

CHAPTER II

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2 Performance Audit on Implementation of Smart Cities Mission in Chhattisgarh

2.1 Introduction

Cities are engines of growth for the economy of every nation, including India. Nearly 31 *per cent* of India's current population lives in urban areas and contributes 63 *per cent* of India's GDP (Census 2011). The Ministry of Housing and Urban Affairs (MoH&UA), Government of India (GoI) launched (June 2015) "Smart Cities Mission (SCM)" a Centrally Sponsored Scheme (CSS), with the objective to promote cities for providing (a) Core infrastructure; (b) Decent quality of life to the citizens; (c) Clean and Sustainable environment; and (d) Application of Smart Solutions.

The purpose of SCM is to drive economic growth and improve the quality of life of people by enabling local area development and harnessing technology. The period of the Mission was initially for five years (2015-20) which was further extended up to March 2025.

As per the SCM guidelines, a total of 100 cities were to be selected for implementation of SCM across the country. Out of it, in Chhattisgarh, three cities namely Raipur (May 2016), Bilaspur and Nava Raipur (June 2017) were selected. For implementation of Mission in three selected cities, three Special Purpose Vehicles (SPVs) viz. Raipur Smart City Limited (RSCL), Bilaspur Smart City Limited (BSCL) and Nava Raipur Atal Nagar Smart City Corporation Limited (NRANSCCL) were created in September 2016 and October 2017.

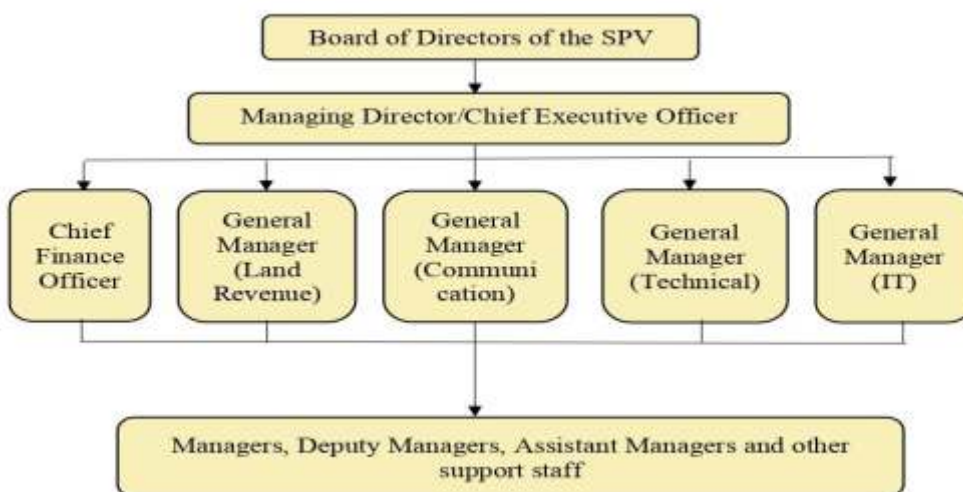
2.1.1 Organisational set-up

At central level, National Mission Director to Government of India is the overall in-charge of all activities related to the Mission. Similarly, at State level a State Level High Powered Steering Committee (SLHPSC) chaired by the Chief Secretary to the State Government is responsible to steer the Mission Programme in its entirety. At the city level, a Smart City Advisory Forum (SCAF) was to be established to advise and enable collaboration among various stakeholders.

At city level, implementation of development activities would be done through SPV created for the purpose. In Chhattisgarh, three SPVs were created for implementation of Mission in three selected cities viz. Raipur, Bilaspur and Nava Raipur. RSCL and BSCL are under the administrative control of the Urban Administration and Development Department (UADD) and NRANSCCL is under the administrative control of Housing and Environment Department, GoCG. Chief Executive Officer, State Urban Development Authority (SUDA) is the Nodal Officer for the Mission in the State.

The following organisational **Chart 2.1** shows the functional hierarchy:

Chart 2.1: Organisational chart showing the functional hierarchy of the SPVs



2.1.2 Audit Objectives

We conducted this audit with the objective to assess:

- (1) Adequacy of planning in developing smart cities,
- (2) Implementation of the projects as per laid down norms and within specified time
- (3) Prudence in financial management, and
- (4) Availability of functional mechanism for monitoring, evaluation, and mid-course correction

2.1.3 Audit Criteria

The Performance Audit findings were benchmarked against the criteria derived from the following documents:

- Smart City Mission Guidelines (issued by MoH&UA, GoI in June 2015),
- Smart City Proposals (SCPs) of individual Smart Cities submitted to MoH&UA, GoI,
- Detailed Project Report/Feasibility Report of Projects,
- Advisories and Memorandums issued by MoH&UA,
- Agenda and minutes of meetings of Board of Directors of the companies/Minutes of meeting of State Level High Powered Committee / Smart City Advisory Forum, delegation of powers, tender documents, notifications, circulars and orders issued by the GoI/GoCG from time to time,
- Terms and conditions of contract agreements for works and applicable rules and orders, and

- Schedule of Rates (SOR) and Works Manual issued by Chhattisgarh PWD, Chhattisgarh Store and Purchase Rules issued by State Government.

2.1.4 Scope of Audit and Audit Methodology

Audit was conducted during June to September 2022 and the data in the report has been updated till March 2023 in February 2024. The audit methodology included examination of files/records at the offices of all three SPVs viz., RSCL, BSCL and NRANSCCL for the period from 2015-16 to 2022-23 (SCM was launched in June 2015) and joint physical verifications of work sites with officials of the SPVs.

The SPVs awarded 476 work orders valuing ₹ 2,644.44 crore, of which, 202 orders of one crore and above, valuing ₹ 2,482.95 crore (93.89 *per cent*) were scrutinised in audit.

Entry conferences were held on 8 August 2022 and 16 August 2022 with the Departmental Secretaries and Managing Directors (MDs) of the SPVs to explain the objectives, scope and methodology of the Performance Audit. The draft Report was issued to the Special Secretary, Urban Administration and Development Department and Special Secretary, Housing and Environment Department, GoCG in February 2023. The replies/views of the Government have been suitably included in the report. The Exit conferences was held with Departmental Secretaries on 16 April 2024 and 20 June 2024 to discuss the findings of SPVs. The replies received from the Secretary, Housing and Environment Department, GoCG after Exit Conferences have also been suitably incorporated in the report.

2.1.5 Acknowledgement

Audit acknowledges the co-operation extended by the officials of RSCL, BSCL and NRANSCCL.

Audit Findings

Under the Smart City Mission, GoCG made important interventions in the urban areas by constructing smart roads, converting overhead electricity cables to underground cables, smart library, etc. and Integrated Command and Control Centre (ICCC) addressing the issue of improvement/safety in public spaces. Operationalisation of ICCC in all the three cities ensured better surveillance, traffic management, crime control etc. Besides many projects for redevelopment of gardens, plantation of trees and beautification of ponds, talabs, and river front were also undertaken for visible improvement of public spaces in the cities.

However, significant observations made in Audit regarding implementation of Smart City Mission are discussed in the succeeding paragraphs.

2.2 Planning and Governance

Under the SCM, cities were to prepare Smart City Proposals (SCPs) using the principles of strategic planning process containing Area Based Development plan and Pan-city initiatives. CEO, State Urban Development Agency (SUDA) acted as Mission Director for implementation of the SCM at State level and SCPs were prepared by the respective ULBs under the overall guidance of Mission Director. Three SPVs (RSCL, BSCL and NRANSCCL) were responsible for overall

implementation and governance of SCM at city level.

2.2.1 Preparation of Smart City Proposal

SCM guidelines prescribed certain essential features in form of core infrastructure e.g. assured electricity supply, adequate water supply, solid waste management, pedestrian friendly pathways etc. and smart solutions like intelligent traffic management, energy efficient street lighting etc. must form part of SCP.

Audit noticed that the SCPs of Raipur and Bilaspur did not include rainwater harvesting and energy efficient green building. Further, even though included in SCPs, the work related to essential features i.e., assured electricity supply, energy efficient green building and affordable housing under green field development, non-vehicle street/zones, smart parking, smart metering, non-motorised transport etc. were not taken up for execution during the audit period by SPVs in Raipur¹, Bilaspur² and Nava Raipur³.

Audit further noticed that out of 175 projects proposed in SCPs, 14 projects (₹ 353.58 crore) were dropped on various grounds such as overlapping in the scope, do-ability, non-availability of land, abnormal delay in taking up of projects, non-interest of the stakeholders etc. during implementation stage. This indicates inadequate planning and assessment for selection of projects in the SCP and its execution.

The GoCG stated (April 2023) that the projects were dropped as these were either implemented through different departments of the State Government or found not feasible after consultation with concerned departments.

The reply itself indicates that SCP was prepared without proper assessment, planning and participation.

2.2.2 Non-Appointment of full time CEO and other staff

The SCM guidelines envisage that each SPV would be headed by a full-time Chief Executive Officer (CEO) who has to be appointed for a fixed term of three years after approval of MoH&UA and can be removed only with prior approval of MoH&UA. Further, the advisory issued (October 2018) by MoH&UA clearly states that having a full-time CEO in Smart City SPVs is expected to significantly contribute in the Ministry's pursuit towards accelerated implementation of the Mission. As per advisories issued by MoH&UA for appointment of key managerial persons as required under Companies Act, 2013, the CEO was responsible to formulate a Human Resource Policy laying down the required staff positions, their qualifications, recruitment procedures, compensation, termination procedures, etc., which was to be approved by BoD.

➤ Audit observed that a full-time CEO has not been appointed in any of the

1 Raipur- assured electricity supply, affordable housing under green field development & non-vehicle streets/zones

2 energy efficient & green building, affordable housing under green field development, smart parking, smart metering, non-vehicle street/zones & non-motorised transport (cycle track)

3 assured electricity supply, energy efficient green building and affordable housing under green field development & smart parking

three SPVs. The Commissioners of concerned Municipal Corporations⁴ were given the additional charge of the CEO of the SPVs.

- The BoD of the three SPVs, in their 1st/2nd meeting, approved (September 2016/October 2016/August 2018) the set-up of RSCL⁵, BSCL⁶ and NRANSCCL⁷ which included various posts for the day-to-day functioning of the SPVs, to be filled on deputation/contractual/ outsource basis. It was observed that instead of appointing technical staff on deputation/contractual basis, the staff of RMC, BMC and NRANVP were given additional charge of the posts of respective SPVs. Further, there were vacancies in three SPVs across various wings i.e. administrative, finance and technical staff affecting work efficiency and all three SPVs were functioning with deficient staff strength (*Appendix 6*).

In respect of NRANSCCL, the GoCG stated (April 2024) that as per information shared by SLHPSC to MoH&UA, CEO, NRANSCCL will be designated at the post of Managing Director and the same had been approved by BoD. In exit conference (June 2024), CEO, SUDA acknowledged the fact regarding non-deployment of full time CEO in RSCL and BSCL.

The GoCG reply did not address the issue completely, as in the absence of dedicated CEO and other staff, progress of project implementation as planned could not be ensured.

2.2.3 Shareholding pattern in SPVs

SCM guidelines provide that SPV would be established as a Limited Company under the Companies Act, 2013 and would be promoted by the State/UT and the Urban Local Bodies (ULB) jointly. The share holding pattern of 50:50 of the State/UT and the ULB is to be maintained at all times and the initial paid-up capital of the SPV would be ₹ 200.00 crore.

Audit however, observed that the initial paid-up capital of all the three SPVs was only ₹ 10.00 lakh as against the required paid-up capital of ₹ 200.00 crore. Further, in the case of RSCL and BSCL, the equity shareholding was 14:86 and in case of NRANSCCL it was 29:71 between the ULB⁸ and the State Government against the requirement of 50:50 share. Thus, the share holding pattern of the SPVs was not as per the provisions of scheme guidelines.

The GoCG in its reply (April 2023) stated that the shareholding pattern of RSCL has since been complied. As regards BSCL, the GoCG stated that the shares held by various authorities are not only on behalf of the ULB but for both the GoCG and the

⁴ The CEO of NRANVP was given the additional charge of Managing Director of NRANSCCL as there is no ULB in Nava Raipur city.

⁵ CEO, Chief Financial Officer (CFO), General Manager (Land revenue), General Manager (Eng. Tech), General Manager (Communication), General Manager (IT), General Manager cum Company Secretary etc.

⁶ CEO, Chief Financial Officer (CFO), General Manager (Land revenue), General Manager (Eng. Tech), General Manager (Communication), General Manager (IT), General Manager cum Company Secretary etc.

⁷ CEO, General Manager, Deputy Manager, Company Secretary, Deputy General Manager (Finance/Land Revenue), Assistant Manager etc.

⁸ Shares in favour of NRANVP as there is no ULB in Nava Raipur.

ULB and it should be considered to be in the ratio of 50:50. Regarding paid up capital, GoCG stated that requirement of minimum capital of ₹ 200 crore is indicative and depends upon the requirement of SPV. In respect of NRANSCCL, while accepting the fact the GoCG stated (April 2024) that there is no ULB in Nava Raipur City thus, 50:50 ratio is not feasible and same was thus not followed. Further, shareholding pattern will be updated soon.

Reply is not acceptable as in case of BSCL, the Commissioner of the ULB, who is also CEO of BSCL, is on the Board of Directors (BoD) of the SPV holding only 14.29 *per cent* of the shares. So, the contention that the ratio of shareholding between the State Government and the ULB is 50:50 is not correct. Further, regarding the minimum paid up capital, the reply is not acceptable as the SCM guidelines specifically mentioned that the minimum paid up capital of the SPVs would be of ₹ 200 crore.

2.3 Funding arrangements

The projects under SCM were to be funded through grant from GoI and matching grant by the State Government i.e. SCM fund. In addition to this, funds could also be arranged by way of convergence with other Government scheme (Convergence) and Public Private Partnership (PPP). The total projects cost of SCPs for three cities of Chhattisgarh was ₹ 9,627.70 crore. The total project cost of SCPs to be funded through SCM, convergence and PPP was ₹ 2,534.30 crore, ₹ 2,205.00 crore and ₹ 4,888.40 crore respectively.

2.3.1 Availability of SCM funds

As per Guidelines of the scheme, GoI will provide ₹ 200 crore per city in the first year for SCM and thereafter an average of ₹ 100 crore per city for the next three years after deducting 2 *per cent* for A&OE for MoUD. The State Government and ULBs concerned together shall also contribute equal amount as matching share on release of funds by GoI. The details of grant received from GoI, grants released to SPVs and expenditure incurred by the selected three SPVs in the State during the period 2015-23 are given in **Table 2.1**:

Table 2.1: Details of grant received and expenditure incurred by all three SPVs

(₹ in crore)

SPV	Committed funds	Total award value (No. of work)	Grant received by GoCG from GoI	GoI Share remitted to SPV	GoCG share	Total available funds	Expenditure as of March 2023	Percentage of exp. against available funds
1	2	3	4	5	6	7=5+6	8	9
RSCL	980	862.26 (313)	392	392.00	396.00	788	514.06	65
BSCL	980	853.80 (113)	245	245.00	201.00	446	435.00	98
NRANSCCL	980	928.38 (50)	243	224.50	224.50	449	264.06	59
Total	2,940	2,644.44 (476)	880	861.50	821.50	1,683	1,213.12	

(Source: Information provided by SPVs)

Audit observed that-

- As seen from the table above, GoCG short released the GoI grants as well as its matching share to the extent of ₹ 81 crore⁹ to the SPVs. GoI grants were also curtailed due to under-utilisation of available funds by the SPVs, which was on account of slow initialisation in three years (2015-16 to 2017-18) and thereafter delay in award of works/in execution of agreements, inability to provide clear site to contractors, frequent changes in scope of works etc.
- As per the grant release orders of GoI, State should release the grant along with matching State grant within seven days of receipt of GoI grant. Meanwhile, Ministry of Finance (MoF) issued Office Memorandum dated 23 March 2021 regarding procedure of release of funds under Centrally Sponsored Schemes and monitoring utilisation of fund released through SNA which was made applicable to Smart Cities Mission in February 2022. Further, MoF, stated that the central share received should be transferred to the concerned Single Nodal Agency's (SNA's) account within a period of 21 days, and corresponding State share should be released not later than 40 days of release of central share. Audit however noted that the GoI grant was released by GoCG with a delay ranging between 10 and 1,315 days, in excess of the laid down norms.

The GoCG replied (April 2023) that the delays were due to budget shortfall and procedures, and assured timely transfer of funds in the future.

2.3.2 Sustainable source of revenue for Special Purpose Vehicles

The SCM guidelines provided that the States/ULBs shall ensure that a dedicated and substantial revenue stream is made available to the SPVs so as to make them self-sustainable.

Audit observed that the GoCG/ULBS did not ensure a dedicated and substantial stream of revenue for the SPVs. As per SCPs, future revenue of ₹ 11,270.97 crore was projected to be earned from various smart city projects, out of which ₹ 5,733.36 crore¹⁰ was to come from PPP projects. In SCP of all three cities, projects valuing ₹ 4,888.40 crore were proposed to be undertaken under PPP. However, no project under PPP mode has been undertaken by SPVs except for smart parking project by RSCL. The only project taken up by SPV was not executed finally. As per GMIS portal, project worth ₹ 366.97 crore have been shown as undertaken in Raipur from PPP and other sources by SPV and other agencies.

Further, for completed projects under SCM, policy for revenue generation is yet to be framed by the GoCG/ULBs. In the absence of such policy, no revenue has been generated from any of the smart city project except for ₹ 28 lakh (31 March 2023) from vending zone project (Youth hub) in RSCL. Further, in GMIS portal, projects of ₹ 632.35 crore have been shown as undertaken by BSCL under PPP mode, however, none of these projects were finally executed by BSCL.

Audit observed that the three SPVs in the State completed 295 works creating assets valuing ₹ 709.95 crore till March 2023. SPVs are responsible for maintaining these

⁹ RSCL- ₹ 0 crore, BSCL- ₹ 44 crore and NRANSCCL- ₹ 37 crore

¹⁰ In RSCL this was to be 70 per cent of the revenue earned from PPP and in case of BSCL this was to be 75 per cent of the revenue earned from PPP, the rest of the revenue was to be retained by the concessionaire.

assets through SCM fund as of now. As per the GoI, MoH&UA letter dated 19 January 2022, the SPVs shall make provision for Operation & Maintenance (O&M) for the projects that have O&M component in their contract which extend beyond the mission end date i.e. June 2023 (which was further extended up to March 2025). Accordingly, SPVs created provision of O&M amounting to ₹ 151.47 crore.

Further, SCM guidelines encouraged the GoCG and the ULB to adopt best practices to create empowered SPVs by way of delegating rights and obligations of the municipal council, delegating the decision-making powers available to ULB etc. This would have also enabled the SPVs to access funds from sources such as user charges, taxes, surcharges etc. However, no initiative has been taken in firming up a future source of revenue to make the SPVs functioning sustainable. Thus, after completion of Mission and O&M period, the issue of O&M of these assets would arise in the absence of sustainable source of revenue of SPVs.

BSCL in its reply stated (August 2025) that the current annual estimated expenditure for BSCL stands in the range of ₹ 60 to 72 lakh. Against this requirement, BSCL developed multiple revenue generating projects such as parking, rental services, entry fees, advertisement etc. and from these projects the total estimated annual revenue is ₹ 1.05 crore. Thus, BSCL can comfortably sustain its recurring expenditure.

While, RSCL stated (August 2025) that direct revenue generation had been limited, so far, to the initiatives like Youth Hub (vending zone) which had demonstrated RSCL's efforts towards creating self-sustaining models. The Company is consistently exploring alternative financial mechanism including PPP models and commercial utilization of assets.

Audit is of the view that the GoCG needs to develop and implement a policy to establish a dedicated and substantial revenue stream for the SPVs to ensure their self-sustainability.

2.3.3 Diversion of SCM fund

RSCL received ₹ 19.71 crore from other departments/authorities for various works and incurred an expenditure of ₹ 26.58 crore on execution of works. RSCL did not take any concrete step to ensure recovery of the remaining amount of ₹ 6.87 crore from those departments. As a result, RSCL had to use the SCM fund for the remaining expenditure. Thus, the SCM fund was diverted for works which were not to be originally financed from SCM fund. After being pointed out by Audit (July 2022) RSCL pursued the matter with departments/authorities and recovered ₹ 4.81 crore.

The GoCG stated (April 2023) that a lot of correspondence was made with concerned departments/authorities for recovery of the balance amount. In exit conference (June 2024), MD of RSCL has stated that amount of ₹ 4.81 crore out of ₹ 6.87 crore had been recovered from the Departments/authorities.

The reply is not acceptable because the company made correspondences with Department/Authorities for recovery of SCM fund only after being pointed by the Audit. It indicates that RSCL did not take proactive action for recovery of the amount. Further, recovery of the balance amount was still pending.

2.4 Project Implementation

Smart City Mission guidelines envisaged two types of projects i.e. Area Based Development (ABD) and PAN City Smart Solutions (PAN). ABD is an approach to identify an area of the city that was to be developed into a 'smart' area, which incorporates all the essential features/elements prescribed in the SCM guidelines. PAN City Smart Solutions are additional features that are to be provided in the city. The guidelines envisage the application of smart solutions that involve the use of technology, data and information to the existing city-wide infrastructure. Three SPVs issued 476 work orders (ABD-291 and PAN-185) under SCM.

The physical and financial status of the projects executed under SCM by RSCL, BSCL and NRANSCCL as on 31 March 2023 are given in **Table 2.2**:

Table 2.2: Overall Status of physical and financial progress of the three SPVs

(Amount ₹ in crore)

Sl. No.	Name of the SPV	Total cost of projects as per SCP (no. of projects)	Total no. of work orders issued	Awarded/ Revised cost (percentage from SCP)	No. of works completed (percentage)	No. of works in progress	Expenditure (percentage from SCP)
1.	RSCL	3,939.40 (64)	313	862.26 (22)	249 (80)	64 (20)	514.06 (13)
2.	BSCL	4,009.60 (66)	113	853.80 (21)	37 (33)	76 (67)	435.00 (11)
3.	NRANSCCL	1,678.70 (45)	50	928.38 (55)	9 (18)	41 (82)	264.06 (16)
Total		9,627.70 (175)	476	2,644.44	295	181	1,213.12

(Source: Information provided by SPVs)

A total of 175 projects were sanctioned under the SCP, with an estimated cost of ₹ 9,627.70 crore. From these, 476 work orders were issued. As of March 2023, only 295 works (approximately 62 *per cent*) have been completed, while 181 works were in progress. The awarded cost amounted to ₹ 2,644.44 crore, representing around 27 *per cent* of the total planned cost. The reason for low awarded cost as compared to total cost is mainly non taking-up of planned projects of ₹ 4,886.80 crore under PPP mode. Meanwhile, the actual expenditure incurred stood at ₹ 1,213.12 crore, which is 46 *per cent* of the awarded cost and 13 *per cent* of the total project cost.

Audit noted that a total of 175 projects were included in the SCPs of the three cities. The SPVs issued 476 work orders for the implementation of the projects included in their SCPs but these work orders were not linked to individual projects of SCPs. Therefore, audit could not ascertain whether the projects, as included in the SCPs, were completed or not as of 31 March 2023. The progress of SCM in this report has been discussed in terms of these work orders issued by the SPVs.

2.4.1 Convergence with scheme of other Departments

SCM Guidelines envisages convergence of other Central and State Government Programs/Schemes with the Smart Cities Mission. At the planning stage itself, cities

must seek convergence in the SCP with AMRUT, Swachh Bharat Mission (SBM), skill development etc. By seeking convergence of other Central and State Government Programs/Schemes with the Smart Cities Mission great benefits can be derived.

In SCPs of Raipur, Bilaspur and Nava Raipur city, projects valuing ₹ 2,205 crore¹¹ were proposed to be undertaken through convergence. Audit observed that projects costing ₹ 522.04 crore could not be taken up for execution by the SPVs thereby limiting the derivation of benefits of convergence in implementation of projects under SCM.

Further, RSCL and BSCL had shown in Geo-spatial Management Information System (GMIS) portal that 34 works¹² costing ₹ 1,402.40 crore were undertaken through convergence. Whereas NRANSCCL did not undertake any work through convergence.

Audit observed that of the 34 works shown to have been taken up through convergence one work of RSCL namely 24X7 electric supply, costing ₹ 32.90 crore was taken up (April 2013) before the launch of Smart City Mission (June 2015) and two works of BSCL namely underground electric wiring and redevelopment of Brihaspati bazar costing ₹ 401.92 crore were not taken up for execution as of March 2023. Thus, SPVs mis-reported regarding works undertaken through convergence on the GMIS portal and audit could not draw sufficient assurance from the same.

In respect of RSCL and BSCL, the GoCG stated (April 2023) that projects under convergence were being executed by other organisations/departments. While, in case of NRANSCCL, the GoCG stated (April 2024) that NRANSCCL initially emphasised on infrastructure development but in due course of time, similar works defined under SCP were taken up by Nava Raipur Atal Nagar Vikas Pradhikaran (NRANVP) and executed by them. NRANSCCL has re-evaluated the requirement and on consultations with stakeholders, modified proposals were prepared after the approval of the Board. In future NRANSCCL may add convergence projects as defined in SCP.

The reply of the GoCG confirms that SPVs could not undertake all the works through convergence as per the approved SCPs.

2.4.2 Implementation of Area Based Development projects

Area Based Development (ABD) is an approach to identify an area of the city that was to be developed into a 'smart' area, which incorporates all the essential features/elements prescribed in the SCM guidelines. The idea is to look at compact areas and create a replicable model which will act like a light house to other aspiring cities. As per SCM guidelines, the 'strategic components of Area-Based Development in the SCM are: (i) city improvement (retrofitting), (ii) city renewal (redevelopment), and (iii) city extension (greenfield development), or a mix thereof.

The details of projects taken up by Raipur, Bilaspur and Nava Raipur for ABD, the status of projects therein and findings on their implementation are discussed below:

¹¹ Raipur - ₹ 899.52 crore, Bilaspur - ₹ 1005.08 crore and Nava Raipur - ₹ 300.40 crore

¹² RSCL - 23 works costing ₹ 454.71 crore and BSCL - 11 works costing ₹ 947.69 crore.

2.4.2.1 Physical and financial progress of projects taken up under ABD

Details of physical and financial progress of the projects¹³ undertaken by RSCL, BSCL and NRANSCCL of the State, as of March 2023 are given in **Table 2.3**:

Table 2.3: Details of physical and financial progress of works undertaken in Area Based Development

(Amount in ₹ crore)

Name of selected cities	Total no. of work orders issued (value)	Stage of progress (up to March 2023)			
		No. of Works completed (in per cent)	No. of work in progress (in per cent)	Expenditure incurred	Percentage of expenditure against total awarded value
Raipur	176 (539.77)	141 (80)	35 (20)	238.46	44
Bilaspur	78 (478.14)	23 (29)	55 (71)	275.66	58
Nava Raipur	37 (626.03)	6 (16)	31 (84)	103.92	17
Total	291 (1,643.94)	170 (58)	121 (42)	618.04	38

(Source: Information provided by SPVs)

The above table shows that the overall percentage of works completed as of March 2023, as against the number of works undertaken under ABD by the three SPVs was 58 *per cent*. Further, financial achievement was 38 *per cent* of the cost of awarded works.

The GoCG stated (April 2023) that projects under SCM fund would be completed within the Mission period. In case of NRANSCCL, the GoCG stated (April 2024) that NRANSCCL received ₹ 420.38 crore of GoI share and ₹ 362.38 crore of GoCG share as on 20 March 2024. Out of it, ₹ 601.96 crore has been expended.

2.4.2.2 Projects taken outside ABD area

As per para 5.1 of SCM guidelines, the strategic components of ABD in the Smart Cities Mission are city improvement (retrofitting), city renewal (redevelopment) which are to be done in a specific area identified by the cities after consultations with the citizens. Projects for city extension (greenfield development) plus a Pan-city initiative in which Smart Solutions are applied can cover larger parts of the city. Advisory 13 issued by MoH&UA in September 2018 further stated that taking up projects outside the ABD area was not permissible.

¹³ The companies issued multiple work orders for the implementation of projects specified in their SCPs. These work orders have been treated as separate projects and are depicted in GMIS as such.

Audit observed that out of 291 works, the SPVs executed 40 works outside the ABD area which were related to redevelopment/beautification of parks/gardens, construction of cycle tracks, tree plantation etc. These works were related to retrofitting and redevelopment and should not have been taken up outside the ABD area as it was in contravention of the SCM guidelines/advisory.

The details of these works, as of March 2023 are given in **Table 2.4**.

Table 2.4: Details of projects taken up outside ABD area

Name of SPV	Total work orders	Awarded cost (₹ in crore)	Completed		In progress	
			Number of works	Expenditure (₹ in crore)	Number of works	Expenditure (₹ in crore)
RSCL	22	91.98	14	47.13	8	21.17
BSCL	2	93.69	0	0	2	85.06
NRANSCCL	16	207.44	1	6.94	15	25.29
Total	40	393.11	15	54.07	25	131.52

(Source: Data compiled from information provided by the three SPVs)

The GoCG stated (April 2023) in respect of RSCL that the projects are as per clause no. 2.4 of SCM guidelines where core infrastructure such as water supply, electricity, sanitation etc., were to be taken up to develop the city as smart city. Whereas, in case of BSCL, GoCG stated (April 2023) that these projects were taken up as they were strategically important and would provide immense benefits to the citizens. In case of NRANSCCL, the GoCG stated (April 2024) that Nava Raipur is a developing city and infrastructure development is being carried out as per future requirements of city planning. Most of the residential sectors and population is situated outside the ABD area of city. Thus, projects defined for the ABD area were also taken up in PAN area as per advisory -13 and para 5.1.4 & 5.2 of SCM guidelines. In these projects, ICT components are available, and some projects are partially outside the ABD area.

The reply of RSCL is not acceptable as none of the above works were related to water supply and electricity. Most of the works carried out by RSCL were in nature of redevelopment of lakes and tree plantation etc. The only work stated to be of core infrastructure was installation of STP at Nariyya Talab for rejuvenation of local Talab and all other works were mainly related to retrofitting and redevelopment which were to be carried out within ABD area only. The reply regarding BSCL is not acceptable as these works were outside the marked ABD area. Further, the reply with regard to NRANSCCL is not acceptable as advisory 13 prohibits taking up projects having some portion outside the ABD area, unless the purpose of the work is for first mile/last mile connectivity, however, the projects taken outside the ABD area in NRANSCCL did not meet these criteria.

2.4.2.3 Non-utilisation of created infrastructure

2.4.2.3 (a) Non-utilisation of cycle track built under 'Rent-a-Cycle scheme' project in Raipur City

To encourage non-motorised transport in the city, RSCL decided to take up the work of cycle track corridor at Gaurav Path, Raipur. As per the feasibility report various components such as parking station for cycle docking, bus stop for pick and drop,

benches and landscaping were to be constructed in this project.

RSCL awarded (September 2017) the work of construction of cycle track at a cost of ₹ 1.16 crore. Audit observed that various other components viz. parking station for cycle docking, bus stop for pick and drop, benches and landscaping as envisaged in the feasibility report were not taken up by RSCL. Components of Parking station for cycle docking facilitates public to rent and return bicycles therefrom, while landscaping improves the aesthetics and appearance of the track. Due to not taking up all the components, the cycle track did not prove useful and hence, it was not being used by the public. Consequently, the cycle track was encroached by vendors.

The photographs of the track taken during physical verification are shown below:



(Photographs taken on 20 July 2022)

Photograph No. 2.1 shows the encroachment by vendors

Photograph No. 2.2 shows use of cycle track for parking and missing bollards

The GoCG stated (April 2023) that the scheme was not matured and RSCL still promoted the scheme which was being used by citizens who travel by their own cycles. It was also stated that the encroachments on the cycle track are being removed with the help of ULB. The GoCG also stated that the project was implemented on pilot basis which did not turn out to be a success, but it is being used by citizens.

The reply is not acceptable as RSCL did not take up the project in entirety as envisaged in the feasibility report to assess the success on pilot basis. Due to non-execution of other components of the project, the cycle track could not be fully utilised. Hence, the objective of promoting non-motorised transport in the city through this project could not be achieved.

2.4.2.3 (b) Non-operationalisation of e-toilet and bus shelter in Raipur City

RSCL decided to take up the work of construction of Public/Community toilets with proper hygiene and sewerage system with the objective to keep the citizens healthier and maintain hygiene and cleanliness in the city.

In order to implement this project, RSCL awarded (June 2018) the work of construction of Public/Community toilets with proper hygiene and sewerage system for ₹ 2.60 crore with a completion period of three months i.e., till 21 September 2018 and Defect Liability Period (DLP) of two years which was further extended by one year up to 31 December 2022.

Audit observed that 32 e-toilets and seven bus shelters were constructed (4 November 2019) with a value of ₹ 2.23 crore. RSCL observed that maximum units of e-toilets and bus shelters were not working properly and issued notices (December 2019) to contractor for rectification soon after the installation. However, the same was not rectified by the contractor within DLP.

During physical verification, audit noticed that coin acceptance, emergency exit in e-toilets and scrolling display were not working. Non-rectification of non-functional e-toilets (LED indicators, coin acceptance, emergency exit in e-toilets and scrolling display etc.) by the contractor, resulted in non-functioning of smart features of all the 32 e-toilets as of March 2024. After DLP period, RSCL did not make any effort to rectify the smart features of toilets and to operationalise the toilets.

This led to infructuous expenditure of ₹ 1.50 crore (₹ 2.23 crore - ₹ 0.73 crore¹⁴). The photographs of the e-toilet taken during physical verification are shown below:



(Photographs taken on 05 July 2022)

*Photograph No. 2.3 shows the
encroachment by public
Latitude: 21°15'1"N, Longitude: 81°38'46"E*

*Photograph No. 2.4 show e-toilet is not in
working condition
Latitude: 21°15'1"N, Longitude: 1°38'46"E*

The GoCG stated (April 2023) that contract was cancelled in December 2022 and an amount of ₹ 72.50 lakh including the amount of security deposit, EMD and remaining dues has been recovered from contractor. Further, smart toilets units installed at all 6 places are being operated and maintained by an NGO and being used by public without inconvenience.

The reply may be viewed in light of the fact that these toilets were functioning without smart features viz., LED indicators, coin acceptance, scrolling display,

¹⁴ Amount of security deposit, EMD and remaining dues forfeited by RSCL

emergency exit, etc. as intended under the SCM

2.4.2.3 (c) Implementation of “Grey to Green Raipur” project in Raipur City

RSCL decided to take up Tree Plantation under “Grey to Green Raipur” scheme with objective to increase greenery in the city. In order to implement the project, RSCL awarded (September 2019) the work of plantation of 5,000 trees in Southern zone, Raipur with value of ₹ 1.40 crore. As per the agreement, the contractor had to preserve the trees planted for a period of two years. It was observed that in the Southern zone, 4,414 trees were actually planted by the contractor and of these, 2,070 plants were found dead (May 2021) which were not replaced by the contractor. As a result, the expenditure of ₹ 40.56 lakh¹⁵ incurred by RSCL in respect of these trees did not fructify. Also, due to non-replacement of dead trees, the objective to increase greenery could not be fully achieved.

The GoCG stated (April 2023) that due to sudden death (May 2021) of the contractor, it was not possible to replant trees. Therefore, in compliance with clause 37 of CPWD form B, contract was closed and security deposit of ₹ 37.06 lakh was forfeited.

The reply is factually incorrect as ₹ 37.06 lakh stated to be forfeited was in fact the amount payable to the contractor for operation & maintenance of the trees for two years and not the amount of security deposit.

2.4.2.3 (d) Infertuous expenditure of ₹1.26 crore on the project of 3 MLD STP at Budha Talab

RSCL awarded (27 February 2019) the work of design, supply, construction, installation, testing and commissioning of Sewage Treatment Plant (3 MLD) at Budha Talab costing ₹ 17.90 crore to M/s BHEL (Contractor) with three months of trial run and post completion operation & maintenance of entire system for 10 years including five years defect liability period.

Audit observed that work was awarded without consultation with the stakeholders. As a result, the progress of work remained slow due to agitation by the public against the project as they demanded to construct playground/garden for the locals at the project site. Due to these reasons the work was stopped (8 December 2019) at the site by the contractor after incurring an expenditure of ₹ 1.26 crore against design & drawing and construction of structure up to plinth level i.e. marking, excavation, PCC & bottom raft. Subsequently, the contract was foreclosed (September 2022) with mutual consent of RSCL and the contractor. According to the terms of foreclosure, the contractor adjusted the payment of ₹ 1.26 crore from the mobilisation advance (₹ 1.79 crore) availed by them and returned the balance amount to RSCL. Further, as per mutual consent, RSCL was free to use the work completed by BHEL as per their requirement. After the foreclosure of the contract, RSCL did not take any action to engage with stakeholders and complete the work as of June 2024. Therefore, expenditure incurred on the work could not be utilized and rendered infertuous.

¹⁵ ₹ 2,070 x ₹ 1,959.30 (70 per cent of ₹ 2,799.00 per tree paid to contractor)

The GoCG stated (April 2023) that as per the compromise reached in the Lok Adalat, the contract was deemed foreclosed and all the claims of both the parties stood withdrawn.

The reply, however, does not elaborate on the efforts made by RSCL to complete the work or to utilise the executed work.

2.4.2.4 Delay in execution of works

Under ABD intervention, total 291 works were awarded by the three SPVs during the period covered in audit. Audit observed that there was delay by more than 90 days in execution of 96 works. The delay in execution of these works ranged between 93 days and 1,344 days as per the details given in *Appendix 7*.

Some instances of delay in execution of works noticed during the test check are discussed below:

2.4.2.4 (a) Delay in implementation of 24x7 water supply with installation of SCADA & smart metering project in Raipur City

The project was first taken up by RSCL in its BoD meeting held on 9 February 2018. Thereafter, multiple Notice Inviting Tenders (NITs) were issued in different years. However, none of these NITs could be finalised and it was only in March 2022 that the work was awarded to M/s Laxmi Civil Engineering at a cost of ₹ 130.39 crore with completion date of 31 March 2024. A project of such importance faced delays due to revision in the estimates, revision in the scope of work, indecision on part of RSCL, cancellation of NITs and delay in obtaining approval from Project Formulation and Implementation Committee (PFIC). Thus, delay in finalisation and approval of estimates by RSCL delayed tendering and award of project and the project remained incomplete as of June 2024.

The GoCG stated (April 2023) that project was delayed due to enforcement of election code of conduct before Vidhan Sabha/Lok Sabha elections, non-participation of bidders in tender, modification in project in alignment with the AMRUT project etc. Further, in Exit conference (June 2024), MD of RSCL stated that this project was delayed due to congested site condition and 90 *per cent* of project was completed.

The reply is not acceptable as RSCL executed various other agreements/tenders in the same period without any hindrances. Further, the project of such importance was not taken up on priority due to lackadaisical approach which in turn delayed completion of project.

2.4.2.4 (b) Development of Green Corridor, Youth hub and Vending Zone project in Raipur City

RSCL took up the project of development of green corridor, youth hub vending zone with the objective of creating vending zone for street vendors to generate employment.

RSCL awarded (August 2020) the work at amount of ₹ 16.72 crore which was revised to ₹ 19.82 crore. However, the work was awarded without demarcation of the required land and obtaining consent of various stakeholders (Principal of Science College, revenue authority of State Government, public representatives, CSPDCL etc.). As a result, project was delayed and only work of vending zone had been

completed up to March 2024. Component of smart reading room and development of Anupam garden was still under progress (March 2024) due to delay in providing drawing of reading room and various changes in the scope of work of Anupam garden.

The GoCG stated (April 2023) that DPR was prepared after conducting proper survey and consultation with stakeholders. However, due to changes in Government, new suggestions were given by public representatives/other stakeholders resulting in delay in the work.

The reply is not acceptable as RSCL did not carry out the required preliminary activities before awarding the work which had no relation with change in Government. Further, no records relating to consultation with stakeholders before the award of work were found on record.

2.4.2.4 (c) Creating vending zone in Bilaspur City

BSCL awarded (March 2020) the work of providing and fixing 200 Modular Kiosks to create vending zone in Bilaspur City at a value of ₹ 1.92 crore with the objective of providing facility to informal market/vendors by providing modular kiosk with due date of completion in September 2020.

Audit observed that BSCL awarded (March 2020) the work without identifying the sites for the kiosks and without finalising a policy for the allotment of the kiosks. Selection of sites was done in October 2021 only in coordination with BMC. Due to delay in selection of sites and non-framing of policy for allotment, only 100 kiosks valuing ₹ 96 lakh, out of the 200 kiosks, could be constructed by the contractor till November 2023. Due to non-allotment of kiosks simultaneously to beneficiaries after the construction, there were cases of theft of material i.e. ACP sheet, window gates, illegal occupation of installed kiosks and also dilapidation of some kiosks. Thus, due to inadequate planning by BSCL, the project could not be completed and the objective of providing facility of informal market and modular kiosks remained partially achieved. The photographs of the vending zone taken during physical verification are shown below:



(Photographs taken on 22 October 2022)

*Photograph No. 2.5 shows dilapidated
Kiosks*

*Photograph No. 2.6 shows some parts were
stolen*

Latitude: 22°5'41"N, Longitude: 82°9'1"E

Latitude: 22°3'48"N, Longitude: 82°9'20"E

The GoCG stated (April 2023) in reply that the location and policy for allocation of modular kiosks were finalised in co-ordination with BMC. The project is back on track and placement of kiosks is targeted to be completed by June 2023. Further, in the Exit conference (June 2024), MD of BSCL stated that out of 200 kiosks, 100 kiosks had been installed and allotted to vendors and work was foreclosed in respect of remaining 100 kiosks.

Reply is not acceptable as site was finalised with discussion of BMC only in October 2021 i.e., much after award of work (March 2020). Further, out of 200 kiosks only 100 were constructed and allotted to beneficiaries at identified places till November 2023 i.e. with delay of approximately three years after scheduled date of completion i.e., September 2020. Further, foreclosing of work for remaining 100 kiosks confirms inadequate planning.

2.4.2.4 (d) Rainwater harvesting in existing buildings in Nava Raipur City

NRANSCCL awarded (December 2020) the work of rainwater harvesting in existing buildings in Nava Raipur City valuing ₹ 1.04 crore (due date of completion – 14 April 2021) with objective to provide water management and conservation and to increase recharge of ground water by capturing and facilitating rainwater percolation.

It was noticed that NRANSCCL could not provide clear site to the contractor. As a result, the contractor completed the work worth ₹ 0.39 crore only till July 2022, without constructing rainwater harvesting system in 132 blocks/units of duplex houses and the RSCL foreclosed the partially completed work as the contractor expressed the inability to complete the work due to non-availability of clear work site. Thus, due to inadequate planning, the objective of water management and conservation could not be fully achieved in the planned areas.

The GoCG stated (April 2024) that as per proposed work for rain water harvesting project, 48.70 per cent of roof area was managed for catching the precipitated runoff.

The main objective of recharging underground water table is parallelly achievable through Bioswale, ponds and stream development projects within Naya Raipur City.

The GoCG reply is not acceptable as DPR of Bioswale¹⁶ was approved in August 2020 i.e., before the award of work of Rainwater harvesting work (8 December 2020). Further, the project of Rainwater harvesting project was taken up to retrofit the existing residential buildings whereas stream development projects are entirely different from rainwater harvesting. So, it is evident that the planning of these projects was done independent of the rain water harvesting project.

2.4.2.4 (e) *Fire hydrant system in Government Offices in Nava Raipur City*

NRANSCCL awarded (9 March 2021) the work of installation of fire hydrants in Government buildings valuing ₹ 5.17 crore with objective to provide unhindered water supply in case of fire in any building. The benefit of project is safety of human life and security of property and goods. Completion period of the work was 10 months i.e., 8 January 2022. However, the work of electrical charging of station and final testing was pending due to which the system was yet to be operationalised (March 2024). However, no action was taken by NRANSCCL for ensuring timely completion of work. Non-completion of work had resulted in non-achievement of the project objective of safety and security of human life, property and goods during fire.

The GoCG in its reply (April 2024) stated that the work has been delayed due to COVID-19 lockdown, non-availability of labour, delayed clearance of ROW maintained by forest department etc. The GoCG further stated that only electrical charging of station and final testing was pending and the project can be utilised for the safety and security of life and property during any fire outbreak.

The reply indicates that the fire hydrant system was not operationalised till date (April 2024).

2.4.2.4 (f) *Storm Water Drainage System and conservation of water bodies in Nava Raipur City*

The NRANSCCL awarded (6 April 2021) the work of development of storm water drainage system and conservation of water bodies in Nava Raipur Atal Nagar valuing ₹ 21.04 crore with objective of curing water pollution through Bioswales to naturally drain off the storm water to increase the ground water table (sustainable storm water management). Work was to be completed within a period of five months. The work was however still under progress, as of March 2024. Audit observed that the contractor could not complete the work due to reasons viz., extended monsoon, land issues at various places and delay in providing the revised drawings for the project.

The GoCG in its reply (April 2024) stated that the work has been delayed due to encroachment of land, COVID-19 lockdown, water logging at the work sites etc. It was also stated that the delay in providing the revised drawings is not correct as drawings were modified and issued in conjunction with the situations. All the ponds and Bioswale streams were excavated by December 2022, only cross drainage works and allied works were pending.

¹⁶ A shallow ditch or depression in the ground that collects and filters rainwater and surface runoff, often planted with vegetation, to reduce storm water pollution and improve water quality.

The reply is not acceptable as the work was not completed even as of April 2024 despite end of pandemic and other seasonal issues such as water logging.

2.4.3 Implementation of PAN City Smart Solutions projects

As per SCM guidelines, PAN City Smart Solutions are additional features that are to be provided in the city. The guidelines envisage application of smart solutions that involve the use of technology, data and information to the existing city-wide infrastructure focusing on (i) Public Safety and Surveillance, (ii) Traffic Management, (iii) Public services, (iv) Emergency response, (v) Pollution monitoring, (vi) Real time tracking of services, (vii) public spaces, *etc.*

The details of projects taken up in Raipur, Bilaspur and Nava Raipur cities for PAN City Smart Solutions, the status of projects therein and findings on their implementation are discussed below:

2.4.3.1 Physical and financial progress of projects taken under Pan City

Details of physical and financial progress of the projects undertaken by RSCL, BSCL and NRANSCCL, as of March 2023 are given in **Table 2.5:**

Table 2.5: Details of physical and financial progress of works undertaken in PAN City

(₹ in crore)

Name of selected cities	Stage of progress (up to March 2023)				
	No. of work order issued/value	No of works completed (per cent)	No of works incomplete/ in progress (per cent)	Expenditure in work orders executed	Percentage of expenditure against total awarded value
Raipur	137 (322.49)	108 (79)	29 (21)	275.60	85
Bilaspur	35 (375.66)	14 (40)	21 (60)	159.34	42
Nava Raipur	13 (302.35)	3 (23)	10 (77)	160.14	53
Total	185 (1,000.50)	125 (68)	60 (32)	595.08	59

(Source: Information provided by SPVs)

The above table shows that the overall percentage of works completed as of March 2023, as against the number of works undertaken under PAN by the three SPVs was 68 *per cent*. Further, financial achievement was 59 *per cent* of the cost of awarded works.

Audit observed that execution of 58 works out of 185 awarded works under PAN were delayed ranging from 91 days to 1,282 days. The details of these works are given in **Appendix 8**.

The GoCG stated (April 2023) that in case of RSCL, substantial projects have been completed and stated that projects under SCM fund would be completed by June 2023.

In case of BSCL, physical progress was affected due to delay in appointment of PMC, various elections and COVID etc. In case of NRANSCCL, GoCG stated (April 2024) that due to delay in appointment of PMC and delay in award of work, the physical progress was affected. The GoCG further stated that NRANSCCL was continuously reviewing the works progress with implementing agency and de-scoped partial work.

2.4.3.2 Implementation of non-ICT works under PAN city initiative

As per para 5.1.4 of guidelines, Pan-city development envisages application of selected Smart Solutions to the existing city-wide infrastructure. Application of Smart Solutions will involve the use of technology, information and data to make infrastructure and services better. Hence, non-ICT works were not permissible as a PAN City initiative. In this regard, Audit observed that:

- RSCL took up 115 non-ICT works with value of ₹ 85.41 crore under PAN City projects such as lake and garden rejuvenation, beautification and redevelopment which was 84 *per cent* of total PAN city works. Out of these 115 awarded works, 86 works completed with an expenditure of ₹ 35.43 crore and remaining 29 works expenditure of ₹ 9.62 crore was already incurred were in progress. Thus, expenditure of ₹ 45.05 crore was incurred on these 115 works in violation of SCM guidelines.
- BSCL had taken up 12 non-ICT works valuing ₹ 15.04 crore under PAN City projects such as storm water drain with divyang friendly footpath, playground, advertisement hoardings etc. Out of these 12 awarded works, six works valuing ₹ 2.40 crore were completed with an expenditure of ₹ 1.54 crore and remaining six works valuing ₹ 12.64 crore were in progress wherein expenditure of ₹ 5.53 crore was already incurred. Thus, expenditure of ₹ 7.07 crore was incurred on these 12 works in violation of SCM guidelines.
- NRANSCCL took up one non-ICT project under PAN-City viz., Storm Water Drainage System & conservation of water bodies (₹ 18.40 crore) proposed in SCP and incurred expenditure of ₹ 10.48 crore till March 2023. This project did not include any ICT component or Smart Solutions. Thus, the expenditure of ₹ 10.48 crore incurred on this project by NRANSCCL was in violation of SCM guidelines.

These works should not have been included under the PAN-City initiative as no Smart Solution being provided through these works.

The GoCG stated (April 2023) that in case of RSCL as per Advisory 13, addition of new projects in SCP, addition of projects outside the ABD location or addition of non -ICT as PAN City initiative etc., are permissible. In respect of BSCL, it was stated that these works were non-ICT works within the ABD area. It was further stated that some of these projects affect the entire city. While in case of NRANSCCL, the GoCG stated (April 2024) that in Storm Water Drainage System & Conservation of water, ICT component will be included in the next phase for making it PAN compliant.

The reply of the GoCG in case of RSCL is not correct because as per GoI's Advisory 13 dated 8 September 2018, taking up non-ICT projects as PAN-City initiative is not permissible. In the projects pointed out in the audit observation, there is no

application of smart solutions to city wide infrastructure. Further, reply of BSCL is contradictory as these non-ICT works had been shown as PAN City projects in GMIS for SCM.

2.4.3.3 Non-utilisation of created infrastructure

2.4.3.3 (a) *Supply, delivery, installation and O&M of modern fully underground waste collection bins*

RSCL decided to install 30 modern underground waste collection bins at different places in the city under the component of Waste Management for PAN-City projects to achieve the overall objective of implementing a reliable underground waste collection and monitoring & tracking system to monitor waste collection, vehicles movement and maintenance etc.

The project envisaged *inter alia* installation of bin level sensors on each of the bins which would monitor the bin level and would send the alert on fill levels of the underground bins to the monitoring agency. A comprehensive Bin Monitoring System having a dashboard clearly indicating the status of bins marked on a map, was also to be implemented. Additional views on dashboard providing bin number, current location, last updated date and time and running status of vehicles etc., were also to be provided for live tracking.

RSCL awarded (28 December 2017) the project to M/s Zonta Infratech Private Ltd. (Contractor) at the contract value of ₹ 4.25 crore along with O&M period of five years. The project was completed on 1 June 2018.

Audit observed (July 2022) that installed bin level sensors and the dashboard monitoring system became non-functional during the phase of O&M soon after installation. RSCL issued first notice on 22 July 2018 to the contractor, and thereafter several notice has been issued to the contractor but the contractor failed to rectify the defects within O&M period. RSCL did not initiate any action against the contractor rather awarded an additional work of eight dustbins valuing ₹ 54.17 lakh in March 2019 to the contractor citing the requirement for additional bins in the city and performance of contractor being satisfactory.

The non-functioning of bin level sensors and the dashboard defeated the purpose of installation of smart dustbins as there was no monitoring of the level of waste in the bins and as a result, the smart dustbins have been functioning as any other normal dustbin defeating the objective of installation of smart dustbins.

A physical verification of all 30 dustbins was carried out (July 2022) during which waste accumulation in the bins was noticed and most of the bins were found damaged. The photographs of the dustbins taken during physical verification are shown below:



(Photographs taken on 5 July 2022 and 21 July 2022)
Photograph No. 2.7 and 2.8 show damaged dustbins

Thus, the purpose of installation of smart dustbins was defeated and the expenditure of ₹ 3.59 crore incurred thereon till date (March 2023) has been rendered infructuous.

The GoCG stated (April 2023) that at times, waste from the bins is not collected due to non-availability of trucks/ due to maintenance check of the vehicle. Consequently, as per Request for Proposal conditions, a total penalty of ₹ 10.97 lakh has been levied on the contractor for non-availability of trucks, sensors, hardware. It further stated that due to deficiency in services, quarterly payment had not been released from February 2021 to till date (March 2023). The contractor had repaired damaged dustbins and is continuously performing the operation and maintenance of underground bins. The contractor had promised to repair the sensors at the earliest.

Reply itself indicates that all bin level sensors and dashboards were still not functional defeating the very purpose of providing smart solution.

2.4.3.3 (b) Underground traffic LED signal lighting system at public road junctions in RMC area

RSCL proposed the work of supply, installation, testing and commissioning of underground traffic LED signal lighting system at public road junctions in RMC area with objective of enhancing public safety.

RSCL awarded (22 September 2021) the work to M/s Powertek India (contractor) at a tendered cost of ₹ 1.94 crore. The work was to be completed in four months i.e up to January 2022. The contractor could not complete the work within the scheduled time and no action as per terms and conditions of contract has been taken by RSCL. It was only in January 2023 that the contractor submitted the first Running Account (RA) Bill for the work and RSCL paid an amount of ₹ 64.67 lakh on account of the same. RSCL issued notice for (October 2023) termination of the contract as the execution of the work was not satisfactory and the installed system was not functioning. However, the contractor did not take any action to rectify the same. So, RSCL terminated the contracts in May 2024. The installed system remained non-

functional since its installation and this has resulted in an unfruitful expenditure of ₹ 61.44 lakh¹⁷.

2.4.3.3 (c) Smart Parking

RSCL had proposed Smart Parking in SCP. The key objectives of this project were to enable relatively accurate information on the availability of parking slots in real time through monitoring the entry and exit of each vehicle in each parking lot, to enable Mobile App based parking guidance system and to direct the drivers to the available parking slots, to help traffic flow more freely in the city and to enable users to pay on the spot or reserve parking spots through the Mobile app or online portal.

RSCL invited (October 2017) a tender for Smart Parking project¹⁸ for Raipur Smart City on PPP Model for 12 existing and 10 new parking spaces and awarded (January 2018) the work to a contractor¹⁹ for annual minimum guaranteed fee of ₹ 1.92 crore or 43 *per cent* share of revenue earned by the contractor, whichever was higher. However, due to tardy progress of work by the contractor, RSCL terminated (June 2019) the contract.

Audit observed (July 2022) that out of the total 22 locations, parking operations were started at only one place (MLCP, Jaistambh Chowk). However, this also became non-functional as the contractor failed to deploy/provide sufficient manpower, app and equipment etc. and consequently, RSCL terminated the contract. After termination of contract, no efforts were found to have been taken by RSCL to complete this project. Thus, the objective of Smart Parking in Raipur city was not fulfilled.

The GoCG stated (April 2023) that at the time of signing of agreement, only one site (MLCP Jaistambh Chowk) was available and other existing parking sites mentioned in the agreement were operating under different parking agreements by RMC. It was decided that as and when these contracts will be over, the same will be handed over to the contractor. But due to non-performance by the contractor, the tender got terminated. Currently, RMC has taken up smart parking at different locations with different facilities.

The reply is not acceptable as the contractor started the work at only one site despite availability of other sites. Further, RSCL did not make any effort to retender the project after termination of agreement.

2.5 Tendering & Contract Management

2.5.1 Award of work to ineligible bidders

The technical as well as financial eligibility criteria forms an important part in the tendering process of the works. It is set in a way that promotes competitive bidding in the tenders and at the same time it discourages such bidders from participating in the tenders who are not capable of completing the works according to the desired specifications in a time bound manner.

¹⁷ ₹ 64.67 lakh - ₹ 3.23 lakh (Security Deposit)

¹⁸ Selection of Concessionaire for design, development, implementation, operation and maintenance of Smart Parking Solution

¹⁹ M/s Building Control Solution India Pvt. Ltd.

Audit observed in four instances of the awarding of work valuing ₹ 75.85 crore by RSCL and BSCL to the bidders who did not fulfill the eligibility criteria specified in the tenders which are enumerated below:

➤ **Construction of smart road component at Maharajband talab road**

RSCL awarded (13 July 2020) the work of Construction of smart road component at Maharajband talab road to M/s Anil Construction at a cost of ₹ 3.67 crore (PAC – ₹ 3.56 crore).

As per the terms and conditions of tender, the bidder must have successfully commissioned one similar work of value not less than 60 *per cent* of the probable amount of contract (PAC) i.e., ₹ 213.60 lakh or two similar works each of value not less than 35 *per cent* of PAC i.e., ₹ 124.60 lakh each or three similar works each of value not less than 25 *per cent* of PAC i.e., ₹ 89.00 lakh each.

Audit observed that M/s Anil Construction (contractor), was declared as qualified based on the experience criteria as the contractor had completed two similar works of not less than ₹ 124.60 lakh each. However, it was observed that the work order submitted by the contractor for ₹ 141.95 lakh was in fact for two separate works valuing ₹ 98.39 lakh and ₹ 43.56 lakh respectively which was considered as single work for evaluation of eligibility criteria by RSCL.

The GoCG stated (April 2023) that the work was awarded by Executive Engineer, CRRDA, Baloda Bazar in two packages, package 1 of ₹ 98.39 lakh and package 2 of ₹ 43.56 lakhs consisting of a total value of ₹ 141.95 lakh with a single agreement no. DL-08/Date 28 February 2017. The experience certificate was provided for this single work which was executed in two different packages for a total executed value of ₹ 141.95 lakh. Our judgement in qualifying the bidder was based on the experience certificate as work order does not signify the quantum of work done. The GoCG further stated that the technical bid was sent to the PMC for analysis and recommendation. PMC found the bidder as qualifying and on the basis of PMC's recommendation, RSCL declared the bidder as qualified.

The GoCG reply is factually incorrect as Executive Engineer, CRRDA, Baloda Bazar had issued two work orders/agreements and accordingly these should have been considered as two separate works and not as a single work. Further, decision of selection of any bidder rests with RSCL only and PMC's recommendation was not binding. So, the GoCG's assertion that RSCL qualified the bidder on the recommendation of PMC is not justified.

➤ **Beautification & Development of smart road near Maharajband Talab (Phase II)**

RSCL awarded (21 October 2021) the work of Beautification & Development of smart road near *Maharajband Talab* (Phase II) to M/s Sharad Shukla at a cost of ₹ 1.31 crore.

As per the terms and conditions of tender, the bidder must have successfully commissioned similar nature of work i.e., civil work including beautification & development work.

Audit noticed from the technical evaluation sheet that the contractor submitted the work orders relating to widening and straightening of roads in support of experience

which was not similar work, as mentioned in the tender.

The GoCG in its reply (April 2023) stated that the bidder had submitted work experience certificate for the work of “Redevelopment of R D Tiwari School” which clearly stated that the work consisted of civil work, beautification work and other works.

The reply is not acceptable, as the work of R D Tiwari school was an ongoing work, which should not be considered as commissioned work.

➤ **Solar PV Power plant in Bilaspur city**

BSCL awarded (18 July 2022) the work of solar PV Power plant in Domuhani near STP 2.3 MW, solar PV Power plant in Guru Ameri Gokul Nagar 2 MW and solar PV Power plant in Smriti Van Raj Kishor Nagar 2 MW to M/s Ganpati Infrastructure at a cost of ₹ 47.25 crore.

As per the terms and conditions of tender, the sole bidder/member of the consortium must have executed, in last three years, in Government Organisation: (i) Single Grid connected project of Solar PV plant/ground mounted solar plant/ Rooftop Solar Plant/Solar Powered system of not less than 1.5 MWp or (ii) Two Grid connected project of Solar PV Plant/Ground mounted Solar plant/ Rooftop Solar Plant/Solar Powered system of not less than 1 MWp each.

Audit observed (August 2022) that the successful bidder submitted the experience certificate of one Grid connected project of Solar PV Plant/ Ground mounted Solar plant/Rooftop Solar Plant/ Solar Powered system of 1.1 MWp only, against the requirement of single grid connected project of 1.5 MWp or two grid connected projects not less than 1 MWp. However, BSCL overlooked this fact and qualified an ineligible bidder and awarded the work.

The GoCG stated (April 2023) that tenders have been proposed for cancellation in BoD.

The audit acknowledges the cancellation of tenders on 13 July 2023 following the observation and emphasises the importance of strengthening internal controls to avoid similar issues in future.

➤ **Construction & development of conventional centre**

BSCL awarded (31 March 2022) the work of construction & development of conventional centre to Consortium M/s Raipur Construction Private Limited & Keystone Infra Build at a cost of ₹ 23.62 crore.

As per the terms and conditions of tender the bidder should have completed similar nature of work in Government organisation in the last five years for single project consisting of Reinforced Cement Concrete (RCC) framed multi-story building including services like internal & external electrification, water supply, drainage, sewerage, landscaping, firefighting, lift, area lighting/streetlight with underground cabling, road and structural glazing.

Audit observed that the successful bidder had no experience of a single completed project consisting of RCC framed multi-story building and submitted documents for experience of completed work such as development of road, sewerage, storm water, garden only. BSCL overlooked this fact and awarded the work to an ineligible

bidder.

The GoCG stated (April 2023) that the contractor submitted one work order of construction of phase-II building and infrastructure work at sector 24 Nava Raipur of contract value of ₹ 33.82 crore.

The GoCG reply is not acceptable as the work of construction of phase –II building and infrastructure work was under progress at the time of evaluation of bids.

2.5.2 Non levy/short levy of penalty/liquidated damages by RSCL

As per the terms and conditions of contract, in case of delay in completion of work, RSCL shall levy penalty as compensation on the contractors at the rate of 0.5 *per cent* per week maximum to 6 *per cent* as per clause 2 of Form A of CGPWD or at the rate as defined in respective RFP.

Audit observed four cases where the contractors completed the works with delay after the due date of completion. However, RSCL did not levy penalty of ₹ 1.57 crore on the contractors. This led to undue benefit to contractors and short recovery of penalty to the tune of ₹ 1.57 crore. The details of such instances and the GoCG's reply are detailed in *Appendix 9*.

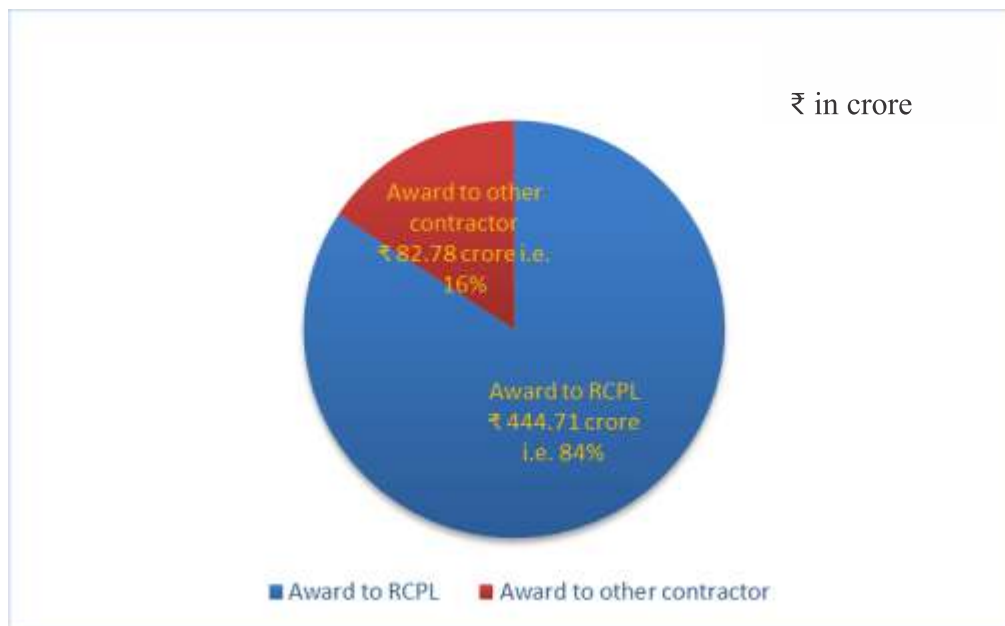
2.5.3 Award of work in NRANSCCL

Clause 3.3.7 of Manual for Procurement of Works, 2019 mentions that there must be an understanding of the size, capacity and competencies of the contractor in order to mitigate the risk of the pre-qualification criteria getting misused. Further, clause 3.3.6 (f) mentions available bid capacity as one of the attributes of the pre-qualification criteria.

In Nava Raipur Smart City, work orders for ₹ 527.49 ²⁰ crore were awarded by NRANSCCL, out of which, works for ₹ 444.71 crore (84 *per cent*) were awarded to a single contractor, M/s Raipur Construction Private Limited, Raipur (M/s RCPL) during June 2021 to March 2022 (Chart 2.2). Further, 75 *per cent* of these were awarded in the month of March 2022.

²⁰ ₹ 486.81 crore (original work) + ₹ 40.68 crore (additional work)

Chart – 2.2: Award of majority work to a single contractor in NRANSCCL



Audit test checked records in NRANSCCL and observed deficiencies in tendering process and award of work by NRANSCCL as discussed below :

2.5.3.1 Pre-qualification eligibility criteria (PQC)

NRANSCCL invites open tenders for awarding works. The tender documents contain some Pre-qualification criteria (PQC) that must be met to be eligible to participate in the tender. In order to ensure fair and wide participation of bidders, these need to be drafted carefully for adequacy of competition. Further, Clause 3.3.7 of Manual for Procurement of Works, 2019 mentions that there must be an understanding of the size, capacity and competencies of the contractor in order to mitigate the risk of the pre-qualification criteria getting misused.

Audit noticed that in all the 22 tenders published by NRANSCCL up to March 2022, bid capacity criteria to assess available bid capacity of the contractor was not included in PQC. Out of these 22 tenders, 11 tenders were awarded to RCPL.

Audit observed that participation of bidders was very poor and out of 11 tenders awarded to RCPL, in five tenders with PAC amount of ₹ 211.04 crore only two bidders participated and awarded rates ranged from 8.84 to 18.46 *per cent* above the PAC amounts.

Detailed scrutiny of eligibility criteria revealed that in three tenders²¹, PQC prescribed were very specific/restrictive in nature and did not capture the capacity of the bidder for the major part of the work expected to be executed. We observed the following inadequacy in the process of prescribing PQCs:

- I. Absence of Bid capacity of the contractor
- II. Prescribing fixed numbers of buildings constructed/number of poles etc

²¹ The work of redevelopment of upgradation of various Government Schools, Development of Bus Parking, water bodies, horticulture, Anganwadi and balance work of recycled water work, Development of infrastructure work in Rakhi Village and upgradation of Government school

instead of assigning value of work executed and experience of firefighting works for installation of fire extinguisher

- III. Eligibility is disproportionately higher for allied/minor part of works as compared to the major work to be executed

The GoCG stated (April 2024) that the NIT for the scoped work was widely published through print and electronic media. Pre-qualification criteria had been prepared in relation to the requirements and nature of scoped work under floated NIT. The fundamental principles of transparency, fairness, competition, economy, efficiency and accountability have been followed by NRANSCCL.

The reply of the GoCG is not acceptable as it does not explain the rationale behind not including the experience in terms of executing work of proportionate monetary value. Though the NITs were widely circulated, only two bidders could participate due to the restrictive PQE and all above works were awarded to one bidder²².

2.5.3.2 Award of additional work along with original works

Audit noticed the following five cases where NRANSCCL awarded additional works of ₹ 40.68 crore. In four out of five cases, NRANSCCL awarded additional work on the same day as the award of the original works. These have been described in **Table 2.6**:

Table 2.6: Details of award of additional work to existing contractors

Name of the work	Original work order value/date	Name of the contractor	Name of additional work /awarded value/ date
Construction and development of roads, park, crematorium/burial grounds	₹ 50 crore/ 31 March 2022	M/s Raipur Construction Private Limited	Construction and development of sector-22 smarter road/ ₹ 19.44 crore/31 March 2022
Development of stream, pond, park, road and allied infrastructure work at Nava Raipur	₹ 48.48 crore/ 31 March 2022	M/s Raipur Construction Private Limited, Raipur	Additional works (the work of roads under Sector-13 at a cost of ₹ 5.47 crore and Baroda Mana Road at a cost of ₹ 1.92 crore)/₹ 7.39 crore/31 March 2022
Construction and development of bus parking, water bodies, horticulture, balance work of zone 4	₹ 51.05 crore/ 31 March 2022	M/s Raipur Construction Private Limited, Raipur	Development of car parking in Sector-19/ ₹ 2.92 crore/ 31 March 2022
Development of storm water drainage system including deepening of pond, drain and allied works with tree plantations and maintenance of trees for 5 years on sector 11,12,13 and sectors 15 & 16	₹ 21.04 crore/ April 2021	M/s Raipur Construction Private Limited,	Deepening of Sendh Lake amounting to ₹ 8 crore/26 June 2021

²² M/s Raipur Construction Private Limited.

Construction of Multilevel Parking with a connecting corridor to HOD Bhavan, Nava Raipur Atal Nagar (C.G.)	₹41.20 crore/31 March 2022	M/s Raipur construction Pvt. Ltd., Raipur (C.G)	Construction of affordable dormitory near Sathya Sai Sanjeevni Hospital, Nava Raipur amounting to ₹ 2.93 crore/ 31 March 2022
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As per clause 13 of Form A of CGPWD tender document, NRANSCCL has the power to make any alteration in, omissions from, additions to, or substitutions for, the original specifications, drawings, designs and construction, that may appear to be necessary or advisable during the progress of the work. However, four additional works were awarded even before the start of the original work. So, these were not awarded as per the requirements felt necessary for the completion of the original works. Further in one case the additional work was totally different and not an extension of original work.

The GoCG stated (April 2024) that additional work was proposed to be included as per provision of General Conditions of Contract (GCC) clause 12 and F-1 Schedule-D under Scope of work (clause 12). As per GFR clause 136 (2) the additional work can be added in main work based on the urgency and criticality. Addition of projects was approved by Board of Directors and representative of MoH&UA.

The reply is not acceptable as in four cases additional work was awarded on the same date (31 March 2022) on which original work order was awarded to the contractor. Additional works were awarded to same contractor without assessing his capacity to execute all the works within prescribed timeline.

Thus, due to non-inclusion of criteria of bid capacity²³ of the contractor, the single contractor with average annual turnover of ₹ 89.12 crore²⁴ was awarded total 11 work aggregating ₹ 444.71 crore up to March 2022 by NRANSCCL. The schedule date of completion of these works were between January 2022 to October 2023. Further, none of the project awarded to the bidder could be completed till October 2023. As a result, NRANSCCL had to de-scope some of the works and after de-scoping work valuing ₹ 187.97 crore was retendered and awarded to four different contractors (February 2024).

The GoCG stated (April 2024) that the projects lagging constantly were re-tendered under risk and cost of contractor to achieve timely completion of projects under bid capacity criteria.

The reply substantiates the audit observation that non-inclusion of criteria of bid capacity as a pre-qualification criterion, led to award of work worth ₹ 444.71 crore to a single contractor lacking the capacity to execute the works. As a result, NRANSCCL was compelled to retender the works, which adversely affected the progress of the mission in the city.

²³ Available bid capacity = $A \times M \times N - B$, where A is the highest annual value of relevant engineering works in the last five years (adjusted for inflation), M is a multiplier (typically 1.5), N is the tendered project's duration in years, and B is the updated value of ongoing commitments for the next N years.

²⁴ certificate of CA dated 3 March 2022 based on audited statement of accounts of last five years of RCPL company

2.5.4 Award of additional work to existing contractors without inviting tender

The SPVs invited tenders as per the Form A/Form B of CGPWD works manual. As per clause 1 of Form A/Form B, tenders must be invited for all works proposed to be given on contract unless the amount of works proposed to be given on contract is ₹ 50,000 or less and proposed works are not necessary or directly linked/or within the scope of work originally tendered.

Audit observed the following cases where SPVs awarded additional works to existing contractors amounting to ₹ 45.76 crore without inviting fresh tenders which were not necessary or directly linked/or within the scope of work originally tendered for. These are detailed below:

➤ Tree Plantation in Raipur city

RSCL awarded (4 September 2019/18 September 2019/7 September 2019) the work of tree plantation of Northern Zone and Western Zone to M/s Jitendra Kesharwani at a cost of ₹ 2.36 crore and Southern Zone to M/s Manoj Aggarwal at a cost of ₹ 1.40 crore.

As per the terms and conditions of tender, (Form B of CGPWD) additional work up to 10 *per cent* of the original work was permissible through same agreement. Accordingly, RSCL can award additional work up to 10 *per cent* of the original work to the contractors. However, audit observed that RSCL awarded additional works of tree plantation to the same contractors amounting to ₹ 67.11 lakh, ₹ 71.32 lakh and ₹ 45.05 lakh in Northern, Western and Southern zones respectively which were above 10 *per cent* limit permitted in the tender and more than ₹ 50,000 and hence, separate tenders should have been invited for these works.

The GoCG stated (April 2023) that after plantation of tendered quantities by the contractors, additional plantation was approved which was under the originally approved estimate. Further lowest rate was received in competitive bidding and there was a possibility of receiving higher rates in fresh tenders so, additional work was awarded to the same contractors.

The reply of the GoCG is not acceptable as tender was floated in Form B of CGPWD according to which additional work up to only 10 *per cent* was permissible through the same agreement. However, RSCL, had awarded additional work in excess of the prescribed limit to the same contractors without fresh tendering, which was not in order.

➤ Award of additional work along with the original work, “Redevelopment of Shastri Market”

RSCL awarded (9 July 2020) the work of redevelopment of Shastri Market to M/s Raipur Constructions Pvt. Ltd. at a cost of ₹ 8.79 crore.

Audit noticed that RSCL decided to construct a vending zone at newly constructed Inter State Bus Terminus, Bhatagaon at a cost of ₹ 1.99 crore. RSCL awarded (8 September 2021) this work to the aforementioned contractor as additional work. As this work was completely new work, unrelated to the original work of redevelopment of Shastri Market, and more than ₹ 50,000, RSCL should have invited fresh tender

for this work.

The GoCG stated (April 2023) that due to shifting of bus terminus, existing vendors were also to be shifted so that earnings of vendors may not be affected. As per PWD Form A, existing contractor gave his consent for completing the additional works at the same quoted rate. So, in the best interest of RSCL & public and considering the utmost priority of the project, competent authority took the decision for awarding the same nature of work to the existing contractor.

The reply is not acceptable as due to award of additional works both the works delayed. The work of vending Zone which was to be completed in four months by January 2022 was completed in March 2023 and work of Shastri market, scheduled to be completed in July 2021, remained incomplete as of March 2023.

➤ **Award of additional work, with the original work of “Construction of smart road component at Maharajband talab road”**

RSCL awarded (13 July 2020) the work of construction of smart road component at *Maharajband talab* road to M/s Anil Construction at a cost of ₹ 3.67 crore.

RSCL revised the technical estimate of original work from ₹ 3.67 crore to ₹ 1.85 crore and also decided (October 2021) to carry out the work of connecting road to Interstate Bus Terminal from ring road and road at B.P. Pujari School at Raipur for ₹ 4.19 crore²⁵ as additional work through the same contractor. These were separate works at different locations and accordingly, should have been carried out through open tender according to clause 1 of Form A of CGPWD.

The GoCG stated (April 2023) that building for ISBT was handed over to RMC on 27 May 2019 and operation were soon to be started and as the existing road was not sufficient to sustain the future traffic load, it was necessary to construct this alternate road. This road was planned to be constructed in the month of August 2020 but owing to multiple lockdowns due to Covid 19, the labours kept migrating. It was also stated that labours were available only with those contractors whose works were in progress. Considering all the above practical scenarios additional work was awarded to the existing contractor as per terms & conditions of PWD Form A.

The reply of the GoCG is not acceptable as the additional work was completely new work and was not related to the original work or within the scope of work tendered for. Therefore, it should have been awarded by inviting fresh tender.

2.5.5 Non-recovery of royalty at the rate of market value of minor mineral used in the Smart city work

Rule-71 (A) of Chhattisgarh Minor Minerals Rules, 2015, amended in June 2020 stipulates that the amount equivalent to the market value of minor minerals used in construction work done through contractors should be deducted from the bills of contractors. Contractors may obtain RCC through the Collector concerned by submitting an application to mining office along with valid transit passes of the mineral used, after which amount deducted by the works department may be returned and final bills settled to contractors.

²⁵ (ISBT road work- ₹ 2.84 crore + B. P. Pujari School Road work- ₹ 0.34 crore + BT Road work Bhatagaon to ISBT- ₹ 0.89 crore) x (100 + 2.98 per cent above)= ₹ 4.19 crore

RSCL and NRANSCCL executed various construction works through contractors. Audit observed that SPVs did not incorporate aforementioned clause in the tenders and consequently, SPVs could only deduct the royalty valuing ₹ 1.25 crore from the contractors' bills and were unable to deduct the market price of minerals from contractors' bills. Non-submission of RCC by Contractor in such cases may result in short collection of royalty receipts.

In respect of RSCL, the GoCG accepted the facts and stated (April 2023) that RSCL had issued letter to the agencies for recovery of minor mineral cost and to take corrective action in the ongoing works. In respect of NRANSCCL, while accepting the audit observation the GoCG stated (April 2024) that as per suggestion of audit, above provision shall be complied with in future billing.

2.5.6 Transfer of funds to other departments

MoH&UA, GoI issued advisory No. 15 dated 14 January 2019, with an aim to reduce time lag in issuing tenders and implementation supervision, thereby facilitating faster and sustainable implementation of the projects. The advisory provided for execution of projects through the respective line departments/ Government agencies in the city that possess strong technical expertise and execution capabilities which can be leveraged in executing Smart Cities projects. This could be done by way of a tripartite agreement between the SPV, Government line department/agency and the prospective bidder. The advisory *inter alia* provided following conditions for such an arrangement:

- i. Project may be identified through joint meeting of SPV and Government line department/agency as per the SCP/Mission Guidelines/circulars/ OMs/New project as approved by SPV Board.
- ii. After SPV's technical sanction, the Government line department/agency may take up tender process management and supervision of the project. The SPV approval is necessary for placement of the work order on the contractor and for variations, if any.
- iii. A draft tripartite agreement should be drawn under approval of the SPV and be part of the tender document for each such projects which will be awarded to the successful bidder.
- iv. There shall not be any transfer of funds from SPV to Government department/agency. The payments should be disbursed directly by the SPV to the contractor on completion of each milestone as per the terms of the tender.

RSCL executed two projects i.e., Redevelopment of Binni Bai Sonkar School (₹ 5.50 crore) & fencing of transformer near major roads of ABD (₹ 0.75 crore) from Public Works Department and Chhattisgarh State Power Distribution Companies Ltd. respectively through this arrangement. Audit observed that:

- i. None of these projects was identified through a joint meeting with the Government line department/agency.
- ii. No approval of RSCL was taken while awarding these works by the concerned Department/Company.
- iii. No tripartite agreement was signed between RSCL, line Department/Company and the contractor.

- iv. RSCL transferred the fund amounting to ₹ 0.75 crore to CSPDCL for fencing work in November 2019 and ₹ 3.95 crore to the Public Works Department for School work during July 2021 to February 2022.

Thus, the conditions prescribed by the MoH&UA, GoI under advisory 15 were not followed.

2.6 Monitoring

This para discusses about the monitoring of the implementation of SCM in the State.

2.6.1 State Level Monitoring

As per the SCM guidelines, there would be a State Mission Director who will be an officer not below the rank of Secretary to the State Government, nominated by the State Government. The State Mission Director will function as the Member-Secretary of the State Level High Powered Steering Committee.

State Government appointed Chief Executive Officer of State Urban and Development Agency, GoCG (SUDA) as Mission Director for implementation of SCM. However, the State Government did not specify the role and responsibilities of the Mission Director with regard to implementation of SCM.

Apart from it, as per SCM guidelines, State Government had to establish State Level High Powered Steering Committee (SLHPSC) chaired by the Chief Secretary, to steer the Mission Programme in its entirety. One of the key responsibilities of the SLHPSC was to provide guidance to the Mission and provide State level platform for exchange of ideas pertaining to development of Smart Cities.

GoCG constituted (July 2015) SLHPSC which approved the SCP of Raipur and Bilaspur City in 2nd meeting held on 14 December 2015 and SCP of Nava Raipur Smart city in 5th meeting held on 23 March 2017. After March 2017, no SLHPSC meeting was held.

During scrutiny of records, it was observed that except for approving the SCPs for participation in the challenge for selection under SCM, the SLHPSC did not discuss or review status of implementation of projects in the three SPVs in the State. Also, the SLHPSC neither provided any guidance to the SPVs nor shared any ideas regarding the Mission to the SPVs/ULBs, as required in the SCM guidelines.

Further, no third-party Review and Monitoring Agency was appointed in Chhattisgarh for SCM and consequently, one of the key functions and responsibilities of the SPVs, as per SCM guidelines, i.e., to approve and act upon the reports of such agency could not be performed by the SPVs and no independent review and monitoring of the SCM could be done.

The GoCG in its reply (April 2023) stated that as per the SCM guidelines, SLHPSC has completed the task of overseeing interstate competition and review of SCP, thereby guiding the potential cities to get their plans approved by GoI.

The reply is not acceptable as the role of SLHPSC was to have an overarching monitoring mechanism to steer the Mission in its entirety. So, the role of SLHPSC was not limited to getting the approval for the cities but also to provide guidance to the Mission and provide State level platform for exchange of ideas pertaining to development of Smart Cities, as stipulated in the Mission guidelines.

2.6.2 City Level Monitoring

As per clause 13.3 of the Mission guidelines, a Smart City Advisory Forum (SCAF) was to be established at the city level to advise and enable collaboration among various stakeholders and its members were to include the District Collector, MP, MLA, Mayor, CEO of SPV, local youths, technical experts etc. Further, MoH&UA, GoI instructed (September 2018) to regularly hold meetings of the forum, at least once a month.

The SPVs constituted a SCAF for Smart City Projects. The number of meetings of SCAF held up to March 2023 are mentioned in **Table 2.7**.

Table 2.7: Details of meeting of SCAF held by the SPVs

Name of the Company	Date of constitution	No. of meetings held
RSCL	30.08.2017	4 (24.04.2018, 31.08.2020, 05.10.2020, 25.01.2023)
BSCL	19.03.2020	1 (23.09.2021)
NRANSCCL	02.01.2020	3 (16.03.2020, 3.10.2020 and 3.03.2023)

(Source: Data compiled from the record of the SPVs)

The above table shows that the meetings of SCAF were not conducted regularly in any of the SPV, as instructed by MoH&UA, GoI, and as a result, the objective of fostering collaboration among various stakeholders such as public representatives, district officials, citizens etc. could not be achieved.

The GoCG in its reply (April 2023) stated that the meetings of the SCAF in RSCL could not be convened due to various elections taking place across the state, officials occupied with ongoing proceedings in the Hon'ble High Court of Chhattisgarh, intermittent lockdowns due to COVID-19 etc. In case of Bilaspur, the GoCG stated (April 2023) that the works were awarded after taking into consideration the suggestions of the participants of SCAF. In case of NRANSCCL, the GoCG stated (April 2024) that as on date, three number of meetings were conducted. Further, the change in scope of SCP was intimated to the members of SCAF to which no objections were raised by the members of SCAF.

The reply is not acceptable as the RSCL was incorporated in September 2016 and since then, only four meetings of SCAF were held, the first being in April 2018. So, it is evident that only one meeting was held before the disruptions caused by COVID-19 pandemic as well as the proceedings in the High Court (which began in December 2020). Further, in case of BSCL and NRANSCCL, GoCG in its reply did not address the issue of holding less number of meetings of SCAF than prescribed in the Mission guidelines/advisories.

2.6.3 Non finalisation of Accounts

The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e., by September end in accordance with the provisions of Section 96 (1) read with Section 129 (2) of the Companies Act, 2013 (Act).

RSCL, BSCL and NRANSCCL were incorporated on 16 September 2016, 19 September 2016 and 16 October 2017 and finalised the account up to 2019-20, 2020-21 and 2021-22 respectively. So, in contravention to the aforementioned provisions, RSCL, BSCL and NRANSCCL had three years, two years and one year arrear of accounts respectively (31 March 2023). Non-preparation of accounts not only contravenes the provisions of the Act but also results in absence of information to assess the performance, financial position and cash flow of the SPVs by the Management and stakeholders.

2.7 Conclusion

Smart City Mission was launched as a transformative programme aimed at providing a decent quality of life to the citizens in the selected cities. This was to be done by providing ‘smart solutions’ and creating core infrastructure in selected areas, i.e., ABD area, to make replicable models of development that other cities and other areas within the same city could follow.

Under the Smart City Mission, important interventions have been made in the urban areas by constructing smart roads, converting overhead electricity cables to underground cables, smart library etc. and Integrated Command and Control Centre (ICCC) addressing the issue of improvement/safety in public spaces. Operationalisation of ICCC in all the three cities ensured better surveillance, traffic management, crime control etc. Besides many projects for redevelopment of gardens, plantation of trees and beautification of ponds, talabs, and river front were also undertaken for visible improvement of public spaces in the cities.

However various essential and core infrastructure related projects such as sanitation including solid waste management, efficient public transport, affordable housing etc. were either not taken up for execution or taken up with delay and hence could not be completed as of June 2024. Further, some of the projects that were completed did not fully achieve their objective of providing smart facilities to citizen due to various reasons, such as poor operation and maintenance and part/deficient execution of work by contractors etc.

Some projects initially proposed under convergence were not taken up for execution resulting in limiting the derivation of benefits of convergence in implementation of projects under Smart City Mission. Mobilisation of private partnership for PPP was not seen. In the absence of a policy for dedicated and substantial revenue stream for SPVs i.e. RSCL and NRANSCCL, their financial sustainability was not ensured.

Finally, after launch of SCM and selection of cities, 38 *per cent* of works that were awarded have not been completed as of 31 March 2023 which shows the poor pace of implementation of Mission in the State.

2.8 Recommendations

The State Government may ensure:

1. *Appointment of full time CEOs in all the SPVs and availability of adequate manpower for effective project execution and monitoring;*
2. *Mobilisation of resources through Convergence and PPP mode for implementation of projects proposed under Smart City Mission;*
3. *Strengthening of contract management in SPVs by strict compliance with standard tendering norms, and contract provisions;*
4. *Fixation of and adherence to firm timelines to operationalise the assets created and proper repair and maintenance to ensure longevity, safety and efficiency of the created assets; and*
5. *To develop and implement a policy to establish a dedicated and substantial revenue stream for SPVs to ensure their self-sustainability in future.*