



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
on
Local Self-Government Institutions
for the period ended March 2023**



**Government of Kerala
Report No.8 of 2025**

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PREFACE

This Report for the period ended March 2023 has been prepared for submission to the Governor of the State of Kerala under Article 151 (2) of the Constitution of India.

The Report contains significant results of the audit of Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs) in the State.

The issues noticed in the course of audit for the period 2022-23 as well as those issues which came to notice in earlier years but could not be dealt within the previous Reports, have also been included, wherever necessary.

The audit has been conducted in conformity with Auditing Standards issued by the Comptroller and Auditor General of India.



Executive Summary

EXECUTIVE SUMMARY

This report comprises seven chapters of which Chapter I contains an Introduction to the Local Self-Government Institutions of the State. Chapters II and IV contain an overview of Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. Chapters III and VII contain district-centric audit findings of PRIs and ULBs respectively. Chapters V and VI contain one subject-specific Compliance Audit and three Compliance audit paragraphs respectively. Copies of draft audit paragraphs were forwarded to the Government and replies, wherever received, are duly incorporated in this report.

Introduction and overview of Local Self-Government Institutions of the State

The amount spent on productive sector by PRIs and ULBs during 2018-19 to 2022-23 ranged from 10.44 *per cent* to 12.67 *per cent* and 4.61 *per cent* to 6.19 *per cent* respectively indicating that the PRIs and ULBs assigned low priority to productive sectors like Agriculture, Animal Husbandry, Fisheries, Industries, etc. Audit noticed parallel implementation of schemes related to transferred functions by both LSGIs and Government departments, thereby undermining the autonomy of LSGIs. In PRIs and ULBs during the financial year 2022-23 an amount of ₹1274.63 crore (15.35 *per cent*) and ₹384.98 crore (17.54 *per cent*) respectively lapsed, against the allotment of ₹8303.40 crore and ₹2195.08 crore.

(Chapters I, II and IV)

District-Centric Audit of PRIs and ULBs

The District Centric Audit on formulation and implementation of Scheduled Caste Sub Plan (SCSP) and Tribal Sub Plan (TSP) by LSGIs revealed significant gaps in planning, fund utilisation and delivery of essential services by LSGIs in the selected districts.

- Despite acceptance of the Sixth SFC's recommendation, no updated survey of SC/ST families was conducted, leaving PRIs/GoK to rely on 12 to 15 year old data for SCSP/TSP planning and fund allocation.
- PRIs and ULBs allocated only a minimal share of SCSP/TSP funds (PRIs: 1.37 *per cent* to 10.06 *per cent* under SCSP and 2.36 *per cent* to 17.87 *per cent* under TSP; ULBs: 0.51 *per cent* to 2.14 *per cent* under SCSP) to productive-sector projects, reflecting very low prioritisation of livelihood-oriented interventions.
- Test-checked PRIs and ULBs addressed only a small fraction of community demands for drinking water and sanitation - PRIs met just 42.20 *per cent* of drinking water demands and implemented only 4.62 *per cent* of toilet-related requests, while ULBs in Malappuram and Kozhikode districts achieved only 20 *per cent* of drinking water demands - highlighting significant gaps in local planning and execution despite ongoing national sanitation initiatives such as Swachh Bharat Mission.
- During 2020-21 to 2022-23, funds to the tune of ₹82.99 crore and ₹6.86 crore respectively from SCSP and TSP funds were lapsed due to reduction in expenditure of allocated funds.

- Prescribed beneficiary-selection formula for scholarships was ignored by 10 PRIs and two ULBs, leading to the exclusion of 109 eligible students.
- Eligible Scheduled Caste/Scheduled Tribe (SC/ST) families were excluded from the LIFE housing beneficiary lists, with 12 PRIs omitting 995 families and 10 ULBs excluding 2,740 families, despite their documented houseless or landless status.
- Usage of contaminated drinking water by 65 SC/ST settlements in 45 PRIs and by nine SC/ST settlements in nine ULBs was also noticed.
- Joint physical verification at Vettilakolli tribal settlement in Chaliyar GP revealed systemic neglect in providing basic amenities such as housing, drinking water, toilets, electricity, etc.

(Chapters III and VII)

Subject-Specific Compliance Audit on Asset Management by Urban Local Bodies

The Compliance Audit was conducted in 24 ULBs covering the period from 2020-21 to 2022-23. The significant audit findings are as under:

- Test checked ULBs had not prepared Asset Management Plan and Strategy for effective management of assets in their jurisdiction. Despite the instructions from Government to digitise their asset registers and to maintain in the Sachithra software developed by Information Kerala Mission (IKM), none of the 24 test checked ULBs completed the digitisation of Asset register as prescribed.
- Test-checked ULBs lacked title deeds or valid ownership records for 82 *per cent* of their land assets, leading to encroachments and failure to assert or protect municipal ownership. Instances of encroachments due to failure to protect own land were noticed in Palakkad Municipality and Kochi Corporation.
- ULBs purchased land that were not suitable for the intended purposes resulting in unfruitful expenditure of ₹7.50 crore (Wetlands for Sewage Treatment Plant in Thrissur Corporation and Paddy land for implementation of a Housing Scheme). Site condition was not ascertained before commencement of construction in the case of various service delivery projects resulting in unfruitful expenditure of ₹7.96 crore.
- Test checked ULBs formulated Women Component Plan projects without analysing feasibility, mode of operation etc. resulting in idling of assets worth ₹12.12 crore. Five She Lodges/Women Hostels (₹7.19 crore) in four ULBs (Thiruvananthapuram and Kochi Corporations, Kalpetta and Attingal Municipalities), 11 Women Vyavasaya/Vipana Kendrams (₹3.23 crore) in six ULBs, and seven women rest rooms/women-friendly centres (₹1.37 crore) in Thiruvananthapuram and Kochi Corporations, remained idle for years due to lack of planning and management, undermining their intended benefits.
- Idling of market buildings (Thiruvananthapuram Corporation - Pangode and Kochi Corporation - Palluruthi), shopping complexes (Thrissur Corporation – Olari, Thiruvananthapuram Corporation – Mannanthala and Peroorkada),

community halls (51 in seven ULBs) and gas crematoria (five in four ULBs) were also noticed.

- Palakkad Municipality initiated seven major building projects without securing funds, resulting in all works remaining incomplete even after lapse of six years, despite expenditure of ₹14.17 crore. Even partially built structures failed to attract lessees, rendering the expenditure unproductive.
- Construction of the new building of Kochi Corporation remained incomplete even after 17 years, despite an expenditure of ₹25.70 crore due to repeated revisions of estimates, disputes and deficient project management. Further, issues such as waterlogging at the site remained unaddressed, indicating inadequate planning and oversight.
- Plant and machinery such as effluent treatment plants, solid waste management equipment etc., were lying idle in seven test checked ULBs resulting in unfruitful expenditure of ₹2.66 crore.
- Audit found that 43.05 *per cent* of vehicles in Corporations and 24.88 *per cent* in Municipalities were idling. The proportion of non-operational vehicles ranged from 17.65 *per cent* in Thrissur Corporation to 74.12 *per cent* in Kochi Corporation. Delay at multiple levels in sanctioning estimate, issuing work order, release of payment to workshop, etc., by Kochi Corporation resulted in prolonged idling of the vehicles for a period up to seven years causing irreparable damage and resultant loss of public money.

(Chapter V)

Compliance Audit Paragraphs of Urban Local Bodies

Kozhikode Corporation, Palakkad and Kottakkal municipalities paid centage charges at higher rates for works executed through accredited agencies in violation of Government orders resulting in excess payment of ₹50.35 lakh.

(Paragraph 6.1)

Awarding of works based on estimates prepared as per Delhi Schedule of Rates, 2016 and cost indices inclusive of Value Added Tax, and payment of GST at the rate of 12 *per cent* additionally on the value of work done resulted in excess payment of GST to the tune of ₹68.61 lakh to the accredited agencies by Palakkad, Kottakkal and Kasaragod Municipalities.

(Paragraph 6.3)

CHAPTER I

**INTRODUCTION TO THE LOCAL
SELF-GOVERNMENT INSTITUTIONS OF
THE STATE AND ITS AUDIT**

CHAPTER I

INTRODUCTION TO THE LOCAL SELF-GOVERNMENT INSTITUTIONS OF THE STATE AND ITS AUDIT

1.1 Introduction

The Seventy-third and Seventy-fourth amendments of the Constitution of India gave constitutional status to Local Self-Government Institutions (LSGIs) and established a system of uniform structure, regular elections and flow of funds. Consequent to these amendments, the State Legislature passed the Kerala Panchayat Raj Act, 1994 (KPR Act) and the Kerala Municipality Act, 1994 (KM Act) to enable LSGIs to work as third tier of the Government. In pursuance of Eleventh and Twelfth Schedules introduced through the constitutional amendments, the State entrusted LSGIs with such powers, functions and responsibilities as to enable them to function as institutions of self-government. In order to fulfil the mandate bestowed on them under the Constitution and various laws, LSGIs are required to prepare plans and implement schemes for economic development and social justice, including those listed in the Eleventh and Twelfth Schedules of the Constitution. While the Constitution and the Acts confer autonomy and independent status to the LSGIs within the functional domain, the Local Self Government Department (LSGD) of Government is empowered to issue general guidelines to LSGIs in accordance with the National and State Policies.

1.2 Profile of LSGIs

As of March 2024, Kerala has 1200 LSGIs in the State. This includes 941 Grama Panchayats, 152 Block Panchayats, 14 District Panchayats, 87 Municipalities and six Municipal Corporations. The details of their area, wards/divisions, population, etc., are presented in **Table 1.1**

Table 1.1: Area, Population, Population density and other metrics of LSGIs

Sl. No.	Type of LSGIs	No. of LSGIs	No. of Wards	Area (sq.km)	Population as per 2011 census (in lakh)	Density of population per sq.km.
1	Municipal Corporations	6	414	682.55	31.17	4566.70
2	Municipalities	87	3113	2374.57	45.09	1898.87
3	District Panchayats (DPs)	14	331	35805.39	258.41	721.71
4	Block Panchayats (BPs)	152	2080			
5	Grama Panchayats (GPs)	941	15962			

(Source: *Economic Review 2023 Kerala*)

1.3 Fund flow to LSGIs

The resources of LSGIs consist of Own Revenue viz., Tax and Non-tax revenue, funds devolved by the State Government viz., General Purpose Fund,

Maintenance Fund and Development Fund, Government of India (GoI) grants and loans from State Government and financial institutions. Government of Kerala devolves grants to LSGIs based on the recommendations of State Finance Commissions. The composition of resources of LSGIs for the period 2018-19 to 2022-23 is given in **Table 1.2**.

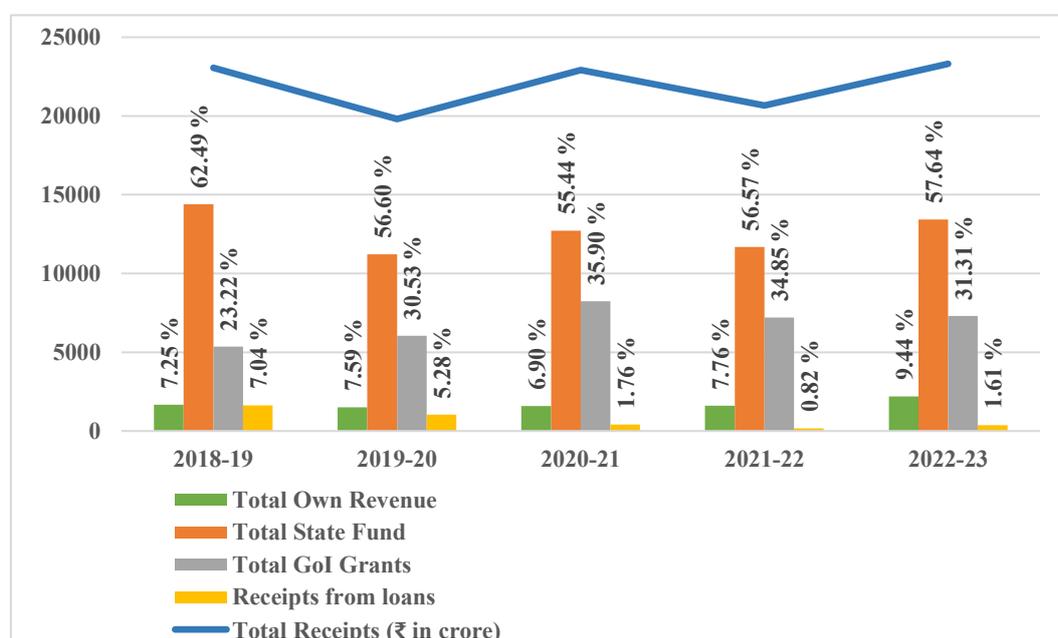
Table 1.2: Resources of LSGIs

Resources	₹ in crore				
	2018-19	2019-20	2020-21	2021-22	2022-23
Total Own Revenue	1671.77	1504.03	1581.64	1603.47	2200.93
Total State Fund	14405.01	11208.52	12707.78	11684.97	13435.97
Total GoI grants	5351.57	6046.39	8228.34	7197.92	7298.53
Receipts from other sources:					
Loans	1623.14	1045.54	403.80	168.42	375.17
Total Receipts	23051.49	19804.48	22921.56	20654.78	23310.60

(Source: Data collected from Information Kerala Mission, State Finance Commission Cell, Principal Directorate of LSGD, Kerala Urban and Rural Development Finance Corporation (KURDFC), Kerala State Poverty Eradication Mission (Kudumbashree)

The composition of resources of LSGIs for the period 2018-19 to 2022-23 in percentage terms is shown in **Chart 1.1**:

Chart 1.1: Resources of LSGIs



- During 2022-23, of the total receipts, the percentage share of State, Central, Own revenue and receipts from other sources were 57.64, 31.31, 9.44 and 1.61 per cent respectively.
- The share of GoI grant to total receipts increased from 23.22 per cent in 2018-19 to 31.31 per cent in 2022-23.
- The share of State grants to total receipts decreased from 62.49 per cent in 2018-19 to 57.64 per cent in 2022-23.

Further details of resources of PRIs and ULBs are given in Chapter II and Chapter IV respectively.

1.4 Status of devolution of functions and other important activities undertaken by LSGIs

According to KPR Act and KM Act, it shall be the duty of LSGIs to take care of the requirements of the areas of their jurisdiction in respect of the matters enumerated in the respective Schedule of the Acts and LSGIs shall have the exclusive power to administer the matters enumerated in the Schedules and to prepare and implement schemes relating thereto for economic development and social justice.

The Acts envisaged transfer of functions of various Departments of the Government to LSGIs, together with the staff to carry out the functions transferred. The transfer of functions to different tiers of LSGIs was to be done in such a way that none of the functions transferred to a particular tier overlapped with that of the other.

The Eleventh Schedule of the Constitution contains 29 functions (**Appendix 1.1**) pertaining to the PRIs. Government transferred (September 1995) 26 of these functions to PRIs. Likewise, the Twelfth Schedule of the Constitution includes 18 functions (**Appendix 1.2**) pertaining to ULBs, of which Government has transferred 14 functions. Devolution of functions to PRIs and ULBs are discussed in detail in Chapters II and IV respectively.

As part of administrative or functional decentralisation, Government transferred public service delivery institutions such as schools, dispensaries, public health centres, hospitals, anganwadis, district farms, veterinary institutions, etc. to LSGIs.

Besides the transferred subjects and activities, LSGIs also undertake various Central and State sponsored schemes to implement developmental programmes. All poverty alleviation programmes and welfare pension schemes are also implemented through LSGIs.

1.5 Audit Mandate and Methodology

1.5.1 Audit Mandate

1.5.1.1 Audit by Comptroller and Auditor General of India

The authority for audit by the Comptroller and Auditor General of India (C&AG) is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C&AG's (DPC) Act). Sections 14, 15 and 20(1) of CAG's DPC Act¹ empowers Comptroller and Auditor General of India to conduct audit of the Local Self-Government Institutions (LSGIs) of the State. The principles and methodologies of various types of audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, issued by the C&AG.

¹ Section 14: Audit of receipts and expenditure of bodies or authorities substantially financed from Union or State
Section 15: Functions of CAG in the case of Grants or Loans given to other authorities or bodies
Section 20(1): Audit of accounts of certain authorities or bodies

According to Section 20(1) of CAG's DPC Act and Section 120 of the Regulations on Audit and Accounts, 2020, function of Technical Guidance and Support (TGS) for Audit of LSGIs has been entrusted to C&AG. Government of Kerala entrusted the C&AG, for providing technical guidance and support to Kerala State Audit Department (KSAD), till March 2024.

1.5.1.2 Audit by Primary Audit Institutions (PAIs)

According to Kerala Local Fund Audit Act, 1994 (LFA Act), Kerala Panchayat Raj Act, 1994 (KPR Act) and Kerala Municipality Act, 1994 (KM Act), Director of KSAD is the Statutory Auditor of LSGIs. LFA Act has vested KSAD with necessary powers and responsibilities to conduct audit of accounts of LSGIs. Kerala Local Fund Audit Rules, 1996 (LFA Rules) provide for the manner of conducting the audit, form and contents of the audit reports, procedure for charge and surcharge, etc. The KSAD functions under the administrative control of the Finance Department, Government of Kerala.

According to LFA Rules, LSGIs should prepare Annual Financial Statements (AFS) containing Receipt and Payment Statement, Balance Sheet and Income and Expenditure Statement and present their accounts to KSAD by 31 July of the succeeding financial year. The KSAD should complete the audit of the accounts within six months of receipt of the accounts and issue Audit Report within three months of the date of completion of audit. The KSAD had received accounts pertaining to the year 2022-23 from all the LSGIs by the due date and Audit Reports were issued in respect of all accounts (June 2024).

According to Kerala Local Fund Audit Act (Section 23) and Local Fund Audit Rules (Rule 25), the Director should, not later than 30 September every year, send to the Government a consolidated report of the accounts, audited by him during the previous financial year, containing such particulars which he intends to bring to the notice of the Government. The Consolidated Audit Report for the year 2022-23 was placed in the Legislature on 31 January 2024. Legislative Committee on Local Fund Accounts examines the Consolidated Audit Reports.

1.5.2 Audit Methodology

1.5.2.1 District-Centric Service Delivery oriented approach to audit

Currently, the Audit Report for LSGIs is focused primarily on the assessment of the quality of the Service Delivery by the Local Self-Government Institutions with respect to the functions devolved to them, and to assess to what extent these services have positively impacted the citizens at the grassroots under their jurisdiction.

This has been attempted by generally adopting a District-centric approach, where the Service Delivery has been assessed horizontally and vertically across all tiers of the LSGIs in a district to arrive at a comprehensive conclusion vis-à-vis the sample units of LSGIs chosen for audit.

Other issues of importance, noticed by Audit across LSGIs, have also been included for necessary remedial action.

Over and above these, large Municipal Corporations have also been audited as standalone entities with respect to their functions, efficiency and compliance issues, wherever applicable.

1.6 Structure of the Report

The report has been organised in following chapters:

- Chapter II - Overview of Panchayat Raj Institutions
- Chapter III - District Centric Audit of Panchayat Raj Institutions
- Chapter IV - Overview of Urban Local Bodies
- Chapter V - Subject-Specific Compliance Audit on Asset Management by Urban Local Bodies
- Chapter VI - Compliance Audit Paragraphs of Urban Local Bodies
- Chapter VII - District Centric Audit of Urban Local Bodies

1.7 Audit Scope and Criteria

The scope of Audit was mainly to analyse (i) the status of devolution of functions and flow of funds to LSGIs (ii) formulation and implementation of projects under SCSP and TSP by LSGIs and (iii) management of assets by ULBs

Audit criteria were mainly derived from the following: -

- Kerala Panchayat Raj Act, 1994
- Kerala Municipality Act, 1994
- Kerala Municipality (Accounts) Rules, 2008
- Kerala Panchayat (Accounts) Rules, 2011
- Kerala Municipality (Acquisition & disposal of property) Rules, 2000
- Manual for Asset Management in Local Self Government Institutions of Kerala, 2017
- State Finance Commission Reports

1.8 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the Department of Local Self Government, Government of Kerala, and all test-checked ULBs and PRIs in the smooth conduct of the audit.

Part - I

Panchayat Raj Institutions (PRIs)

CHAPTER II

OVERVIEW OF PANCHAYAT RAJ INSTITUTIONS

2.1 Introduction

The 73rd Constitutional Amendment Act, 1992 (CAA) gave constitutional status to the institutions of rural local self-governments in the country. The Panchayat Raj system is a three-tier system of local self-government institutions in rural areas that includes Grama Panchayats, Block Panchayats and District Panchayats. In pursuance of the 73rd Constitutional Amendment Act, Government of Kerala (GoK) enacted the Kerala Panchayat Raj Act 1994 (KPR Act), endowing Panchayat Raj Institutions (PRIs) with necessary powers and authorities to enable them to function as institutions of self-government and for securing a greater measure of participation of the people in planned development and local Governmental affairs. The 73rd CAA also introduced the Eleventh Schedule, and the matters enumerated therein were identified as functions which could be entrusted to PRIs.

There are 941 Grama Panchayats, 152 Block Panchayats and 14 District Panchayats in the State. In the three-tier Panchayat Raj system in the State, each tier functions independently of the other. District-wise number of PRIs, population and per capita income are given in **Table 2.1**.

Table 2.1: District-wise details of PRIs

Sl. No.	District	Rural population (in lakh)	Per Capita income (₹) (district)	Number of PRIs		
				Grama Panchayats	Block Panchayats	District Panchayats
1	Thiruvananthapuram	15.30	145214	73	11	1
2	Kollam	14.48	180947	68	11	1
3	Pathanamthitta	10.65	113425	53	8	1
4	Alappuzha	9.79	195817	72	12	1
5	Kottayam	14.09	171528	71	11	1
6	Idukki	10.57	149686	52	8	1
7	Ernakulam	10.48	202863	82	14	1
8	Thrissur	10.25	164800	86	16	1
9	Palakkad	21.33	130112	88	13	1
10	Malappuram	22.96	109422	94	15	1
11	Kozhikode	10.13	136648	70	12	1
12	Wayanad	7.88	104305	23	4	1
13	Kannur	8.82	145441	71	11	1
14	Kasaragod	7.98	127641	38	6	1
Total				941	152	14

(Source: Economic Review-2023 and Thadhesakam 2023 issued by LSGD)

2.2 Functioning of PRIs in the State

Consequent to the enactment of KPR Act, 1994, PRIs have assumed an important role in the formulation and implementation of developmental programmes at the grassroots level which involve active participation of all sections of people in the form of Grama Sabhas, Working Groups (WGs) and Development Seminars for the overall development of PRIs. Every year PRIs have to prepare a development plan for the succeeding year, adhering to the guidelines issued by the Government and submit the plan to the District Planning Committee (DPC) for approval. In the decentralised planning set-up, WGs, Grama Sabhas, Standing Committees (SCs), DPCs and Implementing Officers are the institutions/groups involved in the plan formulation process and its implementation.

According to the KPR Act, it shall be the duty of PRIs to take care of the requirements of the areas of their jurisdiction in respect of the matters enumerated in the respective Schedules of the Acts and PRIs shall have the exclusive power to administer the matters enumerated in the Schedules and to prepare and implement schemes relating thereto for economic development and social justice.

2.3 The Status of devolution of Functions and Functionaries

The Eleventh Schedule of the Constitution contains 29 functions (**Appendix 1.1**) pertaining to the PRIs. The KPR Act envisaged transfer of functions of various Departments of the Government to LSGIs, together with the staff to carry out the functions transferred. As mandated by KPR Act, the Government transferred (September 1995) 26 of these functions to PRIs. The functions relating to minor forest produce, distribution of electricity and implementation of land reforms are yet to be transferred to PRIs. Government also transferred the assets, liabilities, institutions and schemes relating to the transferred functions along with the officials to the Panchayats with effect from 02 October 1995. However, Audit noticed that PRIs were fully responsible for only five out of 26 functions transferred and had limited/no role with regard to 12 functions. In respect of nine functions, audit noticed parallel implementation of schemes by PRIs and Government Departments. Details are given in **Table 2.2**.

Table 2.2: Status of devolution of functions to PRIs

Sl. No.	Responsibilities	Functions
1	Full jurisdiction/Major role	<ol style="list-style-type: none"> 1. Roads, culverts, bridges, ferries, waterways and other means of communication 2. Maintenance of community assets 3. Rural Housing 4. Poverty alleviation programme 5. Markets and Fairs

Sl. No.	Responsibilities	Functions
2	Limited role	<ol style="list-style-type: none"> 1. Minor irrigation, water management and water shed development 2. Fisheries 3. Small scale industries including food processing industries 4. Khadi, Village and Cottage Industries 5. Drinking water 6. Non-conventional energy sources 7. Technical training and vocational education 8. Adult and non-formal education 9. Libraries 10. Family welfare 11. Welfare of weaker sections and in particular of the Scheduled Castes and Scheduled Tribes
3	No role	<ol style="list-style-type: none"> 1. Public distribution system
4	Overlapping jurisdiction-Parallel implementation of schemes by PRIs and Government Departments	<ol style="list-style-type: none"> 1. Agriculture including agricultural extension 2. Animal Husbandry, Dairying and Poultry 3. Social Forestry and Farm Forestry 4. Fuel and Fodder 5. Education including primary and secondary schools 6. Cultural activities 7. Health and Sanitation including Hospital, Primary Health Centres and Dispensaries 8. Women and Child development 9. Social welfare including welfare of the handicapped and mentally retarded
5	Function not transferred	<ol style="list-style-type: none"> 1. Minor forest produce 2. Land improvement, implementation of Land reforms, Land consolidation and Soil Conservation 3. Rural electrification including distribution of electricity

(Source: Details furnished by Principal Directorate, LSGD)

2.3.1 Parallel implementation of schemes

In the absence of clear demarcation of activities, audit noticed overlapping of functions. Schemes relating to the transferred functions, which were included in the Annual Plans of PRIs, were implemented in a parallel manner by the Departments concerned also. Almost all functions related to Agriculture, Animal husbandry, Dairy development and Scheduled Caste and Scheduled Tribe development implemented through PRIs were also implemented in a parallel manner by the respective Departments.

According to KPR Act, Ward Sabhas were to identify and include eligible applicants from the respective ward area, based on the criterion prescribed in the beneficiary-oriented scheme guidelines. Parallel implementation of schemes by Government resulted in beneficiary selection by departmental officers for departmental schemes. The beneficiary lists prepared by departmental officers were not subject to scrutiny by Ward Sabhas and for that reason, such selection was vulnerable to the risk of duplication of beneficiaries. Implementation of schemes of similar nature relating to the transferred functions by PRIs and

Government/Departments in a parallel manner carries the risk of dilution of accountability of PRIs and departments towards effective implementation of schemes. Further, Departments continuing to implement programmes on devolved functions goes against the spirit of decentralisation, reducing the autonomy of PRIs.

2.3.2 Lack of role clarity in the powers and functions of PRIs with regard to transferred institutions

Powers and functions of PRIs with regard to transferred institutions have not been clearly laid down by the State. There is lack of clarity in the relationship between Local Governments and the Departments including parastatals performing functions assigned to Local Governments. All the transferred institutions are still kept under administrative control of the parent Government Department. The staff are appointed, transferred and their salaries are paid by the State Government. As such there exists dual control of PRIs and parent departments in the administration of the transferred institutions.

2.3.3 Transfer of functionaries

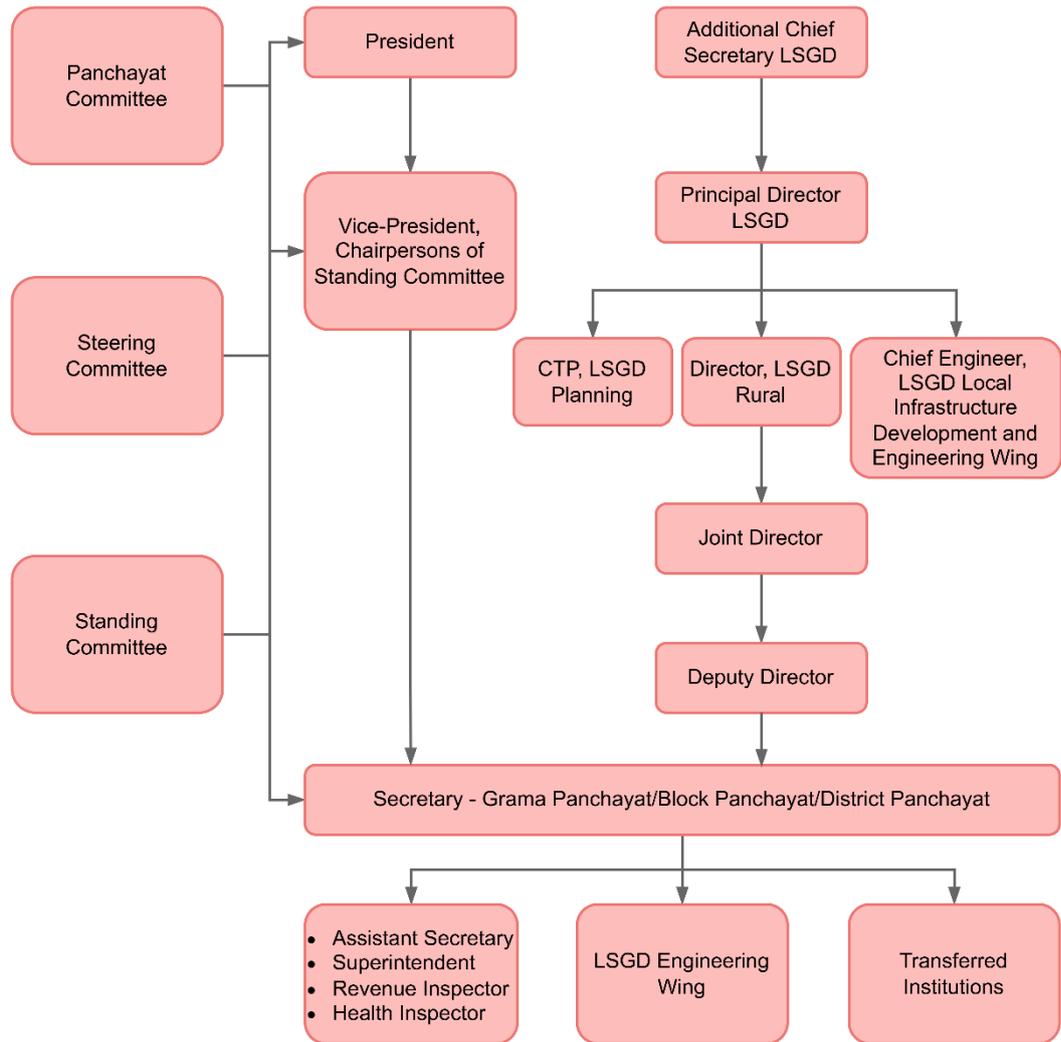
For efficient discharge of transferred functions, the LSGIs require qualified and trained personnel. Against the requirement of 1213 clerical posts assessed (July 2000) in PRIs, there was shortage of 62 personnel in Block Panchayats and 33 in District Panchayats (January 2024). Social Justice Department and Scheduled Caste and Scheduled Tribe Development Departments have not deployed any personnel to LSGIs (January 2024).

2.4 Organisational setup of PRIs

In the three-tier Panchayat Raj system in the State, each tier functions independently of the other. Local Self Government Department (LSGD) is empowered to issue general guidelines to LSGIs in accordance with the National and State policies in matters such as finance, maintenance of accounts, office management, formulation of schemes, selection of sites and beneficiaries, proper functioning of Grama Sabha, welfare programmes, environmental regulations, etc. The President is the Head of PRIs. Each PRI has a Secretary, who is the Chief Executive Officer. The members of each tier of PRIs elect the President, Vice-President and Chairpersons of the Standing Committees.

State Government, in October 2022, integrated five services under LSGD, viz., Panchayat, Rural Development, Urban Affairs, Town and Country Planning Department, Local Self Government Engineering wing and Municipal Common Service of LSGD and formed LSGD Common Service with Principal Director (LSGD) at its head. The Commissionerate of Rural Development, Directorate of Panchayats and Directorate of Urban Affairs were merged to form two wings viz., Directorate of LSGD (Rural) and Directorate of LSGD (Urban). LSGD Engineering wing was renamed as Local Infrastructure Development and Engineering Wing and Town and Country Planning wing as LSGD Planning Wing. Organogram at Government level and at PRI level is given in **Chart 2.1**.

Chart 2.1: Organogram at Government level and PRI level



2.5 Formation of various Committees

Section 162 of the Kerala Panchayat Raj Act deals with constitution of standing committees in every Panchayat and 162B deals with constitution of Steering Committee in every Panchayat.

Standing Committees

Standing Committees² analyse issues and proposals before these are considered for taking a decision by the Panchayat Committees. There are four³ Standing Committees for each Grama Panchayat and Block Panchayat, five⁴ for each District Panchayat. The Standing Committees have the power to make resolutions in respect of their subjects. Every resolution passed by the Standing Committees needs to be placed in the next meeting of the Panchayat Committee

² Standing committee consists of members elected by the elected members of the LSGIs from among themselves

³ (1) Standing Committee for Finance, (2) Standing Committee for Development, (3) Standing Committee for Welfare, (4) Standing Committee on Health and Education

⁴ (1) Standing Committee for Finance, (2) Standing Committee for Development, (3) Standing Committee for Welfare, (4) Standing Committee for Public Works, (5) Standing Committee for Health

of the PRIs. The Panchayat Committee can modify resolutions, if considered necessary.

Steering Committee

Steering Committee coordinates and monitors the working of Standing Committees. The Steering Committee consists of the President, Vice-President of the PRIs concerned and Chairpersons of the Standing Committees.

District Planning Committee

Article 243 ZD, of the Constitution of India, included vide the Seventy-fourth Constitutional Amendment Act, stipulates constitution of a District Planning Committee at the district level in every State to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district. Section 53 of KM Act, included in pursuance of Article 243ZD, provides for the constitution of a District Planning Committee (DPC) for consolidation of plans prepared by the Panchayats and the Municipalities. The tenure of DPC is five years.

The DPC consists of 15 members⁵ headed by the District Panchayat President as the Chairman and District Collector as the Member Secretary. Member of Parliament (MP) and Member of Legislative Assembly (MLA) representing the concerned district are the permanent invitees of the District Planning Committee of that district and district level officers of departments are joint secretaries of the Committee. Though the DPCs were to prepare the Draft Development Plan for the whole district for the next financial year before 30 September of every year, and the Chairman of the Committee was to forward the same to the Government for approval, District Plans have not been prepared since 2018-19.

2.6 Response to Audit Observations

The Handbook of Instructions for Speedy Settlement of Audit Objections/Inspection Reports (IRs)/timely disposal of draft audit paragraphs and matters pertaining to the Public Accounts Committee, issued by the State Government in 2010 and 2017, provides for prompt response by the Executive to the IRs issued by the Accountant General for rectification, in compliance with the prescribed rules and procedures. The Heads of Offices and next higher authorities are required to comply with the audit observations contained in the IRs, rectify the defects and omissions and promptly report their compliance to the Accountant General within four weeks of receipt of IRs. It was noticed that as of 2022-23, 401 IRs (1941 paragraphs) were outstanding in PRIs. Year-wise details of IRs and paragraphs outstanding are given in **Appendix 2.1**.

2.6.1 Discussion by Legislative Committee

Committee on Local Fund Accounts (LFAC), which came into effect from 18 February 2003, examines the Reports of the Comptroller and Auditor General of India, relating to the accounts of the Local Self-Government Institutions,

⁵ President of the District Panchayat of that district, District Collector, one person having considerable experience in the administration of planning nominated by the Government and twelve members from among the elected members of panchayat at district level and Municipalities in the district in proportion to the ratio between the population of rural areas and of urban areas in the district.

which are laid annually before the Legislative Assembly. According to the Rules of procedure and conduct of business in the Kerala Legislative Assembly, the Committee shall also perform such other functions in respect of the Audit Reports of the Local Bodies audited by the Comptroller and Auditor General of India as may be assigned to it by the Speaker from time to time.

All the paragraphs which appeared in CAG's Audit Reports relating to PRIs were discussed by the Local Fund Accounts Committee (June 2024).

2.7 Accountability Mechanism and Financial Reporting

2.7.1 Source of Fund

Devolved functions can be carried out effectively by LSGIs only when they are supported by sufficient financial resources. Financial resources are obtained through fiscal transfers facilitated by State Finance Commissions and compliance to Central Finance Commission recommendations as well as through increased access to own sources of revenue. The resources of PRIs consist of own revenue such as tax and non-tax revenue, funds devolved by State Government, Government of India (GoI) grants and loans from financial institutions. The State Government provides three types of funds to LSGIs from the Consolidated Fund viz., Grants (General Purpose Fund, Maintenance Fund, Development Fund), Funds for State Sponsored Schemes and State share of Centrally Sponsored Schemes (CSSs). The composition of resources of PRIs for the period 2018-19 to 2022-23 is given in **Table 2.3**.

Table 2.3: Composition of resources of PRIs during 2018-2023

Resources	2018-19	2019-20	2020-21	2021-22	2022-23
Own Revenue:					
i. Tax Revenue	587.74	561.47	554.89	422.24	703.39
ii. Non-Tax Revenue	158.70	161.66	150.04	116.27	276.10
Total Own Revenue	746.44	723.13	704.93	538.51	979.49
State Fund:					
i. Traditional Functions	2181.16	1284.29	1354.02	1545.64	1475.79
ii. Maintenance Expenditure (Road Assets and Non-Road Assets)	1905.02	2227.34	2391.65	2656.48	2433.27
iii. Expansion and Development	4308.97	4278.73	4168.01	3901.30	4394.34
iv. Funds for State sponsored schemes	2267.48	236.79	361.41	168.57	327.63
v. State share of Centrally Sponsored Schemes	255.29	210.61	314.98	391.71	768.25
Total State Fund	10917.92	8237.76	8590.07	8663.70	9399.28

Resources	2018-19	2019-20	2020-21	2021-22	2022-23
GoI grants:					
i. Centrally Sponsored Schemes	2609.62	3620.70	4394.40	3716.55	4279.78
ii. Development and expansion (15 th FC)	904.03	1093.48	2219.94	2113.62	1598.34
Total GoI grants	3513.65	4714.18	6614.34	5830.17	5878.12
Receipts from other sources:					
Loans	1195.95	515.12	208.65	76.61	354.31
Total Receipts	16373.96	14190.19	16117.99	15108.99	16611.20

(Source: Data collected from Information Kerala Mission, State Finance Commission Cell, Kerala Urban and Rural Development Finance Corporation (KURDFC), Kerala State Poverty Eradication Mission (Kudumbashree))

Of the total receipts during 2018-19 to 2022-23, the percentage share of State fund decreased from 66.68 per cent to 56.58 per cent; Central Fund increased from 21.46 per cent to 35.39 per cent and Own revenue increased from 4.56 per cent to 5.90 per cent.

2.7.2 Expenditure incurred by PRIs against the funds allocated by GoK

The State Government provides three types of funds viz., General purpose fund, Development fund and Maintenance fund to LSGIs from the Consolidated Fund of the State based on the recommendations of State Finance Commissions. Appendix IV to the Detailed Budget Estimates of the Government gives the LSGI-wise allocation of funds. Details of funds released and expenditure incurred during 2022-23 are given in **Table 2.4**.

Table 2.4: Expenditure incurred by PRIs during 2022-23

Sl.No.	Category of Fund	Head of Account	Amount Authorised	Expenditure	Unspent balance
1.	General purpose fund	3604-00-200-83 (03 to 05)	1475.79	1473.98	1.81
2.	Maintenance fund (Non Road)	3604-00-200-82 (03 to 05)	911.76	721.88	189.88
3.	Maintenance fund (Road)	3054-80-196-37, 3054-80-198-37	1521.51	999.50	522.01
4.	Expansion and Development	3604-00-200-81 (03,08,13,04,09, 14,05,10,15)-35	4394.34	3833.41	560.93
	Total		8303.40	7028.77	1274.63

(Source: State Finance Commission Cell, Government Orders, Voucher Level Computerisation Figures)

Out of the total allotment of ₹6827.61 crore towards Development and Maintenance funds, ₹1272.82 crore (18.64 per cent) lapsed at the end of the financial year.

2.7.3 Application of Resources

In terms of activities, total expenditure constitutes expenditure on Productive Sector, Infrastructure Sector, Service Sector and other expenditure⁶. Development expenditure of PRIs from all sources of funds during the period from 2018-19 to 2022-23 is given in **Table 2.5**:

Table 2.5: Application of Resources by PRIs

						(₹ in crore)
Sector	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Productive Sector	948.82	661.86	1171.34	1009.30	1076.14	4867.46
Infrastructure Sector	4986.21	4079.69	4699.43	5107.19	5597.12	24469.64
Service Sector	2387.28	1598.08	3375.56	2144.88	1967.90	11473.70
Total Development Expenditure	8322.31	6339.63	9246.33	8261.37	8641.16	40810.80

(Source: Details furnished by IKM)

- During the period 2018-19 to 2022-23 the total Development Expenditure from all sources of funds was ₹40,810.80 crore and the percentage of expenditure on productive sector, infrastructure sector and service sector were 11.93 per cent, 59.96 per cent and 28.11 per cent, respectively.
- The amount spent on productive sector ranged from 10.44 per cent to 12.67 per cent during 2018-19 to 2022-23, indicating that the LSGIs assigned low priority to productive sectors like Agriculture, Animal Husbandry, Fisheries, Industries, etc.

2.7.4 Implementation of projects by LSGIs

Details of projects formulated, taken up, completed and expenditure incurred during the period 2018-19 to 2022-23 are given in **Table 2.6**.

Table 2.6: Details of projects formulated, taken up and expenditure incurred

Year	Type of LSGI	Number of projects			Amount (₹ in crore)			Percentage of expenditure ⁷
		Formulated	Taken up	Completed	Outlay of projects formulated	Expenditure on projects taken up	Expenditure on completed projects	
2018-19	GP	194142	137526	118586	11959.58	6261.91	3924.11	52.36
	BP	16496	12794	10345	1448.24	892.96	726.33	61.66
	DP	13670	7309	5539	2322.72	1167.04	878.81	50.24
2019-20	GP	207892	118396	82030	12156.81	4985.02	2775.17	41.00
	BP	17422	10123	6254	1415.99	628.27	392.64	44.00
	DP	14585	5255	3039	2290.63	726.41	340.05	32.00

⁶ Salaries and honorarium, contingency expenditure, other administrative expenditure, terminal benefits, etc.

⁷ Percentage of expenditure on projects taken up to total outlay of projects formulated

Year	Type of LSGI	Number of projects			Amount (₹ in crore)			Percentage of expenditure ⁷
		Formulated	Taken up	Completed	Outlay of projects formulated	Expenditure on projects taken up	Expenditure on completed projects	
2020-21	GP	227830	176260	147490	13307.50	6750.16	5144.30	50.72
	BP	19214	16049	12583	1588.88	993.12	752.62	62.50
	DP	13898	9828	7714	2453.84	1491.89	1086.53	60.80
2021-22	GP	144715	110352	83449	9874.68	5048.72	3370.24	51.13
	BP	13715	11142	7914	1361.28	788.32	549.64	57.91
	DP	6940	3714	2566	1505.44	836.19	597.25	55.54
2022-23	GP	150456	106911	84267	11194.88	5011.22	3592.75	44.76
	BP	14678	11387	8367	1458.31	865.79	645.91	59.37
	DP	7267	3682	2266	1562.71	790.22	594.04	50.57
Total		1062920	740728	582409	75901.49	37237.24	25370.39	49.06

(Source: Details furnished by IKM)

- Against projects formulated, projects taken up for implementation ranged from 57 per cent to 77 per cent in GPs, 58 per cent to 84 per cent in BPs and 36 per cent to 71 per cent in DPs.
- Against projects taken up for implementation, percentage of completed projects ranged from 69 per cent to 86 per cent in GPs, 62 per cent to 81 per cent in BPs and 58 per cent to 78 per cent in DPs.
- With reference to the outlay of projects formulated, the percentage of utilisation of fund ranged from 41 per cent to 52 per cent in GPs, 44 per cent to 63 per cent in BPs and 32 per cent to 61 per cent in DPs.

2.8 Recommendations of the State Finance Commissions (SFC)

According to Article 243 I of the Constitution, State Finance Commission was to review the financial position of the Panchayats and to make recommendations on the principles which should govern (i) the distribution between the State and the Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State and the allocation between the Panchayats at all levels of their respective shares of such proceeds; (ii) the determination of the taxes, duties, tolls and fees which may be assigned to or appropriated by the Panchayats; (iii) the grants-in-aid to the Panchayats from the Consolidated Fund of the State; (iv) the measures needed to improve the financial position of the Panchayats, etc. The first SFC was constituted on 23 April 1994, covering the period 1996-2001. Since then, six SFCs have been constituted in the State (March 2024). The status of acceptance and implementation of recommendations of fifth and sixth SFCs by Government are given in **Table 2.7**.

Table 2.7: Status of acceptance and implementation of recommendations of SFCs by Government

SFC	Period	Total no. of recommendations	Accepted by GoK	Deferr ed	Not accept ed	Partia lly accept ed	Implemen ted
Fifth SFC	2016-17 to 2020-21	103	74	3	26	0	36
Sixth SFC	2021-22 to 2025-26	136	109	3	20	4	44

(Source - State Finance Commission Reports and details furnished by SFC Cell, Finance Department)

Out of the 74 accepted recommendations of fifth SFC, only 36 recommendations have been implemented by the State. Of the 109 accepted recommendations of sixth SFC, only 44 recommendations have been implemented till date (December 2024).

2.8.1 Status of transfer of funds

The major share of financial resources of PRIs comprised of grants recommended by the SFC. SFC allocation accepted by the State and funds actually released to PRIs during the periods 2019-20 to 2022-23 are given in **Table 2.8:**

Table 2.8: Details of SFC grants due and released to PRIs during 2019-20 to 2022-23
(₹ in crore)

Year	SFC allocation accepted by State	Actual allocation in Budget-Appendix IV	Actual release from Finance Department GoK ⁸	Short (-) / Excess (+) release	Percentage of Short(-) / Excess (+) release
2019-20	8022.23	8022.23	7995.49	(-) 26.74	(-) 0.33
2020-21	7735.41	7192.14	7913.68	(+) 178.27	(+) 2.30
2021-22	7922.04	7873.45	8103.43	(+) 181.39	(+) 2.29
2022-23	8332.48	8292.36	8303.39	(-) 29.09	(-) 0.35
Total	32012.16	31380.18	32315.99	(+) 303.83	

(Source: Data furnished by SFC Cell, Finance Department)

Audit noticed a short release of ₹26.74 crore and ₹29.09 crore to PRIs by GoK respectively during 2019-20 and 2022-23.

2.8.2 Delayed allotment of funds

The sanction for allotment of funds for a financial year was to be issued by the State in three instalments on or before 25 of March, July and November every year and the LSGIs were to utilise the funds with effect from the first working day of the next month. The funds not drawn up to 31 March of a financial year would lapse automatically. Audit observed that there was delay of up to 80 and 42 days respectively in the allotment of Development funds and Maintenance

⁸ Includes re-authorisation of unspent balances of previous year

funds during 2022-23. Delayed release of funds reduced the time available to LSGIs for utilisation of these funds.

2.9 Recommendations of the Central Finance Commission (CFC) and utilisation of CFC Funds

Article 280(3)(bb) of the Constitution mandates the Central Finance Commission (CFC) to recommend measures to augment the Consolidated Fund of a State to supplement the resources of Panchayats based on the recommendations of the respective SFCs.

While 14th CFC recommended for providing of Basic grant and Performance grant to PRIs, 15th CFC recommended for providing untied Basic Grant and Tied Grant. The details of 14th and 15th CFC grants received by PRIs in the State during the audit period are shown in **Table 2.9**:

Table 2.9: Details of Fourteenth and Fifteenth CFC grants received by PRIs during 2018-19 to 2022-23⁹

(₹ in crore)

Year	General Basic Grants			Performance Grants/Tied Grants			Utilisation
	Allocation by GoI	Release by GoI to State	Release from State to PRIs	Allocation by GoI	Release by GoI to State	Release from State to PRIs	
2018-19	802.78	802.78	802.78	101.25	0	101.25	680.43
2019-20	1084.73	1084.73	1084.73	132.57	0	0	493.53
2020-21	814.00	814.00	814.00	814.00	814.00	814.00	1294.00
2021-22	481.20	481.20	481.20	721.80	721.80	721.80	1543.17
2022-23	498.40	498.40	498.40	747.60	747.60	747.60	2395.98
Total	3681.11	3681.11	3681.11	2517.22	2283.40	2384.65	6407.11

(Source: Data furnished by SFC Cell, Finance Department)

- Though Performance grant of ₹233.82 crore pertaining to the period 2018-19 and 2019-20 was due from GoI, the amount has not been released by GoI till date (March 2024). Of ₹233.82 crore, State released ₹101.25 crore to PRIs.
- According to the Ministry of Finance Guidelines, the grant should be transferred to the LSGIs within 15 days of it being credited to the account of State Government. In case of delay, the State Government should release the instalment along with the interest for delayed period at the prevailing Bank rate of Reserve Bank of India, paid from its own funds. Audit noticed that during the financial year 2019-20, an amount of ₹26.75 lakh was distributed to PRIs as interest for delay in authorising balance amount of first instalment of Basic Grant to Rural Local Governments¹⁰.

⁹ Does not include re-authorisation of unspent balances and Health Sector Grant

¹⁰ G.O.(Rt) No. 6335/2019/Fin dated 08 August 2019

2.10 Maintenance of Records

Reports/returns prescribed in the KPR Act for submission by the lower tiers of PRIs to the higher tiers and from the higher tiers to Government are given in the **Table 2.10**.

Table 2.10: Report/returns for submission by the lower tiers of PRIs to the higher tiers

Report/returns to be submitted by lower tiers to higher tiers	Authority to whom the returns/reports submitted	Act/Rules
Budget (GP, BP and DP)	The Government and the DPC	KPR Act-214 (7)
Development plans of GP, BP and DP	DPC	KPR Act-175 (1)
Administration report of GP and BP	DP	KPR Act-192(3)
Consolidated Administration Report of the District	Government	KPR Act-192(4)
Annual Accounts of PRIs	Local Fund Examiner for Audit (KSAD)	KPR Act-215

2.11 Maintenance of Accounts by PRIs

Double entry Accrual System of accounting is being followed by PRIs in the state from 2011-12. The accounts are prepared in Saankhya software developed by GoK through Information Kerala Mission. The accounts prepared in Saankhya and Annual Financial statements are submitted to Statutory Auditor, Kerala State Audit Department (KSAD). As per Rule 64 of Kerala Panchayat Raj (Accounts) Rules 2011, the KSAD is the responsible authority for the audit of Accounts of PRIs. KSAD, the Primary Auditor has completed audit of accounts of all PRIs up to 2022-23 and certified the accounts pertaining to the period up to 2022-23 (June 2024).

2.11.1 Status of uploading on Audit Online

The State Government has accepted the Model Accounting System (MAS) prescribed by the Ministry of Panchayat Raj (MoPR). Saankhya double entry accounting system is based on MAS prescribed by MoPR. The Accounts of all LSGIs have been finalised up to the period 2022- 23 and uploaded in Audit Online Portal (June 2024).

2.11.2 Supplementary Audit by CAG

A total of 110 accounts audited by KSAD have been further test-checked by CAG under TGS during the period 2021-22 and 2022-23. Improper accounting of Assets and Liabilities were noticed in 101 cases and improper accounting of Income and Expenditure (Receipts and payments) in 108 cases. Non-inclusion of comparative amounts in AFS and non-inclusion of financial/key ratios were noticed in 88 cases and 59 cases respectively. Details are given in **Appendix 2.2**.

2.12 Social Audit

In pursuance of the MGNREGA Audit of Scheme Rules, 2011, Social Audit Unit (SAU) was set up in the State in 2015¹¹. However, the SAU Kerala -

¹¹ G.O (Rt) No. 3906/2015/LSGD dated 30 December 2015

Mahatma Gandhi NREGA Social Audit Society Kerala (MGNSASK) - was registered, as an independent Society under the Travancore-Cochin Charitable Societies Act, 1955 with the legal mandate to conduct social audit in the State and started functioning from December 2017. The core responsibility of SAU was to carry out Social Audit activities with the assistance of Resource Persons appointed at the Village, Block and District levels. The major activities carried out by Director, SAU was the preparation of the audit calendar on the basis of volume of work under the scheme, execute and monitor the Social Audit activities on the basis of the calendar, monitoring the progress of conducting and uploading social audit reports on the National web portal (MIS) etc. Audit of SAU, Kerala was conducted by Office of Accountant General (Audit), Kerala during September 2022 covering the period from 2017-18 to 2019-20.

CHAPTER III

DISTRICT-CENTRIC AUDIT OF PANCHAYAT RAJ INSTITUTIONS

3.1 Introduction

Consequent upon the 73rd Amendment of the Constitution, the State Legislature enacted the Kerala Panchayat Raj Act, 1994 (KPR Act). This Act established a three-tier Panchayat Raj system in the State, aimed at ensuring greater public participation in planned development and local governance. It constituted Grama, Block, and District Panchayats at the village, intermediary, and district levels respectively. The District-Centric Audit of Panchayat Raj Institutions (PRIs) evaluates how effectively these institutions are discharging the functions devolved through the 73rd Amendment of the Constitution.

3.1.1 Focus areas of Audit

The District Centric Audit of PRIs focuses on service delivery to ensure efficiency, transparency and accountability in local governance. Audit assesses whether the PRIs efficiently deliver services, meet development objectives, and maintain financial discipline.

The key areas of audit emphasis on service delivery include:

- i. Planning and implementation of different Central and State schemes – Assessing whether schemes align with local needs.
- ii. Quality and effectiveness of Service delivery – checking whether essential services i.e. water supply, sanitation, education, health, etc. meet the prescribed standards.
- iii. Financial management and fund utilisation – ensuring proper accounting, financial reporting and adherence to the budget allocation.
- iv. Transparency and public participation – examining the meetings of Grama Sabhas, Working groups, Sub-committees, etc.
- v. Compliance with laws and regulations – assessing the adherence to the Act, scheme guidelines and Government Orders.
- vi. Monitoring and evaluation system – evaluating whether PRIs have proper mechanism for monitoring the progress of projects and its impact.

3.2 Audit Scope and Methodology

3.2.1 Function selected for District-Centric Audit (DCA)

73rd Constitutional Amendment Act (1992) vested the responsibility of safeguarding the interests of weaker sections including Scheduled Castes and Scheduled Tribes with the Local Self-Government Institutions. For welfare of Scheduled Castes and Scheduled Tribes, Tribal Sub Plan (1974-75) and Scheduled Caste Sub Plan¹² (1979-80) were initiated by Government of India (GoI) to channelise the flow of plan outlays to cater to the development of Scheduled Tribes (STs) and Scheduled Castes (SCs) respectively, at least in their proportion to the population. The SCs with a population of 30.39 lakh and

¹² originally known as Special Component Plan

the STs with a population of 4.85 lakh, as per 2011 Census, constituted 9.10 *per cent* and 1.45 *per cent* respectively of Kerala's population.

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 PRIs under the devolved function - 'Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes' - item No. 27 of the eleventh schedule of the Constitution was selected for District Centric Audit (DCA).

3.2.2 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 LSGIs.

Four districts viz., Kottayam, Thrissur, Malappuram and Kozhikode were selected for the DCA. SC and ST population in PRIs of these four selected districts, as per 2011 census, was 8.56 *per cent* and 0.66 *per cent* respectively. The audit was conducted in four District Panchayats, 16 Block Panchayats and 48 Grama Panchayats in the selected districts covering the period from 2020-21 to 2022-23. Details of selected 68 PRIs are given in **Appendix 3.1**.

3.2.3 Audit Criteria and Methodology

Audit criteria were mainly derived from the Kerala Panchayat Raj 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 PRIs, issuing Audit Enquiries, conducting Joint Physical Verifications (JPVs) and 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, GoK 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.

3.3 Overview of the Function and Districts Selected

3.3.1 Overview of the Function

The 73rd Constitutional Amendment Act, 1992 introduced eleventh Schedule to the Constitution of India, of which, item No. 27 is ‘Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes’. The Kerala Panchayat Raj Act, 1994 devolved the function to PRIs and the schedules III, IV and V of the Act prescribed the responsibilities of each tier of PRIs with respect to the implementation of the function. Role of each tier of PRIs is given in **Table 3.1**.

Table 3.1: Role of each tier of PRIs

Role of GPs	Role of BPs	Role of DPs
1. Implementation of beneficiary-oriented schemes under SCSP, TSP 2. Running of nursery schools for Scheduled Caste-Scheduled Tribes 3. Arrange basic facilities in Scheduled Caste-Scheduled Tribe Colonies 4. Provide assistance to Scheduled Caste-Scheduled Tribe students 5. Provide discretionary assistance to Scheduled Caste-Scheduled Tribe when necessary	1. Management of Pre-matric hostels for SC and ST 2. Promotion of co-operative societies meant for SC and ST	1. Management of Post-matric hostels for SC and ST 2. Management of vocational training centres for SC and ST

(Source: Kerala Panchayat Raj 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/Schedule Tribe Development Departments using department funds. Thus, the function delivered by PRIs overlap with the functions of the line departments of the State Government.

3.3.2 Overview of Districts selected

The key parameters viz., Geographical Extent, Population Statistics, Administrative Divisions and Social Composition in the four selected districts are depicted in **Table 3.2**.

Table 3.2 Details of selected Districts

Sl. No.	Particulars	Kottayam	Thrissur	Malappuram	Kozhikode
1	Area (in Sq. Km.)	2208	3032	3550	2344
2	Population (in lakh)	19.75	31.21	41.13	30.86
3	Population density (persons/sq. km.)	895	1031	1157	1316
4	Rural population	14.09	10.25	22.96	10.13

Sl. No.	Particulars	Kottayam	Thrissur	Malappuram	Kozhikode
5	Number of PRIs	BP: 11 GP: 71	BP: 16 GP: 86	BP: 15 GP: 94	BP: 12 GP: 70
6	Percentage of SC population	7.80	10.40	7.50	6.50
7	Percentage of ST population	1.10	0.30	0.60	0.50

(Source: Economic Review 2023 – Vol. I)

3.3.3 Organisational arrangements

The Local Self Government Department (LSGD) headed by Principal Secretary is empowered to issue general guidelines to PRIs in accordance with national and State policies. The PRIs prepare annual development plans, including projects for development of SCs and STs and submit to the District Planning Committee (DPC) for approval and the projects are executed by PRIs through various implementing officers as shown in **Table 3.3**.

Table 3.3: Implementing officers in the PRIs

Sl. No.	Name of the Implementing Officers under SCSP/TSP	Implementation of Projects related to
1	Secretary of the PRI	Overall co-ordination and implementation
2	Assistant Secretary	Ashraya, MGNREGS, Self-employment and other projects where there is no separate implementing officer
3	Assistant Engineer	Construction and maintenance works
4	Headmaster /Principal of Government School	Education
5	Medical officers	Allopathy, Ayurveda and Homoeo medical services
6	Veterinary Surgeon	Animal Husbandry
7	Agricultural Officer	Agriculture
8	ICDS Supervisor	Women and Child welfare, Supplementary Nutrition Programme
9	Scheduled Caste Development Officer	Social welfare programmes for SCs
10	Tribal Extension Officer	Social welfare programmes for STs
11	Village Extension Officer	Housing, House maintenance, waste management and other social welfare programmes
12	Industries Extension Officer	Assistance for mini production centres, self-employment, etc.

(Source: Annual Expenditure statements of PRIs)

Audit Findings

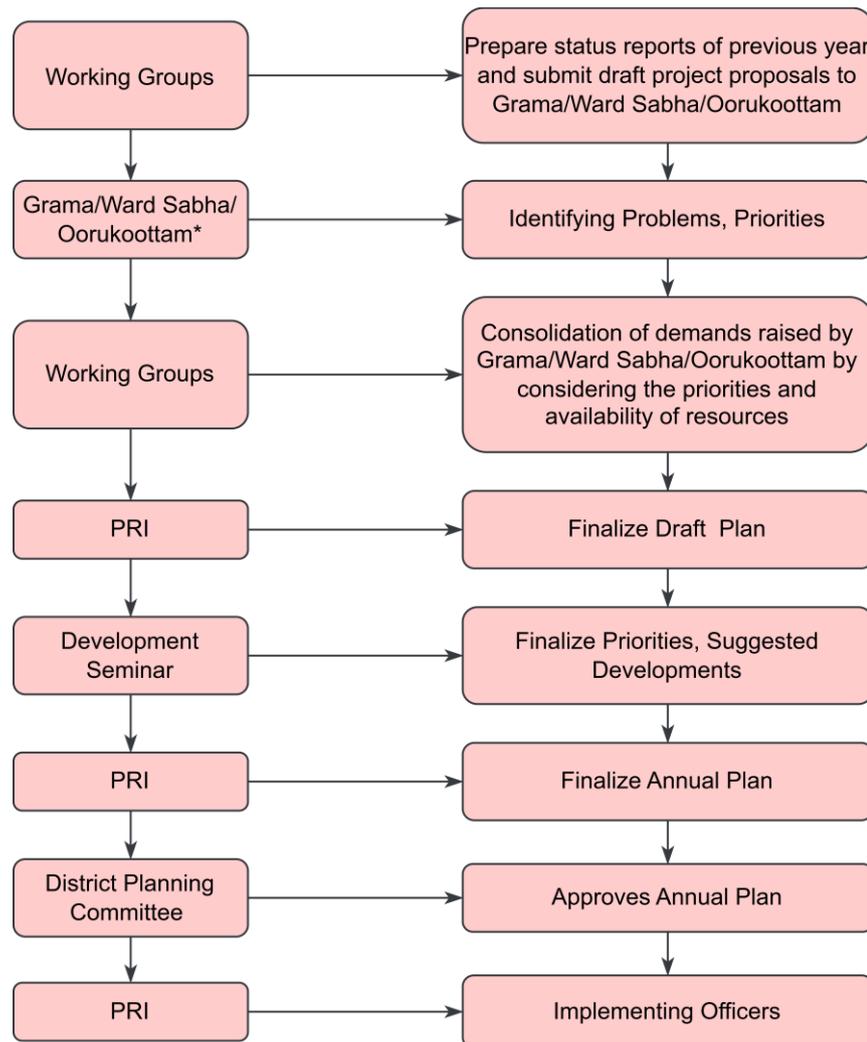
Audit findings are categorised into three key areas (i) Planning - examining the effectiveness of planning processes in PRIs (ii) Financial Management - evaluating the management of funds allocated to SCSP and TSP and (iii)

Formulation and Implementation of projects – assessing the formulation and execution of projects under various sectors.

3.4 Planning

Consequent to the 73rd amendment to the Constitution and enactment of Kerala Panchayat Raj Act in 1994, PRIs have assumed an important role in the formulation and implementation of developmental programmes at the grassroots level which involve active participation of all sections of people. The PRIs have to prepare every year a development plan for the succeeding year adhering to the guidelines issued by the Government and submit it to the District Planning Committee (DPC) for approval. The DPC scrutinises and approves the Annual plan prepared by the PRIs. Various authorities/institutions/groups involved in planning and execution of projects are depicted in the **Chart 3.1**.

Chart 3.1: Delineation of authority for execution of projects under SCSP/TSP



(Source: Plan formulation guidelines issued by GoK)

*Community-level meeting where people of a tribal neighbourhood come together to discuss local development needs.

In the decentralised planning set-up, WGs, Ward Sabhas/Ward Committees, Sub Committees, DPC and Implementing Officers are the institutions/groups involved in the plan formulation process and implementation. Audit noticed following deficiencies in planning by PRIs:

3.4.1 Absence of updated SC/ST data

PRIs 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, 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 PRIs to formulate projects under SCSP and TSP on the basis of updated survey data. However, out of 68 PRIs test checked, the Scheduled Caste population data was updated only by 29 PRIs. Similarly, the Scheduled Tribe population data was updated only by 35 PRIs. Audit noticed that other than updating the population figures, no comprehensive survey was conducted by the test checked PRIs 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 PRIs/ST Department. Audit noticed that at present the State does not have data on the extent of socio-economic deprivation in SC/ST communities (March 2024). In the absence of updated survey data, PRIs/GoK still depend on data which is more than 12-15 years old for formulation of SCSP and TSP plans and allocation of SCSP/TSP funds.

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

Grama Sabha/Oorukoottam is the cornerstone of local democracy, fostering grassroot citizen participation and reflecting the needs of citizens and beneficiaries. Empowered to recommend¹³ developmental activities for specific wards or places within the PRIs, Grama Sabha/Oorukoottam plays a vital role in local governance.

Working Groups¹⁴ 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 recommendations of Grama Sabha, presenting these reports and project lists before the Panchayat Committee for consideration and approval.

The 13th and 14th Five Year Plan formulation guidelines direct PRIs to prioritise basic needs in SC/ST settlements, focusing on drinking water supply, toilet facilities and waste management. These essential services should take

¹³ Kerala Panchayat Raj Act sections 3A and 3B

¹⁴ 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.

precedence over other projects, except mandatory ones, for ensuring that the basic needs of people living in SC/ST settlements are addressed¹⁵.

Audit conducted a cross-check of demands for the two essential requirements of drinking water and toilet facilities recorded in Oorukoottam and SC/ST Working Group minutes¹⁶ with the Annual Expenditure Statements of selected PRIs for 2020-21 to 2022-23. Audit observed that test-checked PRIs failed to consider demands raised for drinking water and toilet facilities in these meetings while formulating their annual plan as discussed below:

(a) Demands for Drinking Water facilities

During 2020-21 to 2022-23, a significant shortfall was observed in the formulation and implementation of drinking water facilities demanded by beneficiaries in SC/ST Working groups and Oorukoottam meetings. Out of 173 demands raised in 38 PRIs, only 96 projects (55.49 *per cent*) were formulated, resulting in non-formulation of projects against 77 demands. Furthermore, only 73 of the formulated projects (76.04 *per cent*) were implemented during the period, leading to an implementation shortfall of 23 projects. The details are given in the **Table 3.4**.

Table 3.4: Percentage of implementation of drinking water projects against demand

Period	Name of District	Number of PRIs	Number of Demands raised	Number of Projects formulated	Percentage of formulation	Projects implemented	Percentage of implementation against projects	Percentage of shortfall of implementation against demands
2020-21 to 2022-23	Kottayam	8	42	20	47.62	16	38.10	61.90
	Thrissur	12	54	35	64.81	30	55.56	44.44
	Malappuram	8	32	17	53.13	8	25.00	75.00
	Kozhikode	10	45	24	53.33	19	42.22	57.78
Total		38	173	96	55.49	73	42.20	57.80

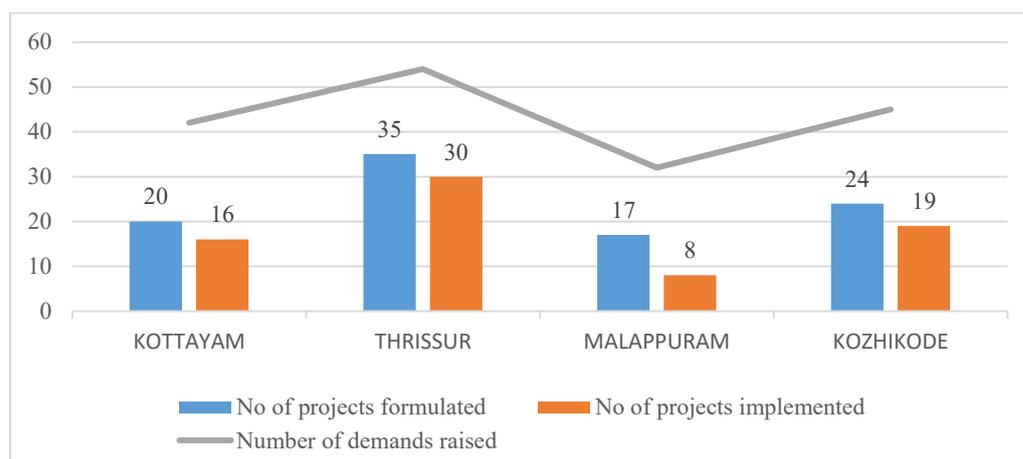
(Source: Minutes of meetings of Grama Sabha/ Oorukoottam/ Working Groups)

PRIs met only 42.20 *per cent* of the demands related to drinking water supply, indicating a substantial gap in addressing the needs of the beneficiaries. Status of implementation of Drinking Water Projects vis-à-vis demand raised is depicted in **Chart 3.2**.

¹⁵ Supplementary Nutrition Programme, Sarva Shiksha Abhiyan, Rashtriya Madhyamik Shiksha Abhiyan, Palliative care, etc.

¹⁶ One Ward/Grama Sabha/Oorukoottam selected from each PRI

Chart 3.2: Status of implementation of Drinking Water Projects vis-à-vis demand



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

This shortfall in formulation and implementation of projects against demands raised by the beneficiaries defeated the primary objective of constitution of Ward Sabha/Oorukoottam in test-checked PRIs.

(b) Demands for Toilet Facilities

A significant discrepancy was found in the implementation of toilet facilities for SC/ST beneficiaries. Audit noticed that though demand for toilet facilities was raised by SC/ST beneficiaries in 130 Working groups and Oorukoottam meetings during the period 2020-21 to 2022-23, in 36 PRIs, only nine projects were formulated by four¹⁷ PRIs. This is a staggering shortfall, considering the pressing need for proper sanitation facilities. Details of demands raised and projects implemented are given in the **Table 3.5**.

Table 3.5: Demand for Toilet Facility

Period	Name of District	Number of PRIs	Number of Demands raised	Projects formulated	Percentage of projects formulated	Projects implemented	Percentage of implementation of projects demanded	Percentage of shortfall in implementation against demands
2020-21 to 2022-23	Kottayam	8	27	2	7.41	2	7.41	92.59
	Thrissur	12	41	4	9.76	3	7.32	92.68
	Malappuram	7	35	2	5.71	Nil	0	100
	Kozhikode	9	27	1	3.70	1	3.70	96.30
Total		36	130	9	6.92	6	4.62	95.38

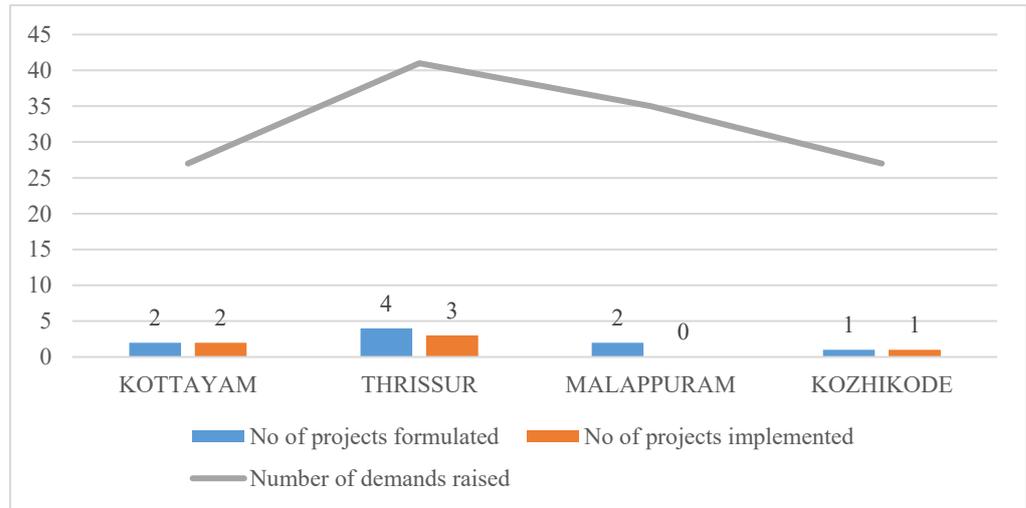
(Source: Minutes of meetings of Grama Sabha/ Oorukoottam/ Working Groups)

The data highlights a significant gap between demands raised and projects implemented. Out of 130 demands for toilet facilities, only nine (6.92 per cent) were taken up for project formulation, and merely six projects (4.62 per cent) were implemented, revealing significant gap in addressing sanitation needs in

¹⁷ Kurichy, Kodassery, Edavanna, Unnikulam GPs

the test checked 36 PRIs. Status of implementation of toilet facilities vis-à-vis demand raised is depicted in **Chart 3.3**.

Chart 3.3: Status of implementation of Toilet facilities vis-à-vis demand



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

This shortfall undermines the objectives of Grama Sabha/Oorukoottam and Working groups as mandated by Kerala Panchayat Raj Act, 1994, which were aimed to empower local governments to deliver essential services including sanitation.

Despite initiatives such as Swachh Bharat Mission (Gramin), launched by GoI in 2014 to accelerate efforts towards universal sanitation coverage, the 4.62 per cent fulfilment rate indicates the need for more effective planning, implementation, and monitoring of sanitation programmes at local level.

3.4.3 Information, Education and Communication activities

GoK through 13th and 14th Five Year Plan guidelines, directed LSGIs to give wide publicity to the programmes/schemes implemented by the State/LSGIs and to ensure participation of all sectors of people in the Grama Sabha/Oorukoottam meetings.

The beneficiary survey conducted by audit in 96 SC/ST settlements revealed that 27.27 per cent (135 out of 495) of surveyed SC beneficiaries and 35.36 per cent (99 out of 280) surveyed ST beneficiaries were not aware of the schemes and projects formulated and implemented by the PRIs.

Survey results indicate that steps taken by test checked PRIs were not effective in creating awareness among SC/ST communities and in ensuring their participation in Grama Sabha/Oorukoottam meetings.

3.5 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. The Government of Kerala allocated 37.53 per cent of SCSP funds during 2020-22 and 37.48 per cent during 2022-23. Similarly, 21.56 per cent of TSP funds were

allocated during 2020-22 and 21.57 per cent during 2022-23 to the PRIs in the State. Details of allocation of funds to PRIs are shown in the **Table 3.6**.

Table 3.6: Allocation of SCSP and TSP funds to PRIs

(₹ in crore)

Year	Scheduled Caste Sub-Plan			Tribal Sub-Plan		
	Total SCSP Budget Outlay*	Percentage of SCSP outlay to PRIs	SCSP Outlay to PRIs	Total TSP Outlay*	Percentage of TSP outlay to PRIs	TSP outlay to PRIs
2020-21	2708.54	37.53	1016.61	781.36	21.56	168.45
2021-22	2708.54	37.53	1016.61	781.36	21.56	168.45
2022-23	2979.40	37.48	1116.63	859.50	21.57	185.43

(Source: Data from the State Planning Board)

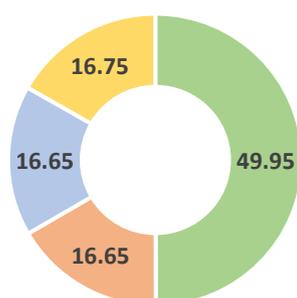
* Total budget allocation apportioned among SC/ST Departments, PRIs and ULBs

The annual earmarked SCSP and TSP funds were apportioned among LSGIs based on the recommendations of the State Finance Commission (SFC). For the period 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 fund among GPs, BPs, and DPs was in the ratio 60:20:20.

Distribution of SCSP and TSP funds among PRIs and ULBs is given in **Chart 3.4**.

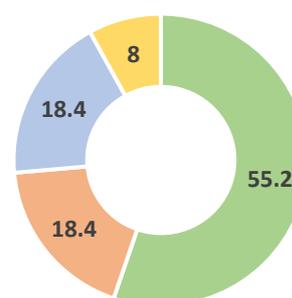
Chart 3.4: Distribution of SCSP and TSP funds among PRIs and ULBs

SCSP- Fund sharing Pattern



■ GP ■ BP ■ DP ■ ULB

TSP- Fund Sharing Pattern



■ GP ■ BP ■ DP ■ ULB

(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.

3.5.1 Decline in allocation of SCSP/TSP funds among test checked PRIs

The allocation of SCSP/TSP funds to PRIs 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 PRIs during the period 2020-21 to 2022-23. Details of year-wise allocation and expenditure of SCSP and TSP funds among test checked PRIs for the period 2020-21 to 2022-23 are given in **Table 3.7**.

Table 3.7: SCSP/TSP – Allocation and Expenditure details of 68 test checked PRIs
(₹ in crore)

Year	Local body	SCSP				TSP			
		Allocation	Expenditure	Balance	Percentage of expenditure	Allocation	Expenditure	Balance	Percentage of expenditure
2020-21	GP	46.11	34.81	11.30	75.49	10.00	6.98	3.02	69.80
	BP	32.11	25.36	6.75	78.98	4.37	2.89	1.48	66.13
	DP	86.56	56.24	30.32	64.97	6.25	4.21	2.04	67.36
	Total	164.78	116.41	48.37	70.65	20.62	14.08	6.54	68.28
2021-22	GP	40.30	35.24	5.06	87.44	8.74	7.49	1.25	85.70
	BP	24.50	20.75	3.75	84.69	3.44	2.70	0.74	78.49
	DP	73.27	54.04	19.23	73.75	4.17	3.42	0.75	82.01
	Total	138.07	110.03	28.04	79.69	16.35	13.61	2.74	83.24
2022-23	GP	46.22	35.62	10.60	77.07	10.07	8.13	1.94	80.73
	BP	29.07	22.10	6.97	76.02	4.45	3.46	0.99	77.75
	DP	82.03	55.05	26.98	67.11	3.93	3.39	0.54	86.26
	Total	157.32	112.77	44.55	71.68	18.45	14.98	3.47	81.20

(Source: Annual Expenditure statements of selected PRIs)

- Though total allocation of SCSP and TSP funds to PRIs remained at ₹1016.61 crore and ₹168.45 crore respectively, during 2020-21 and 2021-22, Audit noticed a decline in allocation of SCSP and TSP fund to test checked PRIs. While the SCSP fund allocation was reduced by 16.21 per cent in 2021-22, TSP fund was reduced by 20.71 per cent.
- 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 4.53 per cent and TSP fund by 10.52 per cent compared to the year 2020-21.
- Expenditure out of these funds ranged from 70.65 per cent to 79.69 per cent in respect of SCSP funds and 68.28 per cent to 83.24 per cent in respect of TSP funds.
- Audit noticed that the expenditure was below 50 per cent in five PRIs¹⁸ and 15 PRIs¹⁹ under SCSP and TSP funds respectively.

The reduced allocation of funds may have negative impacts on the social and economic development of marginalised communities.

¹⁸ Thrissur DP, Pambady BP, Moonnilavu, Pothukallu and Kurichy GPs

¹⁹ Kottayam DP, Areekode, Wandoor, Chalakudy, Koduvally and Pambady BPs, Athirappilly, Chathamangalam, Erumeli, Kodassery, Pazhayannur, Pampady, Pothukallu, Puthur and Pazhayannur GPs

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.

3.5.2 Non/short allocation of pro-rata share of TSP funds to test checked PRIs

Audit compared the allocation of SCSP/TSP funds due to be received by test checked PRIs, based on weightage fixed by SFC on the basis of population, with the actual amounts allocated to test checked PRIs. Audit found that four, eight and eight PRIs respectively did not receive any TSP fund during the period 2020-21 to 2022-23. Further 32 PRIs received allocation less than what was due during 2021-22 and 2022-23. The total shortfall in TSP fund allocation amounted to ₹5.43 crore during the period 2020-21 to 2022-23 as detailed in **Table 3.8**.

Table 3.8: Non/Short allocation of pro-rata share of TSP funds

(₹ in crore)

Year	District	Number of PRIs which received short allocation	Amount	Number of PRIs which did not receive any allocation	Amount Due
2020-21	Kottayam	0	0	0	0
	Thrissur	0	0	1	0.01
	Malappuram	0	0	2	0.14
	Kozhikode	0	0	1	0.03
Total		0	0	4	0.18
2021-22	Kottayam	16	1.98	1	0.01
	Thrissur	4	0.11	3	0.04
	Malappuram	2	0.02	2	0.08
	Kozhikode	10	0.24	2	0.03
Total		32	2.35	8	0.16
2022-23	Kottayam	16	2.17	1	0.02
	Thrissur	4	0.12	3	0.04
	Malappuram	2	0.02	2	0.08
	Kozhikode	10	0.26	2	0.03
Total		32	2.57	8	0.17
Grand Total			4.92		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 PRIs to formulate projects across various sectors, as outlined in the plan and subsidy guidelines issued by GoK.

3.5.3 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 PRIs did not implement 18 per cent to 28 per cent projects formulated with SCSP funds and 10 per cent to 17 per cent projects formulated with TSP funds during the audit period as detailed in the **Table 3.9**.

Table 3.9: Non-implementation of SCSP and TSP fund projects by test checked PRIs*(₹ 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	2020	164.78	360	23.88	24.48
2021-22	1386	138.07	277	17.74	10.30
2022-23	1513	157.31	428	27.11	17.43
Total	4919	460.16	1065	68.73	52.21
TSP					
2020-21	641	20.62	112	3.79	2.75
2021-22	476	16.34	47	1.60	1.14
2022-23	509	18.45	57	1.30	2.17
Total	1626	55.41	216	6.69	6.06

(Source: Annual Expenditure statements of selected PRIs)

Audit noticed that ₹120.94 crore of SCSP funds and ₹12.75 crore of 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, defective planning and non-availability of funds due to administrative lapses. A few instances are detailed below:

- Puduppady GP had formulated three projects viz., constructing crematorium shed, crematorium steps and construction of a road at a total project cost of ₹27.19 lakh during the years 2021-22 and 2022-23 utilising SCSP fund. However, the projects were not implemented by the GP and the GP stated that the projects were not implemented as GoK did not allocate funds for spill-over projects.
- Chaliyar GP formulated (2020-21) a project for providing laptop to seven students studying degree level courses and an amount of ₹1.92 lakh was paid (March 2021) in advance to KELTRON. However, the project was not implemented due to lapse on the part of the implementing officer in timely submitting the work order to KELTRON for procurement of laptops. Audit noticed that the implementing officer made enquiry with KELTRON only during February 2022 and by that time rate per laptop was increased by ₹16,000. Hence the project was not implemented and the amount was refunded to Government. Thus, the seven eligible students (four SC and three ST) were denied the laptop assistance due to administrative lapse.

3.6 Formulation and Implementation of projects

Landlessness, houseless condition, livelihood insecurity and difficulty in getting access to opportunities for higher studies and appropriate job opportunities, lack of proper infrastructure in the habitats, poor access to IT and communication facilities in SC/ST habitats, 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 3.1**.

Figure 3.1: Various sub-sectors under the 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 LSGIs during 2020-21 to 2022-23, and 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 68 PRIs for the period 2020-2023 revealed that a significant portion of SCSP and TSP funds (77.98 per cent and 81.45 per cent respectively) was allocated towards service sector projects. These projects primarily focused on education, housing and drinking water.

The test-checked PRIs had formulated 3312 projects during the audit period under the service sector earmarking ₹358.83 crore out of SCSP fund. Of this, 2663 projects (80.40 per cent) were implemented incurring an expenditure of ₹282.26 crore (78.66 per cent) during this period. Similarly, of 1327 TSP projects formulated with an estimate of ₹45.14 crore under service sector 1155 (87.04 per cent) projects were implemented incurring an expenditure of ₹34.55 crore (76.54 per cent). Details are given in **Appendix 3.2**. Evaluation of projects under major sub-sectors under service sector revealed the following:

3.6.1 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:

3.6.1.1 Implementation of Scholarship schemes

PRIs 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, non-receipt of scholarship due to administrative lapses, 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 scholarship. Plan formulation Guidelines issued by GoK stipulated that income should not be a criterion for educational benefits under SCSP/TSP. However, Audit noticed that 16²⁰ PRIs had fixed the income limit as one of the eligibility criteria for scholarship. District wise details are given in **Table: 3.10**.

Table 3.10: Details of PRIs which fixed income limit as one of the eligibility criteria

Name of District	Number of PRIs which fixed income limit as one of the eligibility criteria	Name of PRIs which fixed income limit as one of the eligibility criteria
Kottayam	7	Kottayam DP, Pambady GP, Pallom BP, Kurichy GP, Pallickathodu GP, Melukavu GP, Thalanad GP
Thrissur	3	Nadathara GP, Pariyaram GP, Athirappilly GP
Malappuram	4	Pandikkad GP, Kalikavu BP, Wandoor GP, Chokkad GP
Kozhikode	2	Puduppadi GP, Koduvally BP
Total	16	

(Source: Project statements of selected PRIs)

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 are large number of applicants from each ward of an LSGI. The formula for determining the number of eligible applicants in a ward was (Number of eligible applicants in the ward ÷ Total number of eligible

²⁰ Kottayam DP, Kalikavu, Pallam, Wandoor and Koduvally BPs, Pandikkad, Puduppady, Pampady, Nadathara, Kurichi, Chokkad, Pariyaram, Pallickathodu, Athirappilly, Melukavu and Thalanadu GPs

applications from all wards) × 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 PRIs and found that 10 PRIs²¹ sanctioned scholarships to 368 students²² during the audit period, on the basis of priority lists prepared by the PRIs concerned, without complying with the selection procedure prescribed. District-wise details are given in **Table 3.11**.

Table: 3.11 Details of scholarships disbursed violating criteria

Name of District	Number of PRIs 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
Kottayam	2	158	86	22
Thrissur	3	459	107	34
Malappuram	1	116	34	12
Kozhikkode	4	258	141	22
Total	10	991	368	90

(Source: Data furnished by selected PRIs)

The non-compliance of guidelines resulted in exclusion of 90 eligible students from receiving scholarships in 10 PRIs. 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 Pambady GP in Kottayam district, the GP received four applications for scholarships from ward 6 during 2020-21, but none were given scholarship. GP had received 32 applications from all the wards and 15 students were given scholarships during the year. Had the formula been adhered to, two students ($4 \div 32 \times 15 = 1.88$) from ward 6 would have received scholarships.

iii. Non-payment of scholarship to 15 students due to the administrative lapses of the Implementing Officer - Malappuram District

Chaliyar GP in Malappuram district formulated a project during 2021-22 to provide scholarships to SC students with the Headmaster, GLP School, Konamunda as the implementing officer. The estimated cost of the project was ₹95,160. Of the 14 applications received, five SC students were selected for scholarship. However, the project was not implemented by the implementing officer during the financial year 2021-22. The project was again formulated during the year 2022-23 to grant scholarship to 15 students, including five students who were denied the benefit during 2021-22, at an estimated cost of ₹3.05 lakh. However, the Headmaster (implementing officer) submitted

²¹ Kottur, Kodassery, Kunnamangalam, Athirappilly, Puthur, Pariyaram, Pampady, Mampad, Erumeli and Kodanchery GPs

²² In 2020-21: 98 beneficiaries, 2021-22: 103 beneficiaries, 2022-23: 167 beneficiaries

requisition for funds to the GP only in March 2023 and the project was not implemented due to non-availability of funds. The repeated lapses on the part of the implementing officer resulted in the denial of scholarships to five SC students in 2021-22 and 15 SC students in 2022-23.

3.6.1.2 Sarva Shiksha Abhiyan – Diversion of SCSP/TSP Funds ₹0.67 crore.

Plan formulation guidelines issued by GoK, stipulate for mandatory allocation of plan funds towards implementation of Sarva Shiksha Abhiyan (SSA)²³ programme. The guidelines specified that the SSA share for SC/ST students should be allocated in proportion to the student strength. However, audit observed that 14 PRIs under the SCSP and six PRIs under TSP formulated projects by allocating excess SCSP/TSP funds than required for SC/ST students. This resulted in the diversion of ₹0.50 crore under SCSP and ₹0.17 crore under TSP funds, for the benefit of general category, during the period from 2020-21 to 2022-23 as detailed in **Tables 3.12** and **Table 3.13**.

Table 3.12: Diversion of SCSP funds to SSA

(₹ in lakh)

Period	Amount diverted				Total SCSP Fund Diverted
	Kottayam	Thrissur	Malappuram	Kozhikode	
2020-21	0.92	1.25	14.34	2.70	19.21
2021-22	1.28	1.90	7.92	2.79	13.89
2022-23	5.96	1.86	4.15	5.07	17.04
Total	8.16	5.01	26.41	10.56	50.14

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

Table 3.13: Diversion of TSP funds to SSA

(₹ in lakh)

Period	Amount diverted				Total TSP Fund Diverted
	Kottayam	Thrissur	Malappuram	Kozhikode	
2020-21	2.53	Nil	4.04	Nil	6.57
2021-22	3.04	Nil	3.95	Nil	6.99
2022-23	0.93	Nil	2.43	Nil	3.36
Total	6.50	Nil	10.42	Nil	16.92

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

Above figures indicate a significant diversion of SCSP/TSP funds towards the SSA (General) share, particularly in Malappuram District.

Audit noticed that in Pulpatta GP, Malappuram district, a project was formulated during 2020-21 by allocating ₹five lakh under SCSP for 5526 students towards SSA Scheme. However, of the 5526 students, only 483 students were from SC category and the remaining 5043 students belonged to the general category. As such, the proportionate share for SC students was only ₹0.44 lakh and ₹4.56 lakh SCSP fund was diverted for general category students. This diversion of funds undermines the purpose of SCSP, which aims to support the development of Scheduled Caste communities.

²³ SSA is a comprehensive and integrated flagship programme of Government of India to attain Universal Elementary Education

Audit did not find any diversion of TSP funds in the selected PRIs in Thrissur and Kozhikode districts.

3.6.2 Drinking Water

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 PRIs accounted for 5.82 per cent and 4.50 per cent respectively of SCSP and TSP service sector expenditure during the audit period.

During the audit period, test checked PRIs formulated 452 DWS projects with project cost of ₹32.35 crore for the benefit of SC and 73 DWS projects with project cost of ₹2.51 crore for the benefit of ST population. However, 168 projects with project cost of ₹10.87 crore for SC beneficiaries and 22 projects with project cost of ₹0.65 crore for ST beneficiaries were not implemented by 37 PRIs. Details are given in **Appendix 3.3** and **Appendix 3.4**. Audit examined the implementation of selected projects and observed the following:

3.6.2.1 Use of non-potable water in 65 SC/ST settlements due to contamination of water sources

Audit conducted joint physical verification of drinking water sources of 65 SC/ST settlements (35 SC and 30 ST settlements) in 45 PRIs. 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 88 per cent (57) samples, E. Coli in 60 per cent (39) samples and low pH of water was noticed in 63 per cent (41) samples. Details are given in **Appendix 3.5**. Audit noticed that all the test checked drinking water sources in SC/ST settlements in the 45 PRIs were contaminated and non-potable. Further, in 12 samples, the presence of Coliform and E. coli bacteria was 'too numerous to count'. Details are given in **Table 3.14**.

Table 3.14: Drinking water test results compilation

Category	Districts	No. of PRIs	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	8	8	Nil	7	6	4	Nil
	Thrissur	8	8	1	6	8	5	1
	Malappuram	7	7	Nil	2	7	6	3
	Kozhikode	12	12	3	7	9	6	3
Total		35	35	4	22	30	21	7
ST Settlements	Kottayam	7	7	1	6	6	6	Nil
	Thrissur	6	6	Nil	4	5	4	Nil
	Malappuram	9	9	Nil	3	9	6	4
	Kozhikode	8	8	Nil	6	7	2	Nil
Total		30	30	1	19	27	18	4

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

*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.

During joint physical verification in Vettilakolli tribal settlement in Chaliyar GP, Audit noticed that water was collected in two PVC tanks directly from Choorappuzha stream by gravitational force using garden hoses. Water sample taken from the tank was tested for general drinking water quality in the KWA Lab and found that the water was not potable as it was contaminated with Coliform and E. Coli bacteria (presence of both bacteria were numerous to count). Details are given in Paragraph 3.6.10.

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

3.6.2.2 Unfruitful expenditure of ₹1.18 crore on drinking water supply facilities in 14 SC and five ST settlements

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.

During a joint physical verification conducted in selected SC/ST settlements, Audit found that 19 minor drinking water supply facilities implemented in SC and ST settlements during 2020-21, at a total cost of ₹1.18 crore, failed to achieve the intended objectives. District-wise details of DWS facilities are given in Table 3.15.

Table 3.15: Unfruitful expenditure on drinking water supply projects

(₹ in crore)

Districts	DWS facilities under SCSP		DWS facilities under TSP	
	Number	Expenditure incurred	Number	Expenditure incurred
Kottayam	6	0.26	3	0.07
Malappuram	3	0.12	0	0
Thrissur	2	0.15	1	0.07
Kozhikode	3	0.49	1	0.02
Total	14	1.02	5	0.16

(Source: Data furnished by PRIs)

Reasons for failure included improper feasibility studies, identification of unsuitable locations, lack of periodic maintenance of motor pumps, broken pipes, non-availability of water, etc., as detailed below:

Failure of projects due to defective planning

Eight DWS projects implemented in SC colonies by seven PRIs²⁴ incurring expenditure of ₹0.63 crore became unfruitful due to non-availability of water in wells erected, unsuitability of water due to the presence of impurities etc. Audit observed that implementation of the projects without ensuring availability of water through yield test, water quality study, etc., led to failure of the projects. Further, six drinking water supply facilities constructed in four PRIs (two SC and two ST)²⁵ at a cost of ₹0.30 crore remained non-functional due to non-

²⁴ Pallom, Nilambur, Kunnamangalam, Koduvally and Kanjirappally BPs, Edavanna and Kodassery GPs

²⁵ Thrissur DP, Kanjirappaly and Erattupetta BPs, Moonnilavu GP

installation of motor for pumping, pending construction/maintenance of water tanks etc., depriving the communities of the intended benefits. Details are given in **Appendix 3.6**.

Lack of periodical maintenance

Five DWS projects implemented at a total cost of ₹0.25 crore in five SC/ST settlements²⁶, were non-functional due to leakage in storage tank. Audit observed that absence of regular maintenance led to the deprivation of drinking water to the intended beneficiaries. Details are given in **Appendix 3.7**.

Above instances highlight the need for careful planning, scientific identification of water sources, and regular maintenance to ensure the success of community-led drinking water projects.

3.6.2.3 Non-implementation of drinking water projects - Malappuram District

Kalikavu Block Panchayat in Malappuram district formulated 12 projects (**Appendix 3.8**) with a total project cost of ₹0.85 crore for the construction of minor drinking water supply facilities in various SC colonies during 2021-22 and 2022-23. However, only eight projects with project cost of ₹61.05 lakh were implemented incurring an expenditure of ₹54.43 lakh.

Audit analysed the reasons for the non-implementation of four projects involving ₹24.34 lakh and observed that identification of unsuitable land, non-obtaining feasibility certificate from the department of Ground Water (GWD) before formulation of projects, etc., resulted in non-implementation of the projects. The Block Panchayat's failure to ensure effective implementation, denied the intended benefits to the beneficiaries.

3.6.2.4 Blocking up of SCSP/TSP funds of ₹42 lakh with Kerala Ground Water Department -Kottayam district

Kanjirappally Block Panchayat in Kottayam district formulated a comprehensive drinking water project during 2017-18 at an estimated cost of ₹0.76 crore. The project aimed to dig 16 tube wells to provide drinking water to Scheduled Caste settlements in seven GPs under the Block Panchayat. An agreement was executed (February 2018) between Secretary, Kanjirappally BP and District Officer, GWD with time of completion of one month (March 2018) and the entire amount was deposited with the GWD (February 2018). However, of the 16 tube wells, the GWD completed projects of only three tube wells. In seven tubewells constructed, electric pump was not installed due to non-availability of sufficient water and instead handpumps were installed. In six sites, tubewells were not constructed due to non-availability of water. The project was discontinued in May 2024 after incurring an expenditure of ₹0.34 crore and the balance amount of ₹0.42 crore was retained by the GWD for the last five years (March 2023).

Audit revealed significant deficiencies in the implementation of drinking water projects in Scheduled Caste and Scheduled Tribe settlements. Despite substantial investments, many projects were found to be non-functional, incomplete, or provided contaminated water. This has resulted in the denial of basic amenities to the most deprived communities.

²⁶ Balussery, Kalikavu and Kodakara BPs, Koodaranhi and Moonilavu GPs

3.6.3 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 PRIs in 96 SC/ST settlements revealed that 6.46 *per cent* (32) of surveyed SC families and 7.50 *per cent* (21) of surveyed ST families had no own houses. Audit analysed implementation of LIFE projects under SCSP/TSP in the test checked PRIs and found the following deficiencies:

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

According to the details furnished by 40 test checked PRIs, there were 5683 houseless²⁷ and 2795 landless houseless²⁸ SC/ST families. Audit found that only 5085 (SC 4090 and ST 995) houseless and 2398 landless families (SC 1873 and ST 525) were included in the LIFE beneficiary list. As such, 598 houseless families (SC-460 and ST- 138) and 397 landless and houseless (SC-300 and ST-97) families were excluded from the beneficiary list in 12 test checked PRIs (March 2023) as detailed in **Table 3.16** and **Table 3.17**.

Table 3.16: Status of SCSP Inclusion/Exclusion of LIFE scheme beneficiaries

District	Number of houseless SCs in PRIs	Number of landless houseless SCs in PRIs	Total	Number of houseless SCs included in LIFE Scheme	Number of landless houseless SCs included in LIFE Scheme	Total	Number of houseless and landless houseless SCs excluded
Kottayam	664	479	1143	569	412	981	162
Thrissur	1346	779	2125	1336	779	2115	10
Malappuram	1350	594	1944	1254	456	1710	234
Kozhikode	1190	321	1511	931	226	1157	354
Total	4550	2173	6723	4090	1873	5963	760

(Source: Data furnished by PRIs)

²⁷ SC 4550 and ST 1133

²⁸ SC 2173 and ST 622

Table 3.17: Status of TSP Inclusion/Exclusion of LIFE scheme beneficiaries

District	Number of houseless STs in PRIs	Number of landless houseless STs in PRIs	Total	Number of houseless STs included in LIFE Scheme	Number of landless houseless STs included in LIFE Scheme	Total	Number of houseless and landless houseless STs excluded
Kottayam	355	182	537	278	104	382	155
Thrissur	204	94	298	194	91	285	13
Malappuram	265	275	540	260	273	533	7
Kozhikode	309	71	380	263	57	320	60
Total	1133	622	1755	995	525	1520	235

(Source: Data furnished by PRIs)

The PRI-wise number of beneficiaries excluded is given in **Appendix 3.9**.

During joint physical verification in the Vettilakolli tribal settlement in Malappuram district, Audit noticed that 27 families of the settlement were living in 17 dilapidated thatched huts covered with plastic sheets. However, only three of the 27 families were included in the LIFE beneficiary list. Details are given in Paragraph 3.6.10.

Audit observed that the preparation of beneficiary lists by PRIs, solely on the basis of applications received, rather than conducting periodical surveys to identify eligible families, resulted in non-inclusion of eligible families.

3.6.3.2 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. LSGIs are also required to assist beneficiaries who are unable to commence/complete construction despite receiving instalments. However, Audit noticed that 317 houses, for which ₹6.66 crore SCSP funds were disbursed to the beneficiaries up to March 2023, remained incomplete at various stages in the test checked PRIs (March 2024). Audit noticed that no subsequent instalments were released during 2023-24 and houses remained incomplete. Details are given in **Table 3.18**.

Table 3.18: Number of beneficiaries and SCSP funds disbursed

(₹ in lakh)

Name of Scheme	Kottayam		Thrissur		Malappuram		Kozhikode	
	No. of beneficiaries	Total amount disbursed						
LIFE Phase I	7	8.09	-	-	-	-	-	-
LIFE 2020	3	5.30	26	48.14	5	2.60	3	7.40
LIFE Phase II	1	2.00	7	13.80	-	-	3	9.00
LIFE Phase III	32	81.97	5	11.50	1	2.00	4	7.40

Name of Scheme	Kottayam		Thrissur		Malappuram		Kozhikode	
	No. of beneficiaries	Total amount disbursed						
LIFE SC Additional	40	107.60	7	18.50	40	58.70	85	187.72
AWAS Plus	1	3.76	-	-	-	-	-	-
PMAY	7	17.36	7	10.40	29	51.56	4	10.70
Total	91	226.08	52	102.34	75	114.86	99	222.22

(Source: Data furnished by PRIs)

Further, 109 houses, for which ₹3.98 crore TSP funds were disbursed to the beneficiaries, remained incomplete at various stages for the last one year in test checked PRIs (March 2024) as detailed in **Table 3.19**.

Table 3.19: Number of beneficiaries and TSP funds disbursed

(₹ in lakh)

Name of Scheme	Kottayam		Thrissur		Malappuram		Kozhikkode	
	No. of beneficiaries	Total amount disbursed						
LIFE Phase I	-	-	-	-	-	-	-	-
LIFE 2020	6	9.90	-	-	-	-	-	-
LIFE Phase II	-	-	1	2	-	-	1	4.2
LIFE Phase III	4	14.80	-	-	1	3	-	-
LIFE ST Additional	10	39.50	5	19.60	26	85.40	41	175.52
AWAS Plus	-	-	-	-	-	-	2	7.04
PMAY	7	25.57	2	3.90	2	3.38	1	3.76
Total	27	89.77	8	25.50	29	91.78	45	190.52

(Source: Data furnished by PRIs)

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 PRIs. Test checked PRIs 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.

3.6.3.3 Purchase of waterlogged paddyland for the construction of houses to 22 landless Scheduled Tribes under TSP by Chungathara GP -Unfruitful expenditure of ₹24.83 lakh - Malappuram District

Chungathara Grama Panchayat in Malappuram district purchased 89.35 cents of land, in March 2013, in Sy. No. 98/804 at Kurumbalangode Village in Nilambur taluk, for distribution among 22 landless tribal people at a total cost of ₹24.83 lakh²⁹. The land was registered directly in the name of 22 landless tribal people except 8.20 cents of land registered in the name of the Secretary, GP for common utility purposes.

Audit noticed that despite the land being registered in their names years ago, the registration deeds were not handed over to the beneficiaries. Furthermore, as per the Agriculture Officer's report (August 2023), the land could not be used for house construction as the land was surrounded by paddy fields and there was no road connectivity to the land. It was also mentioned in the report that though the Kerala Conservation of Paddy Land and Wetland Act, 2008 prohibited the use of paddy and wetlands in the State for any other purpose, rubber trees were planted with the intention to convert the land (**Figure 3.2** and **Figure 3.3**).



Figure 3.2 and Figure 3.3: Waterlogged paddy land planted with rubber trees in Chungathara GP, Malappuram district (Photographs taken by Audit on 03 January 2024)

The imprudent decision by Chungathara GP to purchase waterlogged land for tribal housing has resulted in the denial of houses and exclusion of these 22 landless tribal families from other housing schemes. Audit noticed that these 22 landless tribal families in the Grama Panchayat were not included in any other housing scheme beneficiary lists till date (March 2023).

3.6.4 Supplementary Nutrition Programme – Diversion of SCSP/TSP funds ₹0.70 crore

Plan formulation and subsidy guidelines issued by GoK, stipulate for mandatory allocation of plan funds towards implementation of Supplementary Nutrition

²⁹ 81.15 cents at the rate of ₹30,000 each cent + Registration fee

Programme (SNP)³⁰. The guidelines also stipulate that the SNP share of the SC/ST students should be allotted by the respective PRIs in proportion to the number of beneficiaries. Test checked PRIs 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 13 PRIs formulated projects worth ₹1.94 crore, of which ₹0.56 crore was allocated in excess of proportion of SC beneficiaries. Similarly, seven PRIs formulated projects worth ₹0.47 crore, of which ₹0.14 crore was allocated in excess of proportion of ST beneficiaries. Details of excess allocations are given in the Table 3.20 and Table 3.21.

Table 3.20: Diversion of SCSP funds for SNP

(₹ in lakh)

Period	Amount diverted				Total SCSP Fund Diverted
	Kottayam	Thrissur	Malappuram	Kozhikode	
2020-21	0.17	2.25	12.39	0.50	15.31
2021-22	14.05	0.45	7.82	1.95	24.27
2022-23	0.24	0.00	15.76	0.30	16.30
Total	14.46	2.70	35.97	2.75	55.88

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

Table 3.21: Diversion of TSP funds for SNP

(₹ in lakh)

Period	Amount diverted				Total TSP Fund Diverted
	Kottayam	Thrissur	Malappuram	Kozhikode	
2020-21	-	-	1.89	-	1.89
2021-22	0.05	-	6.11	-	6.16
2022-23	0.92	-	5.29	-	6.21
Total	0.97	-	13.29	-	14.26

(Source: Data furnished by PRIs 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 PRIs have inadvertently perpetuated the existing gaps, thereby undermining the Government 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

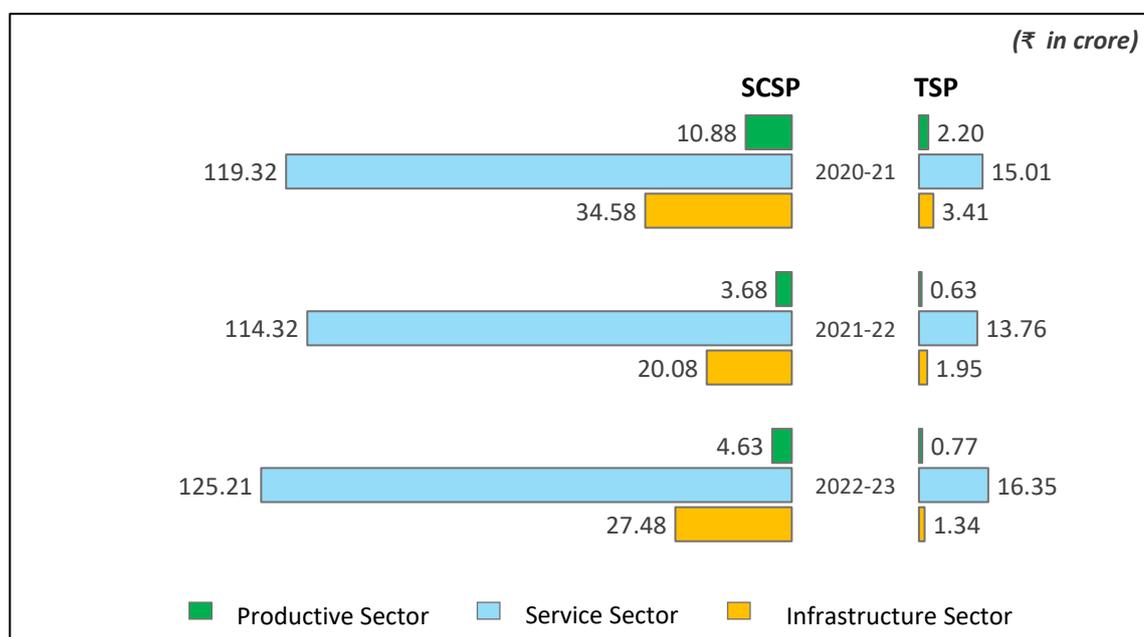
³⁰ SNP is primarily designed to bridge the gap between the Recommended Dietary Allowance (RDA) and the Average Daily Intake (ADI) in children (six months to six years), pregnant women and lactating mothers

Caste and Scheduled Tribe communities. Evaluation of projects under major sub-sectors under productive sector revealed the following:

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

Audit of the selected PRIs revealed that the productive sector projects intended for enhancing the socio-economic status of the targeted communities through income and employment generation were given least priority as shown in **Chart 3.5**.

Chart 3.5: Sector-wise allocation of SCSP/TSP funds



(Source: Annual expenditure statements of selected PRIs)

Audit analysed allocation of funds under productive sector during 2020-21 to 2022-23 and found that test-checked PRIs formulated only 4.07 to 10.92 per cent projects and allocated only 1.37 to 10.06 per cent of SCSP fund towards productive sector. Similarly, only 2.25 to 13.07 per cent projects were formulated and allocated only 2.36 to 17.87 per cent of TSP fund towards productive sector. Details are given in **Appendix 3.10** and **Appendix 3.11**.

Sub-sector wise analysis of projects implemented under productive sector revealed that selected PRIs gave very low priority towards implementation of projects under the sub-sectors viz., agriculture, animal husbandry and self-employment as detailed in **Table 3.22**. Further details are given in **Appendix 3.12**.

Table 3.22: Sub-sector wise allocation of SCSP/TSP funds

Purposes	(₹ in crore)					
	Total SCSP fund utilised	SCSP fund utilised	Percentage of SCSP utilisation against total SCSP allocation	Total TSP utilisation for entire sectors in PRIs	TSP fund utilised	Percentage of TSP utilisation against total TSP allocation
Agriculture	339.21	1.02	0.30	42.67	1.04	2.44

Purposes	Total SCSP fund utilised	SCSP fund utilised	Percentage of SCSP utilisation against total SCSP allocation	Total TSP utilisation for entire sectors in PRIs	TSP fund utilised	Percentage of TSP utilisation against total TSP allocation
Animal Husbandry		1.76	0.52		1.45	3.40
Self-employment		3.62	1.07		0.08	0.19

(Source: Annual Expenditure Statements of PRIs)

It was seen that only 0.30 per cent, 0.52 per cent and 1.07 per cent of SCSP funds respectively were spent towards agriculture, animal husbandry and self-employment assistance schemes. Similarly, only 2.44 per cent, 3.40 per cent and 0.19 per cent of TSP funds respectively were spent towards agriculture, animal husbandry and self-employment assistance schemes. Audit observed that this disinterest in income generating activities weakened the objective of reducing poverty and unemployment among SC and ST communities.

3.6.6 Implementation of projects under productive sector

Test checked PRIs implemented 74 per cent to 84 per cent of projects formulated using SCSP funds during the audit period and expended 60 per cent to 72 per cent of amount allocated towards productive sector. Similarly, test checked PRIs implemented 89 per cent to 94 per cent of projects formulated using TSP funds and expended 75 per cent to 85 per cent of amount allocated towards productive sector. Details are given in **Appendix 3.13**. Analysis of implementation of agriculture, animal husbandry and self-employment assistance schemes revealed the following:

3.6.6.1 Agriculture

A scrutiny of agriculture related projects implemented using SCSP funds revealed a concerning trend. Of 68 test-checked PRIs, only 16 PRIs implemented agriculture related projects (27 projects) during the period 2020-21 to 2022-23 incurring an expenditure of ₹1.02 crore. Similarly, for TSP funds, only 11 PRIs implemented agriculture related projects (33 projects) from 2020-21 to 2022-23 incurring an expenditure of ₹1.04 crore.

Audit observed that agriculture, a sector prioritised in the 13th and 14th Five Year Plans and a primary source of livelihood for 29.90 per cent of SC and 69.52 per cent of ST populations, was accorded low priority by PRIs.

3.6.6.2 Self-Employment Assistance schemes

The utilisation of SCSP and TSP funds for self-employment and employment assistance projects was very low. Out of 68 test-checked PRIs, only 31 PRIs implemented self-employment assistance projects during 2020-21 to 2022-23, incurring an expenditure of ₹3.62 crore. Similarly, under TSP funds, five PRIs implemented five self-employment assistance projects incurring an expenditure of ₹0.08 crore during the Audit period.

3.6.6.3 Animal Husbandry and Fisheries

Audit revealed that the expenditure on animal husbandry and fisheries was 0.88 per cent of the total SCSP and TSP funds, indicating a lack of attention and resources for these critical sectors.

As 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 sections of the society, formulation and implementation of income generating programmes for SCs and STs under productive sector is essential.

3.6.7 Misclassification of projects under productive sector

Formulation of projects under SCSP and TSP in productive sector include projects under Agriculture, Job Assistance, Animal Husbandry, Self-Employment Schemes etc. However, a review of records revealed that certain projects, such as the installation of solar mini mast lights and construction of retaining walls in houses, were incorrectly classified under productive sector. The details of misclassification in selected PRIs are detailed in **Table 3.23**.

Table 3.23: Misclassification of projects under productive sector

(₹ in crore)

Year	SCSP					TSP				
	Number of PRIs	Total number of projects implemented under productive sector	Total no. of service sector projects misclassified under productive sector	Expenditure of the projects misclassified under productive sector (₹ in crore)	Percentage of number of service sector projects misclassified under productive sector	Number of PRIs	Total number of projects implemented under productive sector	Total no. of service sector projects misclassified under productive sector	Expenditure of the projects misclassified under productive sector (₹ in crore)	Percentage of number of service sector projects misclassified under productive sector
2020-21	10	56	38	3.24	67.86	3	7	5	0.07	71.43
2021-22	5	26	13	0.23	50.00	1	4	1	0.03	25.00
2022-23	4	27	12	0.70	44.44	2	5	2	0.15	40.00
Total		109	63	4.17	57.80		16	8	0.25	50.00

(Source: Annual Expenditure statements of PRIs)

This misclassification resulted in projection of inflated figures under productive sector. Audit observed that three PRIs³¹ used ₹2.93 crore (24.40 per cent) of the SCSP funds utilised and two PRIs³² used ₹0.16 crore (5.41 per cent) of the TSP funds towards implementing mini mast and solar light projects and incorrectly included in the productive sector expenditure, violating Government guidelines. Audit noticed that of the 25 projects implemented (₹3.48 crore) by Malappuram DP under productive sector utilising SCSP fund, 18 projects with project cost of ₹2.96 crore were service sector projects incorrectly classified under productive sector.

³¹ Malappuram DP, Areekode BP, Koruthode GP

³² Nilambur BP, Koruthode GP

These discrepancies have significant implications, as they artificially inflate the percentage of projects implemented under the productive sector. Audit observed that this misclassification reduced the actual percentage of projects implemented under the productive sector from 79.39 per cent to 61.84 per cent for SCSP funds and from 90.44 per cent to 84.56 per cent for TSP. District-wise misclassification is detailed in **Appendix 3.14** and **Appendix 3.15**.

Infrastructure Sector

PRIs 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:

3.6.8 Status of projects under Infrastructure Sector

Year-wise details of projects formulated and implemented in the Infrastructure Sector by the test-checked PRIs during the audit period are given in **Table 3.24** and district-wise details in **Appendix 3.16** and **Appendix 3.17**. The major activities undertaken under infrastructure sector utilising SCSP and TSP funds were construction of roads, installation of streetlights, etc.

Table 3.24: SCSP/TSP – Infrastructure Sector expenditure details of 68 test checked PRIs

(₹ in crore)

Year	SCSP					TSP				
	No. of projects formulated	Amount Allocated	No. of project implemented	Expenditure	Percentage of expenditure	No. of projects formulated	Amount allocated	No. of projects implemented	Expenditure	Percentage of expenditure
2020-21	568	34.57	470	22.71	65.69	98	3.41	78	2.39	70.09
2021-22	322	20.07	247	11.29	56.25	35	1.94	32	1.77	91.24
2022-23	358	27.48	192	10.97	39.92	30	1.33	22	1.02	76.69
Total	1248	82.12	909	44.97	54.76	163	6.68	132	5.18	77.54

(Source: Annual Expenditure Statements of PRIs)

During the period 2020-23, Audit noticed a drastic decline in the number of infrastructure projects formulated by test checked PRIs. While there was 37 per cent decrease in projects formulated under SCSP, number of infrastructure projects formulated under TSP came down by 69 per cent. Further, only 72.84 per cent of SCSP projects and 80.98 per cent of TSP projects formulated under infrastructure sector were implemented during the audit period.

Scrutiny of projects executed under infrastructure sector and availability of infrastructure in tribal colonies revealed instances of lack of basic infrastructure facilities in tribal colonies, non-utilisation of created asset, etc., as discussed below:

3.6.9 Idling of assets created under SCSP/TSP

Test checked PRIs 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

benefits 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 13 buildings constructed for purposes such as Training Centre, Community/Welfare centres, Crematorium, etc., utilising ₹2.28 crore in 10 test checked PRIs were lying idle. Details are given in **Table 3.25**.

Table 3.25: Idling of Assets created under SCSP and TSP

District	Assets idling	Total Expenditure (₹ in lakh)	Year of completion	Reasons for idling
SCSP				
Kottayam	SC Community Centre, Erattupetta BP	7.71	2020	No water or electric connection
	SC Women Training Centre, Pambady GP	5.77	2023	No specific reason furnished
Thrissur	SC Women Training Centre, Thrissur DP	37.86	2020	No water connection
	SC Crematorium, Chalakudy BP	4.62	2021	No water or electric connection
	Community Study Centre, Chalakudy BP	7.84	2020	Electrification not done
	SC Welfare Centre, Thrikkur GP	47.40	2015	No specific reason furnished
Malappuram	SC Pakal Veedu, Pulpatta GP	6.56	2015	No specific reason furnished
Kozhikkode	SC Community Centre, Kozhikode DP	42.91	2022	No electric connection
	SC Women Employment Training Centre, Kunnangalam BP	6.09	2020	No specific reason furnished
	SC Cultural Centre, Kozhikode DP	35.97	2021	No specific reason furnished
	SC Multi-Purpose Centre, Kozhikode DP	20.15	2020	No specific reason furnished
Total	11	222.88		
TSP				
Kottayam	Production and Sales Centre for ST Women, Melukavu GP	4.03	2019	No specific reason furnished
	ST Employment Training Centre, Moonilavu GP	0.77	2020	No specific reason furnished
Total	2	4.8		

(Source: Data furnished by PRIs)

It is seen from the table that five out of 13 buildings were remaining idle for more than three years due to non-availability of electricity and water connections.

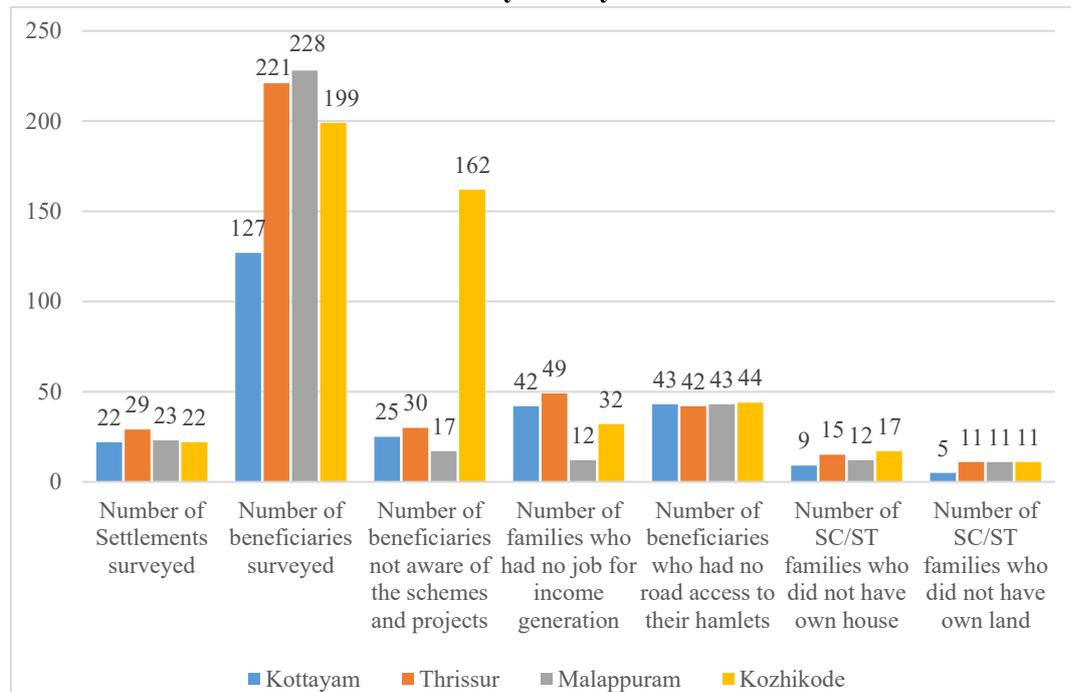
Audit noticed that plan formulation guidelines stipulated for conduct of employment training programmes through GoI/GoK empanelled

agencies/schemes. However, Thrissur DP, Kunnamangalam and Pampady BPs and Moonilavu GP constructed four employment training centre buildings during 2020-23 with the objective of imparting employment training to SC/ST women utilising SCSP/TSP funds. Construction of buildings in violation scheme guidelines and idling of buildings by not providing basic amenities, indicate gross negligence on the part of the PRIs.

3.6.10 Beneficiary Survey results of 96 SC/ST settlements

A joint team of Audit officials and representatives from 42 PRIs conducted a survey in 96 settlements (62 SC and 34 ST) across four districts. The team interacted with 775 beneficiaries (495 SC and 280 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 3.6** details the deficiencies observed.

Chart 3.6: Beneficiary Survey of SCSP/TSP in PRIs



(Source: Beneficiary Survey results)

The survey highlights the following gaps.

- **Inadequate IEC activities** - 27.27 per cent (135 out of 495) of surveyed SC beneficiaries and 35.36 per cent (99 out of 280) of surveyed ST beneficiaries lacked awareness about the projects and programmes implemented by the PRIs.
- **Absence of jobs for Income Generation** - 90 SC families (18.18 per cent) in 40 settlements and 45 ST families (16.07 per cent) in 21 settlements had no job for income generation.
- **Lack of Road Access** - Out of 495 beneficiaries from 62 settlements in four districts, 81 Scheduled Caste beneficiaries (16.36 per cent) and 91 Scheduled Tribe beneficiaries (32.50 per cent) opined that they had no road access to their hamlets.
- **Inadequate Housing facilities** - The survey also revealed that 6.46 per cent (32 out of 495) of surveyed SC families and 7.50 per cent (21 out of 280) ST families had no own house.

- **Land Deprivation** - Out of 775 beneficiaries surveyed, 38 beneficiaries had no own land.

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

Case study on the living status of the tribals in Vettilakolli Tribal Settlement

The Vettilakolli tribal settlement is situated in the thick forest of the Edavanna Forest Range. The inhabitants of the Vettilakolli Tribal Settlement are from the Paniyar category of scheduled tribes, which is the most backward and poorest among ST categories in the State. Twenty seven families with a total population of 94 people were residing in 17 houses. The male female ratio was 48:46 and there were eight children in the age group of one to five years and 23 in the age group of six to 18 years.

1. Housing

In the settlement, 22 families were living in 12 thatched huts covered with plastic sheets, which were in a dilapidated condition. Audit noticed that of these 22 families, only two families are included in LIFE beneficiary list.

Figure 3.4



Figure 3.5



*Thatched huts in the Vettilakolli settlement in Chaliyar GP
(Photographs taken by Audit on 29 December 2023)*

2. Poor road connectivity

The settlement is situated approximately 18 kilometres away from the Chaliyar Grama Panchayat office. The access to the nearest hospital, schools, market, other offices, etc., is 18 kilometres away from the settlement. Audit noticed that six kilometre stretch in the forest area was in off-road condition and was accessible only by four-wheel drive vehicles like jeeps with experienced drivers. As such the settlement is not accessible to any ambulance in case of medical emergencies. Audit noticed that Chaliyar GP has not formulated any project so far to provide accessibility to the settlement.

3. Unhealthy drinking water facility

The tribal people in the settlement have no drinking water facility. A project was implemented by the GP utilising CFC grant of ₹1.84 lakh during 2021-22 for supply of water from the Choorapuzha water stream. Audit noticed that water was collected in two PVC tanks having a capacity of 1000 litres each, by gravitational force by using garden hoses from the river. It was stated by

the inhabitants that water is not available during summer season. As the GP has not provided any individual or common taps, water was continuously overflowing from the tanks. Water sample taken from the tank was tested for general drinking water quality in the KWA Lab and found that the water was not potable as it was contaminated with Coliform and E.Coli bacteria (presence of both bacteria were numerous to count).

Figure 3.6



Figure 3.7



*Water tanks and garden hoses laid for bringing water from the stream
(Photographs taken by Audit on 29 December 2023)*

4. Toilet facilities

The 27 families with a total of 94 members were living in the settlement without any common or individual toilet facilities and they fully depended up on the forest land for their primary needs.

5. Electricity

No electricity has reached the settlements till date, and they are depending fully on Kerosene lamps during nights. However, during scrutiny of the ration cards issued to three families, audit noticed that their houses were recorded as electrified and hence they were eligible only for the reduced quantity of kerosene (500 ml) per month.

6. Drop out of 14 school going students during the academic year 2022-23 for want of transport facilities

Right to Education Act ensures compulsory education to all children up to the age of 14 years, and it has become the legitimate right of such age group to get education free of cost. In order to ensure the continuous education up to the age 14, the Gothra Saradhi scheme was introduced by the GoK to be implemented both by the Department and LSGIs. However, Chaliyar GP discontinued the Gothra Sarathi scheme for Vettilakolli settlement from April 2022 due to high trip cost. Audit noticed that 14 children of the settlement studying in the classes up to fourth Standard (Two first standard students, one student each of second and third Standard and 10 students of fourth standard) discontinued their education and dropped out during the year 2022-23 for want of transport support facilities. Audit observed that discontinuing the Multi Grade Learning Centre (MGLC) scheme³³ by GoK and stoppage of transport facility by the Grama Panchayat resulted in discontinuation of education of 14 children.

³³ Multi-Grade Learning Centres were single-teacher schools in the remote tribal and coastal areas of the State

3.7 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 PRIs to ensure that SCSP and TSP funds received are utilised effectively as detailed in the following paragraphs.

3.7.1 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 LSGI concerned and should monitor each project formulated and implemented. However out of 68 PRIs test checked, the Working Groups did not act as Monitoring Committees in 17 PRIs.

Further, the Monitoring Committees should be re-constituted when the Convener of the Monitoring Committee becomes the implementing officer. However, out of 68 PRIs test checked, in 54 PRIs the Monitoring Committees were not reconstituted when the Convener became the implementing officer and the implementing officers themselves acted as Conveners of Monitoring Committees.

3.7.2 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 except in Kodakara Block Panchayat, none of the other test checked PRIs has constituted Social Audit Committees and no Social Audit was conducted as stipulated.

3.7.3 Non-conducting of evaluation of the schemes

Evaluation of projects and schemes helps in enhancing efficiency in planning and implementing schemes/projects thereby promoting better utilisation of resources. Evaluation of the schemes implemented under SCSP/TSP, on regular basis, is essential to assess their impact on the upliftment of socio-economic conditions of the SCs/STs. However, such evaluation studies at the State/PRI level have not been conducted till date.

3.8 Conclusion

Audit revealed significant gaps in the implementation of Scheduled Caste Sub Plan (SCSP) and Tribal Sub Plan (TSP) by Panchayat Raj Institutions in the selected districts in Kerala. The use of outdated data, inadequate allocation to productive sector projects, declining allocation to PRIs and lapse of funds to the tune of ₹68.73 crore and ₹6.69 crore from SCSP and TSP respectively were notable concerns. Furthermore, contaminated drinking water sources were found in 65 Scheduled Caste/Scheduled Tribe settlements. To address socio-economic disparities, it is essential to revamp SCSP and TSP implementation, prioritizing community-centric initiatives and robust monitoring mechanisms.

3.9 Recommendations

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

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

Part II

Urban Local Bodies (ULBs)

CHAPTER IV OVERVIEW OF URBAN LOCAL BODIES

4.1 Introduction

The Constitution of India provided a clear mandate for democratic decentralisation through the Seventy-fourth Constitutional Amendment Act, 1992(CAA). Article 243W authorised the State Legislatures to enact laws to endow Urban Local Bodies with powers and authority as may be necessary to enable them to function as institutions of self-government and make provisions for devolution of powers and responsibilities. The 74th CAA also introduced the Twelfth Schedule and the matters enumerated therein were identified as functions which could be entrusted to ULBs. The Kerala Municipality Act, 1994 (KM Act) was enacted in line with the 74th CAA, endowing ULBs with necessary powers and authority to enable them to function as institutions of self-governments. As of March 2024, there were 87 municipalities and six municipal corporations in the State. District wise number of Urban Local Bodies (ULBs), Population and Per Capita income are given in **Table 4.1**.

Table 4.1: District wise number of ULBs, urban population and per capita income

Sl. No.	District	Urban population (In lakh)	Per capita income (₹) (district)	No. of ULBs	
				Municipality	Municipal Corporation
1.	Thiruvananthapuram	17.72	145214	4	1
2.	Kollam	11.82	180947	4	1
3.	Pathanamthitta	1.32	113425	4	0
4.	Alappuzha	11.48	195817	6	0
5.	Kottayam	5.65	171528	6	0
6.	Idukki	0.52	149686	2	0
7.	Ernakulam	22.34	202863	13	1
8.	Thrissur	20.96	164800	7	1
9.	Palakkad	6.77	130112	7	0
10.	Malappuram	18.17	109422	12	0
11.	Kozhikode	20.73	136648	7	1
12.	Wayanad	0.32	104305	3	0
13.	Kannur	16.41	145441	9	1
14.	Kasaragod	5.09	127641	3	0
	Total			87	6

(Source:- Economic Review-2023 and Thadheshakam issued by LSGD).

4.2 The Status of devolution of Functions and Functionaries

The Twelfth Schedule of the Constitution consists of 18 functions pertaining to the ULBs. The KM Act envisaged transfer of functions of various Departments of the Government to LSGIs, together with the staff to carry out the functions transferred. Government of Kerala (GoK) transferred (September 1995) 14 of these functions to ULBs. Functions viz., regulation of land use and construction

of buildings, water supply for domestic, industrial and commercial purposes, fire service and Urban forestry, environmental protection and promotion of ecological aspects have not been transferred to ULBs (March 2024). Though 14 of the 18 matters in the Twelfth Schedule of the Constitution were transferred, there was no documented mapping correlating the items listed under General, Mandatory and Sector-wise functions in the First Schedule of KM Act, with the Twelfth Schedule of the Constitution. Audit noticed that ULBs were fully responsible for only seven out of 14 functions transferred and had limited/no role with regard to seven functions as detailed in **Table 4.2**.

Table 4.2: Status of devolution of functions to ULBs

Sl.No.	Responsibilities	Functions
1	Full jurisdiction/ Major role	<ol style="list-style-type: none"> 1. Slum improvement and upgradation 2. Roads and bridges 3. Urban poverty alleviation 4. Burials and burial grounds, cremations, cremation grounds and electric crematoriums 5. Vital statistics including registration of births and deaths. 6. Public amenities including street lighting, parking lots, bus stops and public conveniences. 7. Regulation of slaughterhouses and tanneries
2	Limited role	<ol style="list-style-type: none"> 1. Urban planning including town planning. 2. Planning for economic and social development. 3. Public health, sanitation conservancy and solid waste management 4. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded. 5. Provision of urban amenities and facilities such as parks, gardens, playgrounds. 6. Promotion of cultural, educational and aesthetic aspects 7. Cattle pounds; prevention of cruelty to animals
3	Not transferred	<ol style="list-style-type: none"> 1. Regulation of land use and construction of buildings. 2. Water supply for domestic, industrial and commercial purposes 3. Fire services 4. Urban forestry, protection of the environment and promotion of ecological aspects.

(Source: Details furnished by Principal Directorate, LSGD)

4.2.1 Parallel implementation of schemes transferred to ULBs by Government Departments

Audit observed that the schemes relating to the transferred functions, which were included in the Annual Plans of ULBs, were implemented in a parallel manner by the Department concerned also. Schemes relating to development of the Scheduled Castes/ Scheduled Tribes taken up by ULBs were implemented in a parallel manner by Scheduled Caste Development Department with department funds. Marriage assistance for SC women, providing laptops to SC/STs, etc., were seen implemented by both ULBs and SC/ST Development Departments. Parallel implementation of schemes by Government resulted in

beneficiary selection by departmental officers for departmental schemes implemented in ULBs. The beneficiary lists prepared by departmental officers were not subject to scrutiny by Ward Committees/Ward Sabhas and for that reason, such selection was vulnerable to the risk of duplication of beneficiaries.

Implementation of schemes of similar nature relating to the transferred functions by ULBs and Government in a parallel manner may also result in lack of accountability of ULBs and departments towards effective implementation of schemes. Further, Departments continuing to implement programmes on devolved functions go against the spirit of decentralisation, reducing the autonomy of ULBs.

4.2.2 Incomplete Transfer of functionaries

For efficient discharge of transferred functions, the LSGIs require qualified and trained personnel. Government transferred (September 1995) institutions under 10 departments to implement schemes for matters enumerated in Twelfth schedule of Constitution. However, the transfer was not performed in a complete manner. Audit noticed that though Senior Co-operative Inspector was transferred to Municipalities/Municipal Corporations, his service was not available to the ULBs. Against the requirement of 89 clerical posts assessed (July 2000) in ULBs, there existed a shortage of 61 personnel (March 2024).

Although, 74th Amendment of the Constitution had granted sufficient autonomy to Urban Local Bodies, ULBs were not completely free from governmental control. Transfer of functions, functionaries and institutions concerned to ULBs were not completed despite the passage of over 25 years since the Constitutional Amendment.

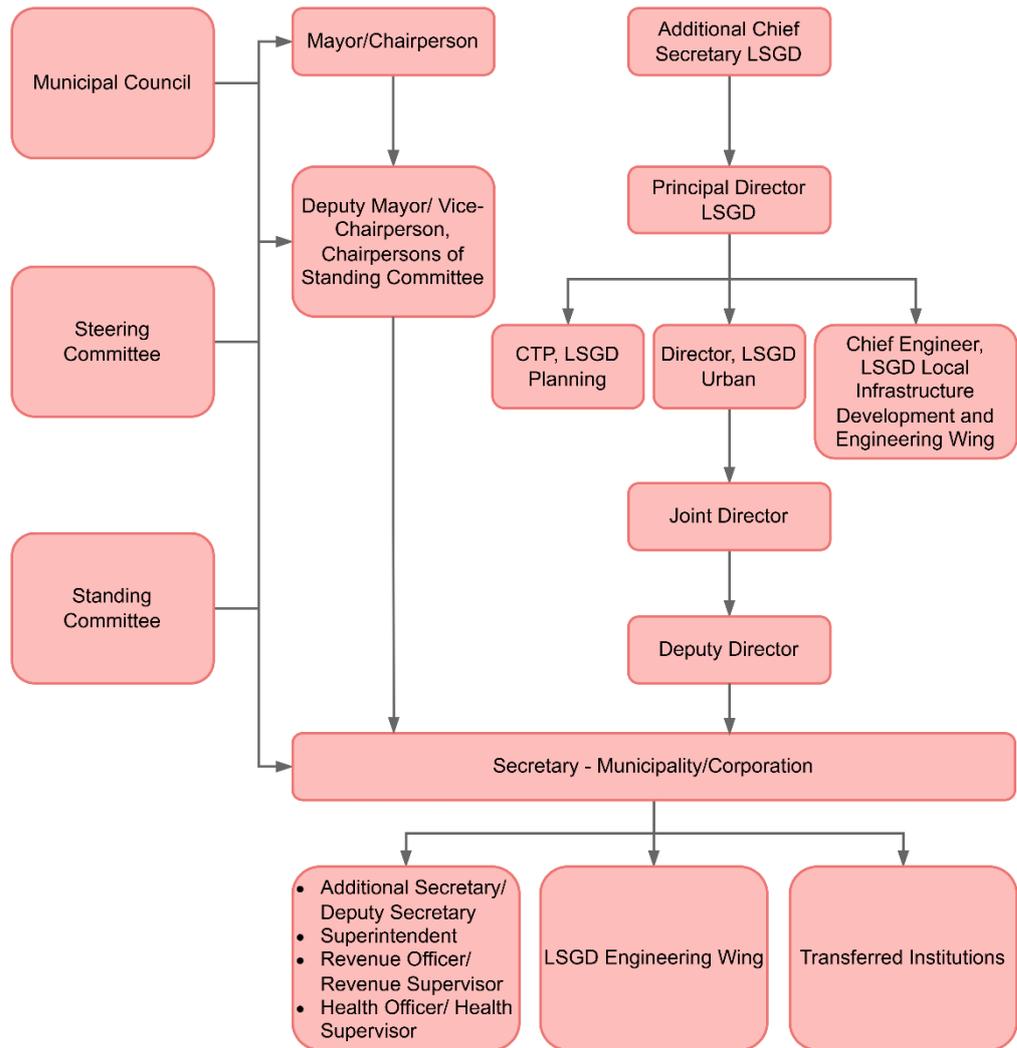
Fourth State Finance Commission observed that there was no clarity in the relationship between LSGIs and State Government including parastatals performing functions assigned to local governments and this should be laid down clearly. Though the recommendation was accepted by Government and the State Finance Commission Cell was to initiate further action, no action was taken in this regard (March 2024).

4.3 Organisational setup of ULBs

The Local Self Government Department (LSGD), headed by the Additional Chief Secretary to Government, is the nodal department for the governance of all ULBs. LSGD is empowered to issue general guidelines to LSGIs in accordance with the National and State policies in matters such as finance, maintenance of accounts, office management, formulation of schemes, environmental regulations etc.

The Chairperson/Mayor is the Head of ULBs. Each ULB has a Secretary who is the Chief Executive Officer. The Councillors of ULBs elect the Chairperson/Mayor, Vice-Chairperson/Deputy Mayor and Chairpersons of the Standing Committees. Organogram at Government level and at ULB level is given in **Chart 4.1**.

Chart 4.1: Organogram of ULBs



4.4 Formation of various Committees

The KM Act has envisaged constitution of various committees for effective discharge of the function assigned to the ULBs. Section 20 of the Kerala Municipality Act prescribed for constitution of Standing Committees in every ULB and section 23 dealt with constitution of Steering Committees.

Standing Committees

Standing Committees are to analyse issues and proposals before they are considered for decision by the Municipal Councils. There are six³⁴ Standing Committees for each Municipality and eight³⁵ Standing Committees for each Corporation. Members of the Standing Committees are elected under the guidance, supervision and control of State Election Commission. The

³⁴ (1) Standing Committee for Finance, (2) Standing Committee for Development, (3) Standing Committee for public works. (4) Standing Committee for Health (5) Standing Committee for Education, Arts and Sports (6) Standing Committee for Welfare

³⁵ (1) Standing Committee for Finance, (2) Standing Committee for Development, (3) Standing Committee for public works. (4) Standing Committee for Health (5) Standing Committee for Education, Arts and Sports (6) Standing Committee for Welfare. (7) Town Planning (8) Tax Appeal

Chairpersons of the Standing Committees except that of the Standing Committee for Finance are elected by the members of the respective Standing Committees from among themselves. Deputy Chairperson is the ex-officio member and Chairman of the Standing Committee for Finance. The Standing Committees have the power to make resolutions in respect of their subjects. Every resolution passed by the Standing Committees needs to be placed in the next meeting of the Municipal Council of the ULBs. The Council can modify resolutions, if considered necessary.

Steering Committee

According to Section 23 of KM Act, it is the responsibility of the Steering Committee to co-ordinate and monitor the functions of the Standing Committees and to perform such other powers and functions assigned to it by the Corporation/Municipality. The Steering Committee consists of the Chairperson of the LSGI and Chairpersons of all Standing Committees. The Secretary shall attend the meeting of the Steering Committee.

The Ward Committees/Ward Sabhas

Ward Sabhas, in the case of Municipalities where population is less than one lakh and Ward Committees, where population exceeds one lakh, play an important role in the planning process. They decide the priorities in planning and select beneficiaries for the beneficiary oriented schemes. Ward Committees should comprise of at least 55 to 60 members from residents' associations, neighbourhood groups, political parties, heads of educational institutions, professionals, commercial establishments, etc., so as to broadly represent all categories of people in the ward. For Ward Committees, one-fifth of total members and for Ward Sabhas one tenth of total number of voters in the ward is the quorum prescribed for their meetings.

4.5 Response to Audit Observations

The Handbook of Instructions for Speedy Settlement of Audit Objections/Inspection Reports(IRs)/timely disposal of draft audit paragraphs and matters pertaining to the Public Accounts Committee, issued by the State Government in 2010 and 2017 provides for prompt response by the Executive to the IRs issued by the Accountant General for rectification, in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc., noticed during audit inspection. The Heads of Offices and next higher authorities are required to comply with the audit observations contained in the IRs, rectify the defects and omissions and promptly report their compliance to the Accountant General within four weeks of receipt of IRs. It was noticed that as of March 2023, 130 IRs (888 paragraphs) were outstanding in ULBs. Year-wise details of IRs and paragraphs outstanding are given in **Appendix 4.1**

4.5.1 Discussion of CAG's Audit Report by Legislative Committee

The pendency in discussion of the paragraphs for ULBs, appeared in the CAG's Audit Report by the Local Fund Accounts Committee is given in the **Table 4.3**.

Table 4.3: Discussion of CAG’s report by Legislative Committee

Name of the Audit Report	Year of the Report	Number of paragraphs pending discussion as of June 2024
Report of the CAG of India on ‘Waste Management in Urban Local Bodies (Standalone performance Audit Report)	March 2021 (Report No. 9 of the year 2022)	Chapters IV, V, VI

4.6 Accountability Mechanism and Financial Reporting issues

4.6.1 Property Tax Board

The Thirteenth Finance Commission mandated constitution of a Property Tax Board in the State. Accordingly, Government issued (February 2011) orders for constituting a Property Tax Board with one chairperson and three members. The Board was to take action to ensure imposition and collection of property tax on all taxable properties, share expertise on valuation and arrange training in this regard to the staff of ULBs. It was to assist all Municipalities and Municipal Corporations in the State to put in place an independent and transparent procedure for assessing property tax, by enumerating all properties within the jurisdiction of ULBs and offering suggestions for a suitable basis for assessment and valuation of properties and their periodic revisions.

Though the Property Tax Board was constituted in the State, the Board has not yet started to function (February 2024).

4.6.2 Sources of revenue of Urban Local Bodies

Devolved functions can be carried out effectively by ULBs only when they are supported by sufficient financial resources. Financial resources are obtained through fiscal transfers facilitated by State Finance Commissions and compliance to Central Finance Commission recommendations as well as through increased access to own sources of revenue commensurate with expenditure requirements. The resources of ULBs consist of own revenue such as tax and non-tax revenue, funds devolved by State Government, Government of India (GoI) grants and loans from financial institutions. The State Government provides three types of funds to LSGIs from the Consolidated Fund viz., Grants (General Purpose Fund, Development Fund, Maintenance Fund), Funds for State Sponsored Schemes and State share of Centrally Sponsored Schemes (CSSs). The composition of resources of ULBs for the period 2018-19 to 2022-23 is given in **Table 4.4**.

Table 4.4: Time series data on resources of ULBs

Resources	2018-19	2019-20	2020-21	2021-22	2022-23
Own Revenue:					
i. Tax Revenue	795.13	667.34	684.13	824.15	909.27
ii. Non-Tax revenue	130.20	113.56	192.58	240.81	312.17
Total Own Revenue	925.33	780.90	876.71	1064.96	1221.44
State Fund:					
i. Traditional Functions	493.51	351.40	367.76	413.88	385.26

Resources	2018-19	2019-20	2020-21	2021-22	2022-23
ii. Maintenance Expenditure (Road Assets and Non-Road Assets)	442.05	519.15	552.17	633.57	573.06
iii. Expansion and Development	1015.04	890.13	1298.23	1137.03	1236.76
iv. Funds for State sponsored schemes	1162.92	928.24	1156.86	623.31	1275.53
v. State share of centrally sponsored schemes	373.56	281.85	742.68	213.46	566.08
Total State Fund	3487.08	2970.77	4117.70	3021.25	4036.69
GoI grants:					
i. Centrally Sponsored Schemes	1002.39	385.18	284.15	457.47	674.93
ii. Development and expansion (15 th FC)	835.53	947.03	1329.85	910.29	745.48
Total GoI	1837.92	1332.21	1614.00	1367.76	1420.41
Receipts from other sources:					
Loans	427.19	530.42	195.03	91.81	20.86
Total Receipts	6677.52	5614.30	6803.44	5545.78	6699.40

(Source: Data collected from Information Kerala Mission, State Finance Commission Cell, Principal Directorate of LSGD, Kerala Urban and Rural Development Finance Corporation (KURDFC), Kerala State Poverty Eradication Mission (Kudumbashree))

- During 2022-23, of the total receipts, the percentage share of State, Central, Own revenue, receipts from loans and other sources was 60.25 per cent, 21.20 per cent, 18.23 per cent and 0.31 per cent, respectively.
- The share of GoI grant to total receipts decreased from 27.52 per cent in 2018-19 to 21.20 per cent in 2022-23.
- The share of State grants to total receipts ranged from 52.22 per cent to 60.52 per cent during 2018-19 to 2022-23.

4.6.3 Expenditure incurred by ULBs against the funds allocated by GoK

The State Government provides three types of funds viz., General purpose fund, Development fund and Maintenance fund to LSGIs from the Consolidated Fund of the State on the basis of the recommendations of State Finance Commissions. Appendix IV to the Detailed Budget Estimates of the Government gives the LSGI-wise allocation of funds. Details of funds released and expenditure incurred during 2022-23 are given in **Table 4.5**.

Table 4.5: Expenditure incurred by ULBs during 2022-23

Sl. No.	Category of Fund	Head of Account	Amount Authorised	Expenditure	Unspent balance
1	General purpose fund	3604-00-200-83 (01, 02)	385.26	384.88	0.38
2	Maintenance fund (Non-road)	3604-00-200-82 (01, 02)	244.27	191.59	52.68
3	Maintenance fund (Road)	3054-80-191-37, 3054-80-192-37	328.79	220.97	107.82
4	Expansion and Development	3604-00-200-81 (01,06,11,02, 07,12)-35	1236.76	1012.66	224.10
	Total		2195.08	1810.10	384.98

(Source: Government Orders, Voucher Level Computerisation figures)

Out of the total allotment of ₹1809.82 crore towards Development and Maintenance funds, ₹384.60 crore (21.25 per cent) lapsed at the end of the financial year.

4.6.4 Application of Resources

In terms of activities, total expenditure constitutes expenditure on Productive Sector, Infrastructure Sector, Service Sector and other expenditure³⁶. Development expenditure of ULBs from all sources of funds during the period from 2018-19 to 2022-23 is given in Table 4.6.

Table 4.6: Application of Resources by ULBs

(₹ in crore)						
Sector	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Productive Sector	81.37	52.69	155.56	97.79	124.34	511.75
Infrastructure Sector	857.93	670.25	1251.70	1132.11	1296.20	5208.20
Service Sector	754.20	420.53	1117.39	627.40	587.56	3507.08
Total Development Expenditure	1693.50	1143.47	2524.65	1857.30	2008.10	9227.03

(Source: Details furnished by IKM)

- The total development expenditure for the years 2018-19 to 2022-23 was ₹9227.03 crore from all sources of fund and the percentage of expenditure on productive sector, infrastructure sector and service sector were 5.55 per cent, 56.44 per cent and 38.01 per cent respectively.
- The amount spent on productive sector ranged from 4.61 per cent (2019-20) to 6.19 per cent (2022-23), indicating that the ULBs assigned low priority to productive sectors like Agriculture, Animal Husbandry, Fisheries, Industries, etc.

4.6.5 Implementation of projects by ULBs

Details of projects formulated, taken up, completed and expenditure incurred are given in Table 4.7.

Table 4.7: Details of projects taken up and expenditure incurred (2018-19 to 2022-23)

Year	Type of LSGI	Number of projects			Amount (₹ in crore)		Expenditure on completed projects	Percentage of utilisation on total outlay of projects formulated
		Formulated	Taken up	Completed	Outlay of projects formulated	Expenditure on projects taken up		
2018-19	Municipality	30802	19382	16147	2448.17	1036.54	808.96	42.34
	Corporation	7897	4412	3257	1436.03	656.17	431.87	45.69
2019-20	Municipality	32661	13898	9226	2475.11	728.02	452.16	29.41
	Corporation	8467	2808	1566	1552.44	416.48	211.54	26.83
2020-21	Municipality	34400	24140	20115	2712.26	1441.43	1129.82	53.14
	Corporation	8599	6245	5175	1912.69	1073.47	781.09	56.12
2021-22	Municipality	18335	12270	9144	1479.83	840.00	607.12	56.76

³⁶ Salaries and honorarium, contingency expenditure, other administrative expenditure, terminal benefits, etc.

Year	Type of LSGI	Number of projects			Amount (₹ in crore)		Expenditure on completed projects	Percentage of utilisation on total outlay of projects formulated
		Formulated	Taken up	Completed	Outlay of projects formulated	Expenditure on projects taken up		
	Corporation	4306	2542	1953	1106.26	527.69	418.72	47.70
2022-23	Municipality	20731	12447	9234	1652.29	850.98	610.05	51.50
	Corporation	5608	2852	1897	1381.66	607.09	431.53	43.94
	Total	171806	100996	77714	18156.74	8177.87	5882.86	45.04

(Source: Details furnished by IKM)

- Against projects formulated, projects taken up for implementation ranged from 43 per cent to 70 per cent in Municipalities and 33 per cent to 73 per cent in Corporations.
- Against projects taken up for implementation, percentage of completed projects ranged from 66 per cent to 83 per cent in Municipalities and 56 per cent to 83 per cent in Corporations.
- With reference to the outlay of projects formulated, the percentage of utilisation of fund ranged from 29 per cent to 57 per cent in Municipalities and 27 per cent to 56 per cent in Corporations.

4.7 Recommendations of the State Finance Commission (SFC) and utilisation of SFC Funds

4.7.1 Constitution of SFCs

Article 243-Y envisaged that the Finance Commission constituted to review the financial position of Panchayats should also review the financial position of Municipalities. The first SFC was constituted on 23 April 1994, covering the period 1996-2001. Since then, six SFCs have been constituted in the State (December 2023).

4.7.2 Recommendations of the State Finance Commission (SFC)

The status of acceptance and implementation of recommendations of fifth and sixth SFCs by Government are given in **Table 4.8**.

Table 4.8: Status of acceptance and implementation of recommendations of SFCs by Government

SFC	Period	Total no. of recommendations	Accepted by GoK	Deferred	Not accepted	Partially accepted	Implemented
Fifth SFC	2016-17 to 2020-21	103	74	3	26	0	36
Sixth SFC	2021-22 to 2025-26	136	109	3	20	4	44

(Source: Action Taken Reports on the Reports of State Finance Commissions and Part I and Part II of the Report of the Sixth SFC)

Out of the 74 accepted recommendations of fifth SFC, only 36 recommendations have been implemented by the State. Of the 109

recommendations of sixth SFC, only 44 recommendations have been implemented (December 2024).

4.7.3 Status of transfer of funds and sharing of revenue between State and ULB

The SFCs had recommended for providing Development funds, Maintenance funds and General purpose funds to LSGIs. The major share of financial resources of ULBs comprised grants recommended by SFCs. SFC allocation accepted by the State and funds released to ULBs during the period 2018-19 to 2022-23 are given in **Table 4.9**:

Table 4.9: Details of SFC grants due and released during 2018-19 to 2022-23

(₹ in crore)

Year	SFC allocation as accepted by State	Actual allocation in Budget-Appendix IV	Actual release from Finance Department GoK ³⁷	Short (-) / Excess (+) release	Percentage of short (-) / Excess (+) release
2018-19	1719.33	1948.19	1950.59	(+) 231.26	(+) 13.45
2019-20	1706.46	1706.46	1760.68	(+) 54.22	(+) 3.18
2020-21	1864.49	1881.63	2218.16	(+) 353.67	(+) 18.97
2021-22	1964.19	2070.79	2184.48	(+) 220.29	(+) 11.22
2022-23	2152.85	2192.97	2195.07	(+) 42.22	(+) 1.96
Total	9407.32	9800.04	10308.98	(+) 901.66	(+) 9.58

(Source: Data furnished by SFC Cell, Finance Department)

4.7.3.1 The delayed release/short release of SFC allocation

According to Government instructions (March 2015), Finance Department was to issue orders of allotment of funds for a financial year in three instalments on or before 25 of March, July and November every year and the LSGIs were to utilise the funds with effect from the first working day of the next month. The funds not drawn up to 31 March of a financial year would lapse automatically. Audit observed that there was delay up to 80 and 42 days in the allotment of Development funds and Maintenance funds respectively during 2022-23. Delayed release of funds reduced the time available to LSGIs for utilising these funds.

4.8 Recommendation of the Central Finance Commission (CFC) and utilisation of CFC Funds

Article 280(3)(c) of the Constitution mandates the Central Finance Commission (CFC) to recommend measures to augment the Consolidated Fund of a State to supplement the resources of Municipalities based on the recommendations of the respective SFCs.

While 14th CFC recommended for providing of Basic grant and Performance grant to ULBs, 15th CFC recommended for providing untied Basic Grant and Tied Grant. The details of 14th and 15th CFC grants received by ULBs in the State during the audit period are shown in **Table 4.10**:

³⁷ Includes re-authorisation of unspent balances of previous year

Table 4.10: Details of Fourteenth and Fifteenth CFC grants received by ULBs in the State during 2018-19 to 2022-23³⁸(*₹ in crore*)

Year	General Basic Grants			Performance/Tied Grants			Utilisation
	Allocation by GoI	Release by GoI to State	Release from State to ULBs	Allocation by GoI	Release by GoI to State	Release from State to ULBs	
2018-19	650.84	650.84	650.84	184.69	0	184.69	476.45
2019-20	879.42	879.42	879.42	241.83	0	0	248.64
2020-21	222.50	222.50	222.50	561.50	561.50	561.50	760.64
2021-22	134.40	134.40	134.40	457.60	457.60	457.60	484.88
2022-23	139.20	139.20	139.20	473.80	473.80	473.80	509.31
Total	2026.36	2026.36	2026.36	1919.42	1492.90	1677.59	2479.92

(Source: Data furnished by SFC Cell, Finance Department)

Though Performance grant of ₹426.52 crore was due for the years 2018-19 and 2019-20, GoI had not released the same till date. Of ₹426.52 crore, State released ₹184.69 crore to ULBs.

4.9 Maintenance of Records

Reports/returns prescribed in the KM Act for submission to Government by ULBs are given in **Table 4.11**.

Table 4.11: Submission of reports/returns by ULBs

Names of the reports/returns prescribed as per Act/Rules	To whom submitted	Rule Provision
Budget	The Government and the DPC	KM Act-289
Development plans	DPC	KM Act-69(1)
Annual Administration report	The Government for placing it in the Legislature	KM Act-63
Annual Accounts	Local Fund Examiner- KSAD	KM Act-295

4.10 Maintenance of Accounts by ULBs

Saankhya double entry (accrual based) accounting system is being followed by ULBs in the State from 2007-08. Saankhya double entry accounting system is based on National Municipal Accounts Manual, 2004 (NMAM) prescribed by Ministry of Housing Urban Development (MoHUA) and accepted by Government. The accounts are prepared in Saankhya software, developed by GoK through Information Kerala Mission (IKM), and Annual Financial statements are submitted to Statutory Auditor, the Kerala State Audit Department (KSAD)³⁹. According to Kerala Municipality (Accounts) Rules 2007, the Kerala State Audit Department is the responsible authority for Audit of accounts of ULBs. The KSAD, the Primary Auditor has completed the audit

³⁸ Does not include reauthorisation of unspent balances and Health Sector Grant

³⁹ Certification of Accounts of ULBs

of all ULBs for the period 2022-23 and have uploaded in City Finance Portal. The accounts of these ULBs up to the period 2022-23 were certified by the statutory Auditor (June 2024).

4.11 Supplementary Audit by CAG

A total of 10 Accounts⁴⁰, audited by KSAD have been further test-checked by CAG under TGS⁴¹ during the period 2021-22 and 2022-23. Improper accounting of Assets and Liabilities were noticed in nine cases and improper accounting of Income and Expenditure (Receipts and payments) in 10 cases. Non-inclusion of comparative amounts in AFS and non-inclusion of financial/key ratio were noticed in nine and two cases respectively. Details are given in **Appendix 4.2**.

⁴⁰ Corporation - One, Municipality - Nine

⁴¹ GO(P) No.101/2023/Fin dated 25 September 2023

CHAPTER V

SUBJECT-SPECIFIC COMPLIANCE AUDIT ON ASSET MANAGEMENT BY URBAN LOCAL BODIES

5.1 Introduction

Assets are resources controlled by an entity and from which future economic benefits or service potential are expected to flow to the entity. With the decentralisation of powers, Government of Kerala has transferred (September 1995) institutions, schemes, buildings and other properties connected with the matters referred to in the First Schedule to the Kerala Municipality Act, 1994 (KM Act) to the Municipalities and Corporations. Consequently, the Urban Local Bodies (ULBs) have become custodians of a large number of transferred assets in addition to their traditional assets and asset management has become one of the most important aspects in the socio-economic development of the urban areas. Asset management is the combination of financial, engineering and management disciplines applied to assets. The goal of asset management is to meet a required level of service in the most cost-effective way through the creation, operation, upkeep and disposal of assets.

Figure 5.1: Asset Management Cycle



Asset management also involves maintenance of database and periodical valuation of assets. First Schedule of KM Act makes the ULBs responsible for providing various urban amenities to the public, for which assets are created and maintained.

5.2 Audit Scope, Methodology and Sampling

A Performance Audit on ‘Asset Management by Urban Local Bodies’ was included in the Audit Report for the year ended March 2013. The PA report was discussed by the Local Fund Accounts Committee (2021-2023) in August 2023. The present Compliance Audit was conducted covering the period 2020-21 to 2022-23.

Audit methodology included scrutiny of records, registers, issue of audit enquiries, joint physical verifications, collection of photographic evidence, etc. Twenty four ULBs were selected from eight districts (three ULBs from each district) for detailed scrutiny (**Appendix 5.1**). An entry conference was held on 27 March 2023 with the Principal Secretary, LSGD wherein the audit objectives, scope and methodology were discussed and agreed upon. On conclusion of Audit, an exit conference was held on 12 September 2024, wherein the audit findings were discussed. The remarks offered by Government with respect to the audit findings have been suitably incorporated in the Report.

5.3 Audit Objectives

Audit was conducted to assess whether:

1. the acquisition or creation of assets was planned and executed efficiently and effectively
2. effective system was in place for documentation, accounting and monitoring of the management of assets (including their disposal)
3. the funds received from various sources were managed effectively and economically to ensure proper management of community assets
4. the assets of the ULBs are managed effectively including their usage, safeguard, maintenance and disposal as envisaged in the KM Act, 1994 and Manual for Asset Management in LSGIs of Kerala.

5.4 Audit Criteria

Audit criteria were derived from the following:

- Kerala Municipality Act, 1994
- Manual for Asset Management in Local Self-Government Institutions of Kerala, 2017
- Plan formulation and Subsidy Guidelines issued by GoK
- Kerala PWD Manual, 2012
- Kerala Municipality (Acquisition and disposal of property) Rules, 2000
- Kerala Municipality (Utilisation and Maintenance of Motor Vehicles) Rules, 2000
- Orders/ Guidelines issued by GoK for management of assets

Audit Findings

Audit findings are organised in following sections:

- Planning
- Accounting of assets
- Institutional mechanism
- Financial management
- Asset creation
- Utilisation and maintenance of assets
- Disposal of assets
- Monitoring

5.5 Planning

An efficient asset management system is built on planning for management of assets. Planning includes preparation of asset management strategy, identification of source of funds, etc. which will enable ULBs to ensure systematic creation and maintenance of assets. Audit observed lack of adequate planning for creation, utilisation and maintenance of assets, resulting in non-completion of asset creation process, non-utilisation of assets created and blockage of funds, which in turn resulted in non-realisation of intended benefits, as detailed in the succeeding paragraphs.

5.5.1 Preparation of Asset Management Strategy and Plan

The Asset Management Strategy (AMS) is a document that includes benchmarks and milestones aimed at improving the LSGIs' asset management processes and procedures with a long term perspective. Manual for Asset Management in LSGIs of Kerala, 2017 (AM Manual, 2017) envisaged preparation of AMS once every five years for each function/institution assigned to LSGI by the standing committees concerned. Based on the Asset Management Strategy, LSGIs were to formulate Annual Asset Management Plan (AMP) with a view to operate, maintain and renew the assets in the most cost effective manner, while providing a specific level of service. Further, Plan formulation guidelines issued by GoK also stipulate the preparation of annual maintenance plan by ULBs. However, none of the test checked ULBs prepared Asset Management Strategy or Plan for effective management of assets in its jurisdiction. Further, audit noticed that neither GoK nor the test checked ULBs had formulated a policy on Asset Management.

Government stated that all local bodies would be directed to adhere to the asset management guidelines (November 2024).

5.5.2 Non-constitution of Asset Management and Monitoring committee

The AM Manual, 2017 provides for constitution of Asset Management and Monitoring committee (AMMC) with Chairperson or Mayor of the respective ULB as chairperson with Secretary and Municipal Engineer as convenors and heads of transferred institutions⁴², standing committee chairpersons, custodian of assets, etc. as members. The AMMC was to assist LSGIs in the preparation of Asset Management Policy and finalise the Asset Management Plan based on the strategy and Annual Status Assessment of Assets' Condition (ASAAC) and submit it to LSGI for approval of Grama Sabha and incorporation in the budget. However, none of the test checked ULBs constituted the AMMC and as such, preparation of annual asset management policy/plan did not materialise.

Government stated (November 2024) that most of the municipalities have formed Asset Management Committees and further steps are being taken by the committees. However, neither details of the municipalities nor any documented proof was made available to substantiate the reply.

⁴² As part of decentralisation, GoK transferred (September 1995) institutions viz., Primary Health Centres, Krishi Bhavans, Government Schools etc., under 10 departments to implement schemes enumerated in Twelfth Schedule of the Constitution

5.5.3 Annual Status Assessment of Assets' Condition (ASAAC)

The AM Manual, 2017 requires LSGIs to conduct status assessment of condition of all assets annually. The primary purpose of this verification was to assess the asset's condition in relation to the expected level of service/function being achieved from the assets, and to identify gaps, if any, which exist therein. ASAAC's secondary objective was to conduct annual physical verification of assets and to see that the directions for maintaining the Asset Register were strictly adhered to. Secretary of the ULB was responsible for the constitution of teams for conducting ASAAC, co-ordination and submission of the ASAAC report before the functional committees/working groups. Audit noticed that none of the test checked ULBs conducted ASAAC during the audit period. In the absence of status assessment, audit noticed instances of non-utilisation/non-maintenance of assets, encroachment in lands of ULBs, improper maintenance of asset registers etc. in test checked ULBs as detailed in Paragraphs 5.6 and 5.10.

Recommendation:

Government may prepare an Asset Management Policy and ensure that ULBs prepare asset management strategy and plan in line with the policy for effective management of assets owned by them.

5.6 Accounting of Assets

Accounting of assets include recording complete, accurate and unbiased information about assets so as to facilitate proper maintenance, periodical verification and judicious replacement or disposal of assets in time. Scrutiny of records in test checked ULBs revealed deficiencies as detailed below:

5.6.1 Absence of Comprehensive data of Assets

Asset Register is a record of information on each and every asset that support the effective financial and technical management of the assets and meets statutory requirements. AM Manual, 2017 prescribes for the maintenance of physical and financial status of assets to ensure transparency and accountability of the assets' status, generating asset management information, making decisions on assets viz. acquisition, transfer, disposal and the service delivery capacity of assets. Asset Register also facilitates proper financial reporting. Engineering wing in ULBs is responsible for data entry in the asset register.

The GoK had instructed (December 2005) all LSGIs to maintain asset registers separately for various category of assets⁴³ and prescribed formats for the same. Later, all LSGIs were directed (January 2010) to digitise their asset registers and the digital asset registers were to be maintained in the Sachithra software developed by Information Kerala Mission (IKM)⁴⁴. Secretaries of ULBs were responsible for ensuring the updating of asset registers electronically from time to time. However, none of the 24 test checked ULBs completed the digitisation of asset register as prescribed. Further, digital asset registers were not updated periodically by the test checked ULBs.

⁴³ Assets were classified into ten categories viz., land, building, road, water supply, electricity, solid waste treatment plants, movable assets etc.

⁴⁴ IKM is an autonomous institution under Local Self Government Department to strengthen the local self-governance through Information and Communication Technology (ICT) applications

Analysis of data entered in Sachithra Land and Building asset registers (as of December 2023) maintained by test checked ULBs using data analytics tool revealed that the land asset registers were incomplete. Details such as land type and ward number were missing in respect of 24 *per cent* and 66 *per cent* respectively of the assets in test checked ULBs. Date of acquisition and book value were absent in 95 *per cent* of the assets recorded in the register and in respect of 40 entries even the land area was not mentioned.

Further, building asset registers maintained by test checked ULBs lacked vital data such as ward number, year of construction and cost of construction in 48 *per cent* to 73 *per cent* of assets. In respect of 150 assets, even the area of the building was missing. In the absence of comprehensive database of assets, test checked ULBs failed to plan proper utilisation, maintenance and timely disposal of assets as detailed in Paragraphs 5.10 and 5.11.

Government stated (November 2024) that steps are being taken to update the Sachithra Asset Register.

5.6.2 Integration of Sachithra software with Sulekha and Saankhya

The GoK directed (August 2012) IKM to enable integration of Sachithra data with Saankhya (software for preparation of annual accounts) and Sulekha (software for preparation of Annual Plan of local bodies) so as to ensure automatic updating of asset registers, automatic calculation of depreciation, assist in preparation of annual plan, assist in proper financial reporting, etc. However, IKM has not so far integrated Sachithra software with Saankhya and Sulekha. In the absence of integrated database, objectives as envisaged could not be achieved.

In the exit meeting, Principal Secretary, LSGD stated (September 2024) that integration of software would be addressed in the K-SMART application.

5.6.3 GIS mapping of Assets

The fourth, fifth and sixth State Finance Commissions had recommended mapping of road and non-road assets using Geographical Information System (GIS), designing a dynamic database to facilitate periodical updating and for inclusion of dimensional photographs of all the attributes related to the asset.

The GoK directed (February 2016) Local Bodies to conduct GIS mapping of all immovable properties so as to enable integration with various software of IKM like Sanchaya for Property Tax mapping, Sachitra for digital Asset Register etc. Out of test checked ULBs, five municipalities conducted⁴⁵ GIS mapping of all properties while Thiruvananthapuram Corporation conducted (March 2020) GIS mapping for mapping its own assets. However, as the GIS data integration with Sachithra software was not enabled by IKM, asset mapping conducted could not be put to use by these ULBs. Further, deficiencies viz., incorrect capturing of ownership details in respect of assets owned by ULBs and absence of data verification by Engineering Wing resulted in non-reliability of GIS mapped asset database in all the five Municipalities. Though, Thiruvananthapuram Corporation conducted GIS mapping exclusively for its

⁴⁵ Varkala (2021), Kalamassery (2013), Koduvally (2019), Kodungalloor (2022), Ponnani (2018) Municipalities

assets, GIS database prepared was incomplete as many assets⁴⁶ constructed/acquired well before preparation of database were left out. Further, the database prepared was not updated by any of the above ULBs since completion of the initial GIS mapping.

Government stated (November 2024) that steps are being taken by the department for GIS mapping of assets of local bodies. It was also stated that procedure for GIS mapping of roads are nearing completion and this would be later extended to the data on other assets also.

5.6.4 Absence of documents establishing land ownership

According to KM Act, 1994 and AM Manual, 2017, Municipal Secretary shall be the custodian of all municipal properties and as such the custodian of title deeds in respect of assets possessed by the local body. In case LSGIs do not possess documents establishing ownership of any of its assets, they should include the assets in records and proceed for legal action to establish legal title for its assets.

However, Audit noticed that test-checked ULBs did not possess title deeds or any other valid records of possession in 82 *per cent* of the land assets owned by them. Details are given in **Appendix 5.2**.

Audit noticed instances of encroachments in lands owned by test checked ULBs wherein the ULBs failed to establish ownership resulting in failure to evict encroachers as detailed in Paragraph 5.10.6.

Recommendations:

Government may ensure that all ULBs maintain digital asset registers complete with all details pertaining to their assets.

Government may take adequate steps to integrate software, viz., Sachithra, Saankhya and Sulekha so as to facilitate real time updating of asset registers and proper financial reporting.

Government may ensure that ULBs conduct GIS mapping of its assets and integrate it with Sachithra software and establish a mechanism to monitor its regular updating.

5.7 Institutional mechanism

5.7.1 Engineering Wing

The GoK created (November 2007) an Engineering cadre for LSGD for the implementation of projects for construction and maintenance in LSGIs. Engineering wing in municipalities is headed by Municipal Engineer, in the rank of Asst. Exe. Engineer/Asst. Engineer and is assisted by Overseers. In Municipal Corporations, Corporation Engineer, in the rank of Superintending Engineer, is the head of the wing and is assisted by Executive Engineer/Asst. Exe. Engineer/Asst. Engineer/Overseers.

Audit analysed implementation of projects formulated for asset creation and maintenance by Engineering Wing in selected ULBs and noticed that

⁴⁶ Koliyoor mini stadium in Thiruvallom Zone, two community halls in Vizhinjam zone and a land in Kuravankonam having Survey No. PTM 3116

percentage of implementation of projects was very low, ranging from 50 per cent to 59 per cent in respect of creation of assets and 51 per cent to 61 per cent in respect of maintenance of assets during the audit period. Details are given in Table 5.1.

Table 5.1: Status of implementation of projects for asset creation and maintenance

Year	Asset Creation			Maintenance (Non-road)		
	No. of projects formulated (excluding road projects)	No. of projects implemented	Percentage	No. of projects formulated	No. of projects implemented	Percentage
2020-21	3923	2321	59.16	861	526	61.09
2021-22	2977	1533	51.49	923	473	51.25
2022-23	3504	1748	49.89	1128	631	55.94
Total	10404	5602	53.84	2912	1630	55.98

(Source: Details furnished by Information Kerala Mission (IKM))

In respect of projects implemented, Audit noticed instances of non-adherence to the provisions of KPWD manual viz., non-conducting site verification and feasibility study, non-preparation of estimate incorporating all aspects to complete the work etc. resulting in abandoning of projects, extensive revision of estimates after awarding the work, cost overrun, etc. and unfruitful/infructuous expenditure as detailed in Paragraph 5.9 indicating the deficiencies on the part of Engineering wing in the implementation of projects.

Government stated (November 2024) that some works could not be completed before the end of the financial year due to inclement weather or contractors not accepting tenders on time. Reply stating that non-completion of around 40-50 per cent of works in all the three consecutive years was due to non-acceptance of tenders or inclement weather is not tenable. Further, reply is silent on any effective action taken to overcome the impasse.

5.7.2 Custodian of assets

The Engineering wing is responsible only for undertaking the construction/maintenance of buildings. Utilisation of the asset, for the purpose for which it has been constructed, is the responsibility of the wing concerned engaged in the specific service delivery aspect connected with the asset. AM Manual, 2017 stipulates assignment of a custodian for each category of service delivery asset for its systematic management including utilisation and timely maintenance to enhance service delivery potential. Custodian of Assets is a person in any position or level in the LSGI, entrusted with the responsibility of safeguarding and monitoring of a specific asset. Further, custodian of assets was to be held responsible for the misuse, mismanagement, under-utilisation or unauthorised use of the assets. However, none of the test checked ULBs have assigned custodians for the assets owned by them. In the absence of proper system in place for management and utilisation of assets, audit noticed instances of encroachments of public land/buildings, idling of various service delivery

assets like Pakal veedu⁴⁷, women training/industrial estates, women hostels, etc. as detailed in Paragraph 5.10.

Government stated (November 2024) that audit observation has been noted for further action.

Recommendation:

Government may direct ULBs to entrust custodians to each category of assets to ensure proper management and utilisation of assets.

5.8 Financial Management/Funding

Availability of funds and its efficient utilisation is an inherent component of effective asset management. ULBs have access to various sources of funds like Development and Maintenance Funds of GoK, Central Finance Commission grants and their own funds for creation, utilisation and maintenance of assets to perform various service delivery and developmental activities. Allocation and Expenditure of funds for asset management (except road projects) in test checked ULBs during the audit period is given in **Table 5.2**.

Table 5.2: Total fund allocation and Expenditure in test checked ULBs
(₹ in crore)

Year	Asset Creation						Asset Maintenance			
	Amount Allocated			Amount Utilised			Percentage of utilisation	Amount Allocated	Amount Utilised	Percentage of utilisation
	Development Fund	Own Fund	Total	Development fund	Own fund	Total		Maintenance fund (non-road)	Maintenance fund (non-road)	
2020-21	421.37	71.20	492.57	245.94	9.73	255.67	51.91	69.96	36.33	51.93
2021-22	334.12	89.20	423.32	146.62	7.00	153.62	36.29	92.39	30.41	32.91
2022-23	397.63	74.40	472.03	166.23	11.04	177.27	37.55	96.09	45.26	47.10

(Source – Details furnished by IKM)

In respect of creation of assets, utilisation of funds ranged from 36 to 52 per cent and in respect of maintenance of assets, only 33 to 52 per cent of allocation were utilised. Further, utilisation of own fund for creation of assets was in the range of four per cent to six per cent of total expenditure on creation of assets. State Finance Commissions had recommended utilisation of maintenance fund exclusively for maintenance of transferred institutions. Maintenance of own assets of local bodies were to be undertaken utilising their own fund. However, audit noticed that test checked ULBs had not formulated any projects for periodical maintenance of own assets utilising own fund. As such periodical maintenance as envisaged in KPWD Manual did not take place in test checked ULBs.

⁴⁷ Pakal veedu or day care centre is an intervention by LSGIs envisioned to help elderly combat their loneliness

Government stated (November 2024) that utilisation of funds towards asset creation/maintenance will be monitored.

5.9 Asset Creation

The purpose of asset creation is to fulfil the mandatory, general, and sectoral functions assigned to LSGIs, to satisfy the citizen's needs and requirements. Since acquisition/creation of assets involved investment of scarce resources, project-specific plans were required to be prepared for timely completion of projects for deriving optimal intended benefits. Audit noticed instances of acquisition of unsuitable land, construction of buildings on unsuitable land, inordinate delay in completion of construction, etc. as detailed in the succeeding paragraphs:

5.9.1 Acquisition of unsuitable land

Once the need and source of fund is identified by the ULB for the creation of an asset, identification of suitable land to ensure effective implementation of the project is necessary. Kerala Municipality (Acquisition and disposal of property) Rules, 2000, stipulates that land to be acquired should be certified by Municipal Engineer to be suitable for the intended purpose. However, Audit observed instances where ULBs purchased land that were not suitable for the intended purposes, resulting in unfruitful expenditure and blocking of funds to the tune of ₹7.50 crore. In both the instances given below, ULBs failed to conduct feasibility studies before acquiring the land.

5.9.1.1 Wetland purchased for Sewage Treatment Plant by Thrissur Corporation

Thrissur Corporation formulated (2016-17) a project for purchase of land, utilising development fund, for construction of a 2.5 MLD Sewage Treatment Plant (STP) under AMRUT scheme. However, without assessing suitability of the land, the Corporation purchased (November 2017) a wetland of 3.91 acres with canals on three sides and paddy land on the fourth side at Koorkanchery village, incurring expenditure of ₹2.16 crore. In order to establish park and other connected facilities of the STP, the Corporation again purchased (March 2019) adjoining wet/paddy land of 7.79 acres incurring expenditure of ₹4.29 crore. Audit noticed that Superintending Engineer of the Corporation had certified (November 2018) the suitability of the land for the construction of STP. As the Kerala Conservation of Paddy Land and Wetland Act, 2008 prohibited reclamation of wetlands, the Corporation submitted a proposal to Government for reclamation of a portion of land (73 cent) purchased for construction of the STP. As the land to be reclaimed was a wetland and part of Kole wetlands, which is a Ramsar site⁴⁸ of International importance, Government rejected (September 2024) the proposal for reclamation of the said land taking into account the environmental impact on reclaiming the land. Thus, purchase of land not suitable for the specific development purpose resulted in unfruitful expenditure of ₹6.45 crore.

⁴⁸ In response to the International Convention on Wetlands held at Ramsar in 1971, Vembanad - Kole wetland comprising 1.51 lakh hectares was included as a Ramsar site in 2002

Government stated (November 2024) that Corporation proposed construction of the plant by placing a platform on top of concrete pillars, and Corporation was of the view that construction would not pose any danger to the natural environment. It was also stated that the land purchase was on the strength of certificate of purchase of land by Superintending Engineer and Health Supervisor of the Corporation. Further, the Corporation had envisioned tourism development activities also, in addition to the construction of STP.

Reply is not tenable as the Corporation should have ascertained the suitability of the land before purchase, as the land was categorised as ‘waterbody’ in the Validation Report, 2008 of Kerala State Remote Sensing and Environment Centre and the land was included as paddy land in the Data Bank maintained by Agriculture Department. Further, as noticed during joint physical verification, the land was surrounded by canals on three sides and paddy land on fourth side and as per the report of the Agricultural Officer, the land remained waterlogged for most of the year.

5.9.1.2 Purchase of Paddy land for implementation of a Housing scheme

Kodungalloor Municipality purchased two plots of land in Pulloottu village measuring 1.78 acre and 1.58 acre in March 2011 and March 2013, respectively for providing housing facility to 144 landless houseless families of SC and general categories incurring an expenditure of ₹1.05 crore. As the lands purchased were waterlogged paddy lands and Kerala Conservation of Paddy Land and Wetland Act, 2008 imposed restrictions on reclamation of paddy land, the Municipality did not formulate any project for house construction in the land. Audit noticed that there was no road connectivity to the 1.58 acre plot of land and only three meter access road for the 1.78 acre land. Audit observed that purchase of land without ensuring the suitability for the purpose for which it was purchased has resulted in unfruitful expenditure of ₹1.05 crore and non-realisation of the intended benefits.

Agreeing to the audit observation, Government stated (November 2024) that the land is included in CRZ II and comes under wetland and is not suitable for a housing scheme. It was also stated that a vigilance case on the purchase of land is pending for the last seven years.

5.9.2 Construction of buildings on unsuitable land resulting in abandoning of work and wasteful expenditure

The KPWD Manual mandates that the Engineering wing should ensure suitability of site by conducting site verification and soil test while preparing preliminary estimate. However, Audit noticed that site condition was not ascertained before commencement of construction in the case of various service delivery projects for women empowerment, welfare of old age persons, solid waste management, drinking water supply, etc. resulting in alterations in scope of the work, time and cost overruns and unfruitful expenditure to the tune of ₹7.96 crore as detailed in succeeding paragraphs.

5.9.2.1 Construction on the bank of river/pond/in wetland

Women livelihood centre at Kazhakkootam, Thiruvananthapuram Corporation

Thiruvananthapuram Municipal Corporation entrusted (March 2018) construction of a three storeyed women livelihood centre at Kazhakkootam Zone, meant for providing amenities for women entrepreneurs, to an accredited agency, COSTFORD at an estimated cost of ₹96.30 lakh. The estimate was prepared by COSTFORD, and Technical Sanction was accorded (February 2018) by Executive Engineer of the Corporation. Though the work was commenced in March 2018, it was stopped in October 2020



Figure 5.2: Women livelihood Centre building remaining incomplete. Photograph taken by Audit on 19 July 2023

due to waterlogging in the land with only the open structure of the building completed after spending ₹77.04 lakh⁴⁹. During JPV, Audit noticed that (August 2023) the land was situated on the brim of a pond and was waterlogged. Audit observed that the Corporation and COSTFORD were aware about the limitations of the land as site investigation by Corporation (September 2017) revealed location of water table very near (at 0.5 m) to the ground surface and very low load bearing capacity of soil. Thus, the decision of the Corporation to execute the work despite being aware of the unsuitability of the land resulted in wasteful expenditure of ₹77.04 lakh.

Government stated (November 2024) that necessary action would be taken on receipt of report on the issue from the Corporation.

Construction of shopping complex in paddy land by Thrissur Municipal Corporation

Thrissur Municipal Corporation commenced (October 2019) construction of a shopping complex at Kovilakathumpadam, at an estimated cost of ₹15.30 crore. The Detailed Project Report (DPR) for the project was prepared by M/s ENARC Consultants incurring expenditure of ₹40.56 lakh. Though the said land was included as paddy land in the data bank, Corporation went ahead with the construction of the shopping complex violating the Paddy and Wetland Conservation Act, 2008, resulting in complaints by the public and subsequent direction by the District Collector (May 2021) to stop the construction and restore the land. However, the Municipal Corporation violated the orders of District Collector and continued with the construction of the shopping complex till August 2022. Corporation spent ₹6.23 crore on the project and the work remained incomplete with partially constructed structure (November 2024).

⁴⁹ of ₹77.04 lakh, ₹14.06 lakh remains with COSTFORD

Construction of building for RO water treatment plant

Pattambi Municipality commenced construction (April 2019) of a building for installation of RO water treatment plant, at Nambram ward, on a river poramboke⁵⁰ at a distance of 10 metres from the riverbed for an estimated cost of ₹10 lakh. On completion of the foundation and pillars for ground floor, the structure was inundated during rainy season. Hence, the estimate was revised to increase the height of pillars by avoiding items such as doors, windows and finishing works and the structure of first floor was constructed (January 2021) on ground floor pillars incurring an expenditure of ₹9.06 lakh. However, no further progress was made thereafter. Audit during joint site inspection found that vehicle accessible road to the building was not available and the building was incomplete and in abandoned condition. Thus, non-assessment of suitability of the site by the Municipality resulted in unfruitful expenditure of ₹9.06 lakh and non-achievement of objective of providing filtered water to public at low cost.

Government stated (November 2024) that access to the site would be obtained and further progress in this regard would be watched.

5.9.2.2 Constructions on dumping yard

Construction of a building to install Organic Waste Converter plant

Thrissur Corporation constructed (November 2020) a building at Pallikkulam to install Organic Waste Converter (OWC) plant by incurring an expenditure of ₹45.63 lakh. The

building was constructed adjacent to a pond in an old dumping ground. Audit conducted joint physical verification during July 2023 and found the building in collapsed condition.



Figure 5.3: Damaged OWC plant building. Photograph taken by Audit on 15 June 2023

Scrutiny of records revealed that soil test

was not conducted before construction of the building, though the land selected was an old dumping ground and adjacent to a pond. Corporation replied that soil test was not conducted as the building proposed to be constructed was a single storied building with sheet roofing. Further, collapse of the retaining wall adjacent to the pond during heavy rain led to erosion of soil adjacent to the foundation and collapse of the building. The reply is not tenable as Corporation should have taken into account the site conditions, viz., adjacency of pond, dumpsite etc. while constructing the building. Audit observed that construction of the building in a dumpsite, without undertaking adequate measures to ensure the stability of the building resulted in loss of ₹45.63 lakh.

Government stated (November 2024) that plastic waste and soil up to the depth of three meters was removed during construction. It was also stated that though

⁵⁰ Unassessed lands which are the property of Government, reserved for public purposes or for the communal use of villagers

construction of retaining wall adjacent to the pond was commenced (July 2022), presence of excess wood and soil on the side of the pond resulted in collapse of the retaining wall and damage to the building. However, the fact remains that soil test was not conducted to ascertain the sub-soil conditions, bearing capacity and type of foundation needed, which resulted in construction of building not suited for the site conditions and consequent collapse of the building and loss of public money.

Construction of Pakal Veedu by Kochi Corporation

Kochi Corporation commenced (October 2021) construction of a Pakal Veedu (single year project) in a dump yard at Edappally zone at an estimated cost of ₹40 lakh. After commencing the work, as it was noticed that waste and leachate had made the soil loose and marshy; soil test was conducted (January 2022) by the Corporation and the estimate was revised to complete only the foundation within the Administrative Sanction (AS) of ₹40 lakh. The foundation work was completed (March 2023) by spending ₹35.43 lakh. During joint physical verification (July 2023), Audit noticed that no further progress was made and the ground adjacent to the site was being used as a dump yard. Audit observed that wrong site selection and non-conducting the mandatory site verifications and feasibility studies by the Engineering wing before awarding the work resulted in cost overrun and non-completion of the work till date.

Government stated (November 2024) that estimate was prepared by taking into account the soil surface of the surrounding area of the compound and the Corporation was not aware of the presence of plastic waste underground. It was also stated that construction work was being carried out according to availability of funds and the building is at the finishing stage.

Reply is not tenable as non-conducting mandatory site investigation before preparation of estimate, especially for construction of a building in a dump yard, has resulted in non-completion of the building (proposed to be completed within a year), even after a lapse of three years from its commencement. Further, a joint physical verification conducted during January 2025 revealed that only beams and columns of the building have been constructed and large heaps of bio and non-bio waste were seen next to the building.

Construction of Material Recovery Facility

Pattambi Municipality constructed (April 2018) a Material Recovery Facility (MRF) shed at a cost of ₹6.18 lakh in a solid waste dump yard. During joint physical verification (January 2023) of the site with Municipality officials, audit noticed that the building was constructed on top of dumped waste. As the building was constructed on a plastic waste dumpsite, the loose foundation gave way and huge cracks appeared on the walls and tiles got damaged. The building was abandoned and the MRF machinery purchased was



***Figure 5.4: Damaged Material Recovery Facility.
Photograph taken by Audit on 18 April 2024***

installed in a windrow composting shed constructed nearby. Audit observed that construction of building without conducting proper site investigation resulted in unfruitful expenditure of ₹6.18 lakh.

Government stated (November 2024) that no other suitable area was available at the time of construction of the facility and the building was constructed as per the directions of Suchitwa Mission and according to the specification and plan available in their website. It was also stated that the building has been handed over to Harithakarmasena for utilising it as Material Collection Facility.

Reply is not tenable as construction of a building without carrying out proper site investigation has resulted in damage of the building. Further, the reply is silent on any repair/reinforcement works carried out on the building to strengthen it. Utilisation of a damaged building for any purpose poses significant risk.

5.9.2.3 Constructions in violation of Kerala Municipality Building Rules

Construction of Community Hall violating KMBR

Kerala Municipality Building Rules, 1999 (KMBR) prescribe minimum access width of five metres for Community Halls with area exceeding 300 sq.m on each floor. Thiruvananthapuram Corporation formulated two projects⁵¹ during 2017-19 for construction of two storied community hall building having area of 700 sq.m at Attukal at a total cost of ₹95 lakh. Though KMBR stipulated access width of five metres, the access road (length -135 metre) to the building had width less than three meters. Audit noticed that on completion of structure of the building and incurring an expenditure of ₹69.38 lakh, the Corporation stopped the work (March 2021) without recording any reasons. Joint physical verification (August 2023) revealed that construction was incomplete and only the structure in two storeys with area 700 sq.m was constructed. Non-completion of the building has resulted in unfruitful expenditure of ₹69.38 lakh. Violation of the rules, by the authority responsible to ensure its adherence, indicate the negligence in complying with the rules and regulations issued by Government.

Government stated (November 2024) that civil and electrical works have been completed and the ground floor of the building is proposed for anganwadi/gym and first floor is functioning as Homeo dispensary.

Reply is not tenable as a joint physical verification conducted (29 November 2024) by Audit along with officials of the Corporation revealed that civil/electrical works were not completed and Homeo dispensary was not functioning in the building as claimed by Government. Further, the reply is silent on the violation of KMBR by the Corporation.

5.9.3 Inordinate delay in completion of commercial/office buildings

Wrong choice of site or designs based on incorrect or insufficient data can result in considerable and avoidable expenditure and delays. Further, ascertaining fund requirement for completion of building is also an important factor while

⁵¹ First project was during 2017-18 for construction of ground floor at a cost of ₹35 lakh and the other was during 2018-19 for completion of ground floor and construction of first floor at a cost of ₹60 lakh

planning building projects. Audit noticed instances of negligence in the preparation/approval of estimates by Engineering wing, commencement of construction without ensuring availability of fund, etc. resulting in inordinate delay in completion of commercial/institutional buildings and unfruitful expenditure/blocking up of funds as detailed in subsequent paragraphs.

5.9.3.1 Commercial and office buildings remaining incomplete due to shortage of funds in Palakkad Municipality

Palakkad Municipality formulated (May 2017) projects for construction of seven buildings (six commercial buildings and an annex building for the Municipality Office) at an estimated cost of ₹23.11 crore utilising Development Fund. The objective was to create remunerative assets that could fetch rental income to enhance own income of the Municipality and one project was for Municipal office extension. All the seven works were entrusted (March 2018) to the accredited agency Habitat Technology Group and Municipality entered into agreement for all the works on the same day (26 March 2018) with the time of completion of two years. However, construction of only open structures of buildings were completed by December 2020, incurring an expenditure of ₹14.17 crore. Since then, no further progress was made due to shortage of funds. Though the Municipality conducted auction (January 2021) to lease out the open structures of three buildings, there were no takers. Audit observed that commencement of all seven works together without ensuring availability of funds resulted in non-completion of all the buildings even after six years of commencement and incurring an expenditure of ₹14.17 crore.

Accepting the audit finding, Government stated (November 2024) that ₹20 crore has been allocated as special assistance loan for construction of four of the seven buildings and Council has decided to take urgent steps to invite tender for construction.

5.9.3.2 Construction of Kochi Corporation office building remaining incomplete after 17 years of commencement

The work for construction of a new building for Kochi Corporation was awarded (April 2006) to a contractor (civil work) at a cost of ₹18.83 crore (2004 SoR) with time of completion of 20 months. Government accorded administrative sanction for the work in July 2006. Though the work was commenced, the contractor stopped the work in April 2008 due to several variations from the approved estimate brought in by the Corporation and consequent disputes that arose between the contractor and the Corporation. The contractor was paid ₹6.10 crore during the period. Though the Corporation Council decided to terminate the contract at the risk and cost of contractor, based on the judgement of Honourable High Court, on the petition filed by the contractor, the work was awarded to the same contractor and the estimate was revised (May 2015) to ₹18.70 crore for executing the balance work. Later, due to several variations and additions in the revised estimate, the estimate was again revised (July 2018) to ₹24.71 crore for executing the balance work. The work remained incomplete even after spending ₹25.70 crore (December 2024). Audit, during joint physical verification (December 2024), noticed waterlogging up to 1.5 feet in the basement floor. It was stated (December 2024) that though contractor was directed (December 2023) to rectify the water seepage, rectification work was not attended to. Audit observed that frequent

estimate revisions, slow pace of work, insufficient own fund, etc. has resulted in cost over-run and non-completion of work even after 17 years.

Government stated (November 2024) that the building is in final stage of construction and will be completed in January 2025. However, no specific remarks was offered by Government for non-completion of the building even after 17 years of its commencement.

5.9.3.3 Construction of Town Hall Building by Shoranur Municipality

KPWD Manual, 2012, as well as plan formulation guidelines prescribed for preparation of estimates with all aspects required for satisfactory completion of the building. Manual also stipulated that detailed estimate should include lump-sum provisions for electrification and plumbing and estimates for partial construction should not be prepared or approved.

Shoranur Municipality formulated two projects - one for construction of town hall building (4000 sq.m) at Kulappully and other for its completion during 2015-16 and 2021-22, respectively at a total cost of ₹2.47 crore. However, it was seen that both the projects were formulated without incorporating all aspects required for satisfactory completion of the building. First project included only construction of open structure⁵² of a portion of two storied Town Hall building for ₹97.20 lakh and the second project was formulated for construction of structure of the building, walls and sheet roofing work at a total cost of ₹1.50 crore without including finishing works such as plastering, flooring, painting, plumbing, electrification, etc. Though an amount of ₹2.47 crore was spent by Municipality only partial structure of the building could be constructed so far (November 2023). Municipality replied that delay occurred due to shortage of funds. Audit observed that non-preparation of estimate for completion of construction and failure to ascertain fund requirement at the planning stage led to non-completion of the building even after eight years of its commencement.

Government stated (November 2024) that due to non-availability of funds municipality constructed the buildings in stages and the construction would be completed in 2024-25.

5.9.4 Non-execution of essential components forming part of the contract

Audit noticed that in two projects for construction of gas crematoria, though execution of civil work was completed, gas crematorium forming part of the contracts were not installed, resulting in idling of the infrastructure created, non-achievement of objective of the projects and infructuous expenditure to the tune of ₹44.48 lakh as given in **Table 5.3**.

⁵² Roof, walls, plastering, flooring, painting, electrification, etc., were not included

Table 5.3: Non-completion of essential components in Crematorium building

Sl. No.	Name of ULBs	Year of construction of building	Expenditure	Remarks
1	Thiruvananthapuram Corporation (Kanjirampara)	January 2022	₹17.88 lakh	The site identified was inside a thickly populated SC colony, which already had a traditional crematorium. The colony inhabitants protested against usage of crematorium by outsiders. Wrong site identification led to abandoning the project.
2	Wadakkanchery Municipality (Enkakkadu)	February 2015	₹26.60 lakh	Though Civil works including installation of crematorium was entrusted (₹26.60 lakh) to M/s COSTFORD only the building work (except finishing works) was completed. ULB has not taken any action to complete the project.

(Source: Details furnished by ULBs and joint physical verifications)

Government stated (November 2024) that the gas crematorium work at Enkakkadu was stopped due to non-availability of water in the borewells dug at the site. It was also stated that after obtaining sufficient water, the balance works would be completed. Regarding construction of crematorium at Kanjirampara, Government stated that the project has been dropped.

The replies indicate that no feasibility studies were conducted before selection of the sites for construction of crematoria.

5.9.5 Buildings constructed without ensuring ownership of land

KPWD Manual stipulates hundred *per cent* possession of hindrance free land before inviting tender. It is also the responsibility of the Assistant Engineer to ensure that the works proposed are in the land under the ownership of local bodies. However, Thiruvananthapuram Municipal Corporation (TMC) constructed buildings without ensuring possession of hindrance free land resulting in non-utilisation of said buildings and consequent blocking up of funds as detailed below:

5.9.5.1 Construction of building in violation of Government instructions

GoK had instructed (June 2002) that school buildings and premises of schools should not be used for any purpose other than for educational purpose. Further, based on the judgement of Hon'ble High Court of Kerala⁵³, GoK instructed LSGIs that no buildings should be constructed in land belonging to transferred institutions without obtaining permission from the Head of the Department concerned. TMC in violation of government orders and without obtaining permission from General Education Department constructed (during 2018-19 and 2020-21) a two storied building for Multi gym, Ward Committee office and

⁵³ 27 November 2018

Akshaya Centre in Nedumcaud UP school playground incurring an expenditure of ₹26.91 lakh. TMC also installed various equipment in the Multi gym. However, the building could not be put to use as TMC could not secure permission/ratification for the construction from the Director of Public Instructions. Construction of building violating Government orders resulted in blocking up of funds to the tune of ₹26.91 lakh.

5.9.5.2 Construction on land owned by a Society

TMC constructed a building (June 2020) on a land owned by Kazhakoottam Rural Harijan Industrial Co-operative Society⁵⁴ by spending ₹22.33 lakh from Development Fund (Special Component Plan). Audit noticed that TMC had no right on the ownership of the land/building. Failure on the part of Engineering Wing of TMC in ensuring the ownership of the land resulted in construction of the building on a land owned by a Society. Even though TMC replied (July 2022) that the ownership of the land would be transferred to TMC, the same did not materialise (December 2024).

Government stated (November 2024) that the work was started with affidavit that the land would be transferred to TMC after the completion of construction.

Reply is not tenable as construction of the building before transferring the land to TMC violated Government instructions. Further, reply is silent on the reason for not transferring the ownership of the land even after four years of construction. As per the revenue records, the ownership of the land remains with the President, Rural Harijan Industrial Co-operative Society, Kazhakoottam (December 2024).

Recommendations:

Government may ensure that ULBs ascertain suitability of a land for the intended purpose before its purchase

Government may direct ULBs to prepare estimates with all aspects required for satisfactory completion of the building as stipulated in KPWD Manual

5.10 Utilisation and Maintenance of Assets

ULBs created assets, especially buildings, for service delivery for economic and social development of weaker sections of the society. Proper utilisation of assets guarantees a significant impact on the lives and livelihood of the people. According to AM Manual, 2017, it is the responsibility of the Secretary/custodian of assets to ensure proper utilisation and maintenance of assets including works undertaken to keep, restore, and improve every facility and to sustain the utility and value of the facility. Audit verified buildings and other assets in the test checked ULBs and found that assets constructed/renovated at a total cost of ₹29.19 crore were idling, thereby defeating the purpose for which they were created as discussed in the following paragraphs:

⁵⁴ Kazhakoottam Rural Harijan Industrial Co-operative Society is registered as a Co-operative Society under Section 8 of the Kerala Co-operative Societies Act, 1969 on 24 October 1986 and is functioning under the control of Kerala Khadi and Village Industries Board

5.10.1 Idling of assets created for women empowerment

Plan formulation and subsidy guidelines prescribed mandatory allocation of 10 per cent of development fund for ensuring women empowerment. Audit observed that for fulfilling this mandatory condition, test checked ULBs formulated Women Component Plan (WCP) projects without assessing feasibility, mode of operation etc. resulting in idling of assets worth ₹12.12 crore as detailed in subsequent paragraphs.

5.10.1.1 She Lodges/Women Hostels

Plan formulation guidelines, 2018 directed ULBs to include projects for constructing She Lodges with the objective to provide safe accommodation for travelling women, especially during night, at reasonable daily rates. Further, Women Hostels were to provide accommodation for women/students at monthly/daily rates. Audit noticed that out of nine She Lodges/Women Hostels constructed in five test checked ULBs, five constructed at a cost of ₹7.19 crore in four⁵⁵ ULBs were not functional since completion of construction (2019-2022). Details are given in **Appendix 5.3**. Audit observed that the test checked ULBs have not taken any action/formulated any plan to ensure day to day management of She Lodges/Women Hostels, which resulted in idling of these buildings and non-achievement of objective of providing safe accommodation to travelling women at reasonable rates.

Government stated (November 2024) that urgent steps will be taken to utilise the buildings.

5.10.1.2 Non-utilisation of Women Vyvasaya/Vipana Kendrams

Women Vyavasya/Vipana Kendrams are centres for facilitating women entrepreneurs for establishing industrial production/marketing of products. Of the 22 women Vyavasya/Vipana Kendrams constructed in test checked ULBs, Audit test checked 11 Women Vyavasya/Vipana Kendrams constructed by six ULBs and found that these centres were not utilised for the purpose since the date of construction, resulting in unfruitful expenditure to the tune of ₹3.23 crore. Details are given in **Appendix 5.4**. No specific reason was provided by these ULBs for non-utilisation of the buildings.

Government stated (November 2024) that necessary steps will be taken to utilise the buildings for the purpose.

5.10.1.3 Women Rest Rooms/Women Friendly centres

Plan formulation and subsidy guidelines envisaged construction of women rest rooms/women friendly centres at places such as offices, hospitals, bus stands, markets, etc. Audit test checked seven women rest rooms/women friendly centres in Thiruvananthapuram and Kochi Corporations constructed during 2017-18 to 2020-21 at a total cost of ₹1.37 crore and found that all these centres remained unutilised till date (August 2023). Details are given in **Appendix 5.5**. Audit observed that these ULBs have not so far formulated any action plan for making these buildings operational.

Further, a women friendly centre constructed (December 2021) incurring an expenditure of ₹29.84 lakh with facilities such as feeding room, toilets, waiting

⁵⁵ Thiruvananthapuram and Kochi Corporations, Kalpetta and Attingal Municipalities

rooms etc. in the premises of Thiruvananthapuram Corporation office was being utilised as office of the Health Wing of the Corporation.

Government stated (November 2024) that non-functioning women rest centres would be inspected and necessary steps would be taken to make them operational. However, the reply is silent on the utilisation of women friendly centre as office by Thiruvananthapuram Corporation.

5.10.1.4 Recreation/ Health Club/ Gym for women

In order to ensure regular exercise to reduce the lifestyle diseases in women, plan formulation guidelines envisage construction of fitness centres for women by ULBs. Audit noticed that though Thiruvananthapuram, Kochi and Thrissur Corporations constructed women multi gym/recreation centres, these were not functional till date as detailed below:

- Kochi Corporation constructed a Ladies Health Club on the first floor of Kalvathy-Thuruthy shopping complex. The gym had a variety of equipment⁵⁶ and connected facilities like toilets, changing room, reception area etc. However, in the absence of three phase electric connection, gym remained unutilised (May 2024).
- Thiruvananthapuram Corporation constructed⁵⁷ (March 2020) a building for setting up Vanitha Gym at Ponnurangalam ward. However, gym equipment and electric connection were not provided and the building was idling (May 2024).
- Thrissur Corporation converted an industrial unit idling for 15 years into a recreation centre for women, by incurring an expenditure of ₹2.58 lakh (October 2020). However, as the electric connection was not obtained the building was not put to use (July 2023).

In respect of Ladies Health Club in Kochi Corporation, Government stated (November 2024) that electric connection has been provided and the gym would start functioning from second week of November.

Reply is not tenable as a joint physical verification conducted on 27 November 2024 revealed that electric connection has not been obtained and the gym has not started functioning.

Regarding idling of women recreation centre at Thiruvananthapuram, Government stated (November 2024) that electric and water connections would be obtained and the building would be made functional as soon as possible.

5.10.2 Idling of Assets created for old aged and child welfare

According to the plan formulation and subsidy guidelines, five *per cent* each of development fund should be mandatorily allocated for welfare of children and old-aged persons. Audit noticed that 12 Pakal Veedu⁵⁸/old age recreation

⁵⁶ Details of construction of the building and purchase of gym equipment were not made available by the Corporation

⁵⁷ Details of construction of the building were not made available by the Corporation

⁵⁸ Thrissur Corporation (five nos) - ₹28.84 lakh (cost of construction of two buildings not available), Kochi Corporation (six nos) - ₹64.59 lakh, Kalamassery Municipality - ₹12.33 lakh

centres in three test checked ULBs and two BUDS⁵⁹ schools⁶⁰ in Kochi Corporation constructed/renovated during 2018-19 to 2022-23 at a total cost of ₹1.33 crore remained unutilised (August 2023). Of the 14 Pakal Veedu/BUDS school buildings, basic facilities viz., electricity, water supply, chairs, tables, cots, etc. were not provided in nine buildings. Audit observed that projects were formulated without proper foresight and without ascertaining feasibility resulting in non-utilisation of assets for welfare of old-aged persons and children.

Government stated (November 2024) that of the nine Pakal Veedu/BUDS schools in Kochi Corporation, action is being taken to enable four institutions (two BUDS schools and two pakal veedu) functional as soon as possible. However, the reply is silent on the remaining institutions in Kochi, Thrissur Corporations and Kalamassery Municipality.

5.10.3 Non-utilisation of Gas Crematoria

According to KM Act, establishment and maintenance of crematoria/burial grounds is one of the mandatory functions of ULBs. However, Audit noticed that five gas crematoria constructed during the period 2012-13 to 2019-20 in four test checked ULBs⁶¹ spending ₹55.46 lakh⁶² remained unutilised due to reasons such as non-maintenance, public protest, lack of three phase electric connection, water connection etc. Details are given in **Appendix 5.6**. Audit observed that negligence on the part of Engineering wings/ULBs in undertaking timely maintenance and providing necessary facilities to make the crematoria functional resulted in infructuous expenditure of ₹55.46 lakh.

Government stated (November 2024) that steps were being taken to carry out the repairs and for providing other necessary amenities viz., electricity and water connection to make the crematoria operational.

5.10.4 Markets, Shopping complexes and Market shop buildings

Shopping Complexes, public markets etc. are constructed by ULBs to provide commercial facilities to public at reasonable rates. The ULBs collect rent from these public amenities to meet establishment and operational expenditure, which enhances own fund revenue and service delivery capacity of ULBs.

Audit observed various deficiencies in the utilisation of assets as discussed in following paragraphs:

5.10.4.1 Idling of Modern Hygienic Fish Markets

Thiruvananthapuram and Kochi Corporations constructed two modern fish markets with the assistance of Kerala Coastal Area Development Corporation (KCADC) at a total cost ₹4.87 crore. The markets were envisaged to facilitate modern hygienic fish sale outlets (wholesale and retail) with auction halls, chiller/freezer rooms, effluent treatment facility, etc. The market stalls were to be let out at normal user fee. Audit noticed that these modern fish markets

⁵⁹ BUDS is a Disability Mainstreaming Program initiated to avoid labelling and stigmatising people with mental challenges

⁶⁰ Division 16 (2022-23) and Division 24 (2022-23) in Kochi Corporation (2 nos) - ₹26.83 lakh

⁶¹ Palakkad, Pattambi, Wadakkanchery Municipalities and Kochi Corporation

⁶² Cost of construction in respect of three gas crematoria not made available

remained unutilised till date (December 2024). Details are given in the **Table 5.4**.

Table 5.4: Details of idling of modern fish markets

Sl. No.	ULBs	Cost of construction	Year of construction	Facilities provided	Remarks
1	Thiruvananthapuram Corporation (Pangode)	₹2.61 crore	May 2020	Two storied market building with 50 shop rooms	Though the Hon'ble High Court of Kerala had directed (March 2010) the Corporation to stop the unauthorised fish vending outside the building, Corporation has not taken any action to evacuate the illegal vendors.
2	Kochi Corporation (Palluruthi)	₹2.26 crore	2014	Two storied market building with 49 stalls.	Electricity and water connection were not available. Market stalls were being utilised for dumping plastic waste. Effluent Treatment facility though mandatory, was not provided

(Source: Details furnished by ULBs and joint physical verification)

The Corporations have not furnished any reason for not making the markets functional even after a lapse of three to nine years of construction. Though TMC conducted auction (August 2020) for letting out the shops, there were no takers. Audit observed that negligence on the part of Corporations in providing basic facilities for the functioning of the markets and non-eviction of illegal vendors resulted in non-utilisation of markets and unfruitful expenditure of ₹4.87 crore.

In respect of Pangode market, Government stated that there were no takers for the market stalls even after tendering three times. Hence, no further action was taken. Regarding Palluruthi market, it was stated that steps were being taken to provide water and electricity connections and remove plastic waste.

Government reply, while confirming the audit findings, is silent on any action taken to evict illegal vendors functioning in the Pangode market premises.

5.10.4.2 Idling of shopping complexes/market shop buildings

Shopping complexes benefit the community by providing jobs and generating economic activity and offer a convenient location for people to purchase goods and services. Shopping complexes are also a source of revenue to the ULBs. Audit noticed several lapses in the management of four shopping complexes/market shop buildings in Thiruvananthapuram and Thrissur Corporations resulting in idling of the shopping complexes constructed/renovated during the audit period, loss of revenue to the ULBs and unfruitful expenditure to the tune of ₹2.90 crore as detailed in **Table 5.5**.

Table 5.5: Details of idling shopping complexes/market buildings

Sl. No.	ULBs	Cost of construction	Year of construction/ renovation	Facilities provided	Reason for non-utilisation
1	Thrissur Corporation - Olari Market shopping complex	₹2.08 crore	2020-21	38 shops and four halls	Non-completion of construction of basic facilities, foul smell on the basement floor, lack of Effluent Treatment Plant etc. and non-demolition of old un-utilised building in front of the market building.
2	Thiruvananthapuram Corporation- Mannanthala Shopping Complex	₹61.97 lakh	2021-22	16 shops	Non-completion of electrification
3	Thiruvananthapuram Corporation- Mannanthala market shops	₹19.95 lakh	2021-22	Stalls	Non-completion of electrification
4	Thiruvananthapuram Corporation- Peroorkada market shops	Not available	2021-22	Eight shops	Dumping of waste near the shops

(Source: Details furnished by ULBs and joint physical verification)

In respect of Oleri market shopping complex, Government stated (November 2024) that though four shop rooms on the basement floor were allotted to traders of erstwhile fish market, due to non-completion of construction of basic facilities and lack of on-site sewage treatment facilities and clean air, the shop rooms were not taken over by the traders. It was also stated that Superintending Engineer of the Corporation was assigned the task of solving the problem of sewage from fish and meat trade in the basement floor. In respect of markets in Thiruvananthapuram Corporation it was replied that though shops/stalls in Mannanthala shopping complex/markets were auctioned, there were no takers and waste has been removed and maintenance completed in respect of Peroorkada market shops.

Government reply indicates the lethargic attitude of the Corporation officials in ascertaining the reasons for non-occupation of the shops and taking remedial measures/rectify the defects in time. This inaction has not only deprived the community the opportunity to obtain jobs and generate economic activities but also led to idle investment and loss of revenue to the Corporations.

5.10.5 Town/Community halls/Indoor stadium

In order to fulfil the mandatory function viz., provision of urban amenities and facilities, entrusted upon the ULBs, community services like playgrounds, community halls, etc., are constructed by ULBs. Community halls are also a

source of revenue to the ULBs. It was seen that out of the 110 community halls/town halls in 24 ULBs, 51 community halls in seven ULBs were not being utilised. Details of idling of community halls are given in **Appendix 5.7**. No specific reasons were furnished by test checked ULBs for the non-utilisation.

Kalamassery municipality constructed (July 2020) a multipurpose indoor stadium with facilities such as dining halls, multipurpose hall, facilities for indoor games on ground floor and volleyball/badminton court with gallery on the first floor incurring an expenditure of ₹4.75 crore. However, the building remained unutilised till date (November 2024). No specific reason was furnished by the municipality for the non-utilisation.

Government stated (November 2024) that Municipal Council, Kalamassery municipality decided to appoint finance committee to prepare the byelaw and to open the multipurpose stadium to public immediately. However, the reply does not provide any reason for idling of the infrastructure created for the last four years.

Recommendation:

Government may ensure that assets created by ULBs for economic and social development are put to use for the intended purpose.

5.10.6 Encroachments in public land/buildings

Protection of public land from encroachment is a mandatory function of ULBs as per First Schedule of KM Act. Failure to protect own land by ULBs has resulted in encroachment and construction of buildings by encroachers in the land owned by test checked ULBs as detailed below:

Palakkad Municipality

- Palakkad Municipality owned residential quarters for 40 contingent workers at Kalmandapam. Since the quarters were very old, contingent workers were shifted (2013-14) to new quarters in Manarkattuparambu. During joint physical verification (November 2023), Audit noticed that in the absence of compound wall and gate and due to lack of proper monitoring by the ULB, the old quarters were encroached and illegally occupied by other people. However, no action was taken by the municipality against the encroachment (March 2023).

Government stated (November 2024) that orders have been issued to evict all encroachments from the premises.

Kochi Corporation

- Sneha Bhavan is an orphanage owned by Kochi Municipal Corporation for the rehabilitation of street children. As per asset register, Sneha Bhavan is situated in a land with area of two acre 60 cents⁶³. However, during joint physical verification it was noticed that the land had a compound wall and the land area was measured by Engineering wing officials and found to be only one acre 24 cents. The land had a private flat complex on North, church building on South, lake on East side and PWD road on West. Audit observed that Corporation constructed

⁶³ one hectare five are 22 sq.m

compound wall to Sneha Bhavan without ensuring that the entire land area has been covered.

Government stated (November 2024) that as basic records viz., deed, village tax receipt etc. were not found available with the Corporation, Sub Registrar Office, Mattancherry was requested to furnish a report on the extent of land, ownership, land transactions occurred in the past etc. pertaining to the survey numbers adjacent to Sneha Bhavan.

The reply indicates the negligence on the part of the Corporation in maintaining records to establish the ownership of the land and to protect public land from encroachment.

5.10.7 Plant and Machinery Assets

Plant and machinery such as Effluent treatment plants, solid waste management equipment, etc., purchased during 2019 to 2022 worth ₹2.66 crore was lying idle in seven test checked ULBs due to reasons such as purchase of machinery without ensuring availability/suitability of building, non-provision of electric connection, non-obtaining mandatory approval from PCB etc. Audit noticed that these ULBs did not take any action to make the plant/machinery functional resulting in unfruitful expenditure of ₹2.66 crore. Details are given in **Appendix 5.8**.

5.10.8 Vehicle Management

Urban Local Bodies purchase and maintain vehicles mainly for office purposes, waste management activities, drinking water supply and palliative care activities. According to Kerala Municipality (Utilisation and Maintenance of Motor Vehicles) Rules, 2000, timely repair of vehicles is the responsibility of Engineering wing of the ULB concerned. Audit noticed that test checked Corporations and Municipalities owned 511 and 205 vehicles, respectively, of which 43.05 per cent and 24.88 per cent, respectively, were idling.

Status of vehicles owned by test checked ULBs is detailed in **Table 5.6**.

Table 5.6: Status of vehicles owned by test checked ULBs

Name of ULBs	Total number of vehicles	No. of vehicles off road for want of fitness/repairs	No. of unserviceable vehicles to be auctioned	Percentage of vehicles not in running condition
Municipal Corporations				
Thiruvananthapuram	198	6	70	38.38
Kochi	143	34	72	74.12
Thrissur	85	10	5	17.65
Kozhikode	85	2	21	27.06
Total	511	52	168	43.05
Municipalities				
20 Test checked Municipalities	205	5	46	24.88

(Source: Details furnished by ULBs and joint physical verification)

Percentage of vehicles idling/not in running condition ranged from 17.65 per cent in Thrissur Corporation to 74.12 per cent in Kochi Corporation. Audit analysis of the management of vehicles by Kochi Corporation revealed that delay in sanctioning estimate, issuing work order, release of payment to workshop, etc. resulted in idling of the vehicles for a period up to seven years as detailed in succeeding paragraphs.

5.10.8.1 Vehicle Management by Kochi Corporation

Kochi Corporation owned 143 vehicles, of which 116 vehicles were purchased for waste management activities. Status of vehicles purchased for waste management activities are shown in **Table 5.7**.

Table 5.7: Status of vehicles purchased for waste management by Kochi Corporation

Total Number of vehicles	Vehicles in running condition	Vehicles garaged/off road for want of fitness certificate	Unserviceable vehicles	Vehicles under auction process
116	11	34	55	16

(Source: Details furnished by Kochi Corporation and joint physical verification)

- Audit noticed that of the 116 vehicles, only 11 vehicles were in running condition (April 2024).
- Thirty four vehicles⁶⁴ were off road/garaged for a period ranging from two months to seven years for want of Fitness Certificate Test (FCT) in various workshops/yards. Audit noticed that 14 of the 34 vehicles were idling for more than one year.
- 55 vehicles, including 20 APE four-wheeler trucks, have been categorised as unserviceable and they remained un-attended for periods ranging from nine months to nine years in various yards.
- Six APE four-wheeler trucks purchased during 2014 were reported for FCT during December 2015 to December 2016 but remained in the workshop till 2018 and got damaged in the floods and became unserviceable.

Audit observed that prolonged idling was the main reason for vehicles becoming unserviceable before they complete even 10 years.

Delay in conducting of Fitness Certificate Test due to delay at multiple levels

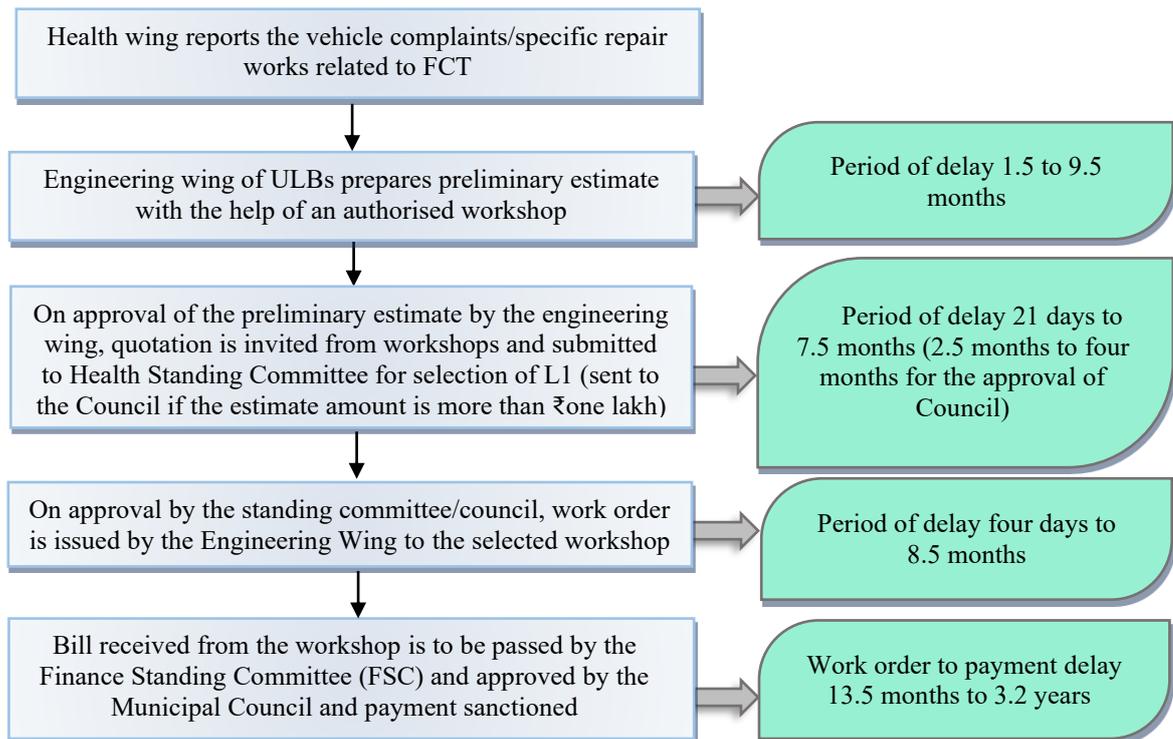
According to the Central Motor Vehicles Rule, 1989, certificate of fitness is granted initially for two years and thereafter should be renewed every year in respect of vehicles used for transportation. Procedure for obtaining FCT commences with the driver of the vehicle/Health Wing reporting the repair works related to obtaining FCT to the Engineering wing. In a test check conducted (April 2024) in respect of 27 vehicles⁶⁵ to ascertain the stages of delay/time consumed, audit noticed delay up to 44 months in payment of bills

⁶⁴ This included eight refuse compactors, 17 Ape four-wheeler trucks, six Ape three wheelers, one JCB etc.

⁶⁵ 13 from West Zone and 14 from East Zone

since reporting for repair work by the Health wing, due to delay at multiple levels as detailed in **Chart 5.1**.

Chart 5.1: Delay at various levels



(Source: Details furnished by Kochi Municipal Corporation)

Since each file generated for the FCT work has to sail through the above stages and there was considerable delay in passing through each stage, FCT for the vehicles were not conducted in time. Audit noticed delay up to 38 months in making payment against the invoice to the workshop from date of issue of work order indicating the laxity on the part of Kochi Corporation in undertaking timely repair of the vehicles.

Thus, delay in processing of files put up for fitness tests and related repairs and non-payment of dues to the authorised workshop for the repair works carried out resulted in the idling of vehicles for prolonged periods, which were in good running condition till reporting for FCT and consequent irreparable damage and loss of public money. Audit observed that delay in undertaking timely repair of vehicles used for waste management has resulted in additional expenditure by hiring vehicles.

Government stated (November 2024) that steps are being taken to reduce the idling/not in running condition status of vehicles by proper monitoring of the vehicles and reducing the time taken for file procedures. Regarding idling of APE Trucks, it was stated that APE Trucks purchased in 2014 were out of production models and spare parts were not available after one year and workshops were unwilling to undertake repairs. Health Standing Committee has decided to replace the vehicles with high maintenance cost and steps are being taken to dispose of these vehicles through auction.

The reply is not tenable as Corporation should have ensured before purchase that the vehicles were not out of production models and spare parts would be available for minimum period of 15 years.

5.11 Disposal of Assets

Once the movable assets become unserviceable/obsolete and no longer capable of yielding further services, they have to be disposed of without delay to fetch maximum re-sale value and to avoid expenditure on supervision, storage and maintenance. Disposal includes any activity associated with disposal of a decommissioned asset including sale and demolition. Audit noticed instances of accumulation of obsolete/unserviceable assets in 16 test checked ULBs affecting the quality of service delivery and occupying considerable storage space. It was noticed that the test checked ULBs did not have any system for review and disposal of unserviceable equipment/vehicles.

5.11.1 Condemnation of vehicles

Vehicles which are not road worthy and uneconomical to the Government should not be kept idling for long period as it will lead to deterioration in the scrap value of the vehicle. According to KPWD Manual, Asst. Exe. Engineer, Mechanical division, PWD is responsible for valuation for condemnation of vehicles. In test checked Corporations, of the 511 vehicles, 168 vehicles were unserviceable and in test checked municipalities of the 205 vehicles 46 were unserviceable. But only 73 vehicles in Corporations and 38 vehicles in Municipalities were proposed for conducting auction. Audit noticed delay of up to 10 years from the date on which vehicles became off road and date of auction. Delay in condemnation/auction of the idling vehicles would result in further deterioration of the vehicle condition and loss of revenue in the form of scrap value.

Government stated (November 2024) that immediate steps will be taken to dispose of the vehicles by auctioning them. It was also stated that a mechanical engineer has been appointed in Kochi Corporation.

Recommendation:

Government may ensure that Municipal Corporations put in place a system for timely maintenance and disposal of vehicles.

5.12 Monitoring

Plan formulation and subsidy guidelines stipulate for monitoring of works by the working group on public works. Working groups were to constitute monitoring committees with convenor other than the implementing officer. Monitoring of implementation of asset creation and maintenance projects was to be done by this working group. However, audit noticed that 16 of the 24 test checked ULBs have not constituted monitoring committees for monitoring projects for asset creation and maintenance. Further, Asset Management and Monitoring Committee (AMMC) as prescribed in the Manual for Asset Management in LSGIs was also not constituted in any of the test checked ULBs.

Audit observed that instances such as inordinate delay in completion of constructions of service delivery assets, non-utilisation of assets created, etc., as

brought out in previous paragraphs could have been avoided by proper monitoring of asset creation/maintenance activities.

Recommendation:

Government may ensure that ULBs constitute Asset Management and Monitoring Committees to enable effective monitoring of utilisation and maintenance of assets.

5.13 Conclusion

The test checked ULBs have not prepared Asset Management Plan and Strategy for effective management of assets in their jurisdiction. Asset Management and Monitoring Committee (AMMC) with responsibility to prepare asset management policy, plan and strategy was not constituted by any of the test checked ULBs. Despite the instructions from Government to digitise their asset registers and to maintain in the Sachithra software developed by Information Kerala Mission (IKM), none of the 24 test checked ULBs completed the digitisation of Asset register as prescribed. Though five municipalities conducted GIS mapping of all properties and Thiruvananthapuram Corporation conducted GIS mapping for its own assets, in the absence of GIS data integration with Sachithra software, asset mapping conducted could not be put to use by these ULBs. ULBs purchased land that were not suitable for the intended purposes resulting in unfruitful expenditure of ₹7.50 crore. Site condition was not ascertained before commencement of construction in the case of various service delivery projects resulting in unfruitful expenditure of ₹7.96 crore. Test checked ULBs formulated Women Component Plan projects without analysing feasibility, mode of operation, etc. resulting in idling of assets worth ₹12.12 crore. Idling of market buildings, shopping complexes, community halls and gas crematoria were also noticed. Failure to protect own land by ULBs has resulted in encroachment in two test checked ULBs. Plant and machinery such as effluent treatment plants, solid waste management equipment, etc. were lying idle in seven test checked ULBs resulting in unfruitful expenditure of ₹2.66 crore. Delay in sanctioning estimate, issuing work order, release of payment to workshop, etc. by Kochi Corporation resulted in idling of the vehicles for a period up to seven years. There was delay up to 10 years, from the date on which vehicle became off road to the date of auction in test checked ULBs.

CHAPTER VI

COMPLIANCE AUDIT PARAGRAPHS OF URBAN LOCAL BODIES

6.1 Excess payment of centage charges to the accredited agencies by three Urban Local Bodies

Kozhikode Corporation and Palakkad and Kottakkal municipalities paid centage charges at higher rates for works executed through accredited agencies in violation of Government orders resulting in excess payment of ₹50.35 lakh.

Local Self Government Department (LSGD), Government of Kerala accredited a few institutions/non-governmental organisations/labour contract co-operative societies⁶⁶ for implementation of public works in Local Self-Government Institutions and issued (May 2007) general guidelines for execution of public works through these agencies. According to the guidelines, two *per cent* of the estimated cost was to be paid to the accredited agency as management/centage charges for execution of the work. In case the accredited agency executed works using alternate technology⁶⁷ and prepared the plan, design and estimate by itself, 0.5 *per cent* of estimate cost was also to be granted to the agency as remuneration.

Subsequently, Finance (Industries and Public Works) Department issued guidelines in September 2007 for execution of public works by Government departments through accredited agencies. The guidelines prescribed centage charges ranging from five *per cent* to eight *per cent*, depending on the estimated cost⁶⁸ of the work. In July 2014 Finance Department clarified that centage charges on LSGD works would be based on Government orders issued from that department from time to time. Though the rates of centage charges were revised by Finance Department during the period 2014⁶⁹ to 2017⁷⁰, LSGD continued with the rates fixed in May 2007 till October 2020. In October 2020⁷¹, LSGD revised the rates of centage charges and permitted LSGIs to apply the rates fixed by the Finance Department in July 2017. LSGD had also clarified that the new rates would be applicable only to new works executed by LSGIs and centage charges at the rate of 2.5 *per cent* would be applicable for ongoing and completed works in LSGIs.

During the audit of Kozhikode Corporation and Palakkad and Kottakkal Municipalities, it was noticed that these Urban Local Bodies, instead of

⁶⁶ State Nirmithi Kendra, COSTFORD, Habitat Technology Group, etc.

⁶⁷ Adopting cost effective techniques and usage of local materials conforming to relevant standards without compromising quality and durability

⁶⁸ Centage charge of five *per cent* for works costing ₹five crore or more, six *per cent* for works costing between ₹three crore and ₹five crore, seven *per cent* for works costing between ₹50 lakh and ₹three crore, eight *per cent* for works costing less than ₹50 lakh

⁶⁹ Revised the limit for eight *per cent* from ₹50 lakh to ₹one crore in July 2014

⁷⁰ In July 2017, the percentages are retained with 'subject to a minimum amount of centage charges to be paid'. i.e. centage charge of five *per cent* for works costing ₹five crore or more subject to a minimum of ₹30 lakh; six *per cent* for works costing between ₹three crore and ₹five crore subject to a minimum of ₹21 lakh; seven *per cent* for works costing between ₹one crore and ₹three crore subject to a minimum of ₹eight lakh

⁷¹ GO(Rt) No. 1817/2020/LSGD dated 04 October 2020

allowing centage charges at 2.5 *per cent* to the accredited agencies, allowed centage charges at five to seven *per cent* in respect of five completed works, wherein agreements were executed during 2017-18 and 2018-19, resulting in excess payment of ₹50.35 lakh towards centage charges. Details are given in **Appendix 6.1**.

Thus, lapse on the part of ULB officials in adhering to the Government instructions resulted in excess payment of centage charges amounting to ₹50.35 lakh to the accredited agencies.

Government stated (March 2024) that Kozhikode Corporation and Palakkad and Kottakkal Municipalities entered into agreement with the agencies based on the order issued by the Finance Department. It was also stated that the effective date for applying the new centage charges was not clearly mentioned in the order issued by LSGD in October 2020.

The reply is not tenable as the order issued by Finance Department in July 2014 clearly states that centage charges on LSGD works would be based on Government orders issued from that department from time to time. Further, the order issued by LSGD in October 2020 does not mention any retrospective effect for it and the order specifies that the revised rate would be applicable only for new works executed by LSGIs. Audit observation was on works taken up by the ULBs during 2017-18 and 2018-19.

6.2 Short levy of property tax by Koduvally Municipality

Levy of incorrect rates of property tax by Koduvally Municipality resulted in loss/short collection of revenue of ₹14.48 lakh

According to Rule 4(3) of Kerala Municipality (Property Tax, Service Cess and Surcharge) Rules, 2011, the rate of basic property tax for all buildings of same category of use should be the same throughout the area of the local body. Further, as per Section 233(2) of Kerala Municipality (KM) Act, for the purpose of levying Property Tax, the Government should fix the minimum and maximum rates of basic property tax applicable to one square meter plinth area for different categories of buildings. Based on the minimum and maximum rate fixed by the Government, LSGIs, through a resolution, had to adopt the basic property tax rate applicable for each category of building in their area. Further, according to Section 282 of KM Act 1994, demand for tax claims should be made within four years from the date on which it has fallen due.

Government of Kerala (GoK) introduced (January 2011) plinth area based assessment of property tax in ULBs and was made applicable⁷² to new buildings from 01 April 2013 and to existing buildings from 01 April 2016. Koduvally Grama Panchayat was upgraded as Municipality with effect from 01 November

⁷² vide GO (Rt) No. 540/2019/LSGD dated 06 March 2019

2015⁷³ and the Municipal Council revised⁷⁴ (September 2016) the property tax rates of all buildings to match with the rates prescribed by GoK for Municipalities. Audit noticed that though Municipality levied property tax at revised rates on all buildings constructed after the date of upgradation, Municipality omitted to levy revised rates for commercial/hospital/assembly buildings that existed before the date of upgradation and continued with the rates applicable to Grama Panchayats. Further, change in categorisation⁷⁵ of jurisdictional areas on upgradation as municipality was also not taken into account for calculation of property tax in respect of these buildings. This resulted in loss⁷⁶ of revenue of ₹6.21 lakh during the period from 2016-17 to 2018-19 and short collection of revenue of ₹8.27 lakh during the period from 2019-20 to 2022-23 in 111 test checked cases⁷⁷ as detailed in the **Appendix 6.2**.

Thus, failure on the part of the Municipal authorities in ensuring proper implementation of revised property tax rate resulted in revenue loss of ₹14.48 lakh⁷⁸.

Government response to the paragraph is awaited (February 2025).

6.3 Excess payment of Goods and Services Tax to accredited agencies - ₹68.61 lakh

Awarding of works based on estimates prepared as per Delhi Schedule of Rates 2016 and cost indices inclusive of Value Added Tax and payment of GST at the rate of 12 per cent additionally on the value of work done resulted in excess payment of GST to the tune of ₹68.61 lakh to the accredited agencies by three ULBs.

Goods and Services Tax (GST) notified by Government of India came into effect from 01 July 2017. Accordingly, GoK in November 2017 issued orders enforcing GST for all public works executed since July 2017. As the Delhi Schedule of Rates (DSR) 2016⁷⁹ and cost indices, based on which estimates were prepared for public works, were inclusive of Value Added Tax (VAT),

⁷³ vide GO (MS) No. 152/2015/LSGD dated 30 April 2015

⁷⁴

	Commercial buildings up to 100 sq.m. (₹ per sq.m.)	Commercial buildings >100 sq.m (₹ per sq.m)	Hospital (₹ per sq.m)	Assembly buildings (₹ per sq.m)
Panchayat rate	50	60	5	30
Municipality rate	70	90	15	50

⁷⁵ As per Kerala Municipality (Property Tax, Service Cess and Surcharges) Rules 2011, the whole area in a Municipality needs to be categorised into primary, secondary and tertiary zones, for the purpose of tax assessment depending upon the status of development and deductions allowed in that particular area. There is a deduction of 10 per cent on basic tax calculated on plinth area basis for buildings in secondary zone and 20 per cent deduction for buildings in tertiary zone.

⁷⁶ Tax prior to 2019-20 has become time barred

⁷⁷ Commercial/Hospital/Assembly Buildings for which building number allotted before 01 November 2015

⁷⁸ ₹1379102 Property tax + ₹68955 Library Cess (Five per cent)

⁷⁹ Delhi Schedule of Rates (DSR) published by Central Public Works Department, is a comprehensive document that outlines the standard rates for various construction and maintenance works. These rates are used for estimating costs and are crucial for budgeting and financial planning in public projects. DSR is used by Central and State Government departments, Institutions, PSUs, etc.

GoK in December 2017 directed all Government departments and agencies to exclude VAT/GST while preparing estimates for procurement of Works. It was also directed to indicate GST separately for obtaining Administrative Sanction. Further, the rates quoted by contractors should be exclusive of VAT/GST and while making payment to contractors applicable GST was also to be sanctioned along with total value of work done. GoK in March 2019 issued the revised cost indices to be applied to DSR 2016 rates and these cost indices were without VAT component.

During the audit of Palakkad, Kottakkal and Kasaragod Municipalities, Audit noticed that these ULBs had entered⁸⁰ (March 2018–March 2019) into agreement with two accredited agencies viz., M/s Habitat Technology Group, Thiruvananthapuram/Thodupuzha and M/s Steel Industries Kerala Limited, Thrissur for execution of eight works with estimated cost of ₹24.50 crore. The accredited agencies had prepared the estimates based on DSR 2016 and the Municipal Councils accorded Administrative Sanctions⁸¹ based on these estimates. Technical Sanctions were accorded⁸² by the agencies themselves. Audit noticed that though these agencies had prepared the estimates without excluding VAT component present in the DSR 2016 cost indices, the ULBs failed to verify and exclude VAT in the estimates while according to Administrative Sanction/executing agreements. Further, though all the payments to these agencies were made after publication of revised cost indices by GoK, the ULBs had not excluded the VAT component in the estimates and the agencies were sanctioned 12 *per cent* GST on the total value of work done. Payment of 12 *per cent* GST without excluding VAT had resulted in excess payment of GST of ₹68.61 lakh. Details are given in **Appendix 6.3**.

Thus, negligence on the part of ULBs in complying with Government direction to exclude VAT/GST from the estimates resulted in excess payment of ₹68.61 lakh to the implementing agencies.

Government response to the paragraph is awaited (February 2025).

⁸⁰ Palakkad Municipality – March 2018, Kottakkal Municipality – March 2019 and Kasaragod Municipality – March 2018

⁸¹ Palakkad Municipality – June 2017, Kottakkal Municipality – August 2018 and Kasaragod Municipality – December 2017

⁸² Palakkad Municipality – March 2018, Kottakkal Municipality – September 2018 and Kasaragod Municipality – February 2018

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 (JPs), 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)

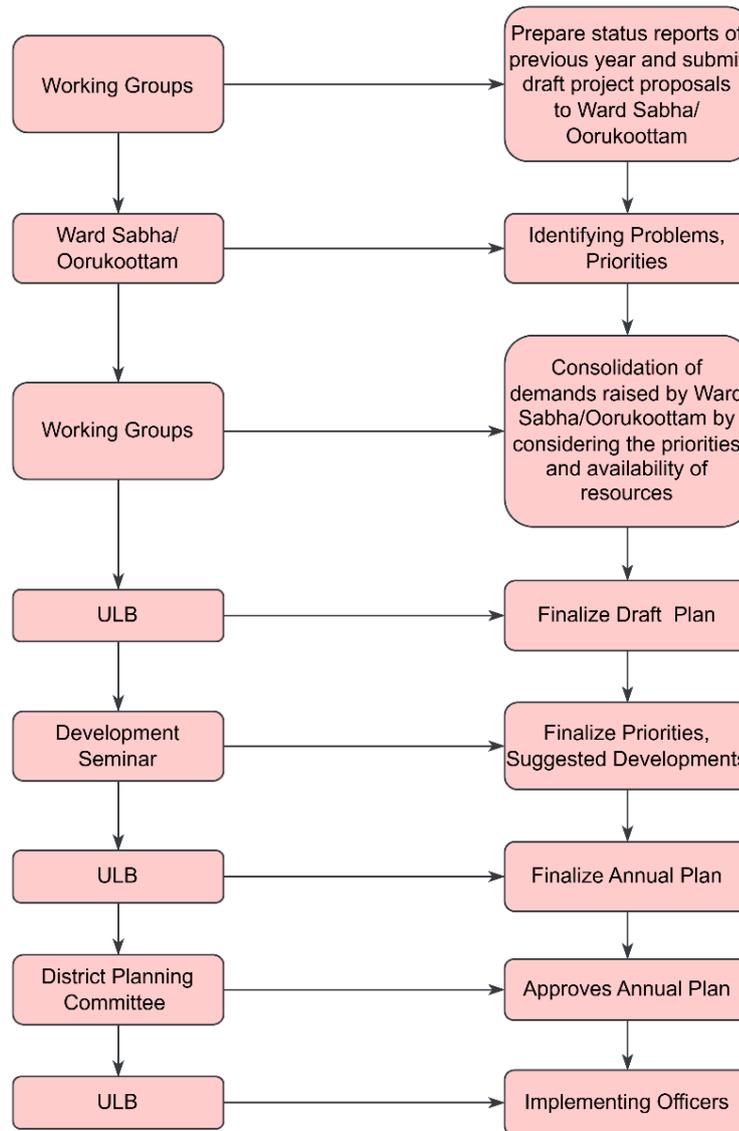
Audit Findings

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

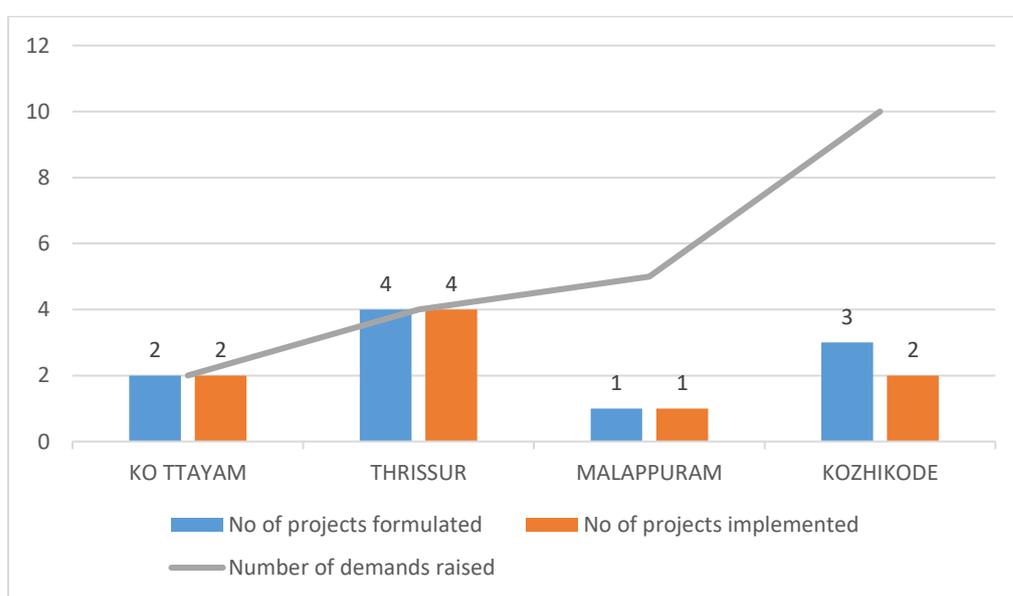
Table 7.4: Percentage of implementation of drinking water projects against demand

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

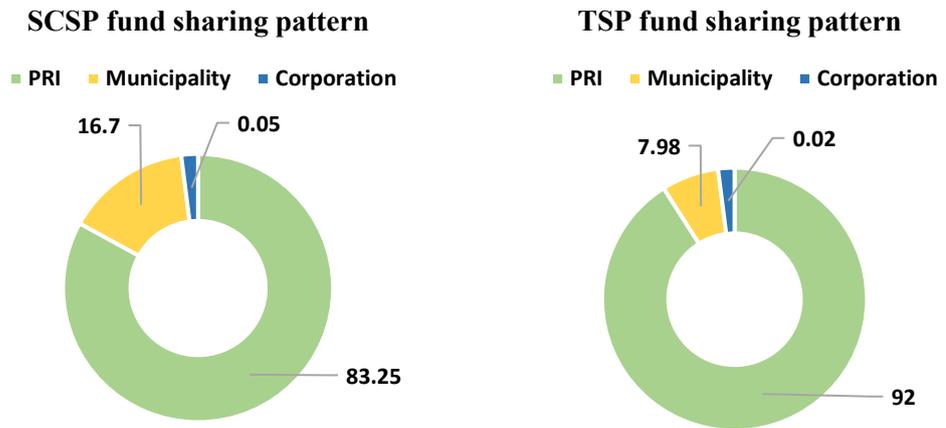
The allocated SCSP and TSP funds were apportioned among LSGIs based on the recommendations of the State Finance Commission (SFC). For the period

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:

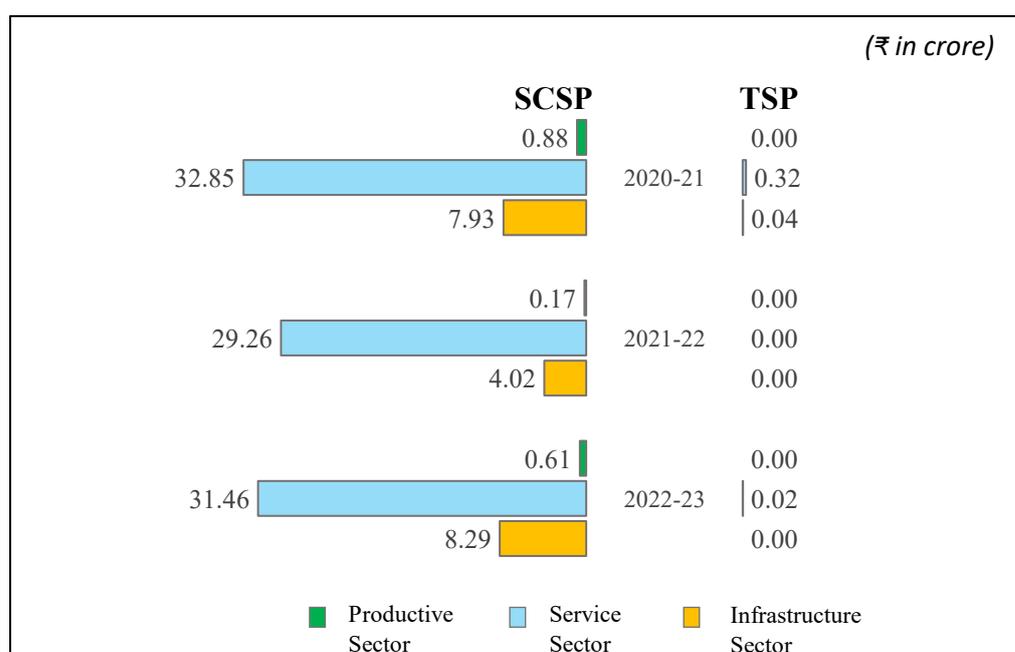
7.6.5 Low priority for formulation and implementation of projects under Productive Sector

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)

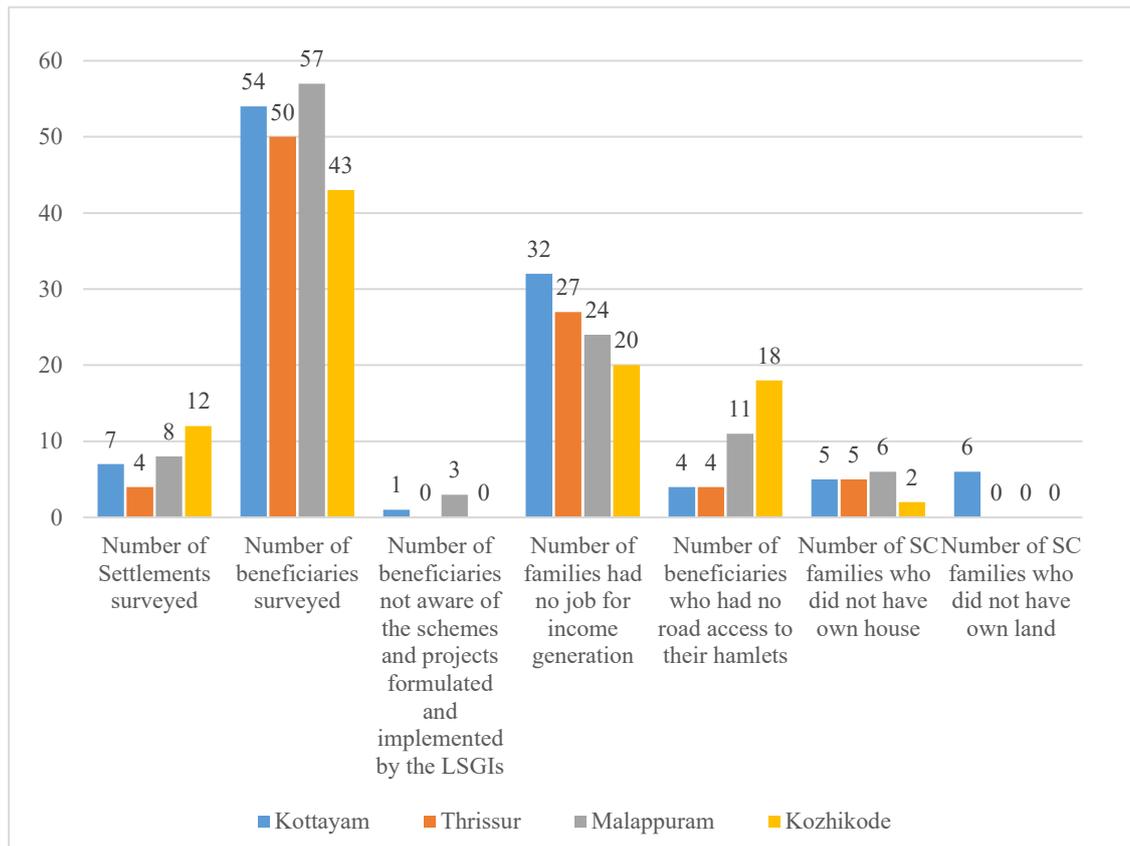
Audit observed that the ULBs constructed these buildings without ascertaining feasibility, which resulted in idling of buildings for four to 15 years.

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 Kodusvally, Kottakkal, Malappuram and Wadakkanchery Municipalities

¹⁰⁹ Kozhikode and Thrissur Corporations and Kodusvally, 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)
Accountant General (Audit I),
Kerala

Thiruvananthapuram,
The 07 January 2026

Countersigned



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

New Delhi,
The 13 January 2026

APPENDICES

Appendix 1.1
Eleventh Schedule (Article 243G)
(Reference: Paragraph 1.4, Page 3)

1. Agriculture, including agricultural extension.
2. Land improvement, implementation of land reforms, land consolidation and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.
7. Minor forest produce.
8. Small scale industries, including food processing industries.
9. Khadi, village and cottage industries.
10. Rural housing.
11. Drinking water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
16. Poverty alleviation programme.
17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities.
22. Markets and fairs.
23. Health and sanitation including hospitals, primary health centres and dispensaries.
24. Family welfare.
25. Women and child development.
26. Social welfare including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets.

Appendix 1.2
Twelfth Schedule (Article 243W)
(Reference: Paragraph 1.4, Page 3)

1. Urban planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of environment and promotion of ecological aspects.
9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Regulation of slaughterhouses and tanneries.

Appendix 2.1
Details of outstanding IRs and Paragraphs of PRIs as of November 2024
(Reference: Paragraph 2.6, Page 12)

Year	Number of IRs	No. of II A Paras	No. of II B Paras
2018-19	162	12	688
2019-20	98	13	400
2020-21	38	9	173
2021-22	45	1	179
2022-23	58	8	458
Total	401	43	1898

Appendix 2.2
Results of supplementary audit
(Reference: Paragraph 2.11.2, Page 19)

Sl. No	Name of Institution	Type of Institution	Year of Audit	Non creation of provision	Non-inclusion of comparative amounts in AFS	Non-inclusion of Financial/key	Non preparation of appending	Improper accounting of Assets and Liabilities	Improper accounting of Income and Expenditure	Grand Total
1	Panangad	GP	2022-23					1	1	2
2	Chekkiaid	GP	2021-22		1		1	1	1	4
3	Koduvally	BP	2021-22			1	1	1	1	4
4	Malappuram	DP	2021-22		1	1		1	1	4
5	Areekode	BP	2022-23		1	1		1	1	4
6	Karassery	GP	2022-23		1				1	2
7	Kodanchery	GP	2021-22		1	1	1	1	1	5
8	Puduppady	GP	2022-23					1	1	2
9	Koodaranhi	GP	2021-22		1	1	1		1	4
10	Unnikulam	GP	2022-23					1	1	2
11	Kunnamangalam	GP	2022-23					1	1	2
12	Vanimal	GP	2022-23		1			1	1	3
13	Kottur	GP	2021-22		1	1	1	1	1	5
14	Kalikavu	BP	2022-23		1	1	1	1	1	5
15	Tuneri	BP	2021-22		1	1	1	1	1	5
16	Balussery	BP	2022-23		1		1	1	1	4
17	Wandoor	BP	2022-23					1	1	2
18	Amarambalam	GP	2022-23		1	1	1	1	1	5
19	Kunnamangalam	BP	2021-22		1		1	1	1	4
20	Kayakkodi	GP	2022-23		1			1	1	3
21	Kunnummal	GP	2022-23		1			1	1	3
22	Azhiyur	GP	2022-23		1			1	1	3
23	Cheruvannur	GP	2022-23		1			1	1	3
24	Eramala	GP	2022-23		1		1	1	1	4
25	Chathamangalam	GP	2021-22		1		1	1	1	4
26	Onchiyam	GP	2022-23		1			1	1	3
27	Kasaragod	BP	2022-23		1		1	1	1	4
28	Adat	GP	2022-23		1	1		1	1	4
29	Alagappanagar	GP	2022-23	1	1	1		1	1	5
30	Athirappilly	GP	2022-23		1	1	1	1	1	5
31	Avanur	GP	2022-23		1	1	1	1	1	5
32	Chalakydy	BP	2022-23		1	1	1	1	1	5
33	Irinjalakuda	BP	2022-23		1	1		1	1	4
34	Kaiparambu	GP	2022-23		1	1		1	1	4
35	Kodakara	BP	2022-23			1		1	1	3

Sl. No	Name of Institution	Type of Institution	Year of Audit	Non creation of provision	Non-inclusion of comparative amounts in AFS	Non-inclusion of Financial/key	Non preparation of appending	Improper accounting of Assets and Liabilities	Improper accounting of Income and Expenditure	Grand Total
36	Kodassery	GP	2021-22					1	1	2
37	Kolazhy	GP	2022-23	1	1	1	1	1	1	6
38	Mulakunnathukavu	GP	2022-23	1	1	1	1	1	1	6
39	Muriyad	GP	2022-23		1	1		1	1	4
40	Nadathara	GP	2022-23		1	1	1	1	1	5
41	Ollukkara	BP	2022-23		1	1	1	1	1	5
42	Pananchery	GP	2022-23		1	1	1	1	1	5
43	Parappukkara	GP	2022-23		1	1		1	1	4
44	Pariyaram	GP	2022-23	1	1	1		1	1	5
45	Pazhayannur	BP	2022-23		1	1	1	1	1	5
46	Pazhayannur	GP	2022-23		1	1	1	1	1	5
47	Puthur	GP	2021-22		1	1	1	1	1	5
48	Puzhakkal	BP	2022-23		1	1	1	1	1	5
49	Tholur	GP	2022-23		1	1	1	1	1	5
50	Thrikkur	GP	2021-22		1	1	1	1	1	5
51	Varandarappilly	GP	2021-22		1	1	1	1	1	5
52	Erattupetta	BP	2022-23		1			1	1	3
53	Tholicode	GP	2022-23		1	1		1	1	4
54	Pallom	BP	2022-23		1			1	1	3
55	Paravur	BP	2022-23		1			1	1	3
56	Melukavu	GP	2022-23	1	1			1	1	4
57	Uzhamalakkal	GP	2022-23		1	1		1	1	4
58	Chirayinkeezhu	BP	2022-23		1	1		1	1	4
59	Elikulam	GP	2022-23					1	1	2
60	Valayam	GP	2022-23		1			1	1	3
61	Kozhikode	DP	2021-22						1	1
62	Koruthodu	GP	2021-22	1	1		1		1	4
63	Panachikkad	GP	2021-22		1		1	1	1	4
64	Kurichy	GP	2021-22		1		1	1	1	4
65	Pallickathodu	GP	2022-23			1		1	1	3
66	Angamaly	BP	2022-23		1	1	1	1	1	5
67	Kalady	GP	2022-23		1	1	1	1	1	5
68	Kondazhy	GP	2022-23	1	1	1	1	1	1	6
69	Pulpatta	GP	2022-23					1	1	2
70	Kavilumpara	GP	2022-23					1	1	2
71	Kayakkody	GP	2022-23		1			1	1	3
72	KodomBelur	GP	2022-23		1		1	1	1	4
73	Mampad	GP	2022-23		1	1		1	1	4

Sl. No	Name of Institution	Type of Institution	Year of Audit	Non creation of provision	Non-inclusion of comparative amounts in AFS	Non-inclusion of Financial/key	Non preparation of appending	Improper accounting of Assets and Liabilities	Improper accounting of Income and Expenditure	Grand Total
74	Pallikere	GP	2022-23							0
75	Pampady	BP	2022-23		1	1		1	1	4
76	Pampady	GP	2022-23		1	1		1	1	4
77	Parappa	BP	2022-23		1				1	2
78	Perambra	BP	2022-23		1		1	1	1	4
79	Tuneri	BP	2021-22		1	1	1	1	1	5
80	Thrissur	DP	2022-23					1	1	2
81	Vadakkekara	GP	2022-23		1			1	1	3
82	Vettoor	GP	2022-23	1	1	1	1	1	1	6
83	Pandikkad	GP	2022-23					1	1	2
84	Pilicode	GP	2022-23		1	1		1	1	4
85	Vakkom	GP	2022-23		1	1		1	1	4
86	West Eleri	GP	2022-23		1			1	1	3
87	Kadakkavoor	GP	2022-23		1	1		1	1	4
88	Kasaragod	DP	2022-23					1	1	2
89	Padne	GP	2022-23		1	1	1		1	4
90	Koratty	GP	2022-23		1	1		1	1	4
91	Chemnad	GP	2022-23		1		1	1	1	4
92	Kumbbla	GP	2022-23		1	1	1	1	1	5
93	Edavanna	GP	2022-23					1	1	2
94	Wandoor	GP	2022-23				1		1	2
95	Pullur periya	GP	2022-23		1		1	1	1	4
96	Varkala	BP	2022-23		1	1	1	1	1	5
97	Balal	GP	2022-23						1	1
98	Chaliyar	GP	2022-23		1	1	1	1	1	5
99	Cherunniyoor	GP	2022-23		1	1		1	1	4
100	Madikai	GP	2022-23		1	1	1	1	1	5
101	Nedumangad	BP	2022-23		1	1		1	1	4
102	Nemom	BP	2022-23		1	1		1	1	4
103	Nochad	GP	2022-23		1			1	1	3
104	Cheruvathur	GP	2022-23		1	1		1	1	4
105	Chokkad	GP	2022-23				1	1	1	3
106	Kanhangad	BP	2022-23				1	1	1	3
107	Badiadka	GP	2022-23		1		1	1		3
108	Chakkittapara	GP	2022-23		1			1	1	3
109	Chirayankeezhu	GP	2022-23		1	1		1	1	4
110	Karulai	GP	2022-23		1	1	1	1	1	5
	Total			8	88	59	50	101	108	414

Appendix 3.1
List of PRIs selected for audit
(Reference: Paragraph 3.2.2, Page 22)

District Panchayats			
1	Kottayam		
2	Kozhikode		
3	Malappuram		
4	Thrissur		
Block Panchayats			
1	Areekode	9	Kunnamangalam
2	Balussery	10	Nilambur
3	Chalakydy	11	Ollukkara
4	Erattupetta	12	Pallam
5	Kalikavu	13	Pampady
6	Kanjirapally	14	Pazhayannur
7	Kodakara	15	Tuneri
8	Koduvally	16	Wandoor

Grama Panchayats			
1.	Alagappa Nagar	2.	Mundakayam
3.	Amarambalam	4.	Nadathara
5.	Athirappilly	6.	Pallickathodu
7.	Chaliyar	8.	Pampady
9.	Chathamangalam	10.	Panachikad
11.	Chekkiad	12.	Pananchery
13.	Chokkad	14.	Panangad
15.	Chungathara	16.	Pandikkad
17.	Edavanna	18.	Panjal
19.	Elikulam	20.	Pariyaram
21.	Erumeli	22.	Pazhayannur
23.	Karassery	24.	Pothukallu
25.	Karulayi	26.	Pulpatta
27.	Kodanchery	28.	Puthupally
29.	Kodassery	30.	Puduppady
31.	Kondazhy	32.	Puthur
33.	Koruthodu	34.	Thalanadu
35.	Kottur	36.	Thrikkur
37.	Koodaranhi	38.	Unnikulam
39.	Kunnamangalam	40.	Urangattiri
41.	Kurichy	42.	Valayam
43.	Mampad	44.	Vanimal
45.	Melukavu	46.	Varandarapilly
47.	Moornilavu	48.	Wandoor

Appendix 3.2
SCSP/TSP – Service Sector expenditure details of 68 test checked PRIs
(Reference: Paragraph 3.6, Page 34)

Year	Districts	SCSP						TSP					
		No. of projects formulated	Total SCSP Allocation (₹ in crore)	Service Sector Allocation (₹ in crore)	No. of project implemented in service sector	Expenditure (₹ in crore)	Percentage to total allocation	No. of projects formulated	Total TSP Allocation (₹ in crore)	Service Sector Allocation (₹ in crore)	No. of project implemented in service sector	Expenditure (₹ in crore)	Percentage to total allocation
2020-21	Kottayam	276	27.34	21.58	215	14.53	78.93	147	7.56	5.98	123	3.67	79.10
	Thrissur	329	49.87	32.72	280	23.51	65.61	82	2.58	1.96	62	1.17	75.97
	Malappuram	418	52.31	39.37	344	29.10	75.26	131	6.66	4.29	107	2.84	64.41
	Kozhikode	260	35.25	25.64	227	19.99	72.74	115	3.83	2.79	98	2.19	72.85
2021-22	Kottayam	176	25.96	21.64	149	19.13	83.36	96	3.50	3.13	84	2.50	89.43
	Thrissur	260	43.32	33.62	212	27.01	77.61	78	2.22	2.12	70	1.72	95.50
	Malappuram	351	43.12	38.88	269	32.90	90.17	138	7.46	5.61	123	4.68	75.20
	Kozhikode	181	25.68	20.18	152	17.08	78.58	93	3.16	2.90	88	2.40	91.77
2022-23	Kottayam	202	28.14	21.55	170	16.74	76.58	116	3.70	3.35	101	2.74	90.54
	Thrissur	306	48.28	35.43	235	24.56	73.38	86	2.61	2.50	80	1.87	95.79
	Malappuram	368	48.88	44.37	254	36.87	90.77	146	8.75	7.30	126	6.10	83.43
	Kozhikode	185	32.00	23.85	156	20.84	74.53	99	3.39	3.21	93	2.67	94.69
Total		3312	460.15	358.83	2663	282.26	77.98	1327	55.42	45.14	1155	34.55	81.45

Appendix 3.3
Percentage of expenditure on drinking water projects against total service sector expenditure under SCSP
(Reference: Paragraph 3.6.2, Page 38)

(₹ in crore)

Period	District	Number of Projects Formulated	Number of Projects Implemented	Amount Allocated	Amount Expended	Amount Expended under Service Sector	Number of projects not implemented	Estimated cost of DWS projects not implemented
2020-21	Kottayam	29	18	1.57	0.88	14.53	11	0.55
	Thrissur	45	34	4.85	2.45	23.51	11	1.43
	Malappuram	89	64	6.92	4.63	29.10	25	1.43
	Kozhikode	59	45	5.82	3.24	19.99	14	1.45
TOTAL		222	161	19.16	11.20	87.13	61	4.86
2021-22	Kottayam	9	3	0.38	0.13	19.13	6	0.25
	Thrissur	29	17	1.75	0.66	27.01	12	0.70
	Malappuram	59	28	3.02	0.94	32.90	31	1.57
	Kozhikode	32	16	2.09	0.85	17.08	16	1.08
TOTAL		129	64	7.24	2.58	96.12	65	3.60
2022-23	Kottayam	9	9	0.47	0.27	16.74	0	0.00
	Thrissur	20	14	1.35	0.62	24.56	6	0.39
	Malappuram	51	25	2.65	1.21	36.87	26	1.34
	Kozhikode	21	11	1.48	0.54	20.84	10	0.68
TOTAL		101	59	5.95	2.64	99.01	42	2.41
GRAND TOTAL		452	284	32.35	16.42	282.26	168	10.87

Appendix 3.4
Percentage of expenditure on drinking water projects against total service sector expenditure under TSP
(Reference: Paragraph 3.6.2, Page 38)

(₹ in crore)

Period	District	Number of Projects Formulated	Number of Projects Implemented	Amount Allocated	Amount Expended	Amount Expended under Service Sector	Number of projects not implemented	Estimated cost of DWS projects not implemented
2020-21	Kottayam	13	11	0.59	0.40	3.67	2	0.06
	Thrissur	8	4	0.14	0.06	1.17	4	0.06
	Malappuram	5	4	0.15	0.11	2.84	1	0.02
	Kozhikode	7	4	0.21	0.08	2.19	3	0.11
TOTAL		33	23	1.09	0.65	9.87	10	0.25
2021-22	Kottayam	5	3	0.21	0.10	1.92	2	0.10
	Thrissur	6	4	0.19	0.08	1.52	2	0.11
	Malappuram	13	9	0.46	0.30	4.68	4	0.09
	Kozhikode	3	3	0.12	0.09	2.40	0	0.00
TOTAL		27	19	0.98	0.57	10.52	8	0.30
2022-23	Kottayam	4	2	0.16	0.12	2.74	2	0.01
	Thrissur	4	4	0.12	0.12	1.87	0	0.00
	Malappuram	4	3	0.10	0.06	6.10	1	0.03
	Kozhikode	1	0	0.06	0.00	2.67	1	0.06
TOTAL		13	9	0.44	0.30	13.38	4	0.10
GRAND TOTAL		73	51	2.51	1.52	33.77	22	0.65

Appendix 3.5
Drinking Water Test Results
(Reference: Paragraph 3.6.2.1, Page 38)

Sl. No.	PRI	Name of unit from where sample was taken	Category	Turbidity	pH	Coliform	E. Coli	Iron
1	Amarambalam GP	Kuttikkunnu	SC	2.16	6.89	TNTC	100.00	0.33
2	Athirapilly GP	Mundanmaani	SC	0.77	5.34	192.00	78.00	0.02
3	Chathamangalam GP	Vallakkandy	SC	0.50	6.61	2400.00	Detected	BDL
4	Chokkad GP	Oravankunnu	SC	0.02	6.81	TNTC	200.00	0.33
5	Elikulam GP	Ambedkar Colony	SC	BDL	6.20	Detected	Absent	BDL
6	Karassery GP	Elleghal	SC	0.30	5.65	1100.00	Detected	BDL
7	Karulayi GP	Maruthancode	SC	3.89	6.63	TNTC	100.00	0.18
8	Kodassery GP	Chandanakunnu Manalayi	SC	0.84	6.10	197.00	112.00	0.30
9	Kodanchery GP	Ammayikadu	SC	5.90	6.95	2400.00	Absent	0.64
10	Kondazhi GP	Ward 4	SC	0.92	7.99	288.00	Absent	0.29
11	Koruthodu GP	Kuzhimavu	SC	BDL	5.90	Present	Present	BDL
12	Kottur GP	Kuruvattumala	SC	-	6.50	900.00	Detected	0.10
13	Kozhikode DP	Madavur Keezhuparambu	SC	Turbid	6.65	500.00	Present	80.00
14	Koodaranhi GP	Koottakkara	SC	0.30	5.35	Absent	Absent	BDL
15	Kunnamangalam BP	Pulparambil Meethal	SC	38.20	6.73	1100.00	Detected	0.82
16	Kunnamangalam GP	Padinjarepattu	SC	0.40	5.58	900.00	Absent	BDL
17	Kunnamangalam GP	Rajiv Gandhi	SC	1.00	5.19	Absent	Absent	0.20
18	Kurichi GP	S Puram	SC	0.76	5.63	Absent	Absent	0.30
19	Mampad GP	Manthani	SC	2.16	6.82	TNTC	20.00	0.25
20	Moonnilavu GP	Kurinjiplavu Maramattom Colony	SC	2.40	7.20	Detected	Detected	BDL

Sl. No.	PRI	Name of unit from where sample was taken	Category	Turbidity	pH	Coliform	E. Coli	Iron
21	Munadakkayam GP	Vattakkavu-Cherumala	SC	BDL	5.40	Present	Present	BDL
22	Nadathara GP	Muriyankunnu	SC	0.05	5.70	260.00	133.00	0.19
23	Pallickathodu GP	Vettikkayam	SC	0.62	5.40	Detected	Detected	BDL
24	Pambady GP	Marakkapalli	SC	BDL	6.07	Detected	Absent	0.17
25	Panachikkadu GP	Kuzhikkadu	SC	BDL	5.50	Absent	Absent	BDL
26	Panancheri GP	Moolamcode	SC	0.26	6.40	Detected	Detected	0.14
27	Panangad GP	Neradimala	SC	-	5.64	110.00	Absent	0.05
28	Pandikkad GP	Pandikkad	SC	0.05	7.04	TNTC	2.00	0.01
29	Pariyaram GP	Anthrakkapadam	SC	2.66	6.10	312.00	42.00	0.25
30	Pulpatta GP	Cholomkunnu	SC	1.66	6.33	40.00	Absent	0.32
31	Puduppady GP	Puzhamkunnu Tharisi	SC	0.70	5.60	Absent	Absent	BDL
32	Puthur GP	Kokkath	SC	9.00	6.90	141.00	Absent	1.06
33	Thrikkur GP	Athoor	SC	1.35	6.00	185.00	Absent	0.15
34	Unnikulam GP	Mokayikkal	SC	-	5.38	900.00	Detected	0.05
35	Wandoor GP	Pulluparambu	SC	0.71	6.48	TNTC	TNTC	0.16
36	Alagappanagar GP	Veppur	ST	0.75	6.30	281	Absent	0.21
37	Amarambalam GP	Pattakarimbu	ST	1.30	6.97	TNTC	100.00	0.18
38	Chaliyar GP	Akampadam	ST	0.20	6.22	100.00	10.00	0.33
39	Chaliyar GP	Vettilakkolli	ST	3.39	6.54	TNTC	TNTC	0.78
40	Chokkad GP	Kalakunnu	ST	1.25	6.60	TNTC	100.00	0.18
41	Chunkathara GP	Kattilapadam	ST	3.40	6.30	620.00	Absent	0.10
42	Karasserri GP	Mariyamkuzhi	ST	0.50	5.84	400.00	Absent	BDL
43	Karulayi GP	Valiyapulli	ST	2.32	7.22	TNTC	TNTC	0.32
44	Kodanchery GP	Vattachira	ST	0.40	6.73	1100.00	Absent	BDL

Sl. No.	PRI	Name of unit from where sample was taken	Category	Turbidity	pH	Coliform	E. Coli	Iron
45	Koruthodu GP	Anakkallu	ST	BDL	5.70	Present	Present	BDL
46	Kottur GP	Chengottumala	ST	-	5.43	170.00	Absent	0.10
47	Koodaranhi GP	Manjakadavu	ST	0.50	6.26	Absent	Absent	BDL
48	Malappuram DP	Vazhakkilli	ST	2.09	6.38	10.00	Absent	0.07
49	Melukavu GP	Melukavu	ST	BDL	5.80	Detected	Detected	BDL
50	Mundakkayam GP	Pulikkunnu	ST	BDL	5.50	Present	Present	BDL
51	Nadathara GP	Njarakura	ST	0.89	6.10	369.00	254.00	0.15
52	Pallickathodu GP	Kadalimattom	ST	430.00	6.70	Absent	Absent	0.23
53	Panachikkad GP	Malavedan	ST	BDL	4.70	460.00	9.00	BDL
54	Panancheri GP	Poovanchira	ST	0.20	7.50	Detected	Detected	0.06
55	Panangad GP	Orangokunnummal	ST	-	6.50	2.00	Absent	0.05
56	Pazhayannur GP	Mankulambu	ST	0.46	7.25	311.00	145.00	0.16
57	Pothukallu GP	Iruttukuthi	ST	3.50	7.50	104.00	Absent	BDL
58	Puduppady GP	Payuna	ST	0.50	5.55	2400.00	Absent	BDL
59	Puthur GP	Marottichal	ST	0.28	5.60	369.00	245.00	0.07
60	Thalanadu GP	Ward 9	ST	BDL	5.80	Detected	Detected	0.05
61	Thalanadu GP	Ward 3	ST	BDL	6.10	Detected	Detected	0.05
62	Unnikulam GP	Nayathukunnummal	ST	-	5.49	1600.00	Detected	0.05
63	Urangattiri GP	Odakkayam	ST	0.36	6.57	TNTC	5.00	0.32
64	Vanimal GP	Kettil	ST	0.65	6.15	TNTC	Detected	0.10
65	Varandarappilly GP	Kundayi Chakkaraparambu	ST	0.34	5.80	Absent	Absent	0.24

TNTC – Too Numerous to Count

BDL – Below Detectable Limit

*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.

Appendix 3.6
Drinking Water Supply Projects failed due to defective
planning/execution
(Reference: Paragraph 3.6.2.2, Page 40)

(₹ in lakh)

Sl No.	District	Name of Unit	DWS Project Name	Unfruitful Expenditure due to defective	Unfruitful Expenditure due to defective
SCSP					
1	Kottayam	Pallom BP	Varavukulam SC Colony	1.76	-
2		Kanjirappally BP	Elivalikkara SC Colony Ward 18	4.20	-
3		Kanjirappally BP	Vattakkavu SC Colony Ward 17	4.95	-
4		Kanjirappally BP	504 IHDP Colony Manimala	-	5.10
5		Kanjirappally BP	Alayalam Kavala DWS Project	-	4.75
6		Kanjirappally BP	85 Ambedkar Colony	-	4.90
7	Thrissur	Kodassery GP	West Nayarangadi SC Colony	6.40	-
8		Thrissur DP	Vrindavan SC Colony	-	9.07
9	Malappuram	Edavanna GP	Melechal SC Colony	0.40	-
10		Nilambur BP	Keeripotti SC Colony	4.91	-
11	Kozhikode	Kunnamangalam BP	Eeyapadikkal SC Colony	4.48	-
12		Koduvally BP	Adukkumala SC Colony	35.95	-
TOTAL (SCSP)				63.05	23.82
TSP					
1	Kottayam	Erattupetta BP	Mavady Kulathingal ST Colony	-	4.07
2		Moonilavu GP	Mudikunnu ST Colony	-	2.00
TOTAL (TSP)					6.07

Appendix 3.7
DWS Projects failed due to lack of periodical maintenance
(Reference: Paragraph 3.6.2.2, Page 40)

(₹ in lakh)

Sl. No.	District	Name of Unit	DWS Project Name	Unfruitful Expenditure due to lack of periodical maintenance
SCSP				
1	Malappuram	Kalikavu BP	Chulliyodukunnu SC Colony	7.04
2	Kozhikode	Balusserly BP	Thekke SC Colony	8.66
TOTAL (SCSP)				15.70
TSP				
1	Kottayam	Moornilavu GP	Valakam Irumpara ST DWS Project	0.65
2	Thrissur	Kodakara BP	Echippara ST Colony	7.00
3	Kozhikode	Koodaranhi GP	Manjakadavu ST Colony	1.99
TOTAL (TSP)				9.64

Appendix 3.8
Drinking Water Projects formulated by Kalikavu BP in Malappuram district

(Reference: Paragraph 3.6.2.3, Page 40)

(₹ in lakh)

Sl No.	Project Name	Period	Amount Allocated	Expenditure
1	Kilikode SC Colony DWS Project	2021-22, 2022-23	20.20	19.92
2	Kalathil Colony DWS Project	2021-22, 2022-23	10.00	0.00
3	Completion of Veetikunnu SC Colony DWS Project	2022-23	3.20	3.20
4	Areekunnu SC Colony DWS Project	2022-23	12.05	12.03
5	Completion of Kalam SC Colony DWS Project	2021-22	3.26	1.77
6	Chenappady SC Colony DWS Project	2022-23	4.71	4.71
7	Ambedkar SC Colony well construction	2022-23	3.34	0.00
8	Kakkode Thottapoyil SC Colony well construction	2022-23	3.49	2.95
9	Puthiyakalam SC Colony DWS Project	2022-23	5.64	5.63
10	Completion of Kapparakunnu SC Colony DWS Project	2022-23	8.50	4.22
11	Thekkinkunnu DWS Project-Karulayi GP	2022-23	10.00	0.00
12	Completion of Kilikkode SC Colony DWS Project	2022-23	1.00	0.00
TOTAL			85.39	54.43

Appendix 3.9
List of number of SC beneficiaries excluded from LIFE list
(Reference: Paragraph 3.6.3.1, Page 42)

Landless Houseless SC Beneficiaries not included in LIFE list				Houseless SC Beneficiaries not included in LIFE list			
Sl. No.	District	Name of PRI	Number of beneficiaries not included	Sl. No.	District	Name of PRI	Number of beneficiaries not included
1	Kottayam	Erumely GP	58	1	Kottayam	Thalanadu GP	6
		Thalanadu GP	8			Erumely GP	89
		Moonilavu GP	1	2	Thrissur	Varandarapilly GP	10
2	Thrissur	Nil	Nil	3	Malappuram	Karulayi GP	9
3	Malappuram	Edavanna GP	82			Pandikkad GP	65
		Karulayi GP	9			Pulpatta GP	22
		Pandikkad GP	39	4	Kozhikode	Kottur GP	18
Pulpatta GP	8	Panangad GP	203				
4	Kozhikode	Kottur GP	32			Unnikulam GP	38
		Panangad GP	41	TOTAL		460	
		Unnikulam GP	22				
TOTAL			300				

List of number of ST beneficiaries excluded from LIFE List

Landless Houseless ST Beneficiaries not included in LIFE list				Houseless ST Beneficiaries not included in LIFE list			
Sl. No.	District	Name of PRI	Number of beneficiaries not included	Sl. No.	District	Name of PRI	Number of beneficiaries not included
1	Kottayam	Puthupally GP	24	1	Kottayam	Thalanadu GP	10
		Thalanadu GP	7			Erumely GP	27
		Moonilavu GP	7			Moonilavu GP	17
		Erumely GP	40			Puthupally GP	23

Landless Houseless ST Beneficiaries not included in LIFE list				Houseless ST Beneficiaries not included in LIFE list			
Sl. No.	District	Name of PRI	Number of beneficiaries not included	Sl. No.	District	Name of PRI	Number of beneficiaries not included
2	Thrissur	Varandarapilly GP	3	2	Thrissur	Varandarapilly GP	10
3	Malappuram	Karulayi GP	2	3	Malappuram	Pothukallu GP	4
						Edavanna GP	1
4	Kozhikode	Unnikulam GP	14	4	Kozhikode	Panangad GP	24
TOTAL			97			Unnikulam GP	16
						Kottur GP	6
				TOTAL			138

Appendix 3.10
Projects formulated and funds allocated under productive sector- SCSP.
(Reference: Paragraph 3.6.5, Page 46)

(₹ in crore)

Year	SCSP										
	District	Total Number of projects formulated	Total funds allocated ¹¹⁰ (₹ in crore)	Projects formulated under productive sector				Projects implemented under productive sector			
				Number	Percentage	Amount	Percentage	Number	Percentage	Amount	Percentage
2020-21	Kottayam	371	27.34	24	6.47	1.04	3.80	15	62.50	0.47	45.19
	Thrissur	570	49.87	39	6.84	2.88	5.78	26	66.67	1.77	61.46
	Malappuram	667	52.31	61	9.15	5.26	10.06	47	77.05	3.34	63.50
	Kozhikode	412	35.25	45	10.92	1.71	4.85	37	82.22	0.99	57.89
	Total	2020	164.77	169	8.37	10.89	6.61	125	73.96	6.57	60.33
2021-22	Kottayam	250	25.96	14	5.60	0.53	2.04	11	71.43	0.33	62.26
	Thrissur	408	43.32	23	5.64	1.02	2.35	20	86.96	0.77	75.49
	Malappuram	462	43.12	32	6.93	1.31	3.04	25	78.13	1.02	77.86
	Kozhikode	266	25.68	27	10.15	0.81	3.15	25	92.59	0.51	62.96
	Total	1386	138.08	96	6.93	3.67	2.66	81	84.38	2.63	71.66
2022-23	Kottayam	271	28.14	12	4.43	0.51	1.81	10	83.33	0.26	50.98
	Thrissur	492	48.28	20	4.07	0.66	1.37	16	80	0.33	50
	Malappuram	462	48.88	31	6.71	1.66	3.40	26	83.87	1.09	65.66
	Kozhikode	288	32.00	31	10.76	1.79	5.59	27	87.10	1.13	63.13
	Total	1513	157.30	94	6.21	4.62	2.94	79	84.04	2.81	60.82
Grand Total		4919	460.15	359	7.30	19.18	4.17	285	79.39	12.01	62.62

¹¹⁰ Includes reauthorization of unspent balances

Appendix 3.11
Projects formulated and funds allotted under productive sector - TSP
(Reference: Paragraph 3.6.5, Page 46)

(₹ in crore)

Year	TSP										
	District	Total Number of projects formulat	Total funds allocated ¹¹¹ (₹ in crore)	Projects formulated under productive sector				Projects implemented under productive sector			
				Number	Percentage	Amount	Percentage	Number	Percentage	Amount	Percentage
2020-21	Kottayam	206	7.56	22	10.68	0.31	4.10	18	81.82	0.21	67.74
	Thrissur	102	2.58	9	8.82	0.32	12.40	8	88.89	0.24	75.00
	Malappuram	180	6.66	17	9.44	1.19	17.87	16	94.12	1.09	91.60
	Kozhikode	153	3.83	20	13.07	0.38	9.92	19	95.00	0.29	76.32
	Total	641	20.63	68	10.61	2.20	10.66	61	89.71	1.83	83.18
2021-22	Kottayam	117	3.50	15	12.82	0.17	4.86	14	93.33	0.16	94.12
	Thrissur	85	2.22	4	4.71	0.07	3.15	2	50.00	0.01	14.29
	Malappuram	168	7.46	7	4.17	0.29	3.89	7	100.00	0.28	96.55
	Kozhikode	106	3.16	10	9.43	0.12	3.80	9	90.00	0.1	83.33
	Total	476	16.34	36	7.56	0.65	3.98	32	88.89	0.55	84.62
2022-23	Kottayam	135	3.70	14	10.37	0.18	4.86	14	100.00	0.13	72.22
	Thrissur	89	2.61	2	2.25	0.08	3.07	1	50.00	0.03	37.50
	Malappuram	176	8.75	9	5.11	0.43	4.91	8	88.89	0.37	86.05
	Kozhikode	109	3.39	7	6.42	0.08	2.36	7	100.00	0.05	62.50
	Total	509	18.45	32	6.29	0.77	4.17	30	93.75	0.58	75.32
Grand Total		1626	55.42	136	8.36	3.62	6.53	123	90.44	2.96	81.77

¹¹¹ Includes reauthorization of unspent balances

Appendix 3.12
Details of Implementation of projects under the major sub-sectors of productive sector:
(Reference: Paragraph 3.6.5, Page 46)

(₹ in crore)

SCSP											
Year	Total number of projects implemented	Expenditure	District	Subsector							
				Agriculture	Self-Employment	Animal Husbandry	Fisheries	Soil and water conservation	Mini mast solar light	House Protection/DWSS	Miscellaneous
2020-21	15	0.46	Kottayam	0.22	0.06	0.06	0	0.09	0.03	0	0
	26	1.77	Thrissur	0.05	1.00	0.18	0	0.54	0	0	0
	47	3.33	Malappuram	0	0.09	0.20	0	0.17	2.40	0.38	0.09
	37	0.99	Kozhikode	0.06	0.50	0.10	0.01	0.32	0	0	0
Total	125	6.55		0.33	1.65	0.54	0.01	1.12	2.43	0.38	0.09
2021-22	11	0.32	Kottayam	0.09	0.01	0.19	0.02	0	0	0	0.01
	20	0.77	Thrissur	0.12	0.35	0.17	0.02	0.11	0	0	0
	25	1.02	Malappuram	0.40	0.16	0.23	0	0.08	0.04	0.09	0.02
	25	0.51	Kozhikode	0.03	0.22	0.11	0.01	0.14	0	0	0
Total	81	2.62		0.64	0.74	0.70	0.05	0.33	0.04	0.09	0.03
2022-23	10	0.26	Kottayam	0	0.20	0.05	0.01	0	0	0	0
	16	0.32	Thrissur	0.03	0.10	0.19	0	0	0	0	0
	26	1.09	Malappuram	0	0.24	0.20	0	0.15	0.46	0.02	0.02
	27	1.13	Kozhikode	0.02	0.69	0.08	0	0.22	0	0	0.12
Total	79	2.80		0.05	1.23	0.52	0.01	0.37	0.46	0.02	0.14

TSP											
Year	Total number of projects implemented	Expenditure	District	Subsector							
				Agriculture	Self-Employment	Animal Husbandry	Fisheries	Soil and water conservation	Mini mast solar light	House Protection/DWSS	Miscellaneous
2020-21	18	0.21	Kottayam	0.04	0	0.15	0	0	0.02	0	0
	8	0.24	Thrissur	0.01	0.03	0.20	0	0	0	0	0
	16	1.09	Malappuram	0.78	0	0.27	0	0.03	0	0.01	0
	19	0.29	Kozhikode	0.03	0.02	0.15	0	0.09	0	0	0
Total	61	1.83		0.86	0.05	0.77	0	0.12	0.02	0.01	0
2021-22	14	0.16	Kottayam	0.02	0.01	0.10	0	0	0	0.03	0
	2	0.01	Thrissur	0.01	0	0	0	0	0	0	0
	7	0.28	Malappuram	0.01	0	0.27	0	0	0	0	0
	9	0.10	Kozhikode	0.01	0	0.07	0.02	0	0	0	0
Total	32	0.55		0.05	0.01	0.44	0.02	0	0	0.03	0
2022-23	14	0.13	Kottayam	0.02	0.02	0.09	0	0	0	0	0
	1	0.03	Thrissur	0	0	0.03	0	0	0	0	0
	8	0.38	Malappuram	0.10	0	0.09	0.04	0	0.14	0	0.01
	7	0.04	Kozhikode	0.01	0	0.03	0	0	0	0	0
Total	30	0.58		0.13	0.02	0.24	0.04	0	0.14	0	0.01

Appendix 3.13
Implementation of projects under productive sector
(Reference: Paragraph 3.6.6, Page 47)

(₹ in crore)

Year	District	SCSP						TSP					
		Projects formulated under productive sector		Projects implemented under productive sector		Percentage		Projects formulated under productive sector		Projects implemented under productive sector		Percentage	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2020-21	Kottayam	24	1.04	15	0.47	62.50	45.19	22	0.31	18	0.21	81.82	67.74
	Thrissur	39	2.88	26	1.77	66.67	61.46	9	0.32	8	0.24	88.89	75.00
	Malappuram	61	5.26	47	3.34	77.05	63.50	17	1.19	16	1.09	94.12	91.60
	Kozhikode	45	1.71	37	0.99	82.22	57.89	20	0.38	19	0.29	95.00	76.32
	Total	169	10.89	125	6.57	73.96	60.33	68	2.20	61	1.83	89.71	83.18
2021-22	Kottayam	14	0.53	11	0.33	78.57	62.26	15	0.17	14	0.16	93.33	94.12
	Thrissur	23	1.02	20	0.77	86.96	75.49	4	0.07	2	0.01	50.00	14.29
	Malappuram	32	1.31	25	1.02	78.13	77.86	7	0.29	7	0.28	100.00	96.55
	Kozhikode	27	0.81	25	0.51	92.59	62.96	10	0.12	9	0.1	90.00	83.33
	Total	96	3.67	81	2.63	84.38	71.66	36	0.65	32	0.55	88.89	84.62
2022-23	Kottayam	12	0.51	10	0.26	83.33	50.98	14	0.18	14	0.13	100.00	72.22
	Thrissur	20	0.66	16	0.33	80.00	50.00	2	0.08	1	0.03	50.00	37.50
	Malappuram	31	1.66	26	1.09	83.87	65.66	9	0.43	8	0.37	88.89	86.05
	Kozhikode	31	1.79	27	1.13	87.10	63.13	7	0.08	7	0.05	100.00	62.50
	Total	94	4.62	79	2.81	84.04	60.82	32	0.77	30	0.58	93.75	75.32
Grand Total	359	19.18	285	12.01	79.39	62.62	136	3.62	123	2.96	90.44	81.77	

Appendix 3.14
District-wise misclassification under productive sector - SCSP.
(Reference: Paragraph 3.6.7, Page 49)

SCSP					
Year	Districts	Total number of projects classified under productive sector	Total no. of projects misclassified under Productive sector	Projects implemented not belonging to productive sector	Percentage of mis classification
2020-21	Kottayam	5	3	3	60
	Thrissur	3	3	3	100
	Malappuram	48	42	32	87.5
	Kozhikode	--	--	--	--
2021-22	Kottayam	--	--	--	--
	Thrissur	----	--	--	--
	Malappuram	26	18	13	69.23
	Kozhikode	--	--	--	--
2022-23	Kottayam	--	--	--	--
	Thrissur	--	--	--	--
	Malappuram	18	12	9	66.67
	Kozhikode	9	3	3	33.33
Total		109	81	63	74.31

Appendix 3.15
District-wise misclassification under productive sector - TSP
(Reference: Paragraph 3.6.7, Page 49)

TSP					
Year	Districts	Total number of projects classified under productive sector	Total no. of projects misclassified under Productive sector	Projects implemented not belonging to productive sector	Percentage of mis classification
2020-21	Kottayam	2	2	2	100
	Thrissur	-	--	--	--
	Malappuram	5	4	3	80
	Kozhikode	--	--	--	--
2021-22	Kottayam	4	1	1	25
	Thrissur	--	--	--	--
	Malappuram	--	--	--	--
	Kozhikode	--	--	--	--
2022-23	Kottayam	--	--	--	--
	Thrissur	--	--	--	--
	Malappuram	5	2	2	40
	Kozhikode	--	-	--	--
Total		16	9	8	56.25

Appendix 3.16
District-wise Infrastructure sector expenditure under SCSP
(Reference: Paragraph 3.6.8, Page 49)

(₹ in crore)

Year	District	Projects Formulated	Allocated	Implemented	Expenditure	Percentage of Expenditure
2020-21	Kottayam	71	4.72	49	2.49	52.75
	Thrissur	202	14.27	156	8.93	62.58
	Malappuram	188	7.68	172	5.12	66.67
	Kozhikode	107	7.90	93	6.17	78.10
Total		568	34.57	470	22.71	65.69
2021-22	Kottayam	60	3.78	45	2.17	57.41
	Thrissur	125	8.68	95	4.73	54.49
	Malappuram	79	2.92	66	2.18	74.66
	Kozhikode	58	4.69	41	2.21	47.12
Total		322	20.07	247	11.29	56.25
2022-23	Kottayam	57	6.08	38	1.68	27.63
	Thrissur	166	12.19	65	4.09	33.55
	Malappuram	63	2.85	41	1.66	58.25
	Kozhikode	72	6.36	48	3.54	55.66
Total		358	27.48	192	10.97	39.92

Appendix 3.17
District-wise Infrastructure sector expenditure under TSP
(Reference: Paragraph 3.6.8, Page 49)

(₹ in crore)

Year	District	Projects Formulated	Allocated	Implemented	Expenditure	Percentage of Expenditure
2020-21	Kottayam	37	1.27	31	0.94	74.02
	Thrissur	11	0.30	8	0.23	76.67
	Malappuram	32	1.18	26	0.75	63.56
	Kozhikode	18	0.66	13	0.47	71.21
Total		98	3.41	78	2.39	70.09
2021-22	Kottayam	6	0.20	6	0.17	85
	Thrissur	3	0.03	3	0.03	100
	Malappuram	23	1.56	21	1.45	92.95
	Kozhikode	3	0.15	2	0.12	80
Total		35	1.94	32	1.77	91.24
2022-23	Kottayam	5	0.18	4	0.13	72.22
	Thrissur	1	0.03	1	0.03	100
	Malappuram	21	1.02	15	0.82	80.39
	Kozhikode	3	0.10	2	0.04	40
Total		30	1.33	22	1.02	76.69

Appendix 4.1
Details of outstanding IRs and Paragraphs of ULBs as of November 2024
(Reference: Paragraph 4.5, Page 61)

Year	Number of IRs	No. of II A Paragraphs	No. of II B Paragraphs
2018-19	42	36	172
2019-20	46	46	239
2020-21	14	6	63
2021-22	9	4	45
2022-23	19	35	242
Total	130	127	761

Appendix 4.2
Results of supplementary audit
(Reference: Paragraph 4.11, Page 68)

SI No	KD	Type of Institution	Year of Audit	Non creation of provision	Non-inclusion of comparative amounts in AFS	Non-inclusion of Financial/key Ratio	Non preparation of appending statements	Improper accounting of Assets and Liabilities	Improper accounting of Income and Expenditure (Receipts and payments)	Grand Total
1	Nileshwar	Municipality	2021-22	1	1			1	1	4
2	Kanhangad	Municipality	2021-22					1	1	2
3	Kasaragod	Municipality	2022-23		1		1	1	1	4
4	Wadakkencherry	Municipality	2021-22		1	1		1	1	4
5	Ramanattukara	Municipality	2022-23		1			1	1	3
6	Kodungallur	Municipality	2021-22		1			1	1	3
7	Malappuram	Municipality	2022-23		1			1	1	3
8	Thrissur	Corporation	2022-23		1	1	1	1	1	5
9	Kottakkal	Municipality	2022-23		1				1	2
10	Koduvally	Municipality	2022-23		1		1	1	1	4
	Total			1	9	2	3	9	10	34

Appendix 5.1
Selected ULBs for SSCA on Asset Management by ULBs
(Reference: Paragraph 5.2, Page 70)

Sl No.	District	Name of ULB
1.	Thiruvananthapuram	Thiruvananthapuram Corporation
2.		Attingal Municipality
3.		Varkala Municipality
4.	Palakkad	Palakkad Municipality
5.		Pattambi Municipality
6.		Shornur Municipality
7.	Ernakulam	Kochi Corporation
8.		Thrikkakara Municipality
9.		Kalamassery Municipality
10.	Wayanad	Kalpetta Municipality
11.		Sulthan Bathery Municipality
12.		Mananthavady Municipality
13.	Malappuram	Malappuram Municipality
14.		Ponnani Municipality
15.		Kottakkal Municipality
16.	Kozhikode	Kozhikode Corporation
17.		Ramanattukara Municipality
18.		Koduvally Municipality
19.	Thrissur	Thrissur Corporation
20.		Wadakkanchery Municipality
21.		Kodungalloor Municipality
22.	Kottayam	Pala Municipality
23.		Erattupetta Municipality
24.		Vaikom Municipality

Appendix 5.2
Number of land assets owned and title deeds in possession
(Reference: Paragraph 5.6.4, Page 74)

Name of ULB	Total no. of land assets owned	No. of title deeds in possession
Thiruvananthapuram Corporation	Details not made available	-
Kochi Corporation	290	0
Thrissur Corporation	465	-
Kozhikode Corporation	Details not made available	-
Attingal Municipality	119	1
Varkala Municipality	57	18
Erattupetta Municipality	33	7
Pala Municipality	82	0
Vaikkom Municipality	32	8
Kalamassery Municipality	46	27
Thrikkakara Municipality	47	0
Kodungalloor Municipality	58	18
Wadakkanchery Municipality	159	7
Palakkad Municipality	390	69
Pattambi Municipality	81	9
Shornur Municipality	44	6
Kottakkal Municipality	81	35
Malappuram Municipality	47	33
Ponnani Municipality	149	85
Koduvally Municipality	27	27
Ramanattukara Municipality	38	11
Kalpetta Municipality	68	46
Mananthavady Municipality	23	10
Sulthan Bathery Municipality	94	11
Total	2430	428

Appendix 5.3
Details of She lodge/women hostels idling
(Reference: Paragraph 5.10.1.1, Page 87)

Sl. No	Name of ULB	Nature of asset	Date of completion	Cost of construction	Remarks	Government reply (November 2024)
1.	Kochi Corporation	SC Women Hostel (Kombara)	July 2020	₹4.49 crore (SCSP fund)	The hostel with facility for accommodating more than 100 women (G + 4 structure) in idling condition with Cots, beds used in Covid First Line Treatment Centre (CFLTC) dumped in it (July 2023)	An Anganwadi is temporarily functioning in the building.
2.	Thiruvananthapuram Corporation	Women help desk with accommodation (Opposite SMV School)	March 2022	₹39.31 lakh	Despite being fully capable to accommodate 18 persons at a time, Corporation has not obtained electric connection so far (August 2023)	Reply not furnished
3.	Kalpetta Municipality	she lodge (behind municipality staff quarters)	December 2021	₹25.60 lakh	Not started functioning yet (November 2023).	Though municipality had selected an agency for management of the she lodge, they refused to sign the agreement as the period of contract was only for one year. Process of re-tendering has been initiated
4.	Kalpetta Municipality	SC Women Hostel and training centre	March 2019	₹1.56 crore (SCSP fund)	Women's Hostel cum Training centre in idling condition (November 2023)	Municipality approached SC Department for utilising the building as post metric hostel
5.	Attingal Municipality	Women Hostel	November 2020	₹49.54 lakh	The hostel in idling condition with Cots, beds used in CFLTC dumped in it. (November 2023)	Urgent steps are being taken to make it functional through Kudumbashree

Appendix 5.4
Details of Women Vyvasaya/Vipanana Kendrams idling
(Reference: Paragraph 5.10.1.2, Page 87)

SL. No.	Name of ULB	Purpose of construction	Year of construction/renovation	Expenditure incurred for construction/renovation	Remarks
1	Shornur Municipality	Vyavasaya vipanana kendram - two Nos ¹¹² (one for general and one for SC women entrepreneurs)	2020-21	₹37.91 lakh	Both the buildings are in idling condition (February 2023)
2	Kochi Corporation	Women Vyvasaya/vipanana Kendrams (five nos.) ¹¹³	2017-18 to 2020-21	₹31.91 lakh.	None of the buildings were put to use (July 2023)
3	Thiruvananthapuram Corporation	She Hub – a friendly and productive workspace for women entrepreneurs (Opposite SMV School)	2021-2022	₹99.01 lakh	Though the centre had 25 workspace cabins with computers installed, video conference hall, meeting room, furnished kitchen/coffee room etc, centre was not utilised till date (August 2023)
4	Thrissur Corporation	Kudumbashree Vipanana kendram (Division 50)	2020-21.	₹19.91 lakh	Out of six shops, three were used by street light maintenance contractor of the Corporation and the remaining not being utilised (July 2023)
5	Thrikkakara Municipality	Vanitha Vyavasaya park/Mini industrial estate, Thengode, (two buildings one two storied (for SC) and other three storied (for General))	2009-10	₹1.34 crore ¹¹⁴ expended during the period 2012-22 towards construction of compound wall, paving interlock etc.	Audit noticed that the doors and windows were in damaged condition due to non-use for long period of time
6	Kalamassery municipality	Vanitha Vikasana Kendram (three storied building at ward 37)	2013-14	Details not available	Building utilised for accommodating municipal staff

¹¹² Kanayam ward - ₹15.83 lakh, Kulappully - ₹22.10 lakh

¹¹³ Division 28 - ₹8.69 lakh, Division 50 - ₹11.34 lakh, Division 64 - ₹8.24 lakh, Division 65 - ₹2.92 lakh, Division 4 - ₹0.73 lakh

¹¹⁴ File pertaining to the construction/actual expenditure incurred towards construction was not made available to audit

Appendix 5.5
Details of Women friendly centres idling
(Reference: Paragraph 5.10.1.3, Page 87)

ULB	Purpose of construction	Year of construction/ renovation	Expenditure incurred	Remarks
Thiruvananthapuram Corporation	Women friendly centre at medical college bus stand	2021-22	₹34.41 lakh	Two storied building with AC rooms, toilets and provision for coffee shops in abandoned condition. (July 2023)
	Women friendly centres (2 Nos) - at DPI Junction and Bakery Junction	2020-21	₹71.66 lakh.	Both the centres were in abandoned condition without water/electric connection (July 2023)
	Women Welfare Centre, Estate Ward	2020-21	₹19.43 lakh	The centre remain locked and was not being utilised (July 2023)
Kochi Corporation	Women rest rooms (three nos.)	2017-18 to 2020-21	₹11.46 lakh	The centres remain locked and were not being utilised (July 2023)

Appendix 5.6
Details of Gas Crematoria idling
(Reference: Paragraph 5.10.3, Page 89)

ULB	Year of construction/ renovation	Expenditure incurred	Remarks
Kochi Corporation (Edakochi and Ravipuram)	2021-22	₹22.83 lakh	Due to non-availability of three phase electric connection and water connection, the crematorium at Edakochi was not utilised. The machineries were in rusted condition.
	2012-13	Details not available	Gas crematorium constructed at Ravipuram was in idling condition. During JPV, Audit noticed (December 2024) that machinery installed were not put to use and there was leakage on roof, damage in plastering of walls etc.
Wadakkanchery Municipality (Mundathikode)	2014-15	₹32.63 lakh	Since gas connection and availability of generator not ensured, the crematorium was not utilised (April 2023). The crematorium was in abandoned condition with rusted trolley, furnace etc.
Palakkad Municipality (Jainimedu)	2017-18	Details not available	For want of major repair to the machineries including blower, trolley, generator both the gas crematoria were not functioning (November 2023).
Pattambi Municipality	2012-13	Details not available	Due to public protest, the building was in abandoned condition with partially installed machineries (December 2023).

Appendix 5.7
Details of Community Halls idling
(Reference: Paragraph 5.10.5, Page 92)

Name of ULB	Remarks	Government reply
Thiruvananthapuram Corporation	Out of 45 auditoriums/community halls (as per Nagarabhoomi GIS mapping database) only seven were rented out to public. Corporation has not conducted auction to let out the 38 community halls during the audit period.	Necessary action will be taken after examination
Attingal Municipality	Out of five community halls, three were rented out. Of the remaining two, one was situated adjacent to Solid Waste Treatment Plant and plastic waste heaped in the premises and in respect of the other, (Town Hall) maintenance work commenced in 2018-19 has not been completed yet (November 2024).	It is not practical to rent out the hall adjacent to Waste Treatment Plant and is used by Harithakarmasena members as their recreation hall
Koduvally Municipality	Community hall (603 sqm) inaugurated in June 2010 was not let out to public and dining hall used for plastic waste storage (June 2023).	As municipal office building was old and in dangerous condition, the municipal office was shifted to the community hall
Palakkad Municipality	Community hall in SC Shopping Complex in Kalmandapam constructed during 2018 has not yet let out to public.	Though tenders were invited to let out the hall, there were no takers. The building was constructed for SC community, but no application was received for utilising the community hall.
Kochi Corporation	As per asset register (updated up to 2005) there were 20 community halls. However, details to identify location of the community halls were not available. Audit conducted joint site verification in seven ¹¹⁵ community halls out of which only two ¹¹⁶ community halls were let out to public. The community halls were used for stacking plastic waste or in abandoned condition	-
Thrissur Corporation	Community hall at Division 50 in Keezhe Colony constructed in 2020-21 on the first floor of anganwadi building was not let out so far. Though Thrissur Corporation claimed that the hall is occasionally used, there were no records to prove the claim.	-
Vaikom Municipality	Three storied Municipal Town Hall building having plinth area of 1012.80 m ² is in idling condition since May 2017 (July 2023)	-

¹¹⁵ M Ikkal Smaraka kendram, Pioneer Community Hall, Manassery Community Hall, Mattancherry Town Hall, Kudumbi Open Community Hall, Karippalam Community Hall and Mother Teresa Community Hall

¹¹⁶ Karippalam Community Hall and Manassery Community Hall

Appendix 5.8
Details of Plant and Machinery idling
(Reference: Paragraph 5.10.7, Page 93)

SI No.	Name of ULB	Particulars of Asset Created	Month/year of purchase/construction	Expenditure Incurred	Present Status	Reasons for Non completion /abandonment	Government Reply
1.	Attingal Municipality	Plastic waste management equipment – Shredding unit, bailing press, dust remover, washing unit etc	June 2020	₹24.15 lakh	Not installed (November 2024)	Absence of three phase electric connection	Application was submitted to KSEB for obtaining three phase connection and after installing a high capacity transformer, the machineries procured will be installed and made functional.
		Solid waste management equipment- Trommel screen, compost turner, wet waste shredder, pulveriser	October 2021	₹44.25 lakh	Not installed (November 2024)	Machinery not installed in the absence of suitable building.	A DPR was submitted for renovation of the old buildings in which the machinery were to be installed and as soon as DPR is approved, construction will be commenced and on completion of the building the machinery will be installed and made operational.
		Vermi compost plant	December 2019	₹14.38 lakh	Non-adherence to the specifications prescribed for effective functioning of vermi compost plant resulted in lack of air circulation and consequent non-processing of waste		The defect in the construction will be resolved with the technical support of the Suchithwa Mission and renovation work will be included in 2024-25 annual plan.
2.	Ramanattukara Municipality	Bailing machine	March 2022	₹4.24 lakh	Not installed (December 2024)	Machinery not installed in the absence of suitable building.	Bailing machine will be installed and made functional after the newly constructed office building is handed over to municipality by KIIFB, which is scheduled in December 2024.

SI No.	Name of ULB	Particulars of Asset Created	Month/year of purchase/ construction	Expenditure Incurred	Present Status	Reasons for Non completion /abandonment	Government Reply
3.	Thrissur Corporation	Organic Waste converter plant at Kovilakathumpadam	December 2020	₹78.66 lakh	Idling (June 2023)	Improper treatment of waste resulted in public protest and closure of the plant.	Government stated that the OWC plant has been shifted to Kuriachira and the building at Kovilakathupadam is proposed to be used as Material Collection Facility (MCF). However, further verification by Audit revealed that the OWC plant is not functional in Kuriachira (December 2024).
4.	Kottakkal Municipality	Effluent treatment plant in fish market	March 2019	₹24.60 lakh (paid 11.31lakh)	Not functioning	Due to dispute with contractor the plant was not made functional	Even after multiple notices issued to the contractor, the contractor has not proceeded with pending works. The plant remained unfinished with waste accumulated in the plant. Final decision in this regard will be taken according to the resolution of the municipal council.
5.	Malappuram Municipality	30 KLD Wastewater treatment plant in the premises of new bus stand	March 2019	₹28.50 lakh	Not functioning	The plant is technically ineffective to treat wastewater. Hence, consent of PCB was not received and the plant remained unutilised	The plant is currently non-operational due to technical failure. It was advised that a centrifugal oil separator is required for the smooth operation of the plant and the necessary amount was allocated in the 2024- 25 annual plan. Steps are being taken to engage agencies under O&M mode to operate the plant as soon as the project gets approval from DPC.

SI No.	Name of ULB	Particulars of Asset Created	Month/year of purchase/construction	Expenditure Incurred	Present Status	Reasons for Non completion /abandonment	Government Reply
6.	Koduvally Municipality	One shredding machine and one bailing machine for plastic waste processing	March 2021	₹4.13 lakh	Idling	Machinery not installed as the construction of MCF building was not completed (November 2024))	Currently, construction of new MCF at Kandalmala is in progress. Plastic Shredding Machine and related equipment will be made operational on completion of electrification works.
7.	Shornur Municipality	Small Industries Service Institute (SISI) building and equipment	December 2002	₹56.27 lakh	Building in abandoned condition and machinery in rusted condition	Building and machineries were transferred by GoI in 1997 to promote small scale industries and for training. Even after pointed out in AR LSGIs 2013, no effective action was taken by Municipality to make the unit functional	Municipality intends to get fund for this purpose and will attain the purpose in coming years.

Appendix 6.1
Excess payment of Centage Charges
(Reference: Paragraph 6.1, Page 100)

Sl. No	Name of the LSGI	Name of the work	AS amount (₹ in lakh)	Agreement No. and Date	Total value of work done as per last paid bill (₹)	Per cent of centage charges paid	Centage charges paid (₹)	Centage charges admissible @2.5 per cent (₹)	Excess amount paid as centage charge (₹)	Name of the contractor/ accredited agency
1	Kozhikode Municipal Corporation	Modernization work of Calicut Corporation Office	1000	34/SE/18-19 dated 06.03.2019	5,51,96,354	5	27,59,817	13,79,909	13,79,909	M/s Uralungal Labour Contract Co-Operative Society (ULCCS), Vadakara.
2	Palakkad Municipality	Canara Bank Complex	500	369/17-18 dated 26.03.2018	4,56,59,028	6*	26,99,700	11,41,477	15,58,223	M/s Habitat Technology Group Thodupuzha.
3		PDA Complex	214	374/17-18 dated 26.03.2018	1,78,50,654	7	12,49,546	4,46,266	8,03,280	
4		Olavkode Comfort Station	282.16	368 dated 26.03.2018	1,56,35,216	7	10,94,465	3,90,880	7,03,585	
5	Kottakkal Municipality	Valiyaparambu Indoor Stadium – First Phase	150	13/18-19 dated 08.10.2018 & 159/18-19 dated 08.03.2019	1,38,93,317	6.75	9,37,799	3,47,333	5,90,466	M/s Steel Industries Kerala Limited, Athani, Thrissur.
								Total:	50,35,463	

*One part bill was paid with five per cent centage charge

Appendix 6.2
Short collection of property tax
(Reference: Paragraph 6.2, Page 101)

Sl. No.	Division No.	Building Number (s)*	Area (M ²)	Category of building	Rate reckoned for calculation of property tax (Panchayat rate per Sq.) (₹)	Actual rates to be applied for calculation of property tax (Municipality rate per SqM) (₹)	Shortage in tax levied (₹) (Plinth area X difference in rate X additions/deductions X 7 years)	Inadmissible deductions allowed due to zonal difference (10 per cent on property tax with panchayat rate)	Total revenue loss/ short collection (₹)
1	22	407	668.79	Assembly, convention centre, lodge, auditorium	30	50	1,12,357	14,045	1,26,402
2	22	418-422	69	Commercial with <100 M ²	50	70	11,592	2,415	14,007
3	24	240-251	344.51	Commercial with <100 M ²	50	70	57,878	-	57,878
4	24	404	43.61	Commercial with <100 M ²	50	70	7,326	1,526	8,852
5	28	691-699	244.08	Hospital	5	15	18,795	-	18,795
6	29	1094-1100, 1112-1118	436.57	Commercial with <100 M ²	50	70	73,344	-	73,344
7	29	510-515	255.66	Commercial with <100 M ²	50	70	42,951	-	42,951
8	29	1-8,13-15,17,19	670.70	Commercial with <100 M ²	50	70	1,12,678	-	1,12,678
9	29	402-403	434	Hospital	5	15	33,418	-	33,418
10	30	227-231	87.69	Commercial with <100 M ²	50	70	12,277	-	12,277
11	30	260-268	139.41	Commercial with <100 M ²	50	70	23,421	-	23,421
12	30	533-534	66.70	Commercial with <100 M ²	50	70	11,206	2,335	13,541
13	30	537	141.46	Commercial with >100 M ²	50	90	47,531	4,951	52,482
14	30	811,816-817,827	227.75	Commercial with <100 M ²	50	70	41,451	-	41,451

Sl. No.	Division No.	Building Number (s)*	Area (M ²)	Category of building	Rate reckoned for calculation of property tax (Panchayat rate per Sq.) (₹)	Actual rates to be applied for calculation of property tax (Municipality rate per SqM) (₹)	Shortage in tax levied (₹) (Plinth area X difference in rate X additions/ deductions X 7 years)	Inadmissible deductions allowed due to zonal difference (10 per cent on property tax with panchayat rate)	Total revenue loss/ short collection (₹)
15	30	822	14.8	Commercial with <100 M ²	50	70	2,486	518	3,004
16	30	864-866	97.86	Commercial with <100 M ²	50	70	16,440	3425	19,865
17	30	455	830	Hospital	5	15	63,910	-	63,910
18	30	800,800 A -800C	438.42	Commercial with >100 M ²	60	90	1,10,482	-	1,10,482
19	31	188-201	516.65	Commercial with <100 M ²	50	70	86,797	18,083	1,04,880
20	33	502	103.9	Commercial with >100 M ²	70	90	16,001	5,091	21,092
21	35	127	777	Commercial with >100 M ²	90	90	-	48,951	48,951
22	35	126	1248.24	Commercial with >100 M ²	60	90	2,88,343	52,426	3,40,769
23	35	324	235.75	Commercial with >100 M ²	60	90	34,655	-	34,655
								Total:	13,79,105

* Building numbers of same category and same owner combined together
 Property Tax ₹13,79,105 + 5 per cent Library cess ₹68,955 = ₹14,48,060

Appendix 6.3
Excess payment of GST to accredited agencies
(Reference: Paragraph 6.3, Page 102)

Sl. No	Name of the LSGI (A)	Name of the work (B)	Total value of work done as per the last bill paid (₹) (calculated using DSR 2016 cost indices) (C)	GST paid (₹) (D)	Total amount paid (₹) (Col C + Col D) (E)	Value of Work done when calculated using reduced cost ¹¹⁷ indices + GST applied (₹) (F)	Excess amount paid (₹) (Col F - Col E) (G)	Name of the contractor/accredited agency
1	Palakkad Municipality	Town Hall Annexe Building	1,38,21,932	14,58,452	1,52,80,384	1,47,81,399	4,98,985	M/s Habitat Technology Group Thiruvananthapuram
2		Municipal Office Annexe Building	1,36,29,940	14,33,526	1,50,63,466	1,46,38,290	4,25,176	
3		Organic Market Centre Building	3,33,18,244	39,98,189	3,73,16,432	3,57,52,938	15,63,494	M/s Habitat Technology Group Thodupuzha
4		Canara Bank Complex	4,56,59,028	54,79,082	5,11,38,110	4,91,23,375	20,14,734	
5		Olavakode Comfort Station	1,56,35,216	18,76,225	1,75,11,441	1,67,78,026	7,33,415	
6		PDA Complex	1,78,50,654	21,42,078	1,99,92,731	1,91,52,938	8,39,793	
7	Kottakal Municipality	Valiyaparambu Indoor Stadium – First Phase	1,24,04,746	14,88,570	1,38,93,316	1,32,99,621	5,93,695	M/s Steel Industries Kerala Limited, Athani, Thrissur
8	Kasaragod Municipality	Koppal Foot Bridge	38,66,536	4,63,984	43,30,520	41,38,815	1,91,705	M/s Steel Industries Kerala Limited, Athani, Thrissur
Total							68,60,997	

¹¹⁷ After deducting VAT component from DSR 2016 cost

Appendix 7.1
List of ULBs selected for audit
(Reference: Paragraph 7.2.2, Page 104)

Sl. No.	Name of Municipality	Sl. No.	Name of Corporation
1	Pala	1	Thrissur
2	Erattupetta	2	Kozhikode
3	Vaikom		
4	Kodungallur		
5	Wadakanchery		
6	Malappuram		
7	Ponnani		
8	Kottakkal		
9	Ramanattukara		
10	Koduvally		

Appendix 7.2
SCSP/TSP – Service Sector expenditure details of 12 test checked ULBs
(Reference: Paragraph 7.6, Page 116)

Year	Districts	SCSP						TSP					
		No. of projects formulated	Total SCSP Allocation	Service Sector Allocation (₹ in crore)	No. of project implemented in service sector	Expenditure (₹ in crore)	Percentage to total allocation	No. of projects formulated	Total TSP Allocation	Service Sector Allocation (₹ in crore)	No. of project implemented in service sector	Expenditure (₹ in crore)	Percentage to Total allocation
2020-21	Kottayam	35	1.45	1.27	25	0.80	87.59	12	0.14	0.14	6	0.04	100
	Thrissur	84	19.53	14.77	68	9.43	75.63	NIL	NIL	NIL	NIL	NIL	NIL
	Malappuram	38	5.08	4.37	33	2.51	86.02	NIL	NIL	NIL	NIL	NIL	NIL
	Kozhikode	61	15.60	12.44	56	9.26	79.74	7	0.21	0.17	5	0.08	80.95
2021-22	Kottayam	27	1.25	1.19	22	0.57	95.20	NIL	NIL	NIL	NIL	NIL	NIL
	Thrissur	77	16.89	14.58	51	9.52	86.32	NIL	NIL	NIL	NIL	NIL	NIL
	Malappuram	27	3.96	3.63	27	2.68	91.67	NIL	NIL	NIL	NIL	NIL	NIL
	Kozhikode	47	11.35	9.85	40	6.15	86.78	NIL	NIL	NIL	NIL	NIL	NIL
2022-23	Kottayam	32	1.67	1.23	29	0.57	73.65	NIL	NIL	NIL	NIL	NIL	NIL
	Thrissur	79	20.07	14.42	65	11.14	71.85	1	0.02	0.02	0	0	100
	Malappuram	26	3.63	3.21	25	2.51	88.43	NIL	NIL	NIL	NIL	NIL	NIL
	Kozhikode	49	14.98	12.59	41	10.05	84.05	NIL	NIL	NIL	NIL	NIL	NIL
Total		582	115.46	93.55	482	65.19	81.02	20	0.37	0.33	11	0.12	89.19

Appendix 7.3
Amount expended for Drinking water supply projects
(Reference: Paragraph 7.6.2, Page 119)

(₹ in crore)

Period	District	Projects Formulated	Amount Allocated	Projects Implemented	Amount Expended	Amount Expended under Service Sector	No. of projects not implemented	Amount for DWSS allocated but not implemented
2020-21	Kottayam	NIL	NIL	NIL	NIL	0.80	0	0
	Thrissur	14	0.57	9	0.39	9.43	5	0.17
	Malappuram	NIL	NIL	NIL	NIL	2.51	0	0
	Kozhikode	3	0.31	3	0.18	9.26	0	0
TOTAL		17	0.88	12	0.57	22.00	5	0.17
2021-22	Kottayam	NIL	NIL	NIL	NIL	0.57	0	0
	Thrissur	14	0.16	5	0.09	9.52	9	0.06
	Malappuram	NIL	NIL	NIL	NIL	2.68	0	0
	Kozhikode	5	0.16	0	0.00	6.15	5	0.16
TOTAL		19	0.32	5	0.09	18.92	14	0.22
2022-23	Kottayam	NIL	NIL	NIL	NIL	0.57	0	0
	Thrissur	14	0.50	9	0.27	11.14	5	0.13
	Malappuram	NIL	NIL	NIL	NIL	2.51	0	0
	Kozhikode	8	0.48	4	0.15	10.05	4	0.23
TOTAL		22	0.98	13	0.42	24.27	9	0.36
GRAND TOTAL		58	2.18	30	1.08	65.19	28	0.75

Appendix 7.4
Drinking Water Test Results
(Reference: Paragraph 7.6.2.1, Page 119)

Sl. No.	LSGI	Name of unit from where sample was taken	Category	Turbidity	pH	Coliform	E. coli	Iron
1	Erattupetta Municipality	Vetti Kotta SC Colony	SC	0.80	6.30	Detected	Detected	BDL
2	Kodungallur Municipality	Chappara Ambedkar Colony	SC	0.84	5.30	209.00	114.00	0.02
3	Koduvally Municipality	Pulparamb Mukku SC Colony	SC	0.50	5.61	Detected	Detected	0.08
4	Kottakkal Municipality	Karaparambu SC Colony	SC	4.45	6.52	50.00	Absent	0.22
5	Malappuram Municipality	Cheruparambu SC Colony	SC	0.60	6.23	TNTC	100.00	0.33
6	Pala Municipality	Arunapuram SC Colony	SC	0.46	6.20	Detected	Detected	BDL
7	Ponnani Municipality	Oorathara SC Colony	SC	21.80	6.25	150.00	60.00	BDL
8	Ramanattukara Municipality	Chathanparambu SC Colony	SC	0.50	5.67	Detected	Detected	0.30
9	Wadakkanchery Municipality	Marathukunnu SC Colony	SC	0.90	6.20	318.00	206.00	0.14

TNTC – Too Numerous to Count

BDL – Below Detectable Limit

**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.*

Appendix 7.5
List of number of SC beneficiaries excluded from LIFE List
(Reference: Paragraph 7.6.3.1, Page 121)

Landless Houseless SC Beneficiaries not included in LIFE list				Houseless SC Beneficiaries not included in LIFE list			
Sl. No.	District	Name of ULB	Number of beneficiaries not included	Sl. No.	District	Name of ULB	Number of beneficiaries not included
1	Kottayam	Pala Municipality	3	1	Kottayam	Pala Municipality	92
2	Thrissur	Wadakanchery Municipality	41	2	Thrissur	Kodungallur Municipality	13
		Thrissur Corporation	1586			Wadakanchery Municipality	157
						Thrissur Corporation	414
3	Malappuram	Kottakkal Municipality	13	3	Malappuram	Ponnani Municipality	8
		Ponnani Municipality	76	4	Kozhikode	Kozhikode corporation	51
		Malappuram Municipality	17	TOTAL		735	
4	Kozhikode	Ramanattukara Municipality	51				
		Koduvally Municipality	80				
		Kozhikode Corporation	135				
TOTAL			2002				

List of number of ST beneficiaries excluded from LIFE List

Landless Houseless ST Beneficiaries not included in LIFE list				Houseless ST Beneficiaries not included in LIFE list			
Sl. No.	District	Name of ULB	Number of beneficiaries not included	Sl. No.	District	Name of ULB	Number of beneficiaries not included
1	Kottayam	-	-	1	Kottayam	-	-
2	Thrissur	-	-	2	Thrissur	-	-
3	Malappuram	Kottakkal Municipality	2	3	Malappuram	-	-
4	Kozhikode	Koduvally Municipality	1	4	Kozhikode	-	-
TOTAL			3	TOTAL			0

Appendix 7.6
Projects formulated and funds allotted under productive sector.
(Reference: Paragraph 7.6.5, Page 124)

(₹ in crore)

Year	District	SCSP										TSP				
		Total Number of projects formulated	Total funds allocated ¹¹⁸	Projects formulated under productive sector				Projects implemented under productive sector				Projects formulated under productive sector		Projects implemented under productive sector		
				Number	Percentage	Amount	Percentage	Number	Percentage	Amount	Percentage	Number	Amount	Number	Amount	
2020-21	Kottayam	43	1.45	0	0	0	0	0	0	0	0	0	12	0.14	0	0
	Thrissur	162	19.53	15	9.26	0.51	2.61	8	53.33	0.06	11.76	0	0	0	0	
	Malappuram	54	5.08	6	11.11	0.28	5.51	2	33.33	0.03	10.71	0	0	0	0	
	Kozhikode	113	15.60	3	2.65	0.10	0.64	0	0	0	0	8	0.21	0	0	
	Total	372	41.66	24	6.45	0.89	2.14	10	41.67	0.09	10.11	20	0.35	0	0	
2021-22	Kottayam	31	1.25	1	3.23	0	0	1	100	0	0	0	0	0	0	
	Thrissur	114	16.89	6	5.26	0.11	0.65	2	33.33	0.01	9.09	0	0	0	0	
	Malappuram	36	3.96	1	2.78	0.05	1.26	1	100	0.05	100	0	0	0	0	
	Kozhikode	79	11.35	1	1.27	0.01	0.09	1	100	0.01	100	0	0	0	0	
	Total	260	33.45	9	3.46	0.17	0.51	5	55.56	0.07	41.18	0	0	0	0	
2022-23	Kottayam	43	1.67	1	2.33	0	0	1	100	0	0	0	0	0	0	
	Thrissur	152	20.07	6	3.95	0.50	2.49	1	16.67	0.05	10.00	1	0.02	0	0	
	Malappuram	34	3.63	1	2.94	0.11	3.03	1	100	0.11	100	0	0	0	0	
	Kozhikode	86	14.98	1	1.16	0	0	1	100	0	0	0	0	0	0	
	Total	315	40.35	9	2.86	0.61	1.51	4	44.44	0.16	26.23	1	0.02	0	0	
Grand Total		947	115.46	42	4.44	1.67	1.45	19	45.24	0.32	19.16	21	0.37	0	0	

¹¹⁸ Includes reauthorization of unspent balances

Appendix 7.7
Details of Implementation of projects under the major sub-sectors of
productive sector utilising SCSP funds:
(Reference: Paragraph 7.6.5, Page 124)

(₹ in crore)

Year	District	Total number of projects implemented	Expenditure	Subsector			
				Agriculture	Self-Employment	Animal Husbandry	Fisheries
2020-21	Kottayam	0	0	0	0	0	0
	Thrissur	8	0.06	0	0.01	0.05	0
	Malappuram	2	0.03	0	0	0.03	0
	Kozhikode	0	0	0	0	0	0
Total		10	0.09	0	0.01	0.08	0
2021-22	Kottayam	1	0	0	0	0	0
	Thrissur	2	0.01	0	0	0	0.01
	Malappuram	1	0.05	0	0.05	0	0
	Kozhikode	1	0.01	0.01	0	0	0
Total		5	0.07	0.01	0.05	0	0.01
2022-23	Kottayam	1	0	0	0	0	0
	Thrissur	1	0.05	0	0.05	0	0
	Malappuram	1	0.11	0	0.11	0	0
	Kozhikode	1	0	0	0	0	0
Total		4	0.16	0	0.16	0	0
Grand Total		19	0.32	0.01	0.22	0.08	0.01

Appendix 7.8
District-wise Infrastructure sector expenditure under SCSP
(Reference: Paragraph 7.6.7, Page 126)

(₹ in crore)

Year	District	Projects Formulated	Allocated	Implemented	Expenditure	Percentage of Expenditure
2020-21	Kottayam	8	0.19	6	0.10	52.63
	Thrissur	63	4.25	49	2.94	69.18
	Malappuram	10	0.43	5	0.18	41.86
	Kozhikode	49	3.06	26	1.48	48.36
Total		130	7.93	86	4.70	59.27
2021-22	Kottayam	3	0.06	2	0.04	66.67
	Thrissur	31	2.20	17	0.66	30.00
	Malappuram	8	0.27	6	0.22	81.48
	Kozhikode	31	1.49	21	0.98	65.77
Total		73	4.02	46	1.90	47.26
2022-23	Kottayam	10	0.44	4	0.10	22.73
	Thrissur	67	5.15	36	1.77	34.37
	Malappuram	7	0.31	3	0.07	22.58
	Kozhikode	36	2.39	17	0.37	15.48
Total		120	8.29	60	2.31	27.86

Appendix 7.9
District-wise Infrastructure sector expenditure under TSP
(Reference: Paragraph 7.6.7, Page 126)

(₹ in crore)

Year	District	Projects Formulated	Allocated	Implemented	Expenditure	Percentage of Expenditure
2020-21	Kottayam	0	0	0	0	0
	Thrissur	0	0	0	0	0
	Malappuram	0	0	0	0	0
	Kozhikode	1	0.04	1	0.04	100
Total		1	0.04	1	0.04	100
2021-22	Kottayam	0	0	0	0	0
	Thrissur	0	0	0	0	0
	Malappuram	0	0	0	0	0
	Kozhikode	0	0	0	0	0
Total		0	0	0	0	0
2022-23	Kottayam	0	0	0	0	0
	Thrissur	0	0	0	0	0
	Malappuram	0	0	0	0	0
	Kozhikode	0	0	0	0	0
Total		0	0	0	0	0

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