-vouchers.

Information of AC/DC bills received (February 2017) from AG (Accounts and Entitlement) Jharkhand revealed that as on November 2016, DC bills in respect of 273 AC bills for an amount of ₹ 146.56 crore were pending for adjustment against RDD (PR).

**CHAPTER - II**  
**COMPLIANCE AUDIT**  
**PANCHAYATI RAJ INSTITUTIONS**

## CHAPTER-II

### Compliance Audit- PRIs

#### RURAL DEVELOPMENT DEPARTMENT (PANCHAYATI RAJ)

Compliance Audit of Government Departments and their field formations brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriation and frauds, but also helps in maintaining good financial discipline. Some of the audit findings on failures to comply with rules, orders etc. are discussed in succeeding paragraphs.

#### 2.1 Audit on Construction Activities by the Panchayati Raj Institutions in the State of Jharkhand

##### 2.1.1 Introduction

The State Government enacted Jharkhand *Panchayat Raj Act* (JPR Act), 2001 and transferred functions, functionaries and funds (3Fs) to the *Panchayati Raj Institutions* (PRIs) which comprises of *Zila Parishad* (ZP), *Panchayat Samiti* (PS) and *Gram Panchayat* (GP).

PRIs are implementing agencies of the Centrally Sponsored Schemes that comprise Backward Region Grant Fund (BRGF), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Grants received under Thirteenth Finance Commission (13FC) and State Plans. Under these schemes, construction of buildings, roads, culverts, drains, ponds, wells, *chapakal*, *chabootara* etc. are done by the PRIs. ZPs also execute deposit works for other Departments.

PRIs are under the administrative control of Rural Development Department (RDD) (*Panchayati Raj*) (PR), headed by Secretary. The Deputy Development Commissioner (DDC) of the district is the Chief Executive Officer (CEO) of the ZP, Block Development Officer (BDO) is the Executive Officer (EO) of the PS and *Panchayat* Secretary is the executive head of the GP. They discharge their duties and functions entrusted under JPR Act, 2001 and rules made thereunder.

The audit of construction activities by PRIs covering the period 2011-16 was conducted between May 2016 and August 2016 through test check of records of six out of 24 ZPs selected by Probability Proportional to Size without Replacement sampling method. Besides 22 out of 263 PSs in the sampled ZPs and 104 out of 4402 GPs under the sampled PSs were selected using Simple Random Sampling without Replacement method (**Appendix-2.1.1**). Works taken up prior to 2011-12 but continuing during the period 2011-16 were also scrutinised and commented, wherever necessary.

An entry conference was held on 28 April 2016 with Secretary, RDD (PR) to discuss the audit objectives, scope and methodology of the audit. An exit conference was held on 28 February 2017 with the Joint Secretary to the

Government, RDD (PR) to discuss the audit findings. Replies of the Government have been suitably incorporated in the Report.

### **Audit Findings**

#### **2.1.2 Planning**

*Panchayats* are responsible for the preparation and implementation of plans for economic development and social justice including those in relation to the 29 matters listed in the Eleventh Schedule. The plans included construction works of roads, culverts, buildings etc. The plans prepared by the *Panchayats* are to be consolidated by District Planning Committee (DPC) at the district level. Further, a development plan for each district is also to be prepared. Following deficiencies were noticed in planning:

##### **2.1.2.1 Preparation of Plans for construction works**

As per Section 75, 76 and 77 of JPR Act, 2001, PRIs are required to prepare annual plans for development of the *Panchayat* area and to prepare sector specific plans. For preparation of annual plan, DPC has to identify local needs and objectives within the perspective of national and state goal, prepare a district stock-taking report assessing available resources and infrastructure, prepare a 15 years vision document and five years perspective plans. These exercises are to be done at each tier of PRIs by consolidating lower level plans (and adding their own plans) through active participation of *Gram Sabha*. Annual plan is to be prepared on the basis of perspective plan and available budget. Based on the approved plans which should include the list of works to be executed, the PRIs are required to take up the construction works.

Audit noticed that 15 years vision document, five years perspective plans and Annual Plan were not prepared by any of the test-checked PRIs though ₹ 35.40 lakh<sup>1</sup> were paid (August 2011) by the department to Technical Support Institutions (TSIs) and ZPs for assistance in preparation of perspective plans. Reasons for failure to prepare Annual Plan were:

- State has not prescribed specific guidelines including timeframe for various steps of planning by each tier of PRIs.
- Sub-Committees and technical groups of DPCs were not formed in any test checked ZPs.
- Development Committees in *Gram Sabhas* and Planning and Development Committees in PSs and ZPs were either not constituted or were not functional, where formed.

In the absence of Annual Plan and perspective plans, the construction works were selected on the basis of recommendations of District Authorities/MLAs/Members of Board which deprived participation of stake holders such as beneficiaries, end users etc. Thus, selection of the works were not adequately planned and 243 works valued ₹ 16.45 crore could not be commenced due to absence of land after administrative approval, 66 works worth ₹ 45.33 lakh were cancelled after sanction, 14 works were stopped due to land dispute etc. which are discussed in succeeding paragraphs of the Report.

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<sup>1</sup> At the rate of ₹ 2.5 lakh to each TSIs and ₹ 3.40 lakh released to each ZPs which were still lying in their account.

In the exit conference (28 February 2017), Joint Secretary, RDD (PR) accepted the fact and replied that *Gram Panchayat* Development Plan was prepared under *Yojna Banao Abhiyan* in PRIs in November 2016 keeping in view the need of long term planning. Presently, preparation of vision documents for 15 years and three years are being made. However, the department did not give any reasons for not preparing the annual plans and perspective plans as required which resulted in injudicious selection of works requiring cancellation, stoppage etc.

### 2.1.3 Financial Management

#### 2.1.3.1 Utilisation of funds

Funds under Central Schemes (BRGF, 13 FC etc.) are earmarked as per criteria fixed by GoI such as population, area etc. and released on the basis of fulfilment of conditions such as utilisation of grants, submission of Audit Report and Utilisation Certificate etc. as per provisions made in the scheme guidelines. GoI releases funds to the Consolidated Fund of the State Government and the State in turn releases the same to the PRIs after incorporating in State Budget. The funds are intended for execution of works such as construction/ repair of Inspection Bungalows, repair of *Panchayat Bhawans* (PBs)/ *Anganwadi* Centres (AWCs) etc. as per budgetary provisions of the PRIs which is prepared on the basis of proposals received from PRIs. After receipt of funds, PRIs prepare shelf of works and utilise the fund as per terms and conditions of the schemes. Accounting of the funds is to be done as per provisions of Act and Rules applicable to PRIs.

As per JPR (Budget and Accounts) Rules, 2010, budget estimates and annual accounts are required to be prepared. Further, the State Government adopted (November 2013) the Model Accounting System (MAS) and PRIASoft, prepared by CAG in consultation with Ministry of *Panchayati Raj* (MoPR), that captures three tier classification (Major, Minor and detailed head) and generates all the reports in the formats on Budget and Accounting Standards for PRIs.

Audit noticed that annual accounts were not prepared by the test checked PRIs and its compilation was not done by the Government as entries in PRIASoft<sup>2</sup> were either not done or partially made by the PRIs. Hence, state level figures of receipts and utilisation of fund by PRIs were not available.

In the test checked PRIs, utilisation of the funds received under Central schemes (BRGF, 13FC), State Plan/Non Plan and deposit works during 2011-16 is given in the **Table-2.1.1:**

<sup>2</sup> PRIASoft is a software application that captures receipt and expenditure details through voucher entries and automatically generates eight MAS reports including receipts and payments accounts. No entry was found for the years 2011-15, while only partial and incorrect entries relating to DRDA and Blocks were found in the year 2015-16.

**Table-2.1.1: Allotment and expenditure in selected districts**

(₹ in crore)

Name of Districts	Opening Balance	Central Grant	State Grant	Deposit funds	Others including own source	Total available fund	Expenditure (per cent)	Closing balance
Deoghar	21.96	96.02	4.26	13.03	0.49	135.76	128.97 (95)	6.79
Dhanbad	75.99	45.61	0.94	28.29	40.61	191.44	175.81 (98)	15.63
Garhwa	18.17	84.93	1.60	0.19	1.88	106.77	86.01(81)	20.76
Godda	16.36	45.76	6.52	0	9.57	78.21	65.37(84)	12.84
Palamu	23.50	124.14	15.44	1.63	4.09	168.80	160.68 (95)	8.12
Ranchi	19.67	94.97	16.12	163.58	2.05	296.39	209.78 (71)	86.60

(Source: Data provided by the test checked PRIs)

As could be seen from **Table-2.1.1**, the utilisation of fund ranged between 71 per cent and 98 per cent. Funds received from State were less than five per cent of available funds. As per provisions in the Constitution and JPR Act, 2001, State Government has to share net proceeds of taxes, duties, tolls and fees levied by the State Government with PRIs but, no recommendation has been made by State Finance Commission (SFC) for sharing of state revenue among PRIs as yet. No untied funds were available to PS and ZP for execution of schemes after termination of BRGF and 13 FC by GoI. As a result, the upper two tiers of PRIs failed to execute development works as per mandated functions for want of funds.

### 2.1.3.2 Entitlement and release of central funds

Funds provided by GoI constitutes major portion of the corpus available to the PRIs for undertaking construction activities. The entitlement *vis-a-vis* release of funds by GoI to the State under BRGF and 13 FC during the period 2011-16 is given in the **Table-2.1.2**:

**Table-2.1.2: Entitlement and release of BRGF and 13FC grants**

(₹ in crore)

Year	BRGF			13 FC			Total loss of Central Grant
	Entitlement	Release by GoI	Loss of Central Grant	Entitlement	Release by GoI	Loss of Central Grant	
2011-12	345.31	183.60	161.71	272.20	178.68	93.52	255.23
2012-13	365.16	166.60	198.56	392.70	417.64	(-)24.94	173.62
2013-14	447.89	40.85	407.04	451.75	249.44	202.31	609.35
2014-15	404.74	261.17	143.57	521.25	573.92	(-)52.67	90.90
2015-16	00	00	00	00	00	00	00
<b>Total</b>	<b>1563.10</b>	<b>652.22</b>	<b>910.88</b>	<b>1637.90</b>	<b>1419.68</b>	<b>218.22</b>	<b>1129.10</b>

(Source: Data furnished by the Department)

As could be seen from **Table-2.1.2**, GoI released BRGF grant of ₹ 652.22 crore against the entitlement of ₹ 1563.10 crore due to delay in holding DPC meetings and submission of Annual Action Plan by the districts. Likewise, 13FC Grant worth ₹ 1419.68 crore was released by GoI against the entitlement of ₹ 1637.90 crore on account of failure of the State to comply mandatory conditions such as adoption of model accounting system, constitution of Director of Local Fund Audit (DLFA) and submission of UCs in prescribed formats. Thus, the State lost central grant of ₹ 1129.10 crore (35 per cent) during 2011-16.

In the exit conference (28 February 2017), Joint Secretary, RDD (PR) accepted the fact and replied that due to failure to submit necessary documents along

**Delay in holding DPC meetings, submission of Annual Accounts and mandatory conditions resulted in loss of central allocation of ₹ 1129.10 crore**

with Annual Action Plan by the districts, the State lost the Central share. Fact remains that the department did not take any action against the officials who failed to comply with the mandatory requirements for release of Central funds and inflicted loss to the State.

### 2.1.3.3 Short release of penal interest by the State

As per the BRGF and 13FC guidelines, the State Government was required to transfer the funds to the districts within 15 days and five days respectively from the date of release of funds by the GoI failing which a penal interest at RBI rate was to be paid to the district.

**Penal interest of ₹ 3.87 crore was not paid by the State to the districts despite delay in release of funds**

During scrutiny of records of RDD (PR), it was noticed that the State Government released BRGF and 13FC funds to PRIs with delays of 17 days to 198 days but penal interest of ₹ 71.87 lakh and ₹ 3.15 crore respectively was not released to the districts (**Appendix-2.1.2 and 2.1.3**) in violation of scheme guidelines. State Government attributed the delay in release of funds to procedural and technical reasons but no reply was furnished for failure to release penal interest.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations and replied that penal interest has been released in 13 FC and for BRGF it was not a prerequisite for release of fund.

The reply is not acceptable as para 4.6 of BRGF guidelines clearly mandated payment of penal interest by the Government for delayed release of funds beyond 15 days to PRIs. Further, ₹ 3.15 crore was the balance penal interest that the State has not released to the PRIs for 13 FC grant.

### 2.1.3.4 Interest money not refunded

As per BRGF and 13 FC guidelines, interest accrued on deposits of fund shall be treated as additional resource. Further, ZPs provide funds to executing agencies for execution of works on the basis of estimates of each works. Hence, interest accrued on these funds should be refunded to the ZPs.

**Interest money worth ₹ 5.50 crore lying idle in the bank accounts of executing agencies**

Audit noticed that in the five test checked ZPs, 32 executing agencies did not refund interest of ₹ 5.50 crore accrued on funds to the concerned ZPs (**Appendix-2.1.4**). Thus, these funds could not be utilised for projects for the benefit of the public and were lying idle in the bank accounts of executing agencies.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations and replied that instructions will be issued to ZPs for immediate action.

### 2.1.3.5 Unadjusted advances

According to Rule 100 of JPWA Code, temporary advances are required to be given to subordinate officers (not below the rank of Assistant Engineers) against passed vouchers.

**Advances of ₹ 15.14 crore were outstanding against 103 executing agencies ranging from one to 23 years**

Audit noticed that in 13 PRIs, advances of ₹ 15.14 crore (**Appendix-2.1.5**) were outstanding against 103 executing agencies. Of this, advances worth ₹ 1.66 crore were irregularly paid to 29 Junior Engineers (JEs)/ *Rojgar Sevaks/ Panchayat* Secretaries etc, who were below the rank of Assistant Engineers (AEs). Further, adjustments or recoveries of these advances were not made in

one to 23 years in 38 instances causing such advances of government money to be fraught with risk of misappropriation.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observation and replied that the ZPs would be directed to review the issues and take necessary action for adjustment/recovery.

### 2.1.3.6 Parking of funds in Personal Ledger/ Current Account

RDD (PR) instructed (March 2012 and August 2012) PRIs to keep 13 FC grant in savings bank account. Further, Para 4.8 of BRGF guidelines states that BRGF funds shall be kept in a nationalised bank or in a post office and the interest accrued on such deposits shall be treated as additional resource under BRGF and should be utilised as per the guidelines of the Programme. Also, funds were to be transferred by the State Government to the Bank accounts of PRIs.

Audit observed that State Government, in violation of the above instructions and guidelines, sanctioned grants-in-aid to the districts and the districts deposited the grants in Personal Ledger (PL) Accounts in treasury as per existing mechanism for State Grants.

Audit further observed that six test checked ZPs and one PS deposited ₹ 153.24 crore in PL accounts or in current accounts for eight to 562 days during 2011-16 which resulted in loss of interest of at least ₹ 1.19 crore (**Appendix-2.1.6**).

In the exit conference (28 February 2017), Joint Secretary accepted the audit observation and replied that necessary instructions have already been issued to all PRIs for parking of funds in bank/treasury as per scheme guidelines. Fact remains that the instructions have been violated while no action have been taken against the defaulters.

### 2.1.3.7 Irregular parking of funds

Rule 300<sup>3</sup> of Jharkhand Treasury Code prohibits drawal and parking of fund in anticipation of expenditure and to prevent lapse of budget. Audit noticed that in five<sup>4</sup> test checked ZPs, a sum of ₹ 9.79 crore<sup>5</sup> (**Appendix-2.1.7**) drawn by the CEO from treasury for construction of *Panchayat Bhawan* (PBs), creation of assets for augmentation of income of ZP, development purposes etc. were lying in the PL/Bank account of ZPs and remained unutilised for one to eight years as of March 2016. The reasons included failure to accord administrative approval by the RDD (PR), failure of ZP Board to identify and select the works, change in decision by ZP etc. Thus, failure to utilise the funds prevented creation of assets.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations and replied that necessary action will be issued to the ZPs for early utilisation of funds.

**A sum of ₹ 9.79 crore released for construction of PBs, shops etc. were lying unutilised in PL/Bank Account of ZPs**

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<sup>3</sup> No money should be drawn from treasury and kept in bank in anticipation of expenditure to be incurred. It is not permissible to draw advances in anticipation of demands from the Treasury for execution of works, the completion of which is likely to take a considerable time to prevent lapse of appropriation

<sup>4</sup> Dhanbad - ₹ 44.37 lakh, Garhwa- ₹ 266.08 lakh, Godda- ₹ 577.24 lakh, Palamu- ₹ 16.24 lakh and Ranchi- ₹ 75.29 lakh

<sup>5</sup> ₹ 5.78 crore was lying in P.L. Account and ₹ 4.01 crore in bank accounts of ZPs.

### 2.1.3.8 Irregular exercise of financial power by the District Engineer

The post of District Engineer (DE) is governed by the Bihar PSs and ZPs (Conditions of Service) Rules, 1964 which provides for deputation of a DE by the State Government to the ZP for various technical purposes like preparation of schedule of rates (SORs), technical sanction (TS) of schemes, recommendation of acceptance of tenders to the ZP, checking of measurement of works etc. Further, as per applicable rules<sup>6</sup>, the CEO, with prior approval of ZP Board, is the competent authority to accept tenders, sign agreements, issue work orders, pass bills and draw and disburse ZP funds.

DEs passed voucher worth ₹ 405.86 crore in contravention of JPR Act, 2001 and applicable rules

In five out of six test checked ZPs, the CEOs of ZPs irregularly transferred funds to the concerned DEs for execution of works while the DEs exercised financial powers by inviting tenders, executing agreements and passing vouchers worth ₹ 405.86 crore during 2011-16 though financial powers are not bestowed on DE under JPR Act, 2001 and applicable rules.

As evident from the above, the DEs though required to provide technical support to the ZPs, were irregularly functioning as independent financial authority without any formal devolution. Such a significant failure in the design for execution of works by DEs eroded the checks and balances of the system of public works by CEOs as provided in the Act/ Rules.

In the exit conference (28 February 2017), Joint secretary accepted the audit observations and replied that proper directions will be issued for functioning of District Engineer.

### 2.1.3.9 Irregular Expenditure without authority of Chairman/ Pramukh

Rule 8 (1) of Jharkhand *Panchayat Raj* (Budget and Accounts) Rules, 2010 prescribes that fund from the Bank/ Treasury will be drawn by the Secretary/ EO and Assistant Secretary of PS and CEO of ZP after getting proper authority of *Pramukh* and Chairman respectively.

Audit noticed that in contravention of the provisions, approval of Chairman or *Pramukh* was not obtained for drawal of ₹ 799.87 crore for incurring expenditure during 2011-16 in 28 ZPs/PSs of the test checked districts. Expenditure of ₹ 799.87 crore (**Appendix-2.1.8**) includes payments on execution of works, administrative expenses and transfer of funds to executing agencies/GPs.

As such, the executive control of *Pramukh* and Chairman was absent over expenditure of PS and ZP. Further, these PRIs neither prepared the budget estimates nor presented the annual accounts to the Board. Thus, drawal and expenditure of ₹ 799.87 crore was irregular as it bypassed the approval of competent authority.

In the exit conference (28 February 2017), Joint secretary accepted the audit observations and replied that proper directions will be issued.

<sup>6</sup> The Bihar PSs and ZPs (Budget and Accounts) Rules, 1964 and JPR (B & A) Rules, 2010

### 2.1.4 Execution of schemes

During 2011-16, construction of PBs, AWCs, other buildings<sup>7</sup>, roads, culverts, drain, *chabootara*, ponds etc. were undertaken by the PRIs from funds received under BRGF, 13FC, State plan grants and deposit works.

Audit noticed that RDD (PR) did not maintain consolidated status of the works taken up by the PRIs or expenditure incurred on these works. However, in the sampled districts, the PRIs took up 15,313 works for construction during 2011-16 and spent ₹ 439.69 crore. This included 6182 road and culvert works valued ₹ 130.55 crore although these functions (works) were not devolved to them by the State Government. Joint Secretary, RDD (PR) accepted (28 February 2017) that such functions have not been devolved by the State Government to the PRIs and stated that correspondence would be made with other departments for this.

Further, it was observed that 13,361 works were completed during 2011-16 while 1,952 works could not be completed as of March 2016. On these incomplete works ₹ 93.71 crore was incurred as shown in **Table-2.1.3** below:-

**Table-2.1.3: Physical status of works in test checked PRIs**

(₹ in crore)							
Sl. No.	Name of the District	Number of works taken up	Actual Expenditure	Completed	Incomplete	Estimated cost of incomplete works	Expenditure on incomplete works
1	Deoghar	3214	56.41	3132	82	5.71	0.84
2	Dhanbad	2262	68.54	1912	350	31.41	18.65
3	Garhwa	1928	41.61	1511	417	30.57	14.76
4	Godda	1409	62.18	1304	105	0.61	0.23
5	Palamu	4205	79.60	3700	505	37.15	23.00
6	Ranchi	2295	131.35	1802	493	85.89	36.23
<b>Total</b>		<b>15313</b>	<b>439.69</b>	<b>13361</b>	<b>1952</b>	<b>190.73</b>	<b>93.71</b>

The reasons for failure to complete the works included land dispute (23 works), paucity of fund (127 works), slackness of executing agencies (1,802 works) etc. Further, age analysis of these works revealed that of the 1952 works, 616 works were incomplete for more than three years despite incurring expenditure of ₹ 55.51 crore which defeated the intended objectives of the schemes as shown in **Table-2.1.4** below:-

<sup>7</sup> Multipurpose Hall, Shops, *Vivah Mandap*, *Dak Bunglow* etc.

**Table-2.1.4: Year-wise position of incomplete works**

(₹ in crore)

Test checked PRIs	Incomplete works	Number of works taken up to 2012-13	Expenditure	Number of works taken up during 2013-16	Expenditure	Percentage of incomplete works
ZPs	1636	614	55.507	1022	35.337	17
PSs	210	2	0.003	208	1.458	12
GPs	106	0	0	106	1.405	3
<b>Total</b>	<b>1952</b>	<b>616</b>	<b>55.51</b>	<b>1336</b>	<b>38.20</b>	<b>13</b>

In the exit conference (28 February 2017), Joint Secretary replied that necessary instructions would be issued for timely completion of the works.

A review of execution of these works in audit revealed irregularities such as wasteful expenditure, unfruitful expenditure, excess and fraudulent payments to executing agencies, incomplete works, works executed on private land etc. as discussed in succeeding paragraphs.

#### 2.1.4.1 Expenditure on abandoned works

As per Rule 132 of JPWD Code, except in the case of emergent work, no work should be started on land which has not been duly made over by the responsible Civil Officers. In ZPs Deoghar, Garhwa, Godda and Palamu construction of 12 buildings (PBs, AWCs and shops) estimated at ₹ 1.89 crore were taken up during 2007-11 by the CEOs without ensuring transfer of land in the name of ZPs. This led to stoppage (between December 2010 and February 2015) of the works and subsequently their abandonment (March 2011 to February 2015) due to land dispute. On these works expenditure of ₹ 51.06 lakh had been incurred by the ZPs which proved wasteful as detailed in **Table-2.1.5**:

There was wasteful expenditure of ₹ 74.04 lakh on 14 abandoned works

**Table-2.1.5: Wasteful expenditure on abandoned works till March 2016**

(₹ in lakh)

District	Work	No. of works	Year	Estimated cost	Expenditure	Work stopped since
Palamu	PB, Shops	04	2010-15	88.63	15.24	December 2010 to February 2015
Godda	PB, AWC	02	2007-11	21.00	7.31	June 2011
Deoghar	PB	03	2008-11	64.62	19.26	May to July 2011
Garhwa	AWC	03	2010-11	15.00	9.25	July 2013
	<b>Total</b>	<b>12</b>		<b>189.25</b>	<b>51.06</b>	

Present status of two abandoned works at Palamu is shown below:



Photograph (12 August 2016) showing shops constructed upto plinth level and abandoned (Nawatoli, Palamu).



Photograph (12 August 2016) showing PB constructed upto lintel level and abandoned (Polpol, Palamu).

In ZP, Palamu, construction of two PBs at Sholay and Loinga *panchayats* under Patan block estimated at ₹ 42.53 lakh were taken up (March 2011) for construction departmentally. Audit noticed that works valued ₹ 22.98 lakh (54 *per cent*) were executed and thereafter stopped in December 2011 and June 2012 respectively. DDC ordered (July 2016) the concerned JEs to dismantle the buildings and to reconstruct them as the buildings were found not habitable due to substandard work and development of cracks in the structure. However, no action was taken (February 2017). Thus, expenditure of ₹ 22.98 lakh on the building under orders of demolition proved wasteful.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations and replied that due to land dispute works could not be completed. He further stated that inspection of both PBs was carried out by Building Construction Division and found inhabitable due to substandard work after which instructions have been issued to demolish them and construct new buildings for both PBs.

#### 2.1.4.2 Unfruitful expenditure on incomplete works

- Under BRGF/State Plan, construction of 301 PBs<sup>8</sup>/ AWCs estimated at ₹ 54 crore were taken up departmentally or through *labhuk samitis* during 2007-11. However, these works could not be completed within the stipulated period on account of negligence of concerned AEs/JEs, local disturbance, land dispute, improper monitoring of ZPs while the completion periods were over. The delay in construction of buildings ranged from one year to nine years. On these incomplete works, expenditure of ₹ 28.57 crore was incurred which proved unfruitful.

- In ZP, Ranchi, GoI approved the construction of ITI at Bero with equipment at a benchmark cost of ₹ 3.04 crore (₹ 2.35 crore for civil works and ₹ 0.69 crore for equipment) with the condition that if the cost of DPR deviates by more than 10 *per cent* from the benchmark cost then the State would take prior approval of GoI before inviting tender.

Audit noticed that State Government accorded administrative approval (AA) of ₹ 3.04 crore without specifying cost of equipment and released only ₹ 1.52 crore. DE prepared Detailed Project Report (DPR) of ₹ 3.04 crore for civil works which exceeded the benchmark cost of civil works (₹ 2.35 crore) by 29 *per cent*. However, tender for the work was invited by DE without approval of GoI for the increased cost of civil works. DE executed agreements of ₹ 3.12 crore to complete the works by May 2015 but the contractor stopped (October 2014) the work after executing work for ₹ 1.27 crore for want of fund against increased cost of ₹ 0.77 crore<sup>9</sup>. The work was not resumed as of February 2017 as balance fund was not released. Thus, the expenditure of ₹ 1.27 crore on incomplete ITI building proved unfruitful.

- In ZPs, Godda and Garhwa, construction of 10 schools valued ₹ 5.09 crore were taken up departmentally during 2008-10 for completion between September 2008 and December 2010. The works were stopped midway between

<sup>8</sup> Districts: No. of works, expenditure; Dhanbad:22 works, ₹ 2.64 crore; Garhwa: 74 works, ₹ 6.15 crore; Palamu: 163 works, ₹ 15.94 crore; Ranchi: 42 works, ₹ 3.84 crore

<sup>9</sup> Agreement cost of ₹ 3.12 crore minus benchmark cost ₹ 2.35 crore.

Land disputes, paucity of fund, improper monitoring by ZP and negligence of concerned AEs/JEs resulted in unfruitful expenditure of ₹ 37.46 crore on 398 incomplete works

May 2009 and October 2012 due to negligence of the concerned JEs/*Labhuk Samitis* to complete the works. On these incomplete works, expenditure of ₹ 3.05 crore was incurred which proved unfruitful.

- In three test checked ZPs, construction of 59<sup>10</sup> AWCs valued ₹ 3.08 crore were taken up during 2011-13 for completion between July 2011 and November 2012. After expenditure of ₹ 1.35 crore, the works were stopped between February 2012 and June 2013 without any reasons on record. These works were not resumed as of February 2017. As a result, the works remained incomplete and objective could not be fulfilled. Thus, expenditure of ₹ 1.35 crore on these incomplete works was unfruitful.
- In ZP, Garhwa, State Government sanctioned (September 2008) construction of a Hostel worth ₹ 39.08 lakh as deposit work. The State Government also sanctioned (March 2014) construction of 19 Ponds valued ₹ 2.78 crore by *Pani Panchayat*<sup>11</sup> and released ₹ 19.54 lakh (September 2008) and ₹ 1.30 crore (March 2014) respectively to ZP Garhwa. The works were taken up between July 2009 and March 2014 but were stopped (September 2010 and March 2015) after incurring expenditure of ₹ 19.54 lakh and ₹ 1.30 crore respectively as the remaining amount required to complete the works was not released by the Government for which no correspondence or reasons was available on record. Thus the expenditure of ₹ 1.50 crore on these incomplete works proved unfruitful.
- In ZP, Deoghar, State Government allotted ₹ 1.44 crore (between December 2008 and October 2009) to Deputy Commissioner (DC) for construction of Quarters in the campus of Civil Surgeon Office on the basis of model estimate of ₹ 2.04 crore and directed to get AA and TS from the competent authority prior to execution of work through tender.

Audit noticed that without AA and TS, DE Deoghar commenced (January 2009) the work departmentally for completion by three months. Later on detailed estimate of ₹ 2.30 crore was prepared (February 2009) and sent (February 2012) to the State government for AA but approval was not granted (February 2017). The DE executed work valued ₹ 1.22 crore and stopped (July 2011) further work after payment of ₹ 1.16 crore for want of fund. It was noticed in audit that the work was not resumed (February 2017). Thus, the expenditure of ₹ 1.16 crore on the incomplete work proved unfruitful.

- In ZP, Garhwa, construction of five *Panchayat* Resource Centres and a Hostel valued ₹ 89.08 lakh were taken up (between November 2008 and June 2010) departmentally for completion between March 2009 and October 2010. It was noticed in audit that the works were stopped between March 2009 and August 2013 after incurring expenditure of ₹ 56.14 lakh due to transfer/retirement of the JEs. The work was not resumed as of February 2017. As a result, expenditure of ₹ 56.14 lakh on the incomplete works proved unfruitful.

Thus, due to lackadaisical approach of concerned AEs/JEs, local disturbance, land dispute, paucity of fund, execution of work without AA, improper

<sup>10</sup> Garhwa-17, Godda-10 and Ranchi-32

<sup>11</sup> *Pani Panchayat*: a body of beneficiaries of water tank formed as per instruction of Department of Agriculture and Sugar Cane Development, Jharkhand.

monitoring by ZP, expenditure of ₹ 37.46 crore on the incomplete works proved unfruitful besides failure to achieve intended objectives of the works.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations and replied that prioritisation of incomplete building of PBs are being done for their early completion. For other works, it was stated that remedial action would be taken for completion.

#### 2.1.4.3 Avoidable liabilities

- In four<sup>12</sup> test checked ZPs, construction of 67 PBs estimated at ₹ 13.60 crore sanctioned<sup>13</sup> during 2007-11 and taken up departmentally for completion by three/ six months remained incomplete (as of December 2016) despite expenditure of ₹ 7.95 crore due to negligence of executing agents (AEs/JEs/*Labhuk Samitis*) and absence of proper monitoring by ZPs. No fruitful action was taken by the ZPs despite instructions (March 2014 to June 2016) from the department for early completion of the works. As the works were not completed on time, the estimated cost of these 67 PBs increased from ₹ 13.60 crore to ₹ 16.32 crore during 2014-16 due to increase in cost of materials and labour which resulted into extra liability of ₹ 2.72 crore on state exchequer. Had these works been completed on time, ₹ 2.72 crore would have been avoided.

**There was avoidable liability of ₹ 4.65 crore on 68 works due to delayed execution of works**

- In ZP, Ranchi, NIT for construction of Art and Cultural Building at Silli Block was invited (April 2012) at an estimated cost of ₹ 5.29 crore. The work was awarded (April 2013) to a contractor for ₹ 5.35 crore for completion by January 2015. The contractor intimated (October 2013) the DE about delay in award of work by one year and deviation in items of work due to uneven land at work site. Thus, the issue of uneven land was brought to notice of higher authority after more than five months of commencement of work while as per conditions of NIT the contractor was required to visit site of work before responding to the tender. Thus, contractor's statement regarding uneven land and acceptance of same by ZP was doubtful.

The estimate was revised (December 2015) to ₹ 7.22 crore which included ₹ 41.75 lakh as additional sum for the uneven land. The contractor executed work for ₹ 1.78 crore till January 2015 and thereafter stopped further work which was not resumed as of January 2017. Audit noticed that the department released only ₹ 2.15 crore (between May 2012 and September 2015) despite several requests by the DE which caused delay in payment to contractor up to 213 days.

Thus, delay in allotment of work and failure to provide fund by the department besides acceptance of claim of uneven land resulted in cost escalation of ₹ 1.93 crore<sup>14</sup> which created additional financial liability to the exchequer. Had the work been completed on time, liability of ₹ 1.93 crore would have been avoided.

<sup>12</sup> Dhanbad, Garhwa, Godda and Palamu

<sup>13</sup> Under State Plan, BRGF and convergence of BRGF with MGNREGS Departmentally / *Labhuk Samiti*.

<sup>14</sup> ₹ 151.08 lakh for preparation of revised estimate at new SOR and ₹ 41.75 lakh due to uneven land.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations.

#### 2.1.4.4 Fraudulent/Doubtful/Excess payments

##### Fraudulent payment of ₹ 8.27 lakh

- In ZP, Dhanbad, scrutiny of measurement book (MB) of construction work of providing and laying Pre-Cast Cement Paving in Marriage Hall Campus at Golf Ground near Durga Mandir revealed that precast cement paving was recorded as executed in an area of 13,926 square feet (sft) and a boundary wall measuring 576 feet was recorded as constructed. However, joint physical verification of the work site by audit revealed that precast cement paving was done in an area of 9,433 sft only while the boundary wall was found to be only 427 feet long. Thus, an excess work quantity of 4,493 sft was fraudulently entered in the MB by the JE on which excess payment of ₹ 4.28 lakh was made to the contractor. Likewise, excess length of 149 feet of the boundary wall was booked in the MB by JE on which excess payment of ₹ 2.95 lakh was made.

On being pointed out, CEO ZP, Dhanbad stated that necessary action would be taken.

- In ZP, Godda, physical verification (4 August 2016) of Argara<sup>15</sup> work in Sarauni, Godda revealed that Plumbing work of ₹ 0.35 lakh and flooring work (providing PCC work of 6.42 cubic metre of ₹ 0.25 lakh, RCC work valued ₹ 0.39 lakh and 25 mm thick PS flooring of 31.45 cubic metre of ₹ 0.05 lakh) of ₹ 0.69 lakh were not executed but were fraudulently booked in MB in March 2013. It was noticed that payments were made (March 2013) to the contractor by furnishing false completion certificate by the DE. The fact that the reported works were not executed as of 4 August 2016 as shown below:



Flooring and plumbing was not done in respect of works at Sarauni, Godda (as on 4 August 2016)

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations and replied that concerned ZPs would be directed to recover the excess payment.

##### Doubtful Payment of ₹ 19.88 lakh

As per codal provision, payment in departmental works was to be made on the basis of bills of materials and execution of works through muster rolls. However, in ZP Dhanbad, payments for purchase of cement amounting to ₹ 19.88 lakh was made on plain paper without payees receipt and supporting

<sup>15</sup> A place where cows/buffaloes are kept.

vouchers in 20 works under MLA scheme. As such, the consumption of cement was doubtful.

CEO, ZP Dhanbad replied that the matter was examined and found that the cement and other materials were utilised as per estimates of the schemes. Fact remains that the payment was made to the JE without supporting vouchers of purchase.

#### **Excess Payment of ₹ 66.81 lakh**

As per clause 11 of F2 Agreement, the contractor shall not be entitled to any payment for any additional work unless he has received order in writing from the engineer in charge.

Audit noticed that in 18 works under three ZPs<sup>16</sup>, ₹ 66.81 lakh was paid in excess to the contractor either for items not mentioned in the estimate/agreement or excess consumption of items of works booked in the MB without receipt of orders from the Engineer-in-charge in writing. Thus, excess payments for items of works without approval stands recoverable. However, recoveries were not carried out while Security Deposits were refunded to the contractors.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations.

#### **2.1.4.5 Execution of Sub Standard Work**

In ZP, Godda, an estimate of ₹ 12.86 lakh for construction of PCC road was sanctioned (September 2012) in which earth work, sand filling, brick soling and PCC works were to be executed. The work was allotted (February 2013) to a contractor for ₹ 12.60 lakh. Scrutiny of MB of the work revealed that the PCC work was executed directly over earth work though as per the approved estimate PCC work was to be executed after sand filling and brick flat soling.

However, payment of ₹ 8.83 lakh was made for the executed<sup>17</sup> items and security deposit was also refunded (February 2015) to the contractor. This resulted in execution of sub-standard work of ₹ 8.83 lakh for which no action was taken against the contractor and the Engineer.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations. However, no action was taken against the officials responsible for execution of substandard works.

#### **2.1.4.6 Penalty not/ short deducted**

According to clause 2 of the terms and conditions of F2 contracts, if a contractor fails to complete the works within stipulated period, penalty at the rate of 0.5 per cent of the estimated cost per day subject to maximum of 10 per cent of the total estimated cost of the works is leviable.

In test checked ZPs, 124 works estimated at ₹ 56.39 crore were not completed within the scheduled time for which the contractors did not apply for extension of time despite delays ranging from one month to 42 months. However, concerned ZPs imposed and deducted penalty worth ₹ 1.27 lakh only while

**Penalty of ₹ 5.63 crore was not/short recovered by the test checked ZPs**

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<sup>16</sup> Dhanbad- ₹ 21.10 lakh, Godda-₹ 9.18 lakh and Ranchi-₹ 36.53 lakh

<sup>17</sup> Earth work and PCC work

penalty worth ₹ 5.63 crore were not imposed as per clause 2 of the agreements. This resulted in loss of ₹ 5.63 crore to the ZPs.

In the exit conference (28 February 2017), Joint secretary accepted the audit observations and replied that necessary instruction would be issued to comply with the conditions of contract.

#### **2.1.4.7 Refund of security deposit**

As per Clause 16 of the condition of the F2 contract, the Security Deposit (SD) should be returned to the contractor only after three months of successful completion of the work.

Audit noticed that in ZP, Godda, though construction of an AWC estimated at ₹ 5.66 lakh had not been completed in all respect, SD of ₹ 0.24 lakh was irregularly refunded (March 2013) to the contractor on false completion certificate issued (March 2013) by the DE. The works that remained to be executed included plumbing and sanitation works which prevented the AWC to be put to function as of February 2017.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations and stated that direction would be issued for remedial action.

#### **2.1.4.8 Lapse of Bank Guarantee**

As per clause 8 of Annexure “A” of the JPWD code volume-I, a successful tenderer is required to deposit five *per cent* of the estimated cost as SD before execution of the agreement. Besides, five *per cent* of the bill value is also to be deducted from each bill.

In ZP, Ranchi, Bank Guarantee worth ₹ 80 lakh submitted as SD against nine works lapsed (between September 2012 and August 2015) due to failure of the DE to take action to revalidate these till completion of these works. Hence, the financial interest of the ZP was compromised and put to risk.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations and stated that direction would be issued for remedial action.

#### **2.1.4.9 Irregular Splitting of works to avoid sanction of higher authority**

Rule 206 of Jharkhand Financial Rules (JFR) envisages that for purpose of approval and sanction, a group of works which forms one project, shall be considered as one work. The necessity for obtaining approval or sanction of higher authority to a project which consists of such group of works should not be avoided because of the fact that the cost of each particular work in the project is within the powers of such approval or sanction of a lower authority. Further, as per Government instruction (October 2011), if estimated cost is more than ₹ 25 lakh, sanction is to be obtained from Superintending Engineer (Financial limit ₹ 50 lakh).

In four out of six test checked ZPs, 21 works estimated at ₹ 12.71 crore for construction of *Vivah Mandaps*, shops/ halls, renovation of *dak bungalows* etc. were split up into 54 parts keeping the estimated cost of each part of the work below ₹ 25 lakh to avoid the sanction of higher authority as given in **Table-2.1.6:**

**Table-2.1.6: Splitting of works to avoid sanction of higher authority**

(₹ in lakh)

District	Number of works	Total no of split works	Total Estimated Cost	Expenditure	Remarks
Deoghar	07	17	393.39	319.22	2 incomplete
Dhanbad	04	08	199.76	186.27	All completed
Garhwa	04	16	378.37	352.18	All completed
Palamu	06	13	299.64	258.18	3 incomplete
<b>Total</b>	<b>21</b>	<b>54</b>	<b>1271.16</b>	<b>1115.85</b>	

(Source: Audit findings)

Thus, monitoring of higher technical authorities and the department was denied in violation of JFR.

In the exit conference (28 February 2017), Joint Secretary stated that necessary direction would be issued to comply with the application of rules.

#### 2.1.4.10 Irregular award of multiple works to contractors

According to Rule 16 of Revised Enlistment of Contractors Rules, 1992, no contractor should be allotted more than one work at a time even if their bids are valid/lowest in another bid and unless the previously allotted work of the contractor is 75 per cent complete. In three<sup>18</sup> ZPs, 24 contracts valued ₹ 18.17 crore executed during 2011-16 were awarded to 11 contractors either on same date or before completion of 75 per cent of works previously allotted to them in violation of above Rules. This resulted in midway stoppage of eight works valued ₹ 14.35 crore on which ₹ 8.79 crore was incurred.

In the exit conference (28 February 2017), Joint Secretary stated that necessary direction would be issued to comply with the application of rules.

#### 2.1.4.11 Irregularities in procurement of construction materials

As per provisions contained in JPWD<sup>19</sup> and instruction (March 1994) issued by the State Government, construction materials should be procured either on quotations or by inviting tender.

In test checked PRIs, it was noticed that in 184 works, construction materials (bricks, stone chips, sand, cement etc.) worth ₹ 8.25 crore were purchased without inviting tenders or quotation. Of this, purchase worth ₹ 4.30 crore was made from unregistered suppliers including purchase of ₹ 2.28 crore on Hand Receipts/Plain papers. Further, site accounts were also not maintained by two ZPs, 13 PSs and 42 GPs.

In the exit conference (28 February 2017), Joint Secretary did not furnish any reply.

#### 2.1.4.12 Irregular execution of work by *Labhuk Samitis*

State Government directed (March 2011) that works having estimated cost up to ₹ two lakh may be executed through *Labhuk Samitis*.

Audit noticed that in 33 out of 104 test checked GPs, 44 works estimated at ₹ 3.09 crore, each valued above ₹ two lakh, were irregularly executed through *Labhuk Samitis* on which ₹ 2.75 crore were spent till March 2016. Further, the State Government did not prescribe any terms and conditions of agreement,

<sup>18</sup> Deoghar- ₹ 0.72 crore, Godda- ₹ 0.34 crore and Ranchi- ₹ 17.11 crore.

<sup>19</sup> Note-1 below Rule 158.

purchase of materials, maintenance of muster roll, supervision of works, quality control of works etc. for execution of works by *Labhuk Samitis*. Thus, the works were irregularly executed involving the *Labhuk Samitis*.

In the exit conference (28 February 2017), Joint Secretary stated that necessary direction would be issued to GPs/PSs to comply with the departments' directions, issued from time to time for execution of works by *Labhuk Samitis*.

#### **2.1.4.13 Failure to deduct royalty**

##### **Royalty not remitted**

As per Jharkhand Minor Mineral Concession Rules 2004, royalty deducted on the basis of rates prescribed for different minor minerals is to be remitted to Mines Department.

However, in test check of 395 works under four PSs and 15 GPs, audit noticed that royalty amounting to ₹ 18.73 lakh was deducted from the bills of the executing agencies during 2011-16 by the executive officer/panchayat secretary but the amounts were not remitted to the Mines Department by the concerned executive officer/panchayat secretary.

##### **Short deduction of Royalty**

As per Rule 55 of Jharkhand Minor Mineral Concession Rules 2004, double the rate of royalty is to be deducted from the contractors' bills in the event of failure of the contractor to produce proof of payment of royalty.

Test check of 59 works executed by seven PSs and 18 GPs revealed that ₹ 3.28 lakh was deducted short due to deductions made at lesser rate than the rates prescribed against different minor minerals. This resulted in loss of Government revenue worth ₹ 3.28 lakh.

In the exit conference (28 February 2017), Joint Secretary stated that necessary direction would be issued to PRIs for immediate remittances of the royalties to the concerned Government Head.

#### **2.1.4.14 Work executed without title to the land**

As per Government instruction (August 2014) works are to be constructed by ZPs only on the land which belongs to them.

However, on orders of ZP Godda and PS Patan (Palamu), eight works were constructed at a cost of ₹ 87.84 lakh on private land. Likewise, ZP Garhwa constructed 12 Community Halls/ *Vivah Bhawans* for ₹ 67.86 lakh on Government land without transferring the title in the name of ZP. Audit noticed that no action was taken to transfer the title of the lands in the name of ZPs. Thus, the works were executed in violation of Government instructions.

In the exit conference (28 February 2017), Joint Secretary stated that necessary direction would be issued to the PRIs to comply with rules.

#### **2.1.4.15 Irregular Administrative Approval**

State Government directed (October 2011) to get administrative approval (AA) of the works of ZP up to ₹ 25 lakh from ZP Board.

In ZPs, Deoghar and Garhwa, AA of 698 works estimated at ₹ 134.33 crore executed under BRGF were accorded by the DDC-cum-CEO instead of ZP Board. Thus, these works were not sanctioned by the competent authority.

In the exit conference (28 February 2017), Joint Secretary stated that necessary direction would be issued to the PRIs to comply with department's direction.

#### **2.1.4.16 Failure in approval of building plan**

As per clause 4.1 of building bye laws, no building shall be erected/re-erected without obtaining approval from concerned Municipalities.

However, in test checked ZPs, 50 buildings estimated at ₹ 44.81 crore were constructed in municipal area without sanction of building plan from the concerned Municipalities. Thus, ZPs constructed these buildings in violation of Building bye laws.

In the exit conference (28 February 2017), Joint Secretary stated that necessary direction would be issued to the PRIs to comply with rules.

#### **2.1.4.17 Irregular execution of works in municipal area**

As per Section 47 of JPR Act, 2001 for every district there shall be a ZP having jurisdiction over the entire district excluding such portions of the district as are included in a Municipality. Further, as per Jharkhand Municipal Act, 2011, duties of providing basic services in municipal area lies with Municipalities.

Audit noticed that 25 works estimated at ₹ 1.58 crore relating to construction of roads and drain were irregularly executed by the ZP, Deoghar in municipal area over which it did not have any jurisdiction. On these works, ₹ 1.31 crore was spent. Further, 'No Objection Certificate' was also not obtained from the concerned Municipality.

In the exit conference (28 February 2017), Joint Secretary stated that necessary direction would be issued to the ZPs in this regard.

#### **2.1.4.18 Buildings constructed without roof top rain water harvesting**

As per instruction (May 2008) of MoPR, GoI the roof top rain water harvesting is required to be installed in buildings constructed from BRGF fund.

In six test checked districts, 1197<sup>20</sup> PBs estimated at ₹ 228.35 crore were taken up during 2007-15, in which provision of roof top rain water harvesting system was not included.

In the exit conference (28 February 2017), Joint Secretary accepted the fact and stated that it would be complied in future.

### **2.1.5 Utilisation of created Assets**

#### **2.1.5.1 Idle Assets**

In six<sup>21</sup> test checked ZPs, 1255 assets such as PBs, AWCs, Multipurpose Hall, Shops, *Vivah Mandaps*, *Dak Bunglows* etc. were completed during 2011-16. Audit observed that 125 (10 per cent) of the 1255 assets created at a cost of ₹ 24.30 crore for augmentation of income of ZPs during 2011-15 were lying idle since their construction due to failure in settlement/leasing of the assets by ZPs on grounds of deficient monitoring, absence of initiatives for leasing out the assets upon completion etc. by the ZPs. This defeated the intended objective of construction activities to create assets to augment the income of ZPs.

Assets valued  
₹ 24.30 crore could  
not be settled for  
revenue generation  
and lying idle

<sup>20</sup> Deoghar-183, Dhanbad-222, Garhwa-163, Godda-138, Palamu-217, Ranchi-274

<sup>21</sup> Deoghar-19, Dhanbad-44, Garhwa-17, Godda-8, Palamu-36 and Ranchi-1

In the exit conference (28 February 2017), Joint Secretary stated that necessary direction would be given for immediate settlement of the assets lying idle after approval of the Board.

#### **2.1.5.2 Loss of revenue from Vivah Mandap**

Construction of *Vivah Mandap* at Golf Ground, Dhanbad was completed in March 2013 with the intention to generate income on its settlement/lease<sup>22</sup> but settlement of the *Vivah Mandap* could not be done by the ZP till June 2016. However, on physical verification (June 2016) of the *Vivah Mandap* by audit, it was found that *Vivah Mandap* was let out for marriage. On being enquired, the Manager stated that the *Vivah Mandap* was settled by ZP and furnished a statement of income of ₹ 2.56 lakh received as rent for the period February 2015 to March 2015 which was submitted to the Income Tax Department. However, no proof in support of settlement of the *Vivah Mandap* could be produced to audit by the Manager. As such *Vivah Mandap* was unauthorisedly let out on rent by the Manager while the rent collected for ₹ 2.56 lakh was not deposited in ZP account.

In the exit conference (28 February 2017), Joint Secretary stated that necessary direction would be given for its remedial action. Fact remains that no action has been taken or contemplated against the officials involved in unauthorised running of the *Vivah Mandap*.

#### **2.1.5.3 Loss of revenue due to delay in settlement of shops/*Vivah Mandap***

In ZP Godda, two *Vivah Bhawans* were constructed (February 2013) at a cost of ₹ 34.96 lakh without executing works related to electricity, water connection and sanitation despite their provision in the estimate.

Audit noticed that these essential works could not be done as Reinforcement in Cement Concrete work was executed in excess quantity over estimated provisions and to keep the value of work within the estimates, the works of electricity, water connection and sanitation were not done by contractor. Thus, the *Vivah Bhawan* constructed at a cost of ₹ 34.96 lakh remained unsettled and lying idle.

In the exit conference (28 February 2017), Joint Secretary stated that necessary direction would be given for its immediate settlement after approval of the Board.

#### **2.1.5.4 Irregular use of constructed buildings**

In ZP Palamu, a Multipurpose Hall constructed (May 2015) at a cost of ₹ 23.73 lakh was utilised by the DC for the Election purpose but not handed over to ZP for its intended use (June 2016). Further, PB in Haidernagar block constructed at a cost of ₹ 16.36 lakh was unauthorisedly captured by the local inhabitants for over three years claiming their rights over the land. Circle officer, Hussainabad reported (June 2015) that the land is *Gair-Mazurwa Malik*<sup>23</sup>. Thus, the PB was constructed without transfer of land in the name of the ZP as required and could not be settled.

<sup>22</sup> Entering into agreement with a person/firm etc. for a defined period by the property holder under defined terms and conditions for realisation of revenue.

<sup>23</sup> Land settled to a person by the Government

In the exit conference (28 February 2017), Joint Secretary accepted the fact and replied that Multipurpose Hall has since been vacated and the process of settlement for rent realisation would be initiated soon. He also accepted that PB at Haidernagar Block has also been vacated and would be handed over to the concerned GP soon. Fact remains that settlement of these assets for revenue generation was yet to be ensured.

## **2.1.6 Internal Control and Monitoring**

### **2.1.6.1 Maintenance of records**

As per JPR (Budget & Accounts) Rules, 2010, important records<sup>24</sup> must be maintained and regularly updated to establish an effective internal control mechanism in the PRIs but these were not being maintained in the test checked PRIs.

Audit further noticed that important records related to construction activities prescribed in Bihar PS and ZP (Budget and Accounts) Rules, 1964 and JPWA Code, such as Contractors' Ledgers, Registers of Works, Register of bills, Order Books, Deposit Ledgers, Advance Ledgers, etc. were not maintained by any of the test checked ZPs and PSs. Absence of these records limited the scope of audit scrutiny.

In the exit conference (28 February 2017), Joint Secretary accepted the fact and replied that there is acute shortage of staff in the PRIs.

### **2.1.6.2 Inspection and supervision**

- JPWD Code<sup>25</sup> prescribes for periodic inspection by Chief Engineer and Superintendent Engineer. But in absence of these posts in RDD (PR), these inspections could not be done. Further, no records were maintained by the DEs in any test checked districts in support of inspections carried out, if any.
- Section 105 of JPR Act, 2001 prescribes the State Government to authorise an officer or person to inspect construction works or development scheme. But no such inspection was done in any of the test checked districts.
- Vigilance Committees in *Gram Sabha* were not constituted in any test checked PRIs, though provided under Section 10 of the JPR Act, 2001. Vigilance Committee has to prepare a report which is to be placed in annual meeting of the *Gram Sabha*. In the absence of the vigilance committee, this exercise could not be undertaken.

In the exit conference (28 February 2017), Joint Secretary accepted the fact and replied that there is acute shortage of staff in the PRIs.

### **2.1.6.3 Monitoring and evaluation**

#### **DPC**

As per Section 130 of JPR Act, 2001, meeting of DPC is to be held at least once in two months. In the six test checked districts, DPCs met only five to eight times during 2011-16 against prescribed 25 meetings. Further, DPCs neither

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<sup>24</sup> Budget Estimates, Annual Accounts, Administrative Reports, General Cashbooks, Grant Appropriation Register, Treasury Passbooks, Reconciliation Statements, Register of immovable property etc.

<sup>25</sup> Rule 20 and 24

monitored the implementation of the programme after approving the AAP under BRGF nor evaluated the outcome of the programme. Besides, sub-committees and executive committee were to be constituted by the DPC but, such committees were also not constituted.

In the exit conference (28 February 2017), Joint Secretary stated that due to shortage of staff at District Offices, these could not be done.

### **Social Audit**

Though provided in BRGF scheme guidelines, social audit was not conducted for BRGF schemes in the test-checked PRIs. As a result, public grievances could not be addressed.

In the exit conference (28 February 2017), Joint Secretary accepted the audit observations.

### **Evaluation**

As per MoPR guidelines (November 2008), PRIs have to undertake a diagnostic study of its backwardness which includes preparation of a baseline survey for undertaking evaluation at a later date.

Audit observed that in all the six test checked districts, baseline survey was not conducted. In the absence of baseline survey, the PRIs could not evaluate the benefits of the construction activities undertaken by them.

In the exit conference (28 February 2017), Joint Secretary accepted the fact and stated that due to shortage of staff it could not be done.

#### **2.1.6.4 Use of IT applications**

With a view to introduce and strengthen e-Governance, MoPR developed *Panchayat* Enterprise Suite which comprises 11 Core Common applications for planning, monitoring of works and assets, accounting, social audit etc.

It was noticed that the test checked PRIs did not use the available softwares such as Plan Plus, Action-Soft, National Asset Directory etc. Only PRIASoft (accounting softwares) was being utilised by PRIs but recording of entries in it during 2011-16 was dismal.

Audit further noticed that performance of e-panchayat scheme was marred due to absence of internet connectivity with computer cells in GPs, absence of computer operators and improper or absence of maintenance of records such as General Cash book and Asset register etc. by the PRIs.

In the exit conference (28 February 2017), Joint Secretary accepted the fact and stated that department has initiated for appointment of computer operators for each GP.

#### **2.1.7 Conclusion**

During 2011-16, the PRIs failed to prepare 15 years vision document, five years perspective plans, annual plans and sector specific plans for development of the *Panchayat* area as envisaged under JPR Act, 2001. Further, the PRIs executed functions such as construction of roads, culverts and bridges valued ₹ 130.55 crore although these functions were not devolved to them by the concerned departments of the State Government during 2011-16.

The PRIs were deprived of Central grants under BRGF scheme and 13 FC amounting to ₹ 1129.10 crore due to failure of the State to hold DPC meetings in time, submit AAP and comply mandatory conditions for release of fund. Besides, the PRIs were also denied ₹ 3.87 crore as State Government did not pay penal interest for delayed release of grants.

The construction activities were not efficiently managed as there was wasteful expenditure of ₹ 74.04 lakh on 14 abandoned works, unfruitful expenditure of ₹ 37.46 crore on 398 incomplete works, cost escalation of ₹ 4.65 crore on 68 works, excess payment of ₹ 5.63 crore for failing to impose penalty in 124 works besides failure to recover unutilised funds, interest money and advances worth ₹ 30.43 crore from the implementing agencies.

Settlement of assets created from construction activities was ill managed as 125 buildings constructed at a cost of ₹ 24.30 crore for income generation remained idle since its completion. Further, two *Vivah Bhawans* valued ₹ 34.96 lakh in Godda could not be settled for want of electricity and water connections while two buildings worth ₹ 40.09 lakh in Palamu was in unauthorised occupation. Besides, one *Vivah Mandap* in Dhanbad was let out unauthorisedly without settlement of the asset while the rent proceeds worth ₹ 2.56 lakh was not deposited in the PRI's account.

### **2.1.8 Recommendation**

State Government should prescribe a timeframe for planning by PRIs to ensure proper selection of works. Devolution of functions and funds to PRIs as mandated in the JPR Act, 2001 should be ensured.

Concerted efforts should be made by the department to avoid delay in transfer of funds to PRIs and to ensure its timely utilisation to avoid loss of Central grants.

Construction activities should be efficiently managed by following codal provisions and stringent action should be taken against those involved in misuse of the funds and tardy implementation of works.

Framework for timely settlement of assets should be established to augment revenue mobilisation of the PRIs and to extend the benefits of these assets to the end users.

**PART - B**  
**CHAPTER - III**  
**URBAN LOCAL BODIES**

## PART-B

### CHAPTER-III

#### AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF URBAN LOCAL BODIES

##### An Overview of the functioning of the Urban Local Bodies (ULBs) in the State

### 3.1 Introduction

The Seventy-fourth Constitutional Amendment enacted in 1992 envisaged for creation of local self-governments for the urban area population wherein municipalities were provided with the constitutional status for governance. The amendment empowered Urban Local Bodies (ULBs) to deliver services for economic development and social justice with respect to 18 functions listed in the Twelfth Schedule of the Constitution. The State Government enacted Jharkhand Municipal Act (JM Act), 2011 in February 2012 and incorporated all 18 functions to empower ULBs to provide those services in the State. Jharkhand Municipal Accounts Manual (JMAM), was also approved by the State Government in October, 2012 on the basis of National Municipal Accounts Manual which prescribed the procedure of accounting in ULBs.

As per Census 2011, the urban population of Jharkhand was 79 lakh which constituted 24 *per cent* of the total population (3.30 crore, approximately) of the State. The comparative demographic and developmental picture of the State is given in **Table-3.1**.

**Table-3.1: Important statistics of the State**

Particulars	State	Urban
Population size	32988134	7933061
Population size (Male)	16930315	4153829
Population (Female)	16057819	3779232
Sex Ratio	949	910
Literacy Rate (7+ years) ( <i>per cent</i> )	66.4	82.3
Literacy Rate (Female) (7+ years) ( <i>per cent</i> )	55.4	75.5

(Source: Census 2011)

In Jharkhand, there are 44 ULBs *viz.* six Municipal Corporations (M. Corps), 19 Municipal Councils (MCs), 16 *Nagar Panchayats* (NPs), one *Nagarpalika* and two Notified Area Committees (NACs).

### 3.2 Organisational setup of ULBs

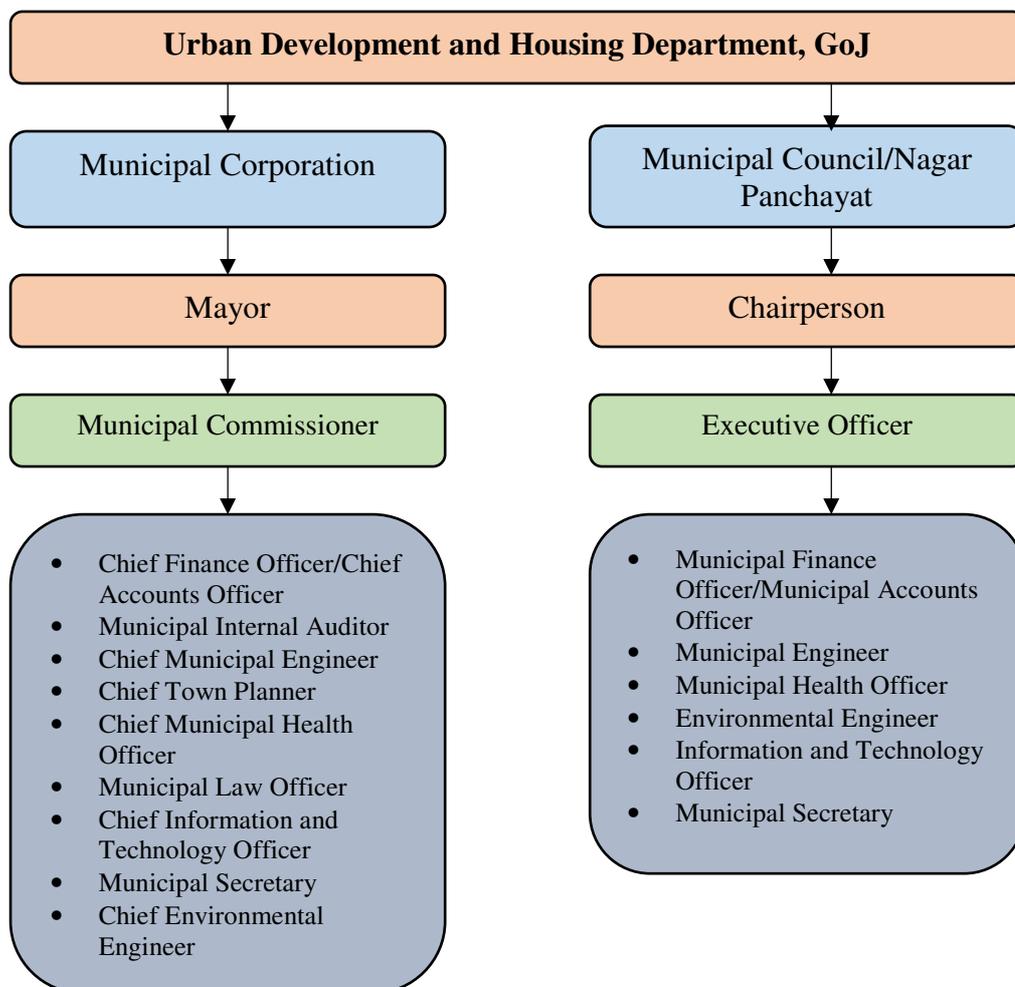
#### 3.2.1 Organisational Structure

The ULBs are under the administrative control of Urban Development and Housing Department (UD&HD), Government of Jharkhand (GoJ). The Municipal Commissioner/Executive Officer (EO) of the M. Corp/MC/NP are appointed by the State Government and has executive powers for the purposes

of carrying out the administration of ULB, subject to the provisions of the JM Act, 2011 and of any rules made thereunder.

The Mayor/Chairperson elected by the people presides over the meeting of the Council. The members of committees/sub-committees of ULBs are elected from the elected Councilors. The organisational structure of ULBs is depicted in **Chart-3.1**:

**Chart-3.1: Organisational Structure**



(Source: JM Act, 2011)

### 3.2.2 Classification of ULBs

The State Government may after having regard to population of any local area, density of population, the percentage of employment in other than agriculture activities in such area, the economic importance of such area, etc., by notification declare any area<sup>1</sup> to be a larger urban area, or a smaller urban area, or a transitional area. The category-wise ULBs in the State as of December 2016 are shown in **Table-3.2**:

<sup>1</sup> Provided that local area having acquired urban characteristics and importance such as availability of market facilities, established industries or potentialities to attract industries or commerce or education, health care or other such infrastructures for economic and industrial growth may also be considered.

**Table-3.2: Classification of ULBs**

Category	Nomenclature		Population	Number
<b>Larger Urban Area</b>	Municipal Corporation (M. Corp.)		One lakh and fifty thousand and above	6
<b>Smaller Urban Area</b>	MC	Class 'A'	One lakh and above and less than one lakh and fifty thousand	19
		Class 'B'	Forty thousand and above and less than one lakh	
	Nagarpalika	Class 'B'	Forty thousand and above and less than one lakh	1
<b>Transitional Area</b>	Nagar Panchayat		Twelve thousand and above and less than forty thousand	16
	Notified Area Committee		Twelve thousand and above and less than forty thousand	2
<b>Total</b>				<b>44</b>

(Source: Information furnished by the UD&amp;HD)

### 3.3 Functioning of ULBs

#### 3.3.1 Power of State Government

The Act governing ULBs entrusts the State Government with powers so as to enable them to monitor proper functioning of the ULBs. Details of powers of the State Government are given in **Table-3.3**.

**Table – 3.3: Powers of the State Government**

Act/Rule/ Authority	Power exercised by Government
Section 91 of JM Act, 2011	<b>Power to call for records</b> The State Government may, at any time, require any municipal authority to produce any record, correspondence, plan or other document; to furnish any return, plan, estimate, statement of account or statistics; to furnish or obtain any report
Section 92 of JM Act, 2011	<b>Power to conduct enquiry</b> The State Government may depute any officer to inspect or examine any department, office, service, work or property of the municipality and to report thereon.
Section 94 of JM Act, 2011	<b>Power to revoke or suspend resolution</b> The State Government may cancel a resolution or decision taken by ULBs, if Government is of the opinion that it is not legally passed or in excess of the powers conferred by provisions of the Act.
Section 96 of JM Act, 2011	<b>Power to dissolve</b> Government may dissolve the ULBs, if the ULBs fail to perform or default in performance of any of the duties imposed on them.
Section 590 of JM Act, 2011	<b>Power to frame rules</b> The State Government may make rules to carry out the purposes of this Act.
Section 614 of JM Act, 2011	<b>Removal of difficulties</b> If any difficulty arises in giving effect to the provisions of this Act, the State Government may do or cause to be done anything which may be necessary for removing the difficulty.

### 3.3.2 Transfer of functions

Twelfth Schedule (Article-243W) of the Constitution of India envisages that the State Government may, by law, endow the ULBs with such powers and authority as may be necessary to enable them to function as institutions of self-government.

All the 18 functions envisaged in the Twelfth Schedule have been inserted in Section 70 of JM Act, 2011, to be performed by the ULBs to enable them to function as institutions of self-government.

However, information furnished by ULBs revealed that only eight to 17 functions were actually being executed by the test checked ULBs (**Appendix-3.1**).

### 3.3.3 Transfer of funds

Devolution of funds to ULBs is a natural corollary to the implementation of transferred functions. The State Government releases funds directly for specific functions such as water supply, roads, public health, sanitation, street lighting etc., entrusted to ULBs. In addition, grants are released to the ULBs for implementation of State and Centrally Sponsored Schemes.

#### 3.3.3.1 Exclusive use of fund for particular purpose

Ministry of Urban Development (MoUD), GoI, suggested earmarking of funds for basic services to the urban poor within local body budgets as a mandatory reform under JnNURM. Accordingly, State Government made provision in section 105(2) of JM Act, 2011, for creation of a separate fund called Basic Services to the Urban Poor Fund<sup>2</sup>, in every municipality for which a minimum of 25 *per cent* of the funds within the municipality's budget shall be earmarked and credited to the said fund on yearly basis. For this purpose, the municipality shall prepare a separate budget known as P-budget<sup>3</sup> along with the municipal budget, every year depicting the details of income and expenditure of fund.

However, as of 31 March 2016 only five out of 20 test checked ULBs have created Urban Poor Fund and one (Chas Municipal Corporation) of the test checked ULB have prepared a separate budget (**Appendix 3.2**). This defeated the reform measures and intent of upliftment of urban poor as envisaged in the Act.

### 3.3.4 Transfer of functionaries

An efficient discharge of devolved powers and functions by local bodies requires availability of qualified and trained personnel at all levels which would include employment of staff with regard to the functions already being executed by the ULBs.

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<sup>2</sup> Municipality's own sources of revenue e.g. taxes, fees, user charges and rent etc. sale of municipal asset, assigned revenues, allocation from Central and SFC, etc.,

<sup>3</sup> The municipality shall prepare a separate budget along with the municipal budget, every year, which shall furnish the details of income and expenditure under fund created for the Basic Services to Urban Poor for the purposes of delivery of basic services of the urban poor, including the inhabitants of slum areas.

Audit observed in 20 test-checked ULBs that 70 *per cent* of sanctioned posts (2212) were vacant (1548) as of 31 March 2016 as detailed in **Appendix-3.3**.

Thus, ULBs had been facing acute shortage of staff resulting in failure in maintenance of basic records, short collection of revenues etc. thereby affecting the compliance to Acts/Provisions/Orders.

In the light of recommendations of the first State Finance Commission (SFC), the State Government passed a resolution in May 2010 for restructuring the staffing pattern in ULBs and accordingly created the posts. However, even after lapse of more than six years of passing the resolution, no information regarding concrete action such as process for recruitment of municipal staff etc. was furnished by the State Government (November 2016).

### **3.4 Formation of various committees**

The JM Act, 2011 empowers authorities of ULBs to exercise powers and functions for delivery of services. The authorities and their functions are as follows:

#### **Standing Committee**

Standing Committee shall consist of (a) in the case of M. Corp, the Mayor, the Deputy Mayor and the Chairpersons of Zonal Committees (b) in the case of MC, the Chairperson, the Vice-Chairperson and five elected Councillors to be elected by the Council (c) in the case of NP, the Chairperson; the Vice-Chairperson, and three elected Councillors to be elected by the Council.

The functions of the committee are:

- It may recommend for increase, decrease, transfer and make an additional budget grant under any head during the year.
- It shall consider report of auditor along with test audit report of the CAG of India, and take action thereon, and shall also surcharge the amount of any illegal payment on the person making or authorising it, and charges against any person responsible for the amount of any deficiency or loss incurred by the negligence or misconduct of such person or any amount which ought to have been, but is not, brought into account by such person, and shall, in every such case, certify the amount due from such person.
- It may reduce the amount of holding tax on the recommendation of the Municipal Commissioner or EO.
- The Municipal Commissioner or the EO may impose a consolidated tax, at such rate as it deems fit, assessed on the annual value of holdings situated within the municipality with the previous approval of the standing committee.
- The standing committee may approve framing of regulations for markets and slaughterhouses by the Municipal Commissioner or EO.
- The standing committee shall examine the report on services provided at subsidised rate to be appended by the Municipal Commissioner or the EO with the budget estimate.

#### **Mayor/Chairperson**

- Presiding officer of the Standing Committee.

- Present the budget estimate to the Standing Committee before the fifteenth day of February in each year.

### **Municipal Commissioner/EO**

- Implement the resolutions of the council and carrying out the functions and the administration of ULBs.

In addition to Standing Committee, ULBs may constitute other committees (**Appendix-3.4**) for discharging of functions as per provisions of the Act.

## **3.5 Audit arrangement**

### **3.5.1 Primary Auditor**

The Comptroller and Auditor General of India (CAG) has the right to conduct such test check of the accounts and to comment on and supplement the report of the Statutory Auditor, as he may deem fit under sub-section (1) of section 20 of the CAG's (Duties, Powers and Conditions of Service) Act 1971. Accordingly, the Office of the Accountant General (Audit) (AG) is conducting audit of ULBs under Technical Guidance and Supervision (TGS) module as notified (October 2011) by the State Government after amendment of Bihar and Orissa Local Fund Audit Act<sup>4</sup>, 1925 in March 2012. Further as per para 10.121 of the recommendations of Thirteenth Finance Commission, Audit Report prepared by Director of Local Fund Audit (DLFA) and the CAG shall be placed before the State Legislature. The State Government had appointed DLFA as a primary auditor of accounts of ULBs in November 2014.

### **3.5.2 Audit by Comptroller and Auditor General of India**

During 2015-16, four M. Corps, 12 MCs, four NPs and one NAC were audited. Annual Technical Inspection Report (ATIR) for the year 2012-13, 2013-14 and Audit Report (Report of the CAG) on Local Bodies for the year 2014-15 have been placed before State Legislature but the State Government has not formed (August 2016) any committee in the line with the Public Accounts Committee or otherwise for discussion of the ATIRs and Audit Report.

### **3.5.3 Technical Guidance and Supervision**

Under Regulation 152 of Regulations on Audit and Accounts, 2007 read with State Government Notification dated March 2012, CAG may provide suitable TGS to primary auditor of ULBs viz., the DLFA for the purpose of strengthening Public Finance Management and Accountability in Urban Local Bodies. The parameters of such TGS as given in Regulation 152 are following:

- The Local Fund Auditor shall prepare an annual audit plan for the next financial year by the end of March every year;
- The audit methodology and procedure for the audit of ULBs by the DLFA shall be as per various Acts and Statutes enacted by the State Government and guidelines prescribed by the CAG of India;

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<sup>4</sup> Prior to TGS, Local Bodies were audited under the Act.

- Copies of Inspection Reports (IRs) shall also be forwarded by DLFA to the AG (Audit) for advice on system improvement;
- DLFA shall furnish returns in such format as may be prescribed by the CAG for advice and monitoring;
- AG (Audit) would conduct test check of some units in order to provide technical guidance and report of the test check would be sent to the DLFA for pursuance of action;
- Irrespective of the money value, any serious irregularities shall be intimated to the AG (Audit);
- DLFA shall develop a system of internal control in its organisation in consultation with the AG (Audit);
- AG (Audit) shall also undertake training and capacity building of the Local Fund Audit staff.

The State Government created 22 posts<sup>5</sup> (March 2013) and appointed DLFA (November 2014) for constitution of the office of the DLFA to perform the duties of the primary Auditor as envisaged under the TGS arrangement. Against these posts, three Deputy Comptroller of Accounts and 14 Auditors have been appointed (August 2016). DLFA informed (September 2016) conducting audit of the accounts of 35 ULB units by eight audit parties. However, IR on the accounts of Local Bodies, format prescribed for IR, method of preparation of audit plan and other requisite information though asked for (November 2016 and January 2017) in pursuit of the task of providing TGS was not responded to by DLFA as of February 2017.

### **3.6 Response to Audit observations**

#### **3.6.1 Status of Inspection Reports (IRs)**

The AG (Audit), Jharkhand conducts periodical inspection of ULB units by test-check of transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed by issue of IRs. When important irregularities, etc., detected during inspection are not settled during audit period, these are included in IRs and issued to the head of the office inspected and a copy of the same is sent to the next higher authorities.

For early settlement of audit observations, Administrative Departments were required to take effective steps to adequately address issues and irregularities brought to their notice during the course of audit and/or pointed out through IRs. Details of outstanding paragraphs for the period 2011-16 against ULBs of the state as of March 2016 are shown in **Table 3.4**.

<sup>5</sup> Director-1, Joint director (ULB)-1, Joint director(PRI)-1, Section officer-2, Private secretary-1, Assistant-4, Personal assistant-2, Computer operator-3, Upper division clerk-1, Lower division clerk-1, Driver-3, Peon-2

**Table - 3.4: Statement showing outstanding paragraphs****(₹ in crore)**

Year	IRs	No of Paragraphs	Money Value
2011-12	25	156	40.47
2012-13	40	91	5.52
2013-14	34	480	378.59
2014-15	13	210	338.63
2015-16	26	200	608.28
<b>Total</b>	<b>138</b>	<b>1137</b>	<b>1371.49</b>

Lack of response to audit observations on the part of ULBs resulted in recurrence of the deficiencies/lapses pointed out earlier.

### 3.6.2 Impact of Audit

Recoveries of ₹ 7.61 lakh were made from person(s) concerned in three ULBs<sup>6</sup> in course of audit conducted during 2015-16.

## Accountability Mechanism and Financial Reporting issues

### Accountability mechanism

### 3.7 Ombudsman

As per Section 63 of JM Act, 2011 the State Government may appoint one or more persons to be known as Municipal Ombudsman to carry out the functions<sup>7</sup> or State Government if considers it necessary, may recommend such deeds to State Ombudsman. In lieu of appointment of Local Body Ombudsman, UDD issued notifications in January 2014 that powers and functions of Local Body Ombudsman shall be vested in State *Lokayukta*.

### 3.8 Social Audit

Social Audit setup has not been constituted for programmes/schemes implemented by the State Government under the ULBs.

### 3.9 Property Tax Board

The 13 FC recommended setting up of a State Level Property Tax Board to assist the ULBs to put in place an independent and transparent procedure for assessing property tax. The commission also recommended that the board shall enumerate, or cause to enumerate, all properties in the ULBs in the State and develop a data base, review the property tax system and suggest suitable basis for valuation of properties, design and formulate transparent procedure for valuation of properties, inspection for verification in ULBs in the State.

Though constitution of Jharkhand Property Tax Board and Appeal Rules, 2013 was notified (May 2014) by the UD & HD, GoJ, the Board was not constituted as of November 2016 for which no reasons were on record.

<sup>6</sup> Adityapur (₹ 6.31 lakh), Medininagar (₹ 0.05 lakh), Mihijam (₹ 1.25 lakh),

<sup>7</sup> Receive complaints from any person relating to the provisions of municipal services, consider the complaints and facilitate their settlement or satisfactory by agreement through conciliation and mediation between the municipality and the aggrieved person by passing an award in this behalf and look into complaints of corruption of officials and Mayor, Deputy Mayor, Chairperson or Sub-Chairperson and councillors.

### **3.10 Service Level Benchmark**

Thirteenth Finance Commission (13 FC) stipulated that State Government must notify or cause the ULB to notify the service standards of four core sectors such as water supply, sewerage, storm water drainage and solid waste management to be achieved by them by the end of fiscal year. The State Government notified the Service Level Benchmark for only three years (2011-12 to 2013-14). Status of notification and implementation of Service Level Benchmark during 2015-16 could not be ascertained as information called (January 2017) from department was awaited (February 2017).

### **3.11 Fire hazard response**

As per guidelines for release and utilisation of the 13 FC grants, all M Corps with population of more than ten lakh (Census 2001) must put in place a fire hazard response and mitigation plan for their respective jurisdictions. Publication of these plans in the respective State Government Gazette will demonstrate compliance with this condition.

The State Government notified (May 2014) Fire Hazard Response and Mitigation Plan for Dhanbad, Jamsshedpur and Ranchi which have population of more than 10 lakh.

### **3.12 Submission of Utilisation Certificates**

As per Jharkhand Financial Rules, in case of an annual or a non-recurring conditional grant, the Departmental officer on whose signature or counter-signature Grant-in-aid bill is drawn, shall furnish the Utilisation Certificates (UCs) to the AG within one year from the date of the sanction of the grant.

Information received (February 2017) from AG (Accounts and Entitlements), Jharkhand revealed that against grants valued ₹ 733.93 crore paid during 2011-12 to 2014-15 under Major Head 2215 and 2217<sup>8</sup>, UCs amounting to ₹ 242.38 crore only was received in the office of the AG (Accounts and Entitlements) as of December 2016. Failure in submission of UCs of ₹ 491.55 crore for such a long period indicate weak internal control and possible misutilisation of funds.

### **3.13 Internal Audit and internal Control System of ULBs**

#### **3.13.1 Internal Audit**

As per Section 123 of JM Act, 2011 State Government or the Municipal Authorities provide for Internal Audit of day to day accounts of ULBs. None of the 20 test-checked ULBs had system of Internal Audit for keeping a regular check on the functioning of the ULBs.

#### **3.13.2 Internal Control**

Internal controls provide reasonable assurance to the management that financial interests and resources of the organisation are safeguard and reliable information is available.

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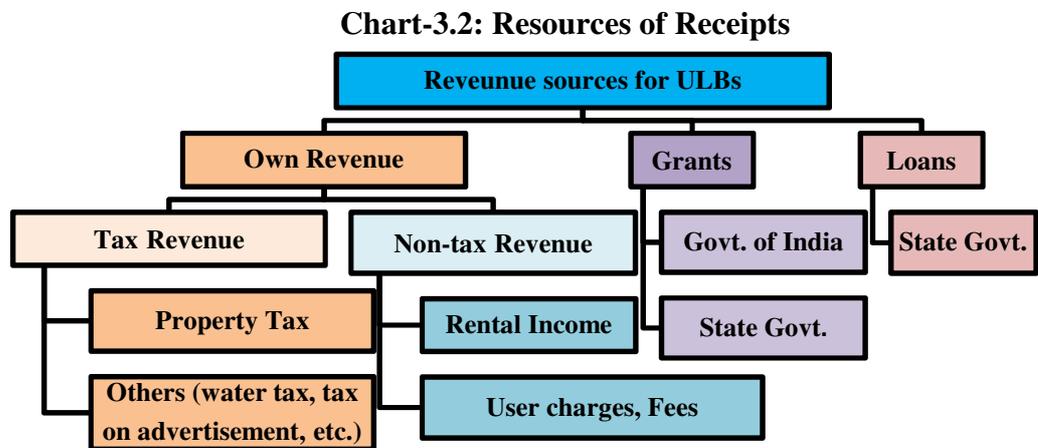
<sup>8</sup> Minor head 191, 192, 193-Assistance to M. Corp., MC and *Nagar Panchayat*

Audit observed weakness in the internal control mechanism as the executives of ULBs did not follow the rules, acts, orders etc., which resulted in failure in maintenance of important records, register, annual accounts and budget estimates.

### 3.14 Financial Reporting Issues

#### 3.14.1 Resources of ULBs

The finances of ULBs comprise receipts from own sources, grants and loans from State Government and financial assistance from Government of India (GoI). The property tax on land and buildings is the mainstay of ULBs' revenues. The own non-tax revenue of ULBs comprise fee for sanction of plans/mutations, user charges, etc., Grants and assistance released by the State Government/GoI are utilised for development activities and execution of various schemes. Flow chart of finances of ULBs is shown in **Chart 3.2**:



(Source: JM Act, 2011)

#### 3.14.2 Releases to ULBs

The details of grants (both Central and State Government) released by the State Government to ULBs during the period from 2011-12 to 2015-16 are shown in **Table 3.5**:

**Table-3.5: Statement showing release of grants to ULBs**

(₹ in crore)

Year	Particulars	Name of schemes	Budget	Grant released
2011-12	Plan	Earmarked Scheme/ CSS/CS	190.98	150.42
		State Plan Scheme/ others	304.96	250.36
	Non-plan	Grant/Loan for Salary, Honorarium, 13FC Grant, etc.	97.31	97.31
	<b>Total</b>			<b>593.25</b>
2012-13	Plan	Earmarked Scheme/ CSS/CS	497.00	135.59
		State Plan Scheme/ others	501.00	382.57
	Non-plan	Grant/Loan for Salary, Honorarium, 13FC Grant, etc.	135.95	72.12
	<b>Total</b>			<b>1133.95</b>
2013-14	Plan	Earmarked Scheme/ CSS/CS	668.15	150.73
		State Plan Scheme/ others	420.80	255.05
	Non-plan	Grant/Loan for Salary, Honorarium, 13FC Grant, etc.	182.41	104.15
	<b>Total</b>			<b>1271.36</b>

Year	Particulars	Name of schemes	Budget	Grant released
2014-15	Plan	Earmarked Scheme/ CSS/CS	668.56	464.13
		State Plan Scheme/ others	370.00	316.42
	Non-plan	Grant/Loan for Salary, Honorarium, 13FC Grant, etc.	757.12	531.15
	<b>Total</b>		<b>1795.68</b>	<b>1311.70</b>
2015-16	Plan	Earmarked Scheme/ CSS/CS	201.90	99.14
		State Plan Scheme/ others	1155.00	1120.08
	Non-Plan	Grant/Loan for Salary, Honorarium, 13FC Grant, etc.	289.28	278.03
	<b>Total</b>		<b>1646.18</b>	<b>1497.25</b>
<b>Grand Total</b>			<b>6440.42</b>	<b>4407.25</b>

(Source: State Budget Estimates)

It could be observed from the table above that percentage of release of grants was 52 per cent and 40 per cent during the fiscal years 2012-13 and 2013-14 respectively. It was increased to 73 per cent and 91 per cent during 2014-15 and 2015-16 respectively.

The reasons for such variance, although called for from the State Government had not been furnished (January 2017).

### 3.14.3 Receipts and expenditure of test- checked ULBs

The details of receipts and expenditure of the test checked ULBs during the years 2011-12 to 2015-16 are shown in the **Table-3.6**.

**Table- 3.6: Statement of receipts and expenditure of test checked ULBs**

Year	Opening Balance	Grants		Loan	Own Source	Total	Expenditure		Total	Closing Balance
		Plan	Non-Plan				Non-Plan	Plan		
2011-12	200.37	137.56	7.62	3.60	14.94	364.09	17.25	113.14	130.39	233.70
2012-13	233.70	214.96	17.77	5.61	26.04	498.08	18.03	104.95	122.98	375.10
2013-14	375.10	155.13	28.26	4.75	29.84	593.08	30.97	176.30	207.27	385.81
2014-15	385.81	302.59	28.88	4.65	32.35	754.28	33.28	207.46	240.74	513.54
2015-16	513.54	234.21	38.39	6.14	42.73	835.01	45.73	218.84	264.57	570.44

(Source: Information provided by the test checked ULBs)

Audit noticed that the revenue of ULBs through own sources against total receipts excluding opening balance during 2011-12 to 2015-16 ranged from nine to 14 per cent which indicated that ULBs were dependent mainly on grants and loan from the Central Government and the State Government.

Further, the percentage of expenditure against total funds<sup>9</sup> available during 2011-2016 ranged between 25 and 36 which reflects sub-optimal utilisation of available funds thereby preventing the fulfillment of the intended objectives towards the citizens.

### 3.14.4 Short realisation of own revenue

Section 152 of JM Act, 2011 empowers ULBs to levy, assess and collect taxes, user charges, advertisement tax (other than advertisement published in newspaper) etc. While power to collect certain taxes is vested with the ULBs, power pertaining to the rates and revision thereof is vested with the State

<sup>9</sup> Funds include total receipts and opening balances of the respective years.

Government. The status of collection of own revenue against outstanding dues of taxes/rent in 20 test-checked ULBs<sup>10</sup> is given in **Table 3.7**:

**Table- 3.7: Collection of own revenue against outstanding demand**

(₹ in lakh)

Year	Property Tax		Tax on Offensive & Dangerous Trade		Shop Rent	
	Target	Collection (percentage of target)	Target	Collection (percentage of target)	Target	Collection (percentage of target)
2011-12	1487.71	615.06 (41.34)	4.67	0.58(12.42)	80.85	44.06(54.49)
2012-13	1983.41	471.01 (23.75)	10.39	2.92(28.10)	124.07	91.79(73.98)
2013-14	2097.90	643.66 (30.68)	10.68	2.12(19.85)	232.94	91.79(39.40)
2014-15	1910.81	627.72 (32.85)	9.27	3.97(42.83)	236.81	89.20(37.67)
2015-16	2645.91	848.46 (32.07)	11.27	3.90(34.60)	305.68	113.44(37.11)

(Source: Information furnished by test checked ULBs)

The above position indicates that:

- The ULBs failed to achieve the recommendation of Tenth five-year plan of Planning Commission that collection efficiency for property tax should reach at least 85 per cent for all ULBs as the percentage of collection of property tax ranged from 24 (2012-13) to 41 (2011-12).
- Poor percentage of collection of tax on offensive and dangerous trade and shop rent ranging from 12 to 43 per cent and 37 to 74 per cent respectively was noticed against the target in the respective years.

The acute shortfall in realisation of taxes reduced the revenues of ULBs. Further due to above mentioned outstanding municipal dues, primary duties of providing sanitation and other facilities entrusted to Local Bodies were hampered badly as discussed in Chapter IV of the report.

### 3.14.5 Revision of rate of tax on holdings

As per section 106 of Bihar and Orissa Municipal Act, 1922 (which was in force prior to framing of JM Act, 2011) and section 152 (8) of JM Act, 2011 ULBs are required to revise the rate of taxes<sup>11</sup> on Annual Rental Value every five years or earlier with prior approval of the State Government. However as on March 2016, none of the test-checked ULBs had revised the rate of taxes for last several years, ranging from 8 to 44 years (**Appendix-3.5**). Failure to revise the rate of tax on holdings in time resulted in loss of revenue to the ULBs.

### 3.14.6 Recommendation of the State Finance Commission

The 73<sup>rd</sup> Constitutional amendment provides for appointment of a Finance Commission by the State Government to review the financial position of the *Panchayats* and to make recommendations to the Governor.

Article 243Y stipulates that the Finance Commission constituted under article 243I shall also review the financial position of the Municipalities and make recommendations to the Governor as to-

<sup>10</sup> Adityapur, Chaibasa, Chas, Chatra, Chirkunda, Deoghar, Dumka, Garhwa, Godda, Giridih, Gumla, Jamshedpur, Jhumritilaiya, Jugsalai, Madhupur, Mango NAC, Medininagar, Pakur, Sahibganj, Simdega.

<sup>11</sup> Holding tax, water tax, latrine tax etc.,

- (a) The principles which should govern-
- (i) the distribution between the State and the Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Part and the allocation between the Municipalities at all levels of their respective share of such proceeds;
  - (ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Municipalities;
  - (iii) the grants-in-aid to the Municipalities from the Consolidated Fund of the State.
- (b) the measures needed to improve the financial position of the Municipalities.

In pursuance of Article 243I of the constitution, the State Government had constituted three State Finance Commissions (SFC) to assess the financial status and to determine the principles on the basis of which adequate financial resources would be ensured to local bodies. Details are given in **Table- 3.8:**

**Table- 3.8: Constitution of State Finance Commissions**

State Finance Commission	Date of constitution	Date of submission of report
First SFC	January 2004	April 2009
Second SFC	December 2009	Not submitted
Third SFC	April 2015	In progress

The First SFC recommended for the provision of a “Core Municipal Services Provision Grant<sup>12</sup>” of ₹ 375 per capita in 2009-10 with annual growth rate of 10 per cent for four subsequent years in lieu of taxes not assigned/ shared with ULBs whereas the second SFC (December 2009) had not submitted its report due to want of manpower and finally its tenure ended in January 2014. The tenure of third SFC (April 2015) is in progress and its recommendations are awaited (February 2017).

Information in respect of acceptance/implementation of the recommendations (First SFC) and devolution of funds to ULBs in accordance with the prescribed formula has not been furnished by the State Government. Further, as per the 13FC report, action taken on the recommendations of the SFC is to be laid in the Legislature but information in this regard was awaited (February 2017).

### 3.14.7 Annual Accounts

Preparation of Annual Accounts contributes towards ensuring accountability in the ULBs. As per section 112 of JM Act, 2011 the Municipal Commissioner or the EO shall prepare and maintain accounts of income and expenditure of the MC on Accrual Based Double Entry Accounting System.

The UD&HD does not maintain consolidated information about finalisation of Annual Accounts of ULBs. Hence, status of preparation of Annual Accounts by all the ULBs in the State could not be commented upon. However, in 20 test-checked ULBs it was observed that only eight (Adityapur, Chas,

<sup>12</sup> Water Supply, Sanitation, Street Lights, Primary Education, Health and Municipal Roads

Chatra, Gumla, Jamshedpur, Jugsalai, Mango and Pakur) had been preparing their Annual Accounts and of this, six<sup>13</sup> ULBs had been preparing it on accrual basis while two had been preparing it on cash basis.

Thus, in absence of annual accounts of 12 ULBs and failure in maintenance of accrual based accounts of two ULBs, financial position of those ULBs along with their Assets and Liabilities could not be verified.

### 3.14.8 Maintenance of records by ULBs

Maintenance of records, registers and accounts is one of the important tools of the internal control mechanism to bring in transparency and accountability.

Scrutiny of the records of test-checked ULBs revealed that the following basic records were not maintained by the concerned ULBs as detailed in **Table-3.9**:

**Table 3.9: Failure to maintain basic records**

Sl. No.	Records/ Registers	Name of the ULBs	Implications
1	Grant Register	Adityapur, Chirkunda, Deoghar, Garhwa, Jugsalai, Madhupur	Grant received, purpose and date of receipt, appropriation made from time to time and amount lying unutilised in respect of a particular grant could not be ascertained.
2	Loan Register	Adityapur, Chirkunda, Deoghar, Garhwa, Jugsalai, Madhupur, Simdega	The date of receipt, amount, condition attached and overdue instalment of loan with interest could not be ascertained.
3	Asset Register	Adityapur, Chaibasa, Chatra, Chirkunda, Deoghar, Dumka, Garhwa, Giridih, Jamshedpur, Jhumritilaiya, Madhupur, Mango, Sahibganj	Identification and valuation of assets, proper record of all lands, sites of buildings, tanks, ponds, ferries etc. could not be ascertained.
4	Stock Register	Chirkunda, Jamshedpur, Jhumritilaiya, Mango	Position of stock could not be verified.

(Source: Information provided by the test checked ULBs)

### 3.14.9 Abstract Contingencies (AC)/ Detailed Contingencies (DC) Bills

As per Jharkhand Treasury Code, Contingent Charges requiring countersignature after payment are drawn on “abstract bills” which do not contain details of charges and are presented to the Treasury without any supporting vouchers. The monthly detailed bill in the case of countersigned contingent charges, shall be submitted to the controlling officer or if there is no controlling officer, to the AG with all sub-vouchers.

Information of AC/DC bills received (February 2017) from AG (Accounts and Entitlement) Jharkhand revealed that as of November 2016, DC bills in respect of 55 AC bills for an amount of ₹ 31.21 crore was pending for adjustment against UD&HD.

<sup>13</sup> Adityapur, Chas, Chatra, Gumla, Jugsalai and Pakur

#### **3.14.10 Database formats on finances of ULBs**

MoUD, GoI issued (April 2011) formats on database of finances of ULBs to the State Government to be adopted by the ULBs as prescribed by the Thirteenth Finance Commission.

The State Government forwarded (January 2013) the same to all the ULBs in the State for adoption and implementation.

However, only seven<sup>14</sup> out of 20 test checked ULBs had been maintaining data in the prescribed database formats (October 2016) while 13 other ULBs had not been maintaining it in the prescribed database formats.

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<sup>14</sup> Adityapur, Chas, Godda, Gumla, Jamshedpur NAC, Jugsalai, Mango NAC

**CHAPTER - IV**  
**PERFORMANCE AUDIT**  
**URBAN LOCAL BODIES**



## CHAPTER-IV

### URBAN DEVELOPMENT AND HOUSING DEPARTMENT

#### 4.1 Performance audit on Management of Water Supply, Sanitation and Solid Waste Management Services by ULBs

##### Executive Summary

Urban Local Bodies (ULBs) are responsible for several activities in town planning and maintenance such as water supply, sanitation, up-gradation of slums and maintenance of other infrastructure. According to the 2011 census, 24 *per cent* of people in Jharkhand live in urban areas. Though the state has lesser urbanisation than the national average (31 *per cent*), it has witnessed rapid growth in its urban population in the last decade (32.3 *per cent*). But in comparison to urbanisation, basic infrastructure and services related initiatives such as water supply, sanitation, solid waste management etc. have not kept pace resulting in inadequate facilities to the inhabitants. Some major audit findings are discussed below:

Service Level Benchmarks fixed by Ministry of Urban Development, Government of India for Water Supply, Solid Waste Management (SWM) and Sewage could not be achieved by the test checked ULBs as four water supply projects in four test checked ULBs targeted to create 306 million litres per day (MLD) capacity could not be completed despite spending ₹ 583.47 crore while SWM projects worth ₹ 146.29 crore were stopped midway after incurring an expenditure of ₹ 28.47 crore in the absence of land in four test checked ULBs. Further, none of the test checked ULBs constructed sewage network while 60 *per cent* drains in nine of the 10 test checked ULBs were uncovered and beset with garbage.

##### (Paragraphs 4.1.6.5, 4.1.8, 4.1.10.2 and 4.1.11.1)

Failure to complete the water supply projects in four test checked ULBs affected water supply to atleast 22.67 lakh inhabitants. In the test checked ULBs, only 29 *per cent* of the total HHs had access to piped water while shortages in supply of water ranged between nine and 99 *per cent* of requirement. Further, the per capita supply of water in seven out of 10 test checked ULBs ranged between 10 and 110 litres per capita daily (lpcd) against standard of 135 lpcd. Seven out of 10 test checked ULBs did not install meters for residential water connections. The duration of water supply ranged from one hour per week to 12 hours a day against the requirement of 24 hours per day.

##### (Paragraphs 4.1.6.5, 4.1.8, 4.1.9.1, 4.1.9.2 and 4.1.9.3)

In the approved Master Plan of Ranchi, water supply in the Capital district is claimed to have been eased by interconnecting Hatia, Gonda and Rukka dams. However, instead of interconnectivity of dams, Rukka reservoir was connected with catchment areas of other two dams. As a result, rationing of water from Hatia dam continued unabated besides erratic supply of water in many parts of the city especially under the catchment area of Hatia dam.

##### (Paragraph 4.1.8.1)

Although Operation and Maintenance (O&M) costs for water supply was to be met from water user charges, four test checked ULBs failed to recover outstanding water user charges worth ₹ 37.22 crore due to which only 29 per cent of O&M cost could be met. The State Government lost ₹ 10.50 crore per year on 'Non-revenue water' beyond the benchmark limit of 20 per cent.

**(Paragraph 4.1.9.5 and 4.1.9.6)**

None of the test checked ULBs have sewage network. In the absence of underground or piped sewer system, 175.09 MLD of untreated waste water were being discharged into open drains polluting nearby water bodies. In test checked ULBs, only 23 per cent to 72 per cent HHs have toilet facility against the benchmark of 100 per cent.

**(Paragraph 4.1.6.5 and 4.1.10.2)**

Scientific collection, treatment and safe disposal of solid waste in the test checked ULBs were deficient as SWM projects to address these were not completed. HHs in eight out of 10 test checked ULBs were not covered under solid waste management services while coverage of waste collection in six test checked ULBs ranged between 39 and 90 per cent. Landfill sites in nine sampled ULBs were not available and waste was dumped in close proximity to residential areas and river side.

**(Paragraph 4.1.6.5, 4.1.11.2 and 4.1.11.5)**

In test checked ULBs, shortage of manpower ranged between 21 per cent and 90 per cent in supervisory/sweeper cadre. Garbage disposal vehicles were available to the extent of 0.43 per cent to 5.81 per cent of the requirement only as prescribed in the SWM manual which affected the cleanliness of cities and posed a threat to environment and health of residents.

**(Paragraph 4.1.12)**

#### **4.1.1 Introduction**

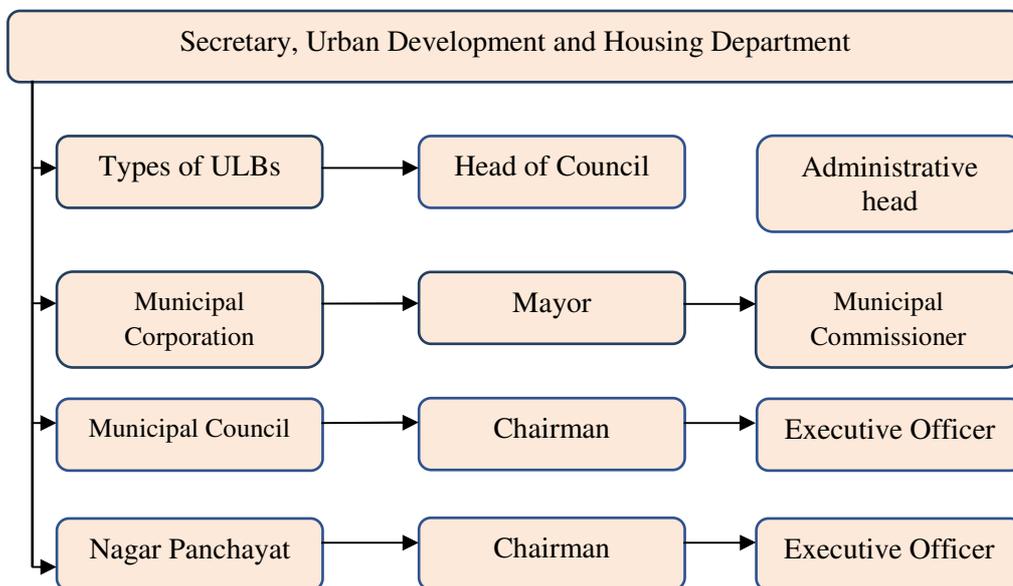
The 74<sup>th</sup> Constitutional Amendment Act (CAA) broadened the range of functions to be performed by elected urban local bodies (ULBs). The Constitution envisages ULBs as being totally responsible for all aspects of civic services, development and environment in the cities, thereby going far beyond the traditional role. Provision of basic amenities such as water supply, sanitation, solid waste management (SWM) are among the core activities of the ULBs. The efficient performance of these responsibilities requires proper institutional structure, decentralisation of powers, adequacy of resources, support of the State Government and a concerted effort to build capabilities in the various sections of the ULBs machinery.

#### **4.1.2 Organisational setup**

The Urban Development and Housing Department (UD&HD), Government of Jharkhand (GoJ) is responsible to oversee and facilitate planned development of cities, towns and smaller urban settlements in the state. The department exercises administrative control over the ULBs and development authorities in the state.

The Municipal Corporations, Municipalities and Notified Area Committees (NACs) are administered by an Administrator and Special Officer while the legislative setup of ULBs consists of Mayor/Chairman, Deputy Mayor/Vice-Chairman assisted by Standing Committees as indicated in **Chart-4.1.1**.

**Chart-4.1.1: Types of Local Self Government**



### 4.1.3 Audit objectives

The main objectives of the Performance audit were to assess whether:

- ULBs were performing water supply, sanitation and solid waste management functions as institutions of self-governance;
- ULBs were meeting the Service Level Benchmarks (SLBs) as prescribed by the Ministry of Urban Development (MoUD), Government of India (GoI);
- Water supply, sanitation and solid waste management projects were completed on time to meet the SLBs ; and
- Proper arrangements were made for levy, collection and accountal of user charges for water supply, sanitation and solid waste management.

### 4.1.4 Audit criteria

The audit criteria were derived from the following sources:

- Jharkhand Municipal (JM) Act 2011, Jharkhand Municipal Accounts Manual (JMAM), 2012 and provisions thereunder;
- Circulars, Notifications, Resolutions, Bye-laws and other instructions issued by Government of Jharkhand (GoJ) and GoI;
- The Central Public Health and Environmental Engineering Organisation (CPHEEO) Manual of Water Supply, Solid Waste Management and Sewage and Drainage System; and
- Municipal Solid Waste (Management and Handling) Rules, 2000

#### 4.1.5 Audit scope and methodology

The Performance Audit of Management of Water Supply, Sanitation and Solid Waste Management Services by ULBs was conducted between April 2016 and August 2016 covering the period 2011-16. Audit scrutinised the records of UD&HD and 10 sampled ULBs<sup>1</sup> selected on the basis of Probability Proportional to Size without Replacement. Besides, records of Jharkhand Urban Infrastructure Development Company (JUIDCO) and Drinking Water and Sanitation Divisions under Drinking Water and Sanitation Department (DW&SD) in the districts of concerned ULBs were also examined.

To get a feedback on effectiveness of water supply and other civic services of sanitation in the city, audit also conducted a beneficiary survey of the residents or users in test checked ULBs. Feedback of residents was received through interviews, pamphlets distributed through newspaper and questionnaire uploaded on our official website. In all, 741<sup>2</sup> households (HHs) units responded which have been included in the Report.

An entry conference was held with the Principal Secretary of Urban Development and Housing Department, Jharkhand on 22 April 2016 to discuss the audit objectives, scope, methodology and criteria. An exit conference was held on 2 March 2017 with the Joint Secretary of the department to discuss the audit findings. The replies given by the department have been suitably incorporated in the Report.

#### Audit Findings

#### 4.1.6 Planning

Section 329 (1) of JM Act, 2011 provides that the municipality shall, either by itself or through any other agency, undertake functions for supply of safe water, low cost sanitation, environmentally sound solid waste management, toxic waste collection and disposal, waste recycling and recovery etc.

Further, section 380 (2) (b) of JM Act, 2011 mandates the ULBs to prepare plans for infrastructure development including water supply, drainage and sewage and Solid Waste Management (SWM).

Audit observed that the required plans were not prepared by the test checked ULBs as discussed below:

##### 4.1.6.1 Absence of proper planning

The public services such as drinking water, sewage and solid waste management are to be provided by the ULBs which must be accessible to one and all to achieve the Service Level Benchmarks (SLBs) set out by the Ministry of Urban Development (MoUD) in 2008-09. A concerted plan should be put in action to achieve the SLBs.

Annual Development plan and five year perspective plans were not prepared by the test checked ULBs

<sup>1</sup> Chas Municipal Corporation, Deoghar Municipal Corporation, Dhanbad Municipal Corporation, Garhwa Municipal Council, Jamshedpur NAC, Mango NAC, Madhupur Municipal Council, Medininagar Municipal Council, Ranchi Municipal Corporation, Sahibganj Municipal Council

<sup>2</sup> 590 HHs through interviews, 140 through pamphlets and 11 through official website

Further, as per JM Act, 2011, the ULBs are required to prepare an annual development plan (ADP) for the municipal area for the next year by consolidating the development plans submitted by the Ward Committees. The ADP thus prepared shall be submitted to District Planning Committee (DPC). Further, the ULBs are also required to prepare a perspective five year plan for submission to the DPC.

Audit noticed that eight<sup>3</sup> out of 10 test checked ULBs did not constitute Ward Committees and as such development plans at ward level was not prepared. Resultantly, the concerned ULBs did not prepare ADPs as well as perspective five year plans. Thus, the requirement of resources for providing public services could not be assessed by the test checked ULBs.

In the absence of planning, works for providing water supply, sanitation and SWM were being recommended by the UD&HD without the involvement of stakeholders such as Civil Society, Councillors and end users of the proposed services.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that due to shortage of man power in the ULBs, plans could not be prepared.

#### 4.1.6.2 Preparation of Master Plan

As per section 404 of JM Act, 2011 every municipality has to prepare a Master Plan consisting of the localities, wards, streets and portions of streets reserved for residential, commercial, industrial, public and agricultural purposes.

Audit noticed that except Ranchi<sup>4</sup>, eight test checked ULBs have not finalised their respective Master Plans till February 2017. However, an amount of ₹ 1.97 crore was spent by six<sup>5</sup> test checked ULBs between March 2007 and August 2013 for preparation of Master Plan. Further, the Master Plan of Chas was disapproved by UD&HD as the consultant failed to prepare it according to terms of agreement. As such ₹ 1.26 crore spent for preparation of the Master Plan of Chas become infructuous.

Thus, the benefits of having a Master Plan to regulate development of cities conceptually and operationally in a planned manner could not be achieved.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD stated that Master Plans of 14 cities have been approved by the Municipal Board and rest cities were preparing their Master Plans.

#### 4.1.6.3 Sanitation Plan

As per National Urban Sanitation Policy (NUSP) 2008, UD&HD is responsible to prepare sanitation strategies and cities are required to prepare city sanitation plan (CSP) to address universal access to safe and hygienic sanitation, facilitate arrangement of toilets for all urban population and to arrange safe collection, treatment and disposal of 100 *per cent* liquid and solid waste in a scientific manner. Further, the State Sanitation Strategy makes the

**Neither UD&HD prepared a state sanitation strategy nor the test- checked ULBs prepared CSPs**

<sup>3</sup> Election was not held in Jamshedpur and Mango

<sup>4</sup> Approved in November 2015

<sup>5</sup> Deoghar-₹ 66.87 lakh, Garhwa-₹ 2.45 lakh, Jamshedpur-₹ 1.20 crore Madhupur-₹ 2.32 lakh, Medininagar-₹ 3.86 lakh and Sahibganj-₹ 1.85 lakh

ULBs responsible to plan and finance public infrastructure, environment outcomes, set service delivery standards, provide minimum levels of sanitation to urban dweller etc.

Audit noticed that neither UD&HD prepared State Sanitation Strategy nor the test checked ULBs prepared CSPs till February 2017. As a result, the test checked ULBs did not provide sewage network in municipal areas, implement SWM services and disposal of municipal solid waste (MSW) and provide toilet facilities to 23 to 72 *per cent* households (**Appendix 4.1.1**).

Further, a survey report<sup>6</sup> (February 2016) of the sanitation scenario in 73 major cities of India, ranked Jamshedpur at 66, Ranchi at 62 and Dhanbad at 73 in providing sanitation facilities to their citizen corroborating the prevailing situation.

Thus, in absence of CSP, the issue of providing better public health and environment remained largely unaddressed in test checked ULBs.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD stated that CSPs and State Sanitation Strategy were being prepared under Swachh Bharat Mission (SBM).

#### **4.1.6.4 Implementation of SWM project**

The Municipal Solid Waste (Management & Handling) Rules, 2000 fixed 31 December 2003 as deadline for development of infrastructure for collection, storage, segregation, transportation, processing and disposal of MSW in a scientific manner.

However, after lapse of more than three years of deadline (December 2003) for implementation of SWM project, the State Government appointed (February 2007) Regional Centre for Urban and Environmental Studies, Lucknow for preparing Detail Project Report (DPR) of four<sup>7</sup> test checked ULBs under state plan while in remaining five<sup>8</sup> test checked ULBs, DPRs were prepared under Jawaharlal Nehru National Urban Renewal Mission (JnNURM).

Audit noticed that DPRs in four test checked ULBs were not finalised as of February 2017 whereas in rest five ULBs, DPRs prepared under JnNURM were approved between 2007 and 2010 by GoI. However, none of the test checked ULBs could develop infrastructure for SWM as the ULBs failed in providing land for disposal and treatment of waste as of February 2017.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and stated that 39 acre land had been acquired from Bharat Coking Coal Limited (BCCL) by Municipal Corporation Dhanbad and acquisition of land in other ULBs was under process. Fact remains that the SWM, though mandated to be established by December 2003, could not be ensured till February 2017.

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<sup>6</sup> Conducted by MoUD, GoI

<sup>7</sup> Deoghar, Garhwa, Madhupur, Sahibganj

<sup>8</sup> Chas, Dhanbad, Jamshedpur (including Mango NAC), Medininagar and Ranchi

#### 4.1.6.5 Service Level Benchmarks

The MoUD, GoI, developed SLBs for basic urban services such as Water Supply, SWM, Sewage and Storm Water Drainage to provide a standardised framework for performance monitoring of these services, which would enable State and ULBs to initiate a process of performance monitoring and evaluation against agreed targets. Further, the thirteenth Finance Commission recommended that by the end of every fiscal year (31 March), State Government shall notify or cause all the ULBs to notify the service standards for these service sectors proposed to be achieved by them by the end of the succeeding fiscal year.

However, the State Government notified the service standards only for three years during 2011-14 and thereafter it was not notified either by the state government or by test checked ULBs. Thus, failure to notify the standards affected the delivery of services and consequently the SLBs could not be achieved (**Appendix- 4.1.1**).

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and stated that SLBs for the year 2017-18 had been fixed and notified in February 2017.

#### 4.1.7 Financial Management

##### 4.1.7.1 Poor allocation of funds for Water Supply, Sanitation and SWM

Urban water supply, sanitation, sewage and drainage and SWM are important basic needs for improvement of quality of life and enhancement of productive efficiency of the people.

Audit noticed that UD&HD released ₹ 3017.13 crore to the ULBs in the state under Plan Head and ₹ 847.32 crore under Non-Plan Head (salaries etc.) during 2011-16. Of this, ₹ 755.97 crore (25 per cent) was released for water supply, sanitation and SWM under Plan Head while ₹ 37.91 crore (4.47 per cent) under Non-plan head was allotted for water supply and sanitation as shown in **Table-4.1.1**:

**Table-4.1.1: Allotment of fund to ULBs in the State for Water Supply, Sanitation, Sewage-Drainage and SWM**

Sl. No	Services	Fund allotted during 2011-16 (₹ in crore)		Percentage of allocation	
		Plan Head	Non-Plan Head	Plan Head	Non-Plan Head
1	Water Supply	495.47	37.91	17	4.47
2	Sanitation	42.00		1	
3	Sewage and Drainage	156.00	Nil	5	-
4	SWM	62.50	Nil	2	-
<b>Total</b>		<b>755.97</b>	<b>37.91</b>	<b>25</b>	<b>4.47</b>

(Source: Data provided by UD&HD)

It could be seen from **table-4.1.1** that 17 per cent of total allotted fund under Plan Head were provided for Water Supply during 2011-16 while only six per cent funds were provided for Sanitation including Sewage and Drainage during the same period. For SWM services, the allotment was only two

per cent of total plan outlay. Insufficient allocation of fund by the department adversely affected the civic services provided by the ULBs to the citizen which is evident from the fact that in none of the 10 test checked ULBs sewage network was constructed while in eight out of 10 test checked ULBs SWM services were not available. Further, expenditure incurred by ULBs on delivery of these services was not available with the department.

In the 10 test-checked ULBs, audit noticed that the percentage of expenditure on water supply, sanitation including sewage and drainage and SWM against total available fund was abysmal during 2011-16 as shown in **table-4.1.2** below:

**Table 4.1.2: Expenditure on Water supply, Sanitation and SWM against available fund in test checked ULBs**

(₹ in crore)

Period	OB <sup>9</sup>	Receipt	Available fund*	Expenditure (Per cent of expenditure against available fund)			
				Water supply	Sanitation	Sewage and Drainage	SWM
2011-12	270.50	237.22	507.72	38.30 (8)	14.68 (3)	1.34 (0.3)	0.62 (0.1)
2012-13	310.61	322.28	632.89	66.06 (10)	19.88 (3)	3.60 (0.6)	0.73 (0.1)
2013-14	397.42	314.76	712.18	34.26 (5)	7.06 (1)	4.31 (0.6)	7.00 (1)
2014-15	470.19	492.13	962.32	50.16 (5)	11.02 (1)	11.47(1.2)	0.48 (0.1)
2015-16	559.60	900.81	1460.41	84.07 (6)	36.24 (2)	3.71 (0.3)	Nil
<b>Total</b>		<b>2267.20</b>	<b>2537.70<sup>10</sup></b>	<b>272.85 (11)</b>	<b>88.88 (4)</b>	<b>24.43 (1)</b>	<b>8.83 (0.4)</b>

(Source: Data provided by ULBs)

\* Includes opening balance, grants, loans and own sources

It could be seen from **table-4.1.2** that the test-checked ULBs spent five per cent to 10 per cent on water supply, one per cent to three per cent on sanitation and below two per cent on sewage and drainage and SWM of available fund for providing civic services to urban population during 2011-16. No reasons were found on record for the abysmally low levels of expenditure on such vital civic infrastructure in the ULBs.

Further, Indian Urban Infrastructure and Services recommended (2011) per capita investment for capital works for water supply, sewage and drainage and SWM. The position of investments made across all ULBs in the state during 2011-16 is shown in **Table 4.1.3**:

**Table-4.1.3: Investment on Services by ULBs during 2011-16**

Sector	Per capita investment required (Amount in ₹)	Population of Urban area (as per census 2011)	Investment Required (₹ in crore)	Investments made (₹ in crore)			Per capita invested (per cent of norm) (Amount in ₹)
				JnNURM	State Plan	Total	
Water Supply	5099	5517839	2813.55	308.17	495.47	803.64	1456.44 (29)
Sewage	4704		2595.59	75.56	156.00	231.56	419.66 (9)
SWM	391		215.75	8.91	62.50	71.41	129.42 (33)
<b>Total</b>			<b>5624.89</b>	<b>392.64</b>	<b>713.97</b>	<b>1106.61</b>	

(Source: Data provided by GRDA and UD&HD)

<sup>9</sup> Opening Balance of fund

<sup>10</sup> Includes OB of ₹ 270.50 crore and total receipt of ₹ 2267.20 crore

It could be seen from **table-4.1.3** that per capita investment in capital works in basic services was much lower against the prescribed norm and ranged between nine *per cent* and 33 *per cent* resulting in failure to achieve the SLBs in the test checked ULBs as discussed in paragraph 4.1.6.5. Thus, more investment is required by central and state governments in these three service areas in order to meet the desired level of SLBs to the people.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted audit observations and stated that due care had been taken and sufficient funds were being released from 2016-17.

#### **4.1.7.2 Provision of funds for Basic Services to Urban Poor**

As per Section 105 (3) of JM Act, 2011, every ULB should earmark a minimum of 25 *per cent* of the funds within the municipality's budget for Basic Services to Urban Poor<sup>11</sup> (BSUP) including the inhabitants of slum areas.

Audit observed that the test-checked ULBs were to allocate ₹ 125.65 crore (25 *per cent* of total receipt valued ₹ 502.58 crore) for BSUP<sup>12</sup> during 2011-16. Against this, eight out of 10 test-checked ULBs did not allocate any fund for BSUP (**Appendix-4.1.2**) while Municipal Corporation Ranchi (RMC) allocated ₹ 20.97 lakh (0.34 *per cent*) against total fund of ₹ 61.96 crore. However, NAC Mango allocated ₹ 2.20 crore (84 *per cent*) against total fund of ₹ 2.62 crore.

Thus, failure of eight ULBs to allocate fund for BSUP and meager allocation of fund by one ULB deprived the urban poor in getting basic services from the municipality for their amenities.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and stated that ULBs were directed to create the fund for BSUP.

#### **4.1.8 Implementation of Water Supply Scheme**

DW&SD executes Water Supply projects in Jharkhand on the basis of funds transferred to DW&SD by UD&HD through ULBs. After constitution of Jharkhand Urban Infrastructure Development Company Limited (JUIDCO) in July 2013 by the State Government, all new water supply schemes, sewage and drainage system under Sanitation, SWM etc. were being implemented by it whereas the water supply projects sanctioned prior to 2013 were continued to be implemented by DW&SD. Water connections for domestic, industrial and commercial purposes were provided by the ULBs.

Audit noticed that DW&SD has taken up construction of eight water supply projects at a cost of ₹ 1018.59 crore between January 2006 and February 2013 to create capacity of 370.50 million litres per day (MLD) of water supply under eight out of 10 sampled ULBs. The projects were to be completed between July 2007 and October 2016. Against this, in four<sup>13</sup> test checked

<sup>11</sup> Basic Services includes expenditure on capital and revenue account directly incurred on Water supply, Drainage, Sewage, Construction of community toilets, SWM, etc.

<sup>12</sup> Municipality's own sources, allocation from central and state finance commission, etc.

<sup>13</sup> Chas, Deoghar, Jamshedpur and Mango

**Out of eight water supply projects, four projects were not completed while one project was not commenced in more than three years of its sanction**

ULBs, water supply schemes having capacity of 64.50 MLD were completed at a cost of ₹ 184.13 crore between December 2013 and June 2016 after a delay of more than six years from scheduled periods of completion of the projects. The delay in completion of these projects delayed the availability of water to atleast 4.78 lakh<sup>14</sup> residents.

Further, in four<sup>15</sup> other test-checked ULBs, four projects costing ₹ 827.41 crore and having capacity of 306 MLD taken up between March 2010 and February 2013 for completion between October 2013 and October 2016 could not be completed (February 2017) on grounds of failure to acquire land prior to start of work, negligence of contractors, shortage of fund and absence of Right of Use clearance by respective departments<sup>16</sup>. On these incomplete projects, expenditure of ₹ 583.47 crore was incurred.

Besides, in ULB Madhupur the water supply project sanctioned in September 2013 to create 48 MLD capacity could not be commenced as of February 2017 as DPR was not finalised till February 2017 (**Appendix- 4.1.3**).

Had these four water supply projects having capacity of 306 MLD been completed and made operational, atleast 22.67 lakh<sup>17</sup> inhabitants of municipal area would have benefited. Hence, dependency of people in own arrangements could not be minimised to reduce the exploitation of groundwater/aquifers as discussed in paragraph 4.1.9.2.

Further, in the survey conducted by audit to ascertain the availability of supply water, 91 *per cent*<sup>18</sup> HHs responded that the water supply facilities provided by the test checked ULBs were not satisfactory.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted and stated that all schemes of ULBs would be completed by March 2017 and other two ULBs will be asked to start the work at the earliest.

Audit also analysed three water supply projects in the test checked ULBs and noticed irregularities in their execution as discussed below:

### **Chas Water Supply Project**

Technical Sanction of Chas Water Supply Project valued ₹ 50.26 crore required construction of submersed weir estimated at ₹ 5.03 crore. However, DW&SD irregularly diverted ₹ 3.65 crore for making payment of extra items of works which were not included in the original estimate. As a result, water supply scheme was completed without construction of submersed weir, which is an inevitable part of water supply system to control upstream water levels, diversion of flow and measuring the discharge of water. Thus, Chas Water Supply project failed to adhere to the technical sanction and thus technically unsound. However, no responsibility against the officials involved was fixed.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that action would be taken.

<sup>14</sup> calculated on the basis of service standards of 135 lpcd per person

<sup>15</sup> Dhanbad, Garhwa, Ranchi and Sahibganj

<sup>16</sup> National/State Highways, Railways, Ring Road, etc.

<sup>17</sup> calculated on the basis of service standards of 135 lpcd per person

<sup>18</sup> 489 out of 535 respondents

### Ranchi Water Supply Project

Ranchi Water Supply project worth ₹ 234.71 crore was initially awarded (March 2010) to a contractor for completion by September 2012. However, due to slow progress of work, the contract was rescinded in July 2013 after making payment of ₹ 106.63 crore. The work was again allotted (October 2014) to another contractor for ₹ 290.44 crore<sup>19</sup> to complete the work in 24 months. However, the work could not be completed as of February 2017. In this regard, following irregularities were noticed:



i) Electro-mechanical items (Transformers-22, Crane-three, Soft Starter-11) valued ₹ 4.71 crore purchased (between December 2012 and May 2013) by the previous contractor, remained idle as these were purchased without completion of construction works of Intake well, Water treatment Plant and filtration house. Of these, five starters worth ₹ 29.87 lakh were found faulty by the second contractor.

ii) As per Central Vigilance Commission guidelines<sup>20</sup>, payment of mobilisation advance should be interest bearing so that the contractor does not draw undue benefit. In disregard, DWS division, Ranchi irregularly paid interest free mobilisation advance of ₹ 29.04 crore to the contractor.

iii) Construction of Under Ground Reservoir (UGR) was taken up at Lalgutuwa. While work valued ₹ 28.66 lakh was constructed, a raiyati objected the construction work and demanded compensation claiming the site of work as his land. District Land Acquisition Officer Ranchi assessed ₹ 27.34 crore as compensation amount for the land.

However, the Executive Engineer DWS division Ranchi planned (August 2016) to shift construction of UGR to a new place at Simalia. Thus, expenditure of ₹ 28.66 lakh incurred for the construction of UGR at Lalgutuwa became infructuous as construction of UGR was abandoned in 2012. As a result, the Project could not be completed (February 2017) and made operational.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that action would be taken.

### Sahibganj Water Supply Project

Sahibganj Water Supply project estimated at ₹ 50.64 crore to supply 18 MLD water was allotted (September 2011) to a contractor at ₹ 38 crore for completion by March 2013. The project was aimed to provide water supply to

<sup>19</sup> The cost of project was increased to ₹ 373.06 crore from ₹ 288.39 crore due to enhancement of rate approval of ₹ 26.10 crore, change in quantity of ₹ 30.58 crore and addition of new items of ₹ 28 crore, which was to be borne by the State Government.

<sup>20</sup> vide OM No.NU/POL/19 dated 8 December 1997

all inhabitants of municipal area. However, the project could not be completed (February 2017) even after lapse of more than three years of scheduled completion deadline and expenditure of ₹ 30.42 crore. As a result, the inhabitants met their water requirement through own arrangements and water tankers of ULB Sahibganj.

As per the approved design, an Intake Jetty costing ₹ 4.27 crore along with a coffer dam was to be constructed at Ganga River. The Contractor constructed coffer dam and RCC pile for the Intake Jetty and received payment of ₹ 76.92 lakh<sup>21</sup>. However, rise in the water level of Ganga River breached (May 2014) the Cofferd Dam which stopped construction of Intake Jetty by the contractor.

Meanwhile, the Secretary, DW&SD decided (June 2015) to construct Floating Barge in place of Intake Jetty on the ground that construction of Intake Jetty due to change of river course would be of no use.

Thus, deficient planning, tardy implementation and failure to assess the requirement before granting technical sanction led to wasteful expenditure of ₹ 76.92 lakh on damaged Cofferd Dam and RCC pile work besides causing inordinate delays to complete the project.

#### 4.1.8.1 Water supply in the Capital

Water supply in Ranchi is made through three dams viz. Hatia, Gonda and Rukka having total water capacity of 246.83 MLD. The State Government planned to interconnect these dams to transfer water from one dam to another dam to facilitate supply of water to whole city of Ranchi as availability of water in Hatia and Gonda dams was insufficient to meet the requirement of people. Government also introduced (October 2015) rationing of water supply by restricting supply to alternate days.

In November 2015, UD&HD notified approval



Rukka dam (Design Capacity-170.50 MLD) (14/03/2017)

of the Master Plan of Ranchi by the State Government in which it is mentioned that all the three dams have been interconnected. However, Engineer-in-Chief (EIC), DW&SD stated (20 March 2017) that these dams

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<sup>21</sup> Cofferd Dam-₹ 25.64 lakh and RCC pile work-₹ 51.28 lakh



Kanke dam (Design Capacity-19.50 MLD) (19/03/2017)

have been interlinked as per their capacity and technical feasibility to the nearby population of other zone. EIC further stated that Rukka reservoir is linked with Hatia and Gonda areas as the live storage of Rukka reservoir can meet the partial demand of Hatia and Gonda areas.

The reply indicates that Rukka reservoir is linked with Hatia and Gonda areas and not upto the reservoirs of Hatia and Gonda as mentioned in the Master Plan.

Further, the interconnectivity of Gonda and Hatia reservoirs were not clarified by EIC.

Thus, the objective of interconnectivity of dams to ensure uninterrupted supply of water to the residents of Ranchi were partially met by connecting Rukka reservoir with catchment areas of other two dams while rationing of water from Hatia dam continued unabated besides having inadequate water supply, irregular supply of water without adequate pressure, etc. in many parts of the city especially under the catchment area of Hatia dam.



Hatia dam (Design capacity-56.83 MLD (14/03/2017))

Further, it is also noticed in audit that Government has not introduced automated technologies such as Supervisory Control and Data Analysis (SCADA) etc. for the Ranchi Urban Water Supply System (RUWSS) for online management of water supply. This would have provided better management insight to deal with the problems of inadequacy in water supply to the residents especially when interconnectivity of the dams is planned.

EIC stated (20 March 2017) that a pilot project of SCADA has been started in the Hatia area, and in coming days more areas will be covered under SCADA for online management and control of RUWSS. However, roadmap to do it for the entire RUWSS was not prepared (20 March 2017).

#### 4.1.9 Water Supply Services

SLBs developed by the MoUD, GoI enable systematic and sustained monitoring of services using standardised indicators against agreed targets and benchmarks. SLBs prescribe 100 *per cent* water supply connections to urban people and 135 lpcd water supply in municipal area.

SLBs could not be achieved by the test checked ULBs as less quantity of water is supplied against the requirement and all HHs were not connected with water pipe line

The UD&HD decided (June 2014) that water supply would be provided to every HH of municipal area under each ULBs by the year 2017 which was later extended to year 2019.

Audit observed in test checked ULBs that SLBs could not be achieved as less quantity of water is supplied against the requirement while all HHs were not connected with water pipe line as discussed in the succeeding paragraphs.

#### 4.1.9.1 Poor Outreach of Piped water supply

In test checked ULBs, there were 5.71 lakh HHs as of March 2016. Of this, only 1.66 lakh (29 *per cent*) HHs were connected with piped water supply (**Appendix-4.1.4**) while 4.05 lakh (71 *per cent*) of total HHs were dependent on ground water for their daily needs. The highest achievement in providing water supply through pipe line was 67 *per cent* in Deoghar while the lowest was nil in Sahibganj. This resulted in a shortfall between 33 *per cent* and 100 *per cent* of service provided in the test checked ULBs when compared with SLBs. Thus, the spread of piped water supply was not adequate and far behind the benchmarks fixed by the MoUD.

Further in Garhwa, new water connections could not be provided to HHs since July 2013 as water resources were not available.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the fact and stated that after completion of water supply projects, all households will be connected through water pipe line.

#### 4.1.9.2 Inadequate supply of water

Water is the very basis of life and is the foundation for human survival and development. Municipal water supply systems include facilities for treatment, storage, transmission and distribution.

In order to meet the standards of SLB for water supply in 10 test checked ULBs, 508.27 MLD<sup>22</sup> water was required to be supplied to the inhabitants. However, DW&SD assessed the requirement at 371.22 MLD based on the connectivity provided through the pipeline. Against this, only 218.86 MLD water was being supplied to the inhabitants which resulted in short supply of 289.40 MLD (57 *per cent*) water to inhabitants assessed on the basis of population and 152.36 MLD (41 *per cent*) water against the projection by DW&SD (**Appendix-4.1.5**).

The short supply was a consequence of failure to complete four water supply projects having capacity of 306 MLD and take up one water supply project having capacity of 48 MLD till February 2017, although sanctioned in September 2013.

Further, audit conducted a survey among 535 inhabitants who have piped water connection in their premises. In the survey, 97 *per cent*<sup>23</sup> of residents responded that the duration of water supply was less than two hours in a day while 82 *per cent*<sup>24</sup> were not satisfied with the pressure of water supply.

<sup>22</sup> Population-37,64,972 x 135 lpcd =508271220 litre=508.27 MLD

<sup>23</sup> 187 out of 192 respondents

<sup>24</sup> 438 out of 535 respondents

Further, 85 *per cent*<sup>25</sup> residents told that during summer season, sufficient water was not supplied.

Thus, failure to provide piped water supply and maintain service standards, where supply is provided through pipeline, nudged the people to extract ground water to meet their requirements which is fraught with the risk of depletion of urban aquifers as is seen in the case of Ranchi where 20 out of 55 wards are declared dry zone area by RMC.

To tap alternative source of water in the backdrop of the above failures, UD&HD notified (April 2016) Jharkhand Building Bye Laws 2016 in which water harvesting system was made mandatory for plots of 300 square meter and above. Also, as per Jharkhand Municipal Property Tax (Assessment, Collection and Recovery) Amendments Rules, 2015 mandating water harvesting system in every holding failing which penalty of one and half times of holding tax shall be imposed. However, none of the test checked ULBs have been imposing penalty against the dwellers for not installing water harvesting system in buildings/holdings. Thus, accumulation and storing of rainwater which may have served an alternative source for drinking, livestock, irrigation etc. before it reaches the aquifers could not be done.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that necessary instructions in this regards would be issued. Fact remains that Government is unable to provide water to 57 *per cent* inhabitants and prevent their dependence on ground water.

#### 4.1.9.3 Unmetered Water Connections

A water meter is a scientific instrument for accurate measurement of quantity of water supplied to the consumers. It facilitates levy of appropriate tariffs and improve efficiency of water supply through proper monitoring of the water distributed. SLBs prescribe 100 *per cent* metering of water supply connections.

Audit noticed that seven out of 10 test checked ULBs did not install water meters to 0.21 lakh HHs to whom piped water connections were provided while balance three ULBs (except Dhanbad) partially installed water meters to 0.35 lakh HHs out of 1.46 lakh HHs having piped connections. Thus, 1.32 lakh HHs (79 *per cent* of connected HHs) out of total 1.67 lakh HHs having piped water connections were not installed water meters (**Appendix-4.1.6**).

Audit further noticed that ULBs Mango and Ranchi installed water meters to only four to eight *per cent* HHs whereas ULB Dhanbad reportedly installed water meters to 100 *per cent* of HHs having piped water connection. However, ULB Dhanbad realised user charges at fixed rates instead of consumption as per the installed meters for which no reasons were on record. Thus, installation of the meters in Dhanbad served no purpose.

This fact was also established in the survey conducted by audit with 500 end users of the water supply service in which 81 *per cent*<sup>26</sup> HHs responded that

<sup>25</sup> 445 out of 524 respondents

<sup>26</sup> 407 out of 500 respondents

water meter was not installed and 62 *per cent*<sup>27</sup> said that water meter was not functioning properly while 86 *per cent*<sup>28</sup> responded that meter reading was not taken at regular intervals.

Therefore, in the absence of meters or metered bills where meters were installed, billing for water consumed is estimated, either on average basis or on a flat rate, as the case may be. This prevented the ULBs to monitor and curb unaccounted usage of water resulting in loss of revenue.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that necessary instructions in this regard would be issued. Fact remains that 79 *per cent* HHs having piped water connections were yet to be installed water meters and their water usage is only estimated.

#### 4.1.9.4 Quality of water

The UD&HD directed (May 2015) all ULBs and DW&SD to conduct water quality test for presence of Arsenic in water but none of the test checked ULBs conducted quality test of water.

Audit noticed that in Medininagar, untreated water was being supplied to HHs situated in Ward number six (Shiwalaghat and Kasai mohalla). Further, 4.05 lakh HHs (**Appendix-4.1.6**) under the test checked ULBs were using groundwater for their daily needs. However, the ULBs did not take any effort to check its suitability for human consumption.

Thus, the sampled ULBs failed to test the quality of supplied water or ground water though mandated.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that action will be taken.

#### 4.1.9.5 Cost Recovery and financial sustainability of Water Charges

Pricing of water should ensure its efficient use and reward conservation. As per section 197 (2) of JM Act, 2011, ULBs have to ensure that water charges for various uses shall be fixed in such a way and recovered accordingly that they cover at least the cost of operation and maintenance (O&M) of providing the services.

Audit noticed that four out of 10 sampled ULBs raised a demand of ₹ 49.88 crore as user charges from the water users during 2011-16. During the same period, DW&SD incurred a total O&M cost of ₹ 43.99 crore for water supply.

Against the demand, only ₹ 12.66 crore (29 *per cent* of O&M cost) could be collected during 2011-16 by the four test-checked ULBs (**Appendix-4.1.7**) as several users did not pay their dues. This resulted in short collection of user charges worth ₹ 37.22 crore.

Further, three (Garhwa, Madhupur and Sahibganj) test checked ULBs did not impose user charges while remaining three (Chas, Deoghar and Ranchi) did not provide data of O&M cost, outstanding user charges and recovery of user

Against  
₹ 49.88 crore of  
recoverable water  
user charges, only  
₹ 12.66 crore  
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by the test-  
checked ULBs  
during  
2011-16

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<sup>27</sup> 137 out of 222 respondents

<sup>28</sup> 403 out of 469 respondents

charges to audit. It was also seen in audit that four test checked ULBs (Dhanbad, Jamsshedpur, Mango and Medininagar) did not fix user charges according to O&M costs while eight (except Ranchi and Dhanbad) out of 10 test checked ULBs did not maintain comprehensive database of water supply connections accorded in respect of domestic, industrial and commercial category. In the absence of this, there is no assurance about the completeness and correctness of the assessment of demand and collections of water charges. Further, in Dhanbad and Ranchi, DW&SD realises water user charges from 12000 HHs situated at HEC, RAILWAYS, MECON, JAIL, ISM etc. instead of ULBs.

Thus, failure to fix and impose user charges appropriate to meet O&M costs besides inefficient collection of the dues resulted in unsustainable water supply services.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted audit observation and stated that after completion of water supply projects, water user charges will be fixed accordingly.

However, State Government did not give any reason for not effecting recovery of outstanding user charges.

#### 4.1.9.6 Non-revenue water

Non-revenue water (NRW) is water that has been produced and is lost before it reaches the customer. Losses can be through leakage in transmission and distribution networks, theft or metering inaccuracies etc. High incidences of leakage cause intermittent supply and therefore pose a significant public health risk. The SLB developed by the MoUD, GoI, fixed 20 *per cent* benchmark for NRW.

Audit noticed that in four (Chas, Dhanbad, Madhupur and Ranchi) out of 10 test-checked ULBs, NRW ranged between 33 *per cent* and 70 *per cent*. The quantity of water which did not fetch any revenue beyond the benchmark limit of 20 *per cent* resulted in loss of revenue worth ₹ 10.50 crore per year as shown in table below:

**Table-4.1.4: Revenue loss from Non-revenue water per year**

(₹ in crore)					
Name of ULBs	Water Supplied (MLD)	NRW (MLD)	NRW Limit (MLD)	NRW beyond limit (MLD)	Revenue Loss <sup>29</sup>
Chas	7.70	5.39	1.54	3.85	0.84
Dhanbad	118.00	53.10	23.60	29.50	6.46
Madhupur	4.50	1.49	0.90	0.59	0.13
Ranchi	70.02	28.01	14.00	14.01	3.07
<b>Total</b>	<b>200.22</b>	<b>87.99</b>	<b>40.04</b>	<b>47.95</b>	<b>10.50</b>

(Source: Data provided by DWS divisions and ULBs)

Thus, failure to maintain the NRW within benchmark limits is detrimental to the financial viability of water utilities besides limiting the availability of water and coverage of HHs.

<sup>29</sup> At the rate of ₹ 6 per 1000 litre charged by RMC

The UD&HD accepted the fact that in Jharkhand Water User Charge Policy, 2016, NRW management had not been made effective.

#### 4.1.9.7 Misuse of Government Revenue

The State Government directed (March 2015) the ULBs to realise ₹ 4000 as water connection fee from above poverty line (APL) HHs and the amount so realised was required to be deposited in Revenue Account of State Government.

Audit noticed that in six<sup>30</sup> out of 10 test checked ULBs, an amount of ₹ 2.12 crore realised as water connection fee from the APL HHs seeking water connections during 2015-16 were irregularly kept in Municipal funds as the State Government had not provided proper head of Revenue Account. Further, four ULBs diverted ₹ 91.84 lakh<sup>31</sup> out of the amount realised on repair of hand pumps, payment of office expenses, retirement benefits etc.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted and stated that action will be taken. Fact remains that no accountability was fixed for unauthorised diversion of fund.

#### 4.1.10 Sanitation

Sanitation is a basic civic service to be provided by the ULBs to evacuate the sewage that gets generated from HHs and other commercial establishments. It is considered to be an important service as it benefits whole city through cleanliness, hygiene and disease prevention. In test checked ULBs, sanitation was delivered mostly in the form of open and closed drains that carry the sewage water, which also serve as storm water drains during monsoon.

##### 4.1.10.1 Implementation of SBM

GoI launched (December 2014) SBM with objectives to eliminate open defecation, eradicate manual scavenging, introduce modern and scientific municipal solid waste (MSW) management system etc. SBM has six components which included Household toilets, Community toilets, Public toilets, SWM, Information, Education and Communication (IEC) and Public Awareness and Capacity building and Administrative and Office Expenses.

Further, ULBs are required to carry out a house to house survey on the basis of Census 2011 data or any recent survey available to them to facilitate State Government to submit a Concept Note on State Urban Sanitation Strategy.

Audit revealed that none of the test checked ULBs conducted any survey and resultantly, the concept note on state sanitation strategy was not prepared. Hence, targets for construction of individual toilets could not be fixed as per census 2011.

However, State Government fixed target for construction of 2,79,487 individual toilets in all 41 ULBs of Jharkhand on the basis of Census 2011. Against this, only 9,006 toilets (three *per cent* of target) were constructed

<sup>30</sup> Chas-₹ 53.71 lakh, Deoghar-₹ 40.01 lakh, Dhanbad-35.56 lakh, Jamshedpur NAC-₹ 11.77 lakh, Mango NAC-₹ 47.21 lakh and Medininagar-₹ 23.37 lakh

<sup>31</sup> Chas-₹ 8.60 lakh, Deoghar-₹ 43.66 lakh, Dhanbad-₹ 23.45 lakh and Medininagar-₹ 16.13 lakh

under SBM. This facilitated 12 *per cent* (97 out of 800) wards to become Open Defecation Free (ODF) till July 2016.

In test checked ULBs, 11,611 (nine *per cent*) individual toilets could only be completed (August 2016) against the target of 1,27,786 fixed for 2015-17 while 61 *per cent* (319 out of 521) wards became ODF till February 2017.

Thus, the project implementation was tardy while the sanitation drive through SBM remained to be realised to its projected potential.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that target would be achieved by September 2017.

#### 4.1.10.2 Drainage and Sewage system

As per census 2011, 75 *per cent* of HHs of urban areas in Jharkhand were either not connected with drainage or had open drainage system. It is the primary responsibility of ULBs to establish sewage treatment and disposal facilities. While urbanisation and growth in population contributed to increased sewage generation, sewage facility was not well managed by the test checked ULBs as discussed below.

##### Lack of drainage system

As per CPHEEO Guidelines on Sewage and Drainage system, 80 *per cent* supplied water becomes waste water. Accordingly, the test checked ULBs generated 175.09 MLD (80 *per cent* of 218.86 MLD supplied water) waste water. However, these ULBs have not constructed underground or piped sewer system to process and utilise waste water for purposes such as irrigation to reduce demand for fresh water for irrigation.

Audit further observed that 60 *per cent* (567.12 KM out of 939.55 KM) drains in nine (except Dhanbad) test checked ULBs remained uncovered. Open drainage beset with problem of garbage being dumped into drains apart from silt, necessitates daily removal of these materials to ensure uninterrupted flow. In absence of sewage system, all waste water generated from the HHs flow through open or covered drains that are also used as storm water drains.

The figure below shows the condition of drains blocked with garbage.

Due to lack of piped sewer system, waste water generated in test checked ULBs could not be processed and utilised



Open drain choked by garbage at Bhuiyandih, Jamshedpur



Silt deposited in drain, near Railway Station, Sahibganj

Thus, absence of adequate drainage and sewage treatment system prevented disposal of domestic sewage in test checked ULBs.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that matter would be examined.

### **Infructuous expenditure on preparation of DPR**

Under JnNURM, DPR for Sewage and Drainage System for Dhanbad and Jamshedpur Urban Agglomeration (Adityapur, Jamshedpur, Jugsalai and Mango) was prepared (2010) by a consultant for which ₹ 2.91 crore<sup>32</sup> was paid as consultancy fee. However, the DPR was not approved by the MoUD, GoI, as neither the ULBs nor the State Government provided details of land for construction of Sewage Treatment Plant.

Further, UD&HD appointed (September 2014) another consultant for preparing DPR for Integrated Sewage and Storm Water Drainage systems in Dhanbad, Jamshedpur and Mango NAC.

Thus, DPR prepared by the previous consultant in 2010 become redundant as the DPR was not finalised for want of land and expenditure incurred on payment of consultancy fee of ₹ 2.91 crore became infructuous.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that the matter would be examined.

#### **4.1.10.3 Cleaning of roads and drains**

The ULBs are required to take measures for securing surface cleaning of all streets and drains in the city besides removal of waste generated in the city on a regular basis. According to Manual of SWM prepared by Central Public Health and Environmental Engineering Organisation (CPHEEO), a drain cleaner shall be assigned cleaning of upto 500 metres of drain per day while a sweeper engaged for street sweeping shall be assigned cleaning of 500 metres of road length on an average per day.

Audit revealed that none of the test checked ULBs evolved any system for assigning of length of road or drain to be swept or cleaned daily by sweepers. It was noticed that the 10 sampled ULBs have 1821 KMs road and 918 KMs drain and to clean these, 5478 sanitation workers were required as per CPHEEO yardstick. Against this, only 2892 (53 *per cent*) sanitation workers were deployed for sweeping, cleaning, desilting etc, in test checked ULBs without assessing the length of road and drain. As a result, cleaning of roads and drains on regular basis as per CPHEEO standards could not be ensured.

This was also confirmed in the survey conducted by audit where 75 *per cent*<sup>33</sup> residents reported to audit that they were not satisfied with the sanitation facilities provided by the test checked ULBs.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that action would be taken to fill the gap.

#### **4.1.10.4 Functioning of illegal slaughter houses**

The Supreme Court of India directed (March 2014) to construct licensed slaughter house in every urban area and to abolish slaughter houses in municipal area which did not have license to operate. In compliance, the State Government directed (April 2014) the ULBs to send proposal for purchase/acquisition of land and estimated cost of construction of slaughter houses.

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<sup>32</sup> Dhanbad-₹ 1.23 crore and Jamshedpur Urban Agglomeration- ₹ 1.68 crore

<sup>33</sup> 529 out of 707 respondents

**Less deployment  
of staff affected  
cleanliness of  
cities**

Audit noticed that six (except Dhanbad, Madhupur, Medininagar and Ranchi) out of 10 test checked ULBs did not send requisite proposals of construction of slaughter houses as no survey for this was conducted by these ULBs. Hence, slaughter houses were not constructed by these ULBs. Further, slaughter house at Dhanbad could not be commenced for want of land despite availability of fund while the slaughter house at Ranchi was incomplete for more than three years despite an expenditure of ₹ 7.98 crore on the project. Likewise, slaughter houses constructed at a cost of ₹ 9.27 lakh in Madhupur and Medininagar remained unutilised since their construction (February 2002).

In the absence of licensed slaughter houses, illegal slaughter houses were established in the municipal areas which resorted to open slaughtering activities causing potential health hazards besides environmental pollution.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that all ULBs had now submitted proposal for constructing slaughter house.

#### **4.1.10.5 Rehabilitation of Manual Scavengers**

The GoJ declared the state as manual scavenger free in the year 2007. However, 34 Manual Scavengers were reported in existence in Dhanbad municipal area. ULB Dhanbad demanded (February 2015) ₹ 1.02 crore for their rehabilitation, but only ₹ 59.32 lakh was released (March 2015) by the UD&HD which also remain unutilised till February 2017 without any reasons on record.

Further, Municipal Council Sahibganj reported (July 2013) to UD&HD that there were no manual scavengers in municipal area. However, State Government *suo motu* released ₹ 3.95 lakh during 2014-15 for rehabilitation of six Manual Scavengers, which was irregularly spent for renovation of quarters of Municipal Sweepers.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that the matter will be examined.

#### **4.1.10.6 Idle sanitary equipment**

Scrutiny revealed that the following sanitary equipment purchased by the ULBs were not utilised:

- In Medininagar a Drain Cleaner purchased at a cost of ₹ 7.70 lakh in 2009-10 remained idle since its purchase. On being enquired the Executive Officer stated that manual cleaning was more convenient than Drain Cleaner Machine. Thus, the ULB procured the machine without assessing its need.
- Fogging Machines purchased (between January 2004 and April 2007) for ₹ 9.60 lakh<sup>34</sup> by ULBs Madhupur and Medininagar remained idle since May 2013 and April 2015 respectively for want of fund to purchase chemical oil for the machine.

#### **4.1.10.7 Utilisation of fund for Sanitation**

- In Medininagar, ₹ 3.42 crore released (March 2002) by UD&HD for construction of Sewage and Drainage system was refunded (March 2014) on

<sup>34</sup> Madhupur-₹ 4.80 lakh and Medininagar-₹ 4.80 lakh

the direction of Finance Department, GoJ due to failure to utilise the fund by Municipal Council, Medininagar for 12 years. This was on the ground that Deputy Commissioner, Medininagar forbade Municipal Council to make payment of consultancy fee (₹ 4.97 lakh) to a consultant who submitted DPR of the work with project cost ten times more than the sanctioned amount.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and assured to take corrective measure.

- State Government released ₹ 39.83 crore between 2003 and 2015 to five<sup>35</sup> test checked ULBs for construction of Community Toilets at public places and individual HHs toilets.

However, only 60 per cent (₹ 23.90 crore) of total funds could be utilised as of March 2016 to complete 3306 individual and 96 community toilets against the target of 3509 individual and 118 community toilets leaving unspent balances of ₹ 15.93 crore. Further, ULBs Ranchi and Dhanbad, did not take up construction of community and individual toilets during 2012-13 to 2014-15 without any reasons on record.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that matter would be examined and ULBs would be asked to complete the toilets at the earliest.

#### **4.1.10.8 Other irregularities**

##### **Irregular advance to Ward Councillors**

The State prohibited (October 2012) allotment of funds to Ward Councillors for execution of any scheme in their wards. In disregard, Municipal Corporation Chas paid ₹ 1.89 crore as advances during 2012-16 to Ward Councillors for execution of sanitation works in their wards. However, adjustment vouchers against advances were not submitted by Ward Councillors. Thus, advances valued ₹ 1.89 crore remained unadjusted (February 2017).

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that action would be taken.

##### **Irregular advance to Non-Governmental Organisation (NGO)**

Under Rajiv Awas Yojana, Municipal Corporation Dhanbad awarded (October 2014) construction of 1983 units of Septic tanks worth ₹ 87.65 crore to an NGO<sup>36</sup>.

Audit noticed that the Municipal Commissioner paid ₹ 5.50 crore to the contractor against work executed for ₹ 2.65 crore treating the difference amount of ₹ 2.85 crore as advance which was lying unadjusted (February 2017) since August 2014 as no work was executed by the contractor after March 2015.

Thus, payment in excess of work done resulted in ₹ 2.85 crore remaining unrecovered.

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<sup>35</sup> Deoghar, Dhanbad, Jamshedpur, Mango and Ranchi  
<sup>36</sup> Adarsh Gram Vikash Sansthan, Murhi

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that action would be taken.

### **Excess payment of Mobilisation advance**

Para 4.8.6 (h) of JMAM 2012, envisages payment of five *per cent* mobilisation advance. In disregard, RMC entered into an agreement with an agency to pay 15 *per cent* mobilisation advance of agreed cost for construction of Sewage and Drainage system worth ₹ 359.25 crore at Ranchi.

Audit noticed that RMC paid ₹ 53.89 crore<sup>37</sup> (15 *per cent* of ₹ 359.25 crore) mobilisation advance against the admissible amount of ₹ 17.96 crore. This led to excess payment of mobilisation advances worth ₹ 35.93 crore on which undue benefit of ₹ 1.73 crore (**Appendix 4.1.8**) was provided in the form of interest calculated at savings bank rate of four *per cent* per annum till February 2017.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that action would be taken.

## **4.1.11 Solid Waste Management**

SWM is a basic civic service to be provided by ULBs to ensure that the waste generated is collected and disposed-off properly. The provisioning of it (like sanitation) benefits not only individual HHs but also whole city through cleanliness, hygiene and disease prevention.

### **4.1.11.1 Implementation of SWM**

The Municipal Solid Waste (Management & Handling) (MSW) Rules, 2000 fixed 31 December 2003 as deadline for development of infrastructure for collection, storage, segregation, transportation, processing and disposal of MSW in a scientific manner.

Audit noticed that the test checked ULBs failed to achieve the deadline. In four test checked ULBs<sup>38</sup>, SWM projects worth ₹ 146.29 crore taken up under JnNURM were stopped midway after incurring expenditure of ₹ 28.47 crore as land for construction of processing and disposal of waste were not available. In the remaining six test-checked ULBs no steps had been taken to initiate implementation of SWM projects.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that DPRs of SWM were being prepared.

Status of implementation of SWM in test checked ULBs is summarised in **Appendix- 4.1.9**.

Further, the impact of failure to implement the SWM projects in Ranchi and Dhanbad was analysed as discussed below:

### **SWM services by Municipal Corporations Ranchi and Dhanbad**

The work of providing SWM services to Ranchi and Dhanbad was awarded to an agency and agreements were executed (June 2011 and February 2012) with

<sup>37</sup> ₹ 18.00 crore on 15 October 2015, ₹ 18.00 crore on 4 December 2015 and ₹ 17.89 crore on 31 December 2015

<sup>38</sup> Chas, Dhanbad, Jamshedpur and Ranchi

None of the test checked ULBs implemented SWM projects in prescribed deadline

the concessionaire for completion of treatment and disposal facilities in 365 and 300 days respectively from the dates of the agreement.

In this regard a performance audit on Implementation of Solid Waste Management project by Municipal Corporation Ranchi was conducted and findings were included in ATIR on Local Bodies for the period 2012-13. The findings in the report pointed out many irregularities but no remedial action has been taken till February 2017 by the municipal authorities **(Appendix-4.1.10)**.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that the matter would be examined.

The other irregularities in terms of delivery of services by concessionaire are discussed below:

#### **Failure of Concessionaire**

- i) Door to door services for collection of wastes were not provided to all HHs;
- ii) Less number of vehicles and manpower were deployed for sanitation;
- iii) Required number of dustbins were not installed/distributed;
- iv) The sanitation work was not being done properly by the agency as RMC always deployed its own sweepers and vehicles for lifting of garbage from the various parts of city;
- v) User charges worth ₹ 2.90 crore were not collected at Dhanbad by the Concessionaire.

Audit noticed that no action was taken against the service provider during the period of services (between June 2011 and June 2014) by the ULBs for failure to provide the mandated services to the HHs and other commercial establishments. However, contract was rescinded by RMC and DMC (between January 2014 and June 2014).

#### **Failure of Municipal Corporations Ranchi and Dhanbad**

- i) Concessionaire did not lift MSW for 30 days in November 2013 in Dhanbad yet no penalty was imposed by the DMC;
- ii) Both ULBs failed to invoke penalty for failure to process waste;
- iii) DMC diverted ₹ 2.60 crore from grant released under JnNURM for implementation of SWM on payment of tipping/professional fee although the same was to be paid from the user charges realised by the concessionaire;
- iv) RMC failed to recover ₹ 2.63 crore paid to the concessionaire for installation of treatment and disposal plant at landfill site as the concessionaire did not construct it;
- v) DMC paid (from October 2012 to April 2013) tipping fee of ₹ 66.84 lakh to Concessionaire without verifying weighbridge data;
- vi) Both ULBs did not establish Program Monitoring Mechanism which could have monitored the project deliverables; and

vii) Sanitary vehicles purchased (February 2013) by the firm for Dhanbad at a cost of ₹ 4.75 crore remained unutilised due to failure to transfer the vehicles to ULB Dhanbad.



**Waste disposal vehicles lying idle at Bus stand, Bartand, Dhanbad**

Further, ₹ 2.63 crore was paid to the concessionaire under SWM in Ranchi to construct a processing plant for disposal of waste into brick making, composting etc. at cost of ₹ 20.22 crore. However, the contract was rescinded (January 2014) and the processing plant was not constructed. Later on, RMC appointed (October 2015) another concessionaire to process waste into energy. However, the payment of ₹ 2.63 crore made to first concessionaire was not recovered which proved a loss to RMC.

Thus, improper functioning of the agency and lack of timely intervention by RMC and DMC led to termination of contracts. This necessitated the ULBs to deliver collection and transportation of waste services themselves.

Further, in the survey conducted in all test checked ULBs, 71 per cent<sup>39</sup> residents said that door to door waste collection was not done and only 11 per cent<sup>40</sup> residents told that dust bins were being cleaned daily.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD stated that the matter would be examined.

#### **4.1.11.2 Assessment of waste generation**

The MSW Rules stipulate that all MSW generated shall be collected and no waste remains uncollected that poses risk to public health and environment. Further, all ULBs have to furnish details of quantity and composition of solid waste generated to the concerned District Collectors annually.

Audit noticed that none of the test checked ULBs maintained any records of the quantity and composition of the wastes generated and collected. Thus, assessment of waste generation was not done. However, the ULBs furnished to audit the figures of waste generated and collected based on mere approximation. In the absence of reliable data of waste generation, Audit adopted the study report of Indian Urban Infrastructure and Services, 2011. The mismatch between the figures furnished by the ULBs for 2015-16 and that worked out based on the study report is shown in **Appendix-4.1.11**.

It was further observed that the waste generated in municipal area of Garhwa, Madhupur and Medininagar were collected and lifted by concerned ULBs. In

<sup>39</sup> 523 out of 741 respondents.

<sup>40</sup> 53 out of 489 respondents

the remaining ULBs, collection of waste was in the range of 39 *per cent* to 90 *per cent* only due to shortage of vehicles, manpower and failure to implement the SWM projects. The uncollected waste poses risks to public health and environment.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that ULBs would be directed to prepare the database of waste.

#### 4.1.11.3 Segregation and storage of waste

As per provisions in MSW Rules, 2000, house to house collection of MSW should be made on a daily basis and segregated at source into biodegradable waste, recyclable waste and hazardous waste by using separate coloured bins at HH level and collection centers. The container/containers of at least twice the capacity may be placed at such locations to prevent over flow of bins.

Audit observed that eight (except Dhanbad and Ranchi implemented door to door collection from April 2011 to February 2014) out of 10 test checked ULBs have not evolved any system for door to door collection of solid waste as SWM projects were not implemented. This resulted in littering in open spaces, road sides and drains treating it as receptacles of waste. Also, mixed waste collected during street sweeping was being dumped by the road side and this littering was aggravated by stray animals and rag pickers resulting in unhygienic conditions.

Evidently, waste was not being properly stored which was further compounded by failure to clear storage bins on a daily basis. This was also confirmed from our survey in which 89 *per cent*<sup>41</sup> residents stated that community waste bin was being cleaned after more than one day.

Further, as per manual of SWM, distance between two bins should not exceed 500 meters. However, in our survey 27 *per cent*<sup>42</sup> residents complained that distance between two dust bins were more than 500 meters and 53 *per cent*<sup>43</sup> residents threw their waste on roadside.

Audit also conducted physical verification of sites under the sampled ULBs and found that in many places MSW was dumped in open spaces on the roadside and even burnt openly as shown in the photos below:



Garbage littered from waste bin at Lalpur, Ranchi



Garbage kept in open beside the road at Peda Gali Deoghar



Garbage burnt beside the road at Masjid Chowk Deoghar

<sup>41</sup> 436 out of 489 respondents

<sup>42</sup> 94 out of 347 respondents

<sup>43</sup> 375 out of 708 respondents

Section 259 of JM Act, 2011 stipulates that whoever litters on any street or public place or deposits or throws or causes or permits to be deposited or throws any solid waste or building rubbish at any place shall be punished on the spot with a fine. On being enquired, all test checked ULBs (except Ranchi) informed that no action was taken by them to implement these provisions of the act.

#### 4.1.11.4 Transportation of waste through open vehicle

The MSW Rule (Schedule II) specified activities to be undertaken by municipalities to ensure that transportation of MSW for processing/disposal takes place in a hygienic manner and does not cause littering of waste.



MSW carrying through open vehicle in Deoghar

Seven (except Dhanbad, Mango and Ranchi) out of 10 test checked ULBs stated that vehicles, carrying MSW, were never covered during transportation for disposal. Thus, usage of uncovered vehicles would cause scattering and not reaching properly to the destination point for disposal.

#### 4.1.11.5 Disposal of waste in unscientific manner

Landfilling is the disposal of residual solid waste on land which should be designed with protective measures against pollution of ground water, surface water, fugitive dust, bad odour etc. No landfill should be situated within 100 metres of a navigable river or stream and should be at least 500 metres away from a notified habited area.

Audit noticed that no landfill sites (except Ranchi) were available in any of the test checked ULBs. Waste was dumped in close proximity to residential areas as well as river side or river bed as shown in photographs below.

#### View of dumping yards



Open Landfill site at Dhanbad



MSW dumped beside the river at Sahibganj



MSW dumped beside the river at Medininagar

Thus, disposal of waste was being carried out in an unscientific and unhygienic manner in open or beside river thereby causing unsanitary conditions and pollution.

#### 4.1.11.6 Improper disposal of bio-medical waste

Bio-medical waste (BMW) comprises of infectious organic and pathological waste, needles and other sharp instruments, discarded medicines and toxic drugs generated during diagnosis, treatment, immunisation of human beings and animals or research activities.

Bio-medical waste generated by institutions such as hospitals, nursing homes, veterinary institutions, animal houses, clinical laboratories etc. should be disposed off as per provisions under BMW (Management and Handling) Rules, 1998.



Five<sup>44</sup> out of 10 test checked ULBs reported to audit that total untreated BMW was being mixed with MSW

Bio-medical waste near municipal office, Deoghar

without proper treatment while rest five sampled ULBs (Chas, Jamshedpur, Mango, Ranchi and Sahibganj) informed that waste generated by hospitals and clinics were disposed off through incinerators or laboratory and were not mixed up with MSW.

Thus, disposal of BMW by five ULBs defied BMW Rules, 1998 which may cause health risk to health care personnel, waste workers and inmates of the institutions as well as creating potential environmental hazard.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and stated that after implementation of SWM projects, problems would be sorted out.

#### 4.1.12 Shortage of Human Resources and Vehicles

An organisation's performance and resulting productivity are directly proportional to the quality and quantity of human resources. Shortage of staff adversely affects the working of an organisation.

##### Human Resources

The State Government passed (May 2010) a resolution for creation of public health wing in every ULB and Water Board in Dhanbad and Ranchi. However, in eight out of 10 sampled ULBs (except Dhanbad and Jamshedpur) shortages of staff varied from 21 per cent to 90 per cent in supervisory cadre and sweepers of sanitation wing which affected the supervision in cleanliness of cities (**Appendix-4.1.12**). Also, in Dhanbad neither Water Board was created nor any staff was posted for water supply system while in seven (except Chas, Deoghar and Ranchi) ULBs, technical/auxiliary staff was not available for water supply system.

Further, UD&HD passed (July 2012) a resolution for transfer of operation and maintenance (O&M) of water supply schemes and general administrative control of concerned offices/staff from DW&SD to ULBs. However, DW&SD did not transfer the officers/staff to ULBs except in Chas and Deoghar due to shortage of staff in DW&SD for executing their own works/functions as of February 2017. As a result, the scope of functions of the test checked ULBs were limited to providing water connections to the residents of municipal area.

The State Government also notified (July 2014) Jharkhand Nagarpalika Sewa Sanwarg Niyamawali, 2014 for appointment of staff in different cadre. But,

<sup>44</sup> Deoghar, Dhanbad, Garhwa, Madhupur and Medininagar

after passage of more than two years of notification, no effort for recruiting officials for different posts of ULBs was made. However, UD&HD constituted (March 2016) a committee to ascertain the requirement of staff and creation of post according to requirement in different ULBs. Findings are awaited (February 2017).

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and stated that due to shortage of staff in DW&SD and paucity of fund for payment of pay and perks to the staff of DW&SD by the ULBs, transfer of staff to ULBs was not done.

### **Vehicles**

A garbage disposal vehicle is one of the important requirements to deliver the SWM services. Audit observed that the sampled ULBs possessed garbage disposal vehicles only to the extent of 0.43 *per cent* to 5.8 *per cent* of the requirement prescribed by the SWM manual (**Appendix-4.1.13**). Thus, shortages of garbage disposal vehicles curb discharge of functions by the ULBs. This was also confirmed during audit survey where 78 *per cent*<sup>45</sup> residents were not happy with the conditions of garbage disposal vehicles used for transporting garbage.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that action would be taken.

#### **4.1.13 Citizen Charters**

A Citizen's Charter is an expression of understanding between citizens and the service provider about the nature of service that the latter is obliged to provide and the choices available for the consumer. To ensure that citizen's charter can be used as an effective tool for performance improvement and for ensuring accountability of service provider, it needs to be backed up with the provision of an effective Grievance Redressal Mechanism.

Audit observed that none of the test checked ULBs formulated Citizen's Charter while eight (except Mango and Ranchi) out of 10 test checked ULBs did not put in place Grievance Redressal Mechanism. Further, requisite Complaint Register was not maintained in any of the test checked ULBs. However, UD&HD notified (May 2016) preparation of Citizen Charter at department level.

Further in the survey conducted by audit, 51 *per cent*<sup>46</sup> residents reported to audit that their grievances for water supply were redressed after more than seven days while 22 *per cent*<sup>47</sup> stated that no action was taken for their grievances.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD stated that Citizen Charters at State level has been notified in 2016 and Grievance redressal system had been formulated at ULBs level.

<sup>45</sup> 411 out of 530 respondents

<sup>46</sup> 155 out of 306 respondents

<sup>47</sup> 66 out of 306 respondents

#### 4.1.14 Conclusion

Service Level Benchmarks framed by MoUD, GoI for Water Supply, SWM and Sewage could not be achieved by the test checked ULBs as four water supply projects in four test checked ULBs targeted to create 306 MLD capacity could not be completed despite spending ₹ 583.47 crore while SWM projects worth ₹ 146.29 crore were stopped midway after incurring an expenditure of ₹ 28.47 crore. Further, none of the test checked ULBs constructed sewage network while 60 *per cent* drains in nine of the 10 test checked ULBs were uncovered and beset with garbage.

Incomplete water supply projects affected water supply to atleast 22.67 lakh inhabitants of municipal area. In test checked ULBs, only 29 *per cent* of the total HHs had access to piped water while shortages in supply of water ranged between nine and 99 *per cent* of requirement. Further, per capita supply of water in seven out of 10 test checked ULBs ranged between 10 and 110 litres per capita daily (lpcd) against standard of 135 lpcd while seven out of 10 test checked ULBs did not install meters for residential water connections.

Four test checked ULBs failed to recover outstanding water user charges worth ₹ 37.22 crore from the water users due to which only 29 *per cent* of Operation and Maintenance cost could be met from water user charges although mandated to be covered fully. The State Government lost ₹ 10.50 crore per year on Non-revenue water beyond the benchmark limit of 20 *per cent*.

Toilet facility was limited to 23 *per cent* to 72 *per cent* HHs in test checked ULBs against 100 *per cent* of benchmark while HHs in eight out of 10 test checked ULBs were not covered under solid waste management services. The coverage of waste collection in six sampled ULBs ranged between 39 and 90 *per cent*. No landfill sites (except Ranchi) were available in any of the test checked ULBs. Waste was dumped in close proximity to residential areas as well as river side.

Shortage of manpower to the extent of 90 *per cent* in supervisory/sweeper cadre and garbage disposal vehicles to the extent of 94 *per cent* in the test checked ULBs affected the cleanliness of cities and posed a threat to environment and health of residents.

In audit survey conducted with 741 households living within the service network of 10 test checked ULBs, 91 *per cent* HHs responded that water supply facilities provided by the test checked ULBs were not satisfactory and 85 *per cent* residents told that during summer season, sufficient water was not supplied. In respect of sanitation facilities, 75 *per cent* residents were not satisfied by the services provided by the test checked ULBs. Likewise, under SWM service, 71 *per cent* residents said that door to door waste collection was not done while 78 *per cent* residents reported that they were not happy with the conditions of vehicles used for transporting garbage.

#### 4.1.15 Recommendations

The State Government should sensitise the ULBs for meeting the demand for water supply, SWM, Sewage and Drainage as per the SLBs fixed by MoUD,

GoI. Government should facilitate in resolving the bottlenecks to complete the pending projects to achieve the SLBs.

The State Government should enforce good practices among the ULBs such as recording meter readings every month, raising timely demands, promoting online payments for collection of outstanding dues to reduce over dependence on human resources etc. Concerted efforts should be made to collect all the outstanding dues within a specific timeframe by issuing demand notice to the users.

Identification of land for setting up landfills should be done on a priority basis and stringent action should be taken against those involved in dumping waste in residential areas or river side.

Deployment of sufficient manpower and garbage disposal vehicles for cleaning and lifting of all garbage generated by the cities should be ensured.

**CHAPTER - V**  
**COMPLIANCE AUDIT**  
**URBAN LOCAL BODIES**

## CHAPTER-V

### Compliance Audit-ULBs

#### URBAN DEVELOPMENT AND HOUSING DEPARTMENT

Compliance Audit of Government Departments and their field formations brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. For sound financial administration and control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriation and frauds, but also helps in maintaining good financial discipline. Some of the audit findings on failure to comply with rules, orders etc. are discussed below.

### 5.1 Audit on Utilisation of Thirteenth Finance Commission Grants by Urban Local Bodies in the State of Jharkhand

#### 5.1.1 Introduction

Under Article 275 of the Constitution of India, the Thirteenth Finance Commission (13 FC) recommended Grant-in-aid (GIA) to Urban Local Bodies (ULBs) for the period 2010-15 as a percentage of the previous year's divisible pool of taxes (over and above the share of the State). Ministry of Finance, Government of India (GoI) laid down (September 2010) guidelines for release and utilisation of grants on the basis of recommendation of 13 FC for rural and urban local bodies. Each of these grants had two components- a basic grant component and a performance based component. Thus, there were four sub-categories of grants which included General Basic Grant (GBG), General Performance Grant (GPG), Special Area Basic Grant (SABG) and Special Area Performance Grant (SAPG). The special area grant was a composite grant based on total population of special areas of the State. The period of 13 FC was 2010-15.

The ULBs functions under the administrative control of Urban Development and Housing Department (UD&HD), Government of Jharkhand (GoJ). The Municipal Commissioner/Executive Officer (EO) of the Municipal Corporation (MC)/Municipal Council or *Nagar Parishad* (NP) is appointed by the State Government and has executive powers for carrying out administration of the ULBs subject to the provisions of Jharkhand Municipal Act (JM Act), 2011 and any rules made there under. The setup of the ULBs includes a Council which is headed by the Mayor/Chairperson elected by the people. The members of committees/sub-committees of ULBs are elected from the elected Councillors.

Audit of utilisation of 13 FC grants by the ULBs covering the period 2011-2016 was conducted between April 2016 and August 2016 by test-check of records in the office of the UD&HD and in nine<sup>1</sup> out of 36 ULBs where elections have taken place. The ULBs were selected by stratified sampling and within each stratum, three ULBs were selected by Probability Proportional to

<sup>1</sup> **Municipal Corporations:** Deoghar, Dhanbad, Ranchi, **Nagar Parishads:** Chaibasa, Chatra, Dumka, Medininagar, Sahibganj, and **Nagar Panchayat:** Gumla.

Size sampling without Replacement. Besides, joint physical inspection of 33 works was also undertaken by audit.

An entry conference was held on 22 April 2016 with the Principal Secretary, UD&HD, GoJ to discuss the audit objectives, scope and methodology of audit. An exit conference was held on 2 March 2017 with the Joint Secretary, UD&HD, GoJ to discuss the audit findings. The replies of the Government have been suitably incorporated in the Report.

### Audit Findings

#### 5.1.2 Planning

As per Section 381 of JM Act, 2011, every Ward Committee comprising of the Councillor of the municipality representing the ward, the *Area Sabha* representative and not more than 10 persons representing the civil society of the ward nominated by the municipality shall prepare and submit every year a development plan for the ward along with an estimate of the expenditure to the municipality concerned. The municipality in turn shall prepare every year a development plan prioritising the projects on the basis of schemes beneficial to the municipality as a whole, those beneficial to a number of wards or for individual ward in that order for the municipal area for the next year. Further, each municipality shall also prepare a perspective five-year plan for its development.

##### 5.1.2.1 Deficiency in planning

Audit noticed that Ward Committees were not constituted in the test-checked ULBs till February 2017. The development plans and perspective five-year plans as prescribed in the JM Act, 2011 were also not prepared.

In the absence of development plan, perspective five-year plan and Ward Committees, 299 works valued ₹ 457.55 crore were selected and sanctioned by the High Level Monitoring Committee (HLMC) in the State at the department level without prior approval of the Board of the concerned municipality and without assessing the needs and aspirations of the people.

As a result, 21 works estimated at ₹ 20.93 crore were cancelled due to public hindrance, absence of land, pre-existence of structure, stoppage of work on the recommendation of ward councillor etc. which ultimately resulted in poor utilisation of fund.

Further in the test-checked ULBs, 15 works estimated at ₹ 16.17 crore (out of 220 works valued ₹ 302.22 crore) were cancelled by HLMC while 42 works estimated at ₹ 113.41 crore could not be commenced as discussed in paragraph 5.1.4.2. This indicates that the selection of works were injudicious.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and stated that efforts would be made for constitution of Ward Committees at ULB level.

#### 5.1.3 Financial Management

##### Entitlement and release of funds

The position of funds under 13 FC Grants provided by GoI to GoJ under general area for ULBs and special area composite grants for both ULBs and PRIs during 2010-15 is given in **Table-5.1.1**:

In absence of planning majority of the works were selected and sanctioned by the HLMC at the department level without assessing the needs and aspirations of the people

**Table-5.1.1: Summary report of entitlement and release of funds**

(₹ in crore)				
Sub-Category	Entitlement	Released by GoI to GoJ	Shortfall in release of fund by GoI against entitlement	Released to ULBs by GoJ
GBG	278.34	278.86	Nil	281.58
GPG	147.33	18.32	129.01	18.32
<b>Sub-total (General Area Grant)</b>	<b>425.67</b>	<b>297.18</b>	<b>129.01</b>	<b>299.90</b>
Composite SABG (PRI & ULB)	175.00	122.50	52.50	22.00*
Composite SAPG (PRI & ULB)	122.50	101.97	20.53	27.80*
<b>Sub-total (Special Area Grant)</b>	<b>297.50</b>	<b>224.47</b>	<b>73.03</b>	<b>49.80</b>
<b>Grand total</b>	<b>723.17</b>	<b>521.65</b>	<b>-</b>	<b>349.70</b>

(Source: Copies of allotment letters issued by the department)

\* Rest amount provided to *Panchayati Raj* Institutions

**The GoI did not release 13 FC grant of ₹ 202.04 crore as State Government did not comply the mandatory conditions**

As could be seen from Table-5.1.1, GoI released general area grant (GBG and GPG) of only ₹ 297.18 crore (70 *per cent*) against the entitlement of ₹ 425.67 crore during 2010-15. Further, against entitlement of special area composite grants (for PRIs and ULBs) of ₹ 297.50 crore, GoI released only ₹ 224.47 crore. Thus, the State lost 13 FC grant worth ₹ 202.04 crore which included ₹ 129.01 crore under GPG as ULBs share and ₹ 73.03 crore under special area composite share for both ULBs and PRIs.

It was noticed in audit that the performance grant under both general area and special area was not released by GoI as the State failed to comply with the mandatory conditions for release of performance grant such as adoption of accrual based accounting system, constitution of Director of Local Fund Audit and local body ombudsman, electronic transfer of fund to ULBs by the State, standardising service level benchmark etc. (**Appendix-5.1.1**). Further, delays in submission of Utilisation Certificates (UCs) by the State Government for 153 to 694 days also resulted in denial of general area performance grant as well as special area grant by GoI.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that State Government tried to fulfil the mandatory conditions but could not achieve them within time which resulted in loss of grants.

### 5.1.3.1 Poor utilisation of available funds by the ULBs

To bolster the finances of ULBs, the 13 FC recommended transfer of grants-in-aid to ULBs in addition to their own tax revenues and other flows from State and Central Governments. These grants were untied to any conditions.

Audit noticed that out of ₹ 210.51 crore provided by the State Government to the test-checked ULBs, only ₹ 106.37 crore (51 *per cent*) was utilised during 2011-16. Year-wise analysis of utilisation of grants in the test-checked ULBs revealed that percentage of utilisation of grants ranged between below three *per cent* and 51 *per cent* (**Appendix-5.1.2**). The main reasons for poor utilisation of fund were absence of planning, delayed release of fund by the State to ULBs, inaction on the part of ULBs to execute the works, imprudent

**The percentage of utilisation of grants ranged between below three *per cent* and 51 *per cent* during 2011-16 in test-checked ULBs**

selection of works, failure to complete the sanctioned works by the contractor etc. as discussed in paragraphs **5.1.2.1, 5.1.3.2 and 5.1.4.**

Poor utilisation of funds by the test checked ULBs deprived the people of intended benefits of the 13 FC grants.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that steps would be taken for utilisation of funds by the ULBs to complete all pending works of 13 FC.

### **5.1.3.2 Delay in release of fund by the State to ULBs**

As per Paragraph 4.2 of the guideline, funds received under 13 FC were to be transferred electronically to the ULBs by the State Government within five days of its receipt from GoI. In case of any delay, the State Government was required to release the instalment with interest, at the bank rate of Reserve Bank of India, for the number of days of delay.

Audit noticed that the State Government released the 13 FC grants to ULBs with delays ranging from 24 to 962 days. The delay was mainly due to receipt of fund from GoI at the fag end of the financial year and by that time the State Government prepared its budget. To draw the fund, the State Government made supplementary provision in the budget.

As a result of delay, State Government was required to pay ₹ 3.87 crore as penal interest but the Government paid (between March 2012 and September 2013) only ₹ 2.38 crore to the ULBs till February 2017 (**Appendix-5.1.3**).

Further, State Government directed (March 2012) the ULBs to utilise the interest amount for execution of new works after approval of the Board. However, the test checked ULBs did not utilise the penal interest worth ₹ 1.64 crore as of February 2017. Thus, by keeping the fund idle in municipal fund, the intended benefit of these funds could not reach the people.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that instructions would be issued to ULBs for utilisation of penal interest on works duly selected by the Board.

### **5.1.3.3 Irregular distribution of grants to ULBs**

The GoI released the 13 FC grants among the States considering the population, proportion of urban area, utilisation index of Finance Commission grants, per capita gross state domestic product and index of devolution. As per guideline, allocation of fund among various ULBs within the State was to be made by the respective States.

Audit noticed that GoJ distributed 13 FC grants among ULBs based on works sanctioned by the HLMC. During 2010-13, HLMC sanctioned works for only 15 out of 36 eligible ULBs and they received funds worth ₹ 73.13 crore while for the rest 21 ULBs, grants of ₹ 77.80 crore (22 per cent of total grants released by GoI) were made available only from January 2014 onwards. This indicated that GoJ did not ensure distribution of 13 FC grants among all the ULBs.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that the department distributed grants to the ULBs as per works sanctioned by HLMC.

**The State Government released the 13 FC grants to ULBs with delays ranging from 24 to 962 days**

### 5.1.3.4 Irregular distribution of Special Area Grant

GoI allocated special area grant among 16 eligible States on per capita basis considering total population of special areas under these States. As per Paragraph 3.4 of the guideline, the States were required to allocate special area grant to the local bodies on the basis of proportionate population of special areas, without distinguishing between urban and rural areas.

Audit noticed that GoI ignored the stipulated population weighted criteria for distribution of special area grant<sup>2</sup> and distributed it between RDD (PR) (for PRIs) and UD&HD (for ULBs) following the weighted criteria methodology, such as Index of Devolution, Area etc. of GoI which is applicable for distribution of general area grant among States.

Accordingly, UD&HD got ₹ 49.80 crore out of ₹ 224.47 crore released by GoI as special area grant to the State for distribution among 19 ULBs situated within special area of the State although the admissibility was only ₹ 30.00 crore. Further, UD&HD distributed the special area grant of ₹ 40.33 crore among 16 ULBs situated within special area and ₹ 9.47 crore among three ineligible ULBs<sup>3</sup> beyond the domain of special area. This deprived beneficiaries of at least three entitled ULBs<sup>4</sup> in which special area grant was not transferred by the State.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted that distribution of special area grant among ULBs was made as per criteria of General Area Grant.

### 5.1.3.5 Lapse/surrender of funds

- In NP, Chaibasa, ₹ 33 lakh released (January 2014) by UD&HD for construction of office building, installation of solar light and purchase of sanitary equipment lapsed as the ULB failed to draw the fund. Likewise, ₹ 5.04 lakh could not be credited to the municipal fund as UD&HD sent the demand draft to the ULB only after lapse of its validity.
- In NP, Dumka, ₹ 1.48 crore released (March 2011) for “Beautification of Shiv Pahar” was surrendered (January 2015) by the ULB after four years from date of its release as the work could not be started due to delay in technical sanction of DPR, failure to approve the bill of quantity and to finalise tender for the work.

Thus, due to lackadaisical attitude of the authorities, the intended objective of creation of asset of public utility remained unachieved.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation.

## 5.1.4 Execution of works

As per guideline, the grants under 13 FC for ULBs and special areas were untied to expenditure condition. The 13 FC funds were intended to provide services of public utility such as water supply, sanitation, solid waste

<sup>2</sup> Thirteen out of 24 districts of Jharkhand covering 19 ULBs are completely within special area.

<sup>3</sup> Chirkunda NP, Dhanbad MC and Garhwa NP

<sup>4</sup> Chakuliya NP, Dumka NP and Saraikela NP

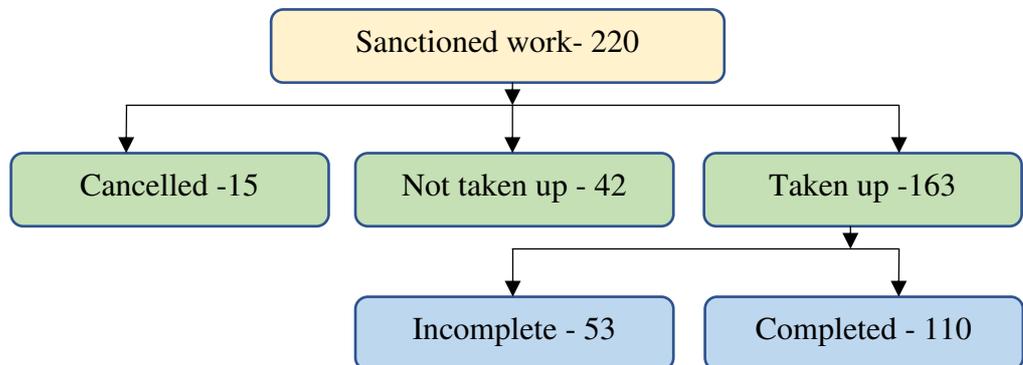
management, drainage, e-governance, transportation, strengthening of fire services and others etc.

In the State, HLMC sanctioned 299 works<sup>5</sup> valued at ₹ 457.55 crore during 2010-15 for 36 ULBs against the entitled fund of ₹ 475.47 crore under 13 FC from the GoI. However, the State received ₹ 349.70 crore from GoI as it could not comply with all the nine mandatory conditions to become eligible for receiving the performance grant during 2011-12 to 2014-15 as discussed in paragraph 5.1.3. This resulted in shortage of fund worth ₹ 107.85 crore to complete the sanctioned works.

As a result, 60 sanctioned works estimated at ₹ 256.66 crore could not be completed as only ₹ 148.81 crore was released for these works due to paucity of 13 FC fund. However, the department did not take any action to bridge the resource gap of ₹ 107.85 crore from the State fund or to complete these works by convergence with other ongoing schemes.

Further, in the test checked ULBs, 220 works valued ₹ 302.22 crore were sanctioned by the HLMC during 2010-15. Of this, 15 works valued ₹ 16.17 crore were cancelled while 42 works valued ₹ 113.41 crore could not be commenced. Out of the remaining 163 works taken up for execution, 53 works valued ₹ 126.36 crore were delayed between 91 and 937 days and lying incomplete (as of February 2017). On these incomplete works, an expenditure of ₹ 64.50 crore have been incurred. Details are represented through a flow diagram below.

**Flow diagram showing status of work in test-checked ULBs**



Audit also noticed misuse of the 13 FC grants worth ₹ 3.29 crore during test check of execution records of the sampled ULBs. These included fraudulent payment of ₹ 0.09 crore, irregular sanction of mobilisation advance ₹ 0.66 crore to contractors, irregularities in purchase of LED lights of ₹ 0.93 crore, avoidable payment of ₹ 0.57 crore, loss of ₹ 0.67 crore by making excess payment to contractors, unfruitful expenditure of ₹ 0.37 crore etc. as discussed in subsequent paragraphs.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that efforts are being taken to complete these works by providing funds from 14 FC grants.

<sup>5</sup> Audit worked out the figures on the basis of allotment letters of the department as UD&HD did not provide the number of works sanctioned under 13 FC

### 5.1.4.1 Incomplete works

The following is an abstract of 163 works undertaken for execution during 2010-15 in the test-checked ULBs and works that remained incomplete as of February 2017.

**Table-5.1.2 Physical status of work taken up in test-checked ULBs**

(₹ in crore)

Sl. No.	ULB	Number of works taken up during 2010-15	Total exp.	Complete	Incomplete	Estimated cost of incomplete work	Expenditure on incomplete works
1	Chatra NP	02	0.37	01	01	0.24	0.16
2	Chaibasa NP	04	0.87	0	04	4.90	0.87
3	Deoghar MC	40	12.62	29	11	12.96	0.31
4	Dhanbad MC	21	16.05	04	17	15.00	10.85
5	Dumka NP	32	4.93	28	04	1.40	0.63
6	Gumla NP	11	2.27	10	01	0.20	0.15
7	Medininagar NP	02	1.72	01	01	4.21	1.23
8	Ranchi MC	36	37.05	25	11	35.44	21.48
9	Sahibganj NP	15	32.61	12	03	52.01	28.82
<b>Total</b>		<b>163</b>		<b>110</b>	<b>53</b>	<b>126.36</b>	<b>64.50</b>

(Source: Information furnished by the test-checked ULBs)

The main reasons for works remaining incomplete were unwillingness of contractors to complete the work, public hindrances, absence of encumbrance free land, mid-way stoppage of works by contractors due to price rise etc. Age analysis of incomplete works is presented in **Table-5.1.3**.

**Table-5.1.3: Age analysis of incomplete works as of February 2017**

ULB	No. of incomplete works	Incomplete for more than				
		Six years	Five years	Four years	Three years	Two years
Chatra NP	01	-	-	-	-	01
Chaibasa NP	04	-	-	-	-	04
Deoghar MC	11	08	-	-	-	03
Dhanbad MC	17	06	-	-	-	11
Dumka NP	04	-	03	-	-	01
Gumla NP	01	-	-	-	-	01
Medininagar NP	01	-	-	-	-	01
Ranchi MC	11	-	-	-	01	10
Sahibganj NP	03	01	-	01	-	01
<b>Total</b>	<b>53</b>	<b>15</b>	<b>03</b>	<b>01</b>	<b>01</b>	<b>33</b>

(Source: Information furnished by the test-checked ULBs)

It could be seen from the above table that 18 works were incomplete for more than five years while 35 works were incomplete for more than two to four years. However, the test checked ULBs did not take efforts to complete these works. As a result, the intended objectives of these works remained unachieved despite expenditure of ₹ 64.50 crore.

The Municipal Commissioners/EOs of all the test-checked ULBs accepted (March 2017) the audit observations and stated that steps would be taken to complete these works. However, the source of fund to complete these works was not furnished to audit.

In test-checked ULBs, ₹ 55.47 crore released for execution of 42 works remained blocked as these works could not be commenced due to public hindrance, absence of land, faulty preparation of DPR, failure to finalise tender, delay in release of fund etc.

#### 5.1.4.2 Unsuccessful commencement of sanctioned works

Audit noticed that in the test-checked ULBs, 42 works estimated at ₹ 113.41 crore sanctioned between 2010-15 for construction of market complex, bus stand, marriage hall, town hall, park, installation of LED lights etc. could not be commenced till February 2017, though, ₹ 55.47 crore was released by the department for execution of these works during 2010-15 as detailed in **Table-5.1.4**.

**Table-5.1.4: Statement showing parking of fund in test-checked ULBs**

(₹ in crore)

Year of sanction of works	Number of works	Estimated cost	Amount released
2010-11	01	1.41	1.41
2011-12	01	0.20	0.20
2012-13	05	26.63	5.40
2013-14	18	31.60	25.08
2014-15	17	53.57	23.38
<b>Total</b>	<b>42</b>	<b>113.41</b>	<b>55.47</b>

(Source: Information furnished by the test-checked ULBs)

The main reasons for failure to take up construction of these works were public hindrance, absence of land, faulty/absence of preparation of Detailed Project Reports (DPR), delay in release of fund, failure to finalise tenders and purchase equipments to implement fire hazard and mitigation plan etc. As a result, the funds worth ₹ 55.47 crore released for these works remained blocked. Some of the major works in which funds were blocked with their causes are discussed in following paragraphs:

#### Absence of land

- In NP, Chaibasa, HLMC released (August 2012) ₹ three crore for renovation of a bus stand without ensuring the availability of land for the purpose. Audit noticed that acquisition of land in two villages for this purpose could not be done due to protest by villagers. Subsequently, it was decided (March 2016) to utilise 0.74 acres of land from the existing bus stand along with 2.01 acres of land from the Government bus stand abutting it. However, this decision was not implemented as the Transport Department, GoJ did not transfer the land to the ULB. As a result, the work could not be commenced till February 2017 while the entire amount of ₹ three crore released under 13 FC grant remained blocked in the municipal fund.
- In MC, Dhanbad, construction of a marriage hall in Hirapur valued at ₹ one crore was approved by HLMC in May 2014. However, the work was cancelled (October 2014) as the Municipal Commissioner failed to acquire land despite issuance (August 2013) of No Objection Certificate by the Circle Officer, Dhanbad. After cancellation of the work, HLMC again sanctioned (October 2014) it at a higher cost of ₹ 2.42 crore without specifying the site.

Audit noticed that the MC again selected the same site for its execution without ensuring availability of land and signed (March 2015) an agreement with a contractor. Despite repeated request (between July 2015 and May 2016) by the contractor, MC failed to provide land and as a result, the work could not be taken up. Ultimately, the contractor showed (June 2016) his inability to execute the work on the agreed rates due to price rise and requested cancellation of the agreement. Till February 2017, the MC neither cancelled the work nor took any action to commence the work. Thus, due to

lackadaisical attitude of the municipal authorities, the intended asset of public utility could not be created in more than two years of its sanction while the entire fund released for the purpose remained blocked.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and stated that due to land acquisition problem, these three works could not be started.

#### **Failure to finalise tender**

In NP, Dumka, construction of marriage hall at Shiv Pahar valued at ₹ 2.42 crore was sanctioned by HLMC in May 2014. After opening of bid (March 2015) the tender committee found all the four bidders technically qualified but did not analyse their financial bids without assigning any reason. On request (October 2015) of bidders, NP released the performance security deposited by the bidders. Thus, failure to finalise the tender prevented commencement of the project in more than two years of sanction of the work while the entire amount of ₹ 2.42 crore remained unutilised.

#### **Faulty preparation of DPR**

HLMC sanctioned (October 2013) construction of a Musical fountain with laser in Birsa Munda Park, Dhanbad at an estimated cost of ₹ 2.50 crore. DPR of the work was prepared (June 2015) by a consultant for which ₹ 2.94 lakh was paid (July 2015) as consultancy fee. However, the consultant prepared the DPR for Musical Dancing fountain instead of laser Musical fountain as required. Further, the DPR was also not supported by detailed design, drawing, layout plan and other necessary documents. This fact was brought to the notice of the ULB by the contractor in April 2015 but when the ULB asked (June 2015 and October 2015) these details from the consultant, there was no response. The work was cancelled (March 2016) by the ULB and fund of ₹ 2.50 crore remained unutilised.

Thus, preparation and approval of faulty DPR resulted in unfruitful expenditure of ₹ 2.94 lakh as consultancy fee and blockage of ₹ 2.50 crore while the sanctioned work could not be commenced.

#### **Failure to implement fire hazard and mitigation plan**

To restructure fire and emergency services in the urban areas having population of one million, 13 FC recommended that a portion of the grants provided to the ULBs be spent on revamping of the fire services within their respective jurisdiction. The ULBs may provide financial support to the State Fire Services Department to meet this objective. The State Government notified (May 2014) the Fire Hazard Response and Mitigation Plan for Dhanbad, Jamshedpur and Ranchi having populations of more than 10 lakh after a delay of more than two years.

Against this, in Ranchi, funds worth ₹ 16 crore provided (between May 2014 and March 2015) by HLMC for procurement of fire-fighting equipment<sup>6</sup> was not transferred by RMC to Deputy Inspector General of Police, Fire Service till January 2017 despite being pointed out (December 2015) by the Director General of Police, Fire Services, Jharkhand to Principal Secretary, UD&HD.

**Due to lackadaisical attitude of RMC and lack of monitoring at the department level, essential fire-fighting equipment could not be procured and the funds of ₹ 16 crore remained unutilised released for the purpose**

<sup>6</sup> Aerial ladder platform, advanced rescue vans, water tenders, water bouzer, foam tenders, portable pumps etc.

As purchases of fire fighting equipment could not be made and fund remained blocked in RMC, Additional State Fire Officer, Jharkhand reported to Audit that 1889 cases of fire have taken place in Ranchi during 2010-15.

In the exit conference, MC, Ranchi replied (2 March 2017) that steps would be taken to transfer the fund.

#### **5.1.4.3 Deficiencies in completed works**

In the sampled ULBs, 110 works taken up for construction have been completed during 2011-16. However, completion of these works suffered from various deficiencies as discussed below.

##### **Imprudent selection of work**

HLMC sanctioned (March 2011) work of laying of precast interlocking paver blocks on both side flanks of 7.5 km road from Jasidih Railway Station to Tower Chowk in Deoghar district. The estimated cost of the work was ₹ 1.40 crore and scheduled period of completion was three months.

Audit noticed that the contractor executed work valued ₹ 6.68 lakh and thereafter stopped (February 2013) it. A joint inspection team<sup>7</sup> of Executive Engineers constituted (February 2013) to ascertain feasibility of the work recommended (March 2013) that the work was not technically feasible as the paver block of the road ends would be broken due to heavy vehicles and there was possibility of water logging during rainy season. The Municipal Commissioner reported (July 2016) to audit that the work has been cancelled by the department as per orders (December 2013) and security deposit was refunded (September 2014) to the contractor.

Thus, sanction of technically unfeasible work led to wasteful expenditure of ₹ 6.68 lakh on the paver blocks which served no purpose. Besides, the balance fund of ₹ 1.33 crore was blocked.

##### **Selection of work beyond jurisdiction of ULB**

Section 70 (c) (vi) of JM Act, 2011 prohibits ULBs to construct and maintain National Highways, State Highways and major District roads. Regardless of this, HLMC sanctioned widening of NH-32 (Goal building to Railway station in Dhanbad) for ₹ 12.08 crore and released (March 2011) ₹ 9.36 crore to MC, Dhanbad. However, upon the violation being pointed out by MC, Dhanbad, HLMC cancelled (December 2011) the work and sanctioned (December 2011) 12 new works valued ₹ 12.11 crore for execution.

Audit noticed that the 12 works included one road work worth ₹ 37.54 lakh falling under rural area which was cancelled (October 2014) as Rural Works Division, Dhanbad had already planned to construct the road while another road work worth ₹ 51.93 lakh falling under Bharat Coking Coal Limited (BCCL) area was cancelled (October 2014) as open cast mining was proposed by BCCL in that area. Thus, sanction and cancellation of the works by HLMC indicated imprudent selection of works.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that the works were immediately cancelled on being noticed.

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<sup>7</sup> Constituted as per orders of Deputy Commissioner, Deoghar vide letter no. 273 dated 19 February 2013

#### 5.1.4.4 Fraudulent payment

As per Jharkhand Municipal Accounts Manual (JMAM) 2012, local bodies, bidders, suppliers and contractors are required to observe highest standard of ethics during the procurement and execution of contracts. Audit noticed the following cases of fraudulent payment to contractors in MC, Deoghar:

**In MC Deoghar, fraudulent payment of ₹ 8.66 lakh was made to contractors by manipulating rates in tender paper and agreement or recording false entries in measurement book**

- In two works<sup>8</sup> valued ₹ 56.18 lakh, tender committee allotted the works to contractors at their quoted rate of ₹ 50.56 lakh which was 10 per cent below the estimated cost. However, the agreement values were fraudulently increased from ₹ 50.56 lakh to ₹ 55.92 lakh by manipulating the rates to 0.2 per cent below estimated cost in one work and 1.9 per cent below in the other work by cutting out and overwriting in the comparative statement, tender paper and agreement. Due to manipulation in rates, ₹ 4.37 lakh was paid in excess out of a total payment of ₹ 46.03 lakh made till August 2016.
- Supply and installation of equipment worth ₹1.38 crore in two children parks<sup>9</sup> was allotted (June 2015) to a contractor who was paid ₹ 1.36 crore till June 2016. Audit conducted (June 2016) a joint physical verification of both parks and observed that the contractor neither supplied nor installed equipment worth ₹ 4.29 lakh such as rower, arch swing, water storage tank, balancing bridge etc. The payments were thus made by recording false entries in the measurement book. In addition, physical verification also revealed that equipment worth ₹ 12.55 lakh could not be installed due to substandard material while health equipment worth ₹ 7.07 lakh were found damaged and unworkable. These equipment were lying idle since supply as shown in photograph below.



**Figure 1: Equipment lying idle in store in Rohini Park, Deoghar**



**Figure 2: Jalsar Park, Deoghar**

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and assured of examining the matter at department level. He further replied that instructions would be issued to all ULBs to avoid recurrence of such type of incidents in future.

#### 5.1.4.5 Irregular sanction of mobilisation advance

The Central Vigilance Commission, GoI directed (April 2007) that the provision of mobilisation advance should essentially be need based and preferably be given in instalments. Subsequent instalments should be released

<sup>8</sup> (i) Laying of paver blocks from Shitla Mata Mandir to Kesharwani chowk- ₹ 9.08 lakh  
(ii) Construction of karam shed near Derwa bridge in three wards- ₹ 47.10 lakh

<sup>9</sup> Children park in Jalsar and Rohini in Deoghar

after getting satisfactory UC from the contractor for the earlier ones. Further, as per Rule 4.8.6 (h) of JMAM 2012, in respect of contracts above ₹ 45 lakh, mobilisation advance for equipment and materials may be paid for civil works at the rate of five *per cent* of contract price against bank guarantee of similar amounts. The entire amount of advance must be recovered within completion period of the work.

**In ULBs Chaibasa and Ranchi, undue favour was extended to the contractors by irregular sanction of mobilisation advance in excess of permissible limit**

Audit noticed that in two works<sup>10</sup> under NP, Chaibasa and MC, Ranchi, mobilisation advance of ₹ 1.44 crore<sup>11</sup> was paid at the rate of 10 *per cent* of contract value of ₹ 14.44 crore to the contractors instead of five *per cent*. As a result, ₹ 0.66 crore was paid in excess. Further, MC, Ranchi, recovered the mobilisation advance after a delay of 11 months while in NP, Chaibasa, mobilisation advance of ₹ 37.91 lakh was lying unrecovered from the contractor despite lapse of more than one year from the date of first instalment of advance as on February 2017.

Thus, irregular sanction of mobilisation advance in excess of permissible limit besides delay/failure to recover the advances as per schedule resulted in undue favours to the contractors.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that instruction would be issued to NP, Chaibasa to recover the advance from the contractor. However, no justification could be given for sanction of excess mobilisation advances.

#### **5.1.4.6 Avoidable payment of ₹ 56.74 lakh for price escalation**

As per Rule 4.11 of JMAM 2012, price escalation clause may be included in the agreement only in cases where the completion period of the work exceeds 18 months and contract price is more than ₹ 45 lakh.

**In Ranchi, due to irregular inclusion of price escalation clause in agreement, ₹ 56.74 lakh was paid in excess to the contractor**

In MC, Ranchi, agreement of ₹ 10.65 crore was executed (July 2013) with a contractor for Renovation and Beautification of Birsa Bus Stand, Khadgarha, Ranchi. The scheduled period of completion of work was 12 months. Audit noticed that the contractor completed the work in July 2015 after a delay of 12 months for which no time extension was granted by the competent authority. Moreover, while executing the agreement with the contractor, RMC incorrectly included the clause for adjustment of price in violation of rule as the time allowed for completion of work in the agreement was less than 18 months. As a result, ₹ 56.74 lakh paid for price escalation was avoidable.

In the exit conference (2 March 2017), the Joint Secretary accepted the audit observation. However, no action was taken or contemplated for initiating recovery from the contractor or to fix responsibility against the officials who failed to protect the interest of the ULBs.

#### **5.1.4.7 Loss due to payment of bitumen at higher rate**

As per notification<sup>12</sup> (December 2008) of the Road Construction Department (RCD), GoJ, in case of decline in the price of bitumen, deduction will be made from the cost of bituminous items in the agreement accordingly. This

<sup>10</sup> Renovation and Beautification of Birsa Bus Stand, Ranchi of agreement value ₹10.65 crore and Construction of town hall at Chaibasa of agreement value ₹ 3.79 crore

<sup>11</sup> ₹1.06 crore in Ranchi MC (October 2013) and ₹ 37.91 lakh in two installments in Chaibasa NP (July 2015 and January 2016)

<sup>12</sup> Notification no. 8145 dated 29/12/08 of Road Construction Department, GoJ

**ULBs Dhanbad and Sahibganj suffered a loss of ₹ 0.67 crore due to payment for bituminous items of work as per agreed rate without considering decline in market rates**

arrangement was required to be mentioned in the NIT as well as in agreement as special condition. Although the JM Act, 2011 mandates the ULBs to follow the PWD codes and orders of Government departments, the notification was not considered to frame the NIT and agreement terms for contractors.

MC, Dhanbad paid ₹ 2.61 crore (between May 2015 and March 2016) to contractors for 518.60 MT<sup>13</sup> bitumen on the basis of rates prescribed in the agreement though the market rates of bitumen reduced to ₹ 2.03 crore during this period. Likewise, NP Sahibganj, paid ₹ 51.26 lakh (between March 2015 and June 2016) to contractors for 100.07 MT<sup>14</sup> bitumen based on rates mentioned in the agreements though the actual market price of bitumen was reduced to ₹ 43.31 lakh during this period. Thus, the ULBs suffered a loss of ₹ 0.67 crore by making excess payments to the contractors in violation of instructions of the State Government (**Appendix-5.1.4**). Further, NP Sahibganj paid ₹ 1.14 crore to the contractors for execution of bituminous work without verification of invoice of bitumen from oil companies.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and stated that instruction would be issued to Municipal Commissioner, Dhanbad to meticulously frame the terms and conditions as per prevalent Government order and keeping in view the principle of economy. He further stated that instructions would be issued to EO, NP, Sahibganj to verify the bitumen challan from the oil companies at earliest.

#### **5.1.4.8 Unfruitful expenditure of ₹ 37.13 lakh**

In MC, Deoghar, expenditure of ₹ 37.13 lakh was incurred on construction of three cremation shed (*Karm shed*) estimated at ₹ 47.10 lakh. Audit conducted (June 2016) a joint physical verification and found that the works were not completed by the contractor even after lapse of more than 19 months from scheduled date of completion (January 2015) for which neither any time extension was applied by the contractor nor any action was taken by the Municipal Commissioner against the contractor as per terms of agreement. As a result, the intended objective of 13 FC grant could not be achieved while the entire expenditure of ₹ 37.13 lakh remained unfruitful.



**Incomplete Karm shed, Deoghar**

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation. Fact remains that neither further timeline was given to the contractor to complete the work nor any penalty was levied.

#### **5.1.4.9 Irregular procurement of LED light**

The UD&HD prepared (May 2014) a model estimate (41 LED lights each on a 1.50 meter long arm on 41 poles of 9 meter height in a stretch of one

<sup>13</sup> Emulsion (RS-I)- 36.60 MT (Range of Percentage decline in rate- 3 to 10 per cent), Packed Bitumen- 326.40 MT (Range of Percentage decline in rate- 6 to 35 per cent), Bulk Bitumen- 155.60 MT (Range of Percentage decline in rate- 25 to 30 per cent)

<sup>14</sup> Emulsion (RS-I and SS-I)- 14.40 MT (Range of Percentage decline in rate- 3 to 10 per cent), Packed Bitumen- 85.67 MT (Range of Percentage decline in rate- 6 to 35 per cent)

kilometre) of ₹ 20.05 lakh for installation of LED lights. However, the ULBs were instructed to revise the model estimate as per ground reality or site condition. The objectives of introducing LED based street lighting were to minimise street lighting cost, reduce energy use and provide greater safety and security to the citizen.

The following irregularities were noticed in procurement and installation of LED lights in test-checked ULBs:

#### **MC Dhanbad**

MC Dhanbad prepared an estimate for installation of 809 LED lights worth ₹ 4.15 crore and allotted (between October 2014 and February 2015) the work to 10 contractors for completion of works between February 2015 and July 2015. The contractors supplied 795 lights till June 2016 and received payment of ₹ 3.63 crore. The MC changed<sup>15</sup> the technical specifications while inviting tender by reducing the wattage, LED efficiency and ingress protection of LED lights as provisioned in the model estimate, without reducing its price.

To ascertain the successful installation of LED lights audit conducted (July 2016) a joint physical verification of 237 LED lights (30 *per cent* of 795 lights installed) and found that 171 (72 *per cent*) LED lights were either not functional or were functioning improperly on grounds of absence of connection of feeder pillar with transformer, absence of timer, earthing, defects in LED panel etc. which were responsibilities of the contractor as per agreement. Thus, payment of ₹ 0.79 crore on these 171 LED lights which could not be put to use or were not functioning properly was unfruitful.

The Joint Secretary, UD&HD accepted (March 2017) the audit observation and stated that instruction would be issued to Municipal Commissioner to take necessary measures for proper functioning of light as these are within warranty period.

#### **NP Dumka**

As per Rule 87 of JMAM 2012, for the execution of work of any description the Municipal authority should take five *per cent* security at the time of agreement and additional five *per cent* as performance security from the bills of contractor on account of work done as a safeguard against possible loss to the Municipality.

The NP issued orders (October 2015 and February 2016) to a firm for supply and installation of 1200 LED lights worth ₹ 1.92 crore within one month from the date of order. Audit noticed that the NP did not adhere to its own order and included lump-sum security of ₹ three lakh in the NIT and agreement. The contractor supplied 885 LED lights worth ₹ 1.42 crore till July 2016. However, no security was deducted from the bills of the contractor. Thus, by violating the provision of JMAM 2012, undue favour was extended to the contractor by accepting security of only ₹ three lakh instead of ₹ 16.70 lakh (five *per cent* of ₹ 1.92 crore and five *per cent* of bill value of ₹ 1.42 crore).

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that instructions would be issued to EOs to investigate the matter.

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<sup>15</sup> Wattage of LED was reduced to 90 Watt from 120 Watt, efficiency reduced to 80 lumen/watt from 125 lumen/watt, ingress protection from IP-68 to IP-65 etc.

**In Dhanbad, due to mal-functioning of 171 street lights, the expenditure of ₹ 0.79 crore on these lights was unfruitful**

#### 5.1.4.10 Loss of revenue to the government

##### Royalty

As per Rule 55 of the Jharkhand Minor Mineral Concession (JMMC) Rules 2004, purchase of minor minerals can be made from lessees/ permit holders and authorised dealers only for which submission of Transport Challans along with affidavits in form 'O' and particulars in form 'P' is required.

Audit noticed that in 28 works in five<sup>16</sup> ULBs royalty amounting to ₹ 15.47 lakh was not deducted from the bills of the contractors. Also, no records evidencing extraction of minerals from legal mining was produced to audit.

##### Labour cess

Labour cess at the rate of one *per cent* of value of construction works is required to be deducted (effective from October 2009) from bills of executing agencies and contractors and credited to concerned Government Head.

Audit noticed that in 42 works under five ULBs<sup>17</sup>, labour cess amounting to ₹ 15.17 lakh was not deducted from the bills of the executing agencies and contractors. As a result, the State Government sustained a loss of ₹ 30.64 lakh.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that instruction would be issued for recovery of dues as per provision.

##### Penalty

According to clause 2 of terms and conditions of F2 agreement (JPWD Code) penalty at 0.5 *per cent* of the estimated cost of unexecuted work per day (subject to maximum of 10 *per cent* of total estimate) shall be levied on the contractor in the event of failure to complete the work within stipulated period.

Audit noticed that in 48 out of the 163 executed works in the sampled ULBs, penalty amounting to ₹ 2.15 crore was either not deducted or deducted in short though, the contractors failed to complete the works within stipulated periods which ultimately resulted in excess payment to that extent (**Appendix-5.1.5**).

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that instruction would be issued for recovery of dues as per provision.

#### 5.1.5 Monitoring

The 13 FC guideline stipulated that HLMC, headed by the Chief Secretary of the State, was responsible for ensuring adherence to the specific conditions of each category of grants. Audit noticed the following deficiencies in monitoring of utilisation of 13 FC grants:

- HLMC failed to achieve and meet seven out of nine conditions as well as failed to submit UCs in time which was mandatory for release of performance/basic grant. As a result, the State was deprived of performance/basic grant of ₹ 202.04 crore as mentioned in paragraph 5.1.3.

<sup>16</sup> Chatra, Deoghar, Dhanbad, Medininagar and Sahibganj

<sup>17</sup> Chaibasa, Deoghar, Dumka, Medininagar and Sahibganj

In absence of ward committees in the test-checked ULBs, social audit of works could not be conducted

- HLMC failed to ensure adherence to 13 FC condition and irregularly transferred the special area grants of ₹ 9.47 crore to three ineligible ULBs.
- No concrete step was taken by the HLMC to ensure timely utilisation of fund by the ULBs to avoid blockage of fund.
- As per order (August 2014) of the department to ensure transparency in execution of works, Social Audit of each work was necessary. However, due to failure to constitute the ward committees in the test-checked ULBs, Social Audit was not conducted till March 2017. As a result, participation of people in planning and monitoring of works could not be ensured in test-checked ULBs.

#### 5.1.6 Conclusion

State Government was deprived of 13 FC grant of ₹ 202.04 crore due to failure to submit UCs on time and comply with the mandatory conditions for release of performance grants. Further, the State government distributed special area grant of ₹ 9.47 crore among three ineligible ULBs beyond the domain of special area which deprived three entitled ULBs to get the grant.

State Government failed to complete construction of 60 sanctioned works estimated at ₹ 256.66 crore during the 13 FC period (2010-15) as only ₹ 148.81 crore could be released for these works due to paucity of fund. During the same period, there was under utilisation of 13 FC grant between 49 per cent and more than 97 per cent in the sampled ULBs. Thus, paucity of fund coexisted with under utilisation of fund but the State Government neither resolved the financial imbalance nor took up convergence measures with other scheme funds to complete these works within the 13 FC period.

Absence of planning facilitated HLMC to sanction 299 works worth ₹ 457.55 crore against the availability of 13 FC grant worth ₹ 349.70 crore. In the sampled ULBs, 42 works estimated at ₹ 113.41 crore were not taken up for construction after according sanction while 53 works estimated at ₹ 126.36 crore were lying incomplete despite expenditure of ₹ 64.50 crore having been made.

Inaction on the part of ULBs as well as lack of monitoring both at department and ULBs level resulted in misuse of 13 FC grants worth ₹ 19.21 crore resulting from failure to procure essential fire-fighting equipments, fraudulent/excess/irregular payments to contractors, irregular sanction of mobilisation advances, irregularities in purchase and installation of LED lights etc. and loss to ULBs.

#### 5.1.7 Recommendations

Although the 13 FC period is over, the following recommendations are aimed at improving the general governance and implementation of schemes:

Timely transfer of Finance Commission Grant to ULBs on uniform/prescribed criteria should be ensured for equitable distribution of fund among ULBs. Further, timely submission of UCs should be ensured to avoid loss of Central grant.

Steps should be taken to complete the pending works by removing the bottlenecks such as paucity of funds, public hindrance, land disputes etc.

ULBs should ensure preparation of development plans and five years perspective plans involving ward committees to address the needs and aspirations of the people.

Monitoring mechanism should be strengthened and financial rules/codal provisions as provided in JMAM, 2012 should be strictly followed in contracts, procurements and payments.

## **5.2 Failure to collect /short collection of service tax**

### **Municipal Corporations Ranchi, Dhanbad and Deoghar failed to levy and collect service tax of ₹ 2.29 crore from the renters of municipal assets**

Service tax introduced (July 1994) by Government of India (GoI) through the Finance Act, 1994 (Act) is levied on specified services and the responsibility for payment of the tax rests on the service provider except for certain specified services. Further, section 65 (105) (zzzz) of the Act introduced in May 2007 stipulates levy of service tax in respect of renting of immovable property with effect from 01 June 2007. The notification also stipulates that if the total rent received exceeds ₹ eight lakh per year (from 1 April 2007) or ₹ 10 lakh per year (from 1 April 2008) the service provider is liable to pay service tax at the rates prescribed to the Central Excise Department (CED). If service tax is not paid within the prescribed time, interest at the rate of 13 per cent (31 March 2011)/ 18 per cent (from 01 April 2011) of service tax up to the date of payment along with penal interest is payable (Section 75).

Audit noticed (July 2016) that Municipal Corporations Ranchi (RMC), Dhanbad (DhMC) and Deoghar (DMC) collected rents worth ₹ 30.03 crore between 2007-08 and 2015-16 by settlement of bus/taxi stand, hat bazaar, parking areas and lease of shops on rent etc. to the private persons through bidding/lease. Pursuant to the above notification, the Municipal Corporations were required to levy service tax worth ₹ 3.66 crore on total value of services rendered for ₹ 30.03 crore on account of settlement/lease of immovable property (**Appendix 5.1.6**).

However, RMC and DhMC levied and collected (between April 2013 and March 2016) ₹ 1.37 crore as service tax against the leviable amount of ₹ 2.93 crore while DMC did not levy service tax worth ₹ 73 lakh. Thus, service tax worth ₹ 2.29 crore was neither levied nor collected by RMC, DhMC and DMC.

This resulted in a liability of ₹ 2.29 crore on these ULBs in the event of payment of service tax to GoI and failing to recover it from the renters/lease holders.

Municipal Commissioner (MC), RMC stated (July 2016) that service tax was not collected due to absence of information about service tax in time. Deputy MC, DhMC stated (July 2016) that service tax was not realised due to ignorance whereas CEO, DMC stated (July 2016) that in absence of any direction from Urban Development and Housing Department, Government of Jharkhand, service tax was not collected.

The replies were not tenable as the Act empowers the service provider to levy and collect service tax and for this instruction from the department was not required. Further, ignorance of law by RMC and DhMC was not tenable as

they have levied and collected service tax of ₹ 1.37 crore against the leviable amount of ₹ 2.93 crore. However, no action was taken against the officials who failed to levy and collect service tax of ₹ 2.29 crore.

The matter was referred to Government in August 2016 followed by reminders between October 2016 and January 2017. However, no reply has been received (20 March 2017).

### 5.3 Loss of Government money

#### **Failure to levy and collect Labour Welfare Cess by Urban Local Bodies deprived the 'Building and other Construction Workers Welfare Board' of ₹ 1.40 crore**

As per directives (July 2012) of Labour, Employment and Training Department, Government of Jharkhand (GoJ), local bodies are mandated to levy one *per cent* of labour cess payable to Jharkhand Building and other Construction Workers' Welfare Board (JBWWB) on approximate cost of construction in a year, along with applications received for approval of building plan. Further, Urban Development and Housing Department (UD&HD), GoJ fixed (September 2012) the construction cost of Private Buildings/Apartments at the rate of ₹ 800 per square feet in order to bring uniformity in the rate of Labour Welfare cess and to assess minimum labour cess. The proceeds of the cess collected by local authority shall be paid to JBWWB after deducting the cost of collection of such cess not exceeding one *percent* of the amount collected.

Audit noticed (December 2015 and January 2016) that Municipal Corporation (MC) Chas and *Nagar Panchayat* (NP) Jamtara sanctioned 539 building plans between 2012-13 and 2015-16 and collected ₹ 7.42 lakh as labour welfare cess on construction cost of Private Buildings/Apartments instead of ₹ 1.49 crore as shown in the **Appendix 5.1.7**.

Thus, failure to observe the applicable provisions deprived the JBWWB of labour welfare cess worth ₹ 1.40 crore besides loss of revenue of ₹ 1.41 lakh as cost of collection to ULBs.

MC, Chas (January 2016) and NP Jamtara (May 2016) stated that in future labour cess would be deducted as per rule. Reply was not tenable as failure of these ULBs to realise labour welfare cess deprived the JBWWB of ₹ 1.40 crore. Also no effort was made by the ULBs to raise demand to collect the outstanding labour cess.

The matter was reported to Government in June 2016 and reminded between August 2016 and January 2017. However, no reply has been received (20 March 2017).

### 5.4 Loss of interest

#### **Unauthorised deposit of government money in current account of a private bank led to loss of interest of ₹ 40.33 lakh to Municipal Corporation Dhanbad**

Section 105 (2) of JM Act 2011 mandate every Municipality to constitute a 'Basic Services to the Urban Poor (BSUP) Fund' for delivering basic services to urban poor including the inhabitants of slum areas. Further, Section 105 (6)

provides that the Municipality shall open a separate bank account with a nationalised bank called BSUP Fund Account, wherein a minimum of 25 percent of the funds within the Municipality's budget shall be credited on yearly basis. Besides, as per Finance Department, GoJ directives (June 2015), Government money should not be deposited in private banks as the Reserve Bank of India order restricted deposit of Government money into private banks.

Scrutiny (April 2015) of the records of Municipal Corporation Dhanbad (DMC) revealed that against the above provisions, BSUP Fund of ₹ 25.29 crore was unauthorisedly transferred by erstwhile Municipal Commissioner to current account of a private bank (Kotak Mahindra Bank) from the savings account of a nationalised bank (Allahabad Bank) between August 2014 and March 2015. As a result, ₹ 25.29 crore remained out of savings bank account of nationalised bank for periods ranging from four months to seven months. This led to loss of interest of ₹ 40.33 lakh at the rate of four *per cent* per annum to DMC (**Appendix-5.1.8**) as the current account in the private bank did not provide any interest on deposits. The unauthorised deposit of BSUP fund in the current account of a private bank by withdrawing it from the Saving Bank accounts of a nationalised bank violated the directives of GoJ and needed investigation.

DMC stated (August 2016) that the amount was transferred to the private bank by verbal order of the then Municipal Commissioner.

The matter was reported to Government in June 2016 followed by reminders between August 2016 and January 2017. However, no reply has been received (20 March 2017).

Ranchi,  
The 08 May 2017



(NAROTTAM MOYAL)  
Deputy Accountant General  
Social Sector-II, Jharkhand

Countersigned

Ranchi,  
The 08 May 2017



(C. NEDUNCHEZHIAN)  
Accountant General (Audit), Jharkhand

# APPENDICES



### Appendix-1.1

(Refer: Paragraph-1.3.1; page 3)

#### Statement showing powers and functions of PRIs

<b>Authority</b>	<b>Powers and Functions</b>
<i>Zila Parishad</i>	<i>Zila Parishad (ZP)</i> is the first tier of <i>Panchayat</i> at the district level. The ZP is required to prepare the budget for the planned development of the district and utilisation of resources. The ZP is responsible for the drawing up of annual plans for the economic development of district and social justice and ensuring their implementation; co-ordination , evaluation and monitoring of the activities of PSs and GPs; ensuring implementation of any schemes entrusted by the Central or State Governments; appropriation or the grants received from the Central or State Governments to the PSs and GPs in accordance with the specified criteria; taking steps to ensure procurement of resources and any other functions entrusted by the State Government under special or general orders.
<i>Panchayat Samiti</i>	<i>Panchayat Samiti (PS)</i> is the intermediate tier of PRIs at the Block level. The PSs undertake development works at the block level. It is their duty to make suitable arrangements for rural development, agriculture, social forestry, animal husbandry and pisciculture, health and hygiene, adult education, cooperative work, cottage industries, social welfare, family planning, rural employment programmes; arranging emergency assistance in cases of fire, flood, drought, earthquake and other natural calamities; and any other works entrusted to them by the State Government or the ZP.
<i>Gram Panchayat</i>	<i>Gram Panchayat (GP)</i> is the last tier of PRIs at the grass root level. It is the duty of the GPs to maintain cleanliness and hygiene, maintenance and upkeep of water resources, lighting and construction of village roads, promotion of youth welfare, family welfare and sports activities, implementing programmes for social welfare and any other activities entrusted by the State Government, ZP or PS.

(Source: JPR Act, 2001)

**Appendix-1.2**

(Refer: Paragraph-1.3.1; page 3)

**Statement showing functions of authorities of PRIs**

<b>Authority</b>	<b>Functions assigned</b>
<i>Adhyaksha/ Pr mukh/ Mukhiya</i>	Ensure proper custody of the records and registers of ZP/PS/GP and shall maintain them; Exercise overall control over the financial and executive administration of the ZP/PS and place before <i>Panchayats</i> all issues connected therewith so that necessary orders of the <i>Panchayats</i> may be obtained and for this purpose may call for records of the <i>Panchayats</i> ; Supervise and control the business transacted by the employees of the ZP/PS/GP; Be responsible for safe custody of the ZP/PS/GP Fund; Comply with all the directives issued by the State Government or any Authority authorised by the State Government under JPR Act, 2001.
Chief Executive Officer (CEO)/ Executive Officer (EO)/ Secretary	Drawal and disbursal of fund; Preparation of budget and accounts; Supervision and control of officers of ZP/PS/GP; Discharging the duties conferred by or under JPR Act, 2001 or the Rules or regulations made thereunder; Executing the policies and directives of the <i>Panchayats</i> .
Chief Planning Officer (CPO)	CPO shall advise the ZP in matter of preparing a plan and shall be responsible for all the matters related with plans of the ZP in which preparation of plan for economic development and social justice and annual plan of the district is also included and he shall be the CEO of the District Planning Committee.
Chief Account Officer (CAO)	CAO shall advise the ZP on matters of financial policy and shall be responsible for all matters concerned with accounts of ZP wherein preparation of annual accounts and budget is also included and shall ensure that no expenditure whatsoever is done without proper sanction, and if done, it has to be done only in accordance with this Act and the rules and regulations made thereunder, and shall disallow any such expenditure which is not supported by JPR Act, 2001 or rules or regulations or wherefore no provision has been made in the budget.

(Source: JPR Act, 2001)

**Appendix-1.3***(Refer: Paragraph-1.3.3; page 4)***Details of devolution of 29 functions to PRIs as envisaged in the 11<sup>th</sup> schedule of the Constitution**

Sl. No.	29 functions	Status of devolution
1	Agriculture with agriculture extension.	Partial
2	Land development and land conservation.	Partial
3	Minor irrigation, water management and water shed development.	Yes
4	Animal husbandry, dairy and poultry.	Partial
5	Pisciculture	Yes
6	Social forestry and farm forestry.	No
7	Minor forest produce.	No
8	Small industry with food processing industry.	Partial
9	Khadi, Village industry and cottage industry.	Partial
10	Rural housing.	No
11	Drinking water.	Yes
12	Fuel and fodder.	No
13	Roads, culverts, bridges, ferry, water-ways and other means of communication.	No
14	Rural electrification including electricity distribution.	No
15	Non-conventional sources of energy.	No
16	Poverty alleviation programme.	No
17	Education including Primary and Secondary schools.	Partial
18	Technical training and professional education.	No
19	Adult and non-formal education.	Yes
21	Library.	No
21	Cultural activities.	No
22	Markets and fairs.	No
23	Health and hygiene with hospitals, primary health centres and dispensaries.	Yes
24	Family welfare.	Yes
25	Women and child development.	Yes
26	Social welfare with welfare of disabled and mentally retarded persons.	Yes
27	Welfare of weaker sections particularly of the Scheduled Castes and the Scheduled Tribes.	No
28	Public Distribution System.	Yes
29	Maintenance of community asset.	Partial

(Source: As per information furnished by RDD (PR), GoJ)

**Appendix-1.4**

(Refer: Paragraph-1.3.3; page 4)

**Statement showing sanctioned strength vis-à-vis men in position  
in test checked Zila Parishads**

Sl. No.	Name of Zila Parishad	Sanctioned strength	Men-in-position	Vacancy
1	Deoghar	25	17	8
2	Dhanbad	273	90	183
3	Dumka	Information not furnished		
4	Garhwa	60	10	50
5	Giridih	83	17	66
6	Godda	7	3	4
7	Hazaribagh	73	26	47
8	Jamshedpur	79	16	63
9	Latehar	52	18	34
10	Pakur	7	3	4
11	Palamu	79	16	63
12	Sahibganj	13	4	9
13	Ranchi	39	14	25
14	Simdega	Information not furnished		
<b>Total</b>		<b>790</b>	<b>234</b>	<b>556</b>

(Source: As per information furnished by test-checked ZPs)

## Appendix-1.5

(Refer: Paragraph-1.4; Page 4)

## Statement showing the details of powers and functions of Standing Committees of ZP, PS and GP

Name of the committee	Members	Powers and functions	Chairman	Secretary
<b>ZILA PARISHAD AND PANCHAYAT SAMITI</b>				
General Administration Committee	All the chairpersons of the standing committees. MP and MLA for ZP and PS respectively, who shall be <i>ex-officio</i> member. <i>Adhyaksha</i> of ZP and <i>Pramukh</i> of PS shall be <i>ex-officio</i> member respectively.	The business of the standing committee shall be such as may be prescribed by the competent authority.	<i>Adhyaksha</i> of ZP and <i>Pramukh</i> of PS shall be chairperson as the case may be.	CEO of ZP and EO of PS shall be <i>ex-officio</i> secretary for ZP and PS respectively.
Health & Education Committee	Consists of at least six members who shall be elected in the prescribed manner by the members of the PS or ZP, as the case may be, from amongst them. MP and MLA for ZP and PS respectively, who shall be <i>ex-officio</i> member. <i>Adhyaksha</i> of ZP and <i>Pramukh</i> of PS shall be <i>ex-officio</i> member respectively.			
Women, children and social welfare Committee	Consists of at least six members who shall be elected in the prescribed manner by the members of the PS or ZP, as the case may be, from amongst them, but include at least one woman and one person belonging to scheduled caste or scheduled tribe. MP and MLA for ZP and PS respectively, who shall be <i>ex-officio</i> member. <i>Up-Adhyaksha</i> of ZP and <i>Up-Pramukh</i> of PS shall be <i>ex-officio</i> member for ZP and PS respectively.		<i>Up-Adhyaksha</i> of ZP and <i>Up-Pramukh</i> of PS shall be Chairperson for ZP and PS respectively.	

Name of the committee	Members	Powers and functions	Chairman	Secretary
Agriculture & Industries Committee	Consist of at least six members who shall be elected in the prescribed manner by the members of the PS or ZP, as the case may be, from amongst them. MP and MLA for ZP and PS respectively, who shall be <i>ex-officio</i> member.		Chairperson elected amongst its members	
Finance, Audit and Planning & Development Committee				
Cooperative Committee				
Forest and Environment Committee				
Communication and Works Committee				
<b>GRAM PANCHAYAT</b>				
General Administration Committee	Five members of each of the Committee shall be elected by the members of the <i>Gram Panchayat</i> from amongst them in an especial meeting convened by it, provided that no members shall be member of more than two standing Committees simultaneously. The <i>Mukhia</i> and the <i>up-Mukhia</i> shall be <i>ex-officio</i> members of these committees. The <i>Gram Sabha</i> in its first meeting may elect by majority of votes and nominate an experienced and knowledgeable person of the particular field from amongst its members for each standing committee, provided that member so nominated shall have no voting right, provided further also that after the expiry of a period of one year, the <i>Gram Sabha</i> by a majority of votes may recall the so nominated member and may make a fresh nomination.	The term of office of the members of the standing committees the procedure of conduct of their business shall be such as may be prescribed.	Not mentioned in the Act	Secretary of the <i>Gram Panchayat</i> shall be <i>ex-officio</i> secretary of the standing committee.
Development Committee				
Women, children and social welfare Committee				
Health, education and environment Committee				
Village Defence Committee				
Government Estate Committee				
Infrastructure Committee				

**Appendix-1.6***(Refer: Paragraph-1.4.1; page 5)***Statement showing the name of sub-committees of DPC**

<b>Sl. No.</b>	<b>Sub-committee</b>
1	Rural development programme Sub-committee.
2	Agricultural development programme Sub-committee.
3	Urban development Sub-committee.
4	Irrigation development programme Sub-committee.
5	Scheduled caste, scheduled tribe, other backward classes and weaker section development, women and child development programme persuasion Sub-committee.
6	Employment generation and availability Sub-committee.
7	Public health and family welfare Sub-committee.
8	Education Sub-committee.
9	Water supply Sub-committee.
10	Road and transport development Sub-committee.
11	Sub-committee for determining use of land situated in investment area.
12	Sub-committee for persuasion of the development work of the MPs and legislator's area development schemes.

(Source: JPR Act, 2001)

**Appendix-2.1.1**  
(Refer: Paragraph-2.1.1; page 15)

**Statement showing list of selected Zila Parishads, Panchayat Samitis and Gram Panchayats**

Sl. No.	Name of selected Gram Panchayats	Name of selected Panchayat Samitis	Name of selected Zila Parishads
1	Alakhdiha	Baliapur (Dhanbad)	Dhanbad
2	Amjhar		
3	Baghmara		
4	Baliapur West		
5	Bhikharajpur		
6	Parasbania		
7	Bhuiya Chitro	Topchachi (Dhanbad)	
8	Bishanpur		
9	Chitarpir		
10	Gendanawadih		
11	Gomo North		
12	Gomo South		
13	Madaidih	Ranchi	
14	Chatwal		Chanho (Ranchi)
15	Roll		
16	Silagain		
17	Sons		
18	Bamme		Khelari (Ranchi)
19	Bukbuka		
20	Churi Middle		
21	Churi West		
22	Edchoro		Nagri (Ranchi)
23	Saparom		
24	Tundul South		Rahe (Ranchi)
25	Amajharia		
26	Sataki		Ratu (Ranchi)
27	Banapiri		
28	Hurhuri		
29	Lahna		
30	Tigra	Palamu	
31	Awsane		Chainpur (Palamu)
32	Basaria Kaklan		
33	Chainpur		
34	Khurakala		
35	Kosiyara		
36	Mahugawan		
37	Narsingh Pathara		
38	Neura		
39	Salatua		
40	Haratua		Lesligang (Palamu)
41	Jamudih		
42	Juru		
43	Rajharha		Nawa Bazar (Palamu)
44	Sohdag Khurd		
45	Tukbera		Panki (Palamu)
46	Dhub		
47	Karar		
48	Naudiha-1		
49	Nuru		

Sl. No.	Name of selected Gram Panchayats	Name of selected Panchayat Samitis	Name of Zila Parishads
50	Sundi	Panki	Palamu
51	Tal		
52	Hisra Barwadih	Patan (Palamu)	
53	Kishunpur		
54	Meral		
55	Palhe Kalam		
56	Rundidih		
57	Suntha		
58	Chapri	Bhawanathpur (Garhwa)	Garhwa
59	Manjhigawan		
60	Makari	Ketar (Garhwa)	
61	Mukundpur		
62	Pancha Dumar	Sagma (Garhwa)	
63	Ghaghari		
64	Dandai	Dandai (Garhwa)	
65	Karke		
66	Achala	Garhwa	
67	Chatarpur		
68	Dube Marhatia		
69	Nawada		
70	Obra		
71	Pipra		
72	Andhrigadar	Deoghar	Deoghar
73	Mahtodih Udaypura		
74	Pichribad		
75	Punasi		
76	Sangralohiya		
77	Shankari	Margomunda	
78	Mahuatanr		
79	Murlipahari	Mohanpur	
80	Suggapahari-1		
81	Balthar		
82	Bank		
83	Bichgarha		
84	Harkatta		
85	Katwan		
86	Naya Chikath		
87	Sarasani		
88	Gorsanda	Godda	Godda
89	Makhni		
90	Manjwara Ghat		
91	Markhan		
92	Nunbatta		
93	Pandaha		
94	Ranidih		
95	Saidapur		
96	Sundmara	Poriyahat (Godda)	
97	Akashi		
98	Baghmara		
99	Bargachha Hariyari		
100	Danre		
101	Nawdiha		
102	Pasai		
103	Pindrahat		
104	Poriyahat		

**Appendix-2.1.2**

(Refer: Paragraph-2.1.3.3; page 19)

**Statement of loss of interest due to delay in release of BRGF fund to the Districts by the State**

District	Letter No.	Date of release of Grant by Central	Amount of Grant (₹ in crore)	Allotment letter No.	Date of release of Grant by State	After how many days grant released	Delay in release in grant	Rate of Interest	Amount of Interest (in ₹)
Kodarma	N-11019/1209/2012-BRGF	31/03/2012	1.57	14	22/05/2012	52	37	9.50	151193.2
West Singhbhum	N-11019/1145/2011-BRGF	31/03/2012	8.87	15	22/05/2012	52	37	9.50	854193.2
Dumka	N-11019/1546/2012-BRGF	05/11/2012	10.21	46	17/12/2012	42	27	9.00	679734.2
Gumla	N-11019/1523/2012-BRGF	05/11/2012	9.87	46	17/12/2012	42	27	9.00	657098.6
Garhwa	N-11019/1545/2012-BRGF	09/11/2012	4.90	46	17/12/2012	38	23	9.00	277890.4
Jamtara	N-11019/172/2013-BRGF	20/09/2013	13.29	34	21/11/2013	62	47	9.50	1625749
Deoghar	N-11019/130/2013-BRGF	26/09/2013	13.35	34	21/11/2013	56	41	9.50	1424610
Saraikeela	N-11019/239/2011-BRGF	26/09/2013	14.21	34	21/11/2013	56	41	9.50	1516382
<b>Total</b>			<b>76.27</b>						<b>7186850.6</b>

**Appendix-2.1.3***(Refer: Paragraph-2.1.3.3; page 19)***Statement of less release of interest due to delay in release of 13 FC fund to the Districts by the State**

Letter No.	Date of release of Grant by Central	Amount of Grant (₹ in crore)	Date of release of Grant by State Government	Amount of Grant (₹ in crore)	Delay in release in grant	Delay in release of fund	Rate of Interest	Amount of Interest (in ₹)
F 12(3)/FCD/2010	15/07/2010	17.50	03/02/2011	17.50	203	198	6	5695890.41
F 12(3)/FCD/2010	15/12/2011	88.40	24/01/2012	88.40	40	35	6	5086027.40
F 12(3)/FCD/2010	15/03/2012	0	22/05/2012	0.94	68	63	9.5	154544.18
F 12(3)/FCD/2010	08/03/2013	0	04/04/2013	10.59	27	22	8.75	558830.14
F 12(3)/FCD/2010	13/03/2013	0	04/04/2013	15.29	22	17	8.75	623364.38
F 12(3)/FCD/2010	03/05/2012	17.50	03/09/2012	17.50	123	118	8.25	4667465.75
F 12(3)/FCD/2010	21/02/2014	0	09/04/2014	15.73	47	42	9	1629397.48
F 12(3)/FCD/2010	31/05/2013	17.50	08/07/2013	17.50	38	33	8.25	1305308.22
F 12(3)/FCD/2010	31/03/2015	16.63	12/10/2015	13.00	195	190	8.5	5752054.79
F 12(3)/FCD/2010	31/03/2015	75.22	12/10/2015	75.22	195	190	8.5	33282273.97
							<b>Total</b>	<b>58755156.72</b>
<b>Less: - interest released by state</b>								<b>27290522.00</b>
<b>Short released</b>								<b>31464634.77</b>

**Appendix-2.1.4**

(Refer: Paragraph-2.1.3.4; Page 19)

**Details showing interest not refunded by the executing agencies  
as on 31 March 2016**

(₹ in lakh)

Name of the executing agencies	Amount of interest	Period
District Engineer, Deoghar	54.68	2011-15
District Engineer, Garhwa	4.99	2011-16
District Engineer, Godda	74.41	2011-16
District Engineer, Palamu	33.28	2011-16
District Engineer, Ranchi	314.18	2011-16
NREP, Palamu	39.55	3/10 to 3/16
Deoghar Block	1.22	2012-15
Mohanpur Block	1.81	2013-15
Sarath Block	1.24	2013-15
Palojori Block	1.68	2012-14
Sarawan Block	4.12	2012-15
RDSD, Deoghar	1.84	2012-15
NREP, Deoghar	2.74	2014-15
MI, Deoghar	0.19	2014-15
NREP, Garhwa	2.69	2007-16
10 GPs of Garhwa	3.31	2014-15
Manjhiaon NP	0.26	2014-15
MI, Garhwa	0.98	2011-13
RDSD, Garhwa	5.49	2011-13
BDO, Garhwa	0.07	2012-13
BDO, Ranka	0.84	2014-15
BDO, Dandai	0.08	2011-15
BDO, Kandi	0.14	2011-12
<b>Total</b>	<b>549.79</b>	

**Appendix-2.1.5**

(Refer: Paragraph-2.1.3.5; Page 19)

**Details showing outstanding advances as on 31 March 2016**

Sl. No.	Name of Units	Name of officials	Outstanding advances (₹ in lakh)	Period of advance
1	ZP, Deoghar	Dilip Kumar Singh, JE	7.00	02/09 to 4/09
2	ZP, Dhanbad	Khalid Pravez, AE	33.20	2014-16
3	ZP, Dhanbad	Jatro Oraon, AE	21.70	2014-16
4	ZP, Dhanbad	B.N.Das, AE	5.85	2014-16
5	ZP, Dhanbad	N.K.Singh, AE	0.50	2014-16
6	ZP Garhwa	B.K.Tiwary, JE	2.00	3/1/05
7	ZP Garhwa	Janeshwar Ram, JE	0.40	13/05/05
8	ZP Garhwa	Janeshwar Ram, JE	2.00	13/05/05
9	ZP Garhwa	Janeshwar Ram, JE	1.00	21/01/03
10	ZP Garhwa	Janeshwar Ram, JE	3.05	NA
11	ZP Garhwa	Janeshwar Ram, JE	1.80	NA
12	ZP Garhwa	Shri Nagendra, JE	0.65	NA
13	ZP Garhwa	Dineshwar Tiwari, JE	0.27	NA
14	ZP Garhwa	Ali Ansari, Panchayat Sewak	0.76	NA
15	ZP Garhwa	Awadhesh Mishra, Panchayat Sewak	0.45	NA
16	ZP Garhwa	Nagendra Prasad, Panchayat Sewak	0.30	NA
17	ZP Garhwa	Jai Ram Paswan, Panchayat Sewak	1.11	NA
18	ZP Garhwa	Sunil Kumar, Panchayat Sewak	0.03	NA
19	ZP Garhwa	Kameshwar Mistri, Amin	0.37	NA
20	ZP Garhwa	Radha Prasad, Head Clerk	0.20	NA
21	ZP Garhwa	B.N.Tiwary, JE	11.70	NA
22	ZP Garhwa	Gopal Pathak, AE (cash in hand)	0.06	NA
23	ZP, Godda	Chandra Deo Modi, JE	12.82	2013-15
24	ZP, Godda	Manik Kumar, AE	15.32	2013-15
25	ZP, Godda	Manoj Kumar Munna, JE	8.24	2013-15
26	ZP, Palamu	Gopal Pathak, AE	6.87	1/10/94
27	ZP, Palamu	Dineshwar Diwedi, JE	18.29	30/10/95
28	ZP, Palamu	Upendra Kr. Singh JE	0.20	14/04/04
29	ZP, Palamu	Om Prakash Sharma, JE	16.00	2/2005 to 2/2008
30	ZP, Palamu	Tarkeshwar Singh, JE	11.52	10/2009 to 11/2009
31	ZP, Palamu	Ravindra Prasad, JE	0.25	16/10/06
32	ZP, Palamu	Surendra Prasad, JE	0.20	16/10/06
33	ZP, Palamu	Laxman Ram, JE	11.59	1/01/2006
34	ZP, Palamu	Labhuk Samitis	18.90	09/2004 to 01/2006
35	ZP, Ranchi	Basant Kumar Labh, AE	398.32	2011-16
36	ZP, Ranchi	Lalita Pd. Srivastava, AE	41.53	2013-14
37	ZP, Ranchi	Sunil Singh, AE	140.42	2011-16
38	ZP, Ranchi	Pradeep Kumar Bhagat, AE	342.91	2011-16
39	ZP, Ranchi	H.K.Singh, AE	153.37	2011-16

Sl. No.	Name of Units	Name of officials	Outstanding advances (₹ in lakh)	Period of advance
40	ZP, Ranchi	Dev Bihari Yadav, AE	126.06	2011-16
41	ZP, Ranchi	Jaiprakash Gupta, JE	8.53	2014-15
42	PS Chanho	16 Labhuk samitis	6.22	2014-15
43	PS Nagri	Rajesh Kumar Pandey, Rojgar Sevak	5.60	9/14 to 1/15
44	PS Nagri	Jagdish Tirkey, Rojgar Sevak	6.45	9/14 to 1/15
45	PS Nagri	Sanjay Tirkey, Rojgar Sevak	8.90	9/14 to 1/15
46	PS Nagri	Sita Ram Das, Panchayat Sevak	6.05	9/14 to 1/15
47	PS Ratu	39 Labhuk Samitis	40.42	NA
48	PS Rahe	Bhuwan Das, JE	11.53	2/15 to 3/16
49	PS Khelari	05 Labhuk Samiti	1.75	NA
50	GP Sataki	01 Labhuk Samiti	1.30	NA
51	GP Kishunpur	01 Labhuk Samiti	0.15	NA
<b>Total</b>			<b>1514.11</b>	

(NA- Not Available)

**Appendix-2.1.6**

(Refer: Paragraph-2.1.3.6; Page 20)

**Details showing parking of funds in non-interest bearing accounts and loss of interest as on 31 March 2016**

(₹ in lakh)

Unit	Scheme	Fund	Particulars	Periods	Loss of Interest
ZP Ranchi	BRGF	1133.25	PL	152 days	18.89
ZP Palamu	BRGF	3962.00	PL	12 to 562 days	83.46
ZP Deoghar	BRGF	1229.00	PL	-	00
ZP Deoghar	13FC	1434.00	PL	20 to 152 days	10.90
ZP Garwa	BRGF	342.00	PL	-	00
ZP Garwa	13FC	1449.00	PL	8 to 65 days	5.68
PS Khelari	13 FC	271.24	Current Account	-	0
ZP Dhanbad	BRGF	1598.14	PL	-	0
ZP Dhanbad	13 FC	3744.16	PL	-	0
ZP Godda	13 FC	161.55	PL	-	0
<b>Total</b>		<b>15324.34</b>			<b>118.93</b>

**Appendix-2.1.7**

(Refer: Paragraph-2.1.3.7; Page 20)

**Irregular parking of fund by the Zila Parishad as on 31 March 2016**

(₹ in Lakh)

Name of the ZP	Particulars	Amount	Purpose
ZP, Dhanbad	PL	44.37	Panchayat Empowerment and Accountability Incentive (PEAIS)
ZP, Palamu	Bank Account	16.24	Panchayat Bhawans
ZP, Ranchi	Bank Account	75.29	Augmentation of Income
ZP, Godda	PL	577.24	Construction of PBs, Cold Storage, shops etc.
ZP, Garhwa	Bank Account	266.08	13 FC
<b>Total</b>		<b>979.22</b>	

**Appendix-2.1.8**

(Refer: Paragraph-2.1.3.9; Page 21)

**Details of expenditure made without approval of Chairman/Pramukh**

(Amount in ₹)

Sl. No.	Name of the Units	Amount of payment during 2011-16
1	ZP, Deoghar	1203113659
2	ZP, Dhanbad	1711707000
3	ZP, Garhwa	811735666
4	ZP, Godda	580595411
5	ZP, Ranchi	1912022657
6	ZP, Palamu	1471260750
7	PS, Deoghar	11433231
8	PS, Margomunda	6844074
9	PS, Mohanpur	14486468
10	PS, Baliapur	10023200
11	PS, Topchachi	14110600
12	PS, Garhwa	11499610
13	PS, Bhawanathpur	5909780
14	PS, Ketar	3620855
15	PS, Sagma	2674328
16	PS, Dandai	4958830
17	PS, Godda	18889259
18	PS, Poriyahat	16457317
19	PS, Nagri	34763613
20	PS, Chanho	38303613
21	PS, Khelari	35270371
22	PS, Ratu	6001331
23	PS, Rahe	23824123
24	PS, Panki	13890278
25	PS, Patan	5559858
26	PS, Nawabazar	4249110
27	PS, Chainpur	18161813
28	PS, Lesliganj	7377349
<b>Total</b>		<b>7998744154</b>

**Appendix-3.1***(Refer: Paragraph-3.3.2; page 40)***Statement showing list of powers and the functions to be performed by the ULBs as per the 74<sup>th</sup> Constitutional Amendment Act (Schedule XII)**

Sl. No.	Functions
1	Urban planning including town planning
2	Regulation of land-use and construction of buildings
3	Planning for economic and social development
4	Roads and bridges
5	Water supply for domestic, industrial and commercial purposes
6	Public health, sanitation, conservancy and solid waste management
7	Fire Services
8	Urban forestry, protection of the environment and promotion of ecological aspects
9	Safeguarding the interests of weaker sections of society including the handicapped and mentally retarded
10	Slum improvement and up-gradation
11	Urban poverty alleviation
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds
13	Promotion of cultural, educational and aesthetic aspects
14	Burials and burial grounds, cremations, cremation grounds and electric crematoriums
15	Cattle ponds, prevention of cruelty to animals
16	Vital statistics including registration of births and deaths
17	Public amenities including street lighting, parking lots, bus stops and public conveniences
18	Regulation of slaughter houses and tanneries

**Statement showing list of powers and the functions performed by test checked ULBs as on 31 March 2016 as per the 74<sup>th</sup> Constitutional Amendment Act (Schedule XII)**

Sl. No.	Name of ULBs	Functions performed	Total function performed
1	Adityapur Nagar Parishad	1,2,3,4,5,6,7,9,10,11,12,13,16,17	14
2	Chaibasa Nagar Parishad	1,4,5,6,11,12,16,17	8
3	Chas Municipal Corporation	1,2,4,5,6,9,10,11,12,14,16,17	12
4	Chatra Nagar Parishad	1,4,5,6,11,12,16,17	8
5	Chirkunda Nagar Panchayat	Information not furnished	-
6	Deoghar Municipal Corporation	1,3,4,5,6,10,11,12,13,16,17	11
7	Dumka Nagar Parishad	1,2,3,4,5,6,9,10,11,12,13,14,15,16,17	15
8	Garhwa Nagar Panchayat	1,2,3,4,5,6,8,9,10,11,12,13,14,15,16,17,18	17
9	Godda Nagar Panchayat	1,2,3,4,5,6,10,12,13,14,15,16,17,18	14
10	Giridih Nagar Parishad	Information not furnished	-
11	Gumla Nagar Parishad	1,2,3,4,5,6,10,11,12,13,14,16,17	13
12	Jamshedpur NAC	Information not furnished	-
13	Jhumritilaiya Nagar Parishad	Information not furnished	0
14	Jugsalai Municipality	1,2,3,4,5,6,10,11,12,16,17	11
15	Madhupur Nagar Parishad	1,2,3,4,5,6,8,9,10,11,12,13,14,15,16,17,18	17
16	Mango NAC	Information not furnished	-
17	Medininagar Nagar Parishad	1,4,5,6,11,12,16,17	8
18	Pakur Nagar Panchayat	1,2,3,4,5,6,8,10,11,12,13,15,16,17,18	15
19	Sahibganj Municipal Corporation	1,3,4,5,6,10,11,12,13,16,17	11
20	Simdega Nagar Parishad	1,2,4,5,6,10,11,12,13,14,16,17,18	13

(Source: As per information provided by test checked ULBs)

**Appendix-3.2**

(Refer: Paragraph-3.3.3.1; page 40)

**Statement showing status of creation of separate fund called Basic Services to the Urban Poor Fund and Separate P-Budget by test checked ULBs as on 31 March 2016**

Sl. No.	Name of ULBs	Whether Urban Poor Fund created	Whether P-Budget prepared
1	Adityapur Nagar Parishad	-	No
2	Chaibasa Nagar Parishad	No	No
3	Chas Municipal Corporation	Yes	Yes
4	Chatra Nagar Parishad	No	No
5	Chirkunda Nagar Panchayat	No	No
6	Deoghar Municipal Corporation	-	-
7	Dumka Nagar Parishad	No	No
8	Garhwa Nagar Panchayat	No	No
9	Godda Nagar Panchayat	No	No
10	Giridih Nagar Parishad	Yes	No
11	Gumla Nagar Parishad	No	No
12	Jamshedpur NAC	Yes	No
13	Jhumritilaiya Nagar Parishad	-	-
14	Jugsalai Municipality	Yes	No
15	Madhupur Nagar Parishad	No	No
16	Mango NAC	Yes	No
17	Medininagar Nagar Parishad	No	No
18	Pakur Nagar Panchayat	No	No
19	Sahibganj Municipal Corporation	No	No
20	Simdega Nagar Parishad	No	No

(Source: As per information furnished by test checked ULBs)

**Appendix-3.3**  
(Refer: Paragraph-3.3.4; page 41)

**Statement showing sanctioned strength and Men-in-position of ULBs  
as on 31 March 2016**

Sl. No.	Name of ULBs	Sanctioned Strength	Men in Position	Vacancy
1	Adityapur Nagar Parishad	48	10	38
2	Chaibasa Nagar Parishad	139	43	96
3	Chas Municipal Corporation	29	2	27
4	Chatra Nagar Parishad	90	21	69
5	Chirkunda Nagar Panchayat	12	1	11
6	Deoghar Municipal Corporation	337	131	206
7	Dumka Nagar Parishad	224	35	189
8	Garhwa Nagar Panchayat	44	15	29
9	Godda Nagar Panchayat	21	21	0
10	Giridih Nagar Parishad	310	77	233
11	Gumla Nagar Parishad	36	10	26
12	Jamshedpur NAC	55	7	48
13	Jhumritilaiya Nagar Parishad	82	27	55
14	Jugsalai Municipality	143	34	109
15	Madhupur Nagar Parishad	156	68	88
16	Mango NAC	55	7	48
17	Medininagar Nagar Parishad	195	76	119
18	Pakur Nagar Panchayat	26	18	8
19	Sahibganj Municipal Corporation	210	61	149
20	Simdega Nagar Parishad	Information not furnished		
<b>Total</b>		<b>2212</b>	<b>664</b>	<b>1548</b>

(Source: As per information furnished by test checked ULBs)

### Appendix-3.4

(Refer: Paragraph-3.4; page 42)

#### Statement showing functions of committees of ULBs

Name of committee	Constitution	Members	Functions	Duties
<b>Ward Committee (WC) Section 34 of JMAct, 2011</b>	<p>There shall be constituted a WC for each ward of the municipality within two months of the election to the Council.</p> <p>The term of office of the WC shall be coterminous with the term of office of the Council.</p>	<p>a) the Councillor of the municipality representing the ward, who shall be the Chairperson of the WC;</p> <p>b) the Area <i>Sabha</i> Representatives of the area situated in the ward;</p> <p>c) not more than ten persons representing the civil society from the ward nominated by the Council, in such manner as may be prescribed.</p>	<p>The WC shall perform the following functions in the ward, namely:-</p> <p>(i) Supervise :</p> <p>(a) solid waste management, sanitation work, distribution of water supply, maintenance of parks, playgrounds, and market places, working of street lights and repairs to roads, and implementation of poverty alleviation programmes and development schemes.</p> <p>(ii) monitor the working of schools, dispensaries, health centres <i>etc.</i>, under the control of the municipality;</p> <p>(iii) assist in the preparation of development schemes;</p> <p>(iv) encourage harmony and unity among various groups of people;</p> <p>(v) mobilise voluntary labour and donations by way of goods or money for welfare programmes;</p> <p>(vi) assist in identifying beneficiaries for the implementation of development and welfare schemes;</p> <p>(vii) encourage art and cultural activities and activities of sports and games;</p> <p>(viii) ensure people's participation in voluntary activities necessary for successful implementation of the developmental activities of the municipality;</p> <p>(ix) facilitate collection of taxes, fees and other sums due to the municipality;</p> <p>x) the municipality shall allocate twenty <i>per cent</i> of the amount earmarked in the maintenance provision of municipal budget to WC for maintenance of services like water supply, sanitation, drains, street lights, parks, markets, <i>etc.</i></p> <p>xi) allocation and utilisation of funds to and by the WC for maintenance of civic services shall be in the manner prescribed by the Government.</p> <p>(xii) such other functions as may be prescribed.</p>	<p>The manner of conduct of business at the meetings of the WC shall be as such as may be prescribed.</p>

<p><b>Subject Committee</b> <b>Section 46 of JM Act, 2011</b></p>	<p>A Municipal Corporation or a Class 'A' Municipal Council may constitute Subject Committees consisting of elected councilors</p>	<p>Seven (7) members in case of Municipal corporations and five (5) members for Class 'A' Municipal Council</p>	<p>water-supply, drainage and sewerage, solid waste management, urban environment management and land use control, poverty and slum services, education and health and welfare of Scheduled Castes, Scheduled Tribes, Backward Classes, and of Women and Children. Recommendations shall be submitted to the Standing Committee for its consideration.</p>	<p>Each Subject Committee shall exercise such powers, and perform such functions, as maybe specified by regulations</p>
<p><b>Ad hoc Committee</b> <b>Section 47 of JM Act, 2011</b></p>	<p>The Standing Committee of a Municipal Corporation or Municipal Council may appoint an <i>Ad hoc</i> Committee.</p>		<p>Perform such functions, or conduct such enquiries, or undertake such studies including reports thereon, as may be specified by a resolution in this behalf.</p>	<p>The manner of transaction of business in an <i>Ad hoc</i> Committee shall be such as may be laid down by the Standing Committee.</p>
<p><b>Joint Committee (JC)</b> <b>Section 48 of JM Act, 2011</b></p>	<p>The State Government may constitute a JC for more than one municipality, or for one or more municipalities with other local authority or local authorities, for any purpose in which they are jointly interested or for delegating to it any power or function which calls for joint action.</p>	<p>(a) two elected members of each constituent municipality and local authority; (b) one nominee of each of the concerned departments of the State Government or of the concerned statutory authorities under the State Government; (c) such expert or experts as the State Government may nominate; and (d) the Director of Municipal Administration or his representative who shall act as the convener of the JC.</p>	<p>The procedure and transaction of business by a JC shall be such as may be prescribed.</p>	
<p><b>Zonal Committee (ZC)</b> <b>Section 49 of JM Act, 2011</b></p>	<p>There shall be constituted by the Government, by notification, such number of ZCs comprising territorial area of such number of wards as may be specified in the notification within Municipal Corporation, and each ZC shall consist of not less than five contiguous wards. The powers and functions of the ZC shall be such as may be notified by the Government.</p>	<p>Each ZC shall consist of all the Councillors elected from the wards which are included in a ZC, and one of the members elected from among them in such manner as may be prescribed shall be the Chairperson of the ZC. An officer nominated by the Municipal Commissioner shall act as Convener of the ZC which shall meet at least once in three months or as frequently as is necessary to transact its business.</p>	<p>The officers and employees of the Municipal Corporation, who are assigned to a Zone for the discharge of the duties as aforesaid, shall carry out such directions as may be issued by the ZC in this behalf.</p>	<p>A ZC shall, subject to the general supervision and control of the Mayor, discharge, within the local limits of the Zone, the functions of the Municipal Corporation relating to provision of water supply, sewerage and drainage, removal of accumulated water on the streets or public places due to rain or otherwise, collection and removal of solid wastes, disinfection, provision of health, immunisation services and bus</p>

				services, provision of lighting, repair of minor roads, maintenance of parks, drains and gullies, and such other functions as the Municipal Corporation may, from time to time, determine by regulations.
<b>Municipal Accounts Committee (MAC) Section 124 of JM Act, 2011</b>	The Municipal Corporation and the Municipal Council shall, at its first meeting in each year or as soon as may be at any meeting subsequent there to, constitute a MAC.	MAC consist of such numbers of persons not less than three and not more than fifteen, as the State Government may determine, by notification for the municipality, to be nominated by the Council among the elected councillors not being the members of the Standing Committee from amongst themselves; and such number of persons, not being the councillors, officers, or other employees of the municipality and not exceeding two in number, having knowledge and experience in financial matters, as may be nominated by the municipality, and shall have no right of voting at the meeting of the MAC. The members of the Municipal Accounts Committee shall elect from amongst themselves one member to be its Chairperson.	MAC may call for any book or document if, in its opinion, such book or document is necessary for its work and may requisition such officers of the municipality, as it may consider necessary for explaining any matter in connection with its work.	to examine the accounts of the municipality; to examine and scrutinise the report on the accounts of the municipality by the auditors, and to satisfy itself that the moneys shown in the accounts as having been disbursed were available for, and applicable to, the services or purposes to which they were applied or charged and that the expenditure was incurred in accordance with the authority governing such expenditure; to submit report to the Standing Committee every year and from time to time on such examination and scrutiny; and to consider the report of the auditors in cases where the State Government or the municipality requires them to conduct a special audit of any receipt or expenditure of the municipality or to examine the accounts of stores and stocks of the municipality or to check the inventory of the properties of the municipality including its land holdings and buildings; and to discharge such other functions as may be prescribed. The manner of transaction of business of the MAC shall be such as may be determined by regulation.

<p><b>Jharkhand State Municipal Advisory Committee (JSMAC) Section 269 of JM Act, 2011</b></p>	<p>The State Government may, by notification, constitute, with effect from such date as it may specify in such notification, a committee to be known as the JSMAC. Chairperson of the JSMAC shall be one of the members and he shall also be notified by the State Government.</p>	<p>The JSMAC shall consist of not more than twenty-one members to represent the interest of commerce, industry, transport, agriculture, labour, consumers of civic services, municipalities, non-governmental organisations and academic and research bodies in the municipal affairs sector.</p>	<p>The objects and functions of the JSMAC shall be to advise the State Regulatory Commission on</p> <ul style="list-style-type: none"> <li>(a) major questions of policy;</li> <li>(b) matters relating to quality, continuity and extent of municipal services provided by the municipal authorities;</li> <li>(c) protection of consumers of municipal services; and</li> <li>(d) improvement of overall standards of performance, efficiency and economy in the provision of municipal services by municipal authorities.</li> </ul>	
<p><b>Municipal Streets Technical Committee (MSTC) Section 405 of JM Act, 2011</b></p>	<p>The municipality shall constitute a Municipal Streets Technical Committee which shall meet at least once in a month. The Municipal Commissioner or the EO shall be the convener of the Committee.</p>	<p>For Municipal Corporation, seven councillors chosen by the Council, For Municipal Council (Class A), five councillors chosen by the Council, and Municipal Council (Class B) or a Nagar Panchayat, three councillors chosen by the respective Council. In addition to above members, the MSTC shall also have five other members, namely:- the Municipal Commissioner or the EO, the Municipal Engineer, a police officer to be nominated by the Superintendent of Police of the District concerned, and two officers having responsibility for fire services and preparation of development plans for the municipal area, to be nominated by the State Government.</p>	<p>MSTC shall, in order to secure the expeditious, convenient and safe movement of traffic, including pedestrian traffic, and suitable and adequate parking facilities on and off the public streets, and having regard to</p> <ul style="list-style-type: none"> <li>(a) the desirability of securing and maintaining reasonable access to premises,</li> <li>(b) the effect on the amenities of any locality affected, and</li> <li>(c) any other relevant matter referred to it by the municipality.</li> <li>(d) aid, advise and assist the municipality in the matters, namely, classification of public streets and specification of width thereof, prescription of regular line of street, regulation of land uses abutting the streets, regulation of traffic, designation of on-street parking areas, allocation of rights of way for underground utilities, placement of street furniture, placement of authorised fixtures on streets, etc.</li> </ul>	<p>The MSTC may call for any record, document, map or data from the municipality or any planning or development authority or any Department of the State Government or any other authority under any State law for the time being in force, and, thereupon, it shall be the duty of such Department or authority to comply with such requisition. The municipality shall consider the recommendations of the MSTC and take such decision thereon as it thinks fit after taking into account plans, proposals, surveys, studies, and supporting technical data, if any, referred to in sub-section If any doubt arises as to whether the decision is in conflict with any plan, scheme or programme of any competent authority under any law for the time being in force, the matter shall be referred to the State Government whose decision thereon shall be final</p>

**Appendix-3.5**

(Refer: Paragraph-3.14.5; page 48)

**Statement showing period of assessment of Holding Tax due by ULBs  
as on 31 March 2016**

Sl. No.	Name of ULBs	Year of Last Assessment	Reassessment due for period (up to March 2016)
1	Adityapur Nagar Parishad	1993	23
2	Chaibasa Nagar Parishad	1982-83	33
3	Chas Municipal Corporation	1995	21
4	Chatra Nagar Parishad	1981-82	34
5	Chirkunda Nagar Panchayat	Not available	-
6	Deoghar Municipal Corporation	1998-99	17
7	Dumka Nagar Parishad	1992-93	23
8	Garhwa Nagar Panchayat	1997	19
9	Godda Nagar Panchayat	1979-80	36
10	Giridih Nagar Parishad	1996-97	19
11	Gumla Nagar Parishad	2008	8
12	Jamshedpur NAC	Not imposed	-
13	Jhumritilaiya Nagar Parishad	1996	20
14	Jugsalai Municipality	1997	19
15	Madhupur Nagar Parishad	2016	-
16	Mango NAC	1997	19
17	Medininagar Nagar Parishad	2002-03	13
18	Pakur Nagar Panchayat	1972	44
19	Sahibganj Municipal Corporation	1996-97	19
20	Simdega Nagar Parishad	1996	20

(Source: As per information provided by test checked ULBs)

## Appendix 4.1.1

(Refer: Paragraph-4.1.6.3 &amp; 4.1.6.5; page 58 &amp; 59)

## Statement showing achievement of SLBs in test-checked ULBs against the target fixed by MoUD, GoI

Services	Particulars	Benchmark	Chas	Deoghar	Dhanbad	Garhwa	Madhupur	Mango	Medininagar	Jamshedpur	Ranchi	Sahibganj
Water supply	Coverage of Water supply connections	100%	15%	20%	21.57 %	07 %	01%	45%	70 %	2.41%	70%	NA
	Per capita supply of Water	135 lpcd	40 lpcd	100 lpcd	95 lpcd	40 lpcd	10 lpcd	110 lpcd	60 lpcd	135 lpcd	135 lpcd	NA
	Extent of meeting of water connections	100%	15%	45%	11 %	0 %	0%	45%	0	45%	70%	NA
	Extent of non-revenue water (NRW)	20%	70%	2%	45 %	05 %	33%	0	20 %	0.32%	70%	NA
	Continuity of water supply	24 hours	2-3 hours	2 hours	2 hour	Very poor and for 3 months of summer is nil	1 hour in a week	2hours	2 to 3 hours	12 hours	NA	NA
	Quality of water supplied	100%	NA	NA	100 %	80 %	20%	NA	80 %	100%	NA	NA
	Cost of recovery of water supply services	100%	10%	0	85 %	0	0	0	0	0	NA	NA
	Efficiency in collection of water supply related charges	90%	NA	0	85 %	0	0	16%	0	11%	NA	NA
Sewage Management (Sewerage and Sanitation)	Coverage of toilets	100%	60%	23%	60 %	72 %	68 %	NA	70 %	50%	NA	70%
	Coverage of sewage network services	100%	0	4%	0	0	0	0	0	0	NA	0
	Collection efficiency of the sewage network	100%	0	0	0	0	0	0	0	0	NA	0
	Adequacy of sewage treatment capacity	100%	0	0	0	0	0	0	0	0	NA	0
	Quality of sewage treatment	100%	0	0	0	0	0	0	0	0	NA	0
	Extent of reuse and recycling of sewage	20%	0	0	0	0	0	0	0	0	NA	0
	Efficiency in redressal of customer complaints	80%	0	80%	80 %	80 %	0	80%	60 %	50%	NA	0
	Extent of cost recovery in sewage management	100%	0	0	0	0	0	0	0	0	NA	0
Efficiency in collection of sewage charges	90%	0	0	0	0	0	0	0	0	NA	0	

Services	Particulars	Benchmark	Chas	Deoghar	Dhanbad	Garhwa	Madhupur	Mango	Medininagar	Jamshedpur	Ranchi	Sahibganj
SWM	Household level coverage of solid waste management services	100%	0	0	25%	0	0	0	0	0	NA	0
	Efficiency of collection of municipal solid waste	100%	70-75%	70%	60%	100%	100%	80%	100%	80%	NA	80%
	Extent of segregation of municipal solid waste	100%	0	0	0	0	0	0	0	0	NA	0
	Extent of municipal solid waste recovered	80%	0	0	0	0	0	0	0	0	NA	0
	Extent of scientific disposal of municipal solid waste	100%	0	0	0	0	0	0	0	0	NA	0
	Efficiency in redressal of customer complaints	80%	0	80%	80%	80%	60%	80%	60%	80%	NA	0
	Extent of cost recovery in SWM services	100%	0	0	0	0	0	0	0	0	NA	0
	Efficiency in collection of SWM charges	90%	0	0	0	0	0	0	0	0	NA	0

## Appendix-4.1.2

(Refer: Paragraph -4.1.7.2; page 61)

## Statement showing the amount for BSUP to be provided by test checked ULBs for the period 2012-16

(₹ in crore)

Period	Municipality's own sources of revenue e.g. taxes, fees, user charges and rent etc.										Allocation from Central and State Finance Commissions										Total
	Chas	Deoghar	Dhanbad	Garhwa	Jamshedpur	Madhupur	Mango	Medininagar	Ranchi	Sahibganj	Chas	Deoghar	Dhanbad	Garhwa	Jamshedpur	Madhupur	Mango	Medininagar	Ranchi	Sahibganj	
2012-13	1.51	5.43	4.98	0.34	5.75	0.49	2.38	1.27	29.14	0.80	Nil	0.99	0	0.81	Nil	3.05	Nil	0	6.03	11.28	74.25
2013-14	1.78	3.88	3.98	0.55	3.24	0.52	2.12	1.13	28.58	0.34	0.75	3.30	2.90	0.81	Nil	1.30	Nil	0	1.50	15.25	71.93
2014-15	2.03	3.99	4.50	0.49	4.07	0.36	2.73	0.95	35.57	1.00	3.91	13.20	15.30	1.20	Nil	3.70	Nil	2.50	48.41	2.66	146.29
2015-16	3.94	5.16	8.85	0.57	8.06	0.47	3.25	1.54	42.02	0.94	5.91	0.75	51.25	1.80	Nil	2.21	Nil	2.98	56.57	13.56	209.83
<b>Total</b>	<b>9.26</b>	<b>18.46</b>	<b>22.31</b>	<b>1.95</b>	<b>21.12</b>	<b>1.84</b>	<b>10.48</b>	<b>4.89</b>	<b>135.31</b>	<b>3.08</b>	<b>10.57</b>	<b>18.24</b>	<b>69.45</b>	<b>4.62</b>	<b>Nil</b>	<b>10.26</b>	<b>Nil</b>	<b>5.48</b>	<b>112.51</b>	<b>42.75</b>	<b>502.58</b>
<b>25 per cent allocation for Basic Services to Urban Poor Fund</b>	<b>2.32</b>	<b>4.62</b>	<b>5.88</b>	<b>0.49</b>	<b>5.28</b>	<b>0.46</b>	<b>2.62</b>	<b>1.22</b>	<b>33.83</b>	<b>0.77</b>	<b>2.64</b>	<b>4.56</b>	<b>17.36</b>	<b>1.16</b>	<b>Nil</b>	<b>2.57</b>	<b>Nil</b>	<b>1.37</b>	<b>28.13</b>	<b>10.69</b>	<b>125.65</b>

(Source: Data provided by test-checked ULBs)

**Appendix-4.1.3**

(Refer: Paragraph- 4.1.8; page 62)

**Statement showing status of Water Supply projects in test-checked ULBs**

(₹ in crore)

Name of ULBs	Approved Project Cost	Date of award of contract	Contract Value	Expenditure (31/03/2016)	Target date of completion	Physical status as on 31/08/2016	Name of Contractor
Chas	50.26	22/12/2008	50.02	47.08	21/06/2010	Completed June 2016	M/s Vishwa Infrastructure and Service Pvt. Ltd, Hyderabad
Deoghar	48.07	14/12/2007	48.07	44.36	13/12/2009	Completed in January 2016	M/s IVRCL Infrastructure and Projects Ltd. Hyderabad.
Dhanbad	365.85	13/05/2011	298.00	321.58	20/10/2013	In progress	M/S L&T Ltd., Chennai
Garhwa	37.86	13/02/2013	36.73	10.35	12/02/2015	In progress	M/S SMS Paryawaran Limited, New Delhi
Jamshedpur	28.67	03/01/2006	28.67	28.51	03/07/2007	Completed December 2013	M/S SMS Paryawaran Limited, New Delhi
Mango	64.18	29/08/2009	64.18	64.18	28/08/2011	Completed December 2013	M/S JUSCO
Madhupur	DPR is being prepared						
Medininagar	61.46	11/03/2016	52.17	NIL	10/06/2018	In progress	M/S SMS Paryawaran Limited, New Delhi
Ranchi	288.39	12/03/2010	234.71	106.63	12/09/2012	In progress (physically 42 per cent completed)	M/s IVRCL Infrastructure and Projects Ltd. Hyderabad
	373.06	October 2014	290.44	115.31	23/10/2016		M/S L&T Ltd., Chennai
Sahibganj	50.64	09/09/2011	37.99	29.60	08/03/2013	In progress (physically 77 per cent completed)	M/S Doshion Veolia Water Solution Pvt. Ltd. Gujarat

(Source: Data provided by test-checked DWS divisions)

**Appendix 4.1.4***(Refer: Paragraph-4.1.9.1; page 66)***Statement showing water supply connections provided to HHs of test checked ULBs**

Sl. No.	Name of ULBs	Total no. of households	No. of households connected with water supply	Shortage (per cent)
1	Chas	25540	3785	21755 (85)
2	Deoghar	15270	10183	5087(33)
3	Dhanbad	62658	25479	37179 (59)
4	Garhwa	4475	609	3866 (86)
5	Jamshedpur	139529	3360	136169(98)
6	Madhupur	5778	57	5721(99)
7	Mango	44095	19704	24391(55)
8	Medininagar	13821	2740	11081(80)
9	Ranchi	243209	100628	142581(59)
10	Sahibganj	17076	Nil	17076(100)
<b>Total</b>		<b>571451</b>	<b>166545</b>	<b>404906 (71)</b>

(Source: Data provided by test-checked ULBs)

**Appendix-4.1.5**

(Refer: Paragraph- 4.1.9.2; page 66)

**Statement showing water supply against requirement of water in a day to HHs of test checked ULBs**

Sl. No.	Name of ULBs	Requirement of water (in MLD) as per population	Capacity of water supply project (in MLD)	Requirement of water (in MLD) as per DW&SD	Supply of water (in MLD)	Shortage in supply of water against requirement of population (in per cent)	Shortage in supply of water against requirement of DW&SD (in per cent)
1	2	3	4	5	6	7=3-6	8=5-6
1	Chas	21.18	24.00	19.10	7.70	13.48 (64)	11.40 (60)
2	Deoghar	27.42	7.50	29.15	5.69	21.73 (79)	23.46 (80)
3	Dhanbad	156.93	156.50	157.00	118.00	38.93 (25)	39.00 (25)
4	Garhwa	6.22	17.50	6.08	0.72	5.50 (88)	5.36 (88)
5	Jamshedpur	91.44	23.00	15.69	0.09	91.35 (99)	15.60 (99)
6	Madhupur	7.46	48.00	15.00	4.50	2.96 (40)	10.50 (70)
7	Mango	30.21	10.00	28.17	7.04	23.17 (77)	21.13 (75)
8	Medininagar	10.58	21.60	15.00	4.50	6.08 (57)	10.50 (70)
9	Ranchi	144.91	114.00	77.21	70.02	74.89 (52)	7.19 (9)
10	Sahibganj	11.91	18.00	8.82	0.60	11.31 (95)	8.22 (93)
<b>Total</b>		<b>508.26</b>	<b>440.10</b>	<b>371.22</b>	<b>218.86</b>	<b>289.40 (57)</b>	<b>152.36 (41)</b>

(Source: Data provided by test-checked ULBs)

**Appendix-4.1.6***(Refer: Paragraphs-4.1.9.3 & 4.1.9.4; page 67 & 68)***Number of Meter installed against Water supply connections**

Sl. No.	Name of ULBs	Total no. of households	No. of households connected with water supply	No. of households not connected with water supply	No. of households having water pipe line installed meter (in per cent)	No. of households having water pipe line without meter (in per cent)
1	Chas	25540	3785	21755	Nil	3785 (100)
2	Deoghar	15270	10183	5087	Nil	10183 (100)
3	Dhanbad	62658	25479	37179	25479 (100)	Nil
4	Garhwa	4475	609	3866	Nil	609 (100)
5	Jamshedpur	139529	3360	136169	Nil	3360 (100)
6	Madhupur	5778	57	5721	Nil	57 (100)
7	Mango	44095	19704	24391	788 (4)	18916 (96)
8	Medininagar	13821	2740	11081	Nil	2740 (100)
9	Ranchi	243209	100628	142581	8408 (8)	92220 (92)
10	Sahibganj	17076	Nil	17076	Nil	Nil
<b>Total</b>		<b>571451</b>	<b>166545</b>	<b>404906</b>	<b>34675 (21)</b>	<b>131870 (79)</b>

*(Source: Data provided by test-checked ULBs)***Appendix 4.1.7***(Refer: Paragraph-4.1.9.5; page 68)***Statement showing user charges vis-à-vis O&M costs in test checked ULBs****(₹ in lakh)**

Sl. No.	Name of ULBs	User charges collected during 2011-12 to 2015-16	Outstanding water charges as on 31 March 2016	O & M charges for 5 years
1	Dhanbad	814.50	463.18	1792.42
2	Jamshedpur	12.11	110.38	288.00
3	Mango	347.88	3006.27	2190.30
4	Medininagar	91.76	141.81	129.16
<b>Total</b>		<b>1266.25</b>	<b>3721.64</b>	<b>4399.88</b>

*(Source: Data provided by test-checked ULBs and DWS divisions)*

**Appendix-4.1.8**

(Refer: Paragraph-4.1.10.8; page 75)

**Statement showing the amount of interest lost by Municipal Corporation Ranchi on Mobilisation advance**

(Amount in ₹)

Sl. No.	Date of grant of Mobilisation advance	Excess amount of Mobilisation advance	Total days till 28 February 2017	Amount of interest (@four per cent per annum)
1	15 October 2015	400000	502	22005
2	4 December 2015	180000000	452	8916164
3	31 December 2015	178875070	425	8331168
	<b>Total</b>	<b>359275070</b>		<b>17269337</b>

### Appendix-4.1.9

(Refer: Paragraph-4.1.11.1; page 75)

#### Status of implementation of SWM in test checked ULBs

Name of ULBs	Submission/ Approval of DPR	Reason for not taking up the SWM project	Irregularities
Chas	2007-08	Landfill site identified at Sunta Village was <i>jangal-jhaari</i> required to be obtained NOC from the DC, but CMC failed to approach DC, Bokaro and land could not have been acquired.	Amount of ₹ 3.50 lakh spent on preparation of DPR become infructuous. Garbage was being dumped beside the Garga River within the municipal area.
Deoghar	DPR is under preparation	Landfill site was not available.	Garbage was dumped besides Railway line and Darba River within the municipal area.
Dhanbad	NA	Landfill site was not available.	
Garhwa	DPR not prepared	Landfill site was not available.	Garbage was dumped within municipal area.
Jamshedpur (JUA) Jamshedpur NAC and Mango NAC	28 April 2010	Landfill site was identified at Khairbani.	Concessionaire was appointed (August 2012) for SWM, but due to dispute of landfill site, agreement was rescinded (October 2015) and garbage was being dumped at JUSCO area. However, a new concessionaire I K Worldwide, New Delhi was appointed by JUIDCO, but work has not been started.
Madhupur	DPR prepared in 2009 but not approved.	Landfill site was not available	Fund of ₹ 2.55 crore provided under 13 <sup>th</sup> FC for the SWM project remained unutilised since 2012-13.
Medininagar	DPR not prepared	Land has been selected by the ULB but approval of UD & HD is awaited.	Garbage was dumped besides Koyal River within the municipal area. ₹ 1.50 crore provided for land acquisition which remain unutilised since 2006-07.
Ranchi	September 2009		Processing plant for disposal of waste into brick making, composting etc. could not be constructed.
Sahibganj	DPR prepared	Landfill site was not available	

**Appendix 4.1.10**

(Refer: Paragraph-4.1.11.1; page 76)

**Statement showing objections raised in ATIR on Local Bodies for the period 2012-13 remained unattended by the RMC**

Sl. No.	Para No.	Details of objections
1	5.1.7.3	Out of total grants amounting to ₹ 20.56 crore received for implementation of the SWM project, a sum of ₹ 47.29 lakh was noticed to be diverted towards payment of Consultancy Fees to the PMC-cum-TA. An order of the competent authority/circumstances under which the amount was diverted was not intimated to audit.
2	5.1.8.7	Only ₹ 5.46 crore could be collected by the Concessionaire against total billable user charges amounting to ₹ 18.52 crore, as per the data (indicating amounts collected from different wards on a daily basis) made available to audit by the Concessionaire. It was further noticed that a sum of ₹ 5.44 crore was remitted to the Escrow account of RMC against the amount collected, which left an overall shortfall of ₹ 2.21 lakh.
3	8.1.8.10	<p>Eighty <i>per cent</i> payment amounting to ₹ 4.19 crore the period from July 2012 to December 2012 was made to the Concessionaire without verification of the quantities by the PMC-cum-TA. Payment was made on the orders of the Chief Executive Officer (CEO), RMC on the basis of recommendations of the Medical Officer for Health (MOH), RMC as PMC-cum-TA was reluctant to perform its duties. The orders of the CEO were not in consonance with the provisions of the agreement and the payment made could not be justified in Audit.</p> <p>Irregular payment amounting to ₹ 3.82 crore was noticed to be made without recommendation/verification of the quantities transported, by the Project Engineer.</p>
4	8.1.8.11	<p>As per clause 7.2 of the Concession Agreement tipping fees was payable to the concessionaire subject to discharge of its obligations mentioned in the agreement. Further, as per provisions contained in Schedule 2 of the Agreement regarding payment of Tipping Fee inter alia, the PMC-cum-TA was required to certify the quantity of waste transported to the sites-Transfer stations and then subsequently to Composting, Land filling, Brick making plant etc. Thus, it was clear that the Tipping Fee was to be paid for carrying out the complete process of collection, transportation, treatment and disposal of MSW.</p> <p>Further PMC-cum-TA was also of the opinion that the Tipping Fee quoted by the Concessionaire was towards the complete scope of work and not merely for collection and transportation and as the Concessionaire was undertaking only C&amp;T and did not initiate other activities related to processing and disposal, it was not entitled for claiming the Tipping Fee at the quoted rates. Accordingly only 50 <i>per cent</i> of the amount claimed was being paid initially which was raised to 80 <i>per cent</i> upon the request of the Concessionaire. However, ultimately all the withheld amounts were released and full payment was started from the month of April 2013 onwards. Thus, even though only the collection and transportation of waste was being performed and the processing &amp; disposal of the waste transported had not yet been started, the entire amount claimed as Tipping Fee was being paid.</p>
5		Further, the basis of releasing withheld amounts/ making payments in full ( <i>i.e.</i> , improvement in collection and transportation operations), was a farce as the Concessionaire was intimated time and again by the RMC about the unsatisfactory collection of waste/cleaning of drains in different areas and had to be directed to improve upon its performance.

(Source: ATIR 2012-13)

## Appendix 4.1.11

(Refer: Paragraph-4.1.11.2; page 77)

## Statement showing the mismatch of quantity of waste generated and waste collected and transported by the test checked ULBs

Period	Particulars	Chas	Deoghar	Dhanbad	Garhwa	Jamshedpur	Madhupur	Mango	Medininagar	Ranchi	Sahibganj
2011-12	Population as on 2011 (in lakh)	1.42	2.03	11.62	0.46	6.29	0.55	2.24	0.78	10.73	0.88
	Waste generated as per report (gm/capita/day)	304	304	425	255	304	255	307	255	425	255
	Qty. of waste generated (in MT)	43.06	61.75	494.05	11.75	191.22	14.09	68.77	19.99	456.21	22.49
	Qty. of waste generated (in MT) as per ULB	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Quantum of waste collection	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Percent of waste collection	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2012-13	Population as on 2012 (in lakh)	1.45	2.08	11.97	0.47	6.48	0.57	2.31	0.81	10.98	0.91
	Waste generated as per report (gm/capita/day)	304	304	425	255	304	255	307	255	425	255
	Qty. of waste generated (in MT)	44.05	63.17	508.87	12.10	196.99	14.51	70.83	20.59	466.70	23.17
	Qty. of waste generated (in MT) as per ULB	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Quantum of waste collection	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Percent of waste collection	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2013-14	Population as on 2013 (in lakh)	1.48	2.13	12.33	0.49	6.67	0.59	2.38	0.83	11.23	0.94
	Waste generated as per report (gm/capita/day)	304	304	425	255	304	255	307	255	425	255
	Qty. of waste generated (in MT)	45.06	64.62	524.14	12.46	202.77	14.94	72.96	21.20	477.43	23.86
	Qty. of waste generated (in MT) as per ULB	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Quantum of waste collection	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Percent of waste collection	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2014-15	Population as on 2014 (in lakh)	1.52	2.17	12.70	0.50	6.87	0.60	2.45	0.86	11.49	0.96
	Waste generated as per report (gm/capita/day)	304	304	425	255	304	255	307	255	425	255
	Qty. of waste generated (in MT)	46.10	66.11	539.86	12.83	208.85	15.39	75.15	21.84	488.41	24.58
	Qty. of waste generated (in MT) as per ULB	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Quantum of waste collection	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Percent of waste collection	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2015-16	Population as on 2015 (in lakh)	1.55	2.22	13.08	0.52	7.08	0.62	2.52	0.88	11.76	0.99
	Waste generated as per report (gm/capita/day)	304	304	425	255	304	255	307	255	425	255
	Qty. of waste generated (in MT)	47.16	68.24	556.06	13.22	215.23	15.85	77.40	22.50	580	25.32
	Qty. of waste generated (in MT) as per ULB	24.64	102.22	509.00	5.00	258.00	10.00	67.00	25.00	NA	22
	Quantum of waste collection	19.00	60.00	420.00	5.00	100.00	10.00	60.00	25.00	NA	17.60
	Percent of waste collection	77	58.70	82.51	100	38.76	100	90	100	NA	80

(Source: Manual of SWM and Data provided by test-checked ULBs)

**Appendix-4.1.12**

(Refer: Paragraph 4.1.12; page 80)

**Statement showing requirement and position of staff for sanitation in test checked ULBs**

Particulars	Chas		Deoghar		Dhanbad		Garhwa		Jamshedpur		Madhupur		Mango		Medininagar		Ranchi		Sahibganj	
	Requirement	Available	Requirement	Available	Requirement	Available	Requirement	Available												
<b>Public Health Wing</b>																				
Public Health Officer/Environmental Officer	00	00	01	00	00	00	00	00	01	00	00	00	01	00	01	00	00	00	01	00
Asstt. Public Health Officer/Environmental Officer	01	00	00	00	02	00	00	00	02	00	01	00	01	00	00	00	02	00	00	00
Chief Sanitary Inspector	00	00	01	00	00	00	00	00	01	00	00	00	00	00	00	00	00	00	00	00
Sanitary Inspector	00	01	04	00	00	04	00	00	02	00	00	00	01	00	00	01	00	00	00	00
Sanitary Supervisor	15	01	20	01	28	20	00	03	23	04	15	03	20	01	15	19	28	26	15	09
Sweepers (one sweeper @ 500 m length of road/drain)	250	196	964	98	466	834	118	66	288	776	122	66	276	234	507	193	953	322	652	117
<b>Total</b>	<b>266</b>	<b>198</b>	<b>990</b>	<b>99</b>	<b>496</b>	<b>858</b>	<b>118</b>	<b>69</b>	<b>317</b>	<b>780</b>	<b>138</b>	<b>69</b>	<b>299</b>	<b>235</b>	<b>523</b>	<b>213</b>	<b>983</b>	<b>348</b>	<b>668</b>	<b>126</b>
<b>Percentage of availability</b>		<b>74</b>		<b>10</b>		<b>173</b>		<b>58</b>		<b>246</b>		<b>50</b>		<b>79</b>		<b>41</b>		<b>35</b>		<b>19</b>

(Source: Manual of SWM, UD&HD Resolution and Data provided by test-checked ULBs)

## Appendix-4.1.13

(Refer: Paragraph-4.1.12; page 81)

## Statement showing vehicles required and available for solid waste management in test checked ULBs

Particulars	Population less than one lakh								Population one to five lakh						Population between five to 10 lakh		Population between five to 20 lakh				
	Garhwa		Madhupur		Medininagar		Sahibganj		Chas		Mango		Deoghar		Jamshedpur		Dhanbad		Ranchi		
	Requirement	Available	Requirement	Available	Requirement	Available	Requirement	Available	Requirement	Available	Requirement	Available	Requirement	Available	Requirement	Available	Requirement	Available	Requirement	Available	
Containerised handcrafts	150	00	150	00	150	00	150	00	750	70	750	00	750	00	1500	00	3000	00	3000	NA	
Containerised tricycles	10	00	10	00	10	00	10	00	50	00	50	00	50	00	100	00	200	00	200	NA	
Community bins for slums	50	00	50	00	50	00	50	00	500	00	500	00	500	00	1500	00	4000	00	4000	NA	
Seamless handcraft for silt removal	20	02	20	00	20	00	20	00	100	00	100	00	100	00	200	00	400	00	400	NA	
Small vehicle for direct collection of waste	00	00	00	00	00	02	00	00	04	09	04	17	04	01	08	06	16	02	16	NA	
Closed trailers for waste storage depot	40	00	40	00	40	02	40	00	00		00	02	00	00	01	00	05	00	10	0	NA
Closed dumper placer types containers 4.5 cu.mtr. Volume	00	00	00	00	00	03	00	01	200		200	00	200	07	200	01	300	00	300	NA	
Closed dumper placer containers of 7cu.mtr. Volume	00	00	00	00	00	00	00	00	00	05	00	00	00	00	140	01	333	00	333	NA	
Dumper placer machine for 4.5 + 7 cu.mtr containers	00	01	00	00	00	00	00	00	15	15	00	15	00	25	00	45	00	45	NA		
Containers for domestic hazardous waste	05	00	05	00	05	01	05	00	15	00	15	04	15	01	25	00	50	00	50	NA	
Tractors	05	03	05	04	05	04	05	09	00	10	00	00	00	11	00	03	00	70	0	NA	
4.5cu.mtr. Skips for construction Waste	00	00	00	00	00	00	00	00	10	00	10	04	10	00	20	00	40	00	40	NA	
Skip filters	00	00	00	00	00	00	00	00	02	00	02	00	02	00	03	00	05	05	5	NA	
Small van for hospital waste collection	02	00	02	00	02	00	02	00	03	00	03	00	03	00	05	00	10	00	10	NA	
Incineration plants	02	00	02	00	02	00	02	00	02	00	02	00	02	00	02	00	03	00	3	NA	
Bull dozers / Wheel dozers	00	00	00	00	00	00	00	00	01	02	01	01	01	00	01	00	02	15	2	NA	
<b>Total</b>	<b>284</b>	<b>06</b>	<b>284</b>	<b>04</b>	<b>284</b>	<b>12</b>	<b>284</b>	<b>10</b>	<b>1652</b>	<b>96</b>	<b>1652</b>	<b>28</b>	<b>1652</b>	<b>21</b>	<b>3729</b>	<b>16</b>	<b>8404</b>	<b>102</b>	<b>8404</b>	<b>NA</b>	
<b>Percentage of availability</b>		<b>2.11</b>		<b>1.41</b>		<b>4.22</b>		<b>3.50</b>		<b>5.81</b>		<b>1.69</b>		<b>1.27</b>		<b>0.43</b>		<b>1.21</b>			

(Source: Manual of SWM and Data provided by test-checked ULBs)

**Appendix-5.1.1**

(Refer: Paragraph 5.1.3; page 87)

**Fulfilment of nine conditions to be achieved by March, 2012**

Condition No.	Condition	Para No. of guideline	Status of compliance
1(a).	Supplement to the budget documents for ULB.	6.4.2. (a)	Complied since 2010-11
1(b).	Implementation of an accounting frame work consistent with accounting format and codification pattern suggested in the National Municipal Accounts Manual	6.4.2. (d)	Complied. Notification No.604 dated: 8/10/2012
2.	State Government must put in place an audit system for all categories of ULBs	6.4.4	Entrustment of Technical Guidance and Support (TGS) of ULBs to CAG pursuant to 13 <sup>th</sup> FC was made effective from 31 March 2012 vide gazette notification No. 165 dated 31/03/2012. In this context, a certificate regarding adoption of Audit System in ULBs has been issued by O/o The AG (Audit), Jharkhand, Ranchi since 2012-13 onwards.
3.	Constitution of independent Local Body Ombudsman	6.4.5	Complied. Notification No.346 dated: 28/01/2014. The powers and duties of Municipal Ombudsman has been entrusted to <i>Lokayukt</i> of Jharkhand.
4.	The State Government must put in place a system of transfer of funds received from GoI	6.4.6	Though the software for electronic transfer of funds was developed by Finance Department, GoJ and the trainings was also imparted to all departments however, electronic transfer of funds to ULBs was not started till March 2016.
5.	Qualification of members of SFC	6.4.7	Complied. Notification No. 96 dated: 20/01/2004
6.	Levy of Property Tax by ULBs without hindrance	6.4.8	Complied. Municipal Property Tax (Assessment Collection and Recovery) Rules, 2013 has been notified by UDD vide Notification No.641 dated: 17/02/2014.
7.	Constitution of State Property Tax Board	6.4.9	Complied. Jharkhand Property Tax Board Constitution and Appeal Rules, 2013 has been notified by UDD vide Notification No. 1874 dated: 13/05/14.
8.	Standardising Service Level Benchmark	6.4.10	Complied. Notification No. 2697 dated: 09/08/2011
9.	Fire Hazard Response and Mitigation Plan for million plus cities	6.4.11	Fire Hazards Response and Mitigation Plan for three million plus cities Ranchi, Dhanbad and Jamshedpur has been notified by UDD, GoJ in this regard vide Notification No. 1843 dated: 09/05/2014.

(Source: Information provided by UD&HD)

**Appendix-5.1.2**  
(Refer: Paragraph 5.1.3.1; page 87)

**Financial position of test-checked ULBs for the period 2010-16**

(₹ in crore)

ULB	Year	Opening balance	Receipt					Total available fund	Expenditure	Closing balance	Percentage of exp. with total available fund
			GBG	GPG	SBG	SPG	Total receipt				
NP Chaibasa	2010-11	0	0	0	0	0	0	0	0	0	0
	2011-12	0	0	0	0	0	0	0	0	0	0
	2012-13	0	3.15	0	0	0	3.15	3.15	0	3.15	0
	2013-14	3.15	3.25	0	0.63	0	3.88	7.03	0	7.03	0
	2014-15	7.03	1.89	0	0	0	1.89	8.92	0	8.92	0
	2015-16	8.92	0	0	0	0	0	8.92	0.68	8.24	8
NP Chatra	2010-11	0	0	0	0	0	0	0	0	0	0
	2011-12	0	0	0	0	0	0	0	0	0	0
	2012-13	0	0	0	0	0	0	0	0	0	0
	2013-14	0	0	0	0	0	0	0	0	0	0
	2014-15	0	3.62	0	0	0	3.62	3.62	0.19	3.43	5
	2015-16	3.43	0	0	0	0	0	3.43	0.17	3.26	5
MC Deoghar	2010-11	0	7.18	0	0	0	7.18	7.18	0	7.18	0
	2011-12	7.18	0	0	0	0	0	7.18	0.02	7.16	0
	2012-13	7.16	0.99	0	0	0	0.99	8.15	0.25	7.9	3
	2013-14	7.9	3.22	0	0	0	3.22	11.12	0.64	10.48	6
	2014-15	10.48	13.2	0	0	0	13.2	23.68	7.15	16.53	30
	2015-16	16.53	0.75	0	0	0	0.75	17.28	3.35	13.93	19
MC Dhanbad	2010-11	0	9.36	0	0	0	9.36	9.36	0	9.36	0
	2011-12	9.36	0	0	0	0	0	9.36	0	9.36	0
	2012-13	9.36	0	0	0	0	0	9.36	0	9.36	0
	2013-14	9.36	2.9	0	0	0	2.9	12.26	0	12.26	0
	2014-15	12.26	15.27	0	0	0	15.27	27.53	3.33	24.2	12
	2015-16	24.2	5.25	0	1.38	0	6.63	30.83	12.72	18.11	41
NP Dumka	2010-11	0	0	0	0	0	0	0	0	0	0
	2011-12	0	5	0	0	0	5	5	0.23	4.77	5
	2012-13	4.77	0.2	0	0	0	0.2	4.97	2.02	2.95	41
	2013-14	2.95	0	0	0	0	0	2.95	1.28	1.67	43
	2014-15	1.67	6.02	0	0	0	6.02	7.69	0	7.69	0
	2015-16	7.69*	0	0	0	0	0	7.69	0.85	6.84	11
NP Gumla	2010-11	0	0	0	0	0	0	0	0	0	0
	2011-12	0	0	0	0	0	0	0	0	0	0
	2012-13	0	0.54	0	0	0	0.54	0.54	0	0.54	0
	2013-14	0.54	0.66	0	0	0	0.66	1.2	0.06	1.14	5
	2014-15	1.14	3.04	0	0	0.3	3.34	4.48	0.18	4.3	4
	2015-16	4.3	0	0	0	0	0	4.3	1.73	2.57	40
NP Medinina gar	2010-11	0	0	0	0	0	0	0	0	0	0
	2011-12	0	0	0	0	0	0	0	0	0	0
	2012-13	0	0	0	0	0	0	0	0	0	0
	2013-14	0	0	0	0	0	0	0	0	0	0
	2014-15	0	5.2	0	0	0	5.2	5.2	0	5.2	0
	2015-16	5.2	0	0	0	0	0	5.2	1.72	3.48	33

ULB	Year	Opening balance	Receipt					Total available fund	Expenditure	Closing balance	Percentage of exp. with total available fund
			GBG	GPG	SBG	SPG	Total receipt				
MC Ranchi	2010-11	0	0.46	0	0	0	0.46	0.46	0	0.46	0
	2011-12	0.46	0	0	0	0	0	0.46	0	0.46	0
	2012-13	0.46	6.03	0	0	0	6.03	6.49	0.21	6.28	3
	2013-14	6.28	1.5	0	0	4.28	5.78	12.06	1.32	10.74	11
	2014-15	10.74	39.04	0	3.81	0	42.85	53.59	20.77	32.82	39
	2015-16	32.82	13.77**	0	2.43	0	16.2	49.02	14.75	34.27	30
NP Sahibganj	2010-11	0	5.61	0	0	0	5.61	5.61	5.6***	0.01	-
	2011-12	0.01	0	0	0	0	0	0.01	0	0.01	0
	2012-13	0.01	4.28	0	4	0	8.28	8.29	4	4.29	48
	2013-14	4.29	0.25	4	3	8	15.25	19.54	10	9.54	51
	2014-15	9.54	1.91	0	0	0.75	2.66	12.2	2.47	9.73	20
	2015-16	9.73	4	6.77	0	3.62	14.39	24.12	10.68	13.44	44
<b>Total</b>			<b>167.54</b>	<b>10.77</b>	<b>15.25</b>	<b>16.95</b>	<b>210.51</b>		<b>106.37</b>		

\* In compliance of letter no. 1790 dated 22/05/2014 of Finance Department, GoJ ₹ 1.47 crore was surrendered

\*\* This includes bank interest of ₹ 0.39 crore.

\*\*\* Amount transferred to Drinking Water and Sanitation Department

**Appendix-5.1.3**

(Refer: Paragraph-5.1.3.2; Page 88)

**Penal interest paid by GoJ for delay in release of fund****(₹ in crore)**

Year	Instalment	Sub category of grant	Letter no. of GoI	Date of release by GoI	Amount released to GoJ by GoI	Name of ULB	Sanction letter no. of GoJ	Date	Amount released to ULBs by GoJ	Delay in release	Interest due on GoJ
2011-12	1F	GPG	04/2011-12	31-Mar-12	305.38	NP Madhupur	3	2-May-12	305.38	26	2.03
2011-12	1	GBG	34/2011-12	30-Mar-12	2307.64	10 ULBs	41,42,43	30-Aug-12	2307.36	147	84.00
2010-11	1	SABG	01/2010-11	15-Jul-10	1750	NP Sahibganj	153	19-Mar-13	400	962	76.59
2010-11	2	SABG	29/2010-11	22-Mar-12	1750	3 ULBs	154	19-Mar-13	335.76	356	29.46
				22-Mar-12		NP Garhwa		42			
2012-13	2	SAPG	42/2012-13	13-Mar-13	1750	NP Sahibganj	30	5-Jul-13	300	108	7.42
				13-Mar-13		NP Chirkunda		35			
2012-13	1F	GPG	56/2012-13	30-Mar-13	574.69	NP Sahibganj	30	5-Jul-13	400	91	8.30
				30-Mar-13		NP Chirkunda		35			
2011-12	2	SABG	40/2012-13	8-Mar-13	1750	NP Sahibganj	30	5-Jul-13	300	113	7.78
				8-Mar-13		NP Chirkunda		35			
2012-13	1	SAPG	35/2012-13	31-Jan-13	1750	NP Sahibganj	43	11-Sep-13	500	217	26.45
2011-12	1	SABG	02/2012-13	3-May-12	1750	NP Chirkunda	43	11-Sep-13	144.04	490	17.31
2012-13	1	SABG	03/2013-14	13-May-13	1750	NP Chirkunda	43	11-Sep-13	144.04	115	4.17
2011-12	2	GBG	42/2013-14	18-Nov-13	2707.64	28 ULBs	74	6-Jan-14	2707.64	43	27.91
2013-14	1 F	SAPG	70/2013-14	31-Mar-14	881.52	16 ULBs	3	30-Apr-14	1534.1	24	0.14
2013-14	2F	SAPG	71/2013-14	31-Mar-14	586.36						
2012-13	1 F	SAPG	76/2013-14	31-Mar-14	792.56						
2012-13	2F	SAPG	77/2013-14	31-Mar-14	545.81						
2013-14	1	SAPG	78/2013-14	31-Mar-14	1750						
2011-12	1 F	SAPG	83/2013-14	31-Mar-14	477.86						
2012-13	1	GBG	65/2013-14	29-Mar-14	2685.55						
2013-14	1F	GPG	109/2014-15	24-Mar-15	952.16	Two ULBs	90	9-Nov-15	952.16	224	48.15
2014-15	1	SAPG	130/2014-15	31-Mar-15	1663	NP Sahibganj	91	9-Nov-15	362	217	17.72
<b>Total interest due on GoJ</b>											<b>387.36</b>
<b>Interest paid by GoJ to ULBs</b>											<b>238.24</b>
<b>Interest not paid by GoJ</b>											<b>149.12</b>

**Appendix-5.1.4**  
(Refer: Paragraph-5.1.4.7; page 97)  
**Statement showing excess payment of bitumen**

(Amount in ₹)

Name of work	Particular	Unit	Payment made for bitumen utilised in the work (on the basis of rate calculated in the estimate) (1)				Actual purchase cost of bitumen utilised in the work (2)				Total excess (1-2)
			VG30 Pack	VG30 Bulk	Emulsion	Total	VG30 Pack	VG30 Bulk	Emulsion	Total	
Dhanbad Sindri Patherdih	Quantity	Tonne	63.23	36.04	8.24	107.51	43.51	55.76	8.24	107.51	0.00
	Rate of Bitumen	Per tonne	52269.00	47539.60	45850.00	-	44204.20	39372.90	42703.45	-	-
	Total cost	Amount in ₹	3304968.87	1713327.18	377804.00	5396100.05	1923324.74	2195432.90	351876.43	4470634.07	925465.98
Katras More, Bata more	Quantity	Tonne	137.93	0.00	8.85	146.78	0.00	137.93	8.85	146.78	0.00
	Rate of Bitumen	Per tonne	52269.00	47539.60	45850.00	-	0.00	38593.70	42322.10	-	-
	Total cost	Amount in ₹	7209463.17	0.00	405772.50	7615235.67	0.00	5323229.04	374550.59	5697779.63	1917456.04
LOYABAD	Quantity	Tonne	30.02	17.19	6.20	53.41	47.21	0.00	6.20	53.41	0.00
	Rate of Bitumen	Per tonne	52269.00	47539.60	45850.00	-	38085.60	0.00	39315.50	-	-
	Total cost	Amount in ₹	1569115.38	817205.72	284270.00	2670591.10	1798021.18	0.00	243756.10	2041777.28	628813.83
JANTA PHARMACY	Quantity	Tonne	15.58	20.40	4.29	40.27	0.00	35.98	4.29	40.27	0.00
	Rate of Bitumen	Per tonne	52269.00	47539.60	45850.00	-	0.00	37593.95	41465.80	-	-
	Total cost	Amount in ₹	814351.02	969807.84	196696.50	1980855.36	0.00	1352630.32	177888.28	1530518.60	450336.76
PARBADPUR	Quantity	Tonne	10.91	0.00	0.00	10.91	10.91	0.00	0.00	10.91	0.00
	Rate of Bitumen	Per tonne	52269.00	47539.60	45850.00	-	0.00	0.00	0.00	-	-
	Total cost	Amount in ₹	570254.79	0.00	0.00	570254.79	488945.80	0.00	0.00	488945.80	81308.99
Sindri Ambedkar Chawk	Quantity	Tonne	68.69	82.00	9.00	159.69	0.00	150.69	9.00	159.69	0.00
	Rate of Bitumen	Per tonne	52269.00	47539.60	45850.00	-	0.00	37704.90	40459.70	-	-
	Total cost	Amount in ₹	3590357.61	3898247.20	412650.00	7901254.81	0.00	5681751.38	364137.30	6045888.68	1855366.13
	Bitumen		326.36	155.63	36.58	518.57	101.63	380.36	36.58	518.57	0.00
<b>Total (A)</b>	<b>Cost</b>		<b>17058510.84</b>	<b>7398587.95</b>	<b>1677193.00</b>	<b>26134291.79</b>	<b>4210291.72</b>	<b>14553043.65</b>	<b>1512208.70</b>	<b>20275544.06</b>	<b>5858747.73</b>
<b>Sahibganj</b>	<b>Particular</b>	<b>Unit</b>	<b>VG30 Pack</b>	<b>SS-1</b>	<b>RS-I</b>	<b>Total</b>	<b>VG30 Pack</b>	<b>SS-1</b>	<b>RS-I</b>	<b>Total</b>	<b>Total excess</b>
Hat to Awasiya Vidhyalaya at Ward no. 7	Quantity	Tonne	9.708	1.8	0.6	12.11	9.708	1.8	0.6	12.11	0.00
	Rate of Bitumen	Per tonne	52269.00	45850	44006	-	45696.2299	42043.3333	40390	-	-
	Total cost	Amount in ₹	507427.45	82530.00	26403.60	616361.05	443619.00	75678.00	24234.00	543531.00	72830.05
West Railway crossing phatak to Rashulpur Dahla at Ward no. 5 (Part II)	Quantity	Tonne	16.0182	0	0	16.02	16.0182	0	0	16.02	0.00
	Rate of Bitumen	Per tonne	52269.00	45850	44006	-	41647.44	0	0	-	-
	Total cost	Amount in ₹	837255.30	0.00	0.00	837255.30	667117.00	0.00	0.00	667117.00	170138.30

Sahibganj	Particular	Unit	VG30 Pack	SS-1	RS-I	Total	VG30 Pack	SS-1	RS-I	Total	Total excess
West Railway crossing phatak to Rashulpur Dahla at Ward no. 5 (Part I)	Quantity	Tonne	10.1934	1.6	0.4	12.19	10.1934	1.6	0.4	12.19	0.00
	Rate of Bitumen	Per tonne	52269.00	45850	44006	-	44373.22	41731.25	40485	-	-
	Total cost	Amount in ₹	532798.82	73360.00	17602.40	623761.22	452314.00	66770.00	16194.00	535278.00	88483.22
Gopal road to Dahla road via Rajeshwari Cinema Hall	Quantity	Tonne	26.449	0	1.4	27.85	26.449	0	1.4	27.85	0.00
	Rate of Bitumen	Per tonne	52269.00	45850	44006	-	43282.73	-	39578.5714	-	-
	Total cost	Amount in ₹	1382462.78	0.00	61608.40	1444071.18	1144785.00	0.00	55410.00	1200195.00	243876.18
Bata chawk to Maharaja Chat Bhandar	Quantity	Tonne	10.5168	1.8	0.6	12.92	10.5168	1.8	0.6	12.92	0.00
	Rate of Bitumen	Per tonne	52269.00	45850	44006	-	45697.08	42043.333	40391.6667	-	-
	Total cost	Amount in ₹	549702.62	82530.00	26403.60	658636.22	480587.00	75678.00	24235.00	580500.00	78136.22
West railway crossing to anjuman nagar	Quantity	Tonne	6.1484	0	1.4	7.55	6.1484	0	1.4	7.55	0.00
	Rate of Bitumen	Per tonne	52269.00	45850	44006	-	41266.83	-	38022.8571	-	-
	Total cost	Amount in ₹	321370.72	0.00	61608.40	382979.12	253725.00	0.00	53232.00	306957.00	76022.12
Mazhartola Railway path to house of Maya Didi	Quantity	Tonne	6.3102	1.20	0.40	7.91	6.3102	1.20	0.40	7.91	0.00
	Rate of Bitumen	Per tonne	52269.00	45850	44006	-	45696.17	41213.333	39202.5	-	-
	Total cost	Amount in ₹	329827.84	55020.00	17602.40	402450.24	288352.00	49456.00	15681.00	353489.00	48961.24
Sardar Patel Chawk to Badshah more	Quantity	Tonne	0.3236	1.6	1.6	3.52	0.3236	1.6	1.6	3.52	0.00
	Rate of Bitumen	Per tonne	52269.00	45850	44006	-	41452.41	42541.25	38980.625	-	-
	Total cost	Amount in ₹	16914.25	73360.00	70409.60	160683.85	13414.00	68066.00	62369.00	143849.00	16834.85
		<b>Bitumen</b>	<b>85.67</b>	<b>8.00</b>	<b>6.40</b>	<b>100.07</b>	<b>85.67</b>	<b>8.00</b>	<b>6.40</b>	<b>100.07</b>	<b>0.00</b>
<b>Total (B)</b>		<b>Cost</b>	<b>4477759.78</b>	<b>366800.00</b>	<b>281638.40</b>	<b>5126198.18</b>	<b>3743913.00</b>	<b>335648.00</b>	<b>251355.00</b>	<b>4330916.00</b>	<b>795282.18</b>
<b>Grand Total (A+B)</b>											<b>6654029.91</b>

**Appendix-5.1.5**

(Refer: Paragraph-5.1.4.10; page 99)

**Statement showing non/short deduction of penalty**

(₹ in lakh)

Sl. No.	Name of ULB	Number of works	Estimated cost	Penalty		
				Deductible	Deducted	Non/short deduction
1	Chaibasa NP	2	34.92	3.49	Nil	3.49
2	Chatra NP	3	74.91	7.49	Nil	7.49
3	Deoghar MC	7	188.19	18.82	Nil	18.82
4	Dhanbad MC	16	934.31	93.43	Nil	93.43
5	Dumka NP	8	304.47	22.72	Nil	22.72
6	Gumla NP	2	29.52	2.92	0.19	2.73
7	Mednagar NP	2	443.17	44.32	Nil	44.32
8	Ranchi MC	4	62.73	6.27	0.95	5.32
9	Sahibganj NP	4	163.04	16.30	Nil	16.30
Total		48	2235.26	215.76	1.14	214.62

**Appendix –5.1.6**  
(Refer: Paragraph-5.2; page 101)

**Amount of service tax not realised**

(₹ in crore)

<b>Municipal Corporations</b>	<b>Revenue Realised</b>	<b>Service Tax to be levied</b>	<b>Service tax Actually levied</b>	<b>Balance not levied</b>	<b>Appendix</b>
RMC	20.53	2.54	1.15	1.39	5.1.6 (A)
DhMC	03.47	0.39	0.22	0.17	5.1.6 (B)
DMC	06.03	0.73	NIL	0.73	5.1.6 (C)
<b>TOTAL</b>	<b>30.03</b>	<b>3.66</b>	<b>1.37</b>	<b>2.29</b>	

**Appendix-5.1.6 (A)**  
**Service tax not/short collected by the Ranchi Municipal Corporation**

(Amount in ₹)

Particulars	2007-08 (from 1.6.07)	2008-09	2009-10	2010-11	2011-2012	2012-13	2013-14	2014-15	2015-16	Total
Revenue realised from shop rent	43,51,681	6480709	8708624	11100373	13668151	13728708	13460414	11494331	15183807	98176798
Service tax due	537868	801016	896988	1143338	1407820	1696868	1663707	1420699	2201652	11769956 (A)
Service tax realised	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1811023	2362442	4173465
Service tax due which was not realised	537868 (12.36%)	801016 (12.36%)	896988 (10.30%)	1143338 (10.30%)	1407820 (10.30%)	1696868 (12.36%)	1663707 (12.36%)	(-) 390324	(-) 160790	7596491 (B)
Interest upto 2015-16	537868*13%*8=559383	801016*13%*7=728925	896988*13%*6=699651	1143338*13%*5=743170	1407820*18%*4=1013630	1696868*18%*3=916308	1663707*18%*2=598935	-	-	5260002 (I)
Revenue realised from settlement of Bus stand/Taxi stand/Hat Bazaar/Parking spaces etc.	N/A <sup>1</sup>	5659450	4597020	4581868	5902044	13006845	21244330	20158359	32048640	107198556
Service tax due		699508	473493	471932	607910	1607646	2625799	2491573	4647053	13624914 (C)
Service tax realised	N/A	Nil	456482	Nil	Nil	Nil	Nil	2491573	4420911	7368966
Service tax due which was not realised	-	699508 (12.36%)	17011 <sup>2</sup> (10.30%)	471932 (10.30%)	607910 (10.30%)	1607646 (12.36%)	2625799 (12.36%)	Nil	226142	6255948 (D)
Interest upto 2015-16	-	699508*13%*7=636552	17011*13%*6=13269	471932*13%*5=306756	607910*15%*4=364746 <sup>3</sup>	1607646*18%*3=868129	2625799*18%*2=945288	-	-	3134740 (II)
<b>Service tax due which was not realised B+D=</b>										13852439
<b>Interest (I+II)=</b>										8394742
<b>Service tax due A+C</b>										25394870

<sup>1</sup> N/A-Not applicable

<sup>2</sup> Service Tax amounting to ₹456482/- on settlement was realised by RMC. Hence the amount due with RMC was ₹ 17011 (₹ 473493- ₹ 456482)

<sup>3</sup> Turnover upto ₹ 60 lakh

**Appendix-5.1.6 (B)**  
**Service Tax not/short collected by Dhanbad Municipal Corporation**

(Amount in ₹)

Particulars	2007-08 (from 01-06- 2007) (12.3 per cent)	2008-09 (12.36 per cent)	2009-10 (10.30 per cent)	2010-11 (10.30 per cent)	2011-12 (10.30 per cent)	2012-13 (12.36 per cent)	2013-14 (12.36 per cent)	2014-15 (12.36 per cent)	2015-16	Total
Revenue realised from shop rent	712139	960938	667648	1634866	614182	1683571	1528995	2955292	6095510	16853141
Service tax due	--	--	--	168391	--	208089	188984	365274	914326	1845064 (A)
Service tax realised	Nil	Nil	Nil	Nil	Nil	Nil	117408	452308	581083	1150799
Service tax due which was not realised	NA	NA	NA	168391	NA	208089	71576 <sup>4</sup>	(-) 87034	333243 <sup>5</sup>	694265 (B)
Interest upto 2015-16	-	-	-	168391*13%*5 =109454	-	208089*15%*3 =93640	71576*15%*2 =21473	-	-	224567 (I)
Revenue realised from settlement of Bus stand/Taxi stand/Hat Bazaar/Parking spaces etc.	NA	960826	869711	643685 (13%)	2073510	2242300 (15%)	2882100 (15%)	3078200	5180052	17930384
Service tax due					213572	277148	356228	380466	777008	2004422 (C)
Service tax realised	Nil	Nil	Nil	Nil	Nil	Nil	Nil	377326	649087	1026413
Service tax due which was not realised	NA	NA	NA	NA	213572	277148	356228	3140 <sup>6</sup>	127921 <sup>7</sup>	978009 (D)
Interest upto 2015-16	-	-	-	-	213572*15%*4 =128143	277148*15%*3 =124717	356228*15%*2 =106868	3140*15%*1=4 71	-	360199 (II)
<b>Service tax due which was not realised B+D=</b>										<b>1672274</b>
<b>Interest(I+II) =</b>										<b>584766</b>
<b>Service tax due A+C</b>										<b>3849486</b>

<sup>4</sup> Against due amount of ₹ 188984, ₹ 117408 has been realised for year 2013-14.

<sup>5</sup> Against due amount of service tax of ₹ 914326, ₹ 581083 had been realised for year 2015-16.

<sup>6</sup> Against due amount of service tax of ₹380466, ₹ 377326 had been realised for year 2014-15.

<sup>7</sup> Against due amount of service tax of ₹777008, ₹ 649087 had been realised for year 2015-16

**Appendix-5.1.6 (C)**  
**Service Tax not/short collected by Deoghar Municipal Corporation**

(Amount in ₹)

Particulars	2007-08 (from 01-06-2007) (12.36 per cent)	2008-09 (12.36 per cent)	2009-10 (10.30 per cent)	2010-11 (10.30 per cent)	2011-12 (10.30 per cent)	2012-13 (12.36 per cent)	2013-14 (12.36 per cent)	2014-15	2015-16	Total
Revenue realised from shop rent	267099	639302	832872	439651	901772	1004660	852534	606455	1101573	6645918
Service tax due						124176			159728	283904 (A)
Service tax realised	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Service tax due which was not realised	NA	NA	NA	NA	NA	124176	NA	NA	159728 <sup>8</sup>	283904 (B)
Interest upto 2015-16	-	-	-	-	-	124176*15%*3=55879	-	-	-	55879 (I)
Revenue realised from settlement of bus stand/taxi stand/haat bazaar/parking space etc.	161101	162151	362701	3556812	3979242	4453928	5002851	8656200	27402303	53737289
Service tax due				366352	409862	550506	618352	1069906	3973334	6988312 (C)
Service tax realised	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Service tax due which was not realised	NA	NA	NA	366352	409862	550506	618352	1069906	3973334	6988312 (D)
Interest upto 2015-16	-	-	-	366352*13%*5=238129	409862*15%*4=245917	550506*15%*3=247728	618352*15%*2=185506	1069906*18%*1=192583	-	1109863 (II)
<b>Service tax due which was not realised B+D=</b>										<b>7272216</b>
<b>Interest (I+II) =</b>										<b>1165742</b>
<b>Service tax due A+C</b>										<b>7272216</b>

<sup>8</sup> Service tax calculated @14.5 percent for whole year.

**Appendix 5.1.7***(Refer: Paragraph-5.3; page 102)***Statement showing amount of Labour Cess deductible @ 1 per cent of the construction cost**

Sl. No.	Name of the fund	No of building plans sanctioned	Area (Square Feet)	Construction cost (Area X ₹ 800) (₹)	Amount of Labour Cess deductible (1 per cent of construction cost) (₹)	Amount of Labour Cess realised (₹)	Outstanding amount of Labour Cess (₹)	Cost of collection of ULBs @ 1 per cent of Labour Cess (₹)
1	Municipal Corporation, Chas	453	1630605.154	1304484123.2	13044841.23	742838	12302003	123020
2	Nagar Panchayat, Jamtara	86	228311.716	182649373	1826493.73	Nil	1826494	18265
<b>Total</b>		<b>539</b>	<b>1858916.87</b>	<b>1487133496.2</b>	<b>14871334.96</b>	<b>742838</b>	<b>14128497</b>	<b>141285</b>

**Appendix-5.1.8**  
(Refer: Paragraph-5.4; page 103)

**Statement showing loss of interest**

(Amount in ₹)

Sl. No.	Date of deposit	Amount deposited	Period	No. of days	Rate of interest 4 per cent (year 2014-15)	Amount of interest	
1	29/08/14	25000000.00	29/08/14 to 30/03/15	212	$25000000 \times 4 / 100 \times 212 / 365$	580821.92	
2	24/09/14	30000000.00	24/09/14 to 30/03/15	186	$30000000 \times 4 / 100 \times 186 / 365$	611506.85	
3	18/11/14	197898841.00	18/11/14 to 30/03/15	131	$197898841 \times 4 / 100 \times 131 / 365$	2841068.29	
<b>Total</b>		<b>252898841.00</b>					<b>4033397.06</b>
						r/o	<b>4033397</b>

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