SUPREME AUDIT INSTITUTION OF INDIA
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Report of the Comptroller and Auditor General of India Performance Audit on Implementation of Smart City Mission in Tamil Nadu - March 2023

Government of Tamil Nadu

Report No. 11 of 2025

(Civil)

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Comptroller and Auditor General of India

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PREFACE

This Report for the year ended March 2023 has been prepared for submission to the Governor of Tamil Nadu under Article 151 (2) of the Constitution of India, for being laid before the State Legislature.

The Report of the Comptroller and Auditor General of India contains the results of the Performance Audit on Implementation of Smart City Mission in Tamil Nadu covering the period from April 2016 to March 2024.

The instances mentioned in the Report are those, which come to notice in the course of the Performance Audit conducted during September 2022 to May 2023 and July 2024. Matters relating to the period outside the audit period have also been reported in places where they were found necessary.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

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Smart Cities Mission (SCM) was launched by Government of India in 2015 in order to meet the changing needs of the cities catering to 63 *per cent* of the population as per Census 2011 and achieve comprehensive development of physical, institutional, social and economic infrastructure of the cities. The Scheme proposes to cover 100 cities. The Central Government proposed to give financial support to the Mission for the selected 11 cities in Tamil Nadu to the extent of ₹5,500 crore over five years i.e., on an average ₹100 crore per city per year and the State/Urban Local Body would contribute an equal amount.

The main objective of the Mission was to promote cities that provide core infrastructure like water supply, electricity, sanitation, health etc., clean and sustainable environment and give a decent quality of life to their citizens through the application of 'smart solutions'.

The selection process involved two stages. Stage-1: Intra-state and Stage-2: City Challenge, based on the idea of competitive and cooperative federalism. Under Stage-1, cities furnish information for scrutiny by the State Level High Powered Steering Committee which then recommend selection for development as smart city. Under Stage-2, the potential cities prepare the proposals with details of consultations with Citizens, stakeholders etc., financing model including revenue generation which is evaluated by a committee involving national and international experts. The winners are announced by the Ministry of Housing and Urban Affairs (MoHUA).

The implementation of SCM is being done through a Special Purpose Vehicle (SPV) created for the purpose. The smart cities should have a minimum paid-up capital of ₹200 crore with a full time Chief Executive Officer who is appointed with the approval of MoHUA. As per the SCM guidelines, the smart cities should be ensured operational independence and autonomy in decision making and mission implementation. Further, the SCM guidelines also ensures that a dedicated and substantial revenue stream is made available to the SPV to make itself sustainable and credit worthiness for raising additional resources. The Smart City Proposal (SCP) included the financial plan including revenue inflows for the complete life cycle of the projects which included the capital expenditure, operation and maintenance cost and the revenue from the Smart City projects.

The mission aimed to achieve its objectives by focusing on compact areas and creating a replicable model which will act like a lighthouse to other aspiring cities. Strategic components of the mission included components of Area-based development (ABD) which includes retrofitting, redevelopment and greenfield development plus a Pan-city initiative involving application of Smart Solutions covering larger parts of the city. Though, the initial period was five years, the mission period was extended up to March 2025.

Considering the importance of the mission, Audit selected seven out of 11 cities for a performance audit which was conducted in order to assess whether vision, mobilisation of resources and intended outcomes were as per the Mission objectives, funds were released as per Schedule, projects were executed effectively to achieve the intended objective and internal control mechanism was adequate.

Major Audit findings

Out of 12 cities earmarked for Tamil Nadu, only 11 cities were selected for development as 'Smart Cities'. Dindigul which was also initially considered was not selected due to non-submission of the proposal in a structured manner as prescribed in the SCM guidelines containing description of probable sector-wise list of projects to be included in ABD along with Pan-city coverage. The non-adherence to the guidelines had resulted in denial of opportunity to develop another Smart City in the State.

The paid-up capital of the SPVs created was kept at ₹10 lakh (instead of ₹200 crore) to avoid statutory provision as provided in the Companies Act, 2013 and a full-time Chief Executive Officer was not appointed in the six sampled cities except Chennai. SPVs activities were restricted to initial project sanction (based on Urban Local Bodies (ULBs) proposal) and fund disbursement. Further, the revenue sharing model also failed since, revenue of ₹57.72 crore realised on account of deposit, lease-rent, parking/user charges were received by ULBs only and not transferred to SPVs.

Five out of the seven sampled cities had planned projects exceeding SCM grant portion for each city. There was a delay in release of funds by Government of Tamil Nadu (GoTN) to Mission Directorate and from Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited (TUFIDCO) to respective SPVs.

Though, convergence and Public Private Partnership (PPP) models for water supply, sewage were planned in the SCPs, the SCM grants were transferred to other departments for the execution of such projects resulting in denial of usage of valuable financial resources. For instance, an amount of ₹150.73 crore was transferred as convergence fund for the ongoing 24x7 Water supply work. Only four projects amounting to ₹16.57 crore was executed by Chennai and Coimbatore SCLs under PPP mode though a total of ₹1,630.03 crore under PPP was planned. No funds were mobilised from other sources such as market borrowings, ULB contribution etc. Thus, non-mobilisation of other sources of funds and lack of operational independence of SCLs, the implementation of projects were solely dependent on Government grants leading to non-implementation of all projects included in the SCPs.

In all the seven sampled smart city proposals, element of Greenfield development was not included thereby denying creation/construction of housing communities with parks and playgrounds along with other amenities as a separate Greenfield Township forever expanding urban population.

Further, 52 projects valuing ₹1,602.20 crore (15.97 *per cent* of the planned projects) though included in the proposal of the sampled seven cities were not implemented depriving the envisaged economic growth in the ABD areas thereby denying benefits. However, 44 projects valuing ₹623.86 crore though not originally planned were implemented in violation of the mission guidelines as the projects included in the original proposal were made after citizen's consultation. Out of these 44, five projects were of routine in nature and should have been implemented by the Corporation concerned and 21 projects were implemented outside ABD area indicating the usage of Mission funds for projects which are to be executed by the Corporation out of their own funds. Tirunelveli SCL implemented 15 unplanned projects of ₹314.62 crore which accounted for 25.84 *per cent* being the highest among the sampled seven cities.

Further, 70 projects involving an expenditure of ₹655.43 crore were executed predominantly outside ABD area.

Out of 414 projects taken up for implementation, 405 projects have been completed as of May 2025. Out of 69 projects costing ₹780.77 crore implemented under Pan-city, only 22 projects involving ₹209.24 crore are eligible as per the Pan-city definition given in the guidelines.

Tirunelveli SCL implemented unplanned SCADA (Supervisory Control and Data Acquisition) system at an estimated cost of ₹46.67 crore. Out of the four, one energy meter affected in floods was not working since December 2023. Moreover, remote terminal units and control points for data collection and monitoring flow of water were also not provided. Salem SCL implemented Optimising and Revamping of Existing Network with SCADA system - Water supply System 24x7 at a cost of ₹74.88 crore. However, the same was not completed even after two years from the projected date of completion. Further, Madurai SCL implemented 'Improvement of Water Supply Distribution System' at a cost of ₹79.93 crore. However, the project is still under progress even after 42 months from the projected date of completion.

In four sampled cities[1], 70 Micro Composting Centres (MCCs) were constructed at a cost of ₹48.59 crore, out of which 23 MCCs were not functioning thereby not achieving the intended objectives fully.

Absence of timely maintenance of Battery Operated Vehicles (BOVs) resulted in 129 BOVs of Salem SCL and 82 BOVs of Madurai SCL becoming unserviceable for more than three to five years rendering the vehicles non-usable for the intended purpose.

In four sampled cities[2] Multi level car parking (MLCP) along with commercial complex planned at a cost of ₹115.92 crore could not be put to use due to non-completion of supplemental items of work like automation facility, lift, plumbing works etc. MLCPs created could not be put to use from the targeted time and as such the intended objective of parking facility and revenue generation from the assets created could not be fully achieved.

In Tirunelveli SCL, instead of the original proposal of ₹8.25 crore to take up e–vehicle projects like e-rickshaws and e-buses through PPP mode, the SCL diverted the funds and procured Street sweeping machine, jet rodding machine,

[1] Coimbatore, Madurai, Salem and Tiruppur.
[2] Coimbatore, Erode, Salem and Tiruppur.

Hydraulic mounted machine and BOVs for Solid Waste Management for a value of ₹16.50 crore which do not come under the definition of e-vehicle for Smart urban mobility and should have been incurred from Corporation funds. This resulted in non-achievement of objectives besides diversion of SCP funds of ₹16.50 crore to Tirunelveli Corporation from Tirunelveli SCL.

Integrated Command and Control Centre (ICCC) was proposed in Madurai and Tirunelveli at a cost of ₹24.81 crore. However, in Madurai as against integrating all the modules of municipal functions, only grievance redressal and vehicle tracking were integrated. Further, ULB share of ₹9.86 crore is yet to be received by the SCL. In Tirunelveli, infrastructure like surveillance camera, etc., were not provided.

Madurai SCL constructed Tourism plaza at a cost of ₹2.62 crore which was neither put to use nor maintained resulting in idling of the asset created for more than three years.

Deficiencies such as delay in completion, idling and non-maintenance of assets created were also noticed in the execution of core infrastructure projects envisaged in the SCPs.

Further, 93 projects which require clearances/approvals in accordance with various governmental regulations *viz*. Pollution control Board, Directorate of Town and Country Planning (DTCP) and Public Works Department (PWD) were commenced without obtaining such clearances.

City Level Advisory Forum though formed in all the sampled cities were convened after a delay of two years and meetings for collaborating with various stakeholders were not conducted periodically.

We conclude that though the projects taken up for implementation were nearing completion, there was overall deficiency in operational independence culminating in non-sharing of assets and revenue; execution of projects out of SCM funds without effective exploration of other modes viz. convergence and PPP.

Further, projects were executed outside ABD area and ineligible projects were taken up under Pan-city. There were also instances of projects implemented with delay and kept idle after completion. Some projects were also commenced without mandatory clearances and suggestions emanated from the City Level Advisory Forum meetings were also not complied with. The above deficiencies largely contributed to the non-achievement of the intended objectives comprehensively.

What we recommend?

Audit recommends the following:

Planning and Financial Management:

- The Government should in future consider the greenfield development strategy to address the housing needs of expanding urban population.

- The Government should ensure that the Smart City Limited (SCLs) are transparent to the citizens in issues relating to dropping of proposed projects or taking up unplanned projects in future for implementation and also with regard to the projects that are in progress.
- The Government should consider seeking financial assistance under convergence/PPP mode to augment its revenue resource besides ensuring contributions from ULBs, borrowings from financial institutions etc., to make the SCLs financially viable to expand its activities for the betterment of the citizens.

Implementation and Monitoring:

- The Government should ensure that it contributes the paid-up capital in the SPV as per the limit prescribed in the SCM guidelines. It should also address the ULBs to contribute its shareholding in the SPVs to strengthen SPVs equity base not only for its sustainability but also to mobilise resources from the market/financial institution for implementing future projects and to cover the Operation and Maintenance cost.
- The Government should appoint full time CEOs in the SPV to manage the affairs of the SPVs so that it can function as head of implementing agency for effective and timely completion of the projects.
- The Government should empower the SPVs to follow the best practice with operational freedom to deliver the functions as envisaged in the mission guidelines.
- The Government should formulate a revenue sharing mechanism between the ULB and SPV for the financial sustainability of the SPV.
- The Government should direct the SCLs to obtain necessary statutory approvals from the concerned authorities before commencement of projects in future so as to complete the project in time and ensure its usage as it have a direct impact on the environment.
- The Government should direct the SCLs to follow the time frame stringently so as to complete the ongoing projects at the earliest and to utilise effectively the assets created.
- The Government should ensure that the provisions of the Tamil Nadu Transparency in Tenders Act (TNTTA) are followed scrupulously in future.
- The Government should instruct the SCLs to conduct City Level Advisory Forum (CLAF) meetings at frequent intervals to ensure adequate citizens participation and also ensure implementation of the suggestions given in those meetings.

CHAPTER I

INTRODUCTION

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INTRODUCTION

1.1 About the Scheme

Smart Cities Mission was launched by Government of India on 25 June 2015 in order to meet the changing needs of the cities and achieve comprehensive development of physical, institutional, social and economic infrastructure of the cities. As per Census 2011, cities house 63 *per cent* of the population. The mission was to cover 100 cities and its duration was five years (from 2015-16 to 2019-20) which has been extended up to March 2025.

1.1.1 Objectives of SCM

The main objective of the Mission was to promote cities that provide core infrastructure, clean and sustainable environment and give a decent quality of life to the citizens through the application of 'smart solutions'. core infrastructure elements in a Smart City would include adequate water supply, assured electricity supply, sanitation including solid waste management, efficient urban mobility and public transport, affordable housing especially for the poor, robust IT connectivity and digitalisation, good governance, especially e-Governance and citizen participation, sustainable environment, health, education, safety and security of citizens particularly women, children and the elderly.

The mission aimed to achieve its objectives by focusing on compact areas and creating a replicable model which will act like a lighthouse to other aspiring cities. Strategic components of the mission included components of Area-based development (ABD) plus a Pan-city initiative involving application of Smart Solutions covering larger parts of the city. The models of ABD and Pan-city are detailed below:

(i) Area Based Development

Retrofitting: This included introduction of planning in an existing built-up area of more than 500 acres to achieve Smart City objectives, along with other objectives, to make the existing area more efficient and liveable. In retrofitting, area would be identified by the city in consultation with citizens.

Redevelopment: This included replacement of the existing built-up environment and co-creation of a new layout with enhanced infrastructure using mixed land use and increased density. Redevelopment envisaged an area of more than 50 acres, identified by Urban Local Bodies (ULBs) in consultation with citizens.

Abbreviations used in this Report are listed in the Glossary at Page 86.

Greenfield: This included introduction of most of the smart solutions in a previously vacant area (more than 250 acres) using innovative planning, plan financing and plan implementation tools (e.g. land pooling/land reconstitution) with provision for affordable housing, especially for the poor. By this, the mission aimed to meet the needs of the expanding population development.

(ii) Pan-city Development

This included application of selected smart solutions to the existing city-wide infrastructure which would involve the use of technology, information and data to make infrastructure and services better.

The Smart City proposal of each shortlisted city was expected to encapsulate either a retrofitting or redevelopment or greenfield development model, or a mix thereof and a pan-city feature with smart solution(s).

1.1.2 Selection process

The mission covered 100 cities on the basis of an equitable criteria[1], with each State having at least one smart city. A Smart City Proposal (SCP) containing the vision, plan for mobilisation of resources and intended outcomes in terms of infrastructure up-gradation and smart applications should be prepared by States/ULBs with technical assistance support either by hiring consulting firms[2] or by engaging with handholding agencies[3]. Further, during preparation of SCPs, the States/ULBs were expected to incorporate convergence of many of the sectoral schemes[4] of the Central/State Government with the Smart City Mission so that comprehensive development could be achieved.

The Mission involved a two-stage selection process, Stage-1: Intra-state and Stage-2: City Challenge, based on the idea of competitive and cooperative federalism. Clause 9 of SCM guidelines details the process of selection of Smart Cities and the same is detailed in **Exhibit 1.1**:

1 A formula was used which gave equal weightage (50:50) to urban population of the State/Union Territory (UT) and the number of statutory towns in the State/UT.

2 The Ministry of Housing and Urban Affairs technically qualified a panel of consulting firms and the States/UTs were at liberty to draw upon this panel. The States had the option of appointing a consulting firm outside the panel by following transparent and fair procedures as per State financial rules.

3 Number of foreign Governments had offered to provide Technical Assistance support, including bilateral and multilateral institutions, *viz*., World Bank, Asian Development Bank, Japan International Cooperation Agency, United States Trade and Development Agency, French Development Agency (AFD) etc.

4 Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Swachh Bharat Mission (SBM), National Heritage City Development and Augmentation Yojana (HRIDAY), Digital India, Skill development, Housing for All, etc.

Exhibit 1.1: Selection Process

Stage-I (Intra-state competition)

- Under intra-state competition, Cities furnished information as per SCM Guidelines through ULBs
- Evaluation of Information were sent by ULBs by State Mission Director and the State-Level High Powered Steering Committee (HPSC) for approval.
- The cities emerging successful in the first round of competition were sent by the State/UT as the recommended shortlist of Smart Cities to MoHUA (Erstwhile MoUD). After this, the Ministry announced the list of 100 Smart Cities.

Stage-II (City Challenge)

- Each of potential 100 Smart Cities prepared their Smart City Proposals (SCP) for participation in the "City Challenge"
- The SCP outlined the consultations held with the city residents and stakeholders, proposal for financing including the revenue model to attract private participation.
- Evaluation of the proposal by a committee which involved a panel of national and international experts, organisations and institutions.

Selection of cities and implementation of SCM

- The winners of the first round of Challege were announced by MoHUA.
- Cities not selected started working on improving their SCPs for consideration in the second subsequent rounds of City Challenge.
- The implementation of the Mission at the City level was done by a Special Purpose Vehicle (SPV) created for the purpose. The SPV planned, appraised, approved, released funds, implemented, managed, operated, monitored and evaluated the Smart City development projects.

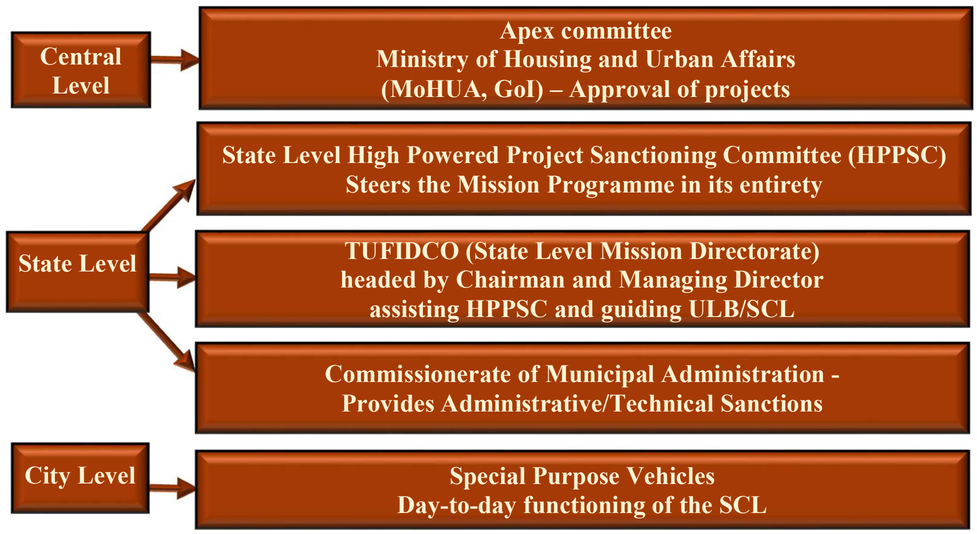
Eleven cities[5] from Tamil Nadu were selected in four rounds of selection.

1.2 Structure of the Mission (Organisational Set-up)

The three layers of administrative machinery involved in implementation of the Mission is depicted in **Exhibit 1.2**.

5 Chennai, Coimbatore, Erode, Madurai, Salem, Thanjavur, Thoothukudi, Tiruchirappalli, Tirunelveli, Tiruppur and Vellore.

Exhibit 1.2: Administrative machinery for Implementation



1.3 Audit Objectives

The audit objectives of the Performance Audit are to assess whether;

- the Smart City proposal contained the vision, plan for mobilisation of resources and intended outcomes as per the Mission objectives,
- funds released by the State Government to Cities/SPVs and mobilisation of balance funds by Cities/SPVs was efficient and in consonance to the objectives of the scheme,
- the projects were executed effectively to achieve the intended objectives of the Smart City Mission,
- internal control mechanism was adequate to ensure efficient and effective monitoring and control over implementation.

1.4 Audit Criteria

The audit criteria for the Performance Audit are taken from the following sources:

- Smart City Guidelines of MoHUA;
- Advisories to SCM Guidelines;
- The Companies Act, 2013;
- Smart City Proposals, Board and Council Resolutions;
- Tamil Nadu Transparency in Tender Act 1998 and Tender Rules 2000;
- Municipal Engineering Manual;
- Public Works Department's Code;
- Minutes of the meetings of the Committees;

- Administrative/Technical Sanctions/Proceedings;
- Relevant Government orders/Circulars/Instructions;
- Detailed Project Reports (DPRs), Estimates; and
- Specifications, Tender Documents and Contract Agreements.

1.5 Audit Scope, Methodology and Sample

The period of Audit coverage was eight years from 2015-16 to 2022-23. The Performance Audit (PA) was conducted between the period September 2022 and May 2023 and updation of the Report up to March 2024 was done during July 2024. An Entry Conference was conducted on 05 September 2022 in which the Audit Objectives, Criteria and Methodology of the PA was explained to the Additional Chief Secretary of Municipal Administration and Water Supply Department, Commissioner of Greater Chennai Corporation, Chief Executive Officers of the Special Purpose Vehicles and TUFIDCO[6], the Mission Directorate. During the course of PA, Audit scrutinised the records of the Municipal Administration and Water Supply Department, Director of Municipal Administration and TUFIDCO, besides, conducting joint physical verification of the projects implemented under the Mission, wherever necessary.

As of May 2022, 194 projects valuing ₹2,311.78 crore were completed and the remaining were under various stages of completion (May 2022). Seven[7] out of the 11 cities in Tamil Nadu and all the 194 completed projects and 44 ongoing projects (24 *per cent* of 183 ongoing projects) as on May 2022 were taken up for detailed scrutiny based on Random Sampling methodology using IDEA package.

In seven sampled cities, as on 31 March 2024, 387 projects valuing ₹5,230.41 crore were completed and the remaining (27 projects) were under various stages of completion are detailed in **Table 1.1**.

Table 1.1: Projects implemented by the sampled Smart Cities

Name of the Smart City	Total Projects implemented	ABD projects implemented	Projects implemented Outside ABD	Pan-city Projects implemented
Chennai	49	31	13	5
Coimbatore	54	39	2	13
Erode	55	33	4	18
Madurai	44	24	19	1
Salem	103	62	23	18
Tirunelveli	81	70	4	7
Tiruppur	28	16	5	7
Total	**414**	**275**	**70**	**69**

(Source: Information furnished by smart cities)

6 Tamil Nadu Urban Finance and Infrastructure Development Corporation.
7 Chennai, Coimbatore, Erode, Madurai, Salem, Tirunelveli and Tiruppur.

An Exit Conference was held on 06 June 2023 with the Additional Chief Secretary to Government, Municipal Administration and Water Supply (MA&WS) Department, to discuss the Audit findings. The replies given during the exit conference and during May 2025 for the modified draft report have been suitably incorporated in the Report.

1.6 Acknowledgement

We acknowledge the co-operation and assistance extended by the MA&WS Department, all the Smart Cities Limited (SCLs), TUFIDCO, ULBs and the parastatal agencies for conducting the Performance Audit.

CHAPTER II

PLANNING AND FINANCIAL MANAGEMENT

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PLANNING AND FINANCIAL MANAGEMENT

In all the seven sampled smart city proposals, element of greenfield development was not included resulting in needs of expanding population remaining unaddressed. Non-adherence to SCM guidelines in the preparation of Dindigul SCP in the first instance had denial of opportunity to develop another smart city in the State. Further, 52 projects valuing ₹1,602.20 crore (15.97 *per cent* of the planned projects) though included in the proposal of the sampled seven cities were not implemented. Alternatively, 44 projects valuing ₹623.86 crore though not originally planned were implemented. Further, 70 projects involving an expenditure of ₹655.43 crore were executed outside ABD area.

Five of the seven sampled cities had planned projects exceeding available 96.50 *per cent* of the total SCM grant for each city. There was a delay in release of funds by GoTN to Mission Directorate, the delay ranging between two and 714 days and from TUFIDCO to respective SCLs ranging between 15 and 960 days. Though convergence and PPP models for water supply, sewage was planned in the SCPs, the SCM grants were transferred to other departments for the execution of such projects resulting in denial of usage of valuable financial resources. Audit also noticed that there was diversion of fund for ineligible project as well as to meet ULB's revenue expenditure.

2.1 Planning

The selection of Smart Cities involves two stages of competition. The first is an Intra-State short listing of cities and the second is selection at the national level based on evaluation by a panel of experts. In the first stage of the competition the potential cities compete on the conditions precedent[1] and scoring criteria[2] laid out in the MoUD guidelines[3]. The potential cities are to be short listed based on the highest scores obtained, scrutinised by the Mission Directorate and forwarded by the State to MoUD. The MoUD declares the list of 100 Smart Cities for participating in the second stage of competition.

The following discrepancies were noticed in the Intra-State stage:

[1] (i) State undertaking to make the City smart, (ii) Inter-departmental task force consisting of parastatal bodies, ULB, organisations, urban development authorities to be constituted, (iii) Elected City Council`s Resolution and (iv) Consultations held with residents on city development priorities.

[2] (i) Existing service levels, (ii) Institutional systems/capabilities, (iii) Self-financing and (iv) Past track record and reforms.

[3] Annexure 3 to Clause 9.1.1 of MoUD Guideline.

2.1.1 Preparation of Smart City Proposals

Each of the potential Smart Cities prepare Smart City Proposals (SCPs) which shall contain the vision, plan for mobilisation of resources and intended outcomes in terms of infrastructure up-gradation and smart applications. The SCP is prepared using the principles of the strategic planning process containing area-based development plans and Pan-city initiatives as defined under Clause 5 of the Guidelines. It encapsulates either a retrofitting or redevelopment or greenfield development model, or a mix thereof and a Pan-city feature with smart solution(s).

Clause 5.1.3 envisages that greenfield developments are required around cities to address the needs of the expanding population. Unlike retrofitting and redevelopment, greenfield developments could be located either within the limits of the ULB or within the limits of the local Urban Development Authority.

Audit noticed that in all the seven sampled Smart City Missions in Tamil Nadu, elements of greenfield Development were not included in the projects proposed in its SCP. It was proposed to Retrofit and/or Redevelop the ABD Area. The possibility of exploring the greenfield development in any of the smart cities was not initiated.

The Government replied (May 2025) that the reasons for not initiating Greenfield development was due to absence of large, contiguous undeveloped land parcels within the municipal jurisdiction/land acquisition challenges and given the unique spatial, regulatory and socio-economic conditions, retrofit redevelopment hybrid models was considered feasible.

The reply is not tenable since considering the increasing urbanisation, urban population and its impact on environment, implementation of greenfield strategies like construction of housing communities with parks and playgrounds along with other amenities as a separate Greenfield Township would have been an ideal solution for developing smart cities.

Recommendation 1: The Government should in future consider the greenfield development strategy to address the housing needs of expanding urban population.

2.1.2 Deficiency in preparation of SCP for Dindigul City - Opportunity lost to develop the city as Smart City

The Government of India had selected 100 cities[4] throughout India to develop as 'Smart Cities' by upgrading infrastructure and smart applications. Accordingly, the number of potential Smart Cities allocated for Tamil Nadu was capped at 12 which included Dindigul.

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[4] 100 cities distributed among the States and UTs based on an equitable criterion of urban population and statutory towns.

GoI had observed (July 2017) the following in respect of the SCP of Dindigul forwarded by GoTN in December 2015:

- The 8.51 sq.km area covering contiguous 28 wards for smart city loses linkages with strategy for converting it to the most livable cities in Tamil Nadu, by conserving local culture and heritage.
- The risk of unavailability of perennial water source highlighted as major risk to be mitigated through subsequent smart city plans.
- The proposal ended up to use smart city funds to meet infra gaps in 28 wards.
- No approvals/resolutions/Annexure.

The above reveals that the initial proposal for Dindigul was not presented in a structured way as per the SCM guidelines containing description of probable sector-wise list of projects to be included in ABD along with Pan-city coverage.

Though the revised proposal including areas such as Urban Engineering, Traffic and Transportation, Urban planning, PPP, Water supply and Sewerage Engineering was forwarded (November 2017), GoI did not consider the proposal and Dindigul was not selected for implementation of Smart City Mission. Thus, non-adherence to SCM guidelines in preparation of the SCP in the first instance had resulted in denial of opportunity to develop another Smart City in the State.

The Government in its reply (May 2025) explained about the process involved in the preparation of SCP. However, the reply is silent about non-adherence to the SCM guidelines in the preparation of the SCP during the initial stage (first proposal) itself.

2.1.3 Non-Implementation of projects proposed in the SCP

The SCLs of the cities engaged the Project Management Consultant (PMC) for the preparation of SCP within the core sector for ABD Area and Pan-city solution. The SCPs (sampled seven cities) had initially proposed 243 projects worth ₹10,035.58 crore for implementation out of grants, PPP, convergence and own/borrowed funds of ULBs. MoHUA Advisory (Number 13 issued in September 2018 and January 2019) provided that dropping/deletion of projects is permissible only in exigent circumstances and cities will have to give a clear reasoning for not undertaking the work.

A total of 52 projects costing ₹1,602.20 crore were not considered for implementation, which was 15.97 *per cent* of planned projects.

City-wise details of non-implementation of projects proposed in the SCP are given in the **Table 2.1** and **Appendix 2.1**.

Table 2.1: Non-implementation of projects proposed in the SCP

(₹ in crore)

Sl. No.	Name of the City	Total number of projects planned	Value	Projects not implemented	Value
1	Chennai	48	1,366.25	8	279.03
2	Coimbatore	45	1,570.28	9	249.92
3	Erode	21	1,543.52	1	250.00
4	Madurai	22	1,342.00	10	236.55
5	Salem	27	1,740.00	0	0.00
6	Tirunelveli	34	1,217.80	14	389.95
7	Tiruppur	46	1,255.73	10	196.75
	Total	**243**	**10,035.58**	**52**	**1,602.20**

(Source: Details furnished by sampled smart cities)

- Only Salem SCL have implemented all the projects proposed.
- There was no specific justification on record for not considering the projects.
- The Tirunelveli SCL proposed 34 projects valuing ₹1,217.80 crore but did not take up 14 projects worth ₹389.95 crore which accounted for 32.02 *per cent* being the highest among the sampled seven cities.
- The funds earmarked for the projects not taken up totalled ₹1,602.20 crore. Out of this, an amount of ₹623.86 crore have been utilised for projects which were not included in the SCP (Unplanned projects).

Some of the major projects not implemented in the selected cities are given below in **Table 2.2.**

Table 2.2: Major projects not implemented in the selected cities

Sl. No.	Name of the Smart City	Name of the project not implemented	Amount (₹ in crore)
1	Chennai	Street light monitoring system	248.47
2	Coimbatore	Drains development	120.34
3	Erode	e-Health	250.00
4	Madurai	Solar energy, Solar rooftop	80.00
5	Tirunelveli	Smart sky walk and Underground electric duct	159.00
6	Tiruppur	Fibre optic network and city communication and smart school	54.00

(Source: Details furnished by sampled smart cities)

The non-implementation of the projects as per the SCP tantamount to violation of guidelines and deprival of envisaged economic growth in the ABD areas besides denial of benefits arising out of the above projects which were taken up after citizen participation.

The Government replied (May 2025) that generally the decisions were taken in accordance with the directions of the SCL Boards and some projects were implemented with modifications through other schemes or by the respective Corporations out of their funds.

The reply is not acceptable since the projects have been proposed based on the city requirement and discussion with the citizens/stakeholders. The non-implementation will reflect on the failure in assessing during the planning stage itself.

2.1.4 Execution of Unplanned Projects

The Advisory[5] issued in regard to Project Management and Monitoring stipulated the conditions under which addition of new projects is permissible as given in **Table 2.3**.

Table 2.3: Permissibility condition for projects

Category	Permissibility
Addition of new projects in SCP	Permissible subject to SCM Guidelines and/or modifications issued from time to time and clear fund availability
Addition outside ABD	Not permissible unless provided in the Guidelines
Non-ICT Projects as Pan-city initiative	Not permissible.
Partially outside ABD	Permissible provided a. significant portion of the project should be within ABD geographic area. For such cases, the proportional cost of the part of project inside the ABD can be considered under SCM. b. the purpose of the work is for first mile/last mile connectivity

(Source: Advisory issued by MoHUA)

The Mission guidelines in paragraph 7 to Annexure 1 is very specific about the citizen's participation in the Mission. The proposals are citizen-driven from the beginning and are achieved through citizen consultations. However, Audit noticed that 44 projects amounting to ₹623.86 crore was executed though they were not included in the original proposal.

City-wise details of unplanned projects taken up for implementation (March 2024) is given in the **Table 2.4** and **Appendix 2.2.**

[5] Advisory No. 13 issued on 08/09/2018 and 21/01/2019 by MoHUA.

Table 2.4: Execution of unplanned projects

(₹ in crore)

Sl. No.	Name of the City	Number of Planned Projects	Value	Execution of Unplanned Projects[6]	Value
1	Chennai	48	1,366.25	20	189.66
2	Coimbatore	45	1,570.28	4	20.28
3	Erode	21	1,543.52	0	0
4	Madurai	22	1,342.00	3	60.00
5	Salem	27	1,740.00	0	0
6	Tirunelveli	34	1,217.80	15	314.62
7	Tiruppur	46	1,255.73	2	39.30
	Total	**243**	**10,035.58**	**44**	**623.86**

(Source: Details furnished by sampled smart cities)

Audit scrutiny revealed that out of 44 unplanned projects, 21 projects were executed outside ABD area. Further, three projects were executed in all the zones of the city.

Audit further observed the following:

The unplanned projects (44 numbers) worked out to around 18.11 *per cent* of the planned projects. Out of 44 projects, five projects[7] costing ₹21.42 crore was of routine in nature and should have been implemented by the Corporation concerned out of their own funds. Further, analysis of the unplanned projects revealed that out of 44 projects, 21 projects involving ₹184.71 crore was entirely executed outside ABD area which indicates that the Corporations had utilised the mission funds for the projects which are to be executed by them out of their own funds.

The Tirunelveli SCL implemented 15 unplanned projects of ₹314.62 crore which accounted for 25.84 *per cent* being the highest among the sampled seven cities.

"Illustrative cases of projects though not included in the original proposal but were subsequently taken as unplanned projects are green building in GCC campus at Chennai, flood lighting in Nehru Stadium at Coimbatore, construction of guest house in Tirunelveli and convention centre at Madurai".

These projects were taken up in violation of the above advisory and without undertaking citizen consultation.

6 As per SCP in respect of the Sampled Cities, the total number of projects was 243. However, number of projects not executed was 52 and total unplanned projects executed was 44. Further, projects included in the SCP as a single project has been subsequently split into more than one during execution. In view of this, the number of projects executed was 414.

7 (i) Modernisation of Kannammapettai Crematorium, Chennai, (ii) Procurement of Dual desks for Chennai Schools, Chennai (iii) Flood Lighting at Nehru Stadium, Coimbatore, (iv) Construction of Pump House at Ukkadam, Coimbatore and (v) Construction of Washerman Ghat in Tirunelveli Corporation (3 locations).

The Government replied (May 2025) that the projects reflected the immediate and long-term needs of the city, particularly in areas experiencing environmental stress and urban challenges.

The reply is not tenable since the unplanned projects, included, projects which should have been executed by the Corporation out of their own funds instead of executing them under Smart City Fund.

2.1.5 Projects implemented outside the ABD area

The projects should necessarily be implemented in the ABD area to fulfil the aspirations of the citizens of the selected ABD area, which was also reiterated in the MoHUA's Advisory Number 13. Addition of projects which are partially outside ABD location is permissible if significant portion of the project is within ABD geographic area. Further, projects having some portion outside the ABD can also be considered, provided the purpose of the work is for first mile/last mile connectivity. e.g., storm water drainage, water supply, electricity, etc. However, the connectivity portion of such projects cannot be a significant part of the project cost.

In the seven sampled cities, Audit noticed that 70 Projects costing ₹655.43 crore were implemented outside the approved ABD area which was in contravention to the Mission guidelines.

The city-wise details of projects implemented outside the approved ABD Area is given in the **Table 2.5**.

Table 2.5: Projects implemented outside the ABD area

Sl. No.	Name of the City	Projects implemented outside ABD area	Expenditure as on March 2024 (₹ in crore)
1	Chennai	13	76.32
2	Coimbatore	2	67.89
3	Erode	4	90.57
4	Madurai	19	71.54
5	Salem	23	178.39
6	Tirunelveli	4	41.60
7	Tiruppur	5	129.12
	Total	**70**	**655.43**

(Source: Details furnished by sampled smart cities)

Audit noticed the following:

- Of the 70 projects, though the SCLs stated that only 26 projects were executed outside ABD area fully, Audit scrutiny revealed that 34 projects were implemented in outside ABD area fully.
- Salem SCL implemented 23 projects costing ₹178.39 crore being the maximum projects implemented outside ABD area.
- Bio-mining and Solar Power Plants projects had been invariably implemented outside ABD Area.

- Projects like Street lights, Under Ground Sewerage System (UGSS), water supply works and Micro Compost Centres which should have been implemented only in ABD area was executed in both ABD and outside ABD Areas.

The list of projects implemented outside the approved ABD Area is given in **Appendix 2.3**.

As such the projects implemented outside ABD area violated the Guidelines and did not address the mission objective of developing the selected compact area and creating a replicable model within and outside the Smart City besides resulting in thin spreading of resources and denial of envisaged benefits to the citizens of the selected ABD Area.

The Government replied (May 2025) that (i) due to non-availability of land parcel inside ABD area, projects like solar power plants were executed outside ABD area, (ii) due to extension of the ABD area in respect of Salem (2017), the projects were executed in extended ABD area and (iii) in Madurai all the projects were successfully implemented within the ABD area of 12.9 square kilometres.

The reply is not tenable since in respect of Madurai, as per the original proposal the ABD area covers only 1305 acres (when converted it is only 5.28 square kilometres) and further it was replied in June 2024 that projects were implemented in the extended ABD area. Further, projects like Micro compost centre, convention centre and library should have been implemented out of Corporation funds if implemented outside ABD area but the same has been executed out of SCM funds.

Recommendation 2: The Government should ensure that the SCLs are transparent to the citizens in issues relating to dropping of proposed projects or taking up unplanned projects in future for implementation and also with regard to the projects that are in progress.

2.2 Financial Management

2.2.1 Grant component of proposal

As per Paragraph 11.2 of the SCM guidelines, the project cost of each Smart City proposal will vary depending upon the level of ambition, model, and capacity to execute and repay. The SCP envisaged resource mobilisation from Grant (Smart City Mission), Public Private Partnership (PPP), convergence (Central/State Government schemes), funds of ULBs and borrowings of ULBs. The Central Government proposed to give financial support to the Mission to the extent of ₹5,500 crore over five years i.e., on an average ₹100 crore per city per year and the State/ULB would contribute an equal amount. The fund distribution for SCM is detailed in **Table 2.6**.

Table 2.6: Distribution of funds under SCM

(₹ in crore)

Fund Type	GoI	GoTN	Total	Purpose
Project fund	465 (93 *per cent*)	500 (100 *per cent*)	965	Project
A&OE (MoUD) fund	10 (2 *per cent*)	0	10	Mission Directorate and connected activities/structures, Research, Pilot studies, Capacity Building and concurrent evaluation
A&OE (State/ULB) fund	25 (5 *per cent*)	0	25	Towards preparation of SCPs and for PMCs, Pilot studies connected to area-based developments and deployment and generation of Smart Solutions, capacity building as approved in the challenge and online services
Total	**500**	**500**	**1,000**	

(Source: SCM Guidelines)

The funds provided by the GoI are in the form of tied grants, to be kept in a separate Grant fund[8] and utilised only for the purposes for which the grants were given, subject to fulfilment of the conditions laid down by the MoHUA.

Audit scrutiny revealed that though guidelines had stipulated only 96.50 *per cent* of the grant to be allocated as project cost, five of the seven sampled cities had planned projects exceeding 96.50 *per cent* of the total grant for each city.

Further, though the demographic profile **(Table 2.7)** and the population differ with regard to each city, the fund allocated was ₹1,000 crore for each of them.

Table 2.7: Sampled Smart Cities – Demographic details

Sl. No.	City	Year of formation	Total value of the projects proposed from SCM grant (₹ in crore)	Total Area (in Sq.km.)	Total population (in lakh)	ABD area (in Sq.km)	ABD area population (in lakh)
1	Chennai	1688	976.00	426.00	66.80	6.95	2.26
2	Coimbatore	1981	974.00	257.00	16.02	17.00	2.25
3	Erode	2008	998.00	109.52	5.15	9.11	1.10
4	Madurai	1971	1,000.00	148.00	14.71	5.28	2.61
5	Salem	1994	1,000.00	91.34	8.35	2.50	0.71
6	Tirunelveli	1994	964.00	108.65	4.75	3.67	0.46
7	Tiruppur	2008	919.00	159.35	8.77	11.33	2.07

(Source: Details furnished by Seven Smart Cities)

From the above **Table 2.7**, it could be noticed that five out of seven sampled cities have planned projects exceeding the prescribed percentage (96.50 *per cent* i.e., ₹965 crore) out of the SCM grant for each city. Further, the preparation of the SCPs was not given much significance with regard to the extent of the area

8 Annexure 5 Smart City Mission Guidelines, June 2015.

vis-à-vis the population it proposes to cater with the available smart city funds as the population of the ABD area varied from 0.46 lakh to 2.61 lakh, even though the fund allotted was equal.

2.2.2 Status of Projects

The GoI and GoTN released an amount of ₹6,930 crore to all the seven cities for implementing SCM projects, including the funds meant for meeting out the Administrative and Office Expenses (A&OE). From the overall release of ₹6,930 crore, the Mission Directorate (TUFIDCO) had released an amount of ₹6,923 crore (₹989 crore each smart city). Out of the total release by TUFIDCO, expenditure to the tune of ₹6,341.81 crore had been incurred by the smart cities (31 March 2024).

The number of projects planned as per the SCP for execution by the sampled seven cities was 243[9] involving ₹10,035.58 crore. However, as against this, the total projects taken up for implementation was 414, out of which 387 were completed as on March 2024 which is given in **Appendix 2.4.**

Deficiencies noticed in managing the finance of SCM have been discussed in the ensuing paragraphs and in the selection and implementation of projects are discussed in **Chapter III**.

The Government replied (May 2025) that only nine projects valuing ₹793.83 crore is pending to be completed.

2.2.3 Delay in release of funds and incorrect remittance of interest

As per Paragraph 2 (iii) of the fund Release Order of GoI, the amount released by the GoI should be transferred electronically to the bank account of the SCL, along with the equal amount on matching basis contributed by the State, within seven days of receipt.

As per extant rules and directions of GoI[10], a Single Nodal Agency should ensure that interest earned from the funds released should be mandatorily remitted to the Consolidated Fund of India (CFI) and the Consolidated Fund of the State (CFS) on pro-rata basis and as per the approved funding pattern[11].

Audit noticed the following discrepancies in the release of funds and with regard to remittance of interest by the Single Nodal Agency:

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[9] As per SCP in respect of the Sampled Cities, the total number of projects was 243. However, number of projects not executed was 52 and total unplanned projects executed was 44. Further, projects included in the SCP as a single project has been subsequently split into more than one during execution. In view of this, the number of projects executed was 414.

[10] Rule 230(8) of GFR, 2017 and GoI instructions dated 23-03-2021.

[11] GoI instructions dated 30-06-2021.

(a) There was delay in the release of GoI share by the GoTN and GoTN share to Mission Directorate (TUFIDCO), the delay ranged between two and 714 days **(Table 2.8)**.

Further, the TUFIDCO also released the funds to the respective SCLs belatedly, the delay ranged between 15 and 960 days **(Table 2.8)** from the date of receipt of funds from the Government.

Table 2.8: Delay in release of funds

Delay in release of share by GoTN to TUFIDCO (No. of Days)	Number of cases	Amount (₹ in crore)	Delay in release of share from TUFIDCO to SCL (No. of Days)	Number of cases	Amount (₹ in crore)
02 days to 30 days	31	2,717.60	15 days to 30 days	11	599.00
31 days to 180 days	57	3,325.57	31 days to 180 days	55	3,785.24
181 days to 365 days	08	455.10	181 days to 365 days	08	553.43
366 days to 714 days	09	209.48	366 days to 730 days	12	642.24
			731 days to 960 days	05	30.38
Total		**6,707.75**			**5,610.29**

(Source: Details furnished by TUFIDCO)

As per GoI letter dated 23 March 2021, State Government should designate a Single Nodal Agency and open a Single Nodal Account for implementing each Centrally Sponsored Schemes (CSS) with a condition that the central share shall not be diverted to the Personal Deposit account or any other account by the State Government. Audit noticed that in eight occasions through Government Orders, the State government had diverted (between July 2021 and October 2021) the GoI share amount of ₹1,127 crore to the Personal Deposit account in violation of the guidelines issued by the Ministry of Finance.

(b) Audit scrutiny revealed that interest to the tune of ₹239.40 crore was earned by five cities. However, it was noticed that only an amount of ₹149.01 crore *viz*., ₹62.09 crore and ₹86.92 crore was apportioned into CFI and CFS respectively. Thus, there was short remittance to the tune of ₹57.61 crore and ₹32.78 crore to the CFI and CFS respectively as detailed in the **Table 2.9.**

Table 2.9: Short remittance of interest by sampled Smart Cities

Sl. No.	City	Total Interest Earned (₹ in crore)	Remittance (₹ in crore)					
			GoI			GoTN		
			To be remitted	Remit-ted	Short Remittance	To be remitted	Remit-ted	Short Remittance
1	Chennai	82.51	41.26	14.66	26.60	41.26	Nil	41.25
2	Coimbatore	76.79	38.39	28.95	9.44	38.39	39.26	(-) 0.87
3	Madurai	48.43	24.21	9.70	14.52	24.21	31.19	(-) 6.97
4	Tirunelveli	14.42	7.21	2.40	4.81	7.21	9.10	(-) 1.89
5	Tiruppur	17.25	8.63	6.38	2.24	8.63	7.37	1.25
	Total	**239.40**	**119.70**	**62.09**	**57.61**	**119.70**	**86.92**	**32.78**

(Source: Details furnished by Smart Cities)

(c) TUFIDCO had retained a sum of ₹11 crore without any specific authorisation from the GoTN/GoI which is against the Mission guidelines and objective since the funds are meant only for the implementation of project under SCM by the cities. No specific reason was offered by TUFIDCO for the retention of mission funds.

(d) GoI had released an advance amount of ₹24 crore[12] to the GoTN at the rate of ₹2 crore per smart city for 12 smart cities as part of GoI funds for A&OE for preparation of SCP and based on the GoI release, GoTN released the amount to TUFIDCO for further release to 12 cities[13]. Since, Dindigul City was not selected under the mission, the amount (₹2 crore) advanced should have either been released to Dindigul SCL or should have remitted back to the Government. Instead, TUFIDCO retained the amount which is not in order.

The Government replied (May 2025) (i) that after the SNA was opened in January 2022, no funds were credited to PD Account, (ii) the actual expenditure incurred by TUFIDCO will be adjusted against ₹11 crore, and any balance will be refunded or released to the respective cities after final reconciliation and (iii) the outstanding balances in the arrears of interest payable to both GoI and GoTN will be cleared expeditiously and (iv) action has already been initiated by TUFIDCO to refund ₹2 crore.

The reply is not tenable in respect of opening of PD Account since the account was opened in January 2022 only even though it was instructed to do so in March 2021 itself and further that the reply is silent about the delay in release of funds.

12 Ministry of Urban development release order K-15017/01/2015-SC-1 Dt.01-09-2015.
13 G.O.(D)No.671 MAWS (MA 2) department, dated 12-01-2015.

2.2.4 Mobilisation of funds

As per Clause 11.3 of Mission Guidelines, the cities were expected to mobilise funds and plan accordingly in addition to the funds being made available by State and Central Governments. The financing options such as convergence with Central and State Governments schemes, generating own resources, proposing Public Private Partnership (PPP) projects, market borrowings, loans and even by inviting equity partners for the projects and States/ULBs own resources from collection of user fees, beneficiary charges and impact fees, land monetisation, debt, loans, must be explored for the sustainability of the SCLs. The city wise resource mobilisation is depicted in the **Table 2.10**.

Table 2.10: Resource Mobilisation

(₹ in crore)

Sl. No.	City	Grant		PPP/Convergence/Own source/Debt		Total	
		Planned	Executed	Planned	Amount involved	Planned	Executed
1	Chennai	976.00	929.61	390.24	16.57*	1,366.24	946.18
2	Coimbatore	974.00	919.37	596.00	180.94	1,570.00	919.37
3	Erode	998.05	879.44	545.46	159.43	1,543.51	879.44
4	Madurai	1,000.00	953.87	342.00	121.54	1,342.00	953.88
5	Salem	1,000.00	897.22	932.60	0.00	1,932.60	897.22
6	Tirunelveli	964.00	858.29	257.05	114.50	1,221.05	858.29
7	Tiruppur	918.60	887.43	337.11	258.49	1,255.71	887.43
	Total	**6,830.65**	**6,325.23**	**3,400.46**	**851.47**	**10,231.11**	**6,341.81**

* Amount received from other sources for PPP projects.

(Source: SCP of smart cities and data furnished by the respective cities)

Audit scrutiny revealed that as against ₹1,630.03 crore was planned, only four projects involving ₹16.57 crore was executed under PPP mode. Further, the remaining amount of ₹834.90 crore (out of ₹851.47 crore) was transferred from SCM funds for execution under convergence scheme in violation of SCM guidelines.

Audit analysis of funds mobilised revealed that though the SCPs for Smart Cities envisaged convergence models for water supply, sewerage, housing schemes etc., none of the sampled Smart Cities mobilised funds from other existing schemes for implementation of projects envisaged in the SCPs. Instead, the SCM grants have been transferred for execution of such projects through other schemes and agencies *viz*., AMRUT, TWAD Board, Tamil Nadu Housing Board, etc., as illustrated in the following instances:

Water supply/Sewerage schemes: As per the SCP of Coimbatore Smart City, water supply scheme in Coimbatore Corporation was under implementation through JNNRUM and hence no amount was allocated for water supply scheme. However, SCM fund amounting to ₹150.73 crore was transferred as convergence fund for the ongoing 24x7 Water supply taking into account the ABD area proportionate development cost. Similarly, Erode, Tirunelveli and Tiruppur SCLs had also implemented these projects through transfer of SCM funds to TWAD Board/City Municipal Corporation.

Housing schemes: One of the features outlined in the SCM guidelines for a comprehensive development in Smart Cities was affordable housing especially for the poor. Though Coimbatore, Erode and Tiruppur SCLs had envisaged housing projects valued at ₹290.45 crore, the implementation was carried out through transfer of SCM funds amounting to ₹48.46 crore[14] to Tamil Nadu Housing Board/Tamil Nadu Urban Habitat Board. Further, though Chennai SCP did not envisage any housing projects, an amount of ₹15.22 crore of SCM fund was transferred to the Tamil Nadu Urban Habitat Board towards beneficiary cost for resettlement of 268 slum families as part of a project undertaken for restoration of Villivakkam pond.

Under PPP, though it was planned to mobilise funds to the extent of ₹1,630.03 crore by sampled cities, only four projects (₹16.57 crore) by Chennai and Coimbatore SCLs had been executed.

Similarly, no funds were mobilised from other sources such as own funds, market borrowings, ULB contribution etc., to implement the projects.

The financial plans projected in the SCPs were viable in the event of envisaged mobilisation of funds and SCLs functioning independently. However, non-mobilisation of other sources of funds and lack of operational independence of SCLs as discussed in **Paragraph 3.1.4**, the implementation of projects were solely dependent on Government grants leading to non-implementation of all projects included in the SCPs.

It is pertinent to mention that GoI schemes *viz*., Street Light National Programme; Solar Subsidy of MNRE; Lake Restoration Programme; River Restoration Programme and Integrated Power Development Scheme (Smart Metering) were available for the SCLs to implement their projects through convergence. However, the same was not explored since they were not considered in their proposals. Further, similar projects such as street LED lights, lake restoration works etc. were executed using SCM funds.

[14] Coimbatore - ₹30.21 crore, Erode - ₹14.10 crore and Tiruppur - ₹4.15 crore.

The Government replied (May 2025) that despite earnest attempts, several Smart Cities faced significant challenges in fully realising funds through these alternate sources due to various factors like limited investor interest, procedural complexities, market readiness, and administrative constraints, affected the successful materialisation of expected resources.

Recommendation 3: The Government should consider seeking financial assistance under convergence/PPP mode to augment its revenue resource besides ensuring contributions from ULBs, borrowings from financial institutions etc., to make the SCLs financially viable to expand its activities for the betterment of the citizens.

2.2.5 Diversion of A&OE Funds

As per Clause 11.4 of SCM guidelines, five *per cent* of grant of GoI grant is allocated for Administrative and Office Expenses (A&OE) funds for State/ULB which shall be utilised towards preparation of SCPs and for Project Management Consultants, Pilot studies connected to area-based developments and deployment and generation of Smart Solutions, capacity building as approved in the challenge and online services. Further, as per GoI instructions[15], the fund allocated for A&OE should not be utilised for purchase of vehicles and equipment, construction and maintenance of buildings, creation of posts and any other expenditure of capital nature etc. However, Audit observed that an amount of ₹23.83 crore had been diverted by six cities[16] for the purposes of meeting project related expenses, procurement of cars, purchase of computers, legal charges etc., as detailed below:

In Chennai SCL ₹66.58 lakh was paid for advertisement expenditure of the GoTN, ₹18.44 lakh to consultants for projects not related to Smart City, ₹5.14 lakh for expenses like workshop expenses and printing expenses and ₹15.33 crore for expenses relating to shifting/resettlement of families.

In Tiruppur SCL, ₹31.39 lakh was paid for ULBs Conference hall renovation, 110 inch LED TV etc. Similarly, ₹56.76 lakh was paid for purchase of 60 numbers of computers and printers and ₹18.45 lakh towards purchase of furniture to ULBs main and zonal offices.

In Coimbatore SCL, an amount of ₹25.79 lakh was paid for refund of Earnest Money Deposit to Contractors and an amount of ₹25.33 lakh was paid for removal of hyacinth weeds and jungle clearance at Singanallur Lake which is situated outside ABD area.

In Erode SCL, ₹2.59 crore was paid as staff salary of UGSS section of Erode Corporation from A&OE funds.

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15 Paragraph 2.V of MoUD, Lr.No.K-15016/152(12)/2015-SC-I dated 04-01-2017.

16 Chennai, Coimbatore, Erode, Madurai, Salem and Tiruppur.

In Salem SCL, an amount of ₹2.95 crore was transferred from A&OE funds which includes ₹1.95 crore to Accounts Officer, CMA and ₹1 crore to Urban Administration Building Society.

An amount of ₹48.36 lakh was paid from A&OE funds for payment to contractor in the ICCC Project of Madurai Smart City.

As such, Smart cities had violated the GOI directions and the mission guidelines.

The Government justified (May 2025) that the expenditure were incurred in order to support the smooth functioning of administrative and project-related activities and also replied that action is also being taken to refund the amount in Salem and Coimbatore. The reply, however, is silent about the action taken to refund the amount pertaining to other cities pointed out by Audit.

2.2.6 Diversion of funds

(i) To ineligible project

Clause 2.4 of SCM Guidelines broadly categorises the projects to be implemented under core infrastructure elements and 'construction of guest house' was not specified in the above categorisation.

Scrutiny of records of Tirunelveli SCL revealed that consent of Board was accorded (06 September 2021) to utilise SCM funds for 'Construction of Guest House' at Palayamkottai ward office in Tirunelveli Corporation at a project cost of ₹0.86 crore[17]. The work had been completed (31 March 2023) at a cost of ₹0.88 crore. However, based on Audit observation the Board subsequently (June 2023) changed the project name as 'Construction of Training center'.

During the field visit, Audit noticed that no physical changes (Training related structure, infrastructure etc.) have been carried out to utilise the building as a training center and the building was not put to use till date (July 2024). The creation of the above asset out of Smart City Fund was in contravention to SCM Guidelines and further the created asset was kept idle without usage.

The Government replied (May 2025) that subsequent to the audit observation, Tirunelveli SCL has taken the necessary steps to formalise this change by obtaining all required approvals from the Tirunelveli Smart City Board and ensures that the project aligns with the strategic objectives of the Smart City Mission and effectively serves its intended beneficiaries. However, details of training programmes conducted, including participants, themes, and outcomes stated to have been enclosed has not been furnished to Audit.

(ii) To meet ULB's revenue expenditure

The shops, public toilet, street lights, bore well etc., in the old bus stand complex functioned under the control of Tiruppur City Municipal Corporation (TCMC) was demolished to implement the project of 'Re-development of old bus stand

[17] Administrative sanction accorded by the Commissioner of Municipal Administration on 05-10-2021 and Technical sanction given by the CE, CMA on 25-10-2021.

under SCM'. When the project was nearing completion, TCMC approached the TANGEDCO for obtaining new EB service connection for the newly constructed Bus stand. However, the TANGEDCO insisted payment of old EB dues to be remitted by the TCMC to the tune of ₹15.52 lakh in order to consider the request of TCMC.

Audit noticed that, EB dues was remitted to TANGEDCO (27 May 2022) by TCMC from the Smart City Mission fund as part of the SCM project. Action on the part of Managing Director, SCL, Tiruppur to divert SCM funds to settle the dues of TCMC out of the Smart City funds was against the mission guidelines since the grant was meant for implementing the sanctioned projects under the mission and not for meeting the routine general expenses of the Corporation.

The Government replied (May 2025) that subsequent to the audit observation the payment has been recouped.

2.2.7 Centage charges

Under Smart City Mission programme, estimate for the projects are being prepared and submitted for the Board's approval. The approved project is being forwarded by the respective cities (except Chennai SCL) to the Commissioner of Municipal Administration (CMA) for obtaining Administrative and Technical sanctions. After scrutiny, the Chief Engineer, CMA approves the estimates and accords Technical Sanction (specifying conditions to be fulfilled). One such condition is that the SCLs should remit the centage charges at 2.5 *per cent* of estimate in connected Head of account as per extant orders[18] and the challan in proof of remittance should be sent to the CMA office. This forms part of the project cost and is to be met out from the project component of the grant. The details of centage charges for the projects implemented by the sampled cities and the status of remittance are detailed in **Table 2.11**.

Table 2.11: Status of Centage charges remittance

Sl. No.	Name of the City	Centage (₹ in crore)	Remittance (₹ in crore)
1	Chennai	No Centage charges applicable	
2	Coimbatore	12.87	Nil
3	Erode	2.91	2.73
4	Madurai	3.32	Paid
5	Salem	16.67	Paid
6	Tirunelveli	17.50	Paid
7	Tiruppur	12.97	Paid

(Source: Details furnished by Seven Smart Cities)

Audit noticed that there was pendency in the remittance of centage charges by Coimbatore and Erode SCLs for the completed projects as of March 2024. Further, no liability was created in their books of accounts for making future payments towards the same.

[18] G.O.No. 213 dated 22 September 1999.

As the Smart Cities have not created any liability towards centage charges, it would be difficult on the part of Coimbatore and Erode smart cities to pay the same to CMA as the amount released to the SCLs have been spent on projects and hence no separate amount would be available with them to pay the centage charges from the funds of both the SCLs.

The Government replied (May 2025) that with reference to the Audit Observations, in respect of Erode the entire amount of ₹0.18 crore has since been remitted and for Coimbatore an amount of ₹3.47 crore has been remitted and the outstanding balance amount will be settled upon reconciliation of accounts.

CHAPTER III

IMPLEMENTATION AND MONITORING

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Though the SPVs were created, the paid-up capital was kept at ₹10.00 lakh to avoid statutory provision as provided in the Companies Act, 2013. Further, a full-time Chief Executive Officer was not appointed in the sampled cities. SPVs were restricted to initial project sanction (based on ULBs proposal) and fund disbursement. The revenue realised on account of deposit, lease-rent, parking/user charges amounting to ₹57.72 crore though received by ULBs was not transferred to SPVs.

Out of the initial 243 projects planned, the total projects taken up for implementation was 414 (due to splitting of projects into packages). Out of these, 387 projects have been completed as of March 2024. Though initially 37 projects involving Pan-city initiatives valuing ₹1,488.59 crore were proposed, 69 projects involving an expenditure of ₹780.77 crore were implemented. Out of these, 22 projects involving ₹209.24 crore are eligible as per the Pan-city definition as given in the guidelines.

Deficiencies were also noticed in the execution of core infrastructure projects envisaged in the SCPs *viz.,* water supply, solid waste management, electrical works, public transport, e-governance, social-infrastructure etc. Further, 93 projects which require clearances/approvals in accordance with various governmental regulations *viz.,* Pollution control Board, Public Works Department were commenced without obtaining such clearances.

City Level Advisory Forum though formed in all the sampled cities was convened after a delay of two years and meetings for collaborating with various stakeholders were not conducted periodically.

IMPLEMENTATION

3.1 Deficiencies noticed in adhering to SCM Guidelines

3.1.1 Incorporation of Special Purpose Vehicles

The implementation of the Mission at the City level is required to be done by a Special Purpose Vehicle (SPV) as provided in Clause 10 of the SCM guidelines. The SPV should be a limited company incorporated under the Companies Act, 2013 at the city-level, in which the State/Union Territory and the Urban Local Body were to be the promoters having 50:50 equity shareholding. The role of SPV in respect of implementation of SCM is given in **Exhibit 3.1.**

Exhibit 3.1: Role of SPV

In Tamil Nadu, 11 SPVs were formed (between July 2016 and June 2018) at the city level to implement the projects under Smart City Mission.

Audit noticed the following deficiencies in the role of the SPV in the project Implementation.

3.1.2 Non-contribution of minimum Paid-up Capital

As per Clause 10.4 of SCM guidelines, the paid-up capital of the SPV should be ₹200 crore (₹100 crore of GoI contribution and ₹100 crore of State share). Audit observed that none of the sampled SPVs had maintained the minimum requirement as per SCM guidelines and the actual paid-up capital of each Smart City stood only at ₹10.00 lakh as detailed in the **Table 3.1.**

Table 3.1: Paid-up capital details of sampled SPVs

Name of the Smart City	Round of Selection	Date of incorporation	Size of the Project (₹ in crore)	Authorised Share Capital (₹ in crore)	Paid up Capital (₹ in crore)
Chennai	Round 1	15-07-2016	1,366.25	10.00	0.10
Coimbatore	Round 1	15-07-2016	1,570.28	10.00	0.10
Madurai	Round 2	02-02-2017	1,342.00	0.10	0.10
Salem	Round 2	01-02-2017	1,740.00	0.10	0.10
Tirunelveli	Round 3	22-12-2017	1,217.80	0.10	0.10
Tiruppur	Round 3	21-12-2017	1,255.73	0.10	0.10
Erode	Round 4	01-06-2018	1,543.52	0.10	0.10

(Source: Details furnished by sampled smart cities)

The Independent Auditor's Report of Chennai city had consistently reported (Emphasis of Matter of the Report) the non-maintenance of the prescribed minimum paid-up capital since 2016-17. Thus, though the SPVs were created, these were not in accordance with Clause 10.4 of SCM Guidelines and with a mere paid-up capital of ₹10 lakh against ₹200 crore, the SPVs were allowed to avoid the statutory requirement as provided in the Companies Act, 2013 like

(i) Creation of key managerial posts; (ii) Formation of Audit Committee; (iii) Inclusion of infrastructure created in the books of accounts. Audit further observed that there were no dedicated CEOs except for Chennai, the books of accounts of the respective SPVs did not reflect the assets created etc. Thus, the role of SPVs were restricted merely to a funding agency with certain limitations as discussed in the subsequent paragraphs.

The Government replied (May 2025) that this uniform capital structure was deliberately designed to provide a consistent financial foundation across all Smart City SPVs in Tamil Nadu thereby ensuring comparability, transparency, and ease of compliance while aligning with the administrative and fiscal requirements.

The reply is not tenable as fixing of share capital at ₹10 lakh was in violation of the mission guidelines.

Recommendation 4: The Government should ensure that it contributes the paid-up capital in the SPV as per the limit prescribed in the SCM guidelines. It should also address the ULBs to contribute its shareholding in the SPVs to strengthen SPVs equity base not only for its sustainability but also to mobilise resources from the market/financial institution for implementing future projects and to cover the O&M cost.

3.1.3 Non-appointment of Chief Executive Officer

As per Clause 10.1 of SCM Guidelines, every Smart City should have a SPV and the SPV should have a full time Chief Executive Officer (CEO). Paragraph 3 to Annexure 5 of the SCM guidelines provides that the CEO shall be a member of the Board of the SPV who is appointed with the approval of the MoHUA for a fixed term of three years and can be removed only with their prior approval. The appointment of CEO was emphasised in the Advisory number 14 dated 03 October 2018 of MoHUA as it was observed that across organisations, having a full time CEO facilitates quick decision making and better results in terms of frequent board meetings and faster rate of project implementation in general.

However, none of the SPV except Chennai had appointed a full time CEO. In the absence of a regular CEO and the activities of the SPV is being done by the respective Municipal Corporation Commissioner, the areas *viz.,* quick decision making, faster implementation, as mentioned in the Advisory stated above could not be accomplished with the result that many projects were not completed within the due dates. Thus, discharging the duties of two posts *viz.,* Commissioner of the ULB and CEO/Managing Director of the SPV is difficult particularly when there is a conflict of interest in discharging his duties between the SPV and the ULB.

The Government replied (May 2025) stated that the SCLs are serving as a funding and coordinating agency and as the projects are being implemented by the respective Municipal Corporations, the Boards of the respective SCL approved the Commissioner of the Corporation to be appointed as CEO. It was further stated that it helped seamless coordination, streamlined decision making, optimised resource allocation and improved inter-departmental synergy.

The reply is not tenable since the said objectives could not be achieved since there was delay in completion of projects and many projects which are to be executed by the Corporations out of their own fund were executed through SCL funds.

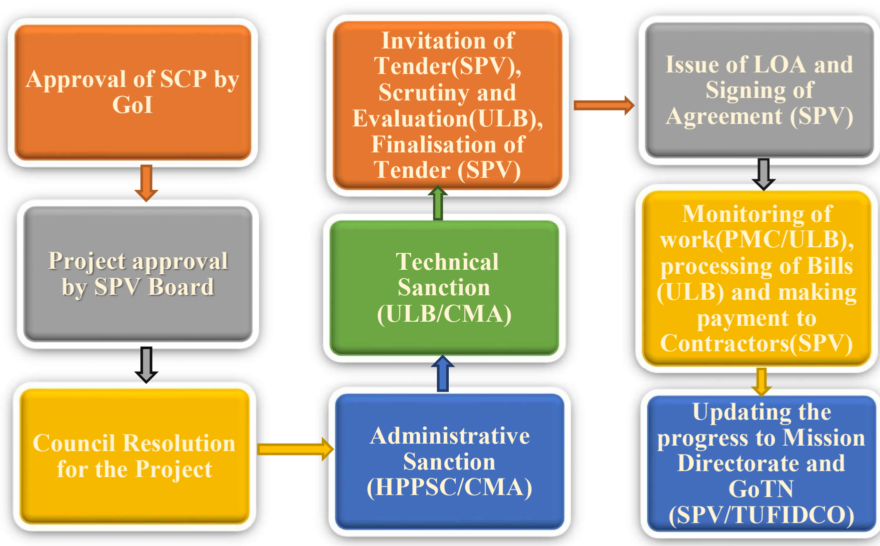
Recommendation 5: The Government should appoint full time CEOs in the SPV to manage the affairs of the SPVs so that it can function as head of implementing agency for effective and timely completion of the projects.

3.1.4 Lack of Operational Independence

Paragraph 4 of Annexure 5 of SCM guidelines specifies that the primary reason for creation of an SPV for SCM was to ensure operational independence and autonomy in decision making and mission implementation. To enable the same, SCM guidelines encourages the State Government and the ULBs to delegate (i) rights and obligations of the municipal council with respect to the Smart City project to the SPV (ii) the decision-making powers available to the ULB to the Chief Executive Officer of the SPV (iii) the approval or decision making powers available to the Municipal Administration department to the Board of Directors of the SPV and (iv) the matters that require the approval of the State Government to the State Level High Powered Steering Committee (HPSC) for Smart Cities.

In contravention to the above guidelines, the Mission implementation followed in the State is described in the following **Exhibit 3.2.**

Exhibit 3.2: Mission implementation followed in the State



The deviations noticed in the implementation of the Mission is given below:

The projects proposed to be implemented were originated by the ULBs only and included in the SCPs. The role of SPV Board was restricted to initial project sanction (based on ULBs proposal) and fund disbursement and the SPV board did not have the envisaged operational independence and autonomy in decision making and mission implementation. Further, the projects approved by SPV were again sent to CMA for approval, evaluation of the projects were done by the staff of ULBs and the day-to-day work was done through the staff of ULBs. The purpose of creating a separate SPV for implementation of the Mission has been defeated since majority of the activities envisaged in the Guidelines have been carried out by the ULBs.

The Government in its reply (May 2025) though highlighted the role of HPSC in decision making, is silent about the lack of operational independence to the SPVs. The fact, however, remains that the SPVs were not given full autonomy as the Commissioner of the ULB was acting as CEO as discussed in **Paragraph 3.1.3**.

Recommendation 6: The Government should empower the SPVs to follow the best practice with operational freedom to deliver the functions as envisaged in the mission guidelines.

3.1.5 Non-accrual of Revenue

Clause 10.1 of SCM Guidelines specifies that the States/ULBs shall ensure that a dedicated and substantial revenue stream is made available to the SPV to make itself sustainable and could evolve its own credit worthiness for raising additional resources from the market. The SCPs included the financial plan for the complete life cycle of the Projects which included the capital expenditure, operation and maintenance cost and the Revenue from the Smart City projects. The user charges and other revenue inflows were to be used to manage the Operation and Maintenance Cost.

The projects implemented under the SCM *viz.,* Multi-level Car Parking (MLCP), commercial shops, etc. generate revenue which could be used for the sustainability of the SPVs.

However, Audit observed that revenue received on account of deposit, lease rent, parking charges/user charges etc., amounting to ₹57.72 crore[1] was received by the ULBs. Further, ULBs had not provided any other contribution as a grant to ensure financial sustainability. The sampled Smart Cities were entirely dependent on the Grant funds under SCM for its operations. In the Smart City review meeting it was instructed to work out a mechanism for the sustainability of the Smart City SPVs and feasibility of SPVs managing the commercial assets of the respective smart cities. However, the day-to-day expenditure was met out from the A&OE for State/ULB component of the grant.

The Government in its reply (May 2025) highlighted the source of revenue that are expected out of the projects implemented. Further, it was replied that the

[1] Chennai - ₹0.29 crore, Coimbatore - ₹19.78 crore, Erode - ₹2.18 crore, Madurai - ₹8.93 crore, Salem - ₹1.90 crore, Tirunelveli - ₹5.33 crore and Tiruppur - ₹19.31 crore.

Boards have decided that all revenue generated from these auctioned projects will be retained with the respective Municipal Corporations for its financial stability. However, it is silent about the actual transfer of such revenue generated to SCLs which would pave the way for future funding of projects which has been curtailed thereby restricting its credit worthiness and future sustainability. Further non-sharing of revenue is in contravention of SCM Guidelines.

Thus, from the above (**Paragraphs 3.1.1** to **3.1.5**) it is evident that the creation of SPVs was only a mere formality and its operational freedom was largely, if not totally restricted to the extent that the independence of selection of projects, its implementation and the asset created out of such execution was not in the hands of the SPVs. Further, the revenue generated from such assets created was also not earned/shared to the SPVs for its sustainability. Finally, even the head of the SPV, *viz*., its CEO was also the head of the Corporation which is a ULB and as such there is a conflict of interest in discharging the functions of the SPVs.

Recommendation 7: The Government should formulate a revenue sharing mechanism between the ULB and SPV for the financial sustainability of the SPV.

3.2 Deficiencies noticed in the implementation of projects

3.2.1 Pan-city Projects

Clause 5.1.4 of the Mission Guidelines provides that the Pan-city development envisages application of selected Smart Solutions to the existing city-wide infrastructure. Application of Smart Solutions in the transport sector including intelligent traffic management system and water management including wastewater recycling and use of smart meters would involve the use of technology, information and data to make infrastructure and services better. Accordingly, the SCPs had included the Pan-city initiatives in conformity to the Guidelines.

Audit scrutiny revealed that though 37 projects involving ₹1,488.59 crore were initially proposed, 69 projects costing ₹780.77 crore were taken up for implementation under Pan-city initiative by sampled smart cities. Some of the important projects that were not taken up are detailed below:

Chennai	:	Street Light Monitoring System - ₹248.00 crore and Intelligent Traffic Management System - ₹100.00 crore.
Coimbatore	:	CCTV Cameras, Poles, Servers, Junction Switch - ₹80.00 crore.
Erode	:	e-Health - ₹250.00 crore.
Tirunelveli	:	ITMS - ₹74.90 crore.
Tiruppur	:	Fibre Optics network and City Communications Backbone - ₹34.15 crore; Intelligent Transit System - ₹17.04 crore; Common City Payment and Services Processing Platform - ₹13.27 crore.

Out of 69 projects, only 22 projects amounting to ₹209.24 crore (including PPP Projects[2]) would fall under the Pan-city initiative based on the definition given in the Guidelines.

The five sampled cities[3] had taken up 47 projects costing ₹571.53 crore as Pan-city initiatives under SCM *viz.*, creation of new infrastructure like Micro Compost Centres (MCC), incineration plants, purchase of vehicles for SWM activities, establishment of solar power plants, works relating to UGSS etc., (**Appendix 3.1**) which were normally to be provided by the ULBs in their regular course of governance.

Audit scrutiny revealed that the work involved only creation of infrastructure and there was no application of smart solution involved. Creation of infrastructure without any IT initiative was in contravention to the Pan-city initiatives defined in the Mission guidelines.

The Government in its reply (May 2025) while highlighting the benefits of Pan-city projects, had not furnished the reply for projects that are ineligible under the ambit of PAN city definition.

3.2.2 Non-obtaining of prior approval/permission from concerned authorities

The SCLs themselves or the Project Management Consultant (PMC) appointed by the SCLs should identify all necessary approvals and permissions that would be required during the implementation of the contracts in accordance with various Government regulations. This has been spelt out in the Technical Sanction also. For project implementation, following approvals (i) Building Permission from CMDA/DTCP[4] for construction; (ii) Work Permission from PWD[5] for projects alongside Rivers/Lakes and (iii) TNPCB[6] Consent were required.

On an audit query, the respective Smart Cities replied that statutory approvals from DTCP/CMDA/PWD was pending in respect of 81 projects involving ₹1,430.83 crore and from TNPCB for 12 projects valuing ₹175.27 crore.

Audit observed that though Clearance/Consent of Competent Authority were mandatory for certain projects *viz.*, SWM works, construction of infrastructures, restoration of lakes etc., the reasons for stating them as not obtained/required were not furnished by the Smart Cities.

For example, in one case in Salem SCL, incinerator plant though completed in January 2021, was not put to use (June 2024) due to non-obtaining of "Consent

[2] Chennai and Coimbatore two projects each.
[3] Coimbatore, Erode, Madurai, Salem and Tiruppur.
[4] CMDA- Chennai Metropolitan Development Authority and DTCP – Directorate of Town and Country Planning (excluding jurisdiction of (CMDA) for construction - Authorities who plan, develop, manage, and improve urban and rural areas).
[5] PWD – Public Works Department.
[6] Tamil Nadu Pollution Control Board - Infrastructure development projects including community hall, Kalyana Mandapam etc., (having waste water generation > 100 Kilo litres per day) has been categorised under red category – Authority which provides Consent to Operate (valid for 5 years).

to operate" from TNPCB which has been discussed in **Paragraph 3.3.3 (ii)**. Sample cases of such projects are detailed in **Appendix 3.2.** Further, during Smart City Review meeting conducted it was instructed to get DTCP planning permission for all smart city projects wherever necessary. However, the statutory approvals were not obtained for the projects of Smart Cities wherever necessary.

The Government replied (May 2025) that obtaining approval from the competent authorities for the projects executed are under progress and approval for six projects of Tiruppur and 12 projects of Tirunelveli have already been obtained. It further stated that in respect of projects implemented in Chennai *viz*., Bio gas plant and Modernisation of Crematorium do not require clearance from DTCP, PWD or TNPCB.

The reply is not tenable since the approval for such kind of projects is mandatory from the competent authorities.

Recommendation 8: The Government should direct the SCLs to obtain necessary statutory approvals from the concerned authorities before commencement of projects in future so as to complete the project in time and ensure its usage as it have a direct impact on the environment.

3.3 Deficiencies noticed in the implementation of projects under Core Infrastructure

As per Para 2.3 of SCM guidelines, the objective is to promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of Smart Solutions. The focus is on sustainable and inclusive development and the idea is to look at compact areas. The implementation of project under core infrastructure as per SCM guidelines and the observations noticed are detailed below.

3.3.1 Water Supply

Adequate water supply was one of the important essential feature envisaged in the Smart City guidelines for inclusion in the SCPs. The smart city should have 24x7 treated water supply which follows national and global standards and also available in sufficient quantity and affordable across all sections of the society. Some of the water supply projects envisaged in the proposals (12 numbers) were (i) 24x7 water supply, (ii) Smart water metering, (iii) Water supply distribution, (iv) House service connections, etc.

The projects implemented (21 numbers) under Water supply included Water Meter, Water supply augmentation and distribution, overhead tanks, Supervisory Control and Data Acquisition (SCADA), etc. Out of the 21 projects, 18 were completed which included five projects completed in time and 13 projects were completed with a delay ranging from three to 28 months. The reasons for the delay was attributed to changes as per site conditions, COVID-19 pandemic, litigation and material supply etc.

Further three projects *viz*., Improvement in water supply distribution schemes and internal plumbing for water supply system are yet to be completed though their date of completion was between November 2020 and August 2022. The city-wise details of number of projects are detailed in **Appendix 3.3 (a)**. The Audit observations on the projects completed as well as those ongoing are detailed below:

(i) Water Meter

The Coimbatore SCL awarded (December 2017) for ₹1.02 crore to provide Automated Meter Reading (AMR) system to enable automation for water consumption bills for each consumer as per the billing cycle. The work involved fixing of 1,131 AMR Meters with a requirement for recording the readings and maintenance of both hardware and software of whole system for a five year period. An amount of ₹0.96 crore was made to the contractor in June 2018. Scrutiny of records revealed that only 896 AMR units had been installed as of October 2020 and updation of readings were carried out only up to 30 September 2019. Further, 197 AMR units were stated as non-functional in August 2022.

The Government in its reply (May 2025) stated that based on audit observation, decisive action was initiated against the contractor for recovery of the disputed amount and all the 1,131 meters have been supplied and installed. Further due to technical challenges, efforts to rectify the defective meters has experienced some delays. However, the fact remains that the objective of installation of water meter has not been fully achieved even after a lapse of five years.

In Tirunelveli SCL, Smart Water Metering project and Water quality sensors project (11,500 House Holds and 1,000 commercial) as specified in the SCP at a cost of ₹24.50 crore were not taken up. Instead, it had implemented unplanned SCADA system (Supervisory Control and Data Acquisition System) for Head works and Service Reservoirs in all four zones (4 projects) in Tirunelveli city at an estimated cost of ₹46.67 crore by splitting the overall project cost in order to avoid the approval of HPPSC. Out of the above four projects, one project (Phase IV) was completed in December 2022 and the other three were completed in July 2023 with the overall expenditure of ₹43.38 crore.

Audit analysed the water supply data and noticed discrepancies in two days (6 and 7 August 2023) during the test check period (1 to 7 August 2023) and it was observed that it showed negative figures *viz*., distribution to OHT was higher than what was received including water available. Further, during JPV (June 2024) of the SCADA on some water head works revealed the following:

- Out of four, one energy meter affected in floods was not working since December 2023 in Thirumalaikolundupuram water head works in Palayamkottai Zone.
- Though Flow meter and sensors were provided in OHT at Murugankurichi of Thatchanallur Zone, Remote Terminal Units which acts as crucial data collection and control points was not provided for monitoring the flow of water.

The above deficiencies defeated the very objective of installation of the SCADA system besides the original proposal of installation of smart metering.

The Government in its reply (May 2025) stated that based on Audit Observation, contractor have been communicated to rectify the issues and all necessary corrections and system enhancements would be fully implemented before July 2025. However, the fact remains that the objective has not been achieved even after two years of completion of the project.

(ii) Improvement of Water Supply Distribution System

Salem SCL invested ₹74.88 crore (January 2020) towards Optimising and Revamping of Existing Network with SCADA system - Water supply System 24x7 against original proposal of ₹16 crore with the objective to increase the per-capita water supply of 135 LPCD from two days to daily basis with the duration to complete the project by August 2022.

It was observed during JPV that work is still in progress (as of July 2024) in respect of distribution main, feeder main, house service connections, construction of 1 MLD, 1.5 MLD and 2.5 MLD overhead tanks. In reply (July 2024) it was stated that the work got delayed due to various issues such as COVID-19 pandemic, delay in obtaining clearance/permission from other Departments like Highways/Railways, Local Body elections, hard rock removal at foundation level, etc. It was also replied that 86 *per cent* of work had been completed and the work would be completed before 31 December 2024. The reply is not tenable, since the permission/clearance from other departments should have been obtained at the planning stage itself and soil testings should have been completed before the work is taken-up.

The Government in its reply (May 2025) stated that as on date, 90 *per cent* of the work has been completed and the remaining works would be completed by June 2025. However, due to non-completion of the work, even after three years from the original due date for completion the intended benefit of increase in the water supply has not been achieved.

Madurai SCL had taken up (May 2019) a project *viz*., “Improvement of Water Supply Distribution System” at a cost of ₹79.93 crore with a projected completion date of November 2020. However, even after a lapse of 42 months, the project is still (June 2024) under progress. To an Audit enquiry regarding the delay in completion, the reasons stated by the SCL were COVID-19 and consequent manpower shortage, monsoon rains and shortage of materials. However, in view of the fact that more than three years had elapsed post COVID-19 and the availability of manpower and material should have been ensured during these years, the reply is not acceptable. Further, though the contract agreement had stipulated liquidated damages for delay in completion of specified milestones, Madurai SCL had not initiated any action in this regard.

The Government in its reply (May 2025) stated that as on date, 90 *per cent* of the work has been completed. However, the fact remains that the intended objective has not been achieved even after five years.

3.3.2 Electrical Works

Smart City guidelines envisaged to have assured electricity supply with at least 10 *per cent* of the city's energy requirement coming from solar. It was also envisaged that 24x7 electricity supply in all parts of the ABD area including underground cabling with smart metering linked to online platform for monitoring, billing and transparency. Some of the electrical works envisaged in the proposals (26 numbers) were (i) Power generation by solar energy, (ii) Underground ducting, (iii) LED street lights, (iv) Smart energy metering, etc.

The projects implemented (44 numbers) under Electrical works included installation of smart meters, Solar rooftops, conversion to LED lights, bio-gas plants, etc. Out of the 44 projects, 43 were completed which included 18 projects completed on time and 25 projects were completed with a delay ranging from two to 44 months. The reasons for the delay was attributed to encroachment, court case, COVID-19 pandemic, etc.

One project in Salem *viz*., "Grid connected Ground Mounted Solar Power Plants of 2.5 MW and 3.0 MW at Chettichavadi" is under progress and its proposed date of completion was August 2024. The city-wise details of number of projects are detailed in **Appendix 3.3 (b)**. The Audit Observations on the projects completed as well as the ongoing project are detailed below:

(i) Solar Power

The Erode SCL proposed to execute projects for Energy Security at a cost of ₹44.50 crore to strengthen the Power Distribution system (PDS) (₹29.50 crore) to reduce the outages from 5.6 *per cent* to less than 0.5 *per cent* and installation of Solar Roof top panels in Government buildings for generation of solar power at a cost of ₹15 crore to increase the share of clean energy through Ministry of New and Renewable Energy (MNRE) solar program from less than 1.0 MW to more than 5.0 MW. Audit observed that Erode SCL executed only installation of solar roof top panels projects at a cost of ₹2.72 crore in 12 locations with total capacity of 2,560 units of power/day and did not execute any work for strengthening the PDS. Thus, the SCL failed to consider the implementation of Energy security project for reducing outages which was also one of their objective. In reply, Erode SCL stated (December 2023) that the PDS was executed by TNEB under various Central and State Government fund. The reply is not acceptable since the project should have been considered under convergence and other important projects should have been included in the proposal for approval of the same. Further, out of the solar roof top panels installed, panels in 10 locations were connected to the power grid and were functioning. The remaining solar panels at two locations have not been connected to the Grid so far (July 2024), thus rendering the expenditure in these locations remained unfruitful.

The Government in its reply (May 2025) accepted the Audit Observation and stated that due diligence will be exercised in all future renewable energy projects to ensure timely application for eligible subsidies and grants under

MNRE or other relevant schemes and necessary institutional mechanisms are being put in place to prevent the recurrence of such oversights.

The Salem SCL invested ₹5.40 crore (Phase I - ₹2.97 crore and Phase II - ₹2.43 crore) for the project of 'Installation of roof top Solar Panels' on 17 buildings of Salem Corporation and ₹30.55 crore for 'Grid connected Ground Mounted Solar Power Plants of 2.5 MW and 3.0 MW at Chettichavadi'. Additional project cost of ₹1.80 crore was also invested for the wheeling and transmission works from the solar power plants at Chettichavadi to Gorimedu EB Sub-station (Grid connection work). It was noticed during JPV (July 2024) that the roof top solar panel projects were completed and functional. However, in respect of solar power plants of 2.5 MW and 3.0 MW, though panels were erected at a cost of ₹26.24 crore, the plants could not be made operational due to non-completion of grid connection work. During JPV (July 2024), the Pole erection for the transmission was in progress and as of July 2024, 20 *per cent* of work has only been completed. Improper maintenance of the solar panels and the plant site was also noticed. In reply, Salem SCL (July 2024) stated that annual maintenance contract for maintaining the solar power plants would be taken up after completion of the wheeling arrangement. Cleaning of solar panels would also be carried out.

The Government in its reply (May 2025) accepted the Audit Observation and stated that all major wheeling and on-grid arrangements have been completed, with only the final cabling and wiring works remaining and the work is expected to be completed by 20 June 2025.

However, the fact remains that due to non-completion of the work, the intended objective of generation of electricity through solar energy has not been fully achieved yet even after three years from the date in which it should have become operational.

(ii) LED lights

Tirunelveli SCL implemented four projects (unplanned) *viz.,* conversion of existing sodium vapour lamps into LED streetlights and additional new LED streetlights with an expenditure of ₹45.75 crore. It was observed that Tirunelveli SCL has not availed the benefit under LED Street Lighting National Programme (SLNP) sponsored by MoP, GoI through implementing agency of Energy Efficiency Services Limited (EESL) for replacement/new streetlights programme with no upfront capital cost.

The Government in its reply (May 2025) stated that necessary action will be taken in the future in similar kind of projects.

The reply, however, is not addressing the issue of diverting the SCM fund for procurement of LED lights and also explore the possibility of getting the expenditure reimbursed from EESL.

3.3.3 Sanitation including Solid Waste Management

The main objective behind this infrastructure is that the smart city reduces landfill caused by waste so that it is minimal. All the solid waste generated is segregated at source and sent for recycling. Organic waste is sent for composting to be used for gardening in the city. Energy creation through waste is considered and sanitation facilities are available to the entire population. Some of the sanitation including SWM projects envisaged in the proposals (35 numbers) were (i) Storm water and rainwater harvesting, (ii) UGSS, (iii) Solid waste segregation, (iv) Tertiary treatment plant for water reuse, etc.

The projects implemented (87 numbers) under Sanitation included SWM included Storm Water Drains, UGSS, Micro Composting Centres, Bio-mining Works, Purchase of BOVs, etc. Out of the 87 projects, 80 were completed which included 29 projects completed on time and 51 projects were completed with a delay ranging from one to 41 months. The reasons for the delay was attributed to COVID-19 pandemic, encroachment, delay in bio-capping work, etc.

Further seven projects *viz*., Improvement in Mambalam Canals, UGSS works, Incinerator Plant are yet to be completed though their date of completion was between May 2022 and June 2024. The city-wise details of number of projects are detailed in **Appendix 3.3 (c)**. The Audit Observations on the projects completed as well as those ongoing are detailed below:

(i) Micro Composting Centres

Micro Composting Centre (MCC) is a decentralised waste processing facility where solid waste collected from a particular ward or housing colony through the primary collection is scientifically processed. Audit observed the following deficiencies in the construction of 70 MCCs in four sampled smart cities are detailed in **Table 3.2.**

Table 3.2: Deficiencies noticed in construction of MCCs

City	Project details	Status of project	Audit Observation
Coimbatore	36 MCCs constructed with a capacity of 153 MT at a cost of ₹21.22 crore.	Out of 36 MCCs completed, five were being converted into Material Recovery Facility, one being utilised as charging station for BOV and one was not functioning on account of legal proceeding	No specific reasons were furnished to Audit for conversion of MCCs.
Madurai	16 MCCs constructed at a cost of ₹ 12.33 crore.	Originally it was planned to construct 18 MCCs. Construction of two MCCs were dropped due to site dispute. 12 MCCs out of 16 were not working due to non-functioning of shredder/conveyor belts.	No action was taken to bring the MCCs into utilisation.
Tiruppur	Construction of 13 MCCs at an estimated cost of ₹10.37 crore.	Out of 13 MCCs, two were not put into use since its construction due to public agitation. During JPV (June 2024), Audit noticed that two MCCs were not functioning due to repair of Shredder machine conveyor belt.	No action was taken to repair the shredder machines and make the MCCs functional.
Salem	Five MCCs constructed at a cost of ₹4.67 crore.	It was proposed to construct six MCCs. Five were constructed and the remaining one was not constructed due to public objection. Excess payment of ₹54 lakh was paid to contractor.	In reply (July 2024) it was stated that some additional works were executed. Reply is not acceptable as the additional works cost was ₹5.72 lakh only i.e.an excess of ₹48.00 lakh was to be recovered from contractor.

Out of 70 MCCs constructed in four sampled smart cities, 23 MCCs were not functioning thereby non-achievement of the intended objectives fully.

The Government replied (May 2025) that (i) in Coimbatore, the MCCs were converted to address the management of dry waste, (ii) in Madurai, necessary rectification works will be undertaken in respect of two MCCs, (iii) in Tiruppur, the two MCC pointed out in Audit are fully operational and actively functioning as on date and (iv) in Salem the work slip incorporating the revised measurements and associated cost implications has been forwarded to the Chief Engineer for approval, based on which, the final cost cutting and recovery details will be compiled.

However, the reply is silent about the latest with regard to the legal position of the MCC in Coimbatore and in respect of the remaining 10 MCCs in Madurai.

(ii) Incinerator Plants

Audit noticed the following deficiencies in the establishment of Incinerator plants in two SCLs which are detailed in **Table 3.3.**

Table 3.3: Deficiencies noticed in installation of Incinerator Plant

City	Project Details	Status of project	Audit Observation
Erode	Installation of Incinerator Plant Phase I at an estimated cost of ₹1.67 crore.	The plant was completed and functional. However, the validity of 'Consent to operate' permission from TNPCB had expired on 31-03-2023.	The renewal has not been obtained from TNPCB (July 2024). However the plant was operated without mandatory clearance.
	Installation of Incinerator Plant Phase II at an estimated cost of ₹1.78 crore.	Works such as Fire bar fixing, Motor fixing, Quencher, conveyor etc., were yet to be executed (July 2024).	Due to this delay in Phase II, the intended objective of disposal of non-biodegradable waste was not fully achieved.
Salem	Installation of Incinerator Plant (25 TPD) at an estimated cost of ₹3.19 crore.	Though the work was completed in January 2021, the plant was not put into use (July 2024) due to non-obtaining of 'Consent to Operate' permission from TNPCB.	The provision of 'Heat Energy Recovery System' and obtaining 'Consent to Operate' permission from TNPCB was in the scope of the contractor and the contractor failed to execute the same. Though notices were issued to the contractor had not turned up.

After this was pointed out, the Government replied (May 2025) (i) in respect of Erode, the 'consent to operate' is yet to be obtained in respect of Phase I, but has been obtained for Phase II from TNPCB during March 2025 and the plant is currently functioning, (ii) in respect of Salem, other qualified technical agencies with expertise in incinerator installation and waste heat recovery systems to execute the pending work have been approached to execute the pending work and all further developments will be furnished to Audit. However, the fact remains that mandatory clearance though to be obtained before the functioning of the plant was not obtained and the Incinerator Plant (Salem) is lying idle for more than four years resulting in the intended objective not fully achieved.

(iii) Battery Operated Vehicles

Audit noticed the following deficiencies in the functioning of Battery Operated Vehicles (BOVs) in two SCLs are detailed in **Table 3.4**.

Table 3.4: Deficiencies noticed in functioning of BOVs

City	Project Details	Audit Observation	SCL Reply
Salem	179 BOVs procured during August 2018/ February 2019 at a cost of ₹3.01 crore	During JPV (July 2024), Audit noticed that 173 BOVs were non-functional of which 44 BOVs were in repairable condition and the remaining 129 BOVs were beyond repair	In reply (July 2024), it was stated that in respect of 129 BOVs, ₹1.25 lakh per BOV was required due to which repairing of these BOVs was not attempted. In respect of 44 BOVs, ₹80,000 per BOV was required and would be made functional using General Fund.
Madurai	259 BOVs procured during October 2019 at a cost of ₹4.49 crore	Out of 259 BOVs, 82 BOVs were not functioning due to battery fault since November 2022.	The status of utilisation and action taken to put the above BOVs into use were not furnished to Audit (July 2024).

The Government in its reply (May 2025) reiterated the reply given earlier by Salem SCL and further stated that Corporation has proactively engaged with multiple technical agencies specialising in electric mobility and battery refurbishment to economically viable alternatives for repairing or retrofitting the BOVs. For Madurai, it was replied that due to non-response from the supplier for 42 BOVs which are within the warranty period, the withheld amount of ₹31 lakh will be deducted and for the remaining 40 BOVs (beyond warranty period), repairs would be carried out using the General Fund of the Madurai Corporation.

Thus, Audit observed that due to absence of timely maintenance, 129 BOVs (Salem) became beyond repairable condition within four to five years rendering the vehicles non-usable for the intended purpose and due to absence of timely maintenance, the services of 82 BOVs (Madurai) could not be utilised for more than three years.

(iv) Improvement works in Mambalam Canal

Improvement works in Mambalam Canal, Chennai *viz*., construction of flood protection retaining wall including canal lining, shared pathway, cycle track, formation of park and green packets, was taken up (February 2021) under SCM at a cost of ₹59.42 crore. Due to occurrence of inundation during the monsoon, GoTN appointed Advisory Committee[7] which recommended (May 2022) to redesign the Mambalam Canal project and accordingly changes were made in the original design. Due to this, the components of shared pathway, cycle track, park and green packets which were included in the original design were dropped due to the reason that free flow of water will be affected and carrying out the desilting work smoothly. The work had recommenced in August 2022.

[7] Advisory Committee on Mitigation and Management of flood in Chennai Metro constituted by GoTN.

Exhibit 3.3: Canal work in progress

Though extension of time up to 31 March 2024 was accorded (February 2024) with instructions to levy penalty in case of non-completion, Audit noticed during JPV that works had not been completed (June 2024) (**Exhibit 3.3**). Reasons for the delay in completion and details of penalty levied were not furnished to Audit. The delay in completion of improvement works poses risk of flooding in the ABD area during monsoon season despite incurring an expenditure of ₹48.19 crore as of March 2024.

The Government replied (May 2025) that the improvement works at the Mambalam Canal junction near Sir Thyagaraya Road are ongoing. A formal note seeking the Commissioner's approval for the extension of time until 31 August 2024 for the completion of the flood protection retaining wall (Reach 5) will be submitted shortly.

However, the fact remains that the reply is silent about the approval of extension of time and the actual completion of the work as on date.

3.3.4 Efficient Urban Mobility, Public Transport (Pedestrian Friendly Pathways and Non-Motorised Transport - Intelligent Traffic Management System)

One of the features of comprehensive development in Smart Cities envisaged in SCM guidelines was promotion of variety of transport options and creation or refurbishment of road network not only for vehicles and public transport, but also for pedestrians and cyclists. Some of the Urban mobility and public transport projects envisaged in the proposals (51 numbers) were (i) Parking management system, (ii) Non-motorised roads for Cycling and walking, (iii) Intelligent Traffic Management System, (iv) Smart bus shelter, (v) Traffic signages etc.

The projects implemented (98 numbers) under efficient urban mobility included Multi Level Car Parking, Non-Motorised Transport (NMT) Corridor, Pedestrian Plaza, Redevelopment of Old bus stand, etc. Out of the 98 projects, 97 were completed which included 26 projects completed on time and 71 projects were completed with a delay ranging from one to 48 months. The reasons for the delay was attributed to COVID-19 pandemic, due to delay in completion of UGSS works, delay in obtaining other department approvals, etc.

Further, one project in Madurai *viz*., 'Development of Periyar Bus stand and complex' is yet to be completed though its date of completion was June 2020. The city-wise details of number of projects are detailed in **Appendix 3.3 (d)**. The Audit observations on the projects completed as well as those ongoing are detailed below:

(i) Parking facilities

Audit noticed the following deficiencies in the creation of parking facilities in two SCLs are detailed in **Table 3.5**.

Table 3.5: Deficiencies noticed in creation of parking facilities

City with Project Details	Status of project	Remarks	Government Reply dated May 2025
Coimbatore: Construction of MLCP with 373 numbers of car park at DB road at a cost of ₹41.56 crore.	The project was completed and brought to use from August 2022. Due to non-arrangement for maintenance of the automation facility the automated car facility was not functional from January 2024.	JPV (July 2024) revealed that parking was available only in the ground floor and in the open premises outside the building defeating the intended objective of the project. Further, though only 100 KVA is sufficient for full occupancy of the MLCP, 300 KVA demand has been obtained. Though a proposal was initiated (January 2023) to request TANGEDCO for reducing the current demand no action has been finalised yet (July 2024) in this regard.	The Government in its reply (May 2025) stated that action has been initiated to resolve all technical and tender issues in order to make MLCP operational fully with revenue generation and the demand for electricity charges would be reduced.
Erode: Construction of Commercial Complex with parking facilities at Erode Bus Terminal at a cost of ₹13.44 crore.	The lift work, painting works, plumbing works etc., were yet to be completed. As per the technically sanctioned estimate, lift was not part of this project and the work of installation of lift in the Complex was without any approval.	Considering the requirement of lift, it was decided at a later stage to install the same in the Complex and approval for lift would be obtained from Chief Engineer, CMA, Chennai by taking it as supplemental item of work before completion. This indicates the absence of proper planning while conceiving the project. Thus, it could not be put to use due to non-completion of the lift installation and other works depriving the public of the intended benefits.	The construction work has been fully completed and 20 out of 54 shops has been leased out and the process of obtaining approval for installing lift was in progress.
Erode: Construction of additional parking facilities and Minibus-shelter in Erode Bus Terminal at a cost of ₹5.76 crore.	Audit noticed that minibus shelter with 14 bus bays sanctioned initially was not constructed. Instead, pathway for buses was made and put to use.	The basement parking facility has been completed but not yet put to use (August 2024) due to non-completion of entry and exit point, approach road connectivity to the ramp of the basement parking. Thus, due to non-completion of another project, the parking facility could not be made open to the public for their use.	The work of entry-exit points will be completed by 15 July 2025.
Salem: Four MLCPs constructed at a cost of ₹44.08 crore.	Building planning approval was not obtained for all the MLCPs. Though four MLCPs were completed during 2021 and 2023, only one MLCP at Central Bus stand had been put into use after auctioning of the asset.	Due to poor response by bidders, the remaining MLCPs had not been auctioned yet (July 2024). In reply (July 2024), it was stated that DTCP approval would be obtained at the earliest. It was also stated that re-auction was in progress for the remaining three MLCPs.	The process of obtaining approval of DTCP was under progress and in two out of three MLCPs, the collection was being done by the Corporation officials and the same is earning a daily revenue ranging between ₹500 and ₹700. In the remaining MLCP which include a Multi-purpose hall, auction has been completed with an annual revenue of ₹1.05 crore.
Tiruppur: Construction of MLCP (180 cars – Ground + four floors) at Kumaran Road near Convention Centre at a cost of ₹11.08 crore.	Though MLCP (180 cars – Ground + four floors) was completed in March 2022, the same has not been put into use (June 2024) due to delay in completion of the construction of Convention Centre as both are located in the same premises.	Due to heavy traffic congestion at Kumaran Road, SCL decided to go with one entry and exit point for MLCP and the Convention Centre.	The Convention Centre has since been completed and inaugurated on 11 February 2024 and efforts are being taken to lease the property through public auction.

Thus, due to non-completion of supplemental items of work, the MLCPs created at four SCLs could not be put to use from the targeted time and as such the intended objective of parking facility and revenue generation from the assets created could not be fully achieved.

(ii) Modernisation of Bus Terminal

Audit noticed the following deficiencies in the modernisation of Bus Terminal in three SCLs are detailed in **Table 3.6.**

Table 3.6: Deficiencies noticed in modernisation of Bus Terminal

City with Project Details	Status of project	Remarks	Government Reply dated May 2025
Erode: Modernisation of Bus stand at an estimated cost of ₹41.26 crore.	The project was divided into four projects each costing less than ₹15 crore to avoid scrutiny of HPPSC. Out of four projects, one work *viz.*, Improvement works around the bus terminal with a cost of ₹9.30 crore was in the initial stage only and was in progress (June 2024).	The reason/justification of non-approval by HPPSC for the original project was not available in file. Thus, the modernisation though conceptualised in the proposal and action initiated in 2020 itself, the same has not been completed even after five years and consequent non-achievement of intended objective.	The Government justified the splitting up of projects. However, the latest position with regard to the completion of said four projects has not been furnished.
Salem: Redevelopment of Old Bus stand (four sub projects) at a cost of ₹104.53 crore.	Though the project was completed and put into use, only 39 shops out of 202 shops have only been let out so far (July 2024).	During JPV (July 2024), it was noticed that except one shop was functioning and 'To let' board was seen in other shops indicating subletting of the already let out shops implying lack of monitoring. Further, CCTV cameras, escalator were not functioning and the premises was kept in a very unclean manner.	The Government stated that 44 shops have been successfully let out and in respect of basement parking facility, an amount of ₹150 to ₹220 is being earned daily. Further, it was replied that action is being taken to let out the remaining commercial space at old bus stand and four shops of new bus stand.
Salem: Redevelopment of New Bus stand at a cost of ₹6.82 crore.	Though the shops were completed during February 2020, the same have not been put into use yet even after four years (July 2024). It was also noticed that the entire shop area was full of waste and dust showing its improper maintenance.	Salem SCL had auctioned three times earlier for letting out the shop space and there were no takers. Due to non-usage of shops, the intended objective was not achieved besides revenue loss.	

City with Project Details	Status of project	Remarks	Government Reply dated May 2025
Tiruppur: Upgradation of new bus stand at a cost of ₹30.60 crore.	The work was completed (March 2023) and put into use.	It was noticed during JPV (June 2024) that one staircase and one escalator each on both sides of foot over-bridge was not opened to public and kept locked. 54 shops, two restaurant spaces and two rooms have not been leased out. The bus bays on the south side of the bus stand were found to be totally empty. The buses towards Erode, Salem etc., were stated to be plying from another bus stand *viz*., Kovilvali. Due to this, major part of the new bus stand was deserted without much people movement.	The Government replied that escalators have since been fully operational and action is being taken for allotting shops through auction. Further, it replied that sanitary workers have been deployed to maintain cleanliness and hygiene at the bus stand. The reply, however, is silent about the utilisation of the additional facilities created in the bus stands.
Tiruppur: Redevelopment of old bus stand at a cost of ₹39.35 crore.	The work was completed (March 2022) and put into use.	It was noticed during JPV (June 2024) that, four escalators at the entry-exit points were not put to use since inception. Eleven shops were not leased out. Some of the additional facilities like Mother Care room, Multipurpose Hall, Dormitory, recreation room and space for two restaurants were not utilised and as such were in unhygienic manner. Thus, the intended objectives of these facilities were not achieved. Further, the revenue generation envisaged from the shops/rooms/halls could not be completely achieved.	

Thus the intended purposes for which the above assets created were largely unachieved between two to five years.

(iii) Smart Urban Mobility Theme

(a) Tirunelveli SCL has not taken up e–vehicle projects of ₹8.25 crore like e-rickshaws and e-buses etc., through PPP mode as envisaged under SCP as of March 2024. Instead, Tirunelveli SCL diverted the funds and procured Street sweeping machine, jet rodding machine, Hydraulic mounted machine and BOVs for Solid Waste Management for a value of ₹16.50 crore which do not come under the definition of e-vehicle for Smart urban mobility and should have been incurred from Corporation funds. Hence, this resulted in non-achievement of objectives besides diversion of SCP funds of ₹16.50 crore to Tirunelveli Corporation from Tirunelveli SCL.

(b) Tirunelveli SCL has not implemented 1.5 km of Zero Emission Zone (ZEZ) at a cost of ₹2.50 crore near temple precinct, an intermediate transport option in the form of e-vehicle to provide connectivity to sky walk which was envisaged under SCP. Thus, the objective of ZEZ has not been achieved. In reply (December 2023), it was stated that due to paucity of funds, the same was not implemented. The reply is not acceptable since this project was already included under SCP for which allotment was made.

The Government replied (May 2025) that since the e-vehicles was already procured by the Tourism Department, the same was not implemented in order to avoid duplication. Further, it replied that in order to fulfil the citizen needs and urban priorities, works beyond ABD area and within the SCM guidelines was taken up by dropping the zero emission project.

Chennai SCL had taken up and completed projects relating to construction of MLCP, redevelopment of roads, creation of pedestrian plazas etc., in ABD area valued at ₹204.82 crore. JPV (June 2024) revealed that despite the works carried out to improve the mobility, encroachments and parking of two wheeler vehicles in the pedestrian way was noticed (**Exhibits 3.4** and **3.5**) defeating the purpose of improvement works.

Exhibit 3.4: Encroachment at Venkatnarayana Road, T.Nagar

Exhibit 3.5: Unauthorised parking at Burkit Road, T.Nagar

(Source: Joint Physical Verification)

Further, during JPV of the redeveloped roads, a sample check of one of the facilities installed *viz*., LED light fixtures, revealed variations in the quantity of various fixtures[8] estimated, certified to be installed and the numbers actually installed. Further, no reasons were provided for the variations in the actual number of installations as compared to quantities certified to have been installed, though the variations had financial implications resulting in additional expenditure.

The Government's reply (May 2025) though detailed about the benefits of LED light fixture, was silent about the variation in the quantity installed.

3.3.5 Social Infrastructure - Health and Education

Health and Education are having a significant impact on overall sustainability of states and hence on cities as well. So, for a sustainable smart city and generation of human and social capital, focus on health and education is most desirable. Some of the Social infrastructure projects envisaged in the proposals (15 numbers) were (i) Smart class rooms, (ii) Digital library, (iii) e-Health systems, etc.

8 Single/Twin Arm Castore design pole with LED lights, 3.5 m pole with LED fixture.

The projects implemented (28 numbers) under social infrastructure included smart class, health care, etc. Out of the 28 projects, 27 were completed which included eight projects completed on time and 19 projects were completed with a delay ranging from one to 23 months. The reasons for the delay was attributed to COVID-19 pandemic, due to heavy rainfall in Tirunelveli, etc.

Further, one project *viz*., 'Development of Kids play zone and Stadium' is yet to be completed though its date of completion was November 2021. The city-wise details of number of projects are detailed in **Appendix 3.3 (e)**. The Audit Observations on the projects completed as well as those ongoing are detailed below:

(i) Smart Schools/Class

In Coimbatore SCL, an amount of ₹20 crore was allocated under 'Education' in the SCP. Coimbatore SCL had engaged (March 2017) an external firm for preparation of Detailed Project Report for providing Smart schools in ABD area and an amount of ₹0.19 crore was paid (November 2017) on submission of reports. GoTN on scrutiny of the submitted DPR, communicated (May 2018) their adverse comments on the quality of the DPRs and required the issue to be discussed in the Board Meeting of Coimbatore SCL along with initiation of disciplinary action on officials concerned for the failure to scrutinise the estimates submitted. Coimbatore SCL, however, deferred the project (December 2018) without any further discussion. Consequently, ₹0.19 crore paid to the external firm resulted as wasteful expenditure.

The Government replied (May 2025) that formal communication will be issued to the consultant firm to recover the payment made for the preparation of the DPR.

(ii) Health Care

Erode SCL proposed to execute projects of Health Care and Primary Health Centres through e-Health System at a cost of ₹120 crore to strengthen the health infrastructure and to develop Integrated Healthcare Information Platform (IHIP) which includes services like online health portals that are widely used to disseminate health information to promote healthy behaviours in patients and consumers. The Technical knowhow is envisaged by Centre for Health Informatics, NIHFW, Ministry of Health and Family Welfare, GoI. This was proposed to be implemented through convergence with funding under National Urban Health Mission (NUHM), SCM and allied GoTN/GoI Schemes. However, Erode SCL did not execute this sub-theme and the intended benefit was not derived by the citizens. In reply (December 2023), Erode SCL stated that since 20 Urban Wellness Centres and two Community Health Labs had been constructed under NUHM scheme and as such this project was not done under SCM.

The Government in its reply (May 2025) stated that given the extensive infrastructure and services already provided under State initiatives and the NUHM scheme, the healthcare needs of the urban population in Erode were substantially met. It further replied that dedicated healthcare projects under the Smart Cities Mission were not required, allowing the Smart City funds to be strategically redirected towards other critical urban sectors such as mobility, sanitation, and public infrastructure.

The reply is not tenable since it denotes lack of planning at the initial stage itself and the projects now taken up should be done with citizen charter and their prioritisation.

(iii) Kids play zone and stadium

The development of Kids Play Zone and Stadium was taken up by Tirunelveli SCL on 11 November 2020 and was to be completed by November 2021. But even after a lapse of one and a half years from the scheduled date of completion, the work has not been completed by the contractor. On scrutiny of records, Audit found that the type of foundation for the creation of infrastructures was changed from Raft foundation to Pile foundation due to the soil condition. During JPV (June 2024) of the site, though Auditorium, indoor stadium, food court and administrative blocks have been constructed, construction of other works like swimming pool, basketball, tennis court, cricket practice net, etc. are still in progress resulting in non-achievement of the desired objective even after more than 37 months from the scheduled date of completion.

The Government in its reply (May 2025) stated that the project has been completed and necessary action was being taken to auction the asset. The fact however remains that due to non-auctioning, the asset was not put to use even after more than three years thereby defeating the intended objective.

3.3.6 e-Governance

A smart city enables easy interaction (including through online and telephone services) by its citizens eliminating delays and frustrations in interactions with Government. This infrastructure comprises a complex network of sensors, devices, data centres, communication systems and software applications that enable the collection, analysis and dissemination of vast amounts of data. Some of the e-Governance projects envisaged in the proposals (10 numbers) were (i) Integrated Command and Control Centre (ICCC), (ii) Creation of mobile Apps for Administrative services, (iii) Digitisation of land records, (iv) CCTV surveillance etc.

The projects implemented (17 numbers) under e-Governance included ICCC, Digitisation of Property tax system, Building permission management system etc. Out of the 17 projects, 14 were completed which included six projects completed on time and eight projects were completed with a delay ranging from one to 29 months. The reasons for the delay was attributed to COVID-19 pandemic, encroachment, delay in bio-capping work, etc.

Further, three projects *viz*., 'ICCC projects' and 'Digitisation of Property tax' are yet to be completed though their date of completion was November 2017 and December 2021 respectively. The city-wise details of number of projects are detailed in **Appendix 3.3 (f)**. The Audit observations on the projects completed as well as those ongoing are detailed below:

(i) Integrated Command and Control Centre

Cities need to establish governance processes which use technology to manage, monitor and secure all the city assets. A real-time monitoring of various infrastructure such as parking, transport and street lights that enable citizens to travel freely and make informed decisions help in long way the city to not only manage the existing infrastructure but also help in planning for the future. All this could be achieved by setting up an Integrated Control and Command Centre (ICCC).

Audit noticed the following deficiencies in the establishment of ICCC in two SCLs are detailed in **Table 3.7**.

Table 3.7: Deficiencies noticed in the establishment of ICCCs

City with Project Details	Status of project	Remarks	Government Reply dated May 2025
Madurai: Implementation of System Integrated command and Control Centre (ICCC) at an estimated cost of ₹12.31 crore (₹2.45 crore of SCM funds; ₹9.86 crore - General fund of Corporation).	The objective of ICCC was to have an integrated view of all the smart city initiatives namely Governance portal, Utility system, data centre, Smart light management Public Address System, Emergency Call Box, Smart Sensors, City Surveillance System at designated locations in Madurai City. The work of physical construction was completed during January 2022.	However, Audit observed that as of June 2024, only two modules *viz.*, Grievance redressal and vehicle tracking system had been integrated with the ICCC. Further, an expenditure of ₹2.93 crore (₹2.45 crore from Smart city general fund + ₹0.48 crore from A&OE funds) has been incurred. The expenditure was incurred from SCM funds and the ULB share was not received. The reasons for non-receipt of ULB share was stated (December 2023) as paucity of funds in the Corporation. Despite incurring ₹2.93 crore, objective of integrating departments such as Solid Waste Management, fire, police etc., was yet to be achieved.	The Government replied that the Corporation plans to progressively integrate all municipal functions into the ICCC platform in subsequent phases, thereby enhancing urban governance, service delivery and overall city management. However, the reply is silent about the non-receipt of ULB share.
Tirunelveli: Integrated Command and Control Centre at a cost of ₹12.50 crore.	The project being an unplanned one was under progress as of March 2024. The work was to be completed by November 2021. The National Institute of Technology (NIT) which was the monitoring agency of this project intimated that out of 93 items to be provided, the contractor had supplied only 14 items with an expenditure of ₹2.12 crore.	The preliminary infrastructure including surveillance camera were not provided. A penalty of ₹50,000 was levied on the contractor for the delay in completion of work. This amount was also not recovered.	The Government replied that despite formal notice, there was no response from the contractor and due to this the TSCL has decided to proceed with completing the project with the assistance of NIT, ensuring completion within the available ICCC funds.

However, despite incurring huge expenditure and delay in completion of work even after a lapse of more than three years, the envisaged objective of establishing an ICCC has not been achieved.

(ii) Building Permission Management System

In Coimbatore SCL, upgradation of an existing system of automation of Building Plan Approval to facilitate the citizens to apply online building plans permission besides tracking the status of process was taken up under SCM (January 2020) for an amount of ₹1.49 crore. An amount of ₹0.30 crore was paid (December 2020) to the contractor as part payment for the initial work done. However, the work was subsequently cancelled (September 2021) on account of instructions received from the Commissionerate of Municipal Administration for switching over to Urban Tree Software (common e-Governance software for ULBs). Thus, failure of Coimbatore SCL to take into account the existing components of e-Governance software while finalising the project of Building Permission Management System resulted in a wasteful expenditure of ₹0.30 crore. Coimbatore SCL agreed (August 2024) to the incurring of the above expenditure under SCM without any useful result.

The Government in its reply (May 2025) reiterated the above reason.

(iii) Digitisation of Property Tax Assessment

Digitisation of Property Tax of all five zones of Coimbatore Corporation was taken up under SCM and entrusted to two firms at a cost of ₹2.61 crore. Based on reports submitted by the firms, expenditure of ₹1.98 crore was incurred (November 2017) for digitisation of 3,23,489 properties (against 4,81,200).

Though the project was stated to have been completed in February 2018 and put into use from April 2018, the physical progress of the project as of March 2024 indicated only 67 *per cent* completion (Audit reply termed as 76 *per cent*). Status of the digitisation furnished by Assistant Commissioner (Revenue), Coimbatore Corporation in August 2022 revealed that out of the 3,23,489 properties, only 2,19,235 properties were measured, of which only 1,30,545 property assessments were stated to have been measured correctly. Audit, however, noticed that this status was not taken into account while approving the Completion Report of the project in March 2024 wherein execution status indicates digitisation of 3,23,489 properties.

On being pointed out, Coimbatore SCL replied (August 2024) that the contracted firms had failed to complete the project and suitable action/recovery proceedings were proposed against them. It was further stated that it was difficult to determine the exact increase in property tax on account of digitisation as (i) a drone survey exercise had been piloted by the Coimbatore Corporation for identifying un-assessed or under assessed properties and (ii) on account of revised tariffs from assessment year 2022-23.

The Government replied (May 2025) that the demand for 4.81 lakh assessments, which stood at ₹154.91 crore, increased to ₹409.42 crore in 2023-24 due to improved systems and processes thereby strengthening the financial base of the Corporation.

However, the reply is silent about the extent to which the digitisation has been implemented.

(iv) Tourism

Madurai SCL proposed to provide Tourist Plaza, Passenger Information System (PIS), web app, Wi-Fi, Surveillance and Crowd control and other IT facilities at a SCP cost of ₹130 crore. Against this, Madurai SCL constructed tourism plaza at Periyar Bus Terminal (Location 2) with information centre, Dormitory halls, restaurants, cloak rooms and toilets at a cost of ₹2.62 crore. Though the work was completed in September 2020, Audit noticed during JPV (June 2024) that the tourism plaza was not opened to public since completion and kept idle for more than three years without maintenance of the constructed facility. The specific reasons for the same was not furnished.

The Government replied (May 2025) that out of 128 commercial shops, 61 shops have been auctioned as on date and auction for the remaining shops was in progress. However, due to non-usage of the remaining 67 shops, the intended objective of earning revenue from the tourist plaza could not be achieved.

3.3.7 Sustainable Environment

A smart sustainable city is an innovative city that uses ICTs and other means to improve quality of life, efficiency of urban operation and services, and competitiveness while ensuring that it meets the needs of present and future generations with respect to economic, social, environmental as well as cultural aspects besides maintaining air quality at international safety standards. Some of the Sustainable Environment projects envisaged in the proposals (31 numbers) were (a) Restoration of lakes, (b) River-front development, etc.

The projects implemented (48 numbers) under Sustainable Environment Restoration of water bodies, Green cover facilities, etc. Out of the 48 projects, 42 were completed which included eight projects completed in time and 34 projects were completed with a delay ranging from three to 51 months. The reasons for the delay was attributed to COVID-19 pandemic, heavy rainfall in Tirunelveli, Encroachments, etc.

Further, six projects *viz*., all relating to development of water bodies are yet to be completed though their date of completion ranged between September 2021 and June 2023. The city-wise details of number of projects are detailed in **Appendix 3.3 (g)**. The Audit Observations on the projects completed as well as those ongoing are detailed below:

(i) Eco-restoration of lakes

Coimbatore SCL took up eco-restoration of lakes with an aim not only to clean up the lakes and address environmental and ecological issues, but also to create a new public realm around the lakes for public to visit and enjoy. Accordingly, the rejuvenation and restoration of following lakes were taken up and completed in various phases as detailed in **Table 3.8**.

Table 3.8: Rejuvenation and restoration of lakes taken up under Coimbatore SCL

Sl. No.	Project Name	Project completion date	Expenditure incurred (₹ in crore)
1	Lake Rejuvenation and Renovation – Valankulam Lake	31-12-2023	114.05
2	Lake Rejuvenation and Renovation – Periyakulam Lake	31-12-2023	100.34
3	Lake Rejuvenation and Renovation – Kurichi Lake	31-12-2023	42.62
4	Lake Rejuvenation and Renovation – Selvachinthamani Lake	25-05-2022	30.52
5 & 6	Lake Rejuvenation and Renovation – Selvampathy & Kumarasamy Lakes	01-05-2023	31.03
7	Lake Rejuvenation and Renovation – Krishanampathy Lake	01-05-2023	19.32
	Total		**337.88**

(Source: Details furnished by Coimbatore SCL)

In this regard, the following observations are made based on scrutiny of files and JPV (July 2024) undertaken by Audit:

One of the conditions specified by HPPSC, while approving the above projects, was establishment of tertiary treatment plant with sufficient capacity with an aim to ensure non-degradation of stored water. Further, it was also instructed that Coimbatore City Municipal Corporation should provide details of water channel connected in each lake/condition of such channel/details of flow of water into all such channels leading in the lake/outflow of water in lakes on the downstream/detailed network of drains etc.

Audit observed that Waste Water Treatment Plants (WWTP) were not established in four[9] out of the seven lakes taken up for restoration. During JPV (July 2024), it was noticed that the WWTP established in Selvachintamani lake was non-functional (**Exhibit 3.6**). Further, untreated water flowed into the lakes *viz.*, Kurichi lake, Selvachinthamani lake and Kumarasamy lake etc., (**Exhibits 3.7** and **3.8**).

Exhibit 3.6: WWTP at Selvachinthamani lake not functional

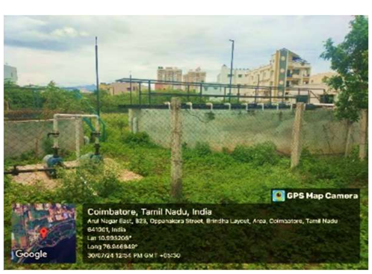


Exhibit 3.7: Raw sewage flowing into the Kurichi lake without any treatment

Exhibit 3.8: Untreated water flowing into Kumarasamy lake

(Source: Joint Physical Verification)

[9] Kurichi Lake, Selvampathy & Kumarasamy Lakes and Krishanampathi Lake.

The Government in its reply (May 2025) stated that all the WWTPs in the lakes were since constructed and functional and plays a vital role in maintaining water quality and eco system.

Further, removal of water hyacinths in eight lakes was taken up and executed as a separate project at a cost of ₹4.43 crore. However, Audit noticed that this item of work was also included as a separate item in execution of the restoration works of lakes. However, during JPV it was noticed that water hyacinths had proliferated (**Exhibits 3.9** and **3.10**) over the lake surfaces in large parcels resulting in blocking of weirs and leading to degradation of aquatic eco-system due to depletion of dissolved oxygen.

Exhibit 3.9: Kumaraswamy lake filled with water hyacinth

Exhibit 3.10: Selvachinthamani lake filled with water hyacinth

(Source: Joint Physical Verification)

After this was pointed out, the Government replied (May 2025) that amphibian machinery has been procured and deployed to effectively weed out water hyacinth, ensuring cleaner and more sustainable water bodies.

Exhibit 3.11: Shops at Selvachinthamani lake

Exhibit 3.12: Food Plazas at Valankulam Lake

Exhibit 3.13: Food court at Periyakulam lake

Exhibit 3.14: Craft Bazaar at Periyakulam lake

(Source: Joint Physical Verification)

Also, the works relating to rejuvenation and restoration of lakes were stated to have been completed and put into use during May 2022 to December 2023. However, during JPV, it was noticed that facilities created (food plazas, craft bazaar, shops etc.) (**Exhibits 3.11** to **3.14**) were not put into use as on date (July 2024) and floating fountains installed in Kumarasamy lake at a cost of ₹0.60 crore was found to be non-functioning.

Further, the provision to include the cost of Operation and Maintenance (O&M) for five years in the estimate as directed by TUFIDCO was not done in the contract agreement. This had resulted in lack of maintenance of the restored spaces around the lakes (**Exhibits 3.15** and **3.16**) rendering the walkways and cycling tracks covered by overgrown weeds creating an unpleasant atmosphere.

Exhibit 3.15: Poor maintenance of Selvachinthamani lake

Exhibit 3.16: Poor maintenance of connecting bund of Selvampathi lake and Kumarasamy lake

(Source: Joint Physical Verification)

Coimbatore SCL replied (August 2024) that the O&M contract integrating O&M and leasing of commercial placed on revenue sharing basis have been finalised (February 2024) and the projects are being taken over in phased manner. The delay in finalising the O&M and leasing contracts had resulted in the infrastructure created being in state of disuse leading to lack of maintenance and loss of potential revenue.

The Government in reply (May 2025) while highlighting about the appointment of a dedicated contractor for operation and maintenance is silent about the utilisation of the facilities created.

Tirunelveli SCL had not executed the Restoration of Nainar lake project which involved de-silting & dredging, stone pitching of banks and storm water re-use at a cost of ₹36 crore through PPP mode (₹20 crore) but implemented the Nainar Lake front development project at a cost of ₹25.78 crore out of grants without the approval of PWD. Audit further noticed that Tirunelveli SCL had not availed the benefit of ₹18.04 crore under National Lake Conservation Plan (NLCP), a Centrally Sponsored Scheme implemented by MoEF&CC which exclusively aimed at restoring the water quality and ecology of the lakes.

Further, due to non-implementation of De-centralised water treatment plant of one MLD at ₹2 crore as per SCP, the untreated water had been channelised to Nainar lake which affects the environmental flow.

The Government replied (May 2025) that PWD clearance has since been obtained and is actively pursuing financial support and subsidies under the NLCP. The Government further stated that all untreated water are diverted to nearby STPs and only clean rainwater runoff are allowed to enter the lakes.

The reply is however silent about the non-implementation of decentralised water treatment plant.

It was also noticed that Tirunelveli SCL has not implemented the project of Restoration and development of Thamirabarani river channel by strengthening bunds, green open space along the river canal, water walkway and commercial kiosks etc., at a cost of ₹116 crore through Grant, Convergence and PPP mode

(Ratio of ₹61 crore: ₹15 crore: ₹40 crore) as per SCP. Instead, it had implemented the project of Beautification of Thamirabarani River from SCM grants with an expenditure of ₹10.02 crore as of March 2024. During JPV (June 2024) it was found that the river land was not only encroached by way of raising concrete structure for the provision of parking vehicle and foot over bridge but also the course of the river was blocked contrary to the conditions put forth by the Public Works Department while granting permission. This affected the environmental conditions of the flow of river. Thus the delay in completion of work resulted in non-fulfilment of the objective of creating an efficient and durable infrastructure for the beautification of the river Thamirabarani.

The Government in its reply (May 2025) stated that all the necessary clearances and approvals from the PWD for the construction of foot over bridge has been obtained and further stated that the environmental assessments were strictly adhered to, ensuring the river ecology and hydrology not getting affected.

(ii) Green Cover facilities like footpath, Cycle Tracks and Landscaping with Greenery (Arterial Roads and other roads)

Erode SCL proposed to execute the project of Integrating Road Network Re-design by incorporating standards for footpaths/cycle tracks, greenery and landscaping, utility ducting and storm water drain integration with requisite gradients in line with the area's topography at a cost of ₹50 crore for Arterial Road and ₹33.75 crore for other roads as per SCP. Against this, Erode SCL executed projects worth ₹25.67 crore towards green space development in Arterial Roads and ₹2.40 crore in other roads though footpath and cycle tracks were totally ignored.

The Government in its reply (May 2025) stated that footpaths have been constructed along with landscaping initiative in three roads to enhance urban aesthetics and provide shade and greenery for pedestrians. Further, it stated that utility ducting system have been integrated to facilitate safe pedestrian movement. It was also replied earlier (December 2023) by the Erode SCL, there were no space for cycle tracks. The reply indicates that there was no planning even while taking an alternative projects and it is also silent about the developments in the other roads.

3.3.8 Other Projects

The city-wise details of number of projects proposed (26 numbers) and implemented (71 numbers) are detailed in **Appendix 3.3 (h)**. The other projects implemented included Construction of markets, shopping hubs, improvements to stadium/convention centre and tourism development works, etc. Out of the 71 projects, 66 were completed which included 24 projects completed on time and 42 projects were completed with a delay ranging from one to 42 months. The reasons for the delay was attributed to COVID-19 pandemic, heavy rainfall in Tirunelveli, etc.

Out of these five projects *viz*., 'construction of markets including providing amenities in three cities' are yet to be completed though their date of completion ranged between July 2022 and September 2024. The Audit Observations on the projects completed as well as those ongoing are detailed below:

(i) Market Construction/Improvements

Audit noticed the following deficiencies in the market construction/ improvements in four SCLs are detailed in **Table 3.9**.

Table 3.9: Deficiencies noticed in the market construction/improvements

City with Project Details	Status of project	Remarks	Government Reply dated May 2025
Erode: Construction of Vegetable Market at a cost of ₹14.48 crore.	The work was completed in February 2023. However, the market was not put to use for the benefit of the public (July 2024).	During JPV (July 2024), it was noticed that (i) EB connection was not provided, (ii) Gates were not installed at entry and exit points, (iii) Open drainage was provided posing health hazard to public and (iv) Being a vegetable market, the accumulation of vegetable waste will be huge, but bins were not provided both inside and outside.	The Government replied (May 2025) that electricity connection has been obtained and all other amenities pointed out by Audit are currently being executed using general fund of the Corporation. However, the reply is silent about the funds earmarked for this purpose from the SCM funds and the reasons for executing these amenities from the Corporation funds.
Erode: Additional works in the vegetable market such as Installation of Solar Panel, cold storage and Generator at a cost of ₹0.72 crore.	Cold storage and generator only were available and no solar panel was installed. Further, the cold storage and the generator were also kept idle since the date of installation (April 2023) due to non-functioning of the vegetable market.	Erode SCL stated that the solar panel planned for this project was very small (Two KW) and considering the energy requirement of the building, it is under proposal for enhancement to higher capacity. After obtaining approval, the solar panel of higher capacity would be installed. The reply indicates absence of proper planning in selecting the suitable solar panel for the market.	The Government reply (May 2025) did not have any specific reply in this regard.
Erode: Construction of Textile market (₹55.60 crore) and shopping hub (₹16.52 crore).	The market was put to use during May 2022.	Out of the 509 shops constructed, 279 numbers have only been auctioned (July 2024) and the remaining 230 numbers of shops are kept closed. Also, the shopping hub has not been put to use (July 2024) due to non-auctioning of the shops.	The Government replied (May 2025) that 293 shops have been auctioned and actively functioning and for the remaining 216 shops auction is in progress. Thus, benefit of realisation of revenue due to non-auction has not been accrued for more than three years.

City with Project Details	Status of project	Remarks	Government Reply dated May 2025
Salem: Construction of VOC market at a cost of ₹15.79 crore.	The market was completed in January 2023 has been utilised only partially (July 2024) since only 251 numbers of shops in Flower Market has been auctioned for ₹9.08 crore and 33 numbers in Meat market has not been auctioned (July 2024).	During JPV (July 2024), it was noticed that the shops in the second floor that had been auctioned for flower market was not utilised by the lessee. The vacant meat market space on the ground floor was not properly maintained and was kept in a very un-hygienic manner. In reply, it was stated that as per Revenue Section Report, the entire flower market shops had been auctioned (Ground, First and Second floor). Shops in the meat market would be put to use by auctioning the same at the earliest. Cleaning of meat market area would be carried out through Health Section of Salem Corporation.	The Government in its reply (May 2025) stated the efforts are being taken to auction the meat shops. Thus, benefit of realisation of revenue due to non-auction has not been accrued for more than two years.
Tirunelveli: Market Improvements (four projects) at an estimated cost of ₹56.56 crore.	Out of four projects only two projects[10] were completed (February/ August 2023) at a cost of ₹26.25 crore and were not put into use.	The other two projects were under progress as of March 2024.	The Government replied (May 2025) that the auctioning of shops in the completed markets is in progress. However, the reply is silent about the remaining two markets.
Tiruppur: Construction of daily market at a cost of ₹29.29 crore.	The work was to be completed by December 2020 is yet to be completed (June 2024).	Due to non-completion of construction of daily market depriving the public of the intended benefits.	The Government replied (May 2025) that the project has since been completed and process of auctioning the commercial spaces would be undertaken after completion of additional works based on the request of the previous shop owners (prior to redevelopment). Thus, due to non-completion and non-auctioning the intended objective could not be achieved for more than four years.

[10] Wholesale market and Bose market.

(ii) Improvement works to Stadium/Convention Centre

An amount of ₹2.25 crore was invested by Coimbatore SCL for creation of infrastructure facilities[11] in Nehru Stadium, Coimbatore with partnership between a Trust[12] on a revenue sharing basis. As per the Memorandum of Understanding (MoU), the revenue sharing pattern included an anticipated direct cash benefit[13] of ₹2.26 crore. Further, as per the MoU, the Trust was to compensate to the extent of balance of investment not repaid to Coimbatore SCL in the five-year period ending March 2023. However, the Trust had remitted only an amount of ₹0.70 lakh (for the year 2018-19) and no further revenue was shared though reminders were issued for the same. Coimbatore SCL stated (August 2024) that the legal department of Coimbatore Corporation has initiated legal action against the Trust for recovery of amounts due.

The Government replied (May 2025) that a formal communication has been sent to Sports Development Authority of Tamil Nadu requesting appropriate action for the reimbursement of the expenses incurred under this project, given the non-utilisation and non-compliance issues from CCFC.

(a) Salem SCL decided to Redevelop 'Uncluttered Bose Maidan' (Ground) into a Creative Recreation Place like Children Play area, Open Garden Gym, Joggers rack etc., at ₹21 crore. However, as per DPR and Administrative Sanction, the project consisted of 'Re-development of the Bose Maidan into an open theatre cum exhibition centre', 'Construction of one Dias (Stage with rooms)', 'Compound Wall' and a 'Shopping Complex'. Salem SCL executed this project at a cost of ₹10.58 crore and the project was completed in April 2024. During JPV (July 2024), Audit noticed that only one shop in the ground floor of the Shopping Complex was open and the remaining shops in the three floors were found vacant. Dias has also not been put to use yet. In reply (July 2024), Salem SCL stated that the newly constructed Dias and the Maidan would be used for Government Exhibitions. Out of 76 shops in the Shopping Complex, 10 shops have already been auctioned. Action is being taken to let out the remaining shops as well.

The Government replied (May 2025) that a revenue of ₹48.26 lakh have been generated and auction for remaining 66 shops are in progress. However, the benefit of realisation of revenue due to non-auction has not been accrued for more than one year.

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11 Provision of two new high mast flood lights with 98 fittings and replacement of 29 fittings in existing four masts.

12 Chennai City Football Club (CCFC) Foundation – Organisation entrusted by Sports Development Authority of Tamil Nadu to carryout development works at Nehru Stadium, Coimbatore.

13 Share in gate collections and fee collection from proposed Football Academy during 2018-23.

(b) Further, in Salem SCL, Re-development work of Nehru Kalaiarangam was taken up and the work has not been completed yet (July 2024). The work was to be completed by May 2021. Though an expenditure of ₹35.23 crore (March 2024) was incurred, only civil work had been completed and the electrical work was in progress (July 2024).

The Government replied (May 2025) that all the works have been completed and a revenue of ₹2.97 lakh has since been collected as rent from the beneficiaries. Further, it was also replied that for continued efficient management, auction process for leasing these assets have been initiated. Thus, the intended objective was not achieved completely even after three years from the original date of completion and benefit of revenue could not be realised due to non-auctioning of asset.

In Tiruppur SCL, an unplanned project namely 'Construction of convention centre' was executed at a cost of ₹53.46 crore with the objective of providing a permanent exhibition cum community hall for the benefit of business community and common public. However, though work order was issued during January 2019, the construction was started only in September 2020 due to delay occurred in handing over the site and COVID-19 pandemic. As per the agreement, the work was to be completed in 24 months, i.e. by September 2022. Though, extension of time was granted till March 2023, the work was not completed and was still in progress (June 2024) even after a lapse of 14 months from the final extension of time granted. Further, against ₹42 lakh leviable as liquidated damages for the period of delay in completion only an amount of ₹16 lakh was levied and recovered.

The Government replied (May 2025) that an amount of ₹26 lakh was levied as penalty for slow progress. Collection particulars are awaited from the Government. However, due to non-completion of the work, the intended objective could not be achieved for more than two years.

(iii) Tourism improvements

Madurai SCL executed (October 2020/April 2022) Heritage Precinct Improvement projects worth ₹18.91 crore, *viz*., Arrival Plaza & Heritage Bazaar building at ₹2.44 crore, revitalisation of four Chithirai Street & Meenakshi Park at ₹9.06 crore and relocation of Pudumandapam shops to Kunnathur Chathiram at ₹7.41 crore. During JPV (June 2024), Audit observed that two out of the 10 shops in Heritage Bazaar were not functioning and the unutilised shops were used as a ward sanitary section and tax collection centre. Further, the Arrival plaza completed in April 2022 was not functioning till date (July 2024). No reasons were furnished for the non-utilisation of the assets created.

The Government replied (May 2025) that 9 out of 13 commercial shops in Arrival plaza and Heritage Bazaar have been successfully auctioned.

However, the reply is silent about the auctioning of shops at other locations.

Tirunelveli SCL approved the proposal of ₹105.50 crore for development of natural, cultural, recreational, indigenous Heritage Hub having number of monuments near Nellaiappar temple with creation of new tourism attractions along with development of allied infrastructure facilities including public amenities, Smart Sky Walk, information kiosks, water vending machines etc. Against this proposal, it was observed that Tirunelveli SCL implemented projects worth ₹25.70 crore as of March 2024 *viz*., three Traffic Signage projects and one Rejuvenating Tourism Attraction Iconic Places. But it did not take up other projects worth ₹79.80 crore *viz*., Smart Sky Walk Project, Tourist Information and commercial kiosks, water ATMs, public art, street furniture, monuments and sculptures, Landscaping, as envisaged in the SCP vision. Hence, the envisaged objective of Revitalisation of urban heritage, transformation of the heritage precincts & development of tourism potential remained unachieved. In reply (December 2023) it was stated that due to dense population and public opposition, the projects could not be implemented. The reply is not acceptable since the citizen consultation should have been done at the proposal stage itself and the projects should have been finalised after due planning.

(iv) Commercial Tower Development

Salem SCL executed nine projects[14] at a cost of ₹57.80 crore out of grants without building plan approval and TNPCB clearance. Audit noticed that in respect of four projects[15], the commercial space/shops created were not let out fully. Due to non-auctioning of the commercial space/shops, Salem SCL could not generate the intended revenue from these projects. In reply, it was stated that re-auction of the shops would be done and in respect of Commercial Complex and Fitness Centre at Kottai, all the shops were auctioned and are functioning.

The Government replied (May 2025) that (i) In commercial complex at Thirumani Nalangadi area out of 36 shops, 24 have been auctioned, (ii) Science park operates as a public education facility and is not intended as a revenue generating venture, (iii) Krishna Rajendra Chatram is currently functioning as Suramanagalam Zonal office and (iv) in Periyar Complex, two out of seven floors have been successfully auctioned with monthly rental income of ₹4.07 lakh.

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14 Commercial Complexes at Thirumani Nalangadi and Kottai Old market road, Redevelopment of Multi-purpose Halls at Hanging Garden and Kottai, Science park, Redevelopment of Anna Park, Redevelopment of Krishnarajendra Chatram, Indoor stadium at Kottai, Redevelopment of Periyar Complex.

15 Commercial Complexes at Thirumani Nalangadi, Science Park, Redevelopment of Krishnarajendra Chatram and Redevelopment of Periyar Complex.

The reply is not tenable, since operating zonal office of a Corporation in a project completed out of SCM funds without realising any revenue is violation of the SCM guidelines and revenue generation was one of the objective in the creation of the science park.

(v) Air Quality Monitoring

In Coimbatore SCL, Solar Powered Ambient Environment Monitoring System (Sensors) were installed in 30 locations at a cost of ₹0.11 crore to monitor Air quality. The work was completed during July 2017 and as per the tender condition the sensors were under AMC for a period of two years after one year of warranty period. Scrutiny revealed that, none of the 30 installed sensors were functioning since December 2021 as no records providing information on any reports generated using these sensors nor regarding any analysis carried out regarding the air quality was furnished to Audit. To an Audit query on the functional status of the sensors, Coimbatore SCL replied (August 2024) that as the sensors installed had outlived the useful lifecycle, AMC was not continued and the sensors were non-functional.

The Government replied (May 2025) that the Corporation has proposed to undertake necessary repair and rectification work, in collaboration with technical institutions and innovative startups, leveraging their expertise to ensure sustained functionality and technical advancement of the monitoring systems. Thus, even after eight years, the intended objective of installation of sensors could not be achieved fully.

(vi) Construction of Truck Terminal

In Tirunelveli SCL, Truck Terminal completed during December 2019 at a cost of ₹15.22 crore was not put into use even after a lapse of five years.

No specific reply regarding the usage or otherwise of the truck terminal has been furnished by the Government (May 2025).

Recommendation 9: The Government should direct the SCLs to follow the time frame stringently so as to complete the ongoing projects at the earliest and to utilise effectively the assets created.

3.4 Other Points of Interest

3.4.1 Tendering and Contract Management

Instances of non-adherence to the Tamil Nadu Transparency in Tenders Act, 1998 (TNTTA) and Rules, 2000 (TNTTR) noticed in the projects executed under SCM are detailed below:

Coimbatore: Coimbatore SCL had entrusted (February 2019) the work of 'Restoration and Rejuvenation of Periyakulam Lake' to a Contractor, through tendering for a contract value of ₹51.43 crore. Scrutiny of records revealed that a component of work *viz*., establishment of 'Selfie park' was sanctioned (March 2023) by the Commissioner of Coimbatore Corporation citing Section 15 of the Coimbatore City Municipal Corporation Act. The estimated cost of above work was ₹0.60 crore and was a supplementary item over and above the agreed Bill of Quantities (BoQ) of the restoration works. The work was executed (May 2023) at a cost of ₹0.63 crore through a different Contractor selected through limited tendering, citing provisions of Section 16(a) of TNTTA. The work value, however, was included in the contract bill of the Contractor entrusted with the overall project.

Similarly, the project of 'Restoration and Rejuvenation of Selvampathy & Kumaraswamy lake' was entrusted (October 2019/May 2020) to a Contractor through tendering process for a contract value of ₹24.43 crore for Civil works and ₹7.22 crore for 'Horticulture, Irrigation & Electrical works'. Additional works over and above the agreed BoQ were sanctioned (April 2023) for execution of one work, *viz*., installation of 15 numbers of floating fountains was estimated at ₹0.51 crore. The work was executed through a different contractor selected through limited tendering process at a cost of ₹0.60 crore. The work value was, however, included in the contract bill of the Contractor entrusted with the overall project.

In this regard, Audit observed that:

- the quoted provisions of TNTTA and Coimbatore Municipal Corporation Act pertain to procurement during calamities and emergencies declared by Government. However, the execution of the above mentioned works cannot be categorised under 'emergent situations'.
- Moreover, though the estimated amount for execution of the above works exceeded ₹25 lakh, the works were awarded based on quotations received through limited tender process which was in violation of provisions of TNTTA.
- Further, the payment for the above stated works were not given to the contractor selected through limited tender but was paid to the respective contractors of the project in its entirety. The reasons for the same were not available in the records produced to Audit.

The Government replied (May 2025) that due tender process was followed and the lowest bid was selected to ensure cost efficiency and the responsibility for completing this component was entrusted to the original contractor.

The circumstances explained for non-adherence of TNTTA provisions was not acceptable since there is no contractual obligation with original contractor and many facilities taken up under the above projects were yet to be put into use.

Recommendation 10: The Government should ensure that the provisions of the TNTTA are followed scrupulously in future.

3.4.2 Non-availment of scrutiny by High-Powered Project Sanctioning Committee

Paragraph 4.1.4 of Annexure 5 to the SCM guidelines envisaged delegation of matters that require the approval of the State Government to the State level High Powered Steering Committee (HPSC) for Smart Cities. However, as discussed in **Paragraph 3.1.4** the decision-making powers for Smart City projects continued to be with the ULBs/Municipal Administration department and GoTN ordered (April 2017/June 2018) the financial powers for sanction of projects as detailed in **Table 3.10.**

Table 3.10: Financial Powers

Sl. No.	Project approving authority	Administrative sanction limit as of April 2017	Revised Administrative sanction limit (w.e.f. June 2018)
		(₹ in crore)	
1	Council of GCC	10.00	25.00
2	Other Corporations	1.35	3.00
3	CMA	6.50	15.00

(Source: GoTN orders)

While specifying the above financial powers, GoTN instructed for the constitution of a High-Powered Project Sanctioning Committee[16] (HPPSC) to consider the appraisal report, finalise the means of finance including the quantum of loans and grants and accord Administrative Sanction for the proposals costing more than the financial limit mentioned above.

During the period 2016-2023, 14 meetings were conducted by HPPSC in which 86 proposals involving a money value (cost of projects) of ₹6,037.80 crore was submitted by all 11 smart cities. The HPPSC after examination, approved 70 projects amounting to ₹3,877.50 crore (proposed cost - ₹4,888.28 crore) with reduction in cost to the extent of ₹1,010.78 crore and five projects with an additional cost of ₹9.95 crore.

Further, Audit observed that the cities had split proposals into number of projects and/or separate packages in order to keep the estimated cost of the work within the financial limit prescribed for the sanction by the lower level (SCL/Council/CMA). Further, in 12 projects involving ₹590.58 crore, though the individual project cost exceeds prescribed sanctioned limit were not submitted to HPPSC for approval. Instead, they were taken up with the approval of the respective SCLs/ULBs. The city-wise details of projects that were split

16 Constituted with Additional Chief Secretary to Government, Finance Department as Chairman, Principal Secretary to Government, MA&WS Department as Member and Managing Director, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited (TUFIDCO) as Member Secretary.

up and consequently not submitted for sanction of HPPSC is given in **Table 3.11** and **Appendix 3.4**.

Table 3.11: Projects not submitted to HPPSC

(₹ in crore)

City	Individual Projects		Group of Similar Projects		
	Numbers	Value	Numbers	Projects	Value
Coimbatore	4	277.48	1	2	23.61
Erode	3	84.41	1	2	21.87
Madurai	0	0	1	2	30.25
Salem	0	0	5	23	206.42
Tirunelveli	1	28.90	11	29	302.06
Tiruppur	4	199.79	1	2	41.52
Grand Total	**12**	**590.58**	**20**	**60**	**625.73**

(Source: Details furnished by sampled smart cities)

Thus, by splitting similar works to keep the project cost within the sanction limit, lost the opportunity of expert vetting/opinion of HPPSC and probable cost savings.

The Government replied (May 2025) that the decision to divide large-scale projects into smaller, manageable packages was driven by practical, technical, and administrative considerations aimed at enhancing the efficiency and effectiveness of project execution.

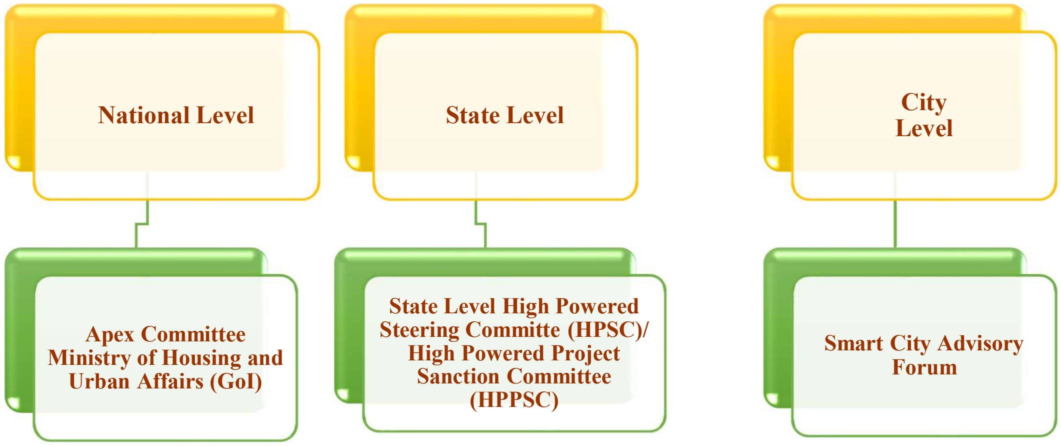
The reply is not tenable since there were delay in completion of the projects even after such split up defeating the objective of this exercise.

3.5 Monitoring

3.5.1 Monitoring Mechanism

Monitoring is a continuous process of assessing the progress of a project towards identified objectives and goals. It involves identification of relevant indicators and their data sources, data collection and real-time processing of information for reviewing the implementation of the project. Clause 13 of the Smart City Guidelines envisages monitoring at three levels as shown in the picture. The three level of monitoring mechanism (**Exhibit 3.17**) is discussed in the succeeding paragraphs.

Exhibit 3.17: Monitoring Mechanism



3.5.2 National and State Level Monitoring

The Apex Committee (AC), headed by the Secretary, MoUD and comprising the representatives of related Ministries/organisations would approve the Proposals for Smart Cities Mission, monitor their progress and release funds. Further, the AC would provide overall guidance and play an advisory role to the Mission and Coordinate across Centre, States, ULBs and external stakeholders as provided in Clause 13.1 of the Guidelines. There shall be a State level High Powered Steering Committee (HPSC) chaired by the Chief Secretary (Clause 13.2), which would steer the Mission Programme in its entirety. The HPSC will have representatives of State Government departments. The Mayor and Municipal Commissioner of the ULB relating to the Smart City would be represented in the HPSC. There would also be a State Mission Director who will be an officer not below the rank of Secretary to the State Government, nominated by the State Government. The State Mission Director will function as the Member-Secretary of the State HPSC.

Audit observed that the mission guidelines is silent about the monitoring aspect of both HPSC as well as the Mission Director. Scrutiny of records revealed that a Smart City Mission Review meeting was conducted wherein instructions on (i) to prepare a common SoP for leasing out of the commercial projects implemented under Smart Cities Mission (ii) to get the DTCP planning permission for all Smart City Projects wherever necessary (iii) for sustainability of the Smart City SPVs, feasibility of SPVs managing the commercial assets of the respective cities. However, no action in this regard were carried out by the smart cities as discussed in **Paragraphs 3.1.5** and **3.2.2**.

3.5.3 City Level Monitoring

A Smart City Advisory Forum will be established at the city level for each Smart City to advise and enable collaboration among various stakeholders and the CEO of the SPV will be its convener as provided in Clause 13.3 of the Guidelines. GoTN *vide* G.O. No. 112 dated 31 July 2015 directed that as per the guidelines, a City Level Advisory Forum will be established with District Collector/Commissioner in respect of Chennai as the Chairman to advise and enable collaboration among various stakeholders. The guidelines or the G.O. did not provide any periodicity for conduct of meeting.

Audit observed that though the SPVs in respect of seven cities were formed between July 2016 and June 2018, first City Level Advisory Forum (CLAF) meeting was convened only between October 2018 and September 2020. The details of CLAF meeting held in the sampled seven cities are detailed in **Table 3.12.**

Table 3.12: Details of CLAF meetings

Name of the City	Date of incorporation	Number of Meetings	Dates of Meetings
Chennai	15-07-2016	4	13-01-2020; 17-02-2020; 10-03-2020 and 07-04-2022
Coimbatore	15-07-2016	1	28-09-2021
Erode	01-06-2018	7	15-10-2018; 16-10-2019; 27-02-2020; 20-03-2020; 29-05-2020; 31-08-2020 and 30-12-2021
Madurai	02-02-2017	1	17-09-2021
Salem	01-02-2017	2	19-06-2020 and 13-09-2020
Tirunelveli	22-12-2017	6	08-06-2020; 28-08-2020; 27-11-2020; 27-10-2021; 08-12-2021 and 11-03-2022
Tiruppur	21-12-2017	7	23-10-2018; 06-03-2020; 18-03-2020; 24-07-2020; 14-10-2020; 29-08-2022 and 24-03-2023

(Source: Details furnished by smart cities)

From the above table, it could be noticed that the meetings were conducted only after three years from the date of the G.O. and in four cities it was conducted after five years. It is pertinent to mention that the original timeline for completion of the SCM was five years from the date of incorporation. In view of this, the role of CLAF in implementation has been negligible as the cities could not benefit from their advice on projects taken up for implementation as meetings were conducted at the advanced stage of implementation. Thus, the objective of interaction among the stakeholders could not be achieved. Further, the meetings as seen from the table were also conducted randomly and not periodically.

Some of the illustrative suggestions emanated from the CLAF meetings and its status are detailed below:

(i) **Chennai**: In the fourth meeting held on 07 April 2022, it was instructed to ensure the non-functioning bio gas plant, which was completed during November 2020, to be made operational. However, action taken to put the above infrastructure into use and the details of power generation was not made available to Audit.

(ii) **Erode:** Though installation of CCTV cameras in Parks was suggested in the second CLAF meeting (October 2019), the installation was restricted to roads and junctions and CCTV cameras were not installed in Parks. It is pertinent to mention that out of the total project cost proposed for ₹17.25 crore, only ₹1 crore was spent.

Thus, as the first meeting of the CLAF by the respective smart cities was conducted belatedly and further, the instructions/suggestions given during the CLAF were not complied, the objective of the main monitoring arm of SCM could not be achieved. It could not also be ensured whether the Review meetings conducted at the Government level discussed the recommendations given during the CLAF meetings of the respective cities.

The Government in its reply (May 2025) stated that (i) The power generated from the system is currently undergoing comprehensive testing and evaluation to ensure its efficiency, reliability and safety and the operational impacts will be compiled and documented accordingly, (ii) In respect of CCTV in parks at Erode, the same was installed under *Namakku Naame Thittam*. However, the reply is silent about the details of CLAF meetings subsequently held and the compliance of suggestions given during such meetings.

Recommendation 11: The Government should instruct the SCLs to conduct CLAF meetings at frequent intervals to ensure adequate citizens participation and also ensure implementation of the suggestions given in those meetings.

(FREDERICK SYIEMLIEH)
Principal Accountant General (Audit-I),
Tamil Nadu

Chennai
The 14 January 2026

Countersigned

(K. SANJAY MURTHY)
Comptroller and Auditor General of India

New Delhi
The 27 January 2026

APPENDICES

Appendix 2.1

(Reference: Paragraph 2.1.3; Page 9)

Non-implementation of projects proposed in the SCP

Sl. No.	Name of the Smart City	Name of the project	Cost of the Project (₹ in crore)
1	Chennai (8 projects)	Micro grid management system at primary distribution substations	0.80
2		Augmentation of existing pump stations	2.00
3		Augmentation of existing pump stations	1.60
4		Integration of all utilities using GIS	8.89
5		Modular e-toilets	4.20
6		Installation of solar charging stations for e-Rickshaws	6.20
7		Street light monitoring system	248.47
8		Automatic ON/OFF with timer for Street Lights	6.87
9	Coimbatore (9 projects)	Drains development, inter-linkages	120.34
10		Themed Nature parks, medicinal gardens	10.00
11		New 80 feet Road formation connecting Singanallur lake	3.00
12		Urban forestry and Landscaping	3.29
13		Street-side parking	0.92
14		Cycle sharing system	50.00
15		Education (Smart School)	20.00
16		Health care centres and Hospital modernisation	20.00
17		Power Distribution - Cabling	22.37
18	Erode (1 project)	E-Health	250.00
19	Madurai (10 projects)	Lighting Improvements (Pudhumandapam, Rayagopuram, Thermuti and other monuments)/Creation of Arrival Plaza old Central Market	19.00
20		Junction Improvement - major junctions, street intersections and traffic islands	14.00
21		Rain Water Management	15.00
22		Storm Water Drains	66.00
23		Solar Energy - Solar Rooftop	80.00
24		Sewage Treatment Plant	10.00
25		Social Infrastructure - Smart classes, Upgradation of Hospitals, Toilets, Skill Development Centre & Night Shelters	20.00
26		Housing for all	11.00
27		TWAD Board Colony Park (MCC)	0.75
28		Anantharaj nagar park (MCC)	0.80

Sl. No.	City	Name of the project	Cost of the Project (₹ in crore)
29	Tirunelveli (14 projects)	Smart Sky Walk	82.00
30		Building height restrictions, Facade control and Treatment	1.50
31		Tourist Information + commercial kiosks (25 numbers) and mobile application	2.00
32		Zero Emission Zone	2.50
33		Decentralised water Treatment Plant	2.00
34		Channelization of Drains (12 Km)	28.00
35		100 *per cent* Water Supply coverage	36.00
36		Swachh Nellai	4.50
37		Underground electric duct (43 m)	77.00
38		Slum Redevelopment	10.40
39		Smart Unified Poles (15 numbers)	3.75
40		Smart Police Station (1 number)	0.60
41		e - Governance	64.80
42		Intelligent Traffic Management System	74.90
43	Tiruppur (10 projects)	Smart school	20.00
44		Rainwater harvesting	0.33
45		Green Buildings	2.00
46		Waste to Energy	17.04
47		Intelligent Transit System	17.04
48		Area traffic Control system	14.55
49		Safety, security and platform	12.81
50		Fibre optic network and city communication	34.15
51		Common E-payment system	13.27
52		Technical and Administrative support	65.56
	52 Projects	**Total**	**1,602.20**

(Source: Details furnished by sampled smart cities)

Appendix 2.2

(Reference: Paragraph 2.1.4; Page 11)

Unplanned projects implemented by sampled smart cities

Sl. No.	Name of the Smart City	Name of the Projects	Expenditure incurred as on March 2024 (₹ in crore)
1	Chennai (20 Projects)	Restoration of Villivakkam Tank	37.22
2		Restoration of Water Bodies - Phase 1	5.31
3		Restoration of Water Bodies	11.54
4		Rejuvenation of 10 Water Bodies	4.67
5		Restoration of 15 temple tanks	2.04
6		Installing 5 ton capacity Bio gas plant using Water Hyacinth in water body	2.48
7		Modernization of Kannamapettai Crematorium	2.69
8		Model Sensory park	1.33
9		Smart classrooms - 28 numbers	1.42
10		Digital Experience Centre	0.30
11		Tele-Counselling Center for COVID-19 related work	3.58
12		Develop and Launch Waste Exchange Portal and App	0.15
13		Construction of Command, Control and Disaster Response Centre/Smart Governance Centre – Green building inside Ripon Building Campus	51.00
14		Model and SMART Corporation Schools in Chennai under CITIIS Challenge Initiative	44.70
15		Procurement of Dual Desks for Chennai Schools	9.80
16		Traffic parks	1.62
17		Vertical Gardens in Piers of Grade separators in Gopathi Narayana road	0.29
18		Suspension bridge at Villivakkam Tank	7.67
19		Art District and Typography	0.76
20		Villivakkam tank additional pond	1.09
21	Coimbatore (4 Projects)	Solid Waste Management (Waste Pre Processing Plant Shed, CC Pavement, Compound Wall, Interior Road, Weigh Bridge, Administrative building, Security & Labour Rooms, vehicle washing shed, Bore well, over head tank, Underground Sump, Green Belt, etc., at Vellalore Compost Yard)	11.50
22		Flood lighting at Nehru Stadium	2.25
23		Various Development works at Ukkadam Sewage Farm Premises	4.08
24		Construction of Pump House at Ukkadam	2.45

Sl. No.	Name of the Smart City	Name of the Projects	Expenditure incurred as on March 2024 (₹ in crore)
25	Madurai (3 Projects)	Provide HVAC at Periyar Bus Stand	11.19
26		Library and Knowledge Center	2.12
27		Construction of Convention Centre, Tamukkam	46.69
28	Tirunelveli (15 Projects)	Development of Mini Convention Hall at Palayamkottai	8.04
29		Construction of Washerman ghat with IoT at Karuppandurai and Vannarpettai in Tirunelveli Corporation (3 locations)	4.23
30		Development of Trade Centre at SN High Road	54.45
31		Development of Office cum commercial complex near Junction	16.04
32		Construction of Commercial Mall at Corporation land near Palai Bus Stand Phase I	15.27
33		Construction of Commercial Mall at Corporation land near Palai Bus Stand Phase II	10.39
34		Construction of Training Centre at Palayamkottai Ward Office in Tirunelveli corporation	0.62
35		Development of Incubation Centre near Trade Centre in Tirunelveli Corporation	3.52
36		Green Space Phase-I, 10 Parks	7.41
37		Green Space Development Phase-II, 10 Parks	7.26
38		Green Space Development Phase-III	24.98
39		Development of Green Spaces in Ward Nos. 18,19 & 27 (in 7 Locations) Phase IV	7.33
40		Smart Motor in all head works and UGD pumping Station	84.49
41		UGSS for uncovered area Phase II and Phase III	55.59
42		Implementation of collection system for UGSS	15.00
43	Tiruppur (2 Projects)	Solar Power Plant (4.8 MW)	27.51
44		Solar Power Plant (2.0 MW)	11.79
	44 Projects	**Total**	**623.86**

(Source: Details furnished by sampled smart cities)

Appendix 2.3

(Reference: Paragraph 2.1.5; Page 14)

Projects implemented outside the ABD area

Sl. No.	Name of the Smart City	Projects	Expenditure as on March 2024 (₹ in crore)
1	Chennai (13 projects)	Sensory Park at 4th Link Trust Road, Santhome	1.33
2		Children's Traffic Park Near Napier Bridge	1.62
3		Restoring 15 Temple tanks in Chennai City	2.04
4		Vertical Gardens in Piers of Grade separators in Gopathi Narayana road	0.29
5		The Art District and Typography Installation project	0.76
6		Restoration of 32 water bodies	5.31
7		Restoration of 22 water bodies	11.54
8		Rejuvenation of 10 water bodies	4.67
9		Digital Experience Center	0.30
10		Installing 5 ton Capacity Bio Gas Plant using water Hyacinth in water bodies	2.48
11		Restoration of Villivakkam tank and Stainless Steel handrail along the bunds of Villivakkam tank with lighting arrangements	37.22
12		Suspension bridge at Villivakkam tank	7.67
13		Construction of Additional Pond in the Villivakkam Tank area	1.09
14	Coimbatore (2 projects)	Solid Waste Management Waste Pre Processing plant shed, CC Pavement (Compound Wall, Interior Road, Weigh Bridge, Administrative building, Security & Labour Rooms, vehicle washing shed, Bore well, over head tank, Underground Sump, Green Belt etc., at Vellalore Compost Yard)	11.50
15		Bio mining Works	56.39
16	Erode (4 projects)	Disposal of Additional legacy waste dumped in Vendipalayam compost yard by bio mining processes	4.00
17		Improvement works around Vegetable Market in ABD area at RKV Road in Ward No.28 of Erode City Municipal Corporation	13.90
18		Redevelopment of 34 packages for smart roads	21.30
19		UGSS for Added Area	51.37
20	Madurai (19 projects)	Providing Storm Water Drains, Culverts arrangements and Cement Concrete road arrangements at Fruit Market in Mattuthavani	5.12
21		Construction of New Compound Wall, OHT, Sump, 6" dia Borewell & New Manhole and Providing UGD Main line at Fruit Market in Mattuthavani	2.84
22		Supply, Erection and Fabrication of Electrical accessories, Cable Distribution Box, Bus bar panel and street light arrangements at Fruit Market in Mattuthavani	3.78

Sl. No.	Name of the Smart City	Projects	Expenditure as on March 2024 (₹ in crore)
23	Madurai (19 projects)	1000- Thathaneri mayanam-MCC (5 TPD) & Compound wall - ward-9	0.82
24		1001-Jainagar Muniyandi koil Ward-19 – MCC	0.82
25		998-Vilangudi Mayanam -Ward 23 – MCC	0.79
26		999-Arapalayam OHT Campus-MCC & Compound wall-Ward-10	0.80
27		1002-Sekilar Veedhi-MCC- Ward-5	0.80
28		1010-Fruit Garden-Work -Ward-29 – MCC	0.75
29		1012-Fruit Garden-Work -Ward-29 – MCC	0.67
30		1017-Karpaga Nagar to Villapuram-MCC, Compound wall, Pavour Block, Borewell-Ward-61	0.98
31		1019-Madurai to Aruppukottai/MCC, Compound wall, Pavour block road, 6" Borewell-Ward-60	0.79
32		1005-Vellakkal yard/MCC/Compound wall/borewell, approach road-ward-94	0.77
33		1003-Avaniyapuram MMC Colony /MCC/Compound wall/ approach road-ward	0.80
34		1004-Harveypatty Burial Ground Plant 2/MCC at 5 TPD	0.80
35		1013-Fruit Garden-Work Ward-29 – MCC	0.66
36		1006-Vellakkal yard in Ward-94- – MCC	0.76
37		Convention Centre Thamukkam Ground	46.69
38		Library and Knowledge Centre	2.12
39	Salem (23 projects)	Redevelopment of Puratchi Thalaivar M.G.R Central Bus Stand	6.82
40		Implementation of Science Park at Pallapatty area	1.24
41		Amusement galleries in Science park at Pallapatty area	4.58
42		Redevelopment of Krishna Rajendra Chatram as a Conventional Centre and Photo Gallery Museum along with Green Space	5.61
43		Construction of Retaining wall in Puratchi Thalaivar Dr.M.G.R. Central Bus Stand east side to south side	2.95
44		Implementation of Smart Roads -Phase-III – Seetharaman Road	7.15
45		Implementation of Smart Road Phase-IV - Thiyagi Muniappan road (Leigh bazaar road) & Over Bridge road	12.10
46		Implementation of Smart Road Phase-V (Thammanan Road and Chatram Road)	14.75
47		Construction of Multi-Level Parking at New Bus Stand	13.04
48		Beautification of Salem City by providing Fiber Corona Warriors Statues at GH Roundtana and NAMMA SALEM Letters in front of New Bus Stand Building	0.41
49		Formation of Diversion Channel to avoid mixing of sewage water in Pallapatty lake	13.95
50		Redevelopment of Linking Canal between TVS Burial Ground and Pallapatty Lake	9.98

Sl. No.	Name of the Smart City	Projects	Expenditure as on March 2024 (₹ in crore)
51	Salem (23 projects)	Construction of Knowledge and Study Centre at Ayyanthirumaligai School Campus in Division No.– 7	2.25
52		Formation of Diversion Channel to avoid mixing of sewage water in Kumaragiri Lake	14.84
53		Improvements to Swaminathapuram Odai from Rathinan Street to Leigh Bazaar Main Road	10.89
54		Rejuvenation and Redevelopment of Pallapatty Lake	14.21
55		Rejuvenation and Redevelopment of Kumaragiri Lake	9.71
56		Implementation of Smart Road Phase-VII-Ramalingam Sowdeshwari Madalayam Road, Thirumaninalangadi Road & Cause Way Road	3.45
57		Implementation of Road Works (Package-1 to Package-24)	19.82
58		Construction of Over Head Tank and to provide 24X7 Water Supply to Swaminathapuram in Division No. 26	6.69
59		Development & Beautification of Pallapatty Lake	2.59
60		Providing inlet and outlet arrangements in Diversional channel at Pallapatty Lake	0.65
61		Construction of Front Entrance Arch with gate at two sides and Providing Fencing at Kumaragiri Lake	0.71
62	Tirunelveli (4 projects)	Development of Truck Terminal in Tirunelveli Corporation	15.22
63		Development of Cycle Track at NGO Colony in ward No. 27	2.90
64		Providing Road Divider and widening of Road with Greenery for Sudalaikoil, Perumalpuram and STC College Road for a length of 7.18 KM	9.24
65		Construction of Whole sale market at Palayapettai in ward No. 50 near Truck Terminal	14.26
66	Tiruppur (5 projects)	Water supply improvement scheme	75.00
67		Solar Power Plant (4.8 MW)	27.51
68		Solar Power Plant (2.0 MW)	11.79
69		Fish Market	2.34
70		Redevelopment of weekly market	12.48
	70 Projects	**Total**	**655.43**

(Source: Details furnished by sampled smart cities)

Appendix 2.4

(Reference: Paragraph 2.2.2; Page 16)

City-wise status of projects under SCM

(₹ in crore)

Sl. No.	City	Date of Incorpo-ration	Total projects		Cost of Completed Projects		Cost of Ongoing projects		Total projects as on 31 March 2024	
			Num-bers	Cost of Project	Num-bers	Executed value	Num-bers	Expen-diture incurred	Num-bers	Total expenditure
1	Chennai	15-07-2016	49	974.37	46	896.90	3	49.28	49	946.18
2	Coimbatore	15-07-2016	54	956.47	53	917.39	1	1.98	54	919.37
3	Erode	01-06-2018	55	965.00	53	692.54	2	186.90	55	879.44
4	Madurai	02-02-2017	44	1,041.41	37	424.35	7	529.53	44	953.88
5	Salem	01-02-2017	103	965.00	99	759.18	4	138.04	103	897.22
6	Tirunelveli	22-12-2017	81	938.15	74	804.07	7	54.22	81	858.29
7	Tiruppur	21-12-2017	28	965.00	25	735.98	3	151.45	28	887.43
	Total		**414**	**6,805.40**	**387**	**5,230.41**	**27**	**1,111.40**	**414**	**6,341.81**

(Source: Details furnished by Seven Smart Cities)

Appendix 3.1

(Reference: Paragraph 3.2.1; Page 31)

Ineligible Pan-city projects implemented by sampled Smart Cities

Sl. No.	Name of the Smart City	Projects	Expenditure as on March 2024 (₹ in crore)
1	Coimbatore	Eco-Friendly carry bags	0.05
2	Coimbatore	Supply and Delivery of 102 numbers of Light Commercial Vehicle (LCV)	5.71
3	Coimbatore	Skid Steer Loader with Backhoe Loader & Sweeper attachment – 7 numbers	2.56
4	Coimbatore	Supply & Delivery of 13 numbers of Light Commercial Vehicles	0.93
5	Coimbatore	Replacement of Existing Conventional Street Lights by Smart LED Energy Efficient Lamps	73.51
6	Coimbatore	UGSS Internal Plumbing and Tank Construction (46 works)	26.21
7	Coimbatore	Micro Compost Centre in 36 Locations	21.22
8	Erode	Micro Compost Center	12.97
9	Erode	Smart Class	9.41
10	Erode	Road Sweeping Machine	0.62
11	Erode	Street Lights	12.00
12	Erode	Micro Compost Center Phase II	3.92
13	Erode	Water Supply Distribution System	145.33
14	Erode	Green space Development	24.98
15	Erode	Supply and delivery of 35 numbers of 2.0 cu.m Capacity Light Commercial Vehicles (LCV) for Micro Composting Centres in Erode City Municipal Corporation Phase II	2.62
16	Erode	UGSS - Internal Plumbing	12.62
17	Erode	Supply and delivery of 2 numbers of 6000 litre Capacity truck mounted high pressured Jet Roding cum sewage suction machine for Erode Smart City	1.09
18	Erode	Supply and delivery of 3 numbers of Vehicle mounted desilting machinery for Erode Smart City	0.44
19	Erode	SWM - Incineration plant- Phase I	1.56
20	Erode	Supply and installation of Grid connected roof top solar photo – voltaic system in new water supply scheme treatment plant as Pan City initiative	0.94
21	Erode	Development of Science, Technology, Engineering and Mathematics (STEM) park with digital planetarium at Sree garden in ward No. 46 of Erode City Municipal Corporation as pan city initiative under Smart Cities Mission	9.95
22	Erode	Providing green space and park at Sakthi Nagar in ward No.33 and Lakshmi Nagar in ward No.31 of Zone III in ABD area	2.31

Sl. No.	Name of the Smart City	Projects	Expenditure as on March 2024 (₹ in crore)
23	Erode	SWM - Incineration plant – Phase - II	1.25
24	Salem	Solid Waste Management – Purchase of Vehicles	1.38
25	Salem	SWM-Purchase of BOV-Phase-II	3.01
26	Salem	LED Conversion of Entire Sodium Vapour Light into LED Light	13.51
27	Salem	Roof Top Solar-Phase-I	2.97
28	Salem	Purchase of Vehicles to Solid Waste Management	4.86
29	Salem	Roof Top Solar Phase-II	2.43
30	Salem	Implementation of Signage boards	5.99
31	Salem	Installation of 25 TPD Incinerator Plant (2 numbers) at Erumapalayam & Chettichavadi Compost yard	3.19
32	Salem	Replacing of Old UG Cables, Providing Intermediate Poles, LED Street Lights and UG Cable for ABD Area	15.21
33	Salem	Purchase of Vehicles to Solid Waste Management	9.46
34	Salem	Providing New LED Street Lights fitting for Existing EB Empty Pole and Conversion of Existing Sodium Vapour lamps in Pan City	10.32
35	Salem	Supply and Fixing of LED Street Lights , street light pole with decorative double arm and UG Cables	6.5
36	Salem	Supply and Delivery of 2 numbers of Self Propelled Platform Tree Cutting Machine	0.5
37	Salem	Implementation of 3 MW Solar Power Plant at Chettichavadi	13.48
38	Salem	Implementation of 2.5 MW Grid interactive ground mounted solar PV Power plant at Chettichavadi	12.76
39	Salem	Additional Project Cost towards wheeling and transmission works for 2.5 MW and 3 MW Solar Power Plant from Chettichavadi to Gorimedu EB Sub-Station	0.0
40	Tirunelveli	Installation of Traffic Signages with IoT at Melapalayam Zone in Tirunelveli Corporation	4.33
41	Tirunelveli	Installation of Traffic Signages with IoT at Palayamkottai Zone in Tirunelveli Corporation	4.29
42	Tiruppur	Roof top solar PV system (on–Grid) in 81 locations (303 KWP)	2.39
43	Tiruppur	Solid waste management (20 Works)	21.47
44	Tiruppur	LED Street Lights (2 Packages)	14.38
45	Tiruppur	Macro drainages (Package 1)	15.72
46	Tiruppur	Macro drainages (Package 2)	24.80
47	Tiruppur	Signage’s	6.38
		Total	**571.53**

(Source: Details furnished by sampled smart cities)

Appendix 3.2

(Reference: Paragraph 3.2.2; Page 32)

DTCP/CMDA/PWD/TNPCB approvals stated as not obtained - Sample cases

Sl. No.	Name of the Smart City	Projects	Date of Completion	Approvals not obtained from	Expenditure as on March 2024 (₹ in crore)
1	Chennai	Installing 5 ton capacity Bio gas plant using Water Hyacinth in water body	30-11-2020	TNPCB	2.48
2	Chennai	Modernization of Kannamapettai Crematorium	10-08-2020	TNPCB	2.69
3	Chennai	Restoration of Villivakam Tank/ Suspension Bridge at Villivakam Tank	08-09-2022	PWD	44.89
4	Coimbatore	Micro Compost Centre in 36 Locations	27-09-2022	TNPCB	21.22
5	Coimbatore	Lake Rejuvenation and Restoration - Valankulam Phase I	31-12-2023	PWD	66.13
6	Coimbatore	Restoration and Rejuvenation of Selvachinthamani Lake Phase I	25-05-2022	PWD	30.52
7	Coimbatore	Lake Rejuvenation & Restoration - Selvampathy & Kumarasamy - Phase III	02-05-2023	PWD	31.03
8	Coimbatore	Lake Rejuvenation & Restoration - Krishnampathy Phase III	02-05-2023	PWD	19.32
9	Coimbatore	Knowledge and Study Centre	02-10-2023	DTCP	2.48
10	Erode	Bio-mining	01-05-2022	TNPCB	38.02
11	Erode	Canal Restoration - Perumpallam Canal	Not completed	PWD	185.65
12	Erode	Development of Science, Technology, Engineering and Mathematics (STEM) park with digital planetarium	30-04-2022	DTCP	9.95
13	Madurai	Fruit Market at Mattuthavani	21-02-2019	DTCP	11.73
14	Madurai	Multi-Level Car Parking	08-09-2022	DTCP	44.19
15	Madurai	Library and Knowledge centre	15-03-2023	DTCP	2.12
16	Tirunelveli	Removal of legacy waste of 2,17,660 Cu.M through Bio Mining process at Ramayanpatti	24-03-2024	TNPCB	3.79
17	Tirunelveli	Proposed Multi-Level Two Wheeler Parking at TM Road in Tirunelveli Corporation	01-11-2021	DTCP	6.09
18	Tirunelveli	Development of Nainar Lake front	22-07-2023	PWD	9.82
19	Tirunelveli	Construction of Mahatma Gandhiji Commercial complex at Palayamkottai	Not completed	DTCP	15.19

(Source: Details furnished by sampled smart cities)

Appendix 3.3 (a)

(Reference: Paragraph 3.3.1; Page 33)

Status of Projects under Water Supply

(₹ in crore)

City	Projects Proposed		Projects Implemented		Completed		Ongoing	
	Numbers	Cost	Numbers	Expenditure as on March 2024	Numbers	Value	Numbers	Expenditure as on March 2024
Chennai	5	206.05	3	82.25	3	82.25	0	0
Coimbatore	1	0	2	151.70	2	151.70	0	0
Erode	1	180.00	1	145.33	1	145.33	0	0
Madurai	1	150.00	2	165.77	1	102.00	1	63.77
Salem	1	16.00	5	74.08	4	21.49	1	52.59
Tirunelveli	2	63.50	5	58.38	5	58.38	0	0
Tiruppur	1	74.88	3	208.33	2	189.15	1	19.18
Total	**12**	**690.43**	**21***	**885.84**	**18**	**750.30**	**3**	**135.54**

* Proposed projects were split up into multiple packages during implementation

Appendix 3.3 (b)

(Reference: Paragraph 3.3.2; Page 35)

Status of Projects under Electrical Works

(₹ in crore)

City	Projects Proposed		Projects Implemented		Completed	
	Numbers	Cost	Numbers	Expenditure as on March 2024	Numbers	Value
Chennai	6	272.87	5	111.97	5	111.97
Coimbatore	3	78.03	6	103.32	6	103.32
Erode	3	54.65	5	27.11	5	27.11
Madurai	2	95.00	3	34.15	3	34.15
Salem	2	72.00	13	80.58	12**	80.58
Tirunelveli	3	155.50	8	73.38	8	73.38
Tiruppur	7	261.81	4	56.07	4	56.07
Total	**26**	**989.86**	**44***	**486.58**	**43**	**486.58**

* Proposed projects were split up into multiple packages during implementation

** One project is under progress

Appendix 3.3 (c)

(Reference: Paragraph 3.3.3; Page 37)

Status of Projects under Sanitation including Solid Waste Management (including UGSS and Storm Water)

(₹ in crore)

City	Projects Proposed		Projects Implemented		Completed		Ongoing	
	Numbers	Cost	Numbers	Expenditure as on March 2024	Numbers	Value	Numbers	Expenditure as on March 2024
Chennai	12	159.59	6	231.92	4	183.73	2	48.19
Coimbatore	5	41.52	11	155.50	11	155.50	0	0
Erode	4	143.16	13	198.45	12	197.20	1	1.25
Madurai	4	186.00	21	303.16	18	22.38	3	280.78
Salem	2	47.00	20	210.11	19	125.44	1	84.67
Tirunelveli	3	82.60	12	142.33	12	142.33	0	0
Tiruppur	5	266.14	4	126.83	4	126.83	0	0
Total	**35**	**926.01**	**87***	**1,368.30**	**80**	**953.41**	**7**	**414.89**

* Proposed projects were split up into multiple packages during implementation

Appendix 3.3 (d)

(Reference: Paragraph 3.3.4; Page 40)

Status of Projects under Efficient Urban Mobility, Public Transport and NMT

(₹ in crore)

City	Projects Proposed		Projects Implemented		Completed		Ongoing	
	Num-bers	Cost	Num-bers	Expenditure as on March 2024	Num-bers	Value	Num-bers	Expenditure as on March 2024
Chennai	10	183.78	12	204.82	12	204.82	0	0
Coimbatore	15	622.91	7	114.04	7	114.04	0	0
Erode	4	192.23	18	126.33	18	126.33	0	0
Madurai	4	193.00	3	255.72	2	84.86	1	170.86
Salem	5	782.00	27	294.42	27	294.42	0	0
Tirunelveli	7	423.00	24	263.06	24	263.06	0	0
Tiruppur	6	173.86	7	252.56	7	252.56	0	0
Total	**51**	**2,570.78**	**98***	**1,510.95**	**97**	**1,340.09**	**1**	**170.86**

* Proposed projects were split up into multiple packages during implementation

Appendix 3.3 (e)

(Reference: Paragraph 3.3.5; Page 45)

Status of Projects under Social Infrastructure - Health and Education

(₹ in crore)

City	Projects Proposed		Projects Implemented		Completed		Ongoing	
	Num bers	Cost	Num-bers	Expenditure as on March 2024	Num-bers	Value	Num-bers	Expendi-ture as on March 2024
Chennai	0	0	7	61.86	7	61.86	0	0
Coimbatore	2	40.00	1	2.48	1	2.48	0	0
Erode	3	152.50	3	25.11	3	25.11	0	0
Madurai	1	20.00	1	2.12	1	2.12	0	0
Salem	0	0	6	25.77	6	25.77	0	0
Tirunelveli	4	10.90	9	40.78	8	35.56	1	5.22
Tiruppur	5	14.06	1	2.52	1	2.52	0	0
Total	**15**	**237.46**	**28***	**160.64**	**27**	**155.42**	**1**	**5.22**

* Proposed projects were split up into multiple packages during implementation

Appendix 3.3 (f)

(Reference: Paragraph 3.3.6; Page 46)

Status of Projects under e-governance (Robust IT connectivity and Digitisation)

(₹ in crore)

City	Projects Proposed		Projects Implemented		Completed		Ongoing	
	Num-bers	Cost	Num-bers	Expenditure as on March 2024	Num-bers	Value	Num-bers	Expenditure as on March 2024
Chennai	5	50.69	5	121.79	5	121.79	0	0
Coimbatore	0	0	5	12.55	4	10.57	1	1.98
Erode	0	0	2	10.25	2	10.25	0	0
Madurai	1	130.00	1	2.93	0	0	1	2.93
Salem	1	15.00	2	12.20	2	12.20	0	0
Tirunelveli	1	2.10	1	2.12	0	0	1	2.12
Tiruppur	2	95.08	1	10.34	1	10.34	0	0
Total	**10**	**292.87**	**17***	**172.18**	**14**	**165.15**	**3**	**7.03**

* Proposed projects were split up into multiple packages during implementation

Appendix 3.3 (g)

(Reference: Paragraph 3.3.7; Page 49)

Status of Projects under Sustainable Environment

(₹ in crore)

City	Projects Proposed		Projects Implemented		Completed		Ongoing	
	Numbers	Cost	Numbers	Expenditure as on March 2024	Numbers	Value	Numbers	Expenditure as on March 2024
Chennai	2	4.95	9	79.81	8	78.72	1	1.09
Coimbatore	13	266.15	14	345.55	14	345.55	0	0
Erode	2	363.75	3	212.94	2	27.29	1	185.65
Madurai	1	15.00	1	81.39	1	81.39	0	0
Salem	1	24.00	11	76.31	11	76.31	0	0
Tirunelveli	4	191.10	7	81.86	5	56.79	2	25.07
Tiruppur	8	104.35	3	136.15	1	3.88	2	132.27
Total	**31**	**969.30**	**48***	**1,014.01**	**42**	**669.93**	**6**	**344.08**

* Proposed projects were split up into multiple packages during implementation

Appendix 3.3 (h)

(Reference: Paragraph 3.3.8; Page 53)

Status of Projects under Other Projects

(₹ in crore)

City	Projects Proposed		Projects Implemented		Completed		Ongoing	
	Numbers	Cost	Numbers	Expenditure as on March 2024	Numbers	Value	Numbers	Expenditure as on March 2024
Chennai	0	0	2	51.76	2	51.76	0	0
Coimbatore	1	378.67	8	34.23	8	34.23	0	0
Erode	2	186.98	10	133.92	10	133.92	0	0
Madurai	7	456.00	12	108.64	11	97.45	1	11.19
Salem	4	605.00	19	123.75	18	122.97	1	0.78
Tirunelveli	7	128.50	15	196.38	12	174.57	3	21.81
Tiruppur	5	115.13	5	94.63	5	94.63	0	0
Total	**26**	**1,870.28**	**71***	**743.31**	**66**	**709.53**	**5**	**33.78**

* Proposed projects were split up into multiple packages during implementation

Appendix 3.4

(Reference: Paragraph 3.4.2; Page 62)

Non-availment of scrutiny by High Powered Project Sanctioning Committee

(A) Individual projects not submitted to HPPSC

Sl. No.	Name of the Smart City	Project Name	Cost of Project (₹ in crore)	Number of projects
1	Coimbatore	24x7 Water supply phase 1, TAM-COI-112 phase-II	150.73	1
2	Coimbatore	Housing for All	30.00	1
3	Coimbatore	Replacement of Existing Conventional Street Lights by Smart LED Energy Efficient Lamps	73.69	1
4	Coimbatore	Construction of Micro Composting Centre	23.06	1
		Total	**277.48**	**4**
1	Erode	Green space Development	25.67	1
2	Erode	Smart Road	41.32	1
3	Erode	Shopping Hub	17.42	1
		Total	**84.41**	**3**
1	Tirunelveli	Smart Motor in all head works and UGD pumping Station	28.90	1
		Total	**28.90**	**1**
1	Tiruppur	Smart Roads Phase - I	88.26	1
2	Tiruppur	Smart Roads Phase – II	59.69	1
3	Tiruppur	Solid waste management	21.47	1
4	Tiruppur	Internal Plumbing - Water Supply System	30.37	1
		Total	**199.79**	**4**
		Total individual projects	**590.58**	**12**

(B) Group of similar projects by splitting up the work - not submitted to HPPSC

Sl. No.	Name of the Smart City	Project Name	Cost of Project (₹ in crore)	Projects (Total) (₹ in crore)	Number of projects
1	Coimbatore	Solar Power Plant at Ukkadam (3.60 MW)	17.84	23.61	2
2		Solar Plant at Ukkadam (1 MW)	5.77		
		Total	**23.61**	**23.61**	**2**
1	Erode	Micro Compost Center Phase I	14.38	21.87	2
2		Micro Compost Center Phase II	7.49		
		Total	**21.87**	**21.87**	**2**
1	Madurai	Street Light LED	14.90	30.25	2
2		Street Light LED	15.35		
		Total	**30.25**	**30.25**	**2**

Sl. No.	Name of the Smart City	Project Name	Cost of Project (₹ in crore)	Projects (Total) (₹ in crore)	Number of projects
1	Salem	Implementation of Smart Road Phase-I-Package-I	13.00	83.60	9
2		Implementation of Smart Road - Phase-II	6.93		
3		Implementation of Smart Road Phase-III in Seetharaman Road	7.15		
4		Implementation of Smart Road Phase-VI at River side Road Anaimedu Railway Gate to Anandha Bridge and MLCP to Kevis Restaurant No.2 pudhu street in Division-32, 35	13.05		
5		Implementation of Smart Road Phase-IV at Thiyagi Muniappan Road Leigh Bazaar Road Over bridge road at Division Number 27	12.10		
6		Implementation of Smart Road Phase-V at Thammanan Road and Chattram Road in Division Number 27	14.75		
7		Implementation of Smart Road Phase-VII-Ramalingam Sowdeshwari Madalayam Road, Thirumaninalangadi Road & Cause Way Road	3.47		
8		Implementation of Smart Road Phase-VIII – Maravaneri Cross Street No.1 to 7 & Anai road cross street	11.15		
9		Implementation of Smart Road Phase-IX in Jothi Talkies main road and Thambikaliyamman Koil Street	2.00		
10		Formation of Diversion Channel to avoid mixing of sewage water in Kumaragiri Lake	15.11	26.34	3
11		Rejuvenation and Redevelopment of Kumaragiri Lake	10.23		
12		Construction of Front Entrance Arch with gate at two sides and Providing Fencing at Kumaragiri Lake	1.00		
13		Restoration for Water Supply Scheme damaged roads in Division Numbers : 24, 25 & 27	6.23	31.43	6
14		Restoration for Water Supply Scheme damaged roads in Division Numbers : 37, 39, 40 & 43	6.25		
15		Restoration for Water Supply Scheme damaged roads in Division Number : 44	3.91		
16		Restoration for Water Supply Scheme damaged roads in Division Number : 28, 29, 30, 45, 46 & 47	5.13		
17		Restoration for UGSS damaged roads in Division Numbers : 32,33,34,41,42, 43 & 44	4.89		
18		Restoration for UGSS damaged roads in Division Numbers : 45, 46 & 47	5.02		
19		Rejuvenation and Redevelopment of Pallapatty Lake	14.74	34.50	3
20		Development and Beautification of Pallapatty Lake	4.01		
21		Formation of Diversion Channel to avoid mixing of Sewage water in Pallapatty lake	15.75		
22		Implementation of 2.5 MW Grid Interactive Ground Mounted Solar PV Power Plant at Chettichavadi	14.50	30.55	2
23		Implementation of 3 MW solar power plant at Erumapalayam in the ABD Area	16.05		
		Total	**206.42**	**206.42**	**23**

Sl. No.	Name of the Smart City	Project Name	Cost of Project (₹ in crore)	Projects (Total) (₹ in crore)	Number of projects
1	Tirunelveli	Development of Nainar Lake Front	14.75	25.78	2
2		Development of Nainar Lake front (South Side) in Tirunelveli Corporation	11.03		
3		Implementation and Enhancement of SCADA System Phase I (Tirunelveli Zone)	11.18	46.67	4
4		Implementation and enhancement of SCADA system phase -II Palayamkottai zone	11.19		
5		Implementation of SCADA system for head works and service reservoirs phase III Thatchanallur zone	12.01		
6		Implementation of SCADA system for head works and services reservoirs phase IV Melapalayam zone	12.29		
7		Green Space Phase-I	7.03	26.23	3
8		Green Space Development Phase - II	7.42		
9		Green Space Development Phase - III	11.78		
10		Formation of Smart road at VOC street	1.64	19.94	3
11		Formation of smart road at T.M Road and junction road	3.14		
12		Development of Smart Road at Ganesapuram east street in ward No 6, Salai road in ward number 5, Sivan south street in ward No 3, Sivasakthi street in ward No.1	15.16		
13		Conversion of Existing Sodium Vapour Lamps into LED Lights in Ward numbers: 3, 5, 6 and 55	13.57	28.04	2
14		Conversion of Existing Sodium Vapour Lamps into LED lights in Ward numbers: 40, 41, 42, 43, 44 and 53	14.47		
15		Purchase of 270 numbers of BOVs for SWM	4.86	17.77	4
16		Procurement of Street Sweeping Machine and Jet Rodding Machine for Solid and Liquid Waste Management System	4.05		
17		Purchase of Hydraulic Mounted Vehicles for Cleaning open drain and Solid Waste management	3.86		
18		Procurement of Vehicles for Solid Waste Management and Liquid Waste Management	5.00		
19		Providing additional new LED Street lights and High mast Phase I	10.38	21.09	2
20		Providing additional new LED Street lights existing pole and Ornamental street lights at ABD area leads to Swamy Nellaiappar temple Phase II	10.71		
21		Construction of Multi Level Two Wheeler parking at Bharat Rathna Dr. M.G.R. New Bus Stand North Phase - I	13.75	23.16	2
22		Construction of Multi Level Two Wheeler parking at Bharat Rathna Dr. M.G.R. New Bus Stand west side Phase - II	9.41		
23		Construction of Commercial Mall at Corporation land near Palai Bus Stand Phase I	15.16	26.89	2
24		Construction of Commercial Mall at Corporation land near Palai Bus Stand Phase II	11.73		

Sl. No.	Name of the Smart City	Project Name	Cost of Project (₹ in crore)	Projects (Total) (₹ in crore)	Number of projects
25	Tirunelveli	Design, Supply, Installation & Commissioning of 3 MW Solar Power Plant at Eastern Side of Tirunelveli Corporation dump yard in Tirunelveli (Phase I)	15.67	26.66	2
26		Design, Supply, Installation & Commissioning of 2 MW Solar Power Plant at Western Side of Tirunelveli Corporation dump yard in Tirunelveli (Phase II)	10.99		
27		Construction of Mahatma Gandhiji Commercial complex at Palayamkottai	9.00	39.83	3
28		Development of Mahatma Gandhiji Fruit & Vegetable Market at Palayamkottai	15.41		
29		Construction of Mahatma Gandhiji General market at Palayamkottai	15.42		
		Total	**302.06**	**302.06**	**29**
1	Tiruppur	Macro Drainage - Package I	15.72	41.52	2
2		Macro Drainage - Package II	25.80		
		Total	**41.52**	**41.52**	**2**
		Group of similar projects - Total	**625.73**	**625.73**	**60**

(Source: Details furnished by sampled smart cities)

Glossary of Abbreviations

Abbreviations	Full Form
A&OE	Administrative and Office Expenses
ABD	Area-based development
AC	Apex Committee
AFD	French Development Agency
AMR	Automated Meter Reading
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
BoQ	Bill of Quantities
BOVs	Battery Operated Vehicles
CEO	Chief Executive Officer
CFI	Consolidated Fund of India
CFS	Consolidated Fund of the State
CLAF	City Level Advisory Forum
CMA	Commissioner of Municipal Administration
CSS	Centrally Sponsored Schemes
DPRs	Detailed Project Reports
DTCP	Directorate of Town and Country Planning
EESL	Energy Efficiency Services Limited
GCC	Greater Chennai Corporation
GoTN	Government of Tamil Nadu
HPPSC	High Powered Project Sanctioning Committee
HPSC	High Powered Steering Committee
HRIDAY	National Heritage City Development and Augmentation Yojana
ICCC	Integrated Command and Control Centre
IHIP	Integrated Healthcare Information Platform
MA&WS	Municipal Administration and Water Supply
MCC	Micro Compost Centres
MLCP	Multi Level Car Parking
MLP	Multi Level Parking
MoHUA	Ministry of Housing and Urban Affairs
MoU	Memorandum of Understanding
NIT	National Institute of Technology

Abbreviations	Full Form
NLCP	National Lake Conservation Plan
NUHM	National Urban Health Mission
O&M	Operation and Maintenance
PA	Performance Audit
PDS	Power Distribution system
PIS	Passenger Information System
PMC	Project Management Consultant
PPP	Public Private Partnership
PWD	Public Works Department
SBM	Swachh Bharat Mission
SCADA	Supervisory Control and Data Acquisition
SCL	Smart City Limited
SCM	Smart Cities Mission
SCP	Smart City Proposal
SLNP	Street Lighting National Programme
SPV	Special Purpose Vehicle
SWM	Solid Waste Management
TCMC	Tiruppur City Municipal Corporation
TNPCB	Tamil Nadu Pollution Control Board
TNTTA	Tamil Nadu Transparency in Tenders Act, 1998
TPD	Tonnes per day
TUFIDCO	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited
UGSS	Under Ground Sewerage System
ULBs	Urban Local Bodies
WWTP	Waste Water Treatment Plants
ZEZ	Zero Emission Zone

http://www.cag.gov.in/ag1/tamil-nadu/en