

## CHAPTER –II

### PERFORMANCE REVIEW ON RAJIV GANDHI URBAN RENEWAL FACILITY

#### 2.1.1 Introduction

Implementation of Rajiv Gandhi Urban Renewal Facility (RGURF) for infrastructure and sanitation improvement in all urban areas of the State except Shimla town was launched in the year 2006-07. RGURF is a State Plan Scheme and funds are provided to Municipal Councils (MCs)/Nagar Panchayats (NPs) on first come first served basis as 95 percent Government grant of the total cost of DPRs and remaining five percent is required to be borne by the concerned Urban Local Bodies (ULBs) from its own resources. Other than Shimla, there are 48 ULBs in the state and the scheme had been implemented only in 30 ULBs as of March 2010. The component of the scheme are:

- Management of Urban Solid Waste.
- Parking lots within the towns for cars and on the fringe of the town for trucks. The truck parking shall also integrate the workshops, dhabas and other catteries, common civic amenities.
- Setting up of new public amenities by way of community toilets within the existing towns, especially in the proximity of bus stand, hospitals and main shopping areas etc.
- Development of Parks within the existing towns.

#### 2.1.2 Audit Objectives

The Audit objective were to examine whether:

- Demands for funds for execution of works was duly supported by Detailed Project Report (DPR).
- Proper planning made to achieve the objectives of the scheme.
- The funds have been utilized by the ULBs.
- The assets have been created and utilized properly.
- Monitoring of the scheme by the Urban Development Department.

### 2.1.3 Audit Criteria

- Scheme guidelines.
- Acts/ Manuals/ codes of Municipalities.
- Instructions issued by the State Government from time to time for implementation of the scheme.
- Sanction orders for release of funds.
- Monthly/ quarterly reports prepared by the Director UDD/ Municipalities.

### 2.1.4 Audit Methodology and scope

The implementation of the scheme for the period 2006-10 was reviewed in audit during January/February 2011 by a test check of records of the Director, UDD and 20 out of 30 ULBs. The selection of ULBs was done on the basis of probability proportion to size without replacement (PPSWOR). Audit conclusions were drawn after scrutiny of records in selected units, analysis of available data, issue of audit memoranda and examination of replies of the concerned ULBs.

### 2.1.5 Allocation and release of funds

Funds are released to ULBs by the Director, UDD through bank drafts. The year wise position of budget allotment, funds released to ULBs and expenditure incurred by 30 ULBs during 2006-10 is given as under:

**Table 5: Details of allocation and release of funds**

(₹ in crore)

Year	Budget allotment	Amount released to ULBs	Amount spent by ULBs	Unspent balance
2006-07	3.00	3.00	2.14	0.86
2007-08	10.00	10.00	4.67	5.33
2008-09	3.68	3.68	1.29	2.39
2009-10	1.49	1.50	0.29	1.21
<b>Total</b>	<b>18.17</b>	<b>18.18</b>	<b>8.39</b>	<b>9.79</b>

In respect of 20 ULBs selected for test check, the position of funds released and expenditure incurred during 2006-10 is as under:

**Table 6: Detail of release and expenditure of test checked ULBs**

(₹ in crore)

Year	Funds released	Expenditure incurred	Unspent balance
2006-07	1.70	1.37	0.33
2007-08	10.00	4.67	5.33
2008-09	2.35	0.92	1.43
2009-10	0.78	0.08	0.70
<b>Total</b>	<b>14.83</b>	<b>7.04</b>	<b>7.79</b>

As per condition laid down in the release order of grants to the ULB by Director, UDD, the funds were required to be utilized within the same financial year in which the grants were released. It would be seen from above table that the pace of utilization of funds on the activities approved to be executed during the above period was quite low as out of ₹ 14.83 crore only ₹ 7.04 crore representing ( 47 percent) of the funds were utilized and the balance amount of ₹ 7.79 crore remained unspent as of February 2011. Audit noticed that main reason for non utilization of funds was non commencement of works and non completion of works within the prescribed time.

#### **2.1.6 Implementation of scheme**

Deficiencies noticed in the implementation of the scheme are discussed in the succeeding paragraphs.

##### **2.1.6.1 Status of works**

Out of 62 works<sup>6</sup> for which ₹18.18 crore released to 30 ULBs only 27 works were completed, 19 works were still in progress and 16 works were not commenced as of February 2011. Reasons for non commencement of works were due to non availability of land and non fulfillment of codal formalities.

##### **2.1.6.2 Non-execution of first priority work**

As per guidelines, the funds were to be demanded by the ULBs for the following activities in order of priorities indicated below:

- Management of Urban Solid Waste;
- Parking lots within the existing towns;

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<sup>6</sup> 2006-07: 22; 2007-08: 25; 2008-09: nine and 2009-10: six

- Community toilets within the existing towns; and
- Development of Parks within the existing towns.

In case first priority is fulfilled then second priority can be undertaken and so on third and fourth priority by mention of each priority. As such first priority should have been given for management of solid waste by the ULB where facility of Management of Solid Waste did not exist. Seven ULBs were not having Solid Waste Management system and were throwing urban solid in an unscientific manner nearby the towns. Instead of demanding the funds for solid waste management, these ULBs demanded ₹ 4.59 crore<sup>7</sup> for construction of Parking lots which were sanctioned (2007-09) by the Director UDD contrary to the guidelines of the State Government.

#### **2.1.6.3. Execution of work without preparation of Detailed Project Reports (DPR)**

As per RGURF guidelines, ULBs should prepare a DPR for each proposal. The DPRs were to be sent to Director (UDD) for sanction and release of funds by the Planning Department. It was noticed in audit that the Director, UDD sanctioned and released an amount of ₹ 1.34 crore between April 2007 and May 2009 to (MC Solan: ₹ 1.14 crore and MC Una: ₹ 0.20 crore) for execution of Parking / Park without obtaining the DPRs. The whole amount had been spent by the above MCs. In the absence of any DPRs authenticity of expenditure could not be vouched safe in audit.

#### **2.1.6.4 Non commencement of works**

Thirteen ULBs did not start execution of sixteen number of works such as construction of SWM, Parkings, toilets and parks, for ₹ 5.49 crore (**Appendix 2**). The reasons therefore were non availability of land, change of site and non completion of codal formalities. Thus the whole amount unutilized with them as of February 2011 and resulted in non accrual of intended benefits to the public.

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<sup>7</sup> Chowari: ₹ 0.26, Daulatpur: ₹ 1.31; Gagre ₹ 0.96; Jubbal: ₹ 0.50; Kotkhai : ₹ 0.46; Narkanda ₹ 0.50 and Rampur ₹ 0.60

### **2.1.6.5 Execution of work on the land not pertaining to ULBs**

Director (UDD) while sanctioning the funds under RGURF to the different ULBs had invariably directed all the ULBs that fund should be utilized after observing all the codal formalities. Guidelines also stipulates that land shall be provided for the construction of Parking by the ULBs.

Contrary to the instructions of the Director(UDD), six ULBs to whom ₹ 4.85 crore were sanctioned during 2007-08 and 2008-09 for construction of Parking and SWM started construction on Government land without getting the land transferred in the name of ULBs and incurred irregular expenditure of ₹ 1.06 crore (**Appendix- 3**) as of 31.03.2010.

### **2.1.6.6. Diversion of RGURF Funds**

(a) As per RGURF guidelines there were no provisions for meeting cost of land out of these funds. Contrary to the guidelines, EO, MC Chamba diverted ₹ 8.50 lakh out of RGURF funds for purchase of 1-6 *bigha* land at Kuranh for construction of SWM (Phase-II). While confirming the facts, EO, MC Chamba stated (February 2011) that MC was not having any land for SWM and due to financial constraints the funds were utilized for purchase of land. The reply is not tenable as the purchase of land out of RGURF funds is contrary to the guidelines.

(b) On the basis of a DPR, Director, UDD sanctioned (April 2008) construction of four Parking at different locations in Parwanoo town for ₹ 11.67 lakh. The construction of parking could not be done due to non removal of electricity poles by Himachal Pradesh State Electricity Board (HPSEB). The EO, MC Parwanoo, however, spent ₹ 5 lakh on improvement of area in front of MC office which was not approved by the Director, UDD. The remaining amount of ₹ 6.67 lakh was utilized on development of Parks (₹ 6.56 lakh) and construction of garbage containers (₹ 0.11 lakh) to meet excess expenditure over sanctioned provisions. Thus proposal of MC to construct Parking was ill conceived and resulted in diversion of funds for work not approved by the Director, UDD. The EO concerned admitted (February 2011) the facts.

### 2.1.6.7 Infertuous expenditure on construction of toilets

As per guidelines, community toilets under the scheme were to be set up especially in the proximity of bus stands, hospitals and main shopping areas and were to be leased on contract basis to M/S Sulbh International who already had presence in the state.

(a) Director (UDD) sanctioned (April 2007) ₹ 30.00 lakh to MC Una for construction of two toilets at Truck Union and Laser Valley. Construction of both the toilets were completed in October 2009 and April 2010 respectively but were not put to use as of February 2011. While confirming the facts, EO, MC Una stated (February 2011) that President, MC Una contacted authority of Sulbh International Chandigarh for taking over the toilets but after examining the site they did not agree to take over these toilets being not viable for them. Thus infrastructure created at a cost of ₹ 30.00 lakh remained unutilized and the whole expenditure proved infertuous.

(b) On the basis of DPR submitted by the MC, Dharmsala, Director UDD sanctioned (April 2007) ₹ 30.00 lakh for the construction of MSW, Parks and toilets. Of this MC, Dharmsala incurred ₹ 9.90 lakh for construction of three toilets on the places other than bust stand, hospitals and main shopping complex as detailed below:

**Table 7: Detail of community toilets not put to use**

Sr. No.	Place where toilets constructed	Date of start of work	Date of completion	Expenditure ₹ in lakh
1.	Old Cherri Road	18.09.2008	18.09.2009	5.90
2.	Near Board of School Education	21.10.2007	28.05.2009	3.00
3.	Depot Bazar	21.10.2007	21.09.2007	1.00
<b>Total</b>				<b>9.90</b>

Due to construction of toilets in less crowded area M/S Sulbh International refused to take over these toilets as these toilets were not economically viable. While confirming the facts, EO, MC Dharmsala stated (February 2011) that community toilets were already in existence at bus stand and zonal hospital, which are being maintained by Sulbh International. The construction of toilets in the above mentioned localities of the town was done without ensuring

necessity and viability of running the amenities. As such the expenditure of ₹ 9.90 lakh incurred on construction of toilets had rendered infructuous.

### 2.1.6.8 Deviation in execution of works ₹ 35.00 lakh.

As per Himachal Pradesh Municipal Works rules deviations in execution of works beyond ten percent is required to be approved from competent authority. Contrary to this four ULBs got executed the works after making deviations in various items of works ranging between 16 and 709 percent without getting it approved from the competent authority as detailed below:

**Table 8: Deviations in execution of works**

(₹ in lakh)

Sr. No	Name of ULBs	Name of Work	Amount of award for deviated items	Expenditure incurred on deviated items	Excess amount due to deviation	Deviation in percentage
1	Daultpur Chowk	Construction of parking opposite N.P. office	1.17	2.69	1.52	130
2	Gagret	Construction of Parking	10.15	18.61	8.46	16 and 252
3	Sh Nania Devi ji	Construction of park near E.O residence	1.54	5.49	3.95	253 and 288
4	Solan	Construction of parking behind M.C. office	36.92	52.45	15.53	20 and 709
5	Talai	C/o parking	18.02	23.49	5.47	22 and 602
<b>Total</b>			<b>67.80</b>	<b>102.73</b>	<b>34.93</b>	

Deviation of items is indicative of unrealistic preparation of estimates and non compliance of instructions in letter and spirit resulted in an irregular payment of ₹ 35 lakh on these deviated items. While confirming the facts, the EOs/ Secretaries of ULBs stated that deviation will be got regularized.

### **2.1.7 Monitoring and Supervision**

The progress of the scheme in ULBs is monitored by Director ULB on the basis of monthly progress reports. The progress is also monitored in person during the quarterly review meeting held in Directorate of UDD.

### **2.1.8 Conclusion**

Solid Waste Management (SWM) was the first priority under the scheme to ensure clean environment and avoid health hazard in the towns. The Director, UDD, however, sanctioned funds during 2005-10 for other works to seven ULBs where facilities of SWM did not exist. Sanctioning of funds without obtaining DPRs from the ULBs also indicated system failure of the Urban Development Department to exercise check over malpractices. Non-utilization of created infrastructure without any need in some of the ULBs showed that proposals therefore were ill conceived and ultimately led to infructuous expenditure.

### **2.1.9 Recommendations**

- Since prioritization of works is essential for successful implementation of the scheme, the Director Urban Development should examine the proposal received from the ULBs thoroughly before sanction and release of funds.
- To ensure transparency in sanctioning and release of funds, the Director Urban Development should not deviate from the system of obtaining DPRs from ULBs and ensure release of funds only on the basis of DPRs submitted by the ULBs.
- Director Urban development needs to examine check over diversion of scheme funds for other purposes and issue suitable instructions to the concerned ULBs.