

OVERVIEW

OVERVIEW

This Report contains five chapters. The first and the fourth chapter contain summary of finances and financial reporting of Urban Local Bodies and Panchayat Raj Institutions respectively. The second chapter contains a performance audit on implementation of Jawaharlal Nehru National Urban Renewal Mission projects in Chennai, Coimbatore and Madurai Corporations. The third chapter contains seven paragraphs based on the audit of financial transactions of the Urban Local Bodies. The fifth chapter contains a paragraph on implementation of Swarnajayanti Gram Swarozgar Yojana in two districts of Tamil Nadu. A synopsis of some of the findings contained in this Report is given below:-

I An overview of Urban Local Bodies

Transfer of all functionaries to the Urban Local Bodies to carry out the devolved functions had not been made by the Government making the devolution incomplete. Due to non-preparation of the accounts in time by the Urban Local Bodies, correct picture of their financial position could not be ascertained by the councils in time. While three Municipalities did not submit their accounts for the year 2008-09, all the ten Municipal Corporations, 56 Municipalities and 64 Town panchayats did not submit their accounts for the year 2009-10. As of March 2011, audit of two Corporations, 55 Municipalities and 256 Town Panchayats was pending for the year 2008-09. For the year 2009-10, even though 92 Municipalities and 497 Town Panchayats submitted their accounts, audit of 84 Municipalities and 436 Town Panchayats was pending. As of June 2012, 3,440 paragraphs contained in 658 Inspection Reports of the Principal Accountant General for the period 2008-09 to 2010-11 were not settled for want of satisfactory replies.

(Paragraphs 1.1 to 1.12)

II Performance Audit

Implementation of Jawaharlal Nehru National Urban Renewal Mission Projects in Chennai, Coimbatore and Madurai Corporations

The Jawaharlal Nehru National Urban Renewal Mission (Mission) was launched in December 2005 with the objective of reforms driven and fast track development of cities across the country. Construction of underground sewerage system and storm water drains, provision of drinking water, management of solid wastes in the cities, urban transport including metro project, parking lot/space on public private partnership basis, development of heritage areas etc. and construction of houses for the urban poor were some of the major schemes undertaken under the mission. The three Corporations that implemented the Mission in Tamil Nadu incurred an expenditure of ₹ 1,350.44 crore against the outlay of ₹ 2,960.17 crore under the project of “Urban Infrastructure and Governance” and an expenditure of ₹ 376.05 crore against the outlay of ₹ 950.81 crore under the project “Basic Services to the Urban Poor” during 2006-07 to 2011-12.

Performance Audit on implementation of the projects under the Mission in the three mission cities disclosed the following :

The City Development Plans were not prepared in consultation with the stakeholders as envisaged in the Mission guidelines. There were large scale delays in execution of the schemes. Out of 18 Urban Infrastructure and Governance projects, only five were completed by March 2012. The delays not only denied the facilities to the public in time, but would also contribute to cost overruns of the schemes.

Due to defective identification of the beneficiaries at the project approval stage and further delays contributing to cost escalation, only 12,775 (28 per cent) out of the targeted 46,366 houses could be constructed, even though the project period expired by March 2012.

The Corporations of the Mission cities contributed only ₹ 237.62 crore (38 per cent) against their committed funds of ₹ 618.52 crore for implementation of the approved projects.

Due to shortfall in implementation of the reforms envisaged under the Mission before the due date (December 2010), Government of India withheld grant of ₹ 111.05 crore to the three Corporations.

There were instances of injudicious rejection of tender, failure to integrate execution of the related works, use of higher diameter pipes in water supply scheme than prescribed etc. resulting in avoidable expenditure.

Monitoring and evaluation of the projects were inadequate as the monitoring agencies were appointed long after the start of projects and their meetings did not take stock of progress of the projects.

(Paragraph 2.1)

III Audit of transactions in Urban Local Bodies

Injudicious decision to change the site for construction of a sewage treatment plant by Thoothukudi Municipal Corporation resulted in wasteful expenditure of ₹ 2.64 crore.

(Paragraph 3.2.1)

Failure of the Corporation of Chennai to ensure the load tests before driving the piles for Railway Overbridge resulted in wasteful expenditure of ₹ 2.51 crore.

(Paragraph 3.2.2)

Failure of Madurai Municipal Corporation to recover the central excise duty exemption on use of pipes for the second Vaigai water supply scheme resulted in avoidable expenditure of ₹ 4.74 crore.

(Paragraph 3.3.1)

Failure of Pollachi Municipality to conduct pre-auction to assess the demand before construction of shops in the bus stand resulted in idling of 26 shops constructed at a cost of ₹ 22.84 lakh.

(Paragraph 3.4.1)

Parangipettai and Thirunindravur Town Panchayats constructed market complexes without carrying out the demand survey, which resulted in idling of the complexes constructed at a cost of ₹ 17.72 lakh for over three years.

(Paragraph 3.4.2)

IV An overview of Panchayat Raj Institutions

The Government had given powers to the Presidents of Village Panchayats to assist the line departments in executing their functions and to supervise the works executed by them in the villages. But, in respect of many functions, there was no actual transfer of functions to the Village Panchayats.

The proportion of capital expenditure to total expenditure declined from 24 per cent in 2006-07 to 12 per cent in 2010-11.

The Government decided to implement the Panchayat Raj Institutions Accounting software in all the Village Panchayats, Panchayat Unions and District Panchayats from 2012-13 instead of their earlier decision to implement in all Panchayat Unions and District Panchayats from 2011-12. As of June 2012, 1,895 paragraphs contained in 394 Inspection Reports of the Principal Accountant General for the period 2008-09 to 2010-11 were pending for settlement for want of satisfactory replies.

(Paragraphs 4.1 to 4.13)

V Audit of Transactions in Panchayat Raj Institutions

Audit of implementation of the Swarnajayanthi Gram Swarozgar Yojana in The Nilgiris and Perambalur Districts disclosed that SGSY Committees at district and block levels were not formed in both the districts for identifying the key activities. The purpose of setting up of the Self Help Groups was not largely achieved as many of them remained without undertaking any economic activity. The extent of money allotted for creation of infrastructure was insignificant and some of the infrastructure already created were not put to use depriving the benefits to the beneficiaries. The banks could not release the loan as envisaged largely due to non-fulfilment of the requirement by the beneficiaries. The Project Officers did not co-ordinate with banks in providing the loan and subsidy to the beneficiaries by collecting the required documents as required for sanctioning the loan and subsidy to the beneficiaries to make the scheme successful.

(Paragraph 5.1)