

**CHAPTER - II**

**PERFORMANCE AUDIT**

**Urban Administrative and Development Department**

**2.1 Municipal Solid Waste Management**

**Highlights:**

*Municipal Solid Waste (Management & Handling) Rules 2000 (prepared by Government of India) came in force from September 2000. Municipal authority shall be responsible for implementation of the provisions of these Rules. According to Municipal Solid Waste (M&H) Rules, the Municipal Solid Waste (MSW) would be collected and segregated, kept in storage centre or 'bins' and transported by covered vehicle to landfill site. It would be composted, recycled or disposed as per its nature. The Government of Madhya Pradesh adopted the said rule from the date of its publication in Gazette's of India. A Performance Audit on the Municipal Solid Waste Management revealed that these Rules could not be implemented properly due to non-identification of land in most of the Urban Local Bodies for landfill site, awareness programmes were not conducted to make the public well versed with MSWM rule, segregation of MSW was not being done, no separate man-power was deployed and adequate monitoring was not done at District or State level. Some important findings of the performance audit are given below:*

- Funds amounting to ₹10.23 crore provided for implementation of Municipal Solid Waste Management were found blocked

*(Paragraph 2.1.6.4)*

- Expenditure of ₹ 87.77 lakh was incurred on the items which were not covered under the provisions of Municipal Solid Waste Management rules

*(Paragraph 2.1.6.5)*

- Fictitious Utilisation Certificates were submitted by Indore Municipal Corporation without incurring the expenditure amounting to ₹ 1.38 crore

*(Paragraph 2.1.6.6 (a) & (b))*

- **There were lack of efforts to obtain community participation and involvement of non-government organisations for segregation of municipal solid wastes**

*(Paragraph 2.1.7.3)*

- **User charges for house-to-house collection of Municipal Solid Wastes amounting to ₹ 1.28 crore remained outstanding**

*(Paragraph 2.1. 7.5)*

- **There was inordinate delay in allotment of land for landfill site**

*(Paragraph 2.1.7.9)*

- **Suitable technology was not adopted for processing of MSW at land fill site**

*(Paragraph 2.1.8.1)*

- **No arrangement was made for pre-treatment of liquid generated from Slaughter houses**

*(Paragraph 2.1.10.1 (a))*

### **2.1.1 Introduction:**

Human activities generate waste, and the manners in which that waste is handled, stored, collected, and disposed of can pose risks to the environment and to public health. Solid Waste Management (SWM) includes all activities that seek to minimise health, environmental, and aesthetic impacts of solid waste. In urban areas, especially in the rapidly urbanising cities, problems and issues of Municipal Solid Waste Management (MSWM) are of immediate importance. The acknowledgement of importance of MSWM encourages the Government of India (GOI) to develop the MSWM Rules-2000. To deal with waste management in all Urban Local Bodies (ULBs), the Government of Madhya Pradesh adopted (September 2000) the Indian Municipal Solid Waste (Management & Handling) Rules 2000<sup>1</sup> (Rules) which envisaged that MSW would be collected, segregated and kept in storage facilities or 'bins' and thereafter transported in covered vehicles to the landfill site. Municipal authorities shall adopt suitable technology or combination of such technologies to make use of wastes so as to minimise burden on landfill. No separate instruction issued for adoption of MSWM in the State. Secretary in charge of Urban Development Department is responsible for implementation of the Rules. The Member Secretary, State Pollution Control Board (SPCB) is the prescribed authority to grant authorisation and oversee the implementation of the Rules.

### **2.1.2 Audit Objectives**

The objectives of the performance audit were to assess whether:

- compliance to provisions regulating MSW Rules was taking place;
- funding and infrastructure were adequate for the implementation of Rules and funds were used economically, efficiently and effectively;
- the collection, segregation, processing and disposal of waste was carried out in a systematic and scientific manner;
- an effective monitoring mechanism was in place to ensure the compliance of the Rules by the implementing agencies/generators of MSW.

### **2.1.3 Audit Criteria**

Audit criteria for the performance audit were drawn from the following sources:

- Indian MSW (M&H) Rules 2000;
- Solid Waste Management Manual prepared by Ministry of Urban Development Department Government of India;

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<sup>1</sup> MSW(Management & Handling) Rules 2000 refer as 'Rules' here after

- Orders / circulars issued by Government of Madhya Pradesh (MP) and the concerned local bodies from time to time for implementation of Rules;
- MP Treasury Code and MP Financial Code;
- Annual Reports and Budget Documents;
- Service Level Benchmarking mentioned in guidelines for release and utilisation of grant of Thirteenth Finance Commission.

#### **2.1.4 Audit Coverage and Methodology**

The performance audit for the period 2007-12 was conducted during June-December 2012. The sample size consisted of 33<sup>2</sup> ULBs out of 360<sup>3</sup> ULBs of the State selected by using Probability-Proportional-to-Size Sampling Without Replacement (PPSWOR) method (**Appendix-2.1**). The records of the Commissioner, UADD, 33 selected ULBs and SPCB were test checked during the course of Performance Audit. The entry Conference was held with Principal Secretary, UADD on 09.08.2012 to explain the audit objectives, scope and methodology. An exit conference was held with the department on 25 April 2013 during which the audit findings were discussed.

#### **Audit findings**

#### **2.1.5 Planning**

As per chapter 26 of Solid Waste Management Manual, a city plan for solid waste management, involves the collection, transportation, processing and disposal aspects, the facilities, augmentation and replacement of the equipment and sites. Allocation of priorities and resources should invariably be decided and also be included a set of directives for achieving the objectives in a given time frame.

We observed in 25 ULBs out of 33 ULBs that 10<sup>4</sup> ULBs had not prepared any plan till the period of conducting performance audit (June-December 2012). However, 15<sup>5</sup> ULBs made plan between 2001-2011 however, none of the ULBs could implement the MSWM Rules as plan which are discussed in draft later on. Further, in case of eight<sup>6</sup> ULBs status of preparing plan is not clear.

Due to Improper Planning the rules could not be implemented properly in the state.

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<sup>2</sup> Four Municipal Corporation, sixteen Municipalities and 13 Municipal Council  
<sup>3</sup> Fourteen Municipal Corporation, 100 Municipalities and 246 Municipal Council  
<sup>4</sup> Alirajpur, Beohari, Bhopal, Budhar, Budhani, Khajuraho, Loundi, Maksi, Naurojabad and Sehore  
<sup>5</sup> Bhind, Chattarpur, Chitrakut, Indore, Mandideep, Mahowgaon, Nagod, Neapanagar, Satna, Shadol, Sujalpur, Suhagpur, Sconimalwa, Umaria and Vidisa.  
<sup>6</sup> Chandameta, Chhindwara, Gwalior, Itarsi, Kolar, Nusrullagung, Parasia and Radhogarh.

During the exit conference (April 2013) Government replied that city development plan had been prepared wherein a separate chapter for SWM was included for each city.

The reply of government is not in accordance with the audit observation.

**Recommendation:** The Government should formulate a comprehensive policy for management with primary focus on innovative strategies for reduction and recycling of MSW.

## **2.1.6 Financial Arrangement**

### **2.1.6.1 Funding pattern**

According to para 3.1 (xiv) of the recommendations of the Twelfth Finance Commission (TFC), at least 50 *per cent* of the grants-in-aid provided to each State for the ULBs should be earmarked for MSWM through Public Private Partnership (PPP). Funds received by the State Government under TFC were provided to ULBs for implementation of Rules during the period 2005-10. Funds were also received from the GOI under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) by Indore Municipal Corporation (IMC) with matching share of State Government for MSWM.

As per para 10.160 of Recommendations of the Thirteenth Finance Commission MSWM was included in four<sup>7</sup> essential service sectors provided by the local bodies. Government of MP also included (August 2010) solid waste management as the second priority of work to be undertaken by local bodies from funds released under Thirteenth Finance Commission. However, no funds were earmarked for MSWM under Thirteen Finance Commission during 2010-11 and 2011-12 (March 2013).

### **2.1.6.2 Allocation of funds:**

Out of total funds of ₹ 361 crore received under Twelfth Finance Commission, ₹ 180.50 crore was earmarked to all ULBs of the State for implementation for MSWM during 2005-10. An amount of ₹ 24 crore was provided to IMC for the Project of MSWM under Urban Infrastructure Governance (UIG) of JNNURM during 2007-12. The funds released to ULBs are indicated in **Table-1:**

<sup>7</sup> Water Supply, sewerage, storm water and drainage and solid waste management

**Table-1: Funds Management**

(₹ In Crore)

Year	Twelfth Finance Commission	Funds Earmarked for MSW (50 per cent of TFC grants)	JNNURM			Grand Total (3+6)
			Central Share	State matching share	Total (4+5)	
01	02	03	04	05	06	07
Previous Balance	144.40	72.20	0.00	-	-	72.20
2007-08	72.20	36.10	5.41	2.16	7.57	43.67
2008-09	72.20	36.10	0.00	0.00	0.00	36.10
2009-10	72.20	36.10	10.81	4.32	15.13	51.23
2010-11	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	0.00	0.00	0.00	1.30	1.30	1.30
<b>Total</b>	<b>361.00</b>	<b>180.50</b>	<b>16.22</b>	<b>7.78</b>	<b>24.00</b>	<b>204.50</b>

Source: UADD, Bhopal

Note- 1 Under 12<sup>th</sup> FC funds were received from 2006-07 to 2009-10. No fund was received in the year 2010-11 and 2011-12. In year 2011-12 an amount of ₹ 1.30 crore was made available as State share under JNNURM.

2 Funds received under 13<sup>th</sup> FC, there was no specific demarcation of funds against the MSWM, was made.

### 2.1.6.3 Monthly reconciliation was not being done

According to para 1.11.3 of chapter 2 of MP Municipal Accounting Manual (July 2007) and rule 97 and 98 of MP Municipal Council Accounting rule 1971, at the end of each month balance of the cash-book should be reconciled with the balance of banks accounts and if any discrepancies noticed, a reconciliation statement be prepared and required correction should be carried out accordingly.

We observed in selected ULBs that funds provided for implementation of MSWM were kept with banks either in current account (12 ULBs) or in saving account (21 ULBs) out of which 27<sup>8</sup> ULBs were not preparing bank reconciliation statements. Remaining four<sup>9</sup> ULBs were reconciling the balances from banks accounts. Whereas, in 2 ULBs (GMC and IMC), the status of reconciliation was not clear. The ULBs those had not prepared bank reconciliation, the amount of interest earned on the bank deposits and its use could not be ascertained.

During the exit conference (April 2013), the government replied that action for accounting reforms was in progress and instructions would be issued to take remedial action.

<sup>8</sup> Alirajpur, Bind, Beohari, Budhni, Budhar, Chandameta, Chhindwara, Chitrakut, Itarsi, Khajuraho, Kolar, Mahowgaon, Maksi, Mandideep, Nagod, Nasurallagung, Narojabad, Neapanagar, Parasia, Raghogarh,, Satna, Shahdol, Sehor, Seonimalwa, Sujalpur, Sohagpur and Umaria

<sup>9</sup> Bhopal, Chattarpur, Loundi, and Vidisa

#### 2.1.6.4 Blocking of funds due to improper-implementation of Municipal Solid Waste Management

- (a) Schedule-1 of the Rules stipulates the responsibility of the municipal authorities for compliance of the criteria specified for timely setting up of waste processing and disposal facilities and their monitoring, improvement of existing landfill site as well as identification of landfill sites for future use and making sites ready for operation. It is also envisaged in para 3.1 (xiv) of recommendation of Twelfth Finance Commission that the Municipalities should concentrate on collection, segregation and transportation of solid waste. It was also instructed by UADD, Bhopal (September 2006) that the amount released under Twelfth Finance Commission should be utilised for development of trenching ground, small vehicles for collection of waste and establishment of machinery of composting/ Energy production units.

We observed from the records of 25 ULBs out of 33 test check ULBs revealed that an amount of ₹18.72<sup>10</sup> crore was received during 2006-10 from the UADD on recommendation of TFC (**Appendix-2.2**), out of which an expenditure of only ₹8.49 crore was incurred till November 2012 for the purpose as indicated above. Thus the amount of ₹10.23 crore (55 per cent) remained un-utilised as shown in **Table-2** below:

**Table 2: Details of funds released and expenditure**

(₹ In lakh)

Year	Opening Balance	Funds received from UADD for MSW	Expenditure reported by ULBs	Total Blocking of amount kept in Banks
Balance of Previous Years (2006-07)	Nil	600.89	131.67	469.22
2007-08	469.22	367.82	100.07	736.97
2008-09	736.97	487.77	169.02	1055.72
2009-10	1055.72	370.37	130.48	1295.61
2010-11	1295.61	*15.89	112.39	1199.11
2011-12	1199.11	*28.72	205.24	1022.59
<b>Total</b>	<b>4756.63</b>	<b>1871.46</b>	<b>848.87</b>	

\*During 2010-11 and 2011-12 funds were utilised from grants received under 13<sup>th</sup> FC

Source: Test checked ULBs

However, in eight<sup>11</sup> ULBs no blocking of funds was found. The unutilised amount of previous year shown as opening balance.

- (b) It was also observed that an amount of ₹ 3.53 crore was kept in banks as Fixed Deposit (FD) by six<sup>12</sup> ULBs. The reasons for blocking the funds were intimated by the CMOs (August-November 2012) that the funds could not be

<sup>10</sup> Actual allotment was ₹ 1871.46 lakh

<sup>11</sup> Bhopal, Beohari, Gwalior, Indore, Kolar, Khajuraho, Satna and Sujalpur

<sup>12</sup> Bhind ₹ 2.00 crore, Mandideep ₹ 0.62 crore, Nagod ₹ 0.25 crore, Seonimalwa ₹ 0.20 crore, Parasia ₹ 0.04 crore and Vidisa ₹ 0.42 crore

utilised due to non-availability/ non-possession of allotted land for landfill site.

During the exit conference (April 2013), the government endorsed the audit observation and replied that instructions would be issued to utilise the interest earned on FD for the purpose of MSWM.

#### **2.1.6.5 Diversion of funds**

According to para 3.1 (xiv) of the recommendations of Twelfth Finance Commission, 50 *per cent* of funds were to be earmarked for MSWM. It was also instructed (October 2006) by UADD Bhopal, that the funds earmarked for MSWM should be utilised for development of landfill site, purchase of vehicles, containers, dustbin and other equipments required for this purpose.

We observed from the records i.e. ledger, cash-books, vouchers, bank statements/ pass books etc. of five<sup>13</sup> selected ULBs that the expenditure of ₹ 87.77 lakh was incurred (**Appendix-2.3**) on the items which were not covered under above stated provisions. However, in other 28 ULBs no such diversion of funds was noticed.

On this being pointed out, the reasons were attributed (August-November 2012) by the Commissioner and the CMOs for utilisation of funds under non specified items of MSW to immediate requirement of drainage items, electricity items and scarcity of water.

The reply is not accordance with the provisions of MSWM.

During the exit conference (April 2013), the Government replied that instructions would be issued to recoup the diverted funds.

#### **2.1.6.6 Submission of fictitious Utilisation Certificate (UC)**

(a) Para 2 of Schedule II of Rules envisages that in order to encourage the citizens, municipal authority shall organise awareness programmes for segregation of waste and shall promote recycling and reuse of segregated materials.

We observed during test check of records of Indore Municipal Corporation (IMC) that out of funds of ₹ 24 crore provided to IMC for MSWM under JNNURM during 2007-12, an expenditure of ₹ 50 lakh was estimated as per approval of Council for the above purpose and UC of ₹ 50 lakh was sent to the UADD without incurring any expenditure on awareness programmes.

This issue was brought into the notice of the Commissioner UADD (30<sup>th</sup> October 2012). The Commissioner UADD replied (31<sup>st</sup> October 2012) that a letter for confirmation of facts was issued to IMC (November 2012). In the month of June 2013 the Commissioner, IMC replied that it was committed

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<sup>13</sup> Chhindwara (2 works) ₹ 4.59 lakh , Gwalior(06works) ₹ 40.51 lakh, Naurajabad (01work) ₹ 2.98 lakh, Parasia (14 works) ₹ 11.71 lakh and Sehore (08 works) ₹ 27.98 lakh .

due to human error.

(b) We also observed during test check of the records of IMC that on the basis of population of Indore the number of tricycles was estimated and an order for supply of 2243 Containerised Tricycles costing ₹ 2.56 crore was given by Commissioner, IMC to M/s Tirupati cycle Rickshaws, Nagpur in February, 2009. The above firm supplied 900 tricycles for which a payment of ₹ 1.03 crore was made to it. Thereafter the supply was suspended due to receipt of complaint regarding quality of supplied tricycles, but the Commissioner, IMC issued the UCs for an amount of ₹ 1.90 crore to UADD. Thus, UCs for excess amount of ₹ 87.86 lakh, was issued to the UADD.

During the exit conference (April 2013), the government replied that information from IMC would be called for and appropriate action would be taken accordingly.

### 2.1.7 Execution of Municipal Solid Waste Management

Management of solid waste is associated with the control of generation, storage, collection, transfer and transport, processing, and disposal of solid waste in a manner that is in accordance with the best principles of public health, economics, engineering, conservation, aesthetics, and other environmental considerations.

#### 2.1.7.1 Inadequate implementation of Rules

Rules 8 (1) stipulates that the State Pollution Control Board (SPCB) shall prepare and submit an annual report to the Central Pollution Control Board with regard to implementation of MSWM in the State by the 15 of September every year. The Annual Reports indicates total quantity of waste generated, collected, processed per day, area of landfill site, development status of landfill site and total quantity of waste disposed finally.

On the basis of test check of records and information made available by SPCB, the position of implementation of Rules in the State was shown in **Table 3:**

**Table 3: Implementation status of Municipal Solid Waste Management**

Sl No	Parameters	No of Total ULBs	No. of municipal authorities					
			Complied the criteria		Partially complied		Not complied the criteria	
			4	5	6	7	8	9
			No.	Per cent	No.	Per cent	No.	Per cent
1	Collection of MSW	360	04	1.11	285	79	71	20
2	Segregation of MSW	“	04	1.11	23	6.39	333	92
3	Storage on MSW	“	02	0.56	237	66	121	34
4	Transportation of MSW	“	06	1.67	300	83	54	15
5	Processing of MSW	“	01	0.28	03	0.83	356	99
6	Disposal of MSW	“	01	0.28	142	39	216	60

Source data: MP Pollution Control Board

The above table shows that about 0.28 to 1.67 per cent of the ULBs comply the different parameters, 0.83 to 83 per cent ULBs partially complied and 15 to 99 per cent of the ULBs did not adhere to above mentioned parameters of the Rules.

During the exit conference (April 2013), the government accepted the facts and replied that due to non allotment of land, most of the ULBs could not implement the Rules.

The reply is not justifiable as it is contravention to government instruction issued on May 1996 regarding providing of land to ULBs.

### **2.1.7.2 Non-issue and non-renewal of authorisation to ULBs**

Para 6.2 & para 6.4 of the Rules stipulates that authorisation for setting up of waste processing and disposal facility including landfills was required by ULBs from SPCB which was valid for a given period and after the expiry of the validity, a fresh authorisation was required.

(i) As per data made available by SPCB (November 2012), it was observed that SPCB issued provisional authorisation certificates to 298 ULBs (out of 360) in 2004 for a period of one year. The remaining 62 ULBs did not obtain the authorisation. It was also seen that none of the ULBs got renewal of authorisation certificates except Gwalior Municipal Corporation (GMC), and IMC which resulted in the wastes being collected, transported and dumped here and there at empty place of these ULBs and no processing and disposal were taking place.

The Member Secretary, SPCB replied (November 2012) that due to incomplete applications, non identification of land and not applying for authorisation, it could not be renewed.

(ii) Test check of records of selected 33 ULBs revealed that only 20 ULBs obtained provisional authorisation but did not get it renewed except GMC and IMC. Out of remaining 13 ULBs nine<sup>14</sup> ULBs did not apply for authorisation, in three<sup>15</sup> ULBs status for applying for authorisation were not clear and one<sup>16</sup> ULB applied for authorisation but could not get authorisation.

On this being pointed out (June 2012, October 2012 and November 2012), the Commissioner/CMOs replied (July 2012, November 2012 and December 2012) that due to non availability of land authorisation could not be renewed.

The reply is not in consonance with facts as out of 20 ULBs five ULBs had land for landfill sites.

During the exit conference (April 2013), the government accepted the observation and replied that efforts would be made to expedite allotment of land.

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<sup>14</sup> Beohari, Bhind , Bhopla, Itersi, Kolar, Naurojaad, Sehore, Sujalpur and Vidisa

<sup>15</sup> Neapanagar, Parasia and Raghoharh

<sup>16</sup> Khajuraho

### 2.1.7.3 Non conducting of Public Awareness Programmes

Para 2 of Schedule-II of Rules envisages that in order to encourage the citizens, ULBs shall organise awareness programmes for segregation of waste and shall promote recycling and reuse of segregated materials. The ULBs shall also ensure community participation in waste segregation. For this purpose, regular meetings at quarterly intervals shall be arranged by the ULBs with the representatives of local Resident Welfare Associations and NGOs.

Test check of records of 33 selected ULBs revealed that 24 ULBs (**Appendix-2.4**) did not conduct any public awareness programme during 2006-12. Nine<sup>17</sup> ULBs conducted public awareness programmes by publishing pamphlets, appeal in news papers during August 2009 to January 2012. Two ULBs (Municipal Council Khajuraho and Vidisa) conducted seminars/workshops in 2011 but no ULBs conducted periodical meetings during 2006-2012 which shows that the awareness programmes were not conducted as envisaged in the rules.

During the exit conference (April 2013), the government replied that public awareness programme could not be conducted due to non availability of earmarked funds under TFC. However, instructions would be issued for conducting awareness programme.

**Good practices:** *IMC made an agreement with A2Z Company (2011) for MSWM on PPP basis and conducted the awareness programmes for segregation of MSW regularly.*

**Recommendation:** ULBs should arrange awareness programme with the Resident Welfare Associations, Non-Government Organisations and school going children regularly.

### 2.1.7.4 Improper collection of MSW at source

As per the provisions laid down in schedule II-1(i) of Rules, house to house collection of generated MSW should be done at regular pre-informed timings.

Test check of records of 33 selected ULBs revealed that in 14<sup>18</sup> ULBs house to house collection of MSW was not being done. In five<sup>19</sup> ULBs, house to house collection was being done which ranged from 9 to 33 *per cent*, in six<sup>20</sup> ULBs it ranged from 47 to 67 *per cent* and remaining six<sup>21</sup> ULBs it ranged from 78 to 94 *per cent* despite a lapse of ten years since adopting the Rules. It resulted in

<sup>17</sup> Bhopal, Chattarpur, Gwalior, Indore, Khajuraho, Nasrullaganj, Shahdol, Sohagpur and Vidisa

<sup>18</sup> Beohari, Bhind, Budhar, Chattarpur, Indore, Kolar, Maksi, Naurojabad, Nepanagar, Parasia, Raghogarh, Sehore, Seonimalwa and Umaria

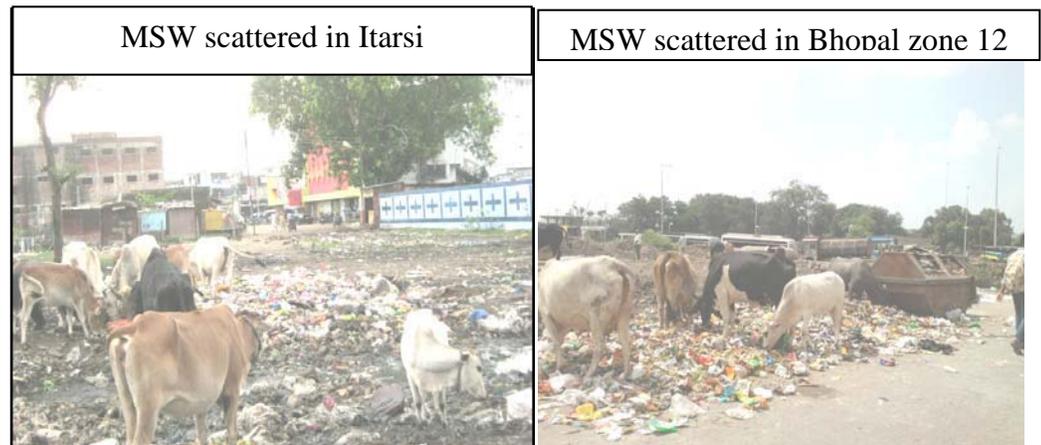
<sup>19</sup> Budhni (13 *per cent*), Itarsi (9 *per cent*), Laundi (27 *per cent*), Nagod (33 *per cent*) and Sujalpur (23 *per cent*)

<sup>20</sup> Alirajpur (67 *per cent*), Bhopal (39 *per cent*), Chitrakut (60 *per cent*), Gwalior (35 *per cent*), Khajuraho (47 *per cent*) and Mahowgaon (67 *per cent*)

<sup>21</sup> Chhindwara (82 *per cent*), Chadameta (80 *per cent*), Mandideep (78 *per cent*), Satna (78 *per cent*), Shahdol (94 *per cent*), Sohagpur (87 *per cent*),

garbage littering in open space, road-side and near open dustbins at primary collection centers as shown in photographs:

**Photograph shows: Garbage littering in open space or rode-side**



However, two ULBs (Municipal Council Nasurallagunj and Vidisa) were conducting *cent per cent* house to house collection of MSW.

Further, reasons were called for (March 2013) about littering garbage near the dust bins. The Commissioners/ CMOs replied (March 2013) that the dust bins were estimated on basis of population of that time but due to increase of population the bins became smaller and garbage littering was done near dustbins. It would be replaced after the approval of proposal from Council.

During the exit conference (April 2013), the government replied that sincere efforts were being made to bring door to door collection on cluster basis up to ideal level.

*Good practices: MC Nasurallagunj and Vidisa were conducting cent per cent house to house collection of MSW.*

*Recommendation: Door-to-door collection of wastes should be achieved in a time bound manner by mobilising the self help groups and MSW should be transported strictly in covered vehicles.*

### **2.1.7.5 Non recovery of user charges of ₹ 1.28 crore**

Para 1(i) of schedule II of Rules envisages that house to house collection of MSW was to be done through any of the methods, like community bins (central bin), house to house collection, collection on regular pre-informed timings and scheduling by using bell ringing of musical vehicle and Para 4.1(iv) of the TFC recommendations makes it obligatory to levy user charges for collection of MSW.

We observed during test check of records of 33 ULBs that none of the ULBs levied user charges, except BMC (₹ 30/- per month for residential and ₹ 60/- for shops/non-governmental offices), MC Shahdol (₹ 300/- per month for residential and ₹ 1500/- for shops/non-governmental offices). However, IMC (rates ranging between ₹ 1000/- to 30000/- per month as per generated

quantity of MSW for commercial organisations, for residential households the user charges is not being levied presently) was recovering the user charges on commercial organisations Since April 2007. MC, Shahdol was collecting user charges on contract basis through NGO. It was further observed that BMC and IMC did not recover the user charges as per norms which resulted in outstanding user charges amounting to ₹ 1.28 crore as shown in **Table-4 below**:

**Table 4: Details of outstanding User charges**

(₹ In Crore)				
Name of unit	Period for which user charges were to be recovered	Demand of User charges	Amount collected (percentage of demand)	Amount due for collection (percentage in respect of demand)
1	2	3	4	5
BMC	2011-12	1.35	0.60(44)	0.75 (56)
IMC	2007-12	2.31	1.79(77)	0.53 (23)
	<b>Total</b>	<b>3.66</b>	<b>2.39 (65)</b>	<b>1.28 (35)</b>

Source: Test checked ULBs

On this being pointed out (July 2012, September 2012), the CMOs replied (July 2012, September 2012 and March 2013) that no user charges were levied and collected due to non-obtaining the consonance with council. However, Commissioner IMC replied (September 2012) that they are facing difficulty in recovery due to shortage of staff. Prior to 2007, no user charges were being levied for door to door collection of waste. User charges were only imposed in 2007.

Further, reasons were called for (March 2013) from the CMOs for non levy of user charges.

CMOs replied (March 2013) that recovery was still in abeyance due to non awareness of the public.

During the exit conference (April 2013), the government replied that instructions would be issued to BMC and IMC to recover the outstanding user charges.

#### **2.1.7.6 Unhygienic primary storage Centre (Dustbins) for MSW**

Para 3 of schedule II of MSW Rules stipulates that Municipal authorities shall establish and maintain storage facilities in such a manner that they do not create unhygienic and insanitary conditions around it. Storage facilities shall be so designed that waste stored is not exposed to the open atmosphere and shall be aesthetically acceptable and user-friendly.

We observed during test check of records of selected ULBs that out of 5,492 primary collection centers/ dustbins, 1,924 (35 per cent) dustbins were reported open by the ULBs. The status of open dustbins is shown below in **Table-5:**

**Table 5: Details showing the status of Dustbins**

Sl. No.	Name of ULBs	Total no. of Collection Centre/ Dustbins	No. of Open Dustbins ( <i>per cent</i> compare to total no.of dustbins)
1	2	3	4
1	4 Municipal Corporations	4302	1279 (30)
2	29 Municipal Councils	1190	645 (54)
	<b>Total</b>	<b>5492</b>	<b>1924(35)</b>

**Source:** Test checked ULBs

Use of open dustbins is contrary to the Rules and resulted in waste being scattered around the dustbins creating an unhygienic and insanitary condition as shown in the photographs below:

**Photograph: Garbage littering around the dustbins**



During the exit conference (April 2013), the government accepted the audit observation and replied that instructions would be issued to replace open dustbins by closed dustbins.

**2.1.7.7 Non-segregation of Municipal Solid Waste**

Para 3(iii) of schedule II provides that MSW should be segregated into separate bins i.e. the bins of bio-degradable waste shall be painted green and recyclable waste and other wastes shall be painted white and black respectively.

We observed during test check of records of all the selected ULBs and during physical inspections that no segregation was being done in separate bins in any of the selected ULBs.

On this being pointed out (March 13), the Commissioner/CMOs accepted the observation and stated (March 2013) that due to non awareness among the people about segregation of MSW in specific bins, it could not be done presently.

During the exit conference (April 2013), the government accepted the observation and replied that three ULBs namely Sailana, Badnawar and

Goutampura started to collect segregated waste and remaining ULBs were making sincere efforts in this regard. However, no documents were provided in support of reply.

**2.1.7.8 Improper transportation of Municipal Solid Waste**

According to para 4 of Schedule-II of the Rules, vehicle used for transportation of waste shall be covered. Waste should neither be visible to the public, nor exposed to the open environment to prevent its scattering. Transportation vehicles shall be so designed that multiple handling of wastes prior to final disposal is avoided.

(i) We observed during test check of records of 33 ULBs and physical inspection of vehicles that in 18<sup>22</sup> ULBs *cent percent* MSW was being transported by using uncovered vehicles and in 15 ULBs, out of 666 vehicles, 211 vehicles (32 *per cent*) were found open. Hence the ULBs failed to prevent littering of MSW on roads from the vehicles and spreading of foul odour in the scattered areas as shown in the photographs below:

**Photograph: Use of open vehicles transporting MSW**



(ii) It was also observed during test check of records and data made available by selected ULBs that against the total estimated quantity of MSW generated 2458.13 MT per day, only 1986.89 MT (81*per cent*) of MSW was being transported. Thus 471.24 MT (19 *per cent*) per day MSW remained un-transported which contributed to environmental pollution besides being a health hazard to human life.

On this being pointed out (June-November 2012) and on ascertaining reasons for using open vehicles, most of the Commissioner/ CMOs replied (June-November 2012) that the approval of the Council has been sought-for (March 2013) and also sanction for employment of staff and equipments is awaited from government. Hence the generated MSW could not be transported completely and open vehicles would be replaced after obtaining the approval of Council.

During the exit conference (April 2013), department also endorsed the audit observation and replied that instructions for remedial steps would be given.

<sup>22</sup> Beohari, Budhar, Budhni, Chandameta, Chhindwara, Chitrakoot, Itrsi, Kolar, Loundi, Maksi, Nagod, Naurojabad, Nepanagar, Parasia, Satna, Seonimalwa, Sohagpur and Sujalpur

**2.1.7.9 (a) Inordinate delay in allotment of landfill site**

According to paras 11-17 of schedule-III of Rules, the existing landfill site shall be fenced or hedged and well protected. Approach and other internal roads for free movement of vehicle and other machinery, weighbridge to measure the quantity of MSW, shelter, lighting and drinking water arrangements shall be made.

The lands were to be identified by concern ULBs and after the approval of council the proposal of required land was to be submitted to DM for allotment of land.

We observed during test check of records of 33 selected ULBs. The 15<sup>23</sup> ULBs were allotted and given possession of required land for landfill site and one<sup>24</sup> ULB had its own land but none of the ULBs except GMC and IMC could develop the allotted land as landfill site as envisaged in the Rules. The other 15<sup>25</sup> ULBs could not get possession of land and in two<sup>26</sup> ULBs the matter was sub-judice for possession of land due to encroachment till November 2012.

Thus, the Rules could not be implemented properly despite lapse of 10 years. The status of development of landfill site as envisaged in the above rules is shown below.

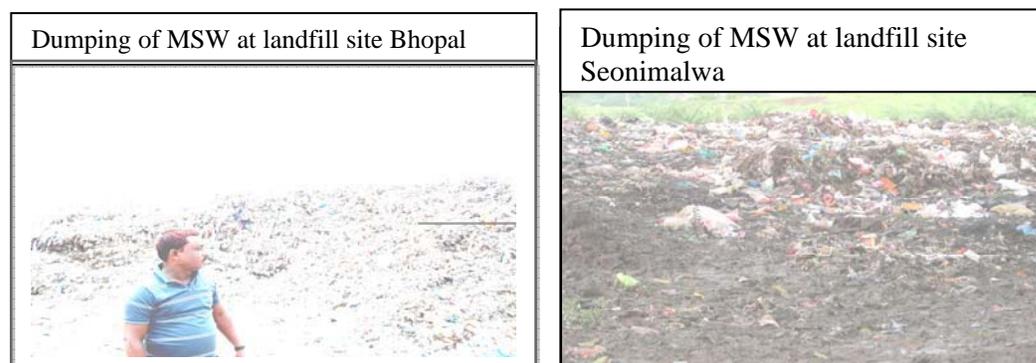
**Table 6: Details showing Status of Non-Development of Existing landfill sites**

Status of Development	Status of Non-Development of Existing Landfill site					
	Fencing	Road	Light	Water	Weighing facilities	Shelter
1	2	3	4	5	6	7
Developed	4	8	2	3	2	4
Not Developed	11	7	13	12	13	11

Source: Test checked ULBs

It was also observed that un-segregated and untreated MSW were dumped at the temporary landfill site, here and there. Photographs below show MSW dumped at landfill sites:-

**Photograph showing status of garbage littering in open space at landfill sit**



<sup>23</sup> Alirajpur, Beohari, Bhind, Bhopal, Budhni, Chattarpur, Chhindwara, Chitrakut,

Gwalior, Indore, Khajuraho, Mahuhaon, Nagod, Seoni malwa and Sujalpur, Sehore

<sup>25</sup> Budhar, Chandameta, Itarsi, Kolar, Laundi, Maksi, Mandideep, Nasrullagunj, Napanagar, Parasia, Raghogarh, Satna, Shahdol, Sohagpur and Umariya

<sup>26</sup> Naurojabad and Vidisa

The reasons for dumping of MSW at the temporary landfill site were reported (June-November 2012) by Commissioner/CMOs, non availability of land for landfill sites.

During the exit conference (April 2013), government replied that efforts to expedite allotment of land would be made.

The reply of the government is not in accordance with the observation as 15 ULBs had been allotted land for landfill site but it could not be developed as landfill site (March 2013).

**(b) Non-development of landfill site by BMC**

During test check of records of BMC regarding allotment of land for landfill site revealed that BMC was allotted (prior to 2004) 140 acres land for landfill site at Jhirania Gram but the site was not used as landfill site as the land had small bush and forest so it could not be used for disposal of MSW. BMC was allotted a new site at Adampur Chawni (February 2007) but it could not be developed as a landfill site (July 2012).

On this being pointed out (June-November 2012), the Commissioner replied (June-November 2012) that the old allotted land for landfill site could not be developed as it was far from the city and fell in the forest area. Whereas, the allotted land of Adampur Chawni, could not be developed as landfill site due to encroachment (March 2013).

During the exit conference (April 2013), government replied that the Commissioner BMC would be instructed to get the landfill site developed soon.

**2.1.8 Processing of MSW**

Municipal solid waste is a valuable resource which can be recovered profitably by using different technologies through processing options.

**2.1.8.1 Non-adopting of processing technology**

Para 5 of Schedule-II of MSW Rules stipulates that the Municipal authorities shall adopt suitable technology or combination of such technologies to make use of wastes so as to minimise burden on landfill.

Scrutiny of records of selected ULBs revealed that out of 33 test checked ULBs, in 31 ULBs no processing of MSW was being done which resulted in dumping of MSW at landfill site that may cause air and water contamination. Non allotment of permanent land was the reason for non adoption of processing facilities as reported by the CMOs (July 2012 to November 2012).

The reply of 16 CMOs is incorrect as they have land in possession.

During the exit conference (April 2013), the government accepted the observation and replied that instructions would be issued.

**Good practices:** Two ULBs, adopted processing facilities as per requirements shown in **Table 7**.

**Table 7: Details showing processing technology adopted by ULBs**

Name of ULBs	Technology adopted	Since when process was being done	Name of material made	Use of product
Gwalior	Composting and recycling	Since 2008	Manure, Refuse-derived fuel (RDF ©)	As fertilizer
Indore	Composting and recycling of MSW	January 2012	Manure, RDF and Carbon Credit*	As fertilizer and fuel

© RDF is a type of fuel which is used in industrial kilns.

\* Carbon Credit (50 per cent of total Carbon Credit)- Carbon Credits an Incentive for better waste management.

### 2.1.8.2 Non-recovery of amount of ₹11.83 lakh from the Company

IMC (employer) on Build, Own, Operate and Transfer (BOOT) basis established an Integrated MSW Processing Plant and entered into an agreement (September 2010) with A2Z Company (an Operator) for establishing a Processing Plant of capacity of 500 MT per day to process generated MSW. As per the condition laid down in the said agreement, the company had to pay the employer an amount of ₹ 21/- per ton of MSW received at the site at the end of every month as per terms of contract.

Test check of records of processing units revealed that the company started regular processing of MSW from January 2012 and had processed 56312 MT MSW for processing during January to July 2012 but no amount was paid by the company which resulted in dues of ₹ 11.83 lakh from the company.

**Photograph: Huge MSW dumped at landfill site Indore**



Dumping of MSW at landfill site Indore

During the exit conference (April 2013), government replied that matter would be examined and appropriate action would be taken.

### 2.1.8.3 Non-recovery of lease rent amounting to ₹ 60,705/-

As per clause (ii) of agreement between IMC and A2Z company (September 2010), the employer shall provide 15 acres (60,705 sq. meter) of land (September 2010) for establishment of workshop for the processing plant to the company for 20 years on lease rent at the rate of ₹ 1/- per sq. meter per annum in advance.

During test check of records of IMC we observed that the company had not deposited the lease rent of ₹ 60,705/- which was due for the year 2011-12.

During the exit conference (April 2013), government replied that matter would be examined and appropriate action would be taken.

### 2.1.9 Non-declaration of a buffer zone around the landfill site

Para 9 of Schedule III of Rules envisages that a buffer zone shall be maintained around the landfill site and it shall be incorporated in the Town Planning Department's land-use plans.

Test check of records in 16 ULB, out of 33 ULBs revealed that these ULBs possessed the land for landfill site but no action was initiated by them to incorporate the buffer zone in the land use plan of Town Planning Authority. Remaining 17 ULBs could not process in this matter due to non allotment of land.

On this being pointed out (June 2012 to December 2012), most of the Commissioner/CMOs of ULBs replied that declaration of buffer zone was not made.

However, the Commissioner, GMC stated (November 2013) that a letter had been sent (December 2012) to Town and Country Planning(T&P) department for declaration of buffer zone and the further action was to be taken by the T&P department which was awaited. The Commissioner IMC did not furnish the reply (September 2012)

During the exit conference, government stated that appropriate action would be taken.

#### ***Good Practice***

##### **Disposal of plastic solid waste**

Plastic is an organic material derived from cellulose that can be molded by heating its shape when cooled. It is not biodegradable; hence, it remains in the environment cycle for a long time. It creates many ill effects as littered plastic clogs and disturbs the drainage system in towns; cattle and other animals sometimes ingest plastic wastes mixed with eatables, resulting in fatalities. The un-disposed plastic also deteriorates the soil fertility. The SPCB identified rotary cement kilns for co-incineration of non-recyclable plastic waste as co-fuel as a means of final disposal and no ill effect of this method of final disposal have been reported.

Test check of records of BMC revealed (June 2012) that Government of MP initiated a plan for proper disposal of plastic waste through SPCB and BMC. The BMC started a separate pilot project for plastic solid waste in five wards with the help of Sarthak (NGO) and SPCB from 2010-11. BMC provided 25000sq.ft land to the NGO in June 2011 for establishing a belling unit\*. Out of total generated plastic solid waste about seven to eight MT, plastic solid wastes were collected with the help of 125 rag pickers at five collection centres during September to December 2011 and after compressing it was transported to Cement Industries for use as co-fuel.

\*A machine which is used to compress the plastic solid waste into packed bundle.

### 2.1.10 Environmental Pollution Control Management

The impact of dumping MSW on land without any containment causes problems like groundwater contamination through leachate, surface water contamination through runoff, air contamination due to gases, litter, dust, bad odour and other problems due to rodents, pests, fire, bird menace, slope failure, erosion etc.

#### 2.1.10.1 (a) Non-disposal of liquid generated from Slaughterhouses

Para 5.5.1 of Chapter 5 of the Solid Waste Manual states that as the waste water from slaughter houses is heavily polluted, it should therefore not be allowed to mix with the municipal drain system without pre-treatment.

Scrutiny of records of selected ULBs revealed that there were slaughterhouses in five<sup>27</sup> ULBs but no arrangement was made for pre-treatment of the liquid waste water generated from these slaughterhouses. The generated liquid waste was being mixed with the municipal drain which was contrary to provisions *ibid*. Twenty Six ULBs had no separate arrangement for disposal of waste generated from meat/fish markets. Whereas, the status of two ULBs (Kolar and Mandideep) was not clear.

On this being pointed out (September 2012 to October 2012) in audit, the concerned CMCs/ CMOs replied (September 2012 to October 2012) that the procedure for disposal of liquid waste would be adopted as per the guidelines. Further, SPCB was also asked (November 2012) regarding action taken against the MC that were not following the provisions about liquid waste disposal in their jurisdiction. The Member SPCB replied (April 2013) that the letters were sent to Regional Officers for taking action against the MC under provisions of section 41 and 44 of Water Act 1974. Letter by SPCB was sent to Deputy Director, Regional Pollution Control Board on January 2013.

During the exit conference (April 2013), government stated that proposal for modernisation of slaughter houses is under consideration which includes the treatment of liquid generated at the slaughter houses.

#### (b) Non- adopting the methods for use of biodegradable waste

Para 1 (iii) of Schedule III of the Rules envisages that all the wastes generated by slaughterhouses, meat and fish markets and fruits and vegetables markets which are biodegradable in nature, contains paper, cardboard, food wastes, textiles, and woods shall be managed to making use of such wastes.

Test check of records of all selected ULBs revealed that none of the ULBs had any facilities i.e. composting, vermicomposting, hydropulping<sup>28</sup> etc. for making use of biodegradable wastes.

<sup>27</sup> Bhopal MC, Gwalior MC, Indore MC, MC Bhind and Budhar

<sup>28</sup> A method used to recover paper fiber from waste paper of MSW.

During the exit conference (April 2013), the government accepted the audit observation and replied that instructions would be issued.

### 2.1.10.2 Non-fulfillment of the provisions for air and water pollution control at landfill sites

- According to the specifications laid down under para 19-20 of Schedule III of the Rules for landfill, waste shall be covered immediately or at the end of each working day with minimum 10 cm of soil and an intermediate cover of 40-65 cm thickness of soil shall be placed on the landfill prior to monsoon with proper compaction and grading to prevent infiltration.
- According to specifications laid down in para 22 of Schedule III of the Rules, diversion of storm water drains to minimise leachate<sup>29</sup> generation, prevention of pollution of surface water and also for avoiding creation of marshy conditions, construction of non permeable lining system and a leachate collection system<sup>30</sup> shall be made.
- Para 23 under MSW Schedule-III envisages that before establishing any landfill site, the baseline data of ground water quality in the area shall be collected and kept on record for future reference. The ground water quality within 50 meters of the periphery of landfill site should be periodically monitored to ensure that the ground water is not contaminated beyond an acceptable limit. It shall be carried out to cover different seasons in a year i.e. summer, monsoon and post-monsoon period. It is also intimated by SPCB (April 2013) Municipal body who fails to comply the provisions of the Environment (Protection) Act 1986 or the directions issued thereunder, the action would be taken under section 5 and 15 of the said Act.

Test check of records of the selected ULBs revealed that none of the ULBs covered the MSW with soil and developed the leachate collection system and no periodical monitoring of ground water was being done at the landfill site for ensuring control on air pollution as well as ground water contamination. MSW was dumped here and there in the municipal area which posed a hazard to human life. Photographs showing the hazardous conditions at the landfill sites are given below:

**Photograph: Hazardous condition at landfill site**



<sup>29</sup> **Leachate** is the liquid that drains or 'leaches' from a landfill; it varies widely in composition regarding the age of the landfill and the type of waste that it contains. It usually contains both dissolved and suspended material.

<sup>30</sup> A leachate collection system is provided comprising a series of pipes laid on the lining in the base of the site, to convey the leachate to a storage or treatment location.

On this being pointed out the Commissioner/ CMOs accepted the fact. Further, the action taken by the SPCB against the ULBs who could not comply the provisions of the Act, the Member SPCB replied (April 2013) that the regional offices were responsible for taking action against the MC. However, details of action taken against such MC were not made available.

During the exit conference (April 2013), the government accepted the observation and replied that instructions would be issued.

### 2.1.11 Manpower Management

State Nagar Palika Services (Health) Rules, 2011 is in existence and proposal for amendment in the said Rules is sent to government. According to these rules, the creation of additional posts shall be made on population basis.

Test check of records of 28 ULBs out of 33 selected ULBs, it is revealed that no separate staff was deployed for the purpose. It was also seen that in 10 ULBs (**Appendix-2.5**), 83 (out of 159) additional post of Cleaning Darogas and Sanitary Inspectors were found vacant, whereas the vacancies of cleaning staff were ranging between 13 to 54 *per cent*. Due to non engagement of separate staff for this purpose, the MSWM could not be implemented as envisaged in the Rules.

On this being pointed out (August 2012 to March 2013), the Commissioners /CMOs replied (August 2012 to March 2013) that no separate staff was provided for MSWM. However, the proposals for requirement of staff for MSWM were sent to the Government by nine<sup>31</sup> ULBs (January 2011 &2012). Three ULBs (Chandameta, Chhindwara and Shahdol) replied that proposal for staff would be sent and remaining ULBs had not commented on requirement of staff for MSWM.

During the exit conference (April 2013), the Government agreed with the audit observation and stated that policy has been made under state sanitation services for man power management.

**Recommendation:** Deployment of adequate staff for better implementation of Municipal Solid Waste Management should be ensured.

### 2.1.12 Monitoring and evolution mechanism

#### 2.1.12.1 Lack of monitoring

Para 5 (1) of the Rules envisages that the Secretary in charge of the Department of Urban Development of the State shall have the overall responsibility for enforcement of Rules in metropolitan cities and para 5(2) envisages that the District Magistrates within the territorial limits of their jurisdiction shall have the overall responsibility for the enforcement of the Rules. It is also envisages in para 25.2 of chapter 25 of Municipal Solid Waste

<sup>31</sup> Alirajpur, Bhopal, Chitrikut, Indore, Khajuraho, Laundi, Nadog, Sehore and Umaria

Manual that the State Governments should frame appropriate policies to guide the local bodies and take a lead role in activating the local bodies to perform their obligatory duties effectively.

Test check of records of UADD revealed that state government had not made any policy or guidelines to support the ULBs and also no monitoring committee was framed to take lead role for implementation of MSWM. No monitoring records such as consolidate monitoring reports, ULB wise implementation status were maintained in support of monitoring.

On this being pointed out the Commissioner UADD accepted the fact and replied that the instructions were issued to Deputy Director, UADD for monitoring. However, DD Gwalior and Indore could not make available the information regarding implementation of Rules in their jurisdictions.

It was also asked from the concerned DM through issuing letters for sending the information regarding monitoring of MSWM but no information was received (March 2013).

Further, scrutiny of records of selected ULBs revealed that neither of ULBs constituted the monitoring committee nor submitted any monitoring reports to DM or State Government.

During the exit conference (April 2013), the government accepted the observation and replied that instructions would be issued for regular monitoring.

***Recommendation: Monitoring and Evaluation system should be strengthened for better implementation of MSWM.***

#### **2.1.12.2 Non-submission of Annual Reports**

Rule 4 (4) stipulates that every municipal authority shall furnish an annual report in form-II containing the information regarding quantity of waste generated, collected, processed, facilities as weigh bridge, fenced and lighting etc. exist at landfill site for implementation of MSWM to the Secretary in charge of UADD of the State. It was also instructed by the State Government (May 2004) that the annual reports would be sent to the District Collectors regarding implementation of the Rules.

Test check of records of selected ULBs revealed that 26 ULBs<sup>32</sup> did not submit the annual reports. However, five ULBs<sup>33</sup> submitted annual reports yearly and two ULBs<sup>34</sup> submitted annual reports from 2008-09 to District Collector/Deputy Director UADD. During test check of records of UADD it

<sup>32</sup> Alirajpur, Beohari, Bhind, Bhopal, Budhar, Budhni, Chattarpur, Chitrakut, Itarsi, Khajuraho, Kolar, Laundi, Maksi, Mandideep, Mahowgaon, Nagod, Nasurallajung, Naurojabad, Neapanagar, Ragogarh, Satna, Sehor, Seonimalwa, Sohagpur, Sujalpur and Vidisa

<sup>33</sup> Chandameta, Chhindwara, Indore, Parasia and Umaria

<sup>34</sup> Chitrakoot and Shahdol

was further observed that consolidated annual report of ULBs were not available but on pointing out by audit it was called for (December 2012) at the Directorate level.

On this being pointed out (August-November 2012), the CMOs replied (August-November 2012) that the reports were not submitted and Commissioner UADD replied (October 2012) that the information would be compiled.

The information regarding Annual Reports was called for (August 2012 December 2012) from the DM of six<sup>35</sup> districts but no information was received from DM so far (March 2013).

During the exit conference (April 2013), the government accepted the audit observation and replied that instructions would be issued to ULBs for sending annual reports.

### **2.1.12.3 Non-imposing of penalty on violation of Rules**

Under the provisions of article 418 a (1) of Municipal Corporation Act 1956, the State Government issued instructions (April, 2008) to impose penalty and same would be recovered from persons who were splitting, spreading filth solid waste and of sewer water in public places ranging between ₹ 100 to ₹ 1000 in each cases.

Test check of records of selected ULBs (4 Municipal Corporations) revealed that two ULBs<sup>36</sup>, imposed penalty under their jurisdiction as per the provisions of the Act during review period (2007-2012). Further, MC Satna made provisions for imposing penalty but no such offences were caught. The Commissioner of MCs accepted and replied (August to November 2012) that the penalty could not be levied and recovered in the absence of consonance of assembly members.

During the exit conference (April 2013), the government replied that ULBs are solely responsible for imposing penalty on violation of Rules. However, necessary instructions would be issued.

### **2.1.13 Vigilance Mechanism**

According to para 23.3.1.4 II (b) of Municipal Solid Waste Manual the data regarding number of cases filed in the courts each month for violation of sanitation laws to be collected to improve the implementation status of rules.

During the scrutiny of records of selected ULBs no complaints/court cases regarding violation of MSW rules were reported but one court case each, in MC Nasrullahganj and Vidisha was filed in respect of encroachment on allotted land for landfill site.

<sup>35</sup> Chhindwara, Gwalior, Hoshangabad, Indore, Shajapur and Vidisha

<sup>36</sup> Indore (₹31.51 lakh) and Shahdol (1.78 lakh)

During the exit conference (April 2013), the government replied that directions for ensuring the vigilance mechanism, would be issued.

### 2.1.14 Service Level Benchmarking

Para 10.160 of Thirteenth Finance Commission recommendations envisages that all the Municipal Corporations and Municipalities will notify by the end of a fiscal year (31 March) the service standards for four service sectors i.e. water supply, sewerage, storm water drainage and solid waste management proposed to be achieved by them by the end of the succeeding fiscal year. This could be in the form of a declaration of a minimum level of service for the indicators mentioned against each of these four services published by the Ministry of Urban Development. A notification will be published in the Gazette of the State before 31 March every year and the fact of publication will demonstrate compliance with this condition. Ministry of Urban Development Department set the Service Level Benchmarks (SLBs) in respect of MSW as shown in **Table 8** below.

**Table 8: Details of SLBs for ULBs**

Sl. No	Proposed Indicator	Benchmark
1	2	3
1	Household level coverage of solid waste management services	100%
2	Efficiency of collection of municipal solid waste	100%
3	Extent of segregation of municipal solid waste	100%
4	Extent of municipal solid waste recovered	80%
5	Extent of scientific disposal of municipal solid waste	100%
6	Efficiency in redressal of customer complaints	80%
7	Extent of cost recovery in SWM services	100%
8	Efficiency in collection of SWM charges	90%

Test check of records of 33 ULBs revealed that 13<sup>37</sup> ULBs had not prepared any action plan for SLBs and status of preparation of SLBs of eight<sup>38</sup> ULBs was not clear. However, 12<sup>39</sup> ULBs prepared SLBs and sent to UADD. It was also observed in test check of records regarding SLBs in UADD (October 2012) revealed that out of 360 ULBs only 113 ULBs could make the SLBs and get it published in the Gazette as required during 2010-12.

During the exit conference (April 2013), the government replied that SLBs were prepared by ULBs.

The reply is not in accordance with the audit observation.

<sup>37</sup> Alirajpur, Beohari, Budhar, Candameta, Citrakoot, Itarsi, Khajraho, Londi, Nagod, Nasurallagung, Naurojabad,, Radogarh and Sohagpur

<sup>38</sup> Budhani, Chattarpur, Kolar, Mahowgaohn, Maksi, Nepanagar, Parasia and Sujalpur

<sup>39</sup> Bhind, Bhopal, Chhindwara, Gwalior, Indore, Mandideep, Satna, Shahdol, Sehore, Seonimalwa, Umariya and Vidisa

### 2.1.15 Other Significant points

#### 2.1.15.1 Irregular Procurement of material

Rules 160 & 162 of *Nagar Palika Lekha Niyam* 1961 provide that the CMO has to prepare an estimate for requirement of materials and get it approved by financial committee. CMO could purchase the material up to sanctioned limit.

Test check of records of MC Seoni Malwa and Shahdol revealed that the materials were purchased without assessing the actual requirement as detailed below in **Table 9**:-

**Table 9: Details of materials procured**

(₹ in lakh)

Sl. No.	Name of ULBs	Name of material	Quantity				
			Purchased Unit/ Rate	Amt. paid	Utilised	Unutilised	Amt.
1	2	3	4	6	7	8	9
01	Municipalitis Seonimalwa	Cement Conceret Pole	400@165/- per pole October,2008	0.66	35	365	0.60
02	Municipalitis Shahdol	barbred wire	2594 kg./@ ₹ 93.90+ 13% vat November, 2011	2.75	Nil	2594 kg.	2.75
						<b>Total</b>	3.35

**Source:** Test checked ULBs

Financial approval was obtained for the material purchase by Municipalitis Seonimalwa (April 2008) and Municipalitis Shahdol (November 2011). The material amounting to ₹ 3.35 lakh, remained idle for 10 to 48 months in stores of concerned ULBs.

On this being pointed out (September & October 2012), the CMO, Seoni Malwa replied (September & October 2012) that materials were purchased as per requirement but in the absence of possession of land, the materials could not be utilised. The CMO, Shahdol replied that material would be used in future.

During the exit conference (April 2013), the government replied that instructions would be issued to utilise aforesaid material.

#### 2.1.15.2 Non-installation of gas control unit and fire equipment at landfill site

Para 25-27 of schedule-III of Rules envisage that gas control system including gas collection system shall be made at landfill site to minimise odour generations and prevent off-site migration of gases. The concentration of methane gas generated at landfill site shall not exceed 25 per cent of lower explosive limit. The collected gas at a landfill site shall be utilised for either direct thermal applications or power generation as per viability.

Test check of records revealed that GMC had provided 25.477 hectare land to M/s AKC Development of India at Kedarpur-Chandohakurd for establishment of Processing Plant and made an agreement (March 2008) for a period of 25

years. it was noticed that the Monitoring Committee instructed time to time (April 2011 & May 2011) to install the fire equipment for safety of plant but company did not comply with the instructions of Monitoring Committee. It was also noticed that the Plant caught fire (May 2010) and was damaged about 60 to 80 *per cent*.

During the scrutiny of record of IMC it was revealed that no gas control unit was installed.

However, the GMC accepted the fact and replied (October 2012) that instructions would be issued to the company for establishing gas control unit. In case of IMC the Commissioner replied that gas control unit was not required because ambient air tests were conducted by SPCB time to time.

The reply of IMC is not accordance with the provisions of Rules.

During the exit conference (April 2013), the government replied that directions to GMC would be issued in this regard.

<b>2.1.16</b>	<b>Conclusion</b>
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- The State Government could not make proper planning for implementation of the Rules in the State. (Paragraph 2.1.5)
- Parking of funds in banks. (Paragraph 2.1.6.4)
- Diversion of funds received under recommendation of TFC. (Paragraph 2.1.6.5)
- Submission of fictitious Utilisation certificates. (Paragraph 2.1.6.6)
- Public awareness programme were not conducted. (Paragraph 2.1.7.3)
- No segregation was being done. (Paragraph 2.1.7.7)
- Processing facilities were not developed. (Paragraph 2.1.8)
- No separate staff was deployed for MSWM. (Paragraph 2.1.11)
- There was lack of monitoring in implementation of Rules. (Paragraph 2.1.12.1)

## 2.2 Thematic Paragraph on Public Private Partnership Projects taken-up by the ULBs Khandwa, Shivpuri and Bhopal

*The Public Private Partnership Projects are defined as “innovative methods used by the public sector to contract with the private sector who bring their capital and their ability to deliver projects on time and to budget, while the public sector retains the responsibility to provide these services to the public in a way that benefits the public and delivers economic development and improvement in the quality of life”*

Project for Water supply augmentation of Khandwa, Shivpuri and construction of bus stop/modern toilets by Municipal Corporation Bhopal under PPP were selected in Audit for detailed study. The highlights of the projects are given as below:-

- There was excess expenditure of ₹ 10.30 crore on preparation of irrelevant payment schedule “U”. The MC Khandwa had prepared defective payment schedule and paid excess to Contractor.  
(Para 2.2.6.1)
- There was irregular expenditure on construction of staff quarter of ₹ 9.96 lakh. The payment made in this component has not been sanctioned in Detailed Project Report.  
(Para 2.2.6.2)
- There was none deduction of late fee of ₹ 59 lakh. The Project was not completed in the stipulated period and no time extension granted by the KMC, which resulted in less deduction of Liquidated damage as per clause 13.4 of the agreement document of project.  
(Para 2.2.6.3)
- There was less receipt of bid security amounting to ₹ 1.24 crore (Khandwa ₹ 54 lakh , Shivepuri ₹ 70 lakh).  
(Para 2.2.6.5)
- There was undue financial advantage to concessionaire ₹ 18 lakh due to less receipt of Performance Security by the MC Khandwa.  
(Para 2.2.6.6)
- Construction of 50 Bus stops “without Kiosk System” resulted in loss of revenue of ₹ 15 lakh. Contradictory decision has been passed by MIC without any technical ground resulting in loss of revenue.  
(Para 2.2.7.1)
- There was loss of ₹ 7.87 crore due to non availability of land for construction of modern toilets.  
(Para 2.2.7.2)

## 2.2.1 Introduction and Brief History of the Projects

### (I) Water supply project Khandwa and Shivpuri

At present water supply of Khandwa city is being done from Sukta and Nagtchun Water treatment plant (WTP). The total capacity of plants is 15.7 Million Litre per Day (MLD). The total need of water assessed in Detailed Project Report (DPR) was 29 MLD as per prescribed standards of 135 litre per capita per day (lpcd) for population of 2,15,400. The water supply in Khandwa during rainy and winter season was about 68 lpcd which was indicative of much less supply of water in this district than the average requirement.

In Shivpuri city 24.30 MLD water was required to cater the population of 180000 in 2010 but only 05 MLD water was available water supply for a maximum period of 30 minutes every alternate day in winters. The supply in summers is once in three to four days.

Considering the above uncertain and insufficient water supply in the cities State Level Sanctioning Committee(SLSC) sanctioned (September 2007) water supply augmentation project costing ₹ 106.72 crore<sup>40</sup> and ₹ 59.65 crore<sup>41</sup> under Urban Infrastructure Development Scheme for Small and Medium Town (UIDSSMT) as per detailed project report (DPR) submitted by the concerned ULBs. The funding pattern under UIDSSMT among Central, State and ULBs would be in ratio of 80:10:10 respectively.

Due to poor financial condition of the ULBs and its inability to contribute 10 per cent of the project cost, in General Body Meeting, concerned ULBs decided to execute the above projects by Public Private Partnership (PPP) basis.

In addition to construction works the firm was also responsible for operation and maintenance (O&M) of the projects and the right of recovery for water tax was given to the private firm with concession period of 25 years.

### (II) Construction of Modern toilets and Bus stop at Bhopal

Munciple Corporation Bhopal decided to facilitate the people by making 100 bus stop (April 06) and 36 modern toilets (December 2007) on PPP model. Accordingly tenders were invited and work order placed to the bidders. Under this module the private firm was to bear the entire cost of project. The firm was granted the advertisement right for five years for bus stop and fifty years for modern toilets in lieu of expenditure made by firm. The farm also agreed to pay an amount of ₹ 90 lakh for bus stops and ₹ 7.87 crore for modern toilets as premium to ULBs in four and fourteen equal installments respectively.

<sup>40</sup> Central Share ₹85.38 Crore, State Share ₹10.67 Crore and ULB Share ₹10.67Crore

<sup>41</sup> Central Share ₹47.72 Crore, State Share ₹05.96 Crore and ULB Share ₹05.96Crore

### **2.2.2 Audit objectives**

The audit was conducted with a view to ascertain whether:

- The management was effective and responsible so that the desired benefits of the project could be obtained.
- The private firm utilised the public money and resources economically, effectively and efficiently.
- The correct procedure was adopted for tendering, execution of the project and utilisation of the project.

### **2.2.3 Audit Criteria**

The sources of audit criteria are:

- Guidelines of the PPP Projects in M.P.
- Agreement document made between ULBs and Private Firms.
- DPRs sanctioned by the Government and tender documents.
- Running Bills and other records related to the Projects.

### **2.2.4 Audit Scope and Methodology**

- Scrutiny of project document starting from the contractual stage to the formulation and approval stage.
- Verifying the legal and contractual obligations arising from the several contracts and agreement entered into between the parties.
- Scrutiny of financial modeling to test the feasibility and justification for the grant of concession, testing revenue generation using quantitative techniques.
- Assessment of the transparency and integrity of the bidding process
- Limited audit of the construction and engineering to verify quality innovations, economy and efficiency
- Quality test, where necessary to ensure the adherence to specifications and compliance with standard
- Engaging experts to test aspects of quality and standards, if required.
- To check the actual revenue generation and sharing and safeguard of public money.

### 2.2.5 Planning

As per DPR population of Khandwa city would be 3.47 lakh in the year 2040 and water demand was assessed 56 MLD per day, whereas population of Shivpuri city would be 3.60 lakh in the year 2040 and water demand was assessed 61 MLD per day. Work order was issued in September 2009 and completion period of both the projects were 24 months. Intake well and Over Head Tank system was to be constructed for uninterrupted water supply through distribution network. Bus route was decided through main city of Bhopal “Misrod to Bairagarh”.

State government appointed “Madhya Pradesh Vikas Pradhikaran Sangh” as State level nodal agency (January 2006), in pursuance of the GOI order regarding implementing of IDSMT, AUSUP and Urban Infrastructure Development for Small and Medium Town (UIDSSMT). Further, Director Urban Administrative and Development Department was appointed as Nodal agency in January 2010.

### 2.2.6 Financial Status of the Projects

Water Supply augmentation Project of Khandwa and Shivpuri was funded under UIDSSMT centrally sponsored scheme, whereas bus stop and modern toilets were to be sponsored by the firm on the basis of advertisement right. As per agreement the concessioner of Khandwa and Shivpuri shall be maintained the escrow account constituting the financial package for meeting the total project cost shall be credited to such as escrow account. Financial statuses of these projects are as follows:-

#### (I) Water Augmentation Project Khandwa

( ₹ in crore)

ULBs Name	Project Name	Share	Prescribed share	Funds received (30.06.12)	Fund Utilised (30.06.12)
Khandwa	Water Augmentation project	GOI	85.38	42.69	41.45
		GOMP	10.67	10.67	10.45
		PPP share	10.67	6.64	6.57
		Other (Interest)	Nil	2.26	2.26
		<b>Total</b>	<b>106.72</b>	<b>62.26</b>	<b>60.73</b>

From the above table we observed that the GOI released ₹ 42.69 crore (50 per cent) up to June 2012 out of prescribed share ₹ 85.38 crore which resulted in slow execution of the project.

**(II) Water Augmentation Project Shivpuri**

(₹ in crore)

ULBs Name	Project Name	Share	Prescribed share	Funds received (upto 06.10.12)	Fund Utilised (up to 06.10.12)
Shivpuri	Water Augmentation project	GOI	47.72	42.91	35.62
		GoMP	5.96		
		PPP share	5.97	1.01	
		Other (Interest)	Nil	1.37	
		<b>Total</b>	<b>59.65</b>	<b>45.29</b>	<b>35.62</b>

From the above table we observed that the GOI and Government of Madhya Pradesh had released ₹ 42.91 crore (80 per cent) out of prescribed share ₹ 53.68 crore and concessionaire had utilised 79 per cent of the available fund.

**(III) Projects of Nagar Palik Nigam Bhopal**

(₹ in crore)

ULBs Name	Project Name	Project cost made by Private Firm	Premium to be paid by company to the ULBs as per agreement	Total premium received	Balance premium to be received
Nagar Nigam Bhopal	Construction of 100 bus stop	Not available	0.90	0.68	0.21
--do--	Construction of 36 modern toilets	--do--	7.87	Nil	7.87

From the above table we observed that premium fee under construction of 36 modern toilets was not received.

**Audit findings****2.2.6 Water Supply Augmentation Project Khandwa/Shivpuri****2.2.6.1 Excess expenditure of ₹ 10.30 crore due to defective payment schedule "U".**

The Water Augmentation project Khandwa was executed on PPP module and tenders were invited under lump sum contract. The total project cost was of ₹ 103.61 crore. Out of this the amount of ₹ 93.25 crore was provided by Central and State government under UIDSSMT and the 10 per cent of the project cost ₹10.36 crore was borne by concessionaire.

The firm M/s Vishwa Infrastructure Private Limited, Hyderabad submitted the lump sum rates for different components of the project in format 15 B. In the format 15-B the rate quoted for intake well was ₹ two crore and for construction of 'Clear water transmission main' was ₹ 50.44 crore. The

payment schedule was to be prepared by the ULB according to component wise cost quoted by the bidder. Details are shown as below:-

**(₹ in crore)**

Component	Sanction cost as per format 15-B	Cost shown in Paytt. Schedule "U"	Cost Shown in R/A bill	Status of work	Amt. payable as per status of work	Total amt. paid to the firm	Excess paid to firm as per schedule 15-B	Excess paid to firm as per status of work
1	2	3	4	5	6(2*5)	7	8(7-2)	9(7-6)
Intake well	2.00	2.53	2.81	80%	1.60	2.25	0.25	0.65
Clear Water Rising main	50.44	56.25	62.50	80%	40.35	50.00	—	9.65
<b>Total</b>							<b>0.25</b>	<b>10.30</b>

Scrutiny of records revealed that after valuation of work of intake well, the payment of ₹ 2.25 crore was made to the firm, instead of rate quoted by the firm ₹ two crore. Thus excess amount of ₹ 25 lakh was paid to the firm in comparison to the format 15-B. The status of intake well work was 80 per cent completed and payment of ₹ 1.60 crore should be made, but ₹ 2.25 crore was paid to the firm which resulted in excess payment of ₹ 65 lakh in comparison to sanctioned cost. In the component of "Clear water transmission main" the sanctioned cost was ₹ 50.44 crore, Schedule "U" shown the cost of above component ₹ 56.25 crore and in running bill the cost was shown ₹ 62.50 crore which were contradictory to each other. The status of work done was only 80 per cent and payment made to the firm was 99 per cent resulting in excess payment of ₹ 10.30 crore to the firm.

On this being pointed out, (September 2012) the Commissioner, MC Khandwa replied (September 2012) that the payments were made as per format 15-B of the agreement.

The reply was not convincing as the payment made to the firm were in excess to the rate quoted in format 15-B.

**2.2.6.2 Irregular expenditure of ₹ 9.96 lakh on construction of staff quarters under Shivpuri Water Supply Augmentation**

The Component of Staff Quarter was not allowed in appraisal report of the sanctioned DPR for water supply augmentation, Shivpuri.

Scrutiny of records of the project in MC Shivpuri revealed that a payment of ₹ 9.96 lakh (₹6.72 lakh for the construction of Slab Level 'H' type quarters and ₹ 3.24 lakh construction of 'I' type quarters) was made to the firm for the construction of staff quarters.

On this being pointed out (October 2012) the CMO replied (October 2012) that the intake well and Water Treatment Plant of the Project are situated in jungle and away from the city. The construction of staff quarters was necessary for providing residential facility to the staff deployed for 24 hours

operation and maintenance of these machines. The expenditure would be incurred from the share of firm under PPP.

The reply was not in accordance with approved DPR since the payment was already made by MC Shivpuri from project fund.

**2.2.6.3 Less deduction of late fee ₹ 59 lakh under Khandwa Water Supply Augmentation Project**

Para 13.4 of the agreement (September 2009) envisaged that the late fee of ₹ 50 lakh per week or maximum one *per cent* of the project cost ₹ 103.61 crore was to be deducted from the firm. Accordingly work order was issued (September 2009) to M/s Vishwa Infrastructure Private Limited, Hyderabad for the commissioning of Water Supply Augmentation Project Khandwa, and directed to complete the project within 24 months (September 2011).

Scrutiny of records revealed that the Project was not completed in the stipulated period. The firm applied for time extension in April 2012 and MC Khandwa forwarded (May 2012) the request for time extension up-to August 2012. None of the components of the project were completed till (September 2012). The KMC deducted late fee of ₹ 45 lakh only from the running bill no. 14 (period 01.04.11 to 24.06.11) instead of deducting the late fee of ₹ 1.04 crore (@ one *per cent* of ₹ 103.61 crore).

Thus, undue financial advantage was extended to the firm by deducting ₹ 59 lakh less as late fee.

On this being pointed out (September 2012), Commissioner, KMC replied (September 2012) that the remaining amount of late fee would be deducted from next running bill of the contractor.

**2.2.6.4 Irregularities noticed in the agreement of Shivpuri Water**

The following irregularities were noticed in the agreement of Shivpuri Water Supply Augmentation project under UIDSSMT.

- As provision laid down in para 18 A of Concession Agreement Volume-II, CMO was responsible to appoint an independent Auditor for the audit of accounts of the firm under agreement.

Scrutiny of records revealed that appointment of independent auditor was not done and in absence of it's authenticity of financial performance of the project could not be ensured.

The CMO replied that (October 2012) as per provisions, independent auditor was appointed by inviting tenders. But due to some conflict, the auditor did not work. No payment has been made in this head and the tender would be cancelled.

- As per provision laid down in Para 18.1 of the Volume-II of the agreements, an independent engineer was required to be appointed for quality control and supervision of the project.

Scrutiny of records of the project revealed that no report about quality control and supervision by the engineer was available with the MC, which proves that independent engineer was not appointed.

The CMO replied (October 2012) that the Assistant Engineer of the Municipal Council has been directed to work as project engineer. In support of reply no other document was produced regarding supervision and quality control of project.

- No provision for the share of Municipal Council from realised revenue was made in the agreement whereas 90 *per cent* of the project cost has been contributed by the Government.

The CMO replied that (October 2012) expenditure on operation and maintenance (O&M) of the project would be incurred from the realised revenue by the firm. The ULB funds were not utilised for O&M of the project, therefore the provision for share of ULBs in the agreement was not made.

The reply was not satisfactory as 90 *per cent* of the project cost had been borne by the Government on behalf of ULB but no provision in agreement regarding sharing of revenue was made.

- The ground, on which the concession period of 25 years decided, was not mentioned in the agreement.

The CMO replied that (October 2012) concession period of 25 years has been decided as per pre-conditions of the tender. This is a policy decision of the council.

The reply was not satisfactory, as concession period of 25 years was not justified in the record.

- In Proforma 22 of the agreement, the total project cost was shown as ₹ 80.71 crore in which ₹ 3.34 crore was mentioned under "Other expenditure head". In the absence of detailed head wise description, it was not clear that this amount would be used for which purposes.

The CMO replied that (October 2012) description of other heads is not available in Proforma 22, which would be obtained from the firm.

The reply was not admissible as due to non availability of details of expenditure to be booked under the head other expenditure of undue advantage to concessionaire cannot be ruled out.

- As per the provisions contained in Para 22.1 of agreement Proforma vol-II, the project was to be got insured by the firm and a copy of the insurance policy was to be provided to Municipal Council. Audit found that no records of the insurance policy was available with MC Shivpuri due to which it could not be ascertained whether the project was insured or not.

The CMO replied that (October 2012) copy of insurance policy is not available at present. It would be obtained from the firm.

Insurance policy was called for from MC Shivpuri (May 2013), reply is awaited.

- There was no provision in the agreement for review of concession period for less/excess receipts of the estimated revenue by the firm.

The CMO replied that (October 2012) State Level Empowerment Committee has taken the decision for extending or reducing the concession period.

Reply was not confirming the provisions of PPP project.

**2.2.6.5 Less receipt of bid security amounting to ₹ 1.24 crore**

Para 14 of the guidelines of PPP projects of Government of Madhya Pradesh stipulates that bids for the project will be accompanied by a bid security in the form of Bank Guarantee of amount specified in the Bid Documents. Bid security amount shall be one *per cent* (minimum ₹ One crore) for estimated project costing more than 50 crore.

Scrutiny of records of bid security of the Water Supply Augmentation Project of MC, Khandwa and MC, Shivpuri revealed that less bid security of ₹1.24 crore was received from the concessionaries. Details are shown below:

(₹ in crore)					
Name of the ULB	Name of the project	Estimated project cost	Amount of bid security to be deposited as per guidelines	Actual amount received by the ULBs	Less receipt of bid security
MC Khandwa	Water Supply Augmentation Project	106.72 (103.61+ 3.32 for Work Charge)	1.04	0.50	0.54
MC Shivpuri	Water Supply Augmentation Project	59.65 (57.91+1.74 for work charge)	1.00	0.30	0.70
<b>Total</b>		<b>166.37</b>	<b>2.04</b>	<b>0.80</b>	<b>1.24</b>

The MC Khandwa and Municipal Council Shivpuri received less bid securities of ₹ 54 lakh and ₹ 70 lakh respectively. Thus undue financial advantage was given to the concessionaries.

On this being pointed out, Commissioner, MC Khandwa replied that the bid security was received as per clause 15 of tender document. The CMO, MC, Shivpuri replied that as per PWD Manual, five *per cent* of the project cost was received as bid security from the concessionaire.

The replies were not in accordance with the para 14 of guidelines of MP PPP projects.

**2.2.6.6 Undue financial advantage of ₹ 18 lakh to concessionaire**

As per Para 15 of MP, PPP guidelines, the concessionaire was required to furnish a performance security in the form of Bank Guarantee of an amount equal to five *per cent* of the Estimated Project Cost. However, it was laid down in para 4.1 of the agreement made between KMC and M/s Vishwa Infra Private Limited a performance security for a sum equivalent to ₹ five crore was to be provided to KMC.

As per the agreement, M/s Vishwa Infra Private Limited deposited an amount of ₹ five crore as performance security for water augmentation project Khandwa. However as per para 15 of the guidelines, an amount of ₹ 5.18 crore was to be received (five *per cent* of the total project cost of ₹ 103.61 crore) from the M/s Vishwa Infra Private Limited.

Thus, an amount of ₹ 18 lakh could not be taken from the farms due to faulty agreement and undue financial advantage of ₹ 18 lakh was given to the farm.

On this being pointed out, (September 2012) the Commissioner, MC, Khandwa replied (September 2012) that the deposited amount was in order and no financial advantage was extended to the firm.

The reply was not in consonance with guidelines of PPP projects.

**2.2.7 Construction of Bus Stop and Modern toilets at Bhopal**

**2.2.7.1 Loss of revenue to the tune of ₹ 15 lakh on account of construction of 50 bus stop “without Kiosk system”**

MC Bhopal had invited an open tender in September 2006 for construction of 100 city bus stops under PPP module on advertisement right. The Mayor in Council (MIC) had decided to construct 50 bus stops with kiosk system and other 50 without kiosk system. Four advertising firm submitted their bids. The tender committee approved the rates of "Rashtriya advertising Agency" New Delhi. The rates given by agency were as below:-

50 Bus stop without Kiosk system      ₹45 lakh in four equal instalment  
(₹11.25 lakh) in 5 years

50 Bus stop with kiosk system          ₹ 60 lakh in four equal instalment  
(₹15 lakh) in 5 years.

Total receivable revenue= ₹105lakh

The above rates were approved by the MIC vide resolution No.19 dt.18.12.06.

Scrutiny of records revealed that a meeting of divisional transport committee was held in (April 2006) which decided to construct all 100 bus stops “without kiosk system” however, minuets of the meetings was not made available. Further, the tender was invited for construction of 50 bus stops “with kiosk”

and 50 “without kiosk” and MIC also approved the decision taken by the DTC in (May 2007) which was contradictory to its previous decision. The construction of 100 bus stops “without kiosk” on recommendation of DTC resulted in loss of revenue of ₹ 15 lakh.

On this being pointed out (August 2012) in audit, commissioner, MC, Bhopal replied (August 2012) that the decision of construction of bus stops without kiosk system was taken due to its un-authorized use and safety purposes.

The reply is not relevant as the reasons were not quoted by DTC for non construction of bus stops “with kiosk system”.

**2.2.7.2 Due to non allotment of land to the Agency for construction of Modern toilets, MC, Bhopal incurred loss of revenue ₹ 7.87 crore**

Mayor In Council of MC, Bhopal decided (December 2007) to construct Modern toilets at different places of Bhopal on PPP module under advertisement right. The tender was invited to construct 36 Modern toilets (February 2008) and the tender was invited in two groups of 18 each (April 2008).

The rates of M/s Image advertising, New Delhi for group A M/s Lakshya outdoor, New Delhi for group B were accepted with premium<sup>42</sup> of ₹ 3.36 crore and ₹ 4.51 crore. Accordingly the agreement was made for a concession period of 15 years and premium will be deposited in 14 equal installments with completion period of four months.

Para 7.8.7 of the agreement envisaged that the “Land for the proposed project shall be taken in possession by the Department, shall be progressively handed over to the Entrepreneur for construction only and the land should be free from disputes with free front and side vision”. The work order was issued to Group A and B for construction of ten modern toilets to each group (September 2008).

During scrutiny of records we observed that the ULBs provided only two site to the agency (Group-A) up to July 2012. Accordingly agency constructed only two modern toilets but not taken in use.

Thus, MC, Bhopal failed to provide the land to agencies which resulted in presumptive loss of receivable premium of ₹7.87 crore and deprivation of intended sanitation services.

On this being pointed out (August 2012) in audit the commissioner replied (August 2012) that letters were issued to the District Collector for land acquisition. The action will be taken after allotment of land.

Updated position called for (May 2013), reply is awaited.

<sup>42</sup> Premium means the total amount to be paid to MC, Bhopal by the Entrepreneur as per the offer quoted.

### **2.2.8 Conclusion**

- Providing the ownership of the project to the firm for 25 years for its contribution of only 10 *per cent* of the project cost and making no provision for the share of ULBs in the revenue received during the O&M of the project were not in the favour of ULBs  
(Paragraph 2.2.6.4)
  
- There was no clear the grounds on which the period of 25 years for O&M was decided  
(Paragraph 2.2.6.4)
  
- The planning for the constructions of Modern Toilets was deficient because the tender was invited and accepted without availability of land.  
(Paragraph 2.2.7.2)

### **2.2.9 Recommendations**

- The authority should ensure to receive the bid security and performance security as per guidelines.  
(Paragraph 2.2.6.5 & 2.2.6.6)
  
- The authority should ensure insurance of projects as term of agreement and appoint an independent Auditor and Engineer.  
(Paragraph 2.2.6.4)
  
- The authority should ensure sharing of realised revenue received within O&M period.  
(Paragraph 2.2.6.4)