



ANNUAL TECHNICAL INSPECTION REPORT
ON
URBAN LOCAL BODIES

FOR THE YEAR ENDED 31 MARCH 2010

GOVERNMENT OF UTTAR PRADESH

Contents	Paragraph Number	Page Number
Preface		iii
CHAPTER-I		
An Overview of Urban Local Bodies		
Introduction	1.1	1
Administrative Organization of Urban Local Bodies	1.2	2
Database on finances	1.3	3
Transfer of functions	1.4	3
Sources of revenue	1.5	4
Utilization of funds	1.6	6
Overall Financial position of the ULBs	1.7	7
Internal control	1.8	8
Accounting arrangements	1.9	8
Audit arrangements	1.10	9
Position of entrustment of audit/Technical guidance and supervision to Comptroller and Auditor General of India	1.11	10
Other points	1.12	11
Conclusion	1.13	11
CHAPTER-II		
Performance Audit		
Performance Audit on Utilization of Funds Released Under Urban Infrastructure Development Scheme for Small and Medium Towns		
Introduction	2.1	13
Organisational Set up	2.2	14
Audit Objectives	2.3	15
Audit Criteria	2.4	15
Scope of Audit and methodology	2.5	16

Planning	2.6	16
Funds Management	2.7	19
Implementation of Projects	2.8	22
Ineffective Monitoring	2.9	30
Conclusion	2.10	31
Recommendations	2.11	31
CHAPTER-III		
Audit of Transactions		
Loss of revenue	3.1	32
Non adjustment of advances	3.2	33
Unfruitful expenditure on development of plots	3.3	34
Unfruitful expenditure on purchase of generator	3.4	35
Idle Investment	3.5	36
APPENDICES		
Perticulars	**Appendix Number**	**Page Number**
Arrear Tax Collection	1.1	38
Non-reconciliation of cash balances	1.2	39
Non-adherence of order of GoI	2.1	40
Non-release of second installment by GoI	2.2	41
Non-adherence of guidelines	2.3	42
Status of project as on June 2010	2.4	44
Interest not credited in projects account	2.5	47
Non-realization of stamp duty	3.1	49
Non-adjustment of advances	3.2	50

PREFACE

This report has been prepared for submission to the Government of Uttar Pradesh in accordance with the terms of Technical Guidance and Supervision (TGS) of the audit of accounts of Urban Local Bodies (ULBs) by the Comptroller and Auditor General of India as entrusted by the State Government in October 2001 in terms of Eleventh Finance Commission's recommendation.

This audit Report for the year 2009-10 is consolidation of major audit findings arising out of audit of accounts of ULBs in the State of Uttar Pradesh.

The purpose of this report is to give overview of the functioning of ULBs in the State of Uttar Pradesh and to draw the attention of the Executive Departments and ULBs for remedial action and improvement, wherever necessary.

The cases mentioned in the Report are among those which came to notice mainly in course of test check of accounts of 153 Urban Local Bodies conducted during the year 2009-10.

CHAPTER- I

AN OVERVIEW OF URBAN LOCAL BODIES

1.1 Introduction

Government implemented the system of democratic governance down to grass root level in Urban Local Bodies (ULBs) through Uttar Pradesh Municipal Corporation Act, 1959 and Uttar Pradesh Nagar Palika Act, 1916. The objective was to make the ULBs self reliant and to provide better civic facilities to the people of the areas under their jurisdiction. Further, the Seventy-Fourth Constitutional Amendment (1992) paved the way for decentralization of powers, transfer and devolution of more functions and funds to the ULBs. Consequently, more diversified responsibilities were devolved through a three tier structure namely Nagar Nigams [1](NNs), Nagar Palika Parishads[2] (NPPs) and Nagar Panchayat [3](NPs). To incorporate the provisions of the Seventy-Fourth Constitutional Amendment, the legislature of Uttar Pradesh enacted the Uttar Pradesh Urban Local Self Government Laws (Amendment) Act, 1994.

There were 630 ULBs in the State, governed by the elected board of their members with normally five years' tenure. The last election to these 630 ULBs was held in the year 2006. The population profile of the ULBs was as under:-

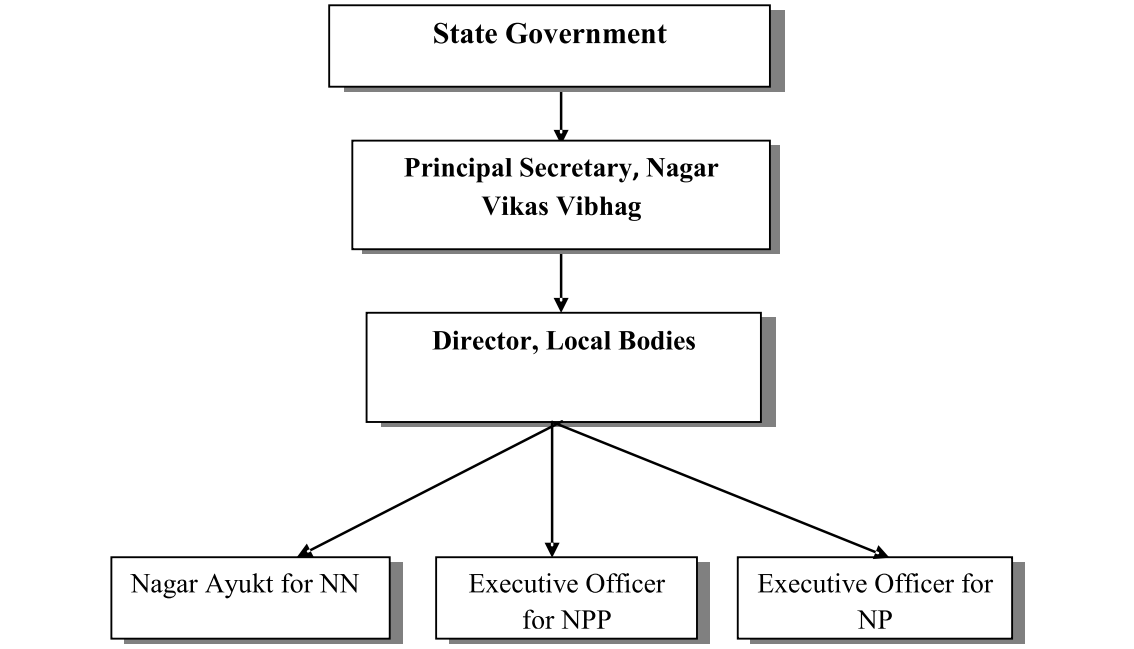
Number and names of ULBs	Aggregate Area (Sq. Km)	Average area/ULB (Sq Km.)[4]	Total Population (as per census 2001)(₹in lakh)	Average population of ULBs	Density of population (average per sq. Km)
13 Nagar Nigam	1451.92	111.69	136.08	10.47	0.09
194 NagarPalika Parishad	1960.40	10.11	129.75	0.67	0.07
423 Nagar Panchayats	1736.33	4.10	61.19	0.14	0.04
Total 630 ULBs	**5148.65**	**8.17**	**327.02**	**0.52**	**0.06**

(Source: Director Urban Local Bodies, Lucknow)

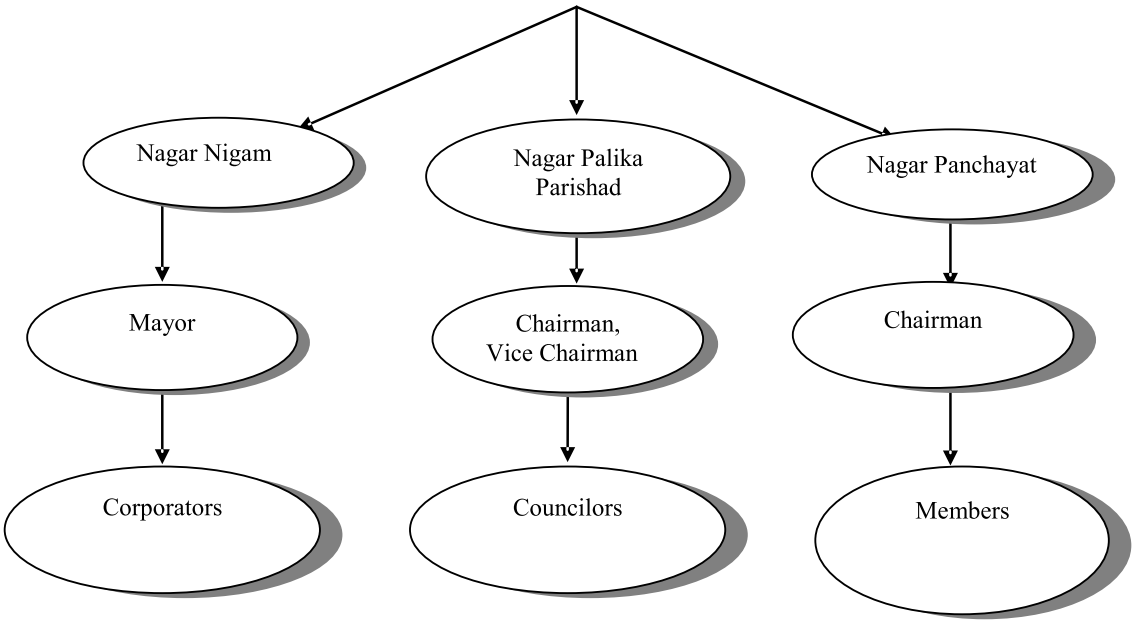
[1] Represents the ULBs, having the population of more than five lakh.
[2] Represents the ULBs, having the population between 20 thousand and five lakh.
[3] Represents the ULBs having the population below 20 thousand.
[4] Area as per census of 1991

1.2 ADMINISTRATIVE ORGANISATION OF URBAN LOCAL BODIES

EXECUTIVE LEVEL



ELECTED MEMBER LEVEL



While a *Mayor* heads the Nagar Nigam, *Chairman* heads Nagar Palika Parishads and Nagar Panchayats. The elected representatives exercise their powers and discharge the duties through the committees of elected members. Nagar Ayukt in case of Nagar Nigam and Executive Officer in case of Nagar Palika Parishads and Nagar Panchayats are the administrative heads.

1.3 Database on finances

The Eleventh Finance Commission recommended that a database on the finances of the ULBs should be developed at the district, State and Central Government levels and be easily accessible by computerizing it and linking it through V-SAT[5]. The data were to be collected and compiled in standard formats prescribed by the C&AG of India. The objective was to facilitate comparison of performance of local bodies among the States at the Government of India level and the Government at the State level. Upon the recommendation of Eleventh Finance Commission, ₹ 49.41 lakh was deposited in the Personal Ledger Account (PLA) of Nagar Nigam Lucknow in 2000-01 for creation of database. The database was, however, not developed up to November 2010 and action in this regard taken at the Government level was awaited (December 2010).

Non creation of the database on finances of the ULBs deprived the Government to assess their performances in the State by comparing it with the performances of the ULBs of other States. Besides this, releases of grants after reviewing their actual needs and fiscal performance were not ensured. This was more important in terms of the recommendation of the Twelfth Finance Commission which observed that maintenance of the database was necessary to keep accurate information on the finances of the ULBs for need based assessment of their requirements.

1.4 Transfer of functions

In follow up to the 74th Constitutional Amendment Act, 1992, the State Legislature enacted laws for devolving 13 functions out of 18[6] (enshrined

[5] Very Small Aperture Terminal

[6] (i) Urban planning including town planning, (ii) Regulation of land use and construction of buildings, (iii) Planning for economic and social development, (iv) Roads and bridges, (v) Water supply for domestic, industrial and commercial purposes, (vi) Public health, sanitation, conservancy and solid waste management, (vii) Fire services, (viii) Urban forestry, protection of the environment and promotion of ecological aspects, (ix) Safeguarding the interests of weaker sections of society including the handicapped and mentally retarded, (x) Slum improvement and up gradation, (xi) Urban poverty alleviation, (xii) Provision for urban amenities and facilities such as parks, gardens, playgrounds, (xiii) Promotion of cultural, educational and aesthetic aspects, (xiv) Burials and burial grounds, cremations, cremation grounds and electric crematorium, (xv) Cattle ponds, prevention of cruelty to animals, (xvi) Vital statistics including registration of births and deaths, (xvii) Public

in Twelfth Schedule of the Constitution) on the ULBs leaving out five[7] functions. In addition, one function namely parking places for vehicles (beyond Twelfth Schedule of the Constitution) was also devolved. However, neither activities nor functionaries and funds in respect of six functions[8] out of 14 devolved were transferred to the ULBs as of December 2010.

Thus, partial devolution of the activities/functions and funds restricted the activities of the ULBs.

1.5 Sources of revenue

1.5.1 Flow of revenue

With the constitution of the Eleventh Finance Commission, ULBs were brought within purview of the Finance Commissions for the first time. The objective was to augment Consolidated Fund to enable the State to supplement resources of the ULBs. Accordingly, the Twelfth Finance Commission recommended release of grants to the State government for them. State Government also released grants to the ULBs as recommended by its own State Finance Commission. In all, the sources of revenues for the ULBs comprised:

- Grants assigned under Twelfth Finance Commission (periods 2005-10).
- Devolution of 7.5 *per cent* of net proceeds of total Tax Revenue of the State Government under the recommendations of the Second State Finance Commission.
- Funds from departments for functions transferred to the ULBs.

amenities including street lighting, parking lots, bus stops and public conveniences, (xviii) Regulation of slaughter houses and tanneries.

[7] (i) Urban planning including town planning, (ii) Regulation of land use and construction of buildings, (iii) Roads and Bridges, (iv) Fire services, (v) Promotion of cultural, educational and aesthetic aspects.

[8] (i) Planning of economic and social development, (ii) Urban forestry, (iii) Safeguarding the interest of weaker sections of society, (iv) Urban poverty alleviation (v) Slum improvement and upgradation, (vi) Parking places for vehicles.

➢ Revenue earned by the ULBs out of their own resources such as taxes, rent, fees, *tehbazari*[9], taxi stands etc.

1.5.2 Aggregate receipts

The aggregate receipts of grants by the ULBs under the recommendation of Twelfth Finance Commission (TFC), State Finance Commission (SFC) and revenue realized from their own resources during the periods 2005-10 were as under:-

(₹ in crore)

Sl. No.	Year	TFC (*per cent* to total receipt)	SFC (*per cent* to total receipt)	Own resources (*per cent* to total receipt)	Total
1	2005-06	51.70 (4)	911.25 (63)	475.98 (33)	1438.93
2	2006-07	103.40 (5)	1518.00 (73)	448.36 (22)	2069.76
3	2007-08	103.40 (4)	1838.43 (71)	662.23 (25)	2604.06
4	2008-09	103.40 (3)	1985.64 (68)	841.95 (29)	2930.99
5	2009-10	103.40 (4)	2120.58 (71)	751.37 (25)	2975.35
Total		**465.30 (4)**	**8373.90 (70)**	**3179.89 (26)**	**12019.09**

(Source: Director Urban Local Bodies, Lucknow)

It would be seen from the table that the prime contributor to receipts of ULBs was the grants received under the recommendations of the SFC followed by income generated through their own resources.

1.5.3 Devolution of State Finance Commission grant

Second State Finance Commission recommended that 7.5 *per cent* of the net proceeds of the Tax Revenue of the State Government should be devolved to the ULBs. The devolution of the funds and actual funds released by the State Government during the periods 2005-10 were as under:-

(₹ in crore)

Year (1)	Net proceeds of Tax Revenue of State Government (2)	Funds to be devolved (3)	Funds actually devolved (4)	Short release (*per cent*) (column no 3-4) (5)
2005-06	18,858	1,414	911	503 (36)
2006-07	22,998	1,725	1,518	207(12)
2007-08	24,959	1,872	1,838	34(2)
2008-09	28,659	2,149	1,986	163(8)
2009-10	33,877	2,541	2,121	420(17)
Total	**129,351**	**9,701**	**8,374**	**1,327 (14)**

(Source: Director Urban Local Bodies, Lucknow)

[9] Tax on trades and callings carried on within the municipal limits.

It would be seen from the table that the Government did not devolve 7.5 *per cent* of the net proceeds of the Tax Revenue in any year during the period 2005-10. Analysis of the table revealed that total short devolution during 2005-10 was ₹ 1,327 crore (*14 per cent*).

The shortfall in devolution of funds deprived the ULBs at the grass root level to provide better civic facilities to the people of the areas under their jurisdiction besides denying ULBs an opportunity to be self reliant.

1.6 Utilization of funds

1.6.1 Utilization of grants under TFC and SFC

Based on data made available by Director, ULBs, Lucknow, the table below brings out the position of funds available under the TFC and SFC and its utilization during 2005-10 as of November 2010**.**

(₹ in crore)

Name of the grant	Year	Funds available	Funds utilized	Funds not utilized
Twelfth Finance Commission (TFC)	2005-06	51.70	51.70	-
	2006-07	103.40	103.40	-
	2007-08	103.40	103.40	-
	2008-09	103.40	103.40	-
	2009-10	103.40	103.40	-
State Finance Commission (SFC)	2005-06	911.25	911.25	-
	2006-07	1518.00	1518.00	-
	2007-08	1838.43	1838.43	-
	2008-09	1985.64	1985.64	-
	2009-10	2120.58	2120.58	-

(Source: Director Urban Local Bodies, Lucknow)

The data were not reliable as the funds made available to the ULBs was treated as final expenditure in the records of the Director, ULBs and no system existed to ascertain the actual expenditure incurred by the units.

1.6.2 Revenue realized from own resources

The ULBs were required to generate revenues by collecting taxes, rent, fee etc. from the people of the areas falling under their jurisdiction. Position of

targets fixed for revenue realization for ULBs during 2007-10 by the Government and achievement thereagainst is given below:

(₹ in crore)

Number and Name of ULBs	2007-08		2008-09		2009-10	
	Target	Achievement *(per cent)*	Target	Achievement *(per cent)*	Target	Achievement *(per cent)*
13 NNs	328.82	430.98(131)	364.16	581.31(160)	478.78	527.57(110)
194 NPPs	175.80	157.18(90)	193.98	216.91(113)	149.96	178.37(119)
423 NPs	28.79	74.07(257)	50.64	43.73 (86)	40.53	45.43(112)
Total	**533.41**	**662.23**	**608.78**	**841.95**	**669.27**	**751.37**

(Source: Director Urban Local Bodies, Lucknow)

It would be seen from the above table that in respect of NNs and NPs, the targets for the years 2008-09 and 2009-10 were fixed less than the revenue realized during the years 2007-08 and 2008-09 respectively and in respect of NPPs, the targets fixed for 2009-10 was less than the revenue realized during 2008-09.

Further, it was noticed in test check that 12 Nagar Palika Parishads and 22 Nagar Panchayats raised demands for ₹ 11.65 crore during 2008-09 which included ₹ 5.46 crore on account of arrear dues for previous years. Out of total demands only ₹ 5.49 crore was recovered during 2008-09 and the remaining ₹ 6.16 crore was lying unrecovered for no reasons on record. The financial position of the NPPs and NPs suffered to this extent ***(Appendix-1.1).***

1.7 Overall financial position of the ULBs

As mentioned at preceding Paragraph 1.3, the database on finances of the ULBs was not created. As a result the overall financial position of all the ULBs in the State depicting the opening balances, receipts, expenditure and closing balances could not be ascertained.

The year-wise financial positions of ULBs (2006-07: 106, 2007-08: 75 and 2008-09: 153) test checked in audit during the period 2007-10 is detailed below:

(₹ in crore)

Year	Number of ULBs test checked	Opening balances	Funds received	Total Funds available	Expenditure (per cent in bracket)	Closing balances
Nagar Nigams						
2006-07	7	211.72	605.50	817.22	595.48(73)	221.74
2007-08	8	211.44	1002.22	1213.66	688.71(57)	524.96
2008-09	10	724.34	1837.40	2561.74	1616.10(63)	945.64
Nagar Palika Parishads						
2006-07	39	43.95	124.01	167.96	126.32(75)	41.64
2007-08	22	27.62	121.36	148.98	110.75(74)	38.23
2008-09	52	130.74	347.68	478.42	350.16(73)	128.26
Nagar Panchayats						
2006-07	60	17.20	49.63	66.83	51.37(77)	15.46
2007-08	45	11.08	41.72	52.80	39.91(76)	12.89
2008-09	91	25.89	81.68	107.57	84.88(79)	22.69

(Source: Inspection report of the audited units.)

It was noticed that the ULBs could not maintain pace in expenditure with the flow of funds during 2007-10. The *per centages* of expenditure as against the available funds ranged between 57 to 73 in case of Nagar Nigams, 73 to 75 in case of Nagar Palika Parishads and 76 to 79 in case of Nagar Panchayats. Consequently, huge amounts were lying unspent with them at the end of each financial year which indicated poor planning for funds utilization for achieving intended objectives in a time bound manner.

1.8 Internal Control

- The NPPs and NPs did not have any pre-check system for bills. As such, payments were made without pre checking of the bills.
- In terms of the Rule 67 of UP Municipal Account Code, the Executive Engineers and the Assistant Engineers were to check/verify 5 and 25 *per cent* respectively of the measurements of the construction works entered in the measurement books. In test-check of ULBs, it was, however, noticed that measurements were not checked and verified as such.

1.9 Accounting arrangements

- ***Adoption of account formats prescribed by the Comptroller and Auditor General of India***

  The Comptroller and Auditor General of India, on the recommendation of Eleventh Finance Commission prescribed the

Budget and Accounting formats on accrual basis for ULBs which the Ministry of Urban Development circulated (June 2003) to the State Governments for their acceptance. The Government accepted the formats but could not implement the same as of November 2010.

Due to non-maintenance of accounts in the prescribed formats, the assessment of the assets and liabilities of the ULBs could not be done.

- ***Non reconciliation of cash balances***

  Each item of receipts and expenditure as per cash book should be compared with the treasury/ bank statements at the end of each month. The differences, if any, should be reconciled. However, it was noticed in test check that 6 Nagar Palika Parishads and 13 Nagar Panchayats had a total difference of ₹ 5.76 crore ***(Appendix-1.2)*** as on 31 March 2009 in the cash book and treasury/bank statements. The unreconciled differences were fraught with risk of misuse / misappropriation of funds.

1.10 Audit arrangements

- Director, Local Fund Audit is the primary auditor of ULBs in terms of Uttar Pradesh Local Fund Audit Act 1984. Based on information furnished (December 2010) by Director, Local Funds Audit, the arrears in audit of ULBs occurred ranging between 6 to 11 *per cent* during the year 2007-08 to 2009-10 due to shortage of manpower. The year wise position of the units to be audited and those actually audited have been given below:

Year	Number of units to be audited	Number of units actually audited	Units in arrear	Arrear in *per cent*
2007-08	623	586	37	6
2008-09	623	585	38	6
2009-10	623	556	67	11

(Source: Information furnished by Director Local Fund Audit)

- As per direction of C&AG of India about the TGS, it was directed that the report of the test check conducted by AG would be sent to

the Director Local Fund Audit (DLFA) for pursuance of action taken with ULBs. The DLFA would ensure compliance of audit paras of AG's report in the same manner as if these are his own reports. About the settlement of the paragraph sent by DAG/LB, it was told by Director Local Fund Audit Allahabad that due to shortage of manpower no paragraph could be pursued.

- Director, Local Fund Audit, in terms of section 8(3) of Uttar Pradesh Local Fund Audit Act 1984, was required to prepare a consolidated audit report on the accounts of ULBs and submit it to the Government for placing it before the Legislative Assembly. It was noticed that while such annual audit report was prepared upto the year 2007-08, reports up to the year 2004-05 was only placed before the Legislative Assembly.

1.11 Position of entrustment of audit/Technical Guidance and Supervision to Comptroller and Auditor General of India

- The Eleventh Finance Commission recommended exercising of Technical Guidance and Supervision (TGS) over the proper maintenance of accounts of ULBs and their audit by the Comptroller & Auditor General of India under section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971. The Government entrusted the audit of local bodies to comptroller and Auditor General of India in October 2001.
- Audit of 10 Nagar Nigams, 52 Nagar Palika Parishads and 91 Nagar Panchayats for the year 2008-09 was conducted during 2009-10 and 2054 paragraphs on poor financial management and irregularities resulting into infructuous and excess expenditures, diversion of funds and loss of revenue, etc. were communicated during 2006-10 to the Head of the offices of the concerned audited units of the ULBs, and Director, Local Fund Audit. However, the compliance of these paragraphs was awaited (December 2010).

1.12 Other points

Recommendation of the State Finance Commission

Second State Finance Commission, constituted in February 2000 for the period 2001-2006, made 107 recommendations mainly on the issues relating to transfer of fixed share of the net tax proceeds of the State to ULBs and PRIs, to improve their resources through license fee etc. and to implement e-governance, computerization in local bodies etc.

It was noticed that Government accepted in *toto* 74 recommendations and partially 12 and did not accept remaining 21 which mainly related to imposing of property tax in rural areas, revision of rates of land revenue and enhancing income of ULBs through license etc.

Third State Finance Commission was constituted in December 2004. On the issues relating to transfer of fixed shares of the net tax proceeds of the State to ULBs and PRIs, the commission recommended nine *per cent* of the net tax proceeds to ULBs but State Government decided to devolve only seven *per cent* of the total tax net receipts to the ULBs.

1.13 Conclusion

Thus, Government, on one hand, did not devolve 7.5 *per cent* of the proceeds of Tax Revenue to the ULBs in terms of the recommendations of the Second State Finance Commission and on the other hand, funds made available to them were underutilized leading to accumulation of huge amounts of fund depriving thereby the people of the areas under their jurisdiction the civic basic amenities. The financial data were also not reliable as neither the database was developed nor data of fund utilization compiled at the State level. The status of the assets and liabilities of the ULBs was also not available due to non maintenance of accounts in the prescribed formats. In addition, Government decided to devolve only seven *per cent* of the total tax net receipts to the ULBs against the nine *per cent,* which was recommended by Third State Finance Commission.

CHAPTER II

URBAN DEVELOPMENT DEPARTMENT

Performance Audit on utilization of funds released under Urban Infrastructure Development Scheme for Small and Medium Towns

Executive Summary

Urban Infrastructure Development Scheme for Small and Medium Towns, a component of Jawaharlal Nehru National Urban Renewal Mission, was launched by the Government of India on 3rd December 2005 for the period of seven years beginning from 2005-06 for all the cities/towns except cities/towns covered under Urban Infrastructure & Governance. The scheme aims to encourage reforms of Urban Local Bodies and fast track infrastructure development. The sharing of funds would be in the ratio of 80:10:10 among the Government of India, State Government and Urban Local Bodies. The Government of India allocated ₹ 947.92 crore for Uttar Pradesh.

The performance audit conducted from June to September 2010 covering the period 2005-10 revealed the following:

- *Out of the 621 eligible ULBs to be covered under the scheme, only 76 ULBs were covered and 46 ULBs were sanctioned the grant for their 64 projects;*
- *Due to poor planning for availability of land, 14 projects (cost:₹ 119.85 crore) of solid waste management could not be started as of March 2010;*
- *Detailed Project Reports of 11 projects cost ₹ 208.19 crore had been revised to ₹ 271.62 crore up to August 2010 due to project cost overrun;*
- *Irregular execution of 20 roads of inner city of Basti, estimated cost ₹ 23.77 crore, as no technical sanctions were obtained in accordance with the Government order;*
- *Contractor was paid price escalation of ₹ 7.61 lakh against the terms and conditions of the agreement;*
- *Records of test checked ULBs revealed that reforms of ULBs were not implemented in 13 ULBs out of 14, which hamper the allotment of second instalment; and*
- *Programme of training to ULBs personnel and elected representative was not organised.*

2.1 Introduction

The Government of India (GoI) launched (December 2005) Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) for the cities and town having less than 10 lakh population except towns and cities covered under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for improvement of infrastructure facilities in a planned manner and to ensure implementation of urban reforms (mandatory and optional). UIDSSMT subsumed the then existing schemes of Integrated Development of Small and Medium Towns (IDSMT) and Accelerated Urban Water Supply Programme (AUWSP).

Admissible items under this scheme are:

- Urban Renewal i.e. redevelopment of inner (old) city areas;
- Water Supply (WS) and Sanitation;
- Sewerage and Solid Waste Management (SWM);
- Construction and improvement of roads, highways/expressways (Roads & Flyovers), parking lots/spaces on Public Private Partnership basis;
- Development of heritage areas; and
- Preservation of water bodies.

Allocation of the funds to Urban Local Bodies (ULBs)[10] will be on the basis of the ratio of population of the ULB to the total urban population of the eligible ULBs of the State. However, funds would be provided to only those towns and cities where elections to local bodies have been held and elected bodies are in position. The State Government may prioritise towns and cities on the basis of their local needs i.e. existing infrastructure, population of Scheduled Castes/Scheduled Tribes and special requirements. The fund share of the projects would be 80:10:10 between

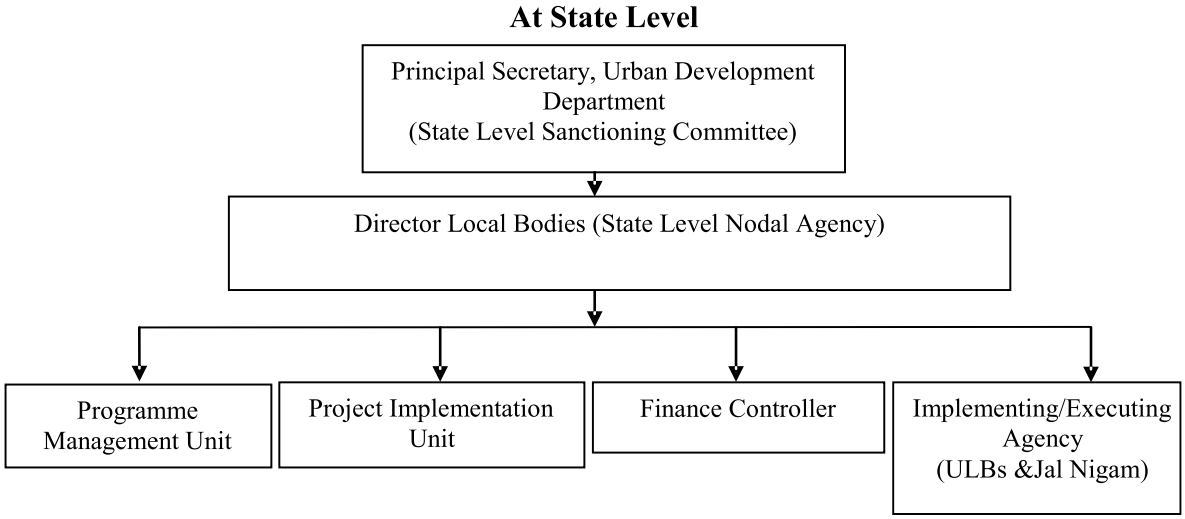
[10] Nagar Nigam (NN), Nagar Palika Parishad (NPP) and Nagar Panchayat (NP).

GoI, State Government and ULBs**.** GoI initially allocated ₹ 947.92 crore to Uttar Pradesh as Additional Central Assistance (ACA) for seven years beginning from 2005-06 and additional ₹ 700 crore was allocated in December 2008.

2.2. Organizational set up

At the State level, a State Level Sanctioning Committee (SLSC) headed by Principal Secretary, Urban Development Department was constituted to review and prioritise projects for inclusion in the UIDSSMT. Director, Local Bodies was nominated as State Level Nodal Agency (SLNA) for scrutiny of Detailed Project Reports (DPRs) submitted by ULBs and monitoring the projects. Programme Management Unit, Project implementation Unit and Finance Controller have been established under administrative control of SLNA for scrutiny of DPRs, monitoring the projects, control over expenditure on projects and submission of utilization certificates to GoI.

ULBs were responsible for implementation of the projects through Executing Agencies nominated by the Government. The following organogram depicts the organizational set up at State Government level.



2.3. Audit objectives

The performance audit of the UIDSSMT was to assess whether:

- adequate planning for selection of eligible ULBs and projects was carried out;
- funds were made available timely for execution of the projects and utilized as per UIDSSMT guidelines/instructions;
- projects were executed in an efficient and transparent manner in accordance with guidelines of UIDSSMT and financial rules;
- reforms were implemented to improve urban governance and projects were monitored efficiently and effectively at each level; and
- evaluation of the outcomes of the scheme was done in accordance with guidelines.

2.4. Audit criteria

Audit criteria was formed and adopted as under:

- Guideline of UIDSSMT.
- Municipal Solid Waste (Management and Handing) Rules-2000.
- Sewerage Manual and Water Supply Manual.
- Nagar Nigam Act-1959 and Nagar Palika Act-1916.
- Detailed Project Reports (DPRs) approved by State Level Sanctioning Committee.
- Memorandum of Agreements (MoA), quality test reports, monthly progress reports.
- Government Orders and directions issued from time to time.

2.5 Scope of audit and methodology

The performance audit *inter alia*, covered the aspects of initial planning, funding and implementation of the scheme, effectiveness of the UIDSSMT Grants for the period of 2005-06 to 2009-10.

Records of (i) State Secretariat, Finance Department and Urban Development Department, (ii) Director, Local Bodies/SLNA were examined. Thirteen (2 NNs[11], 8 NPPs District level[12] and 3 NPPs Tehsil Level[13]) out of 46 ULBs where the projects were sanctioned along with nominated Executing Agencies (EAs) were selected through Probability Proportionate to Size Without Replacement (PPSWOR) method for scrutiny of records.

Audit Finding

2.6 Planning

2.6.1 Non-adherence of Guidelines in selection of ULBs

As per guidelines, all ULBs of the State were eligible to cover under UIDSSMT, except ULBs covered under JNNURM. There were 628 ULBs (12 NNs, 194 NPPs and 422 NPs) in the State, out of which 621 ULBs (six NNs, 193 NPPs and 422 NPs) were eligible to be covered under UIDSSMT.

Scrutiny of records of SLNA (September 2010) revealed that the State Government had selected (September 2005) six NNs, 39 NPPs having population more than 1 lakh and all ULBs falling under identified ***"Adarsh Janpad"*** (38 districts) for implementation of UIDSSMT. Accordingly, proposals of the projects were invited from selected ULBs with the direction that the proposals would be accepted within time schedule on the basis of first come-first serve. 114 projects costing ₹ 2768.96 crore of 76 ULBs were sanctioned during September 2006 to January 2009. Out of these 114 projects, only 64 projects costing ₹ 1169.63 crore of 46 ULBs w ere

[11] Ghaziabad and Gorakhpur
[12] Ballia, Basti, ,Bijnore, Deoria, Faizabad, Fatehpur, Firozabad and Rampur
[13] Loni, Sandila and Virndavan

approved by GoI for which it committed to release ACA of ₹ 935.70 crore. Position of remaining ULBs were not covered for sanction of projects as of September 2010 is detailed as under:

Table-1 : ULBs not covered

Name of ULBs	Total No. of ULBs	No. of ULBs Eligible	No. of ULBs covered		No. of ULBs Uncovered
			Sanctioned	Pending	
NN	12	6	5	1	NIL
NPP	194	193	41	21	131
NPs	422	422	NIL	8	414
Total	**628**	**621**	**46**	**30**	**545**

Thus, without prioritising the towns and cities, State Government sanctioned 114 projects of 76 ULBs on first come first serve basis, flouting the provisions of guidelines.

On being pointed out, SLNA stated (September 2010) that the selection of ULBs was based on their urban population but funds were allocated as per cost of approved DPRs. Reply was not tenable as selection of ULBs was made on First come first serve basis.

2.6.2 Non-adherence to the orders of Government of India

The order of GoI (December 2008) was communicated to the State Government in SLSC meeting (January 2009) for grant of supplementary ACA for ₹ 700.00 crore under UIDSSMT scheme. The order provided that projects of ULBs already sanctioned by the SLSC and funds not released for sanctioned projects from the initial ACA would be covered under supplementary ACA with the condition that only one project for each ULB would be sanctioned. After covering such cases, ULBs still uncovered may also be taken up by giving priority to the higher population in residual ULBs. The estimated cost of the project would be limited to ₹ 25 crore.

Scrutiny of records in SLNA also revealed that the State Government sanctioned (January 2009) 41 projects for ₹ 2039.75 crore and sent to GoI for approval and release of funds. Sixteen out of 41 projects, were

sanctioned for cost more than ₹ 25 crore ***(Appendix-2.1)***. Besides, the SLSC sanctioned more than one project to nine ULBs.

Thus, violating the orders of the GoI, while sanctioning the grant from supplementary ACA of ₹ 700.00 crore, 16 projects, cost of which was more than ₹ 25 crore, were sanctioned. Besides, more than one project of nine ULBs was sanctioned violating the orders of GoI, due to which other ULBs remained un-covered.

2.6.3 Preparation of DPR without proper survey and ensuring availability of land

The agencies nominated for the preparation of DPRs were required to conduct detailed survey of site and ensure the availability of land for execution of projects on the basis of basic infrastructure needs.

Scrutiny of records (June 2010) revealed that nominated agencies had submitted DPR without conducting proper survey which resulted that:

- DPR of Roads and flyover project of NPP Rampur (cost: ₹ 89.58 crore) was sanctioned (September 2006) by SLSC. The amount of ₹ 44.79 crore was released by the Government and deposited in SLNA account which released ₹ 8.45 crore to NPP Rampur (April 2008). Later, it was found that the site was under jurisdiction of National Highway (NH) Division Rampur and construction on the same site was started by the NH division. Consequently, the project was cancelled by SLSC in June 2010. Thus, total amount of ₹ 44.79 crore was blocked up to four years and cost of preparation of DPR ₹ 1.34 crore became wasteful.

On being pointed out, Executive Officer, NPP Rampur stated (June 2010) that conduction of survey by DPR preparing agency and sanction of project by the SLSC were not known to him.

- DPR of Roads & flyover project of Ghaziabad costing ₹ 90.87 crore submitted by Ghaziabad Development Authority (GDA), was

sanctioned (September 2006) by SLSC and funds of ₹ 45.44 crore were released. The Construction of (i) six lane link road from NH 24 to NH 58, (length: 3.65 KM) (ii) six lane link road from New Holland factory to NH 24, (length: 1.50 KM) could not be started as Railway Authority had not allowed the proposed construction of Road Under Bridge (RUB) on Howrah-New Delhi Railway Route and non availability of land respectively. As a result, DPR was got revised (June 2010) for ₹ 196.24 crore [14] and project cost increased due to revision of Schedule of Rates and change of drawing design of roads including Road Over Bridge (ROB) instead of RUB.

Thus, the DPR was prepared without proper survey and availability of land.

2.6.4 Delay in nomination of Executing Agency

Scrutiny of records of SLNA (September 2010) revealed that SLSC had sanctioned 29 projects for ₹ 584.70 crore[15] up to November 2006 with directions that implementation of the scheme and executions of the sanctioned projects was to be done within given time frame. The State Government nominated (April 2007) UP Jal Nigam (JN) as Executing Agency after a lapse of five months from the sanction of projects resulting in cost overrun in three projects[16] by ₹ 16.88 crore.

2.7 Funds management

The sharing of funds was in the ratio of 80:10:10 among GoI, State Government and ULB. The GoI was to release 50 *per cent* its share of the project cost as first instalment on signing of Memorandum of Agreement with the SLNA, after ascertaining availability of State share. Remaining 50 *per cent* of the GoI share was to be released on submission of utilization certificates by SLNA for 70 per cent of funds released earlier.

[14] Original cost of DPR ₹ 90.87 crore
[15] Ist SLSC Meeting 9 September 2006; 15 Projects for ₹344.77 crore and Second SLSC Meeting (November 2006) ; 14 projects ₹ for 239.93 crore
[16] Ballia and Gonda for drinking water and Mainpuri for drainage.

Further, SLNA would release 25 *per cent* GoI grant on ascertaining availability of State share and balance GoI grant would be released after assessment of progress of implementation of reforms. The funds were not released by SLNA as per provisions of the guidelines as detailed below:

Table-2: Fund released and expenditure incurred by ULBs

(₹ in crore)

Year of sanction	Project Sanctioned			Funds deposited in SLNA Accounts		Funds release to ULBs (Central +State +ULB Share)		Fund Released to EA by ULBs	Period of release	Expenditure up to March 2010
	Name of Project	No	Cost	Amount	Period of receipt	Amount	Period of release			
2006-07	SWM	**14**	119.25	59.31	February 2007 to August 2008	59.58	October 2007to January 2009	40.68	February–July 2008	10.84
	WS	**9**	104.61	77.25		52.30		74.42	January 08 – February 09	63.57
	Roads & Flyover	**2**	180.46	90.23		53.89		17.80	July 2007	9.35
	Sewerage	**3**	180.38	87.22		90.19		87.22	February 08 – June 08	86.07
2007-08	SWM	**5**	49.78	24.89	March 2008 to September 2008	24.73	August 2008 to October 2009	23.40	August 08 – March 10	0.00
	WS	**14**	251.64	125.82		125.61		126.06	June 08 – March 09	105.96
	Roads & flyover	**1**	23.77	11.88		11.88		11.88	February – March 09	11.73
	Sewerage	**1**	73.41	36.71		36.71		36.70	July 09	30.71
2008-09	WS	**13**	129.75	63.85	December 2008 to November 2009	62.87	Februar y 2009 to April 2010	36.90	April 08 – March 09	23.14
	Sewerage	**1**	34.63	19..05		19.05		18.57		14.33
	Drainage	**1**	21.95	12.07		12.07		9.00		5.37
	Total	**64**	**1169.63**	**608.28**		**548.88**		**482.63**		**361.07**

It would be seen from the table that the SLNA had delayed in releasing funds to ULBs for more than eight to ten months though the funds were deposited in the Bank Account of SLNA.

The GoI, State Government and ULBs contributed funds ₹ 608.28 crore for implementation of 64 projects sanctioned by the Government as first instalment of 50 *per cent* of their share and deposited in SLNA Bank Account. However, the SLNA released only ₹548.88 crore to ULBs and ULBs, released ₹ 482.63 crore to EAs. The EAs expended only ₹361.07 crore till March 2010.

2.7.1 Non-release of Second Instalment of GoI share ₹ 343.42crore

As per guidelines, second Instalment of GoI share was to be released on availability of State share and submission of utilization certificates within 12 months of the closure of the financial year in accordance with the provisions of General Financial Rules. Scrutiny of records of SLNA revealed that utilization certificates of 60 out of 64 projects were to be submitted till March 2010 to GoI for releasing of second instalment. As against the funds disbursed to EAs amounting to ₹ 482.63 crore by ULBs, concerned EAs submitted UCs of 44 projects for ₹ 306.14 crore up to March 2010. SLNA submitted 14 UCs for ₹ 104.18 crore to GoI as the inspection of the balance 30 projects could not be conducted till March 2010. Thus, failure in submission of UCs by SLNA in time to GoI resulted in non-release of second installment of ₹ 343.42 crore ***(Appendix-2.2)*** which in turn resulted in cost and time overrun of the projects.

Due to this reason second instalment of the projects were not released which resulted in cost and time overrun as well as delay in delivery of intended services.

2.7.2 Non-adherence of guidelines for depositing funds in SLNA Accounts led loss of interest ₹ 4.84 crore

Additional Central Assistances released by GoI to the State Government were to be directly deposited into the bank accounts of the SLNA as envisaged in the guidelines of UIDSSMT.

Scrutiny of records of SLNA revealed that the State Government released funds to Director, Local Bodies after matching State's share with several instructions either for depositing funds into Personal Ledger Account (PLA) of UPJN or drawl of bill from treasury in two or three phases instead of depositing directly into the account of SLNA. Accordingly, the Director, Local Bodies had transferred funds into the PLA of UP Jal Nigam and drawn funds in phases from treasury instead of depositing directly into the SLNA account. Due to delayed deposit into SLNA

accounts ranging from two to six months, the scheme deprived of the interest income of ₹ 4.84 crore (***Appendix-2.3).***

On being pointed out, the Director, Local Bodies stated (September 2010) that the funds were deposited in the bank account of SLNA in accordance with the order of the State Government. Reply is not tenable as guidelines of UIDSSMT should have been adhered to. Besides, the State Government raised its cash balance from central assistance.

2.8. Implementation of projects

2.8.1 Incomplete projects

As per guidelines of UIDSSMT and direction of SLSC, the scheme was to be implemented within given time frame to avoid cost and time overrun and to achieve the objectives of the scheme to provide infrastructure facilities to urban people.

Scrutiny of records (June - September 2010) of test checked ULBs revealed that 24 projects (WS, SWM, and Sewerage, Drainage and roads and flyover) costing ₹ 666.45 crore were sanctioned by SLSC during September 2006 and August 2009 in 12 ULBs and ₹ 372.55 crore was released to EAs for execution of work. Out of 24 projects, nine projects were scheduled to be completed up to March 2010 but these remained incomplete up to August 2010 (***Appendix-2.4).***

Further scrutiny revealed that only 10 to 60 *per cent* work had been completed as of August 2010. Six water supply projects could not be completed due to non availability of land for construction of Over Head Tanks and installation of Tube Wells. Roads projects of NPP, Basti could not be completed due to change of specifications and non release of second installment of funds. A sewerage project of NPP, Ballia was not completed for non acquisition of land.

Thus, projects were started without arrangement of land and finalization of drawing and design.

2.8.2 Revision of DPR due to delay in release of funds

The Director, Ministry of Urban Development, GoI stated in SLSC meeting (September 2006) that the scheme was to be implemented within given time frame. The additional funds due to time and cost overrun would not be released by GoI.

Scrutiny of records (June -September 2010) of SLNA revealed that DPRs of 11 projects, out of 64 sanctioned projects, had been revised up to August 2010. These revisions were due to delay in release of funds by the SLNA to ULBs and thereafter ULBs to EAs for more than six to 12 months from the date of receipt of ACA and non-availability of land in time. As GoI had already stated that additional funds due to time and cost overrun would not be released, therefore, increased cost of projects to the tune of ₹ 63.43 crore against 11 revised projects would be extra burden on the State Exchequer as detailed in table below:

Table-3: Details of revised projects

(₹ in crore)

Sl No	Name of ULBs	Name of project	Date of sanction by SLSC	Cost of project	Amount and date of received ACA	Amount released to ULBs as first instalments		Detail of revised cost of projects		Excess
						Period	Amount	Date	Amount	
1	NPP Mainpuri	Sewerage	8.9.06	48.74	19.50 (13.2.07)	21.2.08 to 7.1.09	24.37	21.5.10	57.72	8.98
2	NPP Ballia	WS	10.11.06	8.04	3.07 1.3.07	17.12.07 to 8.6.10	5.22	11.1.10	12.61	4.57
3	NPP Gonda	WS	10.11.06	9.85	3.94 (6.8.07)	21.4.08 to 14.9.10	9.58	11.1.10	13.19	3.34
4	NPP Etah	WS	10.11.06	9.62	3.68 (16.3.07)	16.4.08 to 6.4.10	4.8	23.2.10	13.36	3.74
5	NPP Muzaffarnagar	WS	16.7.07	32.14	12.86 (17.7.08)	17.12.07 to 6.4.10	3.2	25.2.10	47.62	15.48
6	NPP Laharpur	WS	16.7.07	11.78	0.71 (23.9.08)	24.2.09 to 13.8.09	0.89	30.3.10	2.87	1.09
7	NPP Faizabad	WS	16.7.07	18.80	7.52 (26.3.08)	4.8.08 to 27.3.09	9.40	17.7.10	24.53	5.73
8	NPP Hapur	WS	16.7.07	28.49	11.40 (23.9.08)	24.2.09 to27.3.09	14.24	16.7.10	38.17	9.68
9	NPP Moradabad	WS	13.9.07	3737.19	14.88 (17.7.08)	8.8.08 to 8.2.10	18.59	15.6.10	45.34	8.15
10	NPP Bagpat	WS	13.9.07	3.18	1.278 (17.7.08)	8.8.08 to7.1.09	1.59	16.6.10	4.27	1.09
11	NPP Bijnore	WS	5.8.08	10.36	4.15 (18.3.09)	13.8.09 to 8.2.10	5.18	9.7.10	11.94	1.58
	Total			**208.19**			**97.15**		**27162**	**63.43**

On being asked regarding delay in release of funds, concerned EAs/ULBs replied that due to delayed receipt of funds, dispute at site and delay in process of tendering, resulting in the time and cost overrun which led to revision of DPRs.

2.8.3 Blockage of funds released for Solid Waste Management projects

As per financial rules DPRs should be prepared after proper survey of site and ensuring the availability of land. SLSC had also directed in meeting (September 2006) that SLNA would release funds for SWM projects to concerned local bodies only when availability of land for landfill site had been confirmed and no objection certificate obtained from UP Pollution Control Board.

Scrutiny of records (September 2010) revealed that 19 projects of SWM were sanctioned during August 2006 to July 2007. Out of these projects, the work of 14 projects of SWM costing ₹ 119.85 crore could not be started till June 2010 due to non availability of land though the funds ₹ 48.54 crore was released by SLNA to EA through ULBs during May 2008 to February 2009 as detailed below:

Table-4: Details of 14 Solid Waste Management Projects

(₹ in crore)

Sl. No.	Name of ULBs	Sanctioned Cost of project	Sanctioned date of SLSC	Amount and date of ACA released		Funds released by SLNA to ULBs		Funds released by ULBs to EAs		Expenditure
				Amount	Date	Amount	Period	Amount	Date	
1	NPP Basti	3.86	8.9.06	2.34	13.2.07	2.93	Dec-Jan 09	2.93	24.5.08	0.00
2	NN Jhansi	12.16	8.9.06	4.86	13.2.07	6.08	Dec-Jan 09	6.08	8.5.08	0.00
3	NPP.Ballia	6.82	8.9.06	2.73	13.2.07	3.40	Dec-Jan 09	3.75	28.5.08	0.00
4	NPP Badaun	5.78	8.9.06	2.31	16.3.07	2.89	Dec-Jan 09	2.89	18.5.09	0.00
5	NPP Firozabad	7.14	10.11.06	2.73	16.3.07	3.57	Dec-Jan 09	1.76	25.4.08	0.00
6	NPP Muzaffarnagar	6.58	10.11.06	2.51	16.3.07	3.29	Dec-Jan 09	3.14	21.1.08	0.00
7	NN Gorakhpur	15.64	10.11.06	6.25	6.8.07	7.82	Dec-Jan 09	1.00	31.3.08	0.00
8	NPP Mainpuri	4.28	10.11.06	1.71	6.8.07	2.14	Dec-Jan 09	0.67	14.7.08	0.00
9	NPP Etawah	5.82	10.11.06	2.33	6.8.07	2.91	Dec-Jan 09	2.92	3.5.08	0.00
10	NPP Mirzapur	11.00	16.7.07	4.40	26.3.08	5.50	Aug-08	5.50	Dec 08	0.00
11	NPP Fatehpur	9.38	16.7.0`7	3.75	17.7.08	4.53	Feb-Oct 09	4.38	Feb 09	0.00
12	NPP Jaunpur	12.20	16.7.07	4.88	17.7.08	6.10	Aug 08	5.62	Aug 08	0.00
13	NPP Barabanki	5.37	16.7.06	2.15	17.7.08	2.64	Aug 08	2.58	Aug 08	0.00
14	NPP Loni	11.82	16.7.06	4.73	23.9.08	5.90	Feb 09	5.32	Feb 09	0.00
	Total	**119.85**		**47.68**		**59.7**		**48.54**		**0.0**

On being pointed out, SLNA accepted the facts. Thus, without ensuring the availability of land the funds were blocked at the level of EAs for more than two years.

2.8.4 Interest not credited to Projects Account

Guidelines of the scheme provided that funds were required to be kept in separate saving account with nationalized bank.

Scrutiny of records (September 2010) of Project Manager (PM), Drainage & Sewerage Unit, UP JN, Mathura (EA of NPP Vrindavan) revealed that the NPP Vrindavan released ₹ 24.96 crore to the EA up to March 2010 for execution of two projects (Sewerage and Drainage). EA invested ₹ 19.69 crore (between April 2009 to June 2010) in short term FDR in various Nationalized Banks ***(Appendix-2.5).*** Contrary to the guidelines, interest earned to the tune of ₹ 0.29 crore on these investments was remitted to their headquarters office at Lucknow to meet establishment expenses.

On being pointed out EA accepted the facts and stated (August 2010) that the funds was invested as FDR in the interest of projects.

Thus, the interest earned was transferred to Headquarters office in spite of depositing it into the project account violating the provisions of the guideline.

2.8.5 Irregular execution of project

The SLSC sanctioned (July 2007) a project for development of inner roads of Basti city (cost ₹ 23.77 crore) with the condition that execution of the project would be done by state expert agency. The project comprised of 20 inner roads. The State Government had nominated (November 2007) NPP Basti as EA with the directions that the sanction to the work would be accorded by District Magistrate, Basti in accordance with approved DPR. Technical sanction on detailed estimate would be given by the Executing Engineer, Provincial Division (PWD), Basti.

The scrutiny (September 2010) of records NPP, Basti revealed that funds ₹11.88 crore was received for implementation of the project. NPP, Basti invited (May 2009) tender for the construction of 20 inner roads (estimated

cost ₹ 21.20 crore). It was also observed that only two tenders against each roads work were received. The tendered rates were 60-70 *per cent* higher than the estimated cost. Moreover, process of tender was finalized (July 2009) and agreement were executed with contractors for ₹ 31.56 crore as against the estimated cost of ₹ 21.20 crore.

Further, scrutiny revealed that specifications of work as approved in DPR were changed during execution without prior approval of the competent authority. In all roads works as against the provision of soling coat with bricks, stone ballast (40-60mm gauge) was used and inter and top coats in place of local soil as blending material, stone dust was used. Due to change of specifications, the project cost increased to the tune of ₹ 10.36 crore and the works remained incomplete up to September 2010 due to paucity of funds.

On being pointed out, NPP, Basti stated (September 2010) that specifications of construction of roads were changed on suggestion of Engineer. In respect of incomplete work it was stated that due to paucity of funds and awaiting sanction of revised estimates the remaining works could not be completed.

The reply of the NPP was not tenable as the NPP executed the agreement for ₹ 31.56 crore as against the estimated cost of ₹ 21.20 crore which was also above the project cost limit of ₹ 25 crore.

2.8.6 Inadmissible payment to contractors on account of price escalation.

Under UIDSSMT, a project of Water Supply at cost of ₹ 9.73 crore was sanctioned by SLSC for NPP Basti. UP JN was nominated as EA for implementation the project. Under project, construction work of 1800 kilolitre Over Head Tank (OHT), 22 metre staging was awarded (December 2007) to a contractor at the cost of ₹ 67.29 lakh on the basis of lowest tender. The date of start and completion of the work was February 2008 and August 2009 respectively.

Scrutiny of the records of EA (September 2010), however, revealed that an amount of ₹ 7.61 lakh paid to contractor for price escalation, though there was no provisions of payment for price escalation in the terms and conditions of the agreement. As such, total amount of ₹ 74.90 lakh was paid to contractor for execution of contract instead of agreement cost ₹ 67.29 lakh.

On being pointed out in audit EA stated (September 2010) that payment was made on the request of contractor, wherein the contractor had expressed his inability to complete the work due to sharp increase in prices of raw material. Reply was not tenable as the payment was made beyond the terms and condition of the agreement.

Thus, inadmissible payment of ₹ 7.61 lakh was made to contractor.

2.8.7 Inadequate maintenance of records

State Level Nodal Agency was required to maintain ULB-wise and projects-wise audited accounts of funds released to ULBs under the scheme. ULBs were required to open and maintain separate bank account for each project in a bank for receipt and expenditure of all money to be received and spent. A separate register was to be maintained for utilization of funds for Central, State and ULB share as envisaged in the guidelines.

Scrutiny of records of SLNA revealed that institution-wise and projects-wise audited accounts were not being maintained by SLNA. Besides, test-checked ULBs had also not maintained project-wise separate register for utilization of funds received and spent.

On being pointed out, SLNA stated (September 2010) that accounts were maintained in computerized systems whereas Executive Officer of test checked ULBs stated (May - September 2010) that the accounts could not be maintained in separate register as no instructions were given. The replies were not tenable as separate register and audited accounts of receipt

and expenditure should have been maintained by SLNA along with computerized systems. The instructions for maintenance of accounts at ULBs level have already been given in guidelines

Thus, due to non-maintenance of the prescribed records, accuracy and transparency of accounts could not be ensured.

2.8.8 Non-implementation of the reforms

The State Government and ULBs were required to implement 13 mandatory reforms and 10 optional reforms within period of 2005-12 to ensure improvement in urban governance. Further, any two optional reforms to be implemented together by the State Government and ULBs in each year and second installment of central share would be released to ULBs only after assessment of progress of implementation of reforms.

Scrutiny of records (September 2010) of SLNA and test checked ULBs revealed that mandatory and optional reforms, to be implemented at state level, had been adopted by the State Government and its implementation was under process whereas mandatory and optional reforms in ULBs i.e GIS Survey, Computerization of Property Tax, Online bills and deposits, double entry system of accounting were not properly implemented. Programme Implementation Unit was also not constituted in time aimed for implementation of projects, no benchmark was fixed by the State Government except any two optional reforms were to be implemented each year together by the State Government and ULBs. The progress of implementation of reforms in ULBs was unsatisfactory as 13 out of 14 test-checked ULBs implemented one to three mandatory reforms and one optional reform.

2.8.9 Absence of Training and Capability Building programme

As per guidelines of UIDSSMT, the Central and State Government will make continuous efforts for training and up-gradation of the skills of the personnel responsible for implementing the projects and elected representatives. State Government may organize suitable training as well as capacity building programmes through reputed institutions in the field

and the same will form part of DPR to be submitted by implementing agencies.

Scrutiny of records of test checked ULBs revealed that training to ULBs personnel and elected representatives for capacity building was not organized despite of provision of funds for such trainings in the sanctioned DPRs. The State Government, however, submitted (April 2010) proposal of ₹ 12.20 crore to GoI for capacity building to train officials and technical staff of ULBs and project executing agencies, sanction of which was awaited (September 2010).

On being pointed out in audit, SLNA stated (September 2010) that programme for imparting training and capacity building was not organized so far.

2.9. Ineffective Monitoring

As per guidelines, SLSC would ensure quarterly monitoring of various projects sanctioned under the programme. A Programme Implementation Unit was to be constituted to ensure completion of the projects within stipulated time. SLNA was responsible for management and disbursement of funds received from Central and State Government and furnishing of Utilisation Certificates along with quarterly Physical and Financial Progress Reports to Ministry of Urban Development. Guidelines also provided that SLSC should meet as often as required but at least thrice a year without fail.

Scrutiny of records of SLNA (September 2010) revealed that SLSC has conducted 13 meetings during the period from 2005-06 to 2009-10 against the required 15 and only one meeting during 2009-10. Programme implementation unit was not constituted till March 2010.

Thus, ineffective monitoring system was one of the factors which slowed down the implementation of projects.

2.10. Conclusion

UIDSSMT was launched by GoI to improve infrastructure facilities in cities and towns and quality of life of inhabitants of the small and medium towns. The performance review conducted on the scheme revealed that only 76 ULBs were covered out of the eligible 621. Out of the 76 ULBs, projects of only 46 ULBs were approved to whom all the funds were allocated. SLSC did not adhere to the GoI instruction in allocation of additional ACA of ₹ 700 crores. Funds were released without ensuring availability of land and finalization of design. Internal control system was insufficient and implementation of reforms was not ensured.

Thus, due to inefficient planning, ineffective monitoring and slow progress in implementation of projects, inhabitants of concerned ULBs was so far deprived of the benefits of targeted infrastructure facilities.

2.11. Recommendations

- The State Government should allocate the funds to eligible ULBs by prioritizing the towns and cities in terms of programme guidelines;
- DPRs should be prepared after the required survey;
- Funds to ULBs and EAs should be released after ensuring the availability of land for implementing the projects;
- ULBs should implement the committed reforms within time schedule.

The matter was referred to the Government (August 2010); replies were awaited (May 2011).

CHAPTER-III

Audit of Transactions

3.1 Loss of revenue

Due to non realization of stamp duty from the contractors, as prescribed in the Indian Stamp Act 1899, the Government was put to loss of revenue of ₹ 5.95 lakh

As per Indian Stamp Act 1899[17], the contractor was required to pay Stamp Duty on contract agreements @ ₹ 80 per thousand.

Scrutiny of records of Nagar Palika Parishad of Charkhari, District Mahoba and Nagar Panchayat, Kachhala, District Badaun revealed (November 2009, March 2010) that Executive Officer, Nagar Palika Parishad of Charkhari, District Mahoba awarded seven contracts valuing ₹ 59.59 lakh to the contractors during 2006-09 for various items of works including pond fishing, vehicle parking. The contractor was required to pay Stamp Duty as leviable on contract agreements under the aforesaid Act, as per the rates prescribed and enter into agreements with the Nagar Palika Parishad of Charkhari, District Mahoba on the stamp papers valuing ₹ 4.77 lakh. However, Executive Officer of the Parishad entered into agreements with contractors on the stamp papers valuing ₹ 0.02 lakh ***(Appendix-3.1)*** only rendering loss of revenue of ₹ 4.75 lakh to the Government. On the other hand, the Executive Officer, Nagar Panchayat, Kachhala, District Badaun awarded contracts to the contractors during 2007-10 for vehicle parking valuing ₹ 15.03 lakh without even entering into agreements with them which resulted in loss of revenue of ₹ 1.20 lakh.

The concerned Executive Officers of Nagar Palika Parishad Charkhari, District Mahoba and Nagar Panchayat, Kachhala, District Badaun stated (November 2009, March 2010) that the Stamp Duty would be recovered.

[17] Article 23 & 35 B, Schedule 1 B and Item No. 105 of Annexure 2.

Thus, due to non-adherence to the provision of Indian Stamp Act, 1899 the Government was put to loss of non-tax revenue of ₹ 5.95 lakh.

The matter was brought to the notice of Government (April, 2010); the reply was awaited (May 2011).

3.2 Non-adjustment of Advances

Non-adherence of provisions of Accounts Code and Financial Rules resulted in non-adjustment of advances of ₹ 9.49 crore.

As per Rules[18], temporary advances to the officials were required to be adjusted by the end of the financial year in which the amounts were advanced. The Drawing and Disbursing Officer is responsible for the adjustment/ recovery of advances.

Scrutiny of records of Nagar Nigams, Aligarh and Varanasi revealed (January 2010) that the Nagar Nigams advanced ₹ 9.49 crore, during 1971 to 2009 ***(Appendix-3.2)*** to the officials/departments for various purposes such as purchase of bitumen, purchase of bleaching powder, load testing, sample testing, electrification of slums, etc. However, the concerned Drawing and Disbursing Officers, due to inaction, did not monitor the recovery/adjustment of these advances. As a result, the advances were neither adjusted in the books of accounts of the Nagar Nigams nor recovered from the officials even after expiry of 39 years.

In reply, the Nagar Ayukt of the concerned Nagar Nigams stated (January 2010) that action for adjustment of advances would be taken. The reply is, however, not tenable as keeping huge amounts without adjustment/recovery is not only a gross violation of the State Financial Rules but is also fraught with risk of misappropriation.

Thus, due to non-observance of Codal provision, ₹ 9.49 crore was lying pending for adjustment/recovery since long.

[18] 57 (3) of Nagar Nigam Accounts Code (Accounts Code) and rule 162 (7) of Financial Handbook Volume-V (Part-I).

The matter was reported to Government (June, 2010) the reply had not been received (May 2011).

3.3 Unfruitful expenditure on developments of plots

Due to non ascertainment of the economics of developing a plot, an expenditure of ₹ 8.32 lakh on them was rendered unfruitful. Besides, the scheme objective of developing serviced sites remained unachieved.

With a view to increasing availability of serviced sites for housing and promoting principles of planned and orderly spatial development, the GoI launched (1979-80) a scheme of Integrated Development of Small and Medium Towns.

Scrutiny of records of Nagar Panchayat, Maghar, Sant Kabir Nagar district revealed (January 2010) that it received ₹ 9.01 lakh from the GoI under the aforesaid scheme during 1999-2003 for development of 13 residential plots measuring total area of 1,605.06 square meter. The Civil Coordination and Monitoring Committee under the chairmanship of the District Magistrate, Sant Kabir Nagar approved it without ensuring its economics. The Nagar Panchayat spent ₹ 8.32 lakh on their development during 2002-03 and proposed their disposals at the rate of ₹ 750 per square meter with 90 years lease. However, these plots could not be disposed off even after eight years of their development.

The Executive Officer, Nagar Panchayat, Maghar, Sant Kabir Nagar, in reply, stated (January 2010) that the plots could not be disposed off as the people did not show their interest in them due to availability of free hold plots in the nearby areas at the same rate. He, however, did not spell out the strategy for their disposals.

Thus, investing ₹ 8.32 lakh on the development of plots in Nagar Panchayat area without ascertaining their economics led to unfruitful expenditure thereon. Besides, the objective of increasing availability of serviced sites for housing and promoting principles of planned and orderly spatial development could not be achieved.

The matter was reported to Government (September, 2010); the reply had not been received (May 2011).

3.4 Unfruitful expenditure on purchase of generator

Due to inaction on the part of Executive Officer, Nagar Palika Parishad, Bisauli, District Badaun, expenditure of ₹ 7.46 lakh on purchase of a generator set was rendered unfruitful.

Scrutiny of records of Nagar Palika Parishad, Bisauli, District Badaun revealed (August 2009) that with a view to ensuring water supply to the people living in the precincts of Nagar Palika Parishad, Bisauli, the Executive Officer of the Parishad decided (August 2008) to purchase a generator set of 60 kva capacity at a cost of ₹ 7.46 lakh. The order for the purchase was placed to a firm after inviting tender. Supply was made in September 2008. However, within four days of the purchase of the generator set, it was transferred to the office of the Collector of Badaun district for office use. Scrutiny also revealed that no demand for its return was made by the Executive Officer of the Parishad due to inaction and as such was lying at the Collectorate even after over two years of its transfer.

Thus, due to inaction on the part of the Executive Officer of the Parishad, the generator set costing ₹ 7.46 lakh could not be utilized for the purpose for which it was purchased rendering the expenditure on its purchase unfruitful. Besides, the people of the Nagar Palika Parishad, Bisauli, District Badaun were also deprived of the use of the generator set in water supply.

The Executive Officer, Nagar Palika Parishad, Bisauli, District Badaun stated (August 2009) that action would be taken for the return of the generator set. However, the fact remained that no action was taken since September 2008 for its return.

The matter was reported to Government (August, 2010); the reply had not been received (May 2011).

3.5 Idle Investment

Non allotment of 32 shops and three halls constructed by three Nagar Panchayats resulted in idle investment of ₹ 56.92 lakh on them.

With a view to developing regional centers of economic growth and employment the scheme of Integrated Development of Small and Medium Towns (IDSMT) provided for creation of infrastructural facilities in small and medium towns.

Scrutiny of records of Nagar Panchayats at Manjhanpur of Kaushambi district, Amaraudha of Kanpur (Dehat) district and Maghar of Sant Kabir Nagar district revealed (October 2009, December 2009, January 2010) that the Government sanctioned construction of 32 shops and three halls in these Nagar Panchayats under the aforesaid scheme at an estimated cost of ₹ 72.10 lakh (Manjhanpur: 14 shops, ₹ 17.33 lakh; Amraudha: 12 shops and three halls, ₹ 43.97 lakh; Maghar: six shops, ₹ 10.80 lakh,). The construction work of the shops and the halls were completed between December 2002 and December 2006 at an expenditure of ₹ 56.92 lakh. However, these Panchayats neither conducted survey of the sites nor made an assessment of the viability of the projects before taking up the construction work. As a result, there were no takers of these shops and as such were lying un disposed off even after lapse of four to eight years of their construction.

The Executive Officer, Nagar Panchayat, Manjhanpur, stated (October 2009) that the people were not interested in shops as these were constructed away from main road. The Executive Officer, Nagar Panchayat, Amaraudha, stated (December 2009) that efforts were being made to allot the shops and the Executive Officer, Nagar Panchayat, Maghar stated (January 2010) that the people did not show their interest in allotment of shops. The replies were not acceptable in audit as the fact remained that infrastructure facilities created were lying undisposed.

Thus, due to non survey and non assessment of the projects resulted in non allotment of 32 shops and 3 halls rendering expenditure of ₹ 56.92 lakh on construction idle. Besides, the objectives of the scheme also could not be achieved.

The matter was brought to the notice of Government (June 2010 to September 2010); the reply was awaited (May 2011).

ALLAHABAD
THE

U P SINGH SISODIA
Deputy Accountant General (LB A & A)
Uttar Pradesh

COUNTERSIGNED

MUKESH P SINGH
Principal Accountant General (Civil Audit)
Uttar Pradesh

ALLAHABAD
THE

Appendix-1.1
(Reference: Paragraph: 1.6.2 Page No.6)
Arrear in Tax Collection

(₹ in lakh)

SI No	Name of Units	Arrear (1-4-2008)	Demand during the year	Total Demand	Recovery	Arrear (31-3-2009)
Nagar Panchayats (NPs)						
1	Talbehat Lalitpur	9.46	6.67	16.13	2.72	13.41
2	Kopaganj Mau	8.94	15.67	24.61	11.93	12.68
3	Agrawal Mandi Bagpat	7.23	13.56	20.79	5.25	15.54
4	Oyal Thakwa Khiri	1.49	1.00	2.49	0.78	1.71
5	Singhahi Bethore	2.15	13.52	15.67	13.29	2.38
6	Dhaurahara Khiri	0.92	0.93	1.85	1.15	0.70
7	Pali Hardoi	6.34	7.50	13.84	7.51	6.33
8	Ajhuwa Kaushambi	2.43	3.21	5.64	4.62	1.02
9	Jafrabad Jaunpur	0.67	0.70	1.37	0.06	1.31
10	Madhogarh Jalaun	2.16	0.37	2.53	0	2.53
11	Chaprauli Bagpat	6.73	10.27	17.00	8.41	8.59
12	Chandauli	15.50	9.97	25.47	1.39	24.08
13	Nanauta Saharanpur	0	19.48	19.48	13.44	6.04
14	Kunda Pratapgarh	9.57	12.38	21.95	11.02	10.93
15	Jarwal Bahraich	4.12	2.12	6.24	1.80	4.44
16	Aminagar Bagpat	21.27	8.82	30.09	5.24	24.85
17	Kachala Badaun	8.76	9.18	17.94	8.18	9.76
18	Sakhanu Badaun	1.51	0.96	2.47	1.30	1.17
19	Kheri	5.82	2.71	8.53	1.91	6.62
20	Mandawar Bijnore	2.40	2.60	5.00	2.38	2.62
21	Gosaiganj Lucknow	5.62	6.75	12.37	4.11	8.26
22	Ghirore Mainpuri	7.49	1.60	9.09	0.64	8.45
	Total	**130.58**	**149.97**	**280.55**	**107.13**	**173.42**
Nagar Palika Parishads(NPPs)						
1	Kashganj	59.10	133.44	192.54	124.74	67.80
2	Karnailganj Gonda	14.26	12.75	27.01	13.44	13.57
3	Tanda Ambedkarnagar	18.46	24.66	43.12	21.93	21.19
4	Nagina	110.60	21.14	131.74	26.21	105.53
5	Fatehpur Sikari	9.86	17.50	27.36	15.14	12.22
6	Bahjoi	12.85	6.30	19.15	6.62	12.53
7	Shahabad Hardoi	24.35	57.09	81.44	60.84	20.60
8	Khairabad	19.32	11.27	30.59	10.45	20.14
9	Fatehpur	41.80	50.00	91.80	39.78	52.02
10	Afzalgarh	14.59	14.43	29.02	15.12	13.90
11	Nazibabad	15.36	64.00	79.36	54.40	24.96
12	Barabanki	75.33	56.40	131.73	53.64	78.09
	Total	**415.88**	**468.98**	**884.86**	**442.31**	**442.55**
	Grand Total	**546.46**	**618.95**	**1165.41**	**549.44**	**615.97**

Appendix-1.2

(Reference: Paragraph: 1.9 Page No. 8)

Non-reconciliation of cash balances as on 31 March 2009

Nagar Panchayat(NPs) (₹in lakh)					
Sl. no.	**Name of NPs**	**District**	**As per Cash Book**	**As per Pass Book**	**Difference**
1.	Kutar	Shahjahanpur	7.94	8.79	0.85
2.	Aminagar Sarai	Bagpat	6.48	7.24	0.76
3.	Mandawar	Bijnaur	5.59	3.48	2.11
4.	Saiyad raja	Chandauli	15.66	14.77	0.89
5.	Chandauli	Chandauli	35.18	35.10	0.08
6.	Bakewar	Etawa	117.65	109.21	8.44
7.	Nanauta	Saharanpur	163.10	164.04	0.94
8.	Pali	Hardoi	4.18	5.21	1.03
9.	Dhaurahara	Lakhimpur	22.32	22.68	0.36
10.	Singahi Bheraura	Lakhimpur	3.55	2.89	0.66
11.	Dayalbag	Agra	86.84	89.73	2.89
12.	Oyal Dhakawa	Lakhimpur	4.83	3.47	1.36
13.	Renukoot	Sonbhadra	88.43	42.97	45.46
				Total	**65.83**
Nagar Palika Parishads(NPPs)					
Sl. no.	**Name of NPPs**	**District**	**As per Cash Book**	**As per Pass Book**	**Difference**
1.	Karnailganj	Gonda	286.50	264.54	21.96
2.	Tanda	Ambedkarnagar	25.21	53.63	28.42
3.	Shamsabad	Agra	21.81	20.75	1.06
4.	Fatehpur Sikari	Agra	1.14	7.42	6.28
5.	Fatehpur	Fatehpur	248.27	692.00	443.73
6.	Afzalgarh	Bijnore	1.32	9.83	8.51
				Total	**509.96**
				Grand Total	**575.79**

Appendix 2.1
(Reference: Para 2.6.2 Page No. 17)
Non-adherence to the orders of Government of India

Sl No	Name of ULBs	Sl No	Name of Project	Cost ₹ In lakh	Date of SLSC
1	NN Aligarh	1	WS	10823.81	12.1.2009
		2	Drainage	6190.65	24.1.2009
2	Akbarpur	3	WS	917.04	12.1.2009
3	NPP Auraiya	4	WS	1419.7	24.1.2009
4	NPP Baraut	5	WS	1547.234	24.1.2009
5	NN Bareilly	6	Sewerage	39814	12.1.2009
		7	WS	4309	24.1.2009
6	NPP Baharaich	8	WS	1957.4	12.1.2009
7	Baberu	9	WS	410.24	24.1.2009
8	NPPBulanshahar	10	Sewerage	19344	12.1.2009
		11	Drainage	7089	12.1.2009
	Sikandrabad	12	WS	933.34	12.1.2009
9	Karvi	13	WS	1820.76	24.1.2009
10	Kasganj	14	WS	2382.8	24.2009
11	NPP Faizabad	15	SWM	660	12.1.2009
		16	SWM	287.86	12.1.2009
12	NPP Farrukhabad	17	WS	1510.5	12.1.2009
13	NPP Fatehpur	18	Sewerage	16371	24.1.2009
14	Dadari	19	WS	2805.7	24.1.2009
15	NN Ghaziabad	20	WS	15109.56	12.1.2009
16	NN Gorakhpur	21	WSII	1858.31	12.1.2009
		22	WSIII	1337.62	12.1.2009
17	Rath	23	WS	1669.69	24.1.2009
18	NPP Hardoi	24	WS	3729.49	24.1.2009
19	NPP Hathras	25	Drainage	3903.15	12.1.2009
		26	WS	2166.88	12.1.2009
20	NPP Orai	27	WS	2906.31	24.1.2009
21	NP Akbarpur (NP)	28	WS	579.54	12.1.2009
22	Manjhanpur	29	WS	432.63	24.1.2009
23	NPP Mahoba	30	Sewerage	8397.84	24.1.2009
24	NNP Mainpuri	31	WS	1420.68	12.1.2009
25	NPP Amroha	32	WS	2234.82	12.1.2009
26	NN Moradabad	33	Drainage	23708.42	12.1.2009
27	NPP Pilibhit	34	WS	1562.61	24.1.2009
29	Bela Pratapgarh	35	SWM	437	12.1.2009
		36	Drainage	4017.82	24.1.2009
30	N PP Sitapur	37	SWM	615.7	12.1.2009
		38	WS	1738.54	24.1.2009
31	NPP Khalilabad	39	WS	583.32	24.1.2009
32	Robertsganj	40	WS	2739.48	12.1.2009
33	NPP Sultanpur	41	WS	2232.05	12.1.2009
			Total Project cost	**203975.49**	

Appendix-.2.2

(Reference: Para 2.7.1 Page No. 21)

Non-release of Second Installment of GoI

(₹ in crore)

No of Projects	Cost of Projects	Released amount of first Instalment(Central share)	Period of release	Period due for submission of UC	Amount due for Second Instalment (central share)	Amount of second instalment released against UC submitted	Balance of Second instalment
21	507.79	212.70	February - March 2007	March 2008	212.70	28.19 **(Six UC ₹. 24.73)**	184.51
13	253.15	109.01	August 2007 & March 2008	March 2009	109.01	79.33 **(Six UC ₹.63.84)**	29.68
26	352.34	140.93	July 2008 & September 2009	March 2010	140.93	11.70 **(two UC ₹. 15.60)**	129.23
60	**1113.28**	**462.64**			**462.64**	**119.22**	**343.42**

Appendix-2.3

(Reference: Para 2.7.2 Page No. 21)

Non-adherence of guidelines for depositing funds in SLNA accounts led loss of interest

(₹ In lakh)

Government order and date	Amount			Date of released to SLNA Account	Amount	Period of Delay at Dir. LB level due to diversion in JN PLA	Loss of Interest @ 3.5 *per cent* per anum
	Central	State	Total				
GI 44 dated 31.3.2007	9297.3880	697.97.00	9995.3580	15.9.2007	9995.3580	5 month	145.76
3153 dated 11.9.2007	0.00	464.2035	464.2035	12.11.07	464.2035	2 month	2.70
3153(i) dated 11.9.07	4493.3720	561.6715	5055.435	8.11.2007	5055.435	2 month	29.49
3153(ii) dated 11.9.2007	6226.2700	778.2838	7004.5538	8.11.2007	7004.5538	2 month	40.85
3153(iii) dated 11.9.2007	3076.5400	384.5675	3461.1075	8.11.2007	3461.1075	2 month	20.18
2238 dated 31.3.2008	6609.2700	826.1500	7435.4200	29.7.2008	7435.4200	4 month	86.74
233GI/9-5-08-01 Budget/07 dated 16.10.08	6140.24	767.5295	6907.7695/3	29.11.08 19.12.08 25.2.09	2302.59 2302.59 2302.58	2Months 3 months	13.43 20.14
9028/9-5-08-02 Budget/07 TC dated 17.12.2008	0.00	565.82	565.82	22.1.2009	565.82	1 month	1.65
8677/9-5-08-02 Budget/07 TC I dated 31.12.08		88.20	88.20	6.2.2009	88.20	1 month	0.26
314GI/9-5-08-02 Budget/07 dated 7.1.09	3194.69	399.33	3594.02/2	10.2.2009 26.2.2009	1797.01	1month	10.48

314 CM/9-05-08-02Budget/07 TC dated 9.2.09		513.10	513.10	25.2.2009	513.10	------	------
38GI/9-5-09-02 Budget/07 TC dated 27.2.09	2263.36	-	2263.26	3.3.2009	2263.26	------	------
62GI/09-05-02009-02 Budget/07 dated 2.3.-09	1946.49	243.31	2189.80	17.3.2009		------	------
118 GI/09-5-09-02 Budget/07 sated 31.3.09	3274.76	341.28	3616.04	67.2009	3616.04	3 months	31.64
5232(I)/9 050902 Budget dated 13.11.09	243.77	1950.12	2193.89/2	12.12.09 3.3.10	1096.95 1096.94	1 month 4 month	6.39 9.59
7930/9-5-09-02Budget/07 DC dated 2.2.10	538.93	36.30	575.73	31.3.10		1 month	1.67
3825/9-5-010-02 Budget/07 dated 20.5.10	8968.68	1121.09	10089.77 6470.98 3360.40 1773.07 1477.35	18.6.10 30.7.10 12.8.10 13.9.10 Still not drawan)	3618.79 3110.58 1587.33 295.72	1 2 3 4	29.42 18.87 9.80 5.17
						Total	**484.27**
						Say	**₹ 4.84 crore**

Appendix-2.4

(Reference: Para 2.8.1 Page No: 22)

Status of projects as on June 2010 (in test checked ULBs)

(Amount: ₹ in crore)

Sl. No.	Name of ULB	Name of project	Cost	Date of Sanction by SLSC	Funds disbursed to EA	Date of Completion of work as per DPR	Works to be executed	Work done *(per cent)*	Expenditure
1	NPP Fatehpur	WS (1)	15.70	8.9.06	14.92 (13.2. 07)	December 2009	Tubewell-11 Rebore	58	11.48
							25 Tubewll	63	
							8 OHT	46	
							36 PP	100	
							CP 25	100	
							83.12 KM Distribution and Rising main	66	
							25 PH	60	
2	NN Gorakhpur	WS (2)	15.98	13.9.07	8.454 (30.6.08)	March 2010	9 OHT	47	8.79
							22 PH, 8set staff quarters	92	
							Distribution system122.5 0 km and Rising main 7.04km	57	
							22No tubewell	90	
3	NPP Deoria	WS (3)	11.04	5.8.08	331.22 (13.8.09)	March 2010	Construction of TW & appurtenant work (E&M) 6 No	3 No 50	61.59
							Pipe line (Rising main) 3637 m	Nil	
							Pipe line (distribution system) 81.80 m	Nil	
							OHT and other related works 4 No.	Nil	
							CWR and other related work	Nil	

							Building works i.e pump house 6 No staff quarter 3 No. boundary wall rain water harvesting in all the three zones	Nil	
4	NPP Ballia	WS (4)	8.04	10.11.06	3.84 (1.2.08)	March 2009	PH 12 No	60	2.80
							R/Main 4044 m	21.20	
							D/System 30232m	16.57	
							OHT 3 No	5	
							Building 5 No	0.00	
							TW No.	90	
							P/Plant 12 No	Procured material 100	
							Ch/Plant 12 No	Procured 100	
							E/Transmission 12 Job	25	
		Sewerage (1)	44.72	11.10.06	21.35 (3.6.08)	March 2009	Sewerage Net work 29.648 KM	23041m 77.72	20.53
							STP 5MLD	Nil	
							E&M works	Nil	
							STP	Nil	
5	NN Ghaziabad	Road & fly over (2)	90.88	8.9.06	45.43	March 2010	Construction of six lane link road from NH 24 to NH58 3.65 KM	NIL	18.70
							Construction of six lane link road from new halland factory to NH 24 1.50 KM	NIL	

							Construction of six lane link road from GT Road to NH 58 6.50 KM	85 work completed	
6	NPP Basti	WS(5)	9.73	8.9.06	9.57	Dec 09	OHT 2 CWR 2	91	7.92.
							PH 8		
							R/Main 4.34 KM		
							D/system 50.75		
							T.W. 8 PP 8		
		Roads (2)	23.76	16.7.07	11.88	March 2010	Construction of 20 roads and drains	66 work completed	11.73
7	NPP Faizabad	WS (6)	18.80	16.7.07	9.40 (23.8.08)	March 2009	OHT 5	13	8.13
							Rising main 6.495 KM	70	
							PH 8 & BW	NIL	
							R/W 24	NIL	
							D/ S 149.067 KM	40	
							TW 12 PP 12 CP 12 PC 12	100	

Appendix- 2.5
(Reference Para no: 2.8.4 Page no: 26)
Interest not credited to Projects Account

Name of Bank	FD No. & Date	Amount (In ₹)	Maturity date	Amount (In ₹)	Detail of en-cashed		Interest earned (In ₹)
					Date	Amount (In ₹)	
Indian Overseas Bank, Mathura	0562186 of 2.4.2009	5000000	2.7.2009	5074795	2.7.2009	Renewed	
	5062353 of 2.7.2009	5074795	30.12.10	5200622	14.10.2009	5110944	110944
	0562187 of 2.4.2009	5000000	30.9.09	5179760	3.9.2009	5094614	94614
	562188of 2.4.2009	5000000	28.12.09	5282025	14.9.2009	510712	101712
Oriental Bank Mathura	364327 of 2.4.2009	5000000	2.7.09	5087260	Extended *		
	364351of 2.7.2009	5087260	2.1.10	5234570	4.1.2010	5224570	224570
	364328of 2.4.2009	5000000	2.10.09	519428	3.9.2009	5126575	126575
	364329of 2.4.2009	5000000	2.1.10	5301370	14.9.2009	5135616	135616
	364330 of 2.4.2009	5000000	2.4.10	5425438	14.9.2009	5136736	136736
Punjab National Bank Mathura	3644 PA 000 23983 of 25.5.2009	9900000	25.11.09	10174122	14.10.09	9995101	95101
	364400 PR 0002400 of 27.5.2009	9900000	27.11.09	10174122	27.11.09	10174122	174122
	3644000 PR 24098 of 28.5.09	9900000	28.11.09	10174122	4.12.2009	10177188	177188
	364400PR 000/137 of 4.12.2009	9900000	28.2.10	10175655	8.3.10	10175655	275655
	364400 PR 000 24140 of 30.5.2009	9900000	30.11.10	10174122	30.11.09		
	364400 PR 0000 23.11.09	9900000	28.2.10	10174122	8.3.2010	10174122	174122
	3644002419	500000	1.12.09	513845	1.3.10	513845	13845

Indian Overseas Bank	0562594 of 23.11.09	5000000	23.5.10	5138445	12.7.10	5138445	138445
	0562595 of 23.11.2009	5000000	23.5.10	5138445	12.7.10	5138445	138445
	056296 of 23.11.2009	5000000	23.5.10	5138445	12.7.10	5138445	138445
	0562597 of 23.11.2009	5000000	23.5.10	5138445	12.7.10	5138445	138445
Oriental Bank of India	07862019 of 23.11.2009	10000000	17.12.10	10613636	Renewed		
	0786205 of 17.12.2009	10000000	16.4.10	10115068	24.4.10	10115068	115068
Bank of Baroda	056115119 of 1.1.10	10000000	11.4.10	10095890	21.4.10	10095890	95890
Oriental Bank of India	0786279	10000000	9.4.10	10087260	Period of maturity Extended		
	0786568 of 12.4.10	10000000	9.7.10	10175282	22.7.10	10175282	175282
	0786280 8.1.10	10000000	9.4.10	10087260	12.4.10	10087260	87260
Indian Bank	724355 of 13.3.10	10000000	13.3.11	10613636	Not yet drawn		
Canara Bank	401 of 18.3.10	10000000	17.6.10	1001695	20.4.10	10016915	16915
Union Bank of India	8745907 of 26.6.10	20000000	21.12.10	20452531	Not yet drawn		
					Total Interest earned		**₹ 2884995**

Appendix 3.1

(Reference: Para 3.1 Page: No. 32)

Non realization of stamp duty

(In ₹.)

Name of Contract	Contract Amount	Stamp duty		Revenue loss
		leviable	levied	
Theka Kothi Tal, Golaghat, Bansital (Machhalipurain)	16,11,000	1,28,880	200	1,28,680
Theka Kothi Tal, Golaghat, Bansital (Machhalipurain)	19,02,000	1,52,160	110	1,52,050
Theka Talab Jaisagar, Malkhan Sagar, Rapat Talaiya	10,23,000	81,840	110	81,730
Theka Talab Ratan Sagar	5,27,000	42,160	100	42,060
Parking 2008-09	4,02,000	32,160	500	31,660
Parking 2009-10	4,43,000	35,440	500	34,940
Theka Haddi Chamada	51,000	4,080	100	3,980
Total	**59,59,000**	**4,76,720**	**1,620**	**4,75,100**

Appendix 3.2
(Reference: Para 3.2 Page No. 33)
Non-adjustment of advances

(₹. In lakh)

Department	Nagar Nigam, Aligarh				Nagar Nigam, Varanasi			
	1986 -87 to 1996-97	1997-98 to 02-03	2003-04 to 08-09	Total	1971-72 to 1996-97	1997-98 to 02-03	2003-04 to 08-09	Total
Health	1.16	0	14.25	15.41	16.51	3.70	15.00	35.21
Works	5.99	11.83	11.35	29.17	32.43	8.23	22.60	63.26
Water works	0.28	5.36	788.12	793.76	-	-	-	-
Light	-	-	-	-	0.95	0.13	0	1.09
Misc.	-	-	-	-	0	1.76	9.66	11.42
			Total	**838.34**			**Total**	**110.98**