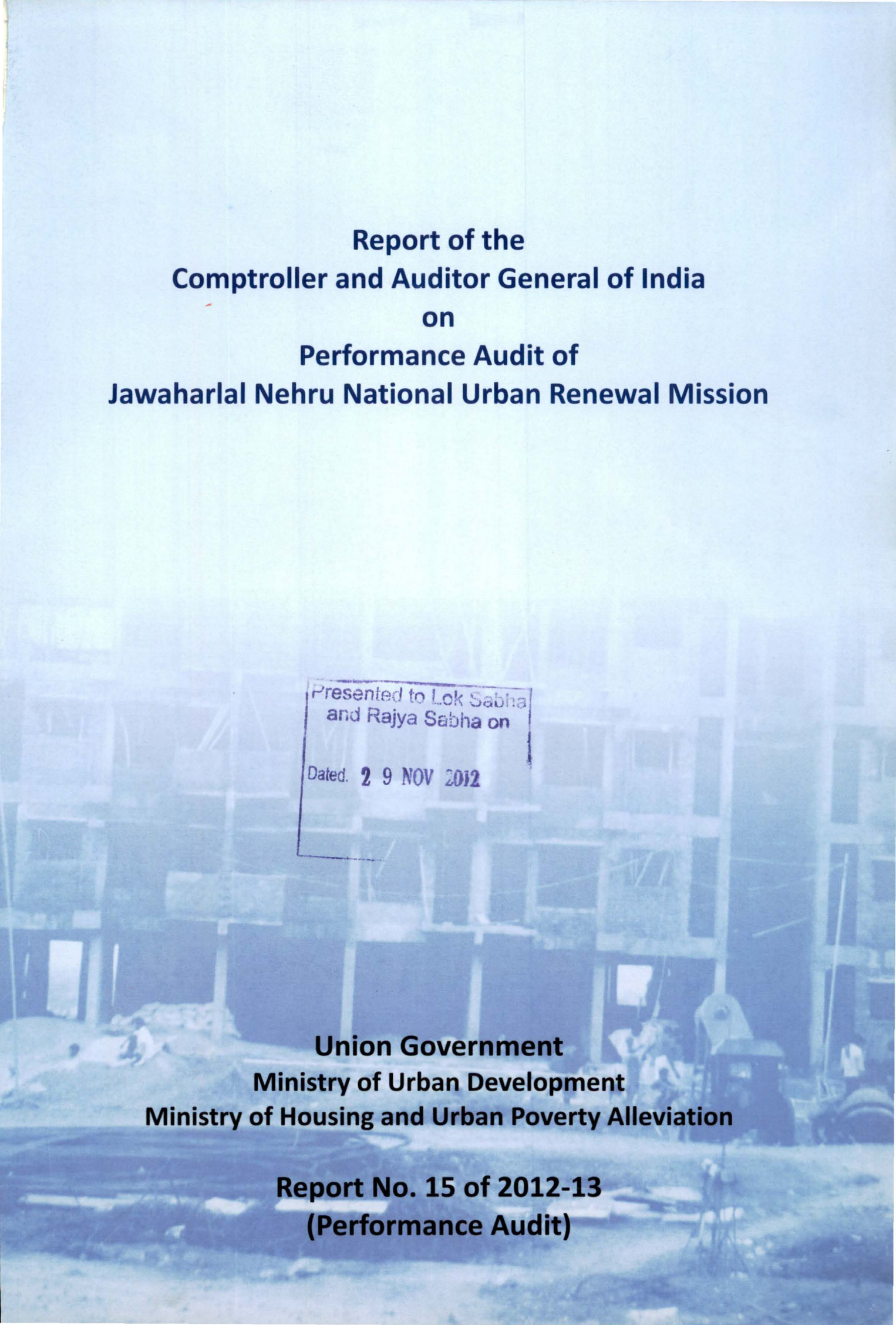
Report of the
Comptroller and Auditor General of India
on
Performance Audit of
Jawaharlal Nehru National Urban Renewal Mission



Union Government
Ministry of Urban Development
Ministry of Housing and Urban Poverty Alleviation

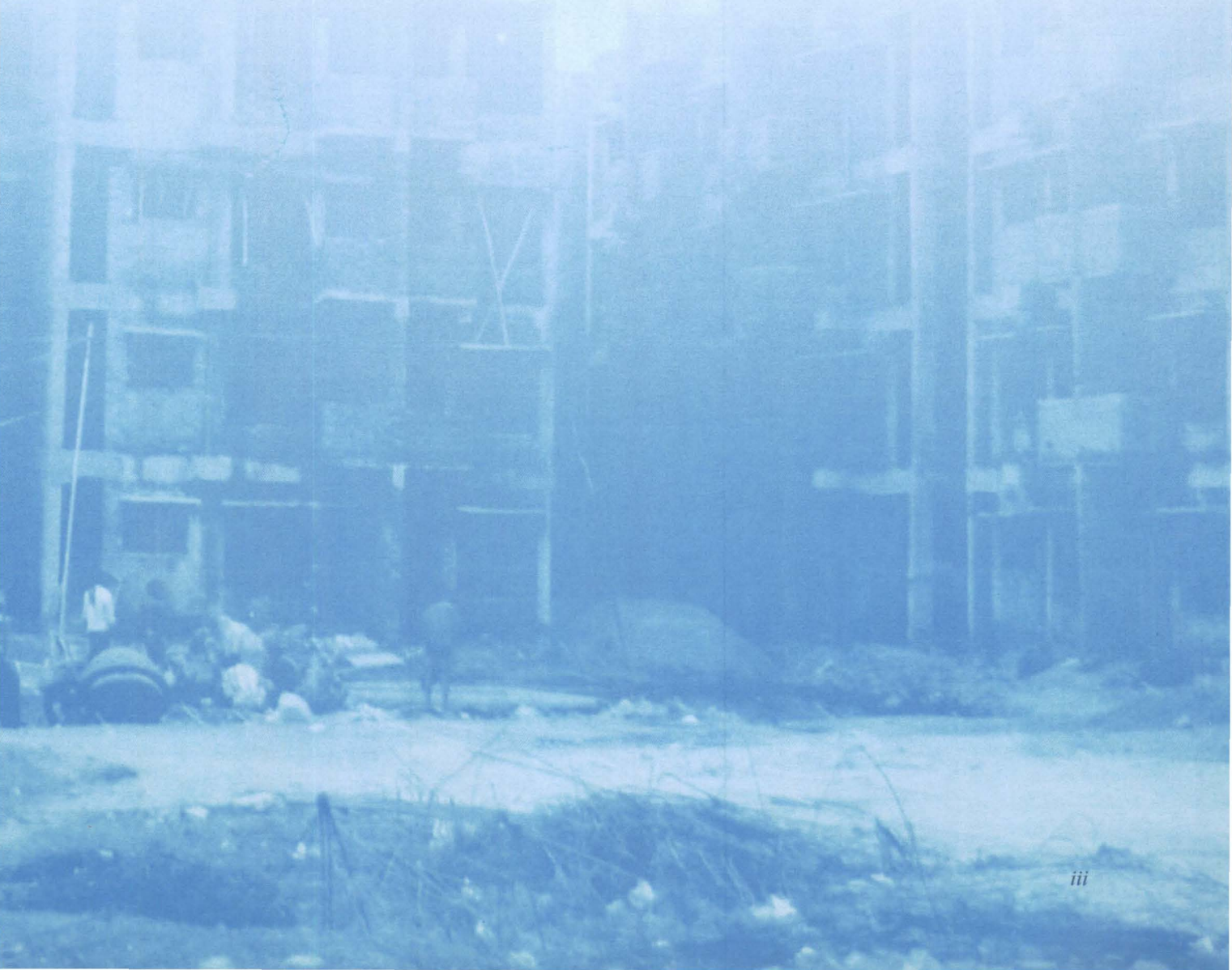
Report No. 15 of 2012-13
(Performance Audit)

Contents

Preface

This Report of the Comptroller and Auditor General of India for the year ended March 2012 containing the results of the Performance Audit of the "Jawaharlal Nehru National Urban Renewal Mission" (JNNURM) has been prepared for submission to the President of India under Article 151 of the Constitution.

The Performance Audit was conducted between April 2011 to November 2011 through test-check of records of the Ministry of Urban Development (MoUD), Ministry of Housing and Urban Poverty Alleviation (MoHUPA) and various agencies of 25 states and 5 UTs. The period covered under the audit was 2005-06 to 2010-11.



Executive Summary

Background

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched in December 2005 with the objective of reforms-driven fast track development of cities across the country, with focus on efficiency in urban infrastructure, service delivery mechanism, community participation and accountability of ULBs / Parastatal[1] agencies towards citizens. It envisaged total investment of more than ₹ 1,00,000 crore, of which Central Government's share would be ₹ 50,000 crore. The Central Government's Share was revised to ₹ 66,084.65 crore in 2009. The mission period was for seven years (2005-2012). There were 65 cities identified as Mission Cities under the mission. JNNURM consisted of two sub-missions: the 'Urban Infrastructure and Governance (UIG)' (Sub-mission I) and the 'Basic Services to the Urban Poor' (BSUP) (Sub-mission II) for 65 identified mission cities. In respect of other cities and towns, there were two components namely (i) 'Urban Infrastructure Development Scheme for Small& Medium Towns (UIDSSMT)' and (ii) 'Integrated Housing and Slum Development Programme' (IHSDP).

Ministry of Urban Development (MoUD) is the nodal ministry for 'Urban Infrastructure and Governance (UIG)' and 'Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT)'. Urban infrastructure projects relating to water supply (including sanitation), sewerage, solid waste management, road network, urban transport, redevelopment of inner (old) city areas etc were executed under UIG and UIDSSMT. Ministry of Housing Urban Poverty Alleviation (MoHUPA) is the nodal ministry for 'Basic Services to the Urban Poor (BSUP)' and 'Integrated Housing and Slum Development Programme (IHSDP)'. These projects cover housing and slum development for providing shelter, basic services and other related civic amenities.

(Para 1.2)

Against an allocation of ₹ 66,084.65 crore by the Planning Commission envisaged for JNNURM during the Mission period 2005-06 to 2011-12, a budgetary allocation of ₹ 45,066.23 crore was made during this period. Against this allocation, only ₹ 40,584.21 crore had been released in respect of UIG, UIDSSMT, BSUP and IHSDP, up to 2011-12.

(Para 1.5)

The time granted for completion of the projects, on an average, was around two years. However, out of 2815 projects approved up to 31 March 2011, only 253 projects (8.9 per cent) could be completed by 31 March 2011.

(Para 1.6)

Though urban renewal i.e. re-development of inner (old) cities area to reduce congestion was an objective of JNNURM, only 11 out of 532 projects and 10 out of 766 projects for urban renewal were approved by MoUD under UIG and UIDSSMT respectively up to 2010-11.

(Para 1.7)

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[1] Statutory agencies of state governments, which are assigned the responsibility for delivering services e.g. water, sewerage etc. In this context, the term has been used for urban agencies.

Audit scope and sample

The performance audit covered the implementation of the JNNURM scheme for the period 2005-06 to 2010-11. The audit was conducted in 25 out of 28 states and five out of seven union territories. Audit involved scrutiny of records in MoUD and MoHUPA, 216 projects (82 housing projects and 134 urban infrastructure projects) in 39 out of 65 mission cities and 46 projects in other cities and towns.

(Para 2.2)

Audit findings

Structure for Project Implementation under JNNURM

Programme Management Units (PMUs) were to be established to assist the State Level Nodal Agency in discharging their roles and responsibilities of appraisal of projects submitted by ULBs/ Parastatal agencies, monitoring physical and financial progress of projects, monitoring implementation of reforms, to enhance capacity of SLNA by extending technical and advisory support etc. The PMUs were not even established in nine States/UTs. Regarding the functioning of the PMUs in the States/UTs where they had been set up, it was observed that they were not performing the multifarious functions assigned to them in their entirety. There were also vacancies in technical and other post(s) in States like Jharkhand, Uttarakhand and Odisha.

(Para 3.2.2)

Project Implementation Units (PIUs) were to be created as operative units to supplement and enhance the skill mix of the ULBs. In 10 States, the PIUs had not been established. These were Arunachal Pradesh, Bihar, Chandigarh, Delhi, Gujarat, Himachal Pradesh, Jammu and Kashmir, Odisha, Puducherry and Sikkim. Even where the PIUs were established, they were not working efficiently. There were vacancies in the PIUs.

(Para 3.2.3)

Implementation of Reforms

States and the ULBs were required to initiate reforms in line with the 74th Constitutional Amendment Act 1992, in accordance with the guidelines of JNNURM and as per the tripartite Memorandum of Agreement (MoA) signed by GoI, State Government and the Urban Local bodies. The reforms were categorized as mandatory and optional reforms. Optional reforms were termed thus, as the cities under JNNURM were to have the freedom to opt for any two reforms from the optional category in each year of implementation.

MoUD was responsible for monitoring the status of all reforms. MoHUPA was also responsible for specifically monitoring three pro-poor[2] reforms.

Conducting regular election for ULBs once in every five years was reinforced as a mandatory reform. We observed that in six States, election for ULBs had not been held regularly. Similarly, it was observed that as per data of the MoUD, 11 out of 31 States/UTs were said to have transferred all 18

[2] Three reforms which are critical to slum improvement have been termed as pro-poor reforms in the guidelines for sub-mission on BSUP issued by MoHUPA

functions to the ULBs as mandated by reforms. In the remaining States, the number of functions transferred to the ULBs varied. Even the transfer of city planning function could not be implemented in 16 States/UTs.

(Para 4.1.1)

It was observed that out of the 66 ULBs /Parastatals, who had committed to implement the reform to shift to accrual based double entry accounting by 2010-11, 44 ULBs/ Parastatals had implemented the reform.

(Para 4.1.3)

There were several reforms envisaged for augmenting sources of funding for ULBs/ Parastatals. We found that 27 out of 51 ULBs /Parastatal had implemented the reform of 85 per cent coverage of property tax by 2010-11. Similarly only 10 (Vijaywada, Hyderabad, Visakhapatnam, Chandigarh, Faridabad, Bangalore, Mumbai, Pune, Shillong, and Lucknow) out of 39 selected cities had reported 90 per cent or more collection efficiencies. On the front of collection of user charges, we found that out of 39 mission cities selected for audit scrutiny, mechanism for collection of user charges for water supply and solid waste management was reportedly established in seven and five cities respectively.

(Para 4.1.4)

Some of the reforms were required to be implemented to bring about greater transparency and accountability. These reforms included enactment of 'Public Disclosure Law', e-governance set up, introduction of property title certification, revision of building bye laws, computerized registration of land and property etc. We observed that 20 States / UTs implemented the reform of enactment of Public Disclosure Law. Out of 62 ULBs / Parastatals committing to implement e-governance by 2010-11, 27 achieved this reform. We found from MoUD records that none of the cities implemented property title certification system. As regards revision of building bye laws for streamlining the approval process, 21 ULBs which had committed to implement the reform by 2010-11, did not implement it. We also observed that only 49 out of the committed 63 ULBs/parastatals implemented the computerized registration of land and property as envisaged in the reforms.

(Para 4.1.5)

In respect of State level mandatory reforms, 16 States which had committed to implement the reform "Amendment of rent control laws" by 2010-11, did not implement it by then. Similarly, in 13 States /UTs rate of stamp duty continued to remain over five percent.

(Para 4.1.7)

City Development Plans and Detailed Project Reports

One of the objectives of JNNURM was the planned development of identified cities including peri-urban areas, outgrowths[3], urban corridors, so that urbanization takes place in a dispersed manner. Another objective was to have integrated development of infrastructural services in the cities. To achieve these objectives, a city development plan (CDP) was to be prepared by State/UT/ULB or

[3] Urban agglomeration is a continuous urban spread constituting a town and its adjoining urban **outgrowths.** Examples of Outgrowth are railway colonies, university campuses, port area, military camps etc. that may have come up near a statutory town or city but within the revenue limits of a village or villages contiguous to the town or city.

Parastatal for every identified mission city. The CDP was to be a comprehensive document for the planned urban perspective framework for a period of 20-25 years (with 5 yearly updates) within which projects were to be identified.

The next step was to prepare Detailed Project Reports (DPRs) for undertaking projects. During appraisal of projects at Central level, DPR was to be scrutinized together with CDP. It was also envisaged that owing to the importance of CDP, DPRs were not to be entertained without it. Thus the CDP and DPRs were required to be prepared before the city could access mission funds.

In the selected States/UTs, we observed that in some cases the DPRs of individual projects had no co-relation with the CDPs.

(Para 5.1)

We also found other deficiencies in the DPR like lack of details about availability of land, incomplete DPR etc.

(Para 5.2)

Implementation of Housing Projects

Housing projects were undertaken under Basic Services to Urban Poor (BSUP) for the 65 mission cities and Integrated Housing and Slum Development Programme (IHSDP) for cities and towns other than mission cities.

Primarily the BSUP and IHSDP projects involved construction of dwelling units; however a few of the projects covered only the upgradation of infrastructure amenities.

Out of the 1517 projects under BSUP and IHSDP, 82 projects were selected for audit scrutiny out of which 53 were under BSUP and 29 were under IHSDP. It was seen that seven of these selected projects had not even been started and one project was abandoned. Only one selected project i.e. Housing for Urban Poor at Bawana, Narela and Bhoragarh, BSUP, Delhi sanctioned in 2007-08 was reported as complete. The remaining 73 projects were still incomplete (March 2011).

Out of 16.07 lakh dwelling units approved, only 4.18 lakh dwelling units (26 per cent) were completed by 31 March 2011. Out of the completed dwelling units, only 2.21 lakh dwelling units (53 per cent) were occupied.

(Para 6.1)

The audit findings indicated the risk of ineligible beneficiaries deriving benefits of this scheme intended for the urban poor. Audit observed 11 instances where there were deficiencies in identification of beneficiaries. For example, under **BSUP, Kochi Phase-II - Individual Houses, Kerala,** beneficiaries of three colonies were Corporation employees with regular source of income who were not eligible for assistance admissible under the scheme of BSUP.

(Para 6.3)

A major reason for projects not being taken up at all and delays in progress was due to non-availability of land in time. In some cases land was made available only partly. In some States/UTs, it was also seen that the land identified was already occupied by others and therefore not available. Audit came across cases where delay in land acquisition was the reason for delayed completion of housing projects

(Para 6.4)

In some States/UTs the beneficiary contribution had not been collected or was proposed to be collected in deviation from JNNURM guidelines.

(Para 6.8)

We found cases where funds were diverted for purposes other than those admissible under JNNURM and in some cases even for non-JNNURM purposes.

(Para 6.9)

In the Housing and slum development Parole, (Kathua), IHSDP Jammu and Kashmir the Executive Officer (EO), Municipal Committee, Parole distributed an amount of ₹ 2.12 crore amongst unverified beneficiaries at the rate of ₹ 30000/- per beneficiary for construction of houses. In BSUP Hyderabad Andhra Pradesh, we found JNNURM funds of ₹ 72.72 crore released to Andhra Pradesh Housing Board up to May 2010, were diverted to State Government Scheme (Rajeev Gruha Kalpa). Out of this ₹ 32.78 crore was utilized for refund of contributions to the beneficiaries.

(Para 6.10)

Implementation of Urban Infrastructure Projects

We selected 97 out of 532 projects under UIG and 37 out of 766 projects under UIDSSMT for scrutiny.

In UP, not even a single urban infrastructure project had been completed in seven mission cities whereas in Delhi, only four projects out of 28 sanctioned were completed. Comparatively, sizeable number of projects had been completed in Gujarat (33 out of 71 projects), Karnataka (16 out of 46 projects) and Andhra Pradesh (17 out of 50 projects).

(Para 7.1)

We observed that in 37 selected water supply projects (21 projects under UIG and 16 projects under UIDSSMT) five had not even been started and one project was withdrawn. Only three selected projects were complete. The remaining 28 projects were under various stages of completion. There were delays in completion in respect of several selected water supply projects due to clearances from various agencies not taken or not received timely. Delay also took place due to land acquisition and slow tendering process. As the projects remained incomplete, the machineries / equipments purchased for implementation of water supply projects remained idle.

(Para 7.2)

In 11 selected solid waste management projects (six projects under UIG and five projects under UIDSSMT), we observed that two had not even been started and the remaining nine projects were not complete. We noticed delay in completion of projects due to non-availability of land, environment and forest clearance, clearance from State Pollution Control Board and non-clearance of site and public agitation. In four cases funds of ₹ 3.41 crore remained blocked due to purchase of

machinery and equipment in advance for implementation of solid waste management projects. In Rohtak, Haryana, there was wasteful expenditure of ₹ 1.76 crore incurred on solid waste management project due to change of site of the project by the State Government.

(Para 7.3)

In 56 selected sewerage projects we observed that three had not even been started, one project was abandoned and five projects were deferred. Only four selected projects were complete and remaining 43 projects were under various stages of completion. We also found that ₹ 26.15 crore was paid as mobilization advance to two contractors in Sanitary and Sewerage System for Bilaspur and sewerage treatment plant though mobilization advance was not to be paid as per the terms of contracts.

(Para 7.4)

In 19 selected MRTS, roads & flyovers and other transport projects (10 under UIG and nine under UIDSSMT), we found that one project was abandoned and two projects were withdrawn. Only three projects were complete and remaining 13 were under various stages of completion. In two projects, the Public works department (PWD) made a payment of ₹ 1.52 crore to the contractors for providing the barricading at construction site. Incidentally, the PWD allowed the contractors to take away these barricading with them after completion of work although it was the property of the Government of National Capital Territory of Delhi as cost of these items had already been paid to the contractors.

(Para 7.6.1 and 7.6.3)

As in the case of Housing Projects, in case of Urban infrastructure projects as well, We found 8 cases where the funds of ₹114.68 crore had been diverted for purposes other than those admissible under JNNURM and in some cases even for non-JNNURM purposes.

(Para 7.8)

In Assam, in respect of Water Supply project in Guwahati, we found that Guwahati Metropolitan Development Authority (GMDA), the executing agency of the project, incurred an expenditure of ₹2.62 crore towards land compensation till March 2011 while there was no provision for land compensation in the estimated cost of DPR.

(Para 7.8.1)

Financial Management

Funds under the mission were to be released as Additional Central Assistance (ACA) to the State Government or the designated SLNA. The State Government /SLNA were to pass on the ACA along with their matching share to implementing agencies.

The guidelines did not specify any timeframe within which releases were to be made after the project was approved. The scrutiny of physical and financial progress report (up to 31.03.2011) as seen from records of MoHUPA, revealed that there were delays in release of funds from the Central Government to the respective SLNAs.

(Para 8.2)

As per JNNURM Guidelines, state governments were required to release the Additional Central Assistance (as received from MoF / MHA) to ULBs / implementing agencies immediately with their

matching share. We found that there were delays in releasing the matching share to implementing agencies by some state governments. Similarly, we found shortfalls/ delays in release of the matching share of the ULBs towards execution of projects.

(Para 8.3)

We observed that the Revolving Fund, (meant to leverage market funds for financing of further investment in infrastructure projects in case of UIG/UIDSSMT and to be utilised for meeting Operations and Maintenance expenses of assets created in case of BSUP and IHSDP) had not been created by the SLNAs in 25 States/UTs. In three States (Andhra Pradesh, Tamil Nadu and West Bengal) it was created partially. In two states, (Assam and Uttar Pradesh), though it was created but it was utilized for meeting the expenses for preparation of DPRs/ Project Management Consultancy Charges and execution of roads respectively.

(Para 8.5)

The State Government was required to release the ACA amount along with their matching share immediately to the implementing agencies. The scrutiny of records of the projects selected revealed that, in several cases the funds were parked by SLNAs or ULBs.

(Para 8.6)

We found that no specific instructions regarding utilization of interest earned on the amount deposited into Bank. We also observed that 22 out of 30 States /UTs selected for audit, earned the interest on the amount deposited into Bank to the tune of ₹ 210.35 crore up to 31st March 2011.

(Para 8.7)

We found that Utilization Certificates of ₹ 2436.78 crore (UIG) ₹ 2036.66 crore (UIDSSMT), ₹ 3054.05 crore (BSUP) and ₹ 2504.64 crore (IHSDP) as of May 2012, March 2011, March 2012 and March 2012 respectively were outstanding in MoUD and MoHUPA from the states/UTs.

(Para 8.11)

Monitoring and Evaluation

As per the scheme guidelines, the MoUD and MoHUPA were to periodically monitor their respective components through designated officers of the Ministry for each State/UT.

We found that at the time of setting up the JNNURM directorate, no additional staff was created (as the staffing pattern was not worked out) and the staff in the directorate had been posted by way of internal adjustment in MoUD. We feel that the Ministry should have anticipated its role well in advance to handle a scheme of such magnitude.

(Para 9.1.1)

For monitoring progress of projects sanctioned, it was stipulated that upon completion of the project, nodal agency through the State Government would submit completion report in this regard. However, during audit scrutiny, it was gathered that the same were not being sent to MoUD. As per Ministry's record, 105 projects under UIG had been completed up to 2010-11 whereas completion certificate from three States /UT (Delhi, Maharashtra and Madhya Pradesh) for 10 projects only were received in the Ministry (May 2010).

(Para 9.1.3)

At the national level, an Advisory Group headed by a Technical Advisor drawn from civil society with proven experience in mobilizing collective action for reforms in urban governance, was to be constituted. We observed that against 61 meetings required to be held during March 2006 to March 2011 only 37 meetings were held by TAG.

(Para 9.1.4)

To keep track of the physical and financial progress of the projects throughout the project development life cycle (pre-construction, construction, commissioning and trial run and post construction), MoUD evolved a State level mechanism for third party monitoring and review of the project sanctioned under the JNNURM Sub Mission-I (UIG) by an Independent Review and Monitoring Agencies (IRMA) to be appointed by SLNA. Similarly, MoHUPA had also evolved such mechanism to appoint Third Party Inspection and Monitoring Agencies (TPIMA) for review and monitoring in respect of BSUP and IHSDP projects. Each project was supposed to be covered by an IRMA/TPIMA and ground level feedback is provided over the entire project development life cycle to all concerned stakeholders at the City, State and Central level.

During audit in MoUD, it was ascertained that only 27 States / UTs had appointed IRMA for third party monitoring of the projects. MoUD could not intimate as to whether all the projects in these 27 States / UTs had been covered or not. MoUD checked only compliance of guidelines of toolkit regarding 'appointment of IRMA' at the time of appraising the proposal for the selection of IRMA and did not ensure compliance of other guidelines by periodical review of the reports. As such it did not ensure that there were activities of IRMA in all the four stages of projects i.e. pre-construction stage, construction stage, commissioning, trial run, testing stage and post-construction stage, as per toolkit.

TPIMA had been appointed by 21 out of 30 States/UTs as of February 2012. The same had not been appointed in Arunachal Pradesh, Bihar, Dadra & Nagar Haveli, Daman & Diu, Jharkhand, Meghalaya, Punjab and Sikkim.

(Para 9.2.1)

What do we recommend?

- Government of India may consider giving suitable incentives to those States which are implementing the reforms as envisaged in JNNURM guidelines and MoA. Besides, capacity building in terms of finance and human resources may be enhanced so that the States may achieve the pending reforms within the extended period i.e. up to 31 March 2014.
- Efforts may be made to give wide publicity to such schemes through local newspaper and local cable network so that eligible beneficiaries get included in these housing projects.
- Government of India may review the status of all housing projects and step up the efforts to make allotment to eligible beneficiaries. GoI may also consider giving incentives to those States which has put assets created to use at the earliest.
- Government of India may strengthen the monitoring of the execution of projects so that there are no diversions to in-eligible beneficiaries / schemes.
- Government of India may monitor the delays and their causes more closely and due importance should be given to timely completion of projects.

- Both Ministry of Urban Development and Ministry of Housing and Urban Poverty Alleviation should introduce a zero tolerance policy at all levels in respect of irregular expenditure and diversion of funds by way of greater financial discipline.
- The fund flow arrangements i.e. from the Centre to the implementing agencies via the SLNA/ States/UTs may be rationalised in their timing and quantum as per ground level status of projects to ensure minimum unspent/excess amount outside government accounts.
- The provisions of timely submission of utilization certificates may be reiterated and GoI should advise States /UTs for strict compliance of the same.
- Government may identify the deficiencies in the monitoring of the scheme both at GoI level as well at the State/UT level and address the same during the next two years.

Chapter 1 Introduction

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched on 3 December 2005 with the objective of reforms-driven, fast track development of cities across the country, with focus on efficiency in urban infrastructure, service delivery mechanism, community participation and accountabilities of ULBs / Parastatal[1] agencies towards citizens. An investment of more than ₹ 1,00,000 crore during the seven year period from 2005-06 to 2011-12 was envisaged in the mission. The share of the Central Government was committed to be ₹ 50,000 crore. State Governments and Urban Local Bodies were expected to contribute the remaining ₹ 50,000 crore. The Central Government's Share was revised to ₹ 66,084.65 crore in 2009.

The mission was conceived against the background of the fact that most cities and towns were severely stressed in terms of infrastructure and service availability and their growth and development was constrained by indifferent implementation of the Constitution (seventy-fourth) Amendment Act, 1992[2], and continuation of statutes, systems and procedures that impeded the operation of land and housing markets. It was also felt that in order to make cities work efficiently and equitably, it was essential to create incentives and support urban reforms at state and city levels; develop appropriate enabling and regulatory frameworks; enhance the creditworthiness of municipalities; and integrate the poor with the service delivery system.

1.1 Objectives and expected outcomes of the Mission

The objectives of JNNURM were:

a) Focused attention to integrated development of infrastructural services in the cities covered under the Mission.

b) Establishment of linkages between asset-creation and asset-management through a slew of reforms for long-term project sustainability.

c) Ensure adequate funds to meet the deficiencies in urban infrastructural services.

d) Planned development of identified cities including peri-urban[3] areas, outgrowths and urban corridors leading to dispersed urbanization[4].

e) Scale-up delivery of civic amenities and provision of utilities with emphasis on universal access to the urban poor.

f) Special focus on urban renewal programme for the old city area to reduce congestion; and

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[1] Statutory agencies of state governments, which are assigned the responsibility for delivering services e.g. water, sewerage etc. In this context, the term has been used for urban agencies.

[2] Twelth Schedule was added in the Constitution which provides devolution by State Legislature of powers and responsibilities upon municipalities.

[3] Immediately adjoining an urban area; between the suburbs and the countryside.

[4] Urbanization is the physical growth of urban areas as a result of global change or the increase in proportion of the total population becomes concentrated in towns. (As per Wikipedia – free encyclopedia website)

g) Provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply and sanitation and ensuring delivery of other existing universal services of the government for education, health and social security.

The period of the Mission was seven years, from 2005-06 to 2011-12. According to the overview of the scheme guidelines, the expected outcomes to be achieved by ULBs and parastatal agencies on completion of the mission period were:

1. Modern and transparent budgeting, accounting and financial management systems will be designed and adopted for all urban services and governance functions.
2. City-wide framework for planning and governance will be established and become operational.
3. All urban residents will be able to obtain access to a basic level of urban services.
4. Financially self-sustaining agencies for urban governance and service delivery will be established through reforms to major revenue instruments.
5. Local services and governance will be conducted in a manner that is transparent and accountable to citizens.
6. E-governance applications will be introduced in core functions of ULBs/Parastatal resulting in reduced cost and time of service delivery processes.

1.2 Sub missions of JNNURM

JNNURM consisted of two sub-missions. Sub-mission for **'Urban Infrastructure and Governance (UIG)' (Sub-mission I)** administered by Ministry of Urban Development (MoUD). The main thrust of this sub-mission was on infrastructure projects relating to water supply and sanitation, sewerage, solid waste management, road network, urban transport and redevelopment of old city areas.

Sub-mission II for Basic Services for Urban Poor (BSUP) was administered by Ministry of Housing and Urban Poverty Alleviation (MoHUPA). The main thrust of this sub-mission was on integrated development of slums through projects for providing shelter, basic services and other related civic amenities.

65 mission cities were covered under UIG and BSUP. To cater to the remaining cities and towns, two components were envisaged, 'Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT)' and 'Integrated Housing and Slum Development Programme' (IHSDP) with the same broad objectives as envisaged in UIG and BSUP.

Other than infrastructure and housing projects, the objective of JNNURM was to also provide an enabling environment for growth of cities by enhancing effective urban service delivery and civic infrastructure through improvements in urban management, land management, financial management and stakeholder participation in local governance. State Governments and Urban Local Bodies were thus, required to accept an agenda of reforms[5].

[5] Implementation of reforms as per accepted timeline

Though the mission period was contemplated till March 2012, the Planning Commission, in January 2012, agreed to make the budgetary provisions for two years beyond the mission period for completion of projects.

1.3 Mission cities

65 cities were identified as Mission Cities under UIG and BSUP sub-missions of JNNURM. These were taken up as per Census 2001 and as per given norms/criteria indicated below:

Table No. 1.1: State wise and category wise list of 65 mission cities / Urban Agglomerations (UAs) as per 2001 Census

S. No.	Name of State/UT	Category A -Mega Cities /UAs (4 million plus population)	Category B -Million plus cities /UAs (1 million plus but less than 4 million population)	Category C - Identified Cities /UAs (less than one million population with religious / historic and tourist importance)
1.	Andhra Pradesh	Hyderabad	Vishakhapatanam, Vijayawada	Tirupati
2.	Arunachal Pradesh	-	-	Itanagar
3.	Assam	-	-	Guwahati
4.	Bihar	-	Patna	Bodh Gaya
5.	Chandigarh	-	-	Chandigarh
6.	Chhattisgarh	-	-	Raipur
7.	Dadra & Nagar Haveli	-	-	-
8.	Daman & Diu	-	-	-
9.	Delhi	Delhi	-	-
10.	Goa	-	-	Panaji
11.	Gujarat	Ahmedabad	Vadodara, Surat, Rajkot	Porbandar
12.	Haryana	-	Faridabad	-
13.	Himachal Pradesh	-	-	Shimla
14.	Jammu & Kashmir	-	-	Jammu, Srinagar
15.	Jharkhand	-	Jamshedpur, Dhanbad	Ranchi
16.	Karnataka	Bangalore		Mysore,
17.	Kerala	-	Cochin	Thiruvananthapuram
18.	Madhya Pradesh	-	Bhopal, Jabalpur, Indore	Ujjain
19.	Maharashtra	Greater Mumbai	Nashik, Pune, Nagpur	Nanded
20.	Manipur	-	-	Imphal
21.	Meghalaya	-	-	Shillong
22.	Mizoram	-	-	Aizawal
23.	Nagaland	-	-	Kohima
24.	Odisha	-	-	Bhubaneshwar, Puri
25.	Puducherry	-	-	Puducherry
26.	Punjab	-	Ludhiana, Amritsar	-
27.	Rajasthan	-	Jaipur	Ajmer-Pushkar
28.	Sikkim	-	-	Gangtok
29.	Tamil Nadu	Chennai	Madurai, Coimbatore	-
30.	Tripura	-	-	Agartala
31.	Uttar Pradesh	-	Lucknow, Kanpur, Meerut, Allahabad, Varanasi, Agra	Mathura
32.	Uttarakhand	-	-	Dehradun, Nainital, Haridwar
33.	West Bengal	Kolkata	Asansole	-
34.	Lakshadweep	-	-	-
35.	Andaman & Nicobar Island	-	-	-
	Total	**7**	**28**	**30**

Source: Annual Report of year 2009-10 of Ministry of Urban Development

The funding pattern for projects under UIG and BSUP was as under:

Table No. 1.2: Funding pattern for projects under UIG and BSUP

(Figures in percentage)

Category of Cities/Towns/UAs	UIG			BSUP	
	Grant		ULB or Parastatal Share /Loan from Financial Institutions	Grant Central Share	State/ULB/ Parastatal Share, including Beneficiary Contribution
	Centre share	State share			
Cities/UAs with 4 million plus population as per 2001 census	35	15	50	50	50
Cities/UAs with million plus but less than 4 million population as per 2001 census	50	20	30	50	50
Cities/towns/UAs in North Eastern States and Jammu & Kashmir	90	10	-	90	10
Cities/UAs other than those mentioned above	80	10	10	80	20
For setting up de-salination plants within 20 Kms. from sea-shore and other urban areas predominantly facing water scarcity due to brackish water and non-availability of surface source.	80	10	10		

Source: Guidelines of UIG and BSUP

1.4 Cities and towns other than mission cities

To cater to cities and towns other than mission cities, two components- UIDSSMT and IHSDP were envisaged under JNNURM. In respect of UIDSSMT projects, funding was in the ratio of 80:10 between Central Government & State Government and the balance 10 per cent was to be raised by the nodal/ implementing agencies. Implementing agencies could substitute internal resources for funds to be raised from financial institution.

In respect of IHSDP projects funding was in the ratio of 80:20 between Central Government and State Government/ULBs/Parastatal. It was also envisaged that States/ Implementing agencies may raise their contribution from their own resources or from beneficiary contribution/ financial institutions.

1.5 Allocation of funds and release of ACA by the Central Government

The Planning Commission originally made allocation of Additional Central Assistance (ACA) of ₹ 50,000 crore for seven years (2005-06 to 2011-12). This was revised to ₹ 66,084.65 crore (BSUP – ₹ 16356.35 crore, IHSDP – ₹ 6828.31 crore, UIG – ₹ 31500.00 crore and UIDSSMT – ₹ 11400.00 crore) during the year 2008-09. Over a period of seven years from 2005-06 to 2011-12, GoI has already released ₹ 40,584.21 crore (BSUP- ₹ 8605.64 crore, IHSDP - ₹ 4941.69 crore, UIG - ₹ 18543.66 crore and UIDSSMT ₹ 8493.22 crore) under the mission.

The year wise budgetary allocation and releases during 2005-06 to 2011-12 is given in the table below:

Table No. 1.3: Allocation and actual releases of additional central assistance

(₹ in crore)

Year	UIG		UIDSSMT		BSUP		IHSDP		Total allocation	Total releases	Percentage of shortfall
	Allocation	Actual Releases	Allocation	Actual Releases	Allocation	Actual Releases	Allocation	Actual Releases			
2005-06	500.00	90.11	90.00	87.47	0.00	72.14	0.00	0.00	590.00	249.72	57.67
2006-07	2500.00	1262.96	900.00	1248.97	761.00	901.78	362.00	492.62	4523.00	3906.33	13.63
2007-08	2541.08	2529.84	1204.00	1204.00	1195.05	1192.80	789.96	792.24	5730.09	5718.88	0.20
2008-09	4455.37	4544.47	3279.69	3280.26	1813.38	1582.92	1113.88	1296.20	10662.32	10703.85	(-) 0.39
2009-10	3921.97	3977.88	494.15	298.82	1344.36	1338.37	786.74	780.72	6547.22	6395.79	2.31
2010-11	5291.63	1930.93	1508.71	1223.44	1629.75	1925.40	587.43	880.25	9017.52	5960.02	33.91
2011-12	4259.41	4207.47	1315.67	1150.26	1721.00	1592.23	700.00	699.66	7996.08	7649.62	4.33
Total	**23469.46**	**18543.66**	**8792.22**	**8493.22**	**8464.54**	**8605.64**	**4340.01**	**4941.69**	**45066.23**	**40584.21**	**9.95**

Source: Data obtained from MoUD and MoHUPA

Table No. 1.4: State-wise allocation made by the Planning Commission and release of ACA during the period 2005-06 to 2011-12

(₹ in crore)

State / UT	ACA allocation and releases during 2005-06 to 2011-12								Total	
	UIG		UIDSSMT		BSUP		IHSDP		Total Allocation	Total Releases
	Allocation	Releases	Allocation	Releases	Allocation	Releases	Allocation	Releases		
Andhra Pradesh	2118.45	1643.58	490.31	1951.94	1547.42	1287.61	764.57	579.90	4920.75	5463.03
Arunachal Pradesh	107.40	112.42	7.46	35.42	43.95	12.67	24.52	4.48	183.33	164.99
Assam	273.20	269.46	101.29	123.65	121.94	48.80	67.25	35.11	563.68	477.02
Bihar	592.41	112.98	254.78	106.74	531.54	78.19	168.07	105.35	1546.80	403.26
Chhattisgarh	248.03	224.56	134.78	134.73	385.21	169.29	158.83	118.31	926.85	646.89
Goa	120.94	6.22	22.11	11.05	11.43	1.15	35.79	0.00	190.27	18.42
Gujarat	2578.81	1878.44	351.82	328.67	1015.56	680.09	256.25	145.75	4202.44	3032.95
Haryana	323.32	253.27	195.59	96.28	57.31	31.18	209.70	153.86	785.92	534.59
Himachal Pradesh	130.66	38.10	17.44	32.79	31.29	7.37	37.07	24.39	216.46	102.65
Jammu & Kashmir	488.36	236.67	35.45	183.54	140.18	47.15	117.34	71.66	781.33	539.02
Jharkhand	941.20	201.64	114.52	40.03	351.09	82.18	136.00	65.66	1542.81	389.51
Karnataka	1524.59	1084.55	443.14	489.31	407.97	316.75	222.69	218.60	2598.39	2109.21
Kerala	674.76	273.20	232.82	173.41	250.00	132.83	198.83	143.83	1356.41	723.27
Madhya Pradesh	1328.50	727.55	438.43	485.94	351.10	226.47	276.64	133.96	2394.67	1573.92
Maharashtra	5505.55	4149.64	664.76	1825.2	3372.56	1749.47	1130.60	726.61	10673.47	8450.92
Manipur	152.87	58.46	12.60	28.45	43.91	32.93	32.35	32.35	241.73	152.19
Meghalaya	156.68	129.38	7.19	6.45	40.35	26.12	28.97	11.21	233.19	173.16
Mizoram	148.22	12.82	8.24	7.00	80.11	40.06	29.78	29.78	266.35	89.66

Nagaland	116.28	35.86	10.28	1.91	105.60	79.20	44.14	29.92	276.30	146.89
Odisha	322.35	240.76	181.79	91.70	78.74	31.20	176.33	115.70	759.21	479.36
Punjab	707.75	171.36	226.60	179.36	444.46	26.39	172.56	66.77	1551.37	443.88
Rajasthan	748.69	482.60	401.43	284.22	383.46	85.47	424.56	317.65	1958.14	1169.94
Sikkim	106.13	41.94	1.20	36.17	29.06	21.79	20.90	8.96	157.29	108.86
Tamil Nadu	2250.66	1578.71	705.97	566.90	1107.80	649.36	349.38	328.14	4413.81	3123.11
Tripura	140.18	74.53	13.76	63.42	23.66	13.96	28.36	34.55	205.96	186.46
Uttar Pradesh	2769.41	2183.20	947.92	843.82	1165.22	823.49	854.41	683.22	5736.96	4533.73
Uttrakhand	405.34	208.24	46.70	24.69	97.84	18.90	63.58	62.75	613.46	314.58
West Bengal	3218.40	1167.73	315.25	301.30	2126.98	1000.46	681.04	646.36	6341.67	3115.85
Delhi	2823.18	815.33	1.12	0.00	1481.28	473.24	0.00	0.00	4305.58	1288.57
Puducherry	206.80	78.25	5.57	31.34	83.20	29.94	26.95	2.74	322.52	142.27
A&N Islands	0.00	0.00	4.48	0.00	0.00	0.00	27.29	5.53	31.77	5.53
Chandigarh	270.87	52.23	0.00	0.00	446.13	374.28	0.00	0.00	717.00	426.51
Lakswadweep	0.00	0.00	1.04	0.00	0.00	0.00	21.03	0.00	22.07	0.00
Daman & Diu	0.00	0.00	2.20	0.31	0.00	0.00	21.97	0.29	24.17	0.60
Dadar & Nagar Haveli	0.00	0.00	1.93	7.46	0.00	0.00	20.56	1.67	22.49	9.13
Total[6]	**31499.99**	**18543.68**	**6399.97**[7]	**8493.20**	**16356.35**	**8597.99***	**6828.31**	**4905.10***	**66084.66**	**40584.08**

Source: Information provided by MoUD and MoHUPA

Note: *Additional ₹ 44.15 crore were released for DPR preparation charges, PMU/ PIU, TPIMA and capacity building for which no state figure was made available to Audit.

From the above table it may be seen that there were significant shortfalls in release of ACA against revised allocation made by Planning Commission in respect of UIG, BSUP and IHSDP[8]. For instance, in the case of UIG the shortfall was as high as 94.86 per cent in Goa and there were 14 states / UTs where the releases were short by more than 50 per cent. Similarly, in case of BSUP Projects there were shortfalls in all states with Bihar (85.29 per cent), Goa (89.94 per cent), Himachal Pradesh (76.45 per cent), Jharkhand (76.59 per cent), Punjab (94.06 per cent) and Rajasthan (77.67 per cent) showing shortfalls of more than 75 per cent. There were considerable shortfalls in IHSDP releases also with no release in respect of Goa and Lakshadweep.

[6] Difference of total in table numbers 1.3 and 1.4 due to rounding of figures in the data provided by both the Ministries.

[7] In February 2009, total allocation for UIDSSMT was enhanced to ₹ 11,400 crore which was not bifurcated state wise. Hence, state-wise allocations under UIDSSMT continued to reflect original allocation.

[8] As state-wise revised allocations were not available for UIDSSMT analysis of shortfall was not done.

1.6 Status of the projects

The table below gives the year wise and component wise break-up of the projects approved.

Table No. 1.5: Year and component wise break-up of the projects approved

Component	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total
UIG	**23**	**181**	**117**	**130**	**65**	**16**	**532**
BSUP	10	149	113	186	14	27	499
UIDSSMT	26	307	98	316	6	13	766
IHSDP	3	194	223	406	118	74	1018
Total Projects	**62**	**831**	**551**	**1038**	**203**	**130**	2815
Cumulative total	-	**893**	**1444**	**2482**	**2685**	**2815**	-

Source: As per information obtained from MoUD and MoHUPA

The time granted for completion of the projects, on an average was around two years. Of the 2815 projects approved up to 31 March 2011, 2482 projects (approximately 88 per cent) had been approved up to 31 March 2009. However, it could be seen from the table below that only 8.98 per cent of the total projects could be completed as on 31 March 2011.

Table No. 1.6: Status of projects as on 31 March 2011

Component	Status of Project			
	Total	Not Started	Under Progress	Completed (Percentage)
UIG	532	65	362	105 (19.73)
UIDSSMT	766	42	598	126 (16.44)
BSUP	499	84	407	8 (1.60)
IHSDP	1018	91	913	14 (1.37)
Total	**2815**	**282**	**2280**	**253 (8.98)**

Source: As per information obtained from MoUD and MoHUPA

1.7 Urban Renewal Projects

One of the objectives of the Mission was to take up urban renewal programmes i.e. re-development of inner (old) cities area to reduce congestion. However, it was observed that out of 532 projects approved under UIG, upto 2010-11, only eleven projects were related to urban renewal. These projects were approved for eight cities (Hyderabad, Delhi, Ajmer-Pushkar, Kochin, Jaipur, Bhubaneswar, Bhopal and Kolkata). Even out of these eleven projects, only two projects, both in Bhopal, had been completed. Eight projects were still in progress whereas one project of Cochin approved in 2009-10 remained a non starter, even after lapse of more than one year of approval.

In respect of UIDSSMT, out of 766 projects approved, up to 2010-11, only a meager 10 urban renewal projects had been approved for ten cities. Even out of these ten projects, only one project

in Kolhapur, Maharashtra could be completed and in the remaining nine projects, the work was in progress.

MoUD replied that it is for the States to prioritize the project and submit the same to the Ministry for consideration / approval.

The reply should be viewed against the fact that 'Urban Renewal Projects' was one of the principal objectives of the Mission and Ministry should have taken effective steps for taking up re-development of inner (old) cities area.

Chapter 2 Audit approach

2.1 Audit objectives

The objective of the performance audit was to assess the implementation of the scheme and ascertain whether:

- The reform agenda sought to be achieved has been achieved
- City Development Plans (CDP) were comprehensive and were based on a detailed assessment of requirements and on surveys and feedback from stakeholders
- Individual projects were selected and planned appropriately in accordance with the CDP
- Projects were executed efficiently and economically to achieve integrated development of infrastructural services and ensured basic services to urban poor
- Adequate arrangements for Operation and Maintenance of created assets were made
- Financial management controls were adequately exercised
- There was a mechanism for adequate and effective monitoring and evaluation

2.2 Audit scope and sample

The performance audit covered the implementation of the JNNURM scheme for the period 2005-06 to 2010-11. The audit was conducted in 25 states[9] and five union territories[10].

The audit sample comprised 216 projects in 39 mission cities and 46 cities and towns other than mission cities. Out of these 216 projects, there were 82 housing projects and 134 urban infrastructure projects. In these projects, the focus of audit was on ground level execution. Audit did not cover purchase of buses under urban transport as this was a procurement issue and not project oriented.

Table No. 2.1: Total projects approved and selected for audit under various components

Name of the Component	Urban Infrastructure Projects		Housing Projects		Total
	UIG	UIDSSMT	BSUP	IHSDP	
Total number of projects[11]	532	766	499	1018	2815
Number of projects selected	97[12]	37	53	29	216

2.3 Audit criteria

The main sources of audit criteria were:

- Guidelines, instructions / circulars / orders issued by MoUD, MoHUPA, Ministry of Finance and Planning Commission in respect of the JNNURM Scheme.

[9] Except Goa, Mizoram and Tripura

[10] Except Andaman & Nicobar Islands and Lakshadweep

[11] Approved upto 31 March 2011

[12] Four withdrawn projects were also selected.

- Memorandum of Agreement signed between State/UT, Government of India and Urban Local Bodies
- City Development Plan of selected cities
- Detailed Projects Reports of selected projects
- Toolkits issued by MoUD/MoHUPA for various issues under JNNURM
- Minutes of the meetings of Central Sanctioning and Monitoring Committees.

2.4 Audit methodology

Prior to the commencement of the Performance Audit, a pilot study was conducted in Dehradun in June / July 2010. Based on this pilot study as well as a study of JNNURM related documents including the scheme guidelines, the performance audit guidelines were issued to all the participating field offices which were to conduct the audit in their respective states. The field audit in the States took place between April 2011 and November 2011.

Entry conferences with MoHUPA and MoUD took place on 23 June 2011 and 09 September 2011 respectively. These entry conferences served to explain and discuss the audit methodology, scope, objectives and criteria. The selected States and UTs also conducted entry conferences.

Audit at Government of India level covered the audit of MoUD and MoHUPA and interaction with other stakeholders like Ministry of Finance (MoF), Ministry of Home Affairs (MHA) and Planning Commission etc.

Field audit at the State level involved the audit of State Government Departments, State Level Nodal Agencies and ULBs / Parastatal agencies, which were responsible for implementation of the projects. Site visits of selected projects were also carried out. In some cases, the audit teams were accompanied with officials from the department concerned. Surveys of intended beneficiaries were also carried out.

Draft audit findings were issued to respective State Governments for confirmation of facts and figures and seeking comments on the audit observations. Exit Conferences were held in all selected States / UTs (except Dadra and Nagar Haveli) to discuss audit findings. The replies of the State/UT governments where ever received were considered and suitably incorporated in the report.

The Draft Performance Audit Report was issued to MoUD and MoHUPA on 16 March 2012. The replies of both the ministries have also been suitably incorporated in this report. Exit conferences were held with MoHUPA and MoUD on 20 June 2012 and 21 June 2012 respectively to discuss the audit findings.

2.5 Acknowledgement

Audit acknowledges the co-operation and assistance extended by MoUD, MoHUPA, MoF, MHA, Planning Commission, State Governments, Urban Local Bodies and their implementing agencies during the course of this performance audit.

Chapter 3 Structure for Project Implementation under JNNURM

While reforms were envisaged under the JNNURM, the basic thrust of the mission was project driven. The objectives of the Mission were proposed to be met through the adoption of the following strategy:

(i) Every city was expected to formulate a City Development Plan (CDP) integrating land use with services, urban transport and environment management. The CDP was to provide a urban perspective framework for a period of 20-25 years (with 5 yearly updates) indicating policies, programmes and strategies of meeting fund requirements to be prepared by every identified city.

(ii) Cities / Urban Agglomerations/ Parastatals were required to prepare Detailed Project Reports (DPR) for undertaking projects under identified areas on the basis of CDP. In order to seek JNNURM assistance, projects need to be developed in such a manner so that optimization of the life-cycle costs over the planning horizon of the project could be ensured and demonstrated. A revolving fund was to be created to meet the Operation and Maintenance (O&M) requirements of assets created, over the planning horizon.

(iii) Private Sector Participation in development, management and financing of urban infrastructure was also envisaged.

(iv) The Central and State Government were required to release funds directly as grants-in aid to the state level nodal agency (SLNA) designated by the State. The funds for identified projects across cities were to be disbursed to the Urban Local Bodies (ULB)/Parastatal agency through the designated SLNA as a soft loan or grant-cum-loan or grant. The SLNA / ULBs in turn could leverage additional resources from other sources like financial institutions / private sector / capital market.

3.1 Role of Central Government

JNNURM functions under the overall guidance and supervision of a National Steering Group (NSG), chaired by the Minister of Urban Development and co-chaired by the Minister of State for Housing and Urban Poverty Alleviation. Other members in the NSG are the two Secretaries of the respective ministries i.e MoUD and MoHUPA, Secretary (Expenditure), Secretary (Planning Commission) and National Technical Advisor. The NSG, a coordinating arm of the Government of India, provides policy oversight and evolves policies to facilitate the achievements of JNNURM objectives. It sets policies for implementation, monitor and review progress, and suggests corrective actions where necessary. The NSG also reviews the implementation of reforms.

The institutional arrangements for the mission at the national level comprised two mission directorates, one in MoUD and one in MoHUPA.

3.1.1 Central Government's role in appraisal of projects

There are two Central Sanctioning and Monitoring Committees (CSMCs) headed by respective Secretaries of MoUD and MoHUPA, for UIG and BSUP respectively entrusted with sanction, approval and monitoring of the projects and associated reforms. The projects under UIG were to be appraised by the Central Public Health and Environmental Engineering Organization (CPHEEO), Central Public Work Department (CPWD), Urban Transport Division of MoUD and Water and Power Consultancy Services (WAPCOS), while projects under BSUP were to be appraised by the Building Material and Technology Promotion Council (BMTPC) and Housing and Urban Development Corporation (HUDCO).

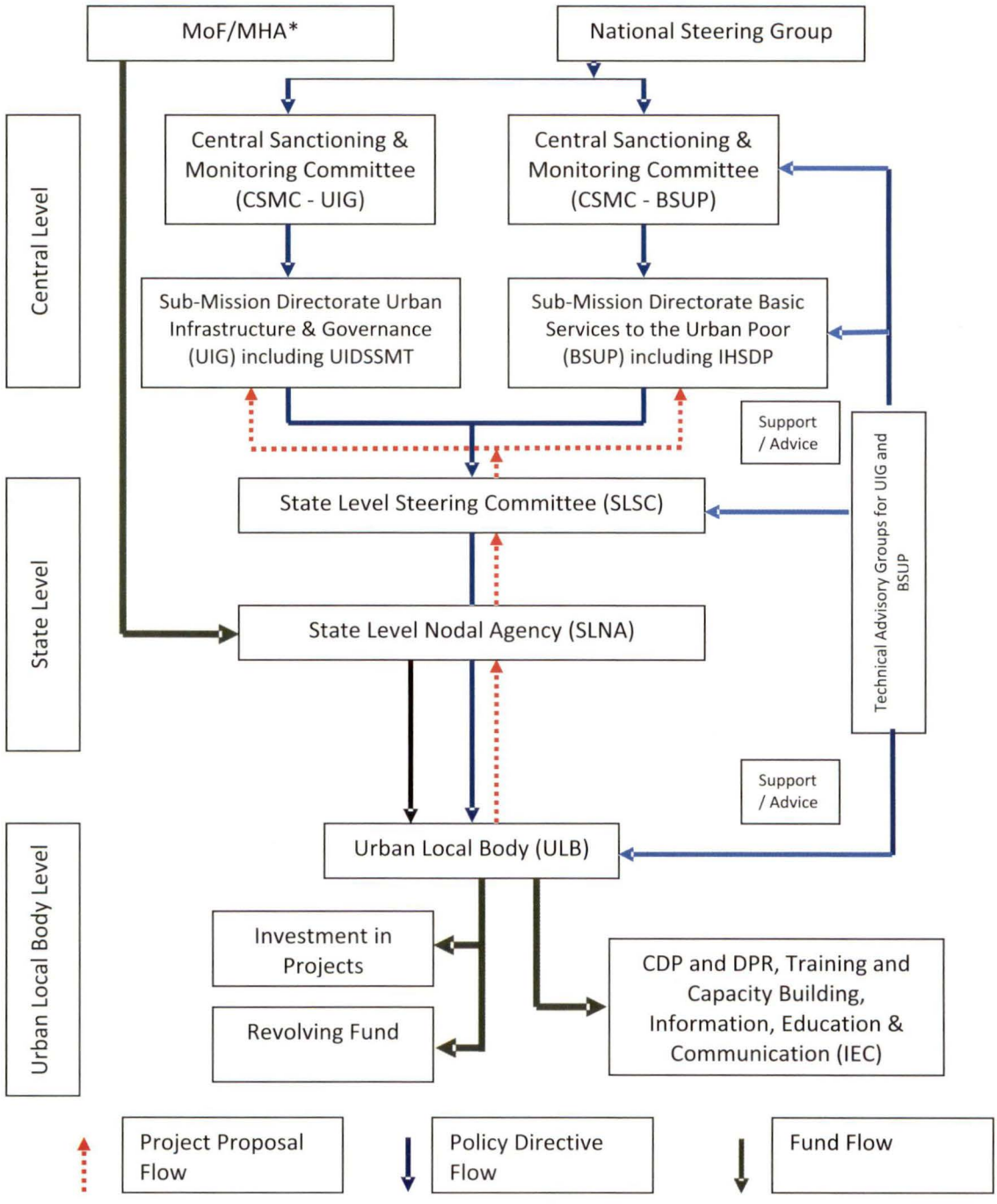
For UIDSSMT, the CSMC however, had no role for appraisal of projects. MoUD instead deputed its representatives to the State Level Sanctioning Committee where the UIDSSMT project would get approved. Thus the SLNA had to forward the appraised projects to MoUD, Planning Commission and Town and Country Planning Organization so as to reach at least 15 days before the meeting of State Level Sanctioning Committee for enabling their representatives to offer their comments / views on the projects in the meeting.

The Central Sanctioning Committee (CSC) chaired by Secretary MoHUPA was to examine and approve the projects under IHSDP. The ULBs and implementing agencies were to submit DPRs to their respective SLNA for appraisal. CSC was required to examine and approve the projects submitted by State Level Nodal Agencies on the recommendation of the State Level Co-ordination Committee (SLCC).

3.1.2 Role of Central Government in financial management

Central Government was to release ACA to the State/SLNA in installments as per JNNURM guidelines. The details regarding this are given in chapter eight. The process of fund flow has been given in figure 3.1.

Figure 3.1: Process, Sanction and Disbursements for UIG and BSUP projects



* MoF and MHA are responsible for disbursement of funds for States and UTs respectively

3.2 Role of State Governments

At the State Level, a State Level Steering Committee (SLSC) as well as a State Level Nodal Agency was to be set up. The role of the SLSC was to screen and prioritize the identified projects and recommend to the CSMC concerned for UIG and BSUP for sanction of the project. The SLSC was to monitor the implementation of projects and reforms and review the progress of urban reforms in the State.

The SLSC was to be assisted by the State Level Nodal Agency (SLNA) which was to play a key role in prioritizing and implementing the projects under JNNURM. The main functions of SLNA were to appraise projects submitted by different agencies, obtaining approval of SLSC, management of State and Central grants, release of funds to parastatal agencies/ executing agencies, monitoring and submitting quarterly progress reports to the ministries. The scheme envisaged that funds from Central and State Government would flow directly to the SLNA, designated by the State; the funds for identified projects across cities were to be disbursed to the ULB/ Parastatal agency through the SLNA as a soft loan or grant-cum-loan or grant. The SLNA/ ULBs in turn were to leverage additional resources from other sources like financial institutions/ private sector/ capital market.

The program also envisaged a Programme Management Unit (PMU) at the State Level as well as Project Implementation Unit (PIU) at ULB level.

3.2.1 State Level Nodal Agency

Although SLNAs had been appointed in every State, it was seen in audit that the SLNAs were appointed in Puducherry and Uttarakhand after considerable delay in 2007 and 2008 respectively. The SLNAs in most states continued to be short of staff. In Delhi, because of shortage of technical staff central assistance funds were not released to the SLNA but directly to the executing agencies and in Uttarakhand, because of the shortage of staff, project appraisal was not done by the SLNA. In Chandigarh, SLNA was bypassed and DPRs were sent directly to MoUD by ULBs for approval. In reply the SLNA stated that monitoring of physical and financial targets was being done by the SLNA but did not give any reason as to why projects were sent directly to MoUD. In Jharkhand, instead of SLNA, the technical cell of the Urban Development Department scrutinized the DPRs.

MoUD accepted (April 2012) that some of the States were slow in constitution of SLNA due to capacity constraints or due to lack of understanding of the requirement and stated that the Ministry was seized off the need for creating a professional cadre for the urban sector. MoUD also stated that no ACA was released without approval of SLSC/SLCC at state level.

MoUD further stated (May 2012) that presently 31 SLNAs are functional in different states and are supported by the Project Management Unit at state level, and by Project Implementation Unit at the city level.

MoHUPA stated (April 2012) that many states lagged behind during the initial years of the Mission in setting up the required structures. The reasons included lack of clarity on the continuation of the Mission beyond 2012, lack of required technical staff at the state level and lack of clarity on the role of these structures to be set up. However, it stated that the ACA was not released for any of the project unless the project proposals are approved by SLSC at the state level, even if the technical appraisal was not done by some of SLNAs.

3.2.2 Programme Management Units in the States/UTs

The objective of the Programme Management Unit (PMU) was to assist the SLNA in discharging their roles and responsibilities of appraisal of projects submitted by ULBs/ Parastatal agencies, monitoring physical and financial progress of projects, monitoring implementation of reforms, to enhance capacity of SLNA by extending technical and advisory support etc. Audit found that the contribution of the PMUs in the various selected States/UTs, was minimal. The PMU was not even established in

nine[13] States/UTs. This included the National Capital, Delhi. Regarding the functioning of the PMU in the States/UTs where it had been set up, it was observed that it was not performing the multifarious functions assigned to it in their entirety. There were also vacancies in technical and other post(s) in States like Jharkhand and Uttarakhand and Odisha.

In some states attempts to appoint PMUs towards the closure of the scheme only showed the mechanical and perfunctory way in which JNNURM was being implemented.

MoUD accepted (April 2012) that States had been slow in appointment of PMU.

MoHUPA replied (April 2012) that JNNURM started in December, 2005 and during the course of mission itself, various support structure were envisaged as per guidelines. Framing of structures, guidelines and toolkit[14] for these support structure took time and finally the Ministry came up with the guidelines of PMU in 2007. As per the guidelines, the support was for 3 years. After the toolkit came into existence, states started to set up the PMUs. Since the support was for only 3 years many states found it difficult to hire Manpower from the market when there was no certainty about continuity of such structures/support beyond 3 years. All these factors coupled with lack of capacity at the state level or ULB level to establish such structure resulted in delays and inadequate manpower in PMUs.

3.2.3 Project Implementation Unit

Project Implementation Units (PIUs) were to be created as operational units to supplement and enhance the skill mix of the ULBs. Rather than a supervisory body, it was expected to work in tandem with the existing staff with focus on strengthening implementation of JNNURM. The focus of PIU was to enhance the pace and quality of implementation of the Mission activities.

As in the case of the PMU, the findings for establishing PIUs were similar. In 10 States / UTs, the PIU had not been established. These were Arunachal Pradesh, Bihar, Chandigarh, Delhi, Gujarat, Himachal Pradesh, Jammu and Kashmir, Odisha, Puducherry and Sikkim. The PIUs had been established for some of the cities in Andhra Pradesh, Madhya Pradesh, Uttarakhand and West Bengal. There was delay in establishing the PIU in Jharkhand, Kerala, Karnataka, Tamil Nadu and Uttar Pradesh. In Tamil Nadu, Uttarakhand, Madhya Pradesh and Nagaland it was put in place three-five years after the launch of the scheme. Information in respect of Dadra & Nagar Haveli, Daman & Diu and Punjab was not available with Audit.

Even where the PIU was established, it was not working efficiently. There were vacancies in the PIU. In Jharkhand, the functions performed by majority of the PIU personnel did not match with their scope of work. The PIU personnel were also engaged by Ranchi Municipal Corporation /Dhanbad Municipal Corporation in assignments/tasks other than those stipulated in their scope of work. In Gwalior, Madhya Pradesh, PIU members visited project sites thrice but no guidance/ reports in respect of implementation of project were given by them.

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[13] Arunachal Pradesh, Chandigarh, Delhi, Haryana, Himachal Pradesh , Jammu and Kashmir, Nagaland, Puducherry and Sikkim.

[14] Toolkits issued by MoUD/MoHUPA for various issues under JNNURM, contained rules, regulations, instructions etc.

In Jammu and Kashmir, despite release (March 2009) of ₹ 0.82 crore by the GoI for establishment of one PMU (₹ 0.20 crore) and PIUs (₹ 0.62 crore), it was seen that the PMU and PIUs had not been established.

The intention of having in place the PMUs and PIUs was to give professional support to the ULBs through their technical and managerial expertise. However, the projects did not get the intended benefit of such professional expertise. GoI should have made the formation and functioning of the SLNA, PMU and PIU a condition precedent for starting projects and accessing funds. This could have ensured completion of projects in time alongwith the intended outcome.

MoUD stated in their reply (May 2012) that the setting up of PIU in a Mission city was an enabler under the guidelines of JNNURM. Its creation at the city level was envisaged to strengthen and proper monitoring /implementation of JNNURM. MoUD further stated that the setting up of PMU and PIU was constantly monitored during the sanctioning/releasing of 2nd or subsequent installment of ACA. The Ministry acknowledged that it was a fact that States were slow in appointment of PIUs. MoUD, further, stated that the observation on PMU / PIU had been noted for compliance in a better manner during the next phase of JNNURM.

Chapter 4 Implementation of reforms

Local self-governance in India got a fillip in the year 1992 through the 73rd and the 74th Constitutional Amendment Act passed by the Indian Parliament. These Acts provided for autonomy to the Panchayati Raj Institutions in rural India and the Urban Local Bodies (ULBs) in urban India through decentralization of the governance structure.

States and the ULBs were required to initiate reforms in line with the Constitutional Amendment Act, in accordance with the guidelines of JNNURM and as per the tripartite Memorandum of Agreement (MoA) signed by GoI, State Government and the Urban Local bodies.

23 reforms that were to be implemented by the State/ULB/ Parastatals within the mission period were categorized into 13 mandatory and 10 optional reforms. Cities under JNNURM had the freedom to opt for any two reforms from the optional category in each year of implementation.

MoUD was responsible for monitoring the status of all reforms. MoHUPA was also responsible for monitoring the following three pro-poor[15] reforms:

1. Internal earmarking of funds within ULBs budget for basic services.
2. Provision of basic services to urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery of other existing universal services i.e. education, health and social security, in a time-bound manner;.
3. Earmarking 20-25 per cent of developed land in all housing projects (both public and private agencies) for Economically Weaker Section / Low Income Group Category with a system of cross subsidization.

4.1 Overview of the status of implementation of the reforms

From the status of reforms in the States/UTs as reported to Audit by the MoUD, it was observed that the pace of reforms varied and the reforms were far from complete.

For the purpose of audit analysis, the reforms have been grouped by Audit under the following broad categories:

- Reforms for delegation of powers and responsibilities to the ULBs
- Constitution of District Planning Committees and Metropolitan Planning Committees
- Reforms for improving operational efficiency of ULBs
- Reforms for augmenting source of funding
- Reforms for bringing about transparency and accountability
- Pro poor reforms

[15] Three reforms which are critical to slum improvement have been termed as pro-poor reforms in the guidelines for sub-mission on BSUP issued by MoHUPA

- Other state level mandatory reforms
- Other ULB / Parastatal level reforms

4.1.1 Reforms for delegation of powers and responsibilities to ULBs

4.1.1.1 Conduct of election in ULBs

As per article 243U of the Constitution, election to ULBs once in every five years is mandatory. If a Municipality is dissolved, the election to constitute a new Municipality is required to be held "before the expiry of a period of six months" from the date of its dissolution.

The above provision in the constitution was a mandatory reform under JNNURM.

Audit observed that in 23 out of 30 selected States/UTs, elections were held timely. In six States (Arunachal Pradesh, Assam, Jammu and Kashmir, Jharkhand, Meghalaya and Nagaland) elections had not been held regularly. In Sikkim, elections were held for the first time in 2010.

MoUD in its reply (April 2012) stated that even holding of elections in Jharkhand, Sikkim, Mizoram, Manipur, etc. was an achievement of JNNURM and it might not have happened otherwise.

4.1.1.2 Transfer of 12th Schedule functions

The 74th amendment of the Constitution proposed to strengthen ULBs in terms of their structure, composition, financial resources, functions and powers. Besides the traditional service delivery functions, ULBs have been entrusted with additional responsibilities of social and development planning. The 74th CAA also aimed to enhance people's participation through decentralized and consultative decision making, greater transparency, stronger finances and adoption of a more rigorous democratic process.

The 74th CAA provided for transfer of 18 functions in respect of planning, regulation, provision of infrastructure and services, etc. listed in the 12th Schedule, to ULBs. These 18 functions are:

1. Urban planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.
9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.

13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Regulation of slaughter houses and tanneries

All the reforms for delegation of powers and responsibilities to ULBs were to be implemented at State level.

It was observed from the data provided by the MoUD that 11 out of 31 states/UTs transferred all 18 functions to the ULBs. These were Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Kerala, Karnataka, Madhya Pradesh, Maharashtra, Tamil Nadu, Tripura and West Bengal. In the remaining States, the number of functions transferred varied. In Arunachal Pradesh, Jammu and Kashmir and Meghalaya not a single function was transferred. In Himachal Pradesh, eight functions were transferred, in Manipur three functions were transferred, while in Sikkim and Nagaland only one function was fully transferred.

MoUD replied (May 2012) that the States are either assigning all the functions to ULBs or have evolved a mechanism for ULBs to be associated with the concerned parastatal agencies. It further stated that mostly second option has been exercised due to the lack of capacity of the ULBs to perform the functions such as urban planning, urban forestry and fire services. MoUD also stated (May 2012) that the State Governments have been advised to ensure implementation of reforms in letter and spirit.

4.1.1.3 Transfer of city planning functions

Article 243W of the Constitution requires State laws to provide the Municipalities "with such powers and authority as may be necessary to enable them to function as institutions of self government".

The JNNURM reform agenda sought to implement Article 243W of the Constitution by transferring the city planning function from the State to the ULBs. These functions relate to local municipal services and therefore are best managed by the ULBs. This creates local accountability of the ULB to the electorate in those areas where citizens expect their local government to act. It also provides the ULB with tools to influence the development and management of the city.

As per the MoUD's records, in 15 States/UTs (Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Gujarat, Karnataka, Tamil Nadu, Tripura and West Bengal), functions of city planning and delivery of urban infrastructure development and management functions were transferred to the ULBs. This reform was not implemented in 16 states/UTs (Arunachal Pradesh, Bihar, Chandigarh, Delhi, Goa, Jammu and Kashmir, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Punjab, Sikkim, Uttrakhand and Uttar Pradesh).

MoUD in its reply (April/May 2012) provided the status of some of the states. In Meghalaya, city planning functions are being performed by ULBs, as per review meeting with State in February 2012. City planning functions in Puducherry were also stated to be transferred as per December 2011 quarterly progress report. Further, in Tamil Nadu elected ULBs were also stated to be associated / integrated with city planning functions as of September 2011.

4.1.2 Constitution of District Planning Committees and Metropolitan Planning Committees

As per Article 243 ZD of the Constitution of India, there shall be constituted in every State at the district level a District Planning Committee (DPC) to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole.

As per JNNURM Primers[16] of 'Integration of City Planning and Delivery Functions', DPCs were to be formed to provide overall leadership to the district planning process on the basis of consensus among local-governments, line departments, civil society, academia and other stakeholders in development. The DPCs were also to review master plans of local governments and development departments, particularly to ensure that these address the district vision as a whole without overlap or duplication, prepare the Potential Linked Credit Plan for the district, with the support of the National Bank for Agricultural and Rural Development (NABARD) and oversee the participative planning process of the district development plan, to ensure that timelines are followed.

During the field audit, it was seen that DPCs were constituted in selected mission cities in 22 out of 30 States/UTs. No DPC was constituted in five states / UTs (Arunachal Pradesh, Chandigarh, Jammu and Kashmir, Meghalaya, and Puducherry). In Delhi, being a metropolitan city it was not applicable. In Manipur, the Chief Town Planner, Town Planning department, stated that the DPC is not functioning for non appointment of local representatives. In Puducherry, due to vacant post of State Election Commissioner from February 2007, the members to the DPC could not be elected. In Nagaland, DPC was constituted partly. Information in this regard was not available in respect of Dadra and Nagar Haveli

The Ministry in its reply (May 2012) stated that as per the MoA signed, timeline for constituting DPCs varied from state to state. In Arunachal Pradesh, the Arunachal Pradesh District Planning Committee Act, 2011 has been enacted. In Assam and Meghalaya, DPC has been constituted. In Puducherry, the Puducherry DPC Act, 1994 has been amended vide Act No. 3 of 2007 and provision to form DPCs has been included in the amended Act.

As per Article 243 ZE of the Constitution of India, there shall be constituted in every Metropolitan area, a Metropolitan Planning Committee (MPC) to prepare a draft development plan for the Metropolitan area as a whole. MPC was to be set up, with objectives similar to those of DPCs, at metropolitan cities having a population of 10 lakh or more (across two or more Municipalities or Panchayats or other contiguous areas as specified by the Governor).

However, it was seen in audit that it was constituted in six States/UTs (Bihar, Gujarat, Rajasthan, Maharashtra, Uttar Pradesh and West Bengal) and was yet to be constituted in eight States/UTs (Andhra Pradesh, Chandigarh, Haryana, Jharkhand, Madhya Pradesh, Karnataka, Punjab and Tamil

[16] MoUD instructions / clarifications etc in respect of implementation of reforms have been published as JNNURM Primers

Nadu). The requirement for constituting MPC was not applicable in case of Arunachal Pradesh, Assam, Chhattisgarh, Dadra & Nagar Haveli, Daman and Diu, Himachal Pradesh, Kerala, Manipur, Meghalaya, Nagaland, Puducherry, Odisha, Sikkim and Uttarakhand. Delhi was also exempted for constituting MPC as per the Constitution of India. Information in respect of Jammu & Kashmir was not available with Audit.

MoUD replied (May 2012) that this reform has been achieved in Haryana and in Tamil Nadu MPC Act had been passed in July 2009 and a notification in the Tamil Nadu Government Gazette Notification has been published vide number 211, dated 17.8.09. It also intimated that the MPC Act was passed in December 2007 in respect of Andhra Pradesh.

4.1.3 Reforms for improving operational efficiency of ULBs

The table below gives the status of implementation of reforms for improving operational efficiency of ULBs.

Table No. 4.1: Status of reforms for improving operational efficiency of ULBs as on 31 March 2011

S. No.	Reform	No. of ULBs /Parastatal committed to implement the reform by 2010-11	No. of ULBs / Parastatals implemented the reform
1.	Shift to Accrual based double entry accounting	66	44
2.	Administrative Reforms	48	23
3.	Structural Reforms	52	31

Source: Information provided by MoUD

4.1.3.1 Accounting system

JNNURM reform conditionalities called for "improved municipal accounting, with the objective of having a modern accounting system based on double entry and accrual principles, leading to better financial management, transparency and self reliance", as a mandatory reform for local bodies.

As per Ministry's data, out of the 66 ULBs /Parastatals who had committed to implement the reform to shift to accrual based double entry accounting by 2010-11, 44 ULBs/ Parastatals had implemented the reform.

MoUD in their reply (May 2012) stated that reviews of cities which had not implemented reforms were carried out from time to time and States had been advised to expedite the reforms.

During field audit in States/UTs, some of the instances on the efforts made in the implementation of this reform were as under:

i. In **Andhra Pradesh**, although almost all the test checked ULBs (as well as SLNA) reported successful implementation of accrual based double entry system, in reality, only Greater Hyderabad Municipal Corporation (GHMC) had actually finalised accounts on the accrual-based double entry system. The latest accounts of the other test-checked ULBs

(Greater Visakhapatnam Municipal Corporation (GVMC) - 2009-10, Vijayawada Municipal Corporation (VMC) - 2009-10, Tirupati Municipal Corporation (TMC) and Warangal Municipal Corporation), revealed that they had not finalized their accounts on accrual-based double entry system.

While Audit appreciates the enormous challenges involved in the migration towards accrual based double entry system and notes the steps taken by the State in this regard, reporting 'successful achievement' of this reform as such is not appropriate.

ii. In **Chandigarh**, though double entry accounting system has been introduced and the Municipal Financial Accounting Manual has been prepared, the full migration to double entry accounting system (income-expenditure accounts and balance sheet) could not be achieved by the Municipal Corporation, Chandigarh.

iii. In **Bihar**, the All India Institute of local self Government had been engaged for shifting to accrual based double entry system by 2008-09. However, the Accounting system had not been developed so far.

iv. In **Assam**, the Guwahati Development Department (GDD) stated that, 'Draft Accounting Manual' had been submitted to the State Government for approval and preparation of accounts under double entry system, was under progress at ULB level in Guwahati Municipal Corporation (GMC). MoUD replied (April 2012) that the GMC had achieved double entry accounting and had to progress towards accrual based accounting.

v. In **Puducherry**, though, a committee had been constituted in October 2009 to prepare the Municipal Accounting Manual for introduction of the 'Accrual Based Double Entry Accounting System', the reform could not be achieved till October 2011.

vi. In **Jharkhand,** only in March 2011, an agreement had been executed with M/s Price Water House Coopers Pvt. Ltd. Gurgaon for installation of double entry accrual accounting system in the ULBs. This system was to be in practice from financial year 2012-13

vii. In **Chhattisgarh,** it was stated that the accrual based double entry system had been achieved but no supporting document was provided to audit for verification.

4.1.3.2 Administrative Reforms

Administrative reforms were expected to contribute to strengthening of the skills as well as overall human resource development practices of municipalities, resulting in enhanced administrative efficiency. As per Ministry's data, out of the 48 ULBs /Parastatals who had committed to implement the administrative reforms by 2010-11, 23 ULBs/ Parastatals had implemented the reform.

It was observed that out of 39 mission cities selected for audit scrutiny, reforms related to administration were carried out in 13 cities (Ahmedabad, Ajmer-Pushkar, Bangalore, Chennai, Greater Mumbai, Faridabad, Kanpur, Lucknow, Madurai, Pune, Raipur, Shimla and Vishakhapatnam).

MoUD replied (April/May 2012) in respect of Chandigarh stating that it had addressed staff rationalization and training but reduction in establishment expenditure was yet to be done. MoUD also stated (May 2012) that an advisory has been issued to the States for early implementation of the reforms.

4.1.4 Reforms for augmenting source of funding

All the reforms under this category were to be implemented at ULB level.

The table below gives the status of these four reforms.

Table No. 4.2: Status of Reforms for augmenting source of funding as on 31 March 2011

S. No.	Reform	No. of ULBs /Parastatal committed to implement the reform by 2010-11	No. of ULBs / Parastatals implemented the reform
1.	Property Tax (85 per cent coverage)	51	27
2.	Property Tax (90 per cent collection efficiency)	42	23
3.	100 per cent Cost Recovery (Water Supply)	47	12
4.	100 per cent Cost Recovery (Solid Waste)	35	8

Source: Information provided by MoUD

Status of reforms under individual sub sectors are stated in subsequent paragraphs.

4.1.4.1 Property Tax (85 per cent coverage)

Property tax is the single most important tax revenue source available to a ULB. Thus reform of the property tax systems is one of the mandatory reforms under JNNURM. The guidelines emphasized the need for the following:

a) Proper mapping of properties using a Geographic information system (GIS) so that the ULB is able to have a full record of properties in the city and bring them under the tax net.

b) Making the system capable of self-assessment (that is a system which is formula driven and where the property owner can calculate the tax due).

c) Achieving coverage efficiency of at least 85 per cent of property tax alongwith achieving 90 per cent of collection efficiency of the same.

During audit in the States/UTs, out of 39 mission cities selected for audit scrutiny, GIS database was put in effect in only seven cities (Ranchi, Bangalore, Indore, Pune, Shillong, Kanpur and Lucknow). MoUD stated (May 2012) that the point had been noted.

As per MoUD's data, out of the 51 ULBs /Parastatal who had committed to implement the reform of 85 per cent coverage of property tax by 2010-11, 23 ULBs/ Parastatals had implemented the reform. It is pertinent to mention that four ULBs/ Parastatals though not committed to implement had implemented this reform before target year. However, 28 ULBs (Guwahati, Patna, Bodhgaya, Chandigarh, Delhi, Faridabad, Shimla, Ranchi, Kochi, Bhopal, Indore, Jabalpur, Ujjain, Nagpur,

Amritsar, Ludhiana, Bhubaneswar, Puri, Jaipur, Ajmer, Agartala, Dehradun, Haridwar, Kanpur, Lucknow, Mathura, Meerut and Varanasi) which had committed to implement this reform by 2010-11, could not implement it.

MoUD in its reply (May 2012) intimated that Hyderabad had achieved property tax reform, as per first cycle report of Reform Appraisal Agency. However, Chandigarh, Nagpur, Ludhiana, Dhanbad, Haridwar and Nanital had not achieved 85% coverage, as per reports available with Mission Directorate.

4.1.4.2 Property Tax (90 per cent collection efficiency)

The guidelines emphasized the need to implement the reform of 90 percent collection efficiency of property tax.

As per MoUD's data, out of the 42 ULBs /Parastatal who had committed to this reform, 19 ULBs/ Parastatals had implemented the reform. Four ULBs/ Parastatals though not committed to implement had implemented this reform before the target year. Audit observed that 10 (Vijaywada, Hyderabad, Visakhapatnam, Chandigarh, Faridabad, Bangalore, Mumbai, Pune, Shillong and Lucknow) out of 39 selected cities had reported success in implementation of this reform. In respect of five cities (Ahmedabad, Cochin, Indore, Rajkot and Raipur), collection efficiency of property tax was reported as more than 75 per cent.

MoUD in its reply (May 2012) stated that in Faridabad, collection efficiency was 58.71%, as communicated by the State, Bangalore had achieved 91% collection ratio in the Bruhat Bengaluru Mahanagara Palike area, as per June, 2011 QPR[17]. However, collection efficiency figure in whole municipal area was not reported. Ministry also reported that Ahmedabad and Rajkot had achieved 90% collection efficiency, as per cycle 4 of Reform appraisal report.

4.1.4.3 100 percent Cost Recovery (Water supply and Solid Waste Management)

A mandatory reform to be undertaken at the local body/city level was the levy of reasonable user charges by the ULBs and parastatals with the objectives that the full cost of Operation and Maintenance (O&M) or recurring cost is collected within the next seven years.

It was, observed in audit that out of 39 mission cities selected for audit scrutiny, mechanism for collection of user charges for water supply with the objective to meet the cost of operation and maintenance was reportedly achieved in seven cities (Visakhapatnam, Ahmedabad, Pune, Imphal, Raipur, Lucknow and Haridwar).

It was, further, observed in audit that for solid waste management, out of 39 mission cities selected for audit scrutiny, mechanism for collection of user charges with the objective to meet the cost of operation and maintenance was reportedly achieved in five cities (Ahmedabad, Indore, Nagpur, Pune, and Lucknow).

MoUD replied (May 2012) that 20 cities had achieved the reform. However, the names of the cities thus achieving the reform were not intimated by the Ministry. It was stated that Haridwar had not achieved 100 per cent cost recovery in respect of water supply, though as per Uttarakhand Jal

[17] Quarterly Progress Report

Sansthan 102.79 per cent of total operating cost was being recovered (May 2011). MoUD in its subsequent reply (June 2012) stated that 19 ULBs had achieved the water supply cost recovery.

MoUD replied (May 2012) that in case of Solid Waste Management, Chandigarh, Ahmedabad, Indore, Nagpur, Kanpur and Lucknow had not achieved 100% recovery whereas Hyderabad, Visakhapatnam, Surat, Pune, Greater Mumbai, Pimpri Chindwad, Shillong and Chennai had achieved this reform.

4.1.5 Reforms for bringing about transparency and accountability

The nature of some of the mandatory and optional reforms indicated that they were required to be implemented to bring about greater transparency. These reforms included enactment of 'Public Disclosure Law', e-governance set up, introduction of property title certification, revision of building bye-laws and computerized registration of land and property.

The table below gives the status of ULB level reforms for bringing about transparency and accountability as per MoUD data.

Table No. 4.3: Status of reforms for bringing about transparency and accountability as on 31 March 2011

S. No.	Reform	No. of ULBs /Parastatal committed to implement the reform by 2010-11	No. of ULBs / Parastatals implemented the reform
1.	E-governance setup	62	27
2.	Introduction of Property Title Certification System	28	0
3.	Revision of Building Bye-laws – streamlining the approval process	63	43
4.	Introduction of computerized process of registration of land and property	63	49

Source: Information provided by MoUD

4.1.5.1 Enactment of 'Public Disclosure Law'

One of the State level mandatory reforms was the enactment of Public Disclosure Law. The goal of public disclosure is to institute transparency and accountability in the functioning of municipalities through publication of information pertaining to various facets of municipal governance, namely, personnel, particulars of administrative structure, finances and operations. JNNURM envisaged the enactment of a Public Disclosure Law (PDL) to ensure release of quarterly performance information to all stakeholders.

As per the MoUD's data, there were 31 States/UTs which had committed to implement this reform, 20 states/ UTs had implemented the reform by 2010-11. The nature, mode of implementation also varied in the states.

For example, in **Kerala**, the Kerala Municipal Act had provisions for public disclosure. In Madhya Pradesh, such provisions were made in Municipal Act rather than enacting a separate Act.

In **Puducherry**, the Puducherry Municipalities (Amendment) Act, 2010 provided for publication of information to public on the functioning of Municipalities, on periodical basis to ensure transparency and accountability. The Municipalities had, however, not published any information on their functioning till date (October 2011). Similarly, in **Karnataka**, vide government notification dated 26 November 2009 under RTI Act 2005, public disclosure of service level indicators was made mandatory for the ULBs in the State. Thus the State RTI Act was amended to give effect to Public Disclosure law.

In **Uttarakhand**, all ULBs were instructed (3 June 2009) to ensure Public Disclosure System by disclosing their working through the media (print as well as web) in newspapers, internet and media. PDL was proposed to be incorporated in the Uttarakhand Local Body Act.

In **Andhra Pradesh**, an amendment was made in April 2008 to the Hyderabad Municipal Corporation Act. However, Audit observed that information relating to identification of beneficiaries under different subsidy programmes and welfare programmes, list of plan and non-plan grants received from the Government, and annual accounts were not available on the ULB websites.

In **Odisha** also, the disclosure was not adequate. The Public Disclosure Law was notified (February 2009) and information on budget, scheme, services and all letters issued were displayed on the website by the Municipal Corporation, Cuttack and Bhubaneswar. However, no such information was uploaded by the Berhampur Municipal Corporation.

MoUD replied (May 2012) that the Mission primarily focuses on the notification of the law. In Nagaland, Sikkim, Chhattisgarh, Delhi and Uttarakhand, PDL had been implemented as per the Reforms Appraisal reports. In Bihar, executive orders had been issued by the State Government. In Puducherry – Amendment to Municipal Act for enactment of PDL was approved on 21 February 2011 and notified in the Gazette of Puducherry vide NO. 11 dated 10 March 2011. Moreover, all the ULBs/States were also covered under the RTI Act 2005. MoUD further stated that the advisory had been issued to the states.

The reference to the RTI Act 2005, in response to audit observation of enactment of PDL, reduces the significance of PDL which was a mandatory reform. The RTI Act is a need based system to get information by an individual user whereas PDL is to bring out transparency through public disclosure on the part of municipal governance.

As the JNNURM primer envisages that public disclosure supplements the RTI Act, 2005 by making available regular information on ULB activities suo-motu, the nature, mode and extent of implementation of the various public disclosures should be seen to verify whether they are disclosing information as envisaged under the rules.

4.1.5.2 E-Governance

The objective of this reform of deploying e-governance in ULBs and parastatals was to improve the system of governance, using IT applications to make the ULBs more efficient and effective in delivering services to the citizens. Implementation of this reform was expected to benefit the ULBs as well as the citizens by simplifying systems and processes. The broad aim as envisaged in JNNURM Primers, for implementing e-governance in municipalities, was to:

- Focus on clearly identified citizen services that would be covered with clearly laid down service levels and outcomes to be achieved.
- Improve efficiency and effectiveness in interaction between local government and its citizens and other stakeholders.
- Improve quality of internal local government operations and management information systems to support and stimulate good governance.
- Bring about transparency and accountability in urban local body operations.
- Help improve reach of the delivery of services to citizens.

Services such as Basic citizen services (Birth and death registration and health programs); Revenue earning services (Property tax and licenses);Development services (Water supply and other utilities, building plan approval);Efficiency improvement services (Procurement and monitoring of projects);Back office improvements (Accounting and personnel management system); and Monitoring (Citizen Grievance redressal) were to be covered under e-governance.

As per MoUD data, 62 ULBs / Parastatals committed to implement this reform by 2010-11, whereas 27 ULBs / Parastatals had implemented this reform. It was, however, observed in audit that out of 39 mission cities selected for audit scrutiny, E- governance was not put into effect in 14 cities (Vijayawada, Ludhiana, Itanagar, Patna, Faridabad, Jammu, Dhanbad, Nagpur, Imphal, Kohima, Thiruvananthapuram, Kochi, Puducherry, Gangtok). In 14 cities (Hyderabad, Visakhapatnam, Raipur, Delhi, Shimla, Ranchi, Shillong, Bhubaneshwar, Madurai, Chennai, Nainital, Haridwar, Kolkata, Asansol) it was being implemented partially. E-governance was put into practice only in 11 cities (Chandigarh, Bangalore, Indore, Mumbai, Pune, Ajmer-Pushkar, Lucknow, Kanpur, Ahmedabad, Guwahati and Rajkot).

MoUD replied (April 2012) that Vijaywada, Hyderabad and Visakhpatnam have achieved e-governance reform completely as per the reform appraisal report. It also stated that Faridabad had implemented all the eight modules of e-governance reform and Delhi and Bhubaneswar had achieved e-governance reform as communicated during review meetings in February 2012. Ministry further replied that Madurai and Kolkata achieved the reform as per September 2011 QPR. MoUD further replied during exit conference (June 2012) that 35 ULBs had achieved this reform.

4.1.5.3 Introduction of property title certification system in ULBs

JNNURM recognized the adverse effects of the manual system of registration. The objective of the reform on introduction of property title certification system in ULBs was to enable the cities in moving towards guaranteed title systems. It sought to create a public record of titles which would truly describe the property as well as the title and has a system for reflecting any transaction in real time.

As per MoUD records, none of the cities had achieved this reform. MoUD replied (May 2012) that this was one of the complex reforms, more so as land is a State subject. The Ministry further stated that the Department of Land Resources, Ministry of Rural Development, which were responsible for the matter had taken steps to facilitate this reform.

4.1.5.4 Revision of building bye-laws for streamlining the approval process

Revision of building bye laws for streamlining the approval process was required as one of the reforms to be undertaken by States/ cities to establish a simple, transparent and lesser time-consuming process that encourages development.

As per Ministry's data, out of the 63 ULBs /Parastatal who had committed to implement the reform for revision of building bye laws for streamlining the approval process by 2010-11, 42 ULBs/ Parastatals had implemented the reform.

Analysis of information furnished by MoUD, revealed that 21 ULBs (Chandigarh, Delhi, Panaji, Faridabad, Shimla, Jammu, Srinagar, Dhanbad, Ranchi, Aizwal, Puducherry, Gangtok, Dehradun, Haridwar, Nainital, Agra, Allahabad, Lucknow, Mathura, Meerut and Varanasi) which had committed to implement the reform by 2010-11, did not implement it.

4.1.5.5 Introduction of computerized process of registration of land and property

The JNNURM inter alia aimed at computerization of the process of registration of land and property, so as to deliver efficient, reliable, speedy and transparent services to citizens. The states/ cities were therefore required to undertake steps to introduce computerized process of registration to bring in an efficient real estate market where transactions, i.e., sale and purchase of properties, can take place smoothly, without any barriers, and in a transparent manner. One of the many barriers to the efficient functioning of the real estate market has been, and continues to be, the age – old practice of manual system of registration, which results in corruption and delay.

As per MoUD data out of 63 ULBs/Parastatal who had committed to implement the reform by 2010-11, 49 ULBs/Parastatal had implemented this reform.

4.1.6 Pro Poor Reforms

Under this category, reforms related to earmarking of funds for services to urban poor, earmarking of land in housing projects and provision of basic services to urban poor are covered.

Table No. 4.4: Status in respect of implementation of pro poor reforms as on 31 March 2011

S. No.	Reform	No. of ULBs /Parastatal committed to implement the reform by 2010-11	No. of ULBs / Parastatals implemented the reform
1.	Internal earmarking of funds for services to Urban Poor	64	55
2.	Earmarking 20-25 per cent developed land in all housing projects (both Public and Private Agencies) for Economically Weaker Section / Low Income Group Category with a system of cross subsidization	54	39

Source: Information provided by MoUD

4.1.6.1 Internal earmarking of funds for services to urban poor

A mandatory reform under JNNURM was institutionalizing internal earmarking of funds by ULBs in their budgets specifically for basic services to the poor. The purpose was to scale up delivery of civic amenities and services with emphasis on universal access to the urban poor.

As per MoUD data, out of 64 ULBs / Parastatals committed to implement this reform by 2010-11, 55 ULBs / Parastatals had implemented this reform.

MoHUPA stated (June 2012) that this reform had been achieved by all the 65 mission cities.

4.1.6.2 Earmarking of developed land in all housing projects for EWS/LIG

States /cities, as part of the sub mission II, Basic Services to the Urban Poor (BSUP) under the JNNURM, were required to earmark at least 20-25 percent of developed land in all housing projects (developed by public and private agencies) for Economically Weaker Section (EWS) and Lower Income Group (LIG) category[18] with a system of cross subsidization. This reform was aligned with the goal of "Affordable Housing for All" in the National Urban Housing and Habitat Policy, 2007 (NUH&HP). The NUH&HP mandates reservation of "10-15 percent land in new public/ private housing projects or 20-25 percent of FAR[19] (whichever is greater) for EWS/ LIG housing through appropriate legal stipulations and special initiatives.

MoHUPA replied (April 2012) that in 62 out of 65 cities, the States had issued directives for 'Reservation of Developed Land for EWS'. MoHUPA further stated (June 2012) that 29 States[20] (comprising 62 mission cities) had implemented this reform.

4.1.6.3 Reforms related to provision of basic services to urban poor

Provision of basic services for the urban poor was a mandatory urban poverty reform for all local bodies supported under JNNURM. The goal was to provide basic services (including water supply and sanitation) to all poor including security of tenure, improved housing at affordable prices and ensure delivery of social services of education, health and social security to poor people.

It was, observed in audit that out of 39 mission cities selected for audit scrutiny, provision of basic services to urban poor was reported to have been put in place in 22 cities (Chandigarh, Ludhiana, Chennai, Madurai, Vishakhapatnam, Guwahati, Raipur, Delhi, Rajkot, Ahmedabad, Faridabad, Shimla, Dhanbad, Bangalore, Indore, Greater Mumbai, Nagpur, Pune, Imphal, Bhubaneswar, Puducherry, and Ajmer-Pushkar).

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[18] EWS is officially defined as a monthly household with a monthly family income below INR 2100/; BPL families are those with monthly income INR 2000/ or less. By definition EWS encompasses BPL category however as this segment is large it is important to disaggregate by mentioning BPL as a separate category. LIG is officially defined as household with a monthly income between INR 2100/ and 4500/.

[19] The Floor Space Index (FSI) or Floor Area Ratio (FAR) is the ratio between the area of a land parcel and the total amount of floor space which can be built on it. For instance, on a parcel of 1000 sq m with FSI 2, a structure with a total floor space of 2000 square meters will be allowed. In the absence off set back and heights requirements, this could be a 2 storied structure covering the entire parcel or, for instance, a 4 storied structure with an area off 500 square meters per floor, or any other combinations which would result in a total floor area equal to product off the land parcel area by the FSI.

[20] Goa and Kerala did not implement the reform.

Regarding, 'Provision of Basic Services', MoHUPA stated (April 2012) that this was largely an outcome of JNNURM and it was to be implemented in a staggered manner. The achievement of this reform was contingent upon successful implementation of the schemes and projects.

However, it is pertinent to point out that in the cities which reported achievement of reform, several housing and infrastructure projects remained incomplete as elaborated chapter 6. Therefore, it is not understood how these cities had reported that basic services for urban poor had been put in place.

4.1.7 Other state level mandatory reforms

The table below gives the status of other state level mandatory reforms.

Table No: 4.5: Status of other state level mandatory reforms as on 31 March 2011

S. No.	Reform	No. of States / UTs committed to implement the reform by 2010-11	No. of States / UTs implemented the reform
1.	Reform in Rent Control	26	10
2.	Stamp Duty rationalization to 5 per cent	20	16
3.	Enactment of Community Participation Law	31	17

Source: Information provided by MoUD

4.1.7.1 Reform of Rent Control Laws

Amendment of rent control laws is one of the mandatory reforms. States were expected to implement the reform within the Mission period. Reform in the rent control laws were needed to meet the following objectives:

1. Promoting supply of rental housing.
2. Establishing a better balance between the interests of landlords and tenants.
3. Reducing litigation under the rent control act.
4. Making rent control act more effective to protect the legitimate interests of tenants.
5. Reducing complexity of the act.

Recognizing the negative impact and social tensions created by the rent control laws, the Government of India (GoI) came out with a Model Rent Legislation (MRL) in 1992.

Analysis of information furnished by MoUD revealed that 16 States / UTs (Andhra Pradesh, Assam, Bihar, Chhattisgarh, Goa, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Meghalaya, Puducherry, Punjab, Sikkim, Tamil Nadu, Tripura and Uttarakhand) which had committed to implement the reform by 2010-11, failed to implement it.

4.1.7.2 Rationalization of Stamp Duty to five per cent

The real estate market in India was narrow and extremely cumbersome. One of the many barriers to the efficient functioning of the real estate market had been the high rates of stamp duty on conveyance transactions. Although a few states had taken steps to bring down the stamp duty rates, in several states, the rates were in excess of 10 percent, deterring individuals, businesses and industry from registering properties at actual, or market values.

JNNURM required the rates of stamp duty to be brought down to five per cent or less (including the surcharge that ULBs levy in several states) within the Mission period. It was expected that a reduction in the rate would help to develop a healthy real estate market, by providing boost to the economy, and reduce the size of the black money. It was also expected that reduction in stamp duty rates would lead to an increase in revenues both for the states as well as the ULBs.

However, out of 30 States / UTs selected for audit scrutiny, only 16 States /UTs (Andhra Pradesh, Chandigarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Odisha, Punjab, Puducherry, Rajasthan, Sikkim[21], Uttar Pradesh, Dadra & Nagar Haveli) brought down stamp duty rates to five percent. In Dadra and Nagar Haveli, the rate of stamp duty was even lower than the envisaged five percent i.e. one per cent.

In the remaining 13 states/ UTs, rates continued to remain over five per cent (Arunachal Pradesh, Assam, Bihar, Delhi, Jammu & Kashmir, Karnataka, Uttarakhand, West Bengal, Chhattisgarh, Daman & Diu, Kerala, Manipur and Tamil Nadu). In Haryana, stamp duty was 7 per cent (5 per cent plus 2 per cent ULB surcharge) for men and 5 per cent (three per cent plus two per cent ULB surcharge) for women in urban area.

MoUD stated that in Arunachal Pradesh and Manipur, rationalization of stamp duty to 5 per cent had been achieved as per the reform appraisal agency report. The Ministry further intimated that in Uttarakhand, stamp duty was reduced to 5 per cent for men and 3.75 per cent for women in May 2011. Also in Puducherry, rationalization of stamp duty to 5 per cent has been done with effect from 30 October 2011.

The reply, in respect of Delhi that the Stamp duty is 4 per cent for female and 6 per cent for male and thus average of 5 per cent, is as per Mission guideline is not acceptable to Audit as it was to be reduced to 5 per cent in general and there was no such requirement of average reduction.

4.1.7.3 Enactment of 'Community Participation Law'

The Community Participation Law (CPL) is aimed at:

- Strengthening municipal governments by:
  - Institutionalizing citizen participation.
  - Introducing the concept of *Area Sabhas* (consisting of all registered voters of a polling booth) in urban areas.

[21] As per notification dated February 2011 stamp duty was five percent for the people of Sikkimese origin but for others it is 10 percent.

- Involving citizens in municipal functions like setting priorities, budgeting provisions, exerting pressure for compliance of existing regulations, etc.

JNNURM makes it mandatory for states either to enact a separate CPL or to make appropriate amendments to their existing municipal laws. These enactments will need to ensure clear definition of functions, duties and powers of each of these tiers, and provide for appropriate devolution of funds, functions and functionaries to these levels.

Citizen participation is essential for making democratic processes effective and for strengthening them. It provides a platform to citizens to influence policy/program development and implementation. While various platforms and systems for citizen's participation have developed organically there is a need to institutionalize them to make them effective and sustainable. The CPL aims to institutionalize such community participation platforms/systems.

Incidentally JNNURM was to also provide an enabling environment for the growth of the cities by stakeholder participation in local governance

MoUD stated (April 2012) that in J&K, the CPL was part of Municipal Law (2nd Amendment) Bill 2010 which had been passed by Legislative Assembly, as per the report received in September 2011. MoUD, stated that 'Bhagidari system' in Delhi suffices as community participation law. However, it did not clarify as to how this system can be substituted for an agenda of reform of enactment of CPL. MoUD also replied (May 2012) that in Nagaland, CPL had been achieved, as per cycle 4 of Reform appraisal report. MoUD stated that an advisory had been issued to the states in this regard. MoUD during exit conference (June 2012) intimated that 23 States had received this reform. However, names of the States were not intimated.

4.1.8 Other ULB / Parastatal level mandatory reforms

The table below gives the status of implementation of other ULB/ Parastatal mandatory reforms as on 31 March 2011.

Table No. 4.6: Status of other ULB / Parastatal level mandatory reforms as on 31 March 2011

S. No.	Reform	No. of ULBs /Parastatal committed to implement the reform by 2010-11	No. of ULBs / Parastatals implemented the reform by 2010-11
1.	Revision of Building Bye-laws – mandatory rain water harvesting in all buildings	67	61
2.	Simplification of legal and procedural framework for conversion of agricultural land for non-agricultural purpose.	61	50
3.	Bye-laws on re-use of recycled water	61	43
4.	Encouraging Public Private Partnership	63	55

Source: Information provided by MoUD

4.1.8.1 Revision of Building Bye-laws to make Rain Water Harvesting mandatory

The objective of revising building bye laws to make rain water harvesting mandatory was to cope with the problem of depleting ground water levels in the country and to promote conservation of

water. The harvested rainwater can be used for direct consumption or for recharging groundwater through simple filtration devices. It was required to prepare draft bye-laws to reflect mandatory clauses of rain water harvesting and to amend existing legislation to introduce the new bye-laws and notifications followed by, dissemination of the new set of Building Bye-laws through the internet Thereafter, approval was to be started as per new bye-laws.

As per MoUD data, out of the 67 ULBs / Parastatals committed to implement this reform by 2010-11, 61 ULBs / Parastatals had implemented this reform by then and 6 ULBs (Chandigarh, Panaji, Imphal, Aizwal, Kohima and Gangtok) failed to implement it by 2010-11.

MoUD replied (April 2012) that Chandigarh and Gangtok had revised building bye laws to make rain water harvesting mandatory, as per respective ULBs QPRs. MoUD further replied that the focus of reform was on revision of bye-laws and implementation was done by the states and cities. However, the Ministry should see the nature, mode and extent of revision of bye-laws to verify whether the desired / expected results of the reforms could be achieved.

4.1.8.2 Simplification of legal and procedural framework for conversion of agricultural land to non-agricultural purposes

Reforms for simplification of legal and procedural framework for conversion of agricultural land, was a part of the overall package of reforms in land and property markets. Simplification of conversion process would also impact and be impacted by other reforms, (also considered under JNNURM) viz. rationalization of stamp duty, property tax reforms, property title certification, earmarking of land for poor, computerized registration of Properties and Integration of city planning and delivery functions with ULBs

As per MoUD data, out of the 61 ULBs / Parastatals committed to implement this reform by 2010-11, 50 ULBs / Parastatals had implemented this reform by then, 11 ULBs/parastatal (Itanagar, Patna, Bodhgaya, Delhi, Shimla, Dhanbad, Jamshedpur, Ranchi, Imphal, Shillong and Puducherry), had not achieved this reform. The Revenue and Land Reform Department, Government of Jharkhand, has been asked by the Urban Development Department (UDD) to submit action taken report. In the case of Ranchi, permission has been sought from the UDD, for approval of Building plans on agricultural lands.

MoUD replied (April 2012) that Chandigarh had not committed the reform and land use conversion of agricultural land is governed under separate laws. Though Faridabad had simplified the process of legal and procedural framework, the ULB had not reduced the number of days taken for approval to 60 days. MoUD further intimated that Ranchi had not achieved the reform. MoUD during exit conference (June 2012) stated that land was a state subject and registration of the property was done in different manner as per their rules.

4.1.8.3 Bye-laws on re-use of recycled water

Water reuse reforms allow ULBs to ensure dependable and cost-effective water supply to communities in an environmentally sustainable manner. To meet the water demand for the growing population and to provide for protection against droughts, local governments must make the most efficient use of their water resources. Water recycling and reuse offer cost-effective and ecologically beneficial solutions. Water re-use involves using domestic wastewater from bathroom, kitchen,

clothes washing and toilets a second time around, for an appropriate purpose after primary, secondary or tertiary treatment. This can be at an individual property level or at group housing level like apartment complexes or at community level.

Analysis of information furnished by MoUD, revealed that out of 61 ULBs 19 ULBs/ parastatal (Raipur, Panaji, Porbandar, Jammu, Srinagar, Dhanbad, Jamshedpur, Ranchi, Kochi, Thiruvananthapuram, Nagpur, Imphal, Bhubaneswar, Jaipur, Ajmer, Gangtok, Dehradun, Haridwar and Nainital) which had committed to implement the reform by 2010-11, could not implement it.

Further, out of the 61 ULBs / Parastatals committed to implement this reform by 2010-11, 42 ULBs / Parastatals had implemented this reform by then.

4.1.8.4 Reform related to Public Private Participation

Many cities do not have capacity to cope with the rising demand for water supply, sewerage, drainage, electricity supply, roads and solid waste management etc. Public Private Partnership (PPP) was thus considered a viable alternative to overcome the systemic problems and to infuse efficiency into the operation and maintenance of infrastructure, while bringing in much-needed capital to supplement public funds. PPP projects means a project based on contract or concession agreement between a Government or statutory entity on the one side and a private sector company on the other side, for delivering an infrastructure service on payment of user charges.

As per MoUD data, out of the 63 ULBs / Parastatals committed to implement this reform by 2010-11, 55 ULBs / Parastatals had implemented this reform by then.

MoUD replied (April 2012) that some cities have achieved the reform as per reform appraisal report or as per communication during review meeting. It also intimated that some cities are considering projects under PPP and stated that such actions of cities might be sufficient for encouraging PPP reform. MoUD further replied (April 2012) that PPP Cell / separate cell had been set up in Haryana, Tamil Nadu and Nagaland. The Ministry further stated that Thiruvananthapuram had achieved this reform even before signing of MoA.

MoUD, however, did not provide the specific reply regarding progress of 'Formulation of PPP Policy', 'Creation of PPP Cell', 'Execution of projects under PPP', and other components like formulating legal and regulatory framework; formulating procedures and guidelines; methodology for selection of private sector partner, developing and dissemination of guidance materials, selection of transaction advisor, in Cities.

4.2 Response of MoUD on the implementation of reforms

MoUD in their reply (May 2012) acknowledged that the requirement of implementation of each of 23 reforms by ULBs and States, big or small, in 7 years had been too ambitious, particularly with the varying capacities of the ULBs. MoUD explained that one must acknowledge and appreciate the fact that States and Cities made concerted efforts to achieve these reforms. It was stated that seven years of implementation of JNNURM has exposed major lacunae within the ULBs in terms of capacity and resources which are highly inadequate to implement urban reforms. It was also stated that the Ministry has embarked upon a number of capacity development initiatives to bridge this gap. The Mission Directorate has undertaken a Rapid Training Program (RTP) on Governance and Reforms, extended assistance for preparation of DPRs and supervision and monitoring of project

implementation. More than 1800 ULBs and Parastatal staff and over 2000 elected representatives had undergone training across various cities.

In addition to the above, the States have been advised to implement various reforms in both letter and spirit in order to ensure that the benefits envisaged out of implementation of the reforms are fully realized. The present tenure of the Mission was over on 31 March 2012. The Government has given two years extension, i.e. upto 31 March 2014 for achievement of the reforms. The States have been advised to achieve the pending reforms within the extended period.

MoUD (April and May 2012), also stated that the Ministry had envisaged reforms in institutional, financial and structural governance structure of the ULBs to make them efficient, accountable and transparent. The Ministry explained that though they laid a great emphasis on implementation of 23 reforms, the implementation was a huge challenge. Besides, most of the smaller cities have inadequate capacity in terms of finance and human resource, which has led to slow achievement of reforms. The larger cities have, by and large, managed to shift to a more professional work orientation for better implementation of reforms. The Ministry also felt that for implementation of reforms, the leadership of the State/UT Governments and political will is extremely important. The fact that no provision was made for funding of implementation of reforms has also had an adverse impact.

Recommendation No. 1:

The Government of India may consider giving suitable incentives to those States which are implementing the reforms as envisaged in JNNURM guidelines and MoA. Besides, capacity building in terms of finance and human resources may be enhanced so that the States may achieve the pending reforms within the extended period i.e. upto 31 March 2014.

Chapter 5 City Development Plans and Detailed Project Reports

To achieve the objectives of JNNURM, a city development plan (CDP[22]) was to be prepared by State/UT/ULB or Parastatal for every identified mission city. The CDP was to be a comprehensive document for the planned urban perspective framework for a period of 20-25 years (with 5 yearly updates) within which projects were identified.

The next step was to prepare Detailed Project Reports (DPRs) for undertaking projects. During appraisal of projects at Central level, DPR was to be scrutinized together with CDP. Project proposals were to demonstrate that the projects and proposed investments were prioritized in the capital expenditure programme of ULBs as part of CDP, business/master plan or vision. Thus the CDP and DPRs were required to be prepared before the city could access mission funds.

The DPRs for the proposed projects were required to be prepared in great detail, depicting all relevant information, detailed drawings, topographical survey & soil investigation; economic and financial analysis; planning and design criteria; environmental impact assessment; map of city showing existing and proposed flyovers, road network; schedule of rates, detailed measurement & basis of adoption of rates, operation and maintenance cost; phasing of expenditure etc. MoUD had also developed toolkits for preparation of CDPs and DPRs.

5.1 Linkages between City Development Plans and DPR were absent in many cities

Audit scrutiny in the selected States/UTs indicated that the CDPs and DPRs were not always comprehensive and complete, and in some cases the DPRs of individual projects had no co-relation with the CDPs. Some of the deficiencies noted in respect of the CDPs and DPRs are given in the following paragraphs.

In Kohima, **Nagaland**, the CDP with total investment plan of ₹ 999.94 crore was approved by the Ministry during 2006 for various projects of water supply, sewerage & sanitation, solid waste management, tourism, drainage, road and transportation etc. However, except two DPRs at a cost of ₹ 75.68 crore for road and transportation and integrated roads submitted to the MoUD, the DPRs for remaining components were not prepared. The SLNA of Nagaland replied (December 2011) that as on date, DPRs for ₹ 118.94 crore were prepared and got approved.

In **Odisha**, the city of Puri was selected as a mission city under JNNURM considering its religious/historic & tourist importance and also to project Puri as a global tourism business city of Eastern India. Out of the total projected investment (₹1,828crore) in CDP covering period up to 2031, 54.65 *per cent* (₹ 999 crore) had been earmarked by prioritizing the projects for heritage preservation. However, no project for heritage conservation had been proposed as of November 2011.

In **Delhi**, Government of National Capital Territory of Delhi (GNCTD) had no mechanism to ensure that infrastructure development projects were in line with the proposed investment plan in the CDP. Projects of UIG selected, were other than those included in CDP. All projects of Public Work Department were started keeping in view the requirement of Commonwealth Games 2010 (CWG) and were later on covered under JNNURM evidently for funding purpose. MoF concurred (October

[22] MoUD had issued toolkit for preparation of CDP.

2009) with one time relaxation subject to the conditions that i) all the projects should be related to Commonwealth Games of 2010; ii) the projects are otherwise eligible for JNNURM funding; and iii) all the projects considered should be within the overall JNNURM programme ceilings and the procedure for sanctioning the projects under the JNNURM would be followed. Thereafter 24 projects were approved under JNNURM but there was no evidence that the DPRs for the projects were prepared and contained such details as required. Incidentally these projects had been initially rejected by MoUD for this reason only. We also observed that out of 24 projects for which exemption was given, four had already been opened to traffic by December 2009. These projects were (i) Flyover at Africa Avenue and Aruna Asaf Ali Road; (ii) Flyover at Vivekanand Marg, Nelson Mandela Marg, Poorvi, Marg; (iii) Construction of Grade Separator at Raja Ram Kohli Marg Intersection on Marginal Bund Road Geeta Colony Delhi; and (iv) Construction of Grade Separator for free flow Traffic at T-Junction of Marginal Bund Road and Master Plan Road over Disused Canal near Shastri Nagar in East Delhi. The other Projects were not ready though the Commonwealth games were over in October 2010.

While confirming the facts, the Urban Development Department (UDD), Delhi stated (13 October 2011) that priorities of projects were rapidly changing in Delhi. Hence, the implementing agencies submitted the projects as per the current requirements which might not be available in CDP. The UDD also stated (7 October 2011) that most of the projects were implemented under CWG. Hence projects suggested in CDP could not be taken up. The reply of the UDD shows the CDP has not been used as a strategic document for planning projects under the JNNURM in Delhi. MoUD in their reply (May 2012) explained that these 24 projects were considered by the CCI as a special case and approved by relaxing the norms. The projects being ongoing were not appraised as per the normal prescribed procedure under JNNURM.

It was evident that there was a disconnect between the long term vision for Delhi and proposals for current projects being executed. This approach defeated the fundamental objective of the scheme which was to provide infrastructure within a planned framework. Since all the projects (except four) were not ready in time for CWG, their purpose of taking up the projects as a onetime exemption was also defeated.

MoUD replied (May 2012) that most of the States and cities had included detailed investment plan emerging out of the CDP in which they had also prioritized the areas and sectors in which projects were to be taken up. However, as preparation of DPR was capital intensive, many states and cities had not prepared DPR. Further, allocation within the JNNURM was not sufficient for these works to be taken up. Within the framework of the CDP, the prioritization of the projects was the prerogative of the State Government. GoI considers projects based on the recommendation of the State Government within the overall allocation of the State.

MoUD during exit conference stated that steps had been taken for empanelment of consultants for preparation of revised CDPs.

5.2 No details about availability of land in the DPR adversely affecting implementation of projects

The Toolkit regarding preparation of DPR required the title of the land to be clear and unencumbered. The DPRs were also to contain an assessment of utilities which would have to shift,

the list of clearances and agencies from which those clearances were to be obtained. We found instance where these details were not available in the DPR.

In the comprehensive Sewerage Project for Phase-I Division A of Greater Jammu city, Drainage Projects in Kathua, Jammu and Kasmir and Ranchi Water Supply Project, Jharkhand the respective DPRs did not mention available unencumbered land. It was seen in audit that these projects were later affected adversely for want of land, clearances or delay in acquisition of land.

In reply to audit observations, MoUD intimated (April / May 2012) that regarding the availability of unencumbered land for Ranchi Water Supply Project, the infrastructure was planned to come up on existing water supply sites and government lands. However, the right-of-way for pipelines involved obtaining clearances from various agencies. The project was now being implemented and there was no land issue.

5.3 Other deficiencies in the DPRs

In the State of Sikkim, only Gangtok was selected as a mission city. However a BSUP project was proposed in Rangpo, at a cost of the ₹ 25.17 crore. The word Gangtok was included in the DPR of the project meant for Rangpo. Interestingly, Rangpo was also selected under UIDSSMT for implementation of sewerage schemes under the programme. Implementation of the project, meant for mission city, in a non mission city, not only defeated the objective of integrated development of infrastructural services in the cities covered under the Mission but also deprived the benefit to the people of the mission city.

MoHUPA accepted (April 2012)the audit observation and explained that the project was sanctioned by CSMC on the assurance from the State Government that Rangpo would be notified as a part of the Gangtok agglomeration which eventually did not materialize and the same was not informed to the GoI. It was also stated that anex-post facto sanction under IHSDP would be given, which would entail refund of part of ACA pertaining to housing part.

In two housing projects in **Chhattisgarh** viz. BSUP, Raipur and IHSDP Bilaspur the calculation for Reinforced Cement Concrete work for DPRs was inflated resulting in inflated cost of ₹ 2757 per dwelling unit for BSUP Raipur and ₹ 2981 for IHSDP, Bilaspur thereby resulting in extra cost of ₹4.41 crore for the two projects. MoHUPA replied (April 2012) in respect of Chhattisgarh, that State and appraisal agency would have to look into the matter and submit a report in respect of Chhattisgarh. MoHUPA replied in June 2012 that flat rate of 20 percent in place of 0.20 percent was charged due to typographical error which had resulted in inflated cost of DUs.

In **Kerala**, under UIDSSMT in Alappuzha, essential elements such as construction of retaining wall, O&M cost for first three years after commissioning, and cost of waste water treatment system, totalling an amount of ₹. 5.78 crore were omitted from inclusion in the original estimates in the DPR sent for approval which resulted in less approved cost of the project and thereby lesser ACA to the extent of ₹ 4.62 crore.

MoUD acknowledged (May 2012) the shortcomings in the CDPs and stated that barring a few, the limitations of these CDPs were that they did not embody strategic thinking in their approach, but were seen more as a compilation of projects- as a onetime activity mandatory under JNNURM.

Hence, a need was felt to enable and facilitate the cities to revisit their plans. Ministry has issued (May 2012) an advisory to cities recently to revise the existing CDPs and prepare new CDPs.

Regarding the observations on DPRs, MoUD in their reply (May 2012) have referred to scheme guidelines (Para 10.2) wherein techno-economic appraisal of the projects either through in-house expertise or by outsourcing was the responsibility of the State Level Nodal Agency.

Audit is of the view that due diligence should have been done at the time of preparation and appraisal of CDPs and DPRs. Advisories may be issued to States for removal of deficiencies in DPRs and execution of projects as per approved DPRs.

Chapter 6 Implementation of Housing Projects

Housing projects were undertaken under Basic Services to Urban Poor (BSUP) for the 65 mission cities and Integrated Housing and Slum Development Programme (IHSDP) for cities and towns other than mission cities. The stated objectives of BSUP and IHSDP were to provide housing either in situ or in a new location to the urban poor with basic infrastructure amenities in a healthy environment. Primarily the BSUP and IHSDP projects involved construction of dwelling units. However, a few of the projects covered only the upgradation of infrastructure amenities.

6.1 Status of Housing Projects

Out of the 1517 projects (499-BSUP and 1018-IHSDP), 82 projects were selected for audit scrutiny out of which 53 were under BSUP and 29 were under IHSDP. It was seen that seven of these selected projects had not even been started and one project was abandoned. Only one selected project i.e. **Housing for Urban Poor at Bawana, Narela and Bhoragarh, BSUP, Delhi** sanctioned in 2007-08 was reportedly complete. The remaining 73 projects were still incomplete.

It was observed that while very few projects were completed in their entirety, even the position of completion of dwelling units was only around 26 per cent. The state wise and city wise list of projects approved and number of DUs completed for BSUP is given in **Annexure 6.1**.

The position of the completion of dwelling units was as under:

Table No. 6.1: Status of completion of Dwelling Units

	BSUP (Percentage)	IHSDP (Percentage)	Total (Percentage)
Total dwelling units approved for construction (new plus upgradation)	1066161	540756	1606917
Dwelling units completed	296081 (27.77)	121421 (22.45)	417502 (25.98)
Dwelling units in progress	307985 (28.89)	135580 (25.07)	443565 (27.60)
Dwelling units occupied	145592 (49.17)[23]	75219 (61.95)[23]	220811 (52.89)[23]

Thus out of the 16.07 lakh dwelling units approved, only 4.18 lakh dwelling units were completed by 31 March 2011. Further, out of this only 2.21 lakh dwelling units (53 per cent) were occupied.

MoHUPA explained (April 2012) that a single project under BSUP or IHSDP might comprise of redevelopment of various slums and as soon as houses and related infrastructure of a slum was complete, the houses were occupied by the beneficiaries even though the project on a whole might not be completed. Thus, completion of DUs is the most important indicator for the Ministry. MoHUPA also provided (June 2012) the latest position stating that out of 16 lakh DUs approved, 6.20 lakh (39 per cent) DUs had been completed and 3.75 lakh (60.48 per cent of the completed DUs) were occupied as of June 2012. MoHUPA attributed (June 2012) the reason for the project not taking

[23] Percentage of completed DUs

off to the non-availability of litigation free land. It further stated that the ceiling cost of ₹ 80,000 per DU as central share, under IHSDP had upset many ULBs considering the spurt in input cost.

6.2 Progress of Housing Projects in Major States

It was also observed from the Ministry's records that 69 per cent (₹ 7,860.75 crore out of ₹ 11,349.48 crore as of June 2011) of the total ACA for BSUP and IHSDP projects was released to just six States[24]. In these States, the progress of housing projects was slow and none of the housing projects were fully complete.

MoHUPA gave the position of the dwelling units as on January 2012. In respect of BSUP, out of the 7,14,113 DUs sanctioned in these six States, 3,14,654 DUs were completed. While in respect of IHSDP, out of the 3,22,394 DUs sanctioned 1,08,176 DUs were completed.

Thus by the Ministry's own admission only 44 and 34 percentage of BSUP and IHSDP DUs were completed in those states which had taken the lion's share of the ACA.

The succeeding paragraphs are the audit observations in respect of the 82 selected housing projects.

6.3 Identification of Beneficiaries

The guidelines of JNNURM required that total household survey of slums, proposed to be upgraded under housing projects of BSUP and IHSDP, should be carried out prior to submission of DPR to CSMC/Central Sanctioning Committee of GoI. The willingness of beneficiaries to relocate was a must for any relocation project. The CSMC also stressed the need for identification of beneficiary by conducting a proper survey including the livelihood or occupation profiles before taking up the project. Identified beneficiaries were to be notified and their names placed on the website of JNNURM / ULB and beneficiaries were to be issued biometric cards to ensure that houses are allotted to targeted beneficiaries.

The audit observations regarding this aspect with reference to the selected housing projects are given below:

i. No beneficiary survey was conducted for the **BSUP project at Karasingsa; in Itanagar, Arunachal Pradesh**. The SLNA stated (October 2011) that survey would be conducted in November 2011. In the reply (April 2012) of the State, forwarded by the MoHUPA, it referred to a primary survey conducted in 2007-08 and stated that the data would be updated at the time of Socio Economic Caste Census, 2011 to be carried out in all the urban towns in the State.

ii. In the **project report for BSUP scheme at Patna Phase IV, in Patna, Bihar** the biometric identification of beneficiaries was not done. MoHUPA forwarded the reply of State Government (May, 2012) in which it had stated that the scheme had not been taken up and the question of biometric identification did not arise. Audit, however, noted that the project was sanctioned in 2007-08 and ₹ 12.00 crore as first installment was also released.

[24] Andhra Pradesh, Gujarat, Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal

iii. In the **DPR for (Ashiana-II) a housing scheme for urban poor, Shimla town, Himachal Pradesh**, an estimate of 384 urban families was given in the DPR. This was based on survey of Below Poverty Line families conducted in 2004-05. However, the Municipal Commissioner, Shimla did not conduct any survey of eligible beneficiaries prior to sanction of the project in 2007-08.

iv. In the **Integrated Housing and slum development project in Jamnagar, Gujarat**, the Jamnagar Municipal Corporation (JMC) proposed DPR for 864 DUs without completion of survey. The DPR was approved by CSMC.

The State informed (April 2012), through MoHUPA, that house to house slum survey including socio-economic survey was conducted by JMC and 414 beneficiaries were identified, at the time of submission of DPR.

Thus, the Government of Gujarat admitted that all the beneficiaries had not been identified at the stage of the DPR.

v. In the **integrated housing and slum development program, IHSDP, Ramnagara, Karnataka** there were 444 beneficiaries in the DPR but the project proposal was for construction of 1800 houses. The work of issue of biometric cards was entrusted to three different vendors, first in September 2008 and thereafter, second in December 2009 and third in March 2010. Further, the Project Implementing Unit also took up this work in July 2010. Individual database had been developed by the first and second vendors but integrated database had not been created till November 2011 by the Karnataka Slum Development Board (KSDB). The steps taken by KSDB to avoid duplication of work by various vendors were not ascertainable as there was mismatch between Board's data base and the actual number of beneficiaries as reported by the vendor. KSDB replied that after finalization of all beneficiaries (BSUP and IHSDP) it would merge the existing data. Final and complete list of beneficiaries (BSUP/IHSDP) had not been loaded on the website and even before finalization of beneficiaries and assessment of requirement, the Board had commenced the process of bio-metric identification. MoHUPA forwarded the reply of State Government wherein (April 2012), the State Government stated that the database had been created now and the list of beneficiaries had been uploaded in the website of KSDB.

vi. For the project, **Basic service to urban poor for Imphal, Manipur**, a household survey for identification of beneficiaries was conducted in 2007 at a cost ₹ 14.70 lakh. Subsequently, the councilors and the MLAs also submitted their recommendations for inclusion of their people in the selection. The Imphal Municipal Council selected the beneficiaries recommended by the elected members rendering the expenditure on the survey infructuous. The State Government, in their reply (April 2012) explained that on account of urgency of submitting DPR, parallel action was taken to identify beneficiaries and the list was got verified by a committee of officers before approval.

This reply is inadequate as it does not provide any justification for the expenditure of ₹ 14.7 lakh incurred for the survey.

vii. Under the project **Construction of 432 tenements under IHSDP at Karaikol in Puducherry** all of the 432 beneficiaries were yet to be identified as of November 2011. The UT Government stated (April 2012) that the work had been initiated.

viii. Under **BSUP/IHSDP projects in Lucknow and Ghaziabad, Uttar Pradesh**, 295 houses constructed under the scheme were allotted to the beneficiaries other than those mentioned in the DPR by the order of District Authorities. The State Government replied (April 2012) that the project was conceived with wholesome approach but some of the selected beneficiaries did not take possession and expressed unwillingness. Beneficiaries from another slum in the city were selected in a transparent manner and slum has been shifted.

From the reply it is clear that willingness of the beneficiaries was not taken at the stage of DPR.

ix. Under **BSUP, Kochi Phase-II - Individual Houses, Kerala,** audit noticed that the beneficiaries of three colonies (Panayappally, Pattathiparampu and Chilavannur), were Corporation employees with regular source of income who were not eligible for assistance admissible under the scheme of BSUP. The Kerala Government replied (April 2012) that the ULB had been directed to change the beneficiary list as per the existing norms.

x. In the **housing for urban poor in Kohima, (BSUP) Nagaland** though the beneficiary identification was said to be done for 3504 DUs at Kohima but the SLNA stated (June 2011) that the genuineness of the selected beneficiaries would be reviewed before issue of biometric card and uploading on the website. The State Government replied (April 2012) that the process of identification of beneficiaries was under finalization.

xi. In case of **Urban renewal project- Dabua Colony,** Faridabad, Haryana, sanctioned in 2006-07 scrutiny of records revealed that out of 1834 dwelling units completed with a cost of ₹ 38.96 crore, only 202 DUs were handed over to the beneficiaries as the process of identification of beneficiaries had not been completed. Faridabad Municipal Corporation replied (June 2011) that the beneficiaries would be identified shortly.

Based on the socio–economic survey, biometric identity cards were to be issued to the beneficiaries to ensure that they do not sell the dwelling units and squat elsewhere. In addition to the cases cited above where beneficiary identification had not been carried out as per norms, there were also cases given below where the biometric identification was not conducted which was required to be done under JNNURM. These cases were as follows:

i. For housing projects In **Chhattisgarh**, Hindustan Prefab Limited (HPL) were assigned various functions including work of biometric identifications which was not done. MoHUPA forwarded (April 2012) the reply of HPL. In this reply, it was stated that the biometric identification could be done only after receipt of approval of slum profile and other clarifications sought repeatedly by HPL from Raipur Municipal Corporation. The State Government has not offered any comment.

In the reply the HPL admitted that the biometric identification was not carried out at the stage of DPR.

ii. Biometric identification of the beneficiaries was not conducted till June 2011 in the selected housing projects viz. Integrated Housing Project for Slum Dwellers of Rajarghat, Kachharipara & Hatgachia areas at Mouza Boinchtala under BSUP, **Kolkata**; BSUP scheme for the town of Kolkata (Relocation), Kolkata, West Bengal; and Asansol Ph-III (4626 DUs), Bardhaman, West Bengal and Siliguri Phase – I (construction of 1998 DUs), IHSDP, Siliguri. The reply of Ministry is awaited in audit.

iii. Out of three projects Under BSUP, the construction of tenements at Ezhil Nagar (9936 dwelling units), Perumbakkam Phase-I (10452 units), and Perumbakkam Phase-II (9476 units) in **Chennai, Tamilnadu** were approved by CSMC in 2006-07 and 2007-08 respectively. Out of the above, first two projects were in progress and one had not started. However, biometric identification of beneficiaries had not been completed by the Corporation of Chennai for any of these projects.

In reply of State Government, forwarded by MoHUPA (April, 2012), it was stated that biometric identification of beneficiaries was under process.

The importance of correctly identifying beneficiaries is absolutely critical in attaining the objectives of the scheme. The audit findings indicate the risk of ineligible beneficiaries deriving benefits of this scheme especially intended for the urban poor. The Government may consider introducing more innovative steps such as advertisement in local papers social audits etc to ensure that only eligible beneficiaries are provided housing under JNNURM.

While accepting the facts, MoHUPA replied (June 2012) that conducting socio-economic survey and identification of beneficiaries was absolutely critical in attaining the objectives of the scheme and there was no disagreement.

Recommendation No. 2:

Efforts may be made to give wide publicity to such schemes through local newspaper and local cable network so that eligible beneficiaries get included in these housing projects.

6.4 Delays due to non- availability of land

A major reason for projects not being taken up at all and delays in progress was due to non-availability of land. In some cases land was made available only partly. Thus all the proposed dwelling units could not be constructed. In some States/UTs, it was also seen that the land identified was already occupied by others and therefore not available.

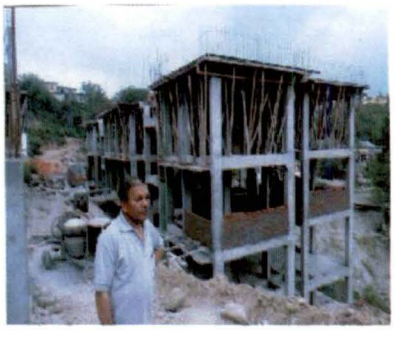
In **BSUP project in *Basant Kunj* sector 'A' locality,Lucknow, Uttar Pradesh** after incurring an expenditure of ₹ 6.17 crore on 1488 houses, the work was stopped due to opposition by farmers. An agreement was signed with M/s Eldico Housing Industries Limited for construction of 1712 houses with infrastructure development at ₹ 47.28 crore (August 2008). Though the work was restarted in December 2008, it was again stopped in March 2009 and finally closed. The UP Government, however, reported (April 2012) that the work had restarted since December 2011 after re-award of tenders.

The projects were required to be completed in 12 to 18 months from the date of sanction thereof as per decision taken in 26th meeting of CSMC. However, audit came across the following cases, where due to delay in land acquisition, housing projects could not be completed within the stipulated period.

Table No. 6.2: Delays due to non-availability of land

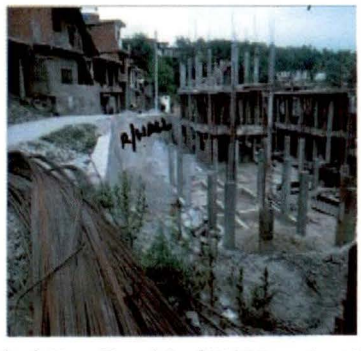
S. No.	Name of Project, City and State	Total Number of Dwelling Units	Year of approval by CSMC/CSC	Status of completion as on 31.03.2011
1.	IHSDP Project at Hamirpur, Himachal Pradesh.	152	2007-08	64- roof level
2.	Detailed project report for Ashiana II, a housing scheme for the poor Dhalli - 2 in Shimla town, Himachal Pradesh	384	2007-08	Ongoing
3.	Project report for BSUP scheme at Patna Phase-IV, Patna, Bihar.	4112	2007-08	Not Started
4.	Slum rehabilitation Project, Chandigarh, Construction of flats, Chandigarh	25728	2006-07	Ongoing
5.	IHSDP Project, Dimapur, Nagaland.	2496	2006-07	Ongoing
6.	DPR for providing G+3 group housing and Basic Services for Urban Poor in slums located in circle-I of VMC, JNNURM, BSUP, Vijaywada, Andhra Pradesh	15000	2007-08	Ongoing
7.	Construction of 1660 Houses with Infrastructure Facilities for SC beneficiaries of Puducherry UT	1660	2007-08	Construction of12 locations out of 17 not started
8.	Slum relocation Project at Nangli Sakrawati, under BSUP, Delhi.	480	2008-09	Abandoned
9.	BSUP Project (Phase II) Ranchi, Jharkhand	2538	2007-08	Ongoing
10.	BSUP Phase I and II Bangalore, Karnataka(11, 603 and 3151 DUs respectively)	14754	2007-08	Ongoing
11.	BSUP-III, Bimapally and Balanagar colonies, Thiruvananthapuram, Kerala	280	2007-08	Not Started
12.	IHSDP Project in Gwalior, Madhya Pradesh	4576	2006-07	Ongoing
13.	Housing for urban poor, Kohima, Nagaland	3504	2006-07	Ongoing
14.	BSUP in situ development of in Ajmer-Pushkar, Rajasthan	3437	2006-07	Ongoing
15.	BSUP rehabilitation of 2950 housing units in six slum in Kanpur city, Uttar Pradesh	2950	2007-08	Not Started
16.	IHSDP Project at Mussorie, Uttrakhand	96	2009-10	Not Started
17.	IHSDP Project at Tura, Meghalaya	456	2007-08	Not Started
18.	DPR for slum development under BSUP in Ludhiana, Punjab	4832	2007-08	Ongoing. Work of 400 units yet to start

Source: As per audit findings from selected States/UTs



Block Nos. 1 to 6 of IHSDP project in Hamirpur, Himachal Pradesh under construction (18 May 2011)

Photograph No. 6.1



Block Nos. 7 and 8 of IHSDP project in Hamirpur, Himachal Pradesh under construction (18 May 2011)

Photograph No. 6.2

Saw-mill at Burma Camp project site – IHSDP project in Dimapur, Nagaland

Photograph No.6.3

The replies of the State Governments in respect of the cases cited in the table number 6.2 as forwarded by MoHUPA (April-May 2012) are as follows:

Nagaland Government informed that it was true that there was some delay in awarding the contract because the Department had to get the formal sanction order from MoHUPA and land proposed in DPR was not available. So, department had to make arrangement for the procurement of land through the DC's Office.

MoHUPA further forwarded the replies of State Governments (April 2012) of Himachal Pradesh, Kerala, Bihar, Madhya Pradesh, Meghalaya and Rajasthan in which State Governments accepted the land problem.

In Andhra Pradesh, Vijayawada Municipal Corporation, out of 6752 houses, construction of 832 houses had been started and for the balance houses land was being acquired by the District Collector, Vijayawada. The State further stated that once the land was acquired, the construction of balance houses would be completed within one year.

6.5 Supporting Infrastructure and living conditions not suitable

Houses in themselves would be considered incomplete without necessary infrastructure like approach roads, community toilets etc. The area around the houses should also be clean and sanitized. During the test check of records of selected housing projects, Audit came across cases where the supporting infrastructure and living conditions were not suitable. These cases are as follows.

i. In the projects '**Integrated Housing and Infrastructure Development Scheme, Hyderabad (49000 houses)**' and '**Construction of 4550 Houses and Provision of Infrastructure Facilities in Hyderabad' under BSUP, Hyderabad, Andhra Pradesh**', following was observed:

(a) In one colony in Ahemdaguda, Hyderabad, Andhra Pradesh, 4512 houses were completed and 3809 were handed over. However, only 1255 houses were occupied (March 2011) by the beneficiaries. The reason attributed was the presence of a garbage dump yard in the proximity of the colony.

MoHUPA forwarded the reply (April 2012) of Government of Andhra Pradesh in which the State Government stated that the position had improved and the occupancy was 1700 DUs.

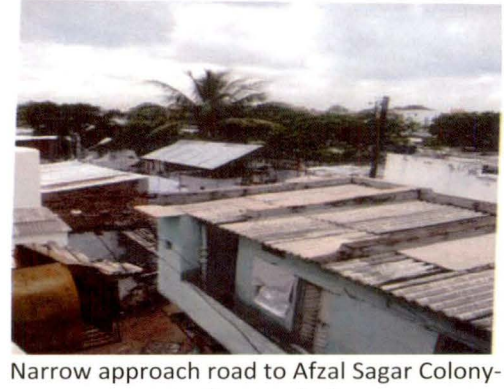
The Audit is of the view that increase in occupancy is marginal as such further improvement in living condition would be required.

(b) At another colony at Afzal Sagar, only a narrow approach road to the colony was available due to construction of houses around the colony. This made the movement of people difficult and also it would be difficult for an ambulance, police van or a fire engine to enter the colony at times of emergency. Further, the physical inspection also revealed water seepage from the ceiling in the second floor in most of the houses due to non-plastering of the ceiling and damage to the 'impervious coating' on the ceiling.

The Andhra Pradesh Government explained (April 2012) that it was an in situ slum where the housing was taken up and that leakages in the second floor had been rectified.

Dumpyard next to Ahmedguda Colony-Andhra Pradesh

Photograph No.6.4

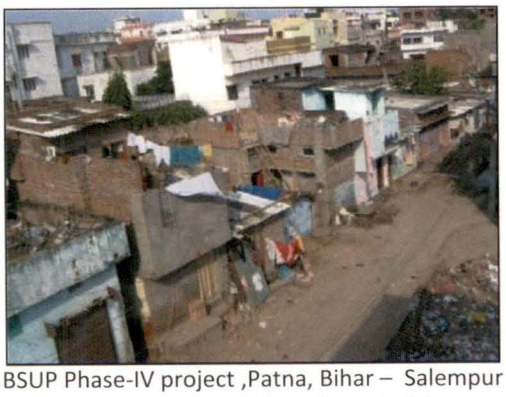


Narrow approach road to Afzal Sagar Colony-Andhra Pradesh

Photograph No.6.5

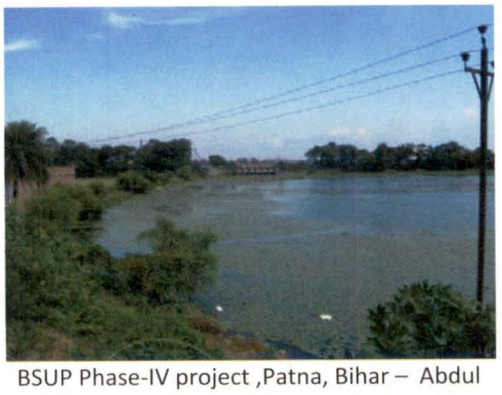
ii. In Maharashtra, GoI sanctioned (December 2006), the project "**Construction of 6832 Permanent Transit Shelters with RCC structures for occupants of old dilapidated buildings by redevelopment of existing transit camps at seven different locations in Mumbai**". There were 1455 permanent transit shelters constructed upto March 2011 at a cost of ₹ 45.12 crore. As on April 2011, these had not been put to use as infrastructure works including water connection had not been completed. In the reply forwarded by MoHUPA, (April 2012) the department acknowledged that at some locations there had been delay and action was being taken to get occupation certificate and water connection for the completed tenements.

iii. A project report for BSUP Scheme at Patna (Phase IV), Bihar was approved at the cost of ₹ 107.71 crore on 28 November 2007 for construction of 4112 DUs at 11 sites, for which ₹ 12 crore was released on 15 January 2008 as first installment. Audit found that as on September 2011 the work was not started as four sites were occupied by slum dwellers and beneficiaries who were yet to be relocated temporarily to take up the construction. Two sites were occupied by public/encroachers, three sites were low lying areas and two were under litigation.



BSUP Phase-IV project ,Patna, Bihar – Salempur Dumra Site occupied by Private Building

Photograph No. 6.6



BSUP Phase-IV project ,Patna, Bihar – Abdul Rahmanpur site low lying area litigated & submerged under water (BSUP Project, Bihar)

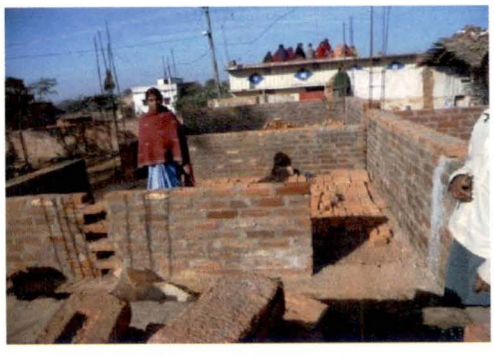
Photograph No.6.7

In respect of the projects for Bihar, MoHUPA in their reply (April 2012) also stated that the issue of non-starter projects/ dwelling units has been taken up with all States including Bihar and States have been advised to start the projects/ DUs or refund ACA with interest if project/ DUs cannot be started and needs cancellation. MoHUPA forwarded (May 2012) the reply of State Government, in which the State Government admitted that at one or two places there were low lying land and the work had not been taken up.

The reply of State Government is not acceptable as besides low lying areas there were litigation and encroachments on the remaining sites.

iv. An IHSDP project was approved in Hazaribag, Jharkhand for ₹ 19.83 crore. The project was approved in January 2009 and the project duration was 15 months. As on March 2011, not a single unit was complete. Here also, it was observed, that no steps were taken for development of infrastructure in the slums identified as evident from the following photographs

Photograph No. 6.8



Photograph No. 6.9

Photograph No. 6.10

Photograph No. 6.11

Progress of construction of dwelling units in slums of Hazaribag, Jharkhand under IHSDP project

6.6 Quality of Construction of dwelling units

Under JNNURM, norms had been prescribed for the construction of dwelling units. As per guidelines and subsequent direction issued (December 2007) by the CSMC, each dwelling unit should have two rooms, balcony, kitchen and separate bathroom and latrine. These included the size of the dwelling unit as well as norms for quality of construction. It was observed during the scrutiny of records, that in respect of several projects, the norms were not followed during execution. These audit observations are as under:

Table No. 6.3: Quality of Construction of Dwelling Units

S. No.	Name of Project, City & State	Comments/Quality of Construction
1.	IHSDP Project, Tirupati, Andhra Pradesh.	Approved carpet area of each dwelling unit was to be 25.39 sq mts. In actual construction the carpet area was 14.74 sq mts and built up area of 20.96 sq mts. The State Government replied (April 2012) that this was on account of funds constraint and approval of deviation would be taken from CSMC.
2.	Housing & Slum Development Project Parole (Kathua), Jammu and Kashmir	As per Government of Jammu & Kashmir letter dated 6 February 2009, the beneficiaries of JNNURM were to be guided by the Engineering Division of Urban Local Bodies/Building Centre to use low cost material and in framing the type of design and its location depending on the area of the plot. However, the beneficiaries were not guided as the Urban Local Body was not aware of the above guidelines.
3.	BSUP Project at Raipur and IHSDP- Phase-I at Bilaspur, Chhattisgarh.	Inferior quality of steel was used (rusted and under-weight), the work executed was below standard and there were many deficiencies in quality of construction.
4.	BSUP Project, Raipur, Chhattisgarh.	As per the DPR, the plinth area of each DU was 31.5 square meters. GoI approved the estimated cost of₹1.40 lakh per DU. While calling for three tenders for 544 DUs , the size of the DU was reduced by 6.13 sq.m to an area of 25.37 sq. m per DU The department during exit conference (October 2011) stated that the reduction was with the approval of GoI. It was also stated that the reduction was to accommodate the increasing cost and avoid the reduction in number of DUs.
5.	Housing for Urban Poor Project, Kohima, Nagaland and IHSDP project in Dimapur, Nagaland	In Nagaland, in BSUP project in Kohima, during joint physical verification it was noticed that two adjoining DUs were interconnected with an opening in the inner wall of the DUs. The

		opening leaves the risk of one beneficiary getting allotment of two dwelling units. The State Government replied (April 2012) that the opening was being closed. During the joint physical verification of the IHSDP project, it was also seen that there was only one room constructed. While there was no reduction of the floor area, both the DPR as well as the suggested design of IHSDP, required two rooms to be constructed in addition to the kitchen and toilet. However the State Government replied (April 2012) that the CSC had now approved the changes.
6.	Construction of Tenements at Ezhil Nagar, Okkiam Thoraipakkam, Chennai, Tamil Nadu.	In Tamil Nadu, construction of the tenements at Ezhil Nagar Okkiam Thoraipakkam, Chennai, Tamil Nadu the Tamil Nadu Slum Clearance Board (TNSCB) observed deviation in pile foundation upto 200 mm. Construction was held up since March 2011 and an expenditure of ₹ 5.43 crore was incurred. The State Government informed (April 2012) that the revised designs had been communicated to the contractor and the work was in progress.

Source: As per audit findings from test check of selected States/UTs

Nagaland- BSUP project, Kohima: Two DUs with opening on the adjoining walls – Photo taken on 03/06/2011

Photograph No. 6.12

Nagaland- BSUP project, Kohima: DU constructed with single room at Burma Camp- Photo Taken on 08/06/2011

Photograph No. 6.13

6.7 Completed dwelling units not being put to use

Out of the selected projects, only 74 projects were partly completed. However, we came across cases where despite the completion, the dwelling units were not allotted. These cases are as under:

Table No. 6.4: Cases where completed dwelling units were not put to use

S. No	Name of the Project, City and State	Details of Dwelling Units not put to use
1.	BSUP project at Mumbai, Maharashtra	735 houses constructed under BSUP project at Mumbai under EWS scheme at Turbhe Mandale Mankhurd at a expenditure of ₹ 29.85 crore and 93 houses under LIG constructed at a expenditure of ₹ 6.39 crore had not been put to use till June 2011 though they were physically completed in January 2010. The State Government replied (April 2012) that after completion of approach road, occupancy certificate would be obtained from Municipal Corporation of Greater Mumbai and beneficiaries would be allotted the tenements. The work was expected to be completed in three months.

2.	Slum rehabilitation project phase-i&ii, Chandigarh	In Chandigarh, under the project (BSUP), 25728 small flats were to be constructed in eight locations. Out of 12864 flats the construction work of 10560 flats was completed and 2304 flats was in progress, total expenditure incurred till date was ₹ 258.87 crore. In three sectors it was observed that only 1520 houses had been allotted out of 2112 houses constructed leaving 592 houses lying vacant. However, scrutiny of records indicated that improper identification of beneficiaries and institutional overlapping of functions were the main reasons for delay in allotment because more than one institution viz. Estate Office, Chandigarh Housing Board, Chandigarh Administration as well as Municipal Corporation were involved in the allotment process. MoHUPA replied (April 2012) that the issue would be taken up with the Chandigarh UT. Subsequently, the MoHUPA reported (May 2012) that the list of beneficiaries has been received recently from the Estate Office and Chanigarh UT is in process of allotment of the vacant dwelling units.
3.	Integrated Housing and Infrastructure development scheme (49000 houses); Hyderabad, Andhra Pradesh	In Integrated Housing and Infrastructure development scheme (49000 houses); Hyderabad, Andhra Pradesh for Abdullapurmet and Bourampet colonies 50 and 30 flats respectively were earmarked for social infrastructural facilities (Primary Health Centre /Sub-Centre, Anganwadi, ration shops, and police outpost). However, only 16 and 6 houses respectively, were actually allotted for this purpose. Even out of these allotted houses, only 8 flats in Abdullapurmet Colony and no flats in Bourampet Colony were actually being used for this purpose. The State Government has confirmed (April 2012) that ultimately these houses will be meant for beneficiaries once the social infrastructure facilities are built. They have however not explained why the constructed houses are lying vacant.
4.	Construction of 1660 houses for SC beneficiaries Puducherry	In the project though the construction of 262 dwelling units (120 of Pitchaveerampet and 142 at Ariyur) was completed as early in December 2010. The houses were not handed over to the beneficiaries (July 2011) due to non taking up of infrastructure works. The expenditure incurred was ₹13.69 crore.
5.	Construction of 4087 houses and Provision of Infrastructure under IHSDP, at Tirupati ,Andhra Pradesh	In Andhra Pradesh, in the project of "Construction of 4087 houses and Provision of Infrastructure at Tirupati under IHSDP" against the construction of 4087 houses envisaged in the DPR, only 528 houses had been completed in one site (Damineedu), out of which just 124 houses had been handed over to the beneficiaries (August 2010). The AP Government stated (April 2012) that new MoU was being entered with the State Bank of India, Hyderabad for bank loans to beneficiaries and the process would be completed within a month and the TMC can mobilize more bank loans to the beneficiaries and accordingly, the houses would be completed within one year and occupancy of the completed houses would be improved.

Source: As per audit findings from test check of selected States/UTs

Thus, these cases show that while completion of projects was important, the more critical thing that can easily go unnoticed was the actual allotment. MoHUPA replied (April 2012) that the issue will be taken up with the State Government.

Recommendation No. 3:

The Government of India may review the status of all housing projects and step up the efforts to make allotment to eligible beneficiaries. GoI may also consider giving incentives to those States which has put assets created to use at the earliest.

6.8 Contribution from beneficiaries

As per the JNNURM guidelines, dwelling units were not be allotted free of cost to the beneficiaries. At least 12 per cent (10 per cent in case of SC/ST/PH and EWS), of the cost of construction not exceeding ₹40000 was to be recovered as beneficiary contribution.

Audit observed that in some States/UTs, the beneficiary contribution had not been collected or was proposed to be collected in deviation from JNNURM guidelines.

Table No. 6.5: Beneficiary Contribution

S. No	Name of the Project, City and State	Audit observations
1.	Housing for urban poor,(BSUP) in Kohima and IHSDP project in Dimapur, Nagaland	In Nagaland, ₹76,000 each, in respect of BSUP Project in Kohima was to be collected but no action was taken to collect the same. In respect of IHSDP project in Dimapur, against the original proposal of ₹0.21 lakh specified in the DPR, the Department is contemplating to collect ₹1 lakh each. The State Government (April 2012) replied that modalities for collection were being finalized.
2.	Slum rehabilitation project phase-I & II, Chandigarh	In Chandigarh license fees at the rate of ₹ 800 per month was being recovered over 20 years from the beneficiary as per Chandigarh Slum Rehabilitation Policy 2006. This was contrary to the JNNURM guidelines which did not provide for such recovery of licence fee. The Chandigarh Administration replied (April 2012 and May 2012) that JNNURM guidelines do not prescribe any period in giving security of tenure or specific mode of contribution. However, by adopting such a practice, the benefit of security of tenure would be substantially delayed defeating the objective of JNNURM.

Source: As per audit findings from test check of selected States/UTs

6.9 Diversion of funds from housing projects

It was observed that there were several cases where the funds had been diverted for purposes other than those admissible under JNNURM and in some cases even for non-JNNURM purposes. Audit came across several cases where diversion of funds had taken place in housing projects. These cases have been given below:

Table No. 6.6: Diversion of funds in housing projects

S. No.	Name of the project, city and State	Amount of diversion (₹ in crore)	Audit Observation	Reply of MoHUPA/State Government.
1	Housing and Infrastructure Development, Phase-I, (IHSDP) Tirupati, Andhra Pradesh	4.63	To Urban Permanent Housing/ Indiramma housing infrastructure, based on the directions of Government of Andhra Pradesh (GoAP)	MoHUPA replied (April 2012) that State would be asked to submit a revised DPR for Tirupati 4087 houses and decision will be taken as per guidelines of IHSDP.
		0.19	For purchase of vehicles	MoHUPA replied (April 2012) that the expenditure incurred on purchase of two vehicles amounting to ₹0.19 crores was credited to the account of IHSDP on 10.4.2012 by Tirupathi Municipal Corporation".

2	Slum Rehabilitation Project (Phase I and II), BSUP, Chandigarh	0.22	Expenses for preparation of DPRs for BSUP project was met from JNNURM account. Amount has not been reimbursed from GoI as of March, 2011.	MoHUPA stated (April 2012) that Chandigarh Administration would be asked to transfer the amount to project account immediately, if facts are true
3	Construction of 1968 DU at Dabua colony BSUP, Faridabad, Haryana	3.28	For Agency charges to the National Building Construction Corporation Ltd.	Municipal Corporation, Faridabad and Director, Urban Local Bodies admitted (June 2011) this point and agreed to refund to JNNURM funds.
4	Basic Services for the Urban Poor at Ranchi (Ph-II), BSUP, Ranchi, Jharkhand	0.61	For preparation of DPRs of BSUP, out of funds released for execution of the project. Process for getting the expenditure reimbursed by the GoI had not been initiated by the ULB (Ranchi Municipal Corporation).	In reply ULB, Ranchi (May 2011) stated that on receipt of funds from the GoI the amount would be recouped. Further MoHUPA stated (April 2012) that it would ask State Government to transfer back the amount to project accounts if facts are true
5	BSUP (in-situ) project of North Nagpur Zone, Maharashtra	0.56	For payment of consultation charges to Project Management Cosnsultant.	Department accepted the diversion and stated (May 2011) that the amount would be adjusted on receipt of consultant fee from the Government of India. Further MoHUPA stated (April 2012) that it would ask State Government to transfer the amount back to project accounts if facts are true
6	Construction of 10688 houses and infrastructure facilities (Phase-III) BSUP, Madurai ,Tamil Nadu	0.29	For construction of slaughter house and purchase of equipments for maternity centre	The Department in its reply (May 2011) stated that action would be taken to transfer back the amount to BSUP- Phase III project account. Further MoHUPA stated (April 2012) that State Government would be asked to take suggested action immediately.
7	Housing and Slum Development, IHSDP Project at Parole (Kathua) Jammu and Kashmir	0.08	For construction of Community toilets at Hospital, Toll Plaza and Cattle Pond.	Executive Officer stated (July 2011) that land was not available in the wards where slum dwellers lived. Construction was done at places where land free of cost could be provided. MoHUPA further stated (April 2012) that State Government would be asked to transfer the amount to project accounts if facts are true

Source: Audit findings from Selected States/UTs

Thus these cases, where diversion had been observed, indicate the need for financial discipline to be enhanced. The MoHUPA must review these cases and take appropriate stringent action.

6.10 Other Irregularities

During the scrutiny of housing projects, there were instances of irregular payments, incurring of expenditure in contravention to JNNURM Guidelines, irregular payment of mobilization advance etc. These cases are as follows:

i. The **Housing and slum development Parole, (Kathua), IHSDP Jammu and Kashmir** was sanctioned in 2007-08. Nearly two years after sanction, the Government constituted (February 2009) a committee for verification of the beneficiaries. However, no verification was conducted and the Executive Officer (EO), Municipal Committee, Parole distributed an amount of ₹ 1.22 crore (February/March 2010) amongst 407 unverified beneficiaries at the rate of ₹ 30000/- per beneficiary. The EO attributed it to the instructions of higher authorities /political leaders. The second installment of ₹ 0.90 crore at the rate of ₹ 30000/- per beneficiary was distributed amongst 300 beneficiaries (July 2010 to April 2011) on production of documents like income certificate, ration card copy etc. but the documents relating to title of land on which the dwelling unit was to come up had not been obtained in any case.

   MoHUPA forwarded (April 2012) the reply of the State Government in which the State Government stated that there was no documentary evidence for political pressure on the Executive Officer to disburse the cash without observing the formalities required under the rules.

   Audit feels that the State Government may verify the circumstances in which cash was distributed to unverified beneficiaries in violation of norms and guidelines and suitable action should be taken in fixing responsibility.

ii. In the **IHSDP project, Bilaspur, Chattisgarh**, the work of preparation of DPR for ₹ 1.21 crore was awarded (July 2007) to M/s Palliwar & Associates, Raipur. The above work was awarded without invitation of tender. A payment of ₹ 48.04 lakh was made. During the exit conference (October 2011) in the State, the department accepted the audit observation and stated that the consultant had been awarded similar work at the State level, hence the preparation of DPR for IHSDP Bilaspur was awarded to the same consultant at the same rate to avoid delay. MoHUPA in their response (April 2012) stated that the audit objection has been accepted by the State Government. In no case the GoI reimburses the DPR preparation charges if transparent bidding process has not been followed. Therefore, there is no question of any irregular expenditure by the GoI on this account and for state of Chhattisgarh, there is no such outgo from GoI.

iii. In the **IHSDP-Phase-II Jodhpur, Rajasthan**, in four cases of construction works the contractors were allowed the tender premium of ₹ 43.19 lakh, which was irregularly debited to project cost. As per guidelines any extra or excess expenditure like tender premium/price escalation etc. against approved project cost should have been borne by Jodhpur Municipal Corporation (JoMC) from its own income. The MoHUPA replied (April 2012) that the JoMC had deposited the amount on 9 April 2012.

iv. In **Integrated Housing and Infrastructure Development Project, Hyderabad Andhra Pradesh**, out of 49000 houses to be constructed under this scheme 25761 houses were allotted to Andhra Pradesh Housing Board (APHB) and stated to have been completed under JNNURM, had been taken up earlier and constructed under a Government of Andhra Pradesh (GoAP) scheme, Rajeev Gruha Kalpa (RGK), which were to be fully funded by the beneficiaries. Out of JNNURM funds of ₹ 72.72 crore released to APHB upto May 2010, ₹ 32.78 crore was utilized for refund of contributions to the RGK beneficiaries, since their contribution under BSUP (JNNURM) was far lower than under RGK. The beneficiaries of RGK were economically sound than those targeted under BSUP and as such construction of houses for beneficiaries not covered under JNNURM scheme tantamounts to diversion of funds. Further refund of cash amount as beneficiary contribution was also irregular.

In the reply forwarded by MoHUPA (April 2012), the Government of Andhra Pradesh stated that the decision was taken primarily to reduce the burden on beneficiaries. Accordingly, the Government of India subsidy and Government of Andhra Pradesh subsidy were paid back to the bankers to reduce the capital and interest burden of the beneficiaries.

The reply of the State Government is not acceptable as RGK scheme was a State Government scheme and as such the State Government should bear the expenses of their scheme.

v. In **Basic Services to the Urban Poor staying in Slums at various Locations in Raipur city (Locations 1 to 61), BSUP (Location 1, Raipur, Chhattisgarh**, for construction of 27976 DUs, and **IHSDP project at Bilaspur for 7836 DUs**) were entrusted to Hindustan Prefab Limited (HPL). ₹ 61.96 crore in three[25] installments and ₹ 11.92 crore respectively was paid. The HPL awarded the work for construction of 7680 DUs to M/s Vijeta Constructions Company, Raipur (May 2008) for BSUP and M/s Baba Construction Pvt. Ltd. Ghaziabad (May 2008) for 1566 DUs under IHSDP. The firms started the work for execution of 5210 DUs at Raipur and 1566 DUs at Bilaspur. During Review meeting (June 2009) of works of BSUP under Chairmanship of Chief Secretary, it was decided to cancel the unexecuted 16896 DUs from HPL which was agreed to by the CMD, HPL. Even after reduction of scope of work, the HPL neither started work for remaining DUs nor completed the DUs already taken up for construction and the work has been abandoned by the HPL. The valuation of the work done by HPL as carried out by Third Party Inspection and Monitoring Agency (TPIMA) (August 2010) was found only for ₹ 12.12 crore and ₹ 11.66 crore respectively. As such an amount of ₹ 50.53 crore was recoverable (₹ 49.84 crore + ₹ 68.53 lakh) from HPL.

MoHUPA forwarded (April 2012) the reply of HPL wherein HPL had stated that the discrepancy between the figures of HPL and clients with regard to value of work done has been referred to third party i.e. Delhi Technological University, Delhi for valuation

[25] 30.10.2007 - ₹ 8,69,12,100
07.06.2008 - ₹ 37,76,48,400
02.01.2010 - ₹ 18,50,00,000

of the work done for which report was awaited. However, earlier in the exit conference (October 2011) the State department accepted the audit observation and stated that the matter had been taken up with GoI. MoHUPA, however, did not offer any comments.

The fact remains that these projects had been abandoned and beneficiaries were being deprived of housing.

6.11 Conclusion

Construction of houses for the urban poor should take into consideration a holistic approach to provide a clean and comfortable environment. This was the stated objective of BSUP and IHSDP but apparently adequate attention had not been given to the infrastructure facility which should have been provided alongwith the houses.

MoHUPA in response to the audit observations accepted (April 2012) that to certain extent the implementation of many projects had been delayed due to various reasons and also stated that JNNURM scheme was first of its kind and a task of this magnitude would involve implementation issues in the initial years.

However, since the initial mission period is over, it is noted that the expected outcomes are not achieved.

Recommendation No. 4:

- *GoI may strengthen the monitoring of the execution of projects so that there are no diversions to in-eligible beneficiaries / schemes.*

Chapter 7 Implementation of Urban Infrastructure Projects

Urban infrastructure projects were under Urban Infrastructure and Governance (UIG) for the 65 mission cities and Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) for cities and towns other than mission cities.

7.1 Status of Urban Infrastructure Projects

In respect of UIG, in States like UP where there were seven mission cities, not even a single project had been completed. In Delhi, only four projects were completed as against the 28 projects that had been sanctioned. The States where a comparatively sizeable number of projects had been completed were Gujarat, Karnataka and Andhra Pradesh. In Andhra Pradesh, 17 projects out of 50 had been completed. In Gujarat, 33 out of 71 projects had been completed. State-wise and city-wise list of projects approved and number of projects completed under UIG is given in the **Annexure 7.1.**

Similarly for urban infrastructure projects under UIDSSMT, of the 766 projects approved, only 126 projects were completed.

MoUD cited (April / May 2012) various constraints in implementation of projects which are being done by the State Government/ ULBs in accordance with rules and procedures. The constraints cited included shifting of utilities, delay in receipt of permission / clearances from various authorities, lack of capacity of ULBs and in land acquisition. They further stated that fund flow is dependent upon achievement of reforms in accordance with timelines agreed as per Memorandum of Agreement with States and ULBs.

Audit selected 97 projects out of 532 under UIG and 37 projects out of 766 under UIDSSMT for scrutiny. Sector-wise break-up of these projects under the different sectors is given below:

Table No. 7.1: Sector-wise break-up of Urban Infrastructure Projects

S. No.	Sector	UIG		UIDSSMT		Total	
		Total	Selected	Total	Selected	Total	Total Selected
1	Water Supply	152	21	418	16	570	37
2	Solid Waste Management	43	6	56	5	99	11
3	Sewerage	109	49	97	7	206	56
4	Drainage	70	3	64	5	134	8
5	Roads & Flyovers, MRTS and other Urban Transport.	133 (97+21+15)	15 (10+4+1)	109	4	242	19
6	Others Miscellaneous Projects like Urban Renewal. Development of Heritage area, Parking lots and spaces on PPP basis, Preservation of Water Bodies	25 (11+5+5+4)	3 (1+1+1)	22	-	47	3
7	Total Projects	532**	97*	766	37	1298	134

*Inclusive of 4 withdrawn projects;

** Exclusive of 13 withdrawn projects

The succeeding paragraphs are Audit observations in respect of 134 selected projects under the various sectors.

7.2 Water Supply Projects

The High Powered Expert Committee set up by MoUD in May 2008 for estimating the investment requirements for urban infrastructure services in its report brought out inadequate coverage, intermittent supplies, low pressure, and poor quality as some of the prominent features of water supply in the cities of India. With rapid increase in urban population and continuing expansion of city limits, the challenge of delivering water in Indian cities is growing rapidly. Water supply project for States/UTs were included in JNNURM which included works like augmentation of water supply, refurbishment of existing feeder system including distribution network etc.

7.2.1 Status of completion of the selected projects

In the selected States/UTs, 37 water supply projects, out of 134 Infrastructure Projects selected, 21 projects were under UIG and 16 projects were under UIDSSMT. Out of these selected projects, five had not been started till March 2011 and one project was withdrawn. Only three of the selected 37 projects were complete. The remaining 28 projects were under various stages of completion.

7.2.2 Delay in execution of water supply projects.

As per technical comments of the Central Public Health and Environmental Engineering Organization (CPHEEO), necessary clearances/ approvals for the project were to be obtained from the Railways/ State/ National Highway Authority, wherever necessary, before implementing the scheme.

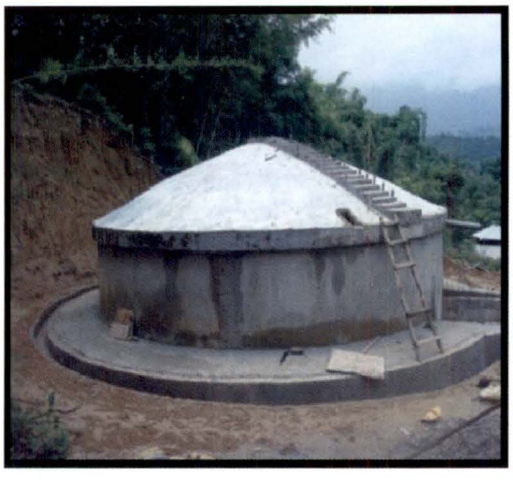
It was observed in respect of several selected water supply projects, there were delays in completion because these clearances were not taken or were not received timely. Delays in water supply projects also took place due to delay in land acquisition and slow tendering process. Audit came across the following cases of delays:

Table No. 7.2: Delay in execution of water supply projects

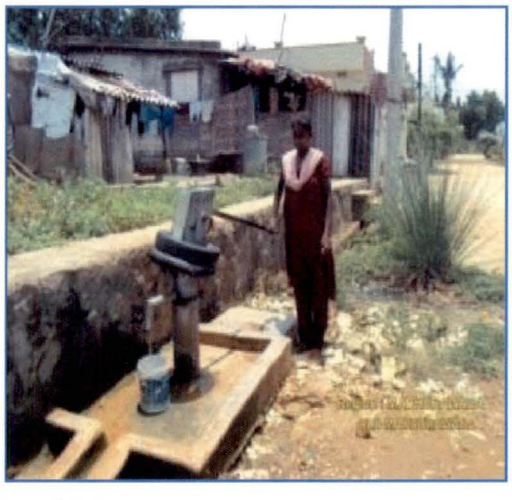
S. No.	Name of the Project, Sector, City and State	Reason for Delay	Status of the Project
1.	Augmentation of drinking water supply of 32 peripheral areas of GVMC., UIG, Visakhapatnam Andhra Pradesh.	Clearance required from Railways, National Highway Authority of India (NHAI), Visakhapatnam Steel Plant, Revenue authorities etc	The project was sanctioned in 2007-08. 36 of the 53 water tanks/ Elevated Level Storage Reservoir (ELSR) / Ground Level Storage Reservoir (GLSR) were not completed as on June 2011. Work was yet to be taken up in respect of 2 reservoirs as on June 2011.
2.	Augmentation of Water Supply Scheme including extended areas of Raipur Municipal Corporation, UIG, Raipur, Chhattisgarh.	Clearance required from NHAI and permission of Vidhan Sabha	The project was sanctioned in 2006-07. 12 out of 29 components of project remained to be completed.
3.	Augmentation of Water Supply for Faridabad Town, UIG, Faridabad, Haryana.	Clearance required from NHAI, Railways, Uttar Pradesh Irrigation Department, Haryana Irrigation Department and Haryana PWD.	The project was sanctioned in 2008-09. Only 32.37 km of DI Pipe laid as against length of 132.50 km

4.	Water Supply Project for Ranchi, UIG, Ranchi, Jharkhand.	Clearance required from National and State Highways, Railways and other Departments	The project was sanctioned in 2008-09. The project was incomplete as on July 2011. Construction of Underground Reservoir (UGR)-3 at Rampur, laying of rising mains pipeline from UGR-3 to 2 Elevated Service Reservoirs (ESRs) at Tipudana & Hatia and of distribution mains pipeline in the distribution networks of Tipudana, Hatia and Kusai has been held up.
5.	Augmentation of Urban Water Supply Scheme, UIDSSMT, Alappuzha, Municipality for 8 adjoining Panchayats, Kerala.	Permission from NHAI was not received which also necessitated deviation from the approved cost. Delay in tender process.	The project was sanctioned in 2006-07. The project was incomplete as on August 2011..
6.	Augmentation of Water Supply for Yanam[26] Town, UIDSSMT, Yanam Town, Puducherry	Clearance required from Government of Andhra Pradesh	The project was sanctioned in 2009-10. Objections were raised by Government of Andhra Pradesh in March 2011.
7.	Improvement of Water Supply, UIG, Thiruvananthapuram, Kerala.	Due to non-obtaining of permission/ approval for road cutting, , laying of pipes through NH, etc., and land acquisition. 10 out of 25 components were not awarded till March 2011.	The project was sanctioned in 2006-07. The work of strengthening of distribution system of water supply in Thiruvananthapuram has been delayed
8.	Water Supply Project, UIDSSMT, Khandwa, Madhya Pradesh.	Clearances from railway and forest departments required	The project was sanctioned in 2007-08. The project was still incomplete.
9.	South Guwahati West Water Supply Scheme in Guwahati Metropolitan Development area, UIG, Guwahati, Assam.	Clearances from, Railways and Inland Waterways Authority of India awaited and land acquisition issues.	The project was sanctioned in 2007-08. The project is still incomplete.
10.	Water Supply Project, UIDSSMT, Aurangabad, Maharashtra.	Tendering process has been delayed.	The project was sanctioned in 2007-08. Though the project was sanctioned (June 2009) for ₹ 359.67 crore, the work was still to be awarded. The Aurangabad Municipal Corporation stated (May 2011) that due to conversion of project in to PPP model the tendering process and execution was delayed.
11.	Augmentation of Water Supply for Itanagar, UIG, Itanagar, Arunachal Pradesh.	Associated works not completed	The project was sanctioned in 2006-07. Due to non-completion of construction of intake point, water treatment plant as well as laying of D.I pipes; 10 storage tanks constructed between May 2009 to December 2010 at a cost of ₹475.00 lakh and were lying unutilized.

[26] Yanam is a 30 km² enclave in the district of East Godavari in Andhra Pradesh



Photograph No. 7.1 and 7.2:
Storage tank constructed lying unutilized under Augmentation of Water Supply at Mission City Itanagar, UIG, Arunachal Pradesh



Photograph No. 7.3 and 7.4
Andhra Pradesh - Residents still dependent for water supply on tankers and borewells

MoUD in its reply (May 2012) stated that it is for the ULB / State to take necessary clearances for execution of the projects. If clearances were awaited, these were mentioned in the report of the appraisal agency and reflected in CSMC minutes. In later stages also, it was looked into by CSMC / IRMA. In respect of the specific cases mentioned by audit, the States were being advised to obtain necessary clearances in order to facilitate timely completion of projects. Further, in order to address the issues at the sanction stage itself, a checklist was being circulated to the States which provided for identification of anticipated bottlenecks as well as strategies to address them. MoUD also stated that delay in award of tenders is one of the well known reasons for delay in implementation of projects

Recommendation No. 5:

The GOI may monitor the delays and their causes more closely and due importance should be given to timely completion of projects.

7.2.3 Blockade of funds due to purchase of machinery and other items not put to use

Audit came across some cases where machinery and equipment purchased for implementation of projects remained idle. Thus on account of this idle investment, the funds remained blocked.

Table No. 7.3: Blockade of funds due to purchase of machinery not put to use

S. No	Projects	Item lying idle	Amount (₹ in Crore)	Reasons for remaining idle
1	Water Supply UIDSSMT, Yargol, Karnataka.	Ductile Iron and Polyvinyl Chloride pipes	7.42	Not put to use due to non-availability of land for over head tanks, etc.
2	Water supply works for inner old area of Kanpur City, UIG, Kanpur, Uttar Pradesh.	Plant/machinery and power connection	31.00	Entire machinery was to be installed after the completion of civil work. During the exit conference in the State (November 2011), the Managing Director, UP Jal Nigam, stated that the civil work, however, remained incomplete with the result entire plant / machinery were lying in store.

Source: Audit Findings from Selected States and UTs

In the reply of Government of Karnataka forwarded by MOUD (May 2012) it was stated that the land acquisition for construction of the barrage was pending with the revenue department and the matter relating to forest land was pending with the Government of India.

As regards Uttar Pradesh, the MoUD stated (May 2012) that the matter has been referred to the State for necessary action.

The cases cited by Audit on blockade of funds again raise the significance of timely completion of projects. With due planning and smooth execution, such cases of blockade of funds could have been avoided.

7.2.4 Other irregularities

i. In the **augmentation of water supply project in Mangan, UIDSSMT, Sikkim**, an expenditure of ₹ 21.36 lakh was incurred towards installation of EPABX, printing of calendar, repair and maintenance of water supply schemes outside Mangan.

ii. In the **Water Supply to Ajmer-Pushkar project, UIG, Rajasthan**, in contravention of para 7.1 of JNNURM guidelines, land was purchased for construction of Clear Water Reservoir and pump house at Saraswati Nagar from Urban Improvement Trust at a cost of ₹ 20.55 lakh.

iii. In the **Water supply, UIDSSMT, Udaipur, Rajasthan**, an expenditure of ₹ 6.93 lakh on repair of government quarters were met from mission funds.

iv. In the **South Guwahati West Water Supply Scheme, UIG, Guwahati, Assam**, the SLSC had directed that mobilization advance at six per cent interest was to be paid at 10 per cent of the value of Phase-I work (₹ 313.27 crore). **Guwahati** Metropolitan Development Authority paid a total of ₹ 69.94 crore in two installments (March 2009 and April 2010) to the construction company as against admissible amount of only ₹ 31.33 crore. Interest at six per cent per annum (₹ 3.78 crore approximately) was also not levied.

The MoUD stated (May 2012) that the issues at Sl. No. (i) to (iv) have been referred to the States concerned for necessary action.

v. In respect of some projects, Audit came across the following cases where excise duties were paid even though there were exemptions in respect of these. In the table below is a list of these cases:

Table No. 7.4: Instances of irregular expenditure on taxes

S. No.	Name of State	Tax	Amount of exemption not availed
1.	Water Supply, UIDSSMT, Warangal, Andhra Pradesh	Excise Duty	Excess payment towards excise duty on MS pipes of ₹ 5.51 crore (as of June 2011) was made to the contractor, as the same was included in the basic rates towards the cost of pipes in the estimates. Executive Engineer (Public Health) stated (May 2011) that the supplier has been asked to produce the evidence for payment of excise duties and on providing CENVAT details, necessary recovery will be made.
2.	Augmentation of Water Supply to peripheral areas, UIG, Visakhapatnam Andhra Pradesh.	Excise Duty	Excess payment of ₹ 2.44 crore towards excise duty to contractor in respect of Package- I by GVMC, as the same was included in the basic rates towards the cost of pipes in the estimates. Executive Engineer (PS) water supply Vishakhapatnam stated (June 2011) that excise duty exemption will be recovered from the further running bill of the contractor.
3.	Water Supply Scheme UIG, Raipur Chhattisgarh	Excise Duty	Excess Payment to contractor amounting to ₹ 7.68 crore due to inclusion of exempted excise duty in rate analysis

In the case of **Chhattisgarh** cited above, the department did not agree as it was felt that there was no separate rate of pipes without excise duty in the SOR of PHE department. The department would neither reimburse nor ask for any refund from the contractor on this account and would also not entertain any claim on this account.

Audit does not agree with this on the ground that excise duty could have been recovered on the basis of exemption availed by the contractor and such ambiguity should not have been part of the agreement due to which excess payment was given to the contractor. In response, Secretary PHE stated in the Exit Conference (29 October 2011) that the matter would be reviewed and further response would be intimated to Audit.

The cases cited above also indicate that clarity on such issues should have been given by MoUD to avoid such irregular payments.

7.2.5 Benchmarks laid down by MoUD

MoUD in 2008-09, laid down the indicators and their benchmark with respect to water supply. These benchmarks require 100 per cent water supply connections, supplied all through 24 hours and with quality being 100 per cent.

Proposed Indicator	National Benchmark
Water Supply Services	
Coverage of water supply connections	100 %
Per capita supply of water	135 litre per capita / day
Extent of metering of water connections	100 %
Extent of non-revenue water (NRW)	20 %
Continuity of water supply	24 hours
Quality of water supplied	100 %
Efficiency in redressal of customer complaints	80 %
Cost recovery in water supply services	100 %
Efficiency in collection of water supply-related charges	90 %

Five (Kolkata, Asansol, Dhanbad, Greater Mumbai and Patna) out of 65 Mission cities under JNNURM were targeted for 24x7 water supply system. However, it was observed that these cities were not able to achieve this target. The switching over to daily water supply in core areas and the eventual shift towards 24X7 water supply scheme could not be achieved.It remained as low as one and half hrs per day (Asansol) to eight hrs (in South Dum Dum in Kolkata). The per capita water supply at 135 LPCD could not be achieved in any ULB (West Bengal). It varied between 68 LPCD in Dum Dum to 90.19 LPCD in Asansol. The efficiency of collection of water related charges was 66.9 per cent at Asansol (maximum) to 56.77 per cent (minimum) at Kolkata Municipal Corporation. The cost recovery of water supply as on 31 March 2011 varied between 16.20 per cent (maximum) at KMC and 10.9 per cent at Asansol (minimum).

As on March 2011, in Patna none of the water supply projects sanctioned under JNNURM have been completed. In Greater Mumbai, there were eight water supply projects that had been sanctioned under JNNURM. However only one project was completed. In Dhanbad also, the water supply project sanctioned under JNNURM was still incomplete.

MoUD stated that it would be the endeavour of the Ministry to move towards the benchmarks and this concern was being incorporated in the project preparation and appraisal mechanism of the Ministry.

7.3 Solid waste management

Solid waste consists of municipal solid waste including plastic wastes, construction and demolition waste, hazardous solid wastes, bio-medical waste and electronic waste. The overall goal of urban solid waste management should be to collect, treat and dispose of solid wastes generated by all the urban population in an environmentally and socially satisfactory manner using the best possible

means available. Projects under solid waste management included works like construction of solid waste management plants, provision for collection and segregation of waste etc.

Dumping of wastage in front of District Statistical Office, Patna

Photograph No. 7.5

7.3.1 Status of completion of selected projects

In the selected States/UTs there were 11 solid waste management projects selected, six projects were under UIG and five were projects under UIDSSMT.

Out of these selected projects, two projects viz. **Municipal Solid Waste Management for Patna Town, UIG, Patna, Bihar** and **Integrated Solid Waste Management Project, UIG, Haridwar, Uttarakhand** were not started till May 2011. The remaining nine projects, though started, were not complete.

In respect of Integrated Solid Waste Management Project, Haridwar, Uttarakhand, MoUD has informed (May 2012) that the work has been awarded.

7.3.2 Delays in completion of projects for want of environment clearance and/or availability of land

Non availability of land and want of clearances were areas of concern even with respect to solid waste management projects. Audit came across the following cases as shown in the table below:

Table No. 7.5: Delays in Solid waste Management Projects

S. No.	Projects.	Status of the Project
1	Solid Waste Management Project, UIDSSMT, Hazaribag, Jharkhand.	The project was sanctioned in March 2008. Project has not been implemented due to non-availability of land for Transfer Station and Land fill site
2	Solid Waste Management, UIDSSMT, Tura, Meghalaya.	The project was approved in September 2008. The environment and forest clearance was not obtained for this project as on September 2011. However, an advance of ₹ 0.75 crore was paid to the supplier for purchase of vehicle.
3	Solid Waste Management project, UIG, Shimla, Himachal Pradesh.	The project was sanctioned in March 2007 and was stipulated for completion by January 2010. The Municipal Commissioner, Shimla stated (October 2011) that the project was delayed due to non-clearance of site and public agitation.

MoUD stated (May 2012), that States have been advised to address the issues pointed out in Audit and obtain necessary clearances on priority.

7.3.3 Blockade of funds due to purchase of machinery not put to use

Audit came across some cases, where machinery, equipment purchased for implementation of these projects remained idle.

Table No. 7.6: Instances of Blockade of Funds

Sl. No.	Project	Item lying idle	Amount (₹ in crore)	Reason for remaining idle
1	Solid Waste Management, UIDSSMT, Hazaribag, Jharkhand.	19833 domestic dustbins	0.54	Waste collected through these dustbins were to be treated at the compost plant. But, as informed (May 2011) by ULB, Hazaribagh, the plant could not be constructed due to non-availability of land, as such the dustbins were not distributed amongst the households.
2	Solid Waste Management, UIDSSMT, Hazaribag, Jharkhand	Sanitary Vehicle	0.03	Shortage of staff
3	Solid Waste Management , UIDSSMT, Rohtak, Haryana.	Two JCB vehicles and one skid steer loader.	0.29	The vehicle was purchased in advance of requirements. Vehicle was not in use since its purchase. JCBs trucks were also purchased without requirement and were not in use. Municipal Corporation Rohtak intimated (May 2011) that these vehicles were not demanded by them and were purchased by NBCCL at their own level.
4	Solid Waste Managemet, UIG, Imphal, Manipur.	17 vehicles and 30 waste bins purchased between June 2009 and November 2009 and handed over to the Imphal Municipal Council.	2.55	As the construction of the Solid Waste Plant has not been completed as on March 2011, the early purchase resulted in blockage of funds.

7.3.4 Other irregularity

In Rohtak, Haryana, an expenditure of ₹ 1.76 crore was incurred on solid waste management project. After work had already progressed in the site already chosen the site was changed (March 2009) by the State Government. In response to audit query, National Buildings Construction Corporation Limited (NBCC) stated (May 2011) that ₹ 1.45 crore incurred on construction of sanitary landfill at previous site was already approved in the DPR for the purpose of reclaiming the land which was full of garbage and was not wasteful. It was further stated that expenditure of ₹ 30.46 lakh incurred on construction of boundary wall was wasteful, however, the same would be borne by Haryana Urban Development Authority. NBCC also stated that the work had started at the new site. This reply is not acceptable as the expenditure would have to be re-incurred at the new site. Further,

the department's action in starting work at the new site without obtaining environmental clearance was also not in order.

Abandoned old site of SWM Project at Jind Road , Rohtak

Photograph No. 7.6

7.4 Sewerage

The challenge of sanitation in Indian cities is acute. With very poor sewerage networks, a large number of the urban poor still depend on public toilets. The growing population has put a stress on the existing and often outdated sewerage systems. Projects covered under sewerage under JNNURM included works like underground sewerage systems, revamping of existing sewerage systems, sewerage treatment plants, laying of sewerage lines etc.

7.4.1 Status of completion of selected projects

In the selected States/UTs 49 projects were selected under UIG and seven under UIDSSMT. Out of these selected projects, three had not even been started, one project was abandoned and five projects were deferred. Only four out of total 56 projects selected were complete. The remaining 43 projects were under various stages of completion.

MoUD approved in March 2007, the **Underground Sewerage System project in Moti Daman and Nani, Daman** at ₹ 9.42 crore. In 2009, ACA of ₹ 0.31 crore was released but the project was not started till March 2011. The project was finally withdrawn in April 2011.

MoUD could not explain the reasons, in its reply (April / May 2012) for non-starting of the project.

Photograph No. 7.7

Photograph No. 7.8

Untreated water was being released to the natural stream/ river causing pollution and unhygienic atmosphere in Daman

7.4.2 Slow Progress in Sewerage Projects

In the following cases it was observed that the execution of the sewerage projects was not as per the project duration that had been laid down.

Table No. 7.7 : Slow Progress in sewerage Project

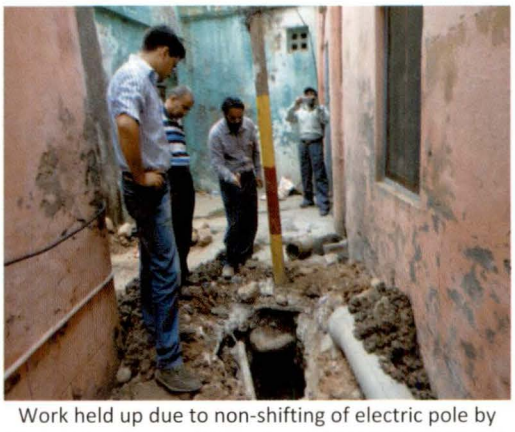
S. No	Projects	Reason for Delay	Audit observations
1	Revamping of sewerage systems and Sewerage treatment works in Faridabad, UIG, Faridabad, Haryana.	Permission for constructing the bridge and crossing the pipeline was to be obtained from UP Government. Permission for laying sever line along NH-2 was also not received from NHAI.	The project was approved at ₹ 103.83 crore on 22 January 2007 to be completed by January 2010. Due to not obtaining clearances/approvals from various agencies prior to implementation of the project, the project could not be completed in time.
2	Comprehensive Sewerage Scheme for Division A of Greater Jammu, UIG, Jammu, Jammu & Kashmir	Relocation of utilities and lapses in getting clearances from various agencies.	The project was approved (December 2006) at ₹ 129.23 crore. The various components were to be completed between May 2009 and March 2010. The current status was that none of the components had been completed as on March 2011. In fact in respect of one of the components namely Lateral Sewer Line, only 27 per cent of work had been completed till March 2011.
3.	Sewerage Project, UIDSSMT, Akola, Maharashtra.	Contractor did not commence the work. In reply, Akola MC stated that the matter is pending with the Commissioner, Directorate of Municipal Administration, Mumbai regarding complaint in tender process.	The project was approved in March 2009 at a cost of ₹ 132.75 crore against which the work was allotted to a contractor (March 2010) at ₹ 315.70 crore. The ACA of ₹ 49.98 crore released to the Akola Municipal Corporation in February 2010 remained unutilized for more than a year (May 2011).
4	Integrated Sewerage Project, UIG, Bhubaneshwar, Odisha.	Delays on account of land acquisition. As a result, tender for all components of the project could not be invited.	As of 31 March 2011, ₹ 90.45 crore was utilized. Only 68 km out of required 193 km of sewerages line were completed.
5	Providing Comprehensive Sewerage scheme for the five Town Panchayats at Chitlapakkam, Madambakkam, Sembakkam, Perungalathur and Peerkankaranai,UIG, Chennai, Tamil Nadu.	There was delay in acquiring the land for construction of the sewage pumping stations by the local bodies due to financial non-viability of the project, poor financial position of the Local Bodies concerned, delay in reclassification of lands, public objections, refusal of Chennai Metropolitan Development Authority to reclassify the land since the site identified was a park land[27].	These projects were sanctioned in January 2009 at ₹212.76 crore. Government of India dropped implementation of the scheme in all the five Town Panchayats (November 2010). Thus the expenditure of ₹4.71 crore incurred towards preparation of the DPRs became futile.

[27] In respect of sites identified for the construction of pumping stations in Sembakkam, Peerkankaranai and Perungalathur Town Panchayats

6	Underground Sewerage Scheme for Phase III area and renovation of existing sewerage system , UIG, Madurai, Tamil Nadu.	Slow execution of work and mismatch in creation of interlinked facilities	Government of India approved a project at ₹ 229.34 crore for Madurai Corporation to provide Infrastructure facilities in three packages. The two Sewerage Treatment Plant at Avaniapuram and Sakkimangalam were completed (November & December 2010 respectively) but the sewer line works had not been completed due to slow execution of work, heavy rains etc. The mismatch in creation of interlinked facilities resulted in letting out the sewage water into sewage farm, lagoon and Vaigai River and non utilisation of STPs constructed at a cost of ₹112.58 crore.
7	Providing of Sewerage and Sewage Treatment Plant, UIG, Ludhiana, Punjab.	The department did not hand over clear site to the contractor.	The project was sanctioned in March 2008 at 241.39 crore, to be completed within 24 months. The progress of the work was slow and as of August 2011 an expenditure ₹ 4.03 crore was incurred. The contractor also informed that they were not in a position to plan their further execution as neither the drawings and designs, were given nor the priorities fixed by the department.

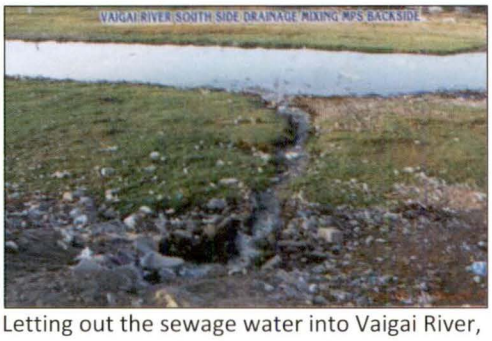
Work held up due to non-shifting of underground utilities by PHE, BSNL. (Jammu & Kashmir)

Photograph No. 7.9



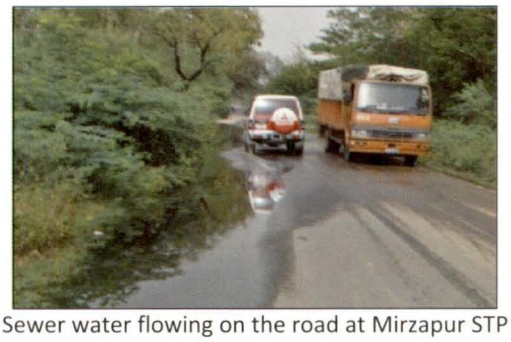
Work held up due to non-shifting of electric pole by Power Development Department (Jammu & Kashmir)

Photograph No. 7.10



Letting out the sewage water into Vaigai River, Madurai Tamil Nadu

Photograph No. 7.11



Sewer water flowing on the road at Mirzapur STP on Tigoan road, Faridabad

Photograph No. 7.12

MoUD in their reply (May 2012) explained that projects under JNNURM were implemented by the State Government/urban local bodies. Various constraints viz., land encroachment, land acquisition, court cases, clearances from various authorities, utility shifting, etc. had been reported in implementation of projects. The GoI had requested states to prioritize completion of the projects by removing the bottlenecks, as pointed by audit.

7.4.3 Other irregularities

i. In respect of **sanitary and sewerage system for Bilaspur, UIDSSMT, Chhattisgarh**, it was observed that the 9782.231 cum. hard rock excavated during the digging of trench for laying of pipes was not accounted for in material at site in the records. According to State Public Works Department Schedule of Rates 2010, rate for supply of hard rock was ₹ 639.00 per cu.m. The value of the hard rock amounting to ₹ 62.51 lakh[28] was not accounted for in the accounts of the work. During exit conference, the department accepted (29 October 2011) the audit observation and stated that excavated hard rock was consumed by the contractor in the same work and agreed to recover the cost.

ii. In the **Sewerage project, UIDSSMT, Mussoorie, Uttarakhand** interest free mobilization advance of ₹ One crore was given to the contractor by Uttarakhand Peyjal Nigam, Dehradun in respect of the work for laying of sewerage line in different zone of Mussoorie under UIDSSMT. This was contrary to Uttarakhand Procurement Rules 2008, which contemplated interest on mobilization advance till the amount is deducted or adjusted.

iii. It was observed in respect of **UIDSSMT-Sanitary and Sewerage System for Bilaspur, Chhattisgarh** and **sewerage treatment plant**[29], that ₹ 26.15 crore was paid as mobilization advance to the two contractors though mobilization advance was not to be paid as per the terms of contracts.

In both cases, the agreements were silent on recovery of interest on the mobilization advance. As on June 2011, ₹ 5.25 crore was recovered from the payments of 16th RA bills and ₹ 17.05 crore was recoverable from the contractor (M/s Simplex Infrastructure Ltd., Kolkata) in respect of the first project. In respect of the second contractor (M/s Geo Miller and Comp. Pvt. Ltd., New Delhi), ₹ 3.20 crore was recovered from the payments of 11 RA bills and ₹ 64.73 lakh was due to be recovered as of April 2011. Thus, grant of mobilization advance resulted in undue aid of ₹ 26.15 crore to the contractors and loss of interest of ₹ 8.63 crore at the rate of 14 per cent per annum.

During the exit conference (29 October 2011) in the State, the department stated that since it was a specialized nature of work and huge investment was required, hence mobilization advance was granted by the Government even though it was not permissible. The department stated that on the basis of audit observation, they have enhanced the rate of recovery from 15 *per cent* to 20 *per cent* of the running payment and balance amount of mobilization advance would be recovered as earliest.

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[28] ₹ 639/cu.m.*9782.231 cu.m.= ₹ 62.51 lakh

[29] Work of procuring, constructing and commissioning of Sewage Treatment Plant of 54 MLD and 17 MLD capacity of Domuhani and Chilati site along with all related Mechanical and Electrical equipment and accessories, instrumentation including miscellaneous works

iv. In respect of **STP work of Ahmedabad Municipal Corporation in Gujarat,** audit observed that in the price bids for construction of 60 MLD capacity Sewage Treatment Plant (STP) at Pirana old site opened in April 2007, the L1 agency[30] quoted at ₹ 24.70 crore (inclusive of O&M cost and power loading[31]) against the estimated cost of ₹ 21.75 crore. The negotiated offer stood at ₹ 22.84 (2.15 per cent above the prevailing market rate), but the Municipal Corporation rejected (May 2007) the offer on the ground that it was at a higher side. On opening (July 2007) price bids on second attempt, L1 agency[32] quoted at ₹ 24.66 crore (construction and O&M costs) and brought down to ₹ 24.11 crore after negotiation. On a proposal of MC (July 2007) Standing Committee accepted the tender (July 2007) and the Letter of Intent was issued (August 2007). Thus injudicious rejection of tender at ₹ 22.84 crore (at just 2.15 per cent above the prevailing market rate) and acceptance of another offer at ₹ 24.11 crore (July 2007) in less than 90 days, resulted in avoidable expenditure of ₹ 1.27 crore.

Ahmedabad Municipal Corporation stated (June 2011) that decision to re-invite tender was taken with the expectation that tender at par with prevailing market rate would be received. The reply of the AMC was not acceptable as the rate quoted by L1 agency on first invitation was a mere 2.15 per cent above the prevailing market rate.

7.4.4 Status of sewerage projects in cities targeted by MoUD for 100 per cent coverage of area and population

MoUD targeted only 15 cities (Nainital, Vadodara, Ahmadabad, Patna, Dehradun, Nanded, Indore, Jabalpur, Bhubaneswar, Bodh Gaya, Surat, Ajmer-Pushkar, Bangalore, Jaipur and Chennai) for 100 per cent coverage of area and population with JNNURM sewerage projects. Only four projects (out of six) and six projects (out of nine) were completed in Ahmedabad and Surat respectively. No sewerage project was completed in respect of any of the other 13 cities. Interestingly, though Patna was targeted for 100 per cent coverage with JNNURM sewerage projects, no sewerage project was even approved for Patna as on March 2011.

7.5 Storm Water Drainage

Storm water is of concern for two main reasons, firstly because of the volume and timing of runoff water (flood control and water supplies) and secondly because of the potential contaminants that the water carries.

Storm water is also a resource and is ever growing in importance as the world's human population demand exceeds the availability of readily available water.

Storm Water Drainage projects were also brought under JNNURM. Project covered under storm water drainage included works like remodeling of primary and secondary storm water drainage etc.

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[30] Ramkay Infrastructure Limited

[31] Expenditure on power that could have been incurred by AMC during O&M period, on the mechanical instruments supplied and installed by the contractor; however, the amount would be borne by AMC

[32] Shri Ram EPC Limited

7.5.1 Status of completion of selected projects

In the selected States/UTs, there were eight storm water drainage projects selected. Three were under UIG and five were under UIDSSMT. Out of these selected projects, one project in Assam under UIDSSMT (Barpeta Project) sanctioned for ₹ 18.72 crore in February 2009 had not been started (May 2011). MoUD did not explain (May 2012) the reasons for non-starting of the project. The remaining 7 projects were under various stages of completion.

7.5.2 Delays and deficiencies

Audit came across the following cases in storm water drainage projects where there were delays and deficiencies.

Table No. 7.8: Delays and deficiencies in storm water projects

S.No	Projects	Audit Observations
1	Barpeta Storm Water Drainage, UIDSSMT, Barpeta, Assam.	The project was sanctioned in Feb 2009 at ₹18.72 crore for completion by February 2011. As on May 2011 the project has not started. There were revisions on the locations of a few drains incorporated in the initial DPR.
2	Storm Water Drainage, UIDSSMT, Hamirpur , Himachal Pradesh.	The project was sanctioned in December 2006 at ₹ 3.34 crore. As on May 2011, the project was incomplete and ₹ 4.81 crore had been incurred. It was noticed that besides taking up execution of the approved five works, 47 storm water drain works in other areas, not approved in the DPR, were executed at a cost of ₹1.19 crore without obtaining sanction of GoI. The Executive Officer (EO), MC, Hamirpur while admitting the facts stated (May 2011) that these works were executed on the verbal recommendation/demand of the Councilors of different wards.

7.6 Roads / Flyovers / Rail over Bridges including BRTS, MRTS and other Urban Transport

Under JNNURM, in respect of Roads/ Flyovers/ Rail over Bridges, Mass Rapid Transport System (MRTS) and other urban transport, there were 242 projects, of which 133 were sanctioned under UIG and 109 were approved under UIDSSMT.

7.6.1 Status of completion of selected projects

There were 19 projects selected under this category which included four MRTS, 14 roads and flyovers and one other transport project. 15 were under UIG and four were under UIDSSMT. Out of these selected projects, one project was abandoned and two projects were withdrawn. Only three projects were complete. The remaining 13 were under various stages of completion.

7.6.2 BRTS and MRTS

Bus Rapid Transport System projects involved creating a Bus Rapid Transit Corridor for a contiguous route network. The BRTS project was intended to provide speedier transit service for buses, and protected pedestrian paths and foot over bridges for the safety of pedestrians and passengers. The following BRTS/MRTS projects were selected under JNNURM which were not completed as on 31 March 2011.

(1) BRTS for Visakhapatnam (i) Simhachalam Transit Corridor including tunnel (ii) Pendurthi Transit Corridor UIG, Vishakhapatanam, Andhra Pradesh, sanctioned in 2007-08.

(2) BRTS Phase-I (Development of Blue Corridor Part-I) UIG, Rajkot, Gujarat, sanctioned in 2007-08.

(3) BRTS Pilot Project, UIG, Indore, Madhya Pradesh, sanctioned in 2006-07.

(4) BRTS (Development of infrastructure for Commonwealth Youth Games 2008, UIG, Pune, Maharashtra, sanctioned in 2006-07.

7.6.3 Delay in completion of Road Projects in Delhi

Out of Road and Bridge projects approved by SLSC under JNNURM for National Capital Territory of Delhi following four projects were selected for details scrutiny:

Table No. 7.9: Road projects

(₹ in crore)

Projects	Approved Cost	Expenditure incurred (upto)	Stipulated date of completion	Actual date of completion
ROB and RUB at Railway level crossing at Rd. No. 68 near Nand Nagri, UIG, Delhi.	102.86	108.19 (July 2012)	20 April 2011	In Progress
Flyovers at Africa Avenue and Aruna Asaf Ali Road, Vivekanand Marg , Nelson Mandela Marg, Poorvi Marg, UIG, Delhi.	253.22	225.53 (March 2012)	18 Feb 2009	15 Oct 2010
Construction of Grade Separator at the Junction of GT Road and Road No. 56 near Apsara Border, UIG, Delhi.	141.47	220.40 (March 2012)	09 June 2010	22 Nov 2011
Construction of Bridge and its approaches over river Yamuna downstream of existing bridge at Wazirabad, UIG, Delhi.	1087.40	Approaches 381.23 (May 2012)	17 Dec 2011	In Progress
		Main bridge	19 Dec 2013	In Progress

It may be seen from above table that two out of these four selected projects were completed with a delay of 16 month to 19 months. The other two projects were in progress whereas their stipulated dates of completion were 20 April 2011 and 17 December 2011 respectively.

Some of the irregularities noticed in construction of these projects are as follows:

i) Undue benefit to contractors

In two projects, **Corridor Improvement for outer ring road – from IIT gate to NH-8 intersection, New Delhi**, and **Construction of Grade Separator at the junction at the GT Road and Road no. 56 near Apsara Border**, the Public works department (PWD) made a payment of ₹ 1.52 crore to the contractors for providing the barricading at construction sites. PWD allowed the contractors to take away the barricading material with them after completion of work, though it was the property of the Government of National Capital Territory of Delhi (GNCTD) as cost of these items had already been paid to the contractor.

PWD stated (January 2012) that in case of corridor improvement from IIT gate to NH 8 intersection ownership or end use of barricading was not defined. Engineer incharge allowed the contractors to remove the barricading after completion of the work. The reply is not acceptable as the payment was made by the PWD for barricading being it an item in bill of quantity of agreement. Hence it was the property of the GNCTD.

ii) Award of contracts at a cost more than the permissible justified cost

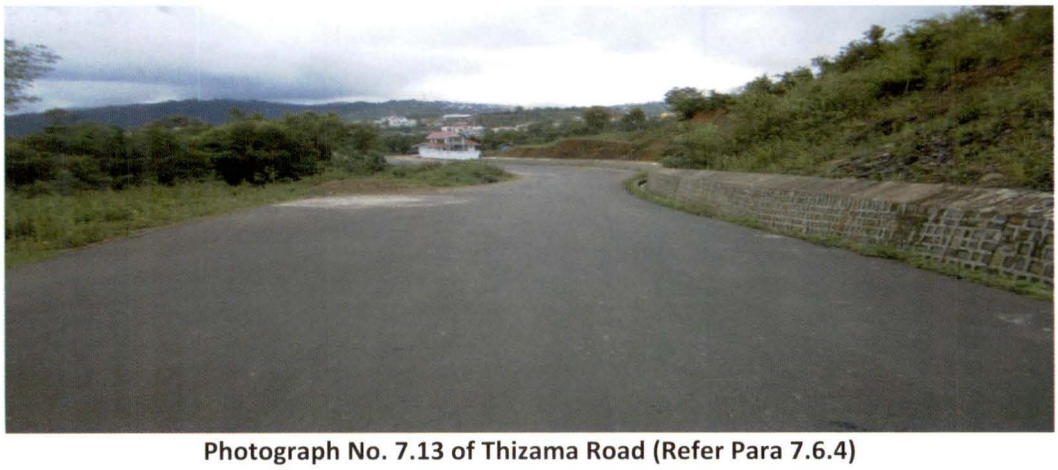
CPWD works manual provides only 15 per cent of the cost of the items to be added as contractors profit and overhead charges (CP&OH) in the cost of items to work out the market cost of the items. However, It was noticed that in case of two projects namely i) **RUB & ROB at Railway Level Crossing at Road No. 68 near Nand Nagri**; and ii) **Construction of bridge and its approaches over River Yamuna Downstream of existing Bridge at Wazirabad, Delhi, UIG,** DTTDC added 37.50 per cent as CP&OH in the cost of items while working out the justified cost of these works.

In reply (January 2012) the DTTDC stated that percentage of CP&OH was adopted as per Ministry of Road Transport and Highways (MORTH) Data Book. Reply is not acceptable as CPWD works manual allowed only 15 per cent for CP&OH and it was decided by DG (Works) after getting inputs and recommendations from MORTH in December 2007.

7.6.4 Other irregularity

In the **Roads and Transportation Project, UIG Kohima, Nagaland**, work order at ₹ 61.59 lakh for construction of footpath at Thizama Road, was awarded in November 2008 with scheduled completion of work in 12 months. The work was completed in November 2009. The contractor was paid ₹ 61.57 lakh in February 2010. Government of Nagaland while admitting the audit observation stated (December 2011) that instead of construction of footpath at Thizama the footpath was constructed at Bible Road to Indira Gandhi Stadium and work at Thizama would be taken up at a later stage from State Government fund.

Audit is of the view that the above deviation was without the approval of GoI. Moreover, the manner in which payments were released on the basis of measurements recorded in MB No. 343 (page 186 to 193) for Thizama Road work, needs to be investigated.



Photograph No. 7.13 of Thizama Road (Refer Para 7.6.4)

7.7 Miscellaneous infrastructure projects

In the list of selected projects in addition to the sectors covered in preceding paragraphs, there were three projects which were selected. These included projects of urban renewal, parking lots and preservation of water bodies. The status of the sample projects is as under:

i. Development of multilevel underground conventional car parking in Delhi (AL-Block, Shalimar Bagh, Shiv Market Pitampura, QU Pitampura, Central Market Ashok Vihar, Mohammadpur Village, Malviya Nagar Market, PVR Basant Lok, PVR Saket, G-8 Rajouri Garden, Block-10 Subhash Nagar, C-4 Janakpuri, Ajmal Khan PARK Karol Bagh, Krishna Market Kalkaji, Hauzrani, New Friends Colony, Jangpura Bhogal) under UIG was sanctioned in year 2009-10 with approved cost of ₹ 469.80 crore and completion of the projects by October 2010 against which an expenditure of ₹ 35.29 crore was incurred upto September 2011. The project was incomplete as on November 2011.

ii. Urban Renewal of Dargarh Area, Ajmer-Pushkar, Rajasthan was sanctioned during 2007-08 with approved cost of ₹ 38.41 crore and completion of project by February 2010 against which central release of funds ₹ 7.68 crore was made upto March 2011. The project has not been completed as of March 2011.

iii. Development of Improvement of Nambul River Front and Naga Nala in Imphal city, Manipur was sanctioned in the year 2008-09 with approved cost of ₹ 25.65 crore and completion of project by February 2011 against which central release of ₹ 5.77 crore was made upto 31 March 2011. The project has not been completed as on March 2011.

7.8 Diversion of funds in Urban Infrastructure Projects

It was observed that there were several cases where the funds had been diverted for purposes other than those admissible under JNNURM and in some cases even for non-JNNURM purposes. Audit came across several cases where diversion of funds had taken place in urban infrastructure projects. These cases have been given below:

Table No. 7.10 : Diversion of funds in Urban Infrastructure Project

Sl. No.	Name of project/State/UT	Amount of diversion (₹ in crore)	Purpose of diversion	Response of Department on the diversion
1	JNNURM funds, UIG, Hyderabad, Andhra Pradesh	78.38	For making payment of bills under Godavari Drinking Water Supply Scheme Phase –I (Moulana Abdul Kalam Hyderabad Sujala Sravanthi Scheme – MAKHSS), which was not part of JNNURM.	In response to an audit enquiry, HMWSSB stated that the said diversion of funds was done after taking the permission of GoAP.
2	Water Supply Project, UIDSSMT, Warangal, Andhra Pradesh	0.82	Funds amounting to 82.42 lakh towards construction of quality control laboratory building, (which was also not included in the DPR) by Superintending Engineer/ Public Health Department from JNNURM funds released under Water supply project in Warangal.	EE Public Health division Warangal stated (May 2011) that quality control lab of the department, quality control staff were all accommodated in the building. After commissioning and completion of the scheme the laboratory would be utilised for Quality Test by the department. The reply is not acceptable as the funds were for specific purpose for improving the water supply.

3	Sanitary and Sewerage System, UIDSSMT, Bilaspur, Chattisgarh	8.01	For non-JNNURM works of Bilaspur Municipal Corporation	The department accepted the audit observation and stated that the amount diverted had been recouped. However, the department is silent on the recovery of interest accrued on the diverted amount.
4	Solid Waste Management Project , UIDSSMT, Rohtak; Laying/ Revamping Sewerage System, UIG, Faridabad; Augmentation of Water Supply Project, UIG, Faridabad , Haryana	21.23	For Agency charges to the NBCCL	Municipal Corporation, Faridabad and Director, Urban Local Bodies admitted (June 2011 and October 2011 respectively) this point and agreed to refund to JNNURM funds
5	Augmentation of water supply UIG, Faridabad, Revamping/ laying of sewer line at Old Faridabad UIG, Haryana	2.93	For work not covered under JNNURM	During exit conference the Department admitted the audit observation.
6	Solid Waste Management , UIDSSMT, Hazaribagh, Jharkhand	0.06	For payment of salary to the municipal staff	No response was received from the department.
7	Drainage, UIDSSMT Siliguri, West Bengal	1.34	For purchase of bitumen and cement for other works.	Representative from SUDA stated in the Exit Conference (December 2011) that the matter would be examined.
8	Solid Waste Management, UIG, Shimla, Himachal Pradesh	1.91	For compensatory afforestation.	Reply awaited

Source: Audit findings from Selected States/UTs

7.8.1 Diversion for acquisition of private lands and relocation of encroachers

As per JNNURM guidelines, land cost for acquisition of private land for the projects was not to be financed except for acquisition of private land for schemes and projects in North Eastern States and hilly states namely Himachal Pradesh, Uttarakhand, Jammu and Kashmir. In the following cases, Audit observed these instructions were not complied with.

i. In **Haryana**, the project for Augmentation of Water Supply in Faridabad Town was approved on 14 January 2009 and ₹ 61.69 crore was released as first installment on 23 February 2009. During scrutiny of records of the project, it was noticed that for construction of six Radial Collector wells, private land was acquired and paid for out of JNNURM funds by NBCCL. The land was acquired from M/s Advanced Infratech Pvt. Ltd., M/s Kedar Nath Khandelwal and M/s Jyoti Build Tech Pvt. Ltd. for ₹ 203.86 lakh. In reply, this irregularity was admitted (June 2011) and it was stated that the Municipality was facing tough financial situation due to shortage of funds and it would reimburse the amount towards JNNURM from its/State Government funds.

ii. In **Assam**, in respect of Water Supply project in Guwahati, Audit scrutiny revealed that Guwahati Metropolitan Development Authority (GMDA), the executing agency of the project, incurred an expenditure of ₹2.62 crore towards land compensation till March 2011 while there was no provision for land compensation in the estimated cost of DPR.

iii. In **Odisha**, Odisha Water Supply and Sewerage Board (OWSSB), with the approval of the HUD Department diverted (February 2011) mission funds of ₹ 18.73 crore towards land acquisition compensation for sanctioned projects of Bhubaneswar, as less provision of fund was made by the State Government in the state budget for 2010-11 was insufficient. The said diversion was proposed to be replenished on receipt of funds under the State Plan for 2011-12. As per the scheme guidelines, there is no provision for utilizing the funds towards compensation charges for relocation of encroachers.

iv. In **Tamil Nadu**, in respect of implementation of UGSS in Tambaram Municipality, an expenditure of ₹32.20 lakh was incurred in February 2011 towards payment of compensation for relocation of encroachers from the land, earmarked for the construction of Sewerage Treatment Plant (STP). In reply, the Tambaram Municipality stated (July 2011) that the diverted amount would be refunded to JNNURM account.

MoUD intimated that it had referred the matter to the States.

Above mentioned cases where diversion had been observed, indicated the need for strengthening of financial discipline.

Recommendation No. 6:

A zero tolerance policy may be introduced at all levels in respect of irregular expenditure and diversion of funds for bringing in greater financial discipline.

Chapter 8 Financial Management

Funds under the mission were to be released as Additional Central Assistance (ACA) to the State Government or the designated SLNA. The State Government /SLNA was to pass on the ACA along with their matching share to ULBs/implementing agencies.

In this chapter, we report on the release of ACA, the utilization of the ACA and other irregularities noticed in this regard.

8.1 Slow release of committed ACA

As indicated in the table numbers 1.3 and 1.4 under para 1.5 in introduction chapter, total allocation (for the mission period 2005-06 to 2011-12) made by Planning Commission in respect of UIG, UIDSSMT, BSUP, and IHSDP projects was ₹ 66,084.66 crore. However, GoI made an allocation for ₹ 37,070.15 crore out of which ₹ 32,934.59 crore were released upto 31 March 2011. Thus it can be observed that the total releases in respect of UIG, UIDSSMT, BSUP and IHSDP were just 49.84 per cent of total allocation made by the Planning Commission.

In case of UIG/UIDSSMT, MoUD replied (April/May 2012) that achievement of targets of releases of funds in respect of UIG and UIDSSMT to State Governments depend on efficiency of their utilisation and submission of UCs. It intimated that by 2011-12, 82.68 per cent of the total allocation of ₹ 23,469.26 crore in respect of UIG, during 2005-06 to 2011-12 ₹ 18,541.14 crore had been released by Ministry of Finance (MoF) and ₹ 864.05 crore were pending to be released by MoF. While highlighting the status of release in respect of UIG, MoUD did not comment on status of release in respect of UIDSSMT.

In respect of BSUP/IHSDP, MoHUPA replied (October 2011) that the achievement of targets / release of funds to State Governments depended on efficiency of their utilization and submission of UCs. They observed that many States and cities utterly lacked capacity to implement programmes. MoHUPA, further, intimated that States reported lack of litigation free land, lack of willingness on the part of beneficiaries to contribute, reluctance to shift in respect of in-situ projects, cost escalation and inability of urban local bodies to meet their shares. The MoHUPA had been insisting on satisfactory physical progress and quality of projects before final installment of ACA had been released to the State / UT Governments. The Ministry had been also conducting frequent reviews at National and State level.

Further, MoHUPA released funds to the tune of ₹ 544.71 crore in excess of allocation till March 2011 in the case of IHSDP.

MoHUPA while confirming the facts and figures (October 2011) regarding the excess approval for IHSDP projects stated that ACA had been diverted from BSUP to IHSDP on the request from the State Governments.

8.2 Delay in release of ACA after approval of project

The guidelines did not specify any timeframe within which releases were to be made after the project was approved. The scrutiny of physical and financial progress report (upto 31 March 2011) as seen from records of MoHUPA, revealed that there were time taken in release of funds from the

Central Government to the respective SLNAs. The time taken has been calculated from the date of CSMC meeting in which the projects were approved.

- In 15 cases out of 53 test checked cases under BSUP, the time taken in release of first installment ranged from two to 15 months from the date of approval of these projects. (**Annexure 8.1**)

  For instance, **BSUP Slum Rehabilitation Project, construction of 19360 DUs, Chandigarh phase-II** was approved on 14 December 2006 and the first installment was released on 25 March 2008 i.e. after 15 months.

- In 21 cases out of 29 test checked cases under IHSDP the time taken in releases of first installment ranged from one to eight months from the date of approval of these projects. (**Annexure 8.2**)

  MoHUPA replied (April 2012) that the delay in release of first installment of ACA ranged from two to six months except in case of 1 project at Chandigarh.

- Similarly, scrutiny of records in MoUD, revealed that out of 532 projects under UIG approved by March 2011, in 31 projects, there were time taken ranging from four to 15 months in release of first installment from the date of approval of the project. Details shown in the **Annexure 8.3**.

  For instance, in Delhi, **setting up of 20 MGD STP each at Nilothi and Pappankalan project** was approved on 29 December 2008 and the first installment was released on 15 March 2010 i. e. after 15 months from the date of approval of project.

  MoUD stated (May 2012) that reply was under preparation in respect of specific cases.

- Under UIDSSMT, Audit scrutiny in MoUD, revealed that 20 projects out of 35 projects selected for detailed examination, , there were delay ranging between three to 27 months in release of funds from the date of approval of projects, as shown in **Annexure 8.4**

  For instance, road project for Chumukedima (Nagaland) was approved on 24 May 2007 and the first installment was released on 7 September 2009 i.e. after 27 months. A water supply project for Aurangabad in Maharashtra was approved on 4 May 2007 and first installment released on 18 March 2009 i. e. after 21 months.

In respect of UIDSSMT, MoUD replied (May 2012) that delays were either due to non completion of requisite formalities by the States or due to exhaustion of their allocation. It was stated that allocation was made available in February 2009.

However, the fact remained that funds were released with the delay upto 27 months.

8.3 Release of matching share by State Government

The ACA for the projects under JNNURM is released by Ministry of Finance / Ministry of Home Affairs on the basis of recommendation of MoUD and MoHUPA as the case may be, directly to States/UTs. The State Governments were required to release the same amount to ULB/Implementing agencies immediately with their matching share. The scrutiny of the records of SLNAs as well as ULBs revealed that there were delays in releasing the matching share to the implementing agencies by some State Governments.

MoUD replied (May 2012) that advisory has been issued to the States to release state share on time as per existing JNNURM guidelines.

8.4 Sharing of project cost by ULBs/Parastatal

As per JNNURM Guidelines, ULBs/Parastatals were required to share the expenditure in execution of projects. The extent of cost sharing was on the basis of the population. The sharing criteria is given in table no. 1.2 of this report regarding funding pattern for projects.

Effective implementation of JNNURM projects required that sufficient funds be available.

During the scrutiny of records in the selected States/UTs it was found that there were deficiencies in release of the matching share of the ULBs as follows:-

I. In **Bihar**, the State Government decided (March 2006) to provide the share of ULBs till ULBs become economically sound.

II. In **Uttrakhand**, it was noticed that ULB/Parastatal had not been extending its 10 percent share amounting to ₹ 40.65 crore .

III. In **Haryana**, between 2006-07 and 2010-11, an amount of ₹ 102.43 crore was due to be released as ULB share against which only an amount of ₹ 57.54 crore was released. Hence there was short release of ULB share of ₹ 44.89 crore. The reasons attributed by Municipal Corporation, Faridabad, Haryana (May 2011) was that it had been facing tough financial situation and had been managing its share by taking loan and that it would release its due share shortly.

IV. In **Karnataka**, the ULB share was short by ₹ 585.00 crore for 49 projects implemented by Bangalore Water Supply Sewerage Board (BWSSB).

V. In **Maharashtra**, the work for Underground Sewerage Project in Akola was awarded (March 2010) at ₹ 315.70 crore to the contractor. The Akola Municipal Corporation was to contribute ₹ 196.23 crore However, scrutiny of budget of 2008-09 and 2009-10 revealed that the financial position of the Akola MC was not sound and the Corporation was left with only ₹ 2.88 crore and ₹ 0.65 crore respectively as surplus fund after meeting its committed expenditure. It was evident that the Corporation was not in a position to execute the work from its own resources. No specific reply was submitted by the Akola MC (May 2011) on mobilization of funds for execution of project.

VI. In **Puducherry**, no matching share was released by the ULBs for any of the projects taken up under UIG, BSUP and IHSDP.

VII. In **Rajasthan**, the ULB did not contribute their matching share of ₹ 5.08 crore (IHSDP Phase II in Jodhpur).

VIII. In **Tamil Nadu**, for the Comprehensive Water Supply Scheme (Ramnad) under UIDSSMT for the five municipalities, 11 town panchayats and 3163 rural habitations , the Local Bodies of Ramanathapuram and Paramakudi had not released their balance share to an extent of ₹3.39 crore and ₹ 0.55 crore respectively.

MoUD replied (May 2012) that GoI was ensuring that State/ULB share was released alongwith Central share, by the State Government in the project account. Further installments of ACA were not released in case of short release of State and ULB share.

8.5 Creation of Revolving fund

JNNURM envisaged creation of Revolving Fund for each of the components as under:

In respect of UIG/ UIDSSMT, the SLNA was to sanction soft loan or grant-cum-loan or grant to the ULBs/ parastatal agencies in such a manner that 25 per cent of the central and state grant put together was to be recovered and ploughed into a Revolving Fund to leverage market funds for financing of further investment in infrastructure projects.

In respect of BSUP, whenever the SLNA released funds to the implementing agencies as soft loan or grant-cum-loan, it was to ensure that at least 10 per cent of the funds released (Central & State funds) were recovered and ploughed into a Revolving Fund to be utilised for meeting Operations and Maintenance expenses of assets created under BSUP.

Audit scrutiny revealed that the Revolving Fund had not been created by the SLNAs in 25 States. It was created in Andhra Pradesh and was created partially in two states (Tamil Nadu and West Bengal). In two states, Assam and Uttar Pradesh, though it was created but it was utilized for meeting the expenses for preparation of DPRs/ Project Management Consultancy Charges respectively.

MoUD accepted (May 2012) the audit observations that the fund was not created by several States.

8.6 Parking of funds

The State Government was required to release the ACA amount alongwith their matching share immediately to the implementing agencies. The scrutiny of records of the projects selected revealed that, in several cases the funds were parked by SLNAs or ULBs.

Table No. 8.1: Cases of parking of funds

(₹ In crore)

Name of Project	Amount	Audit Observation	Reply of MoUD /MoHUPA
Water supply for Silvasa of DNH, UIDSSMT, Dadra & Nagar Haveli	26.63	Work has not started till July 2011	
Bus Rapid Transit System Phase-I (Development of Blue Corridor Part-I) UIG, Rajkot, Gujarat	18.81 for five months 5.20 for one year	Work was not commenced till December 2011	In case of Gujarat MoUD forwarded (May 2012) the reply of Gujarat that funds could not be utilized due to exigencies such as lack of response to tenders necessitating retendering. However, the project has now been completed and funds have been fully utilized.
UIG, UIDSSMT and BSUP Projects , Bihar	447.30	Parked by Bihar Urban Infrastructure Development Corporation Limited (BUIDCO) (₹105.88 crore), Patna Municipal Corporation (PMC) (₹ 23.09 crore), HUDCO (₹ 6.87 crore) and Bihar Urban Development Authority (BUDA) (₹ 311.46 crore).	MoHUPA (April 2012) replied in respect of Bihar that the State will be required to refund ACA with interest as per instructions issued by Ministry of Finance for Non-Starter Projects. Further MoHUPA forwarded the reply of State Government (May 2012). In the reply it had been stated that all the UIG, UIDSSMT and other scheme have been started late and now funds are being utilized.

Improvement of water supply project, Dhanbad, Jharkhand	99.12	The amount remained unutilized due to non-execution of project.	
Sewerage & STP Project, UIDSSMT, Jalandhar, Punjab	0.45	State share kept in Fixed Deposit	
Housing Project, Ambala Sadar and Panchkula Phase II & III, Haryana	23.71	Due to land problem work not started and funds parked by Implementing Agency	In case of Haryana, MoHUPA (April 2012) replied that the issue is already taken up with State Government regarding non-started projects. Action will be as per guidelines/ rules.
Housing project, IHSDP Mussorie, Uttarakhand	2.08	Project was not started due to encroachment of land	In case of Uttarakhand, MoHUPA (April 2012) forwarded the reply of State Government that *the* family residing illegally at the IHSDP site has been removed and the NPP officials residing at the site have been transferred to some other location and the work has been started by UPRNN.
Houses for Urban Poor and Rehabilitation of slum dwellers, IHSDP Tura, Meghalaya	2.60	Project not started due to land problem	
Integrated Housing Development Project, Berhampur, IHSDP, Berhampur city , Odisha	11.33	The work was not commenced as of August 2011.	
Total	**637.23**		

In other cases, MoUD had stated (May 2012) that since the primary responsibility lies with the states, MoUD had referred the matter to the States.

8.7 Utilization of interest

In the JNNURM Guidelines issued by the Ministries, no specific instructions regarding the strategy for utilization of interest earned on the amount deposited into Bank were mentioned.

As has been mentioned earlier in this report, there were several cases, where funds released had not been utilized due to various reasons such as delay in award of works, delay in taking up work and delay in completion of work etc. As mentioned in para 8.6, in many cases, the funds were parked in bank accounts.

When this issue was brought to the notice of the Ministry, MoHUPA replied (29 September/ 5 October 2011) that there was no strategy evolved for utilization of interest earned on the ACA amount and stated that it was not within the purview of the Ministry of MoHUPA. The Ministry of Finance in September 2011 had issued instructions for the adjustment of unutilized amount of ACA and stated that interest on unutilized ACA was to be charged from the date of release of ACA till the date of its final adjustment /recovery from the State concerned. As per the MoF circular, notices were to be issued to the concerned states where projects had been identified as non-starter and where ACA along with interest was decided to be adjusted/recovered by the Ministry concerned.

Audit is of the opinion that had such instructions been contemplated at the time of launching of the scheme, it might have ensured a greater degree of financial discipline and increased likelihood of completion of projects.

Audit observed that 22 out of 30 States/UTs earned the interest on the amount deposited into Bank to the tune of ₹ 210.35 crore up to 31 March 2011 as shown below and in the remaining 8 States, amount of interest could not be calculated in audit because the amount was not shown to audit or the amounts were deposited into non-interest bearing accounts.

Table No. 8.2: States and the amount of interest earned upto 31 March 2011

S. No.	Name of State	Amount of interest earned on JNNURM funds (₹ In crore)
1	Andhra Pradesh	6.32
2	Arunachal Pradesh	Amount not shown
3	Assam	1.72
4	Bihar	22.04
5	Chandigarh	15.40
6	Chhattisgarh	Amount not shown
7	Dadra & Nagar Haveli	No observation
8	Daman and Diu	Amount not shown
9	Delhi	10.73
10	Gujarat	2.18
11	Haryana	2.43
12	Himachal Pradesh	5.27
13	Jammu and Kashmir	11.05
14	Jharkhand	5.09
15	Karnataka	71.28
16	Kerala	6.99
17	Madhya Pradesh	10.41
18	Maharashtra	19.35
19	Manipur	0.47
20	Meghalaya	2.62
21	Nagaland	Funds deposited into non interest bearing account.
22	Odisha	0.62
23	Puducherry	No observation
24	Punjab	No separate bank accounts were maintained by project implementing agencies. (Discussed in exit conference)

25	Rajasthan	2.28
26	Sikkim	0.16
27	Tamil Nadu	1.28
28	Uttar Pradesh	11.18
29	Uttrakhand	1.43
30	West Bengal	Amount not shown
	Total	**210.35 crore**

MoUD intimated (April 2012) that as per Ministry record, States had earned interest of ₹ 226.58 crore upto 31 December 2011. However, the Ministry did not intimate the status / details of utilisation / adjustment of this amount. MoUD intimated (May 2012) that MoF has issued instructions for adjustment of unutilized ACA and interest thereon in the case of non-starter projects only which have been communicated to states. As far as interest earned on ongoing projects is concerned, the matter has been referred to the MoF (Department of Expenditure) in consultation with Internal Finance Division.

However, MoF issued such instructions only in September 2011 and MoUD did not provide details of interest adjusted in respect of instances pointed out by Audit.

Audit scrutiny further revealed that in some cases, the interest amount was even utilized for purposes not contemplated in the JNNURM guidelines. Some of these cases have been listed below:

i. In **Jharkhand**, out of the interest earned a sum of ₹ 2.26 crore was withdrawn for incurring administrative expenses and for payment of income tax. The Department replied (November 2011) that the SLNA i.e. GRDA Ltd. was a Government of Jharkhand owned agency registered under the Companies Act and the interest earned on the deposits formed part of the income of GRDA Ltd. by virtue of which, it was liable to pay taxes. Reply of the Department is not acceptable as GRDA Ltd., and not the SLNA, is liable for payment of income tax on its own income and the income earned as interest on JNNURM funds/deposits should not have been treated by GRDA Ltd. as its own income and should not have been withdrawn for incurring administrative expenses and for payment of income tax.

ii. In **Jammu &Kashmir**, the amount of interest of ₹ 1.03 crore was utilized for office expenses and salary of staff till March 2011.

iii. In **Karnataka**, KSDB had incurred an expenditure of ₹ 5.50 crore from the interest earned towards DPR charges and IEC activities.

iv. In **Madhya Pradesh,** an amount of ₹0.13 crore was spent towards payment of Indore Municipal Corporation liabilities.

v. In **Tamil Nadu,** a sum of ₹ 1.28 crore accrued as interest had been utilized for the project itself.

vi. In **Meghalaya,** ₹ 0.78 crore had been utilized by SLNA (MODA) for payment of salary of staff and other expenses.

The above instances of utilization of interest show that there was no uniformity in utilization of the interest portion.

Recommendation No. 7:

The fund flow arrangements i.e. from the Centre to the implementing agencies via the SLNA/ States/UTs may be rationalised in their timing and quantum as per ground level status of projects to ensure minimum unspent/excess amount outside government accounts.

8.8 Non refund of ACA in respect of abandoned/withdrawn projects

Audit came across cases in which projects were abandoned or withdrawn and the ACA released to the State Governments / ULBs/ Implementing Agencies remained unutilized and was not refunded to the GoI.

8.8.1 Non refund of ACA released in respect of projects abandoned – ₹ 44.79 crore

In Uttar Pradesh, project of Roads and Flyover in Rampur was sanctioned (September 2006) at ₹ 89.58 crore. An amount of ₹ 44.79 crore was released by the Government (February 2007). The SLNA released (April 2008) only ₹ 8.45 crore to Nagar Palika Parishad, Rampur (NPP). Subsequently, NHAI adopted the project and thereof the project was abandoned by State Level Sanctioning Committee in June 2010. NPP refunded (December 2010) ₹ 9.24 crore with interest to SLNA. However, SLNA did not surrender the ACA and kept in its own account (May 2011).

During exit conference with the State Government in November 2011, it was stated that GoI has been requested to permit utilization of funds for other projects under JNNURM in the State.

However the fact remains that due to improper planning the total amount of ₹ 44.79 crore was blocked for more than four years and ₹ 1.34 crore on preparation of DPR became infructuous.

MoUD intimated (May 2012) that MoF in September 2011 had decided to charge interest at the rate of 9 per cent per annum, on unutilized ACA from the date of release of ACA till the date of its final adjustment / recovery from the State concerned.

However, in its reply MoUD did not intimate about the amount thus recovered in the instant case.

MoUD during exit conference (June 2012) intimated that Ministry of Finance allowed unutilized amount of ACA of Rampur Road project for utilizing in Bareilly Water Supply project. The matter regarding recovery of interest component was pending with Ministry of Finance.

8.8.2 Non refund of ACA released in respect of projects withdrawn --₹ 309.29 crore

As stated earlier, 766 projects amounting to ₹ 12933.05 crore had been approved till 2010-11 under UIDSSMT. Out of these, there were 42 projects for which 1st installment had been released between September 2006 and March 2009. Out of these 42 projects there were six projects, for which the 1st Installment was released in 2006 and 2007. These projects, however, remained non-starters till March 2011. MoUD (April 2011) conveyed its decision of withdrawing these non-starter projects to MoF and SLNAs concerned. It further requested MoF to recover the 1st installment of ACA under UIDSSMT released for these projects i.e. ₹ 305.53 crore.

During the audit, it was ascertained that in the case of Daman and Diu, which also had non-starter project, ACA of ₹ 0.31 crore, released on 13 February 2009, as first installment, had been withdrawn on 5 April 2011. GoI should thus review all such cases of withdrawn projects to ensure refund of ₹ 309.29 crore (including ₹ 3.76 crore of DPRs) alongwith interest. GoI should also review other non-starter projects to take a timely decision.

Thus, it is felt that the decision to withdraw non-starter projects was a little too late. Also, MoUD had not requested for refund of ₹ 3.76 crore released for DPRs etc. and interest on the ACA was retained by the States.

The guidelines should have clearly included a clause stipulating return of ACA in the event that projects do not start within a reasonable period based on the project duration. Audit found that the sanction order did not contain any such stipulation for non / late starter projects.

MoUD in its reply (May 2012) did not furnish details of refund / adjustment of principal amount / interest thereon etc.

8.9 Non adherence of the guidelines for release of central assistance

As per guidelines for IHSDP projects, the State share has to be deposited in a separate account to become eligible for the Central grant. Fifty per cent of the ACA was to be released to the State nodal agency after verification of the State share and on signing the tripartite Memorandum of Agreement. The Second installment of ACA was to be released based on the progress.

The scrutiny of the appraisal notes, minutes of meeting and recommendation and release files of MoHUPA for test checked 29 projects revealed that the above conditions for release of ACA was not verified in any of the projects sanctioned. The certificate regarding depositing of State share in separate account was not found recorded anywhere in the above records produced for audit scrutiny. On being pointed out by audit, MoHUPA called for information from the States and intimated to Audit that the States have confirmed about fulfillment of the condition. However, the fact remains that the conditions were not verified prior to release of first installment.

8.10 Rush of expenditure at Central Level

In terms of Rule 56(3) of the General Financial Rules, rush of expenditure is regarded as a breach of financial propriety and should be avoided. The expenditure may be restricted to 15 per cent during the month of March and 33 percent during the last quarter of financial year. Analysis of the sanction orders issued by the Ministry of Finance (MoF) and Ministry of Home Affairs during 2005-06 to 2010-11 for release of funds to various States/ Union territories under JNNURM revealed that the above provisions were not adhered to in the year 2005-11 and huge quantum of funds were released during the last quarter of financial year, especially during the month of March of the relevant year as detailed below:

Table No. 8.3: Statement showing the Rush of Expenditure in release of funds at Central Level

(₹ In crore)

Year	Total ACA released	Release made in last quarter	Percentage	Release made in the month of March	Percentage
UIG (MoUD)					
2005-06	90.11	90.11	100.00	90.11	100.00
2006-07	1262.96	561.41	44.45	232.16	18.38
2007-08	2529.84	1357.58	53.66	758.74	29.99
2008-09	4544.47	1749.13	38.49	446.05	9.82
2009-10	3977.88	1050.90	26.42	734.82	18.47
2010-11	1930.93	1201.13	62.20	849.13	43.98
Total	**14336.19**	**6010.26**	**41.92**	**3111.01**	**21.70**
UIDSSMT (MoUD)					
2005-06	87.47	87.47	100.00	87.47	100.00
2006-07	1248.97	921.43	73.78	657.17	52.62
2007-08	1204.00	627.58	52.12	532.20	44.20
2008-09	3280.26	2621.27	79.91	1524.97	46.49
2009-10	298.82	249.76	83.58	213.28	71.37
2010-11	1223.44	232.67	19.02	216.26	17.68
Total	**7342.96**	**4740.18**	**64.55**	**3231.35**	**44.00**
BSUP (MoHUPA)					
2005-06	72.14	72.14	100.00	72.14	100.00
2006-07	901.78	560.92	62.20	429.22	47.60
2007-08	1192.80	844.81	70.83	434.41	36.42
2008-09	1582.92	1148.83	72.58	927.20	58.58
2009-10	1338.37	790.69	59.08	414.31	30.96
2010-11	1925.40	872.40	45.32	699.03	36.31
Total	**7013.41**	**4289.88**	**61.16**	**2976.31**	**42.43**
IHSDP (MoHUPA)					
2005-06	0	0	0	0	0
2006-07	492.62	470.04	95.42	328.20	66.62
2007-08	792.24	401.27	50.65	156.47	19.75
2008-09	1296.20	887.84	68.50	809.41	62.44
2009-10	780.72	333.21	42.68	160.66	20.58
2010-11	880.25	581.33	66.04	432.96	49.19
Total	**4242.03**	**2673.69**	**63.02**	**1887.70**	**44.50**

As funds were being released by the MoF/MHA at the fag end of the year, the State/UT Governments were, consequently, releasing the funds to the implementing agencies very late.

MoUD in its reply stated (May 2012) that during 2005-06 allocation of ₹ 90 crore was provided in the last quarter on the launch of JNNURM in December 2005. During 2006-07, 2007-08 and 2008-09 also additional allocation of ₹ 300 crore, ₹ 500 crore and ₹ 2400 crore respectively provided in the

last quarter of the financial year leading to higher utilization of funds in the last quarter. MoUD further stated that due to slow progress of reforms, the releases were withheld and on approval of relaxation on achievements, most of the funds were released during last quarter in March 2011.

MoHUPA replied (April 2012) that JNNURM was being run in a mission mode and as such the scheme of things permit release of part of ACA upfront on sanction of projects and subsequent installments on utilization of previous releases and progress of reforms. MoHUPA also stated that the funds were being released as and when the new projects were sanctioned or on receipt of UCs from the States irrespective of the fact that these were received in the month of March or May of a particular financial year. It further stated that the releases were demand driven while sticking to overall seven year allocation for a State.

The reply is not acceptable in Audit as instead of demanding and releasing funds at the fag end of financial year, it should have been a continuous process during the whole year. The reply also brings out that the projects were also being sanctioned at the end of the financial year causing release of first installment in the last quarter or in the month of March.

8.11 Utilization Certificates

In terms of rule 212(1) of GFR 2005 a certificate of actual utilization of grants released by the Ministry for the purpose for which it was sanctioned is required to be submitted by the Grantee Institution/Organization within 12 months of the closure of the financial year. Further in respect of recurring grants, Ministry or Department concerned should release any amount sanctioned for the subsequent financial year only after utilization certificate (UC) on provisional basis in respect of grants of the preceding financial year is submitted. As per guidelines of JNNURM the procedure for sending UC's was to be observed as per GFR.

8.11.1 Ministry of Urban Development – UIG – ₹ 2436.78 crore

1167 numbers of UCs amounting to ₹ 11,967.93 crore in respect of UIG were due up to May 2012. Against the 1167 UCs only 952 UCs amounting to ₹ 9,531.15 crore were received in the Ministry. Thus 215 numbers of UCs amounting to ₹ 2,436.78 crore were pending as of May 2012. It was also seen that 78 numbers of UCs amounting to ₹ 1,194.87 crore were related to first installment released to the states/UTs.

Details of total UCs due, received and outstanding in respect of UIG is shown below

Table No. 8.4: Details of UCs due, received and outstanding

(₹ in crore)

installment	Number of UCs due	Amount of UCs	Number of UCs received	Amount of UCs received	Number of UCs outstanding	Amount of UCs outstanding
First installment	518	5836.30	440	4641.43	78	1194.87
Second installment	316	3315.59	309	3124.86	7	190.73
Third installment	222	2143.21	203	1764.86	19	378.35
Fourth installment	111	672.83	-	-	111	672.83
Total	**1167**	**11967.93**	**952**	**9531.15**	**215**	**2436.78**

8.11.2 Ministry of Urban Development – UIDSSMT – ₹ 2036.66 crore

Audit scrutiny revealed that only 60 per cent of the UCs due had been received by 31 March 2011, in respect of UIDSSMT. Status of UCs is given below:

Funds released upto 2010-11	:	₹ 7,342.96 crore
Number of UCs due	:	747
Amount of UCs due	:	₹ 5,088.36 crore
Number of UCs received	:	476
Amount of UCs received	:	₹ 3,051.70 crore
Number of UCs outstanding	:	271
Amount of UCs outstanding	:	₹ 2,036.66 crore

State-wise details of funds released, UCs due, UCs received in MoUD and UCs outstanding is given in the **Annexure 8.5**. No UCs had been received in respect of Meghalaya, Uttarakhand, and Dadra & Nagar Haveli, though UCs amounting to ₹ 6.45 crore, ₹ 24.69 crore, and ₹ 0.26 crore respectively were pending from these three States. There were nine other States (Assam, Bihar, Himachal Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Odisha, Punjab and Rajasthan) in respect of which percentage of UCs received was less than 50 per cent (ranging from 4.92 per cent to 46.32 per cent).

Audit scrutiny, in respect of 35 projects selected for detailed examination, revealed that no UC had been received in respect of 17 projects though there was expenditure in respect of five projects in five States, as shown below (status upto 31 March 2011):

Table No. 8.5: UCs not received despite expenditure in five projects in five States

(₹ in crore)

Name of Town	Name of State	Amount released	Expenditure
Rohtak	Haryana	8.25	4.87
Alappuzha	Kerala	38.14	7.19
Patiala	Punjab	36.54	22.11
Ghaziabad	Uttar Pradesh	37.70	18.70
Mussoorie	Uttarakhand	24.69	2.76

MoUD replied (May 2012) that States / UTs had been requested for furnishing the requisite UCs and various advisories had also been issued.

However, the fact remained that the status of furnishing of UCs was very poor as brought out by Audit.

8.11.3 Ministry of Housing and Urban Poverty Alleviation– BSUP – ₹ 3054.05 crore

As on 31 March 2011, UCs for an amount of ₹ 6981.09 crore was due. Against which UCs for ₹ 3927.04 crore was received in the Ministry. Thus UCs amounting to ₹ 3054.05 crore were still outstanding. The details are given in the **Annexure 8.6**.

8.11.4 Ministry of Housing and Urban Poverty Alleviation– IHSDP – ₹ 2504.64 crore

As on 31 March 2011, UCs for an amount of ₹ 4241.74 crore was due. As against which UCs for ₹ 1737.08 crore was received in the MoHUPA. Thus, UCs amounting to ₹ 2504.64 crore were still outstanding. The details are given in the **Annexure 8.7**.

8.11.5 Ministry of Housing and Urban Poverty Alleviation - capacity building ₹ 2.34 crore

It was also observed that UCs of ₹ 2.34 crore of the amount released as grants in aid for capacity building to various States during the year 2006-07 and 2008-09 by MoHUPA were pending as on 1 October 2011.

Recommendation No. 8:

The provisions of timely submission of utilization certificates may be reiterated and GoI should advise States /UTs for strict compliance of the same.

Chapter 9 Monitoring and Evaluation

9.1 Monitoring at the Central Level

As per the scheme guidelines, the MoUD and MoHUPA were to periodically monitor their respective components through designated officers of the Ministry for each State/UT.

In the MoUD, there was a mission directorate set up exclusively for JNNURM. The directorate had three directors as on October 2010, who were responsible for all the States/UTs where JNNURM was being implemented. In respect of their assigned States/UTs, the directors were assigned, inter-alia, examination of CDPs, scrutiny of DPRs for consideration of CSMC, examining the reports of the appraisal agencies, review of reforms, monitoring the implementation of projects etc.

9.1.1 Inadequate monitoring by the Ministries due to paucity of staff

At the time of setting up the JNNURM directorate, no additional staff was created (as the staffing pattern was not worked out) and the staff in the directorate had been posted by way of internal adjustment in the Ministry. The Ministry felt that the augmentation of the staff had not kept pace with the increase of workload of the directorate. It was also observed from the records of the MoUD that they had put up proposals in 2008 to the Administration Wing of the MoUD and few staff were posted thereafter. It may be noted that the proposal for additional staff was made in 2008, while the scheme was launched in 2005.

Thus the Ministry was not equipped to oversee and monitor a project of this nature and it is surprising that the Mission Directorate was not strengthened earlier at the initial stage of the Mission. Only as recently as April 2011, 18 posts on temporary basis upto March 2012 had been created which included two Directors / Deputy Secretary.

In MoHUPA, against the proposal for creation of one post of Mission Director, two posts of Director / Deputy Secretary (DS), one post of Deputy Director (DD) and two posts of Under Secretaries (US), one post of each was created. Till August 2007, one DS / Director had been holding the additional charge of JNNURM in addition to other work in the MoHUPA. For implementation of IHSDP, it was decided that the existing officers and staff dealing with the National Slum Development Programme (NSDP) and Valmiki Ambedkar Awas Yojana (VAMBAY) would be utilized, as these two schemes were subsumed in IHSDP. However, NSDP staff was not deployed and four staff members from VAMBAY one each in the grade of Section Officer, Assistant, LDC and Peon were deputed.

Audit feels that the Ministry might have anticipated its role well in advance to handle a scheme of such a magnitude and spread across the country. This could have ensured effective monitoring and completion of the projects.

MoUD in their reply (May 2012) noted the observation made.

9.1.2 Delays in furnishing quarterly progress reports by States

The scheme envisaged that the SLNAs would send Quarterly Progress Reports (QPRs) to MoUD and MoHUPA.

QPRs were intended as an input at the time of the subsequent release for projects. Audit observed that there were delays in receipt of the QPRs In some cases QPRs were not received at all also.

MoUD replied (April 2012) that QPRs were received regularly from most of the States, however, some states were irregular in sending the QPRs due to lack of staff and staff capacity and that continuous follow up was conducted by the Ministry.

9.1.3 Completion reports of projects not sought timely

For monitoring progress of projects sanctioned, it was stipulated that upon completion of the project, nodal agency through the State Government would submit completion report in this regard. However, during audit scrutiny, it was gathered that the same was not being sent to the Ministry. As per Ministry's record 105 projects under UIG had been completed upto March 2011 whereas status of completion from three states /UT (Delhi, Maharashtra and Madhya Pradesh) for only 10 projects were received in the Ministry (May 2010). It was also observed that MoUD did not take up the matter of wanting completion report with the states and only on 1 November 2011, States have been reminded (those states and for those projects for which all four installments had been released) to send Financial Closure Certificate / Completion Certificate or the current status of the project as the case may be. As such MoUD did not use scrutiny of 'Completion Report' as a tool for monitoring.

MoUD replied (May 2012) that a formal completion certificate is usually issued after successful trial run of the project and only a few of the completed projects had successful trial runs.

The reply is not acceptable in audit as MoUD should have pursued with states for necessary trial runs and prompt furnishing of completion reports.

9.1.4 Non achievement of the objective of constitution of Technical Advisory Group

At the national level, an Advisory Group headed by a Technical Advisor drawn from civil society with proven experience in mobilizing collective action for reforms in urban governance, was to be constituted. The Technical Advisory Group (TAG) for UIG was constituted on 27 February 2006 and it was stipulated that 'National Technical Advisor (NTA)'who was Chairperson of TAG, would be a special invitee to CSMC.

TAG was required to meet at least once in a month i.e. 12 meetings in a year. However, against 60 meetings required to be held during March 2006 to March 2011, only 37 meetings were held by TAG.

TAG was required to help the Mission to create City Voluntary Technical Corps (CVTC), to take peoples' participation forward, in each Mission City. However, out of 65 mission cities, CVTC have come up only in 14 mission cities, as of August 2011.

The NTA constituted by MoUD was to be a special invitee to CSMC meetings of MoHUPA. However, the MoHUPA intimated (July 2011) that NTA had not been invited in the CSMC /CSC meetings of BSUP and IHSDP.

The Ministry may review the functioning of the TAG to see the extent to which it fulfilled the objectives and also assess whether the expenditure incurred on them is commensurate with their contribution to the JNNURM scheme.

MoUD replied (April 2012) that TAG met as often as was possible and TAG participated in CSMC meeting as per their availability. It stated that TAG made major efforts to promote the CVTC

formation. Reply is not acceptable in audit in view of the fact that CVTC came up in only 14 mission cities.

9.2 Monitoring at the state level

9.2.1 Independent Review and Monitoring Agency and Third Party Inspection and Monitoring Agency

To review and monitoring process in the Mission cities and to keep track of the physical and financial progress of the projects throughout the project development life cycle (pre-construction, construction, commissioning and trial run and post construction), MoUD evolved a State level mechanism for third party monitoring and review of the project sanctioned under the JNNURM Sub Mission-I (UIG) by an Independent Review and Monitoring Agencies (IRMA) to be appointed by SLNA. Similarly, MoHUPA had also evolved such mechanism to appoint Third Party Inspection and Monitoring Agencies (TPIMA) for review and monitoring in respect of BSUP and IHSDP projects. It was necessary that each project is covered by an IRMA/TPIMA and ground level feedback is provided over the entire project development life cycle to all concerned stakeholders at the City, State and Central level.

During audit in MoUD it was ascertained that only 27 States / UTs had appointed IRMA for third party monitoring of the projects under UIG and UIDSSMT. It was not appointed in Bihar, Dadra and Nagar Haveli, Daman and Diu, Delhi, Himachal Pradesh, Nagaland. There was no project approved under UIG and UIDSSMT in Andaman Nicobar Islands and Lakshadweep. MoUD checked only compliance of guidelines regarding 'appointment of IRMA' at the time of appraising the proposal for the selection of IRMA and did not ensure compliance of other guidelines like cross-verification with information provided by SLNA/DEA to identify issues/constraints in project implementation and thereby enabling corrective action by periodical review of the reports.

Out of 94 projects selected for detailed scrutiny, MoUD could provide two IRMA reports in respect of Ajmer-Pushkar and one report in respect of Indore project. The services of the IRMA are required to be rendered over the entire life cycle of the project development. The IRMA's work starts from the date of project sanctioned by JNNURM. However, audit scrutiny revealed that though project had been sanctioned long time back, the IRMA was approved for appointment with delay upto four years. The instances where the delay was 3 years or more from the date of sanction of first project in the State are detailed below:

Table No. 9.1: Delay in appointment of IRMA

S. No.	Name of the State	Name of the Project	Date of approval of the first project by CSMC	Date of approval for appointment of IRMA	Time gap between 'approval of the first project' and 'approval of IRMA'
1.	Assam	Solid Waste Management Projects for Guwahati	22.01.2007	29.09.2010	3 years 8 months
2.	Chandigarh	Conservation of drinking water by harvesting of the tertiary treated sewage for irrigation of green spaces in Chandigarh	25.08.2006	30.10.2009	3 years 2 months

3.	Chhattisgarh	Augmentation of Water Supply Scheme including extended area of RMC	08.09.2006	30.10.2009	3 years 1 month
4.	Haryana	Revamping of Sewerage System and Sewerage Treatment works in Faridabad	22.01.2007	17.02.2011	4 years
5.	Punjab	Water Supply, Sewerage and Sewage treatment for Amritsar	19.09.2006	30.10.2009	3 years 1 month

Source: Information furnished by MoUD

The mechanism of IRMA, to be utilized for better project quality; time and cost control; value for money procurement; improved budgeting planning and funds flow in the project; and measurement of project outputs and impact; was not used by MoUD in an effective manner.

TPIMA had been appointed by 21 States/UTs as of January 2012, and the same had not been appointed in Arunachal Pradesh, Bihar, Dadra & Nagar Haveli, Daman & Diu, Jharkhand, Meghalaya, Punjab and Sikkim. It was observed that eight out of 58 BSUP projects and three out of 30 test checked IHSDP projects in MoHUPA had not been covered by State appointed TPIMA. There was a delay of more than three years in appointment of TPIMA from the date of approval of TPIMA e.g. the project – "Housing for Urban Poor at Bawana, Narela and Bhorgarh, in Delhi. The project was approved on 13 June 2007 whereas TPIMA was appointed on 31 January 2011.

In addition two agencies had been appointed as Central TPIMA to inspect 126 projects on sample basis from various States /UTs. Subsequently Central TPIMA had been extended to cover 4 North-Eastern States namely Arunachal Pradesh, Tripura, Meghalaya and Sikkim. Central TPIMA also covered the UT of Chandigarh completely. Jharkhand, Goa, Andaman & Nicobar Island, Dadra & Nagar Haveli and Daman & Diu were still uncovered by any TPIMA. MoHUPA in its reply (January 2012) stated that it had been pursuing with States to appoint TPIMA for all projects.

Scrutiny further revealed that out of 58 test-checked BSUP projects and 30 IHSDP projects TPIMA reports had not been received in respect of 29 projects and 19 projects respectively.

MoUD replied (April 2012) that the agencies were to be appointed by the State Government for third party monitoring. It stated that there were various reasons for delay in appointment such as non responding by the agencies to the advertisements by the states and proposals submitted by the states for approval in MoUD not being in order.

Regarding Delhi, MoUD replied (May 2012) that the proposal of GNCTD, in January 2010, suggesting separate agency as IRMA for projects of separate agencies was not agreed to by MoUD. However, subsequently MoUD agreed to appoint separate IRMA for each project. Even then in MoUD, the proposals received from GNCTD were not found in conformity with the guidelines.

During field audit in the States / UTs, it was observed that in some cases, IRMA and TPIMA were formed with delay. In some cases, the IRMA and TPIMA concerned did not carry out adequate site visits and submit their reports. Further, there were also cases, where their recommendations were not acted upon.

These cases are as follows:

i. In **Andhra Pradesh** TPIMAs/ IRMAs for monitoring the implementation of some of the test-checked projects were appointed in August 2009 and August 2008 respectively

much after the projects were sanctioned (March 2006 and February 2007). Consequently, their role could not cover the pre-construction stages of the projects concerned.

ii. In **Arunachal Pradesh,** IRMA was appointed as late as in October 2009, from the list of agencies shortlisted by MoUD, whereas the project relating to water supply was sanctioned as early as in 2006-07. As such IRMA did not remain involved during pre construction stage for review of DPR documents, detailed design drawing, design and construction specification, tender document etc. IRMA team visited some project sites in April 2011. It was also not clear whether IRMA had inspected the other projects as the concerned PEA/SLNA had not produced relevant records.

iii. In **Bihar,** order regarding constitution of IRMA was issued on 6 June 2011 but no report was available with Department.

iv. In **Chandigarh** IRMA conducted review of "Conservation of drinking water by harvesting of the tertiary treated sewage for irrigation of green spaces" and submitted review report during December, 2011. The IRMA evaluated DPR documents, detailed design drawings, design and construction specifications, tender documents etc. but did not review physical/financial progress, performance of quality assurance system, commercial performance and compliance with statutory requirements as no periodic reports were submitted by IRMA. Further, review and monitoring of another project "Up- gradation of water supply infrastructure for proper monitoring and automation with remote computerized surveillance system" was not conducted by IRMA. Thus, the ULBs/SLNA and Mission Directorate could not be benefited by inputs from IRMA. TPIMA was appointed during February 2010 to monitor BSUP and IHSDP projects.

v. In **Haryana,** it was noticed that IRMA/TPIMA was appointed as late as in June 2009 in respect of UIG, UDDISMT and BSUP projects. Similarly, to monitor the IHSDP projects the TPIMA was appointed in October 2010 whereas the projects under IHSDP, UIDSSMT, BSUP and UIG components were sanctioned by CSMC between August 2006 and January 2009.

vi. In **Himachal Pradesh,** it was noticed that appointment of IRMA was not done upto June 2011. However, TPIMA was appointed as late as in March 2011. Reasons for non appointment/delay in appointment of third party monitoring agencies were not furnished to audit by SLNA.

vii. In **Jammu and Kashmir,** IRMA had been appointed for monitoring of projects under UIG and UIDSSMT in February 2011. TPIMA had not been established as of September 2011.

viii. In **Jharkhand,** the CSMC in its 78th meeting (October 2009) approved the appointment of National Consultancy for Planning and Engineering (NCPE), Hyderabad as IRMA. However, the agreement between GRDA and NCPE was executed on 20 May 2011. Thus, IRMA finally came into existence in Jharkhand after a lapse of 19 months of its approval

by the CSMC due to delay in approval of the Contract agreement by the State Government.

Representative of NCPE, Hyderabad conducted visits to GRDA and ULBs in July 2011 for obtaining the approved DPRs, technical sanction, tender documents, project agreements, and letters of funds released etc., for a Desk review.

However, as reported by the Director, NCPE (July 2011), requisite cooperation was not extended during the visit and the above documents were not made available.

ix. In **Manipur,** reports of IRMA and TPIMA were forwarded to the ministries by the State Government in March 2011 though project under UIG and IHSDP had been approved in May 2007 and March 2008.

x. In **Meghalaya,** for BSUP, WAPCOS and HUDCO have been instituted as TPIMA, inspection have been undertaken by WAPCOS in October, 2010 and by HUDCO in January, 2011. Their reports are awaited. For UIG, Tetra Tech was appointed by GoI on 23 November 2009 with a delay of 17 months from the date of sanction of first project in June 2008.

xi. In **Nagaland** the department appointed M/s Tetra Tech as IRMA for monitoring and evaluation for UIG during 2010-11. However, the IRMA did not visit any of the site and did not prepare/ submit any reports till September 2011. Water and Power Consultancy Services (India) Limited (WAPCOS) was appointed as TPIMA in January 2010 for BSUP and IHSDP projects. TPIMA made four visits to the state to review the projects. However, only two reports (second and third report) were available with the department. It was stated that report for the first and fourth visits were not submitted to the department.

9.2.2 Programme Management Units and Project Implementation Units

The scheme envisaged creation of Programme Management Unit (PMU) to assist the SLNAs in discharging their roles and responsibilities of appraisal of projects, monitoring physical and financial progress of projects, monitoring implementation of reforms, to enhance capacity of SLNA by extending technical and advisory support etc.

Similarly Project Implementation Units (PIUs) were to be created as operational units to supplement and enhance the skill mix of the ULBs. The PMUs and PIUs were intended to strengthen the capacity of the SLNA and the ULBs. However, we observed that in certain states these specialized units had not even been set up. Even in the States/UTs where they were established, their role remained limited.

9.2.3 Programme Monitoring and Evaluation System (PMES)

The Mission Directorate, MoUD implemented a web enabled Programme Monitoring and Evaluation System (PMES) for JNNURM. The PMES was stated to be designed to capture the physical and financial progress aspects of JNNURM projects, both as reported by the PEA and the IRMA. PMES consisted of different modules such as CDP, DPR, appraisal etc. and these modules were stated to be interlinked. By the time PMES was made operational in 2008, more than 300 projects had already

been approved under JNNURM (UIG). The audit in selected States /UTs indicated that the States/UTs hardly used the PMES.

MoUD in its reply (April 2012) confirmed the audit observations and intimated that PMES had been closed with effect from 31 March 2012. MoUD replied that the deficiencies in PMES will be taken care of in Project Monitoring and Information System (PMIS).

9.2.4 Monitoring by State Level Steering Committee (UIG & BSUP)/State Level Co-ordination Committee (IHSDP)/ State Level Sanctioning Committee (UIDSSMT)

The primary role of the State Level Steering Committee (SLSC) for UIG and BSUP was to decide and prioritize the projects under JNNURM. It also had a role in monitoring the implementation of the projects and review the progress of urban reforms in the States/UTs. As per UIDSSMT guidelines, the State Level Sanctioning Committee shall meet as often as required but at least thrice in a year without fail and review the progress of ongoing projects and sanction new projects. As per IHSDP guidelines, the State Level Coordination Committee (SLCC) shall meet as often as required but at least once in a quarter to review the progress of ongoing projects and for sanction of new projects.

During the audit of selected States/UTs, it was observed that sufficient number of meetings of the State Level Sanctioning Committee /SLCC were not organised for monitoring the implementation of the projects and review the progress of urban reforms in the States. In Haryana, only four meetings of State Level Sanctioning Committee and one meeting of State Level Steering Committee were held during 2007-11. No system of state level monitoring of the projects existed in Delhi. In Delhi, it was seen that there was no mechanism to monitor the reforms at State/ULB level. Only two meetings of SLSC were held in respect of UIG & BSUP during 2007-11 in Madhya Pradesh. No meeting of SLSC was conducted in Puducherry after 2009-10. Discussions were held, in Assam, on appraisal of progress of the project works but action taken/suggested for speeding up the project works were not found on record or documented. Similarly in Daman and Diu though various meetings at the State Level were conducted under the chairmanship of UT Administrator during the period from 2008-09 to 2010-11, the project is yet to take off.

MoUD replied (May 2012) that it is the responsibility of the State Government to hold SLSC meetings and they had been continuously advised to hold meeting for review and monitoring of implementation of projects as well as urban sector reforms.

Recommendation No. 9:

Government may identify the deficiencies in the monitoring of the scheme both at GoI level as well at the State/UT level and address the same during the next two years.

Chapter 10 Conclusion and recommendation

10.1 Conclusion

- JNNURM was launched in December 2005 with the objective of reforms driven, fast track development of cities across the country, with focus on efficiency in urban infrastructure, service delivery mechanism, community participation and accountability of ULBs / Parastatal agencies towards citizens. It envisaged total investment of more than ₹ 1,00,000 crore, of which Central Government's share was to be ₹ 50,000 crore to address deficiencies in urban infrastructure and service delivery. The mission period was for seven years (2005-2012). MoUD was the nodal ministry for UIG and UIDSSMT and MoHUPA was the nodal ministry for BSUP and IHSDP.

- We observed that a total of 1517 and 1298 housing and urban infrastructure projects respectively were approved for implementation between 2005 and 2011. However as on 31 March 2011, in respect of housing projects, only 22 out of the 1517 approved projects were completed. The status of dwelling units within these housing projects was only marginally better but remained low as only 26 per cent of approved dwelling units had been completed. In respect of urban infrastructure projects, we observed that out of 1298 projects approved, only 231 projects (18 per cent) were completed.

- Other than execution of housing and urban infrastructure projects, it was also intended to strengthen the ULBs in terms of their structure, composition, financial resources, functions and powers. The scheme required each State Government, ULB and the Central Government to enter into a Memorandum of Agreement (MoA) whereby they would indicate their commitment to implement the mandatory and optional reforms, in alignment with the 74th Constitutional Amendment towards increased transparency and better governance. However, in the selected States/UTs, we observed that all the mandatory and optional reforms were not implemented as per the commitments made in the MoA. Thus, the objective of bringing about reforms in institutional, financial and structural governance structure of the ULBs to make them efficient, accountable and transparent could not be achieved as had been envisaged.

- The audit findings of the implementation of the scheme in the execution of 216 selected projects for the period from 2005-06 to 2010-11 indicated various deficiencies. It was observed that only 11 out of 216 selected projects had been completed. The majority of projects were incomplete. This included deficient preparation and appraisal of detailed projects, non-availability of land, escalation in costs, change in design and scope etc. In the housing projects, many dwelling units remained incomplete primarily for want of land. The beneficiaries had not been identified in few cases, and there were deficiencies in the process of selection of beneficiaries leading to risks of ineligible beneficiaries getting the benefits of JNNURM. In those dwelling units which had been completed, we found instances where these had still not been occupied. In respect of the water supply, sewerage, storm water drainage and roads and flyovers, the projects were getting delayed because of non availability of land and requirement of clearances. There were deficiencies in awarding of work. A few cases of unauthorized and irregular expenditure and even instances of undue favour to contractors also came to light. Due to the delays in implementation of the projects, there were many cases of blockade of funds due to purchase of machinery/equipment which was not put to use. The reasons for the blockade indicated that the executing agencies had not planned the projects properly.

- The framework in the States envisaged setting up of SLNA and specialized bodies such as program management units (PMU) and project implementation units (PIU). We observed that SLNAs were appointed after considerable delay and continued to be short of staff. The PMUs and PIUs were intended to strengthen the capacity of the SLNA and the ULBs. However, we observed that in certain states these specialized units had not even been set up. Even in the States/UTs where they were established, their role remained limited.
- The Central Government was to make its allocation as had been envisaged by the Planning Commission. However, we found that against total allocation of ₹ 66084.66 crore made by Planning Commission, GoI made an allocation for ₹ 37070.15 crore out of which ₹ 32,934.59 crore were released upto 31 March 2011. There were delays in releasing these funds to the states and the guidelines did not contain any directions to stipulate the time in which such releases should be made. The flow of funds also showed that there was a rush of expenditure in the last quarter and particularly in the month of March. The scheme had envisaged the ULBs/parastatal should share the expenditure in execution of projects. However, in most States/UTs, it was observed that the ULB share was either not released or was less than the stipulated amount.
- It was also felt that the JNNURM guidelines had been deficient as they did not give adequate advisory to states regarding the parking of funds and the utilization of interest thereof. There was no uniformity in utilizing interest earned on parked funds amongst the States/UTs and the revolving fund had also not been created in almost all the States. UCs amounting to ₹ 10,032.13 crore were pending with MoHUPA and MoUD.
- Regarding the monitoring and evaluation by the ministries, we observed that the ministries had not equipped themselves in terms of staff or technology to oversee and monitor a project of this magnitude. Their attempts to get more staff were late to say the least. On the use of technology, though the MoUD had envisaged a web enabled program for monitoring and evaluation which would have captured the physical and financial progress of JNNURM projects in reality, we found that the system did not succeed. We observed that the Third Party Inspection and Monitoring mechanism as envisaged in the scheme was not properly implemented in many of the states.

Recommendations

- Government of India may consider giving suitable incentives to those States which are implementing the reforms as envisaged in JNNURM guidelines and MoA. Besides, capacity building in terms of finance and human resources may be enhanced so that the States may achieve the pending reforms within the extended period i.e. upto 31 March 2014.
- Efforts may be made to give wide publicity to such schemes through local newspaper and local cable network so that eligible beneficiaries get included in these housing projects.
- Government of India may review the status of all housing projects and step up the efforts to make allotment to eligible beneficiaries. GoI may also consider giving incentives to those States which has put assets created to use at the earliest.
- Government of India may strengthen the monitoring of the execution of projects so that there are no diversions to ineligible beneficiaries / schemes.
- Government of India may monitor the delays and their causes more closely and due importance should be given to timely completion of projects.

- Ministry of Urban Development and Ministry of Housing and Urban Poverty Alleviation should introduce a zero tolerance policy at all levels in respect of irregular expenditure and diversion of funds by way of greater financial discipline.
- The fund flow arrangements i.e. from the Centre to the implementing agencies via the SLNA/ States/UTs may be rationalised in their timing and quantum as per ground level status of projects to ensure minimum unspent/excess amount outside government accounts.
- The provisions of timely submission of utilization certificates may be reiterated and GoI should advise States /UTs for strict compliance of the same.
- Government of India may identify the deficiencies in the monitoring of the scheme both at GoI level as well at the State/UT level and address the same during the next two years.

(A.M. BAJAJ)
Principal Director of Audit
Economic & Service Ministries

New Delhi
Dated: 3 September, 2012

Countersigned

(VINOD RAI)
Comptroller and Auditor General of India

New Delhi
Dated: 4 September, 2012

ANNEXURE

Annexure 6.1

Reference – Para 6.1

State wise and City wise number of projects approved and position of DUs (Sanctioned/In Progress/ Completed) under BSUP as on 31 March 2011

S. No	State	City	Number of projects apporved	Total DUs sanctioned	DUs completed
1.	Andhra Pradesh	Hyderabad	17	78746	48873
2.	Andhra Pradesh	Vijayawada	8	31525	10976
3.	Andhra Pradesh	Visakhapatnam	12	24423	21315
4.	Arunachal Pradesh	Itanagar	2	852	60
5.	Assam	Guwahati	2	2260	352
6.	Bihar	Bodh Gaya	1	2000	0
7.	Bihar	Patna	17	20372	0
8.	Chandigarh (UT)	Chandigarh	2	25728	2112
9.	Chhattisgarh	Raipur	6	30000	0
10.	Delhi (NCT)	NCT of Delhi	20	83380	13528
11.	Goa	Panaji	1	155	0
12.	Gujarat	Ahmedabad	3	32640	26022
13.	Gujarat	Rajkot	3	8664	4976
14.	Gujarat	Surat	12	46856	17280
15.	Gujarat	Vadodara	3	18428	7088
16.	Haryana	Faridabad	2	3248	2196
17.	Himachal Pradesh	Shimla	2	636	0
18.	Jammu	Jammu	3	1455	0
19.	Jammu	Srinagar	2	5222	0
20.	Jharkhand	Dhanbad	5	3620	0
21.	Jharkhand	Jamshedpur	3	3676	0

22.	Jharkhand	Ranchi	6	8928	0
23.	Karnataka	Bangalore	14	19984	5794
24.	Karnataka	Mysore	4	8134	3082
25.	Kerala	Kochi	3	10390	4296
26.	Kerala	Thiruvanantha puram	4	13187	4542
27.	Madhya Pradesh	Bhopal	14	23609	4104
28.	Madhya Pradesh	Indore	3	8017	816
29.	Madhya Pradesh	Jabalpur	4	8500	0
30.	Madhya Pradesh	Ujjain	1	1320	0
31.	Maharashtra	Nagpur	10	16186	56
32.	Maharashtra	Nanded	10	26307	4478
33.	Maharashtra	Nashik	8	16000	2333
34.	Maharashtra	Greater Mumbai	13	66698	20317
35.	Maharashtra	Pune	19	57650	10420
36.	Manipur	Imphal	1	1250	0
37.	Meghalaya	Shillong	3	768	16
38.	Mizoram	Aizawl	4	1096	135
39.	Nagaland	Kohima	1	3504	750
40.	Orissa	Bhubaneswar	4	2153	686
41.	Orissa	Puri	2	355	9
42.	Puducherry	Puducherry	3	2964	262
43.	Punjab	Amritsar	1	320	0
44.	Punjab	Ludhiana	1	4832	800
45.	Rajasthan	Ajmer	1	5337	651
46.	Rajasthan	Jaipur	3	17814	0
47.	Sikkim	Gangtok	3	254	0
48.	Tamil Nadu	Chennai	23	37787	3500
49.	Tamil Nadu	Coimbatore	17	27637	4934

50.	Tamil Nadu	Madurai	11	25894	9049
51.	Tripura	Agartala	1	256	256
52.	Uttar Pradesh	Agra	10	16793	504
53.	Uttar Pradesh	Allahabad	5	1635	1151
54.	Uttar Pradesh	Kanpur	14	14346	2579
55.	Uttar Pradesh	Lucknow	8	14044	1842
56.	Uttar Pradesh	Mathura	7	4598	5231
57.	Uttar Pradesh	Meerut	13	10613	2307
58.	Uttar Pradesh	Varanasi	10	5963	712
59.	Uttrakhand	Dehradun	9	1362	45
60.	Uttrakhand	Haridwar	1	96	0
61.	Uttrakhand	Nainital	2	341	0
62.	West Bengal	Asansol	11	24344	5371
63.	West Bengal	Kolkata	91	131009	40275
Total			**499**	**1066161**	**296081**

Figures obtained from MoHUPA

Annexure 7.1

Reference – Para 7.1

State-wise and City-wise list of projects sanctioned and completed for UIG (position as on 31 March 2011)

S.No	Name of State	Name of City	Number of projects approved	Number of Projects Completed
1.	Andhra Pradesh	Hyderabad	22	8
2.	Andhra Pradesh	Tirupati	2	-
3.	Andhra Pradesh	Vijayawada	13	4
4.	Andhra Pradesh	Vishakhapatnam	13	5
5.	Arunachal Pradesh	Itanagar	3	-
6.	Assam	Guwahati	2	-
7.	Bihar	Bodhgaya	2	-
8.	Bihar	Patna	6	-
9.	Chandigarh	Chandigarh	3	-
10.	Chhattisgarh	Raipur	1	-
11.	Delhi	Delhi	28	4
12.	Goa	Panaji	Nil	Nil
13.	Gujarat	Ahmedabad	26	18
14.	Gujarat	Porbunder	1	-
15.	Gujarat	Rajkot	6	1
16.	Gujarat	Surat	25	13
17.	Gujarat	Vadodara	13	1
18.	Haryana	Faridabad	4	-
19.	Himachal Pradesh	Shimla	4	-
20.	Jammu & Kashmir	Jammu	1	-
21.	Jammu & Kashmir	Srinagar	3	-
22.	Jharkhand	Dhanbad	2	-
23.	Jharkhand	Jamshedpur	1	-
24.	Jharkhand	Ranchi	2	-
25.	Karnataka	Bangalore	38	16
26.	Karnataka	Mysore	8	0
27.	Kerala	Cochin	6	-
28.	Kerala	Thiruvananthapuram	5	-
29.	Madhya Pradesh	Bhopal	7	3
30.	Madhya Pradesh	Indore	10	1

31.	Madhya Pradesh	Jabalpur	4	-
32.	Madhya Pradesh	Ujjain	2	-
33.	Maharashtra	Greater Mumbai	25	2
34.	Maharashtra	Nagpur	17	3
35.	Maharashtra	Nanded	11	2
36.	Maharashtra	Nashik	6	1
37.	Maharashtra	Pune	20	2
38.	Manipur	Imphal	3	-
39.	Meghalaya	Shillong	2	-
40.	Mizoram	Aizawl	1	-
41.	Nagaland	Kohima	2	-
42.	Orissa	Bhubaneshwar	3	-
43.	Orissa	Puri	2	-
44.	Puducherry	Puducherry	2	-
45.	Punjab	Amritsar	5	-
46.	Punjab	Ludhiana	1	0
47.	Rajasthan	Ajmer-Pushkar	4	-
48.	Rajasthan	Jaipur	9	-
49.	Sikkim	Gangtok	2	-
50.	Tamil Nadu	Chennai	35	5
51.	Tamil Nadu	Coimbatore	5	-
52.	Tamil Nadu	Madurai	8	5
53.	Tripura	Agartala	2	-
54.	Uttar Pradesh	Agra	4	-
55.	Uttar Pradesh	Allahabad	4	-
56.	Uttar Pradesh	Kanpur	6	-
57.	Uttar Pradesh	Lucknow	7	-
58.	Uttar Pradesh	Mathura	3	-
59.	Uttar Pradesh	Meerut	3	-
60.	Uttar Pradesh	Varanasi	6	-
61.	Uttarakhand	Dehradun	5	-
62.	Uttarakhand	Haridwar	5	-
63.	Uttarakhand	Nainital	3	-
64.	West Bengal	Asansol	9	2
65.	West Bengal	Kolkata	49	9
		Total	**532***	**105**

*This excludes 13 withdrawn projects.

Annexure 8.1

Reference – Para 8.2

Statement showing delay in release of first instalment in case of BSUP projects

S. No.	State	City	Project	Approval / CSMC meeting Date	Instalment 1 Sanction Date	Instalment 1 Release Date	Delay (in months)
1.	Delhi (NCT)	Delhi Cantt	Slum Relocation Project at Samaspur. Delhi (DSIDC)	6-Dec- 2007	6-Dec-2007	11-Feb-2008	2
2.	Delhi (NCT)	Delhi Cantt	Slum Relocation Project at Deramandi. New Delhi (DSIDC)	6-Dec- 2007	6-Dec- 2007	11-Feb-2008	2
3.	Chandigarh (UT)	Chandigarh	Slum Rehabilitation Project Chandigarh Construction of 19360 Flats Chandigarh (Phase .II)	14-Dec-2006	14-Dec-2006	25-Mar-2008	15
4.	Jammu & Kashmir	Jammu	Rehabilitation of Slum Dwellers of Rajiv Nagar under BSUP Jammu City (Rev)	7-Nov-2007	7-Nov-2007	4-Jan-2008	2
5.	Uttar Pradesh	Lucknow	Integrated Rehabilitation Project Lucknow	29-Dec-2006	29-Dec-2006	7-Mar-2007	2
6.	Uttar Pradesh	Lucknow	Implementation of BSUP, Lucknow, Phase II	13-Sep-2007	13-Sep-2007	4-Jan-2008	4
7.	Sikkim	Gangtok	Integrated Housing & Slum development for Notified Slum area Rangpo Gangtok I	28-Jan-2009	28-Jan-2009	14-Jul-2009	6
8.	Tamil Nadu	Madurai	Construction of 10688 houses and infrasrructure facilities (Phase III) for Madurai Corp.	29-Oct-2007	29-Oct-2007	4-Jan-2008	2
9.	West Bengal	Kolkata	Integrated Housing Project for Slum Dwellers of Rajarghat, Kachharipara & Hatgachia area at Mouza Boinchtala under BSUP	19-Oct-2007	19-Oct-2007	4-Jan-2008	2
10.	Kerala	Thiruvananthapuram	BSUP (Phase III) at Thirunananthapuram.	27-Dec-2007	27-Dec-2007	5-Feb-2008	2

11.	Kerala	Kochi	BSUP Phase II at Kochi, Kerala	27-Dec-2007	27-Dec-2007	5-Feb-2008	2
12.	Madhya Pradesh	Indore	Slum Redevelopment and Rehabilitation of identified Slums (Housing Development)	26-Feb-2009	26-Feb-2009	14-Jul-2009	5
13.	Delhi (NCT)	Delhi Cantt	Slum relocation project at Khanjawala , Ghoogha and Baproula under BSUP	13-Jun-2007	13-Jun-2007	30-Oct-2007	4
14.	Delhi (NCT)	Delhi Cantt	Housing for Urban Poor at Bawana Narela and Bhorgarh, Delhi under BSUP	13-Jun-2007	13-Jun-2007	30-Oct-2007	4
15.	Haryana	Faridabad	Urban Renewal Project Dabua Colony	28-Nov-2006	28-Nov-2006	31-Mar-2007	4

Annexure 8.2

Reference – Para 8.2

Statement showing delay in release of first instalment in case of IHSDP projects

Sl.No	State	City	Project Name	Approval / CSC Meeting Date	Instalment 1 sanction date	Instalment 1 release date	Delay (in months)
1	Jammu & Kashmir	Parole	IHSDP Project, Parole, Jammu & Kashmir	27-Apr-07	27-Apr-07	28-Dec-07	8
2	Haryana	Bhiwani	IHSDP Project, Bhiwani, Haryana	28-Aug-06	28-Aug-06	31-Mar-07	7
3	Chhattisgarh	Bilaspur	IHSDP Project Bilaspur (Phase-II), Chhattisgarh	28-Sep-06	28-Sep-06	31-Mar-07	6
4	Kerala	Alappuzha	IHSDP Project , Alappuzha, Kerela	27-Apr-07	27-Apr-07	03-Oct-07	6
5	Maharashtra	Akola	IHSDP Project ,Akola city (Phase-III), Maharashtra	28-Feb-09	28-Feb-09	14-Jul-09	5
6	Mani ur	Moirang	IHSDP Project ,Moirang, Manipur	11-Feb-09	11-Feb-09	14-Jul-09	5
7	Odisha	Berhamapur	IHSDP Project , Berhampur, Orissa	24-Feb-09	24-Feb-09	14-Jul-09	5
8	Tripura	Belonia	IHSDP Project , Belonia town, Tripura	11-Feb-09	11-Feb-09	14-Jul-09	5
9	Tamil Nadu	Pudukkottai	IHSDP Project , Pudukkottai, Tamil Nadu	27-Feb-07	27-Feb-07	28-Jun-07	4
10	West Bengal	Siliguri	IHSDP Project , Siliguri, West Bengal	28-Nov-06	28-Nov-06	31-Mar-07	4

11	Andhra Pradesh	Tirupati	IHSDP Project, Tirupati, Andhra Pradesh	18-May-07	18-May-07	06-Aug-07	3
12	Nagaland	Dimapur	IHSDP Project , Dimapur, Nagaland	29-Dec-06	29-Dec-06	31-Mar-07	3
13	Uttar Pradesh	Ghaziabad	IHSDP Project , Ghaziabad, Uttar Pradesh	28-Nov-06	28-Nov-06	26-Feb-07	3
14	Jharkhand	Hazaribag	IHSDP Project , Hazaribagh, Jharkhand	21-Jan-09	21-Jan-09	06-Mar-09	2
15	Assam	Kokrajhar	IHSDP Project , Kokrajhar, Assam	18-Dec-09	18-Dec-09	18-Feb-10	2
16	Madhya Pradesh	Gwalior	IHSDP Project , Gwalior, Madhya Pradesh	29-Dec-06	29-Dec-06	26-Feb-07	2
17	Madhya Pradesh	Khandwa	IHSDP Project , Khandwa (Project-I), Madhya Pradesh	29-Dec-06	29-Dec-06	28-Feb-07	2
18	Maharashtra	Amravati	IHSDP Project Amravati phase-II, Amravati, Maharashtra	28-Jan-09	28-Jan-09	06-Mar-09	2
19	Punjab	Jalandhar	IHSDP Project , Jalandhar Phase-II, Jalandhar, Punjab	29-Jan-08	29-Jan-08	05-Mar-08	2
20	Rajasthan	Jodhpur	IHSDP Project , Jodhpur, Rajasthan	27-Feb-08	27-Feb-08	22-Apr-08	2
21	Sikkim	Singtam	IHSDP Project , Singtam, Sikkim.	18-Dec-09	18-Dec-09	09-Feb-10	2

Annexure 8.3

Reference – Para 8.2

Statement showing delay in release of first instalment in case of UIG projects

S. No.	Name of the State	City	Project Title	Sector	Date of CSMC / CCEA / CCI Meeting/Project Approval	Date of 1st ACA Released	Delay (in months)
1.	Delhi	Delhi	Setting up of 20 MGD STP each at Nilothi and Pappankalan	Sewerage	29-Dec-08	15-Mar-10	15
2.	Gujarat	Ahmedabad	Solid Waste Management in Ahmedabad	Solid Waste Management	22-Jan-09	24-Feb-10	13
3.	Gujarat	Ahmedabad	Catchment Development and Drainage for Water Bodies Development and flood Relief Project	Drainage / Storm Water Drains	18-Jan-08	31-Dec-08	11
4.	Karnataka	Mysore	Water Supply project for Mysore	Water Supply	7-Mar-08	22-Jan-09	10
5.	Puduchery	Puduchery	Comprehensive Sewerage Scheme to the urban areas of Puduchery	Sewerage	20-Apr-07	25-Feb-08	10
6.	Chandigarh	Chandigarh	Conservation of drinking water by harvesting of the tertiary treated sewage for irrigation of green spaces in Chandigarh	Water Supply	25-Aug-06	23-May-07	9
7.	Chandigarh	Chandigarh	Upgradation of water supply infrastructures for proper monitoring and automation with remote computerized surveillance system to 24x7 water supply	Water Supply	25-Aug-06	23-May-07	9
8.	Maharashtra	Greater Mumbai	Underground sewerage project based on decentralised system	Sewerage	6-Dec-07	2-Sep-08	9

9.	Odisha	Puri	24x7 Piped Water Supply to Puri Town	Water Supply	18-Jul-08	23-Feb-09	7
10.	Manipur	Imphal	Solid Waste Management for Imphal	Solid Waste Management	18-May-07	20-Dec-07	7
11.	Delhi	Delhi	Redevelopment of Connaught Place, New Delhi-Urban Renewal and Heritage Conservation	Urban Renewal	29-Aug-08	27-Feb-09	6
12.	Maharashtra	Greater Mumbai	Solid Waste Management project,Greater Mumbai	Solid Waste Management	23-Nov-07	29-May-08	6
13.	Meghalaya	Shillong	Drainage Master Plan for Shillong-Phase-I	Drainage / Storm Water Drains	19-Jun-08	26-Dec-08	6
14.	Kerala	Thiruvananthapuram	Solid Waste Management in Thiruvananthapuram	Solid Waste Management	18-Jan-08	18-Jul-08	6
15.	Andhra Pradesh	Vishakhapatnam	Providing water supply pipeline from TSR to Yendada and to Kommadi junction for augmenting water supply	Water Supply	10-May-06	5-Oct-06	5
16.	Tamil Nadu	Madurai	Providing combined Water Supply Scheme to Madurai Urban Agglomeration Area	Water Supply	21-Feb-09	20-Jul-09	5
17.	Rajasthan	Ajmer-Pushkar	Water Supply to Ajmer -Pushkar	Water Supply	28-Dec-07	29-May-08	5
18.	Andhra Pradesh	Hyderabad	Implementation of Sewerage Master Plan in Seringampally Municipality of Hyderabad U.A	Sewerage	6-Dec-07	29-May-08	5
19.	West Bengal	Kolkata	24x7 Water Supply Scheme for Panihati Municipality, Kolkata	Water Supply	23-Sep-10	1-Feb-11	5
20.	Gujarat	Surat	Storm Water Disposal System for New Zone	Drainage / Storm Water Drains	28-Jan-08	29-May-08	4
21.	Gujarat	Surat	Sewerage and Sewage Treatment system for New East Zone Areas	Sewerage	28-Jan-08	29-May-08	4

22.	Maharashtra	Nagpur	Rehabilitation Plan to implement 24X7 water supply project for Nagpur city under PPP framework	Water Supply	13-Feb-09	3-Jun-09	4
23.	Maharashtra	Nagpur	Construction of Road under Bridge near Anand Talkies	Roads / Flyovers / RoB	22-Jan-07	8-May-07	4
24.	Maharashtra	Nagpur	Construction of Road Over Bridge at Itwari	Roads / Flyovers / RoB	22-Jan-07	8-May-07	4
25.	Uttar Pradesh	Lucknow	Water Supply for Lucknow (Phase - I, Part - II)	Water Supply	21-Feb-09	3-Jun-09	4
26.	Bihar	Patna	Improvement and augmentation of water supply system at Patna City	Water Supply	21-Feb-09	3-Jun-09	4
27.	Assam	Guwahati	Solid Waste Management for Guwahati	Solid Waste Management	22-Jan-07	8-May-07	4
28.	Arunachal Pradesh	Itanagar	Setting up of Municipal Solid Waste Management in a scientific way for capital complex	Solid Waste Management	22-Feb-07	28-Jun-07	4
29.	Maharashtra	Nagpur	Construction of Road over Bridge at Maskasath	Roads / Flyovers / RoB	22-Jan-07	8-May-07	4
30.	Andhra Pradesh	Vijayawada	Providing Sewerage for northern part of Vijayawada city	Sewerage	13-Feb-09	3-Jun-09	4
31.	Maharashtra	Nagpur	Water Supply system for NIT area (Phase - II) Tertiary distribution network in 46 clusters	Water Supply	13-Feb-09	3-Jun-09	4

Annexure 8.4

Reference – Para 8.2

Statement showing delay in release of first instalment in case of UIDSSMT projects

Sl. No	States	City	Project Name	Approved cost (₹ in Lakh)	Date of approval	Date of release of 1st Installment	Delay (In months)
1	Andhra Pradesh	Warangal (MC)	Water Supply	16446.00	23 –Jan-07	31-Mar-07	1
2	Arunachal Pradesh	Seppa	Storm Water Drainage	1380.00	19-Nov-08	18-Mar-09	3
3	Assam	Barpeta	Storm Water Drains	1871.96	17-Feb-09	17-Feb-09	-
4	Bihar	Muzaffarpur	Water Supply	9872.25	13-Aug-08	18-Mar-09	6
5	Chandigarh	Bilaspur	Water Supply	4142.60	31-Aug-06	07-Dec-09	4
6	Chhattisgarh	Bilaspur	Sanitary Sewerage System	19025.00	14-Dec-07	26-Mar-08	2
7	Gujarat	Jamnagar	Water Supply	2015.31	11-Oct-06	13-Feb-08	3
8	Haryana	Rohtak	SWM	1988.16	21-Aug-07	31-Mar-08	6
9	Himachal Pradesh	Hamirpur	Storm Water Drains	1234.65	19-Dec-06	31-Mar-07	4
10	Jharkhand	Hazaribagh	SWM	569.17	14-Feb-08	26-Mar-08	-
11	Jammu and Kashmir	Kathua	Drainage	4089.00	29-Dec-06	31-Mar-07	2
12	Karnataka	Yargol	Water Supply	7992.00	15-Feb-07	26-Mar-08	12
13	Kerala	Alappuzha	Water Supply	9194.00	21-Mar-07	31-Mar-07	-
14	Madhya Pradesh	Khandwa	Water Supply	10672.30	27-Sep-07	31-Mar-08	5
15	Madhya Pradesh	Gwalior	Sewerage	6650.00	27-Sep-07	17-Feb-09	16
16	Maharashtra	Akola	Sewerage	13275.00	04-May-07	31-Mar-09	21
17	Maharashtra	Aurangabad	Water Supply	35967.00	04-May-04	18-Mar-09	21
18	Manipur	Moirang	Water Supply	1779.00	11-May-07	17-Feb-09	20

19	Nagaland	Chumukedima	Up gradation of Roads	423.89	24-May-07	07-Sep-09	27
20	Odisha	Cuttack	Road up gradation	5074.12	22-Mar-07	31-Mar-07	-
21	Punjab	Patiala	Sewerage	8940.00	22-Feb-08	18-Mar-09	-
22	Rajasthan	Udaipur	Water Supply	5395.00	12-Jan-07	31-Mar-07	1
23	Sikkim	Mangan	Water Supply	1580.00	30-Nov-07	26-Mar-08	3
24	Tamil Nadu	Paramakudi	Water Supply	5824.30	24-Feb-07	31-Mar-07	-
25	Tamil Nadu	Ramanathapuram	Water Supply	4770.00	24-Feb-07	31-Mar-07	-
26	Tripura	Belonia	Roads and Storm Water Drains	4311.33	10-Aug-07	29-Dec-07	3
27	Uttar Pradesh	Ghaziabad	Roads & Flyovers	9087.67	09-Aug-06	13-Feb-07	4
28	Uttar Pradesh	Rampur	Roads & Flyovers	8958.00	08-Sep-06	13-Feb-07	4
29	Uttrakhand	Mussoorie	Sewerage	6173.25	05-Feb-09	18-Mar-09	-
30	West Bengal	Siliguri	Drainage	3386.39	22-Feb-07	06-Aug-07	5
31	Meghalaya	Tura	SWM	833.10	25-Sep-08	18-Mar-09	5
32	Mizoram	Lunglei	Water Supply	867.44	12-Dec-08	18-Mar-09	2
33	Puducherry	Yanam	Water Supply	3918.00	23-Feb-09	28-May-09	2
34	Dadra & Nagar Haveli	Silvasa/Amli	Water Supply	745.89	02-Mar-07	28-Jan-09	21
35	Daman and Diu	Moti and Nandi Daman	Underground Sewerage	942.37	02-Mar-07	13-Feb-09	22

Annexure 8.5

Reference – Para 8.11.2

State-wise details of funds released, UCs due, UCs received and UCs outstanding in respect of UIDSSMT as on 31-3-2011

(₹ in crore)

Sl. No.	State	Amount released upto 2010-011	UCs due		UCs received		UCs Accepted in the Ministry		UCs Pending	Amount Involved
			No.	Amount spent/involved	Received	Amount involved	2nd installment released	Amount released		
1	A & N Islands	0	0	0	0	0	0	0	0	0
2	Andhra Pradesh	1731.76	84	983.77	71	858.41	64	723.92	13	125.36
3	Arunachal Pradesh	17.71	9	17.71	9	17.71	0	0	0	0
4	Assam	99.56	30	92.36	5	16.45	2	4.72	25	75.91
5	Bihar	106.74	11	104.46	1	5.14	0	0	10	99.32
6	Chandigarh	00	0	00	0	00	0	0	0	0
7	Chhattisgarh	91.84	4	67.37	4	67.37	3	24.47	0	0
8	Delhi	00	0	00	0	00	0	0	0	0
9	Goa	3.37	0	00	0	00	0	0	0	0
10	Gujarat	279.47	52	176.19	43	143.34	32	102.77	9	32.85
11	Haryana	67.15	8	67.15	4	43.26	0	0	4	23.89
12	Himachal Pradesh	11.80	5	8.08	4	2.95	4	2.95	1	5.13
13	Jammu and Kashmir	183.54	35	139.19	19	59.61	0	0	16	79.58
14	Jharkhand	40.00	5	39.69	3	34.04	0	0	2	4.55
15	Kerala	173.41	25	170.31	1	16.07	0	0	24	154.24

16	Karnataka	468.62	38	272.99	28	211.15	15	123.80	10	61.84
17	Lakshdweep	0	0	0	0	0	0		0	0
18	Madhya Pradesh	352.64	47	305.40	23	98.57	13	046.86	24	206.83
19	Maharashtra	1470.65	94	1076.87	59	606.67	36	348.60	35	470.20
20	Manipur	28.45	5	28.25	5	28.25	0	0	0	0
21	Meghlaya	6.45	2	6.45	0	0	0	0	2	6.45
22	Mizoram	7.00	2	6.99	2	6.99	0	0	0	0
23	Nagaland	1.91	0	00	1	1.91	0	0	-1	-1.91
24	Odisha	91.70	16	89.47	7	41.44	0	0	9	48.03
25	Puducherry	15.67	0	00	1	15.67	0	0	-1	-15.67
26	Punjab	179.36	17	158.31	4	40.36	1	19.82	13	117.95
27	Rajasthan	284.22	37	243.97	27	101.39	15	37.52	10	142.58
28	Sikkim	18.20	5	18.21	5	17.97	0	0	0	0.24
29	Tamil Nadu	559.65	123	353.09	96	207.31	95	206.56	27	145.78
30	Tripura	35.82	4	35.17	2	24.88	0	0	0	10.29
31	Uttar Pradesh	755.93	60	448.35	33	281.44	26	224.94	27	166.91
32	Uttarakhand	24.69	1	24.69	0	0	0	0	1	24.69
33	West Bengal	227.83	26	154.04	19	103.35	13	70.10	7	51.05
34	D & N Haveli	7.46	1	0.26	0	0	0	0	1	0.26
35	Daman and Diu	0.31	1	0.31	0	0	0	0	1	0.31
Total		7342.96	747	5088.36	476	3051.70	319	1937.03	271	2036.66

Annexure 8.6

Reference Para 8.11.3

Statement showing details of Utilization Certificate of ACA released as on 31.3.2011 in respect of BSUP

(₹ in crore)

Sl. No.	Name of the State/ UT	Projects approved	ACA released for which UCs Due	UCs received	UCs outstanding
1	A&N Island	0	0	0	0
2	Andhra Pradesh	37	1053.97	863.33	190.64
3	Arunanchal Pradesh	2	12.67	1.68	10.99
4	Assam	2	48.80	24.40	24.40
5	Bihar	18	78.19	0	78.19
6	Chandigarh (UT)	2	227.22	174.06	53.16
7	Chhattisgarh	6	169.29	78.05	91.24
8	D&N Haveli	0	0	0	0
9	Daman & Diu	0	0	0	0
10	Delhi	20	357.19	61.72	295.47
11	Goa	1	1.15	0	1.15
12	Gujarat	21	656.68	519.73	136.95
13	Haryana	2	31.18	27.28	3.90
14	Himachal Pradesh	2	4.57	0	4.57
15	Jammu & Kashmir	5	36.8	3.19	33.61
16	Jharkhand	14	82.18	0	82.18
17	Karnataka	18	214.46	127.81	86.65
18	Kerala	7	125.37	66.98	58.39
19	Lakshdweep	0	0	0	0
20	Madhya Pradesh	22	193.74	115.88	77.86

21	Maharashtra	60	1436.07	664.25	771.82
22	Manipur	1	10.98	0	10.98
23	Meghalaya	3	16.03	11.89	4.14
24	Mizoram	4	27.26	7.23	20.03
25	Nagaland	1	79.20	52.81	26.39
26	Odisha	6	23.49	9.96	13.53
27	Puducherry	3	22.93	2.13	20.80
28	Punjab	2	26.39	17.35	9.04
29	Rajasthan	4	85.47	21.14	64.33
30	Sikkim	3	15.23	7.97	7.26
31	Tamil Nadu	51	562.05	362.26	199.79
32	Tripura	1	13.96	12.21	1.75
33	Uttar Pradesh	67	639.51	360.57	278.94
34	Uttrakhand	12	17.61	1.28	16.33
35	West Bengal	102	711.46	331.89	379.57
	Total	499	6981.09	3927.04	3054.05

Annexure 8.7

Reference Para 8.11.4

Statement showing details of Utilization Certificate of ACA released as on 31.3.2011 in respect of IHSDP

(₹ in crore)

Sl. No.	Name of the State	No. of Projects Approved	ACA released for which UCs Due	UCs received	UCs outstanding
1	A&N Island	2	5.53	0	5.53
2	Andhra Pradesh	77	614.37	401.75	212.62
3	Arunachal Pradesh	1	4.48	0	4.48
4	Assam	16	35.11	0	35.11
5	Bihar	25	81.24	0	81.24
6	Chandigarh		0	0	0
7	Chhattisgarh	18	118.31	83.52	34.79
8	D&N Haveli	2	1.67	0	1.67
9	Daman & Diu	1	0.29	0	0.29
10	Delhi	0	0	0	0
11	Goa	0	0	0	0
12	Gujarat	38	125.81	49.99	75.82
13	Haryana	18	124.66	59.42	65.24
14	Himachal Pradesh	8	24.39	0	24.39
15	Jammu & Kashmir	50	44.91	17.72	27.19
16	Jharkhand	10	55.05	0	55.05
17	Karnataka	34	149.18	126.40	22.78
18	Kerala	53	130.70	59.50	71.20
19	Lakshdweep	0	0	0	0
20	Madhya Pradesh	49	115.73	18.73	97.00
21	Maharashtra	102	674.47	101.97	572.50
22	Manipur	6	16.33	9.28	7.05
23	Meghalaya	3	11.21	0	11.21
24	Mizoram	8	14.89	0	14.89
25	Nagaland	2	29.92	10.88	19.04
26	Orissa	34	92.90	13.51	79.39
27	Puducherry	1	2.74	0	2.74

28	Punjab	14	66.77	0	66.77
29	Rajasthan	57	312.69	71.54	241.15
30	Sikkim	1	8.96	0	8.96
31	Tamil Nadu	84	316.55	211.69	104.86
32	Tripura	5	34.55	23.28	11.27
33	Uttar Pradesh	158	484.25	170.19	314.06
34	Uttarakhand	21	45.28	0	45.28
35	West Bengal	120	498.79	307.72	191.07
	Total	1018	4241.74	1737.08	2504.64

Glossary

Sl. No.	Abbreviation	Full Form
1.	ACA	Additional Central Assistance
2.	AMC	Aurangabad Municipal Corporation
3.	AOSG	Annual Operation Support Grant
4.	BMTPC	Building Material and Technology Promotion Council
5.	BRTS	Bus Rapid Transit System
6.	BSUP	Basic Services to the Urban Poor
7.	CCI	Cabinet committee on Infrastructure
8.	CDP	City Development Plan
9.	CPHEEO	Central Public Health and Environmental Engineering Organisation
10.	CPL	Community Participation Law
11.	CPWD	Central Public Work Department
12.	CSC	Central Sanctioning Committee
13.	CSMC	Central Sanctioning and Monitoring Committee
14.	CVTC	City Voluntary Technical Corps
15.	CWG	Commonwealth Games 2010
16.	DPC	District Planning Committee
17.	DPRs	Detailed Project Reports
18.	DTTDC	Delhi Tourism and Transportation Development Corporation
19.	DUs	Dwelling Units
20.	EC	Estimated Cost
21.	ELSR	Elevated Level Storage Reservoir
22.	EO	Executive Officer
23.	EWS	Economically Weaker Sections
24.	FAR	Floor Area Ratio
25.	GDD	Guwahati Development Department
26.	GMC	Guwahati Municipal Corporation
27.	GMDA	Guwahati Metropolitan Development Authoroty
28.	GNCTD	Government of National Capital Territory of Delhi
29.	GoI	Government of India
30.	GVMC	Greater Visakhapatnam Municipal Corporation
31.	HMWSSB	Hyderabad Metropolitan Water Supply and Sewerage Board
32.	HUDCO	Housing and Urban Development Corporation
33.	IHSDP	Integrated Housing and Slum Development Programme
34.	IRMA	Independent Review and Monitoring Agency
35.	JMC	Jamnagar Municipal Corporation
36.	JNNURM	Jawaharlal Nehru National Urban Renewal Mission
37.	JoMC	Jodhpur Municipal Corporation
38.	KDWSP	Krishna Drinking Water Supply Project
39.	LIG	Lower Income Group
40.	LoI	Letter of Intent

41.	MLD	Million Liter per Day
42.	MoA	Memorandum of Agreement
43.	MoF	Ministry of Finance
44.	MoHUPA	and Ministry of Housing and Urban Poverty Alleviation
45.	MoUD	Ministry of Urban Development
46.	MRTS	Mass Rapid Transport System
47.	NABARD	National Bank for Agriculture and Rural Development
48.	NCPE	National Consultancy for Planning and Engineering
49.	NGO	Non Government Organization
50.	NHAI	National Highway authority of India
51.	NIT	Notice Inviting Tender
52.	NSG	National Steering Group
53.	NTA	National Technical Advisor
54.	NUH&HP	National Urban Housing and Habitat Policy, 2007
55.	O&M	Operation and Maintenance
56.	OWSSB	Odisha Water Supply and Sewerage Board
57.	PDL	Public Disclosure Law
58.	PIU	Project Implementation Unit
59.	PMC	Patna Municipal Corporation
60.	PMES	Programme Monitoring and Evaluation System
61.	PMU	Programme Management Unit
62.	PPP	Public Private Partnership
63.	QPRs	Quarterly Progress Reports
64.	RCC	Reinforced Cement Concrete
65.	ROB	Railway Over bridges
66.	SLCC	State Level Coordination Committee
67.	SLNA	State Level Nodal Agency
68.	SLSC	State Level Steering Committees
69.	STP	Sewerage Treatment Plant
70.	TAG	Technical Advisory Group
71.	TMC	Tirupati Municipal Corporation
72.	TNSCB	Tamil Nadu Slum Clearance Board
73.	TPIMA	Third Party Inspecting and Monitoring Agency
74.	UAs	Urban Agglomerations
75.	UDD	Urban Development Department
76.	UGSS	Underground Sewerage Scheme
77.	UIDSSMT	Urban Infrastructure Development Scheme for Small & Medium Towns
78.	UIG	Urban Infrastructure and Governance
79.	ULB	Urban Local Bodies
80.	VMC	Vijayawada Municipal Corporation
81.	WAPCOS	Water and Power Consultancy Services
82.	UTs	Union Territories
83.	WMC	Warangal Municipal Corporation