# CHAPTER 7

# Audit of Municipal Corporations

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## 7.1 Audit Paragraphs

### *7.1.1 Suspected fraudulent payment*

**Suspected fraudulent payment of ₹ 3.29 crore on bio mining of legacy wastes using non-transport and non-existent vehicles**

As per Section 163 of Odisha Treasury Code, a Government Officer, entrusted with the payment of money, shall obtain a voucher setting forth full and clear particulars of the claim. Further, Rule 10 of Odisha Municipal Accounts Rules, 2012, stipulates that every transaction of the ULB shall be entered in voucher supported by documents forming the basis of authorisation of transaction. In addition, Rule 51 of Odisha General Financial Rules, provides that every officer should be held personally responsible for any loss sustained by the Government through fraud or negligence on his part.

Audit noticed (March 2024) that Rourkela Municipal Corporation (RMC) executed (May 2022) an agreement with an Executing Agency[27], for bio-mining[28] of 61,156 MT legacy waste[29] at the dump site near Biju Patnaik University of Technology, Rourkela. As per the agreement, Request for Proposal (RFP) submitted during inviting tender, also formed a part of the agreement.

As per Para 3.2 of the RFP, the successful bidder shall carry out total survey of earmarked area in which bio-mining is to be done, in presence of the Executive Engineer of RMC. Further, the entire mining complex shall be under CCTV surveillance along with the weighment system[30] and the executing agency shall submit daily excavated waste quantity to RMC with extent of area reclaimed.

Audit examination, however, revealed multiple violations of prescribed contract conditions and procedures. The executing agency commenced bio-mining operations without conducting the mandatory pre-commencement survey in the presence of the Executive Engineer of RMC, as stipulated in Para 3.2 of the Request for Proposal. The waste quantity was revised twice - from the original 61,156 MT to 1.40 lakh MT (January 2023) and subsequently to 1.73 lakh MT (November 2023) - totalling a 183 *per cent* increase from the contracted amount. These substantial modifications were approved by City Mission Management Unit staff, Deputy Commissioner, and Commissioner without the prescribed involvement of the Executive Engineer, contrary to the agreement conditions. No CCTV recordings of the mining complex and weighment system were maintained for the entire bio-mining period, despite this being a specific requirement under Para 3.2 of the RFP that formed part of the executed

[27] M/s Pooja Consultation Co. & M/s Global Tech Enviro Experts Pvt Ltd

[28] Bio mining includes excavation of waste from dump and transportation to bio-mining plant (setup within perimeter of dump site) to separate soil and recyclables like plastic, metal, paper, textiles, construction & demolition waste materials and other solid materials from legacy waste.

[29] Legacy wastes are the wastes that have been collected and kept for years

[30] The weighment system is a pit-less fully online electronic, automatic system equipped with the latest technology along with back-up server facility.

agreement. The RMC had paid ₹9.49 crore to the executing agency for mining of 1.73 lakh MT of legacy waste during June 2022 to January 2024.

In the absence of above control mechanism, Audit verified the vouchers for seven months[31] amounting to ₹5.81 crore paid for bio-mining of 1.06 lakh MT waste and cross-checked the vehicle registration numbers used for transportation of legacy waste during bio-mining activities, with data available in the *Parivahan* portal[32]. It was observed that 60,058 MT of legacy waste was shown as transported in two motor bikes, one e-rickshaw, and one car and in one non-existent vehicle. For such transportation, ₹3.29 crore (57 *per cent* of test checked amount) was paid to the Executing Agency, as detailed in ***Appendix-7.1***.

Further, from the weighbridge report, audit noticed the following impractical time gaps of zero to five minutes between the weighment of unladen vehicles, loading of legacy wastes and weighment of laden vehicles. (As detailed in ***Appendix-7.2***)

- In 03 cases, the time gap was zero minute,
- In 09 cases, the time gap was one minute,
- In 19 cases, the time gap was two minutes,
- In 20 cases, the time gap was three minutes,
- In 26 cases, the time gap was four minutes,
- In 76 cases, the time gap was five minutes.

These time gaps of zero to five minutes between weighment of unladen vehicles and laden vehicles after loading the legacy waste, were impractical as it included activities like weighing of empty vehicle, going from weigh bridge to loading place, loading of vehicle with waste material, loaded vehicle coming from loading place to weighing bridge for weighment and hence, indicates non-compliance with prescribed transportation verification procedures leading to doubts on actual transportation.

Thus, audit documented substantial deviations from prescribed procedures including use of inappropriate vehicles and compressed operational timelines that do not align with standard waste transportation practices, resulting in questionable payments of ₹3.29 crore.

Audit documented control failures and procedural non-compliance indicate management oversight deficiencies requiring accountability assessment. The matter warrants detailed investigation by appropriate authorities to determine the nature and extent of irregularities and establish accountability as per prescribed procedures. The fact has also been intimated (July 2024) to the Government. No reply has been received (October 2025).

### *7.1.2 Expenditure on non-functional Community toilets*

**Community Toilets costing ₹ 37.10 lakh not put to use**

As per guidelines of Mukhya Mantri Karma Tatpara Abhiyan (MUKTA) scheme, one of the objectives is to ensure creation and maintenance of inclusive,

[31] February 2023 to May 2023 and November 2023 to January 2024

[32] https://parivahan.gov.in : A website of Ministry of Road Transport and Highways, Government of India which provides detailed information on all registered vehicles.

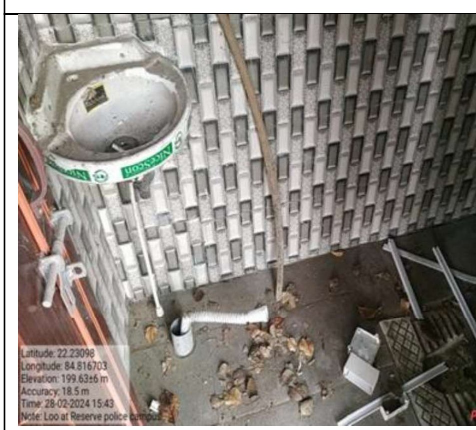
sustainable, climate resilient community assets for improving quality of life for the urban citizens.

Audit observed (February 2024) that to provide improved sanitation, RMC issued work orders (between March and May 2022) under MUKTA scheme, for construction of 15 community toilets in 12[33] wards with a stipulated completion period from April 2022 to June 2022. The provision in the estimates included both civil and sanitary works. These works were completed at cost of ₹ 37.10 lakh between September and December 2022. The details of the project-wise expenditure, made on each Community Toilet, are shown in the ***Appendix-7.3***.

Before completion of these works, the RMC had not taken any step for providing water supply connection to these toilets. Consequently, in absence of water supply, these toilets could not be put to use by the public after completion. It was further noted that the RMC requested (March 2023) Water Corporation of Odisha[34] (WATCO) to provide water supply connection for these toilets after a delay of three to six months following their completion. However, till the date of audit (February 2024) no such connection had been provided by WATCO. Any further correspondence of the RMC with WATCO, in this regard, was not on record. Thus, even after lapse of 14-17 months from completion of civil work, the Community Toilets could not be made functional.

Audit conducted (February 2024) JPI along with RMC officials, of these 15 toilets and observed that all toilets were non-functional. Further, the fixtures such as basin, pipes, door and mirror of these toilets, were found to be in damaged condition and were not fit for use, as depicted in the **Photographs** below.

***Photograph No-7.1***




***Non-functional toilet with damaged fittings and fixtures at Reserve Police Campus of Ward No-12***

***Photograph No-7.2***


***Non-functional toilet with damaged fittings and fixtures near Hrushikesh Ray College, Ward No-15***

Audit observed that RMC completed toilet construction without coordinating water supply provision with WATCO before project completion. Despite requesting water connections in March 2023, no connections were provided (February 2024). This lack of infrastructure coordination resulted in 15 community toilets, costing ₹37.10 lakh, remaining non-functional for 14-17

[33] One each in Ward No-9,12,13,16,18,24,28,35 and 37; two each in Ward No- 4,15 and 34

[34] A Corporation under H&UD Department, responsible for providing water in major cities in Odisha

months after civil work completion, preventing intended community asset utilisation under the MUKTA scheme.

In reply, the Joint Commissioner, RMC stated (March 2024) that steps would be taken to provide water connection to these toilets to make them functional. The matter has been reported (August 2024) to the Department. Reply was awaited (October 2025).

### *7.1.3 EWS housing requirement norms violated*

| **Non-compliance with EWS Housing Requirements and Shelter Fee Collection** |
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The Policy for 'Housing for All in Urban Areas, Odisha, 2015' sets mandatory requirements. Clause 4.1.1.1 requires all apartments exceeding 2,000 sqm plot size to reserve 10 *per cent* built-up area for EWS dwelling units. This reservation is mandatory for building plan approval.

Further, as per Clause 4.1.1.5 (a), in the event of any problem in accommodating EWS dwelling units in a project with less than four acres of land, the Developer shall be allowed to provide the same requirement of EWS housing, at another location, not beyond five km from the original project, within that Development Area.

As per Clause 4.1.1.5 (b), in case, providing the EWS dwelling units at a separate location is not possible, the Developer shall pay Shelter Fee, equivalent to 25 *per cent* of the cost of construction of the standard size of the EWS Unit. The Shelter Fee so collected, shall be included as a part of the Comprehensive Development Plan Infrastructure Development Fund (CIDF) in each Development Authority to be used for provisioning housing for all.

As per Notification of H&UD Department (August 2015 and December 2020), the cost of construction of each EWS dwelling unit was ₹1,750 per sqft with an increase @ 2 *per cent* per annum with effect from FY 2021-22.

Audit observed that Cuttack Municipal Corporation (CMC) granted (February 2022 and June 2022) permissions to a developer[35] for construction of two Multistoried Commercial-cum-residential apartments in Bidyadharpur Mouza under Sector-8 and Sector-11 of the Corporation. Project one covered 4,890 sqm with 32,451 sqm built-up area. Project two covered 9,837 sqm with 98,706 sqm built-up area. Accordingly, the Developer had to construct EWS units of 3,245 sqm (34,929 sqft[36]) and 9,870 sqm (1,06,240 sqft) respectively.

Audit noticed from the approved plan of these two projects that these plans did not include any provisions for construction of EWS dwelling units. Neither had the Developers submitted any practical reasons for not provisioning EWS dwelling units in these projects nor opted for the permissible off-site option within five km for EWS construction. Also, CMC had not enforced provisioning for EWS dwelling units in these projects. In absence of any EWS dwelling units' provisions in the projects, the CMC was required to demand Shelter Fee of

[35] M/s River Front Developers Pvt. Ltd
[36] 1sqm = 10.764 sqft

₹6.40 crore (₹1.56[37] crore and ₹4.84[38] crore) from the Developer while approving the plan for the projects, which was not demanded by the CMC.

Audit had observed systematic non-compliance with policy provisions. CMC approved projects without ensuring mandatory EWS requirements. The prescribed shelter fee collection mechanism was not implemented. This prevented the intended contribution of ₹6.40 crore to the Comprehensive Development Plan Infrastructure Development Fund.

The fact had also been brought (January 2024) to the notice of the H&UD Department. No reply has been received from CMC and the Department (October 2025).

[37] 34929 sqft X ₹1785 X 25%
[38] 106240 sqft X ₹1821X25%