

PART II

Urban Local Bodies

CHAPTER III

3.1 Functioning, accountability mechanism and financial reporting of Urban Local Bodies

A Functioning of the Urban Local Bodies in the State

3.1.1 Introduction

The 74th amendment to the Constitution accorded constitutional status to Urban Local Bodies (ULBs) and established a system of uniform structure, regular election, regular flow of funds through Finance Commission *etc.* As a follow-up, the States are required to entrust these bodies with powers, functions and responsibilities so as to enable them to function as institutions of local self-government.

Accordingly, the State Legislature amended the Tamil Nadu District Municipalities Act, 1920, for transferring the powers and responsibilities to ULBs in order to implement schemes for economic development and social justice including those in relation to the matters listed in the Twelfth Schedule of the Constitution.

Tamil Nadu is one of the urbanised States of India. As per the 2011 Census, urban population of the State was 3.49 crore constituting 48.40 *per cent* of the total population of 7.21 crore. Important statistics of the State regarding population and ULBs are given in **Table No. 3.1**.

Table No. 3.1: Important statistics of the State

Population	7.21 crore
Population density	555 persons per square kilometre
Gender ratio	996 females per 1,000 males
Urban population	48.40 <i>per cent</i>
Literacy	80.09 <i>per cent</i>
Number of ULBs	664
Municipal Corporations	15 ¹
Municipalities	121
Town Panchayats	528

(Source: 2011 Census figures and Policy Note of the Municipal Administration and Water Supply Department for 2019-20)

¹ Avadi, Chennai, Coimbatore, Dindigul, Erode, Hosur, Madurai, Nagercoil, Salem, Thanjavur, Thoothukudi, Tiruchirappalli, Tirunelveli, Tiruppur, and Vellore,

3.1.2 Functioning of ULBs

Consequent upon the 74th amendment to the Constitution, the State Legislature amended the Tamil Nadu District Municipalities Act, 1920, for transferring the powers and responsibilities to ULBs. Out of 18 functions, Fire service was not devolved to any ULB as a separate Fire Department is entrusted with this role. All the remaining 17 functions were fully devolved to the Corporations and Municipalities. In respect of Town Panchayats, 10 functions were fully devolved and 2 functions were partially devolved to the TPs. Five functions are yet to be devolved. In respect of Greater Chennai Corporation (GCC), 13 out of 18 functions were devolved so far (September 2021), of which, the function of water supply is handled by the Chennai Metropolitan Water Supply and Sewerage Board.

3.1.3 Audit arrangement

3.1.3.1 Primary Auditor

GoTN entrusted (August 1992) the audit of ULBs to the Director of Local Fund Audit (DLFA), who has to certify the correctness of accounts, assess internal control system and report cases of loss, theft and fraud to the audited entities and to GoTN.

3.1.3.2 Placing of Audit Report of DLFA

As per Section 20 of the Tamil Nadu Local Fund Audit Act, 2014, DLFA should submit annually a consolidated report of the audited accounts of local bodies to Government, which should cause it to be laid before the Legislative Assembly. As per Rule 19 of the Tamil Nadu Local Fund Audit Rules, 2016, the DLFA should, not later than 30th September of every year, send to the Government, a consolidated report of the accounts of local authorities audited during the previous financial year, containing such particulars, which are to be brought to the notice of the Government as per Section 20 of the Act. As per the information furnished (July 2021) by DLFA, the consolidated Audit Report of ULBs were placed in the Assembly upto the year 2018-19.

3.1.3.3 Arrears in submission of accounts

ULBs should finalise their annual accounts within three months after the end of the financial year. DLFA stated (July 2021) that 5 (out of 14) Municipal Corporations, 13 (out of 121) Municipalities and 59 (out of 528) Town Panchayats did not submit their accounts for the year 2019-20 to DLFA as of July 2020.

3.1.3.4 Arrears in audit by DLFA

(a) The position of arrears in audit of ULBs by DLFA, as of June 2021, is given in **Table No. 3.2**

Table No.3.2: Position of arrears in audit of ULBs by DLFA**(in numbers)**

Category of ULB	2019-20			
	Total number of ULB	Accounts submitted to DLFA (A)	Audit completed out of (A)	Audit pending out of (A)
Corporations	14	14	9	5
Municipalities	121	121	120	1
Town Panchayats	528	528	518	10

(Source: Details furnished by DLFA)**Note: Audit completion period for the year 2019-20 had been extended upto May 2021**

(b) As of July 2021, 1,33,849 paragraphs relating to Municipal Corporations, Municipalities and Town Panchayats included in Inspection Reports (IRs) of DLFA relating to period upto 2019-20 were pending settlement as given in **Table No. 3.3**.

Table No. 3.3: Year-wise pendency of paragraphs of DLFA

Year of IR	Number of paragraphs pending in respect of		
	Municipal Corporation	Municipalities	Town Panchayats
Upto 2014-15	17,022	18,231	19,275
2015-16	1,974	4,124	4,226
2016-17	2,363	3,714	5,678
2017-18	1,827	6,112	8,151
2018-19	2,831	9,742	16,610
2019-20	745	5,583	5,641
Total	26,762	47,506	59,581

(Source: Details furnished by DLFA)

Audit analysis revealed that in respect of Municipal Corporations, Municipalities and Town Panchayats 17,022 (64 *per cent*) out of 26,762, 18,231 (38 *per cent*) out of 47,506 and 19,275 (32 *per cent*) out of 59,581 pending paragraphs respectively pertaining to period upto 2014-15. This indicated that adequate attention was not given to settle the long pending paragraphs.

DLFA further reported (July 2021) that for settling the pending paragraphs relating to Municipal Corporations, Municipalities and Town Panchayats, 44 meetings were held during 2018-19 and 2019-20 as a result of which, 1,912 paragraphs were settled.

3.1.4 Audit by Comptroller and Auditor General of India (CAG)

The CAG audits the ULBs under Section 14(2) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. In addition, Technical Guidance and Support is provided by the CAG to DLFA.

3.1.4.1 Planning and conduct of Audit

During the year 2019-20, out of the Audit Universe of 841 offices pertaining to Municipal Administration and Water Supply (MA&WS) Department, 117 offices were planned and audited.

3.1.4.2 Audit Reports of CAG

Paragraphs included in the CAG's Audit Reports pertaining to MA&WS Department have been discussed upto the year 2007-08 and recommendations were made by the Public Accounts Committee (PAC) and Committee on Public Undertakings (COPU). As per the directions of the Public Accounts Committee, the Government shall submit the action taken explanatory notes within two months of tabling the Report in the Legislative Assembly for consideration of the Committee. However, it was observed that 134 paragraphs pertaining to the Audit Report for the years from 2008-09 to 2018-19 were pending discussion, out of which, the Department have not furnished explanatory notes in respect of 117 paragraphs. As on August 2021, action taken notes on 251 recommendations of the PAC/COPU's in respect of paragraphs relating to MA&WS Department included in the Audit Report (Civil) and Audit Report (Local Bodies) relating to the period from 1987-88 to 2007-08 are pending.

3.1.4.3 Response to audit observations of CAG

(i) Draft Paragraphs

Five Draft Paragraphs pertaining to MA&WS Department were forwarded demi-officially to the Additional Chief Secretary between February and March 2021 with a request to send their responses. A meeting was also conducted (online) on 22 April 2021 and the Government was also reminded during July and September 2021. However, their reply is awaited.

(ii) Outstanding Inspection Reports and Audit Observations

As of September 2020, in respect of MA&WS Department, 5,112 paragraphs included in 1,125 IRs issued upto 2019-20 were pending settlement as detailed below:

Table No. 3.4 - Statement of Outstanding Inspection Reports and Audit observations

Sl. No.	Department	Inspection Reports	Audit Observations
1	Greater Chennai Corporation	113	669
2	Other Corporations	61	561
3	Municipalities	361	1,906
4.	Town Panchayats	253	923
5.	Others (include, Government, HODs, etc)	131	528
6	Tamil Nadu Water Supply and Drainage Board	206	525
	Total	1,125	5,112

B Accountability Mechanism

3.1.5 Ombudsman

As per Paragraph 10.161(iii) of the recommendations of the Thirteenth Central Finance Commission (TCFC), the State Government must put in place a system of independent local body Ombudsman, who will look into complaints of corruption and mal-administration against the functionaries of local bodies, both elected members and officials and recommend suitable action and the system should be made applicable to all elected functionaries and officials in all Municipal Corporations, Municipalities and Zilla Parishads at least.

Subsequent to the enactment (December 2014) of Tamil Nadu Local Bodies Ombudsman Act, 2014, Ombudsman for the Municipal Corporations, Municipalities, Town Panchayats and District Panchayats in Tamil Nadu was established (March 2015). The Tamil Nadu Local Bodies Ombudsman stated (March 2021) that 390 complaints were received during 2019-20 against the ULBs and its public servants, out of which, 255 were disposed of and the remaining complaints were in enquiry stage.

3.1.6 Service Level Benchmark

As per Paragraph 10.161(viii) of the TCFC recommendations, State Governments must notify or cause all the Municipal Corporations and Municipalities to notify the service standards for four service sectors *viz.*, water supply, sewerage, storm water drainage and solid waste management proposed to be achieved by them by the end of the succeeding fiscal year.

The Commissioner of Municipal Administration (March 2021) and the Director of Town Panchayat stated (July 2021) that all the ULBs have notified the service level benchmarks for the years 2016-17 to 2019-20.

C Financial Reporting

3.1.7 Source of funds

The details of receipts and expenditure of the ULBs for the period from 2015-16 to 2019-20 are given in **Table No. 3.5**

Table No. 3.5: Receipts and expenditure of ULBs

	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Own revenue	4,114.15	3,908.60	4,412.48	5,792.83	5,639.65
Assigned revenue ²	590.77	706.88	437.92	486.51	569.26
Grants	5,744.90	6,394.72	6,562.20	7,804.83	8,266.35
Loans	470.83	1,357.01	1,501.35	464.19	282.69
Total receipts	10,920.65	12,367.21	12,913.95	14,548.36	14,757.95
Revenue expenditure	6,617.94	6,649.61	7,132.44	8,166.93	8,290.13
Capital expenditure	4,596.73	4,816.14	3,515.67	4,026.92	4,711.74
Total expenditure	11,214.67	11,465.75	10,648.11	12,193.85	13,001.87
(Source: Details furnished by GCC, CMA and DTP)					
Figures differ from the figures of previous Audit Reports due to furnishing of revised figures by the Department					

The percentage of expenditure and savings to the total receipts during 2015-16 to 2019-20 is given in **Table No. 3.6**.

Table No. 3.6: Percentage of expenditure and savings

	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue expenditure	61	54	55	56	56
Capital expenditure	42	39	27	28	32
Savings (-)/Excess (+)	(+) 3	(-) 7	(-) 18	(-) 16	(-) 12

While Capital expenditure during 2015-20 ranged between 27 and 42 *per cent* of the total receipts, Revenue expenditure ranged between 54 and 61 *per cent* of the total receipts.

3.1.8 State Finance Commission (SFC) Grant

The Fifth SFC, recommended (December 2016) a vertical sharing ratio of 56:44 between rural and urban local bodies which was accepted by GoTN (March 2017). The horizontal sharing ratio of SFC devolution funds at 40:29:31 among Municipal Corporations, Municipalities and Town Panchayats respectively. The amount of SFC grants released to the ULBs during 2019-20 was ₹ 3,460.13 crore.

3.1.9 Central Finance Commission (CFC) Grant

A sum of ₹ 1,975.69 crore was sanctioned by GOI as Fourteenth CFC grant to the ULBs in Tamil Nadu for the year 2019-20 and the same was released by GoTN to the ULBs.

3.1.10 Maintenance of accounts by ULBs

The ULBs follow the principles laid down in National Municipal Accounting Manual (NMAM) for preparation of annual accounts by ULBs. Accounts are maintained fund wise and annual trial balance, income & expenditure account

² 50 *per cent* of Surcharge on Stamp Duty collected within the jurisdiction of the Local Body were assigned to the concerned local body

and balance sheet are prepared on accrual basis. Accounts are maintained for all funds/schemes separately, the major accounts being Revenue/Capital Fund, Water Supply Fund and Elementary Education Fund. GCC stated (May 2021) that in conformity with the NMAM, the chart of accounts was revised and accounts upto 2019-20 were finalised.

3.1.11 Coverage of this Report

This Report contains five Draft Paragraphs pertaining to Municipal Administration and Water Supply Department with a financial impact of ₹ 29.98 crore. These paragraphs are discussed in detail in the succeeding chapter.

3.2 Faulty implementation of online revenue collection system

Handing over of online collection of taxes and revenue to a private contractor without agreement resulted in unauthorised retention of the collected revenue besides arbitrary levy of maintenance charges.

The Director of Town Panchayat (DTP) issued (May 2010) instructions to all the Town Panchayats to implement e-accounting and e-taxation in their regions by procuring a software from experienced firms. Prior to these instructions, 126 Town Panchayats (TPs) incurred an expenditure of ₹ 41.69 lakh (at the rate of ₹ 33,090 per software per TP) for purchasing software (April 2010) from M/s. Prematix Software Solution (contractor), Hosur. In all a total of 518 TPs out of 528 TPs in Tamil Nadu purchased³ the above software from the same contractor at the same price till 2014-15 at an expenditure of ₹ 1.72 crore. Audit noticed the following deficiencies in implementation of online revenue collection system through the above contractor.

- *Unauthorised retention of collected tax amount of TPs by the contractor*

As per section 4(1) of the Payment and Settlement Systems Act, 2007, no person other than the Reserve Bank of India (RBI), shall operate a payment system, except with an authorisation issued by the RBI. However, without any formal agreement and obtaining security deposit, the same contractor was also given the task of online collection of revenue of the TPs through its own bank account and the collected amount was to be transferred to the bank account of the TPs subsequently.

Audit noted (December 2019/ February 2020) that the total amount collected by the contractor in three districts⁴ was ₹ 8.06 crore during 1 April 2017 to 31 March 2021, however, the amount remitted was only ₹ 3.24 crore. Therefore, a balance amount of ₹ 4.82 crore is yet to be remitted to TPs account as on 31 March 2021. The amount which was not remitted by the contractor as on March 2021 amounted to ₹ 6.40 crore for all the TPs. Audit also analysed the

³ 56 TPs purchased software in 2010-11, 85 TPs purchased in 2011-12, 77 TPs purchased in 2012-13, 81 TPs purchased in 2013-14 and 93 TPs purchased in 2014-15.

⁴ Chengalpattu, Coimbatore and Kancheepuram.

month-wise outstanding relating to the TPs of the above three districts and worked out a notional interest loss of ₹ 36.46 lakh.

Thus, due to appointment of a collection agent who was not authorised by RBI, without any formal agreement and security deposit, the remittance of ₹ 6.40 crore collected on account of TPs remained outstanding.

- **Arbitrary fixation of maintenance charges**

During 2010-17, the TPs paid maintenance charges⁵ at ₹ 1,000 per month. The maintenance charges was increased to ₹ 2,000 per month (100 *per cent* increase) for 2017-19. Subsequently, the maintenance charge was again arbitrarily increased to ₹ 5,000 per month (150 *per cent* increase) by the contractor within a short period of two years (April 2019), which was yet to be settled by the TPs. Thus, total amount paid for maintenance charges for 2010-19 worked out to ₹ 5.75 crore. In this connection, audit noted (December 2019) that the increase in maintenance charges was arbitrary and was in absence of a formal agreement between TPs and contractor.

- **Procurement of Hand-Held Devices from the same contractor**

Audit further noticed that 517 TPs had also procured (between November 2012 and August 2017) mobile hand-held devices for door to door tax collection for ₹ 2.06 crore from the same contractor. Scrutiny revealed (February 2020) that 24 out of 69 devices purchased in Coimbatore District were not in working condition. Further due to internet connectivity issues and due to poor quality of print outs from the devices, they were used only in office counters. The receipts for revenue collection were taken from the computers in the counters thus defeating the purpose of mobility for door-to-door collection.

Thus, the contractor was entrusted with the work of online collection without formal agreement resulting in unauthorised retention of the revenue of ₹ 6.40 crore of TPs and led to arbitrary levy of maintenance charges. Further the mobile handheld devices supplied by the contractor did not serve its intended purpose, therefore expenditure of ₹ 2.06 crore became unfruitful.

The matter was reported to the Additional Chief Secretary, Municipal Administration and Water Supply Department, Government of Tamil Nadu in February 2021. However, no response has been received (August 2021).

⁵ Excluding service charges

Recommendations:

The Government may:

- (i) Explore the possibility of centralised procurement of common items so as to avail the benefits of bulk purchase and economical maintenance charges.
- (ii) Only RBI authorised agencies should be engaged for collection of taxes after a formal agreement with the contractor.
- (iii) Responsibility to be fixed to ensure unauthorised amount of ₹ 6.40 crore is realised immediately.

3.3 Inordinate delay in completion of solid waste management facility

Integrated solid waste management facility conceived in the year 2008 was not implemented even after lapse of 12 years due to technology issues in conversion of waste-to-energy project. This resulted in accumulation of 1.55 lakh cubic metres of solid waste without processing besides unfruitful expenditure of ₹ 17.54 crore.

The Ministry of Housing and Urban Affairs⁶, Government of India (MoHUA, GOI) approved (June 2008) a proposal of Municipal Administration and Water Supply Department, Government of Tamil Nadu (GoTN) for setting up of integrated solid waste management facility⁷ (facility) at an estimated cost of ₹ 44.21 crore covering three municipalities of Alandur, Pallavapuram and Tambaram. As per the guidelines issued by MoHUA, cost of the project was to be proportionately funded by JNNURM (Jawaharlal Nehru National Urban Renewal Mission) GOI (35 *per cent*), GoTN (15 *per cent*) and municipalities (50 *per cent*). The project was to be implemented in two phases. The Phase I comprised procurement of machineries for primary and secondary collection of waste in the municipal areas and vehicles for transfer of waste to the common place by the Municipalities. Phase II comprised construction of transfer stations within the municipalities, establishment of common compost plant and development of sanitary land.

An agreement was signed (January 2009) by the Commissioner, Pallavapuram Municipality with M/s. Hydroair Tectonics (P) Limited (Private Firm) under Public, Private and Partnership (PPP) model for setting up of the facility at a total cost of ₹ 41.24 crore within 18 months of signing of the agreement. However, due to delay in completion of works by the concessionaire, the Commissioner terminated the Agreement in March 2012 and invoked a Bank Guarantee of ₹ 2 crore. The Pallavapuram Municipality had made payment of ₹ 71.68 lakh to M/s. Hydroair till the termination of the agreement.

⁶ Earlier known as Ministry of Housing

⁷ The facility includes collection of waste, transfer to a common yard, treatment of waste for preparation of compost and recovery of fuel for energy generation and safe disposal of residuals.

Thereafter, tender was re-invited (October 2012) for setting up waste management facilities for two municipalities of Tambaram and Pallavapuram (Alandur Municipality merged with Greater Chennai Corporation) under PPP mode at a cost of ₹ 40 crore. Based on the re-tender, M/s. Essel Infra Projects Limited (M/s. Essel) was selected (November 2012) for setting up of facility which included establishment of waste-to-energy plant by August 2015 at a cost of ₹ 99 crore⁸ under PPP mode. The balance cost over and above the approved cost was to be borne by M/s. Essel with a concession period of 20 years. The Agreement was signed (January 2013) with M/s. Essel, which was to be implemented in two phases. Phase I consisted of construction of transfer stations, material recovery facilities in Tambaram and Pallavapuram municipalities, closed compost yard and sanitary land fill at Venkatamangalam at a cost of ₹ 54.75 crore. Phase II of project was for establishment of refuse derived fuel (RDF) plant for generation of 2.9 MW waste-to-energy plant and scientific capping of dumpsite at a cost of ₹ 44.25 crore.

Phase I of the project was completed and commercially operated (July 2015) for which concessionaire was paid an amount of ₹ 9.70 crore (capital grant). However, the concessionaire could not commence Phase II of the project for establishment of waste- to-energy plant due to various reasons like defective design capacity of the plant, non-finalisation of tariff by Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO)⁹ and non-obtaining of project clearance from the Ministry of New and Renewable Energy (MNRE), GOI. Show cause notices were issued during May 2015 to July 2016 to M/s. Essel for non-processing of solid waste and dumping the same in open yard in violation of the contract. Thereafter, the Commissioner terminated the agreement in November 2018 due to non-operation of the plant and accumulation of waste in open dump yard.

Audit noticed (December 2020) that there were delays in obtaining necessary approval by the Commissioner which resulted in loss of public money and also non-setting up of facility as detailed below:

- As per the EIA Notification 2006, all projects or activities relating to setting up of Solid Waste Management Facility, expansion and modernisation require prior Environment clearance from the State Environmental Impact Assessment Authority (SEIAA). Though the Municipality had obtained environment clearance in March 2010 for setting up of the facility, it did not obtain the prior approval from SEIAA in January 2013 for expansion of the facility.
- The Commissioner approached (March 2013) MoHUA for clearance of the revised project. But, MoHUA directed the Commissioner to approach MNRE, GOI with revised DPR as establishment of 2.9 MW waste-to-energy generation project was not a part of initial project. In order to complete the project before March 2014 and to utilise the grant available in JNNURM, the Commissioner decided to proceed

⁸ ₹ 40 crore (approximate) sanctioned including capital grant for ₹ 19 crore was to be borne by Government and amount over and above the capital grant was to be borne by the PPP concessionaire.

⁹ Power Generation and Distribution Company owned by Government of Tamil Nadu.

with the project without approval of the revised DPR from the competent authority viz., MNRE.

- Due to non-setting up of the project, the municipality failed to generate energy and there was an accumulation of 1.55 lakh cubic metres of waste. Consequently, the Tamil Nadu State Pollution Control Board (TNPCB) based on the directions of National Green Tribunal (February 2020) imposed a penalty of ₹ 2.45 crore on Pallavapuram Municipality. The penalty was yet to be paid by the Municipality.
- Tambaram and Pallavapuram Municipalities (2018-19) incurred an expenditure of ₹ 7.84 crore for establishment of onsite micro compost centres within the municipal areas for conversion of waste into manure compost. This expenditure could have been avoided if the waste to energy conversion project facility was in place.
- Despite the financial losses suffered by the Municipalities due to the non-completion of the contract, the Bank Guarantee of M/s. Essel amounting to ₹ 2 crore was not invoked.

Thus, even after incurring an expenditure of ₹ 17.54 crore¹⁰ and delay of over 12 years, the Pallavapuram Municipality failed to set up the integrated solid waste management facility. The waste of 1.55 lakh cubic metres has been dumped in large stretch of open area of Tambaram Municipality due to non-operationalisation of the energy plant, in violation of the environmental norms.

The above para was reported to the Additional Chief Secretary, Municipal Administration and Water Supply Department, Government of Tamil Nadu in March 2021. However, no response has been received.

Recommendations:

- The Government must fix responsibility for this lackadaisical attitude of the officials concerned and must protect its financial interest by enforcing the contractual obligations and encash the bank guarantee from the Contractor.
- The Government should implement integrated solid waste management facilities at the earliest to avoid accumulation of solid waste in open yards and violation of environment norms.

3.4 Excess chlorination of drinking water

Excess usage of Sodium hypochlorite solution beyond the permitted level by the Tiruchirappalli City Municipal Corporation resulted in wasteful expenditure of ₹ 1.53 crore and also exposed the general public to the health hazards for three years

Tiruchirappalli City Municipal Corporation (Corporation) caters to drinking water requirements of Trichy through two main pumping stations and four collector wells. The Corporation installed chlorinators at these six stations

¹⁰ ₹ 9.70 crore being grant released to the concessionaire and ₹ 7.84 crore being the cost of onsite micro compost centres created by Tambaram and Pallavapuram Municipalities.

where sodium hypochlorite solution is pumped as primary disinfectant into the water. As per the norms of the Directorate of Public Health and Preventive Medicine, 20 litres of sodium hypochlorite liquid per Million Litre of water per Day (MLD) is the permissible limit (sodium hypochlorite solution with concentration of 4 to 6 *per cent*) for treating of drinking water. Chlorine is used to kill bacterial growth in water and is often used as disinfectant. As per World Health Organisation (WHO) guidelines, consumption of heavily chlorinated water by human potentially may cause serious health hazards.

Audit noticed (March 2020) that against the norm of 20 litres per MLD laid down by the Directorate of Public Health and Preventive Medicine, Chennai, the Corporation was using 35 litres of sodium hypochlorite liquid per MLD for treating of water during 2016-17 and increased the same to 52.5 litres per MLD from 2017-18 onwards. Besides this, stable bleaching powder at 2 kg per MLD was also used as secondary disinfectant for 91 tanks at zonal level.

The excess quantity of sodium hypochlorite solution used by the corporation during the period 2016-17 to 2018-19 is tabulated below:

Table No.3.7 – Excess usage of Sodium Hypochlorite solution

Year	Water supplied (MLD)	Sodium Hypochlorite actually utilized (litres)	Sodium Hypochlorite to be utilized (requirement) as per State Public Health Directorate norms (20ml for 1,000 litres)	Excess quantity of sodium hypochlorite used (litres)	Average excess quantity of sodium hypochlorite used during the year (ml per 1,000 litres)
2016-17	53,096	15,23,255	10,42,000	4,81,255	9.94
2017-18	41,018	16,75,569	12,43,489	4,32,080	14.29
2018-19	45,629	24,63,985	14,25,755	10,38,230	27.35
Total		56,62,809	37,11,244	19,51,565	
For July 2016 the consumption was less than the norms, the actual consumption was adopted (73,240 litres)					
For monsoon season (October to December 2017) and (October and November 2018) actual quantity of sodium hypochlorite utilized by the Corporation has been accepted and no excess consumption of chlorine has been calculated in view of the content of germs during rainy season.					

(Source: Data furnished (February 2020) by Tiruchirappalli Corporation)

In this connection, Audit observed (March 2020) that:

- The average excess usage of chlorine was 9.94 ml per 1,000 litres in 2016-17 which increased to 27.35 ml per 1,000 litres in 2018-19.
- The Commissioner of Municipal Administration instructed (March 2018) the Corporation officials to ensure maintenance of the desired chlorine level of 20 litres per MLD at the distribution points and record the same properly. The Commissioner also directed that the technical staff should be involved in this important work besides random checks at the levels of the Municipal Engineer, Municipal Health officer, *etc.* However, the officials of the Corporation failed to keep the chlorine at prescribed level on daily basis.
- As per the instructions of the Commissioner, a register/log book was to be maintained for checking the chlorine level which was not maintained which led to continued excess usage of chlorine during the three years up to 2018-19 without any check/supervision.

Thus, an expenditure of ₹ 1.53 crore was incurred for excess usage of sodium hypochlorite solution to the extent of 19.51 lakh litre during the years 2016-19. The Corporation replied (March 2020) that pipes and valves in the main pumping station had pores (not visible to human eye) which caused the leakage and hence excess chlorine content was not actually present in water stored in the overhead tanks. It added that in order to prevent any epidemic in the monsoon season *i.e* October to December 2018, higher dosage of sodium hypochlorite solution was used and the readings on hypochlorite level would be recorded in future.

The reply is not acceptable because hypochlorite solution gets easily dissolved in water and hence leakage of the same through the pores of the pipes was not possible. It is also pertinent to mention that use of higher dosage of hypochlorite solution during monsoon period was excluded while calculating the excess usage of hypochlorite solution. The excess usage of sodium hypochlorite solution to the extent of 19.51 lakh litres during the years 2016-19 was for non-monsoon period only.

Thus, excess usage of hypochlorite solution beyond the permitted limits exposed the general public to various health hazards like Asthma, throat irritation, blood cancer *etc.*, and also led in wasteful expenditure of ₹ 1.53 crore by the Corporation.

Recommendation: The Government may ensure that all the ULBs should use hypochlorite solution within the permitted levels to avoid health hazards to the public.

3.5 Unfruitful expenditure

Decision to purchase a centralised waste processing plant despite modified rules for processing the waste through micro processing units resulted in idling of plant purchased at a cost of ₹ 1.10 crore.

The Commissioner of Municipal Administration (CMA), Chennai accorded (January 2016) administrative approval for installation of plant (*viz.* conveyor, trommel, shredder, *etc.*) for processing of 30 MTPD¹¹ solid waste material at a total cost¹² of ₹ 2.82 crore under Swachh Bharat Mission (SBM). The estimated cost of solid waste processing plant was ₹ 1.10 crore. The intended purpose of installation of plant was to segregate mixed Solid Waste to various fractions such as plastics, papers, bio-degradable waste, bottles, rubbers, wood and insert materials *etc.*

After following the tendering process, the work relating to installation of plant for processing 30 MTPD solid waste was awarded (April 2017) to the lowest contractor (M/s. Zigma Global Environ Solutions (P) Ltd., Erode) at a cost of ₹ 1.10 crore. The work relating to installation of plant and machineries was completed in February 2018 and final payment totalling ₹ 1.10 crore was released to the contractor in December 2018.

¹¹ Metric Ton Per Day.

¹² Sewage Waste Plant (₹110 lakh), machinery shed (₹ 60 lakh), Compost pad (₹ 57.50 lakh) and compound wall (₹ 54.00 lakh)

Audit scrutiny of records relating to functioning of the solid waste processing plant in Panruti Municipality revealed (August 2019) that though work relating to installation of plant was completed in December 2018, however, the plant could not be operationalised yet. Audit also conducted two Joint Physical Verifications (JPV) with the Commissioner and the Sanitary Officer on 22 August 2019 and again in January 2021. On an enquiry about the non-functioning, the Commissioner and the Sanitary Officer explained that the methodology for collection and processing of Solid Waste Management was revised by the Government in 2016. As per the revised rules, which came into effect from 8 April 2016, the segregation of waste at source level is being done at micro composting centre/onsite composting centre established for processing of wet waste in decentralised plants¹³. Therefore, the centralised processing plant was not put to use from its installation in December 2018 to till date (January 2021). It was also stated that non-availability of sufficient quantity of waste due to decentralised waste processing was also a reason for non-usage of centralised processing plant.

Thus, despite revision of rules for segregation of wastes at sources level in 2016, the Panruti Municipality concluded a contract for installation of centralised plant in April 2017, as a result the plant purchased/constructed at a cost of ₹ 1.10 crore could not be put to use for more than two years {December 2018 to till date (January 2021)}.

In response to audit observation, the Municipality stated (February 2021) that efforts are being made to utilise the existing machinery by processing of waste accumulated at the existing compost yard.

Recommendation: The Department should explore the possibility for optimal utilisation of the facility created at a cost of ₹ 1.10 crore.

3.6 Blockage of fund

During the course of Compliance Audits of Municipality at Usilampatti at Madurai District and Town Panchayats in Tiruvallur District, instances of blockage of fund on creation of infrastructure facilities were noticed which are discussed below:

Case A - Construction of Municipal Office

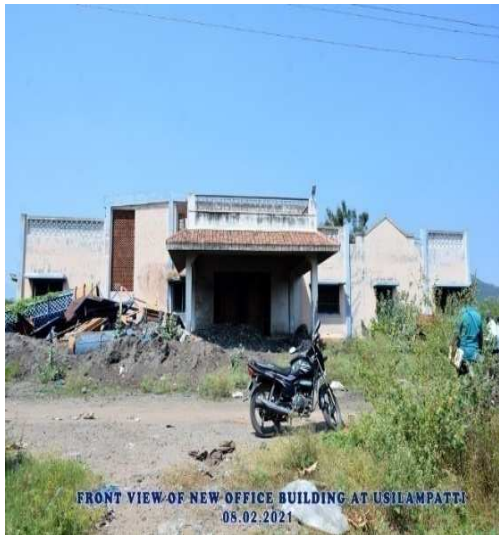
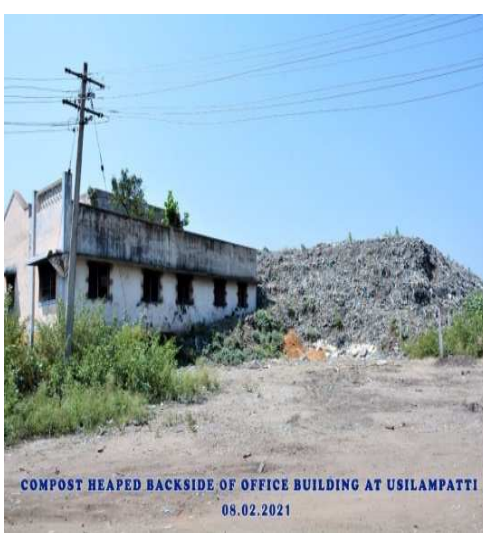
Incorrect site selection for construction of Municipality office building resulted in blockage of fund of ₹ 75 lakh for the past 10 years.

The Government of Tamil Nadu sanctioned (May 2007) ₹ 50 lakh to Usilampatti Municipality in Madurai District for construction of its new office building. Thereafter, Usilampatti Municipality concluded (March 2008) a contract for construction of office building and the same was completed in July 2011 at a cost of ₹ 50 lakh. An additional expenditure of ₹ 25 lakh was incurred by the Municipality (May 2011) for painting, electrical fitting, etc. Thus, the total expenditure incurred for the office building was ₹ 75 lakh.

¹³ These plants include two micro compost centres constructed at a cost of ₹ 1.16 crore, one plant of 5 MT capacity located within the compound of the main plant centre and another plant of 3 MT capacity at Nethaji Nagar and four onsite compost centres of 0.5 MT each.

Audit noticed (December 2012) that the land selected for construction of the Municipal office building was within the vicinity of dump yard at Kalavasal for the past 70 years. Audit also noted that within seven months from the date of award of work, the construction was upto foundation grade beam level, due to waste dump yard site. The Municipal Commissioner of Usilampatti Municipality requested (October 2008) the Additional Commissioner of Municipal Administration, Government of Tamil Nadu to shift the construction of office building to an alternative site. Accordingly, a letter was written (November 2008) by the Municipal Commissioner to the Regional Director of Municipal Administration (RDMA), Madurai seeking directions as to whether construction of Municipality office in the present site at waste dump yard should be continued or shifted to an alternate site. However, there was no response from the RDMA, in this regard and the construction of office building in the waste dump yard was continued and completed in 2011.

To ascertain the usage and current status of office building, Audit conducted (February 2021) a Joint Physical Visit (JPV) with Municipal Engineer, Usilampatti. The JPV revealed that there were heaps of waste in the front and back side of the building till the date of joint inspection. The office building was in dilapidated condition and unfit for occupation. It was also found that many doors, windows and other fittings were found missing and the EB connection was not obtained till date. The following pictures depict the dilapidated condition of the building:

 FRONT VIEW OF NEW OFFICE BUILDING AT USILAMPATTI 08.02.2021	 COMPOST HEAPED BACKSIDE OF OFFICE BUILDING AT USILAMPATTI 08.02.2021
<i>Front view of new office building at Usilampatti 08.02.2021</i>	<i>Compost heaped backside of office building at Usilampatti – 08.02.2021</i>

In this connection, the following observations are made:

- As per para 6.1 of the National building code of India (Part 3- Development Control Rules and General Building Requirements), no building shall be constructed on any site, on any part of which there is deposited refuse, excreta or other offensive matter objectionable to the Authority, until such refuse has been removed there from and the site

has been prepared or left in a manner suitable for building purposes to the satisfaction of the Authority. However, it was noticed that the office building was constructed in the dump yard itself.

- In the initial stage, this site for construction of office building was selected considering a proposal that the dump yard will be shifted to some new location and accordingly the work was awarded to the contractor in March 2008. However, the authorities could not finalise the new site for compost yard even after nine years from the month of awarding the work.
- Due to non-selection of alternate site for dumping of solid waste, the dumping of waste was continued till August 2018 in the yard wherein the municipality office was constructed. This resulted in accumulation of waste at the site which was about 7.6 meters in depth and 31,231 cubic meters which resulted in non-usage of office building till date of inspection.

Thus, construction of the new Municipal Office building at dumping yard of solid waste, resulted in non-occupation of the building even after 10 years of completion of the construction resulting in blockage of fund of ₹75 lakh.

Case B - Construction of Slaughter House

Non-provision of allied facilities for three slaughter houses resulted in non-usage for more than seven years besides blockage of fund of ₹ 60.00 lakh.

The Management of slaughter houses is devolved to the Town Panchayats which have to ensure that slaughtering of animals is done in a scientific and hygiene environment and the animals slaughtered for consumption are certified as free from any contagious disease.

Three Town Panchayats viz., Thirumazhisai, Thirunindravur and Uthukottai in Tiruvallur District, have constructed slaughter house at a cost of ₹ 20 lakh each under Member of Legislative Assembly Constituency Development Scheme (MLACDS) fund 2012-13. The construction of slaughter houses was completed between March and November 2013.

Scrutiny of records at Thirunindravur TP (October 2019), and at Assistant Director of TPs (ADTP), Tiruvallur (December 2019 and February 2021) revealed that the constructed slaughter houses in all the three TPs were not put to use for more than seven years due to non-availability of machineries viz., overhead rails, conveyors, weighing machines, machinery for processing, etc., required for their functioning.

Audit scrutiny (December 2019) of related records at ADTP, Tiruvallur also revealed that a proposal to modernize the slaughter houses with machineries at an estimated cost of ₹ 20 lakh each at Thirunindravur TP and Uthukottai TP was submitted in the budget proposal for 2014-15 but the same was not sanctioned till date (February 2021). In respect of Thirumazhisai, no proposal of modernization work was made so far.

The Executive Officers of all three TPs stated (February 2021) that the modernization could not be carried out from their own funds as sufficient funds were not available with them. Thus, the slaughter house buildings constructed in three TPs at a total cost of ₹ 60 lakh remained unutilized for seven years due to non-provision of related facilities such as machinery, power connection, *etc.*, as depicted in the following picture:

	
<i>Slaughter house at Thirumazhisai</i>	<i>Slaughter house at Thirunindravur</i>

Thus, the objective of construction of slaughter house *viz.*, slaughtering of animals in a scientific and hygiene environment and sealing of animals as disease free *etc.*, was defeated resulting in blockage of funds of ₹ 60 lakh for more than seven years.

Recommendations:

- The Government may ensure that sufficient usable land is available before awarding the contract for creation of infrastructure facilities and ensure prompt utilisation of all the infrastructure facilities created.
- Government may fix responsibility on the officials responsible for the incorrect selection of site for office building.