

CHAPTER VII

DISTRICT-CENTRIC AUDIT OF URBAN LOCAL BODIES

7.1 Introduction

The 74th Constitutional Amendment Act, 1992 (74th CAA) recognised Urban Local Bodies (ULBs) as the third tier of the Urban Government and assigned them specific civic functions to enable them to function as institutions of Self Government. The Kerala Municipality Act, 1994 (KM Act), enacted in line with the 74th CAA, empowered ULBs in the State with the necessary powers to function as self-governing institutions. The KM Act aims to enhance public participation in planned development and local governance by establishing Municipalities and Municipal Corporations. The District-Centric Audit of ULBs evaluates how effectively these institutions are discharging the functions devolved through the 74th amendment of the Constitution.

7.1.1 Focus areas of Audit

District-Centric Audit of ULBs focuses on assessing the performance of ULBs within a district, with an emphasis on service delivery efficiency, financial accountability and regulatory compliance. This approach allows for a comprehensive assessment of urban governance at the local level, thereby enabling improved planning and policy implementation. The following are the main objectives of District-Centric Audit:

- **Service Delivery Assessment** – Evaluating the quality, efficiency, and accessibility of urban services.
- **Financial Prudence** – Ensuring proper utilisation and accountability of municipal funds.
- **Infrastructure Development** – Reviewing urban infrastructure projects and their impact.
- **Regulatory Compliance** – Checking adherence to municipal laws, environmental norms and governance policies.
- **Citizen-Centric Governance** – Ensuring public participation, grievance redressal and transparency in service delivery.

7.2 Audit Scope and Methodology

7.2.1 Function selected for District-Centric Audit (DCA)

Government of India (GoI) introduced the Tribal Sub Plan in 1974-75 and the Scheduled Caste Sub Plan⁸³ in 1979-80 to ensure targeted allocation of plan outlays, for the development of Scheduled Tribes (STs) and Scheduled Castes (SCs) respectively, at least in proportion to their population. The 74th CAA, 1992 introduced 12th Schedule to the Constitution, outlining the functions of ULBs, and entrusted them with the responsibility of safeguarding the interests of weaker sections including Scheduled Castes and Scheduled Tribes. The SCs with a population of 30.39 lakh and the STs with a population of 4.85 lakh, as per 2011 Census, constituted 9.1 *per cent* and 1.45 *per cent* respectively of Kerala's population.

⁸³ Originally known as Special Component Plan

The broad objectives of Scheduled Caste Sub Plan (SCSP) were:

- Substantial reduction in poverty and unemployment among SC communities and
- Bridging the gaps in socio-economic development of SC communities.

The broad objectives of Tribal Sub-Plan (TSP) were:

- Human resources development by enhancing their access to education and health services,
- Enhance the quality of life by providing basic amenities in tribal area/localities including housing,
- Substantial reduction in poverty and un-employment, creation of productive assets and income generating opportunities,
- Enhanced capacity to avail opportunities, gain rights and entitlement and improved facilities at par with other areas and
- Protection against exploitation and oppression.

As part of function-based audit approach, audit of formulation and implementation of projects under SCSP and TSP by ULBs under the devolved function - 'Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded' - item No. 9 of the twelfth schedule of the Constitution was selected for District-Centric Audit (DCA).

7.2.2 Audit Scope

Local Self-Government Institutions (LSGIs) along with SC/ST Development Departments administer the SCSP and TSP funds in the State. The audit scope was restricted to cover the implementation of SCSP and TSP by ULBs.

Four districts of Kerala viz., Kottayam, Thrissur, Malappuram and Kozhikode were covered under the DCA. SC and ST population in selected ULBs of these four districts was 5.47 *per cent* and 0.21 *per cent* respectively of the total population of these ULBs as per 2011 census. The audit was conducted in 10 Municipalities and two Municipal Corporations in the selected districts covering the period from 2020-21 to 2022-23. Details of selected 12 ULBs are given in **Appendix 7.1**.

7.2.3 Audit Criteria and Methodology

Audit criteria were mainly derived from Kerala Municipality Act, 1994, Plan formulation guidelines issued by GoK from time to time and State Finance Commission Reports.

Audit Methodology included scrutiny of records/documents maintained in the audited ULBs, issuing Audit Enquiries, conducting Joint Physical Verifications (JPVs), beneficiary surveys, etc. Information was also collected from Scheduled Castes and Scheduled Tribes Development Departments, State Planning Board, Finance Department, Local Self Government Department and Information Kerala Mission (IKM). An entry conference was held on 27 March 2023 with Principal Secretary, LSGD, wherein the audit objectives, scope and methodology were discussed and agreed upon. On conclusion of Audit, an exit conference was conducted on 12 September 2024, wherein the audit findings were discussed in detail.

7.3 Overview of the Function and Districts Selected

7.3.1 Overview of the function

The 74th Constitutional Amendment Act, 1992 introduced twelfth Schedule to the Constitution of India, of which, item No. 9 is ‘Safeguarding the interests of weaker sections of the society, including the handicapped and mentally retarded’. The Kerala Municipality Act, 1994 devolved the function of development of Scheduled Caste and Schedule Tribe to ULBs and the schedule I of the Act prescribed the responsibilities of ULBs with respect to the implementation of the function. Role of ULBs is given in **Table 7.1**.

Table 7.1: Role of ULBs

Role of Municipalities and Corporations	
1.	Implementation of beneficiary-oriented schemes under Special Component Plan (SCP) and Tribal Sub Plan (TSP)
2.	Run Nursery schools for the Scheduled Caste/Scheduled Tribe
3.	Provide basic facilities in the residential centres for the Scheduled Caste/Scheduled Tribe
4.	Provide financial assistance for the Scheduled Caste/Scheduled Tribe students
5.	Provide assistance discretionally to the Scheduled Caste and Scheduled Tribes who deserve
6.	Run Pre-matric hostels for SC and ST in Municipal area
7.	Develop Scheduled Caste/Scheduled Tribe Co-operative Societies
8.	Run post-matric hostels for SC and ST in Municipal area
9.	Run vocational Training Centres for the Scheduled Caste/Scheduled Tribe in Municipal area

(Source: The Kerala Municipality Act, 1994)

However, Audit noticed that schemes relating to the development of the Scheduled Castes/Scheduled Tribes were also taken up/implemented in a parallel manner by Scheduled Caste/Scheduled Tribe Development Departments using department funds. Thus, the function delivered by ULBs overlap with the functions of the line departments of the State Government.

7.3.2 Overview of Districts Selected

The administrative data pertinent to understanding the service delivery of implementation of projects under SCSP and TSP in the ULBs of selected districts is presented in **Table 7.2**.

Table 7.2: Details of selected districts

Parameters	Thrissur	Kottayam	Kozhikode	Malappuram
Area (in sq.km)	3032	2208	2344	3550
Population (in lakh)	31.21	19.75	30.86	41.13

Parameters	Thrissur	Kottayam	Kozhikode	Malappuram
Percentage of SC population	10.40	7.80	6.50	7.50
Percentage of ST population	0.30	1.10	0.50	0.60
Number of ULBs	MC: 1 Municipalities: 7	MC: 0 Municipalities: 6	MC: 1 Municipalities: 7	MC: 0 Municipalities: 12
Urban population (in lakh)	20.96	5.65	20.73	18.17

(Source: Economic Review 2023 – Volume I)

7.3.3 Organisational arrangements

The Local Self Government Department (LSGD) headed by Principal Secretary is empowered to issue general guidelines to ULBs in accordance with national and State policies. The Director, LSGD (Urban) is the State level administrative head of ULBs in the State. The ULBs prepare annual development plans and submit to the District Planning Committee (DPC) for approval and the projects are executed by LSGIs through various implementing officers as shown in Table 7.3.

Table 7.3: Name of the Implementing officers in the ULBs

Sl. No.	Name of the Implementing Officers under SCSP/TSP	Implementation of projects related to
1	Secretary	Overall co-ordination and implementation
2	Additional Secretary	Ashraya, Self-employment and other projects where there is no separate implementing officer
3	Corporation Engineer/Municipal Engineer/Executive Engineer/Assistant Executive Engineer	Constructions and maintenance of buildings and roads
4	Deputy Director (Dairy)	Dairy Extension projects
5	Deputy Director (Education)/Headmaster/Principal of Government School	Education
6	Scheduled Caste Development Officer	Implementation of projects - study room, marriage assistance, laptop distribution, etc., under SCSP
7	Project Officer (PAU)	Poverty alleviation, LIFE housing Scheme, PMAY
8	Senior Veterinary Surgeon/Veterinary Surgeon	Animal Husbandry
9	Sub-Inspector of Fisheries	Fisheries development projects
10	Health Officer/Health Supervisor	Health

Sl. No.	Name of the Implementing Officers under SCSP/TSP	Implementation of projects related to
11	Child Development Project Officer (CDPO)/Integrated Child Development Services (ICDS) Supervisor	Women and Child Welfare, Supplementary Nutrition Programme
12	Agricultural Officer/Assistant Director of Agriculture	Agriculture
13	Medical officers	Allopathy, Ayurveda and Homoeo medical services
14	Industries Extension Officer	Assistance for mini production centres, self-employment, etc.

(Source: Annual Expenditure statements of ULBs)

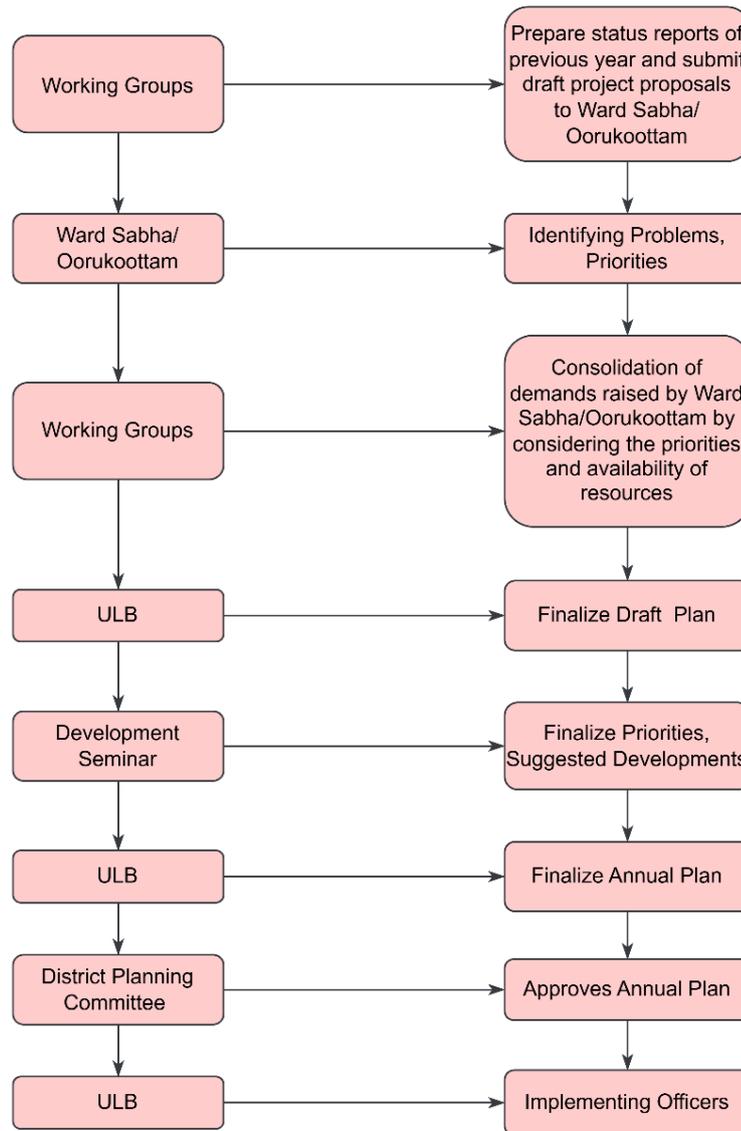
Audit Findings

Audit findings are categorised into three key areas (i) Planning - examining the effectiveness of planning processes in ULBs (ii) Financial Management - evaluating the management of funds allocated to SCSP and TSP and (iii) Formulation and Implementation of projects – assessing the formulation and execution of projects under various sectors.

7.4 Planning

The enactment of Kerala Municipality Act in 1994, marked a significant milestone in the decentralisation of power to Urban Local Bodies (ULBs). Since then, the ULBs have played a vital role in formulating and implementing development programs at the grass root level in the urban areas, ensuring active participation of all sections of society. In the decentralised planning set up, several institutions and groups are involved in the plan formulation process and its implementation. These include Ward Sabhas/Ward Committees-the grass root level institutions that facilitate citizen participation in planning and decision making, working groups- the specialised groups focusing on specific areas such as education, health care, etc., District Planning Committee – a committee that scrutinise and approves annual plans and programmes on the ground etc. Various authorities/institutions/groups involved in planning and execution of projects is depicted in the **Chart 7.1**.

Chart 7.1: Delineation of authority for execution of projects under SCSP/TSP



(Source: Plan formulation guidelines issued by GoK)

According to the Plan formulation guidelines issued by GoK, the ULBs must prepare an annual development plan for the succeeding year and submit it to the DPC for approval. The DPC then scrutinise and approves these plans, ensuring that they align with Government guidelines and priorities. Audit noticed following deficiencies in planning by ULBs:

7.4.1 Absence of updated SC/ST data

Local Self-Government Institutions together with SC and ST Departments had conducted a comprehensive survey of SC and ST communities by analysing population, land ownership and availability of basic amenities viz., house, drinking water, electricity, sanitation and availability of employment, educational status, health and social security during 2008-10 (ST) and 2010-11 (SC) and the reports were published by GoK in October 2011 and November 2013 respectively. The 13th and 14th Five Year Plan formulation guidelines issued by GoK stipulated for regular updating of this data through comprehensive survey of SC/ST communities. In order to ensure socio-

economic development of SC and ST communities, GoK directed ULBs to formulate projects under SCSP and TSP on the basis of updated survey data. However, out of 12 ULBs test checked, five ULBs⁸⁴ updated the Scheduled Caste and Scheduled Tribe population data. Audit noticed that other than updating the population figures, no comprehensive survey was conducted by the test checked ULBs to ascertain the socio-economic status to estimate the gap in development of these communities.

Though sixth State Finance Commission had recommended (December 2020) for conducting a survey of Scheduled Tribe families and GoK had accepted the recommendation, no action in this regard was taken by ULBs/ST Department. Audit noticed that at present the State do not have a data on the extent of socio-economic deprivation in SC/ST communities (March 2024). In the absence of updated survey data, ULBs/GoK depends on a data which is more than 12-15 years old for formulation of SCSP and TSP plans and allocation of SCSP/TSP funds.

7.4.2 Non-formulation of projects on the primary needs recommended by Ward Sabha/ Oorukoottams and SC/ST working groups

Working Groups⁸⁵ facilitate inclusive planning by consolidating diverse public views, particularly from People’s representatives, local experts, voluntary activists and beneficiaries. SC/ST working groups are responsible for preparing updated status report of SC/ST communities, compiling the list of projects for inclusion in the annual plan on the basis of Ward Sabha/Ward Committee recommendations and presenting these reports and projects before the Municipal Council for approval.

The 13th and 14th Five Year Plan formulation guidelines direct Urban Local Bodies to prioritise basic needs in SC/ST settlements, focusing on drinking water supply, toilet facilities and waste management. These essential services should take precedence over other projects, except mandatory ones⁸⁶, ensuring that the basic needs of people living in SC/ST settlements are addressed.

Audit cross checked the demands for both drinking water and toilet facilities recorded in the Oorukoottam and SC/ST working group minutes⁸⁷ with Annual Expenditure Statements for the period 2020-21 to 2022-23 of these ULBs and found that five⁸⁸ test checked ULBs failed to consider the demands raised in these meetings while formulating annual plans as discussed below:

(a) Demands for Drinking Water facilities

Audit noticed that against 21 demands for drinking water facilities raised by the beneficiaries in SC/ST Working Group meetings and Oorukoottam meetings in seven ULBs during 2020-21 to 2022-23, only 10 projects were formulated and nine were implemented. The details are given in the **Table 7.4**.

⁸⁴ Thrissur Corporation and Erattupetta, Kottakkal, Pala and Ponnani Municipalities

⁸⁵ Working Groups comprise of Standing Committee Chairpersons, Government officials, subject experts, Community Development Society (CDS) members, SC/ST/Women members, Accredited Social Health Activists (ASHA), etc.

⁸⁶ Supplementary Nutrition Programme, Sarva Shiksha Abhiyan, Rashtriya Madhyamik Shiksha Abhiyan, Palliative care, etc.

⁸⁷ One Ward Sabha/Oorukoottam selected from each ULB

⁸⁸ Koduvally, Kottakkal, Ponnani, Ramanattukara and Vaikom Municipalities

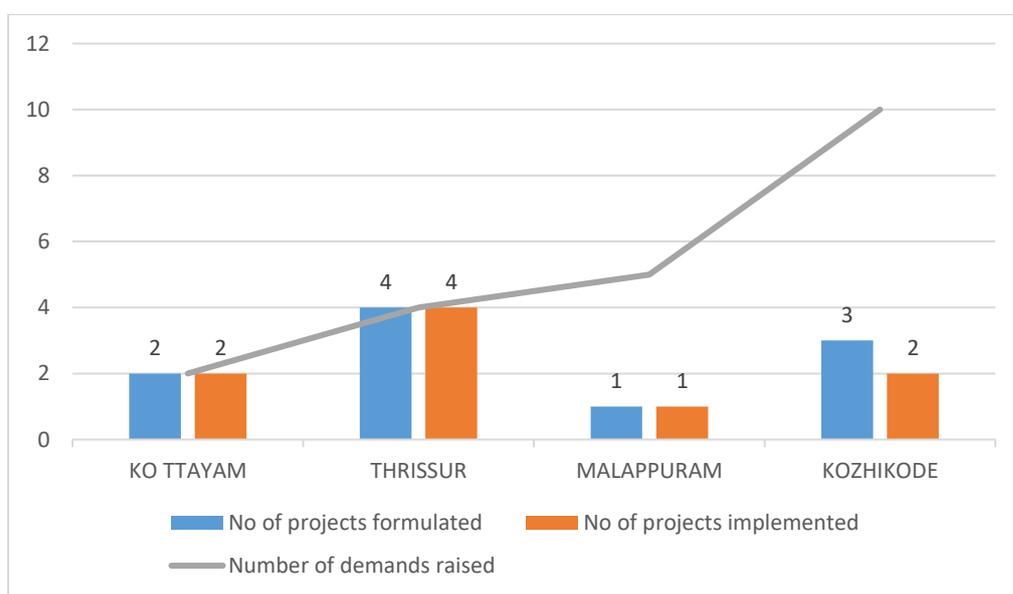
Table 7.4: Percentage of implementation of drinking water projects against demand

Period	Name of District	Number of ULBs	Number of Demands raised	Number of Projects formulated	Percentage of formulation	Projects implemented	Percentage of implementation against projects demanded	Percentage of shortfall in implementation against demands
2020-21 to 2022-23	Kottayam	1	2	2	100	2	100	0
	Thrissur	2	4	4	100	4	100	0
2022-23	Malappuram	2	5	1	20	1	20	80
	Kozhikode	2	10	3	30	2	20	80
Total		7	21	10	47.62	9	42.86	57.14

(Source: Minutes of meetings of Ward Sabha/ Oorukoottam/ Working Groups)

Status of implementation of Drinking Water Projects vis-à-vis demand raised is depicted in **Chart 7.2**.

Chart 7.2: Status of implementation of Drinking Water Projects vis-à-vis demand



(Source: Minutes of meetings and details furnished by ULBs)

Test checked ULBs in Kottayam and Thrissur formulated and implemented projects to address the drinking water supply demands raised in sampled Working Group meetings. However, there was significant gap between demands raised and projects implemented by the test checked ULBs in Malappuram and Kozhikode. Against 15 demands, only four (26.67 per cent) were considered for project formulation and only three projects were implemented, resulting in overall achievement of 20 per cent. This shortfall in formulation and implementation of projects against demands raised by SC/ST beneficiaries defeated the objective of constitution of Ward Sabha/Oorukoottam in these ULBs.

(b) Demands for Toilet Facilities

A significant gap was noticed in the implementation of toilet facilities for SC/ST beneficiaries by test checked ULBs in Kottayam, Malappuram and Kozhikode districts. Audit noticed that though there were six demands for toilet facilities in three Working Groups and Oorukoottam meetings in three⁸⁹ ULBs during the period 2020-21 to 2022-23, no projects were formulated/implemented by these ULBs. As such, these ULBs were unable to meet any of the demands for toilet facilities raised in Ward Sabha/Oorukoottam during the audit period. Details are given in **Table 7.5**.

Table 7.5: Demand for Toilet Facility

Period	Name of District	Number of ULBs	Number of Demands raised	Projects formulated	Projects implemented
2020-21 to 2022-23	Kottayam	1	2	0	0
	Malappuram	1	1	0	0
	Kozhikode	1	3	0	0
Total		3	6	0	0

(Source: Minutes of meetings of Ward Sabha/ Oorukoottam/ Working Groups)

Despite initiatives such as Swachh Bharat Mission (Urban), launched by GoI in 2014 to accelerate efforts towards universal sanitation coverage, non-fulfilment of any of the demands raised by the beneficiaries indicates the need for more effective planning, implementation, and monitoring of sanitation programmes at local level.

7.5 Financial Management

The basic objective of SCSP and TSP was to channelise the flow of outlays and benefits from general sector for the development of SCs and STs, at least in proportion to the population, both in physical and financial terms. Government of Kerala allocated 7.55 per cent of SCSP funds to ULBs during 2020-22 and 7.54 per cent during 2022-23. Similarly, 1.87 per cent of TSP funds were allocated during 2020-22 and 1.88 per cent during 2022-23 to ULBs in the State. Details of allocation of funds to ULBs are shown in the **Table 7.6**.

Table 7.6: Allocation of SCSP and TSP funds to ULBs

(₹ in crore)

Year	Scheduled Caste Sub-Plan			Tribal Sub-Plan		
	Total SCSP Budget Outlay*	Percentage of SCSP outlay to ULBs	SCSP Outlay to ULBs	Total TSP Outlay*	Percentage of TSP outlay to ULBs	TSP outlay to ULBs
2020-21	2708.54	7.55	204.54	781.36	1.87	14.65
2021-22	2708.54	7.55	204.54	781.36	1.87	14.65
2022-23	2979.40	7.54	224.67	859.50	1.88	16.12

(Source: Data from the State Planning Board)

*Total budget allocation apportioned among SC/ST Departments, PRIs and ULBs

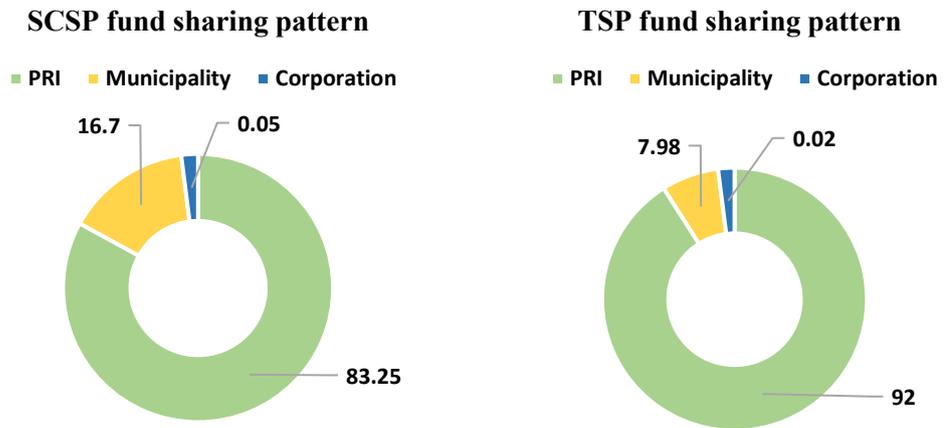
The allocated SCSP and TSP funds were apportioned among LSGIs based on the recommendations of the State Finance Commission (SFC). For the period

⁸⁹ Kottakkal, Vaikom, Koduvally Municipalities

covered in audit, the apportionment was made based on the fifth and sixth SFC recommendations approved by GoK. The SCSP funds were distributed among PRIs and ULBs in the ratio of 83.25:16.75. The TSP funds were distributed among PRIs and ULBs in the ratio of 92:8. Distribution of SCSP and TSP funds among Municipalities and Corporations was made in the ratio 99.70:0.30. This allocation was based on the proportion to SC/ST population as per the 2011 census.

Distribution of SCSP and TSP funds among PRIs and ULBs is given in **Chart 7.3**.

Chart 7.3: Distribution of SCSP and TSP funds among PRIs and ULBs



(Source: SFC Recommendations)

Audit analysed allocation of funds under SCSP and TSP and found following deficiencies in allocation and utilisation of SCSP and TSP funds:

7.5.1 Decline in allocation of SCSP/TSP funds among test checked ULBs

The allocation of SCSP/TSP funds to ULBs was made solely on the basis of population till 2020-21. From 2021-22 onwards, the State Finance Commission introduced a new allocation methodology, by assigning weightage to population and deprivation index in the ratio 60:40. The deprivation index was calculated by giving equal weightage to seven key indicators viz., landless and houseless households, housing status, housing amenities, un-employment status, education and population in habitats. Data from the SC/ST Socio-economic Survey conducted between 2008-2011 was adopted for the calculation.

Audit noticed a significant decline in the allocation of SCSP and TSP funds to test checked ULBs during the years 2021-22 and 2022-23. Details of year-wise allocation and expenditure of SCSP and TSP funds among test checked ULBs for the period 2020-21 to 2022-23 are given in **Table 7.7**.

Table 7.7: SCSP/TSP – Allocation and Expenditure details of 12 test checked ULBs
(₹ in crore)

Year	Local body	SCSP				TSP			
		Allocation	Expenditure	Balance	Percentage of expenditure	Allocation	Expenditure	Balance	Percentage of expenditure
2020-21	Municipality	15.99	10.20	5.79	63.79	0.30	0.15	0.15	50.00
	Corporation	25.67	16.59	9.08	64.63	0.05	0	0.05	0.00
	Total	41.66	26.79	14.87	64.31	0.35	0.15	0.20	42.86
2021-22	Municipality	13.32	9.61	3.71	72.15	0	0	0	0.00
	Corporation	20.12	11.28	8.84	56.06	0	0	0	0.00
	Total	33.44	20.89	12.55	62.47	0	0	0	0.00
2022-23	Municipality	14.12	9.74	4.38	68.98	0	0	0	0.00
	Corporation	26.23	17.00	9.23	64.81	0.02	0	0.02	0.00
	Total	40.35	26.74	13.61	66.27	0.02	0	0.02	0.00

(Source: Annual Expenditure statements of ULBs)

- Though total allocation of SCSP and TSP funds by GoK to ULBs remained at ₹219.19 crore during 2020-21 and 2021-22, Audit noticed a decline in allocation of SCSP and TSP funds to test checked ULBs during 2021-22. While the SCSP fund allocation was reduced by 19.73 per cent in 2021-22, test checked ULBs did not receive any TSP fund during the year.
- Though there was increase in allocation of SCSP and TSP funds during 2022-23 compared to the year 2021-22, there was overall reduction in allocation of SCSP fund by 3.14 per cent compared to the year 2020-21.
- Though 50 per cent of the TSP funds allocated during 2020-21 was spent by test checked Municipalities, TSP fund was not allocated during subsequent years. The reduced allocation of SCSP and TSP funds may have negative impacts on the social and economic development of marginalised communities.
- Expenditure out of SCSP funds ranged from 64 per cent to 72 per cent in Municipalities and 56 per cent to 65 per cent in Corporations.
- Audit noticed that Thrissur and Kozhikode Corporations and Ramanattukara and Vaikom Municipalities did not spend TSP funds allocated during the audit period and expenditure was below 50 per cent in Erattupetta and Pala Municipalities.

Though GoK guidelines emphasise effective utilisation of these funds to support the development of SC/ST communities, underutilisation of funds indicates the laxity in the implementation of schemes meant for SC/ST communities. The findings highlight the need for improved management and oversight to ensure that the SCSP/TSP funds are allocated/utilised efficiently and effectively.

7.5.2 Non/short allocation of pro-rata share of TSP funds with respect to population

Audit compared the allocation of SCSP/TSP funds due to be received by test checked ULBs, based on weightage fixed by SFC on the basis of population,

with the actual amounts allocated to test checked ULBs. Audit found that nine⁹⁰ ULBs did not receive any TSP fund during the period 2020-21 to 2022-23. Further two⁹¹ ULBs received allocation less than what was due with respect to population during 2021-22 and 2022-23. The total shortfall in TSP fund allocation amounted to ₹1.21 crore during the period 2020-21 to 2022-23 as detailed in **Table 7.8**.

Table 7.8: Non/Short allocation of pro-rata share of TSP funds

(₹ in crore)

Year	District	Number of ULBs which did not receive any allocation	Amount due	Number of ULBs which received short allocation	Amount
2020-21	Thrissur	1	0.05	0	0
	Malappuram	2	0.06	0	0
Total		3	0.11	0	0
2021-22	Kottayam	3	0.07	0	0
	Thrissur	2	0.05	1	0.05
	Malappuram	3	0.08	0	0
	Kozhikode	1	0.08	1	0.19
Total		9	0.28	2	0.24
2022-23	Kottayam	3	0.08	0	0
	Thrissur	2	0.05	1	0.06
	Malappuram	3	0.09	0	0
	Kozhikode	1	0.09	1	0.21
Total		9	0.31	2	0.27
Grand total			0.70		0.51

(Source: Data from State Finance Commission Cell and Sixth SFC Report)

Audit observed that the non/short allocation of SCSP/TSP funds would reduce the ability of ULBs to formulate projects across various sectors, as outlined in the plan and subsidy guidelines issued by GoK.

7.5.3 Lapse of SCSP and TSP funds due to non-implementation of projects

The plan formulation guidelines issued by GoK explicitly states that funds allocated under SCSP/TSP should not be diverted or lapsed. However, Audit noticed that the test checked ULBs did not implement 25 per cent to 29 per cent projects formulated with SCSP funds and 40 per cent to 100 per cent projects formulated with TSP funds during the audit period as detailed in the **Table 7.9**.

⁹⁰ Vaikom, Pala, Erattupetta, Kodungallur, Wadakkanchery, Kottakkal, Malappuram, Ponnani and Koduvally Municipalities

⁹¹ Thrissur and Kozhikode Corporations

Table 7.9: Details of projects formulated, implemented and amount lapsed by test checked ULBs

(₹ in crore)

Year	Number of projects formulated	Project Cost	Number of projects not implemented	Amount lapsed due to non-implementation	Amount lapsed due to partial implementation
SCSP					
2020-21	372	41.66	94	4.80	10.07
2021-22	260	33.44	69	3.21	9.34
2022-23	315	40.36	91	6.25	7.36
Total	947	115.46	254	14.26	26.77
TSP					
2020-21	20	0.35	8	0.15	0.05
2021-22	0	0	0	0	0
2022-23	1	0.02	1	0.02	0
Total	21	0.37	9	0.17	0.05

(Source: Annual Expenditure Statements of ULBs)

Audit noticed that ₹41.03 crore SCSP funds and ₹0.22 crore TSP funds lapsed due to various reasons such as non-implementation of projects, non-completion of taken up projects, non-utilisation of savings from completed projects, etc. The major reasons behind non-implementation of projects were non-identification of adequate beneficiaries, release of funds at the fag end of the year, etc.

Kodungallur Municipality formulated 23 projects viz., purchase of land for landless SCs (₹27 Lakh), purchase of laptop for SC students (₹7.5 Lakh), providing basic amenities in post matric women hostel (₹12 Lakh), distribution of cots to old age, etc., with project cost of ₹1.05 Crore. However, these projects were not implemented by the Municipality. Audit noticed that 11 projects with project cost of ₹33 lakh were not implemented due to lack of beneficiaries. Further, six projects with project cost of ₹41.89 lakh were not implemented due to release of funds by GoK at the fag end of the year. Audit observed that defective planning by the municipality and delayed release of funds by GoK led to lapse of funds.

7.6 Formulation and Implementation of projects

Landlessness, houseless condition, livelihood insecurity and difficulty in getting access to opportunities for higher studies and appropriate job opportunities, etc., were the difficulties identified by the State and planned to be addressed during 13th and 14th Five Year Plan. The projects formulated by LSGIs in Annual Development Plan under SCSP/TSP have been categorised into (i) Infrastructure (ii) Productive and (iii) Service sectors. An illustration of various sub-sectors under the three sectors is given in **Figure 7.1**.

Figure 7.1: Various sub-sectors under three sectors

Service Sector	Productive Sector	Infrastructure Sector
<ul style="list-style-type: none"> • Education • Art, Culture and sports oriented schemes • Youth welfare • Health and Drinking Water Supply Schemes • Hygiene and waste management schemes • House construction, electrification, etc. 	<ul style="list-style-type: none"> • Agriculture schemes • Animal Husbandry Schemes • Irrigation • Dairy development • Fisheries • Skill development and employment schemes, etc. 	<ul style="list-style-type: none"> • Roads, Bridges and culverts • Construction of protection walls, foot path • Bus shelters, etc.

(Source: Plan formulation guidelines issued by GoK)

Audit examined the formulation and implementation of projects under SCSP and TSP by the selected ULBs during 2020-21 to 2022-23 and the Audit findings have primarily been categorised under the three sectors as detailed below:

Service Sector

Effective implementation of service sector projects is crucial to ensure economic and social development of marginalised communities. The analysis of annual expenditure statements of 12 ULBs for the period 2020-2023 revealed that a significant portion of SCSP and TSP funds (81.02 *per cent* and 89.19 *per cent* respectively) was allocated towards service sector projects. These projects primarily focused on education, housing and drinking water.

The test-checked ULBs had formulated 582 projects during the audit period under the service sector earmarking ₹93.55 crore out of SCSP fund. Of this, 482 projects (82.82 *per cent*) were implemented incurring an expenditure of ₹65.19 crore (69.68 *per cent*) during this period. Similarly, of 20 TSP projects formulated with an estimate of ₹0.33 crore under service sector, 11 (55 *per cent*) projects were implemented incurring an expenditure of ₹0.12 crore (36.36 *per cent*). Details are given in **Appendix 7.2**. Evaluation of projects under major sub-sectors under service sector revealed the following:

7.6.1 Education

Education is the prime factor of any programme for uplifting the backward classes and socially disadvantaged groups. Effective implementation of projects under this sub-sector is crucial for shaping the future of children by empowering them with knowledge, skills and values essential for personal growth and development, ultimately transforming their lives and shaping a brighter future. Audit examined the implementation of selected projects and observed the following:

7.6.1.1 Implementation of Scholarship schemes

ULBs implemented the scheme for providing scholarship to SC and ST students studying professional/degree/polytechnic courses, etc., in addition to the scholarship scheme implemented by GoK through SC/ST Development Departments.

Audit observed deficiencies/lapses viz., adoption of income as eligibility criterion for scholarships, deviation from prescribed procedure for selection, etc., as detailed in the succeeding paragraphs:

i. Adoption of income as eligibility criterion for scholarships

GoK while permitting LSGIs to grant scholarship to SC and ST students has not fixed any eligibility criteria for granting scholarships. Plan formulation Guidelines issued by GoK stipulated that income should not be a criterion for educational benefits under SCSP/TSP. However, Audit noticed that three ULBs had fixed the income as one of the eligibility criteria for scholarships. District wise details are given in **Table: 7.10**.

Table 7.10: Details of ULBs which fixed income limit as one of the eligibility criteria

Name of District	Number of ULBs which fixed income limit as one of the eligibility criteria	Name of ULBs which fixed income limit as one of the eligibility criteria
Kottayam	1	Erattupetta Municipality
Malappuram	2	Kottakkal Municipality, Malappuram Municipality
Total	3	

(Source: Project statements of selected ULBs)

ii. Non-adoption of selection procedure prescribed by GoK

In order to have a fair distribution of benefits under each project, the plan formulation guidelines prescribed a formula for ward-wise selection of beneficiaries when there were large number of applicants from each ward of an LSGI. The formula for determining the number of eligible applicants in a ward was $(\text{Number of eligible applicants in the ward} \div \text{Total number of eligible applications from all wards}) \times \text{Total number of scholarships}$. For example, if the number of applicants from Ward A is eight and the total number of applicants from all the wards is 32, when the available number of scholarships is 20, the pro-rata number of scholarship to be given for the Ward A should be calculated as $8 \div 32 \times 20 = 5$.

Audit analysed the method of selection of beneficiaries for Scholarships in the selected ULBs and found that two⁹² ULBs in Thrissur and Malappuram districts sanctioned scholarships to 140 students during the audit period, on the basis of priority lists prepared by the ULBs concerned, without complying with the selection procedure prescribed. District-wise details are given in **Table 7.11**.

⁹² Kodungallur and Kottakkal Municipalities

Table: 7.11 Details of scholarships disbursed violating criteria

Name of District	Number of ULBs which did not comply with the prescribed selection procedure	Number of applications received	Number of students to whom scholarships were sanctioned in each District	Number of eligible students who were denied scholarships within ULB
Thrissur	1	183	121	17
Malappuram	1	21	19	2
Total	2	204	140	19

(Source: Data furnished by ULBs)

The non-compliance of guidelines resulted in exclusion of 19 eligible students from receiving scholarships in two ULBs. Non-adopting the procedure prescribed by GoK defeated the very intention of fair and equitable distribution of benefits under scholarship scheme to SC and ST students.

For instance, in Kodungallur Municipality in Thrissur district, the ULB received 15 applications for scholarships from Ward 14 and 92 applications from all the wards during 2021-22. Of the 67 students given scholarships during the year, nine were from Ward 14. Had the formula been adhered to, 11 students ($15 \div 92 \times 67 = 10.92$) from Ward 14 would have received scholarships.

iii. Diversion of SCSP fund for providing scholarship to students having no caste certificate

The Wadakkanchery Municipality, Thrissur district formulated a project called ‘Scholarship for students with special needs’ in 2021-22 and 2022-23 under SCSP aiming to provide financial assistance to SC students with special needs through scholarships. The ICDS Supervisor was appointed as the Implementing officer, and the project was implemented by granting scholarships to 20 students, utilising ₹7.20 lakh SCSP Fund.

However, the Audit noticed that ₹3.99 lakh was disbursed to 10 students during 2021-22 and 2022-23 from SCSP fund, without verification of their caste certificates to ensure their eligibility under SCSP scheme. It was also noticed that five of the 10 students were granted scholarships during 2020-21 considering them as General Category.

Utilisation of SCSP funds for granting scholarships to students without ensuring their eligibility under SCSP scheme, could result in diversion of funds allocated under SCSP fund.

7.6.1.2 Sarva Shiksha Abhiyan – Diversion of SCSP Funds ₹1.66 crore – Kozhikode corporation

Plan formulation guidelines issued by GoK, stipulate for mandatory allocation of plan funds towards implementation of Sarva Shiksha Abhiyan (SSA)⁹³ programme. The guidelines specified that the SSA share for SC/ST students should be allocated in proportion to the student strength. However, audit noticed that Kozhikode Corporation formulated SCSP projects by allocating excess

⁹³ SSA is a comprehensive and integrated flagship programme of Government of India to attain Universal Elementary Education

SCSP funds than required for SC students. This resulted in the diversion of ₹1.66⁹⁴ crore under SCSP funds, for the benefit of general category, during the period from 2020-21 to 2022-23. Diversion of funds undermines the purpose of SCSP funds, which aims to support the development of Scheduled Caste communities.

7.6.2 Implementation of Drinking Water Supply projects

National Water Policy, 2012 stipulated that the Central government, the States and the local governments must ensure access to a minimum quantity of potable water to all its citizens for maintaining essential health and hygiene. Following the 73rd and 74th Amendment of the Constitution, responsibility for supply of drinking water was vested with the Local Self-Government Institutions. Drinking Water Supply (DWS) projects implemented by test checked ULBs accounted for 1.66 *per cent* of SCSP service sector expenditure during the audit period. Details are given in **Appendix 7.3**.

During the audit period, test checked ULBs formulated 58 DWS projects with project cost of ₹2.18 crore for the benefit of SC population. However, 28 projects with project cost of ₹0.75 crore for SC beneficiaries were not implemented by four⁹⁵ ULBs. Audit examined the implementation of selected projects and observed the following:

7.6.2.1 Use of non-potable water in nine SC settlements due to contamination of water sources

Audit conducted joint physical verification of drinking water sources of nine SC settlements in nine⁹⁶ municipalities. Water samples were collected and tested for general drinking water quality including pH, total dissolved solids (TDS), chlorides, coliform and E. coli count, etc., in government approved laboratories. It was seen that presence of Coliform bacteria was detected in 100 *per cent* (nine) samples, E. Coli in 88.89 *per cent* (eight) samples and low pH of water was noticed in 88.89 *per cent* (eight) samples, indicating that all the test checked drinking water sources in SC settlements in the nine municipalities were contaminated and non-potable. Details are given in **Appendix 7.4**. In one sample from Malappuram municipality, the presence of Coliform bacteria was ‘too numerous to count’. District wise details are given in **Table 7.12**.

Table 7.12: Drinking water test results compilation

Category	Districts	No. of ULBs	No. of sources from which samples taken	High turbidity *	Low pH *	Presence of Coliform bacteria *	Presence of E. Coli bacteria *	High Iron presence *
SC Settlements	Kottayam	2	2	0	2	2	2	0
	Thrissur	2	2	0	2	2	2	0
	Malappuram	3	3	1	2	3	2	1
	Kozhikode	2	2	0	2	2	2	0
Total		9	9	1	8	9	8	1

(Source: Test Results of Drinking Water samples collected from ULBs)

*The desirable limit for Turbidity is one NTU – five NTU, pH is 6.5-8.5, Iron is 0.3 mg/L, Coliform and E. coli should be Nil.

⁹⁴ 2020-21 – ₹80.28 lakh, 2021-22 – ₹42.10 lakh, 2022-23 – ₹43.89 lakh

⁹⁵ Thrissur and Kozhikode Corporations, Wadakkanchery and Koduvally Municipalities

⁹⁶ Erattupetta, Pala, Kodungallur, Wadakkanchery, Kottakkal, Malappuram, Ponnani, Koduvally and Ramanattukara Municipalities

Failure of ULBs to provide potable water forced residents to consume contaminated water from available sources, exposing them to serious health risks.

7.6.2.2 Implementation of drinking water supply project without conducting Yield test - Loss of ₹1.96 lakh - Wadakkanchery Municipality

Implementation of small demand driven community led water supply projects is a viable solution to provide drinking water in areas where major schemes are not viable. Successful implementation of community-oriented drinking water projects requires scientific identification of water sources and ensuring availability of water through yield tests before formulating projects.

Wadakkanchery Municipality was supplying drinking water to Karakkunnu SC settlement through a water supply scheme using a pond as the source. As the water reaching the SC Settlement was highly insufficient, the municipality formulated a project during 2021-22 - Karakkunnu SC Drinking Water Supply Project -at an estimated cost of ₹10 lakh (FC grant ₹8.04 lakh and SCSP fund ₹1.96 lakh). The project aimed to construct a borewell near to the Settlement and provide water through the existing pipelines laid for supply of water from the pond. However, without conducting yield test to ascertain the feasibility of the selected site, ULB awarded the work to a contractor (March 2022). Though borewell was constructed (September 2022), due to non-availability of water the borewell was abandoned. The contractor was paid ₹5.42 lakh (FC grant ₹3.46 lakh and SCSP fund ₹1.96 lakh). Audit observed that construction of borewell without ascertaining feasibility resulted in abandonment of the project and loss of ₹5.42 lakh. During joint physical verification (JPV), Audit noticed that the pond had sufficient water even during summer and low capacity of the motor pump resulted in shortage of water reaching in the SC settlement.

Audit observed that instead of installing a powerful pump to augment water supply from the existing source to the SC settlement area, the municipality implemented another project without ascertaining feasibility, which ultimately led to loss of ₹1.96 lakh SCSP fund and non-achievement of the intended objective.

7.6.3 Implementation of Housing Schemes

The Kerala State Housing Policy, 2011 aims at intensifying efforts for meeting the housing needs of the marginalised sections of the society especially SCs and STs, fishermen, the landless, destitute, women-headed households and the poorest of the poor. With the 73rd and 74th Constitutional amendments, the responsibility for implementation of housing schemes to economically weaker sections has shifted to the Local Self-Government Institutions in the State.

Project Life- Livelihood, Inclusion and Financial Empowerment (LIFE) is the State level housing development scheme, aimed to provide safe and decent housing for all landless and homeless families in the State. Under the scheme, the financial assistance of ₹four lakh is provided to SC and ST beneficiaries for construction of houses and ₹six lakh is provided to the beneficiaries living in remote tribal settlements. The assistance is provided in four instalments, based on the stage-wise construction of houses.

The beneficiary survey conducted by a joint team of Audit and official representatives of the respective ULBs in 31 SC/ST settlements revealed that 8.84 per cent (16 out of 181) of surveyed SC families and 8.70 per cent (two out of 23) of surveyed ST families had no own houses. Four SC and two ST families were landless and houseless. Audit analysed implementation of LIFE housing scheme under SCSP/TSP in the test checked ULBs and found the following deficiencies:

7.6.3.1 Non-inclusion of houseless and landless SC/ST people in the list of beneficiaries under LIFE scheme.

According to the details furnished by 10⁹⁷ test checked ULBs, there were 1612 houseless⁹⁸ and 2597 landless houseless⁹⁹ SC/ST families. However, audit noticed that only 877 (SC-865 and ST-12) houseless and 592 landless families (SC-592 and ST-Zero) were included in the LIFE beneficiary list.

As such, 735 houseless families (SC-735 and ST-Zero) and 2005 landless houseless (SC-2002 and ST-Three) families were excluded from the beneficiary list in 10 test checked ULBs (March 2023) as detailed in **Table 7.13** and **Table 7.14**.

Table 7.13: Inclusion/Exclusion of beneficiaries under LIFE scheme SCSP

District	Number of houseless SCs in ULBs	Number of landless houseless SCs in ULBs	Total	Number of SC houseless those included in LIFE Scheme	Number of SC landless houseless those included in LIFE Scheme	Total	Number of houseless and landless houseless SCs excluded
Kottayam	105	3	108	13	0	13	95
Thrissur	1011	1948	2959	427	321	748	2211
Malappuram	237	136	373	229	30	259	114
Kozhikode	247	507	754	196	241	437	317
Total	1600	2594	4194	865	592	1457	2737

(Source: Data furnished by ULBs)

Table 7.14: Inclusion/Exclusion of beneficiaries under LIFE scheme TSP

District	Number of ST houseless in ULBs	Number of ST landless houseless in ULBs	Total	Number of ST houseless those included in LIFE Scheme	Number of ST landless houseless those included in LIFE Scheme	Total	Number of houseless and landless houseless STs excluded
Kottayam	0	0	0	0	0	0	0
Thrissur	0	0	0	0	0	0	0
Malappuram	1	2	3	1	0	1	2
Kozhikode	11	1	12	11	0	11	1
Total	12	3	15	12	0	12	3

(Source: Data furnished by ULBs)

The ULB-wise number of beneficiaries excluded is given in **Appendix 7.5**. Audit observed that the preparation of beneficiary lists by ULBs, solely on the basis of applications received, rather than conducting periodical surveys to

⁹⁷ Kozhikode and Thrissur Corporations, Pala, Wadakkanchery, Kodungallur, Kottakkal, Ponnani, Malappuram, Ramanattukara and Kodalvally Municipalities

⁹⁸ SC 1600 and ST 12

⁹⁹ SC 2594 and ST Three

identify eligible families, resulted in non-inclusion of eligible families in the list.

7.6.3.2 Non-completion of houses within the prescribed period

According to the LIFE scheme guidelines, house construction should be completed within six months, with the Secretary of the LSGI responsible for ensuring timely completion. ULBs are also required to assist beneficiaries who are unable to commence/complete construction despite receiving instalments. However, Audit noticed that 292 houses, for which ₹6.51 crore SCSP/TSP funds were disbursed to the beneficiaries up to March 2023, remained incomplete at various stages in the 10¹⁰⁰ test checked ULBs (March 2024). Audit noticed that no subsequent instalments were released during 2023-24 and houses remained incomplete. Details are given in **Table 7.15**.

Table 7.15: Number of beneficiaries and SCSP/TSP funds disbursed

(₹ in lakh)

Name of Scheme	Category	Kottayam		Thrissur		Malappuram		Kozhikode	
		Number of beneficiaries	Total amount disbursed						
LIFE Phase I	SC	0	0	0	0	0	0	0	0
LIFE 2020	SC	0	0	0	0	3	9.20	107	161.35
LIFE Phase II	SC	0	0	0	0	0	0	0	0
LIFE Phase III	SC	0	0	0	0	0	0	0	0
LIFE SC Additional	SC	0	0	0	0	1	2	10	15.20
LIFE ST Additional	ST	0	0	0	0	0	0	1	2
AWAS Plus	SC	0	0	0	0	0	0	0	0
PMAY	SC	0	0	149	407.48	4	11.20	17	42.40
Total		0	0	149	407.48	8	22.40	135	220.95

(Source: Data furnished by ULBs)

According to the LIFE Mission guidelines, the LSGIs should facilitate the completion of house constructions by involving the public and NGOs, especially for beneficiaries facing financial or other construction issues. Audit noticed that the construction of houses remained incomplete due to reasons such as financial problems of the beneficiaries, land disputes, death of beneficiaries, diversion of funds for emergency requirements like hospitalisation of the beneficiary or family members, constructions violating LIFE norms, etc.

Audit observed that construction of houses were remaining incomplete for want of effective intervention of the ULBs. Test checked ULBs failed to follow up the cases and to extend support to the beneficiaries for the completion of the houses that were stopped at different stages.

¹⁰⁰ Thrissur and Kozhikode Corporations, Pala, Wadakkanchery, Kodungallur, Kottakkal, Ponnani, Malappuram, Ramanattukara and Koduvally Municipalities

7.6.4 Supplementary Nutrition Programme – Diversion of SCSP funds ₹0.03 crore

Plan formulation and subsidy guidelines issued by GoK stipulate for mandatory allocation of plan funds towards implementation of Supplementary Nutrition Programme (SNP). The guidelines also stipulate that the SNP share of the SC/ST students should be allotted by the respective ULBs in proportion to the number of beneficiaries. Test checked ULBs formulated separate projects for SC/ST beneficiaries allocating SCSP/TSP funds and for the general category beneficiaries allocating Development Fund (General). The project cost was worked out based on the number of beneficiaries and the rates fixed by the Ministry of Woman and Child Development, GoI for the children below six years and for pregnant and lactating women. However, Audit noticed that three ULBs¹⁰¹ formulated projects worth ₹0.10 crore, of which ₹0.03 crore was allocated in excess of proportion of SC beneficiaries. Details of excess allocations are given in the **Table 7.16**.

Table 7.16: Diversion of SCSP funds for SNP

(₹ in lakh)

Period	Amount diverted				Total SCSP Fund Diverted
	Kottayam	Thrissur	Malappuram	Kozhikode	
2020-21	NIL	0.33	NIL	NIL	0.33
2021-22	NIL	NIL	NIL	NIL	NIL
2022-23	NIL	NIL	2.34	0.26	2.60
Total	NIL	0.33	2.34	0.26	2.93

(Source: Data furnished by ULBs and Annual Expenditure statements)

Diversion of funds compromised the very objective of the SCSP/TSP schemes, which were established to bridge the socio-economic disparities faced by these communities. By diverting funds away from their intended purpose, the ULBs have inadvertently perpetuated the existing gaps, thereby undermining the Government's initiatives aimed at promoting social justice and equality.

Productive Sector

The main objectives of SCSP and TSP funds are to reduce poverty and unemployment and create productive assets and income generating opportunities. The 13th and 14th Five Year Plans and GoK guidelines stipulate for prioritising projects under the productive sector, focusing on agriculture production, skill development and income-generating activities for Scheduled Caste and Scheduled Tribe communities. Evaluation of projects under major sub-sectors under productive sector revealed the following:

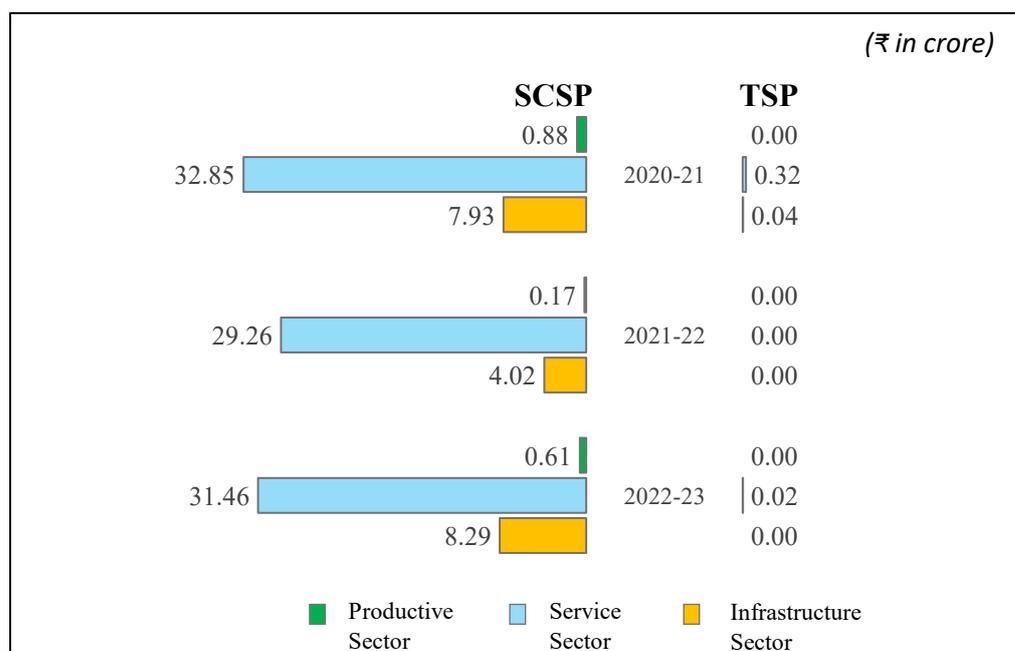
7.6.5 Low priority for formulation and implementation of projects under Productive Sector

Audit of the selected ULBs revealed that the productive sector projects intended for enhancing the socio-economic status of the targeted communities through

¹⁰¹ Kodungallur, Kottakkal and Kodusvally Municipalities

income and employment generation were given least priority as shown in **Chart 7.4**.

Chart 7.4: Sector-wise allocation of SCSP/TSP funds



(Source: Annual Expenditure statements of selected ULBs)

Audit analysed allocation of funds under productive sector during 2020-21 to 2022-23 and found that test-checked ULBs formulated only 2.86 per cent to 6.45 per cent projects and allocated only 0.51 per cent to 2.14 per cent of SCSP fund towards productive sector. No project was implemented under productive sector using TSP fund by test checked ULBs. Details are given in **Appendix 7.6**.

Sub-sector wise analysis of projects implemented under productive sector revealed that selected ULBs gave very low priority towards implementation of projects under the sub-sectors viz., agriculture, animal husbandry and self-employment as detailed in **Table 7.17**. District-wise details are given in **Appendix 7.7**.

Table 7.17: Sub-sector wise allocation of SCSP/TSP funds

Purposes	Total SCSP fund utilised	SCSP fund utilised	Percentage of SCSP utilisation against total SCSP allocation	Total TSP utilisation for entire sectors in ULBs	TSP fund utilised	Percentage of TSP utilisation against total TSP allocation
Agriculture	74.42	0.01	0.01	0.15	0	0
Animal Husbandry		0.08	0.11		0	0
Self-employment		0.22	0.30		0	0

(Source: Annual Expenditure Statements of selected ULBs)

It was seen that only 0.01 *per cent*, 0.11 *per cent* and 0.30 *per cent* of SCSP funds respectively were spent towards agriculture, animal husbandry and self employment assistance schemes as detailed below.

7.6.6 Implementation of projects under productive sector

Test checked ULBs implemented only 42 *per cent* to 56 *per cent* of projects formulated using SCSP funds during the audit period and expended only 10 *per cent* to 41 *per cent* of amount allocated towards productive sector. In respect of TSP funds, none of the formulated projects was implemented. Details are given in **Appendix 7.6** Analysis of implementation of agriculture, animal husbandry and self employment assistance schemes revealed the following:

7.6.6.1 Agriculture

Agriculture provides raw materials for various industries, fuels, agro-based industries, supports infrastructure development and generates employment. Audit noticed that percentage of agricultural land in test checked ULBs ranged from 44¹⁰² to 80¹⁰³ *per cent*. The 14th Five Year Plan (FYP) aimed to involve local unemployed youth in agriculture, by training them in the technologies that can be employed in production systems and for establishing a specialised workforce with skills by means of skill development in various segments. With the objective of attracting youth to agriculture and creating employment avenues, 14th FYP also aimed to promote entrepreneurship in agriculture and facilitate Agri start-ups. Further, plan formulation and subsidy guidelines for ULBs, issued by GoK, prescribed for promoting lease farming by Scheduled Caste families without own agricultural land.

However, a scrutiny of agriculture related projects implemented using SCSP funds revealed that of 12 test-checked ULBs, only three ULBs¹⁰⁴ implemented agriculture-related projects (three projects) during the period 2020-21 to 2022-23 incurring an expenditure of ₹0.01 crore.

7.6.6.2 Animal Husbandry

Of 12 test checked ULBs, only five¹⁰⁵ ULBs implemented 11 animal husbandry related projects from 2020-21 to 2022-23 incurring an expenditure of ₹0.08 crore, which is only 0.11 *per cent* of the total SCSP fund utilised.

7.6.6.3 Self-Employment Assistance/Entrepreneurship development schemes

The utilisation of SCSP and TSP funds for self-employment/entrepreneurship development programmes was very low. Of 12 test-checked ULBs, only three¹⁰⁶ ULBs implemented self-employment assistance projects (four projects) during 2020-21 to 2022-23, incurring an expenditure of ₹0.22 crore.

The objectives of the SCSP/TSP schemes were to create the potential to accelerate the pace of development of SC and ST categories and to bridge the gaps in socio-economic development indicators between them and other

¹⁰² Kozhikode Corporation

¹⁰³ Kodungallur Municipality

¹⁰⁴ Wadakkanchery, Ramanattukara and Erattupetta Municipalities

¹⁰⁵ Kodungallur, Ponnani, Wadakkanchery, Vaikom and Ramanattukara Municipalities

¹⁰⁶ Thrissur Corporation, Kodungallur and Ponnani Municipalities

sections of the society. Audit observed that disinterest in the formulation and implementation of income-generating activities weakened the objective of reducing poverty and unemployment among SC and ST communities. In this context, disinterest in income generating programmes for SCs and STs under productive sector is a matter of concern.

Infrastructure Sector

ULBs play a crucial role in formulation of infrastructure projects which is essential to ensure sustainable development, improve quality of life and enhance economic opportunities. Analysis of formulation and implementation of infrastructure sector projects revealed the following:

7.6.7 Status of projects under Infrastructure Sector

Year-wise details of projects formulated and implemented in the Infrastructure Sector by the test-checked ULBs during the audit period are given in **Table 7.18**. District wise details are given in **Appendix 7.8** and **Appendix 7.9**. The major activities undertaken under infrastructure sector utilising SCSP and TSP funds were construction of roads, installation of streetlights, etc.

Table 7.18: SCSP/TSP - Infrastructure Sector expenditure details of 12 test checked ULBs

(₹ in crore)

Year	SCSP					TSP				
	No. of projects formulated	Amount Allocated	No. of projects implemented	Expenditure	Percentage of expenditure	No. of projects formulated	Amount allocated	No. of projects implemented	Expenditure	Percentage of expenditure
2020-21	130	7.93	86	4.70	59.27	1	0.04	1	0.04	100
2021-22	73	4.02	46	1.90	47.26	0	0	0	0	0
2022-23	120	8.29	60	2.31	27.86	0	0	0	0	0
Total	323	20.24	192	8.91	44.02	1	0.04	1	0.04	100

(Source: Annual Expenditure Statements of ULBs)

During the period 2020-23, Audit noticed a decline in the number of infrastructure projects formulated by test checked ULBs. Compared to 2020-21, there was 44 per cent decrease in the number of projects formulated under infrastructure sector during 2021-22 utilising SCSP fund. Further, many SC/ST settlements lack basic infrastructure facilities and created assets remain unutilised. Efforts are needed to address these gaps and ensure effective utilisation of funds for infrastructure development. Scrutiny of infrastructure projects and facilities in tribal settlements revealed the following:

7.6.7.1 Idling of assets created under SCSP/TSP

Test checked ULBs utilised the SCSP/TSP funds for the creation of various assets such as employment training centres, marketing centres, hostels, 'Pakalveedu' for elderly people, toilets, crematorium, study centres, etc., for the benefit of the Scheduled Caste and Scheduled Tribe people. Audit test checked the records of such assets and conducted joint physical verifications to see whether the assets created were utilised for the intended purposes and whether they have been properly maintained. Audit noticed that two buildings

constructed for Agro - Service Centre and Pre-matric hostel, utilising ₹0.45 crore in two test checked ULBs were lying idle for want of SC beneficiaries as detailed in **Table 7.19**.

Table 7.19: Idling of Assets created under SCSP

District	Details of assets idling	Total Expenditure (₹ in crore)	Year of completion	Reasons for idling
Thrissur	Pre-matric hostel, Kodungallur Municipality	0.22	2009	Non-availability of SC students
Kozhikode	Agro -Service Centre, Ramanattukara Municipality	0.23	2020	Non-availability of SC women beneficiaries
Total		0.45		

(Source: Data furnished by ULBs)

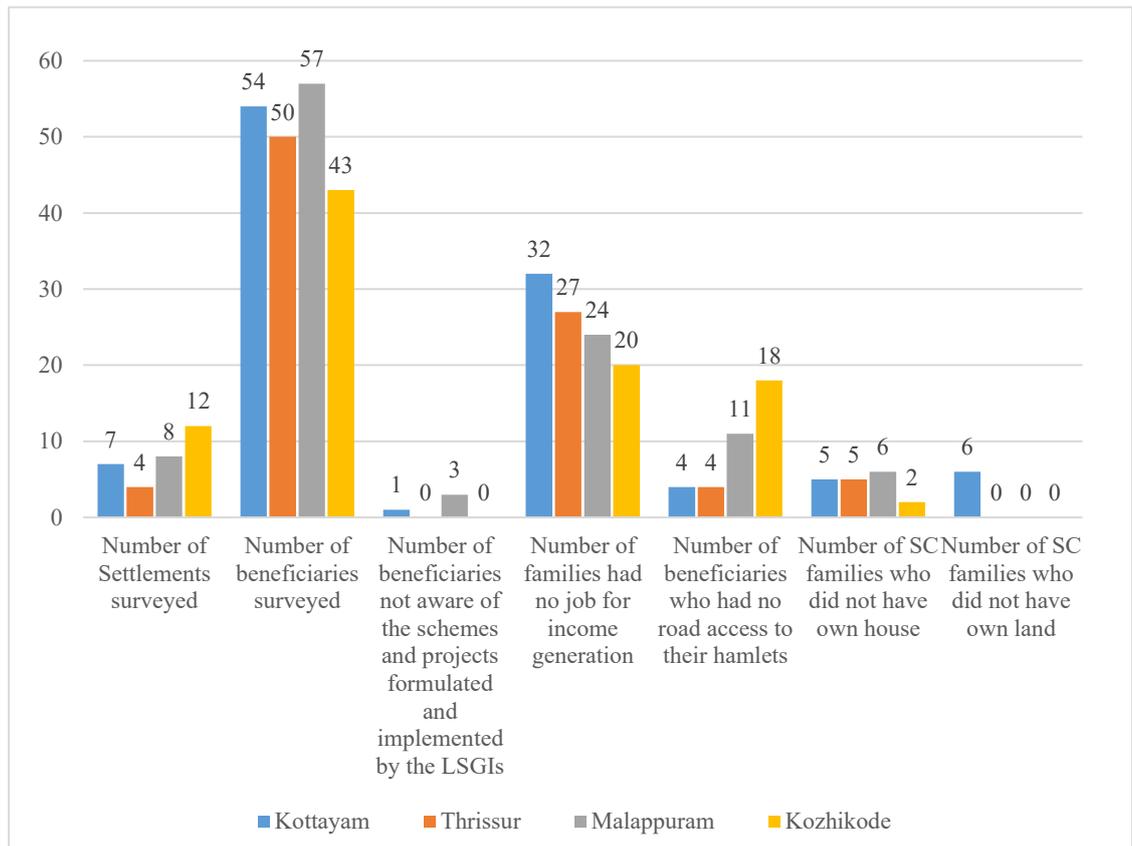
Audit observed that the ULBs constructed these buildings without ascertaining feasibility, which resulted in idling of buildings for four to 15 years.

7.6.8 Beneficiary Survey results of 28 SC/ST Settlements

A joint team of Audit officials and representatives from 10 ULBs¹⁰⁷ conducted a survey in 31 settlements (27 SC and four ST) across four districts. The team interacted with 204 beneficiaries (181 SC and 23 ST) to evaluate the effectiveness of projects implemented under the SCSP/TSP schemes. The survey highlighted significant gaps in essential facilities for the beneficiaries. The **Chart 7.5** details the deficiencies observed.

¹⁰⁷ Erattupetta, Kodungallur, Koduvally, Kottakal, Malappuram, Pala, Ponnani, Ramanattukara, Vaikom and Wadakkanchery Municipalities

Chart 7.5: Beneficiary Survey results of SCSP/TSP in ULBs



(Source: Beneficiary Survey results)

- **Absence of jobs for Income Generation-** 93 SC families (51.38 per cent) in 27 settlements and 10 ST families (43.48 per cent) in four settlements had no job for income generation.
- **Lack of Road Access-** 30 Scheduled Caste beneficiaries (16.57 per cent) and seven Scheduled Tribe beneficiaries (30.43 per cent) opined that they had no road access to their hamlets.
- **Inadequate Housing facilities.** - The survey also revealed that 8.84 per cent (16 out of 181) of surveyed SC families and 8.7 per cent (two out of 23) ST families had no own house.

The survey’s findings underscore the pressing need for targeted interventions to address the glaring gaps in essential facilities and services for SC/ST settlements. The inadequacies in income generation opportunities, road access and housing facilities reveal a systemic neglect of these marginalised communities.

7.7 Monitoring Mechanism

Monitoring of project implementation under SCSP/TSP is an essential activity to ensure effective use of resources within given time frame. Audit noticed lack of effective monitoring of the projects implemented by the test checked ULBs to ensure that SCSP and TSP funds received are utilised effectively as detailed in the following paragraphs.

7.7.1 Non-functioning of Working Groups as Monitoring Committees

Plan formulation guidelines stipulate that each working group on completion of formulation of the plan for the year should act as the Monitoring Committee of the ULBs concerned and should monitor implementation of the projects. However, of 12 ULBs test checked, the Working Groups did not act as monitoring Committees in four ULBs¹⁰⁸.

Further, the Monitoring Committees should be re-constituted when the Convener of the Monitoring Committee becomes the implementing officer. However, in nine¹⁰⁹ out of 12 ULBs test checked, Monitoring Committees were not reconstituted when the Convener became the implementing officer and the implementing officers themselves acted as Convener of Monitoring Committees, resulting in ineffective monitoring.

7.7.2 Non-constitution of Social Audit Committees and absence of Social Audit

The Plan and subsidy guidelines issued by the Government of Kerala stipulate that a Social Audit Committee should be constituted at the ward/institution levels to conduct social audit of the various projects implemented by the LSGIs. However, audit revealed that none of the test checked ULBs has constituted the Social Audit Committees and no social audit was conducted as stipulated.

7.8 Conclusion

Audit revealed significant gaps in the implementation of Scheduled Caste Sub Plan (SCSP) and Tribal Sub Plan (TSP) by Urban Local Bodies in the selected districts in Kerala. The use of outdated data, inadequate allocation to productive sector projects, declining allocation of funds to ULBs and lapse of funds to the tune of ₹14.26 crore and ₹0.17 crore from SCSP and TSP respectively were notable concerns. Use of contaminated drinking water was found in nine Scheduled Caste/Scheduled Tribe settlements. Monitoring mechanism was ineffective in nine ULBs and Social Audit Committee was not constituted by any of the test checked ULBs.

7.9 Recommendations

To address the socio-economic disparities faced by SC and ST communities, the following recommendations are made:

- 1. Conduct comprehensive surveys: Ensure that ULBs conduct regular surveys to identify the socio-economic status of SC and ST communities, for enabling effective SCSP and TSP project formulation.***

¹⁰⁸ Koduvally, Kottakkal, Malappuram and Wadakkanchery Municipalities

¹⁰⁹ Kozhikode and Thrissur Corporations and Koduvally, Kottakkal, Malappuram, Ponnani, Vaikom, Kodungallur and Wadakkanchery Municipalities

2. Prioritise basic amenities: Give priority to drinking water supply schemes and individual toilet facilities when planning projects for SC/ST settlements.

3. Promote entrepreneurship: Formulate adequate projects to promote entrepreneurship development among SC/ST communities.



(PREETHI ABRAHAM)
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Thiruvananthapuram,
The 07 January 2026

Countersigned



(K. SANJAY MURTHY)
Comptroller and Auditor General of India

New Delhi,
The 13 January 2026