

Housing and Urban Planning Department

2.1 Audit of Housing and Construction Activities of Prayagraj Development Authority

2.1.1 Introduction

The Government of Uttar Pradesh (GoUP) established Prayagraj Development Authority (PDA) in 1974 under Uttar Pradesh Urban Planning and Development Act, 1973 (Act). PDA functions under the administrative control of Housing and Urban Planning Department (HUPD) of GoUP. As per Section 4 of the Act, the Authority (PDA) shall be a body corporate consisting of Chairman, Vice Chairman appointed by the State Government, besides other members¹.

The objective of PDA is *inter alia* to promote and secure the development of Prayagraj city according to the plan and for that purpose, PDA has power to acquire, hold, manage and dispose of land and other property. To fulfil these objectives, PDA implements various housing schemes to provide affordable houses to the urban population and executes various construction activities mainly relating to civil and electrical works.

The compliance audit of Housing and Construction Activities of PDA covers the period 2016-17 to 2020-21. The audit objectives were to ascertain: (i) whether housing needs of the urban population of the city was adequately fulfilled through execution of various housing schemes, and (ii) whether infrastructure works were awarded and executed in accordance with the stipulated rules and orders issued by the GoUP. The draft report was issued to the State Government in October 2021 and the audit findings were discussed with PDA during Exit conference held on 10 October 2021. The replies (March 2022) of PDA received (April 2022) through the State Government have been suitably incorporated in the report.

Audit Findings

2.1.2 Zonal plans not prepared

As per Section 8 of the Act, PDA was required to prepare a Master Plan for the development area. The Master Plan defines the various zones into which the development area may be divided for the purposes of development and indicate the manner in which the land in each zone is proposed to be used and the stages by which any such development shall be carried out. Section 9 of the Act further provides that simultaneously with the preparation of the Master Plan or as soon as may be thereafter, the Authority shall proceed with the preparation of a Zonal Development Plan for each of the zones.

¹ Secretary, Department of Housing and Urban Development, GoUP (*ex-officio*), Secretary, Finance Department, GoUP (*ex-officio*), Chief Town and Country Planner, Uttar Pradesh (*ex-officio*), Managing Director, Uttar Pradesh Jal Nigam (*ex-officio*), Mukhya Nagar Adhikari (*ex-officio*), District Magistrate, Prayagraj (*ex-officio*), District Magistrate, Kaushambi (*ex-officio*), Four Members elected by sabhasads of Nagar Nigam from amongst themselves, Members nominated by the State Government (not exceeding three)

During the period of Compliance Audit, viz., 2016-17 to 2020-21, PDA implemented Master Plan 2021 (MP 2021). Audit noticed that MP 2021 was to be implemented by PDA after the end of the envisaged plan period of MP 2001, i.e., year 2001. However, PDA prepared MP 2021 only in July 2005, which was approved by the State Government in August 2006. As a result, MP 2001 remained in operation till August 2006.

Prayagraj has been divided into 12 zones in MP 2021. Therefore, PDA was required to prepare 12 zonal plans for development of these zones. However, only one zonal plan of Zone B-4 (Civil Lines) was prepared (January 2011). As such, developmental activities in the remaining 11 zones of Prayagraj were being carried out without availability of requisite zonal plan.

In reply, PDA stated (March 2022) that preparation of Master Plan is a lengthy process which requires survey of the development area and suggestions/objections of various stakeholders are taken into consideration before its finalization. State Government further stated that the zonal plan for remaining 11 zones was to be prepared by Town and Country Planning Department and the developmental activities in these 11 zones were carried out as per the provisions of MP 2021.

The reply is not acceptable, as PDA failed to comply with the Uttar Pradesh Urban Planning and Development Act, 1973 under which Zonal Development Plans were required to be prepared by the Authority. Further, the PDA was well aware of the process involved in preparing the master plan and hence, it should have started the process well in advance so that the state government's approval on the new master plan could be obtained before the previous master plan ends. In addition, MP 2031, which was to be made operational from January 2022, i.e., after the plan period for MP 2021 is over, was yet to be finalised (August 2022).

2.1.3 Budget provisions and expenditure on housing and other development works

The budget provisions and actual expenditure of PDA during 2016-17 to 2020-21 in respect of housing and other development works (road construction, infrastructure, *Kumbh Mela* work, Smart City, etc.) were as detailed in **Table 2.1.1**.

Table 2.1.1: Budget Provision and Expenditure on Housing and Road/development works by PDA during 2016-21

Year	Housing		Road /development works	
	Budget provision	Actual expenditure	Budget provision	Actual expenditure
2016-17	138.00	104.73	92.80	63.27
2017-18	116.85	113.56	46.60	37.75
2018-19	84.00	60.98	110.00	76.20
2019-20	37.65	37.65	150.69	150.68
2020-21	24.00	17.56	86.60	70.23
Total	400.50	334.48	486.69	398.13

(Source: Data provided by PDA)

As evident from **Table 2.1.1**, expenditure on housing schemes declined (83 *per cent*) from ₹ 104.73 crore to ₹ 17.56 crore during 2016-17 to 2020-21, whereas the expenditure on other development works increased (11 *per cent*) from ₹ 63.27 crore to ₹ 70.23 crore during the same period. As such, PDA was focusing more on road works, *Kumbh Mela* work, smart city, *etc.*, than housing activities.

In reply, the PDA stated (March 2022) that expenditure on development work was more than housing activities as PDA also functions as an executing agency for *Kumbh Mela* and Smart City, *etc.*

Fact remains that housing activities of PDA had not received adequate attention which impacted development of Prayagraj city as discussed in the succeeding paragraphs.

2.1.4 Housing activities

Development Authorities were established under Housing and Urban Planning Department of GoUP to promote and secure the development of the development area according to plan. Prayagraj Master Plan 2021 assessed the shortage of 2.64 lakh dwelling units to fulfill the housing needs of Prayagraj as detailed in **Table 2.1.2**.

Table 2.1.2: Requirement of dwelling units in Prayagraj

Sl. No.	Particulars	(in number)		
		Decadal year		
		2001	2011	2021
1	Population	1200000	1600000	2050000
2	Number of dwelling units required	240000	320000	410000
3	Shortage of dwelling units	94000	174000	264000

(Source: Prayagraj Master Plan 2021)

Under MP 2021, PDA planned to develop 11,164.48 hectare residential area for 20.50 lakh estimated population of Prayagraj. PDA informed that 8,168 dwelling units were developed (**Appendix-2.1.1**) in Prayagraj during 2016-21 under various housing schemes executed by PDA and private developers. However, PDA did not provide details of dwelling units constructed to meet the projected shortage of 2.64 lakh units as envisaged under MP 2021.

2.1.5 Implementation of housing schemes

Test check of some of the housing schemes implemented by PDA revealed that projects were undertaken without examining the demand or economic viability, quality testing of soil of the construction site, *etc.* and there were inordinate delays in execution due to lack of coordination and above factors, lack of monitoring, *etc.*

2.1.5.1 Yamuna Vihar Awas Yojana

PDA commenced Yamuna Vihar Housing Scheme² at Naini, Prayagraj in the year 2016 for lower and middle income groups. Under the scheme, a contract was signed (December 2016) with a contractor for construction of 1,200 multi-storey flats comprising 15 towers at a cost of ₹ 284.41 crore. Stipulated date of start and completion of the work were December 2016 and December 2019 respectively.

Audit scrutiny revealed that due to insufficient demand of flats under Yamuna Vihar Housing Scheme, PDA constituted (November 2019) a committee for fore-closure of the contract. However, up till this time, construction of basement, stilts, floor, boundary wall and underground water tank for the entire project and 192 flats (two towers) out of 1,200 flats (15 towers) were already completed. It was observed that only 32 flats, out of 192 constructed could be allotted. PDA decided (December 2019) to complete the work of two towers (192 flats) along with associated work and stop the construction of remaining towers. Subsequently, PDA submitted (March 2020) a proposal before its Board to auction the incomplete towers. However, Board directed PDA to examine the economic viability of the proposal and determine the responsibility of PDA and contractor in such case of sale. Further decision on the auction of incomplete towers was still pending (March 2022).

Audit noticed that Finance Controller of PDA had noted (October 2016) that demand survey for the sale of flats under the project was essential before inviting tender for its construction. However, no demand survey was carried out and PDA informed Audit that demand survey would be conducted after approval of costing and the demand of such flats remained high.

Further scrutiny revealed that the contractor was paid ₹ 83.13 crore (March 2022), out of which ₹ 38.85 crore was paid for construction of basement, stilts, floor boundary wall, etc., of incomplete towers and remaining ₹ 44.28 crore for construction of two towers and allied works. Keeping in view the fact that PDA had decided to abandon the construction work of incomplete towers, the expenditure of ₹ 38.85 crore on their development became wasteful. Thus, failure of PDA to carry out demand survey before commencing construction of 1,200 flats in Yamuna Vihar Housing Scheme resulted in wasteful expenditure of ₹ 38.85 crore on development of 10 incomplete towers³ and the future of sale of 160 unsold flats remained uncertain due to lack of demand.

2.1.5.2 Alaknanda Apartments under Govindpur Awas Yojana

PDA published a scheme for allotment of 140 flats under the title ‘Alaknanda Apartments’ under Govindpur Awas Yojana. Allotment of 136 flats had been made on 1 September 2014. As per the scheme brochure, possession of flats was to be given to the allottees within 24 months from the date of allotment.

² Under *Samajwadi Awas Yojana* (December 2014), an affordable housing Scheme of the State Government.

³ Proportionate expenditure worked by PDA on 10 incomplete towers

Audit observed that PDA awarded (September 2014) the construction work to a contractor with stipulated dates for start and completion of construction as 1 November 2014 and 30 September 2016 respectively. However, the work remained incomplete (July 2021) with physical and financial progress as 78 per cent and 75 per cent respectively. The pace of work was found to be very slow due to swampy soil. As such, possession of these flats could not be provided to the allottees.

On being pointing out in Audit, PDA stated (October 2021) that time extension had been given by Real Estate Regulatory Authority (RERA) till 29 June 2021 and PDA had applied for further extension.

The fact remained that possession of the flats had not been provided to allottees even after the lapse of five years from the due date of possession.

2.1.5.3 Pradhan Mantri Awas Yojana

Government of India (GoI) launched (2015) *Pradhan Mantri Awas Yojana* (PMAY) to provide housing at an affordable price to the weaker sections of the society, lower income group people and urban poor. GoUP directed (September 2017) PDA to construct 6,500 dwelling units at an affordable price. Under the scheme, the housing projects were to be funded by GoI (₹ 1.50 lakh per dwelling unit), State Government (₹ 1.00 lakh per dwelling unit) and remaining (₹ 2.00 lakh) from the beneficiary. As against this target, PDA proposed (November 2017) to construct 312 economically weaker sections (EWS) dwelling units on its vacant land (8,540.75 square meter), which was approved (January 2018) by Central Sanctioning and Monitoring Authority for PMAY, Government of India.

GoUP again directed (June 2018) to construct 26,000 EWS dwelling units in phases: 2018-19 (9,750 units), 2019-20 (13,000 units) and 2020-21 (3,250 units). State Government further directed (July 2018) that land for the construction of dwelling units under PMAY would be provided free of cost to PDA by a committee constituted under the chairmanship of District Magistrate, Prayagraj. PDA requested district administration to provide 65 hectare to meet the earmarked target of 26,000 dwelling units. However, land was not provided to PDA.

Thus, against the target of 32,500 units, PDA could plan and construct only 312 units. Besides, 697 dwelling units were also being developed under PMAY in two projects through private developers. Hence, the objective to provide housing at an affordable price under PMAY could not be fulfilled by PDA.

In reply, PDA stated (March 2022) that it had requested (February 2021) to the State Government to exempt PDA from constructing the remaining units. PDA further stated that targets under the Scheme could not be achieved due to unavailability of land despite repeated requests to district administration.

The fact remained that the target of developing EWS housing units under PMAY was not achieved due to lack of coordination between PDA and district administration despite GoI funding to the Scheme.

2.1.5.4 Unsold flats

PDA launched two housing schemes, Mausam Vihar in the year 2013 and Jagriti Vihar in the year 2015, comprising construction of 792 flats. The construction of these flats were completed in April 2018 (Mausam Vihar) and November 2019 (Jagriti Vihar). However, PDA could sell only 435 flats in these schemes, that too after five to eight repeated advertisements between June 2013 to December 2020. Remaining 357 flats costing ₹ 152.92 crore was lying vacant, which was indicative of incorrect assessment of demand prior to launch of both the housing schemes (*Appendix-2.1.2*).

PDA stated (March 2022) that registration for these unsold inventory had been open and these would be disposed of soon.

2.1.6 Development activities of PDA

Section 7 of the Act provides that PDA shall *inter alia* provide various services and amenities including roads, street lights and public works etc. Accordingly, PDA executes construction, widening and maintenance of various road works. Apart from this, works relating to Kumbh Mela 2019 and Prayagraj Smart City Limited (PSCL) was also being executed by PDA as Deposit Works⁴. Audit findings related to such development activities of PDA are discussed in succeeding paragraph.

2.1.6.1 Irregular expenditure on peripheral roads

PDA proposed development of a township at *Naini*, Prayagraj for which layout plan was prepared in June 2018. In anticipation of approval of layout map of the township, PDA decided (June 2018) to construct two peripheral road works (**Table 2.1.3**) under the township project citing that the construction of these roads would be useful for Kumbh Mela 2019 (January - March 2019) as the place would be used as parking space for Mela and also by the devotees.

Table 2.1.3: details of peripheral road of Naini township

<i>(₹ In crore)</i>		
Sl. No.	Name of the road	Estimated cost
1	24 metre wide peripheral road, parallel to Arail road in proposed township at Naini	10.27
2	24 metre wide peripheral road, parallel to New Yamuna Bridge in proposed township at Naini	9.91
Total		20.18

Tenders were invited for both road works in July 2018 and the work was awarded (November 2018) to contractors with schedule date of

⁴ Cost of these works are borne by the requesting Departments.

commencement and completion of works as 20 November 2018 and 19 March 2019. However, the work was not started till September 2020, *i.e.*, even after 18 months of completion of Kumbh Mela 2019. The reason for not commencing the road work was not apparent from records produced in Audit. However, PDA granted time extension for completion of both works till 15 January 2021.

Audit noticed that earth work of ₹ 4.38 crore could be carried out in both road works till February 2021. No further progress was noticed in Audit (August 2021). PDA attributed the delay in work to pending deep sewage, drainage and water line works at the site.

Audit further noticed that the approval of layout plan for residential portion of the township was approved by the PDA's Board in December 2020. However, the land use change for the proposed commercial area in the township was awaited (August 2021) from the State Government. The costing of project to ensure its financial viability was also not done. Thus, PDA carried out road works without requisite approval for the township and without immediate requirement which led to irregular expenditure of ₹ 4.38 crore on road work. Further, the road could also be not used for Kumbh Mela 2019 which was cited as immediate reason for commencing the work.

2.1.6.2 Construction of Barat Ghar

PDA constructed three community centres (Barat Ghar) to operate on rental basis, details of which is given in **Table 2.1.4**.

Table 2.1.4: Construction cost of community centres

(₹ in crore)

Name of the Community Centre (Barat Ghar)	Completion date	Construction cost
Gangotri under Trivenipuram Awas Yojana	July 2018	5.57
Yamunotri under Kalindipuram Awas Yojana	July 2017	2.32
Trivenipushpa Barat Ghar	May 2019	3.29
Total		11.18

In spite of the completion of the construction of above three Barat Ghars two to four years ago, the operation of these Barat Ghars could not be successfully started by PDA (August 2021). As such PDA incurred expenditure of ₹ 11.18 crore on construction of three Barat Ghars, which remained unfruitful.

In reply, PDA stated (March 2022) that Request for Proposal (RFP) had been prepared which was under approval.

2.1.6.3 Inflated estimates due to excess rate of machinery in analysis of rates

The road construction works are required to be carried out as per the specification given in the Ministry of Road Transport and Highways (MoRTH) data book. Accordingly, rate of machinery in rate analysis of any items is to be taken from MoRTH data book. Further, as per Public Works

Department (PWD) order (July 2012), the rate of machinery was to be taken from MoRTH data book of 2001-02 with five *per cent* price escalation for each passing year.

Prayagraj Smart City Limited (PSCL) assigned (May 2018 and February 2020) the strengthening and widening of thirteen road works costing ₹ 84.30 crore to PDA (**Appendix-2.1.3**).

Scrutiny of records of these works revealed that excess rate of machinery had been taken in the rate analysis of items ranging from 2.37 to 5.74 *per cent*, viz., Granular Sub Base (GSB), Dense Grade Bituminous Macadam (DGBM), Bituminous Macadam (BM) and Semi Dense Bituminous Concrete (SDBC) (**Appendix-2.1.4**). Due to inclusion of inflated rates in the estimates, possibility of excess payment to contractors could not be ruled out.

In reply, PDA stated that the rate analysis was prepared by a project management consultant appointed by PSCL, which was examined by PWD and the technical sanction of these estimates had been accorded by a technical committee constituted by the Chairman, PSCL. PDA further stated that necessary legal and technical process would be ensured in respect of the excessive cost that had come to notice after the audit objection and accordingly the payment amount of the firms concerned would be withheld.

2.1.6.4 Irregular payment for road works without obtaining the Consignee Receipt Certificates

Engineer-in-Chief (E-in-C) Public Works Department (PWD) directed (October 2008) that payments should not be made to the contractors for bituminous work without obtaining original Consignee Receipt Certificate (CRC) issued by the oil companies. Further, the State Government also ordered (May 2009) that the executing agency would pay for bituminous works only when CRCs is submitted by contractor.

PDA awarded (January 2021) the work of widening, strengthening and beautification of Dr. Lohia Marg (Nawab Yusuf Road to Muir Road) to a contractor (M/s Dhyan Singh). As per condition of contract, work was to be carried out as per specification of UPPWD and latest circulars/instructions issued from time to time. However, Audit noticed that PDA made payment of ₹ 1.87 crore to the contractor for bituminous items of work⁵ up to the third running bill (July 2021) without obtaining CRCs from the contractor.

In reply, PDA stated (October 2021) that CRCs would be obtained from the contractor.

Reply was not acceptable, as the CRCs were to be obtained before making payment. As such irregular payment of ₹ 1.87 crore was made to the contractor without obtaining the requisite CRCs.

⁵ dense graded bitumen macadam, tack coat with bitumen VG -10 and bituminous concrete

2.1.6.5 Employees Provident Fund Contribution not paid

Para 29 of Employees' Provident Fund (EPF) Scheme, 1952 provides that EPF Contribution at the prescribed rate should be deposited into the EPF accounts of the employees. Para 30 of the Scheme further provides contribution of the employees engaged through contractors were either to be deposited by the employer (contractor) or by the principal employer.

Audit noticed that PDA deducted ₹ 1.53 crore from contractors' bill towards EPF contribution as per details given in **Table 2.1.5**.

Table 2.1.5: Details of EPF deduction from contractors' bills

(₹ in lakh)

Period	Amount deducted from contractor's bills on account of EPF
2019-20	93.66
2020-21	54.62
2021-22 (up to 5/2021)	4.55
Total	152.83

(Source: Data collected from PDA)

PDA, however, failed to deposit the said EPF contribution amount of ₹ 1.53 crore into EPF Accounts of the employees, due to which the employees were deprived of the intended social security.

In reply, PDA stated (October 2021) that the said amount had been deducted from contractors' bills since they failed to deposit EPF contribution. PDA further stated that deducted amount would be refunded to contractors as soon as they deposit employees' contribution into EPF accounts.

Reply was not acceptable, as it was the responsibility of PDA as principal employer to deposit the deducted amount of ₹ 1.53 crore into the EPF accounts of the employees. Moreover, the amounts were pending since 2018-19 which also attracts penal interest and penal damage under Section 7Q and 14B of Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

2.1.6.6 Centage charges not recovered

GoUP order (February 1997 and November 2014) provided that centage charge at the rate of 12.5 per cent after deducting 5 per cent on the total cost of work would be admissible on deposit works carried out by Public Sector Undertakings/Autonomous Bodies/other construction agencies.

Audit observed that PDA executed works costing ₹ 32.17 crore of Prayagraj Smart City Limited (PSCL) till date, however, PDA did not realize the admissible centage charges of ₹ 3.82 crore (₹ 32.17 crore x 95 per cent x 12.5 per cent).

In reply, PDA stated (June 2021) that demand for centage charges was being made from PSCL. However, PDA informed (August 2022) that centage charges were not received.

2.1.7 Conclusion

Prayagraj Development Authority failed to comply with the provisions of the Uttar Pradesh Urban Planning and Development Act, 1973, as it did not prepare Zonal plans for 11 out of 12 zones in Prayagraj. In the last five years, expenditure of PDA on housing activities declined significantly while expenditure on construction of roads and other infrastructure development activities remained high indicating that the PDA's focus shifted to the development of infrastructure rather than on housing schemes. Further, housing schemes were implemented without adequate planning which resulted in large number of unsold flats, besides slow progress in works led to delay in providing possession of houses to allottees.

Audit noticed various non-compliance issues in execution of development works by PDA, such as inflated estimates of works, irregular expenditure, non-payment of statutory contribution, *etc.*

2.1.8 Recommendations

1. PDA should prepare zonal plans for development of Prayagraj as required under the Uttar Pradesh Urban Planning and Development Act, 1973.
2. PDA should take up housing projects only after thoroughly surveying the demand at the proposed location. Adequate steps should also be taken for sale of unsold flats.
3. PDA should fix the responsibility for construction of flats without conducting demand survey under Yamuna Vihar Awas Yojana.
4. PDA should take effective steps for timely completion of incomplete housing projects.
5. PDA should adhere to the prescribed norms and specification during preparation of estimates and the procedure for contract management in execution of contracts should be strictly adhered to.