

Chapter - V

Development Projects

5.1 Introduction

Development projects includes sectors relating to Tourism, Agriculture, Horticulture, Urban Development etc. including funding for Externally Aided Projects. There are 13¹ projects with a total project outlay of ₹ 5,521 crore in this sector. Out of these 13 projects, five projects with an outlay of ₹ 2,285 crore as detailed in **Table 5.2.1** were selected for test check in Audit. The findings thereof are discussed in the succeeding paragraphs.

Table 5.2.1: Details of project cost and expenditure as on March 2019

(₹ in crore)					
Sl. No.	Projects	Project cost	Funds sanctioned	Expenditure (March 2019)	Unutilised funds (Percentage)
1.	Atal Mission for Rejuvenation and Urban Transformation (AMRUT)	744	328.88	250.00	78.88 (24)
2.	Balance Central share liability of ongoing JnNURM projects for the State of Jammu & Kashmir	163	130.24	78.18	52.06 (40)
3.	EAP project of J&K Urban Sector Development Investment Programme	712	622.28	622.28	Nil
4.	Completion of pending projects under PMRP 2004: Counterpart Funding - ADB-II	566	313.96	313.96	Nil
5.	Construction of Govt. Tourist assets in lieu of damaged/ destroyed assets	100	74.70	45.09	29.61 (40)
Total		2,285	1,470.06	1,309.51	160.55 (11)

(Source: Departmental Monitoring report on PMDP-2015 - Status as on 31 March 2019)

Against the total project cost of ₹ 2,285 crore for the five selected projects mentioned above, an amount of ₹ 1,470.06 crore was released and an expenditure of ₹ 1,309.51 crore had been incurred with an unutilised balance of ₹ 160.55 crore (11 per cent) as of 31 March 2019.

1 (i) Development of Tourism in the State (₹ 400 crore for 5 years) New Projects; (ii) Construction of Government Tourist assets in lieu of damaged/ destroyed assets; (iii) 12 Development Authorities, 3 Tourist circuits, Setting up of 50 Tourist villages proposed under PMRP 2004 and Conservation of Wular lake; (iv) AMRUT; (v) Smart Cities Mission; (vi) Swachh Bharat Mission; (vii) Balance Central share liability of ongoing JnNURM projects for the State of Jammu & Kashmir; (viii) Construction of Cold Storage facilities at Leh & Kargil; (ix) 50 per cent subsidy support for setting up solar driers; (x) Modernization of NIT Srinagar; (xi) EAP project of J&K urban sector development investment programme; (xii) Completion of pending projects under PMRP 2004: Counterpart Funding- ADB-II; and (xiii) Completion of pending projects under PMRP 2004: Rehabilitation of Dal- Nageen Lake.

Housing and Urban Development Department

5.2 Atal Mission for Rejuvenation and Urban Transformation

5.2.1 Introduction

The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme was launched by the Government of India (GoI) in June 2015 in the erstwhile State of Jammu & Kashmir. Under AMRUT, all cities above one lakh population were designated as Mission cities. The AMRUT scheme was subsumed in the Prime Minister's Development Package (PMDP) with effect from November 2015.

The objective of the AMRUT scheme was to:

- Ensure access to tap water with assured supply and sewerage connection for every household;
- Increase aesthetic value of cities by developing greenery and well maintained open spaces; and
- Reduce pollution by switching to public transport or constructing facilities for non-motorised transport.

In the erstwhile State of J&K, five mission cities² were selected (June 2015/ June 2016) by the GoI under the AMRUT scheme, where 92 sub-projects³ under five sectors⁴ were identified for execution by the Housing and Urban Development Department, GoJ&K. An Apex Committee (AC) was constituted (August 2015) by the GoI, with the Secretary, Ministry of Urban Development (MoUD), GoI and representatives of related Ministries of GoI and organisations supervising the Mission at national level as members. The AC is mandated to approve a State Annual Action Plan (SAAP) submitted by the State Level High Powered Steering Committee (SHPSC) constituted in October 2015 and chaired by the Chief Secretary, GoJ&K. The SHPSC is also responsible for identifying gaps in infrastructure on the basis of Service Level Benchmarks (SLBs)⁵ and for approving projects after being technically appraised and sanctioned by State Level Technical Committee (SLTC) constituted in October 2015.

Out of the five Mission cities in the erstwhile state of J&K, four sample Mission cities (Anantnag, Jammu, Leh and Srinagar) were selected in Audit by judgemental sampling method taking the criteria of expenditure and social factors into consideration.

² (i) Anantnag, (ii) Jammu, (iii) Kargil, (iv) Leh and (v) Srinagar.

³ Initially there were 92 sub-projects to which one more sub-project was also added, however, subsequently two sub-projects were dropped leaving behind 91 sub-projects to be executed as of September 2020.

⁴ (i) Water supply, (ii) Sewerage and septage, (iii) Drainage, (iv) Urban transport and (v) Green spaces/parks.

⁵ Set of standard performance parameters for water and sanitation sectors as per Ministry of Urban Development (GoI).

5.2.2 Financial management

The funds for the AMRUT scheme were to be shared by the GoI and GoJ&K in the ratio of 90:10. The status of funds sanctioned by the GoI and the GoJ&K under the scheme to the State Mission Director (AMRUT), GoJ&K and its further release by Mission Director to designated officers of Mission cities, during the period 2015 to 2019 is given in **Table 5.2.2**.

Table 5.2.2: Financial status as on 31 March 2019

Year	Opening balance	Funds released during the year		Interest Accrued	Funds available	Funds released by Mission Director to the designated officers of Mission cities	Unutilised balances with Mission Director
		GoI Share	GoJ&K Share				
2015-16	-	31.77	13.75	0.08	45.60	0.003	45.60
2016-17	45.60	37.89	-	1.73	85.22	64.01	21.21
2017-18	21.21	202.65	24.00	1.09	248.95	54.32	194.63
2018-19	194.63	11.32	7.50	1.18	214.63	200.87	13.76
Total		283.63	45.25	4.08		319.20	

(Source: Departmental records)

During the period from 2015-2016 to 2018-2019, funds ranging between ₹ 13.76 crore and ₹ 194.63 crore had remained unutilised with the Mission Director.

Further, project funds ranging between ₹ 25.48 crore to ₹ 54.73 crore were lying unutilised with six⁶ designated offices of Mission cities/ implementing agencies at the close of each year during the period from 2015-2016 to 2018-2019 resulting in blockage of funds. Against the availability of ₹ 181.86 crore⁷ during the year 2019-20, an amount of ₹ 141.73 crore was released by the Mission Director, leaving a balance of ₹ 40.13 crore unutilised as of 31 March 2020.

The Mission Director, as per guidelines⁸ was required to release funds either directly to the Urban Local Bodies (ULBs)/ parastatals into their nodal accounts or keep the funds in one single account with any scheduled Bank. The funds were required to be released through the Public Financial Management System (PFMS). However, the State Mission Director (AMRUT) had neither kept scheme funds in a single Bank account nor were funds released through PFMS to the ULBs/ parastatal during the period 2015-2016 to 2018-2019. Further, the designated offices of the Mission cities of Jammu Municipal Corporation (JMC), Srinagar Municipal Corporation (SMC), Director ULB Kashmir and Chief Executive Officer (CEO), Leh did not maintain separate accounts of scheme funds, as per the scheme guidelines. As a result, the expenditure incurred by the designated officers of Mission cities and implementing agencies under the scheme during the period 2015 to 2019 was not available either with the Mission Director or at Administrative Department level.

⁶ (i) Jammu Municipal Corporation (JMC): ₹ 4.27 crore, (ii) Chief Executive Officer (CEO), Leh: ₹ 11.85 crore, (iii) Chief Engineer, UEED, Srinagar: ₹ 14.85 crore, (iv) Executive Engineer, UEED Jammu: ₹ 11.53 crore, (v) Srinagar Municipal Corporation (SMC): ₹ 0.49 crore and (vi) Director Urban Local Bodies (ULBs), Kashmir: ₹ 11.74 crore.

⁷ Includes opening balance of ₹ 13.76 crore and interest of ₹ 0.80 crore.

⁸ Para 9.5 of the guidelines of AMRUT scheme.

The Department/ implementing agencies were registered with the PFMS belatedly⁹. As a result, an important tool for real time monitoring of utilisation of funds could not be utilised, despite being stipulated in the guidelines¹⁰ of the scheme.

5.2.3 Scheme implementation

Award of contract

Execution of works in respect of five sectors that were taken up under the scheme in the five mission cities are the following:

- Water supply;
- Sewerage and septage;
- Drainage;
- Urban transport; and
- Green spaces/ parks

The sector wise status of sub-projects approved and completed in the mission cities, as of March 2019 is given in the **Table 5.2.3**.

Table 5.2.3: Status of Sector-wise sub-projects as of March 2019

Sector	Water supply	Sewerage and Septage	Urban Transport	Drainage	Green spaces/ parks	Total
Sub-projects approved	11	14	19	31	17	92
Expenditure incurred (₹ in crore)	15.00	72.00	50.00	103.00	10.00	250.00
Sub-projects awarded	11	12	17	31	16	87
Sub-projects completed	0	1	3	11	10	25
Percentage completion of sub-projects	0	7	16	35	59	27
Sub-projects sampled in audit	3	11	12	13	6	45

(Source: Departmental records)

As seen from the **Table 5.2.3**, out of 92 sub-projects under the scheme, works for execution of 87 sub-projects had been awarded during the period from June 2015 to March 2019 and execution of 25 sub-projects (27 per cent) was completed as of March 2019. As per the information furnished by the Department, execution of 31 sub-projects during the period from April 2019 to September 2020 had been completed. Audit sample of 45 sub-projects (as detailed in **Appendix 5.2.1**) was selected by adopting the criteria of expenditure and social factors into consideration as detailed in **Appendix 1.2**.

Significant audit findings in respect of four¹¹ sectors (out of five) are mentioned in the succeeding paragraphs.

⁹ March 2018 to August 2020.

¹⁰ Paragraph 9.5 of the scheme guidelines.

¹¹ (i) Water supply; (ii) Sewerage and septage; (iii) Drainage; and (iv) Urban transport.

5.2.4 Progress of execution of projects

(A) Water Supply Sector

The guidelines¹² of the AMRUT scheme envisages that the urban local body of the mission city was required to prepare Service Level Improvement Plans (SLIP) for identification of service level gaps in water supply zones and sewerage/ septage so that each household of the mission city is included for the water supply and sewerage/ septage connections. However, of 11 sub-projects under water supply sector, only one sub-project has been completed (September 2020).

Audit scrutiny of three¹³ sampled sub-projects in the selected four Mission cities revealed the following deficiencies in the two sub-projects.

5.2.4.1 Water supply schemes

I. Leh

Under the 'Augmentation and Reorganisation of left out areas of Leh town' sub-project, Bamgarh Zone was approved by State Level High Powered Steering Committee (SLHPSC) under State Annual Action Plan (SAAP) 2015-16 for supply of drinking water. The DPR (May 2016) of water supply scheme envisaged laying of the distribution network, rising main, construction of Service Reservoir (SR), installation of pumping machine/ creation of sub-station and construction of chowkidar quarter at an estimated cost of ₹ 4.88 crore.

Audit examination (September 2019) of records of the Executive Engineer (EE), Public Health Engineering (PHE) Division, Leh revealed that identification and selection of the site of the area/ zone for which water supply scheme was made and approved (May 2016) was a dumping site, without any built up area or a residential colony. The Department, without reviewing the site conditions of the area/ zone allotted (November/ December 2016 and April 2017) works of the scheme to contractors for laying of main distribution line, construction of service reservoir and laying of rising main. Only three¹⁴ components out of six¹⁵ of the work, were completed (September 2020) and work on other three¹⁶ components was under progress. As a result, the work of the sub-project of the scheme was not completed, despite incurring an expenditure of ₹ 3.06 crore by the Department.

The Director Planning, H&UDD, GoJ&K stated (August 2020) that the scheme was targeted to be fully completed in current working season and attributed delay in its completion to limited working season in Ladakh region.

¹² Para 6 of AMRUT guidelines.

¹³ (i) Providing water supply to the University area Anantnag, (ii) Providing/ laying, commission and maintenance of old Ganderbal power house water treatment plant and (iii) Providing/ laying of distribution network etc. at Leh.

¹⁴ Construction of service reservoir; Chowkidar quarter and chain link fencing.

¹⁵ Construction of service reservoir; rising main; distribution network; chowkidar quarter; chain link fencing and pumping machinery.

¹⁶ Rising main; distribution network and pumping machinery.

The reply is silent regarding the audit observation of site selection and non-existence of the built up area.

The Department should take steps on priority for gainful utilisation of the assets created so as to ensure achievement of the objective of the project along with safe water supply.

II. Anantnag

In order to provide drinking water supply to the University Campus, South Kashmir at Anantnag, a water supply project at an estimated cost of ₹ 6.20 crore (civil cost: ₹ 3.08 crore and mechanical cost: ₹ 3.12 crore) was approved (December 2016) by the SHPSC. The EE, Public Health Engineering Division, Bijbehara allotted execution of civil components of scheme to a contractor at a cost of ₹ 1.62 crore (March 2017), for completion within 180 days.

As per the available records of PHE Division, Bijbehara, the contractor could not start construction of 2.60 lakh gallon service reservoir at identified site at Sarnal, Anantnag due to non-acquisition of land by the Department. Though an alternate site was provided by the District administration after a gap of 18 months (September 2018), the site required significant earth work for construction of service reservoir. This led to increase in cost of the scheme by ₹ 0.74 crore.

An expenditure of ₹ 1.65 crore had been incurred (September 2020) on civil components of the scheme, which were still incomplete. Further, the electro-mechanical machinery and equipment costing ₹ 2.49 crore procured by the EE, Mechanical Division, Awantipora during the period February to March 2019 were installed (June 2020) after a gap of more than one year from the date of procurement and have been commissioned (September 2020).

After being pointed out (January 2020) in Audit, the EE, Mechanical Division, Awantipora stated (February 2020) that due to non-completion of civil structures, delayed transfer of land by the District Administration and turmoil in valley, expenditure incurred became unproductive. It was further stated (January 2021) that scheme could not be completed due to non-completion of civil works. The Executive Engineer, PHE Division, Bijbehara attributed (January 2020) delay in execution of work and cost escalation to change of site conditions and non-availability of land. Thus, non-availability of land before taking up work, resulted in delay in execution of the scheme, thereby rendering the expenditure of ₹ 4.14 crore¹⁷ largely unfruitful (September 2020).

(B) Sewerage and Septage sector

Out of 14 sub-projects under Sewerage and Septage sector, one sub-project was completed by March 2019 and additionally eight sub-projects were completed as of September 2020. In four sampled mission cities, 11 sub-projects were selected by

¹⁷ Civil components: ₹ 1.65 crore, Mechanical components: ₹ 2.49 crore.

Audit for test check. The audit findings in respect of six sub-projects are discussed in the following paragraphs.

5.2.4.2 Sewerage treatment plant and Sewerage network system

I. Jammu city

The Department decided (May 2016) to construct 4 Million Litre Day (MLD), Sewerage Treatment Plant (STP) with sewer network for discharge of sewage of Jammu city after treatment into river Tawi. The proposal was approved (May 2016) by SLTC/ SHPC and the land at village Rakh Raipur Satwari, Jammu was identified (June 2016) for construction of STP. The DPR was approved (3 August 2016) by the SHPC at a cost of ₹ 28.77 crore, however, subsequently it was decided (30 August 2016) to shift the location of STP at Bhagwati Nagar, Jammu due to non-acquisition of land at the identified site. Accordingly, the DPR for new location of project was revised at a cost of ₹ 27.51 crore (January 2017). Audit scrutiny revealed the following:

- The Chief Engineer, UEED, Jammu directed (April 2017) the EE, Sewerage and Drainage Division, Jammu to invite tenders for STP and Sewerage network separately. However, single tender was invited (May 2017) for both 4 MLD, STP and Sewerage network of five Nallahs. This tender was cancelled due to lack of response. Thereafter, tenders for construction of 4 MLD STP¹⁸ were invited again during July and August 2017 which could not be finalised either due to lack of response or receipt of single bid. Finally (September 2017), M/s M. M Enviro Project Private Limited (being L-1 among three bidders) was awarded (November 2017) construction of STP at a cost of ₹ 6.95 crore to be completed in two years. Tenders for the project were also delayed because the DPR referred to adoption of SBR technology¹⁹. The environmental clearance for construction of STP was not obtained (August 2020) from the State Pollution Control Board. The civil work has been completed to the extent of 80 *per cent*, procurement/ installation of electro mechanical equipment has been completed to the extent of 80 and 70 *per cent* respectively at an expenditure of ₹ 6.36 crore (November 2020). Thus, due to delay in tendering process, non-finalisation of contract in time, the construction of STP could not be completed as of November 2020 despite incurring an expenditure of ₹ 6.36 crore, with the result that untreated sewage water was still being discharged in river Tawi, causing pollution.
- Tenders for construction of sewerage network by the process of laying sewer lines, construction of manholes including house connections in respect of five Nallahs of Jammu city, were invited five times between May 2017 and October 2017. The bid could not be finalised (October 2017) due to lack of response to the tenders. A single firm responded to the sixth tender call (November 2017) and quoted price of ₹ 29.60 crore against advertised cost of

¹⁸ On SBR technology including operation and maintenance for five years, construction of office building, boundary wall, approach road and all electro mechanical components.

¹⁹ SBR (Sequential Batch Reactors) are a type of activated sludge process for the treatment of waste water.

₹ 20.60 crore. A committee constituted in November 2017 headed by the Superintending Engineer (S&D circle), Jammu reported (December 2017) that rates quoted in BOQ by the Department had been inadvertently mentioned for NP (Non-Pressure)-2 RCC (Reinforced Cement Concrete) pipes instead of NP-3 RCC pipes, resulting in increase in cost of the project to ₹ 27.54 crore. The Consent for execution of work at a negotiated cost of ₹ 27.54 crore was sought (December 2017) from the bidder by the EE (S&D), Division, Jammu. The SLCC however, decided (February 2018) that the cost of ₹ 22.60 crore (being 10 per cent above advertised cost of ₹ 20.60 crore) be offered to the bidder. Thereafter, the work was allotted (April 2018) to the contractor at a cost of ₹ 22.60 crore to be completed in 18 months (i.e. by September 2019). The Contractor, after conducting a survey, reported (August 2018) that fresh creeks had developed on the proposed trunk sewer line alignment. Further, due to narrow width of river in the proposed alignment, velocity of flowing water was extremely high during rainy season which could cause failure of the structure, therefore laying sewer line on the left side of the river on gravity basis was not possible due to anomalies found at ground levels. Thereafter, the contractor proposed (August 2018) redesigning/ realignment of trunk sewer by constructing pumping station at different locations and accordingly submitted (March 2019) revised design to the Department. The contractor again reported (April 2019) that proposed trunk sewer line could not be laid without disturbing existing structures in the vicinity of bridges. The Department requested (April 2019) the District Development Commissioner, Jammu for providing 33 *Marlas* land at different locations for construction of four Intermediate Pumping Stations for the project. The Executive Engineer, (S&D) Division, Jammu thereafter revised the cost of the project to ₹ 51.67 crore (July 2020) against original estimate of ₹ 27.51 crore with an overall cost overrun of ₹ 24.16 crore. The revised cost, however is yet to be approved (November 2020). The contractor completed construction of 17 Kms (out of 36.45 Kms)/ trunk line of 2,200 meters (out of 5.48 Kms) at an expenditure of ₹ 9.82 crore (November 2020). The construction of sewerage network system of five nallahs could not be commenced due to non-availability of encumbrance free land and preparation of estimates without adequate survey, which was indicative of its faulty planning, thereby resulting in denial of intended benefits of the scheme to the public.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UUD stated (August 2020) that execution/ completion of sub-project was delayed due to land dispute at initial stage that was resolved and the project was targeted to be completed in current year, whereas construction of sewerage network on five Nallahs was under execution and 40 per cent work stood completed (August 2020). The fact remains that work on the project was still incomplete, as of November 2020.

5.2.4.3 Septage Management Projects

I. Septage Management project for Jammu city

In Jammu city, the effluent from septic tanks of households in the uncovered areas of Zone III was getting discharged directly in nearby Nallahs/ streams or open fields and ultimately flowing into the streams. To provide sewage facility in these areas²⁰, the project 'Septage Management Project (SMP)' was approved (May 2016) by SLTC, under the scheme. The land for construction of SMP was identified at Chatha, Jammu and the DPR based on ASP technology was prepared by the consultant²¹ for the project, at an estimated cost of ₹ 8.65 crore. The project had six²² components which also included the construction of Septage Treatment Plant (STP) at Bhagwati Nagar, Jammu to cater to the requirements of the areas under 'B' and 'C' Divisions of Jammu city, instead of specific areas of Zone III as the Floriculture Department did not hand over the land at Chatha to UEED.

Audit examination of records (June 2019) revealed the following:

(i) As per the DPR, the Septage Treatment Plant of 164 KLD capacity at an estimated cost of ₹ 5.53 crore was based on Activated Sludge Process (ASP) technology²³. The trial run of all essential units was to be carried out for six months after testing and commissioning. As per the records of the EE, (S&D) Division, Jammu, the bids were invited between July 2016 and September 2016 for construction of Septage Treatment Plant on ASP technology by the Department at Bhagwati Nagar, Jammu. The tender could not be finalised due to the bids not fulfilling the required conditions. The Contract Committee of the Department decided (March 2017) that possibilities for the STP be explored for adopting the latest technology only after obtaining clearance from State Pollution Control Board (SPCB) and expertise from IITs/ National Environment Engineering Research Institute. The EE, SPCB suggested analysis of samples of actual septage at different locations for various parameters²⁴ and thereafter suggested modified version of septic tanks with Anaerobic Digester to treat septage anaerobically, as ASP technology was not cost effective and pragmatic. The Department allotted (August 2017) the work of construction of STP (capacity: 164 Kilo Litre per Day (KLD)) based on ASP technology to a contractor²⁵ on turnkey basis at an estimated cost of ₹ 4.37 crore, without obtaining clearance from the SPCB. The firm was selected on single tender basis and work for construction of STP was to be completed within 12 months and in case of delay in completion of work, penalty up to 10 *per cent* of the contract value was to be imposed for first six months.

²⁰ (i) Bahu east, (ii) Bahu west, (iii) Gandhi Nagar, (iv) Trikuta Nagar and (v) Nanak Nagar.

²¹ M/s ALPS Engineers PMR Associates.

²² Activated Sludge Process (ASP) type Septage Treatment Plant complete (₹ 3.52 crore), vehicle and equipment (₹ 3.11 crore), Building and other allied works (₹ 89.92 lakh), Electrification (₹ 11.72 lakh), Transformer and transmission line (₹ 58.41 lakh) and Project contingencies (₹ 41.15 lakh).

²³ As per Environment Engineer (SPCB) Jammu, dry mass having high values of BOD are to be diluted first with water to create effluent having parameters as of sewage waste (low BOD and TSS value) and treated later on through ASP.

²⁴ Like bio-chemical oxygen demand, chemical oxygen demand and total solids etc.

²⁵ M/s Sophisticated Industrial Materials, New Delhi.

However, after incurring an expenditure of ₹ 4.16 crore as of November 2020, work on construction of STP (excluding allied works) was completed (September 2020) after a delay of twenty six months and the plant was put on trial run. However, allied works of the sub-project were still in progress (November 2020) with the result that the STP could not be put to use rendering expenditure of ₹ 4.16 crore unfruitful. Further, no penalty had been imposed on the firm/ contractor for the delay.

II. Septage Management Scheme for Srinagar city

AMRUT guidelines (Para 6.10) stipulated that no project should be taken up for execution unless land is available and no project work order should be issued unless clearances from all concerned Departments have been received. As per the survey carried out by the Sewerage and Drainage Division-I, Srinagar, effluent from septic tanks in Zone-I²⁶ and Zone-II²⁷ of Srinagar city was discharged directly into nearby Nallahs or open field and undigested sewage²⁸ was flowing directly into streams, thereby polluting water bodies and creating an unhygienic environment. The Septage Management Scheme for effective sewage treatment for these Zones was approved (May 2016) by SHPSC under AMRUT at an estimated cost of ₹ 18.75 crore. The components of the project included construction of two Septage Treatment Plants (STPs) at a cost of ₹ 11.26 crore and procurement of 54 Sucker Jetting machines²⁹ at a cost of ₹ 7.49 crore. Construction of two Septage Treatment Plants at Alluchi Bagh (for Zone I) and Achan (for Zone II) had been completed and commissioned (September 2020) at a cost of ₹ 7.67 crore (allotted cost of ₹ 8.59 crore). Audit scrutiny of records of the EE (S&D), Division-I, Srinagar revealed the following issues:

- Statutory clearances³⁰ for construction of STPs were not obtained (September 2020) and outlet of STP at Alluchi Bagh was flowing into the flood channel even as the clearances from respective Departments were pending (September 2020). On being pointed out in Audit (February 2020), EE(S&D), Division-I, Srinagar stated (February 2020) that the project had been completed (August 2018) and matter regarding 'No Objection Certificates (NoCs)' had not been taken up with the concerned agencies/ Departments. The EE further stated (January 2021) that NoC of one project (Achan) had been obtained and of other project (Allochi Bagh), NoC was under process.
- The Commissioner, SMC and Director, Urban Local Bodies, Srinagar initiated the process for procurement of 54 suction-cum-jetting machines (estimated cost: ₹ 7.49 crore) in December 2016 but could not finalise the tenders for the same till March 2019. Supply orders were subsequently placed (between May 2019 and July 2019) on recommendations (April 2019) of the committee constituted (April 2019) for procurement of 15 machines through GeM Portal, out of which

²⁶ Dal Gate, Lal Chowk, Rajbagh, Sarai Bala.

²⁷ Mehjoor Nagar, Natipora, Chanapora, Baghat Barzulla.

²⁸ Untreated waste water and excrement conveyed in sewers.

²⁹ Required for collection and transportation of septic waste of households to the STP.

³⁰ Pollution Control Board, Irrigation and Flood Control Department and Roads and Bridges Department.

12 machines were received (September 2020). The Executive Officer, Srinagar Municipal Corporation attributed (December 2019) delay in procurement of machines to non-finalisation of contract and stated that in the absence of requisite clearances, the actual performance indicators against the designed standards could not be assessed.

After the matter was referred (June 2020) to the Government, the Director Planning H&UDD, while accepting (August 2020) the audit contention stated that procurement of machine was delayed till completion of proposed Septage Management Plants (STPs) and that 12 machines (out of 15) had been received.

(C) Drainage sector

Out of 31 sub-projects under Drainage sector, 11 sub-projects had been completed as of March 2019 and additionally 12 sub-projects were completed as of September 2020. Of these, 13 sub-projects in four sampled mission cities were selected in Audit and the Important Audit findings in respect of one sub-project are as follows:

5.2.4.4 Storm water drainage scheme in Srinagar city

The EE, City Drainage Civil, Srinagar proposed (2016-17) a project for storm water drainage of Gangbug area of Srinagar city, as the area did not have a proper drainage system and surface water overflow caused flooding and water stagnation in the Gangbug area. The DPR of the project was approved (December 2016) under AMRUT at an estimated cost of ₹ 1.95 crore, which included laying of Ductile Iron (K7) pipes for 5,680 meters length of drain, with necessary manholes.

Audit noticed (February 2020) that EE, Civil Drainage Division, Srinagar laid 5,436 metres of the drain with RCC NP3 pipes instead of Ductile Iron (K7) pipes which were originally approved as per DPR, at a cost of ₹ 1.32 crore during the period from August 2017 to August 2018. The EE City Drainage Civil, Srinagar incurred (August 2018) extra expenditure of ₹ 74.85 lakh on laying of RCC pipes procured at higher rates against the approved Ductile Iron (K7) pipes.

After this was pointed out in Audit (February 2020), the EE, Civil Drainage Division, Srinagar stated (January 2021) that DPR was prepared by a firm³¹ and vetted by another Consulting firm³² without conducting survey/ examination of requirements and that the matter had been taken up with the consultant and action taken would be intimated to Audit. However, the contract was advertised as per BOQ approved by the competent authority.

The reply should be seen in light of the fact that though DPR had specified providing Ductile Iron (K7) pipes, yet the contractor had laid RCC NP3 pipes at higher rates.

(D) Urban Transport Sector

Urban Transportation sector is aimed at providing basic services to households and build up amenities in cities to improve the quality of life.

³¹ M/s WAPCOS Ltd.

³² M/s IPE Global.

Out of 19 sub-projects under Urban transport sector, which include traffic management system, contract for 17 sub-projects had been awarded, while construction of only three sub-projects had been completed (March 2019) and additionally four sub-projects were completed as of September 2020.

Of these, 12 sub-projects (out of 19) in four sampled mission cities were selected for Audit, on the basis of expenditure incurred and important Audit findings issues in respect of seven sub-projects are given in the succeeding paragraphs.

5.2.4.5 Jammu city

I. Traffic Management System

The DPR for 'Installation of Intelligent Traffic Light System (ITLS)' for Jammu city proposed by JMC under SAAP 2015-16 at an estimated cost of ₹ 27.50 crore³³ was approved (January 2016) by SHPSC with four main components³⁴. The objective of the project was that intelligent traffic lights system should be capable of integration with city surveillance system, interchange of data with the existing system of Vahan-Sarthi project of Regional Transport Office (RTO), generating real time reports and challans including images for presentation in the Court of law for investigation/analysis.

Against four components of work, the JMC invited tenders³⁵ for three components with tendering for one component³⁶ being excluded. The tenders could not be finalised by the JMC between April 2016 and June 2016, due to participation of less than three bidders. On the third occasion (September 2016) two bidders out of three bidders³⁷ were found to be lacking in at least one of the essential pre-qualification requirement³⁸ by the SLCC during the technical evaluation (November 2016). The SLCC decided (November 2016) to allot contract to the sole qualified bidder to M/s DIMTS at a cost of ₹ 14.25 crore, who was declared qualified (November 2016) by the contract committee in Technical/ Financial evaluation, with the work to be completed within six months from the date of allotment order (January 2017). The firm was required to provide an integrated system to control and monitor all 64 intersections from a common command control center. The traffic lights at 64 junctions including setting up of a control room were completed (June/October 2018) at a cost of ₹ 14.51 crore. After installation of traffic lighting system at 64 intersections, the Traffic Department placed (between March 2018 and

³³ Including ₹ 8.40 crore for comprehensive AMC from 3rd year upto 10th year of its completion.

³⁴ (1) 'Survey, design, supply, installation, commissioning and maintenance of intelligent traffic signal system with operation & monitoring of traffic lights from a centralized control room remotely at 34 locations in Jammu city'; (2) Upgradation of all existing 30 fixed time standalone traffic signal system to intelligent traffic system with operation and monitoring of the traffic lights from a centralized control room remotely; (3) Survey, design, supply, installation, commissioning and maintenance of pedestrian signal lights at existing 30 locations in Jammu city'; and (4) Survey, design, supply, installation, commissioning and maintenance of red light signal violation detection with vehicle registration number plate recognition system to cover one intersection in Jammu city.

³⁵ April 2016, June 2016 and September 2017.

³⁶ Survey, design, supply, installation and maintenance of Red Light Signal Violation Detection (RLVD) with vehicle registration number plate recognition system to cover intersections in Jammu city.

³⁷ M/s DIMTS (T-1); M/s ONNYX (T-2) and M/s J&K SICOP (T-3).

³⁸ Experience of maintenance of 40 lights with C-DAC technology.

July 2019) 31 intersections on signal mode and 33 intersections on blinking mode for periods ranging between 12 and 16 months, indicating the limited functionality of these traffic signals. This indicated that proper assessment of site, traffic and requirement of junctions was not made before installation of traffic lighting system.

After being pointed out in Audit, the EE (Electric), Jammu Municipal Corporation (JMC), while accepting the audit observation, stated (August 2019) that all junctions would be brought under the intelligent traffic management system in future and that tender for RLVD for 16 junctions was under way.

Thus, non-execution of work on Red Light Signal Violation Detection (RLVD) and non-existence of mechanism for monitoring violations of traffic signals at 64 intersections besides putting 33 signals at blinking mode defeated the very purpose of installation of Intelligent Traffic Lighting System and rendered expenditure of ₹ 14.51 crore incurred on the project largely unfruitful, as of December 2020.

II. Srinagar city

Keeping in view the heavy vehicular and pedestrian traffic, the Srinagar Municipal Corporation (SMC) in consultation with Traffic police authorities proposed (2015-16) installation and upgradation of Intelligent Traffic Lighting System³⁹ in Srinagar city. The project approved (December 2016) by SHPSC at an estimated cost of ₹ 15.92 crore was bifurcated into two phases. Work on Phase I of the project⁴⁰ was allotted (February 2017) at a cost of ₹ 4.15 crore to a contractor for completion in six months. Audit noticed (December 2019) that the contractor could not take up execution of work during March 2017 to September 2017, due to pending permission for road cuttings from Roads & Building (R&B) Department. The contractor finally started work in September 2017 and had completed 65 *per cent* of the work, as of September 2020.

The Joint Commissioner (Works), SMC, Srinagar stated (February 2020) that matter regarding start of work at new locations had been taken up with the Chief Engineer, PWD (R&B) Department, Kashmir and notice for delay in execution of work had been issued (October 2019) to the contractor. No progress had been achieved in allotment of second phase of the project to be executed at an estimated cost of ₹ 10.46 crore (January 2020). As of January 2021, work on the project was incomplete.

The Department, while accepting the audit observation, attributed (June 2020) the delay to law and order issues and pending permission for road alterations from R&B Department.

³⁹ Part-A: Installation of 21 new junctions: ₹ 6.95 crore, Part-B: Upgradation of existing 20 fixed time standalone: ₹ 4.23 crore, Part-C: Installation of Pedestrian Signal lights at existing 28 Junctions: ₹ 0.64 crore, Part D: Standalone Mode Traffic Signals at 21 Junctions and Part E: Installation of Red light signal violation detector at one intersection: ₹ 0.45 crore.

⁴⁰ Phase-I installation of 5 Junctions, upgradation of 5 Junctions, Standalone 10 Junctions, RLVD-1 Junction and installation of centralised control room at an estimated cost of ₹ 5.46 crore.

Thus, despite availability of funds, the very purpose of installation of system could not be achieved, as of September 2020.

5.2.4.6 Parking facilities

Projects for construction of Parking facilities at the four⁴¹ selected Mission Cities were taken up under AMRUT during 2015 to 2017. The succeeding paragraphs highlight audit findings regarding the parking facilities in the three selected Mission Cities.

I. Anantnag City

Construction of a multi-level car parking sub-project at Janglat Mandi, Anantnag was taken up (May 2017) by the Executive Engineer⁴² at an estimated cost of ₹ 17 crore. The work for construction of car parking was allotted (October 2017) to a contractor for ₹ 14.45 crore, to be completed within 24 months. The cost of the sub-project increased by ₹ 1.55 crore to ₹ 16 crore as the foundation was changed from pile to raft, on the basis of soil test carried out by the EE, Urban Local Bodies, Kashmir. This indicated that proper survey was not carried out while preparing the DPR. As of September 2020, about 85 per cent of the work of the sub-project was completed.

On being pointed out (December 2019) in Audit, the Executive Engineer, Urban Local Bodies, Kashmir stated (January 2020) that the DPR of the sub-project was prepared on the basis of assumed safe bearing capacity of soil, entailing change from pile to raft foundation, thereby enhancing allotted cost from ₹ 14.45 crore to ₹ 16 crore.

II. Jammu City

A. Panjthirthi

The JMC had initially engaged (2015-16), a firm⁴³ for conducting the geo-technical investigation of the site for construction of this sub-project. The firm reported (June 2015) that the proposed site was developed as a dumping area for more than 25 years. Although it was known that the site was a dumping ground, the same site was proposed by JMC (April 2015) to SLCC (July 2016) for taking up as a parking project under AMRUT. The SLCC approved (April 2017) the project and the work was allotted (June 2017) by the JMC to the contractor at a cost of ₹ 26.20 crore, to be completed in two years. Another consultant was engaged (August 2016) on nomination basis, for providing the designs and drawings and was paid ₹ 12.07 lakh⁴⁴.

The contractor was not able to start the work after allotment due to non-submission of working drawings by the consultant. Further, the Chief Engineer, Design, Inspections and Quality Control Department, Jammu, also advised (April 2018) to get the geological investigation of the site done which was conducted (May/ June 2018) by a

⁴¹ Anantnag (May 2017); Jammu (April 2015 and March 2017); Srinagar (2016-17); and Leh (2015-16).

⁴² Executive Engineer, Urban Local Bodies, Kashmir.

⁴³ M/s Bharat Analytic House Pvt. Ltd., Jammu.

⁴⁴ September 2017 and February 2018.

separate Consultant⁴⁵ at a cost of ₹ 13.69 lakh. The Geological Consultant reported (June 2018) that the site was filled with mixed waste material up to 16 meters and suggested to put the pit foundation at a minimum five metres below the filling area. The Joint Commissioner, JMC eventually proposed (August 2018) for the cancellation of the contract, due to probable increase of cost on new items of work necessitated by the deficiencies⁴⁶ in the selected site. The JMC had initially incurred (August 2017) an expenditure of ₹ 9.40 lakh for shifting of utilities from the site.

Thus, due to selection of unsuitable site, an expenditure of ₹ 35.16 lakh⁴⁷ incurred till January 2019 on Preliminary expenses and shifting of utilities, was rendered wasteful.

B. Peerkho

The project for construction of Multi-tier car parking was approved under AMRUT by the SLTC and SHPSC in March 2017 and August 2017 and was to be completed in October 2017 at an estimated cost of ₹ 19.90 crore along the right bank of Nallah near Peerkho temple, Jammu. An expenditure of ₹ 25.60 lakh had been incurred (May/June 2017) on preparation of DPR of the project. The contract could not be finalised till September 2018 due to difficult site conditions including steep hill slope at the proposed site. The proposal for construction of the car parking even at the proposed alternate site along the bank of river Tawi was dropped, due to non-availability of encumbrance free land.

The selection of unsuitable land for construction of multi-level car parking at the site resulted in wasteful expenditure of ₹ 25.60 lakh on preparation of DPR. The Joint Commissioner (works) JMC confirmed (October 2019) that proposal had been dropped due to non-availability of land.

III. Srinagar City

Work for construction of car parking at Sheikh Bagh, Srinagar was allotted (April 2017) for ₹ 22.61 crore to a contractor to be completed within 36 months. The Department revised (June 2018) the DPR of this sub-project due to three chinar trees coming in the alignment of the car parking. This led to increase in cost of the project by ₹ 43 lakh on account of increase in plinth area, indicating that proper survey was not done before preparing the DPR.

As of September 2020, project works to the extent of 59 *per cent* had been completed after incurring expenditure of ₹ 15.43 crore. While accepting the Audit Observation (January 2020), the Financial Advisor and Chief Accounts Officer of Srinagar Development Authority attributed the delay and increase in cost to bottlenecks coming to the notice of executing agency after start of work, entailing change in project design/ specification.

⁴⁵ M/s Ishan Calibration, Jammu.

⁴⁶ The site included two terraces with sloped surface area (40 *per cent* of total area), and the initial estimate of the project was prepared assuming Soil Bearing Capacity (SBC) in a plain area and no geo-tech investigation was carried out in the sloped part of the land comprising waste fill in material

⁴⁷ (i) Shifting of utilities: ₹ 9.40 lakh; (ii) Total of consultancy services: ₹ 25.76 lakh.

5.3 Balance Central share liability of ongoing Jawaharlal Nehru National Urban Renewal Mission projects for the State of Jammu and Kashmir

5.3.1 Introduction

The Jawaharlal Nehru National Urban Renewal Mission (JnNURM) launched by the Ministry of Urban Development (MoUD), Government of India (GoI) in December 2005 and was implemented in the State of Jammu and Kashmir in 2007. The Mission, a reform driven fast track programme to ensure planned development of identified cities; focused on efficiency in urban infrastructure/ service delivery mechanism, community participation and on enhancing accountability of Urban Local Bodies (ULBs). The Mission had four sub-missions which included Urban Infrastructure and Governance (UIG), Basic Services to the Urban Poor (BSUP), Urban Infrastructural Development Scheme for Small and Medium Towns (UIDSSMT) and Integrated Housing and Slum Development Programme (IHSDP). The MoUD instructed (August 2015) that all incomplete projects under the scheme sanctioned during the period 2005-12 in which 50 *per cent* or more of the additional central assistance had been released and physical progress was 50 *per cent* or more as on 31 March 2014, as well as all such projects sanctioned during the period 2012-14 would be funded under AMRUT. Out of all the projects of JnNURM, J&K, seven projects⁴⁸ which could not be completed due to cost revision, non-availability of second/ final instalment and incorporation of some additional components were targeted under funding from the Prime Minister's Development Package (PMDP).

The MoUD, GoI acts as nodal ministry for implementation of projects under UIG/ UIDSSMT. The Commissioner/ Secretary Housing and Urban Development Department assisted by the Chief Executive Officer (CEO), Jammu and Kashmir State Urban Infrastructural Development Agency (SUIDA) oversee the implementation of the Mission in the State. Four out of seven projects were implemented by the Chief Executive Officer, Ladakh Autonomous Hill Development Council (LAHDC), Leh, one road project each of Doda and Ganderbal was implemented by the Directors, Urban Local Bodies, Kashmir and Jammu while one Sewerage project, Srinagar pertaining to Srinagar Municipal Corporation was executed by the National Building Construction Corporation.

5.3.2 Financial Status

The seven held up projects, with an estimated cost of ₹ 378.75 crore, were sanctioned during 2005 to 2014 under erstwhile JnNURM. The GoI released additional ₹ 127.24 crore under the PMDP during February-March 2017 on these projects apart from ₹ 188.39 crore released under JnNURM. The project-wise status of funds sanctioned and released along with expenditure incurred during the period from 2013 to 2020, is given in the **Table 5.3.1**.

⁴⁸ Two projects sanctioned (1) Sewerage Project, Srinagar (2) Road Project, Doda during the period 2005-12 and five projects (1) Road Project, Ganderbal (2) Water supply scheme, Leh (3) Improvement of Road Network, Leh (4) Solid waste Management, Leh and (5) Sewerage Project, Leh sanctioned during the period 2012-14.

Table 5.3.1: Position of funds

(₹ in crore)

Sl. No.	Name of the Project	Additional assistance released by GoI			State share released	Total assistance released	Expenditure incurred	Unutilised funds (Percentage)
		Previous scheme ⁴⁹	PMDP	Total				
1.	Sewerage Scheme, Srinagar	77.76	21.30	99.06	13.29	112.35	112.35	- (0)
2.	Road Project, Doda	1.94	1.94	3.88	0.43	4.31	2.28	2.03 (47)
3.	Road Project, Ganderbal	10.88	6.19	17.07	1.21	18.28	16.05	2.23 (12)
4.	Water Supply Scheme, Leh	31.72	31.72	63.44	3.52	66.96	50.74	16.22 (24)
5.	Improvement of Road Network, Leh	34.44	34.44	68.88	3.83	72.71	63.85	8.86 (12)
6.	Solid waste Management, Leh	4.92	4.92	9.84	0.55	10.39	8.64	1.75 (17)
7.	Sewerage Project, Leh	26.73	26.73	53.46	2.97	56.43	40.77	15.66 (28)
	Total	188.39	127.24	315.63	25.80	341.43	294.68	46.75 (14)

(Source: Departmental records)

Against sanctioned cost of ₹ 378.75 crore in respect of seven projects, the total Central share committed was ₹ 327.58 crore and the balance amount of ₹ 51.17 crore was to be provided by the State. As of March 2020, a total of ₹ 341.43 crore⁵⁰ was released, out of which an expenditure of ₹ 294.68 crore was incurred, leaving ₹ 46.75 crore (14 per cent) unutilised.

After the matter was referred (June 2020) to the Government, the Director Planning, Housing and Urban Development Department (H&UDD) stated (August 2020) that Central assistance of ₹ 21.30 crore released for Sewerage Project, Srinagar had been utilised in full while against release of ₹ 8.13 crore for Road Projects, Doda and Ganderbal under the PMDP, ₹ 3.96 crore had been utilised for Road project Ganderbal and balance was being refunded to the GoI.

5.3.3 Project execution

The works under the five projects⁵¹ selected for test check (estimated cost: ₹ 221.65 crore) of the Mission executed by the State/ UT Government were not complete, as of March 2020 due to non-acquisition of land, non-finalisation of contracts, delayed process in settlement of issues and incorporation of additional components of works of these projects. Audit examination of records relating to implementation of selected projects revealed the following.

5.3.3.1 Improvement of Road project in Doda

A DPR for improvement of interior roads of Doda town at a cost of ₹ 4.56 crore was prepared by the Public Works (R&B) Department, with a view to accommodate 500 Passenger Car Units (PCU) per day against existing capacity of 25 units per day and to provide connectivity to interior areas of Doda town for mobility of goods and passengers and relief and rehabilitation services during natural calamities. The project

⁴⁹ Prime Minister's Reconstruction Plan

⁵⁰ Centre: ₹ 315.63 crore and State: ₹ 25.80 crore.

⁵¹ 1. Road project Doda; 2. Water supply scheme, Leh; 3. Improvement of Road Network, Leh; 4. Solid waste Management, Leh and 5. Sewerage Project Leh.

was approved (December 2006) by the State Level Steering Committee (SLSC)⁵² at an estimated cost of ₹ 4.31 crore to widen three⁵³ interior roads to single lane and construct a new double lane road. Land was to be acquired by the Department for which a provision of ₹ 96 lakh for compensation had been kept in the DPR. As per UIDSSMT guidelines, implementing agencies were required to open and maintain separate Bank accounts for each project in a Commercial Bank for all receipts and expenditure. Audit examination (June 2019) of records of the Executive Engineer (EE), R&B Division, Doda revealed that ₹ 4.31 crore was released under UIDSSMT (₹ 2.37 crore)/ PMDP (₹ 1.94 crore) by the Director, ULB, Jammu to the Division for construction of roads during 2007-08 to 2018-19. Out of ₹ 4.31 crore, an amount of ₹ 2.28 crore was spent (September 2020) on construction of these three roads, while as ₹ 1.94 crore had remained un-utilised in the current Bank account and was subsequently remitted (November 2019) into the Government account. Audit noticed (June 2019) that despite incurring expenditure of ₹ 1.04 crore on works of two roads⁵⁴ allotted between March 2008 and January 2009, the project could not be completed due to non-acquisition of land, before award of contracts and stay orders issued (October 2013) by the Jammu and Kashmir High Court. Audit further noticed that EE, R&B Division, Doda after incurring expenditure of ₹ 1.20 crore on the third road⁵⁵ submitted (December 2018) a revised estimate of ₹ 4.02 crore to the District Superintending Engineer, PWD (Roads & Buildings), Doda for accord of administrative approval as the work could not be completed in time due to delayed settlement of land compensation cases. The administrative approval was not accorded as of March 2020. Due to non-acquisition of encumbrance free land before allotment of work, construction of roads could not be completed (September 2020) even after incurring expenditure of ₹ 2.28 crore, besides objective of providing improved connectivity to the interior areas of Doda town for mobility of passengers and goods could not be achieved.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UDD stated (August 2020) that execution of work on two road projects could not be carried out in full due to non-acquisition of land which was objected to by the land owners and stayed by the High Court and widening of link road was completed up to 50 *per cent*. It was further stated that work was unlikely to be executed in near future and that unspent balance of ₹ 2.01 crore was being refunded back to the GoI.

⁵² Comprising Chief Minister/ Minister of Urban Development/ Minister of Housing as Chairman, Minister of Urban Development as Vice-Chairman and Minister Housing, Concerned Mayors/ Chairpersons of Urban Local Bodies, MPs/ MLAs, Secretary (PHE), Secretary (MA), Secretary (Finance), Secretary (Housing) as members and Secretary (Urban Development) as Member Secretary.

⁵³ (1) Link road from Agriculture complex to Bharath (2) Link road from New Bus stand to Nagri Via Tondwah (3) Old Iddgah road and its extension upto Akramabad.

⁵⁴ (1) Link road from Agriculture complex to Bharath (2) Link road from New Bus stand to Nagri Via Tondwah.

⁵⁵ Old Iddgah road and its extension upto Akramabad.

5.3.3.2 Solid Waste Management project, Leh

The Ladakh Autonomous Hill Development Council entrusted preparation of DPR for Solid Waste Management System (SWMS) for Leh town to M/s Tetra Tech, New Delhi during the year 2007-08. As per the DPR, 13.53 tons of waste was generated in Leh town per day, of which 6.27 tons was bio-degradable, 3.27 tons recyclable and 1.84 tons construction waste. The components of SWMS included primary and secondary waste collection, storage and transportation of waste, followed by processing and disposal. The SLSC approved (March 2013) SWMS under UIDSSMT, at an estimated cost of ₹ 10.94 crore. The SWM facility was proposed at a site located at village Chuchot/ Stoke by the Municipal Council, Leh.

Audit scrutiny (September 2019) of records of the Executive Engineer (EE), Construction Division, Leh revealed that the Division, constructed an approach road at a cost of ₹ 40.02 lakh during the period from October 2013 to November 2015, in anticipation of acquisition of land at Chuchot for establishment of SWMS Project. Due to objection raised by locals to the construction of SWMS, the site was changed (August 2015) to Shakshaliyu due to which the constructed portion of road could not be utilised (September 2019) resulting in unfruitful expenditure of ₹ 40.02 lakh. The key construction material purchased by the Division at a cost of ₹ 2.50 crore during October 2013 to March 2014 had not been utilised on the project and was diverted (September 2013 to April 2016) and utilised on construction of roads and buildings not related to the Project.

Audit further noticed (September 2019) that EE, Construction Division, Leh awarded (November 2016 and August 2017) the work 'Construction and assistance in operation and maintenance of in-vessel compost plant and development of Solid Waste Management System' at Shakshaliyu on a turnkey basis to M/s WAPCOS Limited. The Department revised (July 2017) DPR of the project and the revised cost was retained at ₹ 10.94 crore but some components⁵⁶ of previous DPR had been deleted to increase cost of other components, resulting in cost escalation of ₹ 1.76 crore in respect of these components. Audit further noticed that M/s WAPCOS Limited in turn awarded (December 2017) execution of work at a cost of ₹ 5.89 crore to M/s 3R Management Private Limited for completion within 12 working months. However, execution of the project had not been completed by the contractor as of March 2020. Reasons for non-completion were not provided by the Department.

Audit also observed that 10,000 dust bins purchased by the Municipal Committee, Leh at a cost of ₹ 75.28 lakh against an allocation of ₹ 80 lakh during 2015 to 2016 for primary collection of waste had been issued to the householders. The Department had belatedly allotted (September 2019) construction of Sanitary Landfill at the site to M/s 3R Management Private Limited, New Delhi at a cost of ₹ 1.05 crore for completion of work in four months. The work on Sanitary landfill was completed in March 2020. Audit noticed (September 2019) that due to non-establishment of

⁵⁶ Primary collection of waste: ₹ 70.38 lakh; Secondary collection of waste: ₹ 8.17 lakh, Sanitary Landfill: ₹ 66.74 lakh; In vessel Compost plant: ₹ 4.59 lakh; and Protection work at new site: ₹ 26.09 lakh.

SWMS, solid waste of town was being disposed of by the Municipal Committee, Leh in open at Bombgard thus, creating unhygienic environment in the area. On spot inspection (September 2019) of the site by Audit together with departmental officials revealed that segregation of biodegradable and non-biodegradable waste was not made before being transported on trial basis to SWM site. Further, no mechanical system was in place for separation of non-biodegradable waste and staff had also not been deployed for segregation of waste at the ramp. An expenditure of ₹ 8.64 crore (against release of ₹ 10.39 crore) on the establishment of SWMS had been incurred by the Department, as of September 2020.



Thus, due to non-acquisition of land in time and improper planning in execution of work, the project could not be completed, despite availability of funds rendering expenditure of ₹ 9.18 crore unfruitful. The Executive Engineer Construction Division, Leh stated (September 2019 and June 2020) that work could not be completed within the prescribed time due to non-finalisation of site and delay in allotment of contract and that work on the project was in progress and would be completed in shortest possible time.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UDD stated (August 2020) that landfill site, road work and boundary wall had almost been completed and that project was being commissioned shortly. Further updation is awaited (August 2020).

5.3.3.3 Improvement of Road Network at Leh

The project 'Improvement of road network of Leh' was approved (March 2013) by the State Level Screening Committee (SLSC) under JnNURM at a cost of ₹ 76.53 crore. Under the project, 80 roads were identified (March 2011) for improvement/ upgradation by the Department.

Audit examination (September 2019) of records of the Executive Engineer, R&B Division, Leh revealed that an amount of ₹ 72.71 crore had been released for the project ending March 2019. After incurring expenditure of ₹ 23.84 crore (as of

March 2017) the DPR was revised (July 2017) and five⁵⁷ new items of work with estimated cost of ₹ 15.30 crore were included in the revised DPR indicating that scope of work of the project had been significantly changed by the Department. The revised DPR and new items of work were not approved by the SLSC. An expenditure of ₹ 8.26 crore was incurred during July 2017 to August 2019 on these new items of work in anticipation of approval by the competent authority and ₹ 2.23 crore was spent on procurement of machinery/ equipment, repair of vehicles, salary of casual labourers not related to the project. The Department had completed (March 2020) construction of only 24 roads along with allied items of work⁵⁸ after incurring an expenditure of ₹ 63.84 crore. Also, the Division diverted an amount of ₹ 10.48 crore from the project funds for execution of unapproved works/ items etc.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UDD stated (August 2020) that 80 *per cent* of works were completed and that balance works had been allotted to contractors and were expected to be completed during 2020-21.

5.3.3.4 Water Supply Scheme, Leh

In order to supplement the existing water supply system in Leh town, the Ladakh Autonomous Hill Development Council (LAHDC) entrusted (September 2008) preparation of DPR for ‘Augmentation and reorganisation of water supply scheme for Leh’ to a Consultant⁵⁹. According to the DPR submitted (October 2011) by the firm, water availability for the town from existing sources was inadequate for the present population and highly inadequate for the requirements of the population in future. The DPR envisaged construction of one infiltration well, rising main, five lift stations, five service reservoirs and a distribution network. The project was approved (March 2013) by the SLSC at an estimated cost of ₹ 70.49 crore for submission to GoI for sanction under UIDSSMT. Audit examination (September 2019) of records of Executive Engineer, PHE Division, Leh revealed that the Central Ground Water Board (CGWB) was requested (February 2014) to carry out hydrogeological survey to assess feasibility for construction of tube wells in and around Choglamsar. CGWB had recommended (September 2014) that the area was feasible for construction of tube wells. As of September 2019, the Department had not been able to acquire land for construction of tube wells resulting in non-development of source for water supply. Though construction of service reservoirs of the scheme had been completed as of March 2015 but the work for construction of infiltration well could not be awarded during the period from September 2013 to June 2016 due to lack of response to the tenders. Without ensuring functional source for water supply, the Department had incurred (as of September 2020) an expenditure of ₹ 51.10 crore on construction of

⁵⁷ Beautification of Leh Bazar by way of: (1) providing and laying of Granite stone (₹ 22.05 lakh), (2) providing and laying of chilling flag stone (₹ 3.64 crore), (3) side drain, utility duct and road pavement (₹ 6.48 crore), (4) Construction of road from old SSP residence to New Bus Stand (₹ 67 lakh) and (5) Providing for electrification of Bazar by PDD (₹ 3.50 crore) and contingencies thereon (₹ 79.76 lakh).

⁵⁸ Central divider 0.30 Km, Side drain, foot path, central verge, utility duct, Installed street lights, RCC pavements, MS pipe crossings.

⁵⁹ M/s Tetra Tech India Limited New-Delhi.

remaining components⁶⁰ of the scheme and also diverted ₹ 1.23 crore towards maintenance and repairs of works which were not related to the project.

Thus, failure of the Department to acquire land for construction of tube wells and also to award work for construction of infiltration well, resulted in non-establishment of source for water supply, resulting in idle investment of ₹ 51.10 crore on the project. The objective of enhancing water availability for inhabitants of the town and for future population growth also could not be achieved.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UDD stated (August 2020) that possession of land had been taken and tenders for construction of five tube wells were floated and expected to be completed by end of the year. It was also stated that after availability of water from the tube wells, the laid distribution network would be utilised to full capacity.

5.3.3.5 Sewerage system for Leh

For collection, transportation, treatment and disposal of sewage and sullage discharged from communities, LAHDC decided (August 2011) to establish sewerage system for Leh town. The DPR of the project submitted (November 2011) by M/s Tetra Tech Limited (firm) envisaged construction of 6.5 MLD⁶¹ Sewerage Treatment Plant (STP) with MBBR⁶² technology, three pumping stations, three lift stations and laying of sewer lines in three network zones. The SLSC approved (March 2013) the project at an estimated cost of ₹ 59.39 crore for submission to GoI for sanction under UIDSSMT and an amount of ₹ 56.43 crore had been released for the project ending March 2019.

Audit examination (September 2019) of records of EE, PHE Division, Leh revealed that the Department entrusted (December 2016) construction⁶³ of 6.5 MLD STP at Agling Leh to M/s WAPCOS Limited (GoI undertaking) on turnkey basis at a cost of ₹ 20.40 crore for completion in two years and advanced (March 2017) ₹ one crore to the firm as mobilisation advance. As per the scope of work stipulated in the Memorandum of Agreement executed by the Department with M/s WAPCOS Limited, the latter had to invite E-tender for appointment of construction agency for execution of the project. Tenders for establishment of STP on the basis of Sequencing Batch Reactors (SBR) technology in place of MBBR technology were invited twice by M/s WAPCOS Limited during March 2017 to July 2017 and could not be finalised due to higher rates quoted by the bidders. Even after reducing capacity of STP from 6.5 to 3 MLD, work of STP could not be awarded. M/s Nitasha Constructions was declared (February 2018) qualified with offer of ₹ 21.03 crore (in third tendering) but the work could not be awarded due to budgetary constraints. The Department

⁶⁰ Five reservoirs: ₹ 2.15 crore; Laying of rising main: ₹ 3.85 crore, Distribution main: ₹ 40.32 crore and Contingencies: ₹ 2.02 crore.

⁶¹ Million Litres per Day.

⁶² Moving Bed Biofilm Reactor.

⁶³ Including design, consultancy, erection, commissioning, operation and maintenance.

cancelled (April 2018) the agreement executed with M/s WAPCOS Limited for non-finalisation of contract.

After the Department itself invited (June 2018) tenders, M/s Nitasha Constructions qualified for execution of work at a cost of ₹ 14.38 crore and letter of intent was issued in September 2018. As the firm did not take up work of STP, the Department forfeited (June 2019) bid security of ₹ 30 lakh. The Department however, incurred an expenditure of ₹ 1.93 crore on construction of compound wall at the proposed STP site.

The Department after incurring an expenditure of ₹ 29.48 crore (March 2017) on laying of sewer lines of the project, decided (July 2017) to take up only those sewer lines which flow by gravity. The construction of pumping stations was withdrawn in revised DPR (July 2017) while cost of sewer lines had increased. The Department, in anticipation of establishment of STP incurred an expenditure of ₹ 40.77 crore on construction of sewer lines (₹ 38.35 crore), compound wall (₹ 1.93 crore) and house sewer connections (₹ 0.49 crore) at STP site (March 2020). Thus, failure of the Department to finalise contract of STP of the project, resulted in idle investment of ₹ 40.77 crore in creation of infrastructure.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UDD stated (August 2020) that work of STP had been awarded in February 2020 to be completed by July 2021 and that the infrastructure created for proper disposal of sewage and sludge would be fully utilised. The fact remains that despite approval of the Project in March 2013 and lapse of over six years the sewerage system could not be established in Leh.

Planning Development and Monitoring Department

5.4 Externally Aided Project of Jammu and Kashmir Urban Sector Development Investment Programme and Completion of pending projects under PMRP 2004: Counterpart Funding –ADB II

5.4.1 Introduction

The Jammu and Kashmir Urban Sector Development Investment Programme (JKUSDIP) was approved (31 May 2007) for execution by the Asian Development Bank (ADB) to promote economic growth in Jammu & Kashmir through expansion of basic urban infrastructure and provide better living conditions to people of two capital cities of Jammu & Srinagar and other towns of the State. The original period of implementation of the programme was eight years from the date of approval of the program, which was extended by ADB from time to time and finally closed on 30 May 2017.

Three tranches comprising 50 sub-projects⁶⁴ were taken up for execution with a loan of ₹ 1,021 crore and counterpart share of ₹ 673 crore. The counterpart share of ₹ 359.04 crore was received during the currency of Prime Minister Reconstruction

⁶⁴ Tranche 1: 10 sub-projects; Tranche 2: 33 sub-projects and Tranche 3: 7 sub-projects.

Package (PMRP). After announcement of the Prime Ministers Development Package (PMDP), a provision for an amount of ₹ 1,278⁶⁵ crore was kept for completing the works of 42 sub-projects which had either remained incomplete or had not been taken up for execution under PMRP. Details of sub-projects taken up under PMRP and the PMDP funding are given in **Appendix 5.4.1**.

As per the information made available to Audit (October 2020), out of total of 44 sub-projects (including 2 sub-projects re-allotted against one terminated sub-project), 41 sub-projects had been completed (February 2015 to September 2020) and two sub-projects were in progress as of September 2020. Out of these 44 sub-projects, 15 sub-projects (34 *per cent*), involving a total expenditure of ₹ 663.45 crore (47 *per cent*) were selected for scrutiny in Audit. The sub-projects were selected under each category of completed, ongoing and procurements (5 sub-projects for each) by using judgemental sampling on the basis of expenditure incurred on their execution.

5.4.2 Organisational Set up

Jammu and Kashmir Economic Reconstruction Agency (JKERA) was governed by a body with the Minister of Planning as its Chairman, Chief Executive Officer (CEO) of JKERA as its Member Secretary and other members comprising Chief Secretary, Principal Secretary Planning Development and Monitoring Department (PD&MD) and three Members of Legislative Assembly (MLAs) one each from Jammu, Kashmir and Ladakh. The Governing Body has the responsibility of providing policy guidance for implementation of the programme and CEO is the executive authority for implementation of the programme.

5.4.3 Selection and execution

As per schedule V of loan agreement executed between ADB and the GoI, an executive committee was required to be established by GoJ&K to guide JKERA on matters relating to project activities. A Local Level Steering Committee (LLSC) was also required to be established to facilitate interaction between JKERA and participating agencies for selection of sub-projects, review their scope and design and coordinate between various agencies for approvals and clearances. Neither were these Committees formed nor was a shelf of projects framed in coordination with the line Departments for placing it before the LLSC. As a result, sub-projects were randomly taken up for execution, without prioritising these as per specific needs of the state.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S) PD&MD stated (August 2020) that selection of sub-projects was done with the approval of Board of Governors (BOG) after deliberations and discussion with the line departments. The fact remains that LLSC was to facilitate interaction between JKERA and participating agencies for selection of sub-projects and that BOG was not competent for selection of sub-projects, instead it had to guide JKERA in all matters relating to implementation and execution of sub-projects.

⁶⁵ ADB loan: ₹ 712 crore; Counterpart share: ₹ 566 crore.

5.4.4 Financial management

The ADB loan for the project was approved (May 2007) for ₹ 2,425 crore through Multi-tranche Financing Facility (MFF) comprising loan of ₹ 1,500 crore and counterpart share of ₹ 925 crore. The ADB loan was received by Department of Economic Affairs (DEA), Ministry of Finance, Government of India (GoI) and passed on to GoJ&K as Additional Central Assistance (ACA). The counterpart share for implementation of programme was also borne by GoI. Under the PMDP, the GoJ&K received (October 2015 to November 2017) ₹ 936.24 crore comprising ADB loan of ₹ 622.28 crore and counterpart share of ₹ 313.96 crore. Till March 2019, the JKERA received ₹ 1,679.17 crore comprising ADB loan of ₹ 1,006.17 crore (includes ₹ 3.41 crore released by ADB directly⁶⁶ to those contractors who had opted for payment of their claims in foreign currency) and counterpart share of ₹ 673 crore for completion of 44 sub-projects under the PMDP. In addition, JKERA also received an amount of ₹ 24 crore out of State plan funds for execution of those sub-projects of JKUSDIP which were either state funded or had not been approved by ADB for financing. The year-wise status of receipts by JKERA and expenditure incurred during the period from 2014-15 to 2018-19 is given in **Table 5.4.1**.

Table 5.4.1: Fund Status

(₹ in crore)

Year	Opening Balance	Funds received during the year				Total availability of funds	Expenditure incurred	Balance
		ADB loan	GoI share	State share	Misc. receipts [#]			
2014-15	15.51 ⁶⁷	78.36	47.00	0	0.56	141.43	157.27	(-) 15.84
2015-16	(-) 15.84	201.91	104.04	0	0.54	290.65	305.50	(-) 14.85
2016-17	(-) 14.85	196.97	200.00	21.00	1.29	404.41	324.28	80.13
2017-18	80.13	214.14	113.96	3.00	1.92	413.15	395.42	17.73
2018-19	17.73	152.65	0	0	1.71	172.09	158.68	13.41
Total		844.03	465.00	24.00	6.02	-	1,341.15	-

includes savings Bank interest and sale of bid documents

(Source: Records of JKERA)

As against the total availability of ₹ 1,354.56 crore during 2014-15 to 2018-19, an expenditure of ₹ 1,341.15 crore was incurred by JKERA, leaving unutilised balance of ₹ 13.41 crore, as on 31 March 2019.

As per the information made available by JKERA (October 2020), an amount of ₹ 80 crore were received by JKERA out of the State Plan during the period April 2019 to September 2020 for completion of ongoing sub-projects against which an expenditure of ₹ 68.24 crore was incurred during the same period, leaving an unspent balance of ₹ 26.93 crore as on 30 September 2020.

Audit further noticed as follows:

5.4.4.1 Delay in sanction of funds

As per condition of the sanction orders, funds should be transferred to implementation agencies immediately after receipt from the GoI. Audit noticed (September 2019) that

⁶⁶ In accordance with the provisions contained in Chapter-7 of Loan Disbursement Handbook of ADB.

⁶⁷ ₹ 15.51 crore closing balance of PMRP for the year 2013-14.

an amount of ₹ 1,307.69⁶⁸ crore received from the GoI during the period March 2014 to November 2017 was released in favour of JKERA by the J&K Finance Department with delays ranging between 5 days and 790 days. The funds retained by the Finance Department during the period 2014-15 to 2018-19 ranged between ₹ 3.19 crore and ₹ 167.23 crore, thereby hampering the progress of execution of various sub-projects, as discussed in the succeeding paragraphs. Due to delay in completion of sub-projects within the loan closure period (30 May 2017), the GoJ&K received (August 2009 to November 2017) ₹ 1,006.17 crore only from ADB against an approved amount of ₹ 1,021 crore, thereby resulting in loss of ADB loan assistance of ₹ 14.83 crore.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that delay in release of funds was due to precarious liquidity position faced by erstwhile State of Jammu and Kashmir.

5.4.4.2 Utilisation Certificates

As per condition laid down in fund release order of the GoI, the GoJ&K had to submit Utilisation Certificates (UCs) to NITI Aayog, GoI. The UCs were to be submitted on the basis of funds utilised by the executing agency (JKERA). Audit noticed (May 2019) that against counterpart funds of ₹ 673 crore received (December 2008 to July 2017) by JKERA, UCs had been submitted (December 2016) to PD&MD for an amount of ₹ 337.30 crore only and UCs for the balance amount of ₹ 335.70 crore had not been submitted, as of March 2020, although the funds had been utilised in full as of March 2019.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that UCs for the remaining amount would be submitted at the earliest. However, as per the information furnished (16 October 2020), the utilisation certificates for the remaining amount had not been submitted by JKERA.

5.4.4.3 Diversion of funds

As per the condition laid down in the release orders of funds by the GoI, funds released for the Project were to be utilised for the purpose for which it was sanctioned. Audit noticed (July 2019/ September 2019) that counterpart funds of ₹ 53.02 crore received (December 2008 to July 2017) for execution of ADB approved sub-projects were diverted (October 2009 to March 2019) towards execution of five JKUSDIP sub-projects⁶⁹ to be funded by the GoJ&K, thereby hampering the progress and completion of sub-projects approved by ADB.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S) PD&MD stated (August 2020) that proposal for taking up five packages

⁶⁸ ADB loan of ₹ 842.69 crore and counterpart funds of ₹ 465 crore.

⁶⁹ Fabrication of office premises: ₹ 2.83 crore, Construction of office complexes at Srinagar: ₹ 17.50 crore, SNP 3: ₹ 17.31 crore, SNP 3A: ₹ 8.72 crore and SNP 3B: ₹ 6.66 crore.

funded by the GoJ&K was approved⁷⁰ by Board of Governors (BOG) and that funds utilised for the said packages were later on recouped by the GoJ&K. It was further stated that an expenditure of ₹ 2.83 crore was incurred after obtaining approval of the Chief Minister and the same had been reimbursed by the funding agency under incremental expenses.

The reply is not tenable as the funds utilised on four sub-projects funded by the GoJ&K had not been recouped (September 2020) and necessary approval required from the GoI was not obtained before incurring such expenditure.

5.4.4.4 Unadjusted advances

As per generally accepted accounting principles, amounts advanced for execution of various works/ services should be debited to the final head of account and expenditure booked only after obtaining detailed accounts/ utilisation certificates. Non-rendering of detailed accounts/ utilisation certificates for advances granted for a particular work even after the completion of that work is fraught with the risk of misappropriation of funds. Audit noticed (July 2019) that ₹ 153.30 crore were advanced to various Agencies/ Departments for shifting of utilities, conducting surveys, land compensation etc. against which detailed accounts/ UCs were received for an amount of ₹ 114.85 crore only and the balance amount of ₹ 38.45 crore was awaiting adjustment as of March 2020, despite lapse of period ranging between 15 months and 128 months. The amount outstanding against various Departments/ Agencies ranged between ₹ 0.21 lakh and ₹ 10.81 crore for the period ranging between July 2009 and December 2018. It was also noticed that amounts advanced to various agencies were debited directly to the final head and expenditure was booked without obtaining adjustment accounts from the concerned Agencies/ Departments, as no such details were reflected in the statement of closing balance ending March 2020. This indicates lack of monitoring over the adjustment of advances and potential risk of misappropriation of JKUSDIP funds.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S) PD&MD stated (August 2020) that concerned line departments had not furnished UCs and amounts had remained unadjusted despite repeated correspondences with them.

As per the information provided by the Director Finance, JKERA (October 2020), no further adjustment accounts were obtained from the concerned agencies by JKERA as of September 2020. However, ₹ 24.91 lakh was further advanced by JKERA during the period April 2019 to June 2020, thereby aggregating unadjusted advances to ₹ 38.70 crore (September 2020).

5.4.4.5 Loan assistance

(i) As per Paragraph 3.5 of Loan Disbursement Handbook of ADB, it was imperative upon JKERA to complete all the sub-projects within the stipulated time

⁷⁰ In its 16th meeting held on 10 January 2011.

period and claim reimbursement of ADB loan component, as per the approved ratio, well before the closure date of project of 31 May 2017. Audit noticed (June 2019) that two sub-projects⁷¹ were completed (September 2017) after a delay of four months and six months respectively from the stipulated date of completion. As a result of the delay in completion of these sub-projects, an amount of ₹ 52.83 crore⁷² only was reimbursed by ADB against an agreed loan amount of ₹ 60.44 crore⁷³ due to the expiry of loan period, resulting in loss of potential loan assistance of ₹ 7.61 crore⁷⁴. Delay in completion of sub-projects was attributed (November 2019) by JKERA to delay in shifting of utilities and non-issue of timely permissions by the line departments which was reiterated (August 2020) by the Joint Director (P&S) PD&MD after the matter was referred (June 2020) to the Government.

(ii) Paragraph 1.12 of Procurement Guidelines of ADB envisages that ADB finances expenditure for goods and works that are procured and executed in accordance with the provisions of the contract agreements. If there is any incomplete, inaccurate and misleading information regarding terms and conditions of the contract, ADB reserves the right to declare the contract as mis-procurement. On the recommendations of the Bid Evaluation Committee (BEC), the contract for Sewerage Network Package 3 was approved for allotment for ₹ 39.96 crore out of which ₹ 32.77 crore was to be released by ADB as per ratio fixed under loan agreement.

Audit noticed (September 2019) that a copy of internal correspondence between ADB and JKERA pertaining to the contract was endorsed (September 2008) to the contractor during final stage of award of contract. As a result of non-adherence to the confidentiality conditions of procurement, the loan package for the contract was cancelled by ADB, resulting in loss of ADB assistance of ₹ 32.77 crore. The Director Finance, JKERA was directed (October 2015) to conduct an enquiry into the matter and submit a report within one month.

Audit scrutiny (September 2019) of records revealed that neither was the report submitted nor any action taken against the defaulting official for committing violations of confidentiality conditions of procurement.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that matter would be investigated.

As no action had been taken by JKERA (September 2020), which could have served as a deterrent, no precedence/ mechanism was established for prevention of recurrence of similar incidents in future.

5.4.5 Programme implementation

The status of execution of 44 sub-projects under the PMDP and 15 sampled sub-projects are shown in the table below:

⁷¹ Mechanised Car Parking, Jammu and Non-Revenue Water (NRW) Reduction Management Contract.
⁷² Mechanised Car Parking Jammu: ₹ 34.38 crore; NRW Reduction Management: ₹ 18.45 crore.
⁷³ Mechanised Car Parking Jammu: ₹ 40.25 crore; NRW Reduction Management: ₹ 20.19 crore.
⁷⁴ Mechanised Car Parking Jammu: ₹ 5.87 crore; NRW Reduction Management: ₹ 1.74 crore.

**Table 5.4.2: Status of projects under PMDP
(as on 31 March 2019)**

Particulars	Total Sub-projects	Projects completed during February 2015 to June 2019	Delay in completion of projects (in days)	Project terminated	Delay in completion of ongoing sub-projects (in days)	Cost escalation in sub-projects (₹ in crore)	Cost over run in sub-projects (₹ in crore)
Sub-projects under PMDP	44	37	30 to 1710	1	781 to 1379	302.62 (18 sub-projects)	318.50 (13 sub-projects)
Sub-Projects selected	15	11	30 to 1710	-	781 to 1379	180.17 (9 sub-projects)	197.33 (7 sub-projects)

(Source: MPRs and records of JKERA)

As per the information submitted (October 2020) to Audit by JKERA, there was cost overrun of ₹ 349.57 crore in respect of 14 sub-projects as of September 2020. Also, delay in completion of two ongoing sub-projects was to the extent of 1,451 days and 1,538 days as of September 2020.

The details of 15 sampled sub-projects selected by using judgemental sampling on the basis of expenditure incurred on their execution are given in **Appendix 5.4.2**. Significant audit findings in relation to 12 sub-projects are discussed in the following paragraphs.

5.4.5.1 Faulty estimates

Before taking up execution of a particular work, proper survey of the site is required to be conducted so that the drawings and designs are prepared as per site conditions and estimates are framed on the basis of specifications mentioned in the detailed drawings and designs. This is of utmost importance as it leads to execution of works in a planned manner within the estimated quantities and its completion in a time bound manner within the allotted costs.

Audit scrutiny of records (October 2019/ November 2019) revealed variations between the quantities of works approved as per Bill of Quantities (BOQ) and quantities actually executed in respect of five sampled sub-projects⁷⁵. These works were taken up at a total estimated cost of ₹ 144.91 crore during September 2012 to February 2017 and an expenditure ₹ 160.61 crore was incurred on their execution as of 31 March 2019. Out of total 394 items of works in five sub-projects, only 29 items (7 per cent) were executed as per original estimates. In respect of 113 items (29 per cent), an expenditure of ₹ 75.04 crore was incurred against estimated cost of ₹ 48.74 crore due to execution of works in excess of the original estimates thus, resulting in excess expenditure of ₹ 26.30 crore, which comprises an increase of 54 per cent over the original cost. Remaining 252 items (64 per cent) of works were either executed less than the approved quantities or were not executed at all. It was also noticed (October 2019/ November 2019) that additional works costing ₹ 27.79 crore, not forming a part of original estimates, were got executed as per the site requirements and changes in original drawings and designs. This indicates that

⁷⁵ (i) Sewage package 3A, (ii) Sewerage package 3B, (iii) Bikram chowk Flyover, (iv) Landfill cell 2 and (v) Raw water pipeline Doodhganga.

proper surveys were not conducted before execution of the works, which resulted in preparation of faulty and unrealistic estimates.

As per the decisions taken in the 21st Governing Body Meeting of JKERA (July 2018), all cases of variations were required to be placed before a sub-committee comprising the Principal Secretary Finance, Commissioner/ Secretary, PD&MD and Commissioner/ Secretary, HUDD for examination and subsequent recommendations to the Board of Governors for approval thereof. In contravention to this, the cost variations below/ above the allotted costs were got approved by Tender Approval Committee⁷⁶ (TAC) of JKERA which otherwise was to be approved by the sub-committee. After being pointed out (October 2019/ November 2019) in Audit, JKERA stated (November 2019) that additional/ extra items of works were executed as per site requirements and changes in specifications based on Geo-technical investigations.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that additional extra items of work were executed as per site requirements and changes based on Geo-technical investigations and that variations in various BOQ items were reflected as per design specifications, site requirements and additional requirement of the project in the execution phase. It was also stated that variation had been approved by the competent authority of JKERA as well as ADB.

The reply is not acceptable as the DPR of Jammu Flyover was already prepared on the basis of geo-technological survey and its structural design was vetted by IIT, Roorkee before the award of contract. In respect of remaining four projects, geo-technical survey was not conducted at all and changes were made as per the site requirements, thereby indicating that estimates were not framed on a realistic basis.

5.4.5.2 Bid Evaluation

Two sub-projects⁷⁷ involving similar items of works within same topography, were put to bid with the identical rates for same items of work in both the sub-projects. The two bids were opened by the Bid Evaluation Committee (BEC) on same day. One contractor offered identical rates for the same items for both the bids. However, while negotiating, the BEC allotted similar items of works to the contractor at different rates resulting in extra expenditure of ₹ 58 lakh. The variations arose due to application of different rates of discount at the time of negotiations, while approving rates of these two contracts.

After the matter was referred to the Government in June 2020, the Joint Director (P&S), PD&MD attributed (August 2020) it to varying specifications and different site conditions.

⁷⁶ Internal committee of JKERA headed by CEO of the Agency.

⁷⁷ Sewerage Package-3A (Areas of Indra Vihar, Patoli Mangotrian, Toph Sherkhaniyan, Bhawani Nagar, part Janipur Colony and Mandlik Nagar Sewerage), package-3B (Areas of Ramzanpura, part Janipur Colony, Pamposh Colony and part Paloura).

The reply is not tenable as the estimate as well as rates quoted by the contractor for these items of work in respect of both contracts were same and the works were initially allotted at same rates in the original contract, which also clearly indicated similar site conditions in the areas of execution under these two contracts.

5.4.5.3 Cost revision of sub-projects

Appendix 1 sub-rule 3 of ADB Procurement Guidelines provides that if there is an aggregate increase in cost of the contract by more than 15 *per cent* of the original price, the necessary 'no objection certificate' to proposed extension, modification or change order is to be obtained from the ADB. It was, however, noticed (November 2019) that cost of eight sub-projects⁷⁸ was revised from ₹ 505.73 crore to ₹ 773.36 crore involving cost revision of ₹ 267.63 crore without obtaining approval of the ADB. The aggregate increase over original contract amount ranged between 24 *per cent* and 80 *per cent*. The Accounts Officer, JKERA stated (December 2019) that cost over-run was due to inclusion of additional items of works.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that variations and cost overruns were due to inclusion of additional items of works, duly approved by the Tender Approval Committee (TAC) and that necessary approval of ADB had also been obtained.

The reply is not tenable as approval of the ADB was not obtained in respect of sub-projects test checked in audit.

5.4.6 Construction of mechanised Multi-level Parking, Jammu

To overcome the problem of traffic congestion and reduce the menace of roadside parking in areas of old city, Jammu, the agency proposed (August 2013) to construct a fully automatic multi-level car parking facility at an already existing open parking space accommodating around 300 cars. Against parking requirement of 1776⁷⁹ cars, a draft Summary Appraisal Report (SAR) for construction of 10 floor mechanised automated multilevel parking facility for accommodating 720 cars was submitted (October 2013) by a Design and Supervision Consultant⁸⁰ (DSC), projecting it as a latest technology parking system with minimum maintenance costs, which was followed by submission (June 2014) of Detailed Project Report (DPR) for an estimated cost of ₹ 70.03 crore. However, during discussions held (November 2014) with ADB Mission, the proposal was changed from fully automatic to semi-automatic on the plea that a ten floor parking system required sophisticated technology and would get outdated very soon, thereby contradicting its own statements recorded in the SAR/ DPR wherein it was proposed to construct a 10 floor mechanised automated multilevel parking system, projecting it as a latest technology system with minimum maintenance costs. Another reason stated for changing the proposal was non-

⁷⁸ 30 MLD-STP, Landfill cell 2, Jammu Flyover, Srinagar Flyover, S&D of SWM Equip for SMC Lot-2, S&D of SWM Equip for SMC-Dumpers Lot-3, Storm Water Drains at Digiana and Storm Water Drains at Rawalpora.

⁷⁹ Requirement for 2016 on the basis of survey conducted by M/s RITES Ltd. (GoI Enterprise).

⁸⁰ M/s Shah Technical Consultants (STC).

availability of No Objection Certificate (NoC) from Jammu Municipal Corporation (JMC), which was not based on facts as the NoC for construction of the same was already accorded (July 2014) by Jammu Municipal Corporation (JMC), the authority competent to accord building permissions. Thus, due to communication of incorrect information, the proposal for construction of a fully automatic mechanised car parking facility for accommodating 720 cars was changed to a semi-automatic mechanised car parking facility for 352 cars.

The sub-project was completed (September 2017) by the contractor after a delay of 120 days at a total cost of ₹ 47.08 crore. Further, an expenditure of ₹ 0.02 crore was booked to the sub-project during the period April 2020 to September 2020, taking the total expenditure on the sub-project to ₹ 47.10 crore.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S) PD&MD stated (August 2020) that proposal was changed in order to comply with the guidelines of ADB regarding restriction of height of car parking structure to surrounding buildings.

The reply is not tenable as no such guidelines were issued by ADB and the proposal was changed by ADB Mission due to misrepresentation of facts by JKERA wherein a 14 floor automatic car parking system was projected instead of a 10 floor parking system and apprehensions regarding grant of NoC for the same which, however, had already been issued by JMC well in advance.

5.4.7 Management of Non-Revenue Water (NRW) in Jammu

Two sub-projects⁸¹ for assessment, analysis and reduction management of Non-Revenue Water (NRW)⁸² in Jammu were sanctioned (January 2015/ March 2016) with a total original cost of ₹ 30.84 crore⁸³. The work was physically completed between December 2016 and September 2017. As per the information submitted by JKERA, a total expenditure of ₹ 26.27 crore⁸⁴ was incurred on these two sub-projects ending September 2020. Audit of the sub-projects revealed the following.

A. Assessment of non-revenue water

In order to assess the quantum of NRW and develop a comprehensive NRW reduction plan for a pilot zone⁸⁵ of 20 identified District Metered Areas (DMAs), the executing agency (JKERA), without any DPR, awarded (January 2015) the work for installation and removal of domestic water meters and ultrasonic flow meters to a contractor at a negotiated amount of ₹ 4.60 crore. The assessment and analysis of water losses was to be done on the basis of data gathered by obtaining readings from domestic water meters and ultrasonic flow meters installed at the identified locations and the work

⁸¹ (i) Assessment and analysis of NRW by way of supply, installation and removal of domestic water meters and (ii) Management for reduction of NRW by installation of water meters with automated meter readers.

⁸² Water losses in the distribution system.

⁸³ Assessment and analysis of NRW: ₹ 4.60 crore; Management for reduction of NRW: ₹ 26.24 crore.

⁸⁴ Assessment and analysis of NRW: ₹ 1.98 crore; Management for reduction of NRW: ₹ 24.29 crore.

⁸⁵ With 30,000 households.

was to be completed within 12 months (April 2016). As per the contract agreement, the contractor had to procure eight portable ultrasonic flow meters and 1,800 dry dial inferential type multi jet domestic water meters at a total cost of ₹ 64.50 lakh⁸⁶ and assess the extent of water losses by way of installation and removal of domestic water meters in targeted 15,000 households and ultrasonic flow meters at targeted 1,500 locations. Audit noticed (June 2019) that the work was not completed in full by the contractor even after extending (December 2016) the period of contract. The contract was finally fore-closed (July 2016) and shown as completed (December 2016) after incurring an expenditure of ₹ 1.98 crore. As per the note submitted (January 2018) by the Project Manager Hydraulic, JKERA, the contract was foreclosed on the grounds that there was no further scope of work. Against a target of 15,000 households and 1,500 locations, installation and removal of domestic water meters and ultrasonic flow meters was done at only 7,107 households (47 per cent) and 817 locations (54 per cent), resulting in incomplete study besides non achievement of objective of preparing a comprehensive NRW reduction plan consequently rendering expenditure of ₹ 1.98 crore as unproductive.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that study of NRW reduction was not conducted in 20 DMAs of Jammu city and the programme was implemented in identified 4 DMAs under subject package due to time constraints and availability of ADB funding.

The reply is not acceptable because neither was the quantum of Non-Revenue Water (NRW) assessed in the identified DMAs nor were any steps taken to develop a comprehensive NRW reduction plan.

B. Monitoring mechanism

As per clause 3.4.1 of NRW reduction management contract, after completion of the studies at the designated locations, the equipments purchased under the contract were required to be handed over by the contractor to the line department in good working condition, to enable their use in subsequent studies.

Audit noticed (June 2019) that out of 8 ultrasonic flow meters and 1,800 domestic water meters handed over (December 2018) to the PHE City Division-I, Jammu, only 448 domestic water meters were found to be in good working condition. There was no mechanism put in place to verify the condition of retrieved material before handing over these to the line department. The remaining 1,352 water meters and 8 flow meters costing ₹ 58 lakh were handed over (December 2018) in unserviceable condition, in violation of the terms and conditions of the contract. Thus, the usable life of 1,352 water meters and 8 flow meters was reduced.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that 1,352 water meters had been erroneously termed as unserviceable by PHED in its Goods Received (GR) statement.

⁸⁶ Ultrasonic flow meters at the rate of ₹ 4,80,000 and Domestic water meters at the rate of ₹ 1,450.

The reply is not acceptable as the Executive Engineer, PHED had stated (June 2019) that the material was of no use to them, as it was unserviceable. Absence of mechanism to ensure that material was handed over by the contractor in working condition, resulted in reduction in the usable life of the equipment, thereby denying the full advantage of the expenditure amount.

C. Installation of Equipment

With a view to reduce water losses, a contract for installation of domestic water meters with Automatic Meter Reading (AMR) facility in four selected sampled zones⁸⁷ (out of 20 identified DMAs selected for assessment and analysis) was awarded (March 2016) to the contractor at a cost of ₹ 26.24 crore with period of completion as twelve months. The contract envisaged providing service connections with domestic water meters in 4,300 households; installation of electro-magnetic flow meters at identified locations; assessment of flow; and pressure in the network besides operation and maintenance of the water supply system. In order to achieve the objectives of the contract, a Memorandum of Understanding (MoU) was to be executed between the JKERA and the line department, under which the basic data of consumers and pipe distribution network was to be provided by the line department to the Contractor. As per the contract, 75 per cent payment was to be released to the contractor on receipt of material, 15 per cent after laying and installation of domestic water meters and remaining 10 per cent after testing and commissioning.

Audit noticed (June 2019) that due to failure on part of JKERA to execute MoU with the line department (PHED), the basic data of water supply distribution network, updated pipeline network and customer database was not provided to the Contractor. Consequently, the equipment⁸⁸ procured were not installed in full. Against 4,300 domestic water meters (valuing ₹ 5.61 crore) and 15 electro-magnetic flow meters (valuing ₹ 35.26 lakh), only 3,485 domestic water meters (valuing ₹ 4.22 crore) and 7 electromagnetic flow meters (valuing ₹ 15.05 lakh) were installed and the contract was finally closed in September 2017. The remaining uninstalled material comprising 815 water meters, 8 flow meters and allied equipments costing ₹ 2.74 crore was handed over to the PHED and was lying unutilised in the Divisional store of PHE City Division-I Jammu (June 2019). A payment of ₹ 2.06 crore⁸⁹ was made (August 2016 to September 2017) to the contractor for these supplies. Failure on part of JKERA to coordinate and execute MoU with the line department for providing basic data of water supply distribution network and consumer database to the contractor, resulted in idle investment of ₹ 2.06 crore.

Similarly, three Hand Held Units (HHUs) costing ₹ 21.30 lakh for Automatic Meter Reading (AMR), on domestic water meters were also not put to use (June 2020) as water meter readings had never been recorded at 3,485 service connections, where

⁸⁷ Trikuta Nagar-A, Trikuta Nagar-B, Shastri Nagar and Karan Nagar.

⁸⁸ Sluice valve, Foot valve, Butterfly valve, Automatic metre reader, Woltman meters, Electromagnetic flow meters.

⁸⁹ 75 per cent of total cost of procured but not installed material.

water meters had been installed, thereby rendering the expenditure incurred on their purchase and installation as unfruitful.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD, while admitting the audit observation, stated (August 2020) that despite significant correspondences with the PHED by JKERA, requesting for sharing details for providing service connections, there was a delay in sharing these details and the scope was reduced and remaining un-utilised material was transferred to the PHED for installation.

5.4.8 Construction of Flyovers at Jammu and Srinagar

In order to decongest traffic on road junctions and improve connectivity to different areas, it was proposed (January 2010 and May 2010) to construct two four-lane flyovers, one from Bikram Chowk to Women College at Jammu and another from Jehangir Chowk to Rambagh Natipora at Srinagar at an estimated cost of ₹ 67.31 crore and ₹ 219.26 crore, respectively. The works were allotted (April 2013) to Contractors⁹⁰ at a cost of ₹ 64.30 crore and ₹ 200.74 crore respectively with period of completion as 36 months. The sub-project Bikram Chowk flyover was completed in May 2017 at a cost of ₹ 84.84 crore. As per the information furnished (October 2020) by JKERA, Jehangir Chowk flyover had also been completed (September 2020) after incurring an expenditure of ₹ 379.67 crore.

The contract for construction of Jehangir Chowk flyover at Srinagar was allotted (April 2013) at a total cost of ₹ 200.74 crore and was stipulated to be completed by April 2016. The item wise rates allotted under the contract were applicable throughout the period of execution of the project without any provision for revision of unit rates. As per Clause 13.8 of the terms and condition of contract, the contractor was entitled to payment of price adjustment on account of rise in cost of labour and goods and an amount of ₹ 5.47 crore was paid to the contractor on this account for the period July 2016 to May 2019.

Audit however, noticed (November 2019) that rates of various items of works, allotted under the contract, were revised (July 2016) by JKERA on the basis of prevailing market rates of material and labour and the works executed beyond July 2016 were paid to the contractor at revised rates. Revision of rates, in addition to payment of price adjustments resulted in inadmissible and extra payment of ₹ 29.63 crore to the contractor.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that revision of rates had been approved (April 2017) by the Government on recommendations of a committee.

The reply is not acceptable as price adjustment amounting to ₹ 5.47 crore was already paid to the contractor on account of rise in cost of labour and goods and revision of

⁹⁰ M/s Valecha Engineering Ltd Mumbai and M/s Simplex Infrastructure Pvt. Ltd., Mumbai.

rates in the instant case had resulted in undue benefit to the contractor, amounting to ₹ 5.47 crore.

5.4.9 Delayed supplies

As per clause 27.1 of the General Conditions of Contract, penalty at rate of a half *per cent* per week of delay subject to a maximum of 10 *per cent* of the contract value was to be imposed upon the contractor for delayed supplies. Audit noticed (June 2019) that supplies under four sub-projects⁹¹ with a total outlay of ₹ 5.69 crore were received with delays ranging between 7 weeks and 21 weeks. However, no action was initiated to levy penalty amounting to ₹ 36.62 lakh⁹², as envisaged in the contract, on the defaulting contractors while releasing their payments. Non-imposition of penalty resulted in undue financial aid to them.

The Joint Director (P&S) PD&MD stated (August 2020) that delay in contract agreement had not been attributed to the contractor and reasons for same were not clear as per available office records and that the records would be checked and report shared with Audit.

The reply indicates lack of serious attempt to complete the projects in time.

Tourism Department

5.5 Construction of Government Tourist assets in lieu of damaged/ destroyed assets

5.5.1 Introduction

The project 'Construction of Government Tourist assets in lieu of assets destroyed in the floods of September 2014' was sanctioned (September 2016) under the Prime Minister's Development Package (PMDP). This project is a part of the Swadesh Darshan Scheme by the Ministry of Tourism (MoT), GoI. The total outlay of the project was ₹ 98.70 crore with 23 sub-projects (components) comprising 109 works/schemes. Out of the 23 sub-projects, 11 sub-projects were selected in Audit taking into consideration the project cost/ expenditure and geographical location as detailed in *Appendix 1.2*.

As of March 2019, only three sub-projects were completed, 19 sub-projects were under execution and one sub-project had been dropped. As per the information furnished by Department, 15 sub-projects had been completed, one sub-project was dropped and seven sub-projects were under execution as of September 2020. Further, out of 11 sub-projects selected, only five sub-projects⁹³ had been completed and six sub-projects were under execution (September 2020).

⁹¹ Solid waste management equipment for SMC, S&D of solid waste management equipment for SMC, S&D equipment for PHED Srinagar and Supply delivery of equipment for use in SMC.

⁹² Calculated at a minimum rate of 0.50 *per cent*.

⁹³ Development of tourist facilities at SKICC, Development of Khadinar Park Baramulla, Development of tourist facilities at Nageen, Development of tourist facilities at Mughal Gardens and Development of tourist facilities at Mansar Lake.

Against project cost of ₹ 66.97 crore in respect of 11 sub-projects comprising 70 works, ₹ 33.69 crore was sanctioned in favour of 10 Agencies/ Departments for execution of works of these sub-projects (September 2020). It was noticed that damage reports were not prepared/ available in respect of six sub-projects and sanctions were accorded without assessing the extent of damages. The status of 11 sampled sub-projects ending September 2020 is given in **Appendix 5.5.1**.

During the year 2015, nearly 1.33 crore tourists had visited⁹⁴ J&K while the number had increased to 1.69 crore during the year 2018 and declined to 1.32 crore during the year 2019. The revenue realised by the GoJ&K on account of rent from tourist assets and catering services increased from ₹ 1.37 crore during 2014-15 to ₹ 2.94 crore during 2018-19.

5.5.2 Financial Management

Funds under the Project were released by the GoI directly to the Jammu and Kashmir (J&K) State Cable Car Corporation⁹⁵ during the period from 2016-17 to 2018-19 which after authorisation by the Department, released funds to the implementing agencies for execution of various works under the project. The year-wise status of funds released *vis-a-vis* expenditure incurred by the implementing agencies during the period from 2016-17 to 2018-19, under the project is given in **Table 5.5.1**.

Table 5.5.1: Fund Position as of March 2019

(₹ in crore)						
Sl. No.	Year	Funds provided by GoI	Total funds available with JKCCC	Funds utilised	Unspent balance at the close of the year	Percentage utilisation of funds
(1)	(2)	(3)	(4)	(5)	(6) = (4-5)	(7)
1.	2016-17	19.47	19.47	-	19.47	0
2.	2017-18	27.51	46.98	34.99	11.99	74
3.	2018-19	27.72	39.71	10.10	29.61	25
	Total	74.70		45.09		

(Source: Monitoring Report on PMDP issued by GoJ&K)

From the above table, it is seen that utilisation of funds was only between zero *per cent* and 74 *per cent* during the years 2016-17 to 2018-19 respectively. Audit further observed that:

- The sanctioned project cost was ₹ 98.70 crore, out of which an amount of ₹ 74.70 crore (76 *per cent*) was released (September 2020) by the GoI credited directly into the Bank account of J&K State Cable Car Corporation under intimation to the GoJ&K. The GoJ&K was required to complete the project by providing the balance funds. The final installment of ₹ 24 crore was to be reimbursed by GoI on receipt of the Utilisation Certificate for the entire project cost of ₹ 98.70 crore. As the GoJ&K did not release balance ₹ 24 crore to the implementing agencies for completion of the works of the project, it could not furnish utilisation certificate of entire sanctioned amount of the project. Thereby

⁹⁴ Information furnished by the Department.

⁹⁵ A Jammu and Kashmir State Public Sector Undertaking (PSU).

the claim of reimbursement of the balance amount from GoI could not be preferred.

Thus, assets remained incomplete and GoJ&K could not avail funding to the extent of ₹ 24 crore.

- J&K Cable Car Corporation Limited released (July 2017) ₹ 78 lakh to J&K Housing Board for execution of sub-project 'Development of tourist facilities around *Khusalsar Lake*'. However, no works were executed by the Board as the area was not identified/ demarcated by the Project Authority. As a result, the sub-project was dropped (February 2019) by the GoI. As per the UCs submitted (November 2018) to GoI of India, an expenditure of ₹ 82 lakh was shown incurred, thereby incorrectly reporting the expenditure to the GoI. Therefore, not only funds were lying with the implementing agency in Bank Account, but also the expenditure incurred was not reduced from the reported figures (August 2020). The risk of misappropriation of the Government money exists in such a situation.
- The Subsidiary accounts and the audited statements of accounts were required⁹⁶ to be prepared and submitted to higher authorities. Audit scrutiny of records of ten⁹⁷ executing agencies revealed that the same was not being done.

In reply, the Deputy Director, Tourism (M&W), Jammu, CEO, Rajouri and CEO, Surinsar-Mansar Development Authority while accepting the observation, stated (June/ July 2019) that the subsidiary records/ accounts would be maintained.

The Subsidiary accounts and the audited statements of accounts mandatorily to be prepared so that applicable financial controls can be exercised.

5.5.3 Project execution

As per the J&K Financial Code⁹⁸, no work should be commenced or liability incurred in connection with it, until administrative and technical sanction is accorded.

However, it was noticed that 84 sub-works of eight sub-projects allotted at a cost of ₹ 15.47 crore were executed by six⁹⁹ executing agencies without accord of Technical Sanctions, and an expenditure of ₹ 10.98 crore had been incurred (2016-17 to 2018-19) thereon.

After this was pointed out (June 2019) in audit, the CEO, Rajouri Development Authority stated (June 2019) that the DPR for the works sanctioned under the project was submitted (July 2018) to the Administrative Department for accord of Administrative Approval and technical sanction. However, the Development Commissioner, Works raised certain observations which were cleared (January 2019)

⁹⁶ Condition 15 of the sanction order.

⁹⁷ Dy. Director (M&W) Jammu and Srinagar, Surinsar-Mansar Development Authority, Rajouri Development Authority, Poonch Development Authority, Floriculture Department, SKICC, Gulmarg Development Authority, J&K Housing Board (Unit-II); and LAWDA.

⁹⁸ Rule 9.3 of the J&K Financial Code.

⁹⁹ (i) Deputy Director Tourism, Srinagar, (ii) SKICC, (iii) EE Floriculture Department, Srinagar, (iv) Gulmarg Development Authority, (v) Surinsar-Mansar Development Authority and (vi) Rajouri Development Authority.

but the technical sanction was pending as on the date of Audit (June 2019), which was more than two years from commencement of work in certain cases. The Chief Executive Officer, Surinsar-Mansar Development Authority stated (July 2019) that the DPRs were submitted (June 2019) to the Administrative Department but the technical sanction was awaited (July 2019).

- As per the sanction order¹⁰⁰, the Executing Agency/ GoJ&K should follow the codal procedures of inviting tenders for award of works for execution. In three¹⁰¹ implementing agencies, 23 sub-works of three sub-projects were executed without invitation of tenders, in contravention of the conditions of the sanction order and Financial rules. An expenditure of ₹ 4.12 crore had been incurred during the period 2016-17 to 2018-19 on these works was thus, irregular.

The CEO, Poonch Development Authority accepting the observations, stated (August 2019) that instructions had been noted for compliance in future. No reply was received from the other two implementing agencies.

- As per the sanction order¹⁰², financial assistance from the GoI was to be utilised for the purpose for which it was released. An expenditure of ₹ 83.45 lakh was incurred by three¹⁰³ executing agencies on 11 sub-works which were not approved under the project.

After the matter was referred (June 2020) to the Government, the Director Planning, Tourism Department, GoJ&K stated (August 2020) that the Project/ sub-components were executed strictly as per sanction of Ministry of Tourism (MoT), GoI and whenever any new component was added or dropped same was done with the approval of MoT, GoI.

The reply did not address the specific 11 sub-works pointed out in Audit and approval of MoT, GoI, though called for, was not produced to audit.

- The powers¹⁰⁴ to sanction excess over original estimates is to be exercised as delegated in the Book of Financial Powers, GoJ&K. In three¹⁰⁵ implementing agencies, under three sub-projects in case of 19 sub-works for cost of ₹ 1.92 crore excess over original estimates/ allotments ranging from 29 *per cent* to 15,959 *per cent* of original estimates/ allotments was allowed through execution of supplementary agreements. The cost of these 19 works was revised to ₹ 6.02 crore from the original estimates/ allotments. An expenditure of ₹ 2.64 crore had been incurred on these works (March 2019).

¹⁰⁰ Condition 13 of the sanction order of September 2016 issued by the GoI.

¹⁰¹ (i) SKICC, (ii) J&K Housing Board and (iii) Poonch Development Authority.

¹⁰² Condition 7 of the sanction order of September 2016 issued by the GoI.

¹⁰³ (i) Deputy Director (M&W) Srinagar, (ii) SKICC and (iii) Gulmarg Development Authority.

¹⁰⁴ Chief Engineers up to limit of 5 *per cent* of sanctioned amount of the original estimates and to the Superintending Engineers/ Executive Engineers is limited to 5 *per cent* of the sanctioned estimates provided the amount does not exceed the limit of their powers to technically sanction estimates. Para 5.11 of Book of Financial Powers, GoJ&K.

¹⁰⁵ (i) Deputy Director Tourism (M&W) Srinagar, (ii) SKICC and (iii) Gulmarg Development Authority.

- Rajouri Development Authority had created tourist assets with cafeteria, VIP hut etc. for tourists at Chingus during the period from 2008-09 to 2010-11 at a cost of ₹ 1.04 crore. There were also numerous tourist assets in private sector in the vicinity of the Chingus. The Authority obtained sanction (September 2016) for another new sub-project for construction of cafeteria and other facilities. As seen from the records, the sub-project was sanctioned and authorised by the Administrative Department, without considering the existing tourist facilities and without ascertaining actual footfall of tourists in the area. The project was under process of tendering as of June 2019. The CEO Rajouri Development Authority stated (June 2019) that the sub-project was sanctioned and authorised by the Administrative Department.

The Government should fix responsibility in respect of works executed irregularly under the project.

5.5.4 Provision for management and maintenance of assets

As per condition (8) of sanction order of September 2016 issued by the GoI, the State GoJ&K should undertake the responsibility for maintenance and management of assets created under the project. Two cafeterias at Tourist Reception Centre, Poonch and Nature park, Rajouri were completed (2018-19) at a cost of ₹ 1.25 crore. A number of assets like Tourist Information Center, Tourist Cafeteria, Gender based Toilets etc. were to be created under the project which required staff like cooks, waiters, receptionists etc. Audit scrutiny of records of three implementing agencies¹⁰⁶ revealed that the Department did not formulate any plan for operation and management of assets. Audit examination of records of the Deputy Director, Maintenance and Works, (M&W), Jammu revealed that the Department had not undertaken any action plan for skill development/ training programmes under the project.

After the matter was referred (June 2020) to the Government, the Director Planning Tourism Department stated (August 2020) that some of the completed assets had already been outsourced and the Department was formulating policy for operation and management of all assets including those created under the PMDP (Swadesh Darshan).

Audit noticed (June/ July 2019) that two Development Authorities (Rajouri and Poonch) outsourced the Tourist Cafeterias to private contractors for operation and management in contravention of the conditions of sanction order.

In reply, the CEO Poonch Development Authority stated (August 2019) that as per instructions of the Secretary to Government, Tourism Department, GoJ&K the completed assets had to be put to outsourcing for maintenance and operation as there was shortage of trained staff for running assets.

¹⁰⁶ Dy. Director (M&W) Jammu, Rajouri Development Authority and Poonch Development Authority.

The fact remains that outsourcing of assets was also not successful as in the case of Poonch Tourist Reception Center rent of ₹ 28 lakh for the years 2014 to 2019 was outstanding against the contractors. The CEO, Rajouri Development Authority stated (June 2019) that assets were outsourced as per instructions dated February 2019 of the Administrative Department. However, there were instances where the contractors had not paid rent of assets outsourced to them and the Department had not formulated plans for operation/ management and maintenance of assets created under the project, as specified in sanction order of the project.