

CHAPTER II

Performance Audit

2.1 Jawahar Lal Nehru Urban Renewal Mission

2.1.1 Introduction

The Government of India launched (December 2005) the Jawahar Lal Nehru National Urban Renewal Mission (JNNURM) with the objective of encouraging the State Government/Urban Local Bodies (ULBs) for planned development of identified cities with focus on efficiency in urban infrastructure projects relating to water supply and sanitation, sewerage, solid waste management (SWM), road network, urban transport and re-development of old city areas, shifting of industrial and commercial establishments to conforming areas, community participation and accountability of ULBs towards citizens. The JNNURM also intended to make reforms such as e-governance for Geographical Information System (GIS) and Management Information System (MIS), earmarking of funds for basic services to urban poor, etc. The ULBs and para-statal agencies such as Development Authorities, Public Works Department, Tourism and Culture Department, Transport Department, etc. were required to prepare Detailed Project Reports (DPRs) concerning their activities for submission to the State Government through Director, Local Bodies for onward transmission to the GOI for approval.

In the State, a State Level Steering Committee (SLSC) was constituted under chairmanship of Chief Minister with other members as per direction of the GOI to review and prioritise DPRs for inclusion in the JNNURM. Director, Local Bodies was nominated as State Level Nodal Agency (SLNA) for scrutiny of DPRs submitted by ULBs/para statal agencies and monitor the projects under execution.

2.1.2 Scope of audit and methodology

Records for 2005-08 in five ULBs, Agra, Allahabad, Kanpur, Lucknow and Varanasi out of seven¹¹ where the scheme was under implementation and Uttar Pradesh Jal Nigam (JN) units at these places were examined and information was collected from the SLNA during May-June 2008.

¹¹ Agra, Allahabad, Kanpur, Lucknow, Meerut, Varanasi and Mathura in the State of Uttar Pradesh.

2.1.3 Funding pattern

In respect of six¹² out of seven identified cities, the GOI was to contribute 50 *per cent* of the cost of each project and the remaining 50 *per cent* was to be borne by the State Government and the ULBs/para-statal agencies in the ratio of 20 and 30 *per cent* respectively. For the seventh, i.e. identified Mathura city, GOI's share was 80 *per cent* and the State Government and ULB/para-statal agency's 10 *per cent* each.

2.1.4 Release of funds

The GOI were to release 25 *per cent* of its share of the project cost as first installment on signing of Memorandum of Agreement by the State Government and Urban Local Bodies (ULBs) showing their commitment to implement the project. On receipt of Central share, the State Government and ULBs were to contribute their matching share into the project account. The amount thus accumulated in the project account was to be released by the SLNA to the identified ULBs. Finally, the ULBs were to provide the fund to the executing agency for execution of the projects. The GOI shall release the balance amount of Central assistance in three installments on receipt of utilization certificates (UCs) to the extent of 70 *per cent* of the first installment and subject to the achievement of implementation of reforms within the time schedule as prescribed by GOI.

2.1.5 Financial outlay

Details of projects sanctioned by the GOI and funds released by the SLNA to the ULBs and expenditure shown there against during October 2007 to March 2008 are given below:

(Rs. in crore)

Item	Cities	Project Sanctioned by GOI		Release date of Central share	Funds released to ULBs by SLNA		Expenditure	Balance as of March 2008
		Period	Cost		Period	Amount		
SWM	Seven ¹³	December 2006-February 2008	241.60	January 2007-March 2008	October 2007-March 2008	40.38	Nil	40.38
Water Supply	Six ¹⁴	July 2007-February 2008	1221.98	August 2007-March 2008	February 2008-March 2008	160.28	42.62	117.66
Sewerage	Three ¹⁵	September 2007-December 2007	448.71	October 2007-January 2008	March 2008	60.90	8.31	52.59
Total	16		1912.29			261.56	50.93	210.63

¹² Agra, Allahabad, Kanpur, Lucknow, Meerut and Varanasi

¹³ Agra, Allahabad Kanpur, Lucknow, Meerut, Varanasi and Mathura

¹⁴ Agra, Allahabad Kanpur, Lucknow, Meerut and Varanasi

¹⁵ Agra, Kanpur and Lucknow

The GOI, State Government and ULBs contributed (January 2007 to March 2008) their share of Rs. 468.90 crore (GOI: Rs. 232.25 crore, SG: Rs.92.35 crore and ULBs: Rs. 144.30 crore) as first installment of 25 *per cent* of the total project cost to the SLNA. However, the SLNA released only Rs. 261.56 crore to the concerned ULBs till March 2008.

It would also be seen from the table that though the fund were released between October 2007 and March 2008 under SWM, no expenditure was incurred till March 2008. Detailed reasons for non-spending under SWM and shortfall in other two components are given in succeeding paragraphs.

2.1.6 Planning

The ULBs/para-statal agencies were required to prepare DPRs after conducting survey on the basis of basic infrastructure needs relating to 9 components. Accordingly, they prepared and submitted (December 2006 to November 2007) DPRs relating to 32 projects to the GOI through the State Government, as detailed below:

SI No	Name of Component	Number of projects submitted by Nagar Nigams to GOI							
		Agra	Allahabad	Kanpur	Varanasi	Meerut	Lucknow	Mathura	Total
1	Water Supply & Sanitation	1	1	1	1	1	3	-	8
2	Sewerage & SWM	2	2	2	1	2	5	1	15
3	Drainage	1	-	1	1	-	3	-	6
4	Urban Transport System	-	-	1	-	-	-	-	1
5	Redevelopment of Inner City Areas	-	-	1	-	-	-	-	1
6	Parking Spaces	-	-	-	-	-	-	-	-
7	Development of Heritage Areas	-	-	1	-	-	-	-	1
8	Prevention & rehabilitation of soil erosion etc.	-	-	-	-	-	-	-	-
9	Preservation of Water Bodies.	-	-	-	-	-	-	-	-
Total		4	3	7	3	3	11	1	32

The GOI sanctioned (December 2006 to February 2008) 16 projects relating to Sewerage & SWM (10 projects) and Water Supply (6 projects) for Rs. 1,912.29 crore on priority basis and released (January 2007 to March 2008) Rs. 232.25 crore as their first installment of 25 *per cent*. The remaining 16 DPRs were not approved by the GOI as the ULBs had submitted the projects of different components to be undertaken in more than one phase whereas the GOI desired that, for one component, only one integrated project should be

prepared and submitted. Drainage projects were returned for want of rain fall data of the cities to which these pertained. These projects were returned (February 2007 to November 2007) by the GOI to the State Government for modifications and were being modified for the last 7 to 16 months by ULBs/para-statal agencies as of June 2008.

These ULBs had not prepared any project relating to Components at Sl No 4 to 9 except NN, Kanpur which prepared 3 projects each for Urban Transport System, Redevelopment of Inner City Area and Heritage Area This indicated that ULBs/para-statal agencies were slow in preparation and submission of the DPRs for approval.

2.1.6.1 Preparation of DPR without proper survey

The GOI sanctioned (September 2007) a water supply project at a cost of Rs. 388.61 crore for NN, Lucknow. This included water supply pipe lines under bituminous roads in Kurmanchal Nagar Liberty Colony. The DPR contained a provision of Rs. 58 lakh for re-instatement of 5563.47 sqm¹⁶ of bituminous road. During test check (May 2008), it was noticed that the Uttar Pradesh Jal Nigam (JN) paid (March 2008) Rs. 16.37 lakh to NN Lucknow for re-instatement of bituminous roads and Rs. 4 lakh for re-instatement of 648 sqm¹⁷ of non- bituminous roads. On being pointed out, JN stated (May 2008) that the deviation was due to laying of pipe lines under *kharanja* roads wherever feasible and NN was paid accordingly.

Thus, it was evident that the DPR was prepared without proper survey.

2.1.7 Physical Achievement

2.1.7.1 SWM Projects

The GOI sanctioned (March 2007-February 2008) five SWM projects in test checked ULBs costing Rs. 209.09 crore as detailed below:-

¹⁶ Distribution system (3977.47 M²) and rising main (1586.00 M²)

¹⁷ Interlocking (180 sqm @ Rs.915 per sqm) and *Kharanja* (468 sqm @ Rs. 450 per sqm)

(Rs. in crore)

Name of city	Project Sanctioned by GOI		Period of release of Central Share	Funds released to ULBs by SLNA as of March 2008		Expenditure incurred	Balance as on 31 March 2008
	Period	Cost		Period	Amount		
Lucknow	March 2007	42.92	March 2007-August 2007	November 2007	10.73	Nil	10.73
Agra	March 2007	30.84	March 2007-August 2007	October 2007-January 2008	7.46	Nil	7.46
Kanpur	March 2007	56.24	March 2007-August 2007	January 2008	14.06	Nil	14.06
Varanasi	October 2007	48.68	December 2007	-	-	-	-
Allahabad	February 2008	30.41	March 2008	-	-	-	-
Total		209.09			32.25	Nil	32.25

These projects were meant for door to door collection of solid wastes, its segregation and transportation to waste treatment and disposal point and were to be completed in 12 months from the date of their sanctions by the GOI. The State Government, however, released its matching share with a delay of one to nine months. The SLNA further delayed the release (October 2007 to April 2008) of the funds to the ULBs. The overall delay in release of funds by the SLNA to the ULBs ranged from two to eleven months from the date of release of funds by the GOI.

The State Government also delayed the nomination (December 2007) of the executing agency Uttar Pradesh Jal Nigam (JN) also in respect of 5 cities¹⁸ by twelve months from the date of approval of the projects by GOI.

GOI, State Government and concern ULBs contributed their share of Rs. 49.74 crore (25% of the project cost) to SLNA during March 2007 to March 2008 except NN, Allahabad which did not release its share of Rs. 2.28 crore and NN, Agra contributed its share short by Rs. 0.25 crore as of March, 2008. SLNA in its turn transferred only Rs. 32.25 crore to 3 ULBs¹⁹ during October 2007 to January 2008. No amount was transferred to NN, Varanasi. NN, Allahabad did not receive fund as it did not contribute its share for the project as of March, 2008. Scrutiny of records of test checked ULBs revealed that no expenditure was incurred by these units as of March 2008 due to following reasons:-

- (i) Landfill sites should be provided to executing agencies for disposal and treatment of solid waste but NN, Lucknow and Kanpur had not provided Landfill sites to JN;

¹⁸ Agra, Kanpur, Lucknow, Meerut and Mathura

¹⁹ Lucknow, Agra and Kanpur

(ii) JN initially allotted (January 2008) the work in Agra to Maintenance Division, JN. Accordingly, the Nagar Nigam (NN), Agra transferred Rs. 7.19 crore to that Division for execution of work. Meanwhile, the JN decided (May 2008) that the work would be executed by its Construction & Design Services (C&DS) units in all the five cities including Agra and ordered the transfer of work from the Maintenance Division to C&DS unit. However, Maintenance Division did not transfer the funds to C&DS unit till June 2008; consequently, the project work could not be started by C&DS unit as of June 2008. Moreover, Landfill sites were made available to JN by NN, Agra but ownership of the land site was under dispute.

Thus, the SWM projects did not commence in any of the five test checked cities due to (i) late release of funds by the State Government/SLNA (ii) delay in selection of executing agency by the State Government and (iii) non-providing the landfill sites.

2.1.7.2 Water Supply

GOI sanctioned (July 2007 to February 2008) five water supply projects in test checked ULBs at a cost of Rs. 942.98 crore for replacement of worn-out water pipes by new/higher capacity ones. In test checked ULBs, financial progress of the projects was as under-

(Rs. in crore)

Name of city	Project Sanctioned by GOI		Period of release of Central Share	Funds released to ULBs by SLNA as of March 2008		Expenditure	Balance as on 31 March, 2008
	Period	Cost		Date	Amount		
Allahabad	July 2007	89.69	August 2007	February 2008	22.42	7.57	14.85
Varanasi	August 2007	111.02	August 2007	February 2008	27.76	10.31	17.45
Lucknow	September 2007	388.61	October 2007	March 2008	70.80	20.15	50.65
Kanpur	October 2007	270.95	December 2007	March 2008	39.30	2.50	36.80
Agra	February 2008	82.71	March 2008	-	0.00	0.00	0.00
Total		942.98			160.28	40.53	119.75

GOI (Rs.111.10 crore), State Government (Rs.44.44 crore) and concerned ULBs (Rs.90.45 crore) contributed their share of Rs. 245.99 crore during August 2007 to March 2008 to SLNA. However, SLNA released Rs. 160.28 crore (February-March 2008) to ULBs against the contribution with the delay of four to seven months and retained balance amount of Rs. 85.71 crore as on 31 March, 2008. No fund was released to NN, Agra up to 31 March, 2008. Out

of the funds of Rs. 160.28 crore, the ULBs released Rs. 117.76 crore to JN for implementing the projects as of March, 2008.

Further scrutiny of the records in the test checked ULBs revealed that:

(i) The NN, Kanpur released (March 2008) Rs. 30 crore to the JN for execution of project. Instead of executing the project, the unit invested (March 2008) Rs. 23 crore in its fixed deposit and remitted (April 2008) the interest of Rs. 0.51 lakh earned thereon to its headquarters office at Lucknow to meet establishment expenses. The JN was required to pay the charges for road restoration to NN on the basis of demand of NN but JN paid (March 2008) Rs. 2.50 crore to the NN, Kanpur on this account without any demand and treated it as utilized.

2.1.7.3 Sewerage Project

Financial progress of the sanctioned projects in the test checked ULBs was as under:-

(Rs. in crore)

Name of city	Project Sanctioned by GOI		Month of release of Central Share	Funds released to ULBs by SLNA as of March 2008		Expenditure	Balance as on 31 March 2008
	Month	Cost		Month	Amount		
Lucknow	September 2007	236.23	October 2007	March 2008	43.04	11.00	32.04
Kanpur	December 2007	190.88	January 2008	March 2008	13.92	4.50	9.42
Agra	October 2007	21.60	December 2007	March 2008	3.94	0.80	3.14
Total		448.71			60.90	16.30	44.60

GOI (Rs.56.09 crore), State Government (Rs.22.43 crore) and concerned ULBs(Rs.18.26 crore) contributed their share of Rs.96.78 crore during October 2007 to March 2008 to SLNA. However, SLNA released Rs. 60.90 crore in March 2008 to ULBs and retained balance amount Rs. 35.88 crore as on 31March, 2008. Rs. 15.40 crore was less contributed by NNs , Lucknow (Rs.4.81 crore) , Kanpur (Rs.10.15 crore) and Agra (Rs.0.44 crore).

Out of the funds of Rs. 60.90 crore available with these ULBs, they released Rs. 31.00 crore to JN for implementing the projects as of March, 2008. The JN, however, incurred expenditure of only Rs.16.30 crore up to March 2008.

2.1.8 Non implementation of the reforms

With a view to ensure improvement in urban governance, the State Government and ULBs were required to implement 13 mandatory reforms as given below and ten optional reforms (*Appendix-3*) within time schedule to get second and subsequent installments of GOI grants.

Sl. No.	Name of the reform	Level of reform
1	Implementation of decentralization measure as envisaged in 74th constitutional amendment act	State Level
2	Transfer of city planning-water supply & sanitation and public transport functions	
3	Reform in rent control	
4	Stamp duty rationalization	
5	Repeal of Urban Land Ceiling and Regulation Act	
6	Enactment of community participation law to institutionalize citizen participation	
7	Enactment of public disclosure law to ensure information to all stake holders	
8	Shift to accrual based double entry system of accounting	ULB Level
9	Reform of Property tax	
10	Hundred per cent cost recovery of water supply and solid waste	
11	Internal earmarking of funds for services to urban poor,	
12	Provision of basic services to urban poor	
13	E-Governance set-up for monitoring	

Out of above, the State Government²⁰ and the concerned ULBs²¹ were to implement three reforms each by March 2008. Besides, two optional reforms²² were to be implemented by both of them by March 2008. However, State Government has not implemented any reform up to March 2008 and ULBs implemented only one reform namely 'Internal earmarking of funds for services to Urban Poor' as of May 2008.

In the absence of implementation of the reforms by the State Government as well as by ULBs, next installments of the grants would not be released by the GOI, as provided in the Memorandum of Agreement, which would hamper the execution of projects already started. Further, due to non implementation of reforms, improvement in urban governance remained unachieved.

2.1.9 Monitoring

At State level, the SLNA was to monitor the progress of preparation of DPRs by the ULBs/para-statal agencies for submission to the GOI through the State Government, physical and financial progress of the sanctioned projects and implementation of the reforms. Though, the ULBs and para-statal agencies were required to prepare DPRs for all the nine components for submission to the GOI for approval, they submitted only 32 projects relating to 7, out of 9

²⁰ (i) Enactment of community participation law to institutionalize citizen participation, (ii) Implementation of decentralization measure as envisaged in 74th constitutional amendment act and (iii) Enactment of Public Disclosure Law to ensure information to all stake holders

²¹ (i) E-Governance set-up for monitoring, (ii) Internal Earmarking of Funds for Services to Urban Poor and (iii) Shift to accrual based Double Entry System of accounting

²² (i) Structural Reforms and (ii) Encouraging Public Private Participation

components, earmarked for development of the cities as of June 2008. These ULBs had not prepared any project relating to six Components viz. (1) Urban Transport System, (2) Redevelopment of Inner City Areas, (3) Parking Spaces, (4) Development of Heritage Areas (5) Prevention & rehabilitation soil erosion and (6) Preservation of Water Bodies except NN, Kanpur which prepared 3 projects each for (1) Urban Transport System, (2) Redevelopment of Inner City Area and (3) Heritage Area This indicated that ULBs/para-statal agencies were slow in preparation and submission of the DPRs covering all components for overall development of the urban area. However, the SLNA did not take effective action to accelerate the pace of preparation of DPRs by these agencies. Even where DPRs were returned back from the GOI about 7 to 16 months for modifications by these agencies as suggested by them, these were not modified and submitted.

2.1.10 Conclusion

The JNNURM scheme was launched in 2005 for a period of 2005-12. However, the scheme could not be reached at execution level as all the components of the scheme were not covered for integrated development of the cities. Delay in preparation, and submission/re-submission of DPRs and ineffective monitoring even after a lapse of two and half years deprived the ULBs the benefits envisaged in the schemes. The State Government and the ULBs had not implemented the reforms within the prescribed time frame which would deprive them to get second and subsequent installments.

2.1.11 Recommendation

It should be ensured that:

- Projects for all the components should be taken up for integrated development of the cities;
- ULBs should submit/re-submit DPRs to GOI timely;
- Funds should reach up to the executing agency without any delay;
- State Government and ULBs should implement the committed reforms within time schedule;
- System of effective monitoring in the preparation and execution of the projects at each level.

2.2 Twelfth Finance Commission Grants –Utilisation by Urban Local Bodies

2.2.1 Introduction

The Twelfth Finance Commission (TFC) was appointed (November 2002) to make recommendations for 2005-10 regarding, *inter alia*, the measures needed to augment the consolidated fund of the State to supplement the resources of the Urban Local Bodies (ULBs) in the State.

The TFC submitted its report on 30th November 2004 covering the period 2005-10 and recommended the release of Rs. 5000 crore by Government of India (GOI) for Urban Local Bodies (ULBs). Out of it, Rs. 517 crore (10.34 *per cent*) allocated to Uttar Pradesh was to be released in 10 equal installments. This was to be spent on improvement of basic civic amenities in cities/ towns.

Records for the period 2005-08 relating to release and utilization of TFC grants were test checked in the office of Director, Local Bodies (LB), Lucknow, 3 Nagar Nigams (NNs) out of 12 NNs, 38 NPPs out of 194 NPPs and 49 NPs out of 421 NPs during March 2008 to June 2008 (*Appendix-4*).

2.2.2 Financial management

Year-wise receipt of grants and their utilization are given below:

(Rs. in crore)		
Year	Grants received and released to ULBs	Expenditure (per cent of release)
2005-06	103.40	**
2006-07	103.40	57.34 (55)
2007-08	103.40	24.12 (23)

** Information not furnished by the Director, LB

It would be seen from the table that the ULBs spent 23 to 55 *per cent* only as of March 2008, of the grants received by them during 2006-08.

The State Government was to ensure that the grants were credited in the ULBs account within 15 days of their receipt from the GOI, failing which, interest at RBI rate prevailing at that time for the delayed period was also to be given. Scrutiny of records in the office of the Director, LB, revealed that the State Government issued instructions to the Director, LB for transfer of grants of Rs. 51.70 crore (1st installment of 2005-06) received on 28th November 2005 from the GOI, on 12th January 2006, i.e., after a delay of 31 days. The Director, LB ordered transfer of the grant after the delay of 15 days on 27th January 2006. Thus, there was a total delay of 46 days in transfer of the grant to ULBs from the date of receipt of grants from GOI. The State Government

paid Rs. 26.35 lakh as interest on account of delay by it but did not pay for the delay by the Director, LB. No action was taken by the State Government against the Director for the delay.

Further, though the State Government issued orders for releasing the grants within 15 days during 2006-08 but test check of records of 90 ULBs revealed that the amount was actually credited in their accounts with the delay ranging from 2 to 191 days due to delay in presentation of bills at the treasuries by the ULBs.

This indicated that proper monitoring was not done at state level neither by the State government nor by the Director, LB and ULBs level, to ensure that the amount was actually credited in ULB's accounts within 15 days as desired by the TFC.

2.2.2.1 Diversion of funds

As per guidelines for the schemes "Jawahar Lal Nehru National Urban Renewal Mission" (JNNURM) and "Urban Infrastructure Development scheme for Small and Medium Town" (UIDSSMT), grants under these schemes were to be released to the ULBs after payment of matching share by them from their own resources.

Test check revealed that Rs.8.16 crore²³ was diverted, between October 2006 and December 2007, out of TFC grants towards contribution for the JNNURM by the NNs, Lucknow and Kanpur and for UIDSSMT by the NPPs, Mirzapur and Shahjahanpur. The scheme could not reach at execution level (June 2008).

2.2.2.2 Utilization Certificates (UCs)

As per para 14.11 of TFC's recommendations, UCs against the grants released were to be furnished by ULBs to the Director Local Bodies/State Government and the State Government was to submit physical and financial progress to the GOI. However, neither any of 90 ULBs test checked sent the UCs to the Directorate/State Government nor the State Government sent the financial and physical achievement to the GOI. GOI released the funds on the basis of report of release of fund from State Government to ULB's.

2.2.3 Solid Waste Management (SWM)

(i) Out of the grants of Rs. 310.20 crore released by the GOI, the State Government earmarked Rs. 155.10 crore (50 per cent) for SWM as per recommendations by the TFC. The remaining 50 per cent was to be spent on other civic amenities such as maintenance of roads, street lights, water supply, traffic lights, crematorium and computerization of accounts, etc. Records in

²³ NN, Lucknow: 3.22 crore, NN; Kanpur: 4.22 crore; NPP, Mirzapur: 0.48 crore; NPP, Shahjahanpur: 0.24 crore

the 25 test checked ULBs however, revealed that Rs. 22.18 crore (55 per cent) out of Rs. 40.44 crore earmarked for management of SWM during 2005-08 was spent by these ULBs leaving Rs. 18.26 crore unutilized with them.

(ii) According to the TFC's recommendation, Municipalities over 1,00,000 population²⁴ was to prepare comprehensive scheme about collection, segregation and transportations of Municipal Solid waste (MSW) through public-private partnership. A minimum of 50 per cent of the grants was to be earmarked for this purpose. The ULBs were also required to develop infrastructure for collection, storage, segregation, transportation, processing and disposal of MSW as per provisions of Municipal Solid Wastes (Management and Handling) Rules 2000.

However, no comprehensive plan for the management of MSW was prepared in any test checked ULBs. Transportation was carried out in uncovered vehicles which would lead to scattering of collected and stored waste. Waste processing facilities were non-existent. Landfills had not been established. Contamination of ground water and environmental pollution could not, therefore, be ruled out. Photographs indicating such dumping in respect of NN, Varanasi are placed below.



Existing waste dumps on the bank of the river at NN, Varanasi

The above indicated that proper attention was not given to management of MSW.

2.2.4 Creation of database and maintenance of accounts

As recommended by the TFC, high priority was to be given to creation of database of the finances of the ULBs including their assets, revenue generation by them and expenditure to assess the requirement of funds for basic civic and developmental functions and maintenance of accounts through the use of modern technology and management systems, geographic information systems

²⁴ as per 2001 census

for mapping of properties in urban areas and computerization for switching over to a modern system of financial management. In the test check of 32 ULBs, it was noticed that out of Rs. 1.78 crore (2 per cent of grant received earmarked for computerization), Rs. 0.75 lakh was spent on purchase of computers but neither data base was created nor accounts were maintained on computers. The remaining amount of Rs. 1.03 crore was lying unutilised with them.

2.2.5 Monitoring

The High Level Committee (HLC) was required to fix time bound physical and financial target in respect of each item of work and watch achievement every year accordingly. Physical and financial progress in respect of NNs through Divisional Commissioner and in respect of NPPs and NPs through District Magistrates was to be sent to the Director, LB who was responsible to consolidate and submit the progress report to the State Government. Scrutiny of records revealed that ULBs did not submit progress reports of physical achievements to the Directorate. It was neither monitored at state level nor submitted to the GOI.

2.2.6 Conclusion

The State Government did not develop effective mechanism to watch timely release of grant and its utilization. Despite availability of funds, computerization and creation of database was not done even after lapse of over two years. Collection of MSW by ULBs was not done regularly and there was no system of segregation of MSW after collection. Waste processing facilities and landfill sites were non-existent as a result open dumping was done in all the test checked ULBs. In the absence of effective monitoring, violation of MSW rules escaped detection and resulted in contamination of the environment and posed risks to human health.

2.2.7 Recommendations

- Creation of data base of the finances of the ULBs including their assets, revenue generation by them and expenditure to assess the requirement of funds for basic civic and developmental functions should be ensured.
- ULBs should draw up a time bound plan for setting of MSW processing facilities.