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on 18 June 2018

**Report of the
Comptroller and Auditor General of India
on
Local Self-Government Institutions**

for the year ended March 2017

**Government of Kerala
Report No.2 of the year 2018**



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PREFACE

This Report for the year ended March 2017 is prepared for submission to the Governor of Kerala under the CAG's DPC Act, 1971.

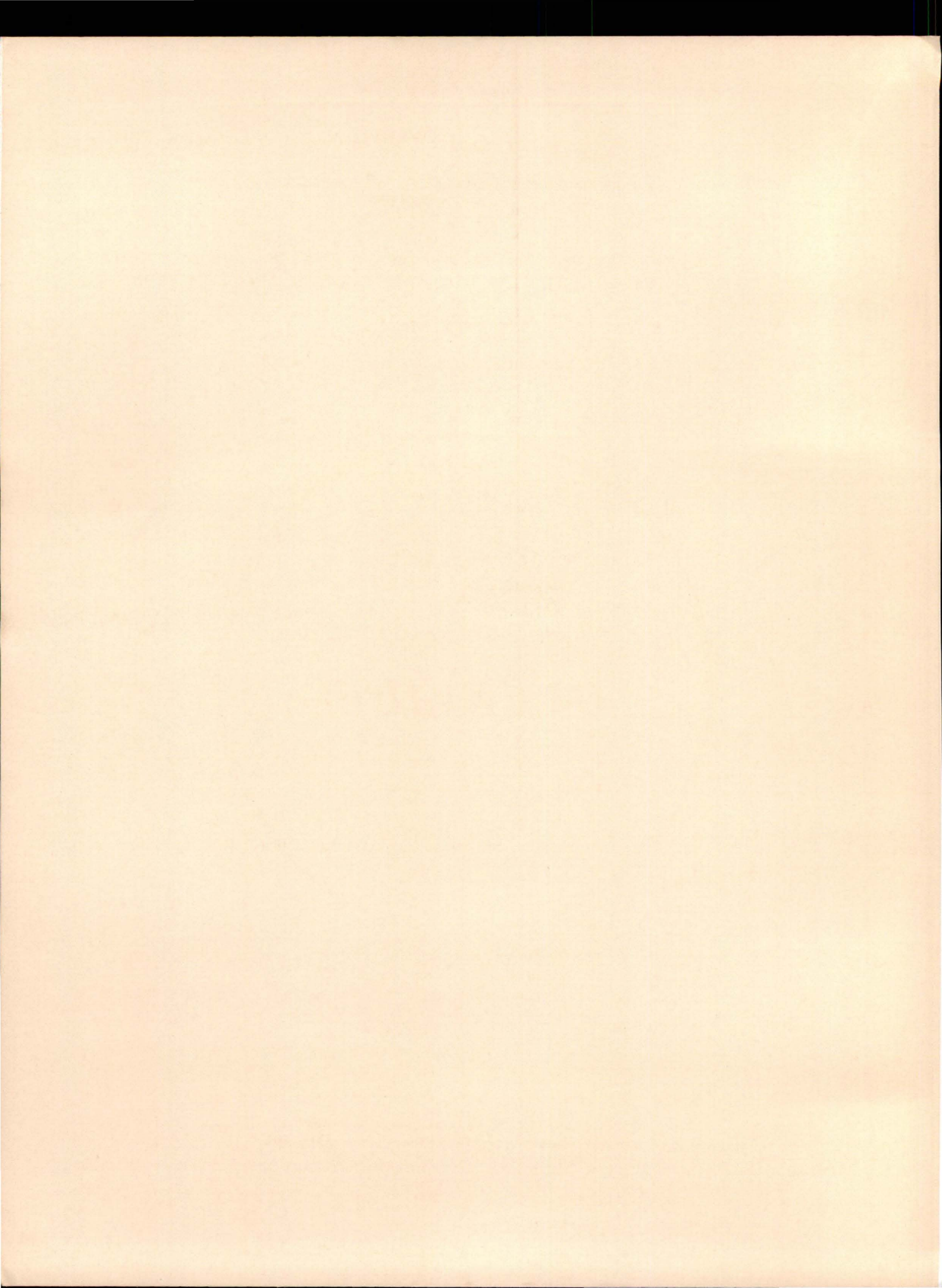
The Report contains significant results of the audit of the Panchayat Raj Institutions and Urban Local Bodies in the State including the departments concerned.

The issues noticed in the course of test audit for the period 2016-17 as well as those issues which came to notice in earlier years, but could not be dealt with in the previous Reports are also included, wherever necessary.

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



OVERVIEW



OVERVIEW

This report comprises four chapters of which Chapter I and II contain an overview of organisation, devolution, accountability, finances and financial reporting issues of Local Self-Government Institutions (LSGIs) and comments arising from supplementary audit under the scheme of providing Technical Guidance and Supervision (TGS) arrangement by the Comptroller and Auditor General of India. Chapter III and IV contains three performance/compliance audits and five individual compliance audit paragraphs. Copies of draft performance and compliance audits and other compliance audit paragraphs were forwarded to the Government and replies, wherever received, are duly incorporated in this report.

ACCOUNTABILITY FRAMEWORK, FINANCES AND FINANCIAL REPORTING ISSUES OF LSGIs

Modified guidelines of the Twelfth Five Year Plan of LSGIs emphasised the need to give priority to projects under productive sector like Agriculture, Animal Husbandry, Fishing, Industries, etc. But the amount spent on productive sector during 2016-17 accounted for only 10.45 *per cent* of the total Development Expenditure and 8.15 *per cent* during the last five years 2012-13 to 2016-17, indicating that the LSGIs accorded low priority to productive sector. Out of ₹ 3,475.25 crore available for implementation of Centrally Sponsored Schemes, an amount of ₹ 813.46 crore was retained by State Level Nodal Agency/Poverty Alleviation Units/Kerala State Urban Development Project thereby defeating the purpose for which the funds were earmarked and released by Government of India/Government of Kerala.

Out of the Fourteenth Finance Commission (FFC) grant of ₹ 785.42 crore and ₹ 1,310.05 crore released during 2015-16 to 2016-17 respectively, ₹ 366.44 crore and ₹ 528.24 crore remained unutilised. Though the FFC and Ministry of Finance emphasised that no expenditure will be incurred out of the FFC grant except for basic services, an expenditure of ₹ 22.72 crore was incurred by 35 test-checked LSGIs for projects not meant for delivery of basic services. Similarly, ₹ 10.60 crore was utilised by these LSGIs for projects included in negative list issued by Government of India, Ministry of Panchayati Raj (December 2015), on which, expenditure from FFC grant was prohibited.

(Chapters I & II)

PLANNING AND IMPLEMENTATION OF WOMEN COMPONENT PLAN BY LOCAL SELF-GOVERNMENT INSTITUTIONS

During the Ninth Five Year Plan period, the Government of Kerala introduced Women Component Plan (WCP) at the Local Self-Government levels. The objective of the plan was to mobilise activities, which improve the social and financial status of women and to include projects that benefit women directly.

Though the project planning and subsidy guidelines for Twelfth Five Year Plan (2012-17) stipulated that 10 *per cent* of the Development Fund shall mandatorily be allocated under WCP, allocation and utilisation of WCP fund by the selected LSGIs was less than the mandatory limit of 10 *per cent* of Development Fund. Planning tools like gender analysis, gender segregated data and gender budgeting were not prepared and used for assessing the needs and requirement of women. There was inadequate intervention by forums like Special Grama Sabha/Working Group, which were to discuss the feasibility and necessity of various schemes. The actual utilisation of WCP fund for benefit of women was only 2.39 *per cent* of the Development Fund. Infrastructure worth ₹ 7.30 crore created by LSGIs for utilisation in women empowerment remained idle. Similarly, infrastructure worth ₹ 4.92 crore constructed using WCP fund was not being used for the purpose for which it was created. Jagratha Samithis meant to protect the rights of women and children were not functional in 10 out of 30 selected LSGIs.

(Paragraph 3.1)

IMPLEMENTATION OF KERALA LOCAL GOVERNMENT SERVICE DELIVERY PROJECT

Kerala Local Government Service Delivery Project (KLGSDP) is a World Bank assisted project of Government of Kerala (GoK) meant to enhance and strengthen the institutional capacity of the local government system in Kerala to deliver services and undertake basic administrative and governance functions more effectively and in a sustainable manner. The project covers all the Grama Panchayats and Municipalities in Kerala.

The objective of incrementally strengthening the institutional capacity of Local Self-Government Institutions (LSGIs), so that 70 *per cent* of LSGIs pass the performance assessment, was not achieved. Strengthening the capacity of LSGIs to absorb funds rather than diluting mandatory conditions would have resulted in better utilisation of fund. Delay in utilisation of funds led to extension of loan period for two years and non-receipt of loan amount to the tune of ₹ 45.45 crore. Lapses in implementation of works in two test-checked LSGIs resulted in unproductive expenditure of ₹ 1.60 crore. Capacity building programmes did not materialise even after lapse of five years since the commencement of the project. The day to day project management, co-ordination and monitoring of projects by Project Management Unit was ineffective. The three Committees constituted with the objective of providing guidance for implementation of the project did not meet as envisaged, resulting in lack of effective monitoring and oversight.

(Paragraph 4.1)

IMPLEMENTATION OF PROJECTS FOR SOLID WASTE MANAGEMENT IN PANCHAYAT RAJ INSTITUTIONS

Sections 219 A to X of Kerala Panchayat Raj Act, 1994, stipulate various provisions for Solid Waste Management (SWM) in Panchayat Raj Institutions (PRIs). Audit was conducted to ascertain whether the projects for the Management of Solid Waste by PRIs were implemented in accordance with the provisions in various Acts/Rules and orders of Government of India/Government of Kerala. Though the responsibility of SWM was vested with PRIs, they failed to optimally utilise the funds provided to them for this purpose. The schemes implemented by PRIs for household solid waste management were not successful, as the PRIs were not able to identify sufficient number of beneficiaries to implement the schemes. The assets created for solid waste treatment were not properly maintained leading to wasteful expenditure and unscientific disposal of waste resulting in pollution of land and water. None of the test-checked Grama Panchayats complied with various provisions in the Kerala Panchayat Raj Act, Plastic Waste Management Rule, 2016, etc., regarding house to house collection of waste, collection of e-waste and plastic waste, minimum price for plastic carry bags, etc. Failure of District Suchitwa Missions to monitor projects undertaken by PRIs led to large number of schemes remaining incomplete/not taken up.

(Paragraph 4.2)

OTHER COMPLIANCE AUDIT OBSERVATIONS

Audit of financial transactions subjected to test check in various LSGIs revealed instances of creating liability, unfruitful/avoidable expenditure as mentioned below:

Non-functioning of 27 e-toilets installed in 16 Grama Panchayats by Pathanamthitta District Panchayat resulted in unfruitful expenditure of ₹ 1.56 crore.

(Paragraph 4.3)

Five Local Self-Government Institutions created a liability of ₹ 38.40 lakh on account of non-collection of Service Tax from tenants.

(Paragraph 4.4)

Failure of Chapparapadavu Grama Panchayat to follow the prescribed procedure and lack of co-ordination with Government of Kerala and District Collector led to abandoning the work of reconstruction of the foot overbridge after incurring an expenditure of ₹ 25.20 lakh.

(Paragraph 4.5)

Pathanamthitta Municipality did not complete the project on Geographic Information System as per the conditions of agreement, which led to an unfruitful expenditure of ₹ 20 lakh.

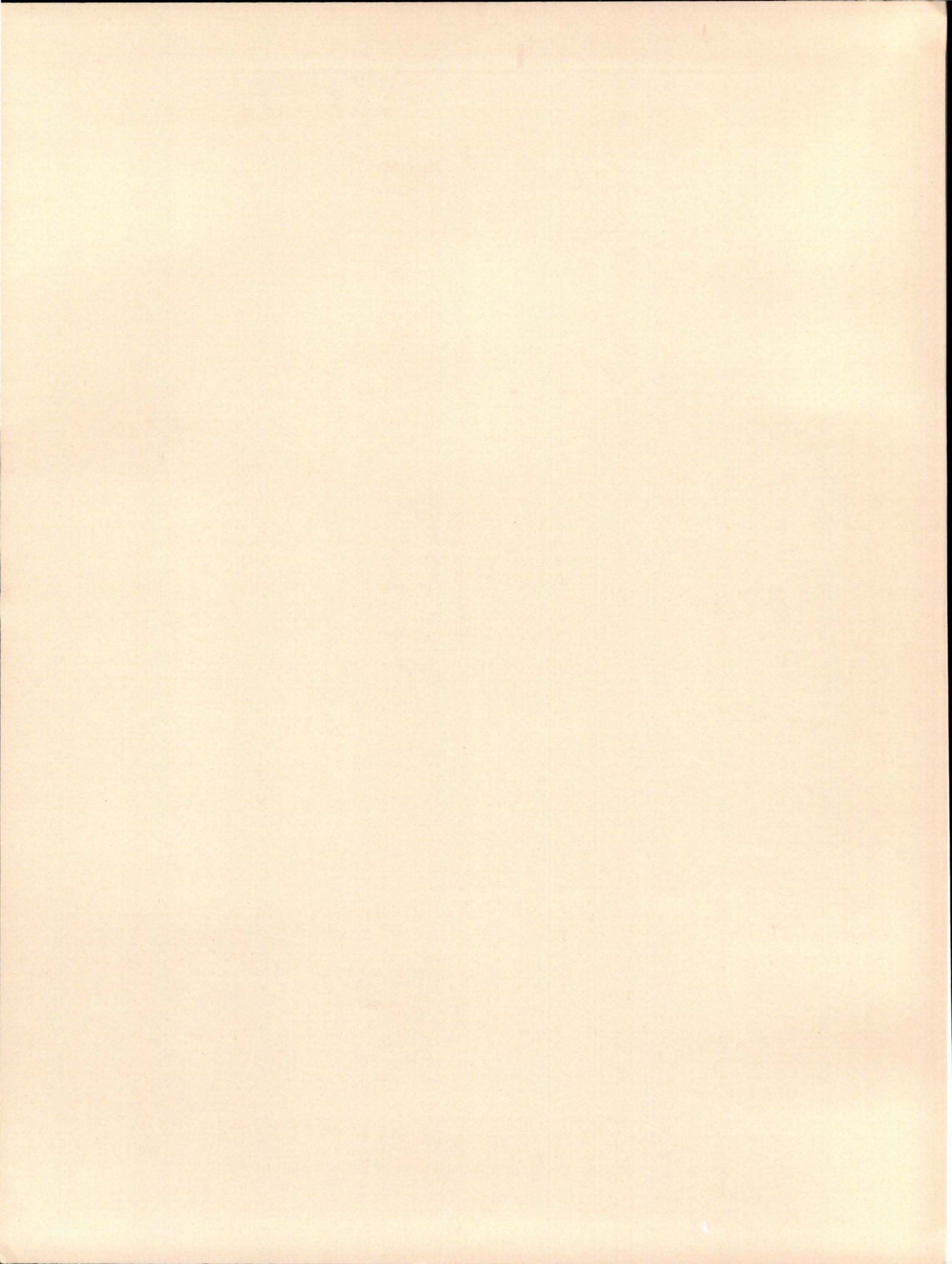
(Paragraph 4.6)

Failure of Idukki District Panchayat in adhering to the provisions contained in the Guidelines for Procurement of Goods and Services led to an avoidable expenditure of ₹ 15.06 lakh on purchase of tri-scooters to differently abled persons.

(Paragraph 4.7)

CHAPTER I

**Organisation, Devolution and
Accountability Framework of
Local Self-Government Institutions**



CHAPTER I

ORGANISATION, DEVOLUTION AND ACCOUNTABILITY FRAMEWORK OF LOCAL SELF-GOVERNMENT INSTITUTIONS

1.1 Introduction

The Seventy-third and Seventy-fourth amendments of the Constitution of India gave constitutional status to Local Self-Government Institutions (LSGIs) and established a system of uniform structure, regular elections and flow of funds. Consequent to these amendments, the State Legislature passed the Kerala Panchayat Raj Act, 1994 (KPR Act) and the Kerala Municipality Act, 1994 (KM Act) to enable LSGIs to work as third tier of the Government. The Government also amended other related laws to empower LSGIs. As a follow-up, the Government entrusted LSGIs with such powers, functions and responsibilities so as to enable them to function as Institutions of Local Self-Government. In order to fulfill the mandate bestowed on them under the Constitution and various laws, LSGIs are required to prepare plans and implement schemes for economic development and social justice, including those included in the Eleventh and Twelfth Schedules of the Constitution.

1.1.1 Status of transfer of functions and functionaries

As per the provisions of KPR Act and KM Act, it shall be the duty of LSGIs to take care of the requirements of the area of their jurisdiction in respect of the matters enumerated in the respective Schedules of the Acts, and LSGIs shall have the exclusive power to administer the matters enumerated in the Schedules and to prepare and implement schemes relating thereto for economic development and social justice.

The Acts envisaged transfer of functions of various Departments of the Government to LSGIs together with the staff to carry out the functions transferred. The transfer of functions to different tiers of LSGIs was to be done in such a way that none of the functions transferred to a particular tier overlapped with that of the other.

The Eleventh Schedule of the Constitution contains 29 functions (**Appendix I**) pertaining to the Panchayat Raj Institutions (PRIs). As mandated by KPR Act, the Government transferred (September 1995) 26 of these functions to PRIs. The functions relating to minor forest produce, distribution of electricity and implementation of land reforms were yet to be transferred to PRIs as the Government did not take any decision in this regard. Likewise, the Twelfth Schedule of the Constitution contains 18 functions (**Appendix II**) pertaining to Urban Local Bodies (ULBs). The Government transferred 17 functions mandated under KM Act to ULBs and the function relating to fire service was yet to be transferred. Reasons for non-transfer of balance functions were awaited from Government. In addition to the functions mandated under the Constitution and the State Local Bodies Acts, the LSGIs also undertake projects with the funds provided by World Bank, Asian Development Bank, Central and State Governments.

As part of administrative or functional decentralisation, Government transferred public service delivery institutions such as schools, dispensaries, public health centres, hospitals, anganwadis, district farms, veterinary institutions etc., to the LSGIs. All poverty alleviation programmes and welfare pension schemes are implemented through local bodies.

For efficient discharge of transferred functions, the LSGIs require qualified and trained personnel. Against the required number of personnel to be deployed for 539 posts, only 187 personnel were deployed¹ (September 2017) indicating lack of efforts on the part of the Government to deploy personnel against the remaining posts.

Government of Kerala stated (March 2018) that since it was decided to fill up the vacancies in LSGIs through direct recruitment, the deployment of personnel from other departments was temporarily stopped.

The reply of the GoK is not acceptable as 352 out of 539 posts are still vacant which would adversely affect efficient discharge of transferred functions.

1.2 Profile of LSGIs

As on 1 November 2017, there were 1200 LSGIs in the State. The details of their area, population, etc., are presented in **Table 1.1**.

Table 1.1: Comparative position of LSGIs

Level of LSGIs	Number	Number of wards/divisions	Average area per LSGI (Sq.km.)	Average population per LSGI*
District Panchayats (DPs)	14	331	2651.70	1903357
Block Panchayats (BPs)	152	2079	244.24	175309
Grama Panchayats (GPs)	941	15962	37.16	26674
Municipal Corporations	6	414	95.60	491240
Municipalities	87	3122	23.65	51664
Total	1200	21908	-	-

Source: Panchayat Guide-2017 published by Local Self-Government Department

**Population figures- Census 2011.*

1.3 Organisational set up

Local Self-Government Institutions constituted in rural and urban areas are referred to as PRIs and ULBs respectively. In the three-tier² Panchayat Raj system in the State, each tier functions independently of the other. While the Constitution and the Acts confer autonomy and independent status to the LSGIs within the functional domain, the Local Self-Government Department (LSGD) of Government is empowered to issue general guidelines to LSGIs in accordance with the National and State policies.

The President/Chairperson/Mayor is the Chief Executive Head of Grama Panchayat/Municipality/Corporation respectively. Each LSGI has a Secretary who is the Chief Executive Officer. The members of each tier of PRIs elect the

¹ Details of Agriculture and Irrigation Departments were not made available to Audit.

² Grama Panchayat, Block Panchayat and District Panchayat.

President, Vice-President and Chairpersons of the Standing Committees. Similarly, Councilors of the Municipality/Municipal Corporation elect the Chairperson/Mayor, Vice-Chairperson/Deputy Mayor and Chairpersons of the Standing Committees.

1.3.1 Standing Committees

Standing Committees³ (SC) analyse issues and proposals before these are considered for taking a decision by the Panchayat Committees/Municipal Councils. There are four SCs for each Grama Panchayat and Block Panchayat, five for each District Panchayat, six for each Municipality and eight for each Corporation. The SCs have the power to make resolutions in respect of their subjects. Every resolution passed by the SCs needs to be placed in the next meeting of the Panchayat Committee/Municipal Council of the LSGIs. The Committee/Council can modify resolutions, if considered necessary.

1.3.2 Steering Committee

Steering Committee coordinates and monitors the working of SCs. The Steering Committee consists of the President/Chairperson, Vice-President/Deputy Chairperson of the LSGIs concerned and Chairpersons of the SCs.

1.4 Vigilance Mechanism

1.4.1 Ombudsman for LSGIs

As envisaged in KPR Act and KM Act, Government set up an Ombudsman for LSGIs in the State in the year 2001. The Ombudsman is a high powered quasi judicial authority which can conduct investigation and enquiries in respect of charges of any action involving corruption, maladministration or irregularities in discharge of administrative function by LSGIs, officials and elected representatives of the LSGIs. Ombudsman could even register cases *suo motu* if instances of the above kind were noticed. During the period 2016-17, out of 2,638 cases (including 1,245 old cases), 1,917 cases (73 per cent) were disposed of by the Ombudsman.

1.4.2 Tribunal for LSGIs

As envisaged in Section 271 S of KPR Act and Section 509 of KM Act, a judicial tribunal for LSGIs was set up in the State in February 2004, consisting of one Judicial Officer in the rank of a District Judge. The duty of the Tribunal is to consider and settle appeals and revisions by the citizens against decisions of LSGIs taken in exercise of their functions like assessment, demand and collection of taxes or fees or cess, issue of licences, grant of permits, etc. During 2010 to 2017, 3,084 cases (appeal & revision) were filed before the Tribunal, out of which 1,640 cases were pending for disposal. Of the pending cases, 1,322 cases related to the years 2013 to 2016 (March 2017).

The matter was brought to the notice of the Government (January 2018). Reply was not received (March 2018).

³ Standing committee consist of members elected by the elected members of the LSGIs from among themselves.

CHAPTER II

**Finances and Financial Reporting
Issues of
Local Self-Government Institutions**

CHAPTER II

FINANCES AND FINANCIAL REPORTING ISSUES OF LOCAL SELF-GOVERNMENT INSTITUTIONS

2.1 Financial Profile of LSGIs

2.1.1 Funds flow to LSGIs

The resources of LSGIs consist of own revenue such as tax and non-tax revenue, funds devolved by State Government, Government of India (GoI) grants, and loans from financial institutions. During 2016-17, out of the total funds available with LSGIs, State grants constituted 71 *per cent*, GoI grant 22 *per cent* and own funds including loans constituted seven *per cent*.

2.1.1.1 Resources: Trends and Composition

The composition of resources of LSGIs for the period 2012-13 to 2016-17 is given in Table 2.1.

Table 2.1: Time series data on resources of LSGIs

(₹ in crore)

Resources	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Own Revenue:						
(i) Tax Revenue	661.01	662.78	842.64	937.46	1046.53	4150.42
(ii) Non –Tax revenue	599.60	640.43	263.15	281.02	306.02	2090.22
Total Own Revenue	1260.61	1303.21	1105.79	1218.48	1352.55	6240.64
State Fund:						
(i) Traditional Functions	757.89	900.15	1052.68	1119.83	1241.65	5072.20
(ii) Maintenance Expenditure (Road Assets and Non-Road Assets)	1039.45	1386.50	1542.45	1746.22	1937.79	7652.41
(iii) Expansion and Development	2062.61	2701.75	3539.51	3391.88	4017.58	15713.33
(iv) Funds for State Sponsored Schemes & State share of Centrally Sponsored Schemes	1865.73	2069.48	3070.58	4667.98	5767.44	17441.21
Total State Fund	5725.68	7057.88	9205.22	10925.91	12964.46	45879.15
GoI grants:						
(i) Centrally Sponsored Schemes	1603.36	1607.00	1890.06	1969.62	2235.46	9305.50
(ii) Development and expansion	979.41	993.94	1369.15	785.42	1717.13	5845.05
Total GoI grant	2582.77	2600.94	3259.21	2755.04	3952.59	15150.55
Receipts from loans & other sources:						
Loans	10.27	17.52	15.48	25.59	24.58	93.44
Total Receipts	9579.33	10979.55	13585.70	14925.02	18294.18	67363.78

Source: Details of Own Revenue furnished by Information Kerala Mission (IKM), Finance Accounts of the State for the respective years, information from Commissioner of Rural Development, Kerala Urban and Rural Development Finance Corporation (KURDFC), Kerala Sustainable Urban Development Project (KSUDP) and Kerala State Poverty Eradication Mission (Kudumbashree).

- During the five year period 2012-13 to 2016-17, the increase in total receipts of the LSGIs was 91 *per cent*. Of the total receipts during the five year period, the

percentage share of State, Central and Own revenue was 68, 23 and nine respectively.

- The share of GoI grant to total receipts decreased from 27 per cent in 2012-13 to 22 per cent in 2016-17.
- The share of State grant to total receipts increased from 60 per cent in 2012-13 to 71 per cent in 2016-17.

Surrender of funds meant for State Sponsored Schemes

Out of ₹ 6,723.02 crore allotted by the State Government to LSGIs during 2016-17 under eleven heads¹, ₹ 1,542.27 crore was surrendered (**Appendix III**). The major surrender was noticed under the major head 2202 – General Education. Out of ₹ 7.65 crore allotted under this head, ₹ 5.81 crore (76 per cent) was surrendered. In the case of major head 2501 – Special Programmes for Rural Development, out of ₹ 386.04 crore allotted, ₹ 208.80 crore (54 per cent) was surrendered and in the case of major head 2515 – Other Rural Development Programmes, out of ₹ 38.16 crore allotted, ₹ 18.86 crore (49 per cent) was surrendered and in the case of major head 2217 – Urban development, out of ₹ 1,133.60 crore allotted, ₹ 364.68 crore (32 per cent) was surrendered.

2.1.1.2 Transfer of funds from Government to LSGIs

(i) The State Government provides three types of funds to LSGIs from the Consolidated Fund viz., grants, funds for State Sponsored Schemes and State share of Centrally Sponsored Schemes (CSSs). Appendix IV to the Detailed Budget Estimates of the Government gives the LSGI-wise allocation of funds. The Heads of Account in the Detailed Budget Estimates for drawal of funds from the Consolidated Fund, along with the releases made during 2016-17, are given in **Table 2.2**.

Table 2.2: Categories of funds and their allotment to LSGIs

Sl. No.	Category	Major Head of Account from which Budget Provision is allotted	Amount allotted during 2016-17 (₹ in crore)	Allotment mechanism
1	Grants ² , World Bank aided Performance grant under KLGSDP ³ , KSUDP (ADB ⁴), Fourteenth Finance Commission grant.	3604- Compensation and Assignments to Local Bodies and Panchayat Raj Institutions	7622.29	All the grants are drawn directly from Consolidated fund based on allotment.
		3054-Roads and Bridges	1291.86	
Total			8914.15	

¹General Education, Medical and Public Health, Urban Development, Welfare of SC/ST, Labour and Employment, Social Security and Welfare, Crop Husbandry, Soil and Water Conservation, Special Programme for Rural Development, Village & Small Industries and Other Rural Development Programmes.

² General Purpose Fund, Maintenance Fund (Non-Road), Development Fund.

³ Kerala Local Government Service Delivery Project.

⁴ Asian Development Bank.

Sl. No.	Category	Major Head of Account from which Budget Provision is allotted	Amount allotted during 2016-17 (₹ in crore)	Allotment mechanism
2	State Sponsored Schemes	11 Major Heads	5180.76 ⁵	Routed through State Level Nodal Agencies ⁶ /Commissionerate of Rural Development
3	State share of CSSs	3 Major Heads ⁷	586.68	
Grand total			14681.59	

Source: Government Orders, Voucher Level Computerisation figures, details furnished by KSUDP, Kudumbashree, Commissionerate of Rural Development.

The total fund allotted by the State Government for 2016-17 was ₹ 14,681.59 crore as against ₹ 11,757.33 crore allotted during 2015-16, an increase of 24.87 per cent. The main reason for higher allotment compared to previous year was on account of increase in Kerala Local Government Service Delivery Project loan amount from nil to ₹ 549.32 crore and FFC grant from ₹ 785.42 crore to ₹ 1,310.05 crore.

(ii) **Table 2.3** gives the details of funds allotted by the State Government under various categories⁸ during 2016-17.

Table 2.3: Funds allotted by State Government under different categories during 2016-17

(₹ in crore)

Type of LSGIs	Development Expenditure Fund	Maintenance Expenditure Fund	General Purpose Fund	Total
Corporations	312.07	160.16	170.39	642.62
Municipalities	403.47	236.32	153.06	792.85
District Panchayats (DPs)	658.59	406.70	35.50	1100.79
Block Panchayats (BPs)	658.58	69.60	50.37	778.55
Grama Panchayats (GPs)	1832.63	1065.01	832.33	3729.97
Total	3865.34	1937.79	1241.65	7044.78

Source: Government Order

Audit observed the following deficiencies in the allotment and utilisation of Government funds:

- **Delayed allotment of funds**

The sanction for allotment of funds for a financial year would be issued by the State Finance Commission (SFC) cell in three instalments on or before 25 of March, July and November every year and the LSGIs can utilise the funds with effect from the first working day of the next month. The funds not drawn upto 31 March of a financial year will lapse automatically. Audit observed that there was delay ranging from 21 to 248 days in the allotment of funds in 13 cases out of 22 allotments made during 2016-17.

⁵ Net Budget figure.

⁶ Kudumbashree, KSUDP, Commissioner of Rural Development (CRD).

⁷ Urban Development, Special Programmes for Rural Development, Other Rural Development programmes.

⁸ Excluding funds for State Sponsored Schemes & State share of Centrally Sponsored Schemes.

Delayed release of funds reduces the time available to LSGIs for utilisation. The total lapsed fund was ₹ 1,878.61 crore (21.67 per cent) out of the total allotment of ₹ 7,044.78 crore.

- **Non-authorisation of unspent balance**

As per the revised guidelines (March 2015), for the drawal of funds by LSGIs from the Consolidated Fund, the allotted fund not drawn by 31 March of a particular year, shall be provided through additional authorisation/Supplementary Demands for Grants along with the second allotment in July of the subsequent year based on the consolidated figures furnished by the Directorate of Treasuries. Audit observed that total unspent balance in the Consolidated Fund, FFC and KLGSDP for the period 2015-16 and 2016-17 was ₹ 5,877.18 crore⁹ as on 31 March 2017. Out of this, Government re-authorised in March 2017, an amount of ₹ 74.16 crore only (General Purpose Fund ₹ 3.39 crore, World Bank aided KLGSDP ₹ 70.77 crore). The remaining portion of unspent balance ₹ 5,803.02 crore was not authorised to LSGIs (November 2017).

- **Irregular authorisation of Gap Fund**

The Fourth State Finance Commission recommended Gap Funding only to Grama Panchayats, which are not able to meet their establishment cost and obligatory expenses with their own revenue plus General Purpose Fund. However, it was noticed that an amount of ₹ 2.66 crore was authorised as Gap Funding to seven Municipalities. Audit observed that these seven Municipalities¹⁰ were not eligible for Gap Funding as per Fourth State Finance Commission recommendations and also their revenue was more than their expenditure.

- **Allotment of Maintenance Fund on Asset Base**

The Fourth State Finance Commission recommended that the Maintenance Fund should be allotted based on the extent of asset base, *i.e.*, roads, buildings, etc., owned by the LSGIs. Audit observed that allocation of Maintenance Fund was not based on asset base but was being done on an *ad hoc* basis.

Non-crediting of amount available in Public Accounts

In March 2016, Government directed to transfer credit the funds available in the Public Accounts of Local Governments to the head of account- 3604-00-911-99 'Deduct Recoveries of Overpayments'. As per the information furnished by Director of Treasuries (November 2017), an amount of ₹ 82.21 lakh still remained in the public account of 18 LSGIs as on 31 March 2017 due to omission on the part of LSGIs to transfer the balance fund in time.

(iii) The funds released to LSGIs for implementation of annual plans along with the State Plan outlay for the period 2012-13 to 2016-17 are given in **Table 2.4**.

⁹ 2015- 16: ₹ 3,121.22 crore and 2016-17: ₹ 2,755.96 crore (including FFC and KLGSDP).

¹⁰Changanassery, Chittur-Thathamangalam, Mavelikkara, Neyyattinkara, Palakkad, Perinthalmanna and Shornur.

Table 2.4: State Plan outlay vis-à-vis Development Expenditure Fund of LSGIs

(₹ in crore)

Year	State Plan Outlay	Development Fund of LSGIs	Percentage of Development Fund of LSGIs to State Plan Outlay
2012-13	14010.00	2942.02	21.00
2013-14	17000.00	3645.69	21.45
2014-15	20000.00	4858.66	24.29
2015-16	20000.00	4177.30	20.89
2016-17	24000.00	5734.71	23.90

Source: Budget Brief 2016-17 and Government Orders

Development Fund devolved to LSGIs constituted 23.90 per cent of the State Plan outlay for the year 2016-17 while it was 20.89 per cent during 2015-16.

2.1.1.3 Receipts from GoI

The category-wise release of funds by GoI during 2016-17 is given in Table 2.5.

Table 2.5: Category-wise release of GoI fund

Sl. No.	Category	Amount (₹ in crore)
1	Fourteenth Finance Commission grant	1310.05
2	World Bank aided Kerala Local Government Service Delivery Project	407.08
3	Centrally Sponsored Schemes	2235.46
	Total	3952.59

Source: Government Orders, Voucher Level Computerisation figures, details furnished by KSUDP, Kudumbashree, Commissionerate of Rural Development.

Audit observed an increase of ₹ 1,151.55 crore in release of fund under the above categories when compared to 2015-16.

GoI grant for implementation of Centrally Sponsored Schemes

During 2016-17, GoI provided grants amounting to ₹ 2,235.46 crore to LSGIs for implementation of 12 Centrally Sponsored Schemes (CSSs). The grants were provided to LSGIs through State Budget/State Level Nodal Agencies (SLNAs)/Poverty Alleviation Units (PAUs), etc. The details of GoI grants transferred to LSGIs for implementation of CSSs during 2016-17 are given in Table 2.6.

Table 2.6: Release of GoI Grant for Centrally Sponsored Schemes during 2016-17

Sl. No.	Authority/Agency through which the grant was released	Details of scheme	Amount (₹ in crore)
1	State Budget	Atal Mission for Rejuvenation and Urban Transformation (AMRUT)	151.53
		Smart City	190.80
		Jawaharlal Nehru National Urban Renewal Mission (JNNURM)	25.24
	Directly to State Level Nodal Agencies – (Kudumbashree)	Rajiv Awas Yojana (RAY)	0.40
		National Rural Livelihood Mission (NRLM)/ National Rural Livelihood Project (NRLP)	21.36
		Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) (Ajeevika Skills)	1.39

Sl. No.	Authority/Agency through which the grant was released	Details of scheme	Amount (₹ in crore)
		Pradhan Mantri Awas Yojana (Urban) (PMAY-U)	51.68
		National Resource Organisation (NRO)	4.57
2	Directly to Poverty Alleviation unit (Commissioner for Rural Development)	Pradhan Mantri Awas Yojana (Gramin) (PMAY-G)	91.13
		Swachh Bharath Mission (Gramin) (SBM)	98.25
		Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)	16.62
	By online transfer to the Joint Bank Account of District Programme Co-ordinator and Joint Programme Co-ordinator	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	1582.49
		Total	2235.46

Source: Details furnished by KSUDP, Kudumbashree, Commissionerate of Rural Development.

In addition to the GoI grants of ₹ 2,235.46 crore, the State Government provided ₹ 586.68 crore as its share for implementation of CSSs. Thus, the total fund received for implementation of CSSs during 2016-17 was ₹ 2,822.14 crore as against ₹ 2,327.47 crore during 2015-16.

2.1.1.4 Own funds of LSGIs

Own funds consist of tax¹¹ and non-tax revenue¹² collected by LSGIs as per provisions of Kerala Panchayat Raj Act, 1994 (KPR Act)/Kerala Municipality Act, 1994 (KM Act) and allied Acts. This category also includes income derived from assets of LSGIs, beneficiary contributions, earnest money deposits, retention money, etc. As per the details furnished by Information Kerala Mission (IKM), Own revenue of 1200 LSGIs for 2016-17 amounted to ₹ 1,352.55 crore (tax revenue- ₹ 1,046.53 crore and non-tax revenue - ₹ 306.02 crore). Audit observed that the increase in collection of tax and non-tax revenue during 2016-17 from previous year was 11.64 and 8.90 per cent respectively.

2.1.1.5 Loans availed by LSGIs

As per provisions of Kerala Local Authorities Loans Act, 1963, LSGIs raise loans from State Government, Kerala Urban and Rural Development Finance Corporation Limited (KURDFC), Co-operative Banks, HUDCO¹³, etc. Table 2.7 gives the details of loans availed by LSGIs during 2016-17.

Table 2.7: Loans availed by LSGIs during 2016-17

Source of loan	Loan availed during 2016-17	Loan outstanding as on 31 March 2017
State Government	Nil	90.95
KURDFC	23.79	60.09
Co-operative Bank	Nil	2.20
HUDCO	0.79	1.91
Total	24.58	155.15

Source: Details furnished by KURDFC, Kerala State Co-operative Bank Limited, HUDCO.

¹¹ Property tax, Profession tax, Entertainment tax, Advertisement tax, etc.

¹² Licence fee, Registration fee, etc.

¹³ Housing and Urban Development Corporation Limited.

2.1.1.6 Application of Resources: Trends and Composition

In terms of activities, total expenditure constitutes expenditure on Productive Sector, Infrastructure Sector, Service Sector and other expenditure¹⁴. As per the details obtained from the IKM, the total expenditure incurred by LSGIs during 2016-17 amounted to ₹ 6,334.04 crore.

Table 2.8 below shows the composition of application of resources of LSGIs from all sources of funds on these components for the period from 2012-13 to 2016-17.

Table 2.8: Application of resources

	(₹ in crore)					
Sector	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Productive Sector	355.82	459.24	493.10	453.78	567.81	2329.75
Infrastructure Sector	1528.58	2684.02	2619.76	3258.41	1747.73	11838.50
Service Sector	2182.48	2945.85	3022.01	3160.14	3122.09	14432.57
Total Development Expenditure	4066.88	6089.11	6134.87	6872.33	5437.63	28600.82
Other Expenditure	2638.35	2062.85	1227.98	894.57	896.41	7720.16
Total Expenditure	6705.23	8151.96	7362.85	7766.90	6334.04	36320.98
Percentage of Development Expenditure to Total Expenditure	60.65	74.70	83.32	88.48	85.85	78.74

Source: Details furnished by IKM

- During 2016-17, of the total development expenditure of ₹ 5,437.63 crore from all sources of fund, ₹ 3,122.09 crore i.e., 57.42 per cent was utilised for projects under service sector.
- Modified guidelines of the Twelfth Five Year Plan of LSGIs emphasised the need to give priority to projects under productive sector. The amount spent for productive sector was only ₹ 567.81 crore (10.45 per cent) out of the total development expenditure of ₹ 5,437.63 crore indicating that the LSGIs assigned low priority to productive sector like Agriculture, Animal Husbandry, Fishing, Industries, etc.

2.1.1.7 Public investment in social sector and rural development through major Centrally Sponsored Schemes

Public investment in social sector and rural development through major CSSs are made to LSGIs through agencies such as Poverty Alleviation Units (PAU) and State Level Nodal Agencies (SLNAs) viz., Kudumbashree, KSUDP, CRD, etc. The grants for CSSs enjoin upon sanctioning authorities in GoI, the responsibility to ensure proper utilisation of grant money. This is to be achieved through receipt of progress reports, utilisation certificates and internal audit of scheme accounts in LSGIs.

¹⁴ Salaries and honorarium, contingency expenditure, other administrative expenditure, terminal benefits, etc.

Out of ₹ 3,475.25 crore¹⁵ available for implementation of CSSs, substantial portion of the funds amounting to ₹ 813.46 crore were lying unspent with agencies viz., PAU (₹ 260.44 crore), Kudumbashree (₹ 226.56 crore) and KSUDP (₹ 326.46 crore), thereby defeating the purpose for which the funds were earmarked and released. Unutilised fund mainly related to Indira Awas Yojana (IAY) (₹ 236.98 crore), AMRUT (₹ 283.33 crore) and BSUP (₹ 51.44 crore).

2.1.2 Implementation of projects by LSGIs

Under decentralised planning, LSGIs in the State formulated 2,16,266 projects with a total outlay of ₹ 12,549.72 crore during 2016-17. Of these, the LSGIs had taken up 1,30,112 projects (60 per cent) for implementation and spent ₹ 5,437.63 crore on the projects. Of the projects taken up for implementation, only 1,04,735 projects (80 per cent) were completed during 2016-17 at a cost of ₹ 4,235.08 crore. The details are given in **Table 2.9**.

Table 2.9: Details of projects taken up and expenditure incurred

Type of LSGI	Number of projects			Amount (₹ in crore)			Percentage of expenditure on projects taken up to total outlay of projects formulated
	Formulated	Taken up	Completed	Outlay on projects formulated	Expenditure on projects taken up	Expenditure on projects completed	
Grama Panchayat	160949	99710	81359	6394.56	3115.95	2485.88	48.73
Block Panchayat	13165	8830	7311	1287.88	521.55	443.24	40.50
District Panchayat	10732	4520	3583	1740.44	659.59	519.62	37.90
Municipality	25359	14059	10648	1966.03	705.01	521.22	35.86
Corporation	6061	2993	1834	1160.81	435.53	265.12	37.52
Total	216266	130112	104735	12549.72	5437.63	4235.08	43.33

Source: Details furnished by IKM

With reference to the outlay of projects formulated, the percentage of utilisation of fund was only 43.33. The shortfall in implementation of projects was noticed mainly in Municipalities, followed by Corporations.

2.1.3 Misappropriation, loss, defalcation, etc.

The Kerala Financial Code stipulates that each Drawing and Disbursing Officer should report all cases of loss, theft or fraud to the Principal Accountant General and the Government. The Government is required to recover the loss, fix responsibility and remove systemic deficiency, if any. A consolidated statement of the details of misappropriations, losses, theft and fraud was not available with the Government.

¹⁵The closing balance of previous year and the opening balance for current year furnished by SLNAs do not agree. The reason for the same is awaited (February 2018).

Table 2.10 shows the details of misappropriation/defalcation reported to the Director of Urban Affairs, Commissioner of Rural Development, Director of Panchayats and Project Director of KSUDP.

Table 2.10: Misappropriation, loss, defalcation

Name of LSGIs/Agency	Amount (₹ in lakh) (Number of cases in bracket)					Total
	2012-13	2013-14	2014-15	2015-16	2016-17	
Corporations	1.52(3)	--	--	0.40(2)	--	1.92(5)
Municipalities	--	1.29(2)	1.75(1)	--	0.42(1)	3.46(4)
Block Panchayats	92.36(1)	0.32(2)	324.69(8)	142.86(11)	71.22(2)	631.45(24)
Grama Panchayats	1.57(3)	18.33(8)	2.13(2)	10.17(6)	39.40(5)	71.60(24)
KSUDP	--	--	2.87(2)	--	--	2.87(2)
Directorate of Urban Affairs	--	--	--	--	0.18(1)	0.18(1)
Total						711.48(60)

Source: Directorate of Urban Affairs, Commissionerate of Rural Development, Project Director KSUDP and Directorate of Panchayats.

2.1.4 Surcharge and Charge imposed by the Kerala State Audit Department

Section 16(1) of Kerala Local Fund Audit Act, 1994, empowers the Kerala State Audit Department (KSAD) to disallow any illegal payment and surcharge the person making or authorising such illegal payment. KSAD can also charge any person responsible for the loss or deficiency of any sum which ought to have been recovered.

During the period 2009-10 to 2016-17, KSAD issued 104 charge certificates for ₹ 122.96 lakh and 543 surcharge certificates for ₹ 497.67 lakh. Against the total charge/surcharge amount of ₹ 620.63 lakh, only ₹ 19.86 lakh were realised (3.20 per cent), leaving ₹ 600.77 lakh unrealised.

2.2 Release and Utilisation of Fourteenth Finance Commission Grant

2.2.1 Introduction

The Finance Commission is a Constitutional body formulated under Article 280 of the Indian Constitution. The Fourteenth Finance Commission (FFC) was constituted by the President of India to give recommendations on specified aspects of Central/State fiscal relations for 2015-2020. The FFC submitted its report in December 2014 and recommended assured transfers to the local bodies for planning and delivering of basic services smoothly and effectively within the functional areas assigned to them under relevant legislations.

With a view to assess whether the grant was received by local bodies in time and was utilised for the intended purpose, audit was conducted from August 2017 to September 2017, covering the period 2015-16 to 2016-17. Out of 14 Districts, five districts¹⁶ were selected, seven Local Bodies were selected from each district on

¹⁶ Alappuzha, Kottayam, Kozhikode, Malappuram and Pathanamthitta.

random basis (i.e., 10 Municipalities¹⁷ and 25 Grama Panchayats¹⁸). Audit methodology included scrutiny of basic records, registers, files, issue of audit enquiries, etc.

2.2.2 Allocation and release of funds

The allocation of FFC grant to local bodies in the State was ₹ 7,681.96 crore (₹ 6,547.33 crore as basic grant for 2015-2020 and ₹ 1,134.63 crore as performance grant for 2016-2020) during the award period 2015-2020. During 2015-16 and 2016-17, Government of India (GoI) released basic grant of ₹ 1,872.98 crore and for the year 2016-17, GoI released performance grant of ₹ 222.49 crore.

2.2.3 Audit Findings

2.2.3.1 Delay in submission of utilisation certificate by Government of Kerala

As per the recommendations of the FFC, Government of India releases Basic Grant in two instalments in the month of June and October every fiscal year. According to clause 19 of the guidelines, the first instalment of Basic Grant was to be released unconditionally and subsequent instalments was to be released on receipt of the Utilisation Certificate (UC) for the previous instalments in the prescribed format. The performance grant for both Rural Local Bodies (RLBs) and Urban Local Bodies (ULBs) for the year 2016-17 was to be released by the Department of Expenditure in October 2016 on certification by Ministry of Panchayati Raj (MoPR)/Ministry of Urban Development (MoUD) that the finalised scheme in this regard was received from the State and it conformed to the recommendations of the FFC. The Finance Commission Grant so released by the Government of India was to be transferred to Local Bodies within 15 days on receipt of the same. In case of delay, the State Government was to release the instalment along with interest.

The details of funds released and UC furnished for each instalment are given in **Table 2.11**:

Table 2.11: Details of release of FFC grant and submission of UC

Details of Grant	Grant Released by GoI				Total Amount (₹ in crore)	Date of UC
	Rural Local Bodies (RLB)		Urban Local Bodies (ULB)			
	Date of release by GoI	Amount (₹ in crore)	Date of release by GoI	Amount (₹ in crore)		
2015-16 Basic grant- I st Instalment	13.07.2015	216.88	13.07.2015	175.83	392.71	30.03.2016
-do- II nd Instalment	02.06.2016	216.88	02.06.2016	175.83	392.71	16.08.2016

¹⁷Municipalities – Alappuzha, Ettumanur, Feroke, Koduvally, Manjeri, Mukkam, Pandalam, Pathanamthitta, Ponnani and Valanchery.

¹⁸Grama Panchayats – Ambalappuzha South, Chemanchery, Edathua, Enadimangalam, Erumely, Kangazha, Kannamangalam, Kodanchery, Kodur, Kunnamangalam, Mannancherry, Moorkkanad, Mundakkayam, Nedumparam, Pampady, Panachikkad, Parathodu, Pramadam, Pattanakkad, Peringara, Pulamanthole, Thalavady, Thiruvallur, Thuravoor and Vadasserikkara.

Details of Grant	Grant Released by GoI				Total Amount (₹ in crore)	Date of UC
	Rural Local Bodies (RLB)		Urban Local Bodies (ULB)			
	Date of release by GoI	Amount (₹ in crore)	Date of release by GoI	Amount (₹ in crore)		
2016-17 Basic grant- I st Instalment	16.01.2017	300.30	17.02.2017	243.47	543.77	02.03.2017(RLB) 27.03.2017(ULB)
-do- II nd Instalment	31.03.2017	300.31	21.06.2017	243.47	543.77	19.05.2017(RLB) 18.07.2017(ULB)
Performance Grant	31.03.2017	78.78	20.01.2017	143.71	222.49	19.05.2017(RLB) 18.07.2017(ULB)

Source: GoI, MoF, DoE: LB release No.55/2016-17 dated 31.03.2017

The first instalment of basic grant for 2015-16 was released in July 2015. However, the second instalment was released in June 2016 instead of October 2015 resulting in a delay of seven months. In 2016-17, the release of first and second instalments were delayed by seven and five months respectively. The release of second instalment of basic grant by GoI was delayed due to delay in submission of UC of previous instalments by the State Government.

The performance grant due for release in October 2016 was released by GoI in January 2017 for ULBs and in March 2017 for RLBs. As per FFC Guidelines, the State Government was to design a detailed procedure for disbursement of the Performance Grant and same was to be notified by March 2016. The GoK issued the notification only by October 2016. Due to the delay in issue of notification, the release of performance grant by GoI was delayed by five months in the case of RLBs and three months in the case of ULBs.

Thus, delay in submission of utilisation certificates by GoK resulted in delayed release of basic grant by GoI.

2.2.3.2 Execution of non-basic services/ineligible works

The FFC and Ministry of Finance (MoF) issued guidelines (October 2015) emphasising on delivery of basic services such as water supply, sanitation including septic management, sewerage and solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, foot paths, street-lighting, burial and cremation grounds. Paragraph eight of FFC guidelines also emphasised that no expenditure will be incurred out of the FFC grant except on basic services. The State Government issued orders in January 2016 stipulating the projects on basic services delivery, which were to be undertaken using the FFC fund.

As per the negative list issued by the Ministry of Panchayati Raj (December 2015), the FFC Grant cannot be utilised for schemes funded by other Agencies.

Audit of test-checked LSGIs revealed that out of 3,235 projects for ₹ 74.48 crore taken up during 2015-16 and 2016-17, 405 projects¹⁹ amounting to ₹ 22.72 crore were used for non-basic services by LSGIs. Expenditure on activities already being funded under other schemes such as Indira Awas Yojana, Integrated Child Development Scheme, Sarva Shiksha Abhiyan, Pradhan Mantri Awas Yojana etc.,

¹⁹ House Construction, House Maintenance, Cattle shed construction, Poultry Farming etc.

amounting to ₹ 10.60 crore in 284 projects, which were included in the negative list were also undertaken by the local bodies. Thus, the test-checked LSGIs spent an amount of ₹ 33.32 crore on non-basic services/ineligible works. The LSGIs failed to comply with the FFC, GoK and MoF guidelines, which were intended to strengthen the delivery of basic services.

2.2.3.3 Under utilisation of funds by LSGIs

The FFC funds available with the local bodies during 2015-16 and 2016-17 were ₹ 785.42 crore and ₹ 1,310.05 crore respectively. According to the Director of Treasury, the unspent balances under FFC for 2015-16 and 2016-17 were ₹ 366.44 crore and ₹ 528.24 crore respectively, which lapsed at the end of the financial year. As per GoK Order (March 2015), the unspent amount was to be provided to the LSGIs as additional authorisation/supplementary demands for grants in July 2016/July 2017. However, Audit observed that the lapsed amount was not authorised to LSGIs so far (November 2017).

Audit of test-checked LSGIs revealed that out of total available fund of ₹ 119.53 crore for 2015-16 and 2016-17, only an amount of ₹ 74.94 crore was utilised leaving an unspent balance of ₹ 44.59 crore.

On this being pointed out, three LSGIs stated that under-utilisation of fund was mainly due to delay in receipt of funds, shortage of manpower to take up schemes etc. Replies from other LSGIs were awaited (March 2018).

2.2.3.4 Incorrect allotment of performance grant

The FFC recommended that 10 and 20 *per cent* of the allocated amount will be released to RLBs and ULBs respectively, as performance grant on fulfillment of stipulated conditions. The procedure and operational criteria for disbursement of performance grants for 2016-17 were subject to conditions such as submission of audited accounts related to year 2014-15, increase in own revenue over the preceding year (2013-14) as reflected in the audited accounts etc. In addition, ULBs must measure and publish the Service Level Bench Marks (SLBM) relating to basic urban services each year for the period of the award and make it publicly available. Each year based on fulfillment of conditions, GoK shall publish a list of local bodies eligible for receipt of performance grant by July every year. For 2016-17, the above said procedure was to be completed in November 2016. After disbursement of performance grant to the eligible RLBs or ULBs, the undisbursed amount, if any, should be distributed on equitable basis among all the eligible RLBs or ULBs.

During the period 2016-17, GoI released the entire amount of performance grant (₹ 222.49 crore). Out of 941 RLBs and 93 ULBs, 827 RLBs and 54 ULBs were selected for performance grant in 2016-17 based on the revenue increase over the previous year (2013-14). Audit observed that one of the conditions to publish the SLBM was not considered while selecting the Municipalities for performance grant. However, the performance grant was authorised to all RLBs (January 2017) and ULBs (March 2017) instead of eligible LSGIs.

As per the FFC recommendation, the performance grant due for the ineligible local bodies was to be distributed among eligible ones. Since GoK released the amount of performance grant to all the RLBs and ULBs without insisting on conditions of

eligibility, it was later found that the eligible LSGIs received less amount than their due share. In order to compensate this, the Government released an amount of ₹ 33.26 crore from Consolidated Fund to eligible RLBs and ULBs in April 2017 and July 2017 respectively. Out of the 10 Municipalities test-checked, GoK selected two Municipalities²⁰ for performance grant. Audit observed that these two Municipalities were not eligible as they did not satisfy the condition of publishing the SLBM as prescribed by FFC. The release of performance grant to all the RLBs and ULBs without following the FFC guidelines resulted in an extra expenditure of ₹ 33.26 crore to the exchequer.

2.2.3.5 Irregular adjustment of FFC grant

Paragraph 17 of FFC guidelines stipulates that there should not be any deductions at source from the grant due to the local bodies. Government of Kerala issued orders (June 2017) stating that Central Finance Commission Grants form part of Development fund.

During 2014-15, GoK released ₹ 166.39 crore of Thirteenth Finance Commission grant for the year in advance on the assumption that the funds will be received from GoI either in the same year or in the next year. However, the GoI did not release second instalment for the year 2014-15 as the term of the Thirteenth Finance Commission was over. Hence, GoK adjusted the excess amount released on account of Thirteenth Finance Commission Grant relating to the year 2014-15 amounting to ₹ 166.39 crore from the Development Fund grant in violation of guidelines.

Scrutiny of test-checked LSGIs for the period 2015-16 revealed that Development Fund to the extent of ₹ 6.33 crore was deducted on this account.

2.3 Results of Supplementary Audit

The Comptroller and Auditor General of India conducted supplementary audits under Section 20(1) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971, in respect of the accounts of 121²¹ LSGIs during 2016-17. The findings of such audit are given in subsequent paragraphs.

2.3.1 Budget

As per KPR Act and KM Act, the budget proposals containing detailed estimate of income and expenditure were to be placed by the Standing Committee for Finance before the LSGI not later than the first week of March. Out of 121 test-checked LSGIs, there was delay in presentation of budget by seven GPs. The budget proposals were also not discussed adequately and not subjected to detailed deliberations, in the respective Panchayats/Councils. The budgets were passed on the day of their presentation in 10 GPs. Further, the expenditure incurred in excess of the budget provision was observed in two GPs and one BP without supplementary budget (**Appendix IV**).

²⁰ Pathanamthitta and Manjeri.

²¹ 91 GPs, 13 BPs, seven DPs, eight Municipalities and two Corporations.

2.3.2 Quality of Annual Financial Statements

As per Rule 62(5) of the Kerala Panchayat Raj (Accounts) Rules, 2011, and as per Rule 58(5) of Kerala Municipality (Accounts) Rules, 2007, the PRIs/ULBs shall prepare Annual Financial Statements (AFS) containing all Receipts and Payments Statement, Balance Sheet, Income and Expenditure Statement and forward them to Director, Kerala State Audit Department (KSAD) after approval by the Panchayat Committee/Municipal Council not later than 15 May and 31 May respectively of the succeeding year. Audit observed that in one Corporation, one Municipality and two GPs, there was delay ranging from 3 to 13 months in forwarding the AFS to KSAD (**Appendix V**).

(i) Deficiencies noticed in the AFS submitted to KSAD are mentioned below.

As per Rule 62(3) of the Kerala Panchayat Raj (Accounts) Rules, 2011 and Rule 58(3) of the Kerala Municipality (Accounts) Rules, 2007, comparative amounts shall be entered on the Financial Statements for the preceding year. The AFS of one Municipality, two DPs, five BPs and 16 GPs did not contain the comparative amounts (**Appendix VI**).

As per Rule 62(2) of the Kerala Panchayat Raj (Accounts) Rules, 2011 and Rule 58(2) of the Kerala Municipality (Accounts) Rules, 2007, Annual Financial Statement shall consist of Balance Sheet, Income and Expenditure Statement, Statement of Cash Flow, Receipt and Payment Statements, Notes to Accounts, Key Ratios or Financial Performance Indicators. Appending statements were not found in one Municipality, five BPs and 28 GPs with the AFS (**Appendix VI**).

As per Rule 62(4) of the Kerala Panchayat Raj (Accounts) Rules, 2011 and Rule 58(4) of the Kerala Municipality (Accounts) Rules, 2007, all amounts in the Financial Statements shall be rounded off to a rupee. Fraction of a rupee below fifty paise shall be rounded off to the immediately lower rupee and above fifty paise to the next higher rupee. In the AFS of two Municipalities and eight GPs, the amount in the Financial Statement were not rounded off to a rupee (**Appendix VI**).

As per Rule 70 of the Kerala Panchayat Raj (Accounts) Rules, 2011, the Secretary of the Panchayat shall cause to publish the Monthly Receipts and Payments Statement, AFS and the Annual Report in the Notice Board and Websites of the Panchayat. Out of the 121 test-checked LSGIs, the AFS and Annual Reports were not published in the Notice Board and Websites by two BPs and five GPs (2.42 and 6.05 *per cent* respectively) (**Appendix VI**).

As per Rules 28, 58(4) of the Kerala Panchayat Raj (Accounts) Rules, 2011 and Rules 27, 54(5) of the Kerala Municipality (Accounts) Rules, 2007, at the end of the year, the Secretary may carry out procedures for creation of provision for already incurred expenditure but not paid and amounts receivable. Provision for expenditure already incurred but not paid or amounts receivable was not created in the AFS of one Municipality, one DP, one BP and 12 GPs (**Appendix VI**).

(ii) The following deficiencies were found in the Balance Sheet, Income and Expenditure Statement, Receipt and Payment Statement submitted to KSAD.

Improper accounting of Income and Expenditure

In two Municipalities, three DPs, three BPs and 28 GPs, the Gross Surplus or Gross Deficit was overstated/understated due to accounting of incorrect income and expenditure. Thus, the Income and Expenditure Statements were not exhibiting a true and correct view (**Appendix VII**).

Improper accounting of Assets and Liabilities

There were misclassification of revenue and capital expenditure, advances and Capital Work-in-Progress, incorporation of incorrect cash/bank/treasury balances in Balance Sheets, providing less, more or nil depreciation to assets resulting in not exhibiting a true and fair view of the state of affairs of one Corporation, five Municipalities, six DPs, eight BPs and 58 GPs (**Appendix VII**).

2.3.3 Preparation of Monthly Accounts

As per Rule 60 of the Kerala Panchayat Raj (Accounts) Rules, 2011, the Secretary of Panchayat shall, not later than 10 of the subsequent month, prepare and submit a Statement of Receipts and Payments in the prescribed format, to the Standing Committee for Finance. The Chairperson of the Standing Committee for Finance shall after scrutiny and audit by the Standing Committee, place the Monthly Statement of Receipts and Payments along with their recommendations, in the immediately succeeding meeting of the Panchayat. Monthly Accounts were not prepared in one BP and three GPs (**Appendix VIII**).

2.3.4 Stock /Asset verification

As per Rule 58 of Kerala Panchayat Raj (Accounts) Rules, 2011 and 54 of Kerala Municipal (Accounts) Rules, 2007, physical verification of stock/asset was to be done by the PRIs and ULBs respectively. Audit observed that physical verification of stock/asset was not done by one Municipality, three DPs, three BPs and seven GPs (**Appendix IX**).

2.4 Conclusion

- The amount spent on productive sector accounted for only 10.45 *per cent* of the total Development Expenditure during 2016-17 and 8.15 *per cent* during the last five years 2012-13 to 2016-17, indicating that the LSGIs assigned low priority to productive sector like Agriculture, Animal Husbandry, Fishing, Industries etc. The Government may analyse the reasons for low expenditure to enable the LSGIs to utilise the funds productively. The Government may also consider fixing a target for expenditure in the productive sector.
- Out of ₹ 3,475.25 crore available for implementation of Centrally sponsored schemes, an amount of ₹ 813.46 crore was retained by SLNA/PAUs/KSUDP thereby defeating the purpose for which the funds were earmarked and released by GoI / GoK.
- Delay in submission of Utilisation Certificates by GoK resulted in delay in release of further instalments of FFC basic grant by GoI. Similarly, delay on the part of GoK to notify detailed procedure for disbursement of performance grant resulted in delay in release of performance grant by GoI.

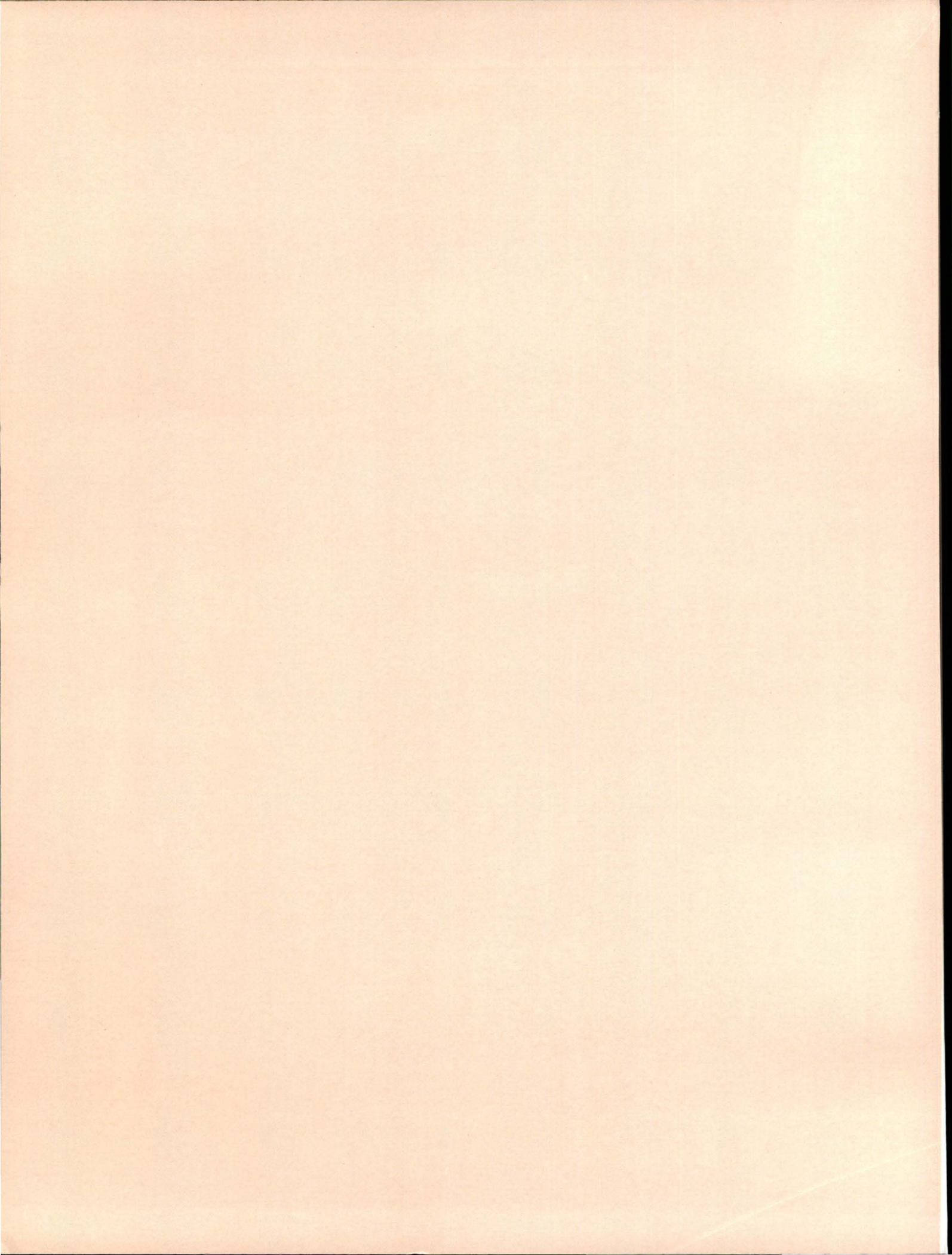
- Out of the release of ₹ 785.42 crore and ₹ 1,310.05 crore as FFC grant during 2015-16 and 2016-17 respectively, ₹ 366.44 crore and ₹ 528.24 crore remained unutilised.
- The FFC and MoF emphasised that no expenditure will be incurred out of the FFC grant except for basic services. However, an expenditure of ₹ 22.72 crore was incurred by 35 test-checked LSGIs on projects not meant for delivery of basic services. Similarly, ₹ 10.60 crore was utilised by these LSGIs on projects included in the negative list.

The matter was brought to the notice of the Government (January 2018). Reply was not received (March 2018).



CHAPTER III

Performance Audit



CHAPTER III PERFORMANCE AUDIT

3.1 PLANNING AND IMPLEMENTATION OF WOMEN COMPONENT PLAN BY LOCAL SELF-GOVERNMENT INSTITUTIONS

Executive Summary

During the Ninth Five Year Plan period (1997-2002), the Government of Kerala introduced Women Component Plan at the Local Self-Government levels. The objective of the plan was to mobilise activities which improve the social and financial status of women and to include projects that benefit women directly. The project planning and subsidy guidelines of Government of Kerala for the Twelfth Five Year Plan (2012-17) stipulated that 10 per cent of the Development Fund shall mandatorily be allocated under Women Component Plan. A Performance Audit was conducted to assess whether the funds were allocated as per norms and plans/schemes were formulated and implemented for the exclusive benefit of women. The Performance Audit brought out following significant audit findings:

Out of a total allotment of ₹ 287.05 crore in 30 Local Self-Government Institutions (LSGIs) selected for audit, the expenditure incurred was ₹ 149.62 crore (52.12 per cent), of which, only ₹ 73.18 crore was utilised for projects, which benefitted women directly.

(Paragraph 3.1.7)

None of the selected LSGIs conducted Gender Analysis, prepared Gender Budgeting or maintained gender segregated data for the purpose of assessing the requirement and needs of women.

(Paragraph 3.1.8.1(a))

Non-allocation of Women Component Plan fund to Scheduled Caste/Scheduled Tribe women population in five LSGIs deprived the weakest section of better health and living standards.

(Paragraph 3.1.8.2)

The projects under three sectors were taken up without conducting proper feasibility studies or identifying beneficiaries, which led to low utilisation of funds and non-achievement of the objective of empowering women by raising their social and financial status and by providing them with better health facilities.

(Paragraph 3.1.9.1)

Non-formulation of follow-up projects and inadequate training resulted in non-fulfilment of intended objective of enhancing employment skills of women.

(Paragraph 3.1.9.2)

Out of 234 buildings constructed utilising WCP fund of ₹ 28.77 crore in 15 out of 30 test-checked LSGIs, 59 buildings worth ₹ 7.30 crore were lying idle and 31 buildings and equipment worth ₹ 4.92 crore were not being utilised for the purpose for which they were constructed/procured.

(Paragraph 3.1.9.4 and 3.1.9.5)

Three different projects implemented for improving the economic and social status of women/girls in three LSGIs without proper planning and ensuring their viability led to unfruitful expenditure of ₹ 42.19 lakh.

(Paragraph 3.1.9.6)

Non-constitution/non-functioning of the Jagratha Samithis deprived women population of a local level mechanism for redressal of atrocities against women.

(Paragraph 3.1.9.7)

3.1.1 Introduction

Government of India (GoI) adopted Women Component Plan (WCP) as one of its major strategies in the Ninth Five Year Plan (1997-2002). Government of Kerala (GoK) introduced WCP at the Local Self-Government levels in June 1998. In subsequent years, the GoK continued the WCP at the local level and directed that allocation of 10 *per cent* of Development Fund¹ should be set apart for women-specific projects. The key objective of WCP was to improve the social and economic status of women. The project planning and subsidy guidelines of GoK for the Twelfth Five Year Plan (2012-17) stipulated that projects which increase the employment opportunities, and raise the social and financial status of women alone, that is, projects which benefit women exclusively shall be included under WCP.

In the year 2015, 17 Sustainable Development Goals (SDGs) and the associated 169 targets were proposed by the United Nations (UN) officially known as Transforming our World: the 2030 Agenda for Sustainable Development. Sustainable Development Goal 5 deals with achieving gender equality and empowering all women and girls. Government of Kerala recognised the SDGs of UN and Social Justice Department of GoK was selected as the nodal department for implementation of projects/schemes for women empowerment. The Social Justice Department directed that the Local Self-Government Institutions (LSGIs) shall give special consideration in formulating projects with a view to achieve the SDGs by 2030.

3.1.2 Organisational setup

The following institutions/agencies are involved in the implementation of the projects under WCP.

The Local Self-Government Department in GoK headed by Principal Secretary/Additional Chief Secretary, is empowered to issue general guidelines to LSGIs in accordance with national and state policies. Local Self-Government Institutions constituted in the rural and urban areas are referred to as Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. In the three tier² Panchayat Raj system in the State, each tier functions independently. The LSGIs prepare detailed project reports and submit to the District Planning Committee (DPC) for approval and the projects are executed by LSGIs through various

¹ Development Fund for the purpose of WCP include Development Fund (General), Special Component Plan Fund (SCP), Tribal Sub Plan (TSP) Fund and Central Finance Commission Grant (up to 2015-16) and from 2016-17 onwards Central Finance Commission Grant was not included.

² Grama Panchayat, Block Panchayat and District Panchayat.

implementing agencies. Government of Kerala constituted Jagratha Samithies in PRIs and in ULBs. Jagratha Samithi was an initiative of the State Women’s Commission to protect the rights of women and children and for mainstreaming gender in decentralisation process.

3.1.3. Audit Objectives

This Performance Audit was conducted to assess:

- i) whether the schemes/projects under WCP to improve education, health and financial status of women were formulated and implemented economically, efficiently and effectively and were targeted to achieve GoI adopted United Nations Sustainable Development Goal of ‘Gender Equality’; and
- ii) whether financial management under WCP was efficient and financial assistance was adequate for the effective implementation of schemes/projects.

3.1.4 Audit Criteria

The audit criteria for evaluation of Performance Audit were sourced from the following:

- i) Kerala Municipality Act, 1994,
- ii) Kerala Panchayat Raj Act, 1994,
- iii) The project planning and subsidy guidelines/Circulars/Orders issued by Government of India/Government of Kerala/LSGIs,
- iv) Sustainable Development Goals of United Nations, and
- v) Gender Budgeting Handbook, 2007, and 2015 issued by the Ministry of Women and Child Development.

3.1.5 Scope and Methodology of audit

The Performance Audit (PA) covering 2012-13 to 2016-17 was conducted from May to October 2017. The PA commenced with an entry conference (June 2017) with the Additional Secretary, Local Self-Government Department (LSGD) where the audit objectives, criteria and audit methodology were discussed in detail. An exit conference was conducted on 09 January 2018 with the Additional Chief Secretary (ACS), LSGD during which the audit findings were discussed in detail. Replies received were considered while finalising the Report.

Audit Methodology included scrutiny of records maintained in LSGD, LSGIs, collection of information through joint site verification and questionnaire. The databases of Sulekha³, Saankhya⁴ and Census data were linked for data analytics. The output generated from data analytics was used for planning the audit, selection of samples, identifying key areas of audit concern and testing in substantive audit.

Thirty units⁵ were selected for detailed scrutiny by applying stratified sampling method using IDEA software as detailed in **Appendix X**.

³ The web application suite used by LSGIs to monitor plan formulation, appraisal, approval, revision process and expenditure against the allocation of plan projects.

⁴ An application software for accrual based double entry accounting in LSGIs.

⁵ Includes two Corporations, five Municipalities, four District Panchayats, five Block Panchayats and 14 Grama Panchayats.

3.1.6 Funding

The project planning and subsidy guidelines of GoK for the Twelfth Five Year Plan (2012-17) stipulated that 10 per cent of the Development Fund shall mandatorily be allocated under WCP. The total allocation of Development Fund, amount allocated for WCP and its utilisation during 2012-13 to 2016-17 are shown in the **Table 3.1**.

Table 3.1: State-wide Allocation and Expenditure under WCP

(₹ in crore)					
Year	Total Development fund	Allocation under WCP	Percentage of allocation	Expenditure under WCP	Percentage of expenditure against allocation
2012-13	3482.47	429.81	12.34	291.25	67.76
2013-14	4613.22	529.13	11.47	406.82	76.88
2014-15	5454.64	611.26	11.21	440.77	72.11
2015-16	5701.63	603.93	10.59	432.95	71.69
2016-17	4603.53	560.46	12.17	335.64	59.89
Total	23855.49	2734.59	11.46	1907.43	69.75

Source: Information Kerala Mission

During 2012-13 to 2016-17, the LSGIs of the State allocated ₹ 2,734.59 crore towards WCP, which was 11.46 per cent of Development Fund and hence the mandatory 10 per cent allotment was achieved. However, the utilisation of WCP fund ranged from 59.89 to 76.88 per cent during the period. While agreeing to the audit observations, GoK stated (January 2018) that the low expenditure in WCP was mainly due to environmental, social and regional issues and further stated that directions would be issued to Grama Panchayats (GPs) to comply with plan guidelines and relevant Government Orders. The fact remains that though LSGIs allotted the mandatory 10 per cent of Development Fund, GoK failed to ensure its full utilisation.

Audit Findings

3.1.7 Allocation and utilisation of WCP fund

The details of allocation of WCP fund and its utilisation in the selected 30 LSGIs are given in **Table 3.2**.

Table 3.2: Allocation and utilisation of funds by selected LSGIs

(₹ in crore)									
Year	Total development fund allocated	Fund allocated under WCP	Percentage of fund allocated against total development fund	Expenditure incurred		Fund allocated for projects exclusively beneficial to women	Percentage of fund allocated for women exclusively beneficial projects against total development fund	Utilisation towards projects exclusively benefiting women	Percentage of utilisation for women beneficial projects against total development fund
				Amount	Percentage of expenditure against allocation under WCP				
2012-13	399.70	31.64	7.92	13.69	43.27	22.49	5.63	8.30	2.06
2013-14	563.12	52.07	9.25	24.09	46.26	37.75	6.70	14.56	2.59
2014-15	694.33	71.36	10.28	41.13	57.64	41.62	5.99	18.91	2.72
2015-16	770.25	63.11	8.19	35.05	55.54	37.67	4.89	15.51	2.01
2016-17	634.75	68.87	10.85	35.66	51.78	45.39	7.15	15.90	2.50
Total	3062.15	287.05	9.37	149.62	52.12	184.92	6.04	73.18	2.39

Source: Data collected from Information Kerala Mission and LSGIs

Deficiencies noticed in the allocation and utilisation of WCP fund are discussed below:

- The project planning and subsidy guidelines of GoK for the Twelfth Five Year Plan (2012-17) stipulate that projects such as construction of house/toilet, electrification, providing drinking water and similar projects equally beneficial to both men and women, construction of anganwadi buildings and anganwadi nutrition programme etc., should not be included under WCP. However, housing schemes/drinking water schemes for women headed families having no mature male member shall be included under WCP. But, LSGIs allocated WCP funds for schemes, which were not exclusively beneficial to women such as construction/renovation of houses to families, anganwadi buildings, office buildings, dispensaries, roads etc., in contravention to the planning and subsidy guidelines. Excluding such schemes, the allocation of WCP fund by the selected LSGIs ranged from 5.63 to 7.15 *per cent* of the total Development Fund. Audit scrutiny of the selected LSGIs revealed that, the mandatory 10 *per cent* allocation was attained by the LSGIs only during 2014-15 and 2016-17. Audit observed that none of the test- checked LSGIs except Kayanna GP allocated the mandatory 10 *per cent* of Development Fund for the entire period of 2012-13 to 2016-17 (**Appendix XI**).

The Secretaries of five LSGIs⁶ stated (November 2017) that absence of specific instructions in the plan guidelines on formulation of projects, which exclusively benefit women, adversely affected formulation and implementation of projects under WCP. It was also stated that 10 *per cent* allocation under WCP was not made during certain years at the time of plan formulation due to lack of training and awareness. Thalassery Municipality (November 2017) stated that many projects selected by Working Groups for inclusion under WCP were not considered due to lack of interest on the part of the Municipal Council. Additional Chief Secretary, LSGD (January 2018) stated that directions would be issued to all LSGIs to follow the guidelines. The fact, however, remains that the minimum 10 *per cent* required allocation under WCP was not ensured by all the LSGIs.

- The utilisation of WCP fund by the selected LSGIs during 2012-17 ranged from 43.27 to 57.64 *per cent* of allocation. During this period, the selected LSGIs proposed 2,152 projects for implementation against which only 1,413 projects were actually implemented. Details of projects implemented and utilisation of funds by selected LSGIs are given in **Appendix XI**. Out of the allocation of ₹ 287.05 crore, the expenditure incurred was ₹ 149.62 crore (52.12 *per cent*), of which, only ₹ 73.18 crore was expended for projects directly benefitting women such as construction of houses for families headed by women, vocational training to women, infrastructure facilities created for the welfare of women, conducting medical camps for women etc. The expenditure incurred on beneficial projects was only 2.39 *per cent* of the total allocation under Development Fund.

Thus, the failure of LSGIs to allot the minimum 10 *per cent* mandatory fund for WCP in every year and utilise the fund for schemes exclusively beneficial to

⁶ Kochi Corporation, Kalpetta and Tirurangadi BPs, Pallivasal and Thondemad GPs.

women resulted in deprivation of benefits, which would have improved social and economic status of women. The Additional Chief Secretary (LSGD) stated in the exit meeting (January 2018) that gender-neutral schemes were to be implemented using Plan Fund (General) and utilisation of WCP fund should be only for schemes directly benefitting women. Government of Kerala stated (January 2018) that negative performance in utilisation of WCP fund was due to political and social factors like instability of administration, lack of raw materials, water shortage and non-co-operation of beneficiaries and further stated that directions would be issued to rectify the defects. The reply was not acceptable as it is incumbent on the part of the LSGIs to implement the schemes by making all possible efforts.

3.1.8 Planning

3.1.8.1 Deficiencies in formulation of projects under WCP

The project planning and subsidy guidelines of GoK for the Twelfth Five Year Plan (2012-17) stipulated that projects, which increased the employment opportunities and raise the social and financial status of women alone should be included under WCP.

Audit observed that the flaws in planning process led to non-identification of schemes beneficial to women, inclusion of ineligible schemes, non-utilisation of assets created under WCP, etc., as detailed below:

(a) Non-preparation of gender budget

The Secretary, Planning Commission, GoI (October 2012) and Secretary, Ministry of Women and Child Development (MWCD), GoI (February 2013) advised Chief Secretaries of the States/Union Territories reiterating the need for adopting Gender Budgeting (GB)⁷ and complying with the directions stipulated in the guidelines issued by the MWCD. The directions to be complied by all the States/UTs *inter-alia* included issue of a formal notification regarding the adoption of GB by all Departments, Municipal Bodies and Zilla Panchayats, formulation of Gender Budgeting Cell etc. However, the directions were not complied with by LSGD. Gender analysis⁸ is an important planning tool for preparing GB. Gender segregated data⁹ provides necessary inputs for gender analysis.

During 2012-17, the test-checked LSGIs neither conducted any gender analysis nor prepared a gender status report as they did not maintain the gender segregated data. It was observed that Gender Budgeting Cell (GBC) was not constituted in LSGD till date (October 2017). Thus, GoK was unable to monitor or evaluate whether budget allocation was adequate to implement the gender responsive policies, whether the money was actually spent as planned, what was delivered and to whom and whether the objective of promoting/achieving greater gender equality was achieved. This resulted in improper planning/implementation of schemes/projects related to women empowerment in sub-sectors like health,

⁷ Gender budgeting is a development concept that aims to understand the allocation of funds, monitor expenditure and public service delivery from a gender perspective.

⁸ Gender analysis is a method of identifying, analysing and understanding different activities of women, men, boys and girls, relations between men and women and patterns of women's and men's access to and control of resources.

⁹ Gender segregated data must be collected for proper needs assessment and subsequent evaluation of Government interventions through various schemes and programmes.

nutrition, education, employment, skill development, training, sanitation, social security, housing, etc., as discussed in the paragraph 3.1.9.

Government of Kerala stated (January 2018) that observation about Gender Budgeting was a vital and important subject related to women empowerment in rural areas and further stated that necessary steps would be taken for the preparation of Gender Budget in future.

Recommendation-1:

Local Self-Government Institutions may use tools like Gender Analysis and Gender Budgeting for analysing the financial and social requirements of women and design schemes accordingly.

(b) Convening of Special Grama Sabha/Ward Sabha Meetings

Grama Sabha/Ward Sabha(GS/WS), is a platform for people to raise/suggest their needs, issues, debate on schemes already being implemented and determining the prioritisation of development activities. Even when women and marginalised sections of the society attend meetings of GS/WS, their issues and development needs were neither properly identified and addressed nor mainstreamed in the development agenda. Under the circumstances, GoK directed (January 2013) that one of the four stipulated GS/WS meetings shall be organised for special groups like children, women, senior citizens, disabled persons and youth so that the GS/WS can be pro-active to the needs of special groups and the LSGIs can plan and implement programmes with the active involvement of the marginalised and vulnerable groups.

None of the test-checked LSGIs organised Special GS/WS for women as stipulated in the Government Order during the last five years. As a result, while formulating projects under WCP, requirements of women were not properly identified and addressed. Government of Kerala stated (January 2018) that action would be taken to organise meetings of Special Grama Sabha for women in future for identifying issues relating to women.

(c) Convening of meetings of Working Group

The project planning and subsidy guidelines of GoK for the Twelfth Five Year Plan (2012-17) stipulated that every LSGI shall constitute separate Working Group (WG) at institution level for different sub-sectors headed by an elected member as Chairperson and shall function under the control and supervision of the Standing Committee concerned. The responsibilities of WGs entail preparation and submission of status report and draft project proposals to the LSGI, giving advice to the Standing Committee or other WGs in matters relating to project formulation, preparation of feasible projects, monitoring the implementation of projects etc. The first step of plan formulation is the constitution of the WGs. In the first general meeting, each WG should discuss the preparation of status report, draft project proposals and then arrive at a future plan for further continued activities. The guidelines stipulated convening of meetings as and when required.

Audit observed that during 2012-13 to 2016-17, 9 out of 30 test-checked LSGIs, did not convene meetings of WGs on Women and Child Development in certain years. Similarly, 22 out of 30 LSGIs, convened meetings only once in certain years (**Appendix XII**). Audit also observed a decreasing trend in convening of WG meeting during the period of audit. Considering the enormous task assigned to

WGs, holding of regular meetings was essential for proper planning and implementation of schemes included under WCP.

Audit further observed that due to non-convening of the meetings at regular intervals, the WGs did not assess the feasibility of projects included in WCP and as a result, plan proposals were prepared without adequate study of the sector concerned and suggestions to tackle the problem as discussed in this Performance Audit.

The Secretaries of three LSGIs¹⁰ stated that members of Working Group showed reluctance to participate in the meetings regularly as well as to get actively involved in the formulation of projects and non-availability of experts in the concerned sectors/reluctance of such experts to participate in meetings adversely affected the effective formulation of projects under WCP.

The guidelines further stipulated (January 2016) that each WG shall undertake project impact assessment pertaining to the respective sector and a status report including the project proposals shall be prepared and given to the LSGI for presenting before the GS/WS. The status reports, thus, submitted by each WG shall be consolidated by the LSGI. The Grama Panchayats (GP) shall submit copy of the status reports to the Block Panchayat (BP) and the BPs to the District Panchayat (DP). However, project impact assessment as stipulated in the subsidy guidelines was not done by any of the test-checked LSGIs.

Government of Kerala agreed (January 2018) with the findings of audit and stated that necessary directions would be issued to all concerned institutions for strict compliance of the Government Order in this regard.

Recommendation-2:

Local Self-Government Institutions may ensure that forums like Grama Sabha/Working Groups actively deliberate on various women oriented schemes for inclusion in the annual plan proposal.

3.1.8.2. Non-allocation of WCP fund to Scheduled Caste/Scheduled Tribe women population

Audit observed that the LSGIs having Scheduled Caste (SC)/Scheduled Tribe (ST) women population did not allocate funds for projects/schemes under WCP for benefit of SC/ST community as detailed below, thus, depriving the women belonging to weaker sections of better health and living standards.

- In Attappady BP, the ST women population was 43.12 *per cent* of the total women population. However, for the period from 2014-15 to 2016-17, no funds were allocated for the development of ST women.
- In Nenmeni GP, the population of ST women was 67.19 *per cent*. However, no funds were allocated for the benefit of ST women for the years 2012-13, 2015-16 and 2016-17.
- In Parassala BP, the SC women population was 9.20 *per cent*. However, no funds were allocated for SC women from 2012-13 to 2015-16, but in 2016-17, the entire allocation (40.16 *per cent*) was utilised. Had the funds been allocated during

¹⁰ Tirurangadi BP, Mutholy GP and Thondernad GP.

2012-13 to 2015-16, it could have been utilised for the welfare of SC women population in the BP.

- The SC women population in Moonnilavu GP was 29.98 *per cent*, no funds were allocated for benefit of SC women during 2015-16 and 2016-17.
- In Pudur GP, the SC women population was 28.24 *per cent*. However, no funds were allocated for the development of SC women during 2012-13, 2015-16 and 2016-17.

Audit observed that planning was lacking in so far as adequacy of allocations was concerned for the development of marginalised communities. The Report on Socio-Economic Status of Scheduled Tribes of Kerala, 2013, GoK, brought out the absence of health care in far flung and isolated tribal areas. Lack of food security, sanitation and safe drinking water, poor supply of nutrition, high poverty level, illiteracy, belief systems and cultural practices and unhealthy lifestyle aggravate the poor health status of tribal people. The ACS stated in the exit meeting (January 2018) that training and awareness programmes among the weaker sections in Panchayats would be conducted and model WCP projects benefitting tribal women population would be formulated.

Government of Kerala (January 2018) agreed with the audit findings and stated that suitable directions would be issued to ensure the mandatory allocation of fund under WCP for SC/ST women population.

3.1.9 Implementation

3.1.9.1 Sector-wise analysis of projects formulated/implemented under WCP

The LSGIs allocated WCP funds for three Sectors *viz.*, Service, Productive and Infrastructure. Service sector consisted of education, health, mother and child care, labour and social welfare. Productive sector included agriculture, soil and water conservation, irrigation and industries. Infrastructure sector included energy, transportation and public buildings.

Sector-wise analysis of allocation and utilisation of WCP funds in the test-checked LSGIs are detailed below:

(a) Service Sector

During 2012-13 to 2016-17, as against an allocation of ₹ 168.56 crore (1,148 projects), ₹ 100.31 crore (59.51 *per cent*) was utilised (754 projects). Out of the allocation of ₹ 168.56 crore, ₹ 97.49 crore (57.84 *per cent*) was allocated for ineligible projects *i.e.*, projects, which were not directly benefiting women¹¹ (Appendix XIII). Against the ineligible allocation of ₹ 97.49 crore, ₹ 73.32 crore was spent. Further, Audit observed that 66.92 *per cent* of the ineligible allocation was made towards construction and maintenance of house not exclusively benefiting women. In this context, it is pertinent to mention that the selected LSGIs were allotted ₹ 1,035.49 crore for housing schemes¹² during 2012-13 to 2016-17, the utilisation (March 2017) was only ₹ 429.52 crore (41.48 *per cent*). Hence, the

¹¹Construction/maintenance of house excluding those intended for families headed by women (66.92 *per cent*), construction/maintenance of anganwadis (16.69 *per cent*), nutrition programmes for anganwadis (10.36 *per cent*), payment towards education (Sarva Shiksha Abhiyan) (0.54 *per cent*) and others (5.49 *per cent*)

¹² EMS housing scheme of GoK, Indira Awas Yojana and Pradhan Mantri Awas Yojana.

assistance to housing schemes not directly benefiting women should have been included under schemes other than WCP.

In the test-checked LSGIs, allocation of funds for the last five years in respect of education and health sub-sectors, intended to improve the social and health standards of women, was only 3.09 and 5.31 *per cent* of the total WCP funds allocated against which the utilisation was 53.75 and 57.88 *per cent* respectively. This indicated that enough thrust was not given for these major sub-sectors.

Audit scrutiny of allocation and utilisation of funds in these sub-sectors revealed that the LSGIs did not take adequate initiatives to identify feasible projects and select beneficiaries. As a result, the objective of WCP to empower women by equipping them to take up employment by providing education/training and providing better health facility was not adequately addressed.

(b) Productive sector

Productive sector is the back-bone of rural economy as it aims at improving agriculture related output and thereby providing livelihood to rural population. Out of 714 projects proposed under productive sector in test-checked LSGIs involving ₹ 87.28 crore for the period 2012-17, only 496 projects utilising ₹ 36.34 crore (41.64 *per cent*) were implemented. Out of these, ₹ 2.51 crore (6.91 *per cent*) was utilised for 12 projects not directly benefiting women (**Appendix XIII**).

Audit observed that the utilisation of funds under sub-sectors of productive sector such as animal husbandry, dairy development, agriculture etc., was less than 50 *per cent* in 25 projects in seven out of 30 test-checked LSGIs. Though these projects were intended to benefit 18,490 women beneficiaries, only 5,927 women were benefitted utilising ₹ 0.85 crore, out of ₹ 2.94 crore allotted (**Appendix XIV**).

Audit scrutiny of low utilisation of fund in these sub-sectors revealed failure to conduct feasibility studies by the LSGIs before formulation of the projects, preparation and handing over of the beneficiary list to the Implementing Officers by the LSGIs at the fag end of the financial year, reluctance of SC/ST beneficiaries to remit the element of beneficiary contribution due to financial constraints etc.

(c) Infrastructure Sector

Local Self-Government Institutions formulated projects under infrastructure sector for constructing different types of public buildings for use of women such as community development society hall/office, toilets for girls' schools, rest rooms, feeding room for mothers in public places etc. Out of 290 projects proposed (**Appendix XIII**) at a cost of ₹ 31.21 crore by the test-checked LSGIs under this sector during 2012-17, 163 projects were implemented utilising ₹ 12.96 crore (41.54 *per cent*). Out of these, seven projects worth ₹ 0.60 crore were not directly beneficial to women.

Audit observed that in the 30 test-checked LSGIs, an amount of ₹ 102.14 crore (35.58 *per cent* of the total allocation) under the three sectors was allocated for schemes, which were not directly beneficial to women, against which the expenditure was ₹ 76.43 crore (**Appendix XIII**). The WCP expenditure directly benefiting women was ₹ 73.18 crore, which was only 2.39 *per cent* of total Development Fund of selected LSGIs (₹ 3,062.15 crore).

The analysis of expenditure in the three sectors revealed that the LSGIs did not select relevant schemes, which would have resulted in improving the social and

financial status of women. Thus, the approach of LSGIs was *ad hoc* in nature and largely aimed at perfunctorily providing 10 *per cent* mandatory allocation to WCP rather than achieving the intended objective of empowerment of women.

Government of Kerala agreed (January 2018) with the audit findings and stated that circulars would be issued to all LSGIs for strict compliance of plan formulation guidelines.

3.1.9.2 Vocational training for women

One of the major impediments affecting women's participation in the workforce is the lack of skill. The Twelfth Five Year Plan guidelines of GoI envisaged a major scaling up of skill development to be accompanied by special efforts to promote skill development of women from traditional skills to emerging skills which help women break the gender-stereotypes. Training of women as electricians, electronic technicians, plumbers, sales persons, auto drivers, taxi drivers, masons, etc., were also envisaged to be incorporated in the skill development programmes. The project planning and subsidy guidelines of GoK for the Twelfth Five Year Plan (2012-17) stipulated that vocational training can be imparted for setting up of self-employment enterprises/ventures and it was also emphasised that training programme alone should not be included as part of WCP projects.

Audit scrutiny revealed that though 34 skill development projects involving an amount of ₹ 1.91 crore were proposed by 12 out of 30 selected LSGIs (**Appendix XV**), only 24 projects were partially/fully implemented utilising an amount of ₹ 0.69 crore (36.13 *per cent*). No follow-up projects for providing employment were formulated by these LSGIs. The remaining 18 LSGIs did not formulate any project for imparting skill training to women during the last five years. An example of a project though completed but failed to yield any substantial result is enumerated below:

The District Panchayat, Palakkad implemented a project at an estimated cost of ₹ 50 lakh under WCP (2014-15) with the objective of imparting skill training to 250 SC women and to provide assistance for self-employment. As part of the programme, 250 SC women (25 units of 10 women each) from 25 Panchayats were imparted training for Desktop Publishing (DTP) and 50 desktop computers (₹ 0.36 lakh per computer) and 25 digital multifunction printers (₹ 0.88 lakh per printer) were purchased in March 2015. The expenditure incurred for the training programme and the purchase of equipment were ₹ 10 lakh and ₹ 40 lakh respectively. Apsara Training Institute for Skill Development and Management, Palakkad was selected (February 2014) for imparting DTP training. Site visit conducted jointly by Audit and the District Panchayat Officials (August 2017) and replies from the LSGIs revealed that the computers and printers provided to 11 Grama Panchayats¹³ were lying idle for want of basic facilities even after elapse of two years since the supply of equipment. The DTP centre started at Thenkurissi GP was working only as a Photocopy centre for want of professional expertise, which was indicative of the poor quality of the training provided. Of the 250 women who received training, only 50 women were engaged in DTP related ventures. This

¹³ Anakkara, Ananganadi, Erimayur, Kadampazhipuram, Kuzhalmannam, Lakkidi-peroor, Mannur, Muthalamada, Pattithara, Pookkottukavu and Vadakkenchery.

resulted in non-fulfilment of intended purpose and idling of equipment worth ₹ 17.60¹⁴ lakh supplied to 11 units.

Government of Kerala while admitting the audit findings stated (January 2018) that in certain places, the project failed due to non-co-operation from beneficiaries and for rectifying the irregularities, flawless plans and projects would be formulated and monitored.

3.1.9.3 Parking of funds

Audit observed that in the three out of 30 test-checked LSGIs, WCP funds of ₹ 1.15 crore allocated for various schemes were retained by other agencies without implementing the scheme as discussed below:

- Government of Kerala permitted (March 2015) the GPs under Thalassery BP, Kannur DP and Thalassery Municipality to provide funds to establish a Mother and Child Hospital as part of Government Hospital, Thalassery. Accordingly, Kannur DP and Thalassery Municipality transferred an amount of ₹ 50 lakh each from WCP funds in April and July 2015 respectively to the Organising Committee for establishment of Mother and Child Hospital at Thalassery. Audit noticed that the Committee could not acquire the land identified for construction, as the land identified entailed violation of Coastal Regulation Zone (CRZ). No effort was made either by the Committee or the LSGIs in finding another suitable land for construction of the Hospital. Thus, WCP fund amounting to ₹ one crore was lying unutilised (November 2017) for more than two years and the benefit of an exclusive Mother and Child Hospital, which would have contributed to improve the health status of women remained unachieved.

Government of Kerala (January 2018) stated that the Committee would be purchasing the land soon and fund utilisation reported to Audit. The reply was not tenable as the WCP funds remained unutilised with outside agency for more than two years and the objective of establishing a Mother and Child Hospital was not achieved.

- The Kochi Corporation formulated a project to rehabilitate 129 women road side food vendors and raise their income level by providing them with kiosk¹⁵. The unit cost of Kiosk was ₹ one lakh, which includes subsidy of ₹ 25,000, bank loan of ₹ 70,000 and beneficiary contribution of ₹ 5,000. The subsidy amount of ₹ 32.25 lakh @ ₹ 25,000 per beneficiary was transferred (March 2014) to Urban Poverty Alleviation Department (UPAD), the implementing agency. Out of 129, only 68 beneficiaries came forward to receive the assistance. The remaining 61 beneficiaries opted out of the project as they were reluctant to avail bank loan and due to non-identification of suitable location for setting up the Kiosk within the Corporation. The balance of ₹ 15.25 lakh was retained in the account of UPAD (December 2017). The Project Officer, UPAD replied (December 2017) that the proposals for remitting back the unspent balance of ₹ 15.25 lakh with interest was submitted to Welfare Standing Committee for approval.

¹⁴ Cost of two computers - ₹ 0.72 lakh
Cost of one printer - @ ₹ 0.88 lakh ; Total - ₹ 1.60 lakh
Cost of equipment in 11 LSGIs- ₹ 1.60 lakh x11= ₹ 17.60 lakh

¹⁵ A small open-fronted hut or cubicle from which newspapers, refreshments, tickets etc., are sold.

Thus, ₹ 1.15 crore meant for two schemes for providing better facility to women remained unutilised with other agencies. Audit observed that in the cases mentioned above, the two LSGIs had transferred the fund to the implementing agencies during the fag end of the financial year, indicating that LSGIs were more interested in exhibiting expenditure rather than ensuring fruitful utilisation of fund.

3.1.9.4 Idling of Infrastructure facilities resulted in unfruitful expenditure of ₹ 7.30 crore

Test-checked LSGIs constructed buildings for housing various centres such as employment training centres, marketing centres, rest rooms, meeting halls, feeding rooms for mothers etc., for women by utilising WCP fund. Audit observed that out of 234 buildings constructed for women specific projects utilising ₹ 28.77 crore in 15 test-checked LSGIs, 59 buildings worth ₹ 7.30 crore (25.37 per cent) were lying idle. Number of buildings constructed, idling and the expenditure involved in the selected LSGIs are detailed in **Table 3.3**:

Table 3.3: Number of buildings constructed, idling and the expenditure incurred

Sl No.	Name of LSGI	Number of buildings constructed	Total fund allocated under WCP (₹ in crore)	Total expenditure incurred (₹ in crore)	Number of buildings idling	Unfruitful expenditure due to idling (₹ in crore)
1.	Kannur DP	10	5.06	2.59	2	0.51
2.	Kollam DP	28	5.57	5.08	11	2.24
3.	Kottayam DP	56	7.87	4.5	10	0.98
4.	Palakkad DP	30	5.45	5.09	6	0.99
5.	Thiruvananthapuram Corporation	30	4.51	3.49	8	1.24
6.	Kochi Corporation	45	13.81	5.91	7	0.52
7.	Kalpetta BP	2	0.22	0.11	1	0.08
8.	Tirurangadi BP	11	0.70	0.62	6	0.30
9.	Thalassery Municipality	7	1.73	0.63	1	0.04
10.	Shornur Municipality	2	0.37	0.17	1	0.10
11.	Kannadi GP	1	0.11	0.08	1	0.08
12.	Moonnilavu GP	3	0.06	0.06	1	0.06
13.	Mutholy GP	4	0.32	0.28	1	0.08
14.	Mundakayam GP	2	0.13	0.07	1	0.03
15.	Nadathara GP	3	0.09	0.09	2	0.05
	Total	234	46	28.77	59	7.30

Source: Joint site verification and work files

Audit observed that out of 59 buildings lying idle, four buildings remained idle for more than four years, 10 buildings for more than three years, 14 buildings for more than two years, 17 buildings for more than one year and 14 buildings for less than one year (**Appendix XVI**). The LSGIs did not conduct feasibility studies before implementing the projects and in the case of constructions made by DPs, the GPs were not consulted on the necessity of constructing the buildings. Audit scrutiny revealed that the other primary reasons for idling of buildings was lack of electricity/water connections, non-formulation of training/skill development programs etc. Thus, it was evident that the LSGIs utilised WCP funds without ensuring the subsequent utilisation of buildings for betterment of women/girls. The

Secretaries of 13 GPs where buildings were constructed replied that construction was taken up without their requests and assessing local needs and no activities were carried out in the buildings for want of formal handing over of buildings to them. Government of Kerala stated (January 2018) that steps would be taken to utilise the idling assets.

3.1.9.5 Diversion of infrastructure created for women

Audit scrutiny revealed that buildings constructed/IT equipment procured for women utilising WCP funds were not being utilised for the purpose for which they were created thereby defeating the very intention behind WCP.

Audit observed that 31 buildings constructed by five LSGIs for ₹ 4.78 crore and equipment procured by Thiruvananthapuram Corporation for ₹ 0.14 crore using WCP funds were not being utilised for the purpose for which they were created/procured as shown in **Appendix XVII**. The needs of women in these LSGIs were not taken into consideration nor any feasibility study was conducted by the DPs/Municipal Corporations concerned before formulating these WCP projects.

Local Self-Government Institutions did not adhere to the provisions of WCP, which stated that the WCP funds can be utilised only for activities directly beneficial to women. To the contrary, schemes beneficial to women were included in project proposals for obtaining DPC approval but on completion of the project, the assets were utilised for other purposes defeating the objective of WCP. Government of Kerala (January 2018) admitted the audit observation and stated that the subject would be examined and necessary action taken.

3.1.9.6 Improper implementation of projects under WCP

Three projects implemented by three LSGIs utilising WCP fund could not achieve their objectives due to lack of proper planning and implementation as detailed below:

- The District Panchayat, Kollam formulated a proposal during 2016-17 for installing one sanitary napkin vending machine and two incinerators each in 67 Government Schools coming under the DP with a project outlay of ₹ 40 lakh. The project was implemented by the Program Officer, Integrated Child Development Services (ICDS). The contract for supplying the machines was awarded to M/s. Raidco Kerala Ltd. and an agreement was executed (March 2017). As per the supply order to the firm, machines were to be installed in 67 schools within 10 days from the date of supply order and payment was to be made only after producing the installation report. A bill for ₹ 38.65 lakh (Cost of one vending machine ₹ 16,633 and two incinerators – ₹ 41,050) was submitted by M/s Raidco (29 March 2017) and the amount was paid by the DP on 31 March 2017. Audit scrutiny revealed that the machines were made fully functional only in 32 schools. In respect of remaining 35 Schools,¹⁶ the machines were not installed/functional (October 2017). Thus, in 35 schools, 35 vending machines and 70 incinerators costing ₹ 20.19 lakh were lying idle. Audit noticed that DP did not assess the facilities available in the school like suitable toilets, power supply, etc., before

¹⁶In 18 schools, machines were not installed as electrification was not done, in two schools, faulty machines were installed and in 15 schools, machines were not installed due to incomplete construction of toilet block, non-handing over of key to operate the machine, etc.

implementing the scheme. Further, it was observed that supply order for sanitary napkin vending machines and incinerators was placed with M/s Raidco at the fag end of the year.

- Kochi Municipal Corporation formulated a project (2012-13) under WCP with an outlay of ₹ 84 lakh to provide bus to six groups of women, each group containing five members. The purpose of the project was to provide employment to 30 women from BPL families and the project also aimed to provide public transport to people residing in suburbs and slum areas. The unit cost of each bus service project was ₹ 17.50 lakh comprising subsidy portion of ₹ three lakh from WCP fund, beneficiary contribution of ₹ 0.50 lakh, bank loan of ₹ six lakh and sponsorship amount of ₹ eight lakh from Bharat Petroleum Corporation Limited (BPCL) under Corporate Social Responsibility. The Urban Poverty Alleviation Department (UPAD) was the implementing agency. Out of six groups targeted, only three groups (one group each from three Community Development Societies (CDS) – South CDS, West CDS and East CDS) were willing to take up the project. Subsequently, ₹ three lakh each being subsidy amount were deposited in the respective bank account (March 2013) of the groups.

The Corporation decided (September 2014) to purchase three Tata LP 712/42 bus chassis at a cost of ₹ 8.38 lakh per chassis from M/s Popular Mega Motors. In addition to this, the Corporation decided (January 2015) to entrust the body building work of three buses to Techno fine Auto body at a cost of ₹ 6.30 lakh per vehicle. The financial assistance of ₹ 24 lakh received from M/s BPCL was paid (January 2015) to M/s Popular Mega Motors for supply of three chassis. However, only two chassis were taken over (January 2015) by two groups (south CDS and east CDS). As vigilance case was pending against the third group from West CDS, UPAD decided (March 2015) to freeze the benefit allowed to this group and hence, bank loan and subsidy portion was not released by the bank. Therefore, only two groups started bus service during 2015-16 and the third chassis for which payment of ₹ eight lakh was made, was lying idle in the yard of M/s Popular Mega Motors.

The Project Officer, CDS informed the Corporation (April 2016) that the bus service operated by East CDS was stopped due to huge running expenses, maintenance cost and non-co-operation among the members of the group. On verification of site and connected records, it was observed (November 2017) that the bus operated by the group from East CDS was lying idle in the Town hall premises for more than one year. Audit noticed that no viability study was conducted or capability of these groups to operate buses was assessed by the Corporation before implementing the scheme. The laxity on the part of Corporation and UPAD to resolve problems in connection with the operation of bus service by East CDS and failure of UPAD to find an alternative group to take delivery of the chassis for which payment was made led to wasteful expenditure of ₹ 19 lakh¹⁷(excluding bank loan and beneficiary contribution) and idling of subsidy portion of ₹ three lakh in the bank account of West CDS. Though the project envisaged providing income to 30 women, it benefitted only five women even after

¹⁷ Expenditure incurred on bus (group from East CDS)	= ₹ 11 lakh
	(₹ 8 lakh + ₹ 3 lakh)
Expenditure incurred on bus (group from West CDS)	= ₹ 8 lakh
Total	= ₹ 19 lakh

an expenditure of ₹ 33 lakh¹⁸. The Project Officer, UPAD stated (December 2017) that even though effort was made to identify alternative groups through CDS, no group came forward. But the fact, however, remains that Corporation did not conduct feasibility study and identify interested beneficiaries before embarking on the project, which led to idling of bus/chassis.

- Kollam DP formulated a joint venture project under WCP with District Kudumbashree Mission, Kollam during 2013-14 viz., 'Mobile Market' with an outlay of ₹ 20 lakh. The project, intended to benefit five groups of five members each was envisaged with unit project cost of ₹ four lakh which consisted of ₹ 0.75 lakh from WCP funds as back ended subsidy, ₹ 2.05 lakh from financial institution as loan, ₹ one lakh as innovation fund from Kudumbashree mission and balance amount of ₹ 0.20 lakh as beneficiary contribution. The project envisaged the creation of infrastructure facilities to self-employed women for marketing good quality commodities at fair price to rural people and thereby ensuring income to unemployed Kudumbashree members. As such, four groups from CDSs Kundara, Ezhukone, Yeroor and Thalavoor were selected for the project and subsidy amount of ₹ three lakh from WCP fund (₹ 75,000 per group) was transferred to the banks (January 2015) and each group availed a bank loan of ₹ 2.05 lakh each. These groups started functioning during the period from January to August 2015.

Scrutiny of records of concerned GPs revealed that the group from Thalavoor CDS alone was functioning (November 2017). The other three groups¹⁹ stopped functioning and defaulted the repayment of bank loan. The District Mission Co-ordinator and Block Co-ordinator who were appointed for supervising and ensuring the smooth functioning of mobile markets by the three CDSs, did not monitor the functioning of mobile markets. The non-functioning of mobile markets deprived the beneficiaries of intended benefit of generating income and moreover created debt liability to members of the group.

Yeroor and Kundara GPs replied (November 2017) that the two groups discontinued the project due to scarcity in getting organic vegetables. Ezhukone GP replied (November 2017) that the vehicle driven by a member who did not possess driver's badge met with an accident and was unable to claim insurance coverage. Further, the inability of Kudumbashree group to remit insurance premium led them to abandon the project.

Even after incurring an expenditure of ₹ 42.19 lakh²⁰ on three schemes, the intended objectives of the schemes were not achieved due to improper planning and ensuring its viability.

Recommendation-3:

Government of Kerala should ensure that LSGIs before formulating projects under WCP analyse their feasibility and LSGIs monitor the implementation of projects.

¹⁸ Financial assistance to M/s Popular Megha motors from M/s BPCL = ₹ 24 lakh
Subsidy portion transferred to Bank = ₹ 9 lakh
Total = ₹ 33 lakh

¹⁹The group from CDS Kundara stopped functioning w.e.f. 28 March 2016, the group from CDS Yeroor stopped functioning w.e.f. January 2016 and from CDS Ezhukone w.e.f. October 2016.

²⁰ Equipment amounting to ₹ 20.19 lakh lying idle, ₹ 22 lakh incurred on two buses.

3.1.9.7 Constitution of Jagratha Samithis

Gender equality could be achieved only when existing gender gaps are eliminated and women get equal access to the public space and achieve freedom from discrimination, exploitation and violence. Jagratha Samithi (JS) was an initiative of the State Women's Commission (SWC) at the Panchayat ward level upwards to the District level for redressal of atrocities against women and to protect the rights of women and children and also for mainstreaming gender in decentralisation process. Government of Kerala constituted JSs at Panchayat level (March 1997), which was further extended to ULBs (May 1999). As these JSs were not functioning properly due to paucity of fund, GoK reconstituted JSs (May 2004) based on Women's Commission suggestion. The funds for functioning of JSs were provided from WCP.

Audit observed that out of the 30 test-checked LSGIs, only 20 LSGIs²¹ constituted JSs. Out of the 20 LSGIs that constituted JSs, 11 LSGIs²² allocated funds of ₹ 9.50 lakh during 2012-13 to 2016-17 and the funds utilised was only ₹ 3.39 lakh. Out of 434 complaints received by six test-checked LSGIs²³ during 2012-13 to 2016-17, 393 complaints were resolved (October 2017) by the respective LSGIs. As per the guidelines issued (June 2007) by GoK on JSs, the meetings of the ward level JSs and village/panchayat level JSs should be convened at least once in every month. None of the test-checked GPs, which constituted JSs conducted meetings as prescribed or awareness programmes for propagating the activities of JSs.

In respect of BPs, the guidelines on JSs stipulated that the reports on the working of the JSs received from the GPs shall be consolidated every month by the BP and submitted to the District Jagratha Samithi between 5 and 10 of subsequent month. District Jagratha Samithi shall submit such reports to the Women's Commission between 15 and 30 of every alternate month. This procedure was not followed by any of the test-checked GP/BP violating the conditions/procedures stipulated in the GoK guidelines.

Thus, due to non-constitution/non-functioning of the JSs at Municipal Corporation/Municipality/District Panchayat/Grama Panchayat level, the very purpose of creation of such a body by Government was defeated. The Member Secretary, Kerala Women's Commission stated (December 2017) that the LSGIs were not furnishing any report regarding the working of JSs to the Kerala Women's Commission. It was also stated that the activities and monitoring of Jagratha Samithi would be strengthened by formulating a web portal and module with the help of C-DIT (Centre for Development of Imaging Technology).

Government of Kerala stated (January 2018) that all GPs constituted Jagaratha Samithis and the functioning of JSs in most of the GPs was excellent. However, the reply was not acceptable as Audit observed that though 20 out of 30 test-checked LSGIs constituted JSs, none of the constituted LSGIs convened the

²¹ Koothuparamba, Pathanamthitta, Shoranur and Thalassery Municipalities, Kochi Corporation, Kollam and Palakkad DPs, Kannadi, Kanthalloor, Kayanna, Moonnilavu, Mundakayam, Mutholy, Nadathara, Nenmeni, Pallivasal, Pathanapuram, Pudur, Thondernad, and Vengappally GPs.

²² Koothuparamba and Pathanamthitta Municipalities, Kollam DP, Kannadi, Kanthalloor, Mundakayam, Nadathara, Nenmeni, Pallivasal, Pathanapuram and Pudur GPs.

²³ Shornur Municipality, Palakkad DP, Nadathara, Nenmeni, Pallivasal and Pathanapuram GPs.

meetings as prescribed or conducted awareness programmes. This shows that the functioning of JSs was not as excellent as claimed by GoK.

Recommendation 4:

Government of Kerala should ensure that Jagratha Samithis are formed and function actively in all PRIs. Further, LSGIs should conduct awareness campaign among women to propagate the role of Jagratha Samithis in tackling atrocities against women.

3.1.9.8 Successful implementation of schemes by some LSGIs which benefitted women

During joint site visit by Audit along with LSGI officials, observed instances of successful implementation of schemes funded from WCP, which contributed to social and financial empowerment of women as discussed below:

- Kannur District Panchayat constructed three buildings using WCP fund in Mayyil, Kuttiattoor and Chembilode Grama Panchayats where three Kudumbashree units involving 81 members started apparel parks and were functioning from 2014 onwards.
- Balussery Block Panchayat had given financial assistance of ₹ 1.10 lakh and ₹ 2.50 lakh to two Kudumbashree units having ten members each for starting a footwear stitching unit and a nursery respectively. Both units were functioning from 2014 onwards and the unit had an agreement with a leading footwear company to supply footwear sole.
- Nadathara Grama Panchayat had given a financial assistance of ₹ 10,000 to Jwala Kudumbashree unit for starting up micro enterprises and they were running a pickle making unit involving 13 members. The unit was functioning from June 2016 onwards. The sale of products was managed through Kudumbashree stalls and open market.

3.1.10 Monitoring of the implementation of schemes/projects by the Working Groups

The project planning and subsidy guidelines of GoK for the Twelfth Five Year Plan (2012-17) stipulated that the Working Groups (WGs) shall function as monitoring committees after approval of projects and monitor effectively the implementation of the approved projects. The guidelines further stated that if the projects are formulated based on the advice of one or more than one WGs, then the monitoring of the implementation of such projects shall be done by all the WGs concerned. For example, if a project formulated under WCP was implemented under the sub-sector agriculture using Special Component Plan Fund, then the Working Groups involved namely WG for Women and Child Development, WG for Agriculture, WG for SC Development and the related Standing Committee, shall monitor the effective implementation of that particular project.

Audit observed that, 13 out of 22 LSGIs, which provided details of monitoring, the WGs as well as the responsible Standing Committee did not monitor the formulation and implementation of projects under WCP. The remaining nine LSGIs though claimed that monitoring was being done, could not furnish the reports to substantiate their claim. Absence of monitoring resulted in irregular implementation of projects and the objective to improve the financial and social status of women could not be fully achieved. Further, most of the assets created

(59 out of 234 buildings constructed expending ₹ 7.30 crore) for the benefit of women were lying idle or diverted (32 buildings constructed/equipment procured for ₹ 4.92 crore) for other projects/purposes as explained in the previous paragraphs.

Government of Kerala stated (January 2018) that action would be taken for ensuring effective monitoring of the implementation of the projects by WGs.

3.1.11 Conclusion

Allocation and utilisation of WCP fund by the selected LSGIs was less than the mandatory limit of ten *per cent* of Development Fund. Planning tools like gender analysis, gender segregated data and gender budgeting were not prepared and used for assessing the needs and requirement of women. Intervention of forums like Special Grama Sabha/Working Group, which were to discuss the feasibility and necessity of various schemes, was inadequate. The actual utilisation of WCP fund for benefit of women was only 2.39 *per cent* of the Development Fund. Infrastructure worth ₹ 7.30 crore created by LSGIs for utilisation by women for their empowerment was remaining idle. Similarly, infrastructure worth ₹ 4.92 crore constructed using WCP fund was not being used for the purpose for which, it was created. Jagratha Samithis meant to protect the rights of women and children were not functional in 10 out of 30 selected LSGIs.



CHAPTER IV

Compliance Audit

CHAPTER IV COMPLIANCE AUDIT

AUDIT OF SELECTED TOPICS

4.1 IMPLEMENTATION OF KERALA LOCAL GOVERNMENT SERVICE DELIVERY PROJECT

4.1.1 Introduction

Kerala Local Government Service Delivery Project (KLGSDP) is a World Bank assisted project of Government of Kerala (GoK) meant to enhance and strengthen the institutional capacity of the local government system in Kerala to deliver services and undertake basic administrative and governance functions more effectively and in a sustainable manner. The project covers all the Grama Panchayats (GPs) (978)¹ and Municipalities (60) in Kerala. Government of India (GoI) entered into a financing agreement with International Development Association (IDA) on 4 July 2011, for availing loan of Special Drawing Rights (SDR)² 128.10 million equivalent to US\$ 200 million³ (₹ 920.00 crore)⁴ and on the same day, a project agreement was signed between IDA and GoK. According to the agreement, GoK was to provide US\$ 60 million (₹ 276 crore) as its contribution, thus making the total project cost US\$ 260 million (₹ 1,196 crore). As on 29 December 2017, GoK received US\$ 182.83 million (₹ 1,093.34 crore) and GoK released ₹ 472.62 crore towards state share. According to the agreement, GoK has to pay Service Charge on the withdrawn credit balance at the rate of three-fourths of one *per cent* per annum and has paid ₹ 28.31 crore upto September 2017. Government of Kerala commenced repayment of loan with effect from 15 September 2016 and repaid ₹ 86.02 crore upto September 2017. The project originally slated to be completed by 31 December 2015 was extended up to 29 December 2017.

4.1.2 Project components

The Project comprises of the following four components:

- Performance Grants (PG) to Grama Panchayats and Municipalities.
- Capacity Building for Local Bodies.
- Enhancing State monitoring of Local Government systems.
- Project Management.

The Local Self-Government Department (LSGD) was responsible for overall project implementation. The LSGD executed the project through Project Management Unit (PMU). The PMU was headed by a Project Director reporting to the Secretary/Principal Secretary, LSGD and supported by a full time Deputy Project Director.

4.1.3 Audit Objectives, Scope and Methodology

Audit was conducted to assess whether GoK received the entire funds and

¹ In November 2015, number of GPs was reduced to 941 and number of Municipalities increased to 87.

² Special drawing rights (SDR) is an international reserve asset created by the International Monetary Fund (IMF). The value of SDR is based on a basket of five major currencies.

³ Loan amount subsequently reduced to US\$ 190 million based on conversion rate (14 July 2016).

⁴ At the then prevailing exchange rate of ₹ 46 (15 November 2010).

disbursed to LSGIs/executing agencies and funds were utilised for the purpose for which it was envisaged in Project Implementation Manual (PIM) and other relevant rules and orders. The audit was conducted between June and September 2017 covering the project period from 2011-12 to 2016-17 in selected GPs/ Municipalities and in the implementing/execution support agencies. Four districts (Ernakulam, Kozhikode, Palakkad and Thiruvananthapuram) out of 14 were selected by applying Probability Proportional to Size and Without Replacement (PPSWOR) method. Ten Municipalities (25 per cent) and 32 Grama Panchayats (10 per cent) in the above four districts were selected by stratified random sampling method. The list of selected GPs and Municipalities are given in **Appendix XVIII**.

The Audit commenced with an entry conference (23 June 2017) with Additional Secretary, LSGD wherein the audit objectives, scope and methodology were discussed. An exit conference (09 January 2018) was conducted with the Additional Chief Secretary, LSGD during which the audit findings were discussed in detail. Response of the Government was considered while finalising the report.

4.1.4 Funding

The disbursement method for this project was an advance through the Designated Account (DA) in US\$, which was managed by Controller of Aid, Accounts and Audit (CAAA) Division, Ministry of Finance, Government of India. Funds were advanced from the World Bank to Government of India (GoI) based on an annual forecast, which in turn transferred the funds to GoK through the regular budgetary mechanism between the GoI and the States. Finance Department, GoK was to immediately transfer these funds (along with its own contribution) from the Consolidated Fund to a project specific sub-head in the Public Account of the State (under Account Head 8448). Thereafter, the funds were to be transferred to the dedicated Treasury based accounts of each individual GP and Municipality. For capacity building components, the GoK released funds into the Treasury Savings Bank (TSB) account of the PMU, based on their requirements. Component-wise estimate, amount received and expenditure are detailed in **Table 4.1**.

Table 4.1: Component - wise estimate, amount received and expenditure

Components	Project Estimate				Receipts		Expenditure as on 31.03.2017 (₹ in crore)
	GOK share (US\$ million)	IDA (US\$ million)	Total (US\$ million)	Total (₹ in crore)	Total grant received from world bank (₹ in crore)	GOK share (₹ in crore)	
Performance Grant	60.00	178.60	238.60	1097.56	1019.59	472.62	1139.96
Capacity Building	0.00	11.20	11.20	51.52			19.99
Enhancing State Monitoring of the Local Government System	0.00	3.40	3.40	15.64	73.75	Nil	3.85
Project Management	0.00	6.80	6.80	31.28			18.67
Total Project Cost	60.00	200.00	260.00	1196.00	1093.34	472.62	1182.47

Source: PIM, Loan ledger of CAAA, reply of PMU, IKM

Out of US\$ 200 million⁵ proposed by World Bank, GoK received US\$182.83 million (upto March 2017), which was equivalent to ₹ 1,093.34 crore. The World Bank cancelled (15 May 2017) the undisbursed balance of US\$ 7.10 million⁶ equivalent to ₹ 45.45 crore⁷ due to huge amount of unspent/undocumented balances (₹ 383.49 crore⁸) with GoK as on 31 March 2017. Audit scrutiny revealed that against the proposed state share of US\$ 60 million, State released US\$ 75.80 million (**Appendix XIX**) as of March 2017, which resulted in excess state share of US\$ 15.80 million. The GoK did not give any reply about the release of excess share, despite being requested by the Audit.

Audit Findings

4.1.5 Physical achievement of Performance Grant- Component I

This component provides annual, performance-based grant to all 978 GPs and 60 Municipalities. The objective was to provide GPs and Municipalities with additional discretionary funds for expanded local investment in a manner, which incentivises the strengthening of their institutional capacity. The grant was to be spent on both the creation and maintenance of capital assets used in service delivery. The overall goal was to improve GP and municipal performance in local governance and public service delivery.

Even though, Project Implementation Manual envisaged improving the quality of services to the institutions transferred to the LSGIs like schools, health centres, agricultural offices, veterinary dispensaries, water supply and addressing issues in productive sectors like agriculture, environment and community infrastructure, it was observed that during 2011-12 to 2016-17, expenditure in these areas were very low, ranging from 0.03 to 4.70 *per cent*. Performance Grant (PG) was utilised mainly for projects like road maintenance (38.50 *per cent*), new road (9.80 *per cent*), construction/maintenance of Panchayat/Municipality office building (13.17 *per cent*), etc. (**Appendix XX**).

It was further observed that as on 31 March 2017, out of 38,032 projects implemented, 22,798 projects were road projects utilising ₹ 546.21 crore (48.25 *per cent* of the total expenditure).

4.1.5.1 Delay in utilisation of Performance Grant- Component I

The year-wise release and utilisation of Performance Grant from 2011-12 to 2016-17 are detailed in **Table 4.2**:

Table 4.2: Year-wise release and utilisation of Performance Grant up to 31 March 2017

(₹ in crore)						
Year	Opening Balance	Allotment	Total	Expenditure	Closing Balance	Percentage of expenditure
2011-12	0.00	140.00	140.00	93.98	46.02	67.13
2012-13	46.02	284.25	330.27	187.98	142.29	56.92

⁵Subsequently reduced to US\$ 190 million based on conversion rate with SDR 128.10 million in July 2016.

⁶190-182.83 (5.27 million SDR).

⁷Calculation made by Audit based on prevailing exchange rate @ ₹ 64 as on 15 May 2017.

⁸₹ 1,093.34 crore (World Bank release) + ₹ 472.62 crore (state release)- ₹ 1,182.47 crore (Expenditure).

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Year	Opening Balance	Allotment	Total	Expenditure	Closing Balance	Percentage of expenditure
2013-14	142.29	270.01	412.30	267.62	144.68	64.91
2014-15	144.68	319.40	464.08	115.30	348.77	24.84
2015-16	348.77	0.00	348.77	276.57	72.20	79.30
2016-17	70.77 ⁹	478.55	549.32	198.51	350.82	36.14
Total		1492.21		1139.96		

Source: IKM, Budget

As seen from the table, the utilisation of PG ranged from 24.84 *per cent* in 2014-15 to 79.30 *per cent* in 2015-16. Against allotment of ₹ 1,492.21 crore, the overall utilisation of funds was ₹ 1,139.96 crore only (76.39 *per cent*) as on 31 March 2017. Audit noticed that PMU reported an expenditure of ₹ 1,164.71 crore to World Bank through Interim Un-audited Financial Reports (IUFRRs) as of March 2017, whereas expenditure statements of IKM (Sulekha statements¹⁰) showed an expenditure of ₹ 1,139.96 crore. Thus, the IUFRRs of PMU was inflated by ₹ 24.75 crore. Government of Kerala (January 2018) stated that after reconciling the figures, the difference was reduced to ₹ 56.73 lakh and would be adjusted from the IUFRRs to be submitted by the end of January 2018. However, the reply was not acceptable as PMU could not produce any document/IUFRR to prove that the difference was reduced to ₹ 56.73 lakh.

Audit examined the reasons for delay in implementation of the project and consequent under-utilisation of funds which are discussed in the succeeding paragraphs.

(a) Delay in plan formulation

The financial year of LSGIs runs from April to March and the timeline for activities in PG are based on the existing annual public expenditure management cycle of LSGIs.

The Project Implementation Manual prescribed a timeline to be followed by the LSGIs for the implementation of KLGSDP projects. By April every year, LSGIs shall begin their annual planning process for the forthcoming financial year and associated budget process. This includes preparation of sub-projects for funding, public consultation and other internal project preparation processes. By September each year, LSGIs must have the approval for the sub-projects and its corresponding allocations. The LSGIs must finalise their annual budget consultation processes through meetings with Gram Sabhas by 1 November and get their annual budget approved by the end of March each year for submission to LSGD by end of April. Further, the plan formulation guidelines also prescribed that the projects for the ensuing year should be prepared well in advance *i.e.*, before 9 January, DPC approval obtained by end of January and estimates of the plan projects shall be included in the budget.

However, Audit noticed that none of the 42 test-checked LSGIs formulated the plan as stipulated in the PIM. There were delays ranging from 1 to 12 months, 3 to

⁹ After reconciliation, the Government re-authorised ₹ 70.77 crore in February 2017 being the balance as on April 2016.

¹⁰ The web application suite used by LSGIs to monitor plan formulation, appraisal, approval, revision process and expenditure against the allocation of plan projects.

12 months and 4 to 12 months in finalising sub-projects and getting District Planning Committee (DPC) approval for the years¹¹ 2014-15, 2015-16 and 2016-17 respectively (**Appendix XXI**). Delay in finalising projects in 42 selected LSGIs resulted in projects getting postponed to the subsequent years as spillover projects as shown in **Table 4.3**.

Table 4.3: Details of spillover projects in the selected LSGIs

Year	No. of projects formulated utilising KLGSDP	Project cost (₹ in crore)	No. of projects taken up for implementation	Expenditure of completed projects (₹ in crore)	No. of spill over projects	Percentage of projects not implemented
2014-15	338	20.00	145	5.26	193	57
2015-16	325	15.14	272	10.14	53	16
2016-17	396	31.58	226	9.80	170	43
Total		66.72		25.20		

Source: IKM data

Audit noticed that even though the selected LSGIs planned 325 to 396 KLGSDP projects annually, 16 to 57 per cent of the projects were not taken up for implementation and postponed to subsequent years as spill over projects.

While accepting the audit observation, GoK stated (December 2017) that delay occurred as LSGIs had taken up projects under KLGSDP along with their routine plan formulation system. As such, one of the objectives of the project to establish a well-functioning planning system in LSGIs remained unachieved.

(b) Delay in conducting Annual Performance Assessment

As per the conditions of PIM, Annual Performance Assessment (APA) of LSGIs for the previous year was to be carried out between September and December of the current year and PG was to be released by April of every year in a single tranche. Audit noticed that delay of 10 to 15 months on the part of PMU in conducting the APA, led to delay of 10 months in releasing PG for 2013-14. Similarly, delay of 13 to 17 months in conducting APA resulted in delay of 11 months in 2014-15 in release of PG to LSGIs (**Appendix XXII**).

Government of Kerala stated (December 2017) that APA was a novel experience for LSGIs and other agencies involved and code of conduct due to election to Lok Sabha and LSGIs came into force in 2014 and 2015 respectively, which led to the delay in APA.

The reply was not acceptable as even after imparting training to PMU staff as part of first APA, PMU could not avoid delays in conducting APAs in subsequent years. Moreover, the possibility of conduct of election was known to PMU well in advance.

(c) Delay in re-authorisation of KLGSDP funds

According to PIM, each LSGI was to maintain a project specific dedicated treasury based public account for PG with the treasury and the funds allocated to the GP/Municipality for the project were to be transferred to this account. Unspent

¹¹ Plan formulation details of selected LSGIs for the years 2011-12, 2012-13 and 2013-14 were not available.

balances in the LSGI accounts at the end of the year were non-lapsable, which were to be carried over to the next financial year so that the GPs/Municipalities would have timely access to funds.

Government of Kerala dispensed (September 2015) with the system of transfer crediting KLGSDP funds to the public account of LSGIs and they were directed to draw funds directly from the Consolidated Fund of the State by presenting fully vouched contingent bills. At the end of the financial year, unspent balances lapsed and the amount was to be re-authorised by GoK during the next financial year. The change in the system of drawal of funds was also agreed by the World Bank. However, Audit noticed delays in re-authorisation of funds in the next financial year as detailed in **Table 4.4**.

Table 4.4: Table showing re-authorisation

(₹ in crore)

Year	Balance as on 31 March of the previous year	Amount re-authorised	Date of re-authorisation
2015-16	GoK directed LSGIs to utilise the unspent balances in the public account		Nil
2016-17	70.77	70.77	February 2017
2017-18	350.79	350.79	July 2017

Source: Government Orders

It was seen that due to delay in re-authorisation during 2016-17, no PG funds were available with LSGIs until the allotment of Performance Grant of ₹ 237.43 crore in October 2016 and during 2017-18, funds were not available till July 2017. Delay in re-authorisation resulted in non-availability of PG funds with LSGIs for a period of six months and four months in 2016-17 and 2017-18 respectively.

Government of Kerala (December 2017) accepted the delay and stated that shift to the new system was its policy decision. Audit did not challenge the policy decision making power of GoK, however while shifting to the new system, GoK should have ensured the availability of funds for implementation of projects, without delay. Thus, the failure of the GoK to re-authorise KLGSDP funds during 2016-17 and 2017-18 in a timely manner resulted in non-availability of funds for project implementation.

(d) Delay in implementation of projects in backward LSGIs

Government of Kerala forwarded a proposal to the World Bank (August 2014) for utilising additional funds available due to savings and exchange rate fluctuation by providing funds to backward GPs, GPs having Tribal Clusters and Revenue Deficit Municipalities to finance viable infrastructure projects for improved service delivery and local economic development. The proposal was intended to support 60 backward and tribal LSGIs by providing ₹ four crore to each LSGI. Department of Economic Affairs, Ministry of Finance in June 2015 approved the proposal submitted by the State to utilise the credit savings for additional activities under the project. The meeting (July 2015) chaired by the Principal Secretary, LSGD decided to engage Non-Governmental Organisations (NGO) to prepare Detailed Project Reports (DPR) in respect of identified infrastructure projects. World Bank Team in a review meeting (December 2015) set an action plan to sign the agreement with the selected NGOs in January 2016 and need assessments and selection of priority investments to be undertaken by NGOs was to be completed

by 31 March, 2016. The DPR preparation was to be completed by June 2016 so that DPC approval could be obtained and the projects completed by 30 June 2017. However, due to delay on the part of PMU in identifying the NGOs, agreement could be entered into with NGOs only during May-June 2016. As the agreed timelines were not met, World Bank (July 2016) reduced the allocation to the backward component to ₹ 120 crore (₹ two crore per LSGI).

In the selected six LSGIs, which received funds under this component, 24 projects for ₹ 10.66 crore were envisaged. The projects included construction of community halls, drinking water projects, crematoriums etc. The DPRs for these works were submitted by the NGOs during October 2016 to April 2017 against the proposed submission by June 2016. Though it was planned to complete the works by 30 June 2017, 14 works were completed and remaining works were in progress (November 2017). The total expenditure incurred on 24 works as of November 2017 was only ₹ 6.78 crore (64 per cent) (**Appendix XXIII**). Thus, delay on the part of PMU in selecting NGOs and getting the DPRs submitted by them in time led to delay in execution of works included under backward region component. As per the conditions of PIM, fund remaining unutilised at the end of project period were to be returned to the World Bank. Government of Kerala (December 2017) stated that even though selection of NGOs were completed on 25 April 2016, due to election code of conduct, the agreements were signed only in May 2016. Reply was not acceptable though the decision to engage the NGOs was taken in July 2015, the process of selection started only in January 2016.

Thus, delay in implementation of projects due to delayed plan formulation, delay in APA, non-adherence to project agreement and delayed project implementation in backward LSGIs resulted in short utilisation of funds and extension of the project period for two years. Slow pace in implementation of the project resulted in World Bank cancelling (15 May 2017) the undisbursed balance of US\$ 7.1 million (5.27 million SDR) equivalent to ₹ 45.44 crore. Extension of project period also resulted in increase in GoK contribution to the tune of US\$ 15.80 million towards the project. Slow utilisation of funds also resulted in accumulation of exchange loss to the tune of US\$ 8.60 million (equivalent to ₹ 55.93¹² crore) as on 31 March 2017 (**Appendix XXIV**). World Bank team in their visit during April 2017 informed that all exchange losses will have to be absorbed by the State and returned to the Bank after project closing.

4.1.5.2 Non-achievement of project objective

According to the PIM, PG was to be introduced in two phases. The administrative and institutional systems necessary for utilisation of PG in the second phase were to be established during the first two years (first phase). During this period, the GPs and Municipalities received grant subject to basic fiduciary requirements, that is, clean Local Fund Audit (LFA) opinion (not adverse or disclaimed), Annual Plan approved by both the Panchayat/Municipal Council and District Planning Committee (DPC) and a copy sent to LSGD by end of April. All the LSGIs (1,038) except two received grant in first year¹³ (2011-12) and for second year (2012-13), all LSGIs except three received grant. From third year onwards, i.e., in phase two, the LSGIs were to receive grant on the basis of demonstrated institutional

¹²Calculated at the exchange rate of ₹ 65.04.

¹³2011-12 - Vattavada and Mangalpady GPs.

2012-13 - Vattavada, Pavaratty GPs and Thrikkakara Municipality.

performance as measured through an Annual Performance Assessment (APA) and the local bodies were to meet a set of Mandatory Minimum Conditions (MMCs) in full and achieve a certain score against a set of performance criteria, as prescribed in PIM.

The performance of the LSGIs was to be assessed in the areas of (i) Planning and Budgeting (ii) Project execution and service delivery (iii) Accounting, Reporting and Audits and (iv) Transparency and Accountability. The key outcome intended through the project was 70 *per cent* GPs and Municipalities pass the performance assessment for a well-functioning fiduciary, planning and service delivery systems and introduction of a well-established performance based grant system increasingly financed by GoK. Audit noticed that GoK diluted MMC and performance criteria to make more LSGIs eligible for PG fund, as detailed in **Table 4.5**.

Table 4.5: Table showing number of LSGIs which qualified APA

APA year	Total no. of LSGIs	No. of LSGIs qualified before relaxation of criteria	Per - centage	No. of LSGIs qualified after relaxation of criteria	Per-centage of LSGIs cleared	No. of LSGIs failed
2013-14	1038	88	8.48	849	90.27	101
2014-15	1038	112	10.79	782	86.13	144
2015-16	1028	201	19.55	697	87.35	130

Source: PMU

It is seen from the above that in all the three years, criteria were relaxed as only 8.48 to 19.55 *per cent* of LSGIs could clear the criteria fixed. The proposed parameters and subsequent relaxed conditions are detailed in **Appendix XXV**. A review of the status of adherence to the MMCs by test-checked LSGIs revealed the following.

Planning and Budgeting

The MMC under Planning and Budgeting stated that annual plan for preceding year approved by both the Council and DPC and budget for new financial year approved by the Council were to be forwarded to LSGD by the end of March. Only 88 LSGIs during 2013-14 and 216 LSGIs during 2014-15 qualified the MMC. During these years, all LSGIs were declared to have cleared the MMC under Planning and Budgeting assuming that LSGIs prepared annual plan and budget on time. Even though all the LSGIs test-checked prepared budget by the end of March, there was delay ranging from one to 12 months in finalising annual plan during 2014-15 to 2016-17 as detailed in paragraph **4.1.5.1(a)**.

Project Execution and Service Delivery

Project Implementation Manual prescribed MMC of minimum utilisation of 80 *per cent* of PG alone. However, GoK relaxed this condition and set a minimum of 80 *per cent* of Development Fund¹⁴ as MMC criteria. This resulted in LSGIs giving less priority in spending KLGSDP funds. Audit noticed that in 11 to 40¹⁵ out of 42

¹⁴ KLGSDP Performance Grant, Development Fund - General - capital, Development Fund - Special Component Plan - capital, Development Fund - Central Finance Commission - capital.

¹⁵ 2011-12 : 15 LSGIs, 2012-13 : 25 LSGIs, 2013-14 : 21 LSGIs, 2014-15 : 40 LSGIs, 2015-16 : 11 LSGIs and 2016-17 : 31 LSGIs.

test-checked LSGIs, the utilisation of Performance Grant was below 60 *per cent* during 2011-12 to 2016-17. World Bank review mission in March 2016 observed that only 40 *per cent* of LSGIs spent above 80 *per cent* of PG fund during 2015-16. The mission expressed concern about providing additional funds to LSGIs with low utilisation and emphasised that KLGSDP funds for the fifth PG cycle (2016-17) should only be disbursed to LSGIs that have utilised at least 80 *per cent* of the KLGSDP under fourth PG cycle in 2015-16. However, this condition was not adhered to. In 17 out of 42 test-checked LSGIs, the fund utilisation was below 80 *per cent* during 2015-16 and 11 out of 17 LSGIs received PG during 2016-17.

Another MMC was that capital works and acquisitions funded from PG have taken place. However, GoK relaxed this criterion and considered any one of the projects funded by KLGSDP completed as criterion, for clearance of MMC during 2013-14. During 2014-15, just signing of agreement for work or issue of supply order in the case of procurement of goods in at least 80 *per cent* of total projects was considered as MMC clearance.

Transparency and Accountability

Preparation of a public report on the annual plan and budget and dissemination to grama sabhas and ward sabhas within one month of DPC approval was one of the MMC. It was seen that none of the test-checked LSGIs prepared and disseminated public report on annual plan and budget during 2011-12 to 2016-17. Instead, budget summary and final plan document was taken into account as public report. The public reports on plan and budget are an important means of communicating the development plans to the people and also a measure to enhance local transparency and downward accountability of LSGIs.

Regarding performance criteria, the minimum performance benchmark was fixed as 50, which was lowered to 35 during the years 2014-15 and 2015-16, as the performance of LSGIs relating to critical infrastructures¹⁶ was poor.

Thus, as a result of relaxing the MMC and performance criteria, LSGIs could not achieve the objective of a well-functioning fiduciary, planning and service delivery system. Instead of developing a realistic and feasible mechanism for incrementally strengthening the institutional capacities of GPs and Municipalities, for utilising the grant and implementing the projects in a timely manner, PMU diluted the eligibility conditions and gave LSGIs further instalment.

Annual Performance Assessment was conducted to identify the institutional strength and weakness of the GPs and Municipalities so as to assist them to identify areas for improvement and monitor progress on a yearly basis. It was also seen that even though introduction of a well established Performance Grant system increasingly financed by GoK was one of the objectives of the project, the performance assessment of LSGIs was not conducted during 2016-17. Thus, the intended outcome of 70 *per cent* LSGIs passing the assessment for a well established Performance Grant system could not be achieved. Government of Kerala stated (December 2017) that changes in proposed parameters were done with the approval of the World Bank. However, GoK did not produce any

¹⁶ Crematorium/burial ground, slaughter house, solid/liquid/plastic waste management facilities, public toilets, front office and visitor friendly facilities in LSGI Office, fish/vegetable markets, street lights, safe drinking water facilities, anganwadis and basic infrastructure in SC& ST colonies/sanketham.

document to substantiate World Bank approval. The reply was not acceptable as by relaxing the criteria, the objective of establishing a well-functioning fiduciary, planning and service delivery system in LSGIs could not be achieved.

4.1.5.3 Unproductive expenditure utilising KLGSDP Fund

According to PIM, the PG was to be spent on both the creation and maintenance of capital assets used in service delivery. Scrutiny of the 42 test-checked LSGIs revealed that the assets created in Eloor Municipality and Kalamassery Municipality utilising KLGSDP Fund turned unproductive as detailed below:

- Administrative sanction was issued by the Eloor Grama Panchayat Council (July 2010) for ₹ 4.40 crore and Technical Sanction by State Level Technical Committee (SLTC) for ₹ 3.37 crore (February 2011) for the construction of a Community Hall at Pathalam in Eloor Municipality¹⁷. After negotiations, the work was awarded to the lone bidder for ₹ 3.18 crore and an agreement executed (February 2012). The project was to be completed in February 2013. Out of the total funds earmarked for the project, ₹ 0.53 crore related to KLGSDP Fund.

While executing the work, the Municipal Engineer requested (August 2012) additional quantity of steel (1145 quintal) over the estimated quantity as the quantity of steel was calculated on the basis of quantity of concrete rather than structural design. Accordingly, sanction was obtained for additional quantity of steel (March 2013) and the estimate was revised to ₹ 4.06 crore by Municipal Engineer, Eloor Municipality. As the time elapsed, the contractor demanded (October 2013) revision of rate from 15 to 25.90 *per cent* above estimate. Pending decision from the Municipal Council, the contractor stopped the work (October 2013) and the work was not completed (December 2017). The contractor was paid an amount of ₹ 2.78 crore (June 2013), being value of work done, which included ₹ 0.43 crore from KLGSDP Fund. Audit observed that due to delay on the part of Municipal Council in giving revised Administrative Sanction, revised Technical Sanction was obtained only in January 2015 and the Municipal Engineer directed the contractor to execute a supplementary agreement only in January 2015. Thus, lapse on the part of SLTC in granting Technical Sanction without analysing the estimate led to subsequent demand for additional quantity of steel, which required revision of the estimate and consequently, stoppage of work. Further, laxity on the part of Municipality in taking timely action to obtain revised Technical Sanction also contributed to the stoppage of work. The expenditure incurred so far became unproductive.

Government of Kerala, while accepting the facts (December 2017) pointed out by Audit stated that the Municipality took a resolution to complete the project in 2017-18.

- Kalamassery Municipality constructed (April 2014) a Gas Crematorium in their own land incurring an expenditure of ₹ 1.17 crore from KLGSDP Fund. Based on competitive tender, the operation of crematorium was entrusted to Shri V.M.Ramadas for a period of one year from April 2014. Audit observed that the crematorium had stopped functioning since February 2015 and only 31 cremations were done. Though Municipality again invited tender (June 2016) for operating the crematorium, no response was received. During joint inspection (July 2017), it was noticed that waste collected from the municipal area was dumped near the

¹⁷Converted as Municipality w.e.f. November 2010.

crematorium and thereby polluting the entire area. The Centre for Socio Economic and Environmental Studies (CSES) in the end line survey report stated (July 2017) that the crematorium had to stop working due to its location, as people were not comfortable to cremate their loved ones in the vicinity of a dumping ground. Audit observed that lapse on the part of the Municipality in making the crematorium functional resulted in idle investment of ₹ 1.17 crore out of KLGSDP Fund. Government of Kerala stated that (December 2017) Municipality had taken steps to make the crematorium functional and also decided to shift the dumping yard from the premises of the crematorium.

Failure of two LSGIs to ensure the completion and utilisation of assets created using KLGSDP Fund resulted in idle investment of ₹ 1.60 crore. Further, PMU, which was responsible for monitoring the project performance in line with the implementation schedule also failed in doing its job.

4.1.5.4 Incurring expenditure on non-conforming projects/items included in negative list

According to PIM, the PG will be utilised for the acquisition of capital assets; capital works and maintenance and operation of these assets in line with the functional mandates of local bodies. The grant will be fully discretionary within these parameters, subject to a clear negative list. Further, GoK issued clarification in November 2011 and listed out the activities, which were not to be executed utilising KLGSDP Fund or which did not conform to the objectives of the PG. This included purchase of land, purchase of vehicles, assistance towards individual house construction/maintenance, payment of honorarium to Anganwadi workers etc. However, a review of records in PMU revealed that LSGIs utilised an amount of ₹ 5.95 crore during 2011-12 to 2014-15 towards the items on non-conforming projects/projects included in the negative list as given in **Table 4.6:**

Table 4.6: Table showing expenditure on non-conforming projects/projects included in negative list

Year	No. of projects	Amount (₹ in crore)
2011-12	179	3.99
2012-13	39	1.80
2013-14	10	0.14
2014-15	1	0.02
Total	229	5.95

Source: PMU

Utilisation of PG for non-conforming projects/projects included in negative list noticed in the selected LSGIs are given below.

- In Balussery GP, during 2011-12, an amount of ₹ 3.90 lakh was incurred for individual house renovation.
- During 2011-12, an amount of ₹ 1.82 lakh was incurred by the Veterinary Surgeon in Balussery GP towards livestock breeding programme.
- During 2011-12, Arikkulam GP incurred an expenditure of ₹ 0.80 lakh out of KLGSDP Fund for individual house renovation.
- During 2013-14, Koduvally GP incurred an expenditure of ₹ two lakh out of KLGSDP Fund for renovation of houses (women).

Secretaries of Balussery and Arikkulam GPs stated that during the initial period of the project, they were unaware of the conditions for utilisation of KLGSDP Fund.

Audit noticed that the orientation programs intended to create awareness among LSGIs about the terms and conditions for utilisation of PG was first conducted by PMU in September 2012 and most of the non-conforming projects (81 *per cent*) were undertaken by LSGIs during 2011-12.

Government of Kerala stated (December 2017) that KILA conducted orientation programmes during June-July 2011. Reply was not acceptable as incurring huge expenditure on non-conforming projects during 2011-12 indicated that KILA did not create proper awareness among the LSGI functionaries about the terms and conditions for utilisation of PG.

Thus, negligence on the part of PMU/KILA in providing proper awareness to LSGIs on the utilisation of PG led to utilisation of ₹ 5.95 crore for purposes other than creation and maintenance of capital assets used in service delivery.

4.1.6 Component II- Capacity Building

This component provides capacity building inputs to strengthen and supplement the existing systems, human resource knowledge and improve capacities of LSGIs to enable LSGIs to function efficiently, effectively and with increased accountability. The project adopted a two track approach. In the short and medium term, immediate capacity development activities to address critical capacity gaps to be taken up by Kerala Institute of Local Administration (KILA) and State Institute for Rural Development (SIRD). In the long term, the component was to support formulation of a state-wide capacity building strategy for LSGIs. The allocation for capacity building was ₹ 51.52 crore and expenditure till March 2017 was ₹ 19.99 crore. The audit observations relating to this component are detailed below:

4.1.6.1 Non-achievement of objective

Kerala Institute of Local Administration was entrusted with the preparation of manuals on key functional areas of LSGIs, imparting training on these manuals to all LSGIs and conducting capacity needs assessment and development of capacity development strategies. Accordingly, an MoU was signed (June 2011) by PMU with KILA. Preparation of manuals was to be completed by June 2012 and first training was to be imparted by July 2012 and capacity needs assessment was to be conducted by July 2013. However, KILA did not prepare the manuals in time. They submitted the manuals only in December 2015 to GoK for approval but the same were approved between December 2016 and June 2017. Due to delay in the preparation of manuals, KILA could not impart training (October 2017) to LSGIs on these manuals. Even though the component was intended to enhance the institutional performance of LSGIs by building the human resource knowledge and to formulate a state-wide capacity building strategy for LSGIs, failure of KILA to adhere to the timeline resulted in non-achievement of the objective.

While accepting the audit observation, GoK (December 2017) stated that the delay in preparation of manuals was attributed to delay in selecting faculties and vetting the manuals. Audit noticed that capacity building of LSGIs through strengthening/enhancing human resource knowledge was pivotal to the effective utilisation of PG. As such, GoK should have ensured the timely completion of manuals and imparting training.

4.1.6.2 Mentoring by providing Capacity Building for Urban Local Bodies personnel in Municipalities

The project envisaged to provide technical support (online and mentoring at field level) to GPs for the implementation of e-governance systems and accounting systems by providing one Accountant-cum-IT specialist in each Block Panchayat. In order to assist the smooth implementation of accounting reforms in ULBs, GoK requested (May 2012) the World Bank to facilitate the continuity of the scheme – ‘Capacity Building for Urban Local Bodies’(CBULB),¹⁸ by covering salaries of the CBULB Accountants engaged on contract basis for 60 Municipalities for one year. The proposal of GoK was approved by the World Bank (November 2012) as the objective of the CBULB scheme was consistent with the KLGSDP objectives. The entire process of implementing the municipal accounting reforms was envisaged to be completed in one year and GoK was required to create the post of Accountants in Municipalities. It was further envisaged that Annual Financial Statements of 60 Municipalities for the year 2013-14 would be prepared by Municipal staff with guidance of CBULB Team by July 2014. It was observed that, though GoK created (June 2012) the post of accountants by upgrading existing post of Upper Division Clerks in ULBs; the posts were not yet filled (November 2017). As Accountants were not posted, training was provided to clerical staff and most of them left on account of transfer/promotion. Thus, instead of training municipal staff who would stay on the job even after CBULB initiative ends, the accounts were prepared and finalised by CBULB personnel. The assistance to CBULB personnel under KLGSDP continued till June 2017 and scheme was discontinued with effect from July 2017. Audit noticed that even though an amount of ₹ 3.10 crore (March 2017) was spent for the engagement of CBULB personnel, intended objectives were not achieved as GoK did not appoint Accountants in Municipalities and train them. Thus, instead of providing technical support in the short term and build capacities for preparation of accounts, CBULB personnel rather prepared the financial statements which posed some risks as the CBULB staff was not permanently deployed for this purpose and Municipalities could not achieve self-sustenance as far as accounting duties were concerned.

While accepting audit observation, GoK stated (December 2017) that accountants in charge of the Municipalities were subjected to frequent transfers, the double entry accounting was conducted with the support of CBULB staff. Though GoK created the post of Accountants in Municipalities, an independent accounting cadre was not materialized yet (January 2018).

4.1.7 Component III - Enhancing State Monitoring of the Local Government System

In order to strengthen the system of performance monitoring of GPs and Municipalities in Kerala, the project envisaged for (a) preparation of a database of basic GP and municipal level information, (b) service delivery survey, (c) evaluation and studies for the project, and (d) formation of a Decentralisation Analysis Cell (DAC) which, among other things, will be responsible for (a) and (b). Accordingly, an MoU was signed by PMU with Gulati Institute of Finance and Taxation (GIFT) in June 2011 for setting up of DAC.

¹⁸ CBULB was a GoI scheme for the implementation of the computerised accrual based double entry system of accounting in ULBs. GoI discontinued funding the scheme in 2012. The scheme was funded upto September 2012 from Kerala Sustainable Urban Development Project (KSUDP).

4.1.7.1 Non-achievement of the objective of Decentralisation Analysis Cell

Decentralisation Analysis Cell (DAC) was to carry out policy advisory function, providing independent analysis on the performance of the State's inter-governmental fiscal system and service delivery system and providing ongoing policy advice to GoK and the State Finance Commission (SFC) on local and inter-governmental fiscal and institutional issues. The core activities of the policy advisory function was preparation of annual fiscal report, just-in-time policy advice to GoK and policy studies on key policy issues (e.g. property taxation, municipal borrowing, analysis of inter-governmental transfers, etc.) Audit observed that other than conducting 26 policy studies¹⁹, DAC did not so far (November 2017) prepare any annual fiscal report or provide any policy advice to GoK/SFC on local and inter-governmental fiscal and institutional issues. Further, DAC was to establish a database, which stores basic information regarding LSGIs and municipal profiles such as population, vital statistics, livelihoods, employment, education, water and sanitation, budget expenditures and physical assets. The database would enable both decision makers and general public to get real-time information on physical and financial activities of development projects at local level. Even though the database was to be established by March 2012, other than developing a model user friendly website for Annual Financial Statements of LSGIs, DAC did not establish a database as envisaged. As DAC did not establish the database, PMU (March 2015) entered into an agreement with M/s IPE Global Pvt. Ltd. for establishing the above database at a total cost of ₹ 1.51 crore (exclusive of taxes) within a period of eight months from the date of agreement. Audit observed that PMU granted extension thrice and the last extension expired in November 2017. Though an amount of ₹ 86.03 lakh was paid to the firm, it did not establish the database till date (December 2017). The World Bank in its last implementation support mission (December 2017) informed that any further payments in this regard would not be financed by World Bank.

Audit observed that even though the project guidelines stipulated posting of a full time Director in DAC, PMU/GoK failed to do so. The Posts of Deputy Director (Policy Advisor), Deputy Director (Data), Research Analyst and Data Analyst even though filled up, their services were discontinued on completion of one year (June 2013) as they did not have enough competence to carry out the tasks of DAC. It was seen that throughout the project period, the key posts remained vacant, which adversely affected the functioning of DAC.

World Bank in its midterm review in 2014 opined that even after almost two and half years into project implementation, DAC performed sub-optimally due to institutional challenges, including problems of staffing, coordination within GIFT and DAC, leadership challenges and limited commitment and passion within DAC to deliver on its mandate. Even though ₹ 3.85 crore was spent for strengthening the system of performance monitoring of GPs and Municipalities in Kerala, the objective was not achieved yet (January 2018).

Government of Kerala (December 2017) stated that inspite of the limitations, DAC analysed the issues relating to reliability and consistency of fiscal data of LSGIs as generated through the different software modules. GoK further stated that DAC

¹⁹ Out of the 26 Policy advisory studies, six reports were proposed for independent publication, four reports were proposed to be published as a compendium and rest of the studies to be retained as policy advisory study papers.

established a model user friendly census database and supervised service delivery and endline surveys and undertaken policy studies. The reply was not acceptable as the preparation of database, which would have enabled decision makers to get real time information on development projects was not realised. Further, preparation of annual fiscal report and providing policy advisory function could not be attained.

4.1.8 Component IV-Project Management

The Project Management Unit (PMU) established under the LSGD had the overall responsibility for day to day project management, coordination and monitoring and evaluation of the project. The main activities envisaged were (i) support to project management, (ii) financing, and (iii) project reporting. It was also to facilitate day to day decisions for implementation of various components of the project and ensure that the project resources were budgeted for and disbursed and project accounts were audited. Project Management Unit at the state level was headed by a Project Director reporting to the Principal Secretary, LSGD. A full time Deputy Project Director was to be hired for overall supervision. The project engaged individual experts/specialists to support the PMU in its day-to-day management of the project.

4.1.8.1 Appointment of consultants for conducting Annual Performance Assessment Survey

Project Management Unit divided the LSGIs in three regions viz., southern region, central region and northern region with 325-375 LSGIs each for conducting Annual Performance Assessment (APA) survey for 2013-14. Project Management Unit invited (June 2012) Expression of Interest (EoI) and 26 firms submitted their proposals. After analysing the EoIs, Request for Proposals were invited from the six EoI qualified consultant firms. The firms submitted the technical and financial bids and the evaluation method adopted was Quality and Cost Based Selection (QCBS). After the tender evaluation, three firms were selected for conducting APA survey in southern, central and northern region. The details of firms, price quoted by them and payments made are given in **Table 4.7**:

Table 4.7: Comparison of tender submitted by three firms

Name of firm	Date of agreement	Contract value (₹ in lakh) (inclusive of taxes)	Districts covered and number of LSGIs	Total amount paid including taxes (₹ in lakh)	Date of payment
Mott MacDonald	27/08/2013	51.31	Thiruvananthapuram, Kollam, Pathanamthitta, Alappuzha, Kottayam – 362 LSGIs	51.31	14/11/2014
STEM	27/08/2013	86.97	Idukki, Ernakulam, Thrissur and Palakkad – 338 LSGIs	86.97	14/11/2014
JPS Associates	27/08/2013	74.05	Malappuram, Kozhikode, Kannur, Kasaragod and Wayanad – 338 LSGIs	74.05	14/11/2014

Source: PMU data

World Bank guidelines provide for negotiation when experts' rates offered were much higher than typically charged rates by consultants for similar contracts. It further upholds right of the client to seek clarifications if the fees are very high and to ask for their change.

Audit observed that even though the nature of work, number and qualification of experts to be engaged and deliverables were the same, there was substantial difference in the contract value. Even though World Bank guidelines provided for negotiation, it was seen that no negotiations were conducted with the two firms to reduce the rates with that of M/s. Mott MacDonald.

Government of Kerala stated (December 2017) that in southern region concentration of LSGIs made travel easy resulted in coverage of more institutions by assigned staff per day might have prompted the firm M/s Mott MacDonald to quote less. The reply was not acceptable as PMU did not negotiate even though World Bank guidelines provided for negotiation when there was wide variation in the quoted rates. Further, M/s Mott MacDonald was selected for conducting APA survey in 362 while other two firms were to conduct survey only in 338 LSGIs.

4.1.9 Monitoring

4.1.9.1 Functioning of Committees

Government of Kerala constituted three committees *viz.*, Co-ordination Committee, Joint Programme Committee and Steering Committee during 2011-12 for monitoring the timely implementation of the project. The Co-ordination committee²⁰ was to review the project progress and achievement regarding overall physical and financial targets. Even though the committee was to meet at least once in a month, during 2011-12 to 2016-17 the committee met only once in 2011-12 to a maximum of five times in 2015-16²¹.

Government of Kerala constituted (August 2011) the Joint Programme Committee²² for reviewing the work of execution support agencies and for taking decisions on co-ordination issues among them. Even though the committee was to meet at least once in a month, the committee met only once (14 October 2011) during the project period. The non-convening of the committee resulted in non-monitoring the timely implementation of the activities envisaged by the execution support agencies.

It was noticed that Steering Committee²³ constituted for oversight and implementation of component relating to DAC, did not meet to discuss the issues of DAC. Failure to address the implementation issues of DAC led to non-implementation of the activities by DAC.

Project Director, KLGSDP, who was the convener of all the committees did not convene the committees as prescribed by GoK. In the exit conference (January 2018), Additional Chief Secretary stated that the objective of constituting three committees was different, Project Director should have taken steps to convene the committees. Absence of regular monitoring resulted in delay in implementation of projects as reported in preceding paragraphs.

²⁰Principal Secretary, LSGD – Chairman, Project Director, KLGSDP – Convener, Principal Secretary/representative of Finance Department and Planning Department – members.

²¹ The co-ordination committee met only once during 2011-12, thrice during 2012-13, twice during 2013-14, four times during 2014-15, five times during 2015-16 and twice during 2016-17.

²²Principal Secretary, LSGD – Chairman, Project Director, KLGSDP – Convener, Director of Panchayat/Urban Affairs/KILA/SIRD/DAC/GIFT/IKM –members.

²³Principal Secretary, LSGD – Chairman, Project Director, KLGSDP – Convener, Director of Panchayat/Urban Affairs/KILA/SIRD/DAC/GIFT – members.

4.1.10 Conclusion

The objective of incrementally strengthening the institutional capacity of LSGIs, so that 70 per cent of LSGIs pass the performance assessment was not achieved. Strengthening the capacity of LSGIs to absorb funds rather than diluting mandatory conditions would have resulted in better utilisation of fund. Delay in utilisation of funds led to extension of loan period for two years and non-receipt of loan amount to the tune of ₹ 45.45 crore. Lapses in implementation of works in two test-checked LSGIs resulted in unproductive expenditure of ₹ 1.60 crore. Capacity building programmes did not materialise even after lapse of five years since the commencement of the project. The day to day project management, co-ordination and monitoring of projects by PMU was ineffective. The three committees constituted with the objective of providing guidance for implementation of the project did not hold its meetings as envisaged, resulting in ineffective monitoring and oversight.

4.2 IMPLEMENTATION OF PROJECTS FOR SOLID WASTE MANAGEMENT IN PANCHAYAT RAJ INSTITUTIONS

4.2.1 Introduction

Kerala has found a place in world tourism map for its pristine environment and ethnic culture. However, over the years, the quantum of solid waste generated by different entities (Households, Commercial Centres, Institutions, Industries, etc.) increased in pace with the increase in population and associated activities. Dumping of solid waste in public places creates health and ecological problems. Sections 219 A to X of Kerala Panchayat Raj Act, 1994, stipulate various provisions for Solid Waste Management in Panchayat Raj Institutions.

4.2.2 Audit Objective, Scope and Methodology

With a view to ascertain whether the projects for the Management of Solid Waste by Panchayat Raj Institutions (PRIs) were implemented in accordance with the provisions of various Act/Rules and orders of Government of India (GoI)/Government of Kerala (GoK), audit was conducted from April 2017 to September 2017 covering the period 2012-13 to 2016-17. Audit Methodology included scrutiny of records maintained by Local Self-Government Department (LSGD), Kerala State Suchitwa Mission (Suchitwa Mission), District Suchitwa Mission (DSM) and the selected PRIs; details were also collected through joint site verification with the officials of the PRIs. Four District Panchayats (DPs) (out of 14 DPs) were selected by applying Probability Proportion to Size and Without Replacement (PPSWOR) method based on the criteria of expenditure on Solid Waste Management (SWM). Grama Panchayats (GPs) from selected DPs were grouped into two categories i.e., GPs having tourist/pilgrim destination and others. Minimum two GPs from each group were selected. The list of 27 GPs²⁴(out of 278 GPs) and four DPs selected is given in **Appendix XXVI**.

The Audit commenced with an entry conference (23 June 2017) with Additional Secretary, LSGD. An exit conference was conducted on 09 January 2018 with the Additional Chief Secretary, LSGD during which the audit findings were discussed in detail.

²⁴10 per cent of GPs selected from each district.

4.2.3 Audit Criteria

The sources of audit criteria were as under:

- Kerala Panchayat Raj Act, 1994, and rules made thereunder;
- Environment (Protection) Act, 1986;
- Plastic Waste (Management and Handling) Rules, 2011;
- Plastic Waste Management Rules, 2016;
- Bio-Medical Waste (Management and Handling) Rules, 1998;
- Bio-Medical Waste Management Rules, 2016; and
- Guidelines/Orders/Notifications/Circulars issued on the subject by Government of India/Government of Kerala.

4.2.4 Organisational Structure

The responsibility of SWM in the State is vested with Local Self-Government Institutions (LSGIs). The Panchayat Raj Institutions (PRIs) formulate various projects related to SWM and are implemented through Government approved service providers/accredited agencies. Local Self-Government Department is responsible for formulating State policy and strategy in the field of waste management for PRIs. Suchitwa Mission²⁵, under LSGD is entrusted with the responsibility of providing technical and financial support to Panchayat Raj Institutions for implementation of SWM Projects. Panchayat Raj Institutions receive grant from Suchitwa Mission for implementing various projects for SWM. The grants are released by Suchitwa Mission through District Suchitwa Mission (DSM)²⁶. District Suchitwa Missions are also responsible for monitoring the implementation of SWM projects by PRIs and to report to Suchitwa Mission every month.

4.2.5 Funding

Panchayat Raj Institutions receive grant from Suchitwa Mission under Suchitwa Keralam Project, State Plan Scheme and Swachh Bharat Mission (Gramin), a centrally sponsored scheme, for waste management in rural areas. Suchitwa Mission provides funds ranging from 50 to 75 per cent of the total project cost as financial assistance. In addition, PRIs also provide funds from their plan allocation and own funds.

Details of funds received by the PRIs in the State from Suchitwa Mission during 2012-13 to 2016-17 for implementation of SWM projects are shown below:

4.2.5.1 Suchitwa Keralam (Rural)

Director of Panchayats disburses the funds to Suchitwa Mission, which in turn, releases funds to the concerned PRIs through DSMs. The details of funds released to the PRIs of the State for SWM under Suchitwa Keralam (Rural) are shown in **Table 4.8**.

²⁵Suchitwa Mission is a society registered under Travancore Cochin Literary Scientific and Charitable Societies Registration Act, 1955. It is headed by an Executive Director and assisted by four Directors, three Programme Officers and a Finance Manager.

²⁶ District Suchitwa Mission is headed by a District Co-ordinator and assisted by an Assistant Co-ordinator, Programme Officer and a technical consultant.

Table 4.8: Details of funds released to PRIs of the State under Suchitwa Keralam (Rural) for Solid Waste Management

(₹ in crore)

Year	Amount released	Amount utilised	Amount refunded	Amount retained by various PRIs
2012-13	18.31	6.21	3.46	8.64
2013-14	4.27	1.50	0.32	2.45
2014-15	2.60	0.70	0.21	1.69
2015-16	5.02	1.03	0.26	3.73
2016-17	3.84	0.002	Nil	3.84
Total	34.04	9.44	4.25	20.35

Source: Kerala State Suchitwa Mission

Out of the total release of ₹ 34.04 crore during 2012-13 to 2016-17, the utilisation was only ₹ 9.44 crore (27.74 per cent). Further, it was seen that ₹ 20.35 crore was retained by various PRIs. The low utilisation of funds indicated that the majority of the projects undertaken by the PRIs for SWM did not materialise.

Out of the total release of ₹ 1.08 crore during 2012-13 to 2016-17, the selected PRIs utilised ₹ 0.71 crore only. The details of funds given to selected Panchayats are given in **Appendix XXVII**.

Government stated (January 2018) that funds could not be fully utilised due to public protest, lack of interest on the part of beneficiaries, etc., It was also stated that action would be taken to get the unutilised funds refunded to Suchitwa Mission.

Reply was not acceptable as PRIs did not make the stakeholders aware of the necessity for SWM, which resulted in non-implementation of projects for which funds were provided.

4.2.5.2 Swachh Bharat Mission (Gramin)

Funds under Swachh Bharat Mission (Gramin) released by Ministry of Drinking Water and Sanitation, GoI to GoK are transferred to Treasury Savings Bank Account of Suchitwa Mission along with State Share²⁷. Funds are then transferred to DSMs account through Real Time Gross Settlement (RTGS) and finally to GPs by way of cheque/demand draft. The details of funds released under this scheme to PRIs of the State for SWM are given in **Table 4.9**.

Table 4.9: Details of funds released to PRIs of the State under Swachh Bharat Mission (Gramin) for solid waste management

(₹ in crore)

Year	Amount released	Amount utilised	Amount refunded	Amount retained by various PRIs
2012-13	2.61	0.97	0.11	1.53
2013-14	8.09	5.20	0.40	2.49
2014-15	5.05	3.47	0.24	1.34
2015-16	1.67	1.24	Nil	0.43
2016-17	0.94	0.46	Nil	0.48
Total	18.36	11.34	0.75	6.27

Source: Kerala State Suchitwa Mission

²⁷From 2012-13 to September 2014 : GoI and GoK was to share the expenditure in 70:30 ratio, revised to 75:25 in October 2014 and 60:40 in October 2015.

Out of the release of ₹ 18.36 crore, the utilisation was only ₹ 11.34 crore (61.77 per cent) and an amount of ₹ 6.27 crore was retained by various PRIs of the State. Audit scrutiny revealed that the amounts transferred to the PRIs were shown as expenditure in the accounts of Suchitwa Mission and Utilisation Certificate (UC) issued to GoI leading to projection of inflated expenditure. Government of Kerala stated (January 2018) that funds could not be utilised due to reasons like public protest, delay in identifying beneficiaries, etc. Government also stated that funds were shown as expenditure and UCs issued as soon as they were released to PRIs in anticipation of utilisation of funds by PRIs to ensure timely receipt of GoI assistance. The reply was not acceptable as funds were shown as utilised in the UCs for the purpose for which they were given when the same were retained without utilisation by various GPs for the intended purpose.

Out of the total release of ₹ 43.40 lakh during 2012-13 to 2016-17, the selected PRIs utilised ₹ 30.51 lakh only. The details of funds given to selected PRIs are given in **Appendix XXVIII**.

Audit findings

4.2.6 Planning

Panchayat Raj Institutions formulated various projects for household level SWM. The projects proposed by the Working Groups²⁸ are consolidated and presented in the Grama Sabha. The beneficiaries for the projects are selected from the Grama Sabha. After obtaining sanction from Grama Sabha, the draft projects are discussed in the Development Seminar and submitted to Panchayat Committee for approval. These projects are submitted to District Planning Committee (DPC) for sanction. Deficiencies noted in the planning process are given below:

4.2.6.1 Non/partial implementation of projects due to lack of awareness among beneficiaries

As per plan formulation and subsidy guidelines of GoK (November 2013) for LSGIs, PRIs were required to give proper awareness in respect of Solid Waste Management programmes undertaken by them. Government of Kerala vide orders (May 2012) instructed LSGIs to adopt the technology used for waste treatment from among list of approved technologies²⁹ acceptable to beneficiaries and formulate projects accordingly. As per GoK orders relating to source level treatment of solid waste, 10 per cent of the project cost was to be met by beneficiaries in respect of compost units and 25 per cent of the cost in respect of bio-gas plants installed at household level.

Grama Panchayats formulated various projects for solid waste management at household level. Audit scrutiny revealed that 14 projects formulated in 10 test-checked LSGIs at an estimated cost of ₹ 1.79 crore were not implemented/partially implemented due to insufficient number of beneficiaries, reluctance on the part of beneficiaries to remit beneficiary contribution, negative opinion about the projects from neighbouring Panchayats where similar projects were implemented etc. Audit noticed that apart from information given in the Grama Sabha, no further awareness programmes were conducted by the GPs

²⁸Working Groups are set up for various sectors for preparation of projects for LSGIs. The main function of Working Group is to analyse the situation of the sector concerned and prepare suitable projects.

²⁹Pipe composting, pot composting, vermi composting, ring composting, bio-gas plants etc.

(except Kumarakam and Koovappady GPs³⁰) to educate the beneficiaries about the necessity of treatment of waste at source. This led to non/partial implementation of household level waste management projects implemented in 10 test-checked LSGIs as detailed in **Appendix XXIX**.

Government reply was silent on the failure of PRIs to educate the beneficiaries about the necessity for treatment of waste at source.

4.2.6.2 Functioning of Ward Health Sanitation Committees

The guidelines issued by GoK (February 2007) under National Rural Health Mission stipulated constitution of Ward Health Sanitation Committees (WHSCs) at the ward level with elected representative of the ward as Chairperson and Registered Medical Practitioners, School Teachers, representatives of Residents Associations, Scheduled Tribes representative etc., as members. The responsibilities of WHSCs included planning, implementation and monitoring of ward level sanitation programme, etc. As per GoK guidelines, WHSCs were required to constitute sanitation squads to identify problems relating to waste treatment in the area, conduct mapping of unhygienic places where there was accumulation of waste and to report to WHSC for preparation of sanitation plan.

Audit scrutiny of the functioning of WHSCs and sanitation squad revealed that the WHSCs constituted in 24³¹ out of 27 test-checked GPs did not have representation of Registered Medical Practitioners/School Teachers/Residents Association/Scheduled Tribes. This defeated the intention of the Government to have a professional and representative body to tackle the issue of sanitation. Audit conducted joint field visit in all test-checked GPs and found waste dumped in an unscientific manner in 24³² GPs. The waste were seen dumped on road sides, water bodies, public places. Moreover, neither mapping of these places were conducted by the sanitation squad for preparation of sanitation plan nor the problems relating to waste treatment identified.

Government of Kerala stated (January 2018) that the Standing Committees of the LSGIs were evaluating the activities of WHSCs and funds were allotted to WHSCs by LSGIs. The reply was not acceptable as WHSC failed to ensure the preparation of sanitation plan and identifying the problems relating to waste treatment.

4.2.6.3 Implementation of projects without Technical Sanction leading to wasteful expenditure

As technologies for treatment of solid waste using incinerators were not environment friendly, GoK ordered (December 2014) that the projects prepared by LSGIs for setting up of incinerators were to be provided with Technical Sanction

³⁰Koovappady and Kumarakam GPs stated that beneficiaries were given awareness about solid waste management through public meeting. However, no records were available with the GPs to substantiate their claims.

³¹Alakode, Arakuzha, Arpookara, Chottanikkara, Erumeli, Kadinamkulam, Kanjirappally, Karakulam, Karimkunnam, Kattakada, Koovappady, Kumarakam, Kunnathunad, Madavoor, Mulavukadu, Munnar, Nedumbassery, Njarakkal, Peringammala, Peermade, Poovar, Udayanapuram, Varapuzha and Vijayapuram GPs.

³²Arakuzha, Arpookara, Athirampuzha, Chottanikkara, Erumeli, Kadinamkulam, Kanjirappally, Karakulam, Karimkunnam, Kattakada, Koovappady, Kumarakam, Kunnathunad, Mulavukadu, Munnar, Nedumbassery, Njarakkal, Peermade, Peringammala, Poovar, Udayanapuram, Varapuzha, Vijayapuram and Vellarada GPs.

by Suchitwa Mission/Pollution Control Board before implementing the scheme. But this was not adhered to in Vijayapuram GP as detailed below.

Vijayapuram GP formulated a project in 2015-16 for installing two incinerators at a cost of ₹ 12.30 lakh for treatment of waste at Kosamattom and Kollakombe Scheduled Caste colonies. Even before getting Technical Sanction from Suchitwa Mission, GP incurred an expenditure of ₹ 2.96 lakh for constructing two platforms for installing the incinerators at these colonies. However, Suchitwa Mission refused Technical Sanction (February 2016) for the incinerators, as the specifications of the proposed incinerators did not conform to the standards necessary for safe incineration of waste. As the Technical Sanction was not obtained, the incinerators were not installed which rendered the expenditure of ₹ 2.96 lakh incurred on the platform wasteful. It was noticed during joint visit that as no waste treatment plant was set up, residents of Kosamattom colony started dumping waste including food waste, plastic waste all around the platform constructed for installing incinerator as depicted in **Exhibit No 1**, making the entire area stinky and unhygienic. Waste was also dumped in the nearby Meenachil River.



Exhibit No . 1: Waste dumped at Kosamattom Colony (16 June 2017)

Government stated (January 2018) that suitable instructions would be issued to PRIs to avoid such irregularities.

Faulty planning by GP led to non-establishment of an appropriate solid waste treatment facility in the GP and unfruitful expenditure of ₹ 2.96 lakh.

4.2.7 Implementation

As per Section 219 A of the Kerala Panchayat Raj Act, 1994, (KPR Act), GPs shall make adequate arrangements for removal of solid waste. As per Section 219 G, the GP, may for the purpose of recycling, treating, processing and disposing of solid wastes or converting such solid waste into compost or any other matter construct, acquire, operate, maintain and manage any establishment within or outside the Panchayat area and run it on a commercial basis or contract out such activity. The status of implementation of SWM projects by test checked PRIs are given in **Table 4.10**.

Table 4.10: Status of SWM projects formulated and executed by the selected PRIs

Year	Total number of projects taken up	Projects fully implemented		Projects partially implemented		Projects not implemented	
		Number	Expenditure (₹ in crore)	Number	Expenditure (₹ in crore)	Number	Amount Allotted (₹ in crore)
2012-13	69	11	0.47	12	0.85	46	6.26
2013-14	70	15	0.74	12	1.06	43	4.89
2014-15	73	17	1.24	11	0.68	45	4.36
2015-16	68	12	1.16	9	0.37	47	3.27
2016-17	71	6	1.06	14	1.34	51	4.96
Total	351	61	4.67	58	4.30	232	23.74

Source: Figures furnished by Information Kerala Mission.

It was noticed that out of 351 projects taken up during the period 2012-13 to 2016-17, only 61 projects (17.38 *per cent*) were fully implemented, 58 projects were partially implemented and 232 projects worth ₹ 23.74 crore were not taken up for implementation even though all the projects were to be implemented in one year as all were single year projects. The reasons given by PRIs for poor implementation was non-identification of sufficient number of beneficiaries, lack of interest on the part of beneficiaries, non-issuance of Technical Sanction by Suchitwa Mission, etc. Suchitwa Mission stated (December 2017) that Technical Sanction would not be granted in respect of projects not conforming to Government approved standards and specifications.

Failure of PRIs to formulate projects according to Government approved standards and specifications/tardy implementation of projects showed lack of seriousness on the part of PRIs in tackling the issue of solid waste.

Government of Kerala stated (January 2018) that reasons like public protest, non-co-operation of beneficiaries, lack of a permanent administrative leadership/policies and views in PRIs, lack of sufficient number of beneficiaries, lack of interest on the part of beneficiaries, lack of required raw materials, insufficient market facility for manure, etc., led to tardy implementation of waste treatment plants.

The reply of GoK was not acceptable as making adequate arrangements for removal of solid waste is a function of PRIs.

Non-implementation/partial implementation and non-maintenance of completed projects resulted in dumping of waste in public places and water bodies in the test checked GPs as discussed below.

4.2.7.1 Community/Institutional level Waste treatment plants lying idle

- Kanjirappally GP installed (March 2012) a 1.5 metric ton per day capacity community level bio-gas plant at Town Hall compound at a cost of ₹ 20.50 lakh. The plant was installed by M/s Socio Economic Unit Foundation (SEUF)³³. As per GoK order (March 2011), GP was to enter into Operation & Maintenance (O&M) contract for a period of three years with the supplier/consultant in respect of community level bio-gas plants. The GP did not enter into any maintenance contract with the agency, for which no reasons were attributed by the GP. Secretary, GP stated (November 2017) that the bio-gas plant became defunct with effect from March 2014 due to depositing of non bio-degradable waste in the plant. It was also seen that the GP incurred an expenditure of ₹ 2.51 lakh for burying bio-degradable waste during 2013-14 to 2015-16 as no other community level solid waste treatment facility existed in the GP.
- Athirampuzha GP was having a bio-gas plant (installed in August 2009) and vermi compost plant in the town market for treating waste in the market. During joint site visit, Audit noticed that bio-gas and vermi compost plants were lying defunct. It was stated that bio-gas plant in the market was damaged by an excavation vehicle in April 2015 and vermi compost plant was lying idle with effect from 2014 onwards as the cost of operating the plant was not economical.

³³ SEUF is a NGO, which aims at supporting and promoting sustainable socio-economic development of the community with focus on empowerment of the deprived groups.

- Thiruvananthapuram DP installed one bio-gas plant each (200 kg per day floating type) at District Homeo Hospital, East Fort (June 2012) and District Ayurveda Hospital, Varkala (March 2014). The plants were installed by Kerala Agro Industries Corporation Limited, (KAICO) for a cost of ₹ 4.50 lakh. In violation of Government Order, DP Thiruvananthapuram did not enter into O&M Contract with the supplier/consultant. Audit noticed that the plant was not functioning in District Homeo Hospital since April, 2015. Superintendent, District Homeo Hospital stated (October 2017) that the waste generated was now being buried in hospital compound. Similarly, the plant in District Ayurveda Hospital was non-functional since May 2017.
- About 90 lakh Sabarimala pilgrims visit Erumeli GP during Sabarimala pilgrim season every year and consequently huge quantity of solid waste is being generated. The GP was having a solid waste treatment plant at Kavungankuzhi based on windrow/vermi composting technology constructed at a cost of ₹ 14.40 lakh (2009-10). Suchitwa Mission released an amount of ₹ 15 lakh in April 2013 for upgrading the facilities in the existing plant for which GP prepared an estimate for ₹ 15 lakh in July 2013. The work was completed at a cost of ₹ 13.58 lakh (December 2014). The balance



Exhibit No. 2: Waste remaining untreated in the treatment plant at Erumeli (04 August 2017)

fund of ₹ 1.42 lakh was refunded to Suchitwa Mission in July 2017.

However, the bio-degradable waste brought to the plant did not decompose due to the presence of large quantity of chlorine/bleaching powder in the waste, which was applied on to the waste by Health Department daily during pilgrim season as a sanitation activity to prevent spread of communicable diseases.

As composting of the waste did not materialise, waste accumulated in the plant. In order to accommodate new waste brought to the plant, GP incurred additional expenditure of ₹ 2.52 lakh for removal of the accumulated waste in the plant. The GP went for upgradation of the plant even though bio-degradable waste was lying untreated in the existing plant due to presence of chlorine/bleaching powder. The upgradation only increased the storage capacity of the plant and the entire facility was now being used as a dumping yard for waste. On a joint visit to the treatment plant, it was seen that garbage including food waste and plastic waste were dumped in huge quantities in and around four sheds making the entire area filthy, foul smelling and unhygienic as depicted in **Exhibit No. 2**. Thus, the action of Erumeli GP to increase the plant capacity without adopting suitable technology for management of waste generated rendered the expenditure of ₹ 27.98 lakh³⁴ unfruitful besides allowing accumulation of waste in the plant.

Government of Kerala stated (January 2018) that the waste deposited in the plant were properly treated without creating any environmental problem. The reply was not acceptable as the waste generated in the GP was now (February 2018) being dumped at a vacant site at Kodithottam and openly burnt, which is an environmental hazard.

³⁴₹ 14.40 lakh + ₹ 13.58 lakh = ₹ 27.98 lakh.

Thus, lack of maintenance/co-ordination led to stoppage of functioning of six solid waste treatment plants in four LSGIs installed at a cost of ₹ 52.98 lakh. The failure on the part of the LSGIs to make these plants functional led to unscientific disposal like burial/burning of waste, which is a health hazard and cause environmental degradation. Further, LSGIs did not provide means for safe disposal of solid waste.

4.2.7.2 Excess payment made to a firm

Government of Kerala vide order (May 2007) specified the procedure to be followed while executing works through accredited agencies. As per the order, the Engineer of the accredited agency was to record all measurements in Measurement Book (M-Book). The entries in the M-book were required to be check-measured by an Officer not below the rank of Assistant Executive Engineer of the LSGD. The valuation of the work done was to be certified by the Engineer who had check-measured the work. The M-Book and connected vouchers were also to be handed over to LSGI by the accredited agency within 15 days from the date of completion of work for verification and payment.

Thiruvananthapuram DP formulated a project for installation of a 500 kg per day bio-gas plant at Neyyattinkara District hospital and awarded (February 2012) the work to the Kerala Agro Industries Corporation Limited (KAICO) for an estimated cost of ₹ 7.33 lakh with scheduled date of completion as June 2012. Audit scrutiny revealed that no M-Book was maintained by KAICO. Executive Engineer, LSGD without check measuring the work done issued a valuation certificate in February 2014, stating that the value of the work done was ₹ 6.32 lakh. Based on the valuation certificate, payment of ₹ 5.62 lakh was made to KAICO in March 2014. Executive Engineer, LSGD on a site visit later found that some items in the original valuation certification were not executed and submitted a revised valuation certificate (April 2014) stating that the value of bio-gas plant was only ₹ 5.05 lakh resulting in an over payment of ₹ 0.57 lakh to the agency. The agency did not carry out several items included in the Technical Sanction, like electrification works, pulveriser, slurry pump, etc. The plant was now being operated manually as the agency did not fully implement the work. Executive Engineer, LSGD stated (November 2017) that they did not supervise the work at any stage and no M-Book was maintained by KAICO. The action of the Executive Engineer, LSGD in issuing valuation certificate without check measuring the work done led to an excess payment of ₹ 0.57 lakh and installation of a plant with lesser facilities than envisaged.

Government of Kerala stated (January 2018) that action would be taken to initiate revenue recovery proceedings to recover the excess amount from KAICO.

The DP did not take any action to recover the excess payment made to the firm or to get the work completed.

4.2.7.3 Non-establishment of waste treatment facilities in tourist places

As per Section 219A of Kerala Panchayat Raj Act, 1994, GP is responsible for the removal of solid waste from public place in the GP. As per Section 219 G, GPs may, for the purpose of re-cycling, treating, processing and disposing of solid waste, acquire, construct, operate, maintain and manage any establishment within or outside the GP.

- Peermade, a hill station in Kerala is an important tourist destination in the state. The heavy inflow of tourists results in generation of large quantity of solid

waste. Due to the absence of any project for SWM, the GP collected solid waste from different places and dumped it in a valley on the side of NH183 (Kottayam Kumily Road) at Mathaikoka polluting the area as depicted in **Exhibit No. 3**.

Joint site visit by Audit party and GP officials revealed that a fresh water stream flows right through the garbage piled in the valley. The stream then joins the Azhutha River, thus, polluting the entire river system. Azhutha River joins river Pamba, the third longest river in the state. Pamba River is a source for 36 drinking water supply schemes catering to a targeted population of nearly ten lakh people. The absence of solid waste treatment projects in Peermade led to indiscriminate dumping of waste in the GP polluting land and water.



Exhibit No.3: Waste dumped at Mathaikoka, Peermade (25 August 2017)

Government of Kerala stated (January 2018) that no waste treatment plant was set up in the GP as the GP did not have land under its possession. Grama Panchayat replied that a waste treatment plant would be constructed on completion of procedures for acquisition of land.

- Munnar is a major tourist spot in Kerala situated in the Western Ghats. It is home to Eravikulam national park, a habitat for the endangered Nilgiri Tahr³⁵. In spite of being visited by more than seven lakh tourists every year, the GP has no solid waste treatment facility. The GP placed waste bins in several places and the waste so collected is dumped in an isolated area. Audit noticed during joint site verification that the dumping area was filled with large quantities of waste like food waste, plastic waste, thermocol, bottles, garbage in plastic carry bags, and e-waste as depicted in **Exhibit No. 4**. A stream of fresh water flows near the dumping site. Dumping of waste without segregating the waste into degradable, non-degradable and toxic waste and without proper treatment in a scientific way, would cause environmental issues in the GP.



Exhibit No.4 :Waste dumped in Munnar (14 September 2017)

Government of Kerala stated (January 2018) that a project was taken up to erect a plastic shredding and granuling unit in the waste dumping yard.

The Peermade and Munnar GPs did not adhere to the provisions of the Kerala Panchayat Raj Act, 1994, which led to indiscriminate dumping of waste in the two GPs and which would have a negative impact on the ecology, quality of life and tourism potential of this region.

4.2.7.4 Implementation of works without the approval of Pollution Control Board/ Suchitwa Mission

As technologies for treatment of solid waste using incinerators were not environment friendly, GoK ordered (December 2014) that the projects prepared by

³⁵The Nilgiri Tahr is an ungulate that is endemic to the Nilgiri Hills and the southern portion of the Western Ghats in the states of Tamil Nadu and Kerala.

LSGIs for setting up of incinerators were to be provided with Technical Sanction by Suchitwa Mission/Pollution Control Board (PCB) before implementing the scheme. As per rule 7.4 of Bio-Medical Waste Management Rules, 2016, the bio-medical waste generating institution shall set up incinerator after obtaining authorisation from State Pollution Control Board. Audit noticed that two LSGIs implemented projects for setting up incinerators without obtaining technical sanction/authorisation from these agencies.

- Ernakulam DP implemented projects in September 2016 and March 2017 for setting up of incinerator at District Hospital, Aluva and in District Panchayat Office, incurring expenditure of ₹ 21.32 lakh and ₹ 0.95 lakh respectively.
- Kottayam DP implemented projects in January 2015 and December 2015 for setting up of waste treatment furnace at District Ayurveda Hospital and District Panchayat Office incurring expenditure of ₹ 3.56 lakh and ₹ 4.25 lakh respectively.

Government of Kerala stated (January 2018) that the incinerator at District Hospital, Aluva was installed with the approval of DPC and Panchayat Committee. It was also stated that the incinerators at Ernakulam and Kottayam DP offices were set up to manage waste generated in the office compound as open burning of waste would create environmental problem. The reply was not acceptable as approval of Suchitwa Mission/Pollution Control Board was mandatory for setting up of incinerator in Office/Hospital. The Superintendent, District Hospital, Aluva stated (June 2017) that action would be taken to obtain approval from the PCB at the earliest. In the absence of Technical Sanction/authorisation from the competent agencies, it could not be ensured whether the technology used by the LSGIs for waste disposal was environmental friendly.

4.2.7.5 Non-compliance to provisions relating to solid waste management

Kerala Panchayat Raj Act, 1994, Plastic Waste Management Rules, 2016, Government Orders, etc., have enumerated measures such as house to house collection of waste, collection centres for e-waste and plastic waste, minimum price for plastic carry bags, registration of shop keepers and street vendors providing plastic carry bags, constitution of waste disposal fund, etc., to be taken by PRIs for SWM. Audit scrutiny revealed that none of the PRIs test-checked complied with these provisions. The details are given in **Appendix XXX**.

Government of Kerala stated (January 2018) that steps would be taken to ensure that all local bodies comply with the provisions relating to SWM enumerated in Kerala Panchayat Raj Act, 1994, Plastic Waste Management Rules, 2016 and various Government Orders.

4.2.8 Monitoring

4.2.8.1 Lack of authorisation of Kerala State Pollution Control Board for running plants

As per Rule 10 of Bio-Medical Waste Management Rules, 2016, every occupier of bio-medical waste generating institution, shall obtain an authorisation from the prescribed authority (State Pollution Control Board) for its functioning. With a view to streamline the procedure for handling, collection, transportation and disposal of bio-medical waste so as to avoid any adverse effect on human health

and environment, GoK issued orders in March 2012 stating LSGIs should ensure authorisation by Kerala State Pollution Control Board while issuing licence or permission to bio-medical waste generating institutions. It shall also not permit any such institution to function without authorisation from PCB. Audit noticed that nine test-checked GPs³⁶ did not insist authorisation from PCB in respect of 46 bio-medical waste generating institutions at the time of granting licence. In the absence of authorisation from PCB, it cannot be ensured whether bio-medical waste generated was being treated as per the provisions in Bio-Medical Waste Management Rules, 2016. Grama Panchayats did not insist authorisation from PCB in contravention of Government instructions, was irregular and risk to human life and environment.

4.2.8.2 Imposition of fine/penalties

As per section 219 S of Kerala Panchayat Raj Act, 1994, any person who deposits rubbish or filth in a public water course or water body or any such water source vested in village panchayat, shall be punishable with fine which should not be less than ₹ 10,000 but not exceeding ₹ 25,000 and with imprisonment not exceeding one year.

Section 219 T of the Act stipulates that fines not less than five hundred rupees which may be extended up to two thousand rupees shall be levied from persons depositing or throwing any rubbish or solid waste in public places. On joint inspection with Panchayat officials, Audit noticed dumping of garbage in public places and water bodies in 24 test-checked GPs. None of the test-checked GPs initiated any action against persons depositing garbage in water bodies and other public places as stipulated in the Act.

Panchayat Raj Institutions failed in ensuring the compliance of provisions of KPR Act, which would have acted as a deterrent against depositing of waste in water bodies and public places.

Government reply did not give any reason for the failure of PRIs for not imposing fine against persons depositing solid waste in water bodies or public places.

4.2.8.3 Monitoring by Suchitwa Mission

Suchitwa Mission is entrusted with the responsibility of providing technical and financial support to PRIs in the implementation of SWM projects. Government of Kerala issued instructions (June 2012) that District Suchitwa Mission (DSM) offices to monitor the progress of projects undertaken by LSGIs in every district and to send a progress report to Suchitwa Mission. However, none of the DSMs furnished any such progress reports during the audit period. Audit noticed that monitoring of SWM projects implemented by LSGIs was not done by the test-checked DSMs. District Suchitwa Mission stated that monitoring of utilisation of funds could not be done due to shortage of manpower. The reply was not acceptable as DSMs are responsible for monitoring the SWM projects. Suchitwa Mission did not ensure the utilisation of funds provided to PRIs for implementation of SWM schemes and timely refund of unutilised fund as explained in paragraphs 4.2.5.1 and 4.2.5.2. Further, Suchitwa Mission did not ensure continuous functioning of solid waste treatment plants already established. Non-monitoring

³⁶Arakuzha GP, Erumeli GP, Kanjirappally GP, Konnathady GP, Koovappady GP, Kumarakam GP, Peermade GP, Varapuzha GP and Vellarada GP.

the implementation of projects resulted in non-utilisation of funds by PRIs and non-functioning of solid waste treatment plants already established.

Government of Kerala stated (January 2018) that action was taken to monitor the projects through DSM offices for which a monitoring format was developed and circulated to DSMs.

The reply was not acceptable as the DSMs failed to monitor the implementation of SWM projects undertaken by PRIs.

4.2.9 Conclusion

Though the responsibility of SWM was vested with PRIs, they did not optimally utilise the funds provided to them for this purpose. The schemes implemented by PRIs for household solid waste management were not successful, as the PRIs were not able to identify sufficient number of beneficiaries to implement the schemes. The assets created for solid waste treatment were not properly maintained leading to wasteful expenditure and unscientific disposal of waste resulting in pollution of land and water. None of the test-checked GPs complied with various provisions in the Kerala Panchayat Raj Act, 1994, Plastic Waste Management Rule, 2016, etc., regarding house to house collection of waste, collection of e-waste and plastic waste, minimum price for plastic carry bags, etc. Failure of DSMs to monitor projects undertaken by PRIs led to large number of schemes remaining incomplete/not taken up.

OTHER COMPLIANCE AUDIT OBSERVATIONS

4.3 Unfruitful expenditure in installation of e-toilets by Pathanamthitta District Panchayat

Non-functioning of 27 e-toilets installed in 16 Grama Panchayats by Pathanamthitta District Panchayat resulted in unfruitful expenditure of ₹ 1.56 crore

Pathanamthitta District Panchayat (DP) formulated (2011) a project to install 27 connected³⁷ e-toilets in 16 Grama Panchayats (GPs), within its territory with a view to make Pathanamthitta district the first e-toilet infrastructure developed district in India and to provide modern sanitation facility to the pilgrims visiting Sabarimala, tourists and the public. The e-toilets are built with automated systems, which ensure self-cleaning providing unhindered usage by public.

Administrative sanction was accorded (25 January 2012) by the DP for an estimate of ₹ 1.53 crore from the Maintenance Fund (Road) for the project. The District Planning Committee also granted its approval on 25 February 2012 for the project. Government of Kerala (GoK) accorded sanction (16 March 2012) for purchasing e-toilets from Kerala State Electronics Development Corporation Limited³⁸(KELTRON). Out of the total expenditure of ₹ 1.56 crore, ₹ 0.91 crore was met from Maintenance Fund (Non-Road) and the remaining from Maintenance Fund (Road). The diversion of funds from Maintenance Fund (Road) for this purpose was ratified by the GoK (October 2012). The entire amount of ₹ 1.56 crore was paid to KELTRON through Suchitwa Mission during the period from March 2012 to January 2015.

³⁷The public user can view the toilet map via web or mobile.

³⁸ KELTRON is a public sector enterprise owned by the GoK producing a wide range of products.

Tri-partite agreements were executed by 16 GPs³⁹ with Suchitwa Mission and KELTRON. As per the tri-partite agreements Suchitwa Mission was responsible for overall monitoring, implementation and overseeing the maintenance of unit and to promote, campaign and create awareness and co-ordinate all activities. KELTRON was responsible for the supply and installation of e-toilets at selected sites, to provide one year warranty for any manufacturing defects and afterwards to ensure system support through Annual Maintenance Contract (AMC) for a minimum period of six years. The GPs were responsible for providing electricity, water and drainage connections to the e-toilets and for the payment of AMC charges⁴⁰ in advance after the first year warranty period to ensure sustainability of operations of the e-toilets.

Audit observed that though requested by KELTRON twice (14 June 2013 and 14 September 2013), the Secretary, Pathanamthitta DP and the District Co-ordinator, Suchitwa Mission could not ensure execution of AMC between GPs and KELTRON by paying the charges in advance for the continued service support beyond warranty period. The details of expenditure involved for installation of e-toilets in each GP, date of agreement, present status, etc., are given in **Appendix XXXI**.

Joint verification (July 2017) by Audit along with DP staff revealed that all the 27 e-toilets installed in 16 GPs in Pathanamthitta district by the DP were damaged and became non-functional beyond the scope of repair. Out of the 27 e-toilets, 11 were never functional as the GPs failed to provide water and electricity connection. Five e-toilets installed in three GPs stopped functioning during the warranty period itself. But no records were available with the GPs concerned regarding action taken to get them repaired by the service provider (KELTRON). The remaining e-toilets stopped functioning and no repair work was taken up as there was no AMC.

Three GPs⁴¹ stated that they did not enter into an AMC with KELTRON citing the poor performance of the machine/paucity of fund/lack of interest shown by the public to use the e-toilets.

The District Co-ordinator, Suchitwa Mission stated (September 2017) that they conducted awareness programmes about e-toilets. However, the same could not be verified by Audit as no records on conducting awareness programme about the use of e-toilets were available with Suchitwa Mission.

Thus, failure on the part of Grama Panchayats to provide water/electricity connections and ensuring the functioning of e-toilets during the warranty period and beyond that period through AMCs, failure on the part of the Suchitwa Mission to create awareness among public and lack of monitoring on the part of DP led to non-functioning of e-toilets and consequently, led to unfruitful expenditure of ₹ 1.56 crore.

Government of Kerala, while agreeing with the audit findings stated (January 2018) that the collective passivity of the constituent agencies responsible for

³⁹In the case of e-toilets installed in District Hospital, Kozhencherry, the agreement was signed by the Superintendent of the District Hospital.

⁴⁰AMC charges to KELTRON @ 15 per cent of unit cost for e-toilets and @ 10 per cent of unit cost for Sewage Treatment Plants.

⁴¹Konni GP, Kottanad GP and Kuttoor GP.

implementation of the project led the project into a failure and GoK issued directions to the DP to explore all possible avenues to revamp the project and to put the units into use at the earliest.

4.4 Non-collection of Service Tax by five Local Self-Government Institutions from tenants

Five Local Self-Government Institutions created a liability of ₹ 38.40 lakh on account of non-collection of Service Tax from tenants.

Service tax (ST), introduced by the Government of India from July 1994 through the Finance Act, 1994, is levied on taxable services and the responsibility for payment of tax rests on the service provider⁴². Section 65(105)(zzzz) of the Finance Act introduced by Government of India in May 2007 through a notification, stipulates that ST is to be levied from 01 June 2007 on taxable services like renting of immovable property or any other service in relation to such renting for use in the course of or for furtherance of business or commerce. If the total rent collected exceeds ₹ eight lakh per year (April 2007)/₹ 10 lakh per year (April 2008), the service provider is liable to pay ST at the rates prescribed. Non-remittance of ST within the prescribed time will attract interest at the rates prescribed from time to time.

Rule 4, Service Tax Rules, 1994, stipulates that every person liable for paying the ST shall make an application for registration within a period of thirty days from the date on which the ST under the Act is levied. Failure to take registration shall attract a penalty, which may extend to ten thousand rupees.

Audit of five Local Self-Government Institutions (LSGIs)⁴³, revealed that though they collected rent from their tenants, they failed to collect ST as an additional component. The LSGIs neither registered themselves under the Service Tax Rules nor paid ST to the Central Board of Excise and Customs (CBEC) till date (March 2018).

Thus, the failure on the part of the LSGIs in the collection of ST from their tenants created liability of ₹ 38.40 lakh up to 2016-17 (**Appendix XXXII**). Further, the non-registration/non-remittance of ST to CBEC in time would create an additional liability in the form of interest and penalty for delay.

While confirming the audit findings, the Secretaries of LSGIs stated that they were not aware of the provision that ST was required to be collected from tenants on rental services/registration with CBEC. A similar paragraph on non-collection and non-remittance of ST by Kadakkal GP and two Municipalities⁴⁴ was included in the Report of the Comptroller and Auditor General (LSGIs), Government of Kerala for the year ended March 2012.

From the replies of the Secretaries of LSGIs, it is clear that in spite of this issue being brought to the notice of Local Self-Government Department (LSGD) by Audit in the past, no measures were taken by the LSGD to ensure that all LSGIs liable to pay ST registered under Service Tax Rules and that ST was collected and remitted.

⁴² Except for certain services enumerated under Rule 2(d)(i) of Service Tax Rules, 1994.

⁴³ Sreekantapuram Municipality, Ambalappuzha South GP, Kalluvathukkal GP, Pampady GP and Pazhayakunnummel GP.

⁴⁴ Pathanamthitta and Varkala Municipalities.

Thus, the failure to collect ST from tenants created a liability of ₹ 38.40 lakh for the LSGIs and further additional liability towards interest and penalty for delayed payment of ST.

The matter was brought to the notice of Government of Kerala (September 2017). Despite reminders (November 2017 and January 2018) reply was not received (March 2018).

4.5 Wasteful expenditure of ₹ 25.20 lakh due to abandoning of a work

Failure of Chapparapadavu Grama Panchayat to follow the prescribed procedure and lack of co-ordination with Government of Kerala and District Collector led to abandoning the work of reconstruction of the foot over bridge after incurring an expenditure of ₹ 25.20 lakh.

The Kerala Panchayat Raj Rules, 1997, stipulate that the rules and methods adopted in the Public Works Department of Government in the matter of preparation of estimates and plans of works, invitation of tender, execution of work, payment for such works, system of accounting, etc., shall be followed in respect of execution of public works. As per the provisions in Kerala Public Works Manual, an estimate can become operative for execution only when funds are available and the availability should be ensured before Technical Sanction is issued. On scrutiny of the records relating to 2011-12 to 2015-16 of the Chapparapadavu Grama Panchayat (GP) in Kannur District during December 2016, it was revealed that the GP failed in adhering to the above said provisions, which led to a wasteful expenditure of ₹ 25.20 lakh as detailed below:

The Karimkayam foot bridge constructed across Kuppam River in the GP, commuted by almost 200 people daily including school children, was destroyed during heavy flood in 2006. Considering the urgency in reconstructing the bridge, Disaster Management (Revenue K) Department (DMD), Government of Kerala (GoK) accorded Administrative Sanction (September 2009) for ₹ 20 lakh. The estimate for the project was prepared based on Schedule of Rates 2010 for ₹ 46.30 lakh and Technical Sanction for the same amount was issued in August 2010 by the Technical Advisory Group.

The District Planning Committee approved the project in their Annual plan 2010-11 and the funds envisaged by them for the project includes Development Fund (₹ 10 lakh), Own Fund (₹ 5.30 lakh), Disaster Management Fund (DMF) (₹ 20 lakh) and MLA Fund (₹ 11 lakh).

The work was tendered (September 2010) and awarded to a contractor for a total project cost of ₹ 46.29 lakh. An agreement was executed on 14 September 2010 with date of completion as 13 April 2011. The work of construction of bridge started in September 2010 and the value of work done by contractor upto June 2013 was ₹ 26.46 lakh. An amount of ₹ 10 lakh from Development Fund (March 2011) and ₹ 5.30 lakh from Own Fund (July 2011) totalling ₹ 15.30 lakh was paid to the contractor. Due to non-receipt of DMF and MLA Fund, the GP could not make further payment to the contractor for the work done and the contractor stopped the work in June 2013. When the Secretary requested the District Collector (August 2013) for MLA Fund and DMF, it was intimated (July 2014) that special sanction of GoK was required for clubbing various funds for the execution of the project. However, based on the request of GP, GoK (June 2014) gave permission to the District Collector to release ₹ 11 lakh from MLA Fund specifying that the

release was in consideration of the urgency of the work even though it was against rules to club MLA Fund with other funds. On release of MLA Fund (₹ 11 lakh), an amount of ₹ 9.90 lakh⁴⁵ was paid to the contractor (March 2015).

The District Collector requested GoK (November 2014) to sanction the DMF after condoning the omission of the GP and grant extension of time period for the completion of work. The GoK extended the time of completion for six months from May 2015, but did not release the fund. Subsequently, the GP decided (May 2017) to terminate the work due to non-availability of sufficient funds. On enquiring about the non-release of DMF, the Disaster Management Department stated (October 2017) that as per State Disaster Response Fund (SDRF) norms, after issuing Administrative Sanction for a work under SDRF, the LSGI should forward the detailed estimate to the District Collector for getting Technical Sanction and Executive Sanction. On completion of the work, final bill had to be presented for sanctioning fund as the norms of the DMF works do not have provision for advance payment. The District Collector stated (September 2017) that the GP did not seek sanction or submit bill for obtaining funds under DMF.

The Director of Panchayats stated (October 2017) that approximately, an amount of ₹ 50 lakh would be required to complete the balance work and further PWD constructed a bridge at Manakkal, one kilometre away from the proposed bridge which was opened to public in May 2017 and due to non-receipt of DMF, the GP had to terminate the work of Karimkayam Bridge.

Lapse on the part of GP in not following the prescribed procedures and lack of co-ordination with GoK and District Collector led to abandoning the work after incurring an expenditure of ₹ 25.20 lakh (October 2017). Moreover, the local populace including school children had to depend on the new bridge constructed at Manakkal, which is one kilometre away from the abandoned foot over bridge for crossing the river.

The matter was brought to the notice of Government of Kerala (September 2017). Despite reminders (November 2017 and January 2018), reply was not received (March 2018).

4.6 Unfruitful expenditure on the development of Geographic Information System Database for Pathanamthitta Municipality

Pathanamthitta Municipality did not complete the project on Geographic Information System as per the conditions of agreement which led to an unfruitful expenditure of ₹ 20 lakh

A Geographic Information System (GIS) is designed to capture, store, analyse, manage and present spatial or geographic data, which allows users to create interactive queries, analyse spatial information, edit data in maps and present the results.

Pathanamthitta Municipality formulated a project (2013-14) to develop a Geographic Information System Database. The main objectives of the project were to maintain the database of all assets like buildings, roads, bridges, etc., under the Municipality for facilitating asset management and to fix the ward level boundaries

⁴⁵ Deducting retention money of 10 per cent of total amount.

of the Municipality. The database would also include information regarding ownership and the tax status of a plot shown on map through thematic mapping. Tax Payment Module would enable users to log in to their account and to pay the taxes using debit card and view details of past payments. Another feature of the software was tracking of the users and alerting them by messages in case of delay in tax payment.

Administrative Sanction was accorded (May 2013) for the project for ₹ 20 lakh by the Municipal Secretary. The work was awarded (December 2013) to the lowest tenderer, M/s UL Technology Solutions Pvt. Ltd. (ULTS). Agreement was signed (02 December 2013) between the Municipal Secretary and ULTS and the payment was to be made in six stages based on the quantum of work executed (**Appendix XXXIII**). The stipulated date of completion of the project was 30 June 2014.

Audit scrutiny (October 2017) of records and joint inspection of the web portal (October 2017) by Audit and the Municipality staff revealed as under:

- The details of all buildings were neither available in the software nor the assessment and collection of Property Tax was done by the Municipality utilising the software.
- Out of the 22 components of scope of service, ten were partially achieved and 12 were not achieved. The partially achieved components also could not be utilised as the details of only 12,405 out of 17,000 properties were included in the software.
- The Municipality without ensuring stage-wise completion of the project as mentioned in the contract, made payment of ₹ 15.17 lakh on production of two bills (₹ 8.99 lakh - May 2014 and ₹ 6.18 lakh - August 2014) when the contractor was actually eligible to get only 30 *per cent* of the contract amount i.e., ₹ six lakh.
- Despite the knowledge that the contractor did not complete the project, the Municipality made the third payment of ₹ 4.83 lakh (March 2017). Further, the project was already delayed by 40 months.
- As per paragraph 8.6 of the agreement, the Municipality was entitled to get all the payments made by it with 18 *per cent* interest if the ULTS failed in performing the acts stipulated under the agreement and also on failure of the mission undertaken by the ULTS. However, the Municipality did not take any action to recover the amount paid to ULTS.

Thus, the failure of the Municipality to get the project executed by the contractor as per the agreement rendered ₹ 20 lakh spent on the project unfruitful, besides non achievement of the intended objective.

The Secretary, Pathanamthitta Municipality (March 2016) informed the Project Manager, ULTS that though the project was inaugurated on 3 October 2015, it could not be put to use by the Municipality as no training was imparted to the employees and the details like demand notice, demand register, etc., of property tax, revised property tax, service tax, surcharge, etc., were not incorporated in the application. M/s UL Technology Solutions Pvt. Ltd. did not respond (November 2017) to the letter of the Secretary.

Government of Kerala stated (December 2017) that the collection of property tax through this system was not possible as it was done through ‘Sanchaya’ software developed by the Information Kerala Mission (IKM) and intimation was already given to IKM to integrate GIS database with ‘Sanchaya’ software. But the Deputy Director, IKM stated (January 2018) that they did not receive instructions from Directorate of Urban Affairs for integrating GIS data base with ‘Sanchaya’ software. The Deputy Director, IKM further stated that though requested by IKM, to share GIS data, Pathanamthitta Municipality did not respond till date (January 2018).

The reply of Government of Kerala was not specific to the points raised by Audit. However, the fact remains that the project was not executed completely due to which it failed to deliver the intended results.

4.7 Avoidable expenditure due to non-adherence to tender formalities

Failure of Idukki District Panchayat in adhering to the provisions contained in the Guidelines for Procurement of Goods and Services led to an avoidable expenditure of ₹ 15.06 lakh on purchase of tri-scooters to differently abled persons.

As per paragraph 3.2 of the Guidelines for Procurement of Goods and Services in Local Self-Government Institutions in Kerala (November 2010), contracts estimated to cost more than ₹ one lakh should be carried out through open tendering process. Scrutiny of the accounts and registers of Idukki District Panchayat (DP) for the period 2015-17 during July 2017 revealed the following:

The Idukki District Panchayat Committee (DPC) in the meeting held on February 2015 decided to implement two projects of supplying free tri-scooters to differently abled men and women. Administrative Sanction for the project was issued by the Secretary, Idukki DP on June 2015 for ₹ 1.46 crore for the supply of 208 scooters⁴⁶. The DPC vide resolution dated 26 August 2015 decided to purchase the vehicle directly through M/s KELTRON⁴⁷ in violation of the existing provision of resorting to open tender system. M/s KELTRON submitted two options for the supply of motorised tri-cycles (scooter with side wheel attachment) i.e., Mahindra Gusto make (₹ 64,500) and Hero Pleasure make (₹ 67,500). The DP selected Mahindra Gusto 109.6cc 4 stroke scooter and agreement was executed (September 2015) with M/s KELTRON. Subsequently, the DP placed supply order for 309 tri-scooters in four projects⁴⁸ to M/s KELTRON against which 224 tri-scooters were supplied in two projects (862/16 and 863/16) as the DP could not identify beneficiaries for the remaining two projects (864/16 and 865/16), which were envisaged for SC (General) and SC (Women). M/s KELTRON was paid an amount of ₹ 1.44 crore in three⁴⁹ instalments for the supply of 224 tri-scooters.

An audit scrutiny of the purchase of the tri-scooters by Pathanamthitta DP for differently abled persons during 2015-16 revealed that the DP resorted to open tender system (August 2015). The tenders were invited through the District Social Justice Officer, Pathanamthitta. Tenders were received from six agencies (September 2015) and the Pathanamthitta DP decided to purchase the tri-scooter

⁴⁶@ of ₹ 70,000 per scooter.

⁴⁷Keltron is a public sector enterprise owned by the GoK producing a wide range of products.

⁴⁸862/16, 863/16, 864/16 and 865/16.

⁴⁹₹ 72.24 lakh in December 2015, ₹ 32.25 lakh in February 2016 and ₹ 39.99 lakh in March 2016.

from M/s Pulimoottil Automobiles, Kottayam at the rate of ₹ 57,777 per vehicle. Audit scrutiny revealed that the vehicles purchased by both the DPs were of the same specifications and purchases were made based on the rates furnished during the same time period. The difference in the purchase price of the vehicles with same specifications procured by the two DPs worked out to ₹ 6,723 (₹ 64,500- ₹ 57,777) per scooter.

The Secretary, Idukki DP stated that when they resorted to open tender system during 2014-15, the rate offered from M/s Pulimoottil Agencies was ₹ 66,900, which was on a higher side. Since M/s Keltron agreed to supply tri-scooter for ₹ 64,500 during 2015-16, they resorted to direct purchase. However, the reply was not acceptable because M/s Pulimoottil Agencies had given their rates as ₹ 57,777 in September 2015 in response to the tender notice of Pathanamthitta DP. Had Idukki DP resorted to open tender, they could have procured the same at a lower rate than the one offered by M/s Keltron.

Thus, lapse on the part of Idukki District Panchayat in procuring the tri-scooters without resorting to tender formalities led to an avoidable expenditure of ₹ 15.06 lakh.⁵⁰

The matter was brought to the notice of Government (October 2017). Despite reminders (November 2017 and January 2018) reply was not received (March 2018).

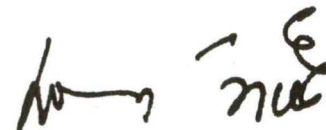


(S. SUNIL RAJ)

Accountant General (General and Social
Sector Audit), Kerala

Thiruvananthapuram,
The **31 MAY 2018**

Countersigned



(RAJIV MEHRISHI)

Comptroller and Auditor General of India

New Delhi,
The **05 JUNE 2018**

⁵⁰(₹ 64,500- ₹ 57,777) x 224 scooters = ₹ 15,05,952.



APPENDICES

APPENDIX I
Eleventh Schedule
(Article 243G)
(Reference: Paragraph 1.1.1, Page 1)

1. Agriculture, including agricultural extension.
2. Land improvement, implementation of land reforms, land consolidation and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.
7. Minor forest produce.
8. Small scale industries, including food processing industries.
9. Khadi, village and cottage industries.
10. Rural housing.
11. Drinking water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
16. Poverty alleviation programme.
17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities.
22. Markets and fairs.
23. Health and sanitation, including hospitals, primary health centres and dispensaries.
24. Family welfare.
25. Women and child development.
26. Social welfare, including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets.

APPENDIX II
Twelfth Schedule
(Article 243W)

(Reference: Paragraph 1.1.1, Page 1)

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 upgradation.
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 pounds; 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.

APPENDIX III
Surrender of funds during 2016-17
(Reference: Paragraph 2.1.1.1, Page 6)

Major Head	Function	Budget Provision (in ₹)	Surrender (in ₹)	Percentage of surrender	Net budget (in ₹)
2202	General Education	76492000	58067000	76	18425000
2210	Medical and Public Health	80757000	7323000	9	73434000
2217	Urban Development	11336000000	3646782000	32	7689218000
2225	Welfare of SC/ST	2261479000	921340000	41	1340139000
2230	Labour and Employment	402283000	112747000	28	289536000
2235	Social Security and Welfare	48705946000	8399364000	17	40306582000
2401	Crop Husbandry	124344000	418000	0	123926000
2402	Soil and Water Conservation	450000	16000	4	434000
2501	Special Programmes for Rural Development	3860402000	2087993000	54	1772409000
2515	Other Rural Development Programmes	381576000	188618000	49	192958000
2851	Village and Small Industries	500000	0	0	500000
	Total	67230229000	15422668000	23	51807561000

APPENDIX IV

List of LSGIs which prepared defective budget/delay in presentation of budget

(Reference: Paragraph 2.3.1, Page 17)

Sl. No.	Name of LSGI	Year of Audit	Nature of defect		
			Delay in presentation of budget	Passed on the same day of its presentation	Excess expenditure over budget without supplementary budget
Block Panchayat					
1.	Kalpetta	2013-14			1
	Total				1
Grama Panchayats					
1.	Pazhayannur	2014-15			1
2.	Mathilakam	2015-16			1
3.	Peermade	2013-14	1	1	
4.	Venmoney	2013-14	1	1	
5.	Munroethuruth	2012-13	1	1	
6.	Karoor	2013-14	1	1	
7.	Champakulam	2014-15		1	
8.	Paippad	2013-14	1	1	
9.	Ayavana	2014-15		1	
10.	Vadakkekara	2013-14	1	1	
11.	Kodamthuruth	2013-14	1	1	
12.	Vattavada	2014-15		1	
		Total	7	10	2
		Grand Total	7	10	3

APPENDIX V
List of LSGIs which delayed sending Annual Financial Statement to Kerala State
Audit Department
(Reference: Paragraph 2.3.2, Page 18)

Sl. No.	Name of LSGI	Year of Audit	Due Date	Date of Sending	Delay in months
Corporation					
1.	Kollam	2013-14	31.07.2014	30.09.2014	2
Municipality					
1.	Kalpetta	2013-14	31.07.2014	10.09.2014	1
Grama Panchayats					
1.	Chenkai	2013-14	31.07.2014	23.06.2015	11
2.	Seethathodu	2014-15	31.07.2015	30.09.2015	2

APPENDIX VI
List of LSGIs which have deficiency in its Annual Financial Statement
(Reference: Paragraph 2.3.2, Page 18)

Name of Institution	Year of Audit	Non-publishing of AFS and Annual audit report	Non-inclusion of comparative amounts in AFS	Non-preparation of appendin g statement of AFS	Amounts not rounded to full Rupee	Non-creation of Provision
Municipalities						
Kuthuparamba	2011-12		1		1	
Nedumangad	2013-14			1		1
Kalpetta	2013-14				1	
	Total		1	1	2	1
District Panchayats						
Kasaragod	2013-14		1			
Kozhikkode	2013-14		1			1
	Total		2			1
Block Panchayats						
Champakulam	2012-13		1	1		
Paravur	2013-14		1	1		
Chittumala	2014-15	1		1		
Sasthamkotta	2013-14			1		
Athiyannoor	2014-15			1		1
Chelannur	2014-15		1			
Karadka	2013-14		1			
Kasaragod	2012-13		1			
Oachira	2013-14	1				
	Total	2	5	5		1
Grama Panchayats						
Peermade	2013-14	1		1		
Venmoney	2013-14	1				
Maniyur	2013-14		1			
Kavalam	2012-13			1		
Munroethuruth	2012-13	1		1		
Paippad	2013-14			1		
Kumily	2013-14		1			1
Manimala	2013-14		1			
Kallara	2012-13			1		
Sasthamcotta	2014-15			1		
Chenkal	2013-14	1		1		1
Panavoor	2013-14			1		
Nadapuram	2013-14		1	1		
Kulasekharapuram	2013-14	1	1	1		
Elikkulam	2014-15					1
Nedumudi	2014-15			1		
Valakom	2013-14			1		
Ayavana	2014-15			1		
Panavally	2013-14					1

APPENDIX VI (Concl.d.)

Name of Institution	Year of Audit	Non publishing of AFS and Annual audit report	Non inclusion of Comparative Amounts in AFS	Non Preparation of Appending statement of AFS	Amounts not rounded to full Rupee	Non-creation of Provision
Naranganam	2014-15					1
Chorode	2014-15		1		1	1
Kodamthuruthu	2013-14			1		
Punnapra South	2014-15			1		1
Kurichy	2014-15			1		
Vengara	2012-13				1	
Varapuzha	2014-15			1		
Eriyad	2014-15					1
Balusseri	2014-15		1			
Poruvazhy	2013-14			1		
Velur	2014-15					1
Kadapra	2014-15			1		
Chemnad	2014-15		1		1	1
Vattavada	2014-15			1		
Anicadu	2014-15			1		
Pazhayannur	2014-15			1		
Kodom Belur	2014-15		1		1	1
Vazhakkad	2014-15			1		
Mathilakam	2015-16		1	1		
Varavoor	2014-15		1	1	1	
Kankol- Alappadamba	2014-15		1			
Chapparapadavu	2014-15		1		1	
Nagalassery	2014-15		1	1	1	
Asamannoor	2015-16		1	1	1	
Kadakkappally	2014-15		1	1		1
Total		5	16	28	8	12
GRAND TOTAL		7	24	34	10	15

APPENDIX VII

List of LSGIs which have deficiency in its balance sheet and income and expenditure statements

(Reference: Paragraph 2.3.2, Page 19)

Institution Name	Year	Improper accounting of Assets and Liabilities	Improper accounting of Income and Expenditure
Corporation			
Kollam	2013-14	1	
	Total	1	
Municipalities			
Mavelikkara	2013-14	1	
Kuthuparamba	2011-12	1	
Nedumangad	2013-14	1	
Paravoor	2013-14	1	1
Chengannur	2013-14	1	1
	Total	5	2
District Panchayats			
Wayanad	2013-14	1	1
Thrissur	2013-14	1	1
Kozhikkode	2013-14	1	1
Malappuram	2013-14	1	
Palakkad	2013-14	1	
Kasaragod	2012-13	1	
	Total	6	3
Block Panchayats			
Oachira	2013-14	1	
Sasthamcotta	2013-14	1	
Athiyannoor	2014-15	1	1
Ambalappuzha	2013-14	1	1
Kalpetta	2013-14	1	
Chelannur	2014-15	1	
Karadka	2013-14	1	1
Kasaragod	2013-14	1	
	Total	8	3
Grama Panchayats			
Venmoney	2013-14	1	
Maniyur	2013-14	1	1
Kavalam	2012-13	1	
Munroethuruth	2012-13		1
Karoor	2013-14	1	
Champakulam	2014-15	1	1
Paippad	2013-14	1	
Kumily	2013-14	1	
Manalur	2014-15	1	1
Manimala	2013-14	1	
Kallara	2012-13	1	
Peruvayal	2013-14		1
Sasthamcotta	2014-15	1	
Chenkai	2013-14	1	1
Kulasekharapuram	2013-14	1	

APPENDIX VII (Contd...)

Institution Name	Year	Improper accounting of Assets and Liabilities	Improper accounting of Income and Expenditure
Elikulam	2014-15	1	
Nedumudi	2014-15	1	
Valakom	2013-14	1	1
Ayavana	2014-15	1	1
Anakkayam	2012-13	1	
Panavally	2013-14	1	
Vadakkkara	2013-14	1	1
Naranganam	2014-15	1	
Aloor	2013-14	1	1
Chorode	2014-15	1	1
Chowannur	2014-15	1	
Kodamthuruth	2013-14	1	
Seethathodu	2014-15		1
Kurichy	2014-15	1	
Mavelikara - Thekkekara	2014-15	1	1
Vengara	2012-13	1	1
Kanakkary	2014-15	1	
Puliyoor	2013-14	1	1
Niranam	2014-15	1	
Mampad	2014-15	1	1
Cheriyamad	2014-15	1	
Varapuzha	2014-15	1	1
Ponmala	2014-15	1	1
Eriyad	2014-15	1	1
Kadinamkulam	2014-15	1	
Poruvazhy	2013-14	1	1
Velur	2014-15	1	1
Neduvathoor	2014-15	1	1
Kadapra	2014-15	1	
Chemmaruthy	2014-15	1	1
Chemnad	2014-15	1	
Vattavada	2014-15	1	
Wadakancherry	2014-15	1	
Punnayur	2014-15	1	
Chittar	2014-15		1
Anicadu	2014-15	1	
Pazhayannur	2014-15	1	
Othukkungal	2014-15	1	
Kodom Belur	2014-15	1	1
Vazhakkad	2014-15	1	
Mathilakam	2015-16	1	
Udumbanchola	2014-15		1
Thiruvambadi	2014-15	1	
Varavoor	2014-15	1	
Kankol-Alappadamba	2014-15	1	

APPENDIX VII (Concl.d.)

Institution Name	Year	Improper accounting of Assets and Liabilities	Improper accounting of Income and Expenditure
Chapparapadavu	2014-15	1	1
Nagalassery	2014-15	1	
Asamanoor	2015-16	1	
Kadakkappally	2014-15		1
Total		58	28
GRAND TOTAL		78	36

APPENDIX VIII
List of LSGIs which did not prepare monthly accounts
(Reference: Paragraph 2.3.3, Page 19)

Sl. No.	Name of LSGI	Year of Audit
Block Panchayat		
1.	Chittumala	2014-15
	Total	1
Grama Panchayats		
1.	Munroethuruth	2012-13
2.	Karoor	2013-14
3.	Champakulam	2014-15
	Total	3

APPENDIX IX

**List of LSGIs which did not conduct physical verification of stock / asset
(Reference: Paragraph 2.3.4, Page 19)**

Sl. No.	Name of LSGI	Year of Audit
Municipality		
1.	Parappanangadi	2013-14
	Total	1
District Panchayats		
1.	Kasaragod	2012-13
2.	Wayanad	2013-14
3.	Kozhikode	2013-14
	Total	3
Block Panchayats		
1.	Chelannur	2014-15
2.	Karadka	2013-14
3.	Athiyannoor	2014-15
	Total	3
Grama Panchayats		
1.	Chenkall	2013-14
2.	Chorode	2014-15
3.	Peruvayal	2013-14
4.	Balusseri	2014-15
5.	Neduvathoor	2014-15
6.	Chemnad	2014-15
7.	Kodom Belur	2014-15
	Total	7

APPENDIX X
Samples selected using stratified sampling method
(Reference: Paragraph 3.1.5, Page 23)

Data analytics tool was utilised in respect of this Performance Audit and external dump data relating to the databases of Sulekha and Saankhya were obtained from Local Self- Government Department of the Government of Kerala. Voucher Level Computerisation data collected from the Office of Accountant General (A&E), Kerala, Thiruvananthapuram, population data relating to Municipal Corporations and Municipalities collected from the portal of Census Department and population data relating to Grama Panchayats, Block Panchayats and District Panchayats collected from the Directorate of Census Operations were used for Data Analytics.

Six risk areas were identified based on Data Analytics and they are as follows:

Sl. No.	Risk criteria
1.	Allocation vs Expenditure to schemes for Women.
2.	Deficiency in allocation of funds for Women.
3.	Number of schemes implemented under Women Component Plan (WCP)
4.	Deficiency in allocation of funds in proportion to the population of women
5.	Deficiency in allocation of funds in proportion to the population of ST women
6.	Parking of funds outside the State Exchequer

Population was stratified into three risk strata: Stratum 1 – low risk (risk score up to 150), Stratum 2 – medium risk (score from 150 to 250) and Stratum 3 – high risk (score 250 and above). The samples were selected separately from each type of LSGIs. Eighteen samples are chosen from high risk area, nine samples from medium risk area and three samples from low risk area. Then the required samples were selected by stratified random sampling method using IDEA software.

Thirty samples thus drawn included two Corporations, five Municipalities, four DPs, five BPs and 14 GPs. The selected samples are given below:

Sl.No.	Name of LSGI	Type of LSGI
1.	Kochi	Corporation
2.	Thiruvananthapuram	Corporation
3.	Piravom	Municipality
4.	Shoranur	Municipality
5.	Thalassery	Municipality
6.	Kannur	District Panchayat
7.	Kottayam	District Panchayat
8.	Palakkad	District Panchayat
9.	Attappady	Block Panchayat
10.	Kalpetta	Block Panchayat

APPENDIX X (Concl.d.)

Sl.No.	Name of LSGI	Type of LSGI
11.	Mundakayam	Grama Panchayat
12.	Nenmeni	Grama Panchayat
13.	Kollam	District Panchayat
14.	Moonnilavu	Grama Panchayat
15.	Peringammala	Grama Panchayat
16.	Pudur	Grama Panchayat
17.	Thondernad	Grama Panchayat
18.	Vengappally	Grama Panchayat
19.	Kuthuparamba	Municipality
20.	Pathanamthitta	Municipality
21.	Balussery	Block Panchayat
22.	Parassala	Block Panchayat
23.	Tirurangadi	Block Panchayat
24.	Kanthalloor	Grama Panchayat
25.	Kayanna	Grama Panchayat
26.	Nadathara	Grama Panchayat
27.	Pathanapuram	Grama Panchayat
28.	Kannadi	Grama Panchayat
29.	Mutholy	Grama Panchayat
30.	Pallivasal	Grama Panchayat

APPENDIX XI

Details of fund allocation, utilisation and fund utilised for schemes beneficial to women

(Reference: Paragraph 3.1.7, Page 25)

Sl. No.	Name of LSGI	Year	Total Allocation of plan fund (₹ in lakh)	Allocation under WCP			Implementation of projects under WCP			Projects not to be included under WCP			Projects which actually benefited women		
				Number of projects	Allotment (₹ in lakh)	Percentage of allocation	Number of projects implemented	Expenditure (₹ in lakh)	Percentage of expenditure w.r.to allotment	Number of projects	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Actual percentage of expenditure w.r.to total expenditure w.r.to total development fund
1.	Attappady BP	2012-2013	499.33	3	9.92	1.99	0	0.00	0.00	0	0.00	0.00	9.92	0.00	0.00
		2013-2014	663.17	12	57.49	8.67	1	1.26	2.19	0	0.00	0.00	57.49	1.26	0.19
		2014-2015	735.70	5	56.93	7.74	3	7.21	12.66	0	0.00	0.00	56.93	7.21	0.98
		2015-2016	748.36	3	28.50	3.81	2	9.00	31.58	0	0.00	0.00	28.50	9.00	1.20
		2016-2017	760.72	8	81.26	10.68	0	0.00	0.00	0	0.00	0.00	81.26	0.00	0.00
2.	Balussery BP	2012-2013	287.67	5	26.24	9.12	5	26.09	99.43	2	20.98	20.98	5.26	5.11	1.78
		2013-2014	425.26	10	42.47	9.99	9	41.92	98.70	2	15.60	15.60	26.87	26.32	6.19
		2014-2015	486.53	4	50.39	10.36	4	50.34	99.90	2	49.20	49.20	1.19	1.14	0.23
		2015-2016	491.71	4	50.42	10.25	4	50.42	100.00	3	47.92	47.92	2.50	2.50	0.51
		2016-2017	514.18	3	51.97	10.11	2	22.60	43.49	0	0.00	0.00	51.97	22.60	4.40
3.	Kochi Corporation	2012-2013	5447.06	43	483.89	8.88	21	173.05	35.76	23	323.32	128.46	160.57	44.59	0.82
		2013-2014	8085.98	53	687.40	8.50	33	381.15	55.45	33	450.06	298.23	237.34	82.92	1.03
		2014-2015	10000.37	62	727.03	7.27	44	371.21	51.06	23	281.39	254.06	445.64	117.15	1.17
		2015-2016	9563.12	50	869.62	9.09	38	421.78	48.50	7	223.68	166.17	645.94	255.61	2.67
		2016-2017	6387.14	50	734.92	11.51	28	344.23	46.84	4	77.00	0.00	657.92	344.23	5.39

APPENDIX XI (Contd...)

Sl.No.	Name of LSGI	Year	Total Allocation of plan fund (₹ in lakh)	Allocation under WCP			Implementation of projects under WCP			Projects not to be included under WCP			Projects which actually benefited women		
				Number of projects	Allotment (₹ in lakh)	Percentage of allocation	Number of projects implemented	Expenditure (₹ in lakh)	Percentage of expenditure w.r.to allotment	Number of projects	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Actual percentage of expenditure w.r.to total development fund
4.	Kalpetta BP	2012-2013	652.60	7	56.50	8.66	3	30.63	54.21	0	0.00	0.00	56.50	30.63	4.69
		2013-2014	784.82	7	74.15	9.45	5	63.95	86.24	4	60.85	55.11	13.30	8.84	1.13
		2014-2015	788.51	4	70.76	8.97	2	47.39	66.97	0	0.00	0.00	70.76	47.39	6.01
		2015-2016	1003.84	5	24.81	2.47	5	18.53	74.69	0	0.00	0.00	24.81	18.53	1.85
		2016-2017	1018.96	16	81.77	8.02	1	2.70	3.30	0	0.00	0.00	81.77	2.70	0.26
5.	Kannadi GP	2012-2013	237.82	6	27.60	11.61	5	24.91	90.25	2	14.03	12.26	13.57	12.65	5.32
		2013-2014	255.52	6	31.47	12.32	5	25.16	79.95	2	8.60	8.60	22.87	16.56	6.48
		2014-2015	320.05	9	29.93	9.35	7	29.04	97.03	3	10.60	10.19	19.33	18.85	5.89
		2015-2016	312.79	11	35.88	11.47	7	20.02	55.80	3	11.48	1.70	24.40	18.32	5.86
		2016-2017	240.04	14	35.47	14.78	8	16.71	47.11	2	11.03	2.52	24.44	14.19	5.91
6.	Kannur DP	2012-2013	3078.70	18	278.14	9.03	16	190.14	68.36	6	60.53	56.44	217.61	133.70	4.34
		2013-2014	4411.01	20	332.45	7.54	18	246.26	74.07	11	150.93	135.69	181.52	110.57	2.51
		2014-2015	5089.98	29	386.19	7.59	20	244.48	63.31	8	149.23	100.51	236.96	143.97	2.83
		2015-2016	5308.73	41	357.30	6.73	37	239.59	67.06	6	111.92	100.87	245.38	138.72	2.61
		2016-2017	4731.40	37	475.16	10.04	8	145.79	30.68	3	45.40	36.38	429.76	109.41	2.31

APPENDIX XI (Contd...)

Sl.No.	Name of LSGI	Year	Total Allocation of plan fund (₹ in lakh)	Allocation under WCP			Implementation of projects under WCP			Projects not to be included under WCP			Projects which actually benefited women		
				Number of projects	Allotment (₹ in lakh)	Percentage of allocation	Number of projects implemented	Expenditure (₹ in lakh)	Percentage of expenditure w.r.to allotment	Number of projects	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Actual percentage of expenditure w.r.to total development fund
7.	Kanthalloor GP	2012-2013	226.06	7	30.35	13.43	6	14.04	46.26	0	0.00	0.00	30.35	14.05	6.21
		2013-2014	312.96	11	32.65	10.43	10	21.48	65.79	1	5.00	5.00	27.65	16.48	5.27
		2014-2015	368.50	8	35.39	9.60	5	9.14	25.83	4	26.39	1.14	9.00	8.00	2.17
		2015-2016	394.46	6	37.25	9.44	6	11.54	30.98	1	5.25	0.25	32.00	11.29	2.86
		2016-2017	263.18	13	42.40	16.11	9	30.66	72.31	0	0.00	0.00	42.40	30.66	11.65
8.	Kayanna GP	2012-2013	92.52	4	9.74	10.53	4	9.74	100.00	0	0.00	0.00	9.74	9.74	10.53
		2013-2014	108.28	6	11.18	10.33	6	11.18	100.00	0	0.00	0.00	11.18	11.18	10.33
		2014-2015	133.00	5	15.14	11.38	5	11.78	77.81	0	0.00	0.00	15.14	11.78	8.86
		2015-2016	126.11	6	14.18	11.24	6	14.18	100.00	0	0.00	0.00	14.18	14.18	11.24
		2016-2017	107.55	4	13.95	12.97	4	12.68	90.90	0	0.00	0.00	13.95	12.68	11.79
9.	Kollam DP	2012-2013	4238.23	37	335.33	7.91	17	114.93	34.27	1	11.00	0.00	324.33	114.93	2.71
		2013-2014	6212.66	36	466.54	7.51	17	152.65	32.72	0	0.00	0.00	466.54	152.65	2.46
		2014-2015	6979.78	30	537.80	7.71	22	324.28	60.30	0	0.00	0.00	537.80	324.28	4.65
		2015-2016	7219.64	16	1003.06	13.89	12	947.91	94.50	8	922.68	876.04	80.38	71.87	1.00
		2016-2017	6628.70	15	1049.80	15.84	14	1024.77	97.62	7	944.96	944.05	104.84	80.72	1.22

APPENDIX XI (Contd...)

Sl.No.	Name of LSGI	Year	Total Allocation of plan fund (₹ in lakh)	Allocation under WCP			Implementation of projects under WCP			Projects not to be included under WCP			Projects which actually benefited women		
				Number of projects	Allotment (₹ in lakh)	Percentage of allocation	Number of projects implemented	Expenditure (₹ in lakh)	Percentage of expenditure w.r.to allotment	Number of projects	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Actual percentage of expenditure w.r.to total development fund
10.	Kuthuparamba Municipality	2012-2013	214.22	4	22.71	10.60	2	1.38	6.08	1	0.60	0.60	22.11	0.78	0.36
		2013-2014	374.92	9	47.55	12.68	5	22.06	46.39	1	0.23	0.00	47.32	22.06	5.88
		2014-2015	446.77	11	32.07	7.18	7	21.15	65.95	1	0.23	0.00	31.84	21.15	4.73
		2015-2016	525.28	10	52.57	10.01	7	23.13	44.00	4	39.73	14.02	12.84	9.11	1.73
		2016-2017	372.87	13	50.81	13.63	8	33.52	65.97	5	36.68	29.60	14.13	3.92	1.05
11.	Kottayam DP	2012-2013	2457.65	19	226.78	9.23	6	44.26	19.52	2	18.86	17.31	207.92	26.95	1.10
		2013-2014	4117.97	31	269.24	6.54	10	125.70	46.69	2	0.85	0.15	268.39	125.55	3.05
		2014-2015	5088.36	51	391.48	7.69	18	197.56	50.46	2	10.01	2.38	381.47	195.18	3.84
		2015-2016	5452.53	41	364.42	6.68	25	161.22	44.24	2	10.35	2.03	354.07	159.19	2.92
		2016-2017	4587.92	43	433.92	9.46	16	247.03	56.93	2	8.33	2.78	425.59	244.25	5.32
12.	Moonnilavu GP	2012-2013	143.78	11	15.74	10.95	11	11.03	70.07	1	0.26	0.26	15.48	10.77	7.49
		2013-2014	145.55	5	15.00	10.31	3	9.75	65.00	0	0.00	0.00	15.00	9.75	6.70
		2014-2015	167.78	10	15.60	9.30	7	7.97	51.09	2	3.00	0.00	12.60	7.97	4.75
		2015-2016	170.67	12	14.67	8.60	10	9.31	63.46	2	7.00	3.00	7.67	6.31	3.70
		2016-2017	167.99	8	23.57	14.03	8	13.13	55.71	0	0.00	0.00	23.57	13.13	7.82

APPENDIX XI (Contd...)

Sl.No.	Name of LSGI	Year	Total Allocation of plan fund (₹ in lakh)	Allocation under WCP			Implementation of projects under WCP			Projects not to be included under WCP			Projects which actually benefited women		
				Number of projects	Allotment (₹ in lakh)	Percentage of allocation	Number of projects implemented	Expenditure (₹ in lakh)	Percentage of expenditure w.r.to allotment	Number of projects	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Actual percentage of expenditure w.r.to total development fund
13.	Mundakayam GP	2012-2013	372.42	8	43.46	11.67	7	35.47	81.62	2	30.92	25.40	12.54	10.07	2.70
		2013-2014	465.44	10	65.26	14.02	10	55.84	85.57	7	55.71	48.65	9.55	7.19	1.54
		2014-2015	612.84	16	67.69	11.05	14	48.60	71.80	7	43.01	29.59	24.68	19.01	3.10
		2015-2016	605.14	11	52.88	8.74	8	24.50	46.33	6	35.38	18.00	17.50	6.50	1.07
		2016-2017	460.71	16	62.36	13.54	13	39.52	63.38	4	29.72	16.70	32.64	22.82	4.95
14.	Mutholy GP	2012-2013	88.50	7	13.97	15.79	7	13.97	100.00	1	5.50	5.50	8.47	8.47	9.57
		2013-2014	100.57	9	12.11	12.04	9	12.11	100.00	0	0.00	0.00	12.11	12.11	12.04
		2014-2015	134.08	15	17.17	12.81	15	17.17	100.00	1	0.65	0.65	16.52	16.52	12.32
		2015-2016	129.98	8	11.16	8.59	8	8.06	72.22	0	0.00	0.00	11.16	8.06	6.20
		2016-2017	96.04	7	9.28	9.66	7	9.28	100.00	1	2.60	2.60	6.68	6.68	6.96
15.	Nadathara GP	2012-2013	143.84	9	13.14	9.14	8	9.05	68.87	1	3.40	2.20	9.74	6.85	4.76
		2013-2014	191.55	14	17.62	9.20	12	14.34	81.38	0	0.00	0.00	17.62	14.34	7.48
		2014-2015	247.67	14	23.47	9.48	10	18.58	79.16	2	9.50	7.50	13.97	11.08	4.47
		2015-2016	241.81	10	16.26	6.72	10	14.51	89.24	0	0.00	0.00	16.26	14.51	6.00
		2016-2017	189.21	11	17.14	9.06	9	11.28	65.81	0	0.00	0.00	17.14	11.28	5.96

APPENDIX XI (Contd...)

Sl.No.	Name of LSGI	Year	Total Allocation of plan fund (₹ in lakh)	Allocation under WCP			Implementation of projects under WCP			Projects not to be included under WCP			Projects which actually benefited women		
				Number of projects	Allotment (₹ in lakh)	Percentage of allocation	Number of projects implemented	Expenditure (₹ in lakh)	Percentage of expenditure w.r.to allotment	Number of projects	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Actual percentage of expenditure w.r.to total development fund
16.	Nenmeni GP	2012-2013	520.71	6	46.98	9.02	6	46.36	98.68	2	37.50	37.50	9.48	8.86	1.70
		2013-2014	661.14	6	66.42	10.05	5	63.91	96.22	3	60.00	59.00	6.42	4.90	0.74
		2014-2015	660.17	9	56.33	8.53	7	43.66	77.51	3	36.00	35.40	20.33	8.26	1.25
		2015-2016	791.17	9	115.29	14.57	9	73.44	63.70	5	105.55	63.90	9.74	9.54	1.21
		2016-2017	606.59	6	84.27	13.89	6	47.05	55.83	2	51.70	14.50	32.57	32.55	5.37
17.	Palakkad DP	2012-2013	5313.46	13	649.11	12.22	12	303.45	46.75	2	126.50	82.00	522.61	221.45	4.17
		2013-2014	8249.65	16	768.14	9.31	12	298.75	38.89	2	45.00	22.50	723.14	276.25	3.35
		2014-2015	9829.15	22	2381.14	24.23	17	1735.40	72.88	2	1303.58	1303.58	1077.56	431.82	4.39
		2015-2016	10960.60	16	882.22	8.05	11	320.39	36.32	0	0.00	0.00	882.22	320.39	2.92
		2016-2017	11316.64	15	1257.30	11.11	7	775.54	61.68	2	649.50	649.50	607.80	126.04	1.11
18.	Pallivasal GP	2012-2013	193.48	5	43.60	22.53	3	28.00	64.22	2	20.60	17.60	23.00	10.40	5.38
		2013-2014	231.31	6	18.81	8.13	4	11.50	61.14	2	6.20	0.00	12.61	11.50	4.97
		2014-2015	270.82	5	25.59	9.45	5	20.55	80.30	3	15.59	13.40	10.00	7.15	2.64
		2015-2016	275.31	9	15.93	5.79	8	14.45	90.71	2	2.47	1.98	13.45	12.47	4.53
		2016-2017	198.08	3	39.50	19.94	2	36.26	91.80	1	33.00	33.00	6.50	3.26	1.65

APPENDIX XI (Contd...)

Sl.No.	Name of LSGI	Year	Total Allocation of plan fund (₹ in lakh)	Allocation under WCP			Implementation of projects under WCP			Projects not to be included under WCP			Projects which actually benefited women		
				Number of projects	Allotment (₹ in lakh)	Percentage of allocation	Number of projects implemented	Expenditure (₹ in lakh)	Percentage of expenditure w.r.to allotment	Number of projects	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Actual percentage of expenditure w.r.to total development fund
19.	Parassala BP	2012-2013	316.07	5	29.07	9.20	5	25.97	89.34	0	0.00	0.00	29.07	25.97	8.22
		2013-2014	500.52	4	40.20	8.03	4	36.60	91.04	0	0.00	0.00	40.20	36.60	7.31
		2014-2015	484.61	4	46.00	9.49	4	45.58	99.09	0	0.00	0.00	46.00	45.58	9.41
		2015-2016	501.53	3	45.60	9.09	3	45.60	100.00	0	0.00	0.00	45.60	45.60	9.09
		2016-2017	523.14	6	121.71	23.27	5	116.71	95.89	1	48.88	48.88	72.83	67.83	12.97
20.	Pathanamthitta Municipality	2012-2013	490.90	8	37.56	7.65	8	29.25	77.88	2	27.75	23.53	9.81	5.72	1.17
		2013-2014	597.50	8	53.65	8.98	7	47.29	88.15	5	48.97	44.90	4.68	2.39	0.40
		2014-2015	675.29	9	55.43	8.21	8	46.00	82.99	3	45.20	40.18	10.23	5.82	0.86
		2015-2016	791.84	7	66.77	8.43	6	60.24	90.22	3	43.43	37.05	23.34	23.19	2.93
		2016-2017	549.40	6	45.00	8.19	6	26.10	58.00	1	23.00	23.00	22.00	3.10	0.56
21.	Pathanapuram GP	2012-2013	239.13	4	21.90	9.16	4	19.90	90.87	1	11.00	9.00	10.90	10.90	4.56
		2013-2014	273.00	8	27.34	10.01	8	25.62	93.71	3	14.35	12.62	12.99	13.00	4.76
		2014-2015	336.93	4	38.94	11.56	4	38.94	100.00	2	37.05	37.05	1.89	1.89	0.56
		2015-2016	356.10	7	44.79	12.58	7	38.23	85.35	3	30.44	28.40	14.35	9.83	2.76
		2016-2017	248.10	6	24.95	10.06	6	19.49	78.12	1	9.50	9.25	15.45	10.24	4.13

APPENDIX XI (Contd...)

Sl.No.	Name of LSGI	Year	Total Allocation of plan fund (₹ in lakh)	Allocation under WCP			Implementation of projects under WCP			Projects not to be included under WCP			Projects which actually benefited women		
				Number of projects	Allotment (₹ in lakh)	Percentage of allocation	Number of projects implemented	Expenditure (₹ in lakh)	Percentage of expenditure w.r.to allotment	Number of projects	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Actual percentage of expenditure w.r.to total development fund
22.	Peringammala GP	2012-2013	466.71	5	49.78	10.67	5	25.35	50.92	1	42.00	20.00	7.78	5.35	1.15
		2013-2014	594.50	6	59.33	9.98	6	44.62	75.21	2	54.50	40.00	4.83	4.62	0.78
		2014-2015	630.22	5	55.99	8.88	5	42.45	75.82	1	9.90	9.90	46.09	32.55	5.16
		2015-2016	638.06	4	68.49	10.73	4	60.35	88.12	1	54.00	51.00	14.49	9.35	1.47
		2016-2017	541.16	15	51.83	9.58	12	11.98	23.11	1	0.50	0.48	51.33	11.50	2.13
23.	Piravom Municipality	2012-2013	160.38	3	14.05	8.76	3	9.75	69.40	0	0.00	0.00	14.05	9.75	6.08
		2013-2014	197.91	4	21.80	11.02	4	15.60	71.56	0	0.00	0.00	21.80	15.60	7.88
		2014-2015	260.26	4	24.85	9.55	4	21.85	87.93	0	0.00	0.00	24.85	21.85	8.40
		2015-2016	224.38	3	8.58	3.82	3	2.05	23.89	0	0.00	0.00	8.58	2.05	0.91
		2016-2017	204.68	5	15.93	7.78	1	0.00	0.00	0	0.00	0.00	15.93	0.00	0.00
24.	Pudur GP	2012-2013	606.85	9	39.11	6.44	3	15.93	40.73	7	37.25	14.44	1.86	1.49	0.25
		2013-2014	813.96	12	66.91	8.22	5	30.13	45.03	11	66.67	24.03	0.24	6.10	0.75
		2014-2015	1049.99	11	109.95	10.47	10	64.60	58.75	8	90.45	50.20	19.50	14.40	1.37
		2015-2016	1090.93	5	74.00	6.78	5	23.20	31.35	4	54.50	21.70	19.50	1.50	0.14
		2016-2017	689.95	11	84.04	12.18	11	40.31	47.97	4	37.35	8.10	46.69	32.21	4.67

APPENDIX XI (Contd...)

Sl.No.	Name of LSGI	Year	Total Allocation of plan fund (₹ in lakh)	Allocation under WCP			Implementation of projects under WCP			Projects not to be included under WCP			Projects which actually benefited women		
				Number of projects	Allotment (₹ in lakh)	Percentage of allocation	Number of projects implemented	Expenditure (₹ in lakh)	Percentage of expenditure w.r.to allotment	Number of projects	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Actual percentage of expenditure w.r.to total expenditure w.r.to total development fund
25.	Shoranur Municipality	2012-2013	652.47	13	58.46	8.96	11	48.68	83.27	7	33.22	30.60	25.24	18.08	2.77
		2013-2014	891.86	16	61.65	6.91	9	37.01	60.03	5	40.96	20.00	20.69	17.01	1.91
		2014-2015	1004.30	11	78.79	7.85	7	43.80	55.59	3	29.00	11.40	49.79	32.40	3.23
		2015-2016	1059.88	15	66.93	6.31	12	60.74	90.75	4	25.24	24.28	41.69	36.46	3.44
		2016-2017	909.46	9	63.73	7.01	5	18.15	28.48	3	13.87	3.87	49.86	14.28	1.57
26.	Thalassery Municipality	2012-2013	930.03	14	54.39	5.85	4	7.59	13.96	1	1.65	0.60	52.74	6.99	0.75
		2013-2014	1264.06	17	53.64	4.24	10	32.89	61.32	3	7.19	4.17	46.45	28.72	2.27
		2014-2015	1350.56	17	138.67	10.27	9	95.95	69.19	8	86.18	53.89	52.49	42.06	3.11
		2015-2016	1514.69	17	142.06	9.38	10	95.27	67.06	6	77.33	39.48	64.73	55.79	3.68
		2016-2017	1059.33	12	103.37	9.76	6	13.97	13.51	3	33.55	5.38	69.82	8.59	0.81
27.	Thiruvananthapuram Corporation	2012-2013	11111.44	59	464.65	4.18	18	71.24	15.33	32	75.84	29.44	388.81	41.80	0.38
		2013-2014	14366.90	89	1706.91	11.88	42	502.69	29.45	45	293.10	119.14	1413.81	383.55	2.67
		2014-2015	20130.03	80	1565.57	7.78	39	437.46	27.94	38	709.09	185.33	856.48	252.13	1.25
		2015-2016	25377.61	40	1726.33	6.80	22	630.00	36.49	15	693.60	414.93	1032.73	215.07	0.85
		2016-2017	18997.55	46	1692.65	8.91	23	417.86	24.69	10	270.35	125.28	1422.30	292.58	1.54

APPENDIX XI (Concl.)

Sl.No.	Name of LSGI	Year	Total Allocation of plan fund (₹ in lakh)	Allocation under WCP			Implementation of projects under WCP			Projects not to be included under WCP			Projects which actually benefited women		
				Number of projects	Allotment (₹ in lakh)	Percentage of allocation	Number of projects implemented	Expenditure (₹ in lakh)	Percentage of expenditure w.r.to allotment	Number of projects	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Allotment (₹ in lakh)	Expenditure (₹ in lakh)	Actual percentage of expenditure w.r.to total development fund
28.	Thondernad GP	2012-2013	276.40	7	26.75	9.68	6	9.50	35.51	2	12.00	4.50	14.75	5.00	1.81
		2013-2014	371.87	11	34.43	9.26	7	20.78	60.35	4	23.00	16.72	11.43	4.06	1.09
		2014-2015	439.47	14	34.48	7.85	6	14.16	41.07	2	5.25	3.24	29.23	10.92	2.49
		2015-2016	383.43	11	41.94	10.94	12	43.64	104.05	4	11.89	10.09	30.05	33.55	8.75
		2016-2017	339.25	16	60.02	17.69	12	48.30	80.47	3	14.80	13.60	45.22	34.70	10.23
29.	Tirurangadi BP	2012-2013	367.93	4	21.11	5.74	4	21.10	99.95	0	0.00	0.00	21.11	21.10	5.73
		2013-2014	455.20	7	47.05	10.34	7	46.53	98.89	1	16.00	16.00	31.05	30.53	6.71
		2014-2015	514.36	7	46.73	9.09	7	41.99	89.86	1	16.50	16.50	30.23	25.49	4.96
		2015-2016	550.80	12	48.72	8.85	10	37.54	77.05	1	7.50	7.50	41.22	30.04	5.45
		2016-2017	597.59	9	58.55	9.80	5	24.95	42.61	0	0.00	0.00	58.55	24.95	4.18
30.	Vengappally GP	2012-2013	143.40	14	14.37	10.02	12	7.86	54.70	0	0.00	0.00	14.37	7.86	5.48
		2013-2014	187.24	14	18.05	9.64	9	9.99	55.35	2	8.00	6.00	10.05	3.99	2.13
		2014-2015	197.77	14	20.14	10.18	12	14.73	73.14	3	7.10	7.10	13.04	7.63	3.86
		2015-2016	214.05	18	30.45	14.23	14	25.84	84.86	8	23.20	23.19	7.25	2.65	1.24
		2016-2017	167.23	10	20.68	12.37	9	15.60	75.44	2	7.00	6.80	13.68	8.80	5.26
			306215.22	2152	28705.34	9.37	1413	14961.21	52.12	544	10213.84	7642.89	18491.49	7318.32	2.39

Appendix XII
Details of meetings conducted by Working Group on Women and Child
Development

(Reference: Paragraph 3.1.8.1(c), Page 27)

Sl. No.	Name of LSGI	2012-13	2013-14	2014-15	2015-16	2016-17
1.	Kochi Corporation	7	7	7	1	3
2.	Thiruvananthapuram Corporation	*	*	*	2	1
3.	Kuthuparamba Municipality	4	2	*	3	2
4.	Pathanamthitta Municipality	*	*	*	*	*
5.	Piravom Municipality	*	*	*	1	1
6.	Shoranur Municipality	4	3	1	3	1
7.	Thalassery Municipality	4	2	*	3	2
8.	Attappady BP	1	1	1	1	1
9.	Balusseri BP	6	5	4	2	1
10.	Parassala BP	*	1	1	*	2
11.	Tirurangadi BP	5	2	3	1	1
12.	Kalpetta BP	*	*	1	*	2
13.	Kollam DP	*	*	*	*	*
14.	Kottayam DP	*	*	*	*	1
15.	Kannur DP	*	2	*	*	*
16.	Palakkad DP	*	1	1	Nil	1
17.	Kannadi GP	1	2	1	Nil	2
18.	Kanthalloor GP	*	*	*	1	1
19.	Kayanna GP	4	2	3	3	3
20.	Moornilavu GP	2	2	2	Nil	1
21.	Mutholi GP	5	5	4	Nil	Nil
22.	Nadathara GP	3	2	1	2	*
23.	Nenmeni GP	*	*	*	1	1
24.	Pallivasal GP	*	2	2	2	Nil
25.	Pathanapuram GP	1	Nil	1	1	1
26.	Peringammala GP	*	*	*	*	1
27.	Pudur GP	1	1	2	1	1
28.	Thondernad GP	Nil	Nil	Nil	1	1
29.	Mundakayam GP	1	1	Nil	Nil	2
30.	Vengappally GP	2	2	1	1	Nil

*Minutes Book not produced to audit for verification

APPENDIX XIII
Sector-wise allocation and utilisation of funds under Women Component Plan
for the period from 2012-13 to 2016-17
(Reference: Paragraph 3.1.9.1, Page 29, 30)

Sector	Project Name	Total WCP allocation		Total WCP expenditure		Allotment under WCP which is not directly beneficial to women		Expenditure incurred under WCP which was not directly beneficial to women	
		No. of projects	Allotment (₹ in lakh)	No. of projects implemented	Expenditure (₹ in lakh)	No. of projects	Allotment (₹ in lakh)	No. of projects implemented	Expenditure (₹ in lakh)
Productive	Agriculture	120	1134.29	104	810.50	0	0.00	0	0.00
	Animal Husbandry	223	1213.45	184	667.51	0	0.00	0	0.00
	Industry, Self Employment	327	5790.37	174	1735.19	20	321.78	12	251.08
	Other projects ¹	44	590.23	34	420.60	0	0.00	0	0.00
	Total	714	8728.34	496	3633.80 (41.64%)[#]	20	321.78	12	251.08 (6.91%)[^]
Service	Housing including Financial Contribution as per Government order (IAY, PMAY, etc.)	253	9195.03	205	6078.76	196	6524.12 (66.92%)*	155	5413.09
	Nutrition programme	52	1060.27	49	936.81	42	1009.59 (10.36%)*	40	888.46
	Construction/renovation of anganawadi buildings	349	2113.17	199	990.58	216	1627.40 (16.69%)*	103	666.51
	Education	74	521.50 (3.09%) [#]	48	280.33 (53.75%) [@]	1	52.58 (0.54%)*	1	52.48
	Health	74	894.53 (5.31%) [#]	55	517.72 (57.88%) [@]	0	0.00	0	0.00
	Other projects ²	346	3071.59	198	1226.87	60	535.59 (5.49%)*	37	311.27
	Total	1148	16856.09	754	10031.07 (59.51%)[#]	515	9749.28 (57.84%)[#]	336	7331.81 (73.09%)[^]
Infra Structure	Public Buildings	279	3098.62	156	1282.32	7	134.82	5	53.07
	Other projects ³	11	22.29	7	14.01	2	7.96	2	6.93
	Total	290	3120.91	163	1296.33 (41.54%)[#]	9	142.78	7	60.00
Grand Total		2152	28705.34	1413	14961.20	544	10213.84 (35.58%)[@]	355	7642.89

* Percentage against total allocation not directly beneficial to women in service sector.

Percentage against total allotment under respective sector.

@Percentage against allocation.

^ Percentage against total expenditure.

¹ Dairy Development, Fisheries, Irrigation, etc.

² Art/Culture/Sports, Computerization, Drinking water, Sanitation & Waste Management, Vocational Expertisation, Social Welfare, etc.

³ Transportation, Street light, etc.

APPENDIX XIV
Low utilisation of fund under Productive Sector
(Reference: Paragraph 3.1.9.1(b), Page 30)

Sl. No.	LSGI	Project No. & Name	Allocation (Plan fund) (₹ in lakh)	Beneficiaries targeted	Expenditure (₹ in lakh)	Actual Beneficiaries	Percent age of expenditure w.r.to allocation
1.	Thiruvananthapuram Corporation	12/13 Goat Rearing (SC)	2.00	400	0.89	178	45.00
		1013/14 Poultry Rearing (General)	1.00	200	0.00	0	0.00
		62/15 Goat rearing (General)	12.00	100	2.04	17	17.00
		63/15 Goat Rearing (SC)	7.50	50	0.45	3	6.00
		35/16 Poultry Rearing(General)	0.54	107	0.23	45	42.59
		97/16 -do-	10.00	2000	0.00	0	0.00
		770/17 -do-	10.00	2000	4.42	885	44.20
		786/17 -do-	20.00	4000	9.32	1863	46.60
		794/17 Goat Rearing (General)	36.00	300	4.8	40	13.33
		1078/17 Organic Vegetable Cultivation (distribution of grow bags)	100.00	6667	36.24	2416	36.24
		771/17 Distribution of cattle feed to women	25.14	870	10.37	104	41.25
2.	Pathanamthitta Municipality	224/17 Goat Distribution	10.00	200	1.40	20	14.00
		225/17 -do-	7.50	100	1.20	11	16.00
3.	Kollam DP	224/17 Organic Banana Cultivation (General)	10.00	400	2.00	80	20.00
		231/17 Tuber Crops Cultivation	15.00	150	4.5	45	30.00
4.	Kanthalloor GP	96/13 Cow Rearing (widow)	4.35	29	1.20	8	27.59
		97/13 -do- (SCP-widow)	4.00	20	1.60	8	40.00
		98/13 -do- (ST-widow)	4.00	20	0.75	4	18.75
		114/14 -do- (General)	3.15	21	0.90	6	28.57
		115/14 -do- (Widow-SC)	2.40	12	0.20	1	8.33
		116/14 -do- (ST)	3.25	18	0.56	3	17.23
5.	Kayanna GP	39/17 Ksheeragramam (SC)	1.95	26	0.68	9	34.87
6.	Peringammala GP	83/17 Supply of grow bags(General)	3.70	617	1.10	137	29.73
		84/17 -do- (SC)	0.50	83	0.04	6	8.00
7.	Moonnilavu GP	52/17 Supply of grow bags	0.20	100	0.05	38	25.00
Total			294.18	18490	84.94	5927	

APPENDIX XV
Skill Development Projects
(Reference: Paragraph 3.1.9.2, Page 31)

SI No.	LSGI	Details of Project with Project No.	No. of projects envisaged	Amount allocated (₹ in lakh)	No. of projects implemented	Amount expended (₹ in lakh)	Unutilised fund (₹ in lakh)
1.	Balussery BP	Vocational training and Providing job opportunities to women (56/13, 12/14, 28/14)	3	9.40	3	9.12	0.28
		Training for women in jewellery making (41/14)	1	1.30	1	1.29	0.01
2.	Tirurangadi BP	Vocational training to Kudumbashree/SHG Vanitha units and setting up of enterprises (39/17, 98/15,96/14)	3	18.00	3	8.38	9.62
3.	Kalpetta BP	Distribution of farm equipment to SC Vanitha groups and Training (221/17)	1	1.39	0	0.00	1.39
		LMV Auto training to SC women (171/16, 164/17)	2	5.60	1	0.60	5.00
4.	Thiruvananthapuram Corporation	Better Education Tuition (Women)(1021/15,22 21/14)	2	10.00	0	0.00	10.00
5.	Kottayam DP	Computer training in women training centre (23/13,101/13)	2	6.00	0	0.00	6.00
		Vocational training to ST women (36/14)	1	5.00	0	0.00	5.00
6.	Palakkad DP	Training in driving to ST women (990/16, 284/17)	2	22.43	0	0.00	22.43
		Vocational training in Designer Garment manufacturing (1014/15)	1	12.00	1	12.00	0.00
		Security guard training to SC women (1015/15)	1	10.00	1	9.86	0.14
		DTP training to 250 SC women (920/15)	1	10.00	1	10.00	0.00

APPENDIX XV (Concl.)

Sl No.	LSGI	Details of Project with Project No.	No. of projects envisaged	Amount allocated (₹ in lakh)	No. of projects implemented	Amount expended (₹ in lakh)	Unutilised fund (₹ in lakh)
7.	Kollam DP	EDP training, online registration, margin money grant (167/14, 690/15)	2	13.00	2	5.22	7.78
		Training to SHGs in cloth bag manufacturing and setting up of units (286/14)	1	5.00	1	1.30	3.70
8.	Kannur DP	Training for garment making (294/15, 298/15, 1019/16)	3	47.62	2	3.21	44.41
9.	Pathanamthitta Municipality	Vocational training and setting up of units (159/15)	1	2.30	1	1.20	1.10
10.	Thalassery Municipality	Imparting vocational training to inmates of Mahila Mandiram and setting up of units (295/16, 442/17)	2	2.00	2	1.57	0.43
11.	Nadathara GP	Technical training to women for starting micro enterprises (62/14, 118/14)	2	3.00	2	1.15	1.85
12.	Kannadi GP	Tailoring classes for SCs (210/14, 171/15)	2	5.00	2	2.50	2.50
		Driving classes (24/16)	1	2.00	1	1.96	0.04
Total			34	191.04	24	69.36	121.68

APPENDIX XVI
Details of buildings lying idle
(Reference: Paragraph 3.1.9.4, Page 33)

Sl. No.	Type of centre constructed, place and year of construction	Year/ Date of completion	Period of idling	Expenditure (₹ in lakh)	Audit observation made during joint site inspection
Kottayam DP					
1.	Vocational Training Centre at Kanjirappally GP	10/2013	3 year 6 month	4.90	The buildings intended for benefit of women were idle
2.	Cultural Centre at Kuravilangad GP	09/2014	2 year 7 month	12.40	
3.	Marketing Centre at Madappally GP	12/2014	2 year 4 month	9.31	
4.	SC Women Hall at Chirakkadavu GP	03/2015	2 year 1 month	14.42	
5.	Industrial Centre at Njeezhoor GP	06/2015	1 year 10 month	9.90	
6.	Women welfare Centre at Chempu GP	06/2015	1 year 10 month	9.15	
7.	SC Women training Centre Aymanam GP	09/2015	1 year 7 month	12.56	
8.	Women Welfare Centre Ayarkunnam GP	12/2016	4 month	8.88	
9.	Women Welfare Centre Ramapuram GP	01/2017	3 month	8.40	
10.	Women Welfare Centre Athirampuzha GP	03/2017	1 month	8.04	
				97.96	
Thiruvananthapuram Corporation					
11.	Women rest room in Ambalathara market	2012-13	More than 4 years	0.48	These buildings constructed for the benefit of women were not used for any purpose.
12.	Women meeting halls at Ulianadu	09/2013	3 year 7 month	9.82	
13.	Women meeting hall Vallakkadavu	2013-14	More than 3 years	7.18	
14.	Kudumbashree cafeteria in Vanchiyoor	2013-14	More than 3 years	9.55	
15.	Short stay home for women at Srikandeswaram	09/2015	1 year 6 month	18.88	
16.	Women training Centre at Thiruvallom	2015-16	More than 1 year	32.68	
17.	Women meeting hall Nellikkuzhy	2016-17	Less than 1 year	19.61	
18.	Women Centre at Vattiyoorkkavu	2016-17	Less than 1 year	26.01	
				124.21	
Kalpetta BP					
19.	Construction of Cultural Centre for women at Vavady, Kalpetta BP	2015-16	More than 1 year	8.00	The building was not used for any purpose since its completion.

APPENDIX XVI (Contd...)

Sl. No.	Type of centre constructed, place and year of construction	Year/ Date of completion	Period of idling	Expenditure (₹ in lakh)	Audit observation made during joint site inspection
Tirurangadi BP					
20.	Construction of Women empowerment Centre at Parappanangadi	02/2016	1 year 2 month	4.75	These buildings were not used for any purpose since its completion and none of the buildings were provided with water and electric connection.
21.	Construction of Women empowerment Centre at Tirurangadi	03/2016	1 year 1 month	4.98	
22.	Construction of Women empowerment Centre at Vallikunnu	03/2016	1 year 1 month	4.93	
23.	Construction of Women empowerment Centre at Munnipur	10/2016	6 month	4.89	
24.	Construction of Women empowerment centre at Thenjippalam	03/2017	1 month	4.81	
25.	Construction of Women empowerment Centre at Vallikunnu (Feroz Nagar)	03/2017	1 month	6.00	
				30.36	
Kochi Corporation					
26.	Marketing Centre-Division 2	2013-14	More than 3 years	7.81	These buildings constructed for different purposes such as training, marketing centres for women are remaining idle since their completion.
27.	Marketing Centre-Division 7	07/2014	2 year 9 month	9.43	
28.	Buildings for fish market Centre in Division 38	2014-15	More than 2 years	6.78	
29.	ADS hall Division 41	2015-16	More than 1 year	10.00	
30.	Labour colony Anganwadi-Division 45	2016-17	Less than 1 year	5.18	
31.	Women employment training Centre Division 54	2016-17	Less than 1 year	9.09	
32.	Women waiting room-Division 56	2016-17	Less than 1 year	4.20	
				52.49	
Thalassery Municipality					
33.	Construction of outhouse in pre-metric hostel	03/2014	3 year 1 month	4.35	The outhouse intended for the use of security guard was remaining idle since its completion as electrification was not done.
Shoranur Municipality					
34.	E-toilet for women at Shoranur and Kulapully bus stand	12/2015	1 Year 4month	10.18	The toilets were not used since installation.

APPENDIX XVI (Contd...)

Sl. No.	Type of centre constructed, Place and year of construction	Year/ Date of completion	Period of idling	Expenditure (₹ in lakh)	Audit observation made during joint site inspection
Kannadi GP					
35.	Community Marketing Centre for Scheduled caste Kudumbashree units	09/2014	2 year 7 month	7.80	The ground floor was completed, electrification and water connections were not provided for the building so far. Since none of the SC groups in the GP are engaged in any production activities, construction of marketing centre could not be justified.
Moonnilavu GP					
36.	Erumapara Vocational Training Centre in ward 1	03/2015	2 year 1 month	5.60	The building which consists of four rooms remains idle.
Mutholy GP					
37.	SC Cultural and industrial Centre	03/2015	2 year 1 month	8.02	The building was locked and appeared to be abandoned.
Mundakayam GP					
38.	Punchayaal Industrial Estate	03/2013	4 year 1 month	2.97	Building and machineries were idling.
Palakkad DP					
39.	Utility Centre at Chalavara	02/2013	4 year 2 month	15.28	These centres constructed for the benefit of women were lying idle, premises of the buildings were under thick vegetation.
40.	Utility Centre at Tharoor	03/2015	2 year 1 month	15.01	
41.	Kudumbashree utility Centre at Erimayur	03/2016	1 year 1 month	20.00	
42.	Kudumbashree Utility Centre at Ayiloor	03/2015	2 year 1 month	16.28	
43.	Kudumbashree Utility Centre at Kizhakanchery	03/2016	1 year 1 month	12.51	
44.	Kudumbashree Utility Centre at Vaniyamkulam	12/2016	4 month	20.00	
				99.08	
Nadathara GP					
45.	SC Vanitha Kaithozhil Kendram	02/2017	2 month	2.40	These buildings were found locked and in abandoned condition
46.	Laksham Veedu Vanitha Kaithozhil Kendram	03/2017	1 month	2.36	
				4.76	
Kannur DP					
47.	Kudumbashree Apparel Park at Kallyasseri GP	07/2013	3 year 9 month	32.72	The building was locked and was in an abandoned condition. No electric and water supply were provided to this building.
48.	Kudumbashree Bread factory and flour mill at Eramam-Kuttoor GP	07/2014	2 year 9 month	17.91	The building was in an abandoned condition. There was no access to the building as the surroundings were under thick vegetation. Electric and water connections were not provided to this building.
				50.63	

APPENDIX XVI (Concl.)

Sl. No.	Type of centre constructed, Place and year of construction	Year/ Date of completion	Period of idling	Expenditure (₹ in lakh)	Audit observation made during joint site inspection
Kollam DP					
49.	Kudumbashree marketing Centre constructed in Thodiyoor GP	07/2013	4 year 2 month	5.54	The buildings constructed in all these 10 GPs by the DP were lying idle. Electric/water connection and toilet facilities were not provided to these buildings. The buildings were not officially handed over to the respective GPs.
50.	Kudumbashree marketing Centre constructed in Yeroor GP	12/2013	3 year 4 month	20.74	
51.	Kudumbashree marketing Centre constructed in Melila GP	03/2014	3 year 1 month	20.52	
52.	Kudumbashree marketing Centre constructed in Chadayamangalam GP	03/2014	3 year 1 month	16.03	
53.	Kudumbashree marketing Centre constructed in Thevalakkara GP	11/2014	2 year 5 month	24.49	
54.	Kudumbashree marketing Centre constructed in Pattazhi GP	03/2015	2 year 1 month	23.05	
55.	Kudumbashree marketing Centre constructed in Poruvazhi GP	08/2015	1 year 8 month	20.81	
56.	Kudumbashree marketing Centre constructed in Neduvathoor GP	05/2015	1 year 11 month	23.03	
57.	Kudumbashree marketing Centre constructed in Thrikkaruva GP	10/2015	1 year 6 month	23.61	
58.	Kudumbashree marketing Centre constructed in Ummannoor GP	03/2016	1 year 1 month	20.68	
59.	Kudumbashree Marketing Centre in Anchal GP	12/2014	2 year 4 month	25.00	One Kudumbashree marketing centre (five rooms) constructed inside the market by the Kollam DP in Anchal GP was locked up. Power supply was not provided to this centre and the vendors complained that it was not being used for any purpose though there existed one marketing centre constructed using SCP fund 2003-04, which was also lying idle.
Grand Total				223.50	
				729.91	

APPENDIX XVII
Details of buildings/equipment used for other purpose
(Reference: Paragraph 3.1.9.5, Page 34)

Name of LSGIs	Sl.No.	Type of centre created and location	Year/month of construction/purchase	Expenditure (₹ in lakh)	Purpose for which utilised
Thiruvananthapuram Corporation	1.	Providing computers and connected facilities to Women IT and Industrial Park, Kannammoola	03/2017	13.87	Electronic equipment were purchased from M/s KELTRON for ₹46.89 lakh. Items worth ₹13.87 lakh ⁴ were diverted and being utilised in Corporation office and Akshaya centres.
Kottayam DP	2.	Employment Training Centre for Women at Bharananganam GP	2012-13	6.00	Used for running an Anganwadi. Also used for conducting ward sabha meetings
	3.	Erumpayam Women Employment Training Centre, Velloor GP	2013-14	9.25	Used for convening grama sabha meetings. Women job training has not been conducted.
	4.	Employment Training Centre at Velloor GP	2014-15	2.18	Used for running a computer centre by a private party. Also used for conducting coaching classes for PSC exams. Activities for achieving the intended objectives have not yet been conducted.
	5.	Women Welfare Centre at Pampady GP	2014-15	7.13	Used for running an Anganwadi
	6.	Women Welfare Centre at Karoor GP	2015-16	9.22	Used for running an Anganwadi
	7.	Employment Training Centre for SC Women at Pallikkathode GP	2015-16	45.15	Functioning as Pallikkathode Panchayat Office
	8.	Women Welfare Centre at Manimala GP	2015-16	8.37	Used for running an Anganwadi
	9.	Women Cultural Centre at Koottickal GP	2015-16	14.85	Functioning as Homeo Dispensary and Post Office.
	10.	Women Welfare Centre at Ward 10, Kanjirappally GP	2015-16	8.10	Used for running an Anganwadi
	11.	Women Welfare Centre at Poonjar GP	2016-17	8.00	Used for running an Anganwadi
	12.	Women Welfare Centre in Amalagiri, Athirampuzha GP	2016-17	5.00	Used as sub-centre of Primary Health Centre of the Panchayat.
	13.	Training Centre for Women, Chenappadi, Erumeli GP	2016-17	8.90	Used as Office of Village Extension Officer.
	14.	Women Welfare Centre at Ward 9, Kanjirappally GP	2016-17	8.01	Used for running an Anganwadi

⁴Mono chrome printers - ₹ 11,891 x 8 = ₹ 95,128, Computers - ₹43,120 x 20 = ₹ 8,62,400, Photocopier - ₹ 2,19,600, UPS - ₹ 1,76,290, CCTV - ₹ 16,960 x 2 = ₹ 33,920; Total = ₹ 13,87,338.

APPENDIX XVII (Concl'd.)

Name of LSGIs	Sl. No.	Type of centre created and location	Year/month of construction/purchase	Expenditure (₹ in lakh)	Purpose for which utilised
Palakkad DP	15.	Kudumbashree utility Centre Vandazhy GP	03/2013	14.32	The utility centers were constructed out of SCP fund for the development of basic infrastructure of SC women. However, the same was being used as CDS office, Supplyco-outlet, Facilitation centre, Village court, Homeo dispensary, etc.
	16.	Kudumbashree utility Centre Malampuzha GP	03/2013	12.78	
	17.	Kudumbashree utility Centre Vellinezhi GP	04/2013	15.72	
	18.	Kudumbashree utility Centre Koduvayur GP	09/2013	13.20	
	19.	Kudumbashree utility Centre Thenkurissi GP	01/2014	12.39	
	20.	Kudumbashree utility Centre Muthuthala GP	03/2014	12.33	
	21.	Kudumbashree utility Centre Thachampara GP	02/2015	18.10	
	22.	Kudumbashree utility Centre Paruthur GP	10/2016	28.85	
	23.	Kudumbashree utility Centre Perumatty GP	10/2016	18.00	
	24.	Kudumbashree utility Centre Sreekrishnapuram GP	11/2016	18.10	
	25.	Kudumbashree utility Centre Vadakkencherry GP	03/2017	20.00	
Kochi Corporation	26.	ADS hall at Perupotta, Div-33 Edappally	2015-16	52.25	Hall rented out for other purposes
Kollam DP	27.	Marketing Centre at Mynagappally GP	2012-13	23.00	Two shops were used by HADA (Hill Area Development Authority).
	28.	Kudumbashree marketing Centre Pooyappally GP	10/2013	Nil, expenditure could not be arrived at, as part of the building was utilised for intended purpose.	The marketing centre was constructed incurring ₹ 25 lakh. Out of six shops, only one shop was being utilised for Kudumbashree and remaining were let out for other purposes.
	29.	Kudumbashree Marketing Centre at Kottukal Market Ittiva GP	2014-15	17.48	The building was used as a gymnasium.
	30.	Kudumbashree Marketing Centre at Kulakkada GP	2014-15	21.44	Out of eight shops one shop houses a post office, another a health centre and the remaining were idling.
	31.	Kudumbashree building constructed in Nediya, Anchal GP	2015-16	35.22	Building was used as auditorium for conducting marriage ceremonies
Nadathara GP	32.	Women Employment Centre	2012-13	4.48	Out of the 15 shops, two were let-out to private enterprises and in one shop, an anganwadi was functioning. Remaining 12 were lying idle.
Grand Total				491.69	

APPENDIX XVIII

List of selected LSGIs

(Reference: Paragraph 4.1.3, Page 42)

Sl. No.	District	Name of LSGI	Type of LSGI
1.	Ernakulam	Asamannoor	Grama Panchayat
2.		Chellanam	
3.		Elankunnapuzha	
4.		Kavalangad	
5.		Pallarimangalam	
6.		Ramamangalam	
7.		Thirumarady	
8.		Vengoor	
9.		Kothamangalam	Municipality
10.		Aluva	
11.		Eloor	
12.		Kalamassery	
13.	Kozhikode	Arikkulam	Grama Panchayat
14.		Balusseri	
15.		Chekkadi	
16.		Kadalundi	
17.		Kizhakkoth	
18.		Payyoli	
19.		Thalakuilathur	
20.		Thikkodi	
21.		Feroke	Municipality
22.		Koduvally	
23.	Palakkad	Keralassery	Grama Panchayat
24.		Kuthanur	
25.		Ambalappara	
26.		Chalavara	
27.		Kannambra	
28.		Koppam	
29.		Polpully	
30.		Tarur	
31.		Thenkurissi	
32.		Chittur-Thathamangalam	
33.		Mannarkad	

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Sl. No.	District	Name of LSGI	Type of LSGI
34.	Thiruvananthapuram	Anchuthengu	Grama Panchayat
35.		Aruvikkara	
36.		Azhoor	
37.		Kadakkavoor	
38.		Karumkulam	
39.		Thirupuram	
40.		Vakkom	
41.		Attingal	
42.		Nedumangad	

APPENDIX XIX
Release of excess State Share by Government of Kerala
(Reference: Paragraph 4.1.4, Page 43)

Excess State Share calculated by audit						
Financial Year	Date of release of World Bank share by State	Amount (in ₹)	State Share ⁵ (in ₹)	Exchange Rate US\$-INR	Exchange Rate reckoned for calculation	Dollar conversion of State Share (in US\$)
2011-12	26.12.2011	1400000000	Nil	52.8205		Nil
	Total	1400000000				
2012-13	06.09.2012	1713400000	1129100111	55.9735	55.9735	20172047.68
	14.02.2013	330800000		53.85		
	26.03.2013	798300000		54.2735		
	Total	2842500000				
2013-14	28.11.2013	1350863000	1349270866	62.3896	62.3896	21626534.97
	20.02.2014	165329000		62.2843		
	17.03.2014	1085799000		61.517		
	25.03.2014	82420000		60.4935		
	31.03.2014	15723000		60.0998		
	Total	2700134000				
2014-15	14.09.2014	2368508809	825467191	60.005	62.3419	13240969.41
	26.03.2015	825467191		62.3419		
	Total	3193976000				
2015-16	No releases					
2016-17	01.10.2016	2374300000	1422400000	65.7418	68.526	20757084.90
	30.11.2016	1211199999		68.526		
	30.11.2016	1200000000		68.526		
	Total	4785499999				
	Grand Total	14922109999	4726238168			75796636.96

⁵ The quantum of State share released was available only for each financial year and not for each release. Hence, the highest exchange rate from the rates pertaining to each release was reckoned by audit for calculating the US\$ equivalent of state share for a financial year.

APPENDIX XX
Details of infrastructure projects constructed utilising Performance Grant
(Reference: Paragraph 4.1.5, Page 43)

Sl.No.	Infrastructure Projects	No. of projects	Expenditure (₹ in crore)	Percentage of Expenditure
1	Buildings			
a)	Anganwadi	1385	53.11	4.70
b)	School Building	327	16.53	1.50
c)	Panchayat/Municipality Office Building expansion	2337	149.16	13.17
d)	Renovation of LSGIs front office			
e)	Hospitals (including PHC/CHC etc.)	536	34.03	3.00
f)	Toilets	123	3.40	0.30
g)	Library	71	2.24	0.20
h)	Other Buildings	994	49.23	4.35
2	Constructions			
a)	Markets	110	7.73	0.70
b)	Stadium	76	4.71	0.42
c)	Bus Stand/Waiting shed	312	17.89	1.60
d)	Children's park	35	1.36	0.12
e)	Swimming pool	5	0.45	0.04
f)	Ponds/Tank/Wells/Canals	360	8.11	0.72
g)	Check dams/irrigation	58	1.20	0.11
h)	Burial Ground/Crematorium	121	7.77	0.70
i)	Slaughter house	4	0.39	0.03
j)	Culverts/Bridges	644	17.51	1.55
k)	Storm- water drains	348	9.99	0.90
3	Roads			
a)	New	4040	110.51	9.80
b)	Maintenance	18758	435.70	38.50
4	Other Projects			
a)	Solid and Liquid waste management	75	3.24	0.03

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Sl.No.	Infrastructure Projects	No. of projects	Expenditure (₹ in crore)	Percentage of Expenditure
b)	Electrification	601	18.11	1.60
c)	Purchase	1787	30.36	2.70
d)	Biogas	6	0.33	0.03
e)	Energy: Street lights/High mast/Solar etc.	1203	51.84	4.60
f)	Ferry: Operation and maintenance of ferries	7	0.11	0.01
g)	Drinking water supply	1074	27.63	2.44
h)	Equipment for modernisation in institutions	1260	26.51	2.34
i)	Others	1375	43.06	3.80
	Total	38032	1132.21	

APPENDIX XXI
Delay in Plan Formulation
(Reference: Paragraph 4.1.5.1(a), Page 45)

Sl. No.	Unit	DPC Approval for 2014-15	Delay for DPC approval (by the end of January 2014) (months)	DPC Approval for 2015-16	Delay for DPC approval (by the end of January 2015) (months)	DPC Approval for 2016-17	Delay for DPC approval (by the end of January 2016) (months)
1	Asamannoor GP	20.06.2014	5	04.06.2015	4	22.08.2016	7
2	Chellanam GP	16.04.2014	3	27.05.2015	4	08.07.2016	6
3	Elankunnapuzha GP	08.06.2014	4	26.07.2015	6	27.08.2016	7
4	Kavalangad GP	20.05.2014	4	24.06.2015	5	09.09.2016	8
5	Pallarimangalam GP	22.02.2014	1	10.05.2015	3	27.08.2016	7
6	Ramamangalam GP	27.06.2014	5	08.07.2015	5	09.06.2016	4
7	Thirumarady GP	20.08.2014	7	05.09.2015	7	10.08.2016	6
8	Vengoor GP	11.05.2014	3	30.06.2015	5	28.07.2016	6
9	Kothamangalam Municipality	20.06.2014	5	30.05.2015	4	09.09.2016	7
10	Aluva Municipality	20.06.2014	5	15.06.2015	5	01.10.2016	8
11	Eloor Municipality	04.06.2014	4	09.09.2015	8	01.10.2016	8
12	Kalamassery Municipality	04.06.2014	4	26.05.2015	4	01.10.2016	8
13	Arikkulam GP	07.05.2015	More than 12 months	06.2016	More than 12 months	01.11.2017	More than 12 months
14	Balusserly GP	17.06.2014	5	19.05.2015	4	31.08.2016	7
15	Chekkiad GP	17.06.2014	5	03.06.2015	4	09.09.2016	7
16	Kadalundi Municipality	06.2014	5	06.2015	5	11.2016	10
17	Kizhakkoth GP	11.07.2014	5	26.05.2015	4	31.08.2016	7
18	Payyoli GP	11.07.2014	5	03.06.2015	5	27.12.2016	11
19	Thalakulathur GP	27.06.2014	5	06.06.2015	4	31.08.2016	7
20	Thikkodi GP	11.07.2014	5	03.06.2015	4	09.09.2016	7
21	Feroke Municipality	07.11.2014	9	18.05.2015	4	09.09.2016	7
22	Koduvally Municipality	02.08.2014	6	27.08.2015	7	30.09.2016	8
23	Keralassery GP	08.07.2014	5	29.05.2015	4	09.09.2016	7
24	Kuthanoor GP	08.07.2014	5	21.05.2015	4	09.09.2016	7
25	Ambalappara GP	27.11.2014	10	29.05.2015	4	28.09.2016	8

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Sl. No.	Unit	DPC Approval for 2014-15	Delay for DPC approval (by the end of January 2015) (months)	DPC Approval for 2015-16	Delay for DPC approval (by the end of January 2016) (months)	DPC Approval for 2016-17	Delay for DPC approval (by the end of January 2017) (months)
26	Chalavara GP	18.07.2014	6	29.05.2015	4	28.09.2016	8
27	Kannambra GP	29.08.2014	7	29.09.2015	8	06.09.2016	7
28	Koppam GP	24.10.2014	9	24.08.2015	7	09.09.2016	7
29	Polpully GP	13.02.2015	More than 12 months	14.01.2016	12	09.09.2016	7
30	Tarur GP	30.06.2014	5	25.08.2015	7	15.09.2016	8
31	Thenkurissi GP	08.07.2014	5	29.05.2015	4	09.09.2016	7
32	Chittur-Thathamangalam Municipality	13.02.2015	More than 12 months	14.01.2016	12	09.09.2016	7
33	Mannarkkad Municipality	31.05.2014	4	15.04.2015	3	09.09.2016	7
34	Anchuthengu GP	25.02.2014	1	18.05.2015	4	09.09.2016	7
35	Aruvikkara GP	11.07.2014	5	15.09.2015	8	22.08.2016	7
36	Azhoor GP	02.07.2014	5	18.05.2015	4	10.09.2016	7
37	Kadakkavoor GP	08.2014	7	08.2015	7	08.2016	7
38	Karumkulam GP	25.08.2014	7	26.08.2015	7	09.09.2016	7
39	Thirupuram GP	30.04.2014	3	25.03.2016	More than 12 months	04.03.2017	More than 12 months
40	Vakkom GP	06.06.2014	5	18.05.2015	4	09.09.2016	7
41	Attingal Municipality	11.07.2014	5	29.05.2015	4	22.08.2016	7
42	Nedumangad Municipality	11.07.2014	5	07.05.2015	3	09.09.2016	7

APPENDIX XXII
Delay in conducting Annual Performance Assessment
(Reference: Paragraph 4.1.5.1(b), Page 45)

Performance Grant to be released for the year	APA to be conducted	APA conducted	Delay in conducting APA	Proposed date of release of funds to LSGIs	Date of release of funds to LSGIs	Delay in release of funds
2013-14	September – December 2012	October-December 2013	10 to 15 months	April 2013	February 2014	10 months
2014-15	September – December 2013	January – February 2015	13 to 17 months	April 2014	March 2015	11 months
2015-16	September – December 2014	January – February 2016	13 to 17 months	April 2015	No fund was released to LSGIs as PG.	-

APPENDIX XXIII
Implementation of projects in selected backward LSGIs
(Reference: Paragraph 4.1.5.1(d), Page 47)

Sl. No.	Name of LSGI	Name of NGO	Name of Project	Date of agreement	Due date for submission	Date of submission of final DPR	Accepted PAC (in ₹)	Date of commencement of work	Proposed date of completion	Present stage of work	Expenditure as on 30.11.2017 (in ₹)
1	Anchuthengu GP	Grameena Patana Kendram	Vakkamkulam Drinking Water Project	23.05.2016	23.08.2016	25.10.2016	11602334	20.02.2017	21.06.2017	Work completed	10557088
			Construction of public drains	23.05.2016	23.08.2016	25.10.2016	6226126	20.02.2017	20.08.2017	Work completed	3417108
2	Kothamangalam Municipality	CSES	Drinking water supply scheme Puthupadi	24.05.2016	24.08.2016	08.11.2016	6031066	01.02.2017	01.07.2017	Ongoing	2063220
			Drinking water supply scheme-Thankalam	24.05.2016	24.08.2016	08.11.2016	4585673	23.01.2017	23.06.2017	Ongoing	2195978
			Drinking water supply scheme-Vilayal	24.05.2016	24.08.2016	08.11.2016	9014333	31.01.2017	31.07.2017	Ongoing	3779508
3	Kuthanur GP	Malankara Social Service Society	Construction of Anganwadi Building - Lakshamveedu (Kothamangalam)	07.06.2016	07.09.2016	14.10.2016	1751538	08.02.2017	31.08.2017	Work completed	1286475
			Renovation of check dam at Kakkarakundu	07.06.2016	07.09.2016	14.10.2016	2995675	14.02.2017	31.08.2017	Work completed	1719269
			Renovation of check dam at Theyyandikadavu	07.06.2016	07.09.2016	14.10.2016	2972618	09.02.2017	31.08.2017	Work completed	2532675
			Construction of LPG crematorium	07.06.2016	07.09.2016	14.10.2016	6239457	08.03.2017	30.09.2017	Ongoing	6391439
			Construction of Anganwadi Building - Karakkode	07.06.2016	07.09.2016	14.10.2016	1739975	08.02.2017	31.08.2017	Work completed	1286475

APPENDIX XXIII (Contd...)

Sl. No.	Name of LSGI	Name of NGO	Name of Project	Date of agreement	Due date for submission	Date of submission of final DPR	Accepted PAC (in ₹)	Date of commencement of work	Proposed date of completion	Present stage of work	Expenditure as on 30.11.2017 (in ₹)
4.	Keralassery GP	IRTC	Construction of Community Hall in Keralassery Grama Panchayath	24.05.2016	23.08.2016	15.11.2016	6250421	18.02.2017	17.07.2017	Work completed	4539742
			Construction of PHC building	24.05.2016	23.08.2016	15.11.2016	6723945	15.02.2017	14.07.2017	Work completed	4331733
			Construction of Building for Ayurveda Hospital in Keralassery Grama Panchayat	24.05.2016	23.08.2016	15.11.2016	1355877	23.02.2017	21.07.2017	Work completed	1417766
			Vadassery Kunduvampadam Road widening and tarring	24.05.2016	23.08.2016	Nil	2371376	05.04.2017	31.08.2017	Ongoing	461096
5	Chittur-Thathamangalam Municipality	STEM	Construction of Thathamangalam community hall	24.05.2016	24.08.2016	27.10.2016	9934837	08.02.2017	08.01.2017	Ongoing	6124178
			Completion of community hall at Thathamangalam	24.05.2016	24.08.2016	15.03.2017	7536265	30.03.2017	30.09.2017	Ongoing	4039919
6	Arikkulam GP	Agriculture and Eco System Management Group	Construction of a new road at Vadakkethacholi	23.05.2016	23.08.2016	21.10.2017	5700000	11.01.2017	11.07.2017	Work completed	4130000
			Construction of homeo hospital at Urallur	23.05.2016	23.08.2016	21.10.2017	3903000	11.01.2017	11.09.2017	Ongoing	1686856
			Drinking water project in Panampurakunnu	23.05.2016	23.08.2016	21.10.2017	1075000	11.01.2017	11.07.2017	Work completed	813909

APPENDIX XXIII (Concl.d.)

Sl. No.	Name of LSGI	Name of NGO	Name of Project	Date of agreement	Due date for submission	Date of submission of final DPR	Accepted PAC (in ₹)	Date of commencement of work	Proposed date of completion	Present stage of work	Expenditure as on 30.11.2017 (in ₹)
			Drinking water project in Kuthiravattam	23.05.2016	23.08.2016	21.10.2017	900000	11.01.2017	11.07.2017	Ongoing	Nil
			Drinking water project in Nagathara	23.05.2016	23.08.2016	21.10.2017	1900000	11.01.2017	11.07.2017	Work completed	1127242
			Palliative care building	23.05.2016	23.08.2016	21.10.2017	3850000	11.01.2017	11.09.2017	Ongoing	3109073
			Construction of model anganwadi building with compound wall-2 Utteri	23.05.2016	23.08.2016	21.10.2017	958000	11.01.2017	11.07.2017	Work completed	549877
			Construction of model anganwadi building with compound wall-2 Ekkattur	23.05.2016	23.08.2016	21.10.2017	958000	11.01.2017	11.07.2017	Work completed	275065
	Total						106575516				67835691

APPENDIX XXIV
Calculation of Exchange Loss done by World Bank
(Reference: Paragraph 4.1.5.1(d), Page 47)

	INR (mn)	USD (mn)	Exchange Rate
Unaccounted advances as reflected in WB CC system as at 15 February 2017		65.50	
Unaccounted advances with LSGs based on IFR prepared for 30 September 2016	124	1.85	67
Unaccounted advances based on recent release of USD 55 mn	3693	55.00	67
Sub total	3817	56.85	
Balancing figure = exchange loss (65.50-56.85)		8.65	

APPENDIX XXV
Minimum Mandatory Condition and Performance Criteria for Annual
Performance Assessment
(Reference: Paragraph 4.1.5.2, Page 48)

APA year and the authority/firm which conducted APA	Proposed parameters of GoK/conditions specified in PIM	No. of LSGIs which qualified APA	Conditions relaxed by GoK	No. of LSGIs qualified APA additionally after relaxation	No. of LSGIs failed
2013-14 (M/s Sutra Consulting – Lead consultant)	<p>MMC</p> <ol style="list-style-type: none"> 1. Annual Plan and Budget duly approved to be forwarded to LSGD by the end of March. 2. Minimum of 80 <i>per cent</i> expenditure of Development Fund including Performance Grant and cut off date for incurring 80 <i>per cent</i> expenditure was March 2013. 3. All capital works and acquisitions by KLGSDP funds for the year 2012-13 were completed. 4. Preparation and distribution of public report on plan and budget. <p>Performance criteria Performance benchmark fixed at 50</p>	88	<p>MMC</p> <ol style="list-style-type: none"> 1. The condition was relaxed and all LSGIs were declared as cleared. 2. Utilisation was fixed at 60 <i>per cent</i> of Development Fund and cut off date for expenditure postponed to 15 September 2013. 3. If any one of the projects funded by KLGSDP grant satisfies the criteria, MMC considered as cleared. 4. No report was prepared, instead budget summary and final plan document was taken into account as the public reports. 	849	101
2014-15 State Performance Audit Officer (SPA0) with the support of consultant (M/s Sutra Consulting)	<p>MMC</p> <ol style="list-style-type: none"> 1. Cut off date for incurring 80 <i>per cent</i> expenditure of Development Fund was March 2014.. 2. All capital works and acquisitions by KLGSDP Fund for the year 2013-14 were completed. 3. Preparation and distribution of public report on plan and budget. <p>Performance criteria Performance benchmark for 2014-15 was fixed mainly on the performance of LSGIs on the creation and maintenance of 10 critical service⁶ delivery</p>	112	<p>MMC</p> <ol style="list-style-type: none"> 1. Cut off date for expenditure postponed to 25 January 2015. 2. Signing of agreement for work or issue of supply order in the case of procurement of goods in at least 80 <i>per cent</i> of total projects under KLGSDP, would make LSGIs eligible. 3. No report has been prepared, instead budget summary and annual plan document was taken into account as the public reports. 	782	144

⁶Crematorium/burial ground, slaughter house, solid/liquid/plastic waste management facilities, public toilets, front office and visitor friendly facilities in LSGI Office, fish/vegetable markets, street lights, safe drinking water facilities, anganwadis, basic infrastructure in SC & ST colonies/sanketham.

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APA year and the authority which conducted APA	Proposed parameters of GoK/conditions specified in PIM	No. of LSGIs which qualified APA	Conditions relaxed by GoK	No. of LSGIs qualified APA additionally after relaxation	No. of LSGIs failed
	infrastructure facilities for ensuring basic services to the public and performance benchmark was retained at 50 even though PIM prescribes 60.		<u>Performance criteria</u> As the performance of LSGIs relating to critical infrastructure was very poor, performance benchmark was lowered to 35.		
2015-16 (SPA0 & PMU)	<u>MMC</u> 1. Minimum of 80 <i>per cent</i> expenditure of Development Fund including performance grant and cut off date for incurring expenditure was March 2015. 2. Preparation and distribution of public report on plan and budget. <u>Performance criteria</u> Performance benchmark was retained at 50 even though PIM prescribed 70.	201	<u>MMC</u> 1. Cut off date for expenditure postponed to 31 March 2016. 2. Budget summary and annual plan document was taken into account as the public reports. <u>Performance criteria</u> As the number of LSGIs cleared was very low, performance benchmark lowered from 50 to 35.	697	130

APPENDIX XXVI

Institutions selected for Compliance Audit
(Reference: Paragraph 4.2.2, Page 57)

Sl. No.	Selected District Panchayats	Selected Grama Panchayats
1	Thiruvananthapuram	Peringammala
2		Poovar
3		Kadinamkulam
4		Karakulam
5		Vellarada
6		Madavoor
7		Kattakkada
8	Ernakulam	Chottanikkara
9		Varapuzha
10		Nedumbassery
11		Koovappady
12		Mulavukad
13		Njarakkal
14		Kunnathunad
15	Arakuzha	
16	Idukki	Peermade
17		Munnar
18		Karimkunnam
19		Alakode
20		Konnathady
21	Kottayam	Kumarakam
22		Erumeli
23		Kanjirappally
24		Arpookara
25		Vijayapuram
26		Udayanapuram
27		Athirampuzha

APPENDIX XXVII

Details of fund released to all Panchayat Raj Institutions in the selected districts under Suchitwa Keralam (Rural) for Solid Waste Management projects

(Reference: Paragraph 4.2.5.1, Page 59)

(₹ in lakh)

Districts	2012-13			2013-14			2014-15			2015-16			2016-17		
	Release	Expenditure	Refund	Release	Expenditure	Refund	Release	Expenditure	Refund	Release	Expenditure	Refund	Release	Expenditure	Refund
Thiruvananthapuram	140.71	5.04	37.57	34.94	8.87	10.06	30.89	0.88	0.00	19.99	0.00	0.00	0.00	0.00	0.00
Kottayam	542.33	223.91	86.60	0.00	0.00	0.00	15.79	0.00	3.49	29.13	0.00	0.00	49.68	0.00	0.00
Idukki	0.00	0.00	0.00	0.00	0.00	0.00	8.52	0.00	0.00	1.80	0.00	0.00	4.89	0.00	0.00
Ernakulam	200.56	95.45	70.24	0.00	0.00	0.00	34.97	11.92	3.89	78.00	16.12	4.03	25.13	0.00	0.00

Details of fund released to test checked Panchayat Raj Institutions and status of implementation of projects under Suchitwa Keralam (Rural)

District	LSGI Name	Project No.s	Project Name	Suchitwa Mission Fund				Implementation Status
				Release (₹)	Expenditure (₹)	Refund (₹)	Balance (₹)	
Kottayam	Erumeli GP	S0245/14,S0272/15	Completion of Solid Waste plant	15,00,000	13,58,117	1,41,883	Nil	Partial
Kottayam	Kanjirappally GP	S0343/13,S0074/14,S0017/15,S0449/16,S0315/17	Waste disposal at the production place	1,91,250	1,91,250	Nil	Nil	Full
Kottayam	Kumarakam GP	S0169/13,S0065/14,S0169/15	Source waste management project	9,73,470	3,50,952	Nil	6,22,518	Partial
Kottayam	Vijayapuram GP	S0242/13,S0164/14	Solid waste management project	14,21,375	7,74,306	6,47,069	Nil	Not implemented
Ernakulam	Chottanikkara GP	S0161/17	Waste disposal in Chottanikkara Town	50,000	50,000	Nil	Nil	Full
Ernakulam	Chottanikkara GP	S0181/16,S0104/17	Wasteless Chottanikkara	7,14,000	7,14,000	Nil	Nil	Full
Ernakulam	Kunnathunad GP	S0091/17	Biogas plant to house wives on backyard	4,80,000	4,50,000	Nil	30,000	Partial

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District	LSGI Name	Project No.s	Project Name	Suchitwa Mission Fund(₹)				Implementation Status
				Release (₹)	Expenditure (₹)	Refund (₹)	Balance (₹)	
Thiruvananthapuram	Poovar GP	S0023/13	Construction of ring compost	1,12,500	Nil	Nil	1,12,500	Full
Thiruvananthapuram	Karakulam GP	S0131/13	Installation of bio-gas plant for houses	7,20,000	7,20,000	Nil	Nil	Full
Thiruvananthapuram	Karakulam GP	S0137/14,S0115/15	Installation of bio-gas plants for houses	7,69,250	7,69,250	Nil	Nil	Full
Thiruvananthapuram	Kattakkada GP	S0140/13,S0209/14	Pipe composting	4,05,000	Nil	4,05,000	Nil	Not implemented
Thiruvananthapuram	Kattakkada GP	S0060/15,S0204/16	Individual bio-gas plant construction	3,15,000	3,15,000	Nil	Nil	Partial
Thiruvananthapuram	Peringammala GP	S0078/13,S0118/14	Solid Waste disposal	7,52,520	4,99,675	Nil	2,52,845	Partial
Thiruvananthapuram	Thiruvananthapuram DP	S0827/13,S0789/14,S0914/15,S0862/16	Construction of bio-gas plant at District Hospital Neyyattinkara	5,78,662	1,90,743	Nil	3,87,919	Partial
Thiruvananthapuram	Thiruvananthapuram DP	S0831/13,S0790/14,S0915/15,S0863/16	Construction of bio-gas plant at District Ayurveda Hospital Varkala & District Homeo Hospital	3,67,500	1,50,000	Nil	2,17,500	Full
Thiruvananthapuram	Thiruvananthapuram DP	S0833/13,S0791/14,S0916/15,S0864/16	Construction of bio-gas plant at School	8,40,000	5,44,572	Nil	2,95,428	Partial
Thiruvananthapuram	Vellarada GP	S0239/16	Bio-gas plant household	6,00,000	Nil	Nil	6,00,000	Not implemented
Total				1,07,90,527	70,77,865	11,93,952	25,18,710	

APPENDIX XXVIII

Details of fund released to all Panchayat Raj Institutions in the selected districts under Swachh Bharat Mission (Gramin) for Solid Waste Management projects

(Reference: Paragraph 4.2.5.2, Page 60)

(₹ in lakh)

Districts	2012-13			2013-14			2014-15			2015-16			2016-17		
	Release	Expenditure	Refund	Release	Expenditure	Refund	Release	Expenditure	Refund	Release	Expenditure	Refund	Release	Expenditure	Refund
Thiruvananthapuram	2.75	2.75	0.00	13.55	7.72	0.00	22.62	15.18	2.45	0.00	0.00	0.00	0.00	0.00	0.00
Kottayam	0.00	0.00	0.00	31.95	17.89	0.00	15.70	6.24	4.12	6.57	0.00	0.00	1.69	0.53	0.00
Idukki	15.93	4.77	0.00	58.45	31.45	6.65	26.42	16.84	0.00	0.00	0.00	0.00	2.10	2.10	0.00
Ernakulam	21.80	15.25	6.54	94.34	57.82	21.83	58.47	44.10	12.75	15.60	15.60	0.00	29.26	4.35	0.00

Details of fund released to test checked Panchayat Raj Institutions and status of implementation of projects under Swachh Bharat Mission (Gramin)

District	LSGI Name	Project No.s	Project Name	Suchitwa Mission Fund				Implementation Status
				Release (₹)	Expenditure (₹)	Refund (₹)	Balance (₹)	
Kottayam	Athirampuzha GP	S0141/13,S0183/14	Waste decomposition unit	14,96,250	14,96,250	Nil	Nil	Full
Kottayam	Athirampuzha GP	S0276/15,S0124/16	Installation of bio-gas plant (Family holders)	2,74,050	2,60,975	13,075	Nil	Partial
Kottayam	Athirampuzha GP	S0275/15,S0123/16,S0015/17	Pipe compost unit	4,86,000	3,70,867	1,15,133	Nil	Partial
Ernakulam	Koovappady GP	S0101/13,S0102/14	Pipe compost construction	1,81,710	Nil	1,81,710	Nil	Not implemented
Ernakulam	Koovappady GP	S0065/14,S0160/15,S0216/16	Household bio-gas plant construction (FRP)	1,99,750	1,99,750	Nil	Nil	Full
Ernakulam	Mulavukad GP	S0086/14,S0145/15	Bio-gas plant	1,49,358	1,49,358	Nil	Nil	Full
Ernakulam	Mulavukad GP	S0047/16,S0081/17	Bio-gas plant	1,48,750	1,48,750	Nil	Nil	Full

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District	LSGI Name	Project No.s	Project Name	Suchitwa Mission Fund				Implementati on Status
				Release (₹)	Expenditure (₹)	Refund (₹)	Balance (₹)	
Thiruvananth apuram	Madavoor GP	S0061/15,S0077/16	Bio-gas plant for domestic purpose	5,10,000	4,25,000	Nil	85,000	Partial
Thiruvananth apuram	Madavoor GP	S0024/13,S0092/14	Waste disposal at source	8,93,700	Nil	Nil	8,93,700	Not implemented
			Total	43,39,568	30,50,950	3,09,918	9,78,700	

APPENDIX XXIX
Projects not implemented/partially implemented
(Reference: Paragraph 4.2.6.1, Page 61)

Sl. No.	Panchayat	Target	Outlay	Observations
1	Madavoor GP 2012-13	100 units of vermi compost, 1490 units of pipe compost & 1050 units of Pot compost	Total outlay of ₹ 19.86 lakh, out of which share of Suchitwa Mission was ₹ 14.89 lakh. Suchitwa Mission released ₹ 8.93 lakh as first installment in March 2013.	The project was not implemented and the amount received from Suchitwa Mission was refunded in January 2015. Lack of interest on the part of beneficiaries in view of mosquito and worm problems faced by beneficiaries in neighbouring Panchayat where similar project was implemented were the reason for non-implementation
2	Madavoor GP 2014-15	200 units of bio-gas plant	Total outlay of ₹ 17 lakh, out of which share of Suchitwa Mission was ₹ 8.50 lakh. Suchitwa Mission released ₹ 5.10 lakh as first installment in March 2015.	Grama Panchayat installed 100 units of bio-gas plants only, incurring an expenditure of ₹ 8.50 lakh of which share of Suchitwa Mission was ₹ 4.25 lakh. Lack of interest on the part of beneficiaries was the reason for non-implementation. Unutilised amount of ₹ 85,000 received from Suchitwa Mission was not refunded (May 2017).
3	Kattakkada GP 2012-13	1500 units of pipe compost	Total outlay of ₹ 13.50 lakh, out of which share of Suchitwa Mission was ₹ 10.12 lakh. Suchitwa Mission accorded Technical Sanction for the project in March 2013 and released ₹ 4.05 lakh in December 2013.	The project was not implemented and GP refunded (January 2015) the entire amount to Suchitwa Mission. Grama Panchayat stated that the beneficiaries were not willing to remit beneficiary contribution leading to non-implementation of the project.

APPENDIX XXIX (Contd...)

Sl. No.	Panchayat	Target	Outlay	Observations
4	Kattakkada GP 2015-16	100 units of bio-gas plants	Total outlay of ₹ 10.50 lakh, out of which share of Suchitwa Mission was ₹ 5.25 lakh. Suchitwa Mission released ₹ 3.15 lakh (March 2015) as first installment.	Grama Panchayat installed 60 units of bio-gas plants incurring an expenditure of ₹ 6.30 lakh (first installment received from Suchitwa Mission fully utilized). Grama Panchayat stated that beneficiaries were not willing to remit the beneficiary contribution, hence could not be fully implemented.
5	Varapuzha GP 2016-17	43 units of bio-pots for SC households	Total outlay of ₹ 0.56 lakh utilizing plan fund, own fund and beneficiary contribution.	Only 10 units of bio pots were installed incurring an expenditure of ₹ 0.13 lakh. Grama Panchayat stated that only 10 SC beneficiaries had applied for the project as majority of SC beneficiaries in the GP were economically backward and not ready to remit beneficiary contribution.
6	Varapuzha GP in 2012-13 and carried over till 2015-16.	Bio-gas plant to 19 SC families	Total outlay of ₹ 1.99 lakh.	The project was not implemented as planned as GP was not able to identify sufficient number of SC beneficiaries inspite of including the project in the annual plan of four years. Grama Panchayat stated that project was not implemented as sufficient documents to prove their caste status were not furnished by the beneficiaries. No funds were received from Suchitwa Mission.
7	Varapuzha GP in 2012-13 and carried over till 2015-16.	Pipe compost units to 491 SC families	Total outlay of ₹ 4.42 lakh.	The project was not implemented as planned as GP was not able to identify sufficient number of SC beneficiaries inspite of including the project in the annual plan of four years. Grama Panchayat stated that project was not implemented as sufficient documents to prove their caste status were not furnished by the beneficiaries. No funds were received from Suchitwa Mission.

APPENDIX XXIX (Contd...)

Sl. No.	Panchayat	Target	Outlay	Observations
8	Kumarakam GP 2013-14	97 bio-gas plant, 228 vermi compost, 1000 pipe compost units	Total outlay of ₹ 19.98 lakh, out of which share of Suchitwa Mission was ₹ 12.92 lakh. Suchitwa Mission released ₹ 9.73 lakh as first installment (April 2013).	Project was carried over till 2016-17, only 57 bio-gas plants, 292 pipe compost units were installed incurring an expenditure of ₹ 5.87 lakh, share of Suchitwa Mission being ₹ 3.51 lakh. Unutilized portion amounting to ₹ 6.23 lakh was not refunded to Suchitwa Mission (July 2017). No vermi compost units were installed. Grama Panchayat stated that the project was not implemented fully due to lack of awareness among beneficiaries and unwillingness of beneficiaries to remit beneficiary contribution.
9	Vijayapuram GP 2012-13	250 bio-gas plant, 245 pipe compost, 516 pot compost units	Total outlay of ₹ 26.03 lakh, Suchitwa Mission contribution ₹ 14.21 lakh received in two installments in March 2013 and July 2014.	151 bio-gas plants and 225 pipe compost units were installed incurring an expenditure of ₹ 14.50 lakh, share of Suchitwa Mission being ₹ 7.74 lakh. Grama Panchayat refunded ₹ 6.28 lakh (March 2015) to Suchitwa Mission. No pot compost units were installed. Grama Panchayat stated that the project was not implemented fully due to non-willingness on the part of beneficiaries to remit beneficiary contribution.
10	Poovar GP 2012-13	150 ring compost units	Total outlay of ₹ 3.75 lakh. The contribution of Suchitwa Mission was ₹ 2.81 lakh of which ₹ 1.12 lakh received in February 2014 as first installment.	Project was not implemented and amount received from Suchitwa Mission was not refunded (April 2017). Grama Panchayat was not able to identify sufficient number of beneficiaries.

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Sl. No.	Panchayat	Target	Outlay	Observations
11	Vellarada GP 2015-16	250 units of bio-gas plants	Total outlay of ₹ 20 lakh. Contribution from Suchitwa Mission ₹10 lakh of which ₹ six lakh released in October 2015 as first installment.	Project was not implemented fully due to lack of proper awareness among beneficiaries and unwillingness to remit beneficiary contribution. Suchitwa Mission fund was not refunded (October 2017).
12	Peringammala GP 2012-13	220 units of bio-gas plants, 1134 units of pipe compost	Suchitwa Mission accorded Technical Sanction for a total outlay of ₹ 19.98 lakh in October 2012. Contribution from Suchitwa Mission was ₹ 12.54 lakh of which ₹ 7.52 lakh released in March 2013.	Grama Panchayat installed 79 bio-gas plants incurring an expenditure of ₹ 6.67 lakh of which share of Suchitwa Mission being ₹ 4.99 lakh. No pipe compost units was installed. Unspent balance of Suchitwa Mission fund of ₹ 2.53 lakh was not refunded (August 2017). Grama Panchayat stated that the project was not implemented fully due to lack of interest on the part of beneficiaries.
13	Erumeli GP 2014-15 spill over project in 2015-16	1481 units of pipe compost	Total outlay of ₹ 13.33 lakh. Suchitwa Mission did not release any funds.	Project was not implemented. Grama Panchayat stated that lack of interest and awareness among beneficiaries about the project and negative opinion against similar project implemented in the neighbouring Panchayat led to non-implementation of projects.
14	Koovappady GP 2013-14 and carried over till 2015-16	94 units of bio-gas plants	Total outlay ₹ 7.99 lakh of which share of Suchitwa Mission was ₹ 3.99 lakh. Suchitwa Mission released ₹ 1.99 lakh (₹ 1.59 lakh in July 2014 and ₹ 0.40 lakh in May 2015).	Grama Panchayat installed 47 units incurring an expenditure of ₹ 3.99 lakh (Suchitwa Mission share of ₹ 1.99 lakh fully utilized). Project was not implemented fully due to unwillingness of the beneficiaries to remit beneficiary contribution.

APPENDIX XXX
Non- compliance with the provisions of various Acts/Rules
(Reference: Paragraph 4.2.7.5, Page 67)

Act/Rules	Description	Findings
Section 219 D, KPR Act, 1994	Grama Panchayat may introduce house to house collection of rubbish and other offensive matter for which GP have to issue an order specifying the hours within which the occupier of any house may place rubbish or offensive matter in a proper receptacle provided by GP and such rubbish or offensive matter may be removed by GP.	None of the GPs test checked have established any mechanism for door to door collection of waste as specified in the Act.
GO(Ms)No.01/2014/Env. dated 01/01/2014 issued based on e-waste Management Rules, 2016	Producers of electrical and electronic equipment shall be responsible for collection, channelization and disposal of e-waste generated by them or bought back by them from consumers under 'Extended Producer responsibility' either directly or through authorised agents. In order to tackle the problem of broken CFLs and FTLs dumped in the household solid waste, Government in January 2014 instructed LSGIs to provide required storage facility for e-waste to be collected from ward level residential/commercial areas and to engage Kudumbashree units for door to door collection of segregated e-waste. Grama Panchayats have to provide space near local markets or landed properties owned by LSGIs from where e-waste can be collected and stored at a central collection point for each LSGI for handing over to accredited state level agencies for collection and transportation of e-waste.	None of the GPs test checked complied with the above instructions which led to unscientific disposal of e-waste in the GPs. Some of the GPs stated lack of sufficient land for setting up waste treatment plants, not finding adequate methods for e-waste treatment, not generating e-waste in large quantity, etc., for not complying with the instructions.
Plastic Waste Management Rules, 2016	Grama Panchayats shall ensure segregation, collection, storage, transportation and channelization of recyclable plastic waste fraction to recyclers ensuring that no damage is caused to the environment during the process.	None of the GPs test checked had taken any step for disposal of plastic waste which resulted in large scale dumping of plastic waste in GPs. Panchayats replied that these provisions would be complied with after passing bye-law for plastic waste management.

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Act/Rules	Description	Findings
Section 219 W of KPR Act	In order to reduce the use of plastic carry bags in the state, GPs have to fix the minimum price of various kinds of plastic carry bags and plastic covers and GP should take steps to ensure that no person or institution shall sell such bags or covers at a price lower than the price so fixed or give them free of cost.	The adherence to the provision would have discouraged the use of plastic bags. However, none of the GPs test checked had fixed minimum price for plastic cover. Panchayats replied that the above provisions would be complied with after passing bye-law for plastic waste management.
Rule 15 of Plastic Waste Management Rules, 2016	All shopkeepers and street vendors providing carry bags for dispensing any commodity shall register with the local body by paying plastic waste management fee of minimum ₹ 48,000 @ ₹ 4,000 per month. The GP shall utilise the amount so collected exclusively for sustainability of waste management system within their jurisdiction.	No such fund has been set up by any of the PRIs test checked depriving the GPs of dedicated fund for waste disposal.
Section 219 X of KPR Act	Grama Panchayats shall constitute 'Waste Disposal Fund' by crediting the fee collected as mentioned above and fine amount recovered in the cases relating to waste disposal.	No such fund has been set up by any of the PRIs test checked depriving the GPs of dedicated fund for waste disposal.
Government of Kerala order GO (Ms) No.323/2011/LSGD dated 27.12.2011	To set up collection centres for collection of used plastic carry bags and other plastic materials so that manufactures of plastic materials can collect and recycle/reuse plastic materials collected by such centres. Directions were also given to promote the use of paper bags, jute bags, coir bags through SHGs and NGOs. Instructions were also issued to declare places of tourism/environmental importance as plastic free zones with a total ban on plastic in such localities.	None of the GPs test checked complied with these instructions leading to unscientific disposal of plastic waste.
Government of Kerala circular number 82200/DC I/2014/LSGD.	To collect non bio-degradable waste from all houses and to make arrangements for their recycle. It was also instructed to set up Material Recovery Facilities in all GPs for temporary storage of non bio-degradable waste collected from houses before giving them for recycle.	None of the GPs test checked complied with these instructions leading to unscientific disposal of plastic waste.

APPENDIX XXXI
Details of expenditure involved for installation of e-toilets
(Reference: Paragraph 4.3, Page 70)

Sl. No.	Name of Panchayat/ Institution	No. of units installed	Expenditure incurred (₹)	Date of tri-partite agreement	Month & year of installation	Whether electricity, water were provided by GP	Period up to which units worked	Total income received (₹)	Present status
1	Kuttoor GP	1	649244	21.03.2012	03/2012	Yes	NA	Nil	Not regularly used. Public not interested
2	Ezhamkulam GP	1	625244	21.03.2012	2012	Yes	04/2012	Nil	Not working
3	Ranni Perunadu GP	1	626244	21.03.2012	2013	No	Not working from the date of installation	Nil	Destroyed by public
4	Vadasserikkara GP	1	628744	21.03.2012	2013	No	Not working from the date of installation	Nil	Not working
5	Kalanjoor GP	1	628148	26.03.2012	03/2014	No. Due to dispute with Revenue Department	Not working from the date of installation	Nil	Not working
6	Konni GP	2	1068199	21.03.2012	03/2012	Yes	Worked for two months	Nil	Not working, machine complaint, public not interested
7	Kadampanad GP	2	1081488	26.03.2012	03/2012	No	Not working from the date of installation	Nil	Not working, machine complaint
8	Aruvappulam GP	1	628744	21.03.2012	2012	Yes	Worked up to 12/2014	Nil	Not working due to mechanical error
9	Mallappally GP	2	939988	21.03.2012	07/2012	Yes	Worked upto 20.12.2014	36055	Not working, public not interested
10	Pandalam GP	2	1142488	21.03.2012	03/2012	Yes	NA	Nil	Not working, machine complaint, public not interested
11	Kozhencherry Dist. Hospital	4	2174976	21.03.2012	08/2012	Yes	12/2013	5566	Not working due to mechanical error

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Sl. No.	Name of Panchayat/ Institution	No. of units installed	Expenditure incurred (₹)	Date of tripartite agreement	Month & year of installation	Whether electricity, water were provided by GP	Period up to which units worked	Total income received (₹)	Present status
12	Ranni Angadi GP	2	1094488	21.03.2012	2013	Yes	Worked for six months	Nil	Not working, machine complaint, public not interested
13	Ranni GP	2	1088488	21.03.2012	2013	No	NA	Nil	Not working
14	Koipuram GP	1	651744	21.03.2012	10/2012	Yes	Worked for two years	Nil	Not working public not interested
15	Aranmula GP	3	1971484	21.03.2012	03/2012	No	NA	Nil	Not working, machine complaint, public not interested
16	Kottanad GP	1	638741	21.03.2012	2013	No	NA	Nil	Not working public not interested
		27	15638452						

APPENDIX XXXII

Details of Service Tax due from tenants of five Local Self-Government Institutions
(Reference: Paragraph 4.4, Page 71)

1. Kalluvathukkal Grama Panchayat

Period	Rent received from tenants (₹)	Rate of Service Tax (%)	Service tax due (₹)
01.04.2013 to 31.03.2014	2750745	12.36	339992
01.04.2014 to 31.03.2015	2119018	12.36	261911
01.04.2015 to 31.05.2015	402695	12.36	49774
01.06.2015 to 14.11.2015	1208085	14.00	169132
15.11.2015 to 31.03.2016	805390	14.50	116782
01.04.2016 to 31.05.2016	572304	14.50	82984
01.06.2016 to 31.03.2017	2861518	15.00	429228
Total			1449803

2. Sreekandapuram Municipality

Period	Rent received from tenants (₹)	Rate of Service Tax (%)	Service tax due (₹)
01.04.2013 to 31.03. 2014	1039392	12.36	4869*
01.04. 2014 to 31.03. 2015	1041468	12.36	128726
01.04. 2015 to 31.05. 2015	174456	12.36	21563
01.06. 2015 to 14.11. 2015	523368	14.00	73272
15.11. 2015 to 31.03. 2016	348912	14.50	50593
01.04. 2016 to 31.05. 2016	190572	14.50	27633
01.06. 2016 to 31.03. 2017	952860	15.00	142929
Total			449585

*Service Tax is exempted if the total rent received does not exceed ₹ 10 lakh in the preceding financial year. As it is the first year of receipt above ₹ 10 lakh the GP is eligible to get exemption upto that amount.

3. Ambalappuzha South GP

Period	Rent received from tenants (₹)	Rate of Service Tax (%)	Service tax due (₹)
01.04.2013 to 31.03.2014	1236793	12.36	152868
01.04.2014 to 31.03.2015	1512001	12.36	186884
01.04.2015 to 31.05.2015	316632	12.36	39136
01.06.2015 to 14.11.2015	800000	14.00	112000
15.11.2015 to 31.03.2016	783159	14.50	113558
01.04.2016 to 31.05.2016	338475	14.50	49079
01.06.2016 to 31.03.2017	1692378	15.00	253857
Total			907382

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4. Pampady GP

Period	Rent received from tenants (₹)	Rate of Service Tax (%)	Service tax due (₹)
01.04.2013 to 31.03.2014	1099468	12.36	135895
01.04.2014 to 31.03.2015	1287580	12.36	159145
01.04.2015 to 31.05.2015	217460	12.36	26878
01.06.2015 to 14.11.2015	598014	14.00	83722
15.11.2015 to 31.03.2016	489284	14.50	70947
01.04.2016 to 31.05.2016	230336	14.50	33399
01.06.2016 to 31.03.2017	1151679	15.00	172752
Total			682738

5. Pazhayakunnummel GP

Period	Rent received from tenants (₹)	Rate of Service Tax (%)	Service tax due (₹)
01.04.2015 to 31.05.2015	210083	12.36	25967
01.06.2015 to 14.11.2015	526000	14.00	73640
15.11.2015 to 31.03.2016	524417	14.50	76041
01.04.2016 to 31.05.2016	195555	14.50	28356
01.06.2016 to 31.03.2017	977775	15.00	146667
Total			350671

Name of LSGI	Service tax due (₹)
Kalluvathukkal GP	1449803
Sreekandapuram Municipality	449585
Ambalappuzha South GP	907382
Pampady GP	682738
Pazhayakunnummel GP	350671
	3840179

APPENDIX XXXIII
Payments made in six stages based on the quantum of work executed
(Reference: Paragraph 4.6, Page 74)

Stages of payment	Payment schedule	Amount to be paid (₹)	Amount paid by the Municipality (₹)	Remarks
1	Five <i>per cent</i> of total amount (₹ 20 lakh) will be given after the submission of base map	100000	15.05.14 -₹ 899318 01.08.14 -₹ 617980 30.03.17 -₹ 482642 Total -₹ 1999940	Payment of full amount was made at this stage of work itself.
2	25 <i>per cent</i> payment on submission of database of about 50 <i>per cent</i> of estimated properties.	500000		
3	25 <i>per cent</i> payment again on submission of database of a total of 100 <i>per cent</i> of estimated properties	500000		Database prepared partially only
4	30 <i>per cent</i> payment on final acceptance of deliverables - completion of all survey, database works and submission in required 3D GIS formats	600000		Not done
5	10 <i>per cent</i> payment after the training of Municipality staff	200000		Not done
6	Balance five <i>per cent</i> payment will be given after the successful running of the software within a period of 30 days for assessing the performance.	100000		Not done

