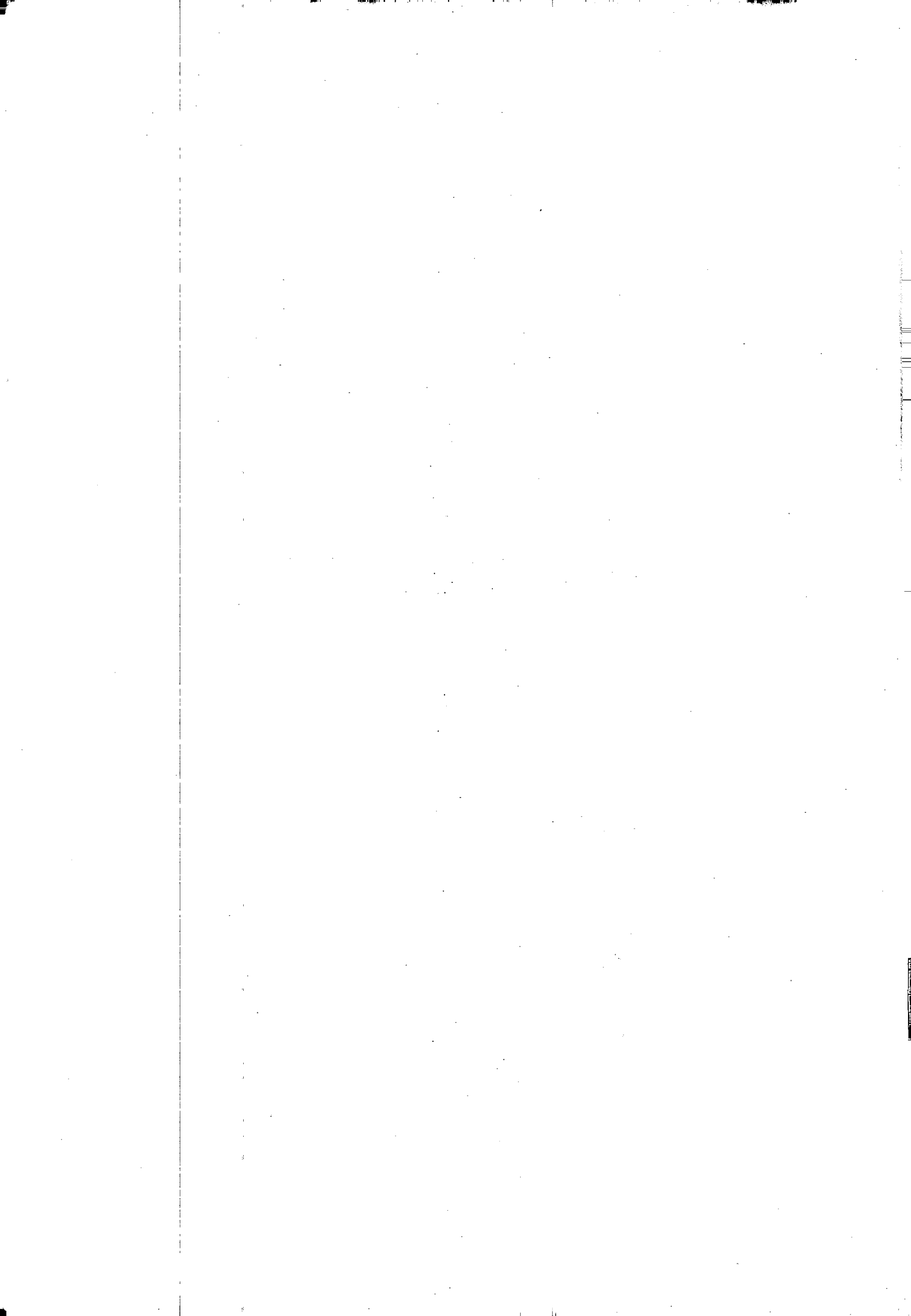


Report of the  
Comptroller and Auditor General of India  
(Local Bodies)

for the year ended March 2017

Government of Tamil Nadu  
Report No.1 of 2018



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## **PREFACE**

This Report for the year ended March 2017 has been prepared for submission to the Governor of Tamil Nadu under the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) 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 contains five chapters. The first and the third chapters contain an overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second chapter contains two paragraphs based on the audit of financial transactions of the PRIs. The fourth chapter contains two Performance Audits on (i) Delivery of Citizen Services by Tirunelveli City Municipal Corporation and (ii) Implementation of Urban Infrastructure Development Scheme for Small and Medium Towns. The fifth chapter contains five paragraphs based on the audit of financial transactions of the ULBs. A synopsis of some of the findings contained in this Report is given below:

### **I An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayat Raj Institutions**

Eleventh Schedule of the Constitution of India empowered the State Legislatures to devolve 29 functions to PRIs. Government of Tamil Nadu delegated certain powers to the three tiers of PRIs to supervise, assist and monitor the works, falling under the 29 functions implemented by various departments, as envisaged in the Constitution (Seventy-third Amendment) Act, 1992. Out of 47,945 and 375 pending paragraphs of Director of Local Fund Audit relating to Block Panchayats and District Panchayats, 30,186 paragraphs (63 *per cent*) and 198 paragraphs (53 *per cent*) respectively, related to period upto 2014-15.

(Paragraphs 1.1 to 1.11)

### **II Compliance Audit (Panchayat Raj Institutions)**

#### **Rural Roads Maintenance Scheme**

Government of Tamil Nadu ordered (July 2013) the implementation of Rural Roads Maintenance Scheme in the entire State (except Chennai district) at a cost of ₹ 700 crore and issued (July 2013 and December 2014) guidelines for the implementation. Audit scrutiny of implementation of the scheme revealed that 22 ineligible road works were executed for maintenance in two districts at a cost of ₹ 4.20 crore, 34 roads with less than one kilometre in length were selected in four districts for maintenance in violation of scheme guidelines and executed at a cost of ₹ 2.62 crore and there was avoidable expenditure of ₹ 8.44 lakh in two works due to non-adoption of prescribed surface type.

(Paragraph 2.1)

Failure of District Collector, Tiruchirappalli, to follow the procedures prescribed in the Tamil Nadu Transparency in Tenders Act, 1998, resulted in excess expenditure of ₹ 1.58 crore.

(Paragraph 2.2.1)

### **III An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Urban Local Bodies**

Out of 18 functions enlisted in the Twelfth Schedule of the Constitution, 12 functions were devolved to the Town Panchayats and 17 functions (except Fire Services) were devolved to the Municipalities and Municipal Corporations by the State Government as of November 2017. In respect of Greater Chennai Corporation, 13 out of 18 functions were devolved so far (September 2017), of which, the function of water supply is handled by the Chennai Metropolitan Water Supply and Sewerage Board. Out of 71,490, 80,070 and 71,310 paragraphs issued by Director of Local Fund Audit pending upto 2016-17 in respect of Municipal Corporations, Municipalities and Town Panchayats respectively, 69,729 paragraphs (98 *per cent* - Municipal Corporations), 66,296 (83 *per cent* - Municipalities) and 50,167 (70 *per cent* - Town Panchayats) related to the period upto 2014-15. Though the State Legislature enacted the Tamil Nadu State Property Tax Board Act, 2013 in May 2013, the Board was not constituted so far (November 2017).

**(Paragraphs 3.1 to 3.13)**

#### **IV Performance Audits (Urban Local Bodies)**

##### **1. Delivery of Citizen Services by Tirunelveli City Municipal Corporation**

Tirunelveli City Municipal Corporation (TCMC) was formed in March 1994 by upgrading the erstwhile Tirunelveli Municipality. TCMC limit spreads over an area of 108.65 square kilometres and it has four zones and 55 wards with a population of 4.75 lakh (2011 Census). Performance Audit on Delivery of Citizen Services by TCMC conducted between April and August 2017 revealed the following:

Tirunelveli City Municipal Corporation did not prepare City Corporate Plan. Shortage of manpower affected the revenue collection and delivery of citizen services. Deficiencies in providing storm water drains led to incidence of water logging. As water supply schemes for uncovered areas were still in the initial stage, required quantity of 135 litres per capita per day was not supplied. Some areas were not covered under underground sewerage scheme, causing pollution to Thamirabarani river. In health centres, there were vacancies in the post of Pharmacist and cases of issue of time expired drugs. There was shortfall in implementation of School Health Programme. Infrastructure in the Corporation schools was inadequate. Open space reservation lands were not maintained. Gasifier crematorium was operated for eight years without obtaining the mandatory consent. Registration of Births and Deaths was done in satisfactory manner. No action was taken to create awareness among the public for filing complaints to the Ombudsman against elected members and staff of the Corporation.

**(Paragraph 4.1)**

## **2. Implementation of Urban Infrastructure Development Scheme for Small and Medium Towns**

Performance Audit of Urban Infrastructure Development Scheme for Small and Medium Towns covering the period from 2005-06 to 2016-17 revealed the following deficiencies:

Underground Sewerage projects were sanctioned without the required land and were cancelled later. Due to slow progress, three projects were deprived of Government of India share of ₹ 37.43 crore. Due to non-adherence to loan-grant ratio, Urban Local Bodies had financial burden of ₹ 58 crore. Despite accumulation of ₹ 268.99 crore in Revolving Fund, Government of Tamil Nadu did not create State Urban Infrastructure Fund. Ten Water Supply projects and eight Underground Sewerage projects sanctioned during 2007-14 were pending completion as of March 2017. Underground Sewerage projects were taken up without obtaining statutory clearance from State Environmental Impact Assessment Authority and Tamil Nadu Pollution Control Board and clearance from Public Works Department and National Highways Authority of India leading to delay in execution. Improper execution of agreement led to stoppage of one Underground Sewerage project. Fifty three roads laid in sample projects were in bad condition due to non-maintenance by the Urban Local Bodies. State Level Sanctioning Committee entrusted with responsibility of monitoring of implementation, met only nine times during 2006-17 against 33 envisaged in the scheme guidelines, with no meeting after January 2014. The review of implementation of projects by the State Level Sanctioning Committee was general in nature.

**(Paragraph 4.2)**

### **V Compliance Audit (Urban Local Bodies)**

#### **Comprehensive Development of Ooranies in Town Panchayats**

Audit of Comprehensive Development of Ooranies in Town Panchayats revealed that there were (i) partial execution of works, (ii) excess execution of works and (iii) non-execution of some developmental works envisaged under the scheme. Town Panchayats developed ooranies of Public Works Department, while their own ooranies requiring development were left out. Ooranies developed under the scheme were not maintained properly. There were deficiencies in monitoring. Outcome of the implementation of the scheme was not evaluated.

**(Paragraph 5.1)**

Failure of Coimbatore City Municipal Corporation to adopt rate of interest prescribed by Government of Tamil Nadu for charging interest on mobilisation advance resulted in loss of revenue to the Corporation and undue benefit to the contractors to the tune of ₹ 1.52 crore.

**(Paragraph 5.2.1)**

Failure to invoke the Performance Bank Guarantee in time by Salem City Municipal Corporation resulted in loss of ₹ 1 crore.

**(Paragraph 5.2.2)**

Failure to levy Property Tax for the actually constructed area led to short levy amounting to ₹ 50.50 lakh.

**(Paragraph 5.2.3)**

Non-conduct of feasibility study for constructing pedestrian bridges resulted in idling of materials worth ₹ 2.11 crore, besides non-construction of the proposed bridges.

**(Paragraph 5.3.1)**

**PART - A**  
**PANCHAYAT RAJ**  
**INSTITUTIONS**





# **CHAPTER I**

**AN OVERVIEW OF THE FUNCTIONING,  
ACCOUNTABILITY MECHANISM AND  
FINANCIAL REPORTING ISSUES OF  
PANCHAYAT RAJ INSTITUTIONS**



## CHAPTER I

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

#### An Overview of the functioning of the Panchayat Raj Institutions in the State

##### 1.1 Introduction

The 73<sup>rd</sup> amendment to the Constitution accorded constitutional status to Panchayat Raj Institutions (PRIs) and established a system of uniform structure, regular election, regular flow of funds through the Finance Commission etc. As a follow-up, the State Governments were required to entrust the PRIs with powers, functions and responsibilities to enable them to function as institutions of local self-government.

Consequent upon the 73<sup>rd</sup> amendment to the Constitution, the State Legislature enacted the Tamil Nadu Panchayats Act, 1994. Under this Act, a three-tier system of PRIs viz., District Panchayats (DPs) at the district level, Panchayat Unions or Block Panchayats (BPs) at the intermediary level and Village Panchayats (VPs) at the village level was established.

Important statistics of the State regarding population and PRIs is given in **Table 1.1** below:

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

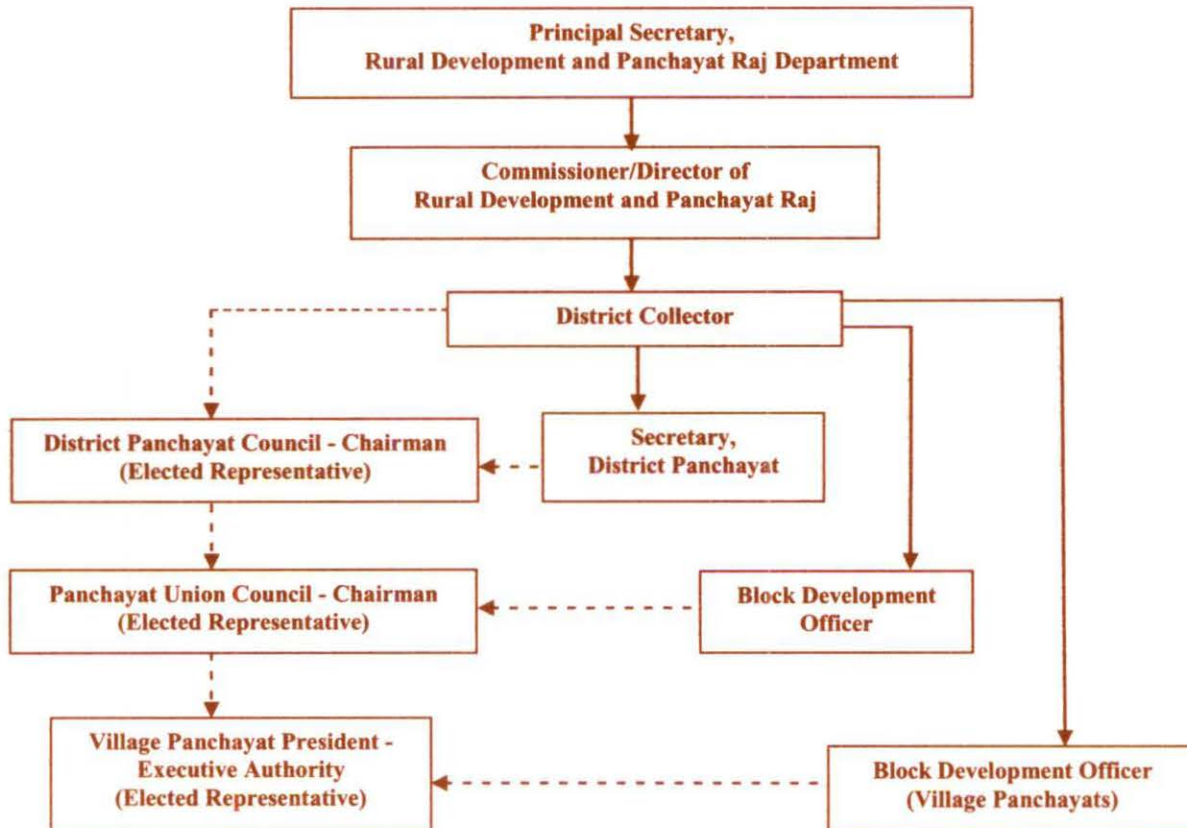
Population	7.21 crore
Population density	555 persons per square kilometre
Gender ratio	996 females per 1,000 males
Rural population	51.60 per cent
Literacy	80.09 per cent
Number of PRIs	12,940
- District Panchayats	31
- Block Panchayats	385
- Village Panchayats	12,524

(Source: Census of India 2011 and Policy Note of the Rural Development and Panchayat Raj Department for 2016-17)

Abbreviations used in this Report are listed in the Glossary at Page 102.

## 1.2 Organisational setup of PRIs

An organogram of PRIs as of March 2017 is given below:



## 1.3 Functioning of PRIs

Eleventh Schedule of the Constitution of India empowered the State Legislatures to devolve 29 functions to PRIs (**Appendix 1.1**). Director of Rural Development and Panchayat Raj (DRDPR) stated (November 2017) that Government of Tamil Nadu (GoTN) delegated certain powers to the three tiers of PRIs to supervise, assist and monitor the works, falling under the 29 functions implemented by various departments, as envisaged in the Constitution (Seventy-third Amendment) Act, 1992.

## 1.4 Formation of District Planning Committee

As per Section 241(1) of the Tamil Nadu Panchayats Act, 1994, out of 32 districts in Tamil Nadu, GoTN constituted a District Planning Committee (DPC) in each of the 31 districts (except the urban district of Chennai) in Tamil Nadu. District Panchayat Chairperson is the Chairperson and the District Collector is the Vice Chairperson of the DPC. Members of Parliament, Members of Legislative Assembly and representatives of Local Bodies are appointed as members of the Committee.

Functions of the DPC are collection, compilation and updation of information on the natural resources of the district to create a comprehensive database for decentralised planning. It consolidates the plans prepared by Rural Local Bodies and Urban Local Bodies (ULBs), which facilitates the State Planning Commission in the preparation of State Plan. The Committee also advises the State Government regarding implementation of State Schemes.

## **1.5 Audit arrangement**

### **1.5.1 Primary Auditor**

Director of Local Fund Audit (DLFA) is the statutory Auditor for Block Panchayats and District Panchayats. The DLFA is conducting only test audit of VPs' accounts. The DLFA takes up audit of 20 *per cent* of VPs in addition to 2 *per cent* of the VPs selected by DRDPR every year. Deputy Block Development Officer audits the accounts of the VPs and certifies them.

#### ***Placing of Audit Report of DLFA***

As per Section 20 of the Tamil Nadu Local Fund Audit Act, 2014, DLFA should submit annually a consolidated report of the audited accounts of local bodies to Government, which should cause it to be laid before the Legislative Assembly. As per Rule 19 of the Tamil Nadu Local Fund Audit Rules, 2016, the DLFA should, not later than 30<sup>th</sup> September of every year, send to the Government, a consolidated report of the accounts of local authorities audited during the previous financial year, containing such particulars, which are to be brought to the notice of the Government as per Section 20 of the Act. The DLFA stated (December 2017) that the consolidated Audit Report of ULBs and PRIs for the year 2015-16 would be submitted to the Government before 31 March 2018. DLFA further stated that for the year 2016-17, the same would be submitted after completion of audit.

#### ***Arrears in audit by DLFA***

(a) Audit of all DPs and BPs by DLFA was completed upto 2015-16. Position of arrears in audit of DPs and BPs by DLFA for 2016-17, as of August 2017, is given in **Table 1.2**.

**Table 1.2: Position of audit of DPs and BPs by DLFA**

Category of PRI	Year	Total number	Accounts submitted	Audit completed	Pendency in	
					Submission of accounts	Completion of audit
DPs	2016-17	31	8	8	23	Nil
BPs	2016-17	385	343	35	42	308

(Source: Details furnished by DLFA)

It may be observed from **Table 1.2** that there was pendency in submission of accounts by DPs and audit by DLFA in respect of BPs for the year 2016-17.

(b) DLFA completed audit of 1,575 out of 2,856 VPs for the year 2016-17 as of November 2017. DLFA stated (December 2017) that vacancies in various cadres were the reasons for the pendency in audit.

(c) As of August 2017, 47,945 and 375 paragraphs of DLFA's Inspection Reports (IRs) relating to period upto 2016-17 in respect of BPs and DPs respectively were pending settlement as given in **Table 1.3**.

**Table 1.3: Year-wise pendency of paragraphs of DLFA**

Year of IR	Number of paragraphs pending in respect of	
	BPs	DPs
Upto 2011-12	11,391	66
2012-13	3,786	48
2013-14	4,536	32
2014-15	10,473	52
2015-16	17,614	64
2016-17	145	113
<b>Total</b>	<b>47,945</b>	<b>375</b>

(Source: Details furnished by DLFA)

Audit analysis revealed that in respect of BPs, 30,186 (63 *per cent*) out of 47,945 pending paragraphs and in respect of DPs, 198 (53 *per cent*) out of 375 pending paragraphs related to period up to 2014-15.

A comparison of pendency of paragraphs under BPs as of August 2017 with the pendency position as of October 2016 revealed that the settlement was only 22 *per cent* for the period upto 2011-12 and only 37 *per cent* for 2012-13 during the period as shown in **Appendix 1.2**. In respect of DPs, the same was 19 and 41 *per cent*. This indicated that adequate attention was not given to settle the long pending paragraphs.

The DLFA stated (December 2017) that 51 High Level Committee meetings were held during 2016-17 and 1,260 paragraphs pertaining to BPs were settled.

### **1.5.2 Audit by Comptroller and Auditor General of India (CAG)**

Audit of PRIs is conducted under Section 20 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971, in respect of financial assistance given to PRIs. Technical Guidance and Support is provided by the CAG to DLFA.

#### ***Audit Reports of CAG***

CAG's Audit Reports on PRIs for the years 2000-01, 2005-06 to 2008-09 were discussed and 46 recommendations were made by the Public Accounts Committee. As of November 2017, Action Taken Reports were pending from Rural Development and Panchayat Raj Department on 144 recommendations<sup>1</sup>

<sup>1</sup> 1993-94 (10), 1995-96 (1), 1997-98 (5), 1998-99 (22), 1999-2000 (17), 2000-01 (13), 2001-02 (19), 2003-04 (8), 2004-05 (2), 2005-06 (15), 2006-07 (28) and 2007-08 (4).

relating to 1993-94 to 2007-08 for final settlement, which *inter-alia* consisted of paragraphs relating to PRIs included in the Audit Report (Civil) and Audit Report (Local Bodies).

### **1.6 Response to audit observations of CAG**

Irregularities detected by Audit during test check of records of DPs and BPs are followed-up through IRs issued to the concerned DPs and BPs and DRDPR. As of November 2017, 1,449 paragraphs contained in 347 IRs issued upto 2016-17 were pending settlement for want of satisfactory replies.

## **Accountability Mechanism and Financial Reporting Issues**

### **Accountability Mechanism**

#### **1.7 Ombudsman**

As per Paragraph 10.161(iii) of the recommendations of the Thirteenth Central Finance Commission (TCFC), the State Government must put in place a system of independent local body Ombudsman who will look into complaints of corruption and maladministration against the functionaries of local bodies, both elected members and officials and recommend suitable action against them. The Tamil Nadu Local Bodies Ombudsman Act, 2014, enacted by the State Legislature in December 2014, did not cover BPs and VPs. However, 63 complaints in respect of VPs and BPs received by the Ombudsman during 2016-17 were forwarded to the concerned District Collectors for further necessary action.

#### **1.8 Social Audit**

As per Section 15(5)(d) of the National Rural Employment Guarantee Act, 2005, Social Audit of all works in the jurisdiction of VP is to be carried out by the Grama Sabha and prompt action has to be taken on the objections raised during Social Audit. GoTN established (January 2013) an independent organisation *viz.* Social Audit Society of Tamil Nadu (SASTA), which was registered as a Society under the Tamil Nadu Societies Registration Act, 1975. The Director, SASTA stated (November 2017) that during the year 2016-17 (upto 16 November 2017), SASTA conducted audit of 9,321 VPs out of 12,523 VPs.

#### **1.9 Central Finance Commission grant and submission of Utilisation Certificates**

The Utilisation Certificates (UCs) for the Central Finance Commission (CFC) grants were required to be sent to Government of India (GoI). The grant of ₹ 1,312.19 crore was released to VPs towards Basic Grant for 2016-17 by Fourteenth CFC. In addition, General Performance Grant of ₹ 172.12 crore was also released to Tamil Nadu by the Fourteenth CFC. The DRDPR stated (November 2017) that UCs for CFC grants for the year 2016-17 were sent to

GoI on 30 September 2016 (first instalment) and 5 June 2017 (second instalment) immediately after the actual utilisation of the grants at panchayat level.

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

The VPs have to send a monthly report on the expenditure to the Block Development Officer (Village Panchayats). The DRDPR stated (November 2017) that the monthly reports were received at Block and District level. Moreover, all the expenditure made in VPs was placed before the Grama Sabha. DRDPR further stated that DLFA placed staff in each Panchayat Union for concurrent audit of Panchayat Union's accounts.

### **1.11 Financial Reporting Issues**

#### **1.11.1 Source of funds**

The source of receipts for VPs and BPs are non-tax revenue, assigned revenue from State Government and grants given by State Government, grants given by GoI for various purposes and State and Central Finance Commissions grants. In addition, VPs are empowered to levy taxes like property tax, profession tax and advertisement tax. State Finance Commission (SFC) grants, CFC grants, grants given by State Government and GoI and assigned revenue were released by the DRDPR to the District Collectors.

**Table 1.4** shows the details of receipts and expenditure of the PRIs for the period from 2012-13 to 2016-17.

**Table 1.4: Details of receipts and expenditure of PRIs**

(₹ in crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Own revenue	631	766	422	929	797
Assigned revenue	705	975	866	713	333
Grants	4,484	4,375	4,358	4,758	5,711
<b>Total receipts</b>	<b>5,820</b>	<b>6,116</b>	<b>5,646</b>	<b>6,400</b>	<b>6,841</b>
Revenue expenditure	1,294	1,025	3,154	1,711	1,941
Capital expenditure	1,308	1,813	2,385	1,985	3,019
<b>Total expenditure</b>	<b>2,602</b>	<b>2,838</b>	<b>5,539</b>	<b>3,696</b>	<b>4,960</b>
Percentage of capital expenditure to total expenditure	50	64	43	54	61

(Source: Details furnished by DRDPR)

#### **1.11.2 State Finance Commission Grant**

Fourth SFC, constituted in December 2009, recommended (September 2011) a vertical sharing ratio of 56:44 between rural and urban local bodies. GoTN accepted (June 2013) the recommendations with modifications to adopt the vertical sharing ratio between rural and urban local bodies at 58:42 and the



horizontal sharing ratio of SFC devolution funds at 60:32:8 among VPs, BPs and DPs respectively. The amount of SFC grants released to the PRIs during 2016-17 was ₹ 4,227 crore.

### **1.11.3 Maintenance of accounts by PRIs**

A new simplified accounting framework, namely “Model Accounting System for Panchayats” was developed in 2009 to bring about transparency and accountability in the maintenance of accounts of PRIs. Panchayat Raj Institutions Accounting Software (PRIA Soft) was developed by National Informatics Centre in consultation with Ministry of Panchayati Raj, GoI to establish centralised accounting software for use by all the three tiers of PRIs.

DRDPR stated (November 2017) that all the DPs, BPs and VPs had completed online entries of accounts using PRIA Soft application upto 2016-17.



## **CHAPTER II**

### **COMPLIANCE AUDIT (PANCHAYAT RAJ INSTITUTIONS)**



## CHAPTER II

### COMPLIANCE AUDIT

Compliance Audit of Rural Roads Maintenance Scheme and Assistant Director of Rural Development (Panchayats), Tiruchirappalli brought out instances of lapses in management of resources and failure in the observance of the norms of regularity, propriety and economy. These are presented in the succeeding paragraphs.

#### RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

##### 2.1 Rural Roads Maintenance Scheme

###### 2.1.1 Introduction

Rural connectivity is one of the key factors for rapid development of rural areas. Proper maintenance of black topped roads is very important to prevent costly and premature upgradation of the roads. For this purpose, Government of Tamil Nadu ordered (July 2013) the implementation of Rural Roads Maintenance Scheme in the entire State (except Chennai district) at a cost of ₹ 700 crore and issued (July 2013 and December 2014) guidelines for the implementation. With funds received from Director of Rural Development and Panchayat Raj through District Rural Development Agencies (DRDAs), Block Development Officers (BDOs) of Panchayat Unions executed the works.

The scheme was implemented during 2013-14 and 2014-15. Scrutiny of records of DRDAs of four districts *viz.* Dindigul, Salem, Thanjavur and Villupuram, revealed the following deficiencies in implementation of the scheme in those districts:

###### 2.1.2 Selection of ineligible roads

(i) As per the guidelines, roads, which were improved by Panchayat Unions or Village Panchayats under any Rural Development scheme within the last five years or nearing the timeline should not be taken up for maintenance under this scheme. However, DRDAs of the two districts selected 22 roads (Salem: 17 and Villupuram: 5) which, according to online Road Registers maintained by the DRDAs, were laid/improved during 2009-10 to 2013-14 and had not completed five years. The BDOs concerned executed maintenance work on those roads at a cost of ₹ 4.20 crore (**Appendix 2.1**).

DRDA, Salem attributed (June 2017) the selection to the provision in Paragraph 3 (VI) of the guidelines issued in July 2013. DRDA, Villupuram, replied (June 2017) that the five roads were taken up for maintenance before the due period of five years as the same were affected by Thane cyclone in 2012. The replies of DRDAs were not acceptable as the above provision permitted taking up of a road under the scheme within five years, if it is heavily damaged due to act of natural forces warranting immediate renewal/maintenance, subject to verification and certification by the District Collector after inspection; however, there was no such verification and certification by the Collector in the instant cases.

(ii) As per the guidelines, the length of the roads taken up for maintenance should not be less than one kilometre (km). However, DRDAs of the four districts selected 34 roads (Dindigul: 2, Salem: 1, Thanjavur: 8 and Villupuram: 23), whose length ranged from 0.43 to 0.98 km in violation of the above guidelines. The BDOs concerned executed maintenance work on those roads at a cost of ₹ 2.62 crore (**Appendix 2.2**).

DRDAs, Thanjavur and Villupuram, replied (August and June 2017) that roads less than one km were taken up as permitted under Paragraph 3 (III) of the guidelines. DRDA, Dindigul replied (July 2017) that the roads were used for transporting agricultural products and hence, were taken up. DRDA, Salem stated (June 2017) that due to necessity of public, the roads were taken up. The replies are not acceptable as the guidelines specifically mentioned that roads taken up should not be less than one km and the Paragraph cited by DRDAs, Thanjavur and Villupuram was about prioritisation of roads and did not give exemption from the one km norm.

### **2.1.3 Avoidable expenditure due to non-adoption of prescribed surface type**

In Salem district, DRDA sanctioned (September 2013) maintenance work for two roads in Omalur Panchayat Union viz. Muthunaickenpatty to Thoppur Road via Kalarpatti Km. 0/0 - 4/0 and Vellalapatty to Nallukalpallam Road via Gobinathapuram Km. 0/0 - 3/2 for ₹ 44 lakh and ₹ 35.20 lakh respectively. The Chief Engineer (Rural Development) accorded (September 2013) technical sanction for the above works with Open Graded Pre-mix Surface (OGPS).

As per Rural Roads Manual (Special Publication 20) of Indian Roads Congress (IRC), Close Graded Pre-mix Surfacing (CGPS) material of 20 millimetre (mm) thickness composed of graded aggregates pre-mixed with bituminous binder was to be provided on a previously prepared base/surface to serve as a wearing course. According to Highways Research Station under Highways Department of Government of Tamil Nadu, CGPS was advantageous over OGPS in view of (i) better performance as graded aggregates were used and non-porous, (ii) construction being done in

one stage against two stages i.e. laying of pre-mix carpet and laying of seal coat in OGPS, (iii) use of lesser quantity of bitumen and aggregates and (iv) lesser duration of construction. However, the BDO executed the two works in June and October 2014 with OGPS of 20 mm compacted thickness at a cost of ₹ 43.98 lakh and ₹ 35.16 lakh respectively. The use of OGPS type instead of the prescribed CGPS type, which was technically superior and economically advantageous, resulted in avoidable expenditure of ₹ 8.44 lakh in the two works.

The BDO replied (May 2017) that CGPS type was adopted in highway roads in view of heavy volume of traffic and by this, surface voids would be closed and roads would become smoother; whereas in rural roads with low traffic density, the top surface would not become smooth through the CGPS type and hence, OGPS was adopted. The reply is not acceptable as CGPS is prescribed by IRC for rural roads and also stated by Highways Research Station as non-porous and technically superior.

The matter was referred to Government in November 2017; reply has not been received (December 2017).

## **2.2 Excess expenditure**

### **FOURTEEN PANCHAYAT UNIONS IN TIRUCHIRAPPALLI DISTRICT**

#### **2.2.1 Excess expenditure due to non-adherence to tender procedure**

**Failure of District Collector, Tiruchirappalli, to follow the procedures prescribed in the Tamil Nadu Transparency in Tenders Act, 1998, resulted in excess expenditure of ₹ 1.58 crore.**

The Tamil Nadu Transparency in Tenders Rules, 2000 (Rule 9), require tender inviting authority to publish notice inviting tenders in State Tender Bulletin when the value of procurement exceeds ₹ 25 lakh. Further, as per Section 10(1) of the Tamil Nadu Transparency in Tenders Act, 1998 (Act), the tender accepting authority shall cause an objective evaluation of the tenders taking into consideration the prevailing market rates. Also, Government of Tamil Nadu ordered (December 2007) all procuring entities<sup>1</sup> under the Act to provide for submission of all tenders exceeding ₹ 10 lakh electronically and upload the tender document to the designated website, which would be accessible to all with effect from January 2008.

<sup>1</sup> Schedule to the Act listed Procuring Entities, which included Government Departments and Local Bodies in the State.

For prevention of dengue and provision of potable drinking water, Director of Rural Development and Panchayat Raj instructed (July and December 2015) all District Collectors, who are also Inspectors of Village Panchayats, to undertake measures including cleaning of overhead tanks and supply water after proper chlorination. Scrutiny of records (August 2017) relating to procurement of chlorine tablets in the office of the Assistant Director of Rural Development (Panchayats), Tiruchirappalli, revealed the following:

For 3,576 overhead tanks with total capacity of 10.24 crore litres of water in all 14 Panchayat Unions in Tiruchirappalli district, the District Collector approved (December 2015 - March 2017) the procurement of 40,730 kilograms (kg) of chlorine tablets for a total value of ₹ 5.81 crore as detailed in **Appendix 2.3**. The Block Development Officers purchased (January 2016 - April 2017) the above quantity and paid the amount from the General Fund of the Panchayat Unions. The value varied between ₹ 59.02 lakh and ₹ 88.74 lakh.

#### ***Non-adherence to procedures prescribed***

On every occasion, the Collector approved the supplier and issued orders to Block Development Officer of each of the 14 Panchayat Unions to purchase the quantity specified in the orders and pay the supplier from the Panchayat Unions' General Fund. Audit observed that despite the value of purchase on every occasion exceeding ₹ 25 lakh, the Collector did not follow the procedures prescribed for selection of supplier, *viz.* publishing notice inviting tenders in the State Tender Bulletin and providing for submission of tenders by electronic mode; instead, the selection was based either on (a) quotations received from few bidders, with no recorded details as to how the bidders came to know of the intended purchase and details of rates quoted by other bidders or (b) selection on earlier occasions.

#### ***Non-comparison with market rates***

Though the Act required the tender accepting authority to cause an objective evaluation of the tenders taking into consideration the prevailing market rates, the Collector did not arrange for such evaluation of the quotations received. Audit observed that Greater Chennai Corporation purchased (December 2015) chlorine tablets on emergency basis at the rate of ₹ 990 per kg *plus* 5 *per cent* VAT (which, the Corporation stated to Audit as more than the usual workable rate) for emergency use in Chennai city affected by floods. Considering the above rate as the prevailing market rate during December 2015, the rate (₹ 1,400 per kg) approved by the Collector exceeded the market rate by ₹ 360 per kg (35 *per cent*) resulting in excess expenditure of ₹ 1.58 crore<sup>2</sup>. The Assistant Director of Rural Development did not reply to Audit queries (July 2017) on the deviations from the procedures prescribed.

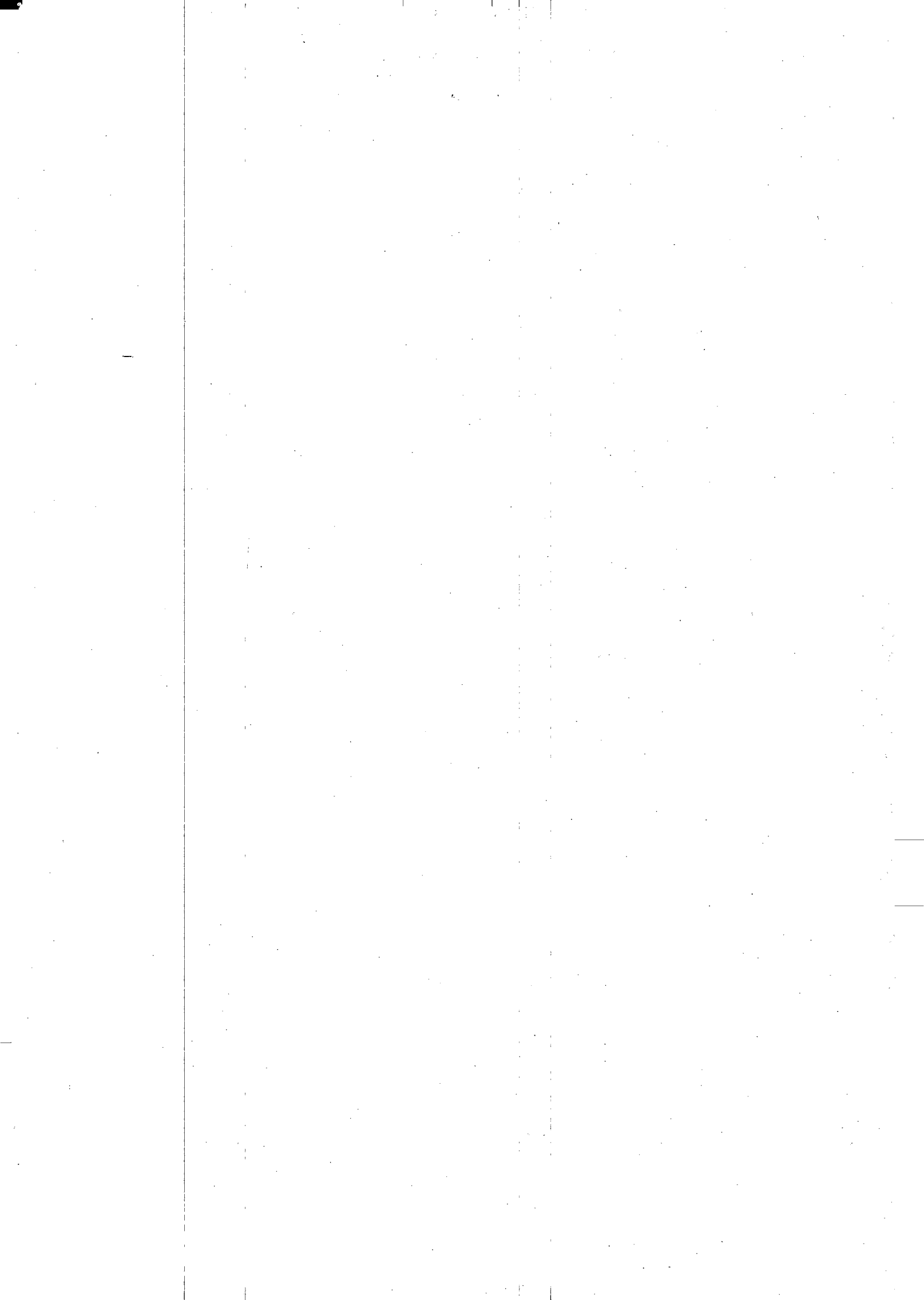
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<sup>2</sup> ₹ 5.81 crore paid by Block Development Officers for 40,730 kg tablets *less* ₹ 4.23 crore being the cost of such quantity at the rate of ₹ 1,040.



Thus, the failure of the District Collector to follow the procedures prescribed in the Tamil Nadu Transparency in Tenders Act, 1998, and instruction issued by the Government resulted in excess expenditure of ₹ 1.58 crore.

The matter was referred to Government in September 2017; reply has not been received (December 2017).



**PART - B**  
**URBAN LOCAL BODIES**



## **CHAPTER III**

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



## CHAPTER III

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

#### An Overview of the functioning of the Urban Local Bodies in the State

#### 3.1 Introduction

The 74<sup>th</sup> amendment to the Constitution accorded constitutional status to Urban Local Bodies (ULBs) and established a system of uniform structure, regular election, regular flow of funds through Finance Commission etc. As a follow-up, the States are required to entrust these bodies with powers, functions and responsibilities so as to enable them to function as institutions of local self-government.

Accordingly, the State Legislature amended the Tamil Nadu District Municipalities Act, 1920, for transferring the powers and responsibilities to ULBs in order to implement schemes for economic development and social justice including those in relation to the matters listed in the Twelfth Schedule of the Constitution.

Tamil Nadu is one of the most urbanised States of India. As per the 2011 Census, urban population of the State was 3.49 crore constituting 48.40 *per cent* of the total population of 7.21 crore. Important statistics of the State regarding population and ULBs are given in **Table 3.1**.

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

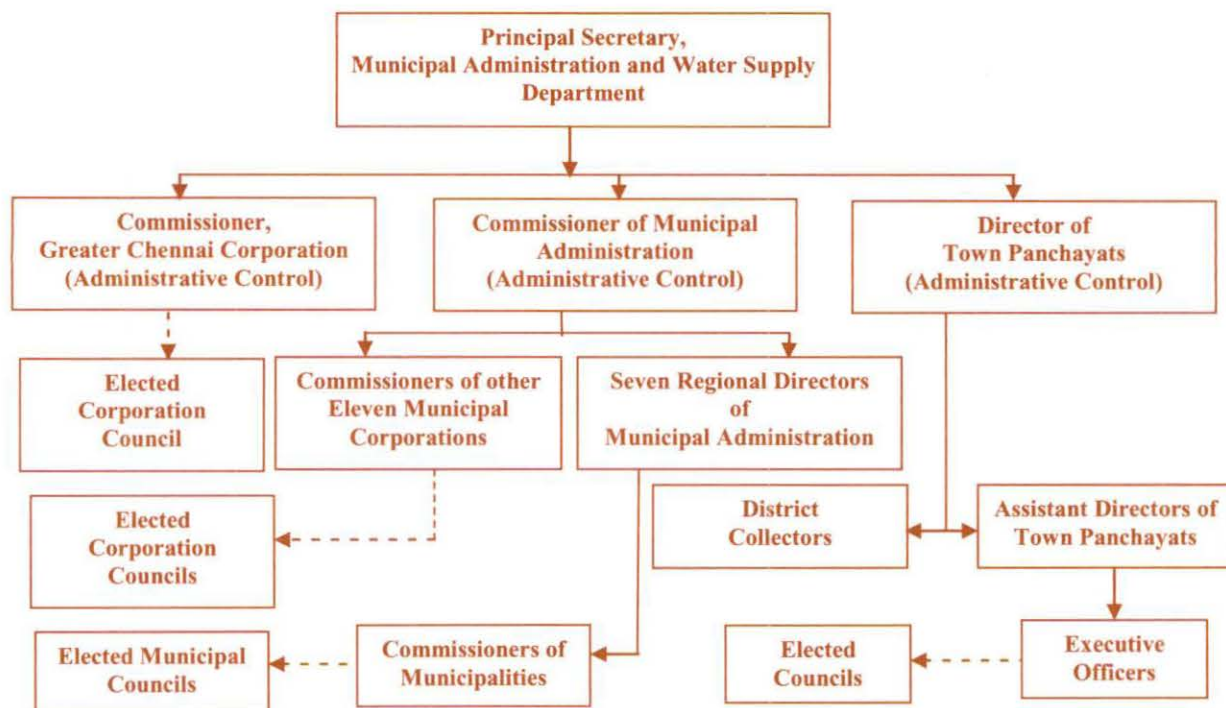
Population	7.21 crore
Population density	555 persons per square kilometre
Gender ratio	996 females per 1,000 males
Urban population	48.40 <i>per cent</i>
Literacy	80.09 <i>per cent</i>
Number of ULBs	664
- Municipal Corporations	12 <sup>1</sup>
- Municipalities	124
- Town Panchayats	528

(Source: 2011 Census figures and Policy Note of the Municipal Administration and Water Supply Department for 2016-17)

<sup>1</sup> Chennai, Coimbatore, Dindigul, Erode, Madurai, Salem, Thanjavur, Thoothukudi, Tiruchirappalli, Tirunelveli, Tiruppur and Vellore.

### 3.2 Organisational structure of ULBs

The organisational structure for administration of ULBs in Tamil Nadu as of March 2017 was as under:



(Source: Commissionerate of Municipal Administration)

### 3.3 Functioning of ULBs

Consequent upon the 74<sup>th</sup> amendment to the Constitution, the State Legislature amended the Tamil Nadu District Municipalities Act, 1920, for transferring the powers and responsibilities to ULBs. Out of 18 functions (**Appendix 3.1**) enlisted in the Twelfth Schedule of the Constitution, 12 functions (Serial Numbers 1 to 12 of **Appendix 3.1**) were devolved to the Town Panchayats (TPs) and 17 functions (except Fire Services) were devolved to the Municipalities and Municipal Corporations by the State Government as of November 2017. In respect of Greater Chennai Corporation (GCC), 13 (Serial Numbers 1 to 12 and 17 of **Appendix 3.1**) out of 18 functions were devolved so far (September 2017), of which, the function of water supply is handled by the Chennai Metropolitan Water Supply and Sewerage Board.

### 3.4 Formation of various Committees

Out of 32 Districts in Tamil Nadu, Government of Tamil Nadu (GoTN) constituted District Planning Committees (DPC) in 31 districts except Chennai as per Section 241(1) of the Tamil Nadu Panchayats Act, 1994. Constitution and functions of the DPC are mentioned in Paragraph 1.4 of this Report.



GCC stated (October 2017) that Standing Committees for Health, Town Planning, Works, Taxation and Finance, Education, Accounts and Audit and Appointment were in place. GCC further stated that the Committees met once in a month and perused the respective department/subject schemes and projects; on approval of the schemes/projects, they were forwarded to the Council for approval. Commissioner of Municipal Administration (CMA) stated (December 2017) that Standing Committees for Public Health, Town Planning, Works, Taxation and Finance, Education, Accounts and Appointment were formed in Municipal Corporations and Standing Committees for Contracts, Town Planning, Taxation Appeal and Appointment were formed in Municipalities. Director of Town Panchayats (DTP) stated (November 2017) that Standing Committees for Contracts, Town Planning, Taxation Appeal and Appointment were formed in TPs.

### 3.5 Audit arrangement

#### 3.5.1 Primary Auditor

GoTN entrusted (August 1992) the audit of ULBs to the Director of Local Fund Audit (DLFA), who has to certify the correctness of accounts, assess internal control system and report cases of loss, theft and fraud to the audited entities and to GoTN. Position regarding placing of Audit Report of DLFA on the table of the Legislative Assembly is mentioned in Paragraph 1.5.1 of this Report.

#### *Arrears in submission of accounts*

ULBs should finalise their annual accounts within three months after the end of the financial year. DLFA stated (December 2017) that all the 12 Municipal Corporations, 7 (out of 124) Municipalities and 36 (out of 528) Town Panchayats did not submit their accounts for the year 2016-17 to DLFA as of August 2017.

#### *Arrears in audit by DLFA*

(a) The position of arrears in audit of ULBs by DLFA, as of August 2017, is given in **Table 3.2**.

**Table 3.2: Position of arrears in audit of ULBs by DLFA**

(in numbers)

Category of ULB	Total number	2014-15			2015-16			2016-17		
		Accounts submitted to DLFA (A)	Audit completed out of (A) (B)	Audit pending (A)-(B) (C)	(A)	(B)	(C)	(A)	(B)	(C)
Corporations	12	12	12	Nil	12	12	Nil	Nil	Not Applicable	
Municipalities	124	124	123	1	124	124	Nil	117	1	116
Town Panchayats	528	528	527	1	528	526	2	492	22	470

(Source: Details furnished by DLFA)

(b) As of August 2017, 2,22,870 paragraphs relating to Municipal Corporations, Municipalities and Town Panchayats included in their Inspection Reports (IRs) relating to period upto 2016-17 were pending settlement as given in **Table 3.3**.

**Table 3.3: Year-wise pendency of paragraphs of DLFA**

Year of IR	Number of paragraphs pending in respect of		
	Municipal Corporations	Municipalities	Town Panchayats
Upto 2011-12	56,393	42,293	24,127
2012-13	3,823	6,515	5,833
2013-14	4,916	8,087	7,929
2014-15	4,597	9,401	12,278
2015-16	1,761	13,680	20,452
2016-17	Not Applicable*	94	691
<b>Total</b>	<b>71,490</b>	<b>80,070</b>	<b>71,310</b>

\* All the 12 Municipal Corporations were yet to submit their accounts to DLFA.

(Source: Details furnished by DLFA)

Audit analysis revealed that in respect of Municipal Corporations, Municipalities and Town Panchayats 69,729 (98 *per cent*) out of 71,490, 66,296 (83 *per cent*) out of 80,070 and 50,167 (70 *per cent*) out of 71,310 pending paragraphs respectively pertaining to period upto 2014-15. This indicated that adequate attention was not given to settle the long pending paragraphs.

DLFA further reported (October 2017) that for settling the pending paragraphs relating to Municipal Corporations, Municipalities and Town Panchayats, 79 meetings were held during 2016-17 as a result of which, 10,345 paragraphs were settled.

### **3.5.2 Audit by Comptroller and Auditor General of India (CAG)**

The CAG audits the ULBs under Section 14(2) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. Technical Guidance and Support is provided by the CAG to DLFA.

#### ***Audit Reports of CAG***

CAG's Audit Reports on ULBs upto 2006-07 were discussed and recommendations were made by the Public Accounts Committee. As of November 2017, Action Taken Reports were pending from Municipal Administration and Water Supply Department on 198 recommendations<sup>2</sup> relating to 1985-86 to 2007-08 for final settlement, which consisted of

<sup>2</sup> 1985-86 (1), 1990-91 (5), 1992-93 (15), 1993-94 (2), 1997-98 (1), 1999-2000 (10), 2000-01 (1), 2001-02 (9), 2002-03 (2), 2003-04 (28), 2004-05 (33), 2005-06 (55), 2006-07 (30) and 2007-08 (6).

paragraphs relating to ULBs included in the Audit Report (Civil) and Audit Report (Local Bodies).

### **3.6 Response to audit observations of CAG**

Audit of ULBs by test checking of records is followed-up through IRs issued to the Commissioner of GCC, CMA, DTP and to the ULBs concerned. As of November 2017, 4,038 paragraphs contained in 807 IRs issued upto 2016-17 were pending settlement for want of satisfactory replies.

## **Accountability Mechanism and Financial Reporting Issues**

### **Accountability Mechanism**

#### **3.7 Ombudsman**

As per Paragraph 10.161(iii) of the recommendations of the Thirteenth Central Finance Commission (TCFC), the State Government must put in place a system of independent local body Ombudsman, who will look into complaints of corruption and maladministration against the functionaries of local bodies, both elected members and officials and recommend suitable action and the system should be made applicable to all elected functionaries and officials in all Municipal Corporations, Municipalities and Zilla Parishads at least.

Subsequent to the enactment (December 2014) of Tamil Nadu Local Bodies Ombudsman Act, 2014, Ombudsman for the Municipal Corporations, Municipalities, Town Panchayats and District Panchayats in Tamil Nadu was established (March 2015). The Tamil Nadu Local Bodies Ombudsman stated (September 2017) that 378 complaints were received during 2016-17 against the ULBs and its public servants, out of which, 215 were disposed of and the remaining complaints were in enquiry stage.

#### **3.8 Property Tax Board**

The State Legislature enacted (May 2013) the Tamil Nadu State Property Tax Board Act, 2013 and GoTN framed (October 2014) the Tamil Nadu State Property Tax Board Rules, 2014. Though the State Legislature enacted the Tamil Nadu State Property Tax Board Act, 2013 in May 2013, the Board was not constituted so far (November 2017).

#### **3.9 Service Level Benchmark**

As per Paragraph 10.161(viii) of the TCFC recommendations, State Governments must notify or cause all the Municipal Corporations and Municipalities to notify the service standards for four service sectors *viz.*, water supply, sewerage, storm water drainage and solid waste management proposed to be achieved by them by the end of the succeeding fiscal year.

### **3.10 Fire hazard response**

As per Paragraph 10.161(ix) of the TCFC recommendations, all Municipal Corporations with a population of more than one million must put in place a fire hazard response and mitigation plan for their respective jurisdictions. Notification accepting this recommendation of TCFC was issued by GoTN in November 2013.

Municipal Corporations of Chennai, Coimbatore and Madurai released ₹ 2.68 crore, ₹ 0.51 crore and ₹ 0.49 crore respectively for the period 2011-15; of this, ₹ 2.21 crore, ₹ 0.40 crore and ₹ 0.43 crore was utilised by Fire and Rescue Services Department as of November 2017 for purchase of vehicles and equipment. The Director, Tamil Nadu Fire and Rescue Services stated (November 2017) that action is being taken to utilise the balance amount for purchase of balance items during 2017-18.

### **3.11 Submission of Utilisation Certificates**

The GCC stated (October 2017) that the Utilisation Certificates (UCs) were being sent to Government of India (GoI) after utilising the actual amount received. CMA stated (December 2017) that the UCs were sent to GoI for the amount utilised out of the sanctioned grant for the specific period as prescribed in the sanctions. DTP stated (November 2017) that in case of some projects, UCs were sent directly to GoI and in respect of some projects these were sent through the nodal agencies.

### **3.12 Internal Audit and Internal Control System of ULBs**

Commissioner, GCC stated (October 2017) that the Financial Advisor was the overall controller for verification of audit and accounts, Chief Accounts Officers were doing internal audit in their respective zones and DLFA was doing the concurrent audit. CMA stated (December 2017) that DLFA was conducting concurrent audit of 11 Municipal Corporations and Special Grade Municipalities. DTP stated (November 2017) that DLFA was conducting annual audit and financial loss and irregularity paragraphs were intimated to concerned Executive Officers and Assistant Directors of Town Panchayats.

### **3.13 Financial Reporting Issues**

#### **3.13.1 Source of funds**

The details of receipts and expenditure of the ULBs for the period from 2012-13 to 2016-17 are given in **Table 3.4**.

**Table 3.4: Receipts and expenditure of ULBs**

(₹ in crore)

	2012-13	2013-14	2014-15*	2015-16*	2016-17
Own revenue	2,467	2,957	2,875	3,364	3,776
Assigned revenue <sup>3</sup>	1,084	1,211	1,047	1,717	1,469
Grants	4,020	4,391	4,073	5,033	5,468
Loans	323	903	772	724	1,964
<b>Total receipts</b>	<b>7,894</b>	<b>9,462</b>	<b>8,767</b>	<b>10,838</b>	<b>12,677</b>
Revenue expenditure	3,461	4,985	5,331	6,704	6,895
Capital expenditure	3,117	5,107	4,954	6,750	6,406
<b>Total expenditure</b>	<b>6,578</b>	<b>10,092</b>	<b>10,285</b>	<b>13,454</b>	<b>13,301</b>

\* Figures differ from the figures of Audit Report 2015-16 due to furnishing of revised figures by GCC.

(Source: Details furnished by GCC, CMA and DTP)

The percentage of expenditure and savings to the total receipts during 2012-13 to 2016-17 is given in **Table 3.5**.

**Table 3.5: Percentage of expenditure and savings**

	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue expenditure	44	53	61	62	54
Capital expenditure	39	54	57	62	51
Savings (-)/Excess (+)	(-) 17	7	18	24	5

While Capital expenditure during 2012-17 ranged between 39 and 62 *per cent* of the total receipts, Revenue expenditure ranged between 44 and 62 *per cent* of the total receipts.

### **3.13.2 State Finance Commission (SFC) Grant**

Fourth SFC, constituted in December 2009, recommended (September 2011) a vertical sharing ratio of 56:44 between rural and urban local bodies. GoTN accepted (June 2013) the recommendations with modifications to adopt the vertical sharing ratio between rural and urban local bodies at 58:42 and the horizontal sharing ratio of SFC devolution funds at 40:31:29 among Municipal Corporations, Municipalities and Town Panchayats respectively. The amount of SFC grants released to the ULBs during 2016-17 was ₹ 3,075.35 crore.

<sup>3</sup> Ninety *per cent* of Entertainment Tax and 50 *per cent* of Surcharge on Stamp Duty collected within the jurisdiction of the local body were assigned to the concerned local body.

**3.13.3 Central Finance Commission (CFC) Grant**

A sum of ₹ 1,416.82 crore was sanctioned by GoI as Fourteenth CFC grant to the ULBs in Tamil Nadu for the year 2016-17 and the same was released by GoTN to the ULBs.

**3.13.4 Maintenance of accounts by ULBs**

Accrual-based accounting system is followed in all the ULBs. GCC stated (October 2017) that in conformity with the National Municipal Accounting Manual (NMAM), the chart of accounts was revised and accounts upto 2015-16 were finalised. CMA stated (December 2017) that consequent upon the introduction of NMAM, GoTN prepared a new Municipal Accounting Manual incorporating the principles laid down in NMAM, to suit the requirement of ULBs in Tamil Nadu on the principles of need base and not merely to coincide with NMAM. CMA further stated that accounts from 2014-15 were compiled based on this newly updated Municipal Accounting Manual adopting new accounting software created on the basis of new coding structure.

**CHAPTER IV**  
**PERFORMANCE AUDITS**  
**(URBAN LOCAL BODIES)**





## CHAPTER IV

### PERFORMANCE AUDITS

This Chapter contains findings of two Performance Audits on (i) Delivery of Citizen Services by Tirunelveli City Municipal Corporation and (ii) Implementation of Urban Infrastructure Development Scheme for Small and Medium Towns.

#### MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

##### 4.1 Delivery of Citizen Services by Tirunelveli City Municipal Corporation

###### *Executive Summary*

*Tirunelveli City Municipal Corporation was formed in March 1994 by upgrading the erstwhile Tirunelveli Municipality. Tirunelveli City Municipal Corporation limit spreads over an area of 108.65 square kilometres and it has four zones and 55 wards with a population of 4.75 lakh (2011 Census). Performance Audit on Delivery of Citizen Services by Tirunelveli City Municipal Corporation conducted between April and August 2017 revealed the following:*

*Tirunelveli City Municipal Corporation did not prepare City Corporate Plan. Shortage of manpower affected the revenue collection and delivery of citizen services. Deficiencies in providing storm water drains led to incidence of water logging. As water supply schemes for uncovered areas were still in the initial stage, required quantity of 135 litres per capita per day was not supplied. Some areas were not covered under underground sewerage scheme, causing pollution to Thamirabarani river. In health centres, there were vacancies in the post of Pharmacist and cases of issue of time expired drugs. There was shortfall in implementation of School Health Programme. Infrastructure in the Corporation schools was inadequate. Open space reservation lands were not maintained. Gasifier crematorium was operated for eight years without obtaining the mandatory consent. Registration of Births and Deaths was done in satisfactory manner. No action was taken to create awareness among the public for filing complaints to the Ombudsman against elected members and staff of the Corporation.*

##### 4.1.1 Introduction

Tirunelveli City, the headquarters of Tirunelveli District, spreads over an area of 108.65 square kilometres with a population of 4.75 lakh (2011 Census). The City was constituted as Municipality in 1864 and subsequently, as City

Municipal Corporation in March 1994 under the Tirunelveli City Municipal Corporation Act, 1994. As per Section 8 (4) of the said Act, any reference to the Coimbatore Corporation shall by reason of the Act be construed as a reference to Tirunelveli City Municipal Corporation (TCMC). TCMC consists of 55 Wards grouped into four Zones namely Tirunelveli, Palayamkottai, Melapalayam and Thatchanallur to make the administration more efficient and responsive.

#### **4.1.2 Organisational framework**

Principal Secretary to the Government, Municipal Administration and Water Supply (MAWS) Department is the overall head at the Government level. The Commissioner of Municipal Administration (CMA) is the head of the Department, who monitors the functions of the Municipal Corporations. The Commissioner of TCMC is the executive head for implementing all functions in accordance with the resolutions passed by the TCMC Council. The Commissioner is assisted by a City Engineer, City Health Officer and other officials. Mayor is the Chairperson of the Council and is assisted by the Deputy Mayor, who is also an elected representative. Assistant Commissioners head the four zones.

#### **4.1.3 Audit objectives**

The audit objectives were to assess whether:

- the planning process facilitated effective delivery of citizen services;
- the human and financial resources were adequate and utilised efficiently;
- the citizen services were rendered as per plan and the stated objectives were achieved; and
- monitoring and evaluation were adequate and effective.

#### **4.1.4 Audit criteria**

The audit findings were benchmarked against the following criteria:

- Tirunelveli City Municipal Corporation Act, 1994 and Coimbatore City Municipal Corporation Act, 1981;
- Tamil Nadu Town & Country Planning Act, 1971;
- The Tamil Nadu Transparency in Tenders Act, 1998;
- Municipal Solid Waste (Management and Handling) Rules, 2000;
- Tamil Nadu Public Health Act, 1939;
- Central Public Health and Environmental Engineering Organisation Manuals for water supply and sewerage;

- Municipal Budget Manual, Municipal Accounting Manual and Engineering Manual;
- TCMC Council resolutions; and
- Guidelines for various schemes, orders of Government of India/ Government of Tamil Nadu, executive instructions and circulars issued from time to time.

#### **4.1.5 Scope and methodology of Audit**

The Performance Audit was conducted between April 2017 and August 2017 covering the period from 2012-13 to 2016-17. Records were test-checked at the Secretariat, office of the CMA and TCMC including all its four zonal offices. Details were also obtained from Education Department, Tamil Nadu Slum Clearance Board, Health and Family Welfare Department and Tamil Nadu Pollution Control Board for cross verification of details obtained from TCMC. An Entry Conference with the Principal Secretary to Government, MAWS Department was held on 24 May 2017, in which, the audit objectives, criteria and scope of audit were discussed. An Exit Conference was held on 14 December 2017 with Principal Secretary to Government, MAWS Department and the audit findings were discussed. Replies wherever received were incorporated with suitable rebuttal by Audit.

The Performance Audit focused on the delivery of citizen services by TCMC under urban planning, provision and maintenance of water supply, sewerage facilities, solid waste management (SWM), public health and sanitation, roads and pavements, street lights, basic amenities in schools and noon meal centres run by TCMC, parks and play fields, safeguarding the interests of weaker sections, burial/cremation grounds, etc. Audit also covered provision of funds, budgetary controls, planning of works, implementation of e-governance and grievance redressal for effective delivery of citizen services.

A beneficiary survey was conducted with an administered questionnaire on the satisfactory level of quality of services rendered under health and education sectors by TCMC. Audit physically verified the assets in the presence of the officials of TCMC and photographs were taken as audit evidence. The results of the survey conducted with the beneficiaries of health services are suitably included in this report wherever deemed necessary.

### **Audit findings**

#### **4.1.6 Planning**

As per Twelfth Five Year Plan, every City/town should mandatorily draw a Development Plan by taking at least a 10 years perspective and the plan should take into account the city's natural endowment and its economic potential and should promote clean and green city.

#### **4.1.6.1 Non-implementation of City Corporate Plan**

Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) prepared City Corporate Plans (CCP) in 2002-03 for a group of towns in Tamil Nadu, which included Tirunelveli. The objective of the exercise was to develop the vision and growth strategies for the towns. The CCP of each town included operational and financial assessment, Capital Investment Programme (CIP) and required resources. But, the CIP could not be implemented by the towns due to inadequate finances and absence of action plan. Hence, TNUIFSL appointed CRISIL Infrastructure Advisory to provide assistance in converting the CCP into workable Business Plan.

TCMC Council gave (January 2006) consent to prepare the Business Plan in order to implement various improvement works. The Council resolved (August 2006) to execute the plan prepared by CRISIL Infrastructure Advisory wherein basic services such as water supply, sewerage and sanitation, SWM, roads, drains, street lighting and others were proposed to be executed within the next five years through the budgetary grant from Government of Tamil Nadu (GoTN), Urban Local Bodies (ULBs)'s contribution and loans from funding agencies. The CIP was approved in August 2006 at an estimated cost of ₹ 240.52 crore as detailed in **Table 4.1**.

**Table 4.1: Capital Investment Programme**

Sl. No.	Sector	Project title	Cost (₹ in crore)
1.	Water Supply	Improvement of water supply	16.06
2.	Sewerage and sanitation	Implementation of sewerage project and construction of public conveniences	111.70
3.	SWM	Improving SWM	12.10
4.	Roads	Improvement of roads	75.82
5.	Drains	Improvement of drains	2.15
6.	Street lights	Improving street lights	5.36
7.	Others	Setting up slaughter houses, parking spaces, improving hospital and market facilities	17.33
<b>Total</b>			<b>240.52</b>

(Source: Business Plan prepared by CRISIL Infrastructure Advisory)

It was observed by Audit that while no action was taken to seek funds from GoTN as per the above CIP, works relating to provision of water supply, sewerage and sanitation and Storm Water Drains (SWDs) were delayed as discussed in Paragraphs 4.1.9.1 to 4.1.9.3.

Further, the Council resolved (December 2012) to appoint a consultant through TNUIFSL for preparation of a new CCP with reference to the latest developments for Tirunelveli Corporation. However, no action was taken to appoint the consultant to prepare the CCP to meet the needs of growing population as of October 2017. Thus, TCMC failed to implement the initial CCP prepared by CRISIL Infrastructure Advisory, which led to the need to prepare a new CCP, which was also not prepared even after a lapse of

five years. This hindered the planning process for delivery of citizen services and development works were carried out without any plan.

GoTN stated (November 2017) that all development activities would be carried out under Smart City Programme of Government of India (GoI). However, the developmental activities of water supply and sewerage and sanitation among others need to be carried out as per plans and assessment of the city's requirements.

#### 4.1.6.2 Non-execution of improvement works

The vision document prepared in 2004-05 for the Municipalities and Corporations for five years contemplated, among other things, improvement of market places and bus stands. For this purpose, TCMC received (March 2005) ₹ 3.18 crore from GoTN. TCMC Council resolved (October 2012) to (i) improve the Tirunelveli Town Subash Chandra Bose Daily Market, (ii) improve the Mahatma Gandhi Daily Market at Palayamkottai, (iii) construct additional bus bays and two wheeler parking shed in the new bus stand at Veinthankulam and (iv) improve the Animal Market in Melapalayam, at a total cost of ₹ 4.60 crore by utilising the amount received under Vision 2004 scheme along with the interest accrued over the years and from the General Fund. However, even after a lapse of 12 years, these works were not executed (October 2017).

GoTN stated (November 2017) that the Subash Chandra Bose and Mahatma Gandhi Daily Markets could not be improved due to encroachments and action would be taken to evict the encroachments with the help of Police/Revenue authorities. Thus, the TCMC failed to address the problem of encroachments in the markets resulting in vendors appropriating walking paths in the markets.

#### 4.1.7 Financial performance

The Municipal Fund is to be utilised for all obligatory and discretionary functions and, in general, everything necessary for, or conducive to the safety, health and convenience, or education of the inhabitants, or to the amenities of TCMC and everything incidental to the administration. The details of income and expenditure of TCMC for the years 2012-17<sup>1</sup> are given in **Appendix 4.1**.

The **Table 4.2** indicates the Budget estimates *vis-à-vis* actuals in respect of revenue and expenditure during the period 2012-17.

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<sup>1</sup> For 2015-16 and 2016-17, unaudited figures are adopted.

**Table 4.2: Details of revenue and expenditure**

(₹ in crore)

Year	Budget Estimate		Revised Estimate		Actuals	
	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure
2012-13	101.93	105.09	98.51	108.98	94.05	104.20
2013-14	137.52	140.90	131.55	143.92	131.83	132.60
2014-15	173.50	180.71	172.79	179.66	124.68	162.53
2015-16	200.93	210.10	201.46	208.50	145.03	174.66
2016-17	221.32	229.61	211.61	221.57	157.23	159.98

(Source: Budget Books and Annual Accounts of TCMC)

The decrease in revenue over the budgeted amount was attributed to poor collection of property tax/user charges. The decrease in expenditure as against the budget provision was mainly due to less expenditure on pay and allowances due to large number of vacancies and administrative expenses. TCMC attributed (November 2017) the budget variation to making of budget provision anticipating new recruitment, Pay Commission, etc. As the posts continued to be vacant, TCMC could have reduced the provisions at the Revised Estimate stage to suit the expenditure requirements. Further, the provision for Pay Commission was too early.

#### **4.1.7.1 Efficiency in revenue collection**

##### **Property Tax**

The arrears in collection of Property Tax increased from ₹ 39.84 crore in 2012-13 to ₹ 49.59 crore in 2016-17. The details of demand, collection and balance for the period 2012-17 are given in **Table 4.3**.

**Table 4.3: Demand, Collection and Balance of Property Tax**

(₹ in crore)

Year	Demand			Collection			Percentage of Collection		Balance	Collection efficiency (in per cent)
	Arrear	Current	Total	Arrear	Current	Total	Arrear	Current		
2012-13	38.53	20.75	59.28	7.54	11.90	19.44	19.57	57.35	39.84	32.79
2013-14	42.47	21.51	63.98	7.91	12.66	20.57	18.62	58.86	43.41	32.15
2014-15	45.11	22.51	67.62	10.07	14.12	24.19	22.32	62.73	43.43	35.77
2015-16	45.27	22.77	68.04	6.96	14.76	21.72	15.37	64.82	46.32	31.92
2016-17	49.10	23.53	72.63	7.52	15.52	23.04	15.32	65.96	49.59	31.72

(Source: Demand, Collection and Balance statement of TCMC)

It may be seen from **Table 4.3** that though the collection against current demand ranged from 57 to 66 per cent, the collection of arrears was only 15 to 22 per cent of outstanding demand at the beginning of respective year. GoTN stated (November 2017) that the low collection was mainly due to litigation cases. The reply is not acceptable because out of the tax due of ₹ 49.59 crore as of March 2017, the litigation cases accounted for only ₹ 16.18 lakh, which was very meagre. Thus, it is evident that the collection efficiency was poor.

**Water Supply and Under Ground Drainage Charges**

The arrears in collection of Water Supply and Under Ground Drainage (UGD) charges increased from ₹ 14.29 crore in 2012-13 to ₹ 21.03 crore in 2016-17. The details of demand, collection and balance for the period 2012-17 are given in **Table 4.4**.

**Table 4.4: Demand, Collection and Balance of Water Supply and UGD charges**

(₹ in crore)

Year	Demand			Collection			Percentage of collection		Balance	Collection efficiency (in per cent)
	Arrear	Current	Total	Arrear	Current	Total	Arrear	Current		
2012-13	11.92	9.34	21.26	2.47	4.50	6.97	20.72	48.18	14.29	32.78
2013-14	14.82	9.70	24.52	3.01	4.86	7.87	20.31	50.10	16.65	32.10
2014-15	17.08	9.94	27.02	3.95	5.37	9.32	23.13	54.02	17.70	34.49
2015-16	17.93	10.25	28.18	3.34	5.62	8.96	18.63	54.83	19.22	31.80
2016-17	19.49	10.63	30.12	3.23	5.86	9.09	16.57	55.13	21.03	30.18

(Source: Demand, Collection and Balance statement of TCMC)

It may be seen from **Table 4.4** that though the collection of current demand ranged from 48 to 55 *per cent*, the collection of arrears was only 17 to 23 *per cent* of outstanding demand at the beginning of respective year.

It was seen from **Tables 4.3 and 4.4** that the collection efficiency of both Property Tax and Water Supply and UGD charges hovered around 30-36 *per cent* only during 2012-17, which was far below the norm of 90 *per cent* prescribed for water supply and UGD charges for ULBs in the Tamil Nadu Municipal Budget Manual.

It was further observed that out of sanctioned strength of 55 posts of Revenue Assistants, whose main duty was to collect the revenue, only 11 posts were filled as of October 2017.

GoTN stated (November 2017) that effective action was being taken to collect the taxes by outsourcing and also by conducting special drives periodically through public address system, issue of notices, etc. However, Audit ascertained that the revenue collection work was not yet outsourced and the collection efficiency was 30 to 36 *per cent* only.

**4.1.7.2 Inordinate delay in submission of annual accounts**

As per Sections 171 and 172 read with serial numbers 14 and 15 of Part III under Schedule III of the Coimbatore City Municipal Corporation Act, 1981 (applicable for TCMC also), the Commissioner should make ready the annual accounts and registers and produce them before the auditors for scrutiny not later than the first day of July in the year succeeding that to which, such accounts and registers relate. Further, as per Section 7 of the Tamil Nadu Local Fund Audit Act, 2014, the accounts should be prepared within three months from the end of the financial year and presented to audit. However, it was seen that the annual accounts were submitted to Director of Local Fund Audit (DLFA) belatedly, as shown in **Table 4.5**.

**Table 4.5: Details of delayed submission of annual accounts to Local Fund Audit**

Year	Due date	Actual Date	Delay
2012-13	01-07-2013	28-02-2014	8 Months
2013-14	01-07-2014	11-02-2015	7 Months
2014-15	01-07-2015	14-03-2016	8 Months
2015-16	01-07-2016	10-03-2017	8 Months
2016-17	01-07-2017	22-11-2017	4 Months

(Source: Details furnished by TCMC)

Every year, the annual accounts were returned by the DLFA for rectification and were re-submitted by TCMC and the approval of annual accounts was obtained during the ensuing financial years only. The annual accounts for the years 2015-16 and 2016-17 were yet to be certified by DLFA.

GoTN stated (November 2017) that the Annual Accounts for 2016-17 were compiled and submitted to DLFA in October 2017 and the delay was unavoidable. The reply was factually incorrect about the date of submission of accounts and not tenable as the timelines prescribed in the Tamil Nadu Local Fund Audit Act, 2014 should be scrupulously followed.

#### **4.1.8 Human resources**

The vacancy position in the essential services as of March 2017 is detailed in **Table 4.6**.

**Table 4.6: Vacancy position as of March 2017**

(Number of posts)

Sl. No.	Category	Sanctioned	Filled	Vacant	Percentage of vacancy
1.	General services including revenue collection	340	175	165	48.53
2.	Engineering and Water Supply	90	48	42	46.67
3.	Public Health	150	64	86	57.33
4.	Basic services	1,080	570	510	47.22
<b>Total</b>		<b>1,660</b>	<b>857</b>	<b>803</b>	<b>48.37</b>

(Source: Details furnished by TCMC)

It was seen that under Engineering and Water Supply, Public Health and General services including revenue collection, the vacancies affected the delivery of these essential services as detailed below:

- Due to inadequate technical manpower, the execution of Ariyanayagipuram Water Supply Scheme (WSS) was handed over to Tamil Nadu Water Supply and Drainage (TWAD) Board as discussed in Paragraph 4.1.9.1.
- Out of 55 sanctioned posts of Revenue Assistants, whose main duty was revenue collection, 44 posts were vacant as of October 2017.



- The inordinate delay in submission of annual accounts to DLFA for the years from 2012-13 to 2016-17 was attributed to shortage of manpower.

Though TCMC identified (November 2015) 201 vacant posts (**Appendix 4.2**) for filling and started (January 2016) the selection process, the same could not be completed due to administrative reasons. Thus, the vacant posts were not filled up (October 2017), which continued to affect the functions of TCMC.

CMA stated (November 2017) that the proposal for filling up the vacant posts was submitted to Government and on receipt of Government orders, the posts would be filled up. The fact remains that TCMC continued to function with shortage of manpower.

#### **4.1.9 Provision of citizen services**

The status of execution of works by TCMC under core sectors namely, water supply, sewerage and sanitation, SWDs and SWM etc., is discussed in the succeeding paragraphs.

##### **4.1.9.1 Provision of water supply**

In TCMC, as of March 2017, 73,692 house service connections (HSCs) were provided with piped water supply out of the total number of 1,48,975 property tax assessments, which worked out to 49.47 *per cent* only, and the rest of the households were to be fed by public fountains (taps). The norms prescribed by Central Public Health and Environmental Engineering Organisation for drinking water supply in corporations and municipalities covered/contemplated under Underground Sewerage (UGS) Scheme was 135 litres per capita per day (lpcd). Though UGS connections were provided/contemplated in TCMC, as of July 2017, the level of water supply was 101 lpcd only against the norm of 135 lpcd. In order to provide water supply to the unserved population, TCMC implemented three<sup>2</sup> WSSs. Audit of the WSSs revealed the following:

##### ***Belated decision to implement the scheme through TWAD Board***

The main source of water supply for TCMC area is Thamirabarani river through which 55 million litres per day (MLD) was supplied to the city. At the beginning of April 2012, there were 62,529 HSCs in four zones of TCMC area, which rose to 73,692 HSCs at the end of March 2017 with an increase of merely 18 *per cent* over five years.

As two head works *viz.*, Karuppanthurai and Theepachiamman Koil were discarded due to low yield, a new WSS was proposed (September 2013) to meet the ultimate demand of the TCMC area at 135 lpcd. Therefore, a scheme was approved (January 2014) with Ariyanayagipuram Anaicut across river Thamirabarani as source for the water supply improvement scheme to meet

<sup>2</sup> (i) Ariyanayagipuram WSS (₹ 230 crore), (ii) Hameempuram WSS (₹ 5.30 crore) and (iii) Suthamalli Slum Clearance Board Colony WSS (₹ 2.68 crore).

the ultimate demand of 102.17 MLD<sup>3</sup> (for ultimate population of 6,88,000 for the year 2044). The project was proposed to be implemented in 36 months.

The scheme was administratively approved (January 2014) by GoTN for a total project cost of ₹ 230 crore. The estimate was technically approved (February 2014) by CMA for ₹ 216.19 crore.

As there was poor response to the tender call (April 2014) for four packages, it was proposed to call for tenders as a single package in May 2014. Based on the request of prospective bidders, it was proposed (June 2014) to split the work into multi-packages again. However, tender was called for as a single package, only in December 2014. Due to inadequate number of technical personnel with TCMC, the Council decided (August 2015) to seek permission of GoTN to hand over the tenders received to TWAD Board for finalisation and execution of work. The same was approved by GoTN in October 2015. Subsequently, GoTN amended (February 2016) its approval to the effect that TCMC should finalise the tender and award the work and TWAD Board would supervise the work. However, TWAD Board returned (December 2015) the tender documents as there was no provision in the Tamil Nadu Transparency in Tenders Act, 1998, to finalise the tenders received by other departments. The Commissioner, TCMC, requested (June 2016) the TWAD Board to call for fresh tenders. Accordingly, TWAD Board called (August 2016) for fresh tenders and the work was awarded in November 2016 for ₹ 185.46 crore with target date of completion as May 2018. A sum of ₹ 10.17 crore was remitted (July 2017) to TWAD Board to execute the work and it was proposed to complete the work by December 2018.

In the absence of adequate technical expertise, TCMC should not have taken up the work, which resulted in belated handing over of the work to TWAD Board. The shortfall in delivery of envisaged 135 lpcd of water would continue till December 2018 though the scheme was approved as early as January 2014.

GoTN stated (November 2017) that even if TCMC handed over the work to TWAD Board at the initial stage itself, TWAD Board could not have commenced the work as the permission of water utilisation committee to draw water from Thamirabarani was received only in August 2017. The reply was not acceptable as the permission to draw water was sought as early as in May 2014 and Public Works Department could have been approached to expedite the permission.

#### **4.1.9.2 Underground Sewerage Scheme**

The existing UGS Scheme covered 24,251 HSCs. TCMC resolved (December 2009) to extend UGS Scheme to all the uncovered areas (1,24,721 HSCs) of the city without omitting any portion. The Commissioner, TCMC submitted (August 2011) to the CMA that Detailed Project Report (DPR) prepared by TWAD Board for the existing scheme covered the elevated areas of the city and colony areas, which were far away from the river Thamirabarani and low

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<sup>3</sup> 6,88,000 x 135 lpcd + 10 per cent transmission loss = 102.17 MLD.

lying areas near the Thamirabarani river bank were totally left out, which were the most polluting points and thus, large quantity of sewage water got mixed along its way. Therefore, the Commissioner sought permission to engage a consultant for preparation of DPR for the uncovered areas of TCMC through tender.

**Pictures 4.1** and **4.2** depict the sewage water inflows into Thamirabarani river near Collectorate.

**Sewage mixing with Thamirabarani River near Collectorate**

**Picture 4.1**



**Picture 4.2**



Non-provision of UGS connections in uncovered areas caused pollution to the Thamirabarani river and the ground water due to percolation.

Audit of implementation of the UGS Scheme for the uncovered areas revealed the following:

***Delay in implementation of UGS Scheme***

CMA permitted (August 2011) TCMC to engage a consultant for preparing of DPR for the remaining uncovered area through tender. CMA informed (November 2011) all Regional Directors of Municipal Administration and Corporation Commissioners that GoTN have accorded in principle clearance for the implementation of UGS Scheme in all ULBs within next three years. CMA stated that priority should be given among other things for execution of UGS Scheme for left out areas and for the towns causing pollution to the rivers.

TCMC invited tenders and awarded (December 2011) the consultancy work at a cost of ₹ 46.38 lakh. The consultant initially submitted (May 2013) the report for a total project cost of ₹ 490 crore. The same was approved (May 2013) by the Council to seek funds under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), but the same could not succeed as UIDSSMT came to an end in March 2014.

As per the suggestions of TNUIFSL in July 2014, it was proposed to redesign and rework the project report and hence, TCMC directed (September 2014) the consultant to prepare a revised DPR at a cost of ₹ 19.50 lakh. The consultant submitted (December 2015) a revised DPR for a total project cost of ₹ 665.10 crore. The project report was split up for execution in two phases

and the first phase was proposed (February 2017) covering 40,824 domestic and 2,148 non-domestic connections to be executed at a cost of ₹ 289.01 crore. The project was approved (June 2017) for funding by the State Level High Powered Steering Committee under Atal Mission for Rejuvenation and Urban Transformation (AMRUT) Phase II, a Centrally Sponsored Scheme, with 50 per cent funding from GoI, 20 per cent from GoTN and balance 30 per cent by TCMC. Thus, out of the requirement of 1.24 lakh left over connections only 34.45 per cent would be covered.

In this connection, the following observations were made.

Despite the proposal to cover the areas left out in the earlier UGS Scheme beginning in 2011, the project was yet to commence as of November 2017. As a result, the pollution along Thamirabarani river still continued with sewage being let out into the river.

As of March 2017, the coverage under UGS Scheme in TCMC was only 16 per cent as against its own Service Level Benchmark of 25 per cent though the GoI prescribed 100 per cent.

GoTN stated (November 2017) that the first phase of UGS Scheme was taken up and the second phase would be taken up shortly. It was also contended that there was no possibility of sewage water getting mixed with Thamirabarani river as the uncovered areas were having septic tanks and the sewage was collected and disposed of in the Sewage Treatment Plants. The reply is not acceptable as TCMC later informed (November 2017) Audit that the sewage from septic tanks was not collected and treated at the Sewage Treatment Plants. Moreover, in the DPR of UGS Scheme, it was categorically mentioned that sewage water got mixed at 10 points in Thamirabarani river.

#### **4.1.9.3 Short provision of Storm Water Drains**

As of March 2017, TCMC had 1,008 km of roads. As the available SWD network of 247 km was insufficient, water was stagnating during monsoon and the roads got damaged and also posed health hazards. Therefore, TCMC decided (January 2013) to have an integrated SWD and prepare a DPR by engaging a consultant. The consultant submitted the report in March 2014. It was proposed in the DPR to provide SWDs for a length of 438 km at a cost of ₹ 256 crore. Though TNUIFSL requested (April 2014) TCMC to make necessary efforts so that the consultancy translates into a meaningful output, it was proposed to implement the project only during 2016-17. No reasons were attributed to postponing the execution of the project for two years and the work was not commenced as of August 2017. Though TCMC should have achieved at least 70 per cent of the required SWDs as per its own benchmark, the achievement was only 36 per cent as of March 2017. It was noticed that during 2014-15 to 2016-17, TCMC reported 894 water-logging incidents<sup>4</sup> as against service level benchmark of 'zero' fixed by itself.

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<sup>4</sup> 2014-15 (385), 2015-16 (314) and 2016-17 (195).

GoTN stated (November 2017) that it was proposed to execute the work in a phased manner depending on availability of funds and on priority/need basis and the entire town would be covered under Smart City Programme. The fact remained that at present the provision of SWDs was far below the requirement.

#### **4.1.9.4 Solid waste management**

The Municipal Solid Waste (Management and Handling) Rules, 2000, apply to every municipal authority responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid waste. Tirunelveli City generated approximately about 160 metric tonnes (MT) of solid waste per day. Audit of solid waste management (SWM) works undertaken by TCMC revealed the following:

##### ***Scientific disposal of bio-degradable waste***

Waste processing is the critical element in a better SWM system. To implement the SWM project, TCMC estimated that nearly 32.87 MT of bio-degradable waste per day would be generated in TCMC area and hence, it was feasible to feed at least five MT of bio-degradable waste to the SWM plant to generate 400 Kilowatt Hour (KWH) of electricity per day (80 KWH per MT).

Accordingly, tenders were invited (November 2013) for Design, Construction and Operation of Bio-Methanation-cum-Power Generation Plant with a capacity of five MT per day on turn-key basis including operation and maintenance for seven years and the successful bidder was selected (December 2013) to execute the work at a cost of ₹ 81.26 lakh. The same was approved by the Council in January 2014. The work was completed (February 2016) at a cost of ₹ 85.26 lakh.

In this connection, it was observed that though TCMC was to supply at least five MT of bio-degradable waste, the maximum quantity supplied on a single day during the period from May 2016 to October 2017 was only 1.8 MT. This clearly indicated that TCMC did not segregate the required quantum of waste to feed the plant. Therefore, the desired quantum of electricity could not be generated. The probable loss due to non-generation of electricity worked out to ₹ 10.49 lakh approximately for the period from May 2016 to October 2017.

Meanwhile, following the Solid Waste Management Rules, 2016, TCMC ordered (April 2017) its sanitary workers not to collect waste from bulk generators, due to which, collection of required quantum of waste could not be met and the plant could not be utilised to its optimum level of five MT.

GoTN stated (November 2017) that the required quantity of bio-degradable waste was supplied to the plant. The reply was not factual as perusal of records revealed that the quantum of waste supplied during May 2016 to October 2017 ranged between 60 kilograms and 1.8 MT per day only.

#### **4.1.9.5 Provision of health care facilities**

The Tamil Nadu Public Health Act, 1939, stipulated that local authority would carry out all such activities to safeguard public health. The activities relating to health care were carried out by TCMC through Urban Health Posts, Dispensaries and Maternity Centres.

There were three maternity centres, six Urban Health Posts and six dispensaries in TCMC to cater to the needs of health care of citizens. From the year 2015-16 onwards, the above health units were restructured uniformly into nine Urban Primary Health Centres (UPHCs) owing to the implementation of National Urban Health Mission by GoI. Audit observed the following:

##### **(i) Issue of medicines**

For all the nine UPHCs medicines were supplied by Tamil Nadu Medical Services Corporation Limited. Scrutiny of the functioning of these stores revealed the following:

- Annual physical verification of medicines was not conducted in any of the UPHCs. Therefore, time expired drugs were not segregated and returned to Tamil Nadu Medical Services Corporation Limited in time. In Melapalayam UPHC, 740 time expired Salbutamol Sulphate tablets were issued to the patients during December 2016 to January 2017. In Palayamkottai UPHC, 3,035 time expired Cephalexine capsules were issued to the patients during November 2016 to March 2017.
- Upto the year 2014-15, only three UPHCs were having Pharmacist who was the authorised person to issue medicines to the patients. During 2015-16, Pharmacists were available only in five UPHCs. During 2016-17, only six UPHCs were having Pharmacists. In the absence of Pharmacists and the incidence of issue of time-barred drugs in Melapalayam and Palayamkottai UPHCs, the risk of patients being issued wrong/time expired drugs could not be ruled out.
- Drugs required for regular issue to patients during the period were not in stock in two siddha dispensaries at Pettai and Palayapettai.

##### **(ii) Disease surveillance**

As per Indian Public Health Standards (IPHS) 2012, every Primary Health Centre (PHC) should have one Laboratory Technician. However, the nine UPHCs in the TCMC area did not have any Laboratory Technician during 2012-13 to 2014-15. There were five Laboratory Technicians during 2015-16 and nine during 2016-17.

According to GoI's Operational Manual for implementation of Malaria Programme 2009, surveillance should be more than 10 *per cent* of target population by conducting annual blood examination to reduce the incidence of malaria. The details of target for examination of blood smears and achievement during 2012-17 are given in **Table 4.7**.

**Table 4.7: Examination of blood smears - Target and achievement**

Year	Population (in thousands)	Collection of blood samples		Achievement in percentage
		Target (in thousands)	Achievement (in thousands)	
2012-13	470	47	0.3	0.6
2013-14	480	48	0.4	0.8
2014-15	490	49	0.6	1.2
2015-16	490	49	0.8	1.6
2016-17	500	50	1.9	3.8

(Source: Details furnished by TCMC)

It could be seen from **Table 4.7** that during 2012-17, surveillance of blood examination was only 0.6 *per cent* to 3.8 *per cent*. Though the required posts were sanctioned and filled up during 2016-17 as per IPHS norms, the target for blood examination was not achieved for want of proper training. Thus, the disease surveillance was not effective.

**(iii) Prevalence of diseases**

GoI issued (June 2012) guidelines for IPHS health facilities of different levels viz., from Sub-centers to District Hospitals. The guidelines for PHCs provided for weekly reporting of diseases covering presumptive cases, suspected cases and laboratory confirmed cases, to the Health Department under Integrated Disease Surveillance Project. Major diseases diagnosed at UPHCs during 2012-17 were acute diarrhoeal disorder (171), malaria (4) and dengue (212).

Scrutiny of records revealed that during 2012-17, TCMC did not report the details of diseases to the Health Department.

In respect of sub-paragraphs (i) to (iii) above, GoTN stated (November 2017) that the UPHCs were transferred (December 2016) to Director of Public Health and Preventive Medicine, who looked after the works relating to health care. The reply was not tenable as TCMC was responsible for the functioning of UPHCs till December 2016.

**(iv) School Health Programme**

School Health Programme of GoTN envisages providing comprehensive health care services to children studying in all schools. The services rendered by School Medical Inspection Team, headed by a Medical Officer, were general check up, minor ailments treatment, immunisation, referral to higher medical institutions and health education. Each school should be visited three times annually by the medical team. In the first visit, all students should be

thoroughly examined. During the second and third visits, students identified in the first visit as having health problems and new cases should be thoroughly examined. The Programme was conducted during 2012-15 by two Inspection Teams of TCMC and for the years 2015-17 by Deputy Director of Health Services, Tirunelveli under Rashtriya Bal Swasthya Karyakram Programme. The details of school visits made during 2012-15 are given in **Table 4.8**.

**Table 4.8: School visits made by Medical Inspection Team**

Year	Number of		Number of students checked during			Number of students diagnosed with health issues
	Schools	Students	First visit (percentage)	Second visit (percentage)	Third visit (percentage)	
2012-13	118	60,461	58,624 (97)	5,056 (8)	0 (0)	13,210
2013-14	118	57,225	56,808 (99)	10,913 (19)	0 (0)	11,512
2014-15	120	56,663	54,307 (96)	0 (0)	0 (0)	11,966

(Source: Details furnished by TCMC)

As seen from **Table 4.8** though first visit covered 96 to 99 *per cent* of students, the second visit covered only 8 to 19 *per cent* of students and no third visit was made. As students identified in the first visit as having health problems and new cases should be thoroughly examined in the second and third visits, shortfall in visits resulted in non-conduct of follow-up examinations for 36,688 students identified as suffering from health issues during 2012-15. TCMC replied (October 2017) that as only two school medical inspection teams were available to cover 120 schools, the required number of visits could not be made. The reply was not tenable as more number of medical teams should have been deployed to cover the mandatory visits.

**(v) Absence of fire-fighting equipment and disaster management plan**

According to IPHS Guidelines 2012 for PHCs, all PHCs should have fire-fighting equipment like fire extinguishers, sand buckets and disaster management plan.

It was observed that the nine UPHCs of TCMC did not have fire-fighting equipment and disaster management plan.

GoTN stated (November 2017) that the TCMC had already installed fire-fighting equipment in major UPHCs. However, on verification (November 2017), it was found that fire extinguishers were only proposed to be installed in November 2017.

**(vi) Results of beneficiary survey in UPHCs**

The beneficiary survey conducted by Audit in the nine UPHCs (10 beneficiaries per UPHC) revealed that in terms of the quality of treatment and availability of medical personnel, medicines and equipments, the satisfaction level ranged between 92.22 *per cent* and 98.88 *per cent*.



#### 4.1.9.6 Provision of amenities in schools

In TCMC, 33 schools (five Higher Secondary Schools, one High School, five Middle Schools and 22 Primary Schools) were functioning under its control as of March 2017. Pay and Allowances to teaching and non-teaching staff were paid by the Education Department of GoTN. TCMC had to maintain the infrastructure in the schools and to provide all basic amenities such as drinking water, sufficient number of toilets with water facility for boys and girls separately and incinerators at girls' toilets in Middle, High and Higher Secondary Schools. There was a surplus of ₹ 42.63 crore as of March 2017 available with TCMC under Elementary Education Fund.

Provision of amenities by TCMC was also mandatory under Right of Children to Free and Compulsory Education Act, 2009 (RTE Act), read with Tamil Nadu Right of Children to Free and Compulsory Education Rules, 2011, Tamil Nadu Public Buildings (Licensing) Act, 1965, and various circulars issued by the CMA and School Education Department. Audit of schools maintained by TCMC revealed the following:

##### (i) *Non-conduct of survey*

According to Section 7 of the RTE Act, every local authority should maintain a record of all children in its jurisdiction through a household survey from their birth till they attain the age of 14 years and of children with disabilities till they attain the age of 18 years and should maintain such other particulars in respect of each child so as to monitor their enrolment, attendance, learning achievement and transition to next higher classes. Though there were 96,198 children in the age group of 0-14 years and 73 differently-abled children in the age group of 0-18 years in Tirunelveli city as per 2011 census, no such survey was conducted by TCMC as of August 2017. In the absence of the survey, neither TCMC nor Audit could be assured that all children in TCMC were enrolled in schools as required by the RTE Act.

CMA stated (November 2017) that no specific orders were received from Government to conduct the survey.

##### (ii) *Infrastructure in schools maintained by TCMC*

The result of the survey conducted by Audit in all the 33 schools to assess the availability of infrastructure and conducive environment for learning (detailed in **Appendix 4.3**) revealed deficiencies in provision of basic infrastructure like drinking water, sanitation, playground and kitchen shed. Only two schools (Pattapathu and Perumalpuram Corporation Primary schools) had all the required infrastructure and the remaining 31 schools lacked some of the infrastructure as detailed in **Appendix 4.3**. In 21 schools, noon meal was cooked in conventional method under unsafe conditions, as illustrated in **Pictures 4.3 and 4.4**.

**Conventional method of cooking**

**Picture 4.3: Corporation Primary School, Karungulam**



**Picture 4.4: Quaid-e-Millath Corporation Higher Secondary School, Melapalayam**



Thus, despite availability of funds under the Elementary Education Fund, the available infrastructure facilities were deficient to comply with the norms of RTE Act.

GoTN stated (November 2017) that effective action was taken to provide all basic amenities and infrastructure. However, a later verification (November 2017) by Audit showed that the five incinerators in the girls' schools stated to have been rectified and put to use were in fact not rectified.

**(iii) Safety and security measures**

According to Tamil Nadu Public Buildings (Licensing) Act, 1965, licence from Tahsildar for using any building as a public building should be obtained and the licence renewed every three years. However, the licenses were not obtained in respect of all the 33 schools.

**4.1.10 Assistance to urban homeless**

Operational guidelines for scheme of Shelter for Urban Homeless under National Urban Livelihood Mission were issued (December 2013) by Ministry of Housing and Urban Poverty Alleviation, GoI. The Mission aimed at providing permanent shelters equipped with essential services to the urban homeless in a phased manner under the scheme of Shelter for Urban Homeless. TCMC constructed (August 2016 and March 2017) two night shelters<sup>5</sup> at a total cost of ₹ 1.18 crore and they were operational since May-June 2017. However, only 19 persons were accommodated in the two night shelters against the intake capacity of 190 persons. Thus, the shelters constructed remained under-utilised.

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<sup>5</sup> At Kandiyaperi (₹ 0.36 crore in August 2016) and at Kurukuthurai (₹ 0.82 crore in March 2017).

GoTN stated (November 2017) that adequate publicity measures were being taken to increase the urban homeless people to stay at the shelter and optimum utilisation would be achieved shortly.

#### **4.1.11 Open space reservation**

GoTN issued orders (June 2010) on “Development Control Regulations for Special Buildings, Multi-Storied Buildings, Group Developments and Layouts for being followed in the local planning area of Tirunelveli”, which stipulated that in sites with area exceeding 2,500 square metres Open Space Reservation (OSR) of land for community recreational purposes such as park/playground should be provided at the rate of 10 *per cent* of the area subject to a minimum dimension of 10 metres. The OSR land should be kept open to sky and be devoid of any building.

OSR should be reserved and maintained as communal and recreational open space, to the satisfaction of the authority, such as parks, playgrounds etc., and should be handed over to the local body.

During 2012-17, 31 OSR lands were transferred to TCMC by the promoters through gift deeds. Joint physical inspection of 29 OSR sites by Audit and TCMC officials revealed the following:

*(i) Receipt of OSR land with deep well and water course*

As per the Government order, OSR land should be free from any construction/structure. However, two OSR lands (total extent: 24,322 square metres), one with a deep well (surface area: 58.14 square metres) and another with a water course (area: 225 square metres) as depicted in **Pictures 4.5 and 4.6** respectively were received by TCMC in 2013.

**Picture 4.5: OSR land with a deep well in Thangalakshmi Nagar of Tirunelveli Zone**



**Picture 4.6: OSR land with a water course in Chathiram Pudukkulam of Thatchanallur Zone**



**(ii) Non-maintenance of OSR sites**

Though all the 29 sites were protected, no development works (like parks and pathways) were carried out in them for recreation of the public.

GoTN stated (November 2017) that in due course, all the OSR lands would be developed into parks and places useful for public.

**4.1.12 Functioning of gasifier crematorium without obtaining consent from Tamil Nadu Pollution Control Board**

As per Section 21 of the Air (Prevention and Control of Pollution) Act, 1981, and Section 25 of the Water (Prevention and Control of Pollution) Act, 1974, consent for establishing and operating gasifier crematorium was required. The Tamil Nadu Pollution Control Board, Tirunelveli gave (December 2008) consent for establishment of gasifier crematorium at Sindhupoonthurai Village. The consent was valid for two years or till the consent to operate the crematorium was obtained, whichever is earlier.

The crematorium started functioning in July 2009 without obtaining the Board's consent to operate it. Even after a lapse of eight years and the Board pointing out (March 2016) the need for getting the consent, TCMC did not obtain the same (November 2017). GoTN stated (November 2017) that the consent to operate the crematorium would be obtained.

**4.1.13 Implementation of Animal Birth Control Programme**

Animal Birth Control and Anti-Rabies Vaccination Programme was implemented in the State since 2007. This led to State pioneering a new concept of a participatory model of the Programme in 50 Municipalities and 5 Municipal Corporations, with 50 *per cent* cost sharing by local bodies on participatory basis. Animal Welfare Board of India promoted such initiatives throughout India and provided 50 *per cent* grant to Municipalities/Corporations for successful implementation of the programme. GoI appointed

Animal Welfare Board of India as the nodal agency for implementation of the Animal Birth Control programme.

The details regarding number of stray dogs identified and sterilised in TCMC are given in **Table 4.9**.

**Table 4.9: Details of implementation of Animal Birth Control Programme**

Year	Number of stray dogs		Percentage of sterilisation
	Identified for sterilisation	Sterilised	
2012-13	822	407	49.51
2013-14	426	0	0.00
2014-15	398	344	86.43
2015-16	618	490	79.29
2016-17	No survey was conducted		
<b>Total</b>	<b>2,264</b>	<b>1,241</b>	<b>54.81</b>

(Source: Details furnished by TCMC)

TCMC did not carry out survey of stray dogs in 2016-17. Out of 2,264 stray dogs identified, only 1,241 dogs (54.81 *per cent*) were sterilised. As such the stray dog menace continued in TCMC due to lack of surveillance by TCMC. TCMC stated (November 2017) that sterilisation of identified dogs was not possible due to movement of dogs from one place to another. GoTN stated (November 2017) that stray dogs would be sterilised during 2017-18 by conducting survey.

#### 4.1.14 Registration of births and deaths

Tamil Nadu Registration of Births and Deaths Rules, 2000, stipulates that information for registration of a birth, death and still birth should be given within 21 days from the event.

It was seen that registration of births by TCMC ranged between 96.82 *per cent* and 98.65 *per cent* and registration of deaths ranged between 89.48 *per cent* and 94.18 *per cent* within time limit of 21 days which was satisfactory.

#### 4.1.15 Public disclosure

##### (i) Non-compliance with legislations on public disclosure

**Citizen Charter and City Corporate Plan:** The Tamil Nadu Town Panchayats, Third Grade Municipalities, Municipal Corporations (Public Disclosure) Rules, 2009, prescribed the procedures for the maintenance of records, publication of information and the manner of disclosure. The Rules prescribe that the Citizen Charter and the details of lands owned by or vested with the Municipality/Corporation and plans for development of the municipal area are required to be disclosed once in a year. However, the Citizen Charter, City Corporate Plan/Business Plan were not prepared and disclosed as required under the Rules and the public disclosure was deficient to that extent.

**Public disclosure of details of parks, playfields and open spaces:** The Tamil Nadu Parks, Playfields and Open spaces (Preservation and Regulation) Act, 1959, required the executive authority of every local authority to prepare and submit for the approval of the Government a correct and complete list with plans and maps of all the parks, playfields and open spaces available in its jurisdiction. Government should publish the list for inspection by public.

CMA directed (January 2010) the Commissioners of all Corporations to submit the list for approval of the Government and to be listed in the Tamil Nadu Gazette before the end of January 2010. It was also stated that any lapse in furnishing the list within the stipulated time would lead towards losing all the valuable prime costly lands of the ULBs and requested to protect all the municipal lands with fencing. It was noticed that no such list was prepared and sent to Government.

GoTN stated (November 2017) that City Corporate Plan and Citizen Charter were prepared and displayed in prominent places and OSR lands were notified periodically in the Gazette. However, TCMC did not furnish any of the Gazette Notification to Audit.

**(ii) Tamil Nadu Local Bodies Ombudsman scheme**

An Ombudsman for the Tamil Nadu Local Bodies was established under the Tamil Nadu Local Bodies Ombudsman Act, 2014, for conducting enquiry on allegations against the elected members, officers and employees and staff of local bodies. GoTN framed (September 2015) the Tamil Nadu Local Bodies Ombudsman (Manner of Filing, Inquiry and Disposal of Complaints) Rules, 2015. The Ombudsman informed (November 2015) all local body authorities<sup>6</sup> that the above rules and complaint forms need to be displayed in the prominent places of the Government offices, offices of the local bodies in order to create awareness among the public for filing complaints to the Ombudsman.

CMA directed (April 2016) all the Municipal Commissioners to display the said rules and to maintain a separate register for watching the petitions received from the Ombudsman. Audit observed that no action was taken by TCMC for more than a year for creating awareness. When pointed out, TCMC stated (October 2017) that action was being taken to display the Ombudsman scheme to create awareness among the public.

GoTN stated (November 2017) that the Ombudsman scheme was displayed in prominent public places and in the website. However, Audit observed that the same was not available in the website.

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<sup>6</sup> Commissioner of Municipal Administration, Director of Town Panchayats, Director of Rural Development and Panchayat Raj, Commissioners of Municipal Corporations.

#### 4.1.16 Monitoring and Evaluation

As Head of the Department, CMA was responsible for monitoring the implementation of various schemes by TCMC. Scrutiny of records at field level indicated lack of monitoring by CMA, as discussed below:

- The Engineering Manual for ULBs (Chapter IX) published (April 2000) by MAWS Department required formation of a Technical Audit Cell at CMA's office to ensure quality of execution of works, accountability, avoid fraud and irregularities, timely and effective rendering of services, by examination of work orders and contracts for major works, bills for works above ₹ 1 lakh and muster rolls. The cell was not formed (August 2017) as envisaged.
- The delays in implementation of works in the core sectors of water supply, sewerage and sanitation, storm water drain and solid waste management were indicative of the lack of effective monitoring by CMA.
- Benchmarking is an important mechanism for performance management and accountability in service delivery. It involves the measuring and monitoring the performance of a service provider on a systematic and continuous basis. Sustained benchmarking can help identify performance gaps and introduce improvements through sharing of information and best practices, ultimately resulting in better services to the people. Ministry of Urban Development provided Service Level Benchmarks (SLBs) for ULBs for water supply, sewerage, solid waste management and storm water drainage. TCMC also fixed its own SLBs. However, when the data used to measure the performances were called for by Audit, no data was furnished.
- Audit analysis of TCMC's performance against SLB prescribed by GoI (Ministry of Urban Development) for ULBs led to the observations given in **Table 4.10**.

**Table 4.10: TCMC's performance against benchmarks (2016-17)**

Services	SLB fixed by GoI (in per cent)	Service Level Target fixed by TCMC	Achievement	Remarks
Water supply	135 lpcd for all households	120 lpcd	101.33 lpcd	Short supply of water against SLB is mentioned in Paragraph 4.1.9.1.
Sewerage	Coverage of sewerage network service: 100	25 per cent	16 per cent	Non-coverage of nine per cent as per SLB is mentioned in Paragraph 4.1.9.2.
Solid waste management	Household coverage: 100	100 per cent	100 per cent	No remarks.
	Collection efficiency: 100	100 per cent	100 per cent	No remarks.
	Segregation: 100	100 per cent	100 per cent	No remarks.
	Scientific disposal: 100	100 per cent	0 per cent	Action taken by the TCMC to scientifically dispose Bio-degradable waste and produce energy from waste ended with unfruitful results as of October 2017 is mentioned in Paragraph 4.1.9.4.
	Solid waste recovery: 80	50 per cent	0 per cent	
Storm water drainage	Coverage of SWD network: 100	70 per cent	36 per cent (247/685)	Deficiency on coverage of storm water drain resulted in 894 number of water logging cases during 2014-17 as mentioned in Paragraph 4.1.9.3.
	Incidence of water logging/flooding: 0	0	2014-15: 385 cases 2015-16: 314 cases 2016-17: 195 cases	

(Source: Gazette notification of GoTN and details furnished by TCMC)

#### **4.1.17 Conclusion**

Tirunelveli City Municipal Corporation did not prepare City Corporate Plan. Shortage of manpower affected the revenue collection and delivery of citizen services. Deficiencies in providing storm water drains led to incidence of water logging. As water supply schemes for uncovered areas were still in the initial stage, required quantity of 135 litres per capita per day was not supplied. Some areas were not covered under underground sewerage scheme, causing pollution to Thamirabarani river. In health centres, there were vacancies in the post of Pharmacist and cases of issue of time expired drugs. There was shortfall in implementation of School Health Programme. Infrastructure in the Corporation schools was inadequate. Open space reservation lands were not maintained. Gasifier crematorium was operated for eight years without obtaining the mandatory consent. Registration of Births and Deaths was done in satisfactory manner. No action was taken to create awareness among the public for filing complaints to the Ombudsman against elected members and staff of the Corporation.



#### **4.1.18 Recommendations**

Tirunelveli City Municipal Corporation may

- take concerted efforts to prepare City Corporate Plan to address the needs of growing population
- take effective measures to increase the collection of revenue to finance the infrastructure projects based on the norms prescribed
- expedite the execution of Underground Sewerage Scheme for the uncovered areas so that the pollution of Thamirabarani river could be prevented
- ensure scientific disposal of solid waste collected to prevent environmental degradation
- adhere to the norms prescribed under Right to Education Act to improve the infrastructure in schools.

## **MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT**

### **4.2 Implementation of Urban Infrastructure Development Scheme for Small and Medium Towns**

#### *Executive Summary*

*Government of Tamil Nadu implemented Urban Infrastructure Development Scheme for Small and Medium Towns with funding shared by the Government of India, the Government of Tamil Nadu and Urban Local Bodies, during 2005-17. Performance Audit on the implementation of the scheme revealed the following:*

*Underground Sewerage projects were sanctioned without the required land and were cancelled later. Due to slow progress, three projects were deprived of the Government of India share of ₹ 37.43 crore. Due to non-adherence to loan-grant ratio, Urban Local Bodies had financial burden of ₹ 58 crore. Despite accumulation of ₹ 268.99 crore in Revolving Fund, Government of Tamil Nadu did not create State Urban Infrastructure Fund. Ten Water Supply projects and eight Underground Sewerage projects sanctioned during 2007-14 were pending completion as of March 2017. Underground Sewerage projects were taken up without obtaining statutory clearance from State Environmental Impact Assessment Authority and Tamil Nadu Pollution Control Board and clearance from Public Works Department and National Highways Authority of India leading to delay in execution. Improper execution of agreement led to stoppage of one Underground Sewerage project. Fifty three roads laid in sample projects were in bad condition due to non-maintenance by the Urban Local Bodies. State Level Sanctioning Committee entrusted with responsibility of monitoring of implementation, met only nine times during 2006-17 against 33 envisaged in the scheme guidelines, with no meeting after January 2014. The review of implementation of projects by the State Level Sanctioning Committee was general in nature.*

#### **4.2.1 Introduction**

Urban renewal is one of the thrust areas in the National Common Minimum Programme of Government of India (GoI) and accordingly, Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched in December 2005 by Ministry of Urban Development, GoI, as a single largest initiative of the GoI for planned development of cities and towns. Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) was one of the components of JNNURM. The duration of UIDSSMT was for seven years i.e., from 2005-06 to 2011-12 and it was extended up to March 2014 for completion of ongoing projects. The Scheme was devised based on

2001 census and applies to all the cities/towns except the cities/towns previously covered under the JNNURM. The objectives of UIDSSMT were to (i) improve infrastructural facilities and help create durable public assets and quality oriented services in cities and towns, (ii) enhance public-private-partnership in infrastructural development and (iii) promote planned integrated development of towns and cities. The scheme included improvement of urban infrastructure, viz., water supply, sewerage, solid waste management and roads etc., in towns and cities in a planned manner.

Funding pattern for projects taken up under the scheme was 80 per cent grant from GoI, 10 per cent from the State Government and 10 per cent being the contribution by the local body, where the project was implemented.

GoI launched (June 2015) a new scheme, 'Atal Mission for Rejuvenation and Urban Transformation' (AMRUT), covering the areas of water supply and sewerage connection for households, developing greenery of cities and reduction of pollution by switching to public transport. GoI permitted continuing incomplete UIDSSMT projects under AMRUT scheme subject to conditions specified therefor.

#### 4.2.2 Organisational setup

The Principal Secretary to Government of Tamil Nadu (GoTN), Municipal Administration and Water Supply (MAWS) Department, was overall in charge of implementation of UIDSSMT. A State Level Sanctioning Committee (SLSC) formed (February 2006) by GoTN was to examine and approve the project reports proposed by the Urban Local Bodies (ULBs) and periodically monitor progress of the projects. SLSC had the Secretary to GoTN, MAWS Department, as its Chairman and officials from GoTN<sup>7</sup> and GoI (representatives of Ministry of Urban Development and Town and Country Planning Organisation) as its members. GoTN nominated (February 2006) Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited (TUFIDCO), a GoTN undertaking, as the State Level Nodal Agency to administer the scheme and be the fund manager for the scheme; TUFIDCO was to invite proposals for projects from ULBs, appraise the same and obtain sanction of SLSC for seeking funds from GoI. Commissioner of Municipal Administration and Director of Town Panchayats were the heads of department in respect of Municipalities/Corporations and Town Panchayats respectively, which implemented the projects under the scheme.

Tamil Nadu Water Supply and Drainage (TWAD) Board executed the underground sewerage schemes, combined water supply projects and individual water supply projects for Town Panchayats. Individual water supply projects for ULBs and road and drainage projects were executed by the ULBs concerned. In TWAD Board, Executive Engineer of the Division

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<sup>7</sup> Secretaries to GoTN (Finance and Housing & Urban Development Departments), Commissioner of Municipal Administration, Director of Town Panchayats, Director of Town and Country Planning, Managing Director of Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited.

concerned was the executing official, supervised by Circle Level Superintending Engineer, who reported to Region Level Chief Engineer.

A Performance Audit of implementation of UIDSSMT during 2005-17 was conducted during April - August 2017.

#### **4.2.3 Audit objectives**

The objectives of the Performance Audit were to assess whether

- there was proper planning and implementation of the Scheme;
- adequate funds were provided, released in time and utilised economically for creation and maintenance of assets; and
- mechanism for monitoring was adequate and effective.

#### **4.2.4 Audit criteria**

The audit findings were benchmarked against the following criteria:

- Guidelines (2005) for UIDSSMT and instructions issued by GoI and orders of GoTN;
- Detailed Project Reports (DPRs) for individual projects; and
- Memoranda of Agreement between GoI, GoTN/TUFIDCO and ULB.

#### **4.2.5 Scope and methodology of Audit**

The Performance Audit on implementation of UIDSSMT covered the period from 2005-06 to 2016-17. The number of ULBs in the State was 719 (Corporations: 6, Municipalities: 152 and Town Panchayats: 561) during 2005-06 and 664 (Corporations: 10, Municipalities: 125 and Town Panchayats: 529) as of 2012-13. As of March 2017, out of 135 projects sanctioned and taken up under the scheme, 116 were completed, 18 were in progress and one did not commence. Thirty three projects (listed in **Appendix 4.4**) sanctioned for 32 ULBs constituting 25 per cent, were selected as sample projects, as shown in **Table 4.11**.

**Table 4.11: Sample projects**

Type of project	Taken up	Position as of March 2017		Sample selected	
		Completed	In progress	Completed	In progress
Water supply	77	67	10	13	5
Underground Sewerage (UGS)	13	4	9*	1	5
Roads and Drains	44	44	0	9	0
Solid Waste Management (SWM)	1	1	0	0	0
<b>Total</b>	<b>135</b>	<b>116</b>	<b>19</b>	<b>23</b>	<b>10</b>

\* Including UGS for Jolarpet sanctioned but work was not commenced.

The details of Water Supply and UGS projects in progress are given in **Appendix 4.5**.

The sample projects were selected stratifying the projects as completed (sample: 20 *per cent* of 116) and in progress (sample: 50 *per cent* of 19) by adopting simple random sampling method.

An Entry Conference was held with the Principal Secretary to GoTN, MAWS Department on 24 May 2017, wherein the audit objectives, scope and methodology were explained by Audit. An Exit Conference was held on 05 January 2018 with Principal Secretary to Government, MAWS Department and the audit findings were discussed. Replies wherever received have been incorporated in the report.

The records of GoTN Secretariat (MAWS Department), Commissioner of Municipal Administration, Directorate of Town Panchayats, TUFIDCO, TWAD Board and ULBs concerned were scrutinised. The assets created were physically verified by Audit officials along with the officers of the respective ULBs and TWAD Board.

#### 4.2.6 Financial performance

##### *Funds received and released*

The details of funds received by TUFIDCO for 135 projects and released to ULBs for 134 projects as of March 2017 are given in **Table 4.12**.

**Table 4.12: Funds received and released by TUFIDCO**

Particulars	Amount ₹ in crore
Received from GoI	880.11
Received from GoTN	146.93
<b>Total</b>	<b>1,027.04</b>
Released to ULBs	1,005.00
<b>Closing balance (March 2017)</b>	<b>22.04</b>

(Source: Details furnished by TUFIDCO)

Year-wise details are given in **Appendix 4.6**. The contribution to be made by ULBs for 134 taken up projects worked out to ₹ 135.61 crore against which, the ULBs contributed ₹ 222.75 crore.

##### *Expenditure incurred*

The expenditure incurred till July 2017 on 134 projects was ₹ 1,197.73 crore, including the contribution of ULBs as detailed in **Table 4.13**.

**Table 4.13: Expenditure incurred on projects**

(₹ in crore)

Type	Completed (116 projects)	In progress (18 projects)	Total
Water Supply	566.40	201.31	767.71
UGS	67.08	262.02	329.10
Roads and Drains	97.25	0	97.25
SWM	3.67	0	3.67
<b>Total</b>	<b>734.40</b>	<b>463.33</b>	<b>1,197.73</b>

(Source: Details furnished by TUFIDCO)

## **Audit findings**

### **4.2.7 Planning**

There were deficiencies in sanction of projects by SLSC as detailed below:

#### **4.2.7.1 Deficiencies in sanction of projects by SLSC**

SLSC instructed (December 2006) that while formulating proposals, land problems should be sorted out before submitting Detailed Project Report for seeking funds. SLSC sanctioned 10 UGS projects<sup>8</sup> (one project in February 2007 and nine projects in March 2008) for a total cost of ₹ 227.40 crore. These 10 projects were dropped (September 2010) due to non-availability of land for Sewage Treatment Plant (STP) and pumping stations to be created as part of the projects and public objection. Thus, while planning for the projects, the availability of land was not ensured, despite clear stipulations to the contrary by SLSC.

GoTN replied (January 2018) that the projects were sanctioned as per the policy of GoTN to provide UGS projects to all towns in Tamil Nadu within five years and that the 10 sanctioned projects were dropped as the ULBs found it very difficult to mobilise deposit from the public, increase the user charges and requested GoTN to provide cent *per cent* grant for the project and to provide operation and maintenance grant and for want of suitable site for STP etc. GoTN further stated that the sanction was initially given to undertake UGS projects as per its policy. The reply was an admission of sanctioning projects without ensuring required fund and land for implementing the projects. The failure to ensure the critical requirements indicated the gaps in the planning process of the projects.

#### **4.2.7.2 Sanction of Jolarpet UGS project without ensuring availability of land**

Commissioner of Municipal Administration proposed (July 2012) a UGS project for Jolarpet Municipality under Integrated Urban Development Mission/JNNURM and instructed the Municipality to ensure possession and

<sup>8</sup> Labbaikudikadu, Aranthangi, Aruppukottai, Bodinayakkanur, Gudiyatham, Hosur, Sevilimedu, Thirupathur, Thiruthuraipoondi and Thiruvathipuram.

clear title of the land sites required for various components viz. STP, Pumping and Lifting Stations and Lift Manhole. Since the sites identified by the Municipality could not be acquired due to refusal of private parties to give their lands, TWAD Board was requested (December 2012) to find alternative sites. As of December 2012, the Municipality did not have possession and clear title of the Government and private parties' lands required for the project. The UGS project was sanctioned by SLSC (June 2013) for a project cost of ₹ 33.99 crore (GoI share ₹ 27.19 crore, GoTN share ₹ 3.40 crore and ULB share ₹ 3.40 crore). Subsequently, GoTN released (September 2013) ₹ 15.30 crore to TUFIDCO as first instalment. The Municipality sent (June 2014) a fresh request for identification of lands to Executive Engineer, TWAD Board, Thirupathur. Due to non-availability of lands, TUFIDCO informed (October 2017) GoTN of its decision to drop the project.

Thus, due to SLSC sanctioning the project despite the prevalence of land-related problems and due to absence of continuous action on the subject by Commissioner of Municipal Administration and the Municipality, the project sanctioned in June 2013 did not take off and the amount of ₹ 15.30 crore remained locked with TUFIDCO since September 2013 to till date (November 2017). Also, when SLSC met in January 2014, the only meeting after the sanction, it did not discuss the problems.

#### **4.2.8 Financial management**

Audit observed deficiencies in management of finances under the scheme as detailed below:

##### **4.2.8.1 Deprivation/Loss of GoI share**

The duration of the scheme was for a period of seven years i.e., from 2005-06 to 2011-12 and it was extended up to March 2014. GoI launched (June 2015) a new scheme, 'Atal Mission for Rejuvenation and Urban Transformation' (AMRUT), covering water supply and sewerage connection for every household, developing greenery and open spaces for cities and reduction of pollution by switching to public transport or constructing facilities for non-motorised transport. GoI announced (August 2015) that (i) all incomplete projects under UIDSSMT sanctioned upto 31 March 2012 in which 50 per cent or more of GoI share was already released and physical progress was 50 per cent or more as on 31 March 2014 and (ii) all projects sanctioned during 2012-14, will be covered under AMRUT. Other ongoing UIDSSMT projects not covered under AMRUT were to be supported by the State Government. The details of projects for which GoI share was deprived are given in **Table 4.14**.

Table 4.14: Projects for which GoI share was deprived

Project for	Year of sanction	Type	Project cost ₹ in crore	GoI share ₹ in crore		
				To be released	Actually released	Balance
Vellakoil	2007-08	Water Supply	9.47	7.58	3.79	3.79
Cumbum	2010-11		18.53	14.82	7.41	7.41
Nagercoil	2010-11	UGS	65.56	52.45	26.22	26.23
<b>Total</b>			<b>93.56</b>	<b>74.85</b>	<b>37.42</b>	<b>37.43</b>

(Source: Records of TUFIDCO)

In respect of the three projects sanctioned during 2007-08 (one) and 2010-11 (two), the sanctioned cost was ₹ 93.56 crore. In its share of ₹ 74.85 crore, GoI released ₹ 37.42 crore as first instalment (50 per cent). Since the progress as of 31 March 2014 did not reach 50 per cent, GoI excluded (August 2015) the three projects from the list of projects that would be carried over to AMRUT scheme.

Due to this, GoTN had to forgo GoI grant to the extent of ₹ 37.43 crore. The details regarding the slow progress in case of Cumbum, Vellakoil and Nagercoil projects leading to the loss of GoI grant are given in Paragraphs 4.2.9.1, 4.2.9.2 and 4.2.10.3 respectively.

#### 4.2.8.2 Non-receipt of incentive

Paragraph 9 of the UIDSSMT guidelines stipulate that the ULBs may claim incentive of 1.5 per cent for preparation of DPR.

The SLSC sanctioned 134 projects for the State at a project cost of ₹ 1,356 crore. However, the incentive committed by GoI amounting to ₹ 20.34 crore was not received from GoI. GoTN replied (January 2018) that SLSC approved (March 2008, February 2009 and June 2013) ₹ 33.90 crore as incentive and TUFIDCO addressed GoI for release of the incentive amount. However, Audit observed that TUFIDCO had requested (May 2010) GoI only for ₹ 1.75 crore as incentive for preparation of DPR. Thus, GoTN/TUFIDCO did not take effective action to claim the incentive for preparation of DPR.

#### 4.2.8.3 Financial burden to ULBs

GoI guidelines envisages that the State Level Nodal Agency would disburse GoI assistance to ULBs as soft loan or grant-cum-loan or grant; in case of sanction of loan or grant-cum-loan, the loan component may be fixed at 25 per cent of Central and State grant put together. SLSC sanctioned funds for 91 projects (water supply, UGS and SWM), at a cost of ₹ 1,288.88 crore, of which, GoI share was ₹ 1,031.12 crore and GoTN share was ₹ 128.88 crore (Total ₹ 1,160 crore). However, as against the loan component of 25 per cent prescribed by GoI (₹ 290 crore), the SLSC sanctioned loan component by adopting 30 per cent (₹ 348 crore). Thus, due to the five per cent increase in loan component instead of grant, ULBs had additional financial burden to the extent of ₹ 58 crore.



GoTN replied (January 2018) that the adoption of 30 *per cent* for loan component was based on the approval given by SLSC. The reply is not acceptable as GoI guidelines provided only for 25 *per cent* for loan component.

#### **4.2.8.4 Non-creation of State Urban Infrastructure Fund**

The scheme guidelines required recovery of funds released to ULBs as loan and the recoveries were ploughed back to a Revolving Fund for further investment in infrastructure projects and at the end of the scheme period, graduate the Revolving Fund to a State Urban Infrastructure Fund.

TUFIDCO formed a Revolving Fund in 2007-08. The amount available in the Fund as of March 2014 was ₹ 105.78 crore when the Scheme period was over, which accumulated to ₹ 268.99 crore upto March 2017. Though ₹ 268.99 crore was available as of March 2017, GoTN did not create the State Urban Infrastructure Fund (November 2017).

GoTN replied (January 2018) that once the projects get completed, State Urban Infrastructure Fund would be created. The reply is not acceptable as the scheme period, at the end of which the Fund had to be created, ended in March 2014.

#### **4.2.8.5 Non-levy of interest on mobilisation advance**

The agreements between ULBs and the contractors for the projects provided for ULB to give mobilisation advance to contractors at 10 *per cent* of the agreed contract value against irrevocable bank guarantee, with interest at the rate notified by GoTN from time to time.

Audit observed that in respect of Sattur UGS project, TWAD Board gave (July 2016) mobilisation advance of ₹ 3.18 crore to the contractor, but did not levy and collect interest of ₹ 29.58 lakh. GoTN replied (January 2018) that interest portion would be recovered from subsequent bill.

#### **4.2.8.6 Non-refund of unreleased/unspent amount**

TUFIDCO did not refund ₹ 15.30 crore to GoI (₹ 13.60 crore) and GoTN (₹ 1.70 crore) received in September 2013 for Jolarpet UGS project. The project was withdrawn as detailed in Paragraph 4.2.7.2. GoTN replied (January 2018) that TUFIDCO would refund the amount after getting the Head of Account.

Out of 116 projects, which were completed, TUFIDCO furnished completion reports to GoI for 96 projects. Out of this, in 41 projects (Water Supply: 7, Roads and Drains: 33 and UGS: 1), TUFIDCO had unreleased funds of ₹ 3.41 crore and ULBs had unspent funds of ₹ 1.79 crore. Of the total amount of ₹ 5.20 crore, ₹ 4.62 crore was refundable to GoI and ₹ 0.58 crore to GoTN. GoTN replied (January 2018) that TUFIDCO had sought refund of the amount from the ULBs for remittance to GoI/GoTN.

#### **4.2.8.7 Delayed/Non-furnishing of completion report**

Completion reports for projects are to be given by the ULB concerned to TUFIDCO, which has to send them to GoI through GoTN. Out of 116 projects which were completed, TUFIDCO furnished completion reports to GoI for 96 projects. Of these, completion reports were prepared belatedly for 40 projects, taking 9 to 55 months after the date of project completion.

In respect of the remaining 20 projects (cost ₹ 140.04 crore for which, TUFIDCO released ₹ 126.03 crore to ULBs), completion reports were not furnished (November 2017).

This indicated that there was lack of monitoring by the State Level Nodal Agency. GoTN replied (January 2018) that TUFIDCO had requested the implementing agencies to furnish the completion reports for the remaining projects and on receipt, they would be sent to GoI.

#### **4.2.8.8 Non-intimation of interest earned by ULBs**

GoI guidelines for UIDSSMT did not specify the modalities for utilisation of interest earned by the ULBs on the scheme funds. Audit observed that as of March 2017, out of the 32 sample ULBs, 27 ULBs had ₹ 6.07 crore as interest earned from scheme fund, which was not disclosed to TUFIDCO. GoTN replied (January 2018) that TUFIDCO had requested the ULBs to remit the interest earned.

#### **4.2.9 Water Supply projects**

In Tamil Nadu, 77 water supply projects were taken up under the scheme during 2006-07 to 2013-14 at a cost of ₹ 793.91 crore. Of this, 67 projects were completed and the remaining 10 were in progress as of March 2017.

As stated in Paragraph 4.2.8.1, GoTN had to forgo GoI grant of ₹ 7.41 crore in Cumbum project (sanctioned in 2010-11) and ₹ 3.79 crore in Vellakoil project (sanctioned in 2007-08), due to slow progress as detailed in Paragraphs 4.2.9.1 and 4.2.9.2 and losing the eligibility to be continued under AMRUT scheme.

##### **4.2.9.1 Cumbum Municipality**

SLSC sanctioned (September 2010) the water supply project, with Mullaiperiyar river as source, for ₹ 18.53 crore to be implemented by TWAD Board. The objective of the project was to increase water supply from 73 litres per capita per day (lpcd) to 90 lpcd. In connection with eight water supply projects sanctioned for the State but not commenced (which included the project for Cumbum), GoTN gave (October 2011) a commitment to GoI that work orders would be issued by 20 February 2012, an expenditure of 25 per cent of the project cost would be incurred before end of March 2012 and that the project would be completed by August 2013. However, for implementing the project, the Municipal Council belatedly passed the required resolution in November 2011. After receiving the resolution, Commissioner of Municipal Administration sought (November 2011) Administrative Sanction

from GoTN and revised<sup>9</sup> (February 2012) the funding pattern already proposed. GoTN gave (March 2012) Administrative Sanction for ₹ 18.80 crore. TWAD Board gave technical sanction (June 2012) and work order (December 2012) to the contractor with target date of completion as July 2014. Against the target of completing 55 *per cent* of the work by February 2014, the contractor completed 19 *per cent*. After issuing (May 2014) a show cause notice, TWAD Board terminated (September 2014) the agreement and awarded (August 2015) the balance work for ₹ 13.15 crore to another contractor with March 2017 as the target date for completion. In September 2017, the project was completed and trial run for six month period was commenced.

As the physical progress was only 19 *per cent* during March 2014, on the launch of AMRUT, the project could neither be continued under UIDSSMT nor be transferred to AMRUT, and was continuing with the GoTN funding. The delays in various stages as stated above led to the project losing GoI's balance grant of ₹ 7.41 crore, as shown in **Table 4.14** (Paragraph 4.2.8.1).

GoTN replied (January 2018) that there was no avoidable delay in Commissioner of Municipal Administration seeking Administrative Sanction of GoTN. The reply is not acceptable in view of the commitment given by GoTN to GoI to achieve 25 *per cent* financial progress by March 2012, whereas only Administrative Sanction was given by that time.

#### **4.2.9.2 Vellakoil Municipality**

SLSC sanctioned (March 2008) the water supply project for Vellakoil Municipality, with source as Cauvery river near Kodumudi in Erode district. The objective of the project was to increase the water supply from 70 lpcd to 135 lpcd. GoTN gave Administrative Sanction for ₹ 9.47 crore in October 2008 for execution of the project by TWAD Board and GoI released (January 2009) ₹ 3.79 crore being the first instalment of its share to Vellakoil Municipality.

Citing the recommendation (October 2009) of a Government level committee to include this project in a Combined Water Supply Scheme<sup>10</sup> (CWSS) for Vellakoil Municipality, Kangeyam Town Panchayat (upgraded as Kangeyam Municipality in June 2010) and 174 rural habitations, GoTN gave revised Administrative Sanction for the CWSS in January 2010 for ₹ 47.74 crore.

Due to cancellation of first two tenders called for by TWAD Board (in February and September 2010) and further delay in devising funding pattern by Commissioner of Municipal Administration, the revised Administrative Sanction for ₹ 91.40 crore was accorded by GoTN only in January 2013. Subsequently, SLSC included the project for Kangeyam Municipality under UIDSSMT in June 2013.

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<sup>9</sup> Share of ULB ₹ 3.64 crore and contribution ₹ 0.40 crore from Infrastructure Gap Filling Fund were revised as ₹ 2.54 crore and ₹ 1.50 crore respectively.

<sup>10</sup> A water supply scheme intended to benefit more than one city/town/habitations.

The work order for CWSS was issued in November 2013 and the work commenced in December 2013. Hence, the project for Vellakoil Municipality sanctioned in March 2008, did not achieve 50 *per cent* physical progress as of March 2014 and it was deprived of the GoI's second instalment of ₹ 3.79 crore, as shown in **Table 4.14** (Paragraph 4.2.8.1).

GoTN attributed (January 2018) the delay to adoption of new piping policy by TWAD Board with reference to GoI clarification (June 2006) to factor in several considerations at the stage of selection of category of pipes to be used and this led to prolonged correspondence (October 2011 to August 2012). The reply is not acceptable in view of the fact that the GoI clarification was issued in June 2006 whereas the change in piping policy happened in February 2011. Further, despite giving (October 2011) a commitment to GoI to issue work order by 6 February 2012 and complete the project by February 2014, GoTN did not expedite the process in line with the commitment.

#### **4.2.9.3 Kodaikanal Municipality**

SLSC sanctioned (January 2014) the water supply project, with Keelkundar river as source, to increase the water supply from 76 lpcd to 135 lpcd. GoTN gave Administrative Sanction for ₹ 46.31 crore in December 2014 specifying TWAD Board as the executing agency. TWAD Board gave technical sanction only in June 2015 against its stipulated instructions to issue technical sanction within 20 days from the date of Administrative Sanction.

The project comprised works in reserve forest areas of Kodaikanal Range (construction of one check dam at Keelkundar river and three raw water sumps) and in Municipal area (construction of one water treatment plant, five ground level service reservoirs and one sump and laying of pipelines<sup>11</sup>). For the works to be executed in reserve forest areas, GoTN permitted (September 2013) diversion of 0.45 hectares of forest land.

As there was no response to the first tender call (August 2015), TWAD Board selected (November 2015) a contractor through second call. Work order was issued in February 2016 with target date for completion as March 2018, but the work commenced in June 2016.

To reach the check dam construction site at the head work point, a four km approach road was to be formed in the forest area; joint inspection (May 2017) by officials of TWAD Board and Audit revealed that road for about 1.15 km was yet to be formed. Without completing the construction of head works, construction of four out of the five ground level reservoirs and one out of the three raw water sumps and laying of conveying and distribution lines (33 *per cent*) were completed (June 2017).

Work for the remaining one reservoir (capacity: six lakh litres) at Kurinchi Andavar Temple was not commenced. The Municipality informed (November 2016) the District Collector that the Municipality's land near the Temple was not enough to construct the reservoir and requested for allotment

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<sup>11</sup> 5.14 km long raw water pipeline and 88.68 km long distribution pipeline.

of 750 square metres of Revenue Department land. During the joint inspection (May 2017), TWAD Board officials informed Audit that clear site was not yet handed over by the Municipality. Further, the Collector had not allotted the land sought by the Municipality (November 2017). The insufficiency of land to construct the reservoir indicated the shortcomings in planning and technical sanction.

Thus, the project sanctioned in January 2014, which required two years for execution, was not completed (November 2017) due to which, the objective of supplying 135 lpcd of water was not achieved.

GoTN accepted (January 2018) that the delay in transfer of land by the Revenue Department held up the work.

#### **4.2.10 Underground Sewerage projects**

The purpose of underground sewerage (UGS) scheme is to eradicate open drains, which pollute the urban areas. UGS projects comprised (a) construction of collection system consisting of sewer lines, manholes and house service connections for routing the sewage from individual houses to pumping station for pumping the same to Sewage Treatment Plant (STP) for treatment and (b) construction of the STP.

In Tamil Nadu, 13 UGS projects were sanctioned under UIDSSMT at a total cost of ₹ 491.39 crore. Four projects were completed and eight (excluding Jolarpet) were in progress as of March 2017. Audit test-checked six projects, which were sanctioned in 2007-08, 2008-09, 2010-11 and 2013-14, out of which, only one project for Udumalpet, sanctioned in March 2008 was completed and was under trial run and the other five projects were in progress. The reasons for the delays and other deficiencies are detailed in succeeding paragraphs.

##### **4.2.10.1 Udumalpet Municipality**

###### **(i) Delay in grant of Administrative Sanction**

For the Udumalpet UGS project sanctioned by SLSC in March 2008 for ₹ 30.34 crore, Commissioner of Municipal Administration sought GoTN's Administrative Sanction in December 2008 and GoTN gave Administrative Sanction for ₹ 39.33 crore in May 2010, i.e., more than two years after SLSC's sanction. The delay was due to the Municipality taking time to pass a resolution (December 2008) to implement the project and prolonged correspondence seeking additional funds (December 2008 to February 2010) between Commissioner of Municipal Administration and GoTN for issue of the Administrative Sanction.

Further, after issue of Administrative Sanction, due to inclusion of road restoration work and change in technology for STP, TWAD Board sought (October 2011) for revised Administrative Sanction and the same was accorded (March 2012) by GoTN for ₹ 56.07 crore. Thus, from the date of SLSC sanction to issue of revised Administrative Sanction, the process took four years.

After two unsuccessful tender calls, TWAD Board entrusted the work to a contractor in March 2013 on the third call with April 2015 as target date for completion. The work was completed in February 2016 and trial run of the project commenced in March 2016. Though the intended period of the trial run was six months, it was not completed (September 2017) due to the sewer lines getting damaged during widening of National Highway by Highways Department.

GoTN attributed (January 2018) the delay in grant of Administrative Sanction to the need for conducting feasibility study, preparation of Detailed Project Report (DPR) and scrutiny of DPR by Expert Committee of SLSC. The reply is not acceptable in view of the fact that the above stages preceded the sanction by SLSC in March 2008, whereas the Audit observation was about the delay in grant of Administrative Sanction after the sanction by SLSC.

***(ii) Non-functioning of Laboratory at STP***

A Laboratory was established (January 2017) at the STP at a cost of ₹ 9.11 lakh to test the water before and after the treatment undergone. The joint inspection (July 2017) revealed that though the equipment was installed and the project was under trial run, the Laboratory was not functioning. To an Audit query as to how the treated water was being tested due to non-functioning of the Laboratory, the Assistant Executive Engineer, TWAD Board stated that due to non-posting of skilled personnel, the samples were sent once in a month to the Board's Laboratory at Erode. Thus, the Laboratory established at a cost of ₹ 9.11 lakh remained idle.

***(iii) Extra expenditure due to delayed processing of tender***

According to schedule prescribed by TWAD Board's Head Office, the Technical Evaluation Committee at the Head Office shall give its approval for the Technical Bid within 20 days of receipt, so that the price bids of bidders who qualify in the approval process can be opened. The price bids are to be opened within three days of the approval and sent to the Committee within 10 days from the date of their opening for approval.

For the tender invited on 27 December 2011, the Chief Engineer, TWAD Board, Coimbatore, received a single bid and sent the Technical Bid portion to Head Office on 24 February 2012. However, the Committee gave its approval on 10 April 2012, which was 20 days more than the prescribed time. The Chief Engineer opened (16 April 2012) the price bid, which was ₹ 35.97 crore<sup>12</sup> (37 per cent over the estimated value of ₹ 26.30 crore) and sent the price bid to Head Office on 29 May 2012. The Head Office, which received the bid on 5 June 2012, returned it citing insufficiency of time to process within expiry of the tender's validity (8 June 2012). Hence, the tender was cancelled.

In the second call (June 2012), the tender received was rejected on account of high excess (48.17 per cent) over the estimated value of ₹ 29.22 crore. The

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<sup>12</sup> Marginally reduced (May 2012) to ₹ 35.82 crore during negotiation.

work was awarded in March 2013 through the third call for ₹ 38.43 crore as against the estimated value of ₹ 29.26 crore (excess of 31.33 per cent).

In the first tender call, where the validity of the single tender was expected to expire shortly (i.e., on 8 June 2012), the Chief Engineer delayed in sending the bid to Head Office leading to insufficiency of time for processing by Head Office, resulting in contract value getting increased by ₹ 2.61 crore (₹ 38.43 crore - ₹ 35.82 crore).

GoTN replied (January 2018) that the bid amount was reduced on 9 May 2012 through negotiation; the bidder was requested on 4 June 2012 for extension of the tender's validity till 31 July 2012, but the bidder declined to extend the validity and re-tendering became necessary. The reply is not acceptable in view of the delayed sending of the negotiated price bid to Head Office on 29 May 2012.

#### **4.2.10.2 Ariyalur Municipality**

The UGS project comprised of two packages viz. Package I for Collection System and Package II for STP. The delays and other deficiencies noticed in the two packages are detailed below:

##### **(i) Package I: Collection System**

After two unsuccessful tender calls (November and December 2009), work order was issued (September 2010) through the third call (July 2010). The agreement was entered (November 2010) into with the contractor with April 2012 as target date of completion.

TWAD Board granted (14 occasions during March 2012 to November 2016) extensions of time till 31 December 2016, on the basis of the contractor's requests for extensions of time citing Government's ban on sand quarries, elections, inadequacy of labour force, non-clearance of site, non-obtaining of clearance from Highways Department and change of specifications for manholes. Even as of September 2017, the work was yet to be completed (progress 98 per cent).

For the delay, there were reasons attributable to (i) TWAD Board, which gave major drawings required for the project to the contractor belatedly in January, May and September 2011 after giving the work order in September 2010 and (ii) the Municipality, which took 30 months from June 2011 to November 2013 to solve a problem of public protest regarding pipe laying.

Consequent upon the delayed execution by the contractor, TWAD Board delinked house service connection works for a length of 19,000 metres on 04 January 2016 and completed the work through another contractor (December 2016) and also delinked road restoration works (3,317 metres) on 27 September 2016 and entrusted the work to the Municipality (March and May 2017).

##### **Laying of pipelines without encasing**

As per agreement, PVC pipes (diameter 110/160mm) for house service connections were to be laid for 47,412 metres. The estimate included

providing concrete encasing for the PVC pipes to protect them from the pressure caused by vehicles plying on the roads above them. However, the tender floated by Chief Engineer, TWAD Board, Thanjavur, did not contain the provision for encasing. Hence, the agreement (November 2010) also did not contain the provision. Out of 47,412 metres, the contractor laid pipes for 839 metres as of July 2011, when the Executive Engineer, Ariyalur, instructed the contractor to lay the pipes with encasing. However, the contractor continued to lay the pipes without encasing till June 2013, laying 27,927 metres (cumulative length) of pipeline, due to the successor Executive Engineer permitting the contractor to lay the pipes without encasing, citing the agreement not providing for encasing. In July 2013, based on the Chief Engineer's instruction, the pipe laying work was stopped. After prolonged debate with the contractor, TWAD Board delinked (January 2016) the balance of pipe laying work of 19,485 metres (47,412 metres less 27,927 metres) from the contract and executed (December 2016) the work through another contractor with encasing. TWAD Board took about 30 months (July 2013 - January 2016) for the decision to delink. Further, pipeline for 27,927 metres was laid without the required encasing, which led to incorrect payment of ₹ 94.88 lakh to the contractor. Further, the work was of deficient quality in the absence of pipe encasing.

GoTN replied (January 2018) that departmental action has been initiated in respect of the extra expenditure incurred.

**(ii) Package II: Sewage Treatment Plant**

After three unsuccessful tender calls (May - October 2010), TWAD Board selected (January 2012) a contractor through the fourth call and signed (February 2012) an agreement (work value ₹ 4.90 crore). The target date for completion was February 2013 with further six months for trial run. The site was handed over to the contractor in February 2012.

The contractor did not complete the work within the target date of February 2013 and TWAD Board granted periodical extensions of time upto November 2016 due to delay by the contractor. The contractor did not complete the work till date (Progress as of September 2017: 98 per cent).

Joint inspection (July 2017) of the STP by officials of TWAD Board and Audit revealed that all civil and mechanical works were completed; installation of electrical pole structures was in progress and obtaining power connection and painting for civil works were due.

On scrutiny of records, it was noticed that the following reasons led to the delay:

- Based on the contractor's request (February 2012), TWAD Board approved (June 2012) the change in layout of the STP construction site. Again, on the contractor finding (December 2012) the site's ground level very low with large undulations leading to water accumulation, the adjacent site was handed over to the contractor in December 2012. This indicated that selection of site was not proper,



due to which, the work was delayed by a year. The Executive Engineer attributed the time taken for approval for change in layout to administrative reasons and stated that the delay would be avoided in future. The reply was admission of the delay made in giving the approval.

- The contractor informed (March 2013) the Executive Engineer, Ariyalur, the omission of civil units<sup>13</sup> and equipment (mechanical and electrical) essential for the STP in the Bill of Quantities. The Chief Engineer, Thanjavur, accorded approval in December 2014 for civil work (₹ 9.46 lakh) and in March 2015 for mechanical and electrical equipment (₹ 42.14 lakh). The time taken was due to prolonged correspondence among the Executive Engineer, Superintending Engineer and the Chief Engineer to finalise the same. On the remark (May 2015) of Head Office that action for executing items not included in the tender should have been initiated much earlier, the Executive Engineer replied (May 2015) that the estimate was prepared for item-wise instead of 'Design, Build, Operate and Transfer' type and during execution, civil components and electro mechanical items were not found in the Bill of Quantities. The reply indicated the defect in preparing the estimate i.e. omission of civil units and equipment worth ₹ 51.60 lakh.

Due to the abnormal delay in various stages as detailed above, the project sanctioned in February 2009 was not completed even as of September 2017, resulting in continued use of open drains.

#### 4.2.10.3 Nagercoil Municipality

For the UGS project sanctioned in September 2010 for ₹ 65.56 crore, work did not commence till October 2011. GoTN gave (October 2011) a commitment to GoI that the work order would be issued by 20 February 2012, 25 *per cent* of the project cost would be spent before end of March 2012 and project would be completed in February 2015. Only after this, the Municipality passed a resolution in November 2011 to implement the project. Based on this resolution, Commissioner of Municipal Administration sought (November 2011) GoTN's Administrative Sanction, which was granted in March 2012. Thus, by March 2012, against a commitment to incur an expenditure of 25 *per cent* of the project cost, GoTN gave only Administrative Sanction.

GoI released (May 2012) ₹ 26.22 crore as first instalment (50 *per cent*) of its share of ₹ 52.45 crore. TWAD Board issued (27 December 2012) the work order for ₹ 87.13 crore with February 2015 as target date for completion. Thus, the work order was issued 10 months after the date committed to GoI. The work commenced in January 2013. Due to non-commencement of work after SLSC sanction, GoTN not keeping up the commitment and the

<sup>13</sup> MV panel room, Blower House, Blower bed for centrifugal sump.

consequent delay in commencing the project, the progress as of March 2014 was only 19 *per cent*. As the progress did not reach the limit of 50 *per cent* prescribed for continuing the project under AMRUT, GoI's second instalment of ₹ 26.23 crore was forgone as shown in **Table 4.14** (Paragraph 4.2.8.1).

After commencement of the project, in a litigation (July 2013) seeking shifting the sites for pumping station and STP for the project, National Green Tribunal, Southern Zone, at Chennai, directed (September 2013) the Municipality to obtain environmental clearance for the STP site from State Environment Impact Assessment Authority (SEIAA) as per a GoI (Ministry of Environment and Forests) Notification of September 2006. After the Tribunal ordered (March 2015) not to shift the sites, the Municipality obtained (May 2016) the environmental clearance for the STP site. TWAD Board revised (November 2016) the target period for the entire project from February 2015 to March 2018.

As of September 2017, the progress was 74 *per cent* in collection system and 50 *per cent* in STP. Under the collection system, there was pendency in execution of works in respect of laying of pipes, wherein, out of total of 118.87 km of pipes to be laid, work was pending for 25.42 km (21 *per cent*), which includes laying of pipes of 4.28 km in National Highways.

Though TWAD Board's Head Office instructed (February 2011) the field offices that permissions should be applied for even while tendering is on and effectively followed up, permission from National Highways Wing for laying pipes on 4.28 km stretch of National Highway was belatedly sought (April 2013) after the tender for the project was invited in July 2012, and the same was pending (November 2017).

Due to non-completion of the project, the use of open drains continued and water was still stagnating in many places of the town (November 2017).

GoTN replied (January 2018) that the work was held up due to litigation filed in National Green Tribunal, Chennai. The reply is not acceptable as the project was sanctioned in September 2010 and the litigation was filed in July 2013 only. The reply was silent about the delay in earlier stages *viz.* the Municipality passing the resolution, issue of Administrative Sanction and issue of work order.

#### **4.2.10.4 Sattur Municipality**

The UGS project was sanctioned in June 2013. Technical Sanction was given by Chief Engineer, TWAD Board, Madurai, in February 2014 based on structural designs and drawings. After five unsuccessful tender calls during 2014, work was awarded (January 2016) for ₹ 33.88 crore through sixth call (June 2015) with February 2018 as scheduled date of completion. The work commenced in August 2016. On the contractor's request (August 2016) for drawings, the Executive Engineer, Virudhunagar, requested the Superintending Engineer for drawings, who directed the Executive Engineer to prepare the drawings based on the technical sanction. The Executive Engineer prepared the drawings and gave the drawings to the contractor only in January 2017.

Thus, the drawings were given with a delay of one year after the issue of work order. Due to this, the progress of the project was slow; against target of completing 70 *per cent* of the project by September 2017, the actual physical progress was 22 *per cent* in collection system and 16 *per cent* in STP.

GoTN replied (January 2018) that after approval of Detailed Project Report, certain modifications were needed in the drawings based on prevailing site conditions and the drawings were approved by the Superintending Engineer and handed over to the contractor. The reply is not acceptable as the technical sanction was given in February 2014 based only on the drawings and, further, it did not mention the details of modifications required to be made.

***Non-obtaining of statutory approval/permissions***

Audit observed that statutory approvals and permission from line departments were not obtained as discussed below:

- Subsequent to the order (September 2013) of National Green Tribunal that environmental clearance for STP was to be obtained from SEIAA, TWAD Board Head Office instructed (October 2013) field offices to obtain environmental clearance for STP of UGS projects. Further, for STP, Central Public Health and Environmental Engineering Organisation Manual required obtaining 'Consent to Establish' from Pollution Control Board and TWAD Board Head Office instructed (February 2011) to obtain the consent. However, the work for constructing STP was commenced (August 2016) without obtaining the environmental clearance of SEIAA and the consent of Tamil Nadu Pollution Control Board to establish STP. The Executive Engineer replied (July 2017) that action was being taken to obtain the consent; the reply was silent about non-obtaining of the environmental clearance. The reply indicated that there was no justifiable reason for not getting the consent and the clearance.
- TWAD Board Head Office instructed (February 2011) field offices to apply for the required permissions even while tendering is on and follow up effectively. Though the tender notice was issued in February 2014, permission of National Highways Authority of India (NHAI) for laying pipelines on 2.40 km of National Highways was applied for belatedly in March 2017 and the same was not obtained (September 2017).
- The project envisaged letting treated effluent into nearby Vaippar river, for which, TWAD Board sought permission of Public Works Department (PWD) belatedly in October 2016. PWD refused to grant permission (March 2017). GoTN replied (January 2018) that action was being taken to get the consent of farmers in the ayacut near Vettakulam irrigation tank to let the treated effluent into the tank for irrigation purpose.

#### **4.2.10.5 Mettur Municipality**

The UGS project was sanctioned by SLSC in June 2013. According to Detailed Project Report (February 2014), the project was designed to avoid prevailing water stagnation in the town areas.

As per the bid document, the bidder shall have previous experience in construction of STP with capacity of not less than 1.8 million litres per day. In response to the tender call (February 2014), two firms made (March 2014) a joint bid to execute the project as a joint venture, the lead partner bidding for collecting system and the second partner bidding for STP. They produced their joint venture agreement along with the bid. While the second partner had experience in STP work, the lead partner did not have such experience and the award of work (September 2014) was based on the second partner's experience in STP work. The work commenced in October 2014, with September 2016 as target date of completion.

In the case of joint venture bids, TWAD Board Head Office instructed (May 2012) all Chief Engineers that agreement made with joint bidders shall be legally binding on all the partners and all the partners of the joint venture shall be liable jointly and severally for the execution of the contract. However, the Chief Engineer, Coimbatore, issued (September 2014) the work order for the entire project to the lead partner and signed (October 2014) an agreement with the lead partner only.

The project comprised of construction of three STPs, nine Lift Stations, two Sub-Pumping Stations (SPSs), three Main Pumping Stations and Sewer lines (collection lines) for 68 km. The work was commenced in October 2014. As of September 2017, there was pendency in sewer lines (1.88 out of 68 km), house service connections (3,995 out of 9,880), installation of pump sets<sup>14</sup> and providing power connection for two STPs (nearing completion), all lift stations and SPSs.

The work for one STP proposed to be constructed near surplus course of Mettur Dam, was not commenced (September 2017) as discussed below:

As PWD objected (March 2016) to the construction of STP near surplus course citing recent floods, an alternative site was identified in July 2016. Though works for the other two STPs were nearing completion, the work for STP at the alternative site was not commenced (July 2017) due to dispute between the partners, with the lead partner considering the second partner not as a partner but a sub-contractor only. Due to non-execution of the agreement with both the partners who made a joint bid and consequent non-inclusion of joint venture agreement in the agreement for the project, the Chief Engineer was unable to extract work from the second partner experienced in STP work. The lead partner's request (May 2017) for permission to execute the STP work based on TWAD Board's entrustment (September 2016 and March 2017) of two UGS works<sup>15</sup> to the firm (i.e. the lead partner) was under the

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<sup>14</sup> For Lift Station and SPS at Thangamapuripattinam and Lift Station at Fish Market.

<sup>15</sup> At Perundurur and Sathiyamangalam under Integrated Urban Development Mission.

consideration of the Chief Engineer (September 2017); also, the earthwork commenced for the STP was held up due to public objection (September 2017). GoTN replied (January 2018) that action was being taken to sort out the public objection in co-ordination with the District Administration.

Thus, due to improper execution of agreement for the joint venture, TWAD Board could not ensure the construction of one STP, resulting in the works executed under Collection System (Sewer lines, manholes and Pumping Stations) not put to use.

#### ***Non-obtaining of environmental clearance***

Though TWAD Board Head Office instructed (October 2013) all its field offices to obtain environmental clearance for STP, the same was not obtained. On this being pointed out, the Executive Engineer, Salem replied (July 2017) that necessary action would be taken after consulting the Head Office. The reply is not acceptable in view of the specific instruction issued by TWAD Board Head Office.

#### **4.2.11 Roads**

Under the scheme, 44 road projects were undertaken during 2007-13 at a cost of ₹ 97.25 crore. The scheme guidelines required the respective ULBs to maintain the assets created under the scheme.

#### ***Poor maintenance of roads***

Joint inspection (April - October 2017) by Audit team along with officials of ULBs concerned of all the 161 roads formed under the nine sample projects listed in **Appendix 4.4** revealed that 53 roads<sup>16</sup> were in bad condition since the ULBs did not maintain the roads after they were formed. The bad condition of two roads in Villavoor Town Panchayat of Kanniyakumari District is depicted in **Pictures 4.7** and **4.8**.

**Picture 4.7: Bad condition of Pandivillai Road**



**Picture 4.8: Bad condition of Kamarajar Road**



<sup>16</sup> Coonoor: 5; Gobichettipalayam: 6; Mukkudal: 7; Thoothukudi: 4; Udangudi: 7; Veeravanallur: 17 and Villavoor: 7.

In its reply (January 2018), GoTN attributed the non-maintenance of the roads by Municipalities and Corporations to paucity of funds and that Director of Town Panchayats instructed Villavoor Town Panchayat to repair the roads immediately. The reply was silent about non-maintenance of roads by Mukkudal, Udangudi and Veeravanallur Town Panchayats.

#### **4.2.12 Monitoring**

The scheme guidelines required SLSC to meet as often as required and at least thrice in a year, to sanction new projects, monitor the progress of sanctioned projects, fund mobilisation and implementation of the scheme keeping in view its broad objectives and to ensure taking up of programmes in accordance with the guidelines. GoTN's order (February 2006) for constituting SLSC reiterated the responsibilities of SLSC.

However, against 33 meetings to be held during 2006-07 to 2016-17 (11 years), SLSC met only nine times<sup>17</sup>, with the last meeting in January 2014. The norm of meeting thrice a year was adhered to in 2006-07; during 2007-11, SLSC met once a year. After the meeting of September 2010, the next meeting was held in June 2013, after a gap of 32 months; the subsequent and last meeting was held in January 2014. Also, during the meetings, the reviews of implementation of the projects sanctioned were general in nature and did not go into the problems faced in the projects so as to take necessary corrective steps.

#### **4.2.13 Conclusion**

Performance Audit of Urban Infrastructure Development Scheme for Small and Medium Towns covering the period from 2005-06 to 2016-17 revealed deficiencies in planning, financial management, implementation and monitoring. Underground Sewerage projects were sanctioned without the required land and were cancelled later. Due to slow progress, three projects were deprived of Government of India share of ₹ 37.43 crore. Due to non-adherence to loan-grant ratio, Urban Local Bodies had financial burden of ₹ 58 crore. Despite accumulation of ₹ 268.99 crore in Revolving Fund, Government of Tamil Nadu did not create State Urban Infrastructure Fund. Ten Water Supply projects and eight Underground Sewerage projects sanctioned during 2007-14 were pending completion as of March 2017. Underground Sewerage projects were taken up without obtaining statutory clearance from State Environmental Impact Assessment Authority and Tamil Nadu Pollution Control Board and clearance from Public Works Department and National Highways Authority of India leading to delay in execution. Improper execution of agreement led to stoppage of one Underground Sewerage project. Fifty three roads laid in sample projects were in bad

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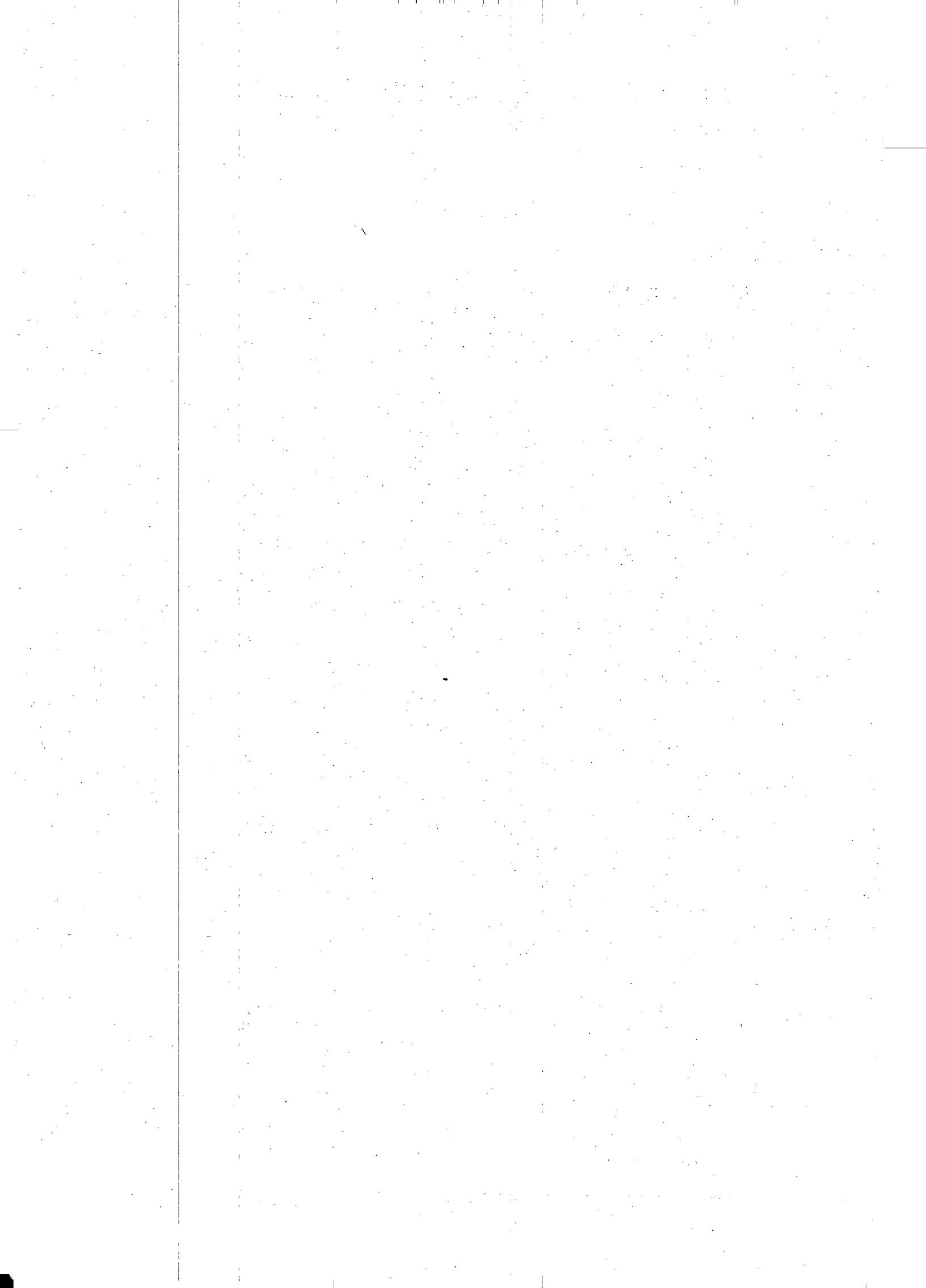
<sup>17</sup> Thrice during 2006-07, once a year during 2007-11 and twice during 2013-14.

condition due to non-maintenance by the Urban Local Bodies. State Level Sanctioning Committee entrusted with responsibility of monitoring of implementation, met only nine times during 2006-17 against 33 envisaged in the scheme guidelines, with no meeting after January 2014. The review of implementation of projects by the State Level Sanctioning Committee was general in nature.

#### **4.2.14 Recommendations**

Government of Tamil Nadu may consider the following recommendations:

- The pending projects may be expedited to prevent further time delay and cost escalation.
- A State Urban Infrastructure Fund may be created from the proceeds of the Revolving Fund to fund new infrastructure projects.
- It may be ensured that assets created under the scheme are maintained.





**CHAPTER V**  
**COMPLIANCE AUDIT**  
**(URBAN LOCAL BODIES)**



## CHAPTER V

### COMPLIANCE AUDIT

Compliance Audit on Comprehensive Development of Ooranies in Town Panchayats, Coimbatore, Salem and Tiruppur City Municipal Corporations and Theni Allinagaram Municipality brought out instances of lapses in management of resources and failure in the observance of the norms of regularity, propriety and economy. These are presented in the succeeding paragraphs.

#### MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

##### 5.1 Comprehensive Development of Ooranies in Town Panchayats

###### 5.1.1 Introduction

Ooranies are traditional water bodies created to harvest rainwater for drinking and other purposes. As all the Town Panchayats (TPs) in the State supply water through pipeline, ooranies are now used as rain water harvesting structures for the purpose of increasing the level of ground water table and for bathing and agricultural purposes. In Tamil Nadu, there are 1,916 ooranies under the ambit of TPs in 31 districts<sup>1</sup>. Of these, nine ooranies were developed in 2011-12 under Integrated Urban Development Mission. Out of the remaining 1,907 ooranies, the Government of Tamil Nadu (GoTN) accorded (August 2012) sanction for carrying out comprehensive development of 234 ooranies in 143 TPs in 27 districts at a cost of ₹ 54.32 crore<sup>2</sup>. GoTN selected the 234 ooranies based on immediate requirement for maintenance and allocation of funds for TPs for undertaking works under various sectors (including ooranies) during 2012-13 and the TPs executed the development works for the 234 ooranies during 2012-14.

The Principal Secretary to GoTN, Municipal Administration and Water Supply Department, is the overall head at Government level. The Director of Town Panchayats is the Head of Department for TPs and is also the Inspector of TPs responsible for reviewing and monitoring the activities relating to the development programmes implemented through TPs. Each TP has a Council and the Executive Officer of the TP is the executive authority and reports to Assistant Director of Town Panchayats.

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<sup>1</sup> Excluding Chennai district which does not have TPs.

<sup>2</sup> ₹ 46.17 crore (85 per cent) as loan from National Bank for Agriculture and Rural Development and ₹ 8.15 crore (15 per cent) from GoTN.

### 5.1.2 Audit objectives and methodology

The audit of comprehensive development of ooranies was conducted during April - August 2017, with a view to assess whether the ooranies were developed comprehensively and were maintained properly. Audit findings were benchmarked against the provisions of Tamil Nadu District Municipalities Act, 1920, and instructions issued by GoTN and the Director of Town Panchayats from time to time for implementation of the scheme.

For selection of sample ooranies for test check, the State was divided into four zones, viz. East, West, North and South. Among the districts in each zone, the district with the highest number of ooranies covered in the GoTN's sanction was selected. In the four selected districts (Dindigul, Kanniyakumari, Thanjavur and Thiruvannamalai), out of 38 TPs covered in the sanction, 20 TPs<sup>3</sup> (53 per cent) were selected by simple random sampling. All 44 ooranies covered in the sanction in the 20 TPs were selected for scrutiny.

Audit scrutinised the records of GoTN Secretariat (Municipal Administration and Water Supply Department), Directorate of Town Panchayats, offices of four jurisdictional Assistant Director of Town Panchayats at Dindigul, Nagercoil, Thanjavur and Vellore and 20 TPs. Further, all the 44 ooranies were jointly inspected by Audit and officials of TPs concerned.

### 5.1.3 Financial and physical performance

The details of financial and physical performance are given in **Table 5.1**.

**Table 5.1: Financial and physical performance for the State and sample TPs**

Year	Allocation	Expenditure	Target	Achievement
	(₹ in crore)		(in numbers)	
<b>State level</b>				
2012-13	27.16	27.16	234	234
2013-14	27.16	27.16		
<b>Total</b>	<b>54.32</b>	<b>54.32</b>	<b>234</b>	<b>234</b>
<b>Sample TPs</b>				
Dindigul District - three TPs	3.90	3.90	7	7
Kanniyakumari District - seven TPs	3.35	3.35	20	20
Thanjavur District - six TPs	3.90	3.90	13	13
Thiruvannamalai District - four TPs	1.35	1.35	4	4
<b>Total</b>	<b>12.50</b>	<b>12.50</b>	<b>44</b>	<b>44</b>

(Source: GoTN orders and details furnished by the Director of Town Panchayats)

<sup>3</sup> Dindigul District (three TPs): Kannivadi, Natham and Thadicombu; Kanniyakumari District (seven TPs): Arumanai, Kappiyarai, Kothanallur, Kulasekaram, Mulagumoodu, Pacode and Ponmanai; Thanjavur District (six TPs): Adirampattinam, Dharasuram, Orathanadu, Perumagalur, Thiruppanandal and Vallam; and Thiruvannamalai District (four TPs): Chengam, Kalambur, Kilpennathur and Polur.

Audit findings relating to partial and excess execution of works, non-execution of some developmental works and non-maintenance of ooranies are discussed in Paragraphs 5.1.4.1, 5.1.4.2, 5.1.4.3 and 5.1.5 respectively.

## Audit findings

### 5.1.4 Execution

The scheme proposed to improve and protect ooranies in a comprehensive manner, which includes desilting, strengthening of bunds, creation of baby ponds<sup>4</sup>, improvement to inlet and outlet weirs, provision of pathway, lighting and fencing with barbed wire, to yield major benefits *viz.* rain water harvesting and recharging of the aquifer<sup>5</sup> and to protect the ooranies from encroachment and contamination. The 20 selected TPs executed developmental works in 44 ooranies.

#### 5.1.4.1 Partial execution of works

The Council of Thadicombu TP (Dindigul District) selected (January 2012) four ooranies listed in **Appendix 5.1** (along with execution details) with a total extent of 5,90,720 square metres and total perimeter of 5,896 metres, for development at a cost of ₹ 2.35 crore. The works required to be carried out were desilting, construction of retaining wall/revetment, fencing and laying of footpath.

Audit observed that the development works in the ooranies were not carried out fully as detailed in **Appendix 5.1**. In the four ooranies, out of the total area of 5,90,720 square metres, desilting was planned and executed only for 62,169 square metres (11 *per cent*). Similarly, out of total perimeter of 5,896 metres, construction of retaining wall/revetment and fencing were planned and executed for 1,080 metres (18 *per cent*) and 2,900 metres (49 *per cent*) respectively. In three ooranies with a total perimeter of 4,788 metres, footpath was planned and laid only for 300 metres (six *per cent*).

In reply to Audit, the Director of Town Panchayats attributed (November 2017) the taking up of works for part of the ooranies to site conditions. However, the Director of Town Panchayats did not furnish details of the site conditions that warranted the taking up of works partially. Also, the joint inspection (May 2017) by officials of the TP and Audit showed undulations in the entire area of the ooranies, which indicated that the entire

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<sup>4</sup> Baby pond is a water body within a pond/oorani dug for a depth of minimum one metre beneath the level of the main pond, and length and breadth being half that of the main pond, or as decided according to the local conditions. The purpose is to have water in the baby pond even after the main tank goes dry.

<sup>5</sup> An underground layer of water-bearing permeable rock, rock fractures or unconsolidated materials (gravel, sand or silt), from which groundwater can be extracted using a water well.

oorani area needed desilting and construction of retaining wall/revetment and fencing was required for the left out areas also.

**Wasteful expenditure on footpath:** Of the four ooranies, footpaths with paver blocks were laid in three ooranies. Against a perimeter of 4,788 metres of the three ooranies, footpath was planned and executed for only 100 metres in each oorani, at a total cost of ₹ 8.87 lakh; the meagre extent of footpath provided indicated wastefulness of the expenditure as it would not serve any purpose to the public.

In reply to Audit, the Director of Town Panchayats stated (November 2017) that footpath was constructed to a measured length due to need only and laying of footpath for the entire length of ooranies would not increase water table. The reply is not acceptable since it did not justify the need for laying footpath for a meagre length.

#### **5.1.4.2 Excess execution of works**

The Director of Town Panchayats instructed (7 September 2012) that under the scheme, walled supply channels for inlet and outlet for an oorani shall be constructed only for a length of 10 metres each in either side of the oorani. Thadicombu TP prepared (10 September 2012) a detailed estimate for development works to Nachiyar Kulam, which included construction of walled supply channel for 600 metres. The Engineering Wing of Directorate of Town Panchayats accorded (13 September 2012) technical sanction for the estimate including the walled supply channel for 600 metres, without recording reasons for deviating from the instruction of the Director of Town Panchayats to construct the channels for 20 metres only. The channel was constructed at a cost of ₹ 57.68 lakh, which was an excess of ₹ 55.76 lakh (constructed cost: ₹ 57.68 lakh less proportionate cost of ₹ 1.92 lakh for 20 metres).

The Director of Town Panchayats attributed (November 2017) the approval with deviation to analysis of technical outcome as per site condition. The reply is not acceptable as there were no details of the site condition in the proposal to justify the deviation, and the instruction for construction of 20 metres only was specific for this scheme. This led to a huge additional expenditure of ₹ 55.76 lakh.

#### **5.1.4.3 Non-execution of some developmental works**

**Baby pond:** In Orathanadu TP, Kumanankulam oorani with area of 4.84 acres was developed at a cost of ₹ 15 lakh by desilting and constructing a retaining wall. Despite the size of the oorani, provision of baby pond was not included in the estimate for the works and hence not executed.

**Fencing:** Fencing to protect ooranies from encroachment and contamination was not done in 17 out of 44 sample ooranies. Of this, in five ooranies in Kanniyakumari district (Ponmanai TP: three and Kulasekaram TP: two), fencing for work value of ₹ 7.27 lakh was included in the estimate but was not executed. The Executive Officer of Ponmanai TP attributed the same to public protest. The reply is not acceptable as public protest cannot be a reason for not fencing ooranies benefiting the public and the protest ought to have been handled with assistance from Departments concerned (Police/Revenue). The Assistant Director of Town Panchayats, Nagercoil, replied (August 2017) that during preparation of the estimates, the ooranies were full with water and it necessitated inclusion of the possible items for the improvement in the estimates but during execution, the items not required were not taken up. This reply is not acceptable as ooranies need to be protected from encroachment and the fencing could have been undertaken when the water levels went down.

In 12 other ooranies in the districts of Kanniyakumari (seven), Thiruvannamalai (one), Dindigul (one) and Thanjavur (three), fencing was not proposed in the estimates.

Regarding non-inclusion of baby pond and fencing in the estimate, the Director of Town Panchayats replied (November 2017) that items of works were selected based on priority, immediate requirements for maintenance, benefits accruing to the public and also considering paucity of funds and that items, which were not much important were avoided. The reply is not acceptable in view of the GoTN's orders (August 2012) to provide baby pond and fencing.

#### **5.1.4.4 Development of ooranies not owned by TP**

In Pacode TP and Kappiyarai TP of Kanniyakumari district, four ooranies belonging to Public Works Department were developed (2012-14) at a total cost of ₹ 60 lakh under the scheme. Audit observed that this was done even when six ooranies belonging to the two TPs (three each) required development for which the cost was estimated (June 2013) as ₹ 1.35 crore; the six ooranies remained undeveloped till date (October 2017).

In reply to Audit, the Director of Town Panchayats stated (November 2017) that ooranies belonging to other departments also were taken up for development under the scheme since the benefit accrued to public of the TPs' area. However, the fact remained that the ooranies belonging to TPs remained undeveloped.

#### **5.1.5 Non-maintenance of ooranies**

As per Section 227 of the Tamil Nadu District Municipalities Act, 1920, the TP Council should maintain in a clean condition all wells, tanks and reservoirs, which were not private property, and might fill them up or drain them when it appears necessary to do so. Joint inspection of 44 ooranies by

Audit and TP officials revealed that 10 ooranies<sup>6</sup> developed (January 2013 to May 2014) at a cost of ₹ 1.94 crore in eight TPs were not periodically cleaned; garbage and growth of vegetation blocked the inlets and outlets of the ooranies. The unclean condition of an oorani in Kanniyakumari district is depicted in **Picture 5.1**.

**Picture 5.1: Unclean condition of Kulachavilagam Puthankulam in Ponmanai TP**



The non-cleaning and non-maintenance of ooranies indicated violation of the statutory provision.

Executive Officers of the TPs concerned stated that funds for maintenance were not provided and sanitary workers of the TPs were deployed for cleaning of ooranies then and there. Due to non-provision of funds, maintenance of ooranies could not be carried out regularly. In view of the unclean condition of the ooranies and their inlets/outlets, the claim of having clean ooranies is not acceptable.

### **5.1.6 Non-availability of data on groundwater table**

The development of ooranies was taken up to improve and protect them for rainwater harvesting and recharging of the aquifer. However, details of groundwater table were not maintained by any of the 20 sample TPs, due to which, Audit could not assess whether improvement of the water table happened through development of ooranies in that area. Since recharging of aquifer was one of the objectives of the scheme and the TPs did not have the

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<sup>6</sup> Konathukulam, Sirukottukulam and Arayakulam in Mulagumoodu TP; Kulachavilagam Puthankulam in Ponmanai TP, Cherutharavilaikulam in Pacode TP; Karichamankottukulam in Kothanallur TP; Manavilaikulam in Kulasekaram TP; Chettiyankulam in Adirampattinam TP; Muslim Street kulam in Thiruppanandal TP and Machakulam in Kannivadi TP.



required technical resources to assess the recharge that actually happened, they should have obtained details of groundwater level from Public Works Department to assess impact of the scheme. GoTN may introduce mechanism to assess impact on groundwater table due to development works executed in the ooranies.

In reply to Audit, the Director of Town Panchayats stated (November 2017) that the data on ground and surface water would be maintained in future.

### **5.1.7 Monitoring and Evaluation**

#### ***Monitoring***

The Director of Town Panchayats, as the Head of the Department, looks after the affairs of all the TPs. The Director of Town Panchayats stated (July 2017) that all the scheme works were closely monitored by conducting periodical review meetings with the Assistant Director of Town Panchayats. However, Audit observed deficiencies in the execution of works as detailed in the above paragraphs. The Director of Town Panchayats did not monitor the adherence by TPs to the provisions of the Tamil Nadu District Municipalities Act, 1920, regarding maintenance of the ooranies.

#### ***Evaluation***

The Director of Town Panchayats did not evaluate outcome of implementation of the scheme. The Director of Town Panchayats stated (November 2017) though evaluation was not done, the scheme was helpful in maintaining water table during the severe drought period. In the absence of groundwater data as pointed out in Paragraph 5.1.6, correctness of the reply could not be verified by Audit.

### **5.1.8 Conclusion**

Audit of Comprehensive Development of Ooranies in Town Panchayats revealed that there were (i) partial execution of works, (ii) excess execution of works and (iii) non-execution of some developmental works envisaged under the scheme. Town Panchayats developed ooranies of Public Works Department, while their own ooranies requiring development were left out. Ooranies developed under the scheme were not maintained properly. There were deficiencies in monitoring. Outcome of the implementation of the scheme was not evaluated.

The matter was referred to Government in September 2017; reply has not been received (December 2017).

## 5.2 Loss of revenue

### COIMBATORE CITY MUNICIPAL CORPORATION

#### 5.2.1 Loss of revenue due to non-adoption of prescribed rate of interest

**Failure of Coimbatore City Municipal Corporation to adopt rate of interest prescribed by Government of Tamil Nadu for charging interest on mobilisation advance resulted in loss of revenue to the Corporation and undue benefit to the contractors to the tune of ₹ 1.52 crore.**

Based on the resolution passed (September 2007) by the Council of Coimbatore City Municipal Corporation (Corporation), Government of Tamil Nadu sanctioned (October 2007) ₹ 377.13 crore for implementing Comprehensive Underground Sewerage Scheme in Coimbatore City under Jawaharlal Nehru National Urban Renewal Mission. Tenders for the work of Construction of Collection System, which was split into three packages, were called for between April 2008 and April 2009. Package I was awarded (September 2009) for ₹ 69.65 crore, Package II was awarded (April 2010) for ₹ 56.13 crore and Package III was awarded (August 2009) for ₹ 122.05 crore. Packages I and III were originally scheduled to be completed in February 2012 and Package II in October 2012. Due to slow progress of work, the contract for Package III was terminated in December 2011. The balance work was awarded (March 2013) as Package III (New) for ₹ 143.65 crore and scheduled to be completed by September 2015. As of April 2017, Packages I and II were completed and Package III (New) was in progress.

As per Clause 19 of Contract Data of the agreements between the Corporation and the contractors, 10 *per cent* of the value of contract (in two instalments of five *per cent* each) was payable to the contractor towards mobilisation advance. Further, as per Clause 51 of the General Conditions of the agreements, interest for the mobilisation advance was to be charged at the rate fixed by the Government from time to time. The Government fixed 12 *per cent* per annum as the rate of interest to be charged on mobilisation advance from April 2009 to March 2012 and increased the rate to 12.50 *per cent* from April 2012. Scrutiny (December 2016) of the Corporation's records revealed that the Corporation paid (September 2009 to July 2013) mobilisation advance of ₹ 31.94 crore for the four packages (**Appendix 5.2**) and collected (February 2010 to December 2016) interest for the period from September 2009 to November 2016 at the rate of 10 *per cent* and not 12 and 12.50 *per cent* as prescribed by the Government, in contravention of the General Conditions of the agreement. Due to this, the Corporation charged interest to the tune of ₹ 6.91 crore only against

₹ 8.43 crore, resulting in loss of revenue to the Corporation and undue benefit to the contractors to the tune of ₹ 1.52 crore (**Appendix 5.2**).

Government replied (January 2018) that the Corporation has taken action to recover the amount from the retention amount of the contractor available with the Corporation and from running account bill payable to the contractor.

## SALEM CITY MUNICIPAL CORPORATION

### 5.2.2 Loss due to non-invoking of Performance Bank Guarantee

**Failure to invoke the Performance Bank Guarantee in time by Salem City Municipal Corporation resulted in loss of ₹ 1 crore.**

Government of Tamil Nadu alienated (March 2007) 100 acres of land at Chettichavadi village to Salem City Municipal Corporation (Corporation) for establishing scientific disposal of municipal solid wastes. Development, Design and Engineering, Finance, Construction and Operation and Maintenance of Integrated municipal solid wastes Management facility at Chettichavadi village on Build, Own, Operate and Transfer basis under Public Private Partnership mode was awarded (February 2009) to Gujarat Enviro Protection & Infrastructure Limited (GEPIL), Gujarat, for a concession period of 20 years. A Special Purpose Vehicle (Salem City Integrated Waste Management Company Private Limited) was formed by a consortium of three companies with GEPIL, Gujarat, as the lead consortium member. The Corporation entered into concession agreement (July 2009) with the Concessionaire and handed over (September 2010) 25 acres of land to the Concessionaire. The Concessionaire commenced trial run operation of waste management plant from February 2011.

As per Article 5.1 of the concession agreement, the Concessionaire should deliver to the Corporation a performance security in the form of a Performance Bank Guarantee for ₹ 2 crore for the due and punctual performance of its obligations. The Guarantee should be kept valid throughout the term of the agreement by the Concessionaire and should be renewed at least one month before its expiry and failing which, the Corporation would be entitled to invoke the Guarantee. Further, Article 9.2 (a) (ii) of the agreement stipulated that if the Concessionaire failed to submit a proposal to cure the underlying event of default within 30 days of issue of Preliminary Notice, the Corporation shall be entitled to terminate the agreement by issuing Termination Notice and to appropriate the Performance Security. The Concessionaire gave (June 2009) two Performance Guarantees amounting to ₹ 2 crore (₹ 1 crore each) and the same were renewed periodically. The validities of the guarantees were extended upto 12 June 2014 and 07 July 2014.

Scrutiny of records by Audit revealed that the Corporation issued (January 2014) a Preliminary Notice to the Concessionaire pointing out that the tipping floor installed by the Concessionaire was not sufficient to handle the municipal solid wastes received, which resulted in vehicles standing for long hours to unload the garbage. Further, the quantum of municipal solid wastes received daily was not processed fully, which led to dumping of the waste in areas outside the project site, thereby resulting in pollution and environmental problem for local population. The Corporation also insisted on the Concessionaire on various occasions for installing fire fighting equipment and overhead tanks to protect the plant in case of fire. Owing to non-receipt of reply from the Concessionaire, Termination Notice was issued on 25 March 2014 indicating the effective date of termination as 27 June 2014. In the meanwhile, a major fire accident occurred on 16 March 2014, in which, the entire waste processing plant was devastated and the Concessionaire abandoned the work.

In the meantime, the Bank Guarantee for ₹ 1 crore given by GEPIL was allowed to lapse on 12 June 2014. It was noticed that though the proposal to invoke the guarantees was initiated on 30 May 2014, the Corporation sought legal opinion for invoking both the guarantees only on 13 June 2014 i.e., after the expiry of one of the guarantees on 12 June 2014. The legal advisor opined (21 June 2014) to invoke the one guarantee immediately, which was due to expire on 07 July 2014. Accordingly, this guarantee for ₹ 1 crore was invoked and encashed on 05 July 2014. Thus, failure of the Corporation to invoke the guarantee given by GEPIL in time by invoking the provisions of the agreement resulted in a loss of ₹ 1 crore.

As the Concessionaire did not effectively implement the project, the Corporation constructed a new windrows platform, landfill and leach pit in the land available in the Chettichavadi site and an amount of ₹ 66.59 lakh was spent during 2014. The entire waste generated and collected after the fire accident was dumped at the newly constructed windrows platform and landfill site without any scientific disposal, thereby defeating the objective of the project.

Government stated (January 2018) that there was no failure on the part of the Corporation, as the Concessionaire wound up the project due to fire accident and there was no loss to the Corporation. The reply is not tenable since as per the agreement conditions it was the responsibility of the Corporation to invoke the guarantee in case of non-performance of the contractual obligation by the Concessionaire.

## THENI ALLINAGARAM MUNICIPALITY

### 5.2.3 Short levy of Property Tax

**Failure to levy Property Tax for the actually constructed area led to short levy amounting to ₹ 50.50 lakh.**

As per Section 81 of Tamil Nadu District Municipalities Act, 1920, Property Tax is to be levied on all buildings and lands within municipal limits. Government of Tamil Nadu prescribed (February 2008) the method of assessment of Property Tax for buildings. Based on the building plan approvals accorded (September 2010 and July 2011) by Department of Town and Country Planning to two applicants for construction of two commercial buildings for 62,026 and 23,157 square feet in Gandhiji Road, Theni, the Theni Allinagaram Municipality (Municipality) issued (February 2011 and July 2011) building permits to the two applicants to construct buildings. The applicants constructed the buildings for 91,140 and 67,496 square feet, which was in excess of the permitted extent. Their applications (March 2014 and November 2015) for regularisation of the deviations were pending with Director of Town and Country Planning, Chennai (October 2017).

In respect of unauthorised buildings, the Government ordered (November 2000) for levy of Property Tax for unauthorised buildings also, with a condition that after a decision is taken on the unauthorised construction, Property Tax may be reduced or the assessment cancelled if required. However, scrutiny (July 2017) of records of the Municipality revealed short levy of Property Tax on the buildings amounting to ₹ 50.50 lakh for the period up to March 2017, as shown in **Table 5.2**.

**Table 5.2: Details of actual construction and levy of Property Tax**

Particulars		Applicant 'A'	Applicant 'B'
Area (Sq. feet)	Constructed and to be assessed	91,140	67,496
	Actually assessed	56,000	29,500
Property Tax per HY (in ₹)	To be levied	7,90,454	5,85,391
	Actually levied and collected	4,85,688	2,55,852
	Short levy	3,04,766	3,29,539
Number of HYs of short levy		9 (from 2012-13 II HY)	7 (from 2013-14 II HY)
Short levy up to 2016-17 (II HY) (in ₹)		27,42,894	23,06,773
<b>Total</b>		<b>₹ 50,49,667 or ₹ 50.50 lakh</b>	

HY - half year

(Source: Municipality's records)

Though the constructions were for 91,140 and 67,496 square feet, the Municipality made assessment for only 56,000 and 29,500 square feet respectively, which was incorrect and lacked justification. On Audit's request (July 2017) for files pertaining to the assessments, the Municipality replied (July 2017) that the files were not traceable.

Thus, the failure of the Municipality to levy Property Tax for the actually constructed area led to short levy of Property Tax to the tune of ₹ 50.50 lakh. On this being pointed out, the Municipality replied (July 2017) that report on action taken would be sent to Audit.

The matter was referred to Government in November 2017; reply has not been received (December 2017).

### **5.3 Idle investment**

#### **TIRUPPUR CITY MUNICIPAL CORPORATION**

##### **5.3.1 Idling of materials due to non-ensuring feasibility of construction**

**Non-conduct of feasibility study for constructing pedestrian bridges resulted in idling of materials worth ₹ 2.11 crore, besides non-construction of the proposed bridges.**

With a view to decongest traffic in Tiruppur city and enable pedestrians easily cross the roads, Tiruppur Local Planning Authority suggested (January 2012) to Tiruppur City Municipal Corporation (Corporation) for construction of pedestrian skywalk bridges at six locations (listed in **Appendix 5.3**) in the city, by utilising Infrastructure and Amenities Fund available with Director of Town and Country Planning (DTCP), Chennai. The Planning Authority requested the Corporation to conduct feasibility study and forward a proposal to DTCP.

Scrutiny (March and July 2017) of records of the Corporation revealed the following:

The Corporation prepared (March 2012) estimates for six steel bridges for ₹ 4.03 crore and without conducting the feasibility study, forwarded (April 2012) Detailed Project Report for the six bridges to DTCP seeking funds. The Government of Tamil Nadu (GoTN) sanctioned (December 2013) ₹ 4.03 crore from the Infrastructure and Amenities Fund and released (December 2014) it to the Corporation through Commissioner of Municipal Administration.

As the concerned roads were under the jurisdiction of Highways Department, the Corporation sought (May 2012) permission from Divisional Engineer (Construction and Maintenance) (C&M) of Highways Department, Tiruppur, for carrying out the six works, but did not follow up the request. On the Corporation's second request (January 2014) for the permission, the Divisional Engineer (C&M) sought (January 2014) design, plan, alignment/orientation, drawings and proposals for the bridges. The Corporation addressed (June 2014) a letter to Divisional Engineer (C&M) enclosing the drawings, with instructions to its Assistant Engineer to handover the drawings to Divisional Engineer (C&M)'s office in person. However, Divisional Engineer (C&M) informed (July 2017) Audit that such letter was not received and that the non-receipt of design and drawings was the only reason for not considering the Corporation's request for permission. On this being pointed out, the Corporation replied (September 2017) that the letter was sent by post as per usual procedure. The reply is not acceptable as it contradicted the personal delivery arrangement noted in the letter and the document produced to Audit in support of the reply did not indicate the procedure adopted for delivery of the letter.

Without obtaining the permissions, the Corporation awarded (December 2014) all the six works to a contractor selected through six separate tenders, for a total value of ₹ 4.10 crore, fixing the time for completion as three months. The contractor supplied (June - November 2015) materials (fabricated steel structures) weighing 278.80 tonnes worth ₹ 2.11 crore for four bridges serial numbered 1 to 3 and 6 in the **Appendix 5.3**; the Corporation paid (June 2015 - January 2016) ₹ 1.88 crore (89 *per cent* of ₹ 2.11 crore). However, the materials supplied were not utilised (July 2017) to form the bridges, but kept idle as shown in **Pictures 5.2 and 5.3**.

**Pictures 5.2 and 5.3: Fabricated steel structures kept idle**



Of the four bridges, the Honourable Madras High Court ordered (June 2017) *status quo* in respect of one bridge (serial number 6 of **Appendix 5.3**) based on a petition filed (April 2017) by a private individual objecting to construction of the bridge blocking access to his shop.

Meanwhile (March 2014), Government of India notified the State Highway in which five (serial numbered 1 to 5 in the **Appendix 5.3**) out of the six bridges were to be constructed, as National Highway 381 (NH 381) and the State Highway was taken over by National Highways (NH) Wing in June 2015. The Corporation, subsequently sought (February 2016) the permission of Chief Engineer, NH Wing, Chennai (Chief Engineer) of the Highways Department, for constructing the five bridges on NH 381 through five separate letters and endorsed copy of the letters to Divisional Engineer, NH Wing, Coimbatore. However, Divisional Engineer, NH Wing informed (July 2017) Audit that neither his office nor the Chief Engineer received the letters.

The representatives of National Highways Authority of India's Engineer (NH 381 widening project) and the Corporation's officials conducted (January 2017) a joint inspection of the five locations on NH 381, which showed absence of space to construct stairways for all the five bridges. The Corporation decided (August 2017) to (i) construct two bridges (materials received) in the already decided locations by constructing their stairways in the vacant place available in Town Hall and a school, both belonging to the Corporation, (ii) substitute one bridge (materials received) with two bridges at two new locations<sup>7</sup> and (iii) drop the plan for construction of two bridges (materials not received) and refund ₹ 1.58 crore received therefor to DTCP. Accordingly, the Corporation sought (August 2017) approval of DTCP for the above decision and permission of the Chief Engineer for constructing two bridges with modification in stairways location. However, in the above request to DTCP, the Corporation did not specify that it had ensured need and feasibility of erecting bridges at the two new locations, feasibility of using the available material for constructing the two new bridges and permission from authorities concerned.

The Corporation in its replies (July and September 2017) was silent on the non-conduct of feasibility study and stated that the contract was awarded as Divisional Engineer (C&M) orally informed during site inspection that the permission would be granted in June 2014. The reply is not tenable since oral information would not suffice for proceeding with award of contract.

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<sup>7</sup> P.N Road - Pandian Nagar junction and Mangalam Road - Near Kumaran Women's College Road junction.



Thus, the award of contract by the Corporation without ensuring feasibility of constructing the bridges as required by the Planning Authority and obtaining necessary permissions from Highways Department, led to idling of materials worth ₹ 2.11 crore, besides non-construction of the pedestrian bridges even five years after the plan to erect them was conceived.

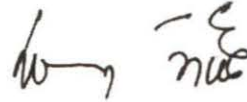
The matter was referred to Government in September 2017; reply has not been received (December 2017).



**(R. THIRUPATHI VENKATASAMY)**  
Accountant General  
(General and Social Sector Audit),  
Tamil Nadu and Puducherry

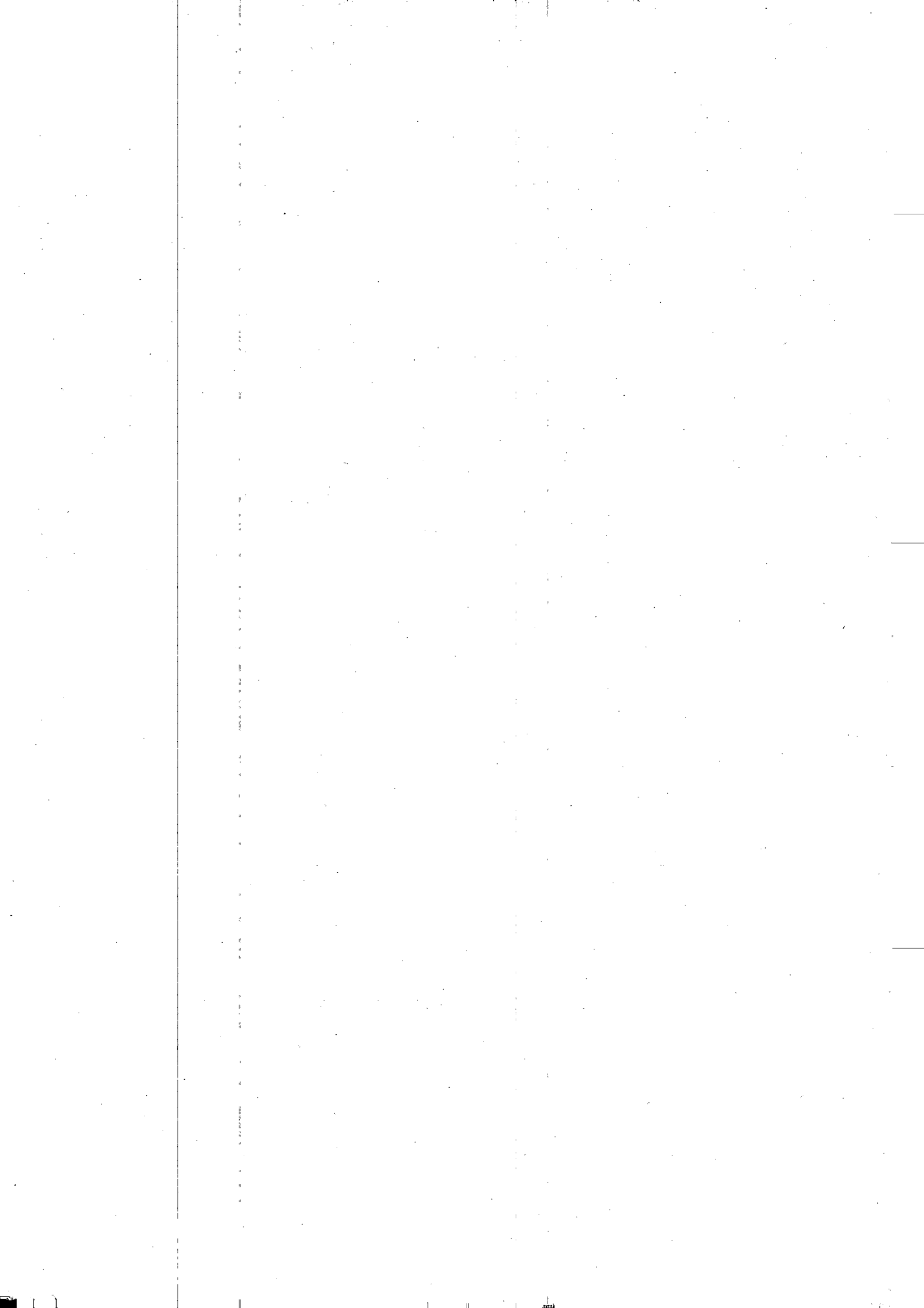
Chennai  
The 05 March 2018

Countersigned



**(RAJIV MEHRISHI)**  
Comptroller and Auditor General of India

New Delhi  
The 09 March 2018



# APPENDICES



## Appendix 1.1

(Reference: Paragraph 1.3; Page 2)

### Devolution of functions to Panchayat Raj Institutions

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.	Market 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 Schedule Tribes.
28.	Public Distribution System.
29.	Maintenance of community assets.

**Appendix 1.2**

**(Reference: Paragraph 1.5.1; Page 4)**

**Pendency details in settlement of DLFA paragraphs relating to  
Block Panchayats and District Panchayats**

Year	Block Panchayats			District Panchayats		
	Pending as of October 2016 (in numbers)	Pending as of August 2017 (in numbers)	Percentage of settlement	Pending as of October 2016 (in numbers)	Pending as of August 2017 (in numbers)	Percentage of settlement
Upto 2011-12	14,662	11,391	22	81	66	19
2012-13	5,970	3,786	37	82	48	41
2013-14	7,420	4,536	39	52	32	38
2014-15	17,642	10,473	41	107	52	51

## Appendix 2.1

(Reference: Paragraph 2.1.2(i); Page 9)

## Roads not completed five years but taken up for maintenance

Sl. No.	Name of the Block	Name of the Road	Expenditure (₹ in lakh)	Year of laying/maintenance
<b>Villupuram District</b>				
1.	Mugaiyur	Karanai - Oduvankuppam	31.98	2012-13
2.	Mugaiyur	Melvalai - Oduvankuppam	43.00	2012-13
3.	Mailam	Pandhamangalam - Bazaar Road	4.76	2012-13
4.	Mailam	T.Kenipattu - Pandhamangalam	4.91	2012-13
5.	T.V.Nallur	Iruvelpattu ADC Road	15.10	2010-11
<b>Salem District</b>				
6.	Edappady	Adaiyur - Madurakaliamman	19.80	2012-13
7.	Edappady	Vellandivalasu to Dadhapuram Road	21.71	2013-14
8.	Edappady	Vellarivelli - Kallapalayamar Colony	20.70	2012-13
9.	Magudanchavadi	Mottandipalayam - Araimanai-kadu	9.99	2009-10
10.	Yercaud	Puthur Road - Karadiyur	18.95	2009-10
11.	Kolathur	Karungalur - Telunganur	23.35	2013-14
12.	Kolathur	Boothapadai - Vellakattur	26.52	2010-11
13.	Konganapuram	Masakumarapalayam	18.25	2009-10
14.	Omalur	R.C.Chettipatty	24.32	2013-14
15.	Thalaivasal	Navakurichi to Puthur Road	30.35	2013-14
16.	Thalaivasal	Varagur - Veppanatham	17.55	2012-13
17.	Thalaivasal	Unathur - Ponnolinagar	21.42	2012-13
18.	Tharamangalam	Panagathoor	10.00	2012-13
19.	Tharamangalam	Jalakandapuram BT Road to Alagapuram Boyar Street	11.48	2012-13
20.	Valapady	CP Valasu - CN Palayam	16.26	2013-14
21.	Valapady	Sesavanchavadi to Kaliyamman-pudhur Road	12.40	2013-14
22.	Valapady	Muthampatty to Mannaikenpatty Pallathathanur	17.02	2013-14
<b>Total</b>			<b>419.82</b> or <b>₹ 4.20 crore</b>	

**Appendix 2.2**

**(Reference: Paragraph 2.1.2(ii); Page 10)**

**Roads less than one kilometre in length taken up for maintenance**

Sl. No.	Name of the Block	Name of the Road	Length (in Km.)	Expenditure ₹ in lakh
<b>Villupuram District</b>				
1.	Kanai	Theli Ellichatram	0.551	5.78
2.	Koliyanur	Cholampoondi Road	0.800	8.80
3.	Koliyanur	Kondangi - Ellichatram	0.800	8.80
4.	Koliyanur	Panankuppam	0.650	7.18
5.	Koliyanur	Pidagam - P.Kuchipalayam	0.800	8.80
6.	Koliyanur	Nanadu - Link - Viratikuppam	0.800	8.80
7.	Koliyanur	Dhanasingupalayam - Kallapattu Road	0.700	7.63
8.	Koliyanur	Pillur - Thirupachanur	0.900	9.91
9.	Koliyanur	Dhalavanur School - Vayalveli	0.900	9.84
10.	Kandamangalam	Mathur - Thenavarayanpattu	0.900	9.12
11.	Kandamangalam	Kondur - Alamarathukuppam	0.623	6.69
12.	Kandamangalam	Navammal Kaper to Thandavamoorthy Kuppam	0.982	10.55
13.	Vikravandi	Avudayarpattu Road	0.800	8.50
14.	Olakkur	Melpakkam - Neikuppi Road	0.800	9.99
15.	Mailam	Pandhamangalam - Bazaar Road	0.440	4.76
16.	Mailam	Neelathotti Road	0.600	6.35
17.	Mailam	T.Kenipattu - Pandhamangalam Road	0.425	6.35
18.	Mailam	Veliyanur - Adarapattu	0.860	10.49
19.	Vanur	Katrapakkam - V.Kenipattu	0.797	8.17
20.	Gingee	Anaiyeri - Mullur Road	0.800	11.00
21.	Chinnasalem	Kadathur - Kudirachandal Via Mukilan Kadu	0.900	9.45
22.	Rshivandiam	T S Road - Soolankurichi	0.700	7.90
23.	Kalrayan Hills	Serapattu - Alanur Road	0.600	7.75
<b>Salem District</b>				
24.	Tharamangalam	Panagathoor	0.950	10.00
<b>Dindigul District</b>				
25.	Shanarpatty	Singarakottai to Seelmuthanaickenpatty	0.660	7.05
26.	Natham	DV Road to Kuttur Road	0.600	6.00
<b>Thanjavur District</b>				
27.	Kumbakonam	Athiyur Kurukkur Road	0.760	7.00
28.	Thiruppanandal	Irumoolai - Melaveli Road	0.700	6.97
29.	Peravoorani	Kallakuranikadu Nadangadu	0.925	7.64
30.	Budalur	Renganathapuram TS Road to Pillaiyaikal Road	0.540	5.42
31.	Pattukottai	Mudalchery to Nainangulam Road	0.770	6.49
32.	Orathanadu	Kamarajar Colony Suttru Salai	0.690	4.63
33.	Orathanadu	AD Colony Suttru Salai	0.790	4.21
34.	Orathanadu	Kattukurichi AD Street	0.600	4.21
<b>Total</b>				<b>262.23</b> or <b>₹ 2.62 crore</b>



## Appendix 2.3

(Reference: Paragraph 2.2.1; Page 12)

## Details regarding quantity of purchase of chlorine tablets and selection of supplier

Sl. No.	Date of Collector's Order	Quantity (in kg)	Rate (₹ per kg)	Details regarding selection of supplier	Amount (₹ in lakh)
1.	22.12.2015	6,120	1,400	Namakkal-based supplier was selected based on lowest quotation among three received.	85.68
2.	20.01.2016	6,120	1,400	The same supplier was selected as he already quoted the lowest rate.	85.68
3.	29.02.2016	6,120	1,400		85.68
4.	05.08.2016	6,120	1,450	The same supplier was selected on the basis of lowest quotation*.	88.74
5.	19.09.2016	6,120	1,450		88.74
6.	02.12.2016	4,070	1,450	A supplier** who quoted the lowest rate, was selected.	59.02
7.	02.03.2017	6,060	1,450	The supplier mentioned in Sl.No.6 above was selected on the basis of lowest quotation*.	87.87
<b>Total</b>		<b>40,730</b>			<b>581.41</b> or <b>₹ 5.81 crore</b>

\* No details were found in the file about rates quoted by others.

\*\* Same name as that of the supplier in Serial Number 1, but having a different address in Namakkal.

**Appendix 3.1**

**(Reference: Paragraph 3.3; Page 16)**

**Devolution of functions to Urban Local Bodies**

1.	Urban planning including town planning.
2.	Regulation of land-use and construction of buildings.
3.	Roads and bridges.
4.	Water supply for domestic, industrial and commercial purposes.
5.	Public health, sanitation conservancy and solid waste management.
6.	Slum improvement and upgradation.
7.	Urban poverty alleviation.
8.	Provision of urban amenities and facilities such as parks, gardens, playgrounds.
9.	Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
10.	Vital statistics including registration of births and deaths.
11.	Public amenities including street lighting, parking lots, bus stops and public conveniences.
12.	Regulation of slaughter houses and tanneries.
13.	Planning for economic and social development.
14.	Fire services.
15.	Urban forestry, protection of the environment and promotion of ecological aspects.
16.	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
17.	Promotion of cultural, educational and aesthetic aspects.
18.	Cattle pounds; prevention of cruelty to animals.

## Appendix 4.1

(Reference: Paragraph 4.1.7; Page 27)

## Income and Expenditure Statement of TCMC

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16*	2016-17*
<b>Income</b>					
Property Tax	19.09	19.79	20.71	20.94	21.79
Other taxes	2.67	3.87	3.76	3.65	3.47
Assigned Revenue**	3.87	6.11	5.89	7.70	8.08
Devolution fund***	30.63	47.31	46.62	47.27	47.14
Service charges	17.75	20.23	18.44	20.12	48.41
Grants and Contributions	0.73	8.16	0.21	14.34	1.33
Sale and Hire charges	0.12	0.33	0.48	0.28	0.31
Other income	19.19	26.03	28.57	30.73	26.70
Deficit	10.15	0.77	37.85	29.63	2.75
<b>Total</b>	<b>104.20</b>	<b>132.60</b>	<b>162.53</b>	<b>174.66</b>	<b>159.98</b>
<b>Expenditure</b>					
Personnel cost	25.63	30.08	31.69	37.31	36.66
Terminal cost	9.27	11.29	12.75	14.89	14.22
Operating expenses	12.34	19.14	25.66	25.94	27.16
Repairs and Maintenance	6.73	5.60	6.31	6.21	4.95
Programme expenses	0.69	1.16	0.46	1.40	1.47
Administrative expenses	18.86	24.60	40.91	42.03	27.52
Finance charges	7.88	11.59	8.95	10.40	9.79
Depreciation	22.80	29.14	35.80	36.48	38.21
<b>Total</b>	<b>104.20</b>	<b>132.60</b>	<b>162.53</b>	<b>174.66</b>	<b>159.98</b>

\* For 2015-16 and 2016-17, unaudited figures are given.

\*\* A portion of certain taxes and duties, which are collected by State Government and assigned to local bodies.

\*\*\* Funds allocated to local bodies under the scheme of Financial devolution from the State Government.

(Source: Annual Accounts of TCMC)

**Appendix 4.2**

**(Reference: Paragraph 4.1.8; Page 31)**

**Details of vacant posts identified by TCMC for filling**

<b>Name of the Post</b>	<b>Number of Posts</b>
Assistant Commissioner	4
Reporter	1
Accountant	2
Junior Assistant	12
Personal Assistant	2
Revenue Assistant	38
Driver	10
Conservancy Supervisor	7
Head Assistant	1
Assistant Engineer/Junior Engineer	3
Technical Assistant	4
Grade-I Skilled Assistant	2
Grade-II Skilled Assistant	27
Assistant Sanitary Officer	1
Medical Officer	6
Sanitary Inspector	9
Staff Nurse	3
Pharmacist	8
Health visitor	4
Multipurpose Health worker	34
Cleaner	10
Nursing Assistant Male/Female	13
<b>Total</b>	<b>201</b>

(Source: Details furnished by TCMC)

## Appendix 4.3

(Reference: Paragraph 4.1.9.6(ii); Page 39)

## Status of availability and functioning of infrastructure in schools maintained by TCMC

Sl. No.	Name of the school	Functioning of		Availability of			
		Incinerator	Reverse Osmosis system	Drinking water	Modern kitchen	Playground	Adequate number of toilets
<b>Corporation Higher Secondary School</b>							
1.	Kamarajar, Pettai	✗	✓	✓	✓	✓	✓
2.	Pettai (Girls)	✗	✓	✓	✓	✗	✗
3.	Town, Kallanai (Girls)	✗	✓	✓	✓	✗	✗
4.	Meenakshipuram	✗	✓	✓	✓	✓	✗
5.	Quaid-e-Millath, Melapalayam	✓	✓	✓	✗	✗	✗
<b>Corporation High School</b>							
6.	Bharathiyar, Tirunelveli Town	✗	✓	✓	✓	✓	✓
<b>Corporation Middle School</b>							
7.	Manakavalampillai Street	NA	✓	✓	✗	✓	✗
8.	Perumal Sannathi Street, Palayamkottai	NA	✓	✓	✗	✓	✓
9.	Vannarpettai	NA	✓	✓	✓	✗	✓
10.	Raghumanpettai	NA	✓	✓	✓	✓	✗
11.	C.N. Village	NA	✗	✓	✗	✗	✓
<b>Corporation Primary School</b>							
12.	Sivankoil Ward	NA	✓	✓	✓	✓	✗
13.	Malayalamedu	NA	✗	✓	✗	✗	✓
14.	Palayapettai	NA	✓	✓	✗	✓	✓
15.	Lalugapuram	NA	✓	✓	✗	✓	✗
16.	Pattapathu, Town	NA	✓	✓	✓	✓	✓
17.	Kallanai	NA	✓	✓	✗	✗	✗
18.	Bharathiyar, Tirunelveli Town	NA	✓	✓	✗	✓	✓
19.	Dharmaraja Ward	NA	✓	✓	✗	✓	✓
20.	M.V. Puram, Junction	NA	✓	✓	✗	✓	✓
21.	Kailasanathar Ward, Junction	NA	✓	✓	✗	✗	✓
22.	Udaiyarpatti Junction	NA	✓	✓	✗	✓	✓
23.	AR Line Palayamkottai	NA	✗	✓	✓	✓	✓
24.	Kokkirakulam	NA	✓	✓	✗	✓	✓
25.	Kurunthudaiyar	NA	✓	✓	✗	✓	✓
26.	Perumalpuram	NA	✓	✓	✓	✓	✓
27.	Vadakkupadai	NA	✗	✓	✗	✓	✓
28.	Vannarpettai	NA	✗	✗	✓	✗	✓
29.	Azad, Melapalayam	NA	✓	✓	✗	✗	✓
30.	Kuruchi, Melapalayam	NA	✓	✓	✗	✓	✓
31.	Karungulam, Melapalayam	NA	✓	✓	✗	✓	✓
32.	Hameempuram, Melapalayam	NA	✓	✓	✗	✗	✗
33.	Quaid-e-Millath, Melapalayam	NA	✗	✓	✗	✗	✓

NA: Not applicable ✓: Functioning/Available ✗: Not Functioning/Not Available.

**Appendix 4.4**

**(Reference: Paragraphs 4.2.5 and 4.2.11; Pages 50 and 67)**

**List of sample projects**

Sl. No.	Name of the Town	Type of ULB	Year of sanction	Name of the Project	Project Cost (₹ in lakh)	Status as of September 2017	
1.	Gobichettipalayam	Municipality	2006-07	Roads and Drains	215.50	Completed	
2.	Villavoor	Town Panchayat	2006-07		100.00		
3.	Manavalakurichi	Town Panchayat	2006-07		94.20		
4.	Coonoor	Municipality	2006-07		458.30		
5.	Thoothukudi	Corporation	2006-07		328.00		
6.	Udangudi	Town Panchayat	2006-07		53.60		
7.	Veeravanallur	Town Panchayat	2006-07		50.65		
8.	Mukkudal	Town Panchayat	2006-07		55.15		
9.	Sankarnagar	Town Panchayat	2006-07		51.00		
10.	Udumalpet	Municipality	2007-08	Underground Sewerage	3,034.23	Completed	
11.	Ariyalur	Municipality	2008-09		2,555.20		
12.	Nagercoil	Municipality	2010-11		6,556.47		
13.	Chidambaram	Municipality	2013-14		5,738.37		In progress
14.	Mettur	Municipality	2013-14		5,651.66		
15.	Sattur	Municipality	2013-14		2,957.53		
16.	Sevugapatti	Town Panchayat	2006-07	Water supply	141.84	Completed	
17.	Marungoor	Town Panchayat	2006-07		31.26		
18.	Rameswaram	Municipality	2006-07		3,376.50		
19.	Mandapam	Town Panchayat	2006-07		893.00		
20.	Abiramam	Town Panchayat	2006-07		339.00		
21.	Ilayankudi	Town Panchayat	2006-07		1,121.00		
22.	Thanjavur	Corporation	2006-07		904.00		
23.	Kombai	Town Panchayat	2006-07		223.00		
24.	Boothipuram	Town Panchayat	2006-07		61.18		
25.	Moolakaraipatti	Town Panchayat	2006-07		226.00		
26.	Vedasandur	Town Panchayat	2007-08	236.68			
27.	Vellakoil	Municipality	2007-08	Water supply	947.06	In progress	
28.	Chidambaram	Municipality	2008-09	Water supply	615.60	Completed	
29.	Attur	Municipality	2010-11	458.97			
30.	Cumbum	Municipality	2010-11	Water supply	1,852.65	In progress	
31.	Kodaikanal	Municipality	2013-14		4,223.00		
32.	Periyakulam	Municipality	2013-14		1,349.68		
33.	Kangeyam	Municipality	2013-14		1,423.71		
<b>Total</b>					<b>46,323.99</b>		

## Appendix 4.5

(Reference: Paragraph 4.2.5; Page 51)

Water Supply and Underground Sewerage Projects  
in progress as of March 2017

Sl. No.	Name of ULB	Sanctioned in	Project cost (₹ in lakh)
<b>Water Supply Projects</b>			
1.	Vellakoil	March 2008	947.06
2.	Cumbum	September 2010	1,852.65
3.	Kayalpattinam	September 2010	2,967.00
4.	Kovilpatti	September 2010	7,060.14
5.	Kangeyam	June 2013	1,423.71
6.	Arani	June 2013	3,228.05
7.	Periyakulam	June 2013	1,349.68
8.	Thiruvathipuram	June 2013	1,121.41
9.	Tindivanam	June 2013	4,506.91
10.	Kodaikanal	January 2014	4,223.00
<b>Total</b>			<b>28,679.61</b>
<b>Underground Sewerage Projects</b>			
1.	Ariyalur	February 2009	2,555.20
2.	Nargeroil	September 2010	6,556.47
3.	Mettur	June 2013	5,651.66
4.	Thirupathur	June 2013	7,682.91
5.	Arakkonam	June 2013	7,745.16
6.	Chidambaram	June 2013	5,738.37
7.	Sattur	June 2013	2,957.53
8.	Peiriyakulam	June 2013	1,712.92
<b>Total</b>			<b>40,600.22</b>

**Appendix 4.6**

**(Reference: Paragraph 4.2.6; Page 51)**

**Funds received by TUFIDCO and released to ULBs**

(₹ in crore)

Year	Opening Balance	Fund received from		Total	Fund disbursed to ULBs			Closing Balance
		GoI	GoTN		Grant	Loan	Total	
(1)	(2)	(3)	(4)	(5) = (2+3+4)	(6)	(7)	(8) = (6+7)	(9) = (5-8)
2006-07	0	54.56	6.82	61.38	23.28	8.98	32.26	29.12
2007-08	29.12	126.01	15.75	170.88	89.76	35.25	125.01	45.87
2008-09	45.87	135.55	16.94	198.36	124.20	49.74	173.94	24.42
2009-10	24.42	202.82	25.35	252.59	78.16	34.58	112.74	139.85
2010-11*	139.85	(-) 50.25	(-) 6.28	83.32	25.14	11.41	36.55	46.77
2011-12	46.77	0.75	0.09	47.61	16.33	6.94	23.27	24.34
2012-13	24.34	97.45	12.18	133.97	41.65	17.85	59.50	74.47
2013-14	74.47	216.01	27.00	317.48	34.70	14.87	49.57	267.91
2014-15	267.91	60.57	7.57	336.05	90.39	38.53	128.92	207.13
2015-16	207.13	0	0	207.13	42.65	18.28	60.93	146.20
2016-17	146.20	36.64	41.51	224.35	141.62	60.69	202.31	22.04
<b>Total</b>		<b>880.11</b>	<b>146.93</b>	<b>1,027.04</b>	<b>707.88</b>	<b>297.12</b>	<b>1,005.00</b>	

\* Funds received from GoI and GoTN returned for 10 cancelled projects.



## Appendix 5.1

(Reference: Paragraph 5.1.4.1; Page 73)

## Partial execution of works in ooranies in Thadicombu Town Panchayat

Name of the oorani	Nature of work done						
	Extent (sq.m)	Desilting (sq.m)	Perimeter (m)	Construction of Retaining wall/ Revetment (m)	Fencing (m)	Footpath (m)	Cost (₹ in lakh)
Maduthinni Kulam	2,40,990	13,811 (6)	1,964	360 (18)	850 (43)	100 (5)	50
Nachiyar Kulam	76,567	18,796 (25)	1,108	50 (5)	600 (54)	Not laid	95
Kondasamu-thira Kulam	2,13,674	13,811 (6)	1,848	360 (19)	850 (46)	100 (5)	50
Subbapillai Kulam	59,489	15,751 (26)	976	310 (32)	600 (61)	100 (10)	40
<b>Total</b>	<b>5,90,720</b>	<b>62,169 (11)</b>	<b>5,896</b>	<b>1,080 (18)</b>	<b>2,900 (49)</b>	<b>300 (6)</b>	<b>235</b>

sq. m: square metre      m: metre

Note: Figures within brackets indicate percentage with reference to extent in respect of desilting and with reference to perimeter in respect of other works.

**Appendix 5.2**

**(Reference: Paragraph 5.2.1; Pages 78 and 79)**

**Loss of revenue due to short collection of interest  
on mobilisation advance**

(₹ in lakh)

Package	Mobilisation Advance paid	Interest	
		To be collected	Collected
I	696.53	236.32	196.93
II	561.25	157.73	131.45
III	500.00	98.83	82.35
III (New)	1,436.50	349.98	279.99
<b>Total</b>	<b>3,194.28</b>	<b>842.86</b>	<b>690.72</b>

Short collection = ₹ 152.14 lakh or ₹ 1.52 crore

## Appendix 5.3

(Reference: Paragraph 5.3.1; Pages 82, 83 and 84)

## List of pedestrian skywalk bridges proposed to be constructed in Tiruppur city

Sl. No.	Location of the bridge (Estimated cost ₹ in lakh)	Quantity of material supplied	Value of material supplied	Amount paid	Finding of joint inspection by representative of NHAI Engineer and Corporation officials
		In tonnes	₹ in lakh	₹ in lakh	
(1)	(2)	(3)	(4)	(5)	(6)
1	Railway Station - Town Hall junction (70)	74.85	56.51	51.56	There was no space to provide stairway to the bridge. Corporation officials suggested for locating the stairway inside vacant land of Town Hall.
2	Railway Station North Gate - Pushpa Theatre bus stop (43)	57.17	43.16	39.28	There was no space to provide stairway to the bridge. Corporation officials suggested for locating the stairway inside Corporation School.
3	Front side of Corporation Office (89)	98.35	74.26	67.72	There was no space to provide stairway to the bridge. Corporation has to probe the feasibility of providing skywalk bridge at these locations.
4	Dharapuram Road - Kangeyam Road junction (100)	0.00	0.00	0.00	
5	Kumar Nagar - Avinashi Road junction (58)	0.00	0.00	0.00	
6	Rakkiapalayam Branch on Kangeyam Road (43)	48.43	36.57	29.49	This bridge was not covered in the joint inspection. The Madras High Court ordered maintenance of <i>status quo</i> .
<b>Total</b>		<b>278.80</b>	<b>210.50</b> or <b>₹ 2.11 crore</b>	<b>188.05</b> or <b>₹ 1.88 crore</b>	

Note: Materials supplied for serial numbers 1 to 3 are stored in Corporation's own premises and for serial number 6, at the junction of highway and Corporation road.

**Glossary of abbreviations**

<b>Abbreviation</b>	<b>Full form</b>
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
BPs	Block Panchayats
CAG	Comptroller and Auditor General of India
CCP	City Corporate Plan
CFC	Central Finance Commission
CGPS	Close Graded Premix Surfacing
CIP	Capital Investment Programme
CMA	Commissioner of Municipal Administration
C&M	Construction and Maintenance
CWSS	Combined Water Supply Scheme
DLFA	Director of Local Fund Audit
DPC	District Planning Committee
DPR	Detailed Project Report
DPs	District Panchayats
DRDA	District Rural Development Agency
DRDPR	Director of Rural Development and Panchayat Raj
DTCP	Director of Town and Country Planning
DTP	Director of Town Panchayats
GCC	Greater Chennai Corporation
GEPIL	Gujarat Enviro Protection & Infrastructure Limited
GoI	Government of India
GoTN	Government of Tamil Nadu
HSCs	House Service Connections
IPHS	Indian Public Health Standards
IRC	Indian Roads Congress
IRs	Inspection Reports
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
kg	kilogram
km	kilometre
KWH	Kilowatt Hour
lpcd	litres per capita per day
MAWS	Municipal Administration and Water Supply
MLD	million litres per day
mm	millimetre

Abbreviation	Full form
MoUD	Ministry of Urban Development
MT	Metric Tonne
NH	National Highways
NHAI	National Highways Authority of India
OGPS	Open Graded Premix Surface
OSR	Open Space Reservation
PHC	Primary Health Centre
PRIs	Panchayat Raj Institutions
PWD	Public Works Department
RTE Act	Right of Children to Free and Compulsory Education Act, 2009
SASTA	Social Audit Society of Tamil Nadu
SEIAA	State Environment Impact Assessment Authority
SFC	State Finance Commission
SLB	Service Level Benchmark
SLSC	State Level Sanctioning Committee
SPS	Sub Pumping Station
STP	Sewage Treatment Plant
SWD	Storm Water Drain
SWM	Solid Waste Management
TCFC	Thirteenth Central Finance Commission
TCMC	Tirunelveli City Municipal Corporation
TNUIFSL	Tamil Nadu Urban Infrastructure Financial Services Limited
TPs	Town Panchayats
TUFIDCO	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited
TWAD	Tamil Nadu Water Supply and Drainage
UCs	Utilisation Certificates
UGD	Underground Drainage
UGS	Underground Sewerage
UIDSSMT	Urban Infrastructure Development Scheme for Small and Medium Towns
ULBs	Urban Local Bodies
UPHCs	Urban Primary Health Centres
VPs	Village Panchayats
WSS	Water Supply Scheme

