

## Chapter 6 Implementation of Housing Projects

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

### 6.1 Status of Housing Projects

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

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

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

**Table No. 6.1: Status of completion of Dwelling Units**

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

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

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

<sup>23</sup> Percentage of completed DUs

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

## 6.2 Progress of Housing Projects in Major States

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

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

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

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

## 6.3 Identification of Beneficiaries

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

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

- i. No beneficiary survey was conducted for the **BSUP project at Karasingsa; in Itanagar, Arunachal Pradesh**. The SLNA stated (October 2011) that survey would be conducted in November 2011. In the reply (April 2012) of the State, forwarded by the MoHUPA, it referred to a primary survey conducted in 2007-08 and stated that the data would be updated at the time of Socio Economic Caste Census, 2011 to be carried out in all the urban towns in the State.
- ii. In the **project report for BSUP scheme at Patna Phase IV, in Patna, Bihar** the biometric identification of beneficiaries was not done. MoHUPA forwarded the reply of State Government (May, 2012) in which it had stated that the scheme had not been taken up and the question of biometric identification did not arise. Audit, however, noted that the project was sanctioned in 2007-08 and ₹ 12.00 crore as first installment was also released.

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<sup>24</sup> Andhra Pradesh, Gujarat, Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal

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

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

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

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

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

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

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

- vii. Under the project **Construction of 432 tenements under IHSDP at Karaikol in Puducherry** all of the 432 beneficiaries were yet to be identified as of November 2011. The UT Government stated (April 2012) that the work had been initiated.
- viii. Under **BSUP/IHSDP projects in Lucknow and Ghaziabad, Uttar Pradesh**, 295 houses constructed under the scheme were allotted to the beneficiaries other than those mentioned in the DPR by the order of District Authorities. The State Government replied (April 2012) that the project was conceived with wholesome approach but some of the selected beneficiaries did not take possession and expressed unwillingness. Beneficiaries from another slum in the city were selected in a transparent manner and slum has been shifted.  
  
From the reply it is clear that willingness of the beneficiaries was not taken at the stage of DPR.
- ix. Under **BSUP, Kochi Phase-II - Individual Houses, Kerala**, audit noticed that the beneficiaries of three colonies (Panayappally, Pattathiparampu and Chilavannur), were Corporation employees with regular source of income who were not eligible for assistance admissible under the scheme of BSUP. The Kerala Government replied (April 2012) that the ULB had been directed to change the beneficiary list as per the existing norms.
- x. In the **housing for urban poor in Kohima, (BSUP) Nagaland** though the beneficiary identification was said to be done for 3504 DUs at Kohima but the SLNA stated (June 2011) that the genuineness of the selected beneficiaries would be reviewed before issue of biometric card and uploading on the website. The State Government replied (April 2012) that the process of identification of beneficiaries was under finalization.
- xi. In case of **Urban renewal project- Dabua Colony, Faridabad, Haryana**, sanctioned in 2006-07 scrutiny of records revealed that out of 1834 dwelling units completed with a cost of ₹ 38.96 crore, only 202 DUs were handed over to the beneficiaries as the process of identification of beneficiaries had not been completed. Faridabad Municipal Corporation replied (June 2011) that the beneficiaries would be identified shortly.

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

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



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

- ii. Biometric identification of the beneficiaries was not conducted till June 2011 in the selected housing projects viz. Integrated Housing Project for Slum Dwellers of Rajarghat, Kachharipara & Hatgachia areas at Mouza Boinchtala under BSUP, **Kolkata**; BSUP scheme for the town of Kolkata (Relocation), Kolkata, West Bengal; and Asansol Ph-III (4626 DUs), Bardhaman, West Bengal and Siliguri Phase – I (construction of 1998 DUs), IHSDP, Siliguri. The reply of Ministry is awaited in audit.
- iii. Out of three projects Under BSUP, the construction of tenements at Ezhil Nagar (9936 dwelling units), Perumbakkam Phase-I (10452 units), and Perumbakkam Phase-II (9476 units) in **Chennai, Tamilnadu** were approved by CSMC in 2006-07 and 2007-08 respectively. Out of the above, first two projects were in progress and one had not started. However, biometric identification of beneficiaries had not been completed by the Corporation of Chennai for any of these projects.

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

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

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

***Recommendation No. 2:***

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

**6.4 Delays due to non- availability of land**

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

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

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

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

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

Source: As per audit findings from selected States/UTs



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

**Photograph No. 6.1**



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

**Photograph No. 6.2**



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

**Photograph No.6.3**

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

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

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

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

#### **6.5 Supporting Infrastructure and living conditions not suitable**

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

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

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

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

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

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

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



Dumpyard next to Ahmedguda Colony-  
Andhra Pradesh

**Photograph No.6.4**



Narrow approach road to Afzal Sagar Colony-  
Andhra Pradesh

**Photograph No.6.5**

- ii. In Maharashtra, Gol sanctioned (December 2006), the project **“Construction of 6832 Permanent Transit Shelters with RCC structures for occupants of old dilapidated buildings by redevelopment of existing transit camps at seven different locations in Mumbai”**. There were 1455 permanent transit shelters constructed upto March 2011 at a cost of ₹ 45.12 crore. As on April 2011, these had not been put to use as infrastructure works including water connection had not been completed. In the reply forwarded by MoHUPA, (April 2012) the department acknowledged that at some locations there had been delay and action was being taken to get occupation certificate and water connection for the completed tenements.
- iii. A project report for BSUP Scheme at Patna (Phase IV), Bihar was approved at the cost of ₹ 107.71 crore on 28 November 2007 for construction of 4112 DUs at 11 sites, for which ₹ 12 crore was released on 15 January 2008 as first installment. Audit found that as on September 2011 the work was not started as four sites were occupied by slum dwellers and beneficiaries who were yet to be relocated temporarily to take up the construction. Two sites were occupied by public/encroachers, three sites were low lying areas and two were under litigation.





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

**Photograph No. 6.6**



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

**Photograph No.6.7**

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

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

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



**Photograph No. 6.8**



**Photograph No. 6.9**



**Photograph No. 6.10**



**Photograph No. 6.11**

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

## 6.6 Quality of Construction of dwelling units

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

**Table No. 6.3: Quality of Construction of Dwelling Units**

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



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



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

**Photograph No. 6.12**



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

**Photograph No. 6.13**

### 6.7 Completed dwelling units not being put to use

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

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

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

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

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

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

**Recommendation No. 3:**

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

**6.8 Contribution from beneficiaries**

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

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

**Table No. 6.5: Beneficiary Contribution**

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

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

### 6.9 Diversion of funds from housing projects

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

**Table No. 6.6: Diversion of funds in housing projects**

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

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

Source: Audit findings from Selected States/UTs

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

## 6.10 Other Irregularities

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

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

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

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

- ii. In the **IHSDP project, Bilaspur, Chattisgarh**, the work of preparation of DPR for ₹ 1.21 crore was awarded (July 2007) to M/s Palliwar & Associates, Raipur. The above work was awarded without invitation of tender. A payment of ₹ 48.04 lakh was made. During the exit conference (October 2011) in the State, the department accepted the audit observation and stated that the consultant had been awarded similar work at the State level, hence the preparation of DPR for IHSDP Bilaspur was awarded to the same consultant at the same rate to avoid delay. MoHUPA in their response (April 2012) stated that the audit objection has been accepted by the State Government. In no case the Gol reimburses the DPR preparation charges if transparent bidding process has not been followed. Therefore, there is no question of any irregular expenditure by the Gol on this account and for state of Chhattisgarh, there is no such outgo from Gol.
- iii. In the **IHSDP-Phase-II Jodhpur, Rajasthan**, in four cases of construction works the contractors were allowed the tender premium of ₹ 43.19 lakh, which was irregularly debited to project cost. As per guidelines any extra or excess expenditure like tender premium/price escalation etc. against approved project cost should have been borne by Jodhpur Municipal Corporation (JoMC) from its own income. The MoHUPA replied (April 2012) that the JoMC had deposited the amount on 9 April 2012.

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

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

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

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

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

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<sup>25</sup> 30.10.2007 - ₹ 8,69,12,100  
07.06.2008 - ₹ 37,76,48,400  
02.01.2010 - ₹ 18,50,00,000



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

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

#### **6.11 Conclusion**

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

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

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

#### ***Recommendation No. 4:***

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