

Chapter – 5

Performance Audit

**5.1 Integrated Housing and Slum
Development Programme**

**5.2 Service Level Benchmarking in
Urban Local Bodies**

Chapter – 5 : Performance Audit

Urban Development and Environment Department

5.1 Integrated Housing and Slum Development Programme

Executive Summary

Integrated Housing and Slum Development Programme (IHSDP) is a component of Jawaharlal Nehru National Urban Renewal Mission, which was launched in December 2005. The basic objective of IHSDP is to strive for holistic slum development with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to the slum dwellers of the identified urban areas. IHSDP is a centrally sponsored programme. The sharing of funds is in the ratio of 80:20 between Central Government and State Government/Urban Local Bodies/Parastatal.

In Madhya Pradesh, 56 IHSDP projects were approved between December 2006 and March 2012 for implementation in 53 cities of the State. Some of the main cities in which these projects were sanctioned are – Burhanpur (District Burhanpur), Depalpur (District Indore), Khandwa (District Khandwa), Pandhurna (District Chhindwara), Petlavad (District Jhabua), Satna (District Satna) and Ratangarh (District Neemuch).

Government of Madhya Pradesh appointed (December 2005) Urban Administration and Development Directorate (UADD) as the State Level Nodal Agency (SLNA) for implementation of the project. A performance audit of implementation of the IHSDP in the State revealed the following.

- The implementation of IHSDP was lagging behind the completion schedule sanctioned by Central Sanctioning and Monitoring Committee. Out of the 56 projects, six projects could not be started due to non-availability of suitable land and reluctance on the part of the beneficiaries. Of remaining 50 projects, only 15 projects could be completed as of March 2015. Further, out of 35 incomplete projects, 16 projects (46 *per cent*) were sanctioned between December 2006 and December 2007 with the stipulated completion period of 12 to 24 months. Thus, projects remained incomplete even after the expiry of six to nine years from the sanction of these projects.

(Paragraph 5.1.6)

- Out of total 22,998 dwelling units (DUs) sanctioned in 56 projects, 9,203 DUs (40 *per cent*) in 31 projects were surrendered and only 8,766 DUs (38 *per cent*) in 42 projects could be completed as of March 2015. Of these completed DUs, 3,227 DUs were allotted to beneficiaries.

(Paragraph 5.1.6)

- Out of available funds of ₹ 154.45 crore for implementation of the projects during 2010-11 to 2014-15, SLNA released ₹ 129.10 crore to ULBs. There was short release of State share by ₹ 7.62 crore in respect of 35 IHSDP projects. Further, nine test-checked ULBs short deposited their contribution by ₹ 1.18 crore.

(Paragraph 5.1.7.1)

- Affordability of the urban poor was to be kept foremost in view while working out beneficiary contribution for the DUs. However, due to cost overrun of the projects, per unit cost of DU increased in the range of ₹ 36,000 to ₹ 2.49 lakh in seven test-checked projects resulting into enhancement of beneficiary contribution.

(Paragraph 5.1.9)

- According to instructions of Central Sanctioning and Monitoring Committee, utmost emphasis was required to be accorded to quality execution of houses and infrastructure facilities for poor. However, scrutiny of records/joint inspection of constructed DUs of test-checked projects revealed deficiencies in adherence of prescribed quality control norms.

(Paragraph 5.1.10)

- Monitoring of projects was not adequate, as the State Level Coordination Committee could hold only four meeting against 36 meetings required during 2006-15 for quarterly review of the projects. Further, no meeting was conducted during 2008-12 and 2013-15. Social Audit of the implementation of IHSDP could not be conducted due to non-formation of Beneficiaries Committees.

(Paragraphs 5.1.14.1 and 5.1.14.4)

5.1.1 Introduction

Jawaharlal Nehru National Urban Renewal Mission (JNNURM), launched in December 2005, is the flagship programme of Government of India (GoI) to address the problems of infrastructure and basic services to the poor in cities and towns in a holistic manner. Integrated Housing and Slum Development Programme (IHSDP) is a sub-mission of JNNURM, which is applicable to all cities except mission cities covered under JNNURM. The basic objective of IHSDP is to strive for holistic slum development with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to the slum dwellers of the identified urban areas.

IHSDP is a centrally sponsored programme. The sharing of funds is in the ratio of 80:20 between Central Government and State Government/Urban Local Bodies/ Parastatal. The components for assistance under the programme are slum improvement/ upgradation/ relocation projects including upgradation/ new construction of houses and infrastructure facilities, like water supply and sewage.

In Madhya Pradesh, four mission cities/ towns¹ are covered under JNNURM. Fifty-six IHSDP projects were approved between December 2006 and March 2012 for implementation in 53 non-mission cities (**Appendix-5.1**) of the State.

5.1.2 Organisation structure

At the State level, the IHSDP projects were executed by Urban Development and Environment Department. A State Level Steering Committee, headed by the Chief Minister, Madhya Pradesh was constituted (February 2007) for recommendations and implementation of the programme.

¹ Bhopal, Indore, Jabalpur and Ujjain

As per IHSDP guidelines, State Government may designate any institution as the nodal agency for implementation of IHSDP. Accordingly, Government of Madhya Pradesh appointed (December 2005) Urban Administration and Development Directorate (UADD) as the State Level Nodal Agency (SLNA). SLNA was responsible to evaluate the project proposals received from Urban Local Bodies (ULBs), submit these proposals for approval of State Level Steering Committee, and monitor the physical and financial progress of projects.

The projects were executed by the respective Urban Local Bodies (ULBs). To supplement and enhance the existing skill of ULBs, UADD had set up three regional Programme Implementing Units (PIUs). A Programme Management Unit (PMU) had also been set up for technical and managerial support to SLNA.

5.1.3 Audit objectives

The objectives of performance audit were to ascertain whether:

- projects were selected and planned as per IHSDP guidelines;
- the allocation and release of funds were adequate and in timely manner;
- the projects were executed economically and efficiently as per approved Detailed Project Reports and allotment of dwelling units to slum dwellers was transparent;
- the agenda of reforms under IHSDP was implemented effectively; and
- monitoring system was effective for achieving the desired objectives.

5.1.4 Audit criteria

Audit findings were based on the following criteria:

- IHSDP guidelines issued by Ministry of Housing and Urban Poverty Alleviation, Government of India, and Minutes of the Central Sanctioning and Monitoring Committee.
- Orders/circulars issued by State Government and UADD for implementation of IHSDP.
- MP Financial Code, MP Treasury Code, MP Public Works Manual and Schedule of Rates (SOR) prepared by UADD from time to time.
- Detailed Project Reports (DPRs), inspection and monitoring reports of SLNA, and third party inspection and monitoring (TPIM) reports.

5.1.5 Audit coverage and methodology

Fourteen projects implemented by 14 ULBs², 30 per cent of total implemented projects in the State, were selected for the performance audit by Systematic Random Sampling Without Replacement (SRSWOR) method. Records of UADD and the implementing ULBs of the sampled projects were test-checked for the period since sanction of the respective IHSDP projects till March 2015. The information was also collected from PMU and PIUs.

² Bairasiya, Burhanpur, Diken, Depalpur, Khandwa, Khujner, Mohogaon, Pandhurna, Petlavad, Satna, Shahpura, Singoli, Ratangarh and Tendukheda

The audit objectives, scope and methodology were discussed in entry conference (16th March 2015) with Principal Secretary, Urban Development and Environment Department (UDED). The exit conference was conducted with Principal Secretary, UDED on 9th September 2015. Views expressed during exit conference and the replies of the Government have been suitably incorporated in the report.

Audit findings

5.1.6 Status of housing projects

The Central Sanctioning and Monitoring Committee (CSMC) of the Ministry of Housing and Urban Poverty Alleviation had approved 56 IHSDP projects between December 2006 and March 2012 in 53 non-mission cities of the State (**Appendix-5.1**). The projects included construction of 22,998 dwelling units and infrastructure facilities, which were to be completed in 12 to 24 months from the date of the respective sanctions. No project was sanctioned during the period from 2012-13 to 2014-15.

Out of the 56 projects, six projects could not be started due to non-availability of suitable land and reluctance on the part of the beneficiaries. Therefore, these projects were cancelled by CSMC (May 2014). The status of sanctioned projects as of March 2015, is detailed in **Table 5.1**.

Table 5.1: Status of sanctioned projects in the State as of March 2015

Year	Number of projects Sanctioned	Scheduled Period of Completion (in months)	Status of Projects		
			Completed	Incomplete	Cancelled
2006-07	23	12-24	8	13	2
2007-08	10	12-24	5	3	2
2008-09	4	24	-	4	-
2009-10	7	12	-	6	1
2010-11	5	12	2	2	1
2011-12	7	12	-	7	-
Total	56		15	35	6

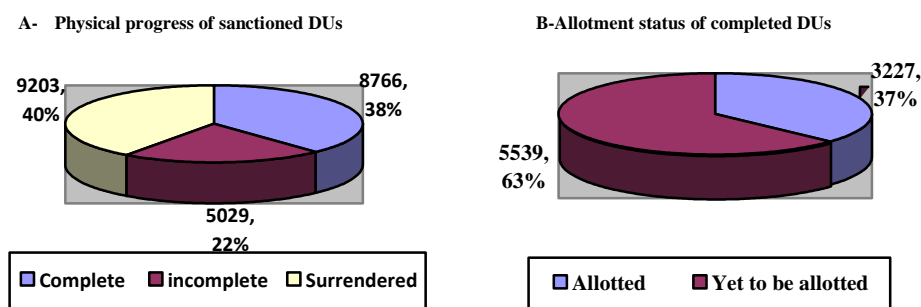
(Source: Progress reports furnished by UADD)

As evident from **Table 5.1**, only 15 of 56 sanctioned projects could be completed as of March 2015 even after the expiry of six to nine years from the sanction of these projects. Further, out of 35 incomplete projects, 16 projects (46 *per cent*) were sanctioned between December 2006 and December 2007 with the stipulated completion period of 12 to 24 months. Thus, the implementation of IHSDP projects was lagging behind the completion scheduled sanctioned by CSMC. GoI extended the period for completion of projects till March 2017.

We further noticed that out of 22,998 dwelling units (DUs) sanctioned in 56 projects, 9,203 DUs (40 *per cent*) in 31 projects were surrendered and only 8,766 DUs (38 *per cent*) in 42 projects could be completed (March 2015). Of these completed DUs, 3,227 DUs (37 *per cent*) were allotted to beneficiaries. The construction of 4,547 DUs (20 *per cent*) was reported as under progress, while 482 DUs were yet to be started.

The status of sanctioned DUs is shown in Chart 5.1:

Chart 5.1: Status of DUs as of March 2015



(Source: Progress report of projects furnished by UADD)

The reason for surrender of 40 *per cent* of sanctioned DUs in 31 projects were non-availability of land, non-finalisation of list of beneficiaries, delay in tender process, reassignment of work on account of cancellation of contract, and lack of interest by selected beneficiaries due to enhancement of the per unit cost of DUs, as discussed in para 5.1.9.

IHSDP was aimed to provide improved housing, water supply, sanitation and ensuring delivery of other already existing universal services to slum dwellers. We noticed that all the sanctioned 989 DUs of seven test-checked projects³ were completed as of March 2015. Of these, 248 DUs were allotted to beneficiaries. However, the infrastructure works, such as roads, sewer line, drains, over head tanks, community hall, were incomplete (**Appendix 5.2**). The financial progress in developing infrastructure in these projects was ₹ 2.26 crore against the sanctioned cost of ₹ 12.01 crore. Thus, the provision of basic services to slum dwellers of these projects could not be ensured.

During the exit conference (September 2015), the Government stated that the delays had taken place because of delays in final land allotment and non-response of bidders. Regarding non-allotment of DUs, the Government stated that the beneficiaries contribution was not deposited on time and now the arrangement for bank loan had been tied up. With reference to incomplete infrastructure, Government stated that the infrastructure work would be taken up after completion of DUs.

The fact remains that ULBs could not complete the projects even after the expiry of six to nine years from the sanction of these projects and DUs were surrendered in large proportion. Further, the reply that the infrastructure work would be taken up after completion of DUs, is not acceptable as all the sanctioned DUs in these seven test-checked projects had already been completed. Thus, the objective of the programme to provide adequate shelter and basic infrastructure facilities to the slum dwellers remained unachieved.

Recommendation:

State Government should review the status of the projects for their timely completion. Government should also step up the efforts for allotment of completed dwelling units to the eligible beneficiary. Efforts may be made to complete the infrastructure of IHSDP projects simultaneously with the

³ Burhanpur, Depalpur, Diken, Khujner, Mohagaon, Petlavad and Singoli

completion of dwelling units so that intended basic services could be provided to allottees.

5.1.7 Financial management

5.1.7.1 Funding pattern:

IHSDP is a centrally sponsored programme, which envisaged for sharing of funds on the sanctioned projects between Central Government and State Government/ULB/Parastatal in the ratio of 80:20. Government of Madhya Pradesh decided (July 2007) to share its contribution in ratio of 8:12 between State Government and beneficiaries in respect of dwelling units of the projects. Further, the State share was to be funded in the ratio of 10:10 between State Government and ULBs in case of cost for development of infrastructure.

As per IHSDP guidelines, State share was to be deposited in a separate account to become eligible for the Central grant. Fifty *per cent* of the Central grant would be released to SLNA after verification of the deposit of State share. Second installment was to be released based on the progress.

The status of availability of fund to SLNA for implementation of the programme during the period from 2010-11 to 2014-15 is shown in **Table 5.2**.

Table 5.2: Status of availability of fund to SLNA during 2010-11 to 2014-15

(₹ in crore)

Year	Opening balance	Fund received during the year by GoI and State Share	Interest received during the year	Total fund available	Amount released to ULBs	Balance at the end of year (percentage unutilised against available funds)
1	2	3	4	5 (2+3+4)	6	7 (5-6)
2010-11	53.02	7.64	1.62	62.28	13.75	48.53 (78)
2011-12	48.53	18.96	1.91	69.40	43.85	25.55 (37)
2012-13	25.55	20.51	1.24	47.30	25.27	22.03 (47)
2013-14	22.03	20.12	0.99	43.14	23.19	19.95 (46)
2014-15	19.95	27.57	0.87	48.39	23.04	25.35 (52)
Total		94.80	6.63		129.10	

(Source: Information furnished by Commissioner UADD)

₹ 36.09 crore remained unutilised with SLNA and 14 test-check ULBs as of March 2015.

During test check of records of UADD, Bhopal, we observed that SLNA released ₹ 129.10 crore to ULBs, out of available funds of ₹ 154.45 crore for implementation of the projects during 2010-11 to 2014-15. Thus, an amount of ₹ 25.35 crore remained with SLNA. Besides this, we noticed that ₹ 10.74 crore remained unutilised in fourteen test checked ULBs as on March 2015.

5.1.7.2 Short release of funds

Under the programme, the funds were to be provided for timely execution of the projects so that adequate shelter and basic infrastructure facilities could be timely provided to urban poor. However, we noticed short release of funds for implementation of the projects, as detailed below:

(i) GoI released Central share of ₹ 15.24 crore to SLNA for seven projects (**Appendix 5.3**). However, SLNA released only ₹ 9.98 crore to respective ULBs for implementation of the sanctioned projects, resulting in short release of ₹ 5.26 crore to ULBs.

State Government short released matching share by ₹ 7.62 crore.

(ii) According to instructions of Ministry of Finance, GoI, the State Government should pass central share along with their matching share to the implementing agencies. We noticed that there was short release of State share by ₹ 7.62 crore in respect of 35 IHSDP projects (**Appendix 5.4**).

During the exit conference (September 2015), the Government stated that State share were released on time.

The reply is not acceptable, as scrutiny of records revealed that there was short release of State shares in respect of 35 IHSDP projects.

(iii) We observed in the test-checked ULBs that nine ULBs deposited ₹ 1.06 crore against their share of ₹ 2.24 crore, resulting into short deposit of ULB's contribution by ₹ 1.18 crore⁴.

During the exit conference (September 2015), the Government stated that some ULBs did not have adequate resources, which resulted in late release of their contribution.

5.1.7.3 Short collection of beneficiaries contribution

The ceiling cost of DUs for determining Central share was one lakh for the project sanctioned during 2008-09 onwards. Prior to this, the ceiling cost of the DUs for determination of Central share was fixed at ₹ 80,000.

As per State Government circular (July 2007), the State share towards cost of DUs was to be borne by the State Government and beneficiaries in the ratio of 8:12. However, in cases of DUs costing more than ₹ 80,000, the additional cost was to be borne by beneficiaries. It was further envisaged that the tenders for implementation of the programme were to be invited after ensuring the finance of beneficiaries' share from bank.

Scrutiny of records revealed that ₹ 12.31 crore remained un-realised in ten test-checked ULBs⁵, as the beneficiary share of only ₹ 1.46 crore (11 per cent) could be realised against ₹ 13.77 crore due from the identified beneficiaries. We further noticed that three ULBs had borrowed loan for implementation of the programme despite commensurate non-deposition of beneficiary contribution, as detailed in **Table 5.3**.

Table 5.3: Details of loan borrowed by ULBs

Name of ULBs	(₹ in crore)		
	Khujner	Mohgaon	Petlavad
Loan borrowed from HUDCO	0.89	2.28	1.27
Unrealised beneficiary contribution	0.72	1.37	0.42

(Source: Test-checked ULBs)

During exit conference (September 2015), the Government stated that the list of beneficiaries was being finalised as per guidelines and the arrangement of beneficiary share had been tied-up with bank loan.

⁴ Depalpur (₹ 6.80 lakh), Diken (₹ 15.17 lakh), Khandwa (₹ 16.52 lakh), Mohgaon (₹ 23.62 lakh), Ratangarh (₹ 18.83 lakh), Satna (₹ 3.59 lakh), Shahpura (₹ 3.29 lakh), Singoli (₹ 10.09 lakh) and Tendukheda (₹ 20.37 lakh)

⁵ Burhanpur (₹ 4.73 crore), Depalpur (₹ 0.06 crore), Diken (₹ 0.88 crore), Khandwa (₹ 1.32 crore), Khujner (₹ 0.71 crore), Mohgaon (₹ 1.37 crore), Pandhurna (₹ 0.95 crore), Petlavad (₹ 0.42 crore), Ratangarh (₹ 1.25 crore) and Singoli (₹ 0.62 crore)

The reply is not acceptable as the unrealized beneficiaries contribution of ₹ 12.31 crore remained un-realised in ten test-checked ULBs, pertained to already identified beneficiaries.

5.1.7.4 Funds of cancelled projects/surrendered dwelling units not taken back from ULBs

As per decision taken in 154th and 158th CSMC meeting (May 2014 and February 2015 respectively), State Government was required to adjust funds pertaining to cancelled projects against the subsequent installments of the ongoing projects. Any unadjusted fund was to be refunded with interest at the rate of 9 per cent.

Scrutiny of records revealed that funds in respect of cancelled projects/surrendered DUs were not taken back from ULBs, as detailed below:

UADD had not taken back ₹ 3.77 crore pertaining to cancelled project at Khandwa

(i) IHSDP project, Khandwa-II was cancelled (May 2014) by CSMC due to non-availability of requisite land. However, ₹ 3.77 crore released to Municipal Corporation Khandwa was not taken back as of March 2015.

During the exit conference (September 2015), the Government stated that the amount released in respect of cancelled projects would be taken back from the concerned ULB.

(ii) Besides Khandwa-II project, 6,296 DUs were surrendered by 24 ULBs in 25 projects due to non-availability of land and denial by beneficiaries for dislocation. However, the proportionate cost of DUs, amounting to ₹ 25.86 crore (**Appendix-5.5**), was not taken back from the concerned ULBs.

On this being pointed out (July 2015), the Commissioner, UADD stated that ULBs were instructed at meetings and through letters to refund the amount. However, during the exit conference (September 2015), the Government stated that the amount was available at UADD level and GoI had been requested to indicate the method of adjustment of the grant.

5.1.7.5 Diversion of IHSDP funds

The funds allotted for the project was to be utilised for construction of DUs and other sanctioned infrastructure. However, in four test checked ULBs, we observed that an amount of ₹ 1.05 crore was utilised for the purpose other than specified in the programme guidelines, as shown in **Table 5.4**.

Table-5.4: Details of diversion of funds

Name of ULBs	Details of diversion of funds
Nagar Nigam Burhanpur	As per the IHSDP guidelines, ULBs were required to open and maintain separate bank account for each project in a commercial bank for receipt and expenditure of IHSDP fund. Scrutiny of records revealed that an amount of ₹ 91.53 lakh, alongwith interest earned on FDRs of IHSDP funds, were transferred from programme's accounts to ULBs' account. The transfer of IHSDP fund to ULB's account was contrary to the IHSDP guidelines.
Nagar Parishad Depalpur	An amount of ₹ 8.24 lakh were utilised for construction and repayment of loan under <i>Mukhya Mantri Adhosanrachna Mad.</i>

Name of ULBs	Details of diversion of funds
Nagar Parishad Ratangarh	IHSDP funds amounting to ₹ 0.67 lakh were utilised for preparation of DPR for water supply projects under Urban Infrastructure Development Schemes for Small and Medium Towns (UIDSSMT).
Nagar Parishad Singoli	An amount of ₹ 4.57 lakh earned as interest on IHSDP funds were transferred to ULB's account instead of depositing it in programme's accounts. The transfer of IHSDP fund to ULB's account was contrary to the IHSDP guidelines.

(Source: Test Checked ULBs)

During the exit conference (September 2015), the Government stated that instruction would be issued to concerned ULBs for depositing the diverted amount in the project account.

5.1.8 Implementation of projects

5.1.8.1 Preparation of unrealistic Detailed Project Reports

As discussed in Paragraph 5.1.6, 9,203 DUs had to be surrendered in 31 projects, which constituted 40 per cent of sanctioned DUs in these projects. Further, out of 8,766 DUs completed in 42 projects as of March 2015, only 3,227 DUs (37 per cent) could be allotted to beneficiaries. We noticed that one of the reasons for the surrender of sanctioned DUs and the delay in allotment of completed DUs was preparation of unrealistic Detailed Project Reports (DPRs), as detailed below:

(i) Socio-economic survey was not conducted before preparation of DPRs

Survey of slums and potential beneficiaries for coverage under IHSDP projects was essential for meaningful formulation of DPRs. Each DPR was to be accompanied by a list of beneficiaries based on survey. A nodal cell headed by Municipal Commissioner/Chief Municipal Officer of the ULBs was to be designated for this purpose.

Ministry of Housing and Urban Poverty Alleviation had issued guidelines for survey and preparation of slum profile, household profile and livelihood profile of cities/town. As per the guidelines, general information of slum area, slum profile of the urban local bodies, household survey and livelihood profile was to be collected.

Scrutiny of records in the test checked ULBs revealed that nodal cell for preparation of survey was not constituted. Socio-economic survey was conducted in only one ULB (Burhanpur) out of 14 test-checked ULBs before preparation of DPRs. As a result, the database of slum profile and livelihood profile of beneficiaries under IHSDP projects could not be prepared. We noticed that eight⁶ ULBs finalised the lists of beneficiaries after the approval of DPRs. Thus, DPRs were prepared without identifying potential beneficiaries.

⁶ Depalpur, Khandwa, Khujner, Mohgaon, Pandhurna, Petlavad, Ratangarh and Singoli

In the exit conference (September 2015), the Government replied that DPRs were prepared on the basis of list of slum dweller residing in the area. It further added that the list of actual beneficiaries was being finalised as per guidelines.

The reply is not acceptable, as the ULBs were required to finalise the list of beneficiaries on the basis of socio-economic surveys, which was not carried out in the test-checked ULBs.

(ii) Availability of land and consent of beneficiaries not ensured

CSMC directed (February 2009) that SLNA should pay special attention to land availability for housing the poor at the time of preparation of DPR. Willingness of the beneficiaries was to be taken for any rehabilitation/relocation and payment of beneficiaries' contribution.

Since DPRs were prepared without identifying potential beneficiaries, the consent of beneficiaries for rehabilitation/relocation and also for payment of beneficiaries' contribution could not be ensured.

We noticed that six sanctioned IHSDP projects (Balaghat, Chandameta, Khandwa-II, Mahidpur, Mandideep and Orchha) were to be cancelled due to non-availability of land and consent of beneficiaries. Besides, the expenditure of ₹ 28.23 lakh incurred by ULBs⁷ on preparation of DPRs was rendered unfruitful.

During the exit conference (September 2015), the Government replied that the responsibility for the reported expenditure was being fixed on ULBs and necessary recoveries would be affected.

5.1.9 Affordability of DUs not ensured

As per IHSDP guidelines, housing should not be provided free to beneficiaries by the State Government. However, affordability of the urban poor was to be kept foremost in view while working out beneficiary contribution for the DUs. Government of Madhya Pradesh directed (July 2007) that the share of State Government in respect of dwelling units of the projects shall be borne in ratio of 8:12 between State Government and beneficiaries. In cases of DUs costing more than ₹ 80,000, the additional cost was to be borne by beneficiaries.

We noticed that the initial construction cost of DUs in seven test checked ULBs⁸ ranged from ₹ 0.80 lakh to ₹ 1.70 lakh. As such, the beneficiaries were required to pay from ₹ 9,600 to ₹ 0.99 lakh for each DU. However, due to delayed execution of projects, per unit cost of DU increased ranging from ₹ 36,000 to ₹ 2.49 lakh and the beneficiary contribution for a DU went up in the range of ₹ 0.65 lakh to ₹ 2.78 lakh. Thus, the affordability of housing for urban poor could not be ensured.

During the exit conference (September 2015), the Government stated that the increase in cost of DUs was due to sudden price escalation during 2008 and 2010. It further added that the increased financial burden had been taken by the State and the dwellers are required to pay maximum ₹ 1.20 lakh per unit.

⁷ Balaghat, Chandameta, Mahidpur, and Mandideep

⁸ Bairasia, Burhanpur, Depalpur, Diken, Khujner, Mohgaon and Pandhurna

The fact remains that the beneficiary contribution has gone up from ₹ 9,600 per DU to ₹ 1.20 lakh per DU.

5.1.10 Quality execution of works not assured

According to instructions of CSMC, utmost emphasis must be accorded regarding quality execution of houses and infrastructure facilities for poor. However, scrutiny of records/joint inspection of constructed DUs of test-checked projects revealed the following deficiencies (**Table 5.5**) in adherence of quality control norms prescribed in IHSDP guidelines/MP Public Works Manual/SoR of UADD.

Table - 5.5: Deficiencies in adherence of quality norms in the test-checked projects

Sl. No.	Quality control norms	Status of adherence of quality control norms
1	As per Rule 6.016 of MP PWD Manual, Vol.-I, the field laboratories are to be established at work site to conduct daily routine tests.	The field laboratories were not established at site of the test-checked projects, except in case of Burhanpur and Petlavad.
2	As per General Instructions of Building SoR issued by UADD, any lot of cement brought to the site by contractor would be permitted to be used in the work only after satisfactory result of tests. The record of the test result shall be maintained in a Cement Register.	Scrutiny of records revealed that Cement Register was not maintained in eight test-checked ULBs (Bairasia, Depalpur, Diken, Khujner, Petlavad, Ratangarh, Satna and Shahpura). In the absence of Cement Register, the quality of cement used and their test reports could not be verified.
3	As per General Instructions of Building SoR issued by UADD, 'Site order book' was to be maintained for the project, wherein Engineer-in-Charge or his authorised representative may record his instructions for compliance by the contractor.	No such register was maintained, except in case of Burhanpur and Khandwa.
4	As per Rule 7.004 of MP PWD Manual, Vol.-I, initial level of site was to be recorded in level books before starting the work.	In seven ULBs (Bairasia, Burhanpur, Depalpur, Diken, Khujner, Mohagaon and Shahpura), initial levels were not recorded. In the absence of initial level records, excavated and back filling quantity of soil could not be ascertained.

(Source: test checked ULBs)

During the exit conference (September 2015), the Government stated that the issues on quality of construction would be looked into case by case and appropriate action would be taken.

Recommendation:

Government should ensure compliance of quality control norms by implementing ULBs of the IHSDP projects.

5.1.11 Royalty for using minor minerals not deducted from contractor's bills

According to circular (July 2004), issued by MP Mining and Resources Department, the final payment of any contractor are to be made after producing "Royalty Clearance Certificate" issued by District Collector.

Scrutiny of records revealed that contractors used 29700.963 M³ minor minerals⁹ for the construction of IHSDP works in two¹⁰ ULBs. However, final payments of ₹ 3.67 crore (including ₹ 24.50 lakh towards royalty) was released to contractors without obtaining "Royalty Clearance Certificate".

During the exit conference (September 2015), the Government stated that the matter would be examined and appropriate action would be taken accordingly.

5.1.12 Irregular refund of security deposit

According to clause 19 of standard tender form, 50 per cent of Security Deposit (SD) deducted from contractor's bills be retained in case of building construction, till the roofs are tested during two consecutive rainy seasons after its completion and the defects pointed out are fully removed.

We noticed that three ULBs¹¹, refunded SD of ₹ 29.33 lakh to contractors at the time of payment of final bills in respect of completed works, which was in contravention of the terms of contract.

During the exit conference (September 2015), the Government stated that concern ULB's would be directed to follow the tender condition fully in respect of building construction. It further added that appropriate action would be initiated in case of irregularities.

5.1.13 Implementation of reforms

To achieve the objective of improvement in urban governance and making ULBs financially sound with enhanced credit rating, IHSDP envisages that State Government and ULBs are required to accept implementation of an agenda of reform and implement those reforms. As per the guidelines of IHSDP, the reforms critical to slum improvements were:

- Internal earmarking within local body budgets for basic services to the urban poor;
- Earmarking of developed land in all housing projects (by both Public and Private Agencies) for Economically Weaker Sections (EWS)/Low Income Groups (LIG) category.

Out of 14 test-checked ULBs, budgetary provisions for "Urban Poor Funds" were made in three ULBs¹² (**Appendix 5.6**). However, no separate records

⁹ Metal 6833.665 M³, Sand 20314.908 M³ and Morum 2552.39 M³

¹⁰ Depalpur and Petlavad

¹¹ Bairasia (₹ 0.65 lakh), Burhanpur (₹ 20.65 lakh) and Petlavad (₹ 8.03 lakh)

¹² Depalpur, Diken and Pandhurna

were maintained with reference to expenditure incurred out of these funds. Further, only three test-checked ULBs¹³ had adopted the provisions of earmarking of developed land in all housing projects (by both Public and Private Agencies) for EWS/LIG.

During the exit conference (September 2015), the Government stated that the State had ensured reservation of 25 *per cent* units of EWS/LIG. However, the State had not been able to ensure reservation on the percentage area and the matter had been taken up with GoI.

Recommendation

The reforms meant for addressing the problem of urban poor should be expeditiously implemented as per IHSDP guidelines.

5.1.14 Monitoring and evaluation of projects

5.1.14.1 Monitoring of projects by State Level Coordination Committee (SLCC) and Nodal Department

According to para 13 of the IHSDP guidelines, the SLCC was required to ensure quarterly monitoring of various projects recommended/sanctioned under the programme.

We noticed that only four meetings¹⁴ of SLCC were conducted during 2006-07 to 2014-15 as against 36 meetings required to be conducted. Further, no meeting was conducted during 2008-12 and 2013-15. Thus, quarterly review of the progress of ongoing projects could not be ensured at State level.

During the exit conference (September 2015), the Government stated that project wise separate records were kept at SLNA level.

The fact remains that monitoring of the ongoing projects was not done by SLCC as per prescribed frequency.

5.1.14.2 Programme Management Unit (PMU)

According to minutes of special meeting of CSMC (September 2007), the PMU at SLNA was to be constituted for effective implementation of Projects. The PMU was responsible to provide the requisite technical and managerial support to SLNA to ensure effective implementation of the programme at State level. As per minutes of 62nd CSMC meeting, PMU was to be established by 31st March 2009.

Scrutiny of records revealed that PMU was constituted (July 2010) through inviting tender and an agreement with the PMU was executed by the SLNA. We noticed that PMU was collecting monthly progress reports of the projects and utilisation certificates from ULBs. However, PMU could not provide any record in support of technical assistance provided by it to SLNA.

During the exit conference (September 2015), the Government stated that the PMU would be strengthened for better implementation of project.

¹³ Bairasia, Burhanpur and Khujner

¹⁴ Two in 2006-07, one each in 2007-08 and 2012-13.

5.1.14.3 Project Implementation Units (PIUs)

According to minutes of special meeting of CSMC (September 2007), Project Implementation Units (PIUs) were to be constituted at ULBs level. It was meant for effective implementation of projects and reforms. PIUs were also responsible for forwarding quarterly progress reports of the projects to UADD and imparting training to improve quality construction of the project.

We observed that three¹⁵ regional PIUs were constituted in August 2010. Scrutiny of records of PIUs revealed that the progress reports regarding adoption of reforms were not being submitted regularly to UADD. No training calendar was prepared for imparting training to ULB personnel for improving quality construction of the project.

During the exit conference (September 2015), the Government stated that the PIUs would be strengthened for better implementation of project.

5.1.14.4 Social Audit of the implementation of IHSDP

As per circular of UDED (June 2008), the Social Audit of the project was to be conducted by Beneficiaries Committees (BCs). It was also envisaged in another circular of UDED (December 2012) that a City Level Committee (CLC) would also be constituted for the purpose of Social Audit, which would decide the plan and time schedule for the Social Audit.

We noticed that Social Audit was not conducted in any of the test-checked ULBs due to non-formation of BCs/CLC.

During the exit conference (September 2015), the Government replied that instructions were being issued to conduct Social Audit of the projects.

Recommendation:

Government should constitute City Level Committees/Beneficiaries Committees for conducting Social Audit of IHSDP Projects.

5.1.15 Summary of conclusions and recommendations:

- The implementation of IHSDP was lagging behind the completion schedule sanctioned by Central Sanctioning and Monitoring Committee. As against 22,998 sanctioned dwelling units in 56 projects, only 8,766 dwelling units (38 *per cent*) could be completed. Of these completed dwelling units, only 3,227 (37 *per cent*) were allotted to beneficiaries. The provision for basic services to the allottee of these projects could not be ensured due to incomplete infrastructure works.

Recommendation: State Government should review the status of the projects for their timely completion. Government should also step up the efforts for allotment of completed dwelling units to the eligible beneficiary. Efforts may be made to complete the infrastructure of IHSDP projects simultaneously with the completion of dwelling units so that intended basic services could be provided to allottees.

- There were shortcomings in execution of project, such as diversion of IHSDP funds at ULBs level, short collection of beneficiaries

¹⁵ Bhopal, Indore and Jabalpur

contribution and non-adherence of prescribed quality control norms in construction of dwelling units.

Recommendation: Government should ensure compliance of quality control norms by implementing ULBs of the IHSDP projects.

- Affordability of the urban poor was to be kept foremost in view while working out beneficiary contribution for the dwelling units. However, due to delayed execution of projects, the cost of per DU increased in the range of ₹ 36,000 to ₹ 2.49 lakh. Due to cost overrun, the beneficiary contribution per dwelling unit increased in the range of ₹ 0.65 lakh to ₹ 2.78 lakh, thereby adversely affecting the affordability of housing of urban poor.
- The mandatory reforms were not implemented as envisaged in the IHSDP guidelines.

Recommendation: The reforms meant for addressing the problem of urban poor should be expeditiously implemented as per IHSDP guidelines.

- There was inadequate monitoring of the implementation of IHSDP in the State. Social Audit of the programme was not conducted due to non constitution of Beneficiaries Committees and City Level Committee.

Recommendation: Government should constitute City Level Committees/Beneficiary Committees for conducting Social Audit of IHSDP.

Urban Development and Environment Department

5.2 Performance Audit on Service Level Benchmarking in Urban Local Bodies

Executive Summary

Benchmarking is an important mechanism for introducing accountability in service delivery. Recognising its importance, Ministry of Urban Development (MoUD), Government of India issued a Handbook of Service Level Benchmarking (SLB Handbook) prescribing the standardised framework for performance monitoring in respect of four basic municipal services, viz., water supply, sewage, solid waste management and storm water drainage. Service Level Benchmark (SLB) indicators include coverage of water supply connections, quality of water, cost recovery in water supply, coverage of toilets, coverage of sewage network service, household coverage of solid waste management, segregation and disposal of municipal solid waste and coverage of storm water drainage network.

The principle of benchmarking was endorsed by Thirteenth Finance Commission (ThFC), which included Service Level Benchmarks (SLBs) as one of the conditionalities for allocation of performance grants to ULBs. ThFC recommended that the State Government would notify the service delivery standards of basic services in the State Gazette by the end of preceding fiscal year, proposed to be achieved by Urban Local Bodies (ULBs) by the end of succeeding fiscal year.

Out of 378 ULBs in the State, SLBs have been notified in 114 ULBs (16 Municipal Corporations and 98 Municipal Councils) as of March 2015. The performance management of urban services in terms of the SLBs covering the period 2011-15 was examined in four ULBs (Bhopal, Dewas, Junnardev and Kareli), which revealed the following:

Financial Management

- Four test-checked ULBs incurred expenditure of ₹ 473.16 crore between 2010-11 and 2014-15 on the delivery of four basic services - water supply, sewage, solid waste management and storm water drainage, which included expenditure of ₹ 80.44 crore from ThFC grants and ₹ 392.72 crore from other resources of ULBs.

(Paragraph 5.2.5)

- Seven projects were sanctioned in four test-checked ULBs under Jawahar Lal Nehru National Urban Renewal Mission (JNNURM) and Urban Infrastructure Development Schemes for Small and Medium Towns (UIDSSMT) for improvement of basic services and the expenditure of ₹ 682.67 crore was incurred as of March 2015 on four sanctioned projects. Two water supply projects and one sewage project had not started, despite availability of resources. As a result of non-completion of ongoing projects, the quality of basic services in these ULBs was not as per notified service level benchmarks.

(Paragraph 5.2.5)

Planning

ULBs were required to collect service indicator data such as total number of households and residents in the service area, quantum of treated water supplied to consumer, number of water samples taken for testing, number of properties with direct connection to sewage network, quantum of generated, segregated and disposed municipal solid waste, and number of incidences of water logging. However, there was no institutionalised system for capturing these data. As a result, instead of actual figures, estimated targets and achievements were notified in the State Gazette and the notified achievements were found to be incorrect also in number of cases.

(Paragraph 5.2.6)**Capacity Building for performance management system**

- The initiative taken by State Government for capacity building through training and orientation for implementation of SLBs was inadequate. Out of 114 ULBs notified for SLBs, 136 officials of 68 ULBs were nominated for a two-days training programme during 2014-15. Further, out of 136 nominated officials, only 70 officials (51 *per cent*) attended the training programme. Thus, staff of all notified ULBs could not be trained for SLBs to enable them to play their respective roles in the overall performance management system

(Paragraph 5.2.7)**Implementation of Service Level Benchmarks**

The coverage of water connection was only up to 50 *per cent* in the service areas of test-checked ULBs. Bhopal Municipal Corporation was supplying water on alternate days in 77 out of 305 service areas of 70 wards. Against the benchmark of 135 litres per capita per day (lpcd), the per capita supply of water in other three test-checked ULBs ranged between 34 to 53 lpcd. No system of metering was established in any of the test checked ULBs. Incorrect figures of achievements under SLB indicators were reported in the State Gazette.

(Paragraphs 5.2.8, 5.2.12, 5.2.16 and 5.2.20)

- Coverage of toilets was not as per the benchmark value (100 *per cent*) in any of the test checked ULBs. Sewage network was not in existence in two ULBs (Junnardev and Kareli), while coverage of sewage network was only 38 *per cent* in Bhopal and 10 *per cent* in Dewas.

(Paragraphs 5.2.9, 5.2.13, 5.2.17 and 5.2.21)

- Segregation and scientific disposal of Municipal Solid Waste (MSW) was not done in any of the test checked ULBs. For scientific disposal of MSW no landfill site was developed.

(Paragraphs 5.2.10, 5.2.14, 5.2.18 and 5.2.22)

- None of the test-checked ULBs correctly reported achievements against the benchmark indicator – coverage of storm water drainage. These ULBs notified achievements upto 83.5 *per cent* against ‘coverage of Storm water drainage’. However, we noticed that there was no covered drain in the service area of ULBs Bhopal and Dewas and the data regarding length of covered/uncovered drains were not maintained in ULBs at Junnardev and Kareli, which was one of the requisites to compute the achievement against this SLB indicator.

(Paragraphs 5.2.11, 5.2.15, 5.2.19 and 5.2.23)

Monitoring and evaluation of SLBs

- Monitoring mechanism for implementation of SLBs was found absent at the State as well as at ULBs level. The performance indicators reported at the Department level was never reviewed at the management level (by Mayor/Municipal Commissioner) of ULBs.

(Paragraph 5.2.24)

5.2.1 Introduction

Benchmarking is an important mechanism for introducing accountability in service delivery. Recognising its importance, Ministry of Urban Development (MoUD), Government of India prescribed SLBs since 2008 for performance management of basic services. MoUD had also issued SLB Handbook prescribing the standardised framework for performance monitoring in respect of four basic municipal services, viz., water supply, sewage, solid waste management and storm water drainage. SLB indicators include coverage of water supply connections, quality of water, cost recovery in water supply, coverage of toilets, coverage of sewage network service, household coverage of solid waste management, segregation and disposal of municipal solid wastes and coverage of storm water drainage network.

The principle of benchmarking was endorsed by Thirteenth Finance Commission (ThFC), which included SLBs as one of the conditionalities for allocation of performance grants to ULBs. As per the recommendations of ThFC, State Government must notify or cause all the Municipal Corporations and Municipalities to notify by the end of a fiscal year (31st March) the service delivery standards for four service sectors, water supply, sewage, solid waste management and storm water drainage, to be achieved by them by the end of succeeding fiscal year. The fact of publication of a notification in State Gazette will demonstrate compliance with this condition. Fourteenth Finance Commission has also recommended (December 2014) continuing the benchmarking for basic urban services.

Since 2011-12, Government of Madhya Pradesh notified every year the service delivery standards for the four services for the current year and the achievement vis-à-vis targets of the previous year. Out of 378 ULBs in the State, SLBs have been notified in 114 ULBs (16 Municipal Corporations and 98 Municipal Councils) as of March 2015.

5.2.2 Organisational structure

At the Government level, Principal Secretary, Urban Development and Environment Department (UDED) is responsible for implementation of SLBs by ULBs in the State. The Commissioner, Urban Administration and Development Directorate (UADD) is responsible for overall monitoring of the SLBs programme, and collection and evaluation of SLBs data from ULBs through Deputy Directors of the Divisional offices.

Commissioner of Municipal Corporation and Chief Municipal Officer of Municipal Councils are responsible for implementation of SLBs in respective ULBs. The performance indicators reported by ULBs are also to be reviewed by the Mayor/President of ULBs.

5.2.3 Audit objectives

The audit objectives of the performance audit were to assess:

- whether adequate financial resources were available with ULBs for implementation of SLBs;
- whether planning was adequate for implementation of SLBs in ULBs;
- whether the ULBs could achieve the targeted levels of benchmarking indicators; and,
- whether the monitoring and evaluation of SLBs was adequate and effective.

5.2.4 Audit coverage and methodology

The performance management of urban services in terms of the SLBs, covering the period 2011-15, was examined (March to July 2015) in two Municipal Corporations (Bhopal and Dewas) and two Municipal Councils (Junnardev and Kareli) selected by using Simple Random Sampling Without Replacement method. Records of UADD were also examined. The methodology adopted was mainly scrutiny of records maintained by the test checked units, collection of data through questionnaires and analysis of data received from test checked units.

An entry conference to discuss the audit objectives, audit criteria, scope and methodology was held with Principal Secretary, UDED on 16 March 2015. Exit conference was held with the Principal Secretary, UDED on 9 September 2015. The replies of the Government during the exit conference have been suitably incorporated in the respective paragraphs.

Audit findings

5.2.5 Adequacy of financial resources

ThFC observed that lack of resources often results in local bodies diluting the quality of services provided by them. On the recommendations of ThFC, GoI released grants-in-aid of ₹ 1,089.04 crore to Government of Madhya Pradesh for transfer to ULBs. While transferring the ThFC grants to ULBs, State Government directed ULBs to prioritise the following services for incurring expenditure - fire services, drinking water, solid waste management, sewage and drainage, and road works. The details of receipt of ThFC grants from GoI and transfer to ULBs are detailed in **Table 5.6:**

Table-5.6: Details showing receipt of ThFC grants from GoI and released to ULBs
(₹ in crore)

Years	ThFC grants received from GoI				Total	Grants released to ULBs
	General Basic Grant	Performance Grant	Special Area Basic Grant	Special Area Performance Grant		
2010-11	137.42	nil	3.54	nil	140.96	140.96
2011-12	87.10	30.03	3.94	nil	121.07	121.07
2012-13	287.02	27.44	3.94	1.97	320.37	320.37
2013-14	228.51	30.03	4.23	1.97	264.74	264.74
2014-15	124.88	107.59	1.68	7.74	241.89	241.89
Total	864.93	195.09	17.33	11.68	1,089.03	1,089.03

(Source: Information provided by UADD)

Four test-checked ULBs incurred ₹ 473.16 crore during 2010-11 to 2014-15 on the delivery of four basic municipal services.

We noticed from the utilisation certificates submitted by State Government for ThFC grants that ULBs had incurred ₹ 396.18 crore as of March 2014 on the four basic services water supply (₹ 265.37 crore), sanitation (₹ 47.57 crore), solid waste management (₹ 34.04 crore) and drainage (₹ 49.20 crore). The details of expenditure on these four basic services during 2014-15 were awaited from UADD (January 2016).

Out of total ThFC grant of ₹ 1,089.03 crore, State Government released ₹ 103.47 crore to four test-checked ULBs, Bhopal (₹ 91.07 crore), Dewas (₹ 10.84 crore), Junnardev (₹ 0.80 crore) and Kareli (₹ 0.76 crore) during 2010-11 to 2014-15. These ULBs incurred expenditure of ₹ 473.16 crore¹⁶ during this period on the delivery of four services, viz., water supply, sewage, solid waste management and storm water drainage, which included expenditure of ₹ 80.44 crore from ThFC grants and ₹ 392.72 crore from other resources of ULBs.

We further noticed that 107 projects were sanctioned in 85 ULBs (notified for SLBs) in the State under JNNURM, Urban Infrastructure Development Schemes for Small and Medium Towns (UIDSSMT), and *Mukhyamantri Shahri Pey Jal Yojana* for the improvement in delivery of basic services, as detailed in **Table 5.7:**

Table-5.7: Status of project sanctioned for basic services

(₹ in crore)			
Name of services	No. of projects sanctioned	Cost of project	Financial progress as of 31.3.2015
Water supply	91	3,005.56	1,569.35
Sewage and Sanitation	7	743.12	489.78
Solid Waste Management	5	89.29	42.74
Storm water drainage	4	367.15	370.20
Total	107	4,205.12	2,472.07

(Source: Information provided by UADD)

Out of these 107 projects, seven projects were sanctioned in four test-checked ULBs. Three test-checked ULBs (Bhopal, Dewas and Junnardev) incurred expenditure of ₹ 682.67 crore on four projects (sanctioned cost ₹ 848.94 crore) as of March 2015. However, there was no physical progress on three other projects in two ULBs, Kareli and Dewas.

¹⁶ Bhopal ₹ 434.94 crore, Dewas ₹ 24.47 crore, Junnardev ₹ 5.76 crore and Kareli ₹ 7.99 crore

The water supply project sanctioned (August 2013) at a cost of ₹ 35.51 crore in Kareli Municipal Council was still at the tender stage, despite release (September 2013) of ₹ 7.99 crore to Kareli Municipal Council. In Dewas Municipal Corporation, one water supply project sanctioned (June 2011) at a cost of ₹ 39.75 crore and one sewage project sanctioned (February 2014) at a cost of ₹ 140.63 crore under UIDSSMT were yet to start as of March 2015, though funds of ₹ 8.94 crore and ₹ 61.18 crore respectively had been released to Dewas Municipal Corporation for these projects.

Thus, the test-checked ULBs incurred expenditure of ₹ 473.16 crore between 2010-11 and 2014-15 on the delivery of four basic services - water supply, sewage, solid waste management and storm water drainage. Besides, ₹ 682.67 crore was incurred as of March 2015 on four projects sanctioned under JNNRUM and UIDSSMT. We, however, noticed that the quality of basic services in these ULBs were not as per notified service level benchmarks, as discussed in the succeeding paragraphs.

In the exit conference (September 2015), the Government replied that the service level benchmarks would be achieved as per GoI standards after the completion of projects.

5.2.6 Planning

As per the SLB Handbook, ULBs were to generate performance reports on SLBs periodically on the basis of data captured either regularly through systems on the ground or through specific surveys carried out at defined intervals. In parallel, ULBs need to institutionalise systems for performance management, such as systems for capturing data from field level staff for which simple data formats should be designed and provided to field level staff to capture the data and report it upwards. The data required to be captured from the field level included total number of households and residents in the service area, quantum of treated water supplied to consumer, number of water samples taken for testing, number of properties with direct connection to sewage network, quantum of generated, segregated and disposed municipal solid waste, and number of incidence of water logging.

Specific persons were to be designated to collate the data received from the field and generate the performance reports. Performance indicators reported at the Department level was to be monthly examined at the management level (by Mayor/Municipal Commissioner) and decisions and plans were to be periodically reviewed in light of the performance achieved and follow on decisions taken up.

We observed that specific persons were not designated to collate the data and generate the performance reports. The data was not captured from ground or through surveys for generation of performance report on SLBs. As a result, the targets and achievements of SLB indicators were notified in the State Gazette on estimation basis and the notified achievement were found incorrect in a number of cases, as discussed in succeeding paragraphs.

We noticed that the prescribed monthly/quarterly performance reports were not generated during 2011-12 to 2014-15. The performance under various service indicators was never reviewed by Mayor/Municipal Commissioner. Thus, there was absence of an institutionalised system for capturing data of

System for capturing SLBs data from field level was not institutionalised.

SLB indicators, which was essential for management to plan corrective action for improving delivery of basic services.

In exit conference, the State Government replied that the instructions would be issued to ULBs to follow the provisions of SLB Handbook.

Recommendation

ULBs should institutionalise the system for capturing actual data of performance management from ground level. Plans to achieve SLBs should be periodically reviewed to enhance the quality of basic services to residents.

5.2.7 Capacity building for performance management system

Initiatives taken for capacity building for implementation of SLBs was inadequate

As per para 3.1 of SLB Handbook, the staff at all levels would need to undergo training and orientation on SLBs to enable them to play their respective roles in the overall performance management system. Officers of the Head of Department level should take the lead in orienting their respective staff.

We observed that one training programme on SLBs was organised by MoUD for officials of State level during the year 2013-14. During 2014-15, the State Government organised a two-days training on SLBs for officials of ULBs in the State. However, out of 114 ULBs notified for SLBs, 136 officials of 68 ULBs were nominated for a two-days training programme during 2014-15. Further, out of 136 nominated officials, only 70 officials (51 *per cent*) attended the training programme. We further noticed that none of the officials from the four test-checked ULBs attended the training programme, though four officials from two ULBs (Bhopal and Dewas) were nominated for the training.

On this being pointed out, the Commissioner, UADD stated (July 2015) that a training on SLBs was organised for ULBs during 2010-11, therefore, imparting training in subsequent years was not needed. It was further informed that the officials were nominated only from those ULBs which were notified in State Gazette.

The reply of Commissioner UADD is not acceptable as officials from 60 *per cent* of notified ULBs were nominated for training. Further, even the nominated officials did not attend the training. Thus, the initiative taken by State Government for capacity building for implementation of SLBs was inadequate.

In the exit conference (September 2015), the Government stated that monitoring mechanism would be strengthened.

Recommendation

State Government should organise adequate training and orientation programme on SLBs for capacity building at all level to equip the staff to appreciate their respective roles in the overall performance management system.

Implementation of Service Level Benchmarks

Bhopal Municipal Corporation

Bhopal Municipal Corporation (BMC) is governed by the Madhya Pradesh Municipal Corporation Act, 1956. BMC has 70 Wards with a total population of 18.40 lakh as per census 2011. The BMC is a statutory body, which provides civic services and infrastructure facilities within its service area. State Government had notified SLBs for four basic municipal services during 2011-12 to 2014-15. The achievements of BMC in implementing SLBs targets are discussed in succeeding paragraphs.

5.2.8 Water supply services

The achievement of BMC with reference to SLBs for water supply services, as notified in State Gazette during 2011-12 to 2014-15, was as under:

Table-5.8: SLBs for Water Supply Services in BMC during 2011-12 to 2014-15

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievements
1	Coverage of water supply connection (<i>per cent</i>)	100	60-100	56-80
2	<i>Per Capita</i> supply of Water (lpcd)	135	150	150
3	Extent of metering of water connections (<i>per cent</i>)	100	7-100	2-40
4	Extent of Non-Revenue water (<i>per cent</i>)	20	15-35	20-35
5	Continuity of Water supply (hours)	24	1-24 hrs	1-8 hrs
6	Quality of Water supplied (<i>per cent</i>)	100	90-100	95-100
7	Efficiency in redressal of customer complaints (<i>per cent</i>)	80	90-100	90-98
8.	Cost recovery in water supply services (<i>per cent</i>)	100	50-90	40-50
9.	Efficiency in collection of water supply related charges (<i>per cent</i>)	90	72-90	75-83

(Source: Gazette notification issued by the State Government)

5.2.8.1 Coverage of water supply connections

As per Para 2.1.1 of SLB Handbook, the coverage of water supply connection is measured as a percentage of total number of households (HHs) in the service area that are connected to water supply network with direct service connection. The benchmark value fixed by GoI was 100 *per cent*.

We noticed that the achievement of BMC was notified as 80 *per cent* in 2014-15 against this SLB indicator. However, scrutiny of records revealed that 180000 HHs out of 390445 HHs in the service area of BMC were connected with the direct water supply service connection. Thus, there was 46 *per cent* coverage of water supply connections in Bhopal, whereas inflated coverage figures (80 *per cent*) was reported in the Gazette notification.

On this being pointed out, the BMC replied (July 2015) that many connections in the city are bulk connections catering more than one household. Therefore, it was not correct to consider one connection for one HH.

The reply was not acceptable, as the coverage of water supply connection was to be worked out as a percentage of HHs that were connected to water supply network with direct service.

In the exit conference (September 2015), the Government replied that water supply works were under progress and instructions were being issued to the ULBs for expediting implementation of works.

5.2.8.2 Per capita supply of water

As per Para 2.1.1 of SLB Handbook, the *per capita* quantum of supply reflects total water supplied to consumers expressed by population served per day. Benchmark value for this indicator was 135 lpcd.

Against this SLB indicator, BMC notified the achievement of 150 lpcd during the year 2011-12 to 2014-15, which was more than the benchmark fixed by GoI. We, however, noticed that the duration of water supply was not equal in each service area. Though in some service area water supply was up to 9 hours per day, water was supplied on alternate day in 77 service areas out of 305 number of total service areas (70 wards) of BMC.

In the exit conference (September 2015), the Government replied that the matter would be examined and instructions would be issued to ULBs accordingly.

5.2.8.3 Extent of metering of water connections

BMC did not install meters for water connections.

As envisaged in the SLB Handbook, the quantum of water supplied to the consumers should be measured through water meter. However, we noticed that BMC did not install meters for water connections. Despite this, Government notified 40 *per cent* achievement under this indicator during 2014-15. Thus, the achievements shown in the Gazette in respect of this service indicator was incorrect.

In exit conference (September 2015), the Government replied that instructions would be issued to ULBs for adopting metering system.

5.2.8.4 Extent of non-revenue water

This indicator expresses the extent of water produced which does not earn any revenue. This was to be measured as the difference between the total water produced and put into the distribution system (measured through metering) and actual quantity of water supplied to consumers who were billed.

We noticed that Government notified achievement of 20 *per cent* against the target of 15 *per cent* for the extent of non-revenue water in BMC during 2014-15. However, the achievement notified in the Gazette was incorrect, as the quantum of non-revenue water could not be assessed due to absence of metering system at transmission as well as at consumer end.

In exit conference (September 2015), the Government replied that the matter would be examined and instructions would be issued accordingly.

5.2.8.5 Service indicator 'quality of water supply'

Para 2.1.6 of the SLB Handbook envisages that the quality of water supplied is an important performance indicator. Quality of water supply was to be measured with the actual number of water samples that are taken at both

Periodic independent audit was not done to ensure the quality of water.

points- outlet of the treatment plant and at the consumer end and these samples should match the specified potable water standards as defined by the Central Public Health and Environmental Engineering Organisation (CPHEEO). A periodic independent audit of water quality was also to be carried out.

We noticed that the achievement notified under 'quality of water supply' was 100 *per cent* during the year 2014-15. We, however, noticed that the water samples were not taken at consumer end and periodic independent audit of water quality was also not carried out. Thus, the achievement notified in the Gazette under 'quality of water supply' by BMC was unrealistic.

In exit conference (September 2015), the Government replied that the matter would be examined and instructions would be issued accordingly.

5.2.8.6 Efficiency in redressal of customer complaint

The performance under this indicator was to be measured as percentage of total number of complaints redressed satisfactorily within 24 hours out of total number of complaints received. The benchmark value of this indicator was 80 *per cent*.

Government notified achievement of 100 *per cent* against the benchmark of 80 *per cent*. We observed that BMC was maintaining the records of complaints received, however, the status of redressal was not recorded. Therefore, the basis, on which 100 *per cent* achievement was notified, could not be ascertained in audit.

In exit conference (September 2015), the Government replied that instructions for efficient redressal of consumer complaints and maintenance of records would be issued shortly.

5.2.8.7 Cost recovery in water supply services

Para 2.1.8 of SLB Handbook envisages that financial sustainability is critical for all basic urban services. Therefore, through a combination of user charges, fees and taxes, all operating costs should be recovered. The benchmark value for this indicator was 100 *per cent*.

The details of operating expenditure and cost recovery in water supply services by BMC were as detailed in **Table 5.9**:

Table-5.9: Details of operating expenditure and cost recovery in water supply services
(₹ in crore)

Year	Operating Expenses	Cost recovery	percentage of cost recovery
2011-12	56.79	29.08	51
2012-13	65.47	29.50	45
2013-14	81.40	29.47	36
2014-15	78.81	29.44	37

(Source: Information provided by BMC)

It is evident from **Table 5.7** that actual cost recovery in BMC was between 36 and 51 *per cent*. We further noticed that the target for this SLB indicator was notified as 70 *per cent* during 2014-15, which was much below the benchmark fixed by GoI.

In exit conference (September 2015), the Government replied that the audit observation had been noted for action.

5.2.9 Sewage and sanitation

The achievement of BMC with reference to SLBs for sewage and sanitation services, as notified in State Gazette during 2011-12 to 2014-15, was as under:

Table-5.10: SLBs for sewage and sanitation in BMC during 2011-12 to 2014-15

(Figures in per cent)

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievement
1	Coverage of toilets	100	81-90	80-84
2	Coverage of sewage network	100	12-50	10-40
3	Collection efficiency of sewage network	100	12-50	11-40
4	Adequacy of sewage treatment capacity	100	24-58	24-28
5	Quality of sewage treatment	100	65-80	65-70
6	Extent of Reuse and recycling of sewage	20	3-10	3-8
7	Efficiency in redressal of customer complaints	80	100	100
8	Extent of cost recovery in sewage management	100	7-15	7-10
9.	Efficiency in collection of sewage charges	90	82-85	82-83

(Source: Gazette Notification issued by State Government)

5.2.9.1 Coverage of sewage network

As per Para 2.2.2 of SLB Handbook, this indicator denotes the extent to which the underground sewage network has reached out to individual properties across the service area. The benchmark value for this indicator was 100 per cent.

We observed that coverage of sewage network in Bhopal was 38 per cent, as against the notified target of 40 per cent. Thus, the coverage as well as the notified target was lower than the benchmark value (100 per cent) fixed by GoI.

On this being pointed out, BMC stated (July 2015) that a proposal for coverage of sewage network in 100 per cent service area was included in new master plan and would be executed only after its inclusion in centrally sponsored scheme.

5.2.9.2 Collection efficiency of the sewage network

This indicator is measured as the quantum of waste water collected as a percentage of sewage generation in the ULB. The achievement notified in respect of this indicator was 40 per cent during 2014-15. However, based on total capacity of seven Sewage Treatment Plants (STPs) in Bhopal, the collection efficiency of sewage generated worked out to 28 per cent during 2014-15. Thus, notified achievement of 40 per cent towards collection efficiency of sewage water was incorrect.

In exit conference (September 2015), the Government accepted the audit observation and stated that steps would be initiating to realistically modify the targets.

5.2.9.3 Extent of cost recovery

Para 2.2.8 of SLB Handbook envisages that all operating costs should be recovered through a combination of user charges, fees and taxes etc. We observed that operating expenses for sewage management in Bhopal were ₹ 2.89 crore during 2014-15. However, the charges for cost recovery of sewage management were not imposed. Despite this, the achievement of BMC in respect of this benchmark was shown as 10 *per cent* in the Gazette.

On this being pointed out, the BMC accepted (July 2015) that the achievement was wrongly notified in the Gazette. In exit conference (September 2015), the Government replied that action would be taken.

5.2.10 Solid Waste Management (SWM)

The achievement of BMC with reference to SLBs for SWM, as notified in State Gazette during 2011-12 to 2014-15, was as under:

Table-5.11: SLBs for SWM in BMC Bhopal during 2011-12 to 2014-15

(Figures in *per cent*)

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievement
1	Household level coverage	100	40-75	30-70
2	Efficiency of collection of MSW	100	80-95	80-91
3	Extent of segregation of MSW	100	15-30	15-24
4	Extent of MSW recovered	80	15-25	10-19
5	Extent of Scientific Disposal of MSW	100	15-25	5-15
6	Efficiency in redressal of customer complaints	80	99	95-99
7	Extent of Cost recovery in SWM charges	100	Nil	42-52
8	Efficiency in collection of SWM charges	90	Nil	40-63

(Source: Gazette Notification issued by State Government)

5.2.10.1 Extent of segregation of Municipal Solid Waste (MSW)

Performance under this indicator was to be measured as percentage of quantum of waste segregated out of total quantum of waste collected. The benchmark value fixed by GoI was 100 *per cent*.

We observed that the segregation of waste was not done. BMC informed that un-segregated waste was being dumped at dumping site. Despite this, 15 to 24 *per cent* achievement was notified under this indicator, which was incorrect.

5.2.10.2 Efficiency in scientific disposal of MSW

Para 2.3.5 of SLB Handbook envisages that inert waste should finally be disposed at landfill sites. This is a critical performance parameter from an environmental sustainability prospective. The benchmark value for this indicator was 100 *per cent*.

We noticed that BMC received 12th Finance Commission grants-in-aid (2007-10) of ₹ 6.83 crore, out of which 50 *per cent* was to be incurred on SWM. However, no landfill site for scientific disposal of MSW could be developed by BMC. Despite this, 5 to 15 *per cent* achievement was notified under the indicator 'efficiency in scientific disposal of MSW'.

For scientific disposal of MSW landfill site was not developed by MC Bhopal

In the exit conference (September 2015), the Government stated that the State had converted 378 ULBs of the State in 26 clusters with a view to effectively and scientifically manage solid waste. The target was to organise full SWM within two years.

The fact remains that BMC could not develop landfill site for disposal of MSW even after received funds under 12th Finance Commission.

5.2.10.3 Efficiency in redressal of customer complaint

The performance under this indicator was to be measured as percentage of total number of complaints redressed satisfactorily within 24 hours out of total number of complaints received. The benchmark value of this indicator was 80 per cent.

We observed that the records of enrolment of complaints were maintained in BMC. However, status of redressal of complaints was not recorded. Therefore, the notified percentage of complaints redressal could not be verified.

In exit conference (September 2015), the Government replied that it had been noted for further action.

5.2.11 Storm Water Drainage

The achievement of BMC with reference to SLBs of Storm Water Drainage, as notified in State Gazette during 2011-12 to 2014-15, was as under:

Table-5.12: SLBs for Storm Water Drainage in BMC during 2011-12 to 2014-15

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievement
1	Coverage of Storm water drainage network (<i>in per cent</i>)	100	55-80	52-75
2	Incidence of water logging/flooding	zero	Nil	Nil

(Source: Gazette Notification issued by State Government)

5.2.11.1 Coverage of storm water drainage

This indicator is defined in terms of the percentage of road length covered by the storm water drainage network. As per SLB Handbook, coverage of storm water drainage network was to be computed on the basis of total length of road having more than 3.5m wide carriageway in service area and total length of drains that are made of pucca construction and are covered. The benchmark value fixed by GoI was 100 per cent.

We noticed that the total length of road network (more than 3.5m wide) in the service area of BMC was 3,200 km. The length of drains was 2,400 km, which was uncovered. Due to uncovered drains, the indicator for coverage of storm water drainage network was not computable as per prescribed parameters of SLB Handbook. Despite this, the achievement of 75 per cent was notified during 2014-15.

On this being pointed out, BMC replied that the targets and achievement were notified under this SLB indicator on the basis of uncovered drains.

In exit conference (September 2015), the Government replied that the audit observation had been noted for further action.

5.2.11.2 Incidence of water logging/flooding

This indicator states that the number of times water logging and flooding were reported in a year. The benchmark value fixed by GoI was *zero*.

We observed that BMC had identified four low lying flood prone areas, where four to five incidences of water logging occurred during the year 2014-15. Despite this, no target was notified for SLB indicator 'incidence of water logging'.

On this being pointed out, the BMC replied that incidences of water logging were decreased after completion of JNNURM project. However, proposal would be prepared for another project to avoid water logging incidences.

The fact remains that BMC did not notify the target for incidence of water logging/flooding, despite having identified low lying flooding areas.

Recommendation

BMC should ensure implementation of SLBs in the four notified services of water supply, sewage, solid waste management, and storm water drainage so as to improve the accountability in service delivery.

Dewas Municipal Corporation

Dewas Municipal Corporation (DMC) is governed by the Madhya Pradesh Municipal Corporation Act, 1956. DMC has 45 Wards with a total population of 2.90 lakh as per census 2011. The DMC is a statutory body, which provides civic services and infrastructure facilities within its service area. State Government had notified SLBs for four basic municipal services during 2011-12 to 2014-15. The achievements of DMC in implementing SLBs targets are discussed in succeeding paragraphs.

5.2.12 Water supply services

The status of performance of DMC relating to SLBs for water supply service, as notified in State Gazette during 2011-12 to 2014-15, was as under:

Table-5.13: SLBs for Water Supply Services in DMC during 2011-12 to 2014-15

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievements
1	Coverage of water supply connection (<i>per cent</i>)	100	60-75	42-74
2	<i>Per Capita</i> supply of Water (lpcd)	135	80-100	50-90
3	Extent of metering of water connections (<i>per cent</i>)	100	10	nil
4	Extent of Non-Revenue water (<i>per cent</i>)	20	30-45	3-45
5	Continuity of Water supply (hours)	24	30-60 minutes	30-75 minutes
6	Quality of Water supplied (<i>per cent</i>)	100	80-95	50-90
7	Efficiency in redressal of customer complaints (<i>per cent</i>)	80	100	100
8.	Cost recovery in water supply services (<i>per cent</i>)	100	60-75	50-60
9.	Efficiency in collection of water supply related charges (<i>per cent</i>)	90	70-80	50-75

(Source: Gazette Notification issued by State Government)

5.2.12.1 Coverage of water supply connections

Coverage of water supply connection was only 47 per cent in DMC.

As per provisions discussed in Para 5.2.8.1, we noticed that the achievement of DMC was notified as 74 *per cent* during 2014-15 against this SLB indicator. However, scrutiny of records revealed that the coverage of water supply connection in the service area of DMC was only 47 *per cent*, as 30,665 HHs were provided direct water supply connection against 65,276 number of HHs in DMC service area. Thus, inflated figures were reported in the Gazette notification.

We further observed that the distribution pipeline was laid in 60 *per cent* service area and State Government had approved (September 2014) a proposal (sanctioned cost of ₹ 40.00 crore) for laying pipeline in another 10 *per cent* service area. No proposal was under consideration for remaining 30 *per cent* service area. Thus, there was lack of planning to achieve the benchmark (100 *per cent*) fixed by GoI.

On this being pointed out, DMC accepted the audit observation and stated (April 2015) that the incorrect data was furnished for Gazette notification. In the exit conference (September 2015), the Government replied that water supply works were under progress and instructions were being issued to the ULBs for expediting implementation of works.

The fact remains that there was absence of any planning for laying distribution pipelines in remaining 30 *per cent* service of DMC.

5.2.12.2 per capita supply of water

As per provisions discussed in Para 5.2.8.2, we noticed that the achievement of DMC was notified 90 lpcd during 2013-14 and 50 lpcd during 2014-15 against this SLB indicator. Scrutiny of records revealed that treated water supply for 2.90 lakh people was only 34 lpcd during these years. Thus, inflated figures were reported in the Gazette notification.

On this being pointed out, DMC accepted (April 2015) that the incorrect data was furnished for Gazette notification. In the exit conference (September 2015), the Government replied that the matter would be examined and instructions would be issued accordingly.

5.2.12.3 Continuity of water supply

Para 2.1.5 of the SLB Handbook envisages that, it was desirable from a citizen's perspective to have round-the-clock water supply. The benchmark value of this indicator was 24 hours. 'Continuity of water supply' was to be measured as the average number of hours of pressurised water supplied per day.

We noticed that water supply in the service area of DMC was 45 minutes alternate day. Despite this, DMC notified achievement of 75 minutes per day under this indicator, which was incorrect.

On this being pointed out, DMC accepted (April 2015) that the incorrect data was furnished for Gazette notification. In the exit conference (September 2015), the Government replied that the matter would be examined.

5.2.12.4 Quality of water supply

As per provisions discussed in Para 5.2.8.5, we noticed that testing of treated water was being done in the laboratory established in DMC. However, the water samples for testing were never taken at consumer end as envisaged in SLB Handbook. We further observed that a periodic independent audit of water quality was not carried out. Thus, the achievement of 50 *per cent* shown in the Gazette during 2014-15, was without basis.

On this being pointed out, DMC accepted (April 2015) that the incorrect data was furnished for Gazette notification. In the exit conference (September 2015), the Government replied that the matter would be examined and instructions would be issued accordingly.

5.2.12.5 Efficiency in redressal of customer complaint

As per provisions discussed in Paragraph 5.2.8.6, we observed that the records of enrolment of complaints were maintained in DMC but the status of complaints redressal was not recorded. Therefore, the complaints redressed within the time period as envisaged in SLB Handbook, could not be verified.

The Commissioner, DMC accepted the above audit observation and stated (April 2015) that the records relating to redressal of complaints would be maintained.

In exit conference (September 2015), the Government replied that instructions for efficient redressal of consumer complaints and maintenance of records would be issued shortly.

5.2.13 Sewage and sanitation

The status of performance of DMC relating to sewage and sanitation, as notified in State Gazette during 2011-12 to 2014-15, was as under:

Table-5.14: SLBs for Sewage and Sanitation in DMC during 2011-12 to 2014-15

(Figures in *per cent*)

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Target	Achievement
1	Coverage of toilets	100	68-85	68-80
2	Coverage of sewage network	100	8-25	5-10
3	Collection efficiency of sewage network	100	5-25	5-10
4	Adequacy of sewage treatment capacity	100	nil	nil
5	Quality of sewage treatment	100	nil	nil
6	Extent of Reuse and recycling of sewage	20	nil	nil
7	Efficiency in redressal of customer complaints	80	100	100
8	Extent of cost recovery in sewage management	100	10-20	10
9.	Efficiency in collection of sewage charges	90	26-40	26-30

(Source: Gazette Notification issued by State Government)

We noticed that DMC did not maintain database in respect of 'coverage of toilets'. Despite this, DMC showed achievement of 80 *per cent* under this indicator. DMC informed (April 2015) that the achievement was published in the Gazette on the basis of available information. However, no such record

was produced to audit. Thus, the basis on which achievement under this indicator was notified in the Gazette, could not be verified.

Further, DMC did not notify any target for service indicators - adequacy of sewage treatment capacity, quality of sewage treatment and extent of reuse and recycling of sewage. The target and achievement under the service indicator coverage of sewage network was also marginal as compared to requisite benchmark fixed in SLB Handbook.

On this being pointed out, DMC informed (May 2015) that the sewage project sanctioned (February 2014) at a cost of ₹ 140.63 crore under UIDSSMT, was at the tender stage.

5.2.14 Solid Waste Management (SWM)

The achievement of DMC with reference to SLB indicators for SWM, as notified in State Gazette during 2011-12 to 2014-15, was as under:

Table-5.15: SLBs for SWM in DMC during 2011-12 to 2014-15

(Figures in per cent)

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievement
1	Household level coverage	100	30-50	30-45
2	Efficiency of collection of MSW	100	85-95	85-87
3	Extent of segregation of MSW	100	20-30	nil
4	Extent of MSW recovered	80	20-30	10-15
5	Extent of Scientific Disposal of MSW	100	nil	nil
6	Efficiency in redressal of customer complaints	80	100	100
7	Extent of Cost recovery	100	10-40	10-40
8	Efficiency in collection of SWM charges	90	30-60	30-60

(Source: Gazette Notification issued by State Government)

5.2.14.1 Extent of scientific disposal of MSW

This indicator was to be measured as a percentage of the total quantum of waste disposed at landfill sites. We, however, observed that landfill site was not developed for scientific disposal of MSW. Further, no target was fixed for scientific disposal of MSW, though it was required to be 100 per cent as per SLB Handbook.

5.2.14.2 Extent of cost recovery

This indicator was to be measured as percentage of total annual operating revenues on total annual operating expenses. We observed that no tax or fee was imposed and recovered against operating expenses of ₹ 2.91 crore during 2011-15 on SWM. Therefore, notified achievements under this indicator were without basis.

On this being pointed out, DMC accepted (April 2015) that the incorrect data was mistakenly furnished for Gazette notification. In the exit conference (September 2015), the Government stated that audit observation had been noted for further action.

5.2.15 Storm water drainage services

The achievement of DMC with reference to SLBs for storm water drainage services, as notified in State Gazette during 2011-12 to 2014-15, was as under:

Table-5.16: SLBs for Storm Water Drainage in DMC during 2011-12 to 2014-15

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievement
1	Coverage of Storm water drainage (<i>in per cent</i>)	100	50-80	50-70
2	Incidence of water logging	zero	25-60	20-60

(Source: Gazette Notification issued by State Government)

We noticed that the total length of road network (more than 3.5 meterwide) in the jurisdiction of DMC was 427 km during 2014-15. However, these roads did not have covered drains. As per provision discussed in Paragraph 5.2.11.1 for measuring the coverage of storm water drainage network, the performance against this indicator was not computable in the absence of covered drainage network. Despite this, DMC notified achievement of 70 per cent during 2014-15, which was incorrect.

In the exit conference (September 2015), the Government stated that the audit observation had been noted for further action.

Recommendation

DMC should ensure implementation of SLBs in the four notified services of water supply, sewage, solid waste management, and storm water drainage so as to improve the accountability in service delivery.

Junnardev Municipal Council

Junnardev Municipal Council (JMC), is governed by the Madhya Pradesh Municipalities Act, 1961. It provides civic services and infrastructure facilities within its service area. JMC has 18 Wards with a total population of 0.23 lakh as per census 2011. State Government had notified SLBs for four basic municipal services during 2011-12 to 2014-15. The achievements of JMC in implementing SLBs targets are discussed in succeeding paragraphs.

5.2.16 Water Supply Services

The achievement of JMC with reference to SLBs for water supply services, as notified in State Gazette during 2011-12 to 2014-15, was as under:

Table-5.17: SLBs for Water Supply Services in JMC during 2011-12 to 2014-15

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievements
1	Coverage of water supply connection (<i>per cent</i>)	100	30-50	30-48
2	<i>Per Capita</i> supply of Water (lpcd)	135	80-100	45-90
3	Extent of metering of water connections (<i>per cent</i>)	100	nil	nil
4	Extent of Non-Revenue water (<i>per cent</i>)	20	3-60	3-5
5	Continuity of Water supply (hours)	24	60 minutes	40 minutes-6 hrs

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievements
6	Quality of Water supplied (<i>per cent</i>)	100	90-100	90-100
7	Efficiency in redressal of customer complaints (<i>per cent</i>)	80	80-100	75-100
8.	Cost recovery in water supply services (<i>per cent</i>)	100	18-90	22-100
9.	Efficiency in collection of water supply related charges (<i>per cent</i>)	90	36-90	41-80

(Source: Gazette Notification issued by State Government)

Scrutiny of records revealed that JMC reported incorrect achievements to the State Government for publishing in Gazette Notification, as stated below:

Per capita water supply was only 53 lpcd in JMC against notified achievement of 90 lpcd

- As per provisions discussed in paragraph 5.2.8.2, we noticed that the achievement of JMC under the SLB indicator – per capita supply of water, was notified as 90 lpcd in 2014-15. However, scrutiny of records revealed that the treated water supply for 0.23 lakh people was 53 lpcd during 2014-15. Thus, inflated figures were reported in the Gazette.

- We observed that JMC did not have metering system at transmission end as well as consumers end. As per provisions discussed in paragraph 5.2.8.4, the service indicator - extent of non-revenue water, could not be computed in the absence of water metering system. However, JMC had reported achievement of three to five *per cent* against this SLB indicator.

- The SLB indicator - continuity of water supply, was to be measured as the average number of hours of pressurised water per day. We observed that JMC notified the achievement of 60 minutes per day under this indicator during 2014-15, whereas the actual water supply in its service areas was only 45 minutes alternate day.

- The Service indicator ‘quality of water supply’ was to be measured with the actual number of water samples that were taken at both points- outlet of the treatment plant and at the consumer end. We observed that testing of water was never done. Thus, the achievement (100 *per cent*) notified in the Gazette was incorrect.

- The SLB indicator - efficiency in redressal of customer complaint, was reported without any basis. Similarly, the SLB indicator - cost recovery in water supply services, was not reported on the basis of actual recovery of operating cost. The achievement against this indicator worked out as 14 *per cent* (revenue of ₹ 0.11 crore against operating expenditure ₹ 0.82 crore) during 2014-15, but it was notified as 80 *per cent*.

On this being pointed out, JMC accepted that the incorrect data was mistakenly furnished for Gazette notification. In the exit conference (September 2015), the Government stated that the matter would be examined and instructions would be issued.

5.2.17 Sewage and sanitation

The status of achievement of JMC with respect of SLBs for sewage and sanitation, notified in State Gazette during 2011-12 to 2014-15, was as under:

Table-5.18: SLBs for Sewage and Sanitation in JMC during 2011-12 to 2014-15

(Figures in per cent)

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievement
1	Coverage of toilets	100	70-100	70-96
2	Coverage of sewage network	100	nil	nil
3	Collection efficiency of sewage network	100	nil	nil
4	Adequacy of sewage treatment capacity	100	nil	nil
5	Quality of sewage treatment	100	nil	nil
6	Extent of reuse and recycling of sewage	20	nil	nil
7	Efficiency in redressal of customer complaints	80	90	90
8	Extent of cost recovery sewage management	100	nil	nil
9	Efficiency in collection of sewage charges	90	nil	nil

(Source: Gazette Notification issued by State Government)

JMC did not fix any target for coverage of sewage network.

We observed that JMC did not fix any target for coverage of sewage network, whereas this was to be 100 per cent as per SLB Handbook.

In the exit conference (September 2015), the Government replied that centralised sewage management system was not envisaged in smaller ULBs like JMC.

The fact remains that the SLB indicator for coverage of sewage network was fixed as 100 per cent in the SLB Handbook as the flowing sewage through open drains and storm water drains poses serious public health hazard.

5.2.18 Solid Waste Management (SWM)

The status of achievement relating to MSW Management by JMC as notified in State Gazette during 2011-12 to 2014-15 was as under:

Table-5.19: SLBs for SWM in JMC during 2011-12 to 2014-15

(Figures in per cent)

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievement
1	Household level coverage	100	40-100	30-90
2	Efficiency of collection of MSW	100	70-100	60-90
3	Extent of segregation of MSW	100	0-20	nil
4	Extent of MSW recovered	80	nil	nil
5	Extent of Scientific Disposal of MSW	100	nil	nil
6	Efficiency in redressal of customer complaints	80	80-100	70-100
7	Extent of Cost recovery	100	0-10	nil
8	Efficiency in collection of SWM charges	90	nil	nil

(Source: Gazette Notification issued by State Government)

We noticed that out of 4844 HHs, 2880 HHs (59 per cent) were connected with the doorstep collection during 2014-15. Thus, the notified achievement (up to 90 per cent) with reference to Household level coverage was not correct. Further, JMC did not maintain any record for enrolment and redressal of complaints. Therefore, the achievement under SLB indicator - efficiency in redressal of customer complaint, could not be verified.

In the exit conference (September 2015), the Government stated that the audit observation had been noted for further action.

5.2.19 Storm water drainage services

The achievement with reference to storm water drainage services of JMC, as notified in State Gazette during 2011-12 to 2014-15, was as under:

Table-5.20: SLBs for Storm Water Drainage in JMC during 2011-12 to 2014-15

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievement
1	Coverage of Storm water drainage (<i>in per cent</i>)	100	60-100	50-80
2	Incidence of water logging/flooding	zero	Nil	Nil

(Source: Gazette Notification issued by State Government)

We observed that achievement under SLB indicator- 'coverage of storm water drainage' was reported on estimated basis, as no record indicating the length of roads and drains (covered/uncovered) was available in JMC.

In the exit conference (September 2015), the Government stated that the audit observation had been noted for further action.

Recommendation

JMC should ensure implementation of SLBs in the four notified services of water supply, sewage, solid waste management, and storm water drainage so as to improve the accountability in service delivery.

Kareli Municipal Council

Kareli Municipal Council (KMC) is governed by the Madhya Pradesh Municipality Act, 1961. KMC has 15 Wards with a total population of 0.30 lakh as per census 2011. KMC is a statutory body, which provides civic services and infrastructure facilities within its service area. State Government had notified SLBs for four basic municipal services during 2011-12 to 2014-15. The achievements of KMC in implementing SLBs targets are discussed in succeeding paragraphs.

5.2.20 Water supply services

The status of performance of KMC relating to water supply service notified in State Gazette during 2011-12 to 2014-15 was as under:

Table-5.21: SLBs for Water Supply Services in KMC during 2011-12 to 2014-15

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievements
1	Coverage of water supply connection (<i>per cent</i>)	100	30-50	30-50
2	<i>Per Capita</i> supply of Water (lpcd)	135	62-150	70-150
3	Extent of metering of water connections (<i>per cent</i>)	100	nil	nil
4	Extent of Non-Revenue water (<i>per cent</i>)	20	0-45	0-41
5	Continuity of Water supply (hours)	24	4-6	2-4
6	Quality of Water supplied (<i>per cent</i>)	100	0-20	0-63

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievements
7	Efficiency in redressal of customer complaints (<i>per cent</i>)	80	100	100
8	Cost recovery in water supply services (<i>per cent</i>)	100	5-100	7-100
9	Efficiency in collection of water supply related charges (<i>per cent</i>)	90	27-100	40-80

(Source: Gazette Notification issued by State Government)

Scrutiny of records revealed that KMC reported incorrect achievements to the State Government for publishing in Gazette Notification, as stated below:

- As per para 2.1.2 of SLB Handbook, the service indicator- per capita supply of water expresses the quantum of supply of water for per person per day. The performance under this indicator was to be measured with the required data of quantum of treated water (measured through metering) supplied into the distribution system per day. Benchmark value for this indicator was 135 lpcd. KMC had notified achievement of 150 lpcd in 2014-15 under the SLB indicator – per capita supply. We, however, noticed that the quantum of supply of water was not measured as the water was being supplied to consumer directly through bore well. Thus, the notified achievement was without any basis.

- The Service indicator ‘quality of water supply’ was to be measured with the actual number of water samples that are taken at both points- outlet of the treatment plant and at the consumer end. We observed that testing of water was never done. Thus, the achievement of 63 *per cent* during 2011-12 notified in the Gazette was incorrect.

- The SLB indicator - efficiency in redressal of customer complaint, was reported without any basis, as no record for complaint redressal was maintained. Further, the SLB indicator - cost recovery in water supply services, was also not reported on the basis of actual recovery. The achievement against this indicator worked out 20 *per cent* (revenue of ₹ 0.17 crore against operating expenditure ₹ 0.85 crore) during 2014-15, but it was notified as 80 *per cent*.

KMC accepted that data was mistakenly furnished for Gazette notification.

On the being pointed out, KMC accepted that the data was mistakenly furnished for Gazette notification.

In the exit conference (September 2015), the Government stated that the matter would be examined and instructions would be issued.

5.2.21 Sewage and sanitation

The status of performance of KMC relating to sewage and sanitation service notified in State Gazette during 2011-12 to 2014-15 was as under:

Table-5.22: SLBs for Sewage and Sanitation in KMC during 2011-12 to 2014-15

(Figures in per cent)

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievement
1	Coverage of toilets	100	78-100	50-100
2	Coverage of sewage network	100	nil	nil
3	Collection efficiency of sewage network	100	nil	nil
4	Adequacy of sewage treatment capacity	100	nil	nil
5	Quality of sewage treatment	100	nil	nil
6	Extent of Reuse and recycling of waste water	20	nil	nil
7	Efficiency in redressal of customer complaints	80	nil	nil
8	Extent of cost recovery in sewage management	100	nil	nil
9.	Efficiency in collection of sewage related charges	90	nil	nil

(Source: Gazette Notification issued by State Government)

We observed that during 2014-15, 17 per cent properties (1,040 out of 6,454) in the service area of KMC were without access to individual or community toilets. Thus, the achievement under coverage of toilets (100 per cent) was not on realistic basis. Further, KMC did not fix any target for coverage of sewage network, whereas this was to be 100 per cent as per SLB Handbook.

In the exit conference (September 2015), the Government replied that centralised sewage management system was not envisaged in smaller ULBs like KMC.

The fact remains that the SLB indicator for coverage of sewage network was fixed as 100 per cent in the SLB Handbook as the flowing sewage through open drains and storm water drains poses serious public health hazard.

5.2.22 Solid Waste Management (SWM)

The status of performance relating to SWM of KMC notified in State Gazette during 2011-12 to 2014-15 was as under:

Table-5.23: SLBs for SWM in KMC during 2011-12 to 2014-15

(Figures in per cent)

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievement
1	Household level coverage	100	15-100	30-100
2	Efficiency of collection of MSW	100	80-100	80-100
3	Extent of segregation of MSW	100	5-25	0-25
4	Extent of MSW recovered	80	5-25	0-15
5	Extent of Scientific Disposal of MSW	100	5-25	10-25
6	Efficiency in redressal of customer complaints	80	0-100	0-100
7	Extent of Cost recovery	100	0-5	0-2.5
8	Efficiency in collection of SWM charges	90	0-20	Nil

(Source: Gazette notification issued by State Government)

We noticed that the achievement up to 25 per cent as notified during 2013-14 against the SLB indicator-extent of segregation of MSW was unrealistic because no system of segregation of MSW was in vogue in KMC. As a result, the achievements notified against the SLB indicators – the extent of MSW recovered and the extent of scientific disposal of MSW were also without any basis.

Further, we noticed that the KMC did not maintain any record for enrolment and redressal of complaints. Therefore, the achievement under SLB indicator - efficiency in redressal of customer complaint, could not be verified.

In the exit conference (September 2015), the Government stated that the audit observation had been noted for further action.

5.2.23 Storm water drainage services

The status of performance relating to storm water drainage services of KMC as notified in State Gazette during 2011-12 to 2014-15 was as under:

Table-5.24: SLBs for Storm Water Drainage in KMC during 2011-12 to 2014-15

Sl. No.	Service Indicators	Benchmarks as per SLB Handbook	Notified SLBs during the years 2011-15	
			Targets	Achievement
1	Coverage of Storm water drainage (in per cent)	100	60-100	25-83.5
2	Incidence of water logging/flooding	zero	Nil	Nil

(Source: Gazette Notification issued by State Government)

We noticed that achievement of 80 per cent was notified in Gazette during 2014-15 under SLB indicator- coverage of storm water drainage. However, we observed that no record indicating the length of roads and drains (covered/uncovered) was maintained in KMC. In the absence of these records, the notified achievement could not be verified.

In the exit conference (September 2015), the Government stated that the audit observation had been noted for further action.

Recommendation

KMC should ensure implementation of SLBs in the four notified services of water supply, sewage, solid waste management, and storm water drainage so as to improve the accountability in service delivery.

5.2.24 Monitoring and evaluation of SLBs

As per para 1.3 of SLB Handbook, the State Government would need to periodically evaluate the SLBs as input for its decisions related to policy, resource allocations, providing incentives and penalties, channelising technical and manpower support. GoI suggested (January 2014) for setting up SLB cells at States to support introduction and continuous monitoring of SLBs. The activities for a state SLB cell include setting up of online system for annual performance assessment, tools for performance improvement planning, target setting and exposure to good practices relevant to various improvement themes.

We noticed that a SLB cell was constituted (February 2012) at State level for collection and verification of SLBs data received from the ULBs. However,

SLB cell could not accomplish the assigned activities like developing any online system for annual performance assessment, tools for performance improvement planning, target setting and exposure to good practices relevant to various improvement themes.

Commissioner, UADD informed (March 2015) that the Executive Engineers posted at Divisional offices were directed to evaluate the benchmarks and achievement communicated by ULBs. However, the Executive Engineers of Divisional offices informed (May 2015 and July 2015) that no instruction was received by them from UADD in this regard. Thus, the SLBs data of ULBs was not checked, verified, compared and evaluated at divisional level.

Further, as discussed in Paragraph 5.2.6, performance indicators reported at the Department level was never reviewed at the management level (by Mayor/Municipal Commissioner) of ULBs, though it was prescribed in SLB Handbook.

In the exit conference (September 2015), the Government stated that monitoring mechanism would be strengthened.

Recommendation

Adequate monitoring of collection and verification of SLB data at the State as well as ULBs level should be ensured for achieving the targeted levels of SLBs.

5.2.25 Summary of conclusions and recommendations

- Four test-checked ULBs incurred expenditure of ₹ 473.16 crore between 2010-11 and 2014-15 on the delivery of basic municipal services - water supply, sewage, solid waste management and storm water drainage. Besides, ₹ 682.67 crore was incurred as of March 2015 on four projects sanctioned under JNNRUM and UIDSSMT. Three other projects for improvement of basic services had still not started, despite availability of resources. As a result of non-completion of ongoing projects, the quality of basic services in these ULBs was not as per notified benchmarks.
- There was absence of an institutionalised system for capturing data of SLB indicators, which was essential for management to plan corrective actions for improving delivery of basic services. In the absence of the availability of actual data, the targets and achievements of SLB indicators were notified in the State Gazette on estimation basis.

Recommendation: ULBs should institutionalise the system for capturing actual data of performance management from ground level. Plans to achieve SLBs should be periodically reviewed to enhance the quality of basic services to residents.

- The initiative taken by State Government for capacity building through training and orientation for implementation of SLBs was inadequate. Out of 114 ULBs notified for SLBs, 136 officials of 68 ULBs were nominated for a two-days training programme during 2014-15. Further, out of 136 nominated officials, only 70 officials (51 per cent) attended the training programme. Thus, staff of all notified ULBs could not be

trained for SLB to enable them to play their respective roles in the overall performance management system.

Recommendation: State Government should organise adequate training and orientation programme on SLB for capacity building at all level, so that staff will play their respective roles in the overall performance management system.

- Implementation of SLBs in four services viz. water supply, sewage, solid waste management, and storm water drainage was not ensured according to the benchmarks fixed by the Government. Further, the notified achievements were also found incorrect in a number of cases.

Recommendation: ULBs should ensure implementation of SLBs in the four notified services of water supply, sewage, solid waste management, and storm water drainage so as to improve the accountability in service delivery.

- SLB cell constituted at State level for collection and verification of SLBs data received from the ULBs did not monitor the collection of data. Further, the achievement of SLB indicators were not reviewed by Mayor/Municipal Commissioner of ULBs though specified in SLB Handbook.

Recommendation: Adequate monitoring of collection and verification of SLB data at the State as well as ULBs level should be ensured for achieving the targeted levels of SLBs.

