

CHAPTER VI

IMPLEMENTATION OF SCHEMES

ULBs were assigned the implementation of various Central/ State sponsored developmental schemes during the periods covered under audit.

Various irregularities including poor utilisation of funds, irregular engagement of contractors, diversion of grants and other shortcomings in the implementation of the schemes are described in the subsequent paragraphs. These are indicative of poor planning and lack of monitoring by the Board of Councillors of the respective ULBs.

6.1 National Slum Development Programme (NSDP)

NSDP, a Centrally sponsored scheme, was introduced in 1996-97 with the objective of slum improvement, slum upgradation and urban poverty alleviation by providing basic amenities like water supply, storm water drains, community centres for pre-school education, non-formal education, shelter, primary health care including immunization, provision for shelter, etc.

6.1.1 Poor utilisation of NSDP Grants

There was an opening balance of Rs 24.44 crore with 59 ULBs under NSDP at the commencement of 2004-2005. They received Rs 39.04 crore and Rs 5.76 crore during 2004-05 and 2005-06 respectively but spent only Rs 23.17 crore (36 per cent) and Rs 33.54 crore (73 per cent) during the said period leaving a balance of Rs 12.31 crore (**Appendix – 16A & 16B**). The ULBs did not record any reasons for the slow pace of implementation of the programme. The poor utilisation of NSDP grant in 12 ULBs¹⁶ was earlier highlighted in the Reports of the Examiner of Local Accounts for the years ending March 2004, March 2005 and March 2006.

¹⁶ Champdani, Dum Dum, Gayespur, Joynagar-Mozilpur, Kalna, Madhyamgram, Mahestala, Memari, Raghunathpur, Raiganj, Rajpur-Sonarapur and Uttarpara-Kotrang.

Non utilisation of funds hinders the efforts of the Government in providing basic amenities to slum dwellers.

6.1.2 Non-declaration of slum area

Programme guidelines of NSDP require each ULB to declare its slum areas / pockets before execution of developmental works. 22 ULBs incurred an aggregate expenditure of Rs 20.47 crore for implementation of the NSDP during 2002-2007 (**Appendix - 17**) without declaring the slum area/ pocket.

Due to non-declaration of slum areas by ULBs, it could not be ascertained in audit if benefits reached the targeted population.

6.1.3 Engagement of contractor

To ensure participation of the community in the development process, ULBs are required to implement NSDP departmentally with the guidance and advice of the Community Development Society (CDS) and Neighbourhood Committee (NHC), to be constituted for this purpose. Engagement of contractors should be avoided as far as possible in execution of the scheme.

However, scrutiny in audit revealed that 28 ULBs engaged contractors for execution of works valuing Rs 16.27 crore during 2002-07 under NSDP without executing the same departmentally or involving CDS and NHC (**Appendix - 18**).

The engagement of contractors, thus, defeated the objective of community participation in the execution of works.

6.1.4 Diversion of NSDP fund

Sixteen ULBs had incurred an aggregate expenditure of Rs 4.25 crore during 2002-2007 from NSDP grants towards purchase of land for playground, recurring/revenue expenditure, construction of shelter under Valmiki Ambedkar Awas Yojana, cost of fuel, payment of transport allowance, purchase of electrical goods, sanitary and conservancy article, wooden door fitting, repair and restoration of road, culvert, payment of wages to daily rated worker engaged for routine maintenance work, construction of auditorium etc. which were not within the scope of the scheme (**Appendix - 19**). This is indicative of the absence of an adequate internal control mechanism to prevent the diversion of funds.

6.1.5 No expenditure incurred for shelterless people

Ten *per cent* of the NSDP grants were earmarked for construction of shelter for people of slum areas who were shelterless. However, 39 ULBs did not take up any work for construction of shelter during 2002-2007, in violation of the guidelines and despite having earmarked funds for shelter ranging between Rs 1.36 lakh and Rs 46.73 lakh.

Thus, in these ULBs, the potential beneficiaries were deprived of availing the benefits of Rs 4.19 crore earmarked under the NSDP (**Appendix - 20**).

6.1.6 Absence of Neighbourhood Committee / Slum Development Committee

ULBs engaged in slum development activities are required to create a Neighbourhood Committee (NHC)/Slum Development Committee (SDC), which would oversee all slum development programmes within the urban area. Test check revealed that fourteen municipalities spent Rs 12.62 crore during 2003-2007 without setting up of NHC/SDC as detailed below:

(Rupees in lakh)

Sl. No.	Name of the ULB	Period	Amount
1.	Chandernagar	2005-06	56.89
2.	Birnagar	2004-06	26.99
3.	Durgapur	2005-06	261.27
4.	Asansol	2005-06	354.55
5.	Khardah	2005-06	41.73
6.	North Barrackpore	2005-06	38.90
7.	Contai	2004-06	61.44
8.	Santipur	2004-05	102.61
9.	Chandrakona	2003-06	34.16
10.	Taherpur	2003-06	37.27
11.	Midnapur	2004-06	142.30
12.	Gangarampur	2005-07	42.53
13.	Joynagar-Mozilpur	2005-07	10.00
14.	Sainthia	2004-07	51.42
Total			1262.06

As a result of such non involvement, the quality of works executed and the extent to which benefits reached the slum dwellers could not be vouchsafed.

Durgapur Municipal Corporation, Asansol Municipal Corporation and Contai Municipality did not even set up the SDC during 2004-2006 for performing various community development activities.

6.2 Basic Minimum Services (BMS)

The scheme of BMS was introduced in the year 1996 to improve the quality of life of all sections of society by providing seven basic services like safe drinking water, primary health, primary education, housing, supplementary nutrition, connectivity and streamlining the public distribution system in a time bound manner.

6.2.1 Poor utilisation of BMS grants

Test check of implementation of the scheme during the year 2005-06 revealed that 27 ULBs had an opening balance of Rs 1.73 crore and received Rs 47.00 lakh during the year. The ULBs utilised only Rs 1.11 crore leaving a closing balance of Rs 1.09 crore at the end of the year (**Appendix – 21**). Seven¹⁷ municipalities did not utilise any amount throughout the year though Rs 36.14 lakh was available for providing benefits to the poor.

The under utilisation of BMS grants indicates that the implementation of the scheme by ULBs was tardy thereby depriving the inhabitants of access to improved basic services.

6.2.2 Engagement of contractors

To ensure participation of the community in the development process, ULBs are required to implement the BMS scheme departmentally. Engagement of contractors should be avoided as far as possible in execution of the scheme.

In violation of the above guidelines, twelve municipalities¹⁸ engaged contractors for execution of works valuing Rs 1.99 crore during 2002-07 under BMS. This defeated the objective of active involvement of the community besides resulting in a minimum avoidable expenditure of Rs 19.90 lakh towards contractors' profit.

¹⁷ Barasat (Rs 8.45 lakh), Dinjata (Rs 5.40 lakh), Garulia (Rs 0.99 lakh), Haldia (Rs 8.31 lakh), Raghunathpur (Rs 7.12 lakh), Khargpur (Rs 0.56 lakh) and Taherpur (Rs 5.31 lakh).

¹⁸ Birnagar (Rs 0.94 lakh), Uttarpara-Kotrang (Rs 6.98 lakh), Jamuria (Rs 68.79 lakh), Durgapur M C (Rs 17.53 lakh), Asansol M C (Rs 6.48 lakh), North Barrackpore (Rs 6.29 lakh), Midnapur (Rs 8.46 lakh), Taherpur (Rs 4.88 lakh), Raiganj (Rs 25.79 lakh), Raghunathpur (Rs 11.50 lakh), Ghatal (Rs 34.00 lakh) and Santipur (Rs 7.12 lakh).

6.2.3 Diversion of BMS grants

Six municipalities¹⁹ diverted an aggregate expenditure of Rs 30.19 lakh during 2003-07 from BMS grants for various purposes including expenditure on strengthening of roads, routine maintenance, construction of drains, culvert, pavements, extension of office building, improvement of approach road, construction of guard wall, SJSRY building, cost of fuel for municipal tractor, repair of motor, transformer, cost of switch, lamp etc. which were not within the scope of the scheme.

6.3 Swarna Jayanti Sahari Rozgar Yojana (SJSRY)

The Swarna Jayanti Sahari Rozgar Yojana (SJSRY), a scheme sponsored by Government of India and State Government (75:25 basis) was launched in the year 1997 with the objective of providing gainful employment to the unemployed or under-employed urban poor through setting up of self employment ventures or wage employment.

The SJSRY comprised two special schemes viz.

- i) The Urban Self Employment Programme (USEP)
- ii) The Urban Wage Employment Programme (UWEP)

6.3.1 Poor utilisation of SJSRY grants

Details of grants received from Government for implementation of SJSRY and utilisation thereof during the year 2005-06 in respect of 38 ULBs revealed that there was an opening balance of Rs 2.17 crore and an amount of Rs 2.10 crore was received during the year. The above ULBs utilized only Rs 2.37 crore being 56 *per cent* of available fund leaving a balance of Rs 1.89 crore (**Appendix - 22**). The financial performance of 14 ULBs was below 50 *per cent* of available fund. The ULBs did not furnish any reasons for under utilisation of SJSRY funds.

¹⁹ Durgapur M C (Rs 1.54 lakh), North Barrackpore (Rs 6.29 lakh), Raiganj (Rs 15.20 lakh), Bankura (Rs 4.50 lakh), Kaliaganj (Rs 1.05 lakh) and Taherpur (Rs 1.61 lakh).

6.3.2 Irregularities in implementation of SJSRY

Under SJSRY, the under employed and unemployed urban poor are encouraged to set up small enterprises relating to servicing, petty business and manufacture of items etc. For this purpose, beneficiaries are trained under the programme to develop their skills at a unit cost of Rs 2000 per trainee. On completion of the training programme, each beneficiary undertakes a project at a maximum cost of Rs 50,000 and 95 *per cent* of project cost is sanctioned as composite loan (including 15 *per cent* subsidy) by the bank. On scrutiny of records made available to audit, the following irregularities were noticed in implementation of SJSRY:

(i) Uluberia Municipality received Rs 6.88 lakh for 1375 numbers of beneficiaries of Thrift and Credit Groups and Chakdah Municipality received Rs 20.97 lakh for 4194 numbers of beneficiaries of Thrift and Credit Groups and Community Development Society during March 2004. Uluberia Municipality disbursed Rs 4.78 lakh in May 2005 and Rs 2.10 lakh remained undisbursed (June 2006). But in Chakdah Municipality no amount was disbursed till June 2006. Thus a total sum of Rs 23.07 lakh remained unutilised till June 2006.

(ii) Chandernagar Municipal Corporation and Chakdah municipality did not impart any training for self employment and wage employment during 2004-06 though substantial fund of Rs 2.46 lakh and Rs 2.08 lakh respectively remained unutilised.

(iii) The following municipalities executed works during 2004-07 under Urban Wage Employment Programme (UWEP) at a cost of Rs 15.53 lakh of which Rs 12.37 lakh was spent on material and Rs 3.16 lakh on wages. This was not in accordance with the material-wage ratio of 60:40 as stipulated in the scheme.

Name of ULB	Period	No of works	Cost of work	Cost of material	Cost of wage	Ratio of cost of material and wage
			(Rupees in lakh)			
Memari	2004-05	8	3.01	2.37	0.64	79:21
Ramjibanpur	2005-07	14	1.97	1.49	0.48	76:24

Santipur	2005-06	1	4.87	4.03	0.84	83:17
Haldibari	2005-06	10	3.76	2.90	0.86	77:23
Kaliaganj	2005-06	NA	1.92	1.58	0.34	82:18
Total		33	15.53	12.37	3.16	80:20

(iv) Kurseong Municipality diverted Rs 25.40 lakh during 2002-06 towards payment of wages of casual workers and salary of general staff, administrative and office expenses which were outside the purview of the scheme.

vii) The Scheme for Development of Women and Children in the Urban Areas (DWCUA) which was extended to poor urban women to set up self employment ventures in a group, was not initiated in Chandernagar Municipal Corporation during 2005-06 and subsidy of Rs 0.43 lakh was not utilised.

6.4 Eleventh Finance Commission

Eleventh Finance Commission (EFC) recommended local body grants to augment the Consolidated Fund of the state governments to supplement the resources of the ULBs on the basis of recommendations of the State Finance Commission. The recommendation was made with a view to maintain civic services like primary education, primary health care, safe drinking water, street lighting, sanitation and maintenance of cremation and burial grounds in urban areas. The scheme was launched in the year 2000-01.

6.4.1 Diversion of fund

Twelve ULBs²⁰ incurred an expenditure of Rs 1.79 crore during the year 2004-2006 out of EFC grants for construction of daily market; municipal building; doors; store rooms; roads; dustbins; culverts; bathing *ghat*; drain; procurement of air conditioner; interior designing; electrical goods; and payment

²⁰ Birnagar (Rs 3.17 lakh), Memari (Rs 31.46 lakh), Ranaghat (Rs 5.96 lakh), Durgapur Municipal Corporation (Rs 30.67 lakh), Asansol Municipal Corporation (Rs 18.47 lakh), Dubrajpur (Rs 1.26 lakh), Pujali (Rs 21.01 lakh), Chandrakona (Rs 12.68 lakh), Santipur (Rs 30.27 lakh), Raghunathpur (Rs 11.78 lakh), Garulia (Rs 7.99 lakh) and Gangarampur (Rs 3.98 lakh).

of telephone bills; electric bills; salary; purchase of tractor and construction of retaining wall, Vivekananda Bhawan etc.

6.5 Member of Parliament Local Area Development Schemes

Under the Member of Parliament Local Area Development Schemes (MPLAD) launched in 1994, each Member of Parliament may recommend works for implementation in their constituencies. The selection of the works should be developmental in nature based on local need.

6.5.1 Irregular expenditure

(i) In terms of Annex –II of the MPLAD guidelines, thirteen works including all maintenance, renovation and repair works and all revenue and recurring expenditure are prohibited under the scheme.

The following ULBs spent Rs 43.98 lakh in violation of the MPLAD guidelines:

(Rupees in lakh)			
Name of ULB	Year	Particulars	Amount
Asansol	2005-06	Excavation of earth for renovation, cleaning and development of Gorai river but estimate was not vetted by the Municipal Engineer, AMC	11.29
Raniganj	2005-06	Repair and renovation of Primary Health Centre	1.75
Mahestala	2005-06	Reallocated the amount meant for construction of Bata Sports Complex towards Panchur Education Society	7.60
New Barrackpore	2004-06	Repairing of wooden bridge, KG and Primary School, development of Sanskriti Parishad, school and library buildings, etc.	5.27
Contai	2004-06	Recurring revenue expenditure	18.07
Total			43.98

(ii) Contai Municipality expended Rs 1.64 crore during 2004-06 by engaging private contractors in violation of the guidelines which was specified that the work in urban areas should be done through Corporations/Municipalities. Midnapur Municipality and Taherpur Notified Area Authority expended Rs 9.31 lakh and Rs 5.00 lakh respectively during 2003-06 by engaging private contractor.

(iii) Baidyabati Municipality received allotment of Rs 24.50 lakh for sinking of deep tube well, extension of pipeline and installation of submersible pump. The Municipality however diverted Rs 10.95 lakh towards payment for cost of materials for development of a maternity hall and payment of arrears of salary and pension. Though the Municipality recouped a total amount of Rs 3.72 lakh from that diversion and spent Rs 13.12 lakh for the purpose for which it was sanctioned, an amount of Rs 4.15 lakh remained unutilised till April 2008.

6.5.2 Irregular sub-allotment of grant

In terms of MPLAD Guidelines, the implementation of works in Urban areas can be done through Commissioners/ Chief Executive Officers of Corporation, Municipalities. Panskura Municipality received an amount of Rs 4.00 lakh during 2005-06 for construction of a gymnasium building for Panskura Sports Development Academy with a stipulation in the allotment order that the work would be executed by the Municipality. But the Municipality handed over the amount to Sports Academy of Panskura instead of executing the work itself. Similarly, Rs 10.06 lakh was allotted in favour of the Chairman, Kalyani Municipality from MPLAD fund for construction of a classroom of Kalyani University. Municipality was selected as the executing agency. But the entire fund was handed over to the University without executing the work.

6.5.3 Other irregularities

Konnagar Municipality did not transfer the unspent balance of Rs 1.80 lakh under MPLAD Fund as on 31 March 2004 while opening a separate bank account (current) in May 2005.

6.6 Other Schemes

6.6.1 Wastage of Mid-day-meal rice

The District Magistrate, South 24 Parganas intimated (December 2004) Rajpur-Sonarpur Municipality to implement the mid-day-meal programme not later than January 2005 and accordingly placed the requisition for funds. But the Municipality failed to draw the earmarked fund of Rs 13.28 lakh for the month of February and March 2005. The programme commenced after a delay of seven

months for 12546 students from August 2005 in 65 schools. Out of those 65 schools, 62 schools did not have any kitchen sheds in spite of having Rs 13.44 lakh from NSDP grant for the purpose of construction of kitchen sheds. Twelve tons of rice lying in the municipal stock were damaged due to delay in commencement of the programme and became unfit for human consumption. The damaged rice was written off from the stock as per order of the Chairman dated 30 June 2005.

6.6.2 Loss of Government grant

Financial Sanction was accorded to Khardah (Rs 53.25 lakh) and Kalyani (Rs 102.77 lakh) municipalities under Kolkata Urban Services for Poor Programme for various construction works during 2005-06 with a directive to complete the works and book the expenditure within 31 March 2006 to avoid lapse of financial sanction. The Municipalities could spend only Rs 32.84 lakh and Rs 94.19 lakh respectively upto 31 March 2006. As a result, allotment of Rs 20.41 lakh for Khardah Municipality and Rs 8.58 lakh for Kalyani Municipality lapsed resulting in the tax payers being deprived of the infrastructural benefits.

Replies from the concerned ULBs / Government are awaited.