
Chapter - IV

Performance Audit

4 Performance Audit on Infrastructural Development in slums identified under IHSDP

4.1 Introduction

Integrated Housing and Slum Development Programme (IHSDP) is one of the components of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) launched by Government of India (GoI) in December 2005 to encourage reforms and fast track planned development of identified cities. This programme combines the Valmiki Ambedkar Awas Yojana (VAMBAY) and National Slum Development Programme (NSDP) to bring about an integrated approach in improving the living conditions of urban slum dwellers by providing adequate shelters, amenities and community infrastructure. The programme is applicable to all the cities and towns as per census 2001 except those covered under JNNURM.

Objective of the Programme

The basic objective of the programme is to strive for holistic slum development with a healthy and enabling urban environment. The admissible components under the programme include provision of:

- Shelter including up-gradation and construction of new houses including sites and services/houses at affordable costs for Economically Weaker Section (EWS)/Lower Income Group (LIG) categories
- Community toilets
- Physical amenities such as water supply, storm water drains, widening and paving of existing lanes and street lights etc.
- Community infrastructure/social amenities such as provision of community centres for pre-school education, non-formal education, adult education and recreational activities
- Community primary health care centre buildings etc.
- Model demonstration projects
- Slum improvement and rehabilitation projects.

4.2 Responsibility centres

<i>Level</i>	<i>Main Responsibilities</i>
<i>National</i>	JNNURM functions under the overall guidance of a National Steering Group (NSG) at the central level, which sets policies for implementation, monitors, reviews progress and suggests corrective action wherever necessary. The NSG is supported by a Technical Advisory Group (TAG), to appraise the proposals, and a Central Sanctioning Committee (CSC) for further appraisal and sanction of the proposals. The Detailed Project Reports (DPRs) are

	scrutinised by the technical wings of the GoI Ministries/specialised technical agencies, before submitting them to the CSC for sanction.
<i>State</i>	The programme is co-ordinated by the State Level Steering Committee (SLSC), headed by the Chief Minister/Minister of Urban Development/Minister of Housing, which reviews and prioritises proposals for inclusion of projects for seeking assistance under JNNURM from the GoI. The SLSC is supported by the State Level Nodal Agency (SLNA) which is set up for appraising the projects submitted by ULB/parastatal agencies and obtaining sanction of SLSC; management of grants received from the Central and State Governments for release to ULBs/parastatal agencies, submission of quarterly progress report to GoI etc. Andhra Pradesh Urban Finance and Infrastructure Development Corporation (APUFIDC) has been designated (February 2006) by the Government as SLNA.
<i>Implementing agencies</i>	Responsibilities at implementing agency level (Public Health Engineering Divisions/Urban Local Bodies) include submission of detailed project reports to the SLNA for appraisal, account of funds received from SLNA, tendering, award of contracts, ensuring adherence to the time schedule and quality of the works executed by the contractors, furnishing of periodical reports on physical and financial progress, submitting utilisation certificates, maintaining inventory of assets created and operate assets and facilities created etc.

4.3 Funding pattern

Guidelines stipulate that funds under IHSDP are shared in the ratio of 80:20 by Central and State Governments/ULB. Central grant is directly released to nodal agencies identified by the State Government as Additional Central Assistance (ACA). Release of Central share to nodal agency depends on release of matching State share and submission of utilisation certificates. State share has to be deposited in a separate account to become eligible for the Central grant. 50 per cent of the Central grant is to be released to the State nodal agency after verification of the State share, and on signing the tripartite Memorandum of Agreement. Second instalment is released based on the progress of the works. However, GoI is releasing funds directly to the State Government, which in turn releases to SLNA (APUFIDC) through budget release orders. SLNA releases GoI, State and ULB share of funds to the implementing agencies.

4.4 Audit framework

4.4.1 Audit objectives

Out of the two components of housing and infrastructure development undertaken under IHSDP, this performance audit focuses on implementation of infrastructure development in slum areas with the objective of assessing the following:

- i. Whether slums in need of basic infrastructural facilities were identified in accordance with Government guidelines/orders.
- ii. Whether infrastructural facilities in terms of physical amenities, community infrastructure and social amenities were provided within the approved cost and timeline.
- iii. Whether internal controls relating to financial management, project execution and monitoring were effective.

4.4.2 Audit criteria

Audit findings have been benchmarked against the criteria sourced from the following:

- GoI guidelines and operational manuals
- Orders/circulars issued by GoI and State Government from time to time
- Andhra Pradesh Public Works Code and
- Andhra Pradesh Financial Code

4.4.3 Audit scope and methodology

Performance audit of slum development programme covered implementation of infrastructure development related projects executed during the five year period 2010-15. Audit methodology involved scrutiny of relevant documents in Municipal Administration and Urban Development (MA&UD) department in Secretariat, Andhra Pradesh Urban Finance and Infrastructure Development Corporation (APUFIDC) the State Level Nodal Agency, Office of **Mission for Elimination of Poverty in Municipal Areas (MEPMA)**, Office of Engineer-in-Chief and implementation units¹ of selected projects.

An Entry Conference was held in February 2015 with Commissioner and Director of Municipal Administration (CDMA) wherein audit scope, objectives, criteria and methodology, including conduct of joint site inspection were explained and agreed upon. Exit conference was held with Principal Secretary, MA&UD in December 2015 to discuss audit findings and response of the Government have been incorporated at

¹ Seven projects were implemented by Public Health Engineering Divisions (Anakapalli, Kakinada, Kurnool, Machilipatnam, Madanapalli, Narasaraopet and Pulivendula) and three projects by Municipalities (Chirala, Guntur and Kavali)

appropriate places in the report. However, reply from the Government is awaited (December 2015).

4.4.4 Audit sample

Out of 27 projects sanctioned (2007-09) in the State for infrastructure development under IHSDP at a cost of ₹241.30 crore, ten² projects costing ₹110.43 crore were selected for detailed scrutiny based on highest approved cost in each of the districts.

4.5 Financial and Physical performance

Infrastructure facilities include physical amenities like water supply, storm water drains, community latrines, widening and paving of existing lanes, street lights etc. In addition, these include community infrastructure and social amenities like pre-school education, non-formal education, adult education, maternity, child health and primary health care including immunisation etc.

All the 27 infrastructural development projects sanctioned in the State during 2007-09 were completed. Details of financial performance of these projects as of March 2015 are given below.

Table 4.1

(₹ in crore)

Year of Sanction	No. of projects sanctioned	GoI approved project cost		Releases as of March 2015	Expenditure as of March 2015
		Original	Revised		
2007-08	19	175.39	175.15	157.86	157.71
2008-09	8	65.91	61.16	50.87	44.94
Total	27	241.30	236.31	208.73	202.65

Source: Records of SLNA

Details of financial performance in test-checked projects as of March 2015 are given below:

Table 4.2

(₹ in crore)

Year of Sanction	Name of the ULB	GoI approved cost		Releases as of March 2015	Expenditure as of March 2015	Completed
		Original	Revised			
2007-08	Guntur	19.83	19.83	17.55	17.05	August 2014
2007-08	Narasaraopet	19.79	19.67	20.31	20.26	March 2013
2007-08	Anakapalli	3.50	3.50	2.70	2.35	December 2012
2007-08	Kakinada	10.64	11.79	8.92	8.12	March 2013

² Anakapalli, Chirala, Kakinada, Kavali, Kurnool, Machilipatnam, Madanapalli, Narasaraopet, Pulivendula and Guntur (Pilot study)

2007-08	Chirala	3.52	3.47	2.89	3.26	August 2013
2007-08	Madanapalli	4.74	4.29	4.45	3.77	June 2011
2007-08	Kavali	4.33	3.47	3.89	4.49	January 2011
2007-08	Pulivendula	14.69	14.69	8.35	10.35	March 2013
2008-09	Kurnool	19.76	18.55	13.33	9.88	March 2013
2008-09	Machilipatnam	9.63	9.17	9.47	7.16	June 2012
Total		110.43	108.43	91.86	86.69	

Source: Records of SLNA

Original DPRs were revised (upward and downward) in all the test-checked projects due to change in scope of work and none of the test-checked projects were completed within the stipulated time. The delay in this regard ranged from less than one year to five years³ due to non-availability of clear site for construction of Community Utility Centres (CUCs) and community toilets. In three⁴ out of ten test-checked projects, expenditure exceeded releases by ₹2.97 crore (20 per cent). Audit findings on the test-checked projects are discussed in the subsequent paragraphs.

Audit findings

4.6 Planning

As per the provisions of Andhra Pradesh Slum Improvement (Acquisition of Land) Act, 1956 any area that is a source of danger to the public health, safety or convenience of its neighbourhood by reason of the area being low lying, insanitary, squalid or otherwise, may by notification in the Andhra Pradesh Gazette be declared to be a slum area.

4.6.1 Identification of slums

As of July 2015, there were 5,559 slums in 110 ULBs spread over in 13 districts of the State. The programme was implemented in 24 ULBs of nine⁵ districts. Criteria adopted for identification of slums in ULBs as well as reasons for non-identification of any slum in four districts (Anantapur, Srikakulam, Vizianagaram and West Godavari) were not forthcoming from the records. During the exit conference (December 2015), Government stated that slums in Anantapur district were not identified, as district was covered under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) programme. Since UIDSSMT programme is not specific to slum development alone, identification of slums should have been considered while taking up works under IHSDP.

- i. **Uneven distribution of projects:** Out of 27 projects sanctioned for the State, one project each was sanctioned in 22 ULBs for implementation of programme. However, in Kavali and Kadapa ULBs, two and three projects were sanctioned

³ with a delay of less than 1 year (1 project), 1-2 years (2 projects), 2-3 years (1 project), 3-4 years (5 projects) and 4-5 years (1 project)

⁴ Chirala ₹0.37 crore, Kavali ₹0.60 crore and Pulivendula ₹2 crore

⁵ Chittoor (2 ULBs), East Godavari (1), Guntur (10), Krishna (1), Kurnool (3), Prakasam (2), SPSR Nellore (1), Visakhapatnam (2) and YSR (2)

respectively. It was observed that ten projects (37 per cent) were sanctioned in one district (Guntur) alone.

- ii. **Prioritisation of slums:** State Government instructed (September 2004) the ULBs to prepare the poverty and infrastructure deficiency matrix and prepare the list of prioritised slums for taking up infrastructure development activities in the slums.

In the ULBs of the ten⁶ test-checked projects, there were 604 slums as per the Detailed Project Reports (DPRs) (2007-2009), of which, only 185 slums were identified by seven⁷ test-checked projects for implementation of the programme whereas in the other three viz., Kakinada, Kavali and Madanapalli projects, infrastructure works were proposed in new layouts. DPRs of the test-checked projects did not indicate the criteria adopted for identification of slums. Further, documents relating to poverty and infrastructure deficiency matrix, list of prioritised slums and criteria adopted by ULBs for identification of slums were not forthcoming from records produced to audit. Hence, audit could not verify whether slums were prioritised as per Government orders.

- iii. **Non-notification of slums:** State Government issued (September 2004) orders to ULBs to identify and notify non-notified slums in an objective and transparent manner within a specified time frame of four months, as various Government programmes were implemented only in the notified slums and the poor in non-notified slums were being deprived of the benefits of developmental processes due to their non-notification. As of July 2015, there were 1,339 (29 per cent) non-notified slums out of 4,575⁸ slums in the State and 179 slums out of 747 were non-notified (24 per cent) in the ULBs of ten⁹ test-checked projects. Action initiated, if any, for notification of these slums was not forthcoming from the records produced to audit.

Contrary to Government orders, the programme was implemented in 27 non-notified slums of five¹⁰ test-checked projects at an estimated cost of ₹15.68 crore. These slums were yet to be notified as of July 2015 even after eight years of sanction of projects (2007-09). Further, the programme was implemented in nine villages which were merged (June 2005) with the Pulivendula Municipality by treating the villages as slums. However, there were no documented reasons for considering these merged villages as slums. Further, all the slums in Pulivendula ULB were yet to be notified as of July 2015. During the exit conference (December 2015), Government stated that action would be initiated for speeding up the process of notification of non-notified slums.

⁶ Anakapalli (30 slums), Chirala (42), Guntur (133), Kakinada (75), Kavali (25), Kurnool (103) Machilipatnam (85), Madanapalli (42), Narasaraopet (41) and Pulivendula (28)

⁷ Anakapalli (24 slums), Chirala (12), Guntur (40), Kurnool (27), Machilipatnam (30), Narasaraopet (41) and Pulivendula (11)

⁸ data in respect of 984 slums was not furnished

⁹ Anakapalli (1 non-notified slum), Chirala (18), Guntur (17), Kakinada (38), Kavali (10), Kurnool (49), Machilipatnam (1), Madanapalli (12), Narasaraopet (5) and Pulivendula (28)

¹⁰ Anakapalli (1 slum), Guntur (6), Kurnool (7), Narasaraopet (2) and Pulivendula (11)

- iv. **Slums in Hazardous/Objectionable areas:** The slum areas located on hazardous¹¹ and objectionable lands were not to be redeveloped¹². The beneficiaries of these slums should be rehabilitated in an area, to the extent possible, nearer to their original location to prevent potential loss of livelihood opportunities suited to their skill-set. As of July 2015, there were 220 hazardous slums out of 4,575¹³ slums in the State and 35 hazardous slums in the ULBs of five¹⁴ test-checked projects. Instead of relocating these slums, ULBs of two¹⁵ test-checked projects identified three hazardous slums for implementation of programme and executed works at a cost of ₹3.58 crore.

Incidentally, it was observed that in Ameer Hyder Ali Khan Nagar slum of Kurnool ULB, instead of relocating the people residing in the slum, programme was implemented and later stopped (2009) after incurring an expenditure of ₹3 lakh as per instructions from the District Administration to rehabilitate the people residing in the slum.

- v. **Slums in private owned lands:** As per the provisions of Andhra Pradesh Slum Improvement (Acquisition of Land) Act, 1956, Government shall acquire any land in a slum area from the owners of the land for the purpose of clearing or improving the area. As of July 2015, there were 1,509 slums in private owned lands out of 4,575¹⁶ slums (33 per cent) in the State and 248 slums in private owned lands out of 571 (43 per cent) slums in the ULBs of seven¹⁷ test-checked projects. ULBs of five¹⁸ test-checked projects have identified 65 slums in private owned lands for implementation of the programme at an estimated cost of ₹25.67 crore. It was reiterated (July 2011) during the State Principal Secretaries meeting to review all schemes of the Ministry of Housing and Urban Poverty Alleviation to prevent misuse of the provision and encouragement of illegal settlements.
- vi. **Delay in taking up survey for database:** Ministry of Housing and Urban Poverty Alleviation (MoHUPA) launched (February 2008) a new scheme called Urban Statistics for HR and Assessment (USHA) for development of a national information system on urban poor, focusing on national, state and city level data and knowledge base for the purpose of planning, policy-making, project formulation, implementation, monitoring and review especially in the areas of slum development, provision of basic services to the poor and affordable housing.

¹¹ the areas where human habitation entails undue risk to the safety or health or life of the residents themselves or where the habitation on such areas viz., canal bunds, tank beds, road margins, burial grounds, solid waste landfill sites etc., is considered contrary to public interest

¹² action through which an area is developed for better living environment

¹³ data in respect of 984 slums was not furnished

¹⁴ Anakapalli (1 slum), Machilipatnam (1), Kakinada (16), Kurnool (1) and Pulivendula (16)

¹⁵ Anakapalli (Pillavarigeorge ₹2.79 lakh), Pulivendula (Rotarypuram ₹89.50 lakh and Yerragudipalli ₹266.16 lakh)

¹⁶ data in respect of 984 slums was not furnished

¹⁷ Anakapalli (23 slums), Chirala (20), Guntur (75), Kakinada (38), Kurnool (67), Madanapalli (1) and Pulivendula (24)

¹⁸ Anakapalli (18 slums), Chirala (6), Guntur (20), Kurnool (11) and Pulivendula (10)

GoI released (September 2008 to March 2012) ₹5.47 crore to APUFIDC (SLNA) for conducting survey of towns with instructions to complete the survey within 3 to 4 months from the date of release of funds. MEPMA conducts survey of towns and uploads data in its web-site. It was observed that data of 984 slums was yet to be captured as of July 2015. During the exit conference (December 2015), Government stated that MEPMA conducted the survey in all ULBs and the uploading of data is pending.

4.6.2 Detailed Project Reports

Urban Local Bodies and implementing agencies are to submit DPRs to the SLNA for appraisal and forwarding to MoHUPA for consideration of Central sanctioning committee/State level Co-ordination committee. Review of DPRs of test-checked projects revealed the following:

- i. **Non-inclusion of slum-wise existing infrastructural facilities in DPRs:** DPRs are required to be prepared after taking into consideration the existing infrastructural facilities viz., roads, drains, community toilets, water supply, drainage, street lights etc., and also availability of various facilities such as schools, anganwadi centres, primary health centres etc., in each slum. Health, education and social security infrastructure facilities should be taken up through convergence with respective departments. However, slum-wise details of existing facilities were not forthcoming from the DPRs furnished to audit.

In Kurnool and Pulivendula ULBs, works¹⁹ proposed in DPR were already executed through other grants resulting in savings under the programme funds of ₹7.23 crore and ₹4.34 crore respectively. Improper preparation of DPRs resulted in non-utilisation of programme funds.

- ii. **Convergence with other sectors:** As per guidelines, DPRs should invariably be prepared by implementing agencies and include provision for components under health, education and social security through convergence of schemes and also by dovetailing funds through budgetary provisions under the programmes of respective sectors (Health, Human Resource Development, Social Justice and Empowerment etc.). DPRs of three²⁰ out of ten test-checked projects denoted convergence with health, education and social security sectors. However, details of components proposed through convergence were not available in DPR. Hence, no works in convergence as envisaged were taken up. In DPRs of other seven²¹ test-checked projects, works through convergence were not proposed. During the exit conference (December 2015), Government stated that availability of land is one of the major constraints in taking up any infrastructural development project and possibility of convergence would be looked into.

¹⁹ Kurnool (CC roads, drains, water supply) and Pulivendula (CUCs, community toilets)

²⁰ Kurnool, Madanapalli and Narasaraopet

²¹ Anakapalli, Chirala, Guntur, Kakinada, Kavali, Machilipatnam and Pulivendula

- iii. **Improper preparation of DPRs resulting in reduction of Central share:** Kavali ULB submitted revised DPR after execution of children’s park etc., at a cost of ₹42.18 lakh. However, the work was not considered in the revised DPR approved (February 2014) by GoI as it was not part of original DPR. Further, during the approval of revised DPR by GoI (February 2012), provision towards VAT²², labour cess etc., to the extent of ₹50.98 lakh in test-checked project of Anakapalli ULB was not approved on the ground that it was not part of original DPR. Absence of complete details in initial DPRs not only resulted in reduction of Central share, but also caused additional financial burden to ULB.
- iv. **Revision of DPRs:** In all the test-checked projects, revised DPRs proposed by ULBs were approved (February 2012–September 2014) by GoI due to change in scope of work. The upward revision was on account of inclusion of works not proposed in the original DPR and downward as a result of deletion of community utility centres due to non-availability of site, length of roads/drains due to site conditions and execution of works (roads/drains) sanctioned in original DPR through other funds. The projects were termed as completed though all the works sanctioned in revised DPR were not executed due to non-availability of site/site conditions. In six²³ test-checked projects, revised DPRs were approved (February 2012–September 2014) after completion of projects resulting in execution of works without approval of the deviations. Details of components proposed in original/revised DPRs and executed in respect of test-checked projects are detailed in *Appendix 4.1*. During the exit conference (December 2015), Government attributed non-availability of land/site conditions as reasons for revision of DPRs. This indicated improper survey and also failure to ensure availability of site before submission of proposals.

4.7 Execution

As per IHSDP guidelines, infrastructure facilities include physical amenities like water supply, storm water drains, community latrines, widening and paving of existing lanes, street lights etc., community infrastructure and social amenities like pre-school education, non-formal education, adult education, maternity, child health and primary health care including immunisation etc. Infrastructure facilities under health, education and social security infrastructure should be taken up through convergence with respective departments.

All the 27 projects sanctioned (2007-09) in the State for infrastructure development under IHSDP were completed. Ten²⁴ projects were selected for detailed scrutiny and none of these were completed within the stipulated time. All the works sanctioned in the revised DPR were executed in three (Chirala, Kavali and Narasaraopet) test-checked projects. In Kakinada project, works were not taken up as approved in

²² Value Added Tax

²³ Anakapalli, Guntur, Kakinada, Kavali, Madanapalli and Pulivendula

²⁴ Anakapalli, Chirala, Guntur, Kakinada, Kavali, Kurnool, Machilipatnam, Madanapalli, Narasaraopet and Pulivendula

revised DPR due to non-completion of housing programme. In the remaining six²⁵ test-checked projects, quantities as approved in the revised DPR were not executed on account of non-availability of site for construction of CUCs, community toilets and due to site conditions/executed with other funds in respect of roads/drains. However, the projects were termed as completed, resulting in non-achievement of intended benefits to the slum dwellers. Out of ten test-checked projects, project completion certificates were furnished by ULBs of eight projects. In respect of two test-checked projects (Chirala and Guntur) project completion certificates were not furnished.

Audit findings relating to execution of physical amenities, social amenities and community utility centres in the test-checked projects are detailed below:

4.7.1 Execution of works by implementing agencies

In the State, implementing agencies for execution of infrastructural projects were either Public Health Engineering (PHE) Divisions or ULBs concerned. State Government issued (May 2008) orders entrusting works valued over ₹5 crore to PHE Division and works less than ₹5 crore to the ULBs themselves. Projects in Guntur (approved cost ₹19.83 crore) and Anakapalli (approved cost ₹3.50 crore) were approved for execution by PHE Division and ULB respectively. However, contrary to Government orders, these two projects were swapped and the project in Guntur was executed by ULB. There was considerable delay (58 months) in completion of this high value project by Guntur ULB. Reasons for the delay were not available in the records. Specific reasons were not furnished during the exit conference.

4.7.2 Physical amenities

Physical amenities include water supply, storm water drains, community latrines, widening and paving of existing lanes, street lights etc. Audit findings relating to physical amenities provided in the test-checked projects are detailed below:

4.7.2.1 Execution of works in a new layout

Infrastructure projects in Kakinada, Kavali and Madanapalli ULBs were taken up in new layouts on the assurance that housing component would be taken up by the State Government. Physical verification of these projects revealed that housing component was still in progress. As such, the infrastructure created (January 2011 to March 2013) in advance at a cost of ₹16.38 crore in three²⁶ layouts remained unutilised, due to lack of proper synchronisation of works.

Although Kakinada project was sanctioned to relocate the households residing in 23 slums, scrutiny of records revealed that some of the houses were allotted to families of ex-servicemen belonging to Above Poverty Line (APL) and some of the allottees were not residents of Kakinada. This was against the objective of improving the living conditions of slum dwellers.

²⁵ Anakapalli, Guntur, Kurnool, Machilipatnam, Madanapalli and Pulivendula

²⁶ Kakinada ₹8.12 crore, Kavali ₹4.49 crore and Madanapalli ₹3.77 crore

DPRs of Kavali and Madanapalli projects did not indicate the slums identified for rehabilitation. Thus, infrastructure was developed without identifying the beneficiaries.



Kakinada ULB

Kavali ULB

Madanapalli ULB

During the exit conference (December 2015), Government stated that matter would be discussed with Andhra Pradesh Housing Board (APHB) for completion of housing component.

4.7.2.2 Cement Concrete (CC) Roads

Laying of roads is an important component in providing infrastructure in the slums. Works relating to laying of CC roads were sanctioned and executed in all the ten test-checked projects. In six²⁷ test-checked projects, CC roads were laid as sanctioned and in the remaining four²⁸ test-checked projects there was variation between quantities sanctioned and executed due to site conditions or roads were already laid with other funds. Audit observations based on physical verification are given below:

- i. **Non-utilisation of road laid:** Physical verification of Hari Krishnanagar slum of Narasaraopet ULB revealed that the road laid with IHSDP funds was blocked and existing gravel road on the other side of the slum was being used for transportation. The expenditure of ₹4.02 lakh incurred towards laying of CC road therefore, remained unfruitful. During the exit conference (December 2015), Government stated that corrective action had been taken by the ULB. However, it did not provide documentary evidence to this effect.



Slum: Hari Krishnanagar (Narasaraopet ULB)

- ii. **Irregular connectivity to developed area:** The primary objective of the programme was to provide basic infrastructure in the identified slums. During physical verification, it was observed that a road was laid from Heart and Brain Centre (hospital situated at the main junction of the city) to Joharapuram slum in

²⁷ Anakapalli, Chirala, Kakinada, Kavali, Machilipatnam and Narasaraopet

²⁸ Guntur, Kurnool, Madanapalli and Pulivendula

Kurnool ULB, the entire stretch of which did not form part of slum and it consisted of multi-storied buildings. Further, the work was executed in deviation to the original DPR and was approved (February 2012) in revised DPR at an estimated cost of ₹3.07 crore. During the exit conference (December 2015), Government stated that road was laid to facilitate proper connectivity to slum. However, roads outside the slum area should not have been taken up with scheme funds.



Slum: Joharapuram (Kurnool ULB)

- iii. **Execution of work outside the slum area:** GoI approved (December 2007) infrastructure works to be executed in a layout in Kavali ULB. However, CC roads were laid in 'Pulla Reddy Nagar' at a cost of ₹20 lakh, which was outside the jurisdiction of layout and also not categorised as slum as per data furnished by Government. Execution of work in such a location was therefore irregular. During the exit conference (December 2015), Government stated that roads were laid on the approach road to the layout. Roads outside the slum area should not have been taken up with scheme funds.
- iv. **Non-laying of road for the complete stretch:** Physical verification of Velamavaripalli slum of Pulivendula ULB revealed that CC roads were laid in patches instead of in a complete stretch resulting in non-achievement of intended objective of providing motorable road to the residents in the slums. During the exit conference (December 2015), Government stated that corrective action had been taken by the ULB. However, it did not provide documentary evidence to this effect.

4.7.2.3 CC Drains

CC drains were sanctioned and executed in all the ten test-checked projects. In five²⁹ test-checked projects, CC drain works were executed as sanctioned and in remaining five³⁰ test-checked projects, there was variation between quantities sanctioned and executed due to site conditions or works executed with other funds. Audit observations are given below:

- i. **Improper alignment of drains:** Scrutiny of records and physical verification of slums³¹ of Chirala ULB revealed that CC drains were laid and connected to main drains constructed under UIDSSMT³² scheme. Water was flowing back into the houses particularly during rainy season resulting in inundation of slums. After

²⁹ Anakapalli, Chirala, Guntur, Kavali and Narasaraopet

³⁰ Kakinada, Kurnool, Machilipatnam, Madanapalli and Pulivendula

³¹ Yanadi colony-Swarna road and Yanadi colony-1st ward

³² 70 per cent of major drains and 30 per cent of lateral drains were constructed under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) a component of JNNURM

laying of drains, ULB proposed (October 2010) comprehensive survey of the drains for rectification for disposal of drain water. Thus, construction of the drains at a cost of ₹17.79 lakh did not serve the purpose. During the exit conference (December 2015), Government stated that corrective action had been taken by the ULB. However, it did not provide documentary evidence to this effect.



Slum: Yanadi Colony–Swarna road (Chirala ULB)

- ii. **Poor maintenance of assets created:** As per guidelines, the responsibility to maintain and operate the assets and facilities created under the scheme rests with the ULB. However, physical verification of six slums and three layouts in seven³³ test-checked projects revealed that CC drains laid were not put to use as these drains were either not connected to any major drain or filled with mud and garbage resulting in stagnation of water and unhygienic surroundings.
- iii. **Non-construction of side drains:** As per provisions of Indian Road Congress Codes adopted by Ministry of Urban Development, side drains are required to be constructed to facilitate flow of water. Physical verification of three slums³⁴ in Chirala ULB revealed that side drains were not constructed. Thus, the ULB failed to ensure proper drainage.
- iv. **Execution of work outside the slum area:** GoI approved (December 2007) infrastructure works to be executed in a layout in Kavali ULB. However, CC drains were laid in ‘Pulla Reddy Nagar’ at a cost of ₹14.70 lakh, which was outside the jurisdiction of layout and also not categorised as slum as per data furnished by Government. Execution of work in such a location was therefore irregular. During the exit conference (December 2015), Government stated that drains were laid on the approach road to the layout. However, drains outside the slum area should not have been taken up with scheme funds.

4.7.2.4 Street lighting

Works relating to Street lighting were sanctioned in five³⁵ test-checked projects. Works were executed as sanctioned in three (Chirala, Madanapalli and Narasaraopet) test-checked projects. In Kakinada project, works were not taken up due to non-completion of housing programme and in Pulivendula project street lighting poles were provided by ULB with other funds. Physical verification of slums in test-checked projects of Anakapalli and Kavali ULBs revealed following.

³³Anakapalli: Balajiraopet slum; Kurnool: Weaker section Colony-I and Leprosy colony; Narasaraopet: Gunduraopet slum; Pulivendula: Ulimella and Polapalli slum and layouts in Kakinada, Kavali and Madanapalli

³⁴ Yanadi colony (swarna road), Srungarapeta and Vykuntapuram slums

³⁵ Chirala, Kakinada, Madanapalli, Narasaraopet and Pulivendula

- i. In Anakapalli ULB, no provision was made for street lighting in two³⁶ slums.
- ii. In Kavali ULB, electric poles were erected but lights were not provided.

Non-provision of street lighting resulted in denial of intended amenities in the identified slums.

4.7.2.5 Community toilets

Community toilet is one of the basic facilities to be provided in urban slums to avoid open defecation for hygienic environment. As of July 2015, out of 7.97 lakh households, 1.28 lakh households (16 *per cent*) were resorting to open defecation in the slums of the State. In the ULBs of nine³⁷ test-checked projects, 0.30 lakh households (15 *per cent*) out of 2 lakh households were resorting to open defecation. Provision for construction of toilets was proposed in two ULBs (Narasaraopet-9 Nos. and Pulivendula-11 Nos.) at an estimated cost of ₹1.25 crore. However, no community toilet was taken up for construction due to non-availability of site. Identification and acquisition of land should have been completed prior to preparation of DPR. Failure to do so indicated defective planning.

Physical verification of 12 slums of five³⁸ test-checked projects revealed that community toilets were not available in the slums; as such the slum dwellers were resorting to open defecation.

4.7.3 Social amenities

As per guidelines, provision of Social amenities included pre-school education, non-formal education, adult education, maternity, child health and primary health care including immunisation etc. DPRs should invariably be prepared for each of the projects and should include provision for components under health, education and social security through convergence of schemes and also by dovetailing funds through budgetary provisions under the programmes of respective sectors (Health, Human Resource Development, Social Justice and Empowerment etc.). Review of DPRs of ten test-checked projects revealed that no works were proposed through convergence. Incidentally, it was observed that Madanapalli ULB incurred ₹8.80 lakh towards construction of Urban Health Centre from programme funds instead of convergence with concerned sectors.

In this connection audit observed as under:

- i. **Primary Health Centres:** Primary Health Centre (PHC) is a basic health care facility that is to be made available with close proximity to the people to provide an integrated curative and preventive health care with emphasis on preventive and promotive aspects of health care.

³⁶ Anakapalli: New Burma colony and K. Ramanaidu colony slums

³⁷ data in respect of Pulivendula ULB was not furnished

³⁸ Anakapalli: Balajiraopet slum; Kurnool: Weaker Section Colony-I, Leprosy colony; Machilipatnam: YSR colony and PKM Colony; Narasaraopet: Christainpalem, Hari Krishnanagar, Venkatreddy Nagar; Pulivendula: Ulimella, Rotaripuram, Velamavaripalli and Yerragudipalli slum

As of July 2015, PHC services were not available to 1,644 slums out of 4,575³⁹ slums (36 per cent) in the State and 301 slums out of 717 slums (42 per cent) in the ULBs of nine⁴⁰ test-checked projects. During physical verification, dwellers of 26 slums in six⁴¹ test-checked projects expressed that PHCs were located far away from their slums. However, provision for PHCs in convergence with Health department was not proposed. This resulted in deprivation of basic health care facilities in the slums.

4.7.4 Community infrastructure

As per guidelines, community infrastructure includes provision for construction of community utility centres (CUCs) to be used for pre-school education, non-formal education, adult education, recreational activities, etc. Audit observations in this regard are as follows:

- i. **Non-provision of CUCs:** As of July 2015, there were only 1,122 CUCs in 4,575⁴² slums of the State and 169 CUCs in 747 slums of ULBs of test-checked projects. GoI sanctioned (2007-09) 28 CUCs as proposed in original DPRs of nine⁴³ test-checked projects at an estimated cost of ₹6.77 crore. In the revised DPRs approved (February 2012–September 2014) by GoI, the number of CUCs sanctioned was reduced to 21 in seven⁴⁴ test-checked projects and no CUCs were approved in two (Chirala and Guntur) test-checked projects due to non-availability of site. Identification and acquisition of land should have been completed prior to preparation of DPR. This indicated defective planning.

Further, out of 21 CUCs sanctioned in revised DPRs, only 11 CUCs were constructed in five⁴⁵ test-checked projects at a cost of ₹3.55 crore and construction of nine CUCs in Pulivendula project was not taken up as community centres were proposed under other scheme funds. In Kakinada project, one CUC sanctioned in revised DPR was not taken up for construction due to non-completion of housing programme.

Due to non-availability of CUCs, slum dwellers remain deprived of the intended benefits viz., non-formal education, adult education, recreational activities etc.

- ii. **Non-utilisation of facilities created:** As per guidelines it is the responsibility of ULBs to maintain and operate the assets and facilities created. However, physical verification of 11 CUCs constructed in five⁴⁶ test-checked projects revealed that

³⁹ data in respect of 984 slums was not furnished

⁴⁰ Chirala (30 slums), Guntur (125), Kakinada (16), Kavali (24), Kurnool (3), Machilipatnam (17), Madanapalli (38), Narasaraopet (43) and Pulivendula (5)

⁴¹ Anakapalli (3 slums), Chirala (5), Kurnool (6), Machilipatnam (4), Narasaraopet (5) and Pulivendula (3)

⁴² data in respect of 984 slums was not furnished

⁴³ Anakapalli (2 CUCs), Chirala (1), Guntur (4), Kakinada (2), Kavali (1), Machilipatnam (2), Madanapalli (1) Narasaraopet (6) and Pulivendula (9)

⁴⁴ Anakapalli (1 CUC), Kakinada (1), Kavali (1), Machilipatnam (1), Madanapalli (2), Narasaraopet (6) and Pulivendula (9)

⁴⁵ Anakapalli (1 CUC), Kavali (1), Machilipatnam (1), Madanapalli (2) and Narasaraopet (6)

⁴⁶ Anakapalli (1 CUC), Kavali (1), Machilipatnam (1), Madanapalli (2) and Narasaraopet (6)

none of the CUCs were being utilised and the condition of the buildings was in bad shape due to poor maintenance. As such, the intended benefits could not be derived by the beneficiaries. During the exit conference (December 2015), Government stated that corrective action had been taken by the ULBs. However, it did not provide documentary evidence to this effect.

4.8 Financial management

4.8.1 Sharing arrangement

Even though guidelines stipulate sharing by Central and State Government/ULB in the ratio of 80:20, in 14 out of 27 projects, release of State/ULB's share ranged from 21 to 32 *per cent*. Further, in respect of State share in 27 infrastructure projects, it was agreed to share between GoAP and ULBs equally. However, in 14 projects, release of ULB's share exceeded that of State Government by ₹7.58 crore, affecting the resources of ULBs.

State Government accorded (May 2008) revised administrative sanction for 19 projects due to increase in cost attributed to revision of steel, cement and Standard Schedule of Rates (SSR) and also due to non-inclusion of statutory provisions such as VAT, labour cess etc. The increased cost amounting to ₹30.45 crore was not covered by GoI sanction. As a result, this was borne by ULBs concerned.

4.8.2 Substantial amounts retained by SLNA

As per guidelines, SLNA is responsible for management of funds received from Central and State Governments and for disbursement of funds to implementing agencies as per the funding arrangement. Scrutiny of records revealed that as of March 2015, ₹265.83 crore was adjusted to SLNA (APUFIDC), of which ₹208.73 crore was released to implementing agencies and an amount ₹57.10 crore (Central share ₹20.12 crore, State share ₹6.51 crore and ULB share ₹30.47 crore) was retained by SLNA. Funds should be either released to implementing agencies wherever necessary or should be refunded with interest to the GoI/State Government. However, 21 *per cent* of the fund adjusted remained with SLNA, even though all the 27 sanctioned projects were completed. During the exit conference (December 2015), Government stated that as per orders of GoI, funds retained would be utilised for other components of JNNURM.

4.8.3 Non refund of excess Central share by implementing agencies

As per the provisions of General Financial Rules (GFRs), funds released by Central Government may be utilised for the purpose for which they were released and the unspent balance, if any, shall be refunded along with interest. Scrutiny of SLNA records revealed that in respect of 16 projects, reduction in the approved cost in the

revised DPR resulted in excess release of Central share by ₹7.06 crore⁴⁷. Of these projects, Chirala, Kavali, Kurnool, Machilipatnam and Madanapalli were test-checked. However, the amount was yet to be refunded to GoI.

4.8.4 Expenditure in excess of releases

As per guidelines, SLNA is responsible for disbursement of funds to implementing agencies as per the financing pattern. Scrutiny of SLNA records revealed that in respect of ten projects, expenditure incurred exceeded releases to the extent of ₹5.20 crore⁴⁸ as of March 2015. Of these ten projects, Chirala, Kavali and Pulivendula projects were test-checked. It was observed that amounts were diverted to/received from projects implemented by other ULBs.

4.8.5 Fund for establishment of Urban Poverty and Livelihoods Cell

GoI released (February 2007) ₹22 lakh towards establishment of Urban Poverty and Livelihoods Cell. However, the details of utilisation certificate furnished by State Nodal Agency (APUFIDC) to GoI for the amount released and also the establishment of cell were not on record.

4.8.6 Non-reimbursement of expenditure incurred on DPRs

As per toolkit⁴⁹, SLNA shall forward proposals from implementing agencies for reimbursement of expenses⁵⁰ to Mission Directorate for recommendation to CSC for the release of funds. GoI prescribed (May 2014) simplified procedure for reimbursement of DPR expenses. In spite of simplified procedure, SLNA had not forwarded the proposals as of March 2015 towards reimbursement of expenditure of ₹2.21 crore.

4.8.7 Funds not earmarked by ULBs for utilisation in slum area

State Government orders (July 2009) stipulate that ULBs shall earmark 40 per cent of net funds for undertaking developmental activities in slum areas by making a suitable provision in the budget estimate every year by opening separate account for Urban Poverty Alleviation fund in the existing Personal Deposit (PD) account. Scrutiny of records of test-checked ULBs revealed that funds were not earmarked as required. Commissioner and Director of Municipal Administration stated (April 2015) that separate accounts were not opened by ULBs of test-checked projects except Kakinada ULB, which opened separate account and incurred expenditure.

⁴⁷ Adoni ₹16.30 lakh, Chirala ₹3.86 lakh, Chittoor ₹39.13 lakh, Dhone ₹89.83 lakh, Kadapa ₹144.45 lakh, Kadapa (Azadnagar) ₹7.64 lakh, Kadapa (Mamillapalli) ₹33 lakh, Kavali ₹68.24 lakh, Kurnool ₹96.96 lakh, Macherla ₹0.04 lakh, Machilipatnam ₹36.70 lakh, Madanapalli ₹36.19 lakh, Ongole ₹40.48 lakh, Ponnur ₹42.61 lakh, Repalle ₹34.60 lakh and Tenali ₹16.52 lakh

⁴⁸ Bhimunipatnam ₹0.30 crore, Chirala ₹0.37 crore, Chittoor ₹0.10 crore, Kadapa (Azadnagar) ₹0.17 crore, Kavali Phase-I ₹0.13 crore, Kavali Phase-II ₹0.60 crore, Ongole ₹0.03 crore, Ponnur ₹0.48 crore, Pulivendula ₹2 crore and Vinukonda ₹1.02 crore

⁴⁹ developed by GoI (MoHUPA) detailing the procedure for reimbursement of expenses

⁵⁰ at one per cent of the project cost or actual cost incurred for preparation of DPRs whichever is lower

4.8.8 Other financial deviations

- i. **Non-remittance of statutory recoveries:** Statutory recoveries effected from the work bills of the contractors towards Income Tax, Value Added Tax, Labour cess and Seigniorage charges etc., are to be remitted to the accounts of concerned departments as per the provisions of the concerned Acts. However, ₹55 lakh recovered from works bills in three⁵¹ test-checked projects was not remitted to the departments concerned.
- ii. **Expenditure on inadmissible components:** As per guidelines, admissible components include provision for construction of community toilets, community centres, laying of roads, drains etc. It was noticed that ₹17.19 lakh was utilised towards inadmissible components viz., construction of school building, procurement of digital camera, engagement of contract labour, hiring of vehicles etc., in four⁵² test-checked projects.
- iii. **Improper maintenance of cash book:** Cash book has to be closed and reconciled with the treasury pass book to arrive at the correct cash balances under attestation of competent authority. However, scrutiny of records of test-checked projects of Chirala, Guntur, Narasaraopet and Kavali revealed instances of non-closing of cash books at monthly intervals, non-reconciliation with treasury/Bank etc. Audit was therefore unable to vouch for the correctness of transactions.

4.9 Tendering and contract management

4.9.1 Delay in conclusion of agreements

Engineer-in-Chief issued instructions to conclude the agreements for the works taken up under the project with the contractors within 21 days from the date of issue of Letter of Acceptance (LOA). In three⁵³ test-checked projects, three agreements were concluded with a delay ranging from 40 to 71 days from the date of issue of LOA. This adversely effected the execution of project as per schedule.

4.9.2 Avoidable expenditure- Non-acceptance of tender in first call

In test-checked project of Madanapalli ULB, although the single tender (0.01 per cent less than estimated contract value (ECV) of ₹4.57 crore) received in response to the first call (June 2008) was rejected (August 2008) during technical evaluation on the grounds that the works⁵⁴ indicated in the experience certificate did not fall under

⁵¹ Chirala ₹8.84 lakh, Guntur ₹39.21 lakh and Kavali ₹6.95 lakh

⁵² Chirala ₹0.36 lakh (procurement of digital camera), Guntur ₹0.19 lakh (hiring of vehicles), Kavali ₹0.48 lakh (hiring of vehicles) and ₹6.20 lakh (construction of school building), Pulivendula ₹9.96 lakh (engaging contract labour)

⁵³ Kakinada (71 days), Kurnool (40 days) and Madanapalli (56 days)

⁵⁴ Execution of supply channel for Ayyappa Reddy Cheruvu surplus weir to Chinnagoligallu tank and Investigation, design, estimation and fabrication, supply and fixing of 5 Nos. radial gates to the spillway regulator including left and right main canal distribution field channel etc., of Velagolu Reservoir

similar category of works⁵⁵ for which tenders were called for, in the second call (September 2008), bid from the same tenderer was accepted (December 2008) with 4.59 per cent excess over ECV based on a similar certificate. The Department replied (February 2015) that acceptance of the bid in second call was not based on the similar experience certificate as was submitted in the first call. The reply is not acceptable as the technical experience quoted in the second call did not fall under similar category of works for which tenders were called for. The action of the department has resulted in avoidable expenditure of ₹21 lakh.

4.9.3 Non-revalidation of Bank Guarantee

As per agreement conditions, the bank guarantees should be obtained from the contractors till the date of completion of the work and further 24 months of defect liability period. In Pulivendula project, validity of Bank Guarantee (BG) amounting to ₹42.84 lakh expired (May 2012) in advance of completion of work and defect liability period (June 2015). Revalidation of BG was not done even as of February 2015. During the exit conference (December 2015), Government assured that instructions would be issued to ULBs for revalidation of Bank Guarantees.

4.9.4 Non-recovery of Seigniorage charges

Statutory recoveries like Income Tax, Seigniorage charges etc., are to be effected from the work bills of contractors and remitted to the accounts of concerned departments as per the provisions of the concerned Acts. Although a provision for ₹7.19 lakh towards Seigniorage charges was included in the estimate in test-checked project of Pulivendula ULB, it was not recovered from the contractor. During the exit conference (December 2015), Government assured that instructions would be issued to ULBs for recovery of Seigniorage charges.

4.10 Quality control

4.10.1 Delay in appointing TPIMA

As per toolkit, Third Party Inspection and Monitoring Agencies (TPIMA) for projects were to undertake monitoring of works pertaining to pre-construction, construction, commissioning, trial-run, testing and post construction stages. TPIMA is to monitor the projects till one year from the filing of project completion report and submit final report on the overall performance of the project. However, agreement with TPIMA was concluded (August 2009) after entrustment of works to the contractors in eight⁵⁶ test-checked projects. As a result, pre-construction stage⁵⁷ inspections could not be carried out by TPIMA. During the exit conference (December 2015), Government assured to conclude agreements with TPIMA in time for future assignments.

⁵⁵ Providing water supply, laying of roads, construction of drains and community utility centres etc.

⁵⁶ Anakapalli, Chirala, Guntur, Kakinada, Kavali, Madanapalli, Narasaraopet and Pulivendula

⁵⁷ Review of land requirement/availability and other clearances to begin construction, examination of bid documentation and bid process, review of project implementation plan and procurement process, review of site preparation etc.

4.10.2 Non-rectification of defects pointed out by TPIMA

TPIMA pointed out (December 2009) various defects⁵⁸ in execution of project in Chirala ULB. Action taken reports were not forthcoming from the records produced to audit. Incidentally, some of these defects were also observed by audit during physical verification of slums.

4.10.3 Inadequacies in exercising quality control tests

Public Health Quality control division, Anantapur reported (June 2009) that quality of *High Density Polyethylene* (HDPE) pipes procured for providing water supply to INDIRAMMA⁵⁹ housing colony, Madanapalli as satisfactory. On the contrary, the Central Institute of Plastics Engineering and Technology (CIPET) conducted (June 2010) the quality control tests of pipes and stated that pipes laid did not meet the required standards. While SLNA instructed (October 2010) the implementing agency to replace the entire HDPE pipes with good quality pipes, there was no evidence of compliance with these instructions.

4.10.4 Third Party Quality Control Agency

In the test-checked project of Narasaraopet ULB, Third Party Quality Control Agency (TPQCA) pointed out (2009-13) certain defects in execution of the project. However, some of these like non-provision of outfall drains, bulging of room beam, undulations on drain side walls etc., were not rectified by the contractor as of December 2014. Department replied (December 2014) that despite issue of notices, the contractor was yet to rectify the defects, and further stated that payment against final bill would be made only after rectification of defects.

4.11 Monitoring system

4.11.1 Meetings

Programme guidelines stipulate that SLSC should ensure monitoring of various projects sanctioned and meet at quarterly intervals to review the progress of ongoing projects and sanction of new projects. From inception (December 2005) till March 2015, only 10 meetings were conducted against the minimum requirement of 36 meetings. Further, no meetings were conducted after September 2013. Clearly, monitoring of the projects was lacking. During the exit conference (December 2015), Government stated that although the SLSC did not hold the meetings on regular basis, Principal Secretary conducted meetings regularly on monitoring proper implementation of programme. However, review meetings were not held by SLSC, an apex body.

⁵⁸ Road edges were not protected either with gravel/quarry dust, pipe crossings were not provided, alignment of drains were not straight, slopes of drains not maintained properly, comprehensive strength of CC roads were found to be less than the specified strength, approved specifications of pipes were not used for pipe crossings etc.

⁵⁹ Integrated Novel Development in Rural Areas and Model Municipal Areas

4.11.2 Training and Capacity building

Programme guidelines envisage that State Government should make continuous efforts for training and upgradation of the skills of the personnel responsible for the project and the elected representatives. In addition, it should also organise suitable training and capacity building programmes through reputed institutions in the field. During 2010-15, against the target of 62 training programmes, only 34 were conducted. This would affect the skill/capacity of the personnel involved with the projects. Reasons for shortfall were not on record.

4.11.3 Non-conducting of Social Audit

GoI introduced (December 2011) social audit to monitor IHSDP projects at community and ULB levels with the objective of ensuring transparency and accountability in implementing the scheme. Such Social Audit would ensure participation of all the stakeholders, help the community to realise their rights and entitlements and help to identify and resolve gaps with a view towards curbing mismanagement. Scrutiny of the records revealed that Social Audit was not conducted in any of the test-checked projects. This resulted in the objective of transparency and accountability not being achieved. During the exit conference (December 2015), Government agreed that no social audits were conducted.

4.11.4 Integrated Poverty Monitoring System

Online web enabled project performance tracking system as part of Integrated Poverty Monitoring System (IPoMS) was developed⁶⁰ to monitor the physical and financial progress of sanctioned projects. While the implementing agency is to carry out data entry for this, data was updated only upto April 2012. Due to technical problems data uploaded was invisible. The purpose of creating the monitoring system was therefore not achieved. During the exit conference (December 2015), Government agreed that there were problems in uploading data in IPoMS.

4.11.5 De-notification of slums

As and when the slum areas are redeveloped or rehabilitated, the Competent Authority⁶¹ should submit proposals to the State Slum Redevelopment Authority for de-notification of the slum areas and after satisfying that the slum areas are redeveloped or rehabilitated, the slums are to be de-notified. State Government intended (September 2009) to achieve the objective of slum free Andhra Pradesh by the year 2014. Despite implementation of various programmes/schemes for providing basic infrastructure facilities and improving conditions in the slums from time to time, de-notification process was not taken up by the ULBs of test-checked projects. Contrary to Government orders, there was an increase of 143⁶² slums in ULBs of test-checked projects, since sanction of the projects (2007-08) till July 2015. The aim of

⁶⁰ by Centre for Good Governance, Hyderabad for MoHUPA

⁶¹ District Slum Redevelopment Authority

⁶² Chirala (8 slums), Guntur (82), Kavali (15), Kakinada (26), Kurnool (2), Machilipatnam (2) and Narasaraopet (8)

slum free Andhra Pradesh is thus yet to be realised. During the exit conference (December 2015), Government assured that necessary steps would be initiated for de-notification of slums.

4.12 Conclusion

Detailed Project Reports were not prepared taking into consideration the facilities/amenities existing in the slums. Non-notified slums, slums in hazardous areas and slums in private lands were also identified for implementation of the programme. Provision for primary health centres was not made in convergence with departments concerned. Due to non-availability of sites various works relating to community infrastructure and community toilets were not taken up. Community Utility Centres were not put to use defeating the intended purpose. Action for de-notification of slums was not initiated by ULBs of test-checked projects, inspite of completion of projects. The overall number of slums increased despite implementation of the programme. Despite completion of all the projects, SLNA retained the balance amounts without refunding to GoI/State Government. There was shortfall in training programmes. Monitoring system was not effective and social audits were not conducted in the test-checked projects.

4.13 Recommendations

Audit recommends the following measures for consideration of the Government:

- *Identified slums should be notified within the stipulated period and immediate steps should be taken to relocate the people from slums in hazardous areas.*
- *Convergence of the programme with other stakeholders for provision of components under health, education and social security should be explored.*
- *Action should be initiated for de-notification of slums on completion of provision of infrastructure facilities.*
- *Monitoring mechanism should be strengthened in the areas of training and capacity building, social audit etc.*

During the exit conference in December 2015, Government accepted the recommendations of Audit and stated that initiatives would be taken to ensure notification and de-notification of slums. Further, Government stated that possibility of convergence would be looked into.

