

# Chapter II

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## **Performance Audit**

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## Municipal Administration and Urban Development Department

## 2 Implementation of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) in the State of Telangana

### 2.1 Introduction

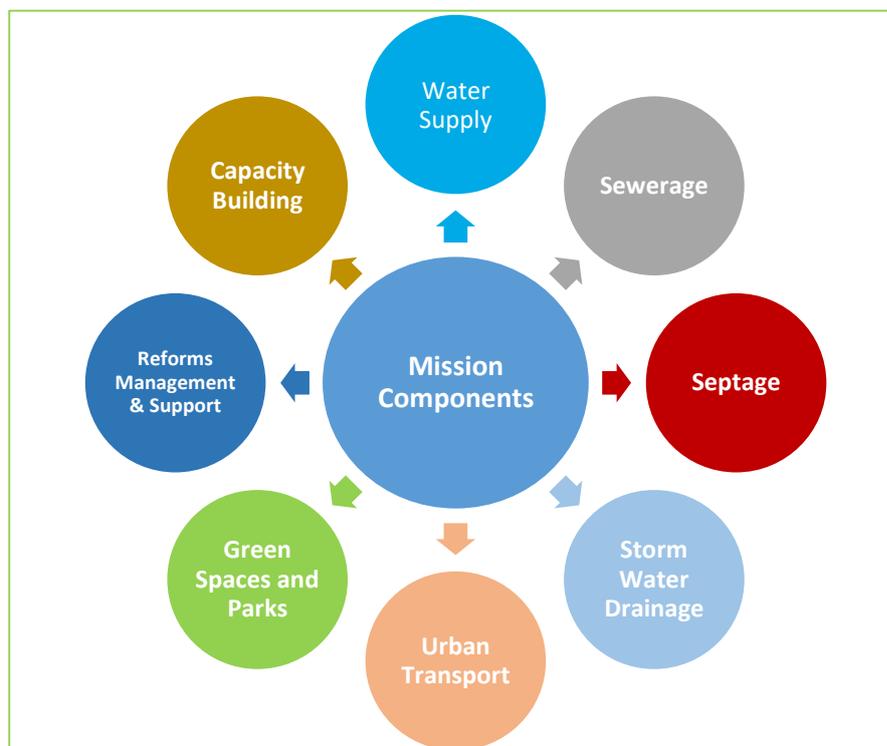
The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) (the Mission) was launched by the Ministry of Urban Development (MoUD) Government of India (GoI) in June 2015 (referred to as Ministry of Housing and Urban Affairs (MoHUA) in July 2017<sup>1</sup>), with a purpose to (i) ensure that every household has access to a tap with assured supply of water and a sewerage connection; (ii) increase the amenity value of cities by developing greenery and well maintained open spaces (e.g. parks); and (iii) reduce pollution by switching to public transport or constructing facilities for non-motorised transport (e.g. walking and cycling).

Mission Statement and Guidelines (the Mission Guidelines) were issued (June 2015) by MoHUA, GoI, for implementation of the Mission, for the period 2015-20.

#### 2.1.1 Mission Components

The Mission components are mentioned in **Chart-2.1** below:

**Chart-2.1: Mission Components**



*Source: Mission Statement and Guidelines issued by MoHUA, GoI*

<sup>1</sup> Government of India, Cabinet Secretariat through the Gazette Notification No. SO2163 (E) 6 July 2017 had merged Ministry of Urban Development (MoUD) and Ministry of Housing & Urban Poverty Alleviation into one Ministry named as Ministry of Housing and Urban Affairs (MoHUA)

In the State of Telangana, the components of Water Supply, Sewerage and Green space and parks (Development of Parks) were undertaken under the Mission, the details of these components are as below:

**(A) Water Supply**

- i. Water supply systems including augmentation of existing water supply, water treatment plants and universal metering.
- ii. Rehabilitation of old water supply systems, including treatment plants.
- iii. Rejuvenation of water bodies specifically for drinking water supply and recharging of ground water.
- iv. Special water supply arrangement for difficult areas, hill and coastal cities, including those having water quality problems (*e.g.* arsenic, fluoride)

**(B) Sewerage**

- i. Decentralised, networked underground sewerage systems, including augmentation of existing sewerage systems and sewage treatment plants.
- ii. Rehabilitation of old sewerage system and treatment plants.
- iii. Recycling of water for beneficial purposes and reuse of wastewater.

**(C) Green space and parks**

Development of green space and parks with special provision for child-friendly components.

### **2.1.2 Coverage of the Mission in the State of Telangana**

The coverage of Cities/Towns under the Mission were classified into five categories<sup>2</sup>, which *inter alia* include all Cities and Towns with a population of over one lakh with notified Municipalities. Based on this categorisation, 12 Cities/Towns<sup>3</sup> (Mission Cities/Towns) from the State of Telangana were approved by MoHUA, GoI during July-October 2015<sup>4</sup> (as shown in **Chart-2.2**).

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<sup>2</sup> (i) With a population of over one lakh with notified Municipalities, including Cantonment Boards (Civilian areas), (ii) All Capital Cities/Towns not covered in (i), (iii) Heritage Cities classified by MoHUA under the National Heritage City Development and Augmentation Yojana (HRIDAY) Scheme, (iv) thirteen Cities and Towns on the stem of the main rivers with a population above 75,000 and less than one lakh and (v) ten Cities from hill states, islands and tourist destinations (not more than one from each State)

<sup>3</sup> Adilabad, Hyderabad (Greater Hyderabad Municipal Corporation-GHMC), Karimnagar, Khammam, Mahabubnagar, Miryalaguda, Nalgonda, Nizamabad, Ramagundam, Siddipet, Suryapet and Warangal (Greater Warangal Municipal Corporation-GWMC)

<sup>4</sup> In Office Memorandum dated 31 July 2015 of MoUD, GoI, 11 Mission Cities/Towns were approved and subsequently one more town *i.e.*, Siddipet was approved in the Letter dated 12 October 2015 of MoUD, GoI

Chart-2.2: Mission Cities/Towns approved by MoHUA, GOI for coverage under the Mission in the State of Telangana

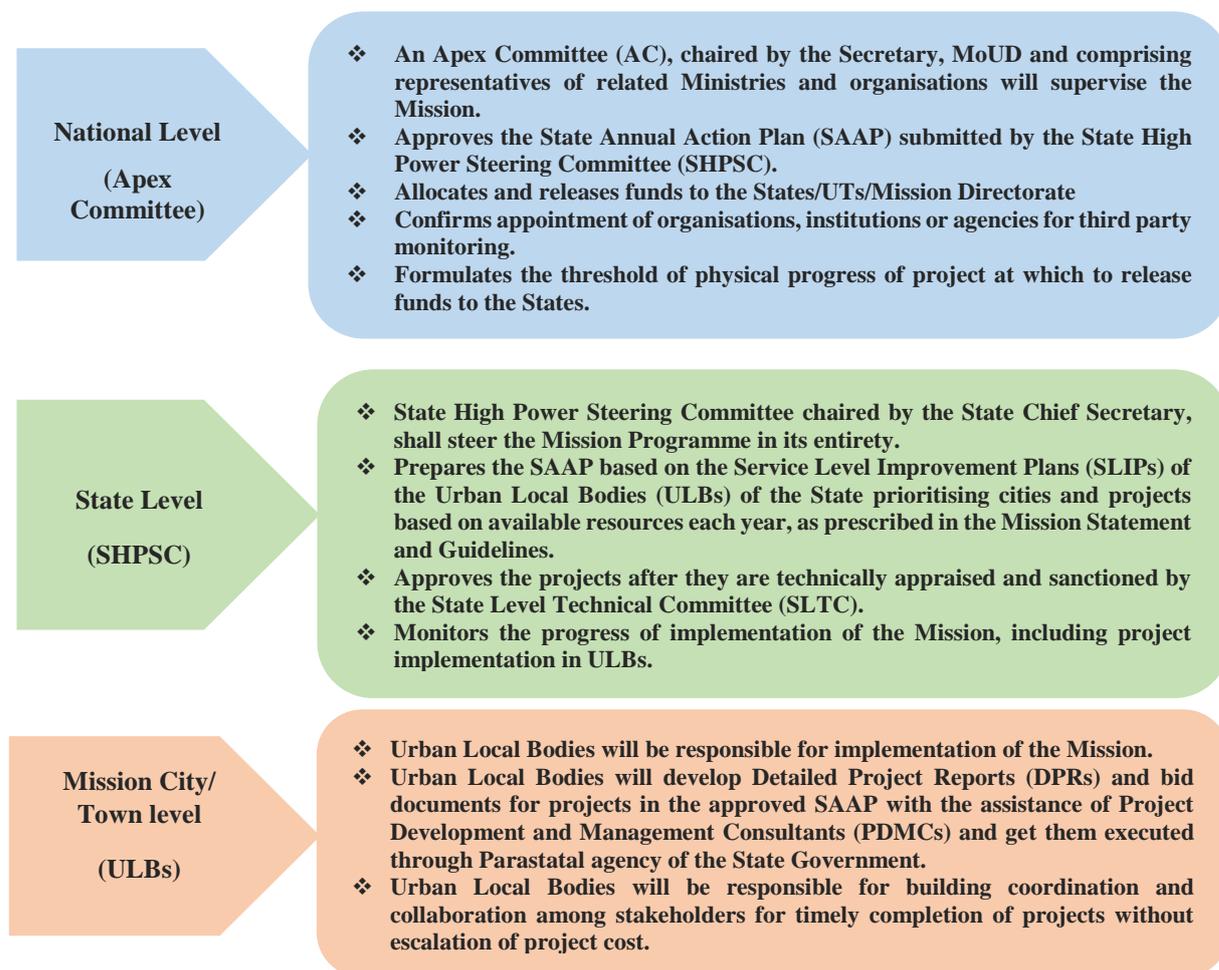


Source: State Annual Action Plan (SAAP) 2017-20 of the State Mission Directorate, Telangana

## 2.2 Organisational Set-up

The organisational structure for the Mission at various levels are given in **Chart-2.3**.

**Chart-2.3: Mission Management structure**



*Source: Mission Statement and Guidelines issued by MoUD, GoI*

### 2.2.1 Mission Management in the State of Telangana

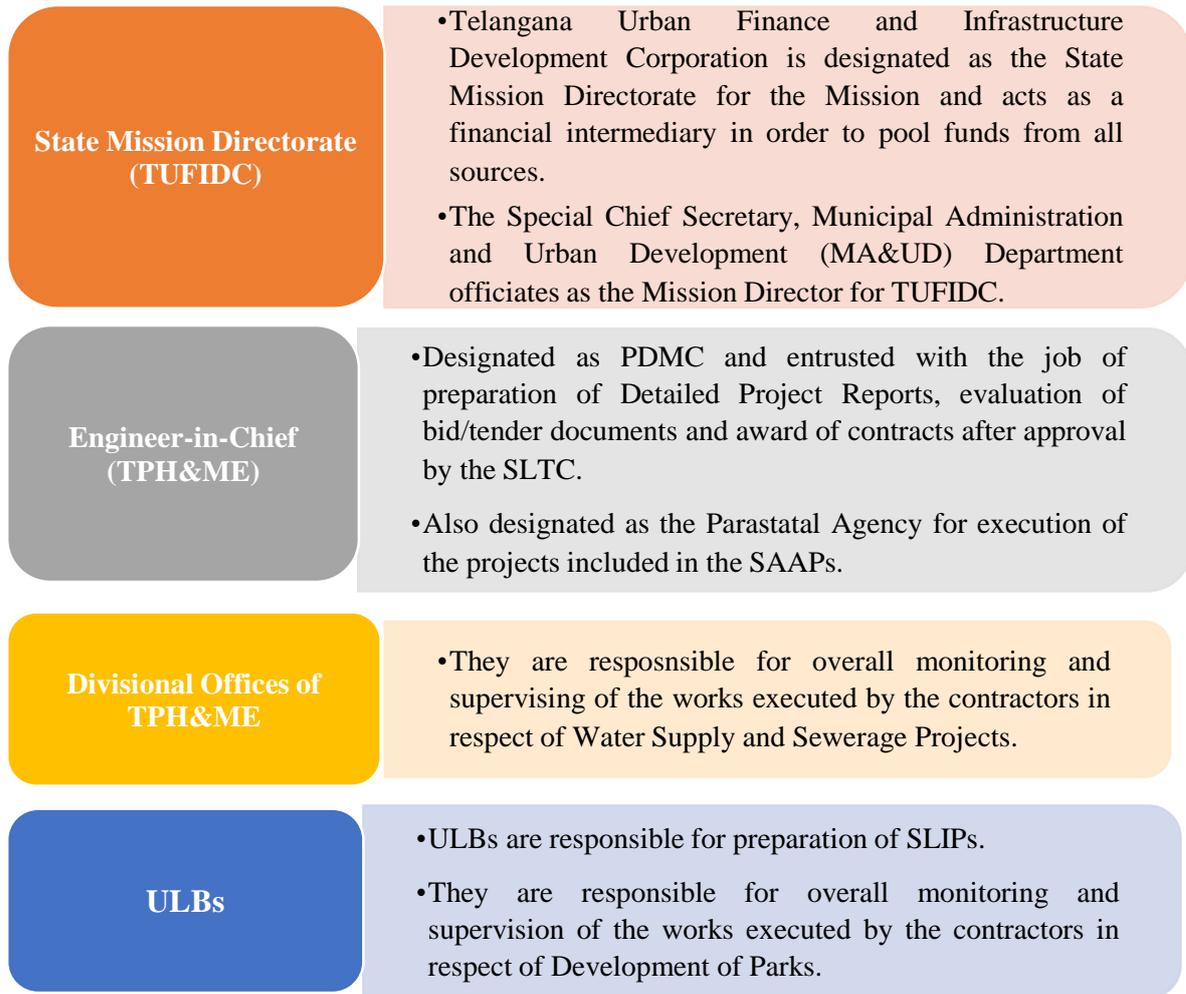
In the State of Telangana, the Managing Director, Telangana Urban Finance and Infrastructure Development Corporation (TUFIDC) is responsible for management of the Mission at the State Level, who is designated as the State Mission Director for the Mission.

The Office of the Engineer-in-Chief (ENC) of Telangana Public Health and Municipal Engineering (TPH&ME) is designated as the Parastatal Agency for execution of the projects included in the SAAPs.

The Divisional offices of TPH&ME in the Mission Cities/Towns are the monitoring and supervising agencies for the works executed by the contractors; except for Park works, which are entrusted to the ULBs concerned.

The Mission management in the State for execution of the works is given in **Chart-2.4**.

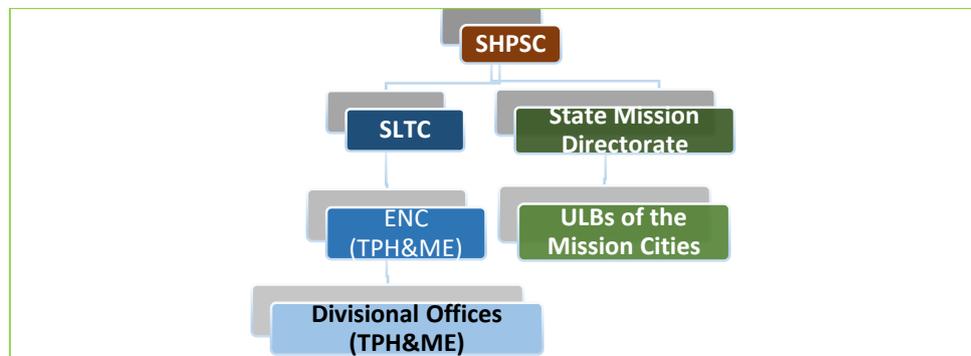
**Chart-2.4: Mission Management in the State of Telangana**



*Source: Mission Statement and Guidelines issued by MoUD, GoI and the State Government Orders*

The State Government constituted<sup>5</sup> SHPSC and SLTC under the Mission Guidelines. The Organisational structure for implementation of the Mission in the State of Telangana is given in **Chart-2.5**.

**Chart-2.5: Organisational structure for Mission implementation in the State of Telangana**



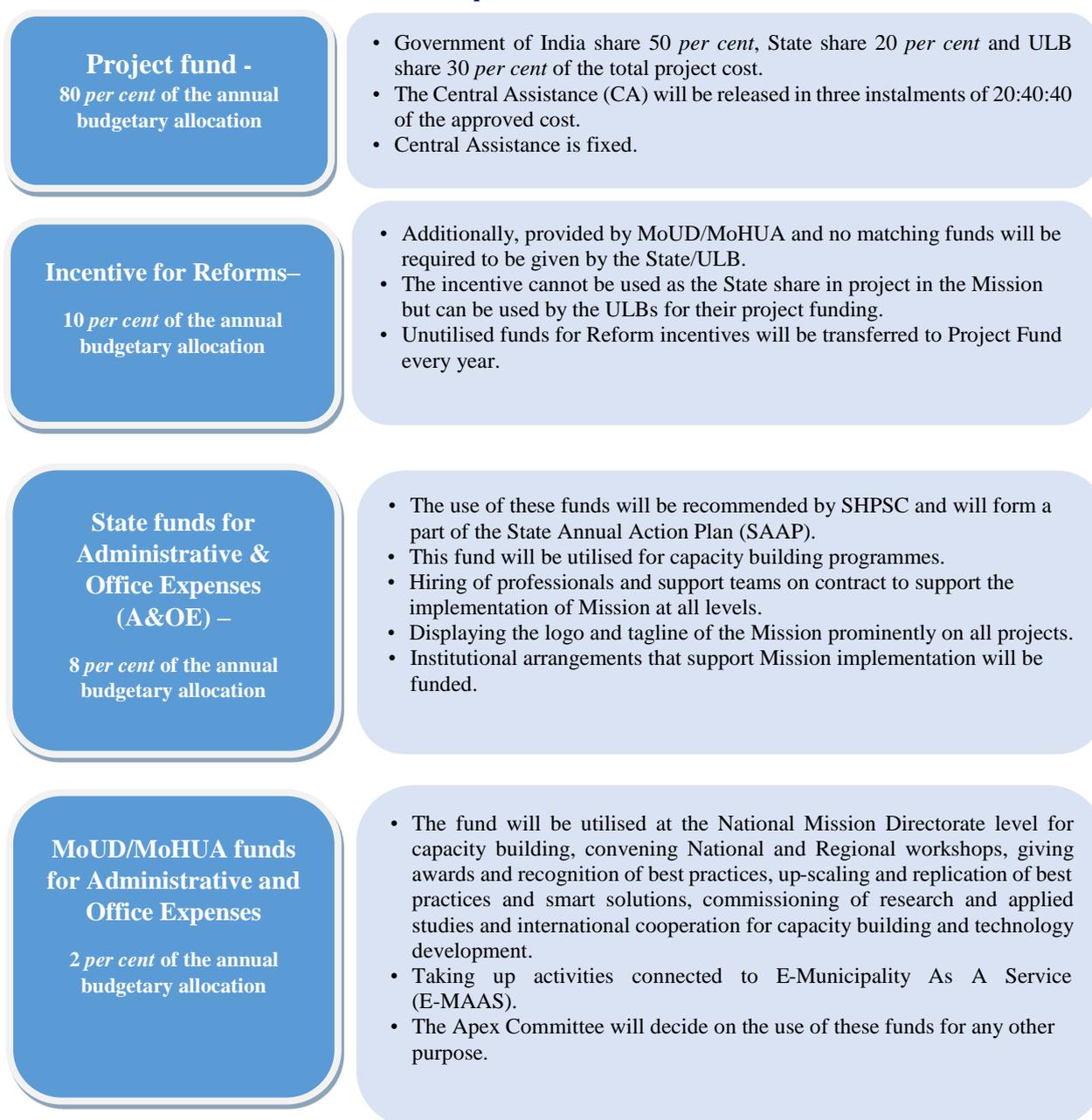
*Source: The Mission Guidelines and the State Government Orders*

<sup>5</sup> **SHPSC:** G.O. Ms.No.278 dated 17 July 2015 of MA&UD (UBS) Department and **SLTC:** G.O.Ms.No.288 dated 29 July 2015 of MA&UD (UBS) Department

## 2.3 Funding pattern

The Mission funds consist of four components as detailed in **Chart-2.6**.

**Chart-2.6: Components of Mission funds**



*Source: Mission Statement and Guidelines issued by MoUD, GoI*

In the State of Telangana, during the Mission period 2015-20, MoUD/MoHUA, GoI based on the State Annual Action Plans (SAAPs) had approved 66 projects worth ₹1,666.26 crore (Water Supply: ₹1,441.61 crore-27 projects, Sewerage: ₹184.34 crore-4 projects and Parks: ₹40.31 crore-35 projects), as detailed in **Appendix-2.1** (Package-wise) and **Appendix-2.2**.

The details of funds released by MoHUA, GoI to the Mission Directorate, Telangana during 2015-20 and its utilisation as on 31 March 2022 is given in **Table 2.1**.

**Table-2.1: SAAP wise release of funds and its utilisation as on 31 March 2022**

| SAAP wise    | Releases      |               |               |                 | Utilisation (Percentage against releases) |                         |                          |                           |
|--------------|---------------|---------------|---------------|-----------------|---|-------------------------|--------------------------|---------------------------|
|              | GoI           | State         | ULBs          | Total           | GoI                                       | State                   | ULBs                     | Total                     |
| SAAP I       | 203.97        | 81.60         | 122.55        | 408.12          | 200.68<br>(98%)                           | 80.27<br>(98%)          | 114.27<br>(93%)          | 395.22<br>(97%)           |
| SAAP II      | 276.85        | 110.75        | 160.03        | 547.63          | 267.81<br>(97%)                           | 108.20<br>(98%)         | 159.04<br>(99%)          | 535.05<br>(98%)           |
| SAAP III     | 350.71        | 140.29        | 164.60        | 655.60          | 281.35<br>(80%)                           | 112.75<br>(80%)         | 217.39<br>(132%)         | 611.49<br>(93%)           |
| <b>Total</b> | <b>831.53</b> | <b>332.64</b> | <b>447.18</b> | <b>1,611.35</b> | <b>749.84<br/>(90%)</b>                   | <b>301.22<br/>(91%)</b> | <b>490.70<br/>(110%)</b> | <b>1,541.76<br/>(96%)</b> |

*Source: Information furnished by Telangana Urban Finance and Infrastructure Development Corporation (TUFIDC), State Mission Directorate, Telangana*

## 2.4 Audit Framework

### 2.4.1 Audit Objectives

This Performance Audit was conducted to assess whether:

- Service Level Improvement Plans (SLIP) were prepared properly to bridge the service level gaps (Planning).
- Funds were utilised in an efficient manner for timely completion of the projects (Fund management).
- Projects were executed in an efficient and transparent manner to ensure universal coverage (Contract Management).
- Monitoring and quality control mechanism was adequate and effective (Monitoring and Quality controls).

### 2.4.2 Audit Criteria

Audit findings were benchmarked against criteria sourced from the following:

- Orders issued by the Government of Telangana for implementation of the Mission
- Mission Statement and Guidelines
- Data for preparation of SLIPs by the ULBs
- State Annual Action Plans submitted by Government of Telangana to MoUD/MoHUA, GoI for approval
- Minutes of meetings of SHPSC and SLTC
- Detailed Project Reports (DPRs) along with supporting data/ estimates of each project

### 2.4.3 Audit Scope and Methodology

The Performance Audit was conducted between August 2022 and March 2023 covering the Mission period from 2015-16 to 2019-20<sup>6</sup> to assess whether the Mission objectives were achieved in an efficient, effective and economical manner. The audit methodology involved scrutiny of documents at the offices of the State Mission Directorate, ENC (TPH&ME), Divisional offices of TPH&ME of the selected Mission Cities/Towns, issue of audit

<sup>6</sup> The records relating to the implementation of the Mission during the spill over years were also examined for the projects approved during the period 2015-16 to 2019-20

enquiries and obtaining responses. A Joint Physical Verification (JPV) of Water Supply projects, Sewerage works and Development of Park works executed in the selected Mission Cities/Towns was conducted along with the officials of the TPH&ME Department and ULBs concerned (for parks related works). An Entry Conference was held on 24 August 2022 with Secretary to Government, MA&UD, ENC (PH), Project Manager (TUFIDC) in which the Audit Framework was discussed.

The Draft Report containing Audit findings was forwarded to the State Government in August 2023. The Audit findings were discussed with the Secretary to Government, MA&UD Department in the Exit Conference conducted on 15 September 2023. Replies of the Government to the extent received were suitably incorporated.

#### 2.4.4 Audit Sample

In the State of Telangana, from the prescribed components under the Mission (*Chart-2.1 refers*), the components of Water Supply, Sewerage and Development of Parks were taken up for implementation under the Mission during the period 2015-20. Out of the 12 Mission Cities/Towns approved under the Mission by MoHUA, GoI, the State undertook Water Supply projects in 10 Cities/Towns, Sewerage works in two Cities/Towns and Development of Parks in all the 12 Cities/Towns (*Appendix-2.2 refers*).

The State Mission Directorate for administrative convenience and to attract financially and technically competent contractors segregated the Water Supply projects into three packages as given in **Table-2.2**.

**Table-2.2: Segregation of Water Supply projects package-wise**

| (₹ in crore)                       |  |                   |                      |  |  |
|------------------------------------|--|-------------------|----------------------|--|--|
| Package                            | Mission Cities/Towns Included  | GoI approved cost | Total contract value | Selection of Mission Cities/Towns based on high GoI approved cost (refer Appendix-2.1) | GoI approved cost in the selected Cities/Towns |
| Package-I<br>(4 Cities/<br>Towns)  | Adilabad,<br>Karimnagar,<br>Khammam and<br>Ramagundam                | 476.71            | 418.67               | Karimnagar and Ramagundam<br>(2 Cities)  | 189.72   |
| Package-II<br>(5 Cities/<br>Towns) | Nalgonda, Suryapet,<br>Miryalaguda,<br>Mahabubnagar and<br>Nizamabad | 421.64            | 378.19               | Nalgonda and Nizamabad<br>(2 Cities/Towns)   | 198.22   |
| Package-III<br>(1 City)            | Warangal   | 543.26            | 489.13               | Warangal (1 City)  | 543.26   |
| <b>Total</b>                       |  |                   | <b>1,285.99</b>      |  | <b>931.20</b>                                  |

**Source:** Information furnished by the State Mission Directorate

**Note:** Khammam in Package-I and Mahabubnagar in Package-II under Water Supply components were covered during Pilot Study and hence not considered in sampling

Sample selection of Mission Cities for test-check in audit was done in the following manner:

**Mission Cities/Towns for Water Supply projects:** In Package-I and II for Water Supply projects, four Mission Cities/Towns, two in each package were selected with the criteria of high GoI approved cost of projects. In Package-III, the only Mission City of Warangal was selected.

A total of five Mission Cities/Towns were selected for test-check of Water Supply projects in Audit as indicated in **Table-2.2**.

**Mission Cities/Towns for Sewerage works:** Sewerage works were undertaken in two Mission Cities/Towns of Siddipet and Nizamabad. Out of these two, Siddipet was selected with the criteria of high GoI approved cost for Sewerage project works.

Thus, a total of six Mission Cities/Towns were selected for test-check covering Water Supply (5 Cities/Towns<sup>7</sup>) and Sewerage works (one Town) as above.

**Mission Cities/Towns for Development of Park works:** Development of Park works was undertaken in all the twelve Mission Cities/Towns.

Development of Park works with a total GoI approved cost of ₹21.15 crore undertaken in the above selected six Mission Cities/Towns<sup>8</sup> were considered for examination in Audit.

### 2.4.5 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the MA&UD Department, State Mission Directorate, ENC (TPH&ME), the Divisional offices of TPH&ME concerned, ULBs of the selected Mission Cities/Towns and their officials during the conduct of the audit.

### *Audit Findings*

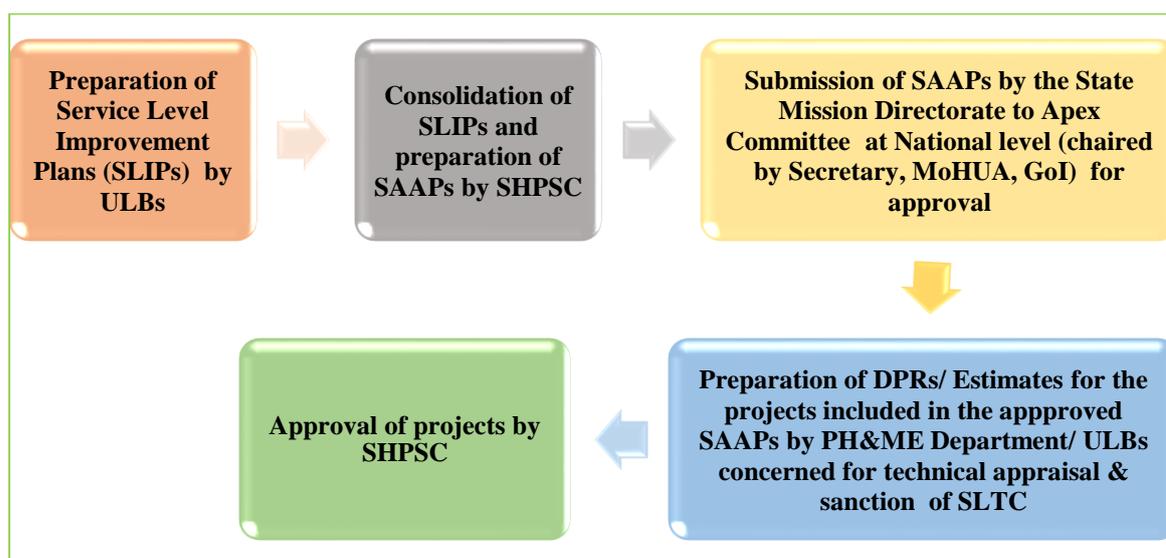
## 2.5 Planning

The Planning process mainly includes the preparation of SLIPs, SAAPs and DPRs for the execution of the approved projects. Universal coverage of Water Supply and Sewerage is the National Priority under the Mission. Thus, to achieve the Mission objective that every household has access to a tap connection with an assured supply of water and a Sewerage connection, the State of Telangana had given first priority to Water Supply followed by Sewerage. Indicators and Standards to be achieved have been prescribed by the MoHUA, GoI in the form of Service Level Benchmarks (SLBs). To achieve this, Planning plays an important role. The stages involved in the Planning process are given in **Chart-2.7**.

<sup>7</sup> Karimnagar, Nalgonda, Nizamabad, Ramagundam and Warangal

<sup>8</sup> Karimnagar, Nalgonda, Nizamabad, Ramagundam, Siddipet and Warangal

Chart-2.7: Planning process



Source: Compiled from the Mission Statement and Guidelines issued by MoHUA, GoI

### 2.5.1 Preparation of Service Level Improvement Plans

Para 6 of Mission Guidelines stipulates that to have universal coverage of Water Supply and Sewerage connections, SLIPs should be prepared by each ULB by assessing the service level gaps. Further, the existing Water Supply coverage and Sewerage connections would be taken from Census (2011) or the baseline survey done by the MoUD/MoHUA<sup>9</sup> and no new baseline survey is envisaged and the State/ULB should accept/endorse the earlier baseline.

The zone-wise gaps assessed by the ULBs are to be added to arrive at the service level gaps in Water Supply coverage and Sewerage connections. Once the gaps between the existing number of households having Water Supply coverage and Sewerage/Septage connections against the total number of households is computed, plans are to be prepared by the ULBs to bridge the gaps by using one or more of the components. All households in a zone will be covered and this exercise should be done separately for Water Supply coverage and Sewerage connections.

Audit observed during scrutiny of SLIP documents in the test checked Mission Cities/Towns that ULBs had not adopted service levels based on the baseline survey done by the MoHUA stating that the baseline survey data of MoHUA were not available or that they were not aware of the baseline survey.

Water Supply Projects were completed in four test checked Mission Cities/Towns and in Warangal Mission City works were under progress. Audit compared the service levels for Water Supply as per the baseline survey of MoHUA and the corresponding levels mentioned in the SLIP documents of the test checked Mission Cities/Towns as per the broad line estimate prepared by the ULBs and found variations in the gaps assessed as indicated in **Table-2.3**.

<sup>9</sup> Service Levels in Urban Water and Sanitation Sector (2012), Status Report (2010-11), MoHUA,GoI

**Table-2.3: Statement showing comparison of service levels for Water Supply as per the baseline survey of MoHUA and the corresponding levels mentioned in the SLIP documents of the test checked Mission Cities/Towns**

(Figures in percentage)

| Name of Mission City/Town  | Target Service Level Benchmarks prescribed by MoHUA | Service Levels adopted by ULBs during preparation of SLIPs 2017-20 | Service Level Status Report (2010-11) of MoHUA baseline survey | Service Level gaps assessed by ULB during preparation of SLIPs (Difference of Col.2 and 3) | Service Level gaps with reference to MoHUA baseline Survey (Difference of Col.2 and 4) | Variation in assessment of gaps (short assessment (+)/ excess assessment (-) (Difference of Col.6 and 5) | SLB achievement declarations furnished to Audit by the five Mission City/ Town ULBs |
|--|---|--|--|--|--|--|---|
| I  | 2   | 3  | 4  | 5  | 6  | 7  | 8   |
| <b>1. Coverage of Water Supply connections (in percentage)</b>             |   |  |  |  |  |  |   |
| Karimnagar   | 100   | 78   | 56   | 22   | 44   | 22   | 66  |
| Nalgonda   | 100   | 53   | 76   | 47   | 24   | (-)23  | 93  |
| Nizamabad  | 100   | 46   | 28   | 54   | 72   | 18   | 43  |
| Ramagundam   | 100   | 38   | 23   | 62   | 77   | 15   | 88  |
| Warangal   | 100   | 65   | 44   | 35   | 56   | 21   | 97  |
| <b>2. Per capita supply of water (in Litres Per Capita Per Day (LPCD))</b> |   |  |  |  |  |  |   |
| Karimnagar   | 135   | 109  | 86   | 26   | 49   | 23   | 130   |
| Nalgonda   | 135   | 103  | 95   | 32   | 40   | 8  | 135   |
| Nizamabad  | 135   | 150  | 77   | 15   | 58   | 73   | 135   |
| Ramagundam   | 135   | 70   | 38   | 65   | 97   | 32   | 150   |
| Warangal   | 135   | 100  | 82   | 35   | 53   | 18   | 150   |
| <b>3. Extent of metering of water connections (in percentage)</b>          |   |  |  |  |  |  |   |
| Karimnagar   | 100   | 0  | 0  | 100  | 100  | 0  | 0   |
| Nalgonda   | 100   | 0  | 0  | 100  | 100  | 0  | 23  |
| Nizamabad  | 100   | 0  | 0  | 100  | 100  | 0  | 0   |
| Ramagundam   | 100   | 0  | 0  | 100  | 100  | 0  | 0   |
| Warangal   | 100   | 4  | 0  | 96   | 100  | 4  | Not furnished   |
| <b>4. Extent of Non-Revenue Water (NRW) (in percentage)</b>                |   |  |  |  |  |  |   |
| Karimnagar   | 20  | 30   | 27   | 10   | 7  | (-)3   | 29  |
| Nalgonda   | 20  | 47   | 30   | 27   | 10   | (-)17  | 18  |
| Nizamabad  | 20  | 47   | 25   | 27   | 5  | (-)22  | 29  |
| Ramagundam   | 20  | 49   | 49   | 29   | 29   | 0  | 29  |
| Warangal   | 20  | 40   | 26   | 20   | 6  | (-)14  | Not furnished   |

**Source:** Service Levels in Urban Water and Sanitation Sector (2012), Status Report (2010-11), MoUD/MoHUA, GoI and SLIP documents on Water Supply of the Mission Cities/Towns furnished by the State Mission Directorate

It is observed from the **Table-2.3** that:

- a. The service level gaps on coverage of Water Supply connections were under assessed in SLIPs when compared to the gaps with reference to MoUD/MoHUA baseline survey and the variations between these two gaps were ranging from 15 to 22 per cent in four out of five Mission Cities/Towns. This indicated that service levels existing at the time of preparation of SLIPs were shown more when compared to MoHUA baseline survey, leading to under assessment of service level gaps. This had resulted in planning for less number of Water Supply connections.

The State Mission Directorate replied (March 2023) that the SLIPs were prepared based on broad line estimate. The State Government, however replied (September 2023) that SLIPs were prepared with gaps assessment based on Census of India 2011 data.

Documentary evidence for the basis for adoption of service level data for preparation of SLIPs was not furnished to Audit. Hence, the correctness or otherwise of the service level gaps assessed for preparation of SLIPs could not be verified in audit.

- b. In Karimnagar and Nizamabad Mission Cities against service level in coverage of House Service Connections (HSCs) of 78 and 46 *per cent* respectively projected in the SLIP documents, the SLB achievements at the end of Mission period was 66 and 43 *per cent* respectively, indicating reduction in service levels. This evidently shows that the service levels were projected incorrectly.
- c. The service level gaps for Water Supply in litres per capita per day (LPCD) were under assessed in all the five Mission Cities/Towns ranging from 8 to 73 LPCD as the existing service level with regard to Water Supply in all the five Mission Cities/Towns were shown more than corresponding MoHUA service levels as per baseline survey. In Nizamabad Mission City though Water Supply service level was taken as 150 LPCD at the time of preparation of SLIP document, actual SLB achievement at the end of Mission period was 135 LPCD, this indicated incorrect projection of service level in the SLIP document.
- d. The service level gaps for extent of NRW was assessed more than required in four out of five Mission Cities/Towns.

The State Government accepted (September 2023) the Audit observation and stated that the Non-Revenue Water (NRW) would be reduced by providing meters.

The State Government replied (September 2023) that the local public in Nalgonda and Nizamabad objected for installation of meters even though the contractors were willing to do the work. Further, it was stated that the ULBs would be providing meters to the HSCs in due course of time under various funds.

The Audit observations above indicated inadequacies in gaps assessment, assessment of gaps not done scientifically by the ULBs and projection of service levels in the SLIP documents for the Mission Cities/Towns not backed by documented estimates or authenticated data. Further, documentary evidence for the SLB declarations made by the ULBs of the test checked Mission Cities/Towns was not made available to Audit.

### **2.5.2 Engagement of Project Development and Management Consultant**

Para 8.3 of the Mission Guidelines stipulates that to overcome constraints in implementation *viz.*, design, process of tendering, cost escalation due to delays in calling and settling tenders and difference in approved cost and cost shown in the DPRs, the States/ULBs should follow an approach in which end-to-end support for project design, development, implementation and management is provided to ULBs/States by external entities. Specifically, the assistance would be given for preparation of the SLIP, SAAP, DPR, *etc.* For this, the State Government would engage the Project Development and

Management Consultant (PDMC) for providing end-to-end support with the Model Scope of Work for PDMC enlisted in Annexure-8 under Para 8.3 of the Mission Guidelines.

The State Mission Directorate issued Expression of Interest and Request for Proposal in March 2016 inviting consultants to participate in the Bid for selection of PDMC. After scrutiny of bids and Technical & Financial Evaluation, the Mission Directorate proposed (October 2016) M/s WAPCOS Limited, Haryana as PDMC to the State Government. State Government, however rejected (January 2017) the proposal.

Subsequently, the Mission Directorate informed (October 2017) the State Government that ENC (TPH&ME) and ULBs had prepared DPRs and tender documents for the projects included in SAAPs. The Mission Directorate requested the State Government to designate office of the ENC (TPH&ME) as PDMC for the Mission. In response, the State Government designated<sup>10</sup> office of the ENC (TPH&ME) as PDMC for the Mission.

Audit could not assess the tasks done by ENC (TPH&ME) as PDMC with reference to the Model Scope of Work for PDMC enlisted in the Annexure-8 appended to Para 8.3 of the Mission Guidelines, in the absence of documentary evidence, as detailed in **Appendix-2.3**.

### **2.5.3 Non-execution of Tripartite Memorandum of Understanding**

Para 8.1 of the Mission Guidelines stipulate that in case the ULBs do not have adequate capacity to handle projects, the State Government may recommend in SAAP, upon a Resolution passed by the ULBs, for the execution of the projects by specialised Parastatal agencies of the State or Central Governments. Such arrangements should necessarily be executed by way of a Tripartite Memorandum of Understanding (MoU) amongst the State Government, the specialised Parastatal agencies and the ULB concerned.

The State High Power Steering Committee in its first meeting (October 2015) had decided that the projects under the Mission should be executed by PH&ME Divisions upon passing a Council resolution by ULBs to that effect. The Urban Local Bodies of the Mission Cities/Towns passed resolution to that effect and the Mission projects were undertaken by ENC (TPH&ME) as a Parastatal agency. The Memorandum of Understanding was however not entered into as contemplated in the Mission Guidelines.

Audit observed that the HSC data were not updated online.

For instance, Ramagundam Mission City could not furnish complete information regarding new HSCs given under the Mission and there was mismatch of household numbers given by PH&ME Division (*Para 2.7.1.4 refers*). Further, no time frame was fixed for handing over of the project assets by ENC (TPH&ME) to the ULBs on account of which project assets were not handed over to the ULBs completely (*Para 2.7.1.4 refers*). These indicated lack of coordination between ENC (TPH&ME) and the ULBs in the absence of Tripartite MoU.

The State Government replied (September 2023) that Tripartite MoU was redundant, as the orders issued by it for award and execution of Water Supply and Sewerage projects by ENC (TPH&ME) served the purpose of MoU.

<sup>10</sup> G.O. Rt.No.620 dated 7 October 2017 of MA&UD (UBS) Department

The reply was not in consonance with the fact that the office of the ENC (TPH&ME) executed the Water Supply and Sewerage projects on behalf of ULBs in the capacity as designated Parastatal Agency, which necessitates execution of Tripartite MoU as per the Mission Guidelines. In the absence of Tripartite MoU, the roles, responsibilities and accountability of the three entities viz., State Mission Directorate, ULBs and ENC (TPH&ME) involved in the implementation of the Mission were not defined, resulting in lack of coordination between ENC (TPH&ME) and the ULBs, as discussed in *Paragraph 2.7.1*.

## 2.5.4 Improper preparation of Detailed Project Reports

State Annual Action Plans approved by MoHUA, GoI contain details of projects proposed by the SHPSC. The ULBs concerned in consultation with ENC (TPH&ME) prepared DPRs Mission City/Town-wise for the approved projects. The Bid documents are prepared based on these DPRs.

Audit observed that when compared to the capacity and staging (height) proposed in DPRs there were changes in the capacities and staging of reservoirs executed, as detailed in **Table-2.4** below:

**Table-2.4: Statement showing Mission City/Town-wise difference between capacities of reservoirs proposed in DPRs and as per execution of works**

| Mission City/Town | Description of the item   | Capacity proposed                 | Actually executed   |
|-------------------|---|-----------------------------------|---|
| Karimnagar        | Master Balancing Reservoir (MBR) in Sathavahana University Premises                           | 3,000 kl with 15m staging         | 3,000 kl Elevated Service Level Reservoir (ELSR) with staging of 18m                    |
|                   | ELSR at Housing Board Colony  | 2,200 kl with 15m staging         | 2,200 kl with 20m staging   |
| Nalgonda          | RCC Ground Level Balancing Reservoir (GLBR) at LS Gutta                                       | 500 kl                            | 500 kl Elevated Balancing Reservoir (ELBR) with 25m staging                             |
| Nizamabad         | Overhead Balancing Reservoir (OHBR) at Raw water sump-cum-pump house at Boat Club of Alisagar | 900 kl with 15m staging           | 400 kl with 23m staging   |
|                   | ELSR at Nizam Colony  | 1,600 kl with 12m staging         | 1,200 kl with 15m staging   |
| Ramagundam        | ELSR at Vittalnagar   | 1,000 kl with 15m staging         | 1,000 kl with 20m staging   |
| Warangal          | Ground Level Service Reservoirs (GLSRs) at Kodipikonda (Bodagutta)                            | 800 kl GLSR                       | 800 kl ELSR with 15m staging  |
|                   | GLSR at Gopalpur  | 800 kl                            | Item deleted  |
|                   | GLSR at Dharmaram   | 450 kl                            | 100 kl  |
|                   | ELSR at Hasanparthy   | 1,300 kl with 15m staging (Split) | 600 kl with 15 m staging at Hasanparthy and 700 kl with 15m staging at Yerragattu Gutta |
|                   | ELSR at Central Jail/ Kakatiya Medical College  | 1,200 kl with 15m staging         | 1,200 kl with 17m staging   |
|                   | ELSR at Komatipally   | 1,200 kl with 15m staging         | 1,200 kl with 21.5m staging   |
|                   | ELSR at Dargah  | 1,250 kl with 15m staging         | 1,250 kl with 18m staging   |

*Source: Information furnished by ENC (TPH&ME)*

The State Government accepted the Audit observations and attributed (September 2023) changes in designs, staging and capacities of Elevated Service Level Reservoirs (ELSRs)

to increase in command area and extension of colonies/ approval of new layouts, non-suitability of soil at the proposed site, protests from local residents, Waqf Board and farmers, insufficient site (in terms of area), land disputes after starting work at site and objections from other departments like Railways.

The reply confirms the fact that initial designs prepared based on survey/detailed investigations were without considering the actual field requirements and availability of required site/land was not ensured (*Para 2.5.5, Table-2.5 refers*) while preparing the DPRs.

### 2.5.5 Non-confirmation of availability of land

Para 6.10 of the Mission Guidelines stipulates that no projects should be included in SAAP which do not have available land and no project work order should be issued if clearances from all the Departments have not been received. The Apex Committee in its third meeting (November 2015) had also emphasised that no project shall be approved in SLTC without availability of land. In response to the observations of Apex Committee on the SAAP for the year 2016-17 regarding availability of land and other clearances, the State Government had submitted compliance while forwarding (March 2017) SAAP 2017-20 document to MoHUA, GoI, stating that the conditionality regarding availability of land and clearances from other Departments was strictly adhered to.

Audit observed from the SLIP documents on Water Supply projects prepared by the ULBs for the five Mission Cities/Towns<sup>11</sup> that availability of land was confirmed. Instances of non-availability of land, however, were observed in two Mission Cities-Nizamabad and Warangal as detailed in **Table-2.5** below:

**Table-2.5: Statement showing instances of non-availability of land for execution of Water Supply projects in the Mission Cities/Towns**

| Mission City/Town | Instances of non-availability of land   |
|-------------------|---|
| Nizamabad         | <ul style="list-style-type: none"> <li>a. There were delays in construction of ELSR at Mahalakshmi Nagar on the proposed site due to a court case filed by a resident in October 2017 and was later ruled in favour of the PH&amp;ME Division in March 2019.</li> <li>b. The land/site for construction of OHBR initially proposed at Alisagar was near a boating point. Due to protests from the farmers who were dependent on the tank water, the land/site was shifted to nearby Water Treatment Plant (WTP) premises instead of boating point area.</li> <li>c. There were delayed permissions from the departments concerned (Rail, Road and Irrigation).</li> <li>d. A 1,600 kl ELSR with 12m staging spherical type proposed at Nizam Colony was reduced to 1,200 kl with 15m staging rectangular type as the available width of the site was not found sufficient and not feasible to execute the proposed capacity of ELSR.</li> </ul> |
| Warangal          | <ul style="list-style-type: none"> <li>a. There were delays in construction of ELSRs at Komatipally, Kakatiya Medical College and Yadavanagar due to land site disputes, court cases, non-availability of alternate land sites in the Corporation limits and pending permissions from other departments.</li> <li>b. 1,300 kl ELSR proposed at Zilla Parishad School, Vangapahad in Hasanparthy Mandal was split into 600 kl ELSR at Vangapahad and 700 kl ELSR at Yerragattugutta due to non-availability of required size of land at Vangapahad.</li> </ul>   |

*Source: Correspondence documents and replies furnished by the PH&ME Divisions of the Mission Cities*

<sup>11</sup> Karimnagar, Nalgonda, Nizamabad, Ramagundam and Warangal

The Public Health and Municipal Engineering Divisions of the above two Mission Cities accepted (October 2022 and January 2023) that there were delays in execution of works and changes in capacity of ELSRs due to non-availability of required land and pending permissions from the Departments concerned. State Government, however, replied (September 2023) that during execution of works capacities and staging of ELSRs were changed due to extension of colonies, approval of new layouts and to maintain minimum residual pressure as per hydraulic designs.

The reply of the State Government was not convincing as the instances pointed out by Audit in **Table-2.5** clearly indicated that changes in capacities and staging of ELSRs was due to non-availability of required land.

Audit observed that there were delays in handing over of land for construction of ELSRs and Ground Level Service Reservoirs (GLSRs) in the five test checked Mission cities as detailed in **Table-2.6**.

**Table-2.6: Delays in handing over of land for construction of reservoirs**

| Mission City/Town | No. of reservoirs | Date of agreement | Month of handing over of land for construction of reservoirs | Delay in handing over of land (in months from the date of agreement) |
|-------------------|-------------------|-------------------|--|--|
| Karimnagar        | 1                 | 6 May 2017        | May 2018   | 12   |
| Ramagundam        | 2                 | 6 May 2017        | September 2017   | 4  |
| Nizamabad         | 10                | 22 May 2017       | September 2017 to May 2018                                   | 4 to 12  |
| Nalgonda          | 10                | 22 May 2017       | July 2017 to July 2019                                       | 2 to 26  |
| Warangal          | 33*               | 06 May 2017       | July 2017 to April 2022                                      | 2 to 59  |

*Source: Information furnished by the PH&ME Divisions of the test checked Mission Cities/Towns*

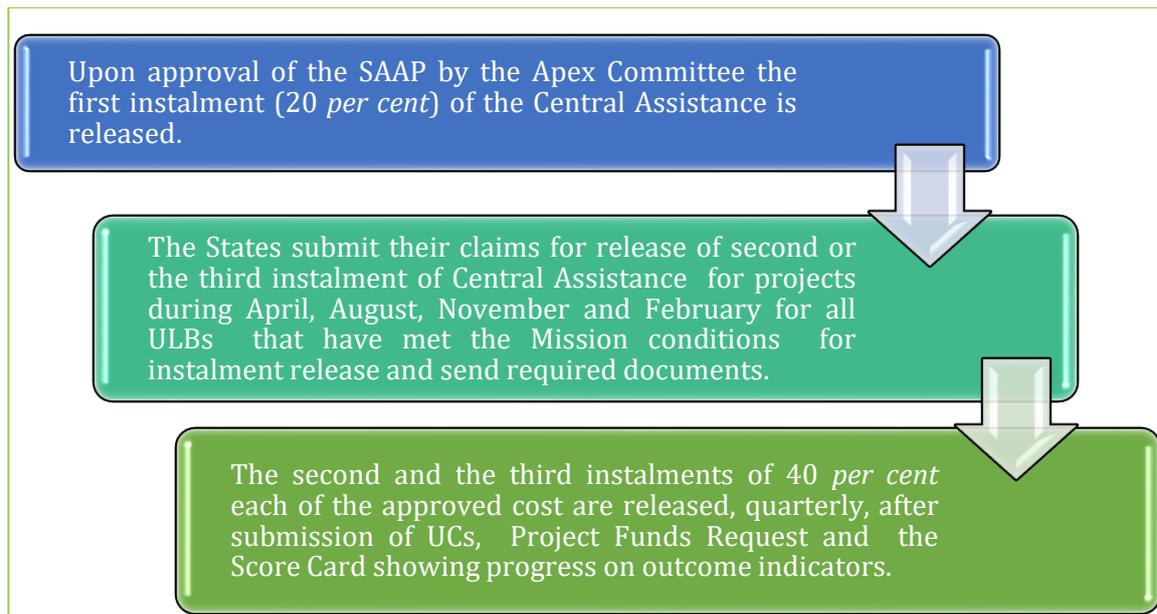
\*One ELSR at Yadavanagar for which site was handed over in April 2022 was not yet completed

Further, for Development of Parks, the Mission Cities/Towns stated against conditionalities in the SLIPs documents that there was availability of land belonging to ULBs. Audit, however, observed cases of non-availability of land (*Para 2.7.3, Table-2.17 refers*), which resulted in non-completion of 4 out of 40 parks proposed in the SAAPs in the test checked Mission Cities/Towns.

The above instances mentioned in **Table-2.5** and **Table-2.6** indicated that the conditionality regarding the availability of land and clearances from other Departments concerned was not strictly adhered to by the State Mission Directorate and projects were included in SAAP without ensuring the availability of land.

## 2.6 Financial Management

The funds for implementation of the Mission were to be released by MoHUA, GoI to the State Government in three instalments of 20:40:40 (*Para 2.3, Chart-2.6 refers*). These funds were to be kept in a separate bank account by the implementing agency, *i.e.*, the State Mission Directorate (TUFIDC). The steps in the release of funds are given in **Chart-2.8**.

**Chart-2.8: Release of funds under the Mission**

**Source:** Para 9.6 of the Mission Statement and Guidelines issued by MoHUA, GoI

The first instalment of the Mission funds were to be released immediately after approval of the SAAP by the Apex Committee. The second and third instalment were to be released on receipt of (i) Score Card, (ii) Utilisation Certificates, and (iii) Project Funds Request from the implementing agency, *i.e.*, the State Mission Directorate (TUFIDC). The Mission funds would be released through the State Government. The funds for the Mission were to be shared by the GoI (the Central share), the State Government (the State share) and the ULBs concerned in the ratio of 50:20:30.

### 2.6.1 Operation of Bank Accounts for Mission Funds

Para 9.1 of the Mission Guidelines stipulates that the Mission funds should be kept in a separate bank account by the implementing agency. The State Mission Directorate had opened a State Mission Directorate (SMD) Bank Account<sup>12</sup> for operating the Mission funds.

The first instalment of ₹57.19 crore (including State share) was initially adjusted by the State Government into the Personal Deposit (PD) Account No.45 in February 2017 (*Table-2.7 refers*) maintained by the TUFIDC for receipt of funds from the State Government for implementing Central/State Schemes<sup>13</sup> and releases controlled by the State Finance Department. This amount of ₹57.19 crore was subsequently transferred in July 2017 from PD Account into SMD Bank Account after a lapse of six months.

Subsequent Mission funds<sup>14</sup> of ₹1,106.98 crore (*Table-2.7 refers*) adjusted by the State Government into the PD Account were not transferred to the SMD Bank Account and

<sup>12</sup> Current Flexi Deposit Scheme Bank Account no.060511100001361 in Andhra Bank at Vijayanagar Colony, Hyderabad, opened in July 2016 and later merged with Union Bank of India in April 2020

<sup>13</sup> Jawaharlal Nehru National Urban Renewal Mission, Smart Cities Mission, AMRUT, Assistance to TUFIDC and Telangana Municipal Development Project

<sup>14</sup> Project funds and Incentive for Reforms

payments for the Mission related activities were paid directly from the PD Account through clearance from the Finance Department as per the oral instructions of the State Government.

The State funds of ₹30.70 crore towards A&OE expenses (8 per cent of the annual budgetary allocation) received (July 2015-August 2020) by the State Government from MoHUA, GoI and kept in the PD Account were subsequently transferred (August 2016-November 2020) by the State Government to the SMD Bank Account.

Audit observed that:

(i) Ministry of Housing and Urban Affairs, GoI while releasing (June 2019) remaining second instalment of Central share adjusted interest earned/accrued amount of ₹1.07 crore to the end of 31 December 2017 on the Mission funds of ₹57.19 crore kept in the SMD Bank Account with Union Bank of India. By keeping the subsequent Mission funds in PD Account, no interest could be earned.

Keeping the Mission funds in a PD Account without directly crediting into a separate bank account of the State Mission Directorate was in contravention of the Mission Guidelines. Consequently, the financial control of Mission funds was with State Government, which was evident from the fact that Mission funds of ₹93.97 crore lying in the PD Account as on 31 March 2022 were lapsed by the State Government and not released as of March 2023. State Government replied (September 2023) that against lapsed amount of ₹93.97 crore an amount of ₹40 crore was adjusted to the Single Nodal Agency (SNA) Account of the Mission. It was also stated that in the implementation AMRUT 2.0, the funds were being routed directly through the SNA account of TUFIDC, without diverting to the PD Account. The reply confirms the Audit observation that the Mission funds (prior to AMRUT 2.0) were diverted to the PD Account.

(ii) A total interest of ₹4.29 crore was earned to the end of 31 March 2023 on the Mission funds kept in the SMD Bank Account with Union Bank of India and later in Axis Bank. Out of this, an amount of ₹1.07 crore was adjusted by MoHUA, GoI (*refer Sl. No. (i) above*). The balance of ₹3.22 crore was however still lying in the Bank Account. The total interest earned of ₹4.29 crore was not disclosed in the Utilisation Certificates furnished by the State Mission Directorate to the MoHUA, GoI.

Ministry of Housing and Urban Affairs, GoI in its communication (August 2020) had advised the State to ensure that, any further amount on account of interest accrued on the CA released against the sanctioned 66 projects should be remitted by the State Government to the Consolidated Fund of India. The balance of interest earned amount of ₹3.22 crore was still lying in the Bank Account without remittance.

The State Government replied (September 2023) that MoHUA communicated (May 2023), extension of the Mission period up to 31 March 2024. Hence, during the end of Mission period and as per the directions from the GoI, the interest earned would be remitted back as per the procedure laid down at that point of time.

In the said Ministry communication, however, there was no provision to retain the interest amount earned on the Mission funds till the end of the Mission period.

## 2.6.2 Receipt and utilisation of project funds

Audit observations on receipt and utilisation of project funds under the Mission are as follows:

### 2.6.2.1 Delay in release of funds by the State Government

Para 9.5 of the Mission Guidelines stipulates that release of project funds by the State Governments is critical to project completion; therefore, the States should release the Central share of funds along with State share to the ULBs within one month<sup>15</sup> after receipt of the Central share. Interest at the rate specified by the Ministry of Finance was to be levied on the State for any delay beyond one month and appropriate deductions would be made from future instalments.

The details of release of Central share and release of State share along with Central share by the State Government to the State Mission Directorate are given in **Table-2.7**.

**Table-2.7: Details of Central share and release of State share along with Central share by the State Government to the State Mission Directorate**

| (₹ in crore)           |   |               |                                     |                              |                                    |               |
|------------------------|---|---------------|-------------------------------------|------------------------------|------------------------------------|---------------|
| Date of Release by GoI | Released by GoI to the State Government                                     | Central Share | Matching State Share to be released | Date of release by the State | Total Amount Released by the State | Delay in days |
| 16.12.2015             | 1st Instalment of SAAP (2015-16)  | 40.85         | 16.34                               | 10.2.2017                    | 57.19                              | 392           |
| 23.8.2016              | 1st Instalment of SAAP (2016-17)  | 55.45         | 22.18                               | 14.7.2017                    | 77.63                              | 295           |
| 24.10.2017             | 1st Instalment of SAAP (2017-20)  | 70.23         | 28.12                               | 01.11.2017                   | 98.35                              | 0             |
| 12.12.2018             | 2nd Instalment of SAAPs (2015-16 & 2016-17) - Part                          | 135.48        | 54.19                               | 30.3.2019                    | 189.67                             | 78            |
| 11.6.2019              | 2nd Instalment of SAAPs (2015-16, 2016-17 - balance & 2017-20)              | 178.82        | 71.53                               | 15.11.2019                   | 250.35                             | 127           |
| 25.8.2020              | 3rd Instalment of SAAPs (2015-16,2016-17 & 2017-20)-Part                    | 175.35        | 70.14                               | 13.7.2020& 27.10.2020        | 245.49                             | 33            |
| 18.12.2020             | 3rd & final Instalment of SAAPs (2015-16, 2016-17 & 2017-20)-balance amount | 175.35        | 70.14                               | 8.1.2021                     | 245.49                             | 0             |
| <b>Total</b>           |   | <b>831.53</b> | <b>332.64</b>                       |                              | <b>1,164.17</b>                    |               |

*Source: Information provided by the State Mission Directorate*

It could be observed from the **Table-2.7** that the State Government had released the Central share along with State share with a delay ranging from 33 days to 392 days. Audit observed that neither penal interest was levied by MoHUA, GoI on the State for delays beyond one month nor were appropriate deductions made from future instalments.

The State Government replied (September 2023) that there was no delay in the release of funds by the State as the actual implementation of major works of Mission was started in the year 2017.

<sup>15</sup> Seven days prescribed in the Mission Guidelines was modified as one month in MoUD's Office Memorandum dated 5 August 2016

The reply was not in consonance with the fact that even after 2017, there were delays in release of funds ranging from 33 to 127 days as indicated in **Table-2.7**.

### **2.6.2.2 Non-remittance of savings in Central Share to Ministry of Housing and Urban Affairs, GoI**

Ministry of Housing and Urban Affairs, GoI while releasing third instalment of CA against SAAPs-I to III directed<sup>16</sup> (August 2020) in Para 7 of the release orders that savings, if any, on the attached list of 66 projects<sup>17</sup> under the Mission against which eligible CA was being calculated/ released shall be remitted by the State Government to the Consolidated Fund of India. The remitted amount shall be proportional to the CA share allocated to the specific project.

In compliance with MoHUA, GoI directions, the Mission Directorate was to remit the 50 *per cent* Central share of the total savings amount to the Consolidated Fund of India. The proportionate CA savings amount was, however, not remitted by the State Mission Directorate to MoHUA, GoI.

The State Mission Directorate stated (June 2023) that out of 66 Projects taken up in the State, 56 projects were completed. Project-wise savings made was however not furnished to Audit.

Audit observed during scrutiny of records relating to Development of Parks in Nalgonda Mission City/Town that savings amount of ₹59.46 lakh was utilised by the Nalgonda ULB for development of three parks<sup>18</sup> not included in the SAAPs.

Further savings amount of ₹15 lakh was utilised for providing additional components to one completed park work (Panchatstva Park/Municipal Park at E-seva Centre) included in the SAAP 2015-16.

Hence, non-refunds of savings under Mission funds and its utilisation for works not included in SAAPs and for additional components was not in order.

The State Government replied (September 2023) that savings, if any, available would be remitted back to the GoI after settlement of final bills.

### **2.6.2.3 Incentive for Reform**

#### **i) Short receipt of Reforms incentive by the State Government**

Para 4.3 of the Mission Guidelines stipulates that 10 *per cent* of annual budgetary allocation meant as Incentive for Reform would be given to the States/Union Territories (UTs) every year as incentive for achievement of Reforms. One purpose of the Mission was to improve governance through a set of reforms. During the Mission period 2015-20, 11 reforms<sup>19</sup> were prescribed for implementation by the State/ULBs.

<sup>16</sup> Ministry of Housing and Urban Affairs (Amrut I Division) of GoI letter K-16015/11/2017-AMRUT-II/AMRUT-IB dated 25 August 2020

<sup>17</sup> SAAP 2015-16 (22 projects): Water Supply -10, Sewerage-one, Parks-11, SAAP2016-17 (22 projects): Water Supply: 9, Sewerage-one, Parks-12, SAAP 2017-20 (22 projects): Water Supply-8, Sewerage: 2, Parks-12

<sup>18</sup> (i) Vidyanagar Park, (ii) Park at Women's Library at Ravindranagar and (iii) Park at Alkapuri Colony

<sup>19</sup> Anneuxre-1 to the Mission Guidelines: (i) E-Governance, (ii) Constitution and professionalisation of municipal cadre, (iii) Augmenting double entry accounting, (iv) Urban Planning and City level plans, (v) Devolution of funds and

The States/UTs were to conduct the self-assessment as per the prescribed procedure given in the Mission Guidelines. The National Mission Directorate, on receipt of the self-assessment, would announce the award of incentive to the States.

Ministry of Housing and Urban Affairs, GoI released total project funds of ₹833.13 crore for the Mission period, which represents 50 *per cent* CA of total 80 *per cent* of project funds for 66 projects. Hence, the total annual budgetary allocation works out to ₹2,082.83 crore<sup>20</sup> and 10 *per cent* of budgetary allocation of total project funds for incentive reforms would be ₹208.28 crore for the Mission period. The State High Power Steering Committee proposed an amount of ₹208.30<sup>21</sup> crore as Reforms Incentive in the SAAP document 2017-20. The progress on Reform implementation as per the Self-Evaluation Reporting format prescribed in Mission Guidelines, with earmarked 10 marks for each milestone and achievement made by the State is given in **Table-2.8** below:

**Table-2.8: Achievement made by the State on Reforms implementation during the Mission period**

| Year of Mission period | Number of milestones prescribed in Mission Guidelines | Maximum Score prescribed in the Mission Guidelines | Score achieved and reported by the State to MoHUA |
|------------------------|---|--|---|
| First year             | 28  | 280  | 270   |
| Second year            | 13  | 130  | 118   |
| Third year             | 10  | 100  | 93  |
| Fourth year            | 3   | 30   | 23  |
| <b>Total</b>           |   | <b>540</b>   | <b>504</b>  |

*Source: Mission Guidelines and information furnished by the State Mission Directorate*

State received ₹51.40 crore only towards Reforms incentive against allocated ₹208.30 crore for the complete Mission period, despite achievement of 93 *per cent* of total score reported by the State Mission Directorate to MoHUA. The Reforms incentive amount of ₹51.40 crore was adjusted as ULB share towards project funds as per the Mission Guidelines.

The State Mission Directorate replied that the short release of funds by MoHUA, GoI may be due to less allocation of funds towards Reforms incentive head at GoI level.

**ii) Receipt of reform incentive of ₹26 crore by Greater Hyderabad Municipal Corporation (GHMC) for issuance of Municipal Bonds of ₹200 crore under the Mission**

Ministry of Housing and Urban Affairs, GoI communicated (March 2018)<sup>22</sup> that in order to encourage ULBs in raising resources from the market, it was decided to incentivise the ULBs, which are covered under the Mission and raise funds by issuing Municipal Bonds. The incentive amount would be limited to ₹13 crore for every ₹100 crore of Municipal

functions, (vi) Review of Building by-laws, (vii) Set-up financial intermediary at State level, (viii) (a) Municipal tax and fees improvement, (b) Improvement in levy and collection of user charges, (ix) Credit Rating, (x) Energy and Water audit and (xi) Swachh Bharat Mission

<sup>20</sup> Total project funds released (80 *per cent* of project funds as per funding pattern): ₹1,666.26 crore. Then total annual budgetary allocation = (₹1,666.26 crore\*100)/80=₹2,082.83 crore

<sup>21</sup> Table-3.2 of SAAP document 2017-20-Proposed total project funds (80 *per cent* of annual budgetary allocation): ₹1,666.26 crore. Reforms Incentive proposed: 10 *per cent* of {(₹1,666.26 crore\*100)/80=₹208.30 crore}

<sup>22</sup> MoHUA, AMRUT IIB, GoI letter dated 23 March 2018

Bonds issued and up to maximum of ₹200 crore worth of Bonds per ULB would be incentivised under the Mission.

Ministry of Housing and Urban Affairs, GoI specified (March 2018) that ULBs, after obtaining all the approvals from Securities and Exchange Board of India (SEBI) and after issue of Municipal Bonds, would approach the Ministry for claiming incentive under the Mission by submitting the following documents along with the proposal:

- i. ULB resolution to float bonds,
- ii. Copy of credit rating and
- iii. Necessary documentary evidence regarding issuance of Municipal bonds.

An amount of ₹26 crore was released (July 2018) by MoHUA, GoI to the State Mission Directorate as an incentive towards issue of Municipal bonds by GHMC worth ₹200 crore under the Mission. This amount was paid to GHMC by Mission Directorate in May 2020, which was credited into the mandated Escrow Account<sup>23</sup> opened by GHMC for this purpose. Greater Hyderabad Municipal Corporation submitted (August 2020) the utilisation certificate stating that the incentive amount of ₹26 crore amount was utilised for payment of interest on Bonds raised by GHMC.

Audit observed from the Resolution of GHMC (April 2017) furnished (September 2023) by the State Government that the Municipal Bonds were issued for raising funds for Strategic Road Development Programme, Double bedroom Housing Programme and Jawaharlal Nehru National Urban Renewal Mission (JNNURM) Vambay Housing but not for AMRUT components.

### 2.6.3 Payment for inadmissible items from Mission funds

Mission Guidelines (Sub-para 3.1.9) gives an indicative list of inadmissible components<sup>24</sup>. Further, Para 9.4 of the Mission Guidelines stipulates that diversion of Central Grants for purposes other than the Mission projects shall entail levy of penal interest on the amount and any other action by the Apex Committee and may include adverse effect on release of grants.

**(i) Payment of Price adjustment from the Mission funds:** State Government accorded (February 2017) administrative sanction for ₹1,521.34 crore for undertaking Water Supply projects in 10 Mission Cities/Towns, which included an amount of ₹79.72 crore towards inadmissible items<sup>25</sup> including price adjustment to be met from Municipal General Funds and not from the Mission funds.

Audit observed that for the works executed in the five test checked Mission Cities, an amount of ₹18.84 crore<sup>26</sup> was towards price adjustment for cement, steel, pig iron and

<sup>23</sup> State Bank of India Current Account No.37488007609

<sup>24</sup> (i) Purchase of land for projects or project related works, (ii) Staff salaries for both the State Governments/ULBs, (iii) Power, (iv) Telecom, (v) Health, (vi) Education and (vii) Wage employment programme and staff component

<sup>25</sup> Provisions towards contingencies, Provision for preparation of DPRs, Provision for land acquisition, amount payable to other departments, provision towards unforeseen items and Price adjustment

<sup>26</sup> Karimnagar: ₹1.32 crore, Nalgonda: ₹6.08 crore, Nizamabad: ₹1.70 crore, Ramagundam: ₹1.14 crore and Warangal: ₹8.60 crore

Petrol, Oil and Lubricants (POL) from the Mission funds instead of from Municipal General Funds.

**(ii) Payment of Road Restoration works and T-fibre project work from the Mission funds:**

The Water Supply works pertaining to 27 projects covered in Packages-I to III were tendered in February 2017 and awarded to the contractors in May 2017, which did not include the two components of works-Road Restoration (RR) and T-fibre (PLB duct) works.

The State Government issued orders (June 2018)<sup>27</sup> permitting ENC (TPH&ME) to execute RR works and T-fibre project (PLB duct) works<sup>28</sup> with the same agencies who were awarded Water Supply component works in Packages-I to III under the Mission, so as to avoid delay in execution of the restoration of road work and to minimise inconvenience to the public.

Since these two works (RR and PLB duct works) were not part of Mission components, the State Government had accorded (June 2018) revised administrative sanction for ₹1,753.11 crore towards Water Supply projects under the Mission, which included ₹231.77 crore as additional amount for meeting the expenditure related to these two items of work from the State funds under three head of accounts<sup>29</sup>.

Audit observed that in the five test checked Mission Cities/Towns, an amount of ₹35.40 crore was paid for these two works from the Mission funds, as State funds were not received by the State Mission Directorate. The details of amounts paid towards RR and PLB duct works from the Mission funds are given in **Table-2.9**.

**Table-2.9: Payments made towards RR and PLB duct works from the Mission funds**

(₹ in crore)

| Package No | Name of Mission City / Town | Amount paid towards RR works | Amount paid towards PLB-duct works | Total amount paid |
|------------|-----------------------------|------------------------------|------------------------------------|-------------------|
| 1          | Karimnagar                  | 0.68                         | 0.82                               | 1.50              |
| 2          | Nalgonda                    | 6.06                         | 2.09                               | 8.15              |
| 3          | Nizamabad                   | 0.93                         | 0.73                               | 1.66              |
| 4          | Ramagundam                  | 1.70                         | 1.09                               | 2.79              |
| 5          | Warangal                    | 15.39                        | 5.91                               | 21.30             |
|            | <b>Total</b>                | <b>24.76</b>                 | <b>10.64</b>                       | <b>35.40</b>      |

*Source: Consolidated Abstract of Deviation approved by ENC (TPH&ME) and Measurement Books (Warangal-2676, RAB23(3/5), Karimnagar- MB2510/PH/K and Ramagundam-MB2555/PH/K)*

The State Mission Directorate replied that the bills submitted by the Pay and Account Offices did not contain details of inadmissible components of works (RR works and PLB duct works) and as such they could not notice the same while processing the payment.

The reply underscores the fact that the State Mission Directorate had not ensured availability of additional amount from the State Budget under the three heads of accounts

<sup>27</sup> G.O.Rt.No.490 dated 21 June 2018

<sup>28</sup> Permanently Lubricated (PLB) duct for use as underground cable conduits for armoured optical fibre cable

<sup>29</sup> 2217-80-191-25-310-312: (i) Assistance to Municipalities for Development Works, (ii) Assistance to Warangal Municipal Corporation and (iii) Assistance to Municipal Corporations of Karimnagar, Ramagundam, Khammam and Nizamabad for Road Restoration works and T-fibre project

before making payments, which resulted in irregular payment of ₹35.40 crore towards these two inadmissible works from the Mission funds.

The State Government replied (September 2023) that payments for inadmissible items were made from the State funds and not from the Mission funds and as such GoI contribution was not utilised for road restoration, PLB Duct works, etc.

Audit scrutiny of Work Bills revealed that the payments for Price Adjustment, RR and T-fibre project works were made from Mission Funds<sup>30</sup>. Further, the State Mission Directorate (February 2023) stated that the issue did not come to its notice while processing the payment.

**(iii) Payment of DPR preparation charges from A&OE funds of the Mission:**

The State Government accorded (February 2017) administrative sanction for ₹1,521.34 crore for undertaking Water Supply projects in the 10 Mission Cities/Towns, with a provision for an amount of ₹79.72 crore towards inadmissible items including preparation of DPRs to be met from Municipal General Funds. While communicating (April 2016) initial Administrative sanction for Siddipet Sewerage Project work under the Mission, the State Government had mentioned that inadmissible cost has to be borne by the ULB.

Audit observed the following on payment of DPR charges:

- In Siddipet, Nalgonda and Karimnagar ULBs, the work orders<sup>31</sup> for preparation of DPRs were issued to M/s NCPE Infrastructure India Private Limited on 4 June 2012, 2 March 2013 and 16 July 2015 respectively.
- State Mission Directorate sanctioned an amount of ₹two crore from A&OE funds towards preparation of DPRs in five test checked Mission Cities/Towns (at ₹40 lakh in each Mission City/Town), except Warangal Mission City and the amounts were paid (April 2018) to the five ULBs of the Mission Cities/Towns from the Mission funds through the SMD Account in Andhra Bank.
- The State Mission Directorate communicated (October 2017) to the MA&UD Department that the work of preparation of DPRs and tender documents were done by PH/ULBs themselves, which indicated that no external agency was engaged for preparation of DPRs for the Mission works.

The Engineer-in-Chief (TPH&ME) replied (March 2023) that the DPRs were prepared by ULBs under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) transitional phase in the year 2011-12 through agencies and had become redundant. These DPRs were subsequently updated as per the Mission Guidelines by ENC (TPH&ME) Department and ULBs themselves.

<sup>30</sup> The Project funds consists of Central share, State share and ULB share put together designated as the Mission funds

<sup>31</sup> Nalgonda: DPR for execution of Water Supply, Storm Water Drainage gaps, lighting, etc.; Karimnagar: DPR for infrastructure projects proposed under Comprehensive Infrastructure Development Plan; and Siddipet: DPR for Water Supply, UGD, Storm Water Drainage, Roads, Solid Waste Management and Urban Renewal Projects

Ministry of Housing and Urban Affairs, GoI communicated the approval of Mission Cities/Towns in the State of Telangana on 31 July 2015 and 12 October 2015. The work orders for preparation of DPRs were issued before launch of the Mission (June 2015).

Hence, in the three ULBs of Nalgonda, Karimnagar and Siddipet Mission Cities/Towns, the DPR preparation was not for the works under the Mission. Further, release of amounts was made for the DPRs updated by PH Department/ULBs themselves, which was not in order and amounted to diversion of A&OE Mission funds.

The State Government replied (September 2023) that provision of ₹79.72 crore was made for payment towards inadmissible components to be met from Municipal General Funds, as DPR charges were not admissible components as per the Mission Guidelines.

The reply confirms the fact that contrary to the State Government’s Administrative sanction orders to make payments for DPRs preparation charges from Municipal General Funds, the payments were made from A&OE funds, which was irregular.

## 2.7 Execution of projects under the Mission

In the State of Telangana, from the prescribed components under the Mission (*Chart-2.1 refers*), the components of Water Supply, Sewerage and Development of Parks were taken up for implementation under the Mission during the period 2015-20.

The status of execution of projects component-wise in the State as on 31 March 2022 is given in the **Table-2.10**.

**Table-2.10: Component-wise status of execution of the projects under the Mission in the State as on 31 March 2022**

| Description                          | Name of the Component |          |                      | Total    |
|--------------------------------------|-----------------------|----------|----------------------|----------|
|                                      | Water Supply          | Sewerage | Development of Parks |          |
| Number of Projects approved          | 27                    | 4        | 35                   | 66       |
| Number of Projects awarded           | 27                    | 4        | 35                   | 66       |
| Expenditure incurred (₹ in crore)    | 1,321.97              | 201.97   | 17.82                | 1,541.76 |
| Number of Projects completed         | 25                    | 4        | 27                   | 56       |
| Percentage of completion of Projects | 93                    | 100      | 77                   | 85       |

*Source: Information furnished by the State Mission Directorate*

Significant audit findings in respect of the above three components are discussed in the succeeding paragraphs.

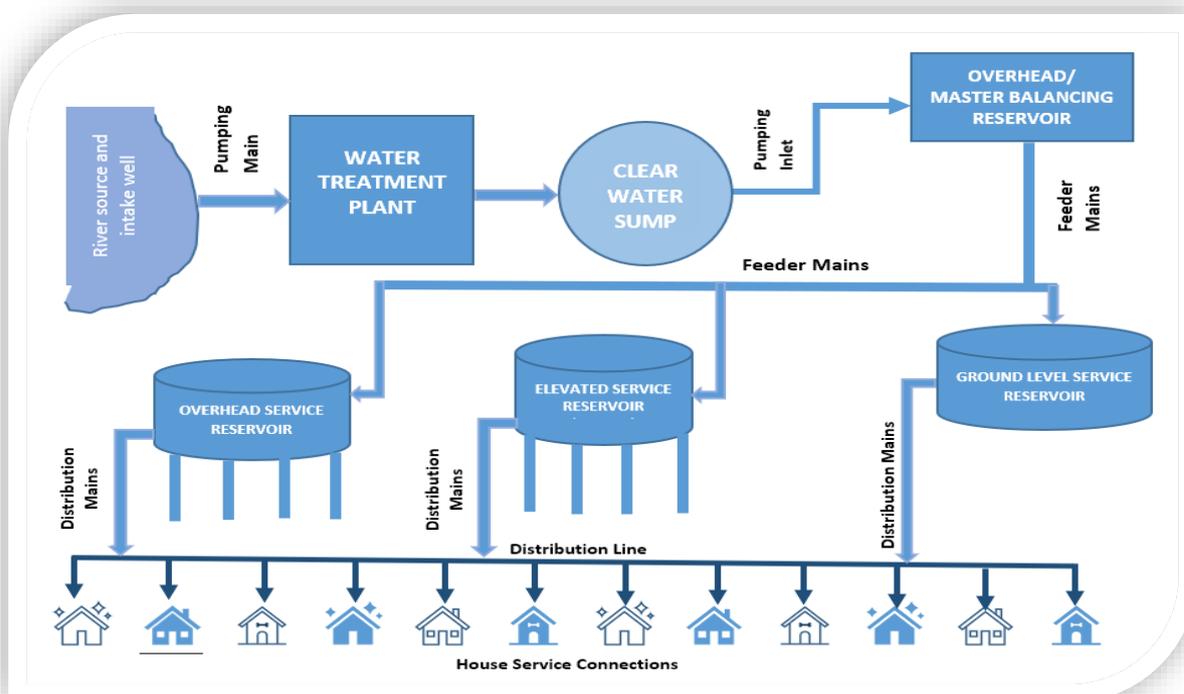
### 2.7.1 Water Supply works

The following are the major components indicated in the DPRs for Water Supply works:

- Service/ Balancing Reservoirs viz., Construction of Elevated Service Reservoirs /Over Head Service Reservoirs<sup>32</sup> and Ground Level Service Reservoirs<sup>33</sup>.
- Pumping Mains and Feeder Mains
- Distribution Network (Distribution Mains and Distribution Lines)
- House Service Connections

The Ground Level Service Reservoirs and the Elevated Service Reservoirs help to allow the natural force of the gravity and maintain a constant pressure to flow in the Water Supply Distribution System. The Distribution Network from source point to household connection is depicted in the following **Chart-2.9**.

**Chart-2.9: Details of Water Supply and Distribution Network from source to household**



*Source: Illustration based on DPRs, Agreements and Completion Reports*

In the five test checked Mission Cities/Towns<sup>34</sup>, 14 projects for Water Supply were taken up under the Mission during 2015-20 with GoI approved cost of ₹931.20 crore against which an expenditure of ₹821.27 crore was incurred as on 31 March 2022 completing 13 projects.

The status of completion of the projects, Package-wise as on 31 March 2022 in the five test checked Mission Cities/Towns are detailed in **Table-2.11**.

<sup>32</sup> An Elevated Service Reservoirs /Over Head Service Reservoirs is a storage tank that is typically located at a high point in the distribution system through staging and raised structures, thereby creating gravity to deliver water to consumers. ELSRs/OHSRs are commonly used in areas where there are water supply interruptions or low water pressure due to topographical constraints. ELSRs/OHSRs can store water during periods of low demand and release it during periods of high demand

<sup>33</sup> It is a storage tank positioned at a suitably high point (such as hill) providing natural gravity for supply of water to the consumers at lower levels

<sup>34</sup> Nalgonda, Nizamabad, Karimnagar, Ramagundam and Warangal

**Table-2.11: Package-wise status on progress of works pertaining to the sanctioned projects as on 31 March 2022 in the five test checked Mission Cities/Towns**

| (₹ in crore) |                               |   |                         |                      |                              |                                      |
|--------------|-------------------------------|---|-------------------------|----------------------|------------------------------|--------------------------------------|
| Package No   | Name of the Mission City/Town | Total number of projects in the test checked Mission Cities/Towns | Total GoI approved Cost | Expenditure incurred | Number of projects completed | Percentage of completion of projects |
| Package-I    | Karimnagar                    | 3   | 100.12                  | 101.56               | 3                            | 100                                  |
|              | Ramagundam                    | 2   | 89.60                   | 83.38                | 2                            | 100                                  |
| Package-II   | Nalgonda                      | 3   | 107.38                  | 110.71               | 3                            | 100                                  |
|              | Nizamabad                     | 3   | 90.84                   | 79.34                | 3                            | 100                                  |
| Package-III  | Warangal                      | 3   | 543.26                  | 446.28               | 2                            | 67                                   |
| <b>Total</b> |                               | <b>14</b>   | <b>931.20</b>           | <b>821.27</b>        | <b>13</b>                    |                                      |

Source: Information furnished by the State Mission Directorate

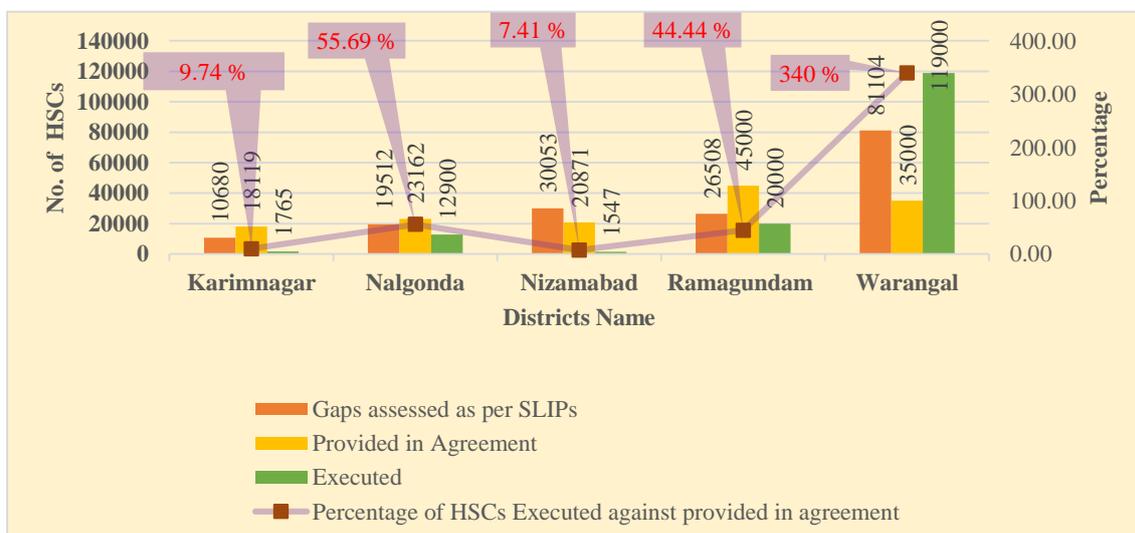
The Audit observations made on execution works in the test checked Mission Cities/Towns are discussed below.

### 2.7.1.1 Execution of House Service Connections

Universal coverage of water and Sewerage is a National priority (Para 6.6 of Mission Guidelines). One of the service level for coverage of Water Supply is providing HSC/ water tap connection to the household. This service level was assessed by the ULBs while preparation of SLIPs (Para 2.5.1 refers).

Audit observed that the HSCs provided in the four test checked Mission Cities/Towns, except Warangal Mission City were far less than the projected numbers as per gaps assessed in the SLIPs and provided numbers for execution in the respective Agreements.

The details of households not having tap connections (gaps assessed) at the time of preparation of SLIPs, number provided in the Agreement for execution and HSC connections actually executed in the five test checked Mission Cities/Towns where Water Supply projects were undertaken are detailed in the **Chart-2.10**.

**Chart-2.10: HSC requirement and execution**

Source: Information furnished by the test checked Mission Cities/Towns

Audit enquired the reasons for execution of fewer number of HSCs in four test checked Mission Cities/Towns where works were completed and the following responses were furnished to Audit. In Warangal Mission City, the works were under progress:

- a.** In Nizamabad Mission City, the Division office of PH&ME stated (October 2022) that initially HSCs were given based on House number/Aadhaar card. Later, during inspection of the Mission works, the SE (PH) objected to release of HSCs based on Aadhaar card for assessing income.

It was stated that after discussing the issue by SE (PH) with the Nizamabad ULB, it was decided to release HSCs after registering every household online and collecting Property Tax Receipt (latest) in consonance with procedure prescribed by Commissioner and Director of Municipal Administration (CDMA) for applying for new water tap connections.

Further progress made in providing the remaining HSCs to the households following the procedure prescribed by CDMA was however, not furnished to Audit.

- b.** In Karimnagar Mission City, the Division office stated (November 2022) that due to decrease in length of distribution network from 172 km to 108 km, the scope of actual HSCs was not taken up and the shortage in HSCs would be covered under Smart City Mission.
- c.** The reasons for providing fewer number of HSCs than the quantities in the Agreements in Nalgonda and Ramagundam Mission cities were not furnished by the respective Division offices.

The Engineer-in-Chief (TPH&ME) replied (Mach 2023) that in Warangal Mission City due to merger of 42 villages in the Warangal Municipal Corporation and after conducting detailed survey, based on the revised proposals and assessment of necessity, additional HSCs were executed.

The Service Level Improvement Plans were prepared by the ULBs and the works were executed by the PH&ME Divisions. There was lack of coordination between PH&ME Divisions and the ULBs of the four test checked Mission Cities/Towns regarding uniform procedure to be adopted for providing HSCs. The Urban Local Bodies were also not involved during the course of execution of works.

Further, the merger of 42 villages was not accounted for while preparing SLIPs for Water Supply in Warangal Mission City, which indicated lack of planning.

The State Government replied (September 2023) that pipeline networks were laid to provide water till the tail end point of the Municipal limits and providing of HSCs is a continuous activity which would be taken up by ULBs. Further, it was stated that additional number of HSCs were given by the ULBs in the five test checked Mission Cities/Towns subsequently under various schemes on the distribution lines laid under the Mission.

It is evident from the reply that execution of HSCs was not as per gaps assessed in the SLIPs or projected in the DPRs, thereby the intended objective of Water Supply coverage

under the Mission, till the tail end point of households by providing tap connections was not achieved.

### 2.7.1.2 Short/Non-provision of meters to House Service Connections

The Agreements for the Water Supply works in the test checked Mission Cities/Towns provide for supply and installation of meters to the HSCs. Audit observed from the bills paid to the contractors that there was short/non-provision of meters to HSCs in three test checked Mission Cities/Towns as detailed in **Table-2.12**.

**Table-2.12: Status of meters provided to HSCs**

(in numbers)

| Mission City/Town | HSCs provided in Agreement | HSCs actually executed | Meters procured by the contractor | Meters provided to the HSCs | Unused meters handed over by the Contractor to the ULB of the Mission City/Town |
|-------------------|----------------------------|------------------------|-----------------------------------|-----------------------------|---|
| Karimnagar        | 18,119                     | 1,765                  | 0                                 | 0                           | 0   |
| Nalgonda          | 23,162                     | 12,900                 | 12,900                            | 8,285                       | 4,615   |
| Nizamabad         | 20,871                     | 1,547                  | 3,500                             | 1,226                       | 2,274   |
| <b>Total</b>      | <b>62,152</b>              | <b>16,212</b>          | <b>16,400</b>                     | <b>9,511</b>                | <b>6,889</b>  |

**Source:** Works slips and list of unused materials in the two Mission Cities/Towns of Nalgonda and Nizamabad

In Nalgonda Mission City/Town, though 8,285 meters were provided to HSCs, the charges for installation of meters were paid to the Contractor, M/s Megha Engineering and Infrastructures Limited (MEIL), Hyderabad for the total 12,900 meters, which resulted in irregular payment of ₹7.86 lakh<sup>35</sup> on 4,615 meters not installed and handed over to the ULB of the Nalgonda Mission City/Town.

Karimnagar PH&ME Division replied (November 2022) that since Karimnagar is selected in Smart City Mission, it was proposed to install smart meters to every Household. Hence, meters were not provided to avoid duplication.

Nizamabad PH&ME Division replied (October 2022) that full execution of procured meters could not be done without assigning reasons and hence the remaining meters were handed over to the Nizamabad ULB.

Thus, non-installation of meters to the HSCs had resulted not only in loss of revenue on Water Supply charges to the ULBs concerned but also consequently may lead to increase in non-revenue water.

The State Government accepted (September 2023) that the meters were not fixed as proposed in the Agreements as the local public objected for installation of meters and it was stated that the meters would be provided in due course of time under various funds. Further, it was replied that recovery was proposed from the Contractor in respect of unused 4,615 meters in Nalgonda Mission City/Town.

<sup>35</sup> 4,615 X ₹170.42 per meter=₹7,86,488

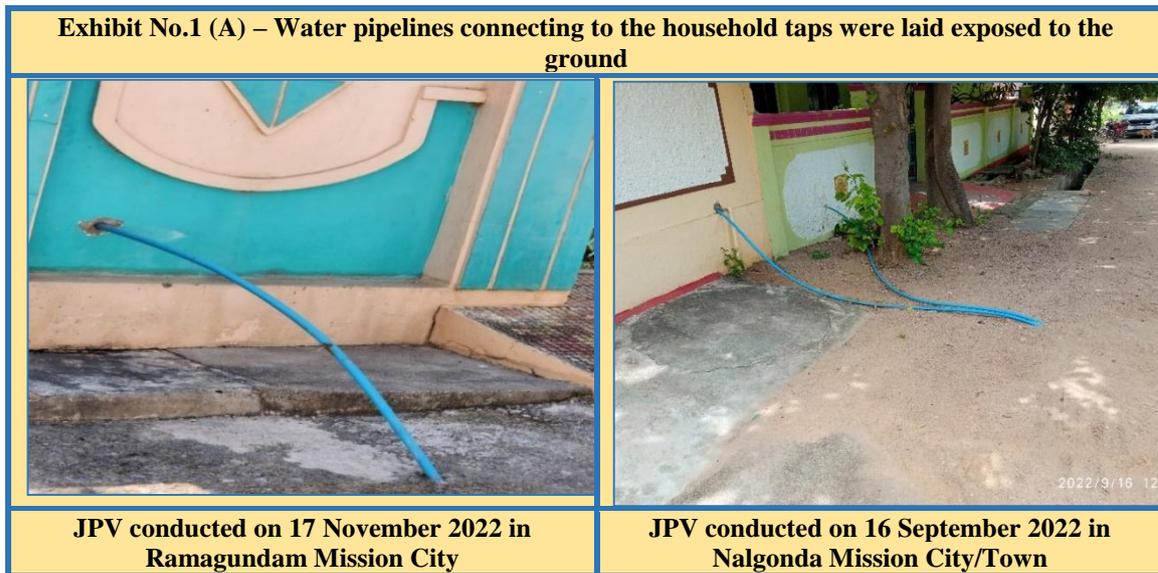
### 2.7.1.3 Execution of House Service Connection works

Audit conducted JPV of HSC works in the following places of the test checked Mission Cities/Towns:

1. Karimnagar-Rampur Colony, Gouthaminagar, Venkateswara Colony and Ramachandrapur Colony
2. Nalgonda- Arjalabavi, Housing Board Colony, Himagiri Colony, Asad Nagar and Krishnaveni Colony
3. Nizamabad-Badabazar, Pragathi Nagar, Mahalakshminagar and Alisagar pump house
4. Ramagundam- Durganagar, Gouthaminagar and Ganganagar
5. Warangal- in Kareembad, Enumamula, Gorrekunta, Kasibugga, Central Jail, Desipeeta, NIT-Darga and FCI Colony, Hasanparthy, Yerragattugutta, Bheemaram and Yadavanagar.

Audit observed the following during JPV of HSC works in the test checked Mission Cities/Towns:

- (i) Water pipelines connecting to the household taps were laid exposed to the ground {(Exhibit No.1 (A))} and were also crossing open drainage system {(Exhibit No.1 (B))} in five test checked Mission Cities/Towns.



**Exhibit No.1 (B) – Water pipelines connecting to the household taps were laid crossing open drainage system**



**JPV conducted on 16 September 2022 in Nalgonda Mission City/Town**



**JPV conducted on 19 October 2022 in Nizamabad Mission City**

The State Government replied (September 2023) that all the HSCs were properly encased with the help of casing pipe wherever drains were crossing and provided photographic evidence (**Exhibit No.1(C)**) in one case pointed out by Audit in JPV in Ramagundam Mission City (**Exhibit No.1(A)**).

**Exhibit No.1 (C)**



**HSC properly encased with the help of casing pipe wherever drains were crossing  
Photographic evidence provided by ENC (TPH&ME)**

It could be observed from Exhibit No.1(C) above that despite casing, the laid pipeline remains exposed to the ground and open drainage system. Laying pipelines in an open manner is fraught with risk of tampering, which was not rectified.

- (ii) Consumers had cut the pipe at the meter fixing point and drew water directly from the disconnected point (Nalgonda, Nizamabad, Ramagundam and Warangal – **Exhibit No.2**).

**Exhibit No.2 – Pipe connecting the meter point was cut and water drawn directly**



**JPV conducted on 31 January 2023 in Warangal Mission City**



**JPV conducted on 16 September 2022 in Nalgonda Mission City/Town**

(iii) Meter boxes were removed from the water pipe connection by the consumers and damaged the meters (Nalgonda, Ramagundam and Warangal-**Exhibit No.3 (A)**).

**Exhibit No.3 (A) - Meter boxes removed from the water pipe connection and damaged the meters**

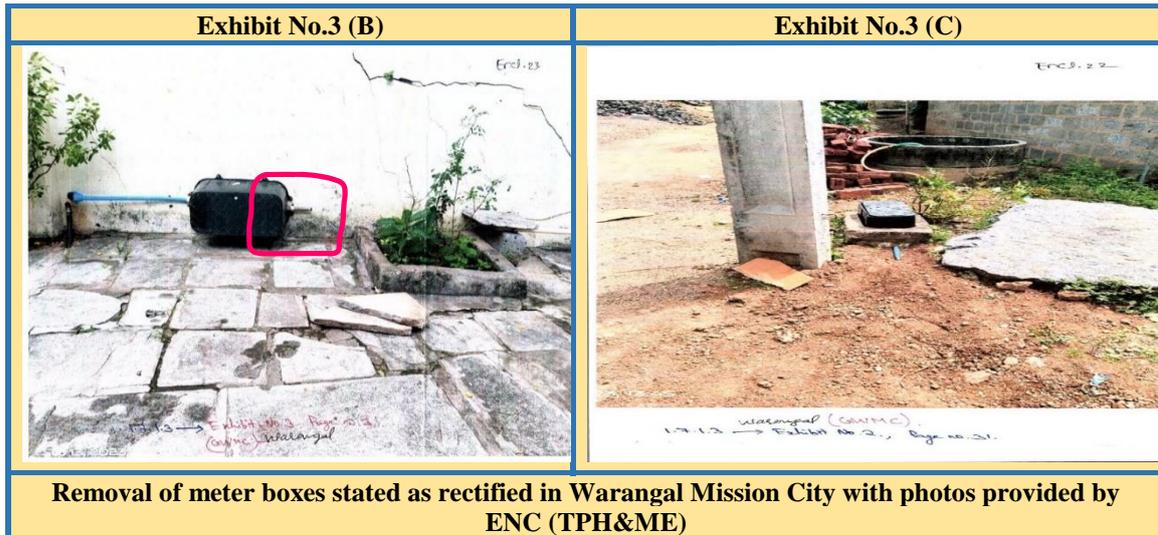


**JPV conducted on 31 January 2023 in Warangal Mission City**



**JPV conducted on 16 September 2022 in Nalgonda Mission City/Town**

The State Government replied (September 2023) that all the connections were provided with meters and pipe cutting, if any, would be rectified. Out of the four cases pointed out, photographic evidence for rectification carried out was provided in two such cases pertaining to Warangal Mission City ((**Exhibit Nos.3 (B) and 3(C)**)).



- (iv) Meters were not fixed and water drawn directly from the pipeline (Karimnagar – **Exhibit No.4**). It was informed by the Division that the consumers might have damaged or removed the meter boxes to avoid meter reading.



The State Government replied (September 2023) that in Karimnagar Mission City meters were proposed under Smart Cities Mission. Hence, to avoid duplication, meters were not provided under the Mission. The fact, however, remains that meters were still not provided.

- (v) During enquiry made with the consumers in the field, it was informed that water bills were not received by them (Karimnagar, Nalgonda and Ramagundam).

The State Government replied (September 2023) that water bills would be issued to the consumers once the issue of updating of HSCs in online system was resolved.

The reply underscores the fact that there was no proper monitoring of the HSCs by the ULBs concerned though water was being supplied by them. No effective measures were taken to prevent instances of cutting of water pipes and removal of meters. Further, laying of water pipelines exposed to open surfaces may lead to damage and breakage. Improper alignment in laying of pipelines over and near to the drains may lead to contamination of drinking water posing health hazards to the household consumers. This indicated improper execution of HSC works by the PH&ME Divisions.

The State Government replied (September 2023) that Commissioners and Municipal Engineers concerned were being alerted from time to time for continuous monitoring and taking remedial measures.

#### 2.7.1.4 Assets created under Water Supply projects not taken over by Urban Local Bodies

Para 7.3 of the Mission Guidelines stipulates that projects proposed by the State to MoHUA, GoI in the SAAPs will include Operation and Maintenance (O&M) for at least five years to be funded by way of levy of user charges or other revenue streams. However, for the purpose of calculation of the project cost, the O&M cost<sup>36</sup> will be excluded and the States/ULBs will fund the O&M through an appropriate cost recovery mechanism in order to make them self-reliant and cost-effective.

In the SAAPs, the State had mentioned that provision for O&M was included in the DPRs but it was proposed to be met by ULBs through collection of user charges.

The Water Supply projects in four out of five test checked Mission Cities/Towns, except Warangal were declared completed<sup>37</sup> by the respective PH&ME Divisions.

Audit observed during scrutiny of records that the assets created for Water Supply projects under the Mission were taken over by Nizamabad and Nalgonda ULBs in March 2022 and September 2022 respectively after delay of more than one year of completion of works. In Karimnagar and Ramagundam Mission Cities, though the respective PH&ME Divisions had addressed (August 2021) the ULBs concerned to take over the assets created for Water Supply projects, the same were not taken over as of May 2023, though water was being supplied by the ULBs.

The details of HSCs provided and taken over by the ULBs of the five test checked Mission Cities/Towns are given in **Table-2.13**

**Table-2.13: Details of HSCs executed, taken over and bills raised**

| Sl.No | Name of the Mission City/Town | No. of HSCs executed | No. of HSCs taken over by the ULB | No. of HSCs uploaded in online system by the ULB | No. of HSCs for which water bill raised |
|-------|-------------------------------|----------------------|-----------------------------------|--|---|
| 1     | Karimnagar                    | Not furnished        |                                   |  |   |
| 2     | Nalgonda                      | 12,900               | 2,190                             | 2,190  | 2,190                                   |
| 3     | Nizamabad                     | 1,547                | 1,547                             | 35   | 35                                      |
| 4     | Ramagundam                    | 20,000               | 17,290                            | 17,290   | 17,290                                  |
| 5     | Warangal                      | Not furnished        |                                   |  |   |

*Source: Information furnished by ULBs of the Mission Cities/Towns*

In response to an Audit Enquiry (April 2023), the Ramagundam ULB replied (June 2023) that the infrastructure created under the Mission was not taken over from PH&ME Division due to pending interconnections works where water supply network was created for new habitations and there was also no complete information regarding new HSCs given under the Mission by PH&ME Division. Further, it was stated that the remaining 2,710 HSCs

<sup>36</sup> Includes power charges, cost of consumables, establishment (Human Resource) charges, small repairs etc.

<sup>37</sup> Karimnagar: 17 August 2021, Nalgonda: 31 August 2020, Nizamabad: 31 August 2020 and Ramagundam: 17 August 2021

were not uploaded into online system due to mismatch of household numbers given by PH&ME Division.

Nizamabad ULB replied (June 2023) that the remaining 1,512 HSCs were not uploaded due to non-submission of property tax receipt.

Nalgonda ULB did not furnish reasons for non-taking over and uploading online of the balance 10,710 HSCs.

The Engineer-in-Chief (TPH&ME) replied (February 2023) that the responsibility of PH&ME Divisions was to execute works under various schemes and handover the assets created to the ULBs, who are responsible for taking over the assets for O&M purpose.

The fact remains that the assets created for Water Supply projects were not taken over by the respective ULBs of the Karimnagar and Ramagundam Mission Cities even after more than one year of completion of the works and HSCs were still to be taken over as mentioned in **Table-2.13**. This indicated that though mandated in Para 8.1 of the Mission Guidelines, a Tripartite Agreement was not executed duly defining the roles, responsibilities and accountability of the three entities - State Mission Directorate, ULBs and ENC (TPH&ME) involved in the implementation of the Mission and also procedures for handing over and taking over of the assets, release of HSCs and uploading of HSCS online.

The State Government replied (September 2023) that uploading of HSCs online could not be completed due the following discrepancies:

- House Service Connections were given to non-assessed Households.
- Non-mutated Households.
- Multiple HSCs given to one owner. (But due to one assessment number multiple HSCs were given cannot be accounted.)
- Ownership Discrepancies.
- Mismatch of Household numbers.
- Double bedroom allotment is pending.
- Migrants (people provided with HSCs are living in hut tents).
- No proper document of the owner.
- For some schools and religious places HSCs were given which were not assessed.

The State Government also assured that the online system for updating the HSCs would be modified considering the above scenario and all the HSCs would be updated online.

Regarding non-handing over the Assets to the two ULBs, the State Government replied (September 2023) that letters were addressed (June 2023) by PH&ME Divisions of Ramagundam and Karimnagar Mission cities to the respective ULBs communicating that the Assets were deemed to be handed over.

The reply is not acceptable as deemed to be handed over cannot be construed as officially taken over by the ULBs in the absence of the ULBs signed acknowledgement. Besides, the reply of Ramagundam ULB as mentioned above confirms the fact that the infrastructure created under the Mission was not yet taken over from the PH&ME Division.

### **2.7.1.5 Irregular payment for unused material**

The Water Supply projects under the Mission in four out of five test checked Mission Cities/Towns, except Warangal were declared completed by the respective PH&ME Divisions. The Bill of Quantities to be executed as per the Agreements for the Water Supply works provide for supply, delivery, and fixing/installation of materials<sup>38</sup> connected to the works.

The Contractor, M/s Larsen & Toubro (L&T), Chennai who executed Water Supply works in the two test checked Mission Cities of Karimnagar and Ramagundam had procured the materials but the same were not installed/fixes.

Audit observed during scrutiny of work bills that the unused materials were lying with the contractor on account of providing fewer Water Supply HSCs in these two Mission Cities (*Para 2.7.1.1, Chart-2.10 refers*). The billing for the works executed in these two Mission Cities, however was done including the value of the materials procured by the contractor, which resulted in irregular payment of ₹2.19 crore<sup>39</sup> towards unused material.

In the remaining two Mission cities of Nizamabad and Nalgonda, the unused material costing ₹1.58 crore<sup>40</sup> were taken over by the ULBs from the PH&ME Divisions in March 2022 and September 2022 respectively.

In response to the Audit observation issued (February 2023), ENC (TPH&ME) replied (March 2023) that EE (PH) of the four Mission Cities/Towns were instructed (March 2023) to handover the unused material to the contractors and to recover the cost of these unused material from the contractors.

The State Government accepted the Audit observations and replied (September 2023) that payments made for unused materials would be recovered in the next Running Bills.

### **2.7.1.6 Service Level Benchmarks achievement in Water Supply**

The Mission Guidelines prescribe the Indicators and Standards mandated by the MoHUA, GoI in the form of SLBs, which need to be taken as standards to scale the achievements made by the ULBs of the Mission Cities/Towns under the Mission.

The details of SLB achievements under Water Supply in the five test checked Mission Cities/Towns as on 31 March 2022 against the gaps assessed in the SLIPs by the ULBs are given in **Table-2.14**.

<sup>38</sup> Water meters, Flow meters, DI pipes, HDPE pipes, MDPE pipes, Valves, etc.

<sup>39</sup> Karimnagar: ₹0.26 crore, Ramagundam: ₹1.93 crore

<sup>40</sup> Nizamabad: ₹0.92 crore and Nalgonda: ₹0.66 crore

**Table-2.14: SLB achievements as on 31 March 2022 under Water Supply in the five test checked Mission Cities/Towns against the gaps assessed in the SLIPs by the ULBs**

| Name of Mission City/Town   | Target Service Level Benchmarks proposed by MoHUA | Service Levels adopted by ULBs during preparation of SLIPs 2017-20 | Service Level gaps assessed by ULB during preparation of SLIPs | Service Level achievement as on 31 March 2022 furnished by the ULBs |
|---|---|--|--|---|
|   | <b>1</b>  | <b>2</b>   | <b>3= (Difference of Col. 1 and 2)</b>                         | <b>4</b>  |
| <b>1. Coverage of Water Supply connections (in percentage)</b>            |   |  |  |   |
| Karimnagar  | 100   | 78   | 22   | 66  |
| Nalgonda  | 100   | 53   | 47   | 93  |
| Nizamabad   | 100   | 46   | 54   | 43  |
| Ramagundam  | 100   | 38   | 62   | 88  |
| Warangal  | 100   | 65   | 35   | 97  |
| <b>2. Per capita supply of water (in Litres Per Capita Per Day(LPCD))</b> |   |  |  |   |
| Karimnagar  | 135   | 109  | 26   | 130   |
| Nalgonda  | 135   | 103  | 32   | 135   |
| Nizamabad   | 135   | 150  | 15   | 135   |
| Ramagundam  | 135   | 70   | 65   | 150   |
| Warangal  | 135   | 100  | 35   | 150   |
| <b>3. Extent of metering of water connections (in percentage)</b>         |   |  |  |   |
| Karimnagar  | 100   | 0  | 100  | 0   |
| Nalgonda  | 100   | 0  | 100  | 23  |
| Nizamabad   | 100   | 0  | 100  | 0   |
| Ramagundam  | 100   | 0  | 100  | 0   |
| Warangal  | 100   | 4  | 96   | Not furnished   |
| <b>4. Extent of Non-Revenue Water (NRW) (in percentage)</b>               |   |  |  |   |
| Karimnagar  | 20  | 30   | 10   | 29  |
| Nalgonda  | 20  | 47   | 27   | 18  |
| Nizamabad   | 20  | 47   | 27   | 29  |
| Ramagundam  | 20  | 49   | 29   | 29  |
| Warangal  | 20  | 40   | 20   | Not furnished   |
| <b>5. Quality of water supplied (in percentage)</b>                       |   |  |  |   |
| Karimnagar  | 100   | 95   | 5  | 100   |
| Nalgonda  | 100   | 100  | 0  | 100   |
| Nizamabad   | 100   | 95   | 5  | 100   |
| Ramagundam  | 100   | 90   | 10   | 100   |
| Warangal  | 100   | 90   | 10   | 100   |
| <b>6. Cost recovery in Water Supply services (in percentage)</b>          |   |  |  |   |
| Karimnagar  | 100   | 50   | 50   | 25  |
| Nalgonda  | 100   | 36   | 64   | 67  |
| Nizamabad   | 100   | 44   | 56   | 33  |
| Ramagundam  | 100   | 40   | 60   | 19  |
| Warangal  | 100   | 60   | 40   | 80  |

| Name of Mission City/Town  | Target Service Level Benchmarks proposed by MoHUA | Service Levels adopted by ULBs during preparation of SLIPs 2017-20 | Service Level gaps assessed by ULB during preparation of SLIPs | Service Level achievement as on 31 March 2022 furnished by the ULBs |
|--|---|--|--|---|
|  | 1   | 2  | 3= (Difference of Col. 1 and 2)                                | 4   |
| <b>7. Efficiency in collection of Water Supply related charges (in percentage)</b> |   |  |  |   |
| Karimnagar   | 90  | 70   | 20   | 48  |
| Nalgonda   | 90  | 41   | 49   | 82  |
| Nizamabad  | 90  | 58   | 32   | 35  |
| Ramagundam   | 90  | 39   | 51   | 40  |
| Warangal   | 90  | 75   | 15   | 90  |

*Source: Handbook of SLBs prescribed by MoHUA, GOI, SLIP documents on Water Supply of the Mission Cities/Towns furnished by the State Mission Directorate and SLB achievement furnished by the respective ULBs of the Mission Cities/Towns*

The following are observed from the **Table-2.14** above:

- a. **Coverage of Water Supply connections:** None of the test checked Mission cities achieved the 100 *per cent* benchmark standard and thereby the assessed gaps in the SLIPs were also not achieved. In Karimnagar and Nizamabad Mission Cities, there was decrease in SLB achievements from the existing service levels in the respective SLIP documents despite execution of new HSCs (*Para 2.7.1.1, Chart-2.10 refers*), which indicated that both existing service levels adopted in the SLIPs and the SLB achievement figures are not based on reliable data.
- b. **Per capita supply of water:** Though SLB standards were shown as almost achieved by the five test checked Mission Cities, documentary evidence/scientific data for arriving at the quantity of water supplied per day were not furnished to Audit.
- c. **Extent of metering of water connections:** Except Nalgonda Mission City/Town ULB, the achievement of metering of water connections in the two Mission City ULBs of Nizamabad and Ramagundam were ‘zero’ despite incurring an amount of ₹4.31 crore<sup>41</sup> towards metering of HSCs. In Karimnagar Mission City, though 1,765 HSCs were provided, no meters were fixed for these HSCs (*Para 2.7.1.2, Table-2.12 refers*).
- d. **Extent of Non-Revenue Water<sup>42</sup>:** Though SLB achievement against meter connections provided was declared as ‘zero’ in Karimnagar, Nizamabad and Ramagundam Mission City ULBs, the SLB achievement against extent of NRW was stated as 29 *per cent* against SLB benchmark of 20 *per cent*, which indicated that the data were contradictory, in the absence of meters for water billing.
- e. **Cost recovery in Water Supply services:** It is measured as the total operating revenues expressed as a percentage of the total operating expenses incurred in the corresponding time period. Since documentary evidence/scientific data for arriving at the cost

<sup>41</sup> Nizamabad-₹0.14 crore and Ramagundam-₹4.17 crore

<sup>42</sup> This indicator highlights the extent of water produced which does not earn the utility any revenue. This is computed as the difference between the total water produced (ex-treatment plant) and the total water sold expressed as a percentage of the total water produced (Handbook on SLBs, MoHUA, GoI)

recovery were not furnished to Audit, the correctness or otherwise of this SLB achievement could not be verified in the five test checked Mission Cities/Towns.

- f. Efficiency in collection of Water Supply related charges:** It is defined as current year revenues collected, expressed as a percentage of the total operating revenues, for the corresponding time period. Since documentary evidence/scientific data for arriving at the efficiency in collection of Water Supply charges were not furnished to Audit, the correctness or otherwise of this SLB achievement could not be verified in the five test checked Mission Cities/Towns.

The State Government replied (September 2023) that once all the HSCs are updated online, SLBs on cost recovery and efficiency in collection of water supply related charges would be achieved.

### 2.7.2 Sewerage works

Ministry of Housing and Urban Affairs, GoI approved (December 2015-April 2017) three projects<sup>43</sup> at a total cost of ₹158.34 crore towards Sewerage works in Siddipet Mission City/Town. The three projects were awarded (October 2016 to February 2018) to the contractor, M/s Ayyappa Infra Projects Private Limited, Hyderabad and three Agreements<sup>44</sup> were entered into for a total value of ₹176.57 crore.

Out of three projects, Project-I and II were completed at a cost of ₹21.48 crore and ₹52.52 crore respectively and commissioned on 31 May 2019 and the assets were handed over by the Siddipet PH&ME Division to the Siddipet ULB on 17 February 2022 and 21 June 2022 (**Exhibit Nos.5 and 6**) respectively for O&M purpose.

Project-III was completed and commissioned on 15 October 2021 but handing over to the Siddipet ULB was still pending. The value of work done as of February 2023 in the 12<sup>th</sup> Part bill was ₹121.38 crore and final bills were yet to be paid to the contractor as of June 2023.

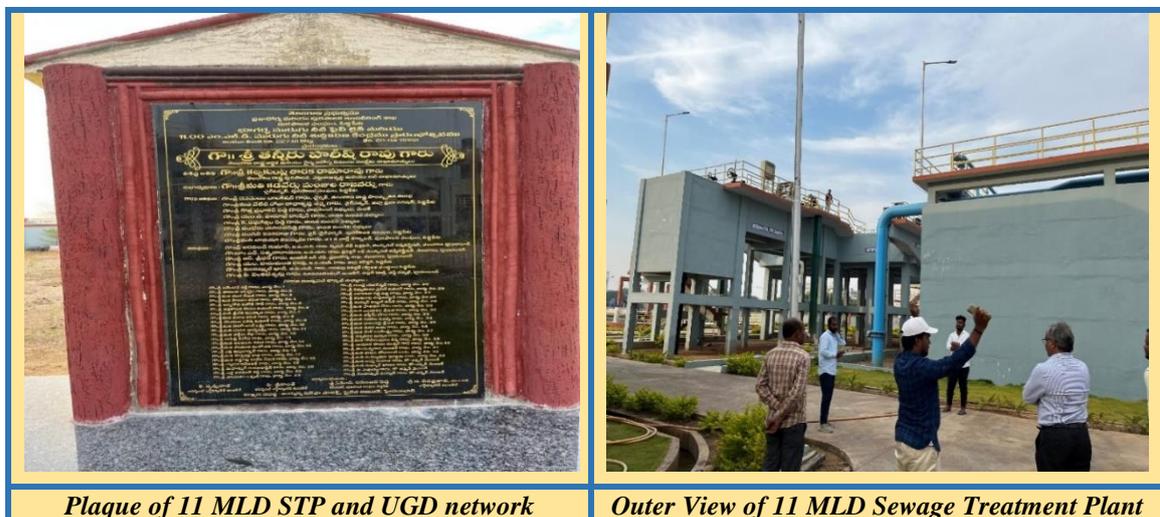
<sup>43</sup> Project I: Sewerage treatment Plant at Chintalacheruvu tank with a capacity of 7.25 MLD including interception and diversion facilities, outfall facilities, intake well, pumping station and outlets: ₹18.34 crore, Project-II: Laying of sewer lines for a length of 61.50 km in 'C' Catchment area including HSCs: ₹40 crore and Project-III: Construction of Sewage Treatment Plant (STP) in 'N' Catchment area with 11 MLD capacity including intake well, pumping station and outlet facilities and laying of sewer line of 130 km including HSCs in 'C' Catchment area and 'N' Catchment area: ₹100 crore

<sup>44</sup> Agreement I: SE CR (PH) No.05/2016-17 dated 5 October 2016 for ₹17.85 crore 3.29 per cent excess over the estimated contract value of ₹17.28 crore), Agreement II: SE CR (PH) No.04/2017-18 dated 23 August 2017 for ₹42 crore (5 per cent excess over the estimated contract value of ₹40 crore) and Agreement III: SE CR (PH) No. 09/2017-18 dated 15 February 2018 for ₹116.72 crore (4.95 per cent excess over the estimated contract value of ₹111.21 crore)

**Exhibit No.5 – Project-I: Construction of 7.25 MLD Sewage Treatment Plant at Chintala Cheruvu under ‘C’ catchment of Siddipet Mission City/Town - Joint Physical verification conducted on 22 November 2022**



**Exhibit No.6 – Project-III: Construction of 11 MLD Sewage Treatment Plant at Narasapur Cheruvu under ‘N’ catchment- Joint Physical verification conducted on 22 November 2022**





View of Aerator/Clarifier in Sequential Batch Reactor

Active Scada System at 11 MLD STP

### 2.7.2.1 Service Level Benchmarks achievement in Sewage Management (Sewerage)

The Mission Guidelines prescribe the Indicators and Standards mandated by the MoHUA, GoI in the form of SLBs, which have to be taken as standards to scale the achievements made by the ULBs of the Mission Cities/Towns under the Mission.

The details of SLB achievements under Sewage Management in the test checked Siddipet Mission City/Town as on 31 March 2022 against the gaps assessed in the SLIPs by the Siddipet ULB are given in **Table-2.15**. Documentary evidence in support of the SLB declarations made by the Siddipet ULB was not furnished to Audit.

**Table-2.15: SLB achievements in percentage as on 31 March 2022 under Sewage Management in Siddipet Mission City/Town against the gaps assessed in the SLIPs**

| Sl. No | SLB Indicator                                  | Target Service Level Benchmarks proposed by MoHUA | Service Levels adopted by ULBs during preparation of SLIPs 2017-20 | Service Level achievement as on 31 March 2022 |
|--------|--|---|--|---|
| 1      | 2  | 3   | 4  | 5   |
| 1.     | Coverage of toilets                            | 100   | 100  | 100   |
| 2.     | Coverage of sewage network services            | 100   | 0  | 98.80   |
| 3.     | Collection efficiency of sewage network        | 100   | 0  | 91.42   |
| 4.     | Adequacy of sewage treatment capacity          | 100   | 0  | 81  |
| 5.     | Quality of sewage treatment                    | 100   | Not indicated  | 100   |
| 6.     | Extent of reuse and recycling of sewage        | 20  | Not indicated  | 24  |
| 7.     | Efficiency in redressal of customer complaints | 80  | Not indicated  | 80  |
| 8.     | Extent of cost recovery in sewage management   | 100   | Not indicated  | 0   |
| 9.     | Efficiency in collection of sewage charges     | 90  | Not indicated  | 0   |

*Source: Information provided by Siddipet ULB*

The following are observed from the **Table-2.15** above:

- i. Coverage of Sewage network services<sup>45</sup>:** Sewer connections were provided to 22,347 (97 *per cent*) out of 22,929 households and it was stated by the ULB that the remaining connections were under progress. Hence, the SLB declaration of 98.80 *per cent* was contradictory to the factual position.

The State Government replied (September 2023) that sewer connections were provided to all the 25,517 households and there is 100 *per cent* SLB achievement by the end of December 2022. This was, however, contradictory to the Siddipet ULB reply in December 2022 that only 22,347 households were provided with sewer connections.

- ii. Collection efficiency of sewage network:** This indicator is measured as the quantum of wastewater collected as a percentage of normative sewage generation in the ULB. Data should be collected daily for an entire month, so as to measure the quantities per month. While daily variations may be normalised, monthly variations may exist on account of seasonal variations. Data should be aggregated from multiple points across the ULB.

Documentary evidence/scientific data for arriving at the SLB achievement against this indicator were not furnished to Audit.

- iii. Adequacy of sewage treatment capacity:** Adequacy is expressed as secondary treatment (that is, removing oxygen demand as well as solids, normally biological) capacity available as a percentage of normative wastewater generation, for the same time period.

Documentary evidence/scientific data for arriving at the SLB achievement against this indicator were not furnished to Audit.

- iv. Quality of sewage treatment<sup>46</sup>:** It was observed from the Telangana State Pollution Control Board (TSPCB) Reports on assessment of quality of sewage treatment for the samples collected as below and furnished to Audit that prescribed standards were not met as detailed in **Table-2.16**.

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<sup>45</sup> This indicator denotes the extent to which the underground sewage (or sewerage collection) network has reached out to individual properties across the service area

<sup>46</sup> Quality of treatment is measured as a percentage of wastewater samples that pass the specified secondary treatment standards, that is, treated water samples from the outlet of STPs are equal to or better than the standards laid down by the Government of India agencies for secondary treatment of sewage

**Table-2.16: Details of standards not met as per the Sewage Sample Analysis Reports of Telangana State Pollution Control Board**

| Parameter                | Prescribed Standards at outlet | STP at 7.25 MLD, Laingareddy pally Village, Siddipet Mandal, Siddipet District |                  |                |                |                  | STP of 11 MLD, Siddipet Village and Mandal, Siddipet District |                  |
|--------------------------|--------------------------------|--|------------------|----------------|----------------|------------------|---|------------------|
|                          |                                | Sample collected date  |                  |                |                |                  | Sample collected date   |                  |
|                          |                                | 4 July 2020  | 9 September 2020 | 7 October 2020 | 5 January 2022 | 15 February 2022 | 5 January 2022  | 15 February 2022 |
|                          |                                | Result (in mg/l)   |                  |                |                |                  |   |                  |
| Total Suspended Solids   | Not more than 20 mg/l          | 25   | 28               | 38             | 37             | 33               | 31  | 28               |
| Chemical Oxygen Demand   | Not more than 50 mg/l          | 60   | 64               | 57             | 74             | 68               | 70  | 64               |
| Biological Oxygen Demand | Not more than 10 mg/l          | 12   | 10               | 12             | 17             | 15               | 15  | 13               |

*Source: Telangana State Pollution Control Boards Samples Test Analysis Reports*

Hence, the benchmark achievement of 100 *per cent* in quality of sewage treatment was contradictory to the above test results.

The State Government replied (September 2023) that samples would be tested again in intervals prescribed as per norms and after obtaining reports from TSPCB. The same would be furnished to Audit.

- v. **Efficiency in redressal of customer complaints:** It is measured as the total number of sewage-related complaints redressed within 24 hours of receipt of complaints, as a percentage of the total number of sewage related complaints received in the given time period.

The Urban Local Bodies stated that complaint redressal is monitored in the Centre for Good Governance website.

Documentary evidence /supporting data for arriving at the SLB achievement against this indicator were not furnished to Audit and hence, could not be verified in audit.

- vi. **Extent of cost recovery in sewage management:** The extent of cost recovery is expressed as wastewater revenues as a percentage of wastewater expenses, for the corresponding time period.
- vii. **Efficiency in collection of sewage charges:** Efficiency in collection is defined as current year revenues collected, expressed as a percentage of the total operating revenues, for the corresponding time period.

As can be seen in Table 2.15, the ULB could not achieve the target fixed in the SLB for sewage management and sewage charges.

The State Government replied (September 2023) in respect of Sl. No. (vi) and (vii) above that the Siddipet ULB had prepared and kept proposals for collecting sewer charges in the Municipal Council for a resolution. The Council, however, suggested not to proceed further, till the completion of sewage scheme in entire Siddipet ULB. Thus, no action initiated by the ULB to achieve these SLBs.

### 2.7.3 Development of Parks

Para 1.1 of the Mission Guidelines stipulates that enhancing amenity value of cities by creating and upgrading green spaces, parks and recreation centres, especially for children is one of the thrust areas of the Mission. Development of green space and parks with special provision for child-friendly components is one of the Mission components as per Para 3.1.6 of the Mission Guidelines. The Mission Guidelines provide for development of green spaces and parks with special provision for children, senior citizens and differently abled-friendly components. The details of execution of parks in the six test checked Mission Cities/Towns are given in **Table-2.17**.

**Table-2.17: Details of execution of parks in the six test checked Mission Cities/Towns**

| Name of ULB  | No. of parks proposed | Total cost (₹ in crore) | Agreement value (₹ in crore) | No. of parks completed | Expenditure incurred (₹ in crore) | No. of Park works in progress | No. of Park works stopped | Expenditure incurred on incomplete Park works (₹ in crore) |
|--------------|-----------------------|-------------------------|------------------------------|------------------------|-----------------------------------|-------------------------------|---------------------------|--|
| Karimnagar   | 9                     | 3.36                    | 2.05                         | 7                      | 2.10                              | 1                             | 1                         | 0.09   |
| Nalgonda     | 10                    | 2.75                    | 1.71                         | 10                     | 2.35                              | NIL                           | NIL                       | NIL  |
| Nizamabad    | 5                     | 4.34                    | 3.73                         | 4                      | 3.38                              | NIL                           | 1                         | 0.23   |
| Ramagundam   | 5                     | 3.50                    | 2.55                         | 4                      | 2.19                              | NIL                           | 1                         | 0.18   |
| Siddipet     | 4                     | 3.32                    | 2.77                         | 4                      | 2.63                              | NIL                           | NIL                       | NIL  |
| Warangal     | 7                     | 3.88                    | 2.79                         | 5                      | 2.50                              | 1                             | 1                         | 0.08   |
| <b>Total</b> | <b>40</b>             | <b>21.15</b>            | <b>15.60</b>                 | <b>34</b>              | <b>15.15</b>                      | <b>2</b>                      | <b>4</b>                  | <b>0.58</b>  |

**Source:** Information furnished by the State Mission Directorate and JPV observations of Audit

Para 6.10 of the Mission Guidelines stipulates that no projects should be included in SAAP which do not have available land and no project work order should be issued if all clearances from all the Departments concerned have not been received by that time.

Audit observed during Joint Physical Verification of parks and scrutiny of records in four<sup>47</sup> test checked Mission Cities/Towns that six parks were not completed due to land disputes/court cases and delay on the part of the contractor in completion of the works as detailed in **Table-2.18**.

**Table-2.18: Audit observations on Joint Physical Verification of Development of Park works in the test checked Mission Cities/Towns**

| Sl. No.   | Name of Park  | Audit observation   |
|---|---|---|
| <b>Karimnagar (JPV conducted on 16 November 2022)</b> |   |   |
| <b>1</b>  | <b>Jyothinagar Park -2</b><br><br><b>Date of Agreement:</b><br>21 August 2018<br><b>Due date of Completion:</b><br>20 November 2018 |  <p style="text-align: center;"><i>Incomplete park (16 November 2022)</i></p> <p>A Writ Petition No.26879/2018 was filed by a resident of the Colony praying to suspend the impugned E-Procurement tender notification dated 16 July 2018 published in a Telugu Daily Newspaper on 18 July 2018, for alleged park development over petitioner's property in Sy.No.1181, situated at Jyothinagar, Karimnagar Town, Karimnagar by falsely claiming it as Sy.No.1182 by the ULB. The Hon'ble High Court in its latest order dated 1 October 2018 directed to extend and maintain the <i>status</i></p> |

<sup>47</sup> Karimnagar, Nizamabad, Ramagundam and Warangal

|   |  |  |  |
|---|--|--|--|
|   |  |  | <p>quo, with regard to tender notification and the case was still pending in the Hon'ble High Court. As a result, the work remained incomplete even after more than four years of the scheduled date of completion.</p>  |
| 2   | <p><b>New Srinagar Colony Park</b></p> <p><b>Date of Agreement:</b><br/>6 February 2019</p> <p><b>Due date of completion:</b><br/>5 May 2019</p> |  <p><i>Incomplete park (16 November 2022)</i></p>  | <p>The work was scheduled to be completed by May 2019 but due to Covid-19 pandemic the contractor did not commence the work for two years. The ULB stated (November 2022) that the contractor had resumed the work. Expenditure incurred after resumption of work and the progress made were not furnished to Audit.</p>   |
| <b>Nizamabad (JPV conducted on 20 October 2022)</b>   |  |  |  |
| 3   | <p><b>Goutham Nagar</b></p> <p><b>Date of Agreement:</b><br/>25 May 2017</p> <p><b>Due date of completion:</b><br/>24 November 2017</p>          |  <p><i>Incomplete park (20 October 2022)</i></p>  | <p>The land earmarked for development of park was a Government land and the residents of the nearby Colony opposed the Park works claiming that the earmarked land was inclusive of plots allotted to the residents of the Colony. The Park works were stopped due to a court case filed in April 2018 on land allotted for park and the court case was still pending.</p> |
| <b>Ramagundam (JPV conducted on 17 November 2022)</b> |  |  |  |
| 4   | <p><b>Development of park at Government Area hospital at Godavarikhani</b></p> <p><b>Date of Agreement:</b><br/>28 July 2018</p>                 |  <p><i>Compound wall constructed with the Mission funds (17 November 2022)</i></p>   |  <p><i>Hospital building constructed in the land allotted for Park (17 November 2022)</i></p>   |
|   |  | <p>The Government Area hospital land was allotted for park development work and expenditure of ₹18.32 lakh was incurred as of November 2022. Later, the District Administration allotted this land to the Hospital for construction of additional beds for the hospital due to the then prevailing Covid-19 pandemic. No alternate land has been allotted for development of the park so far.</p> <p>Thus, due to non-allotment of alternate land and non-completion of the park, the expenditure of ₹18.32 lakh already incurred on Park works remained wasteful.</p> |  |
| <b>Warangal (JPV conducted on 29 January 2023)</b>    |  |  |  |

|   |   |  |
|---|---|--|
| 5 | <p><b>Excise Colony</b></p> <p><b>Date of Agreement:</b><br/>6 December 2017</p>  | <p>There was a land dispute, and the petitioner filed a court case in Hon'ble High Court of Telangana in 2017 and the Hon'ble High Court directed (August 2017) to maintain <i>status-quo</i>, which still remains unresolved. Despite directions of Hon'ble High Court and non-confirmation of availability of land, the work was awarded to a contractor, which resulted in non-achievement of development of park. Further, against the MoHUA, GoI approved project cost of ₹90.60 lakh, the GoI proportionate share (50 per cent) of ₹45.30 lakh was not refunded.</p>   |
| 6 | <p><b>Puppalagutta</b></p> <p><b>Date of Agreement:</b><br/>8 February 2019</p> <p><b>Due date of completion:</b><br/>7 June 2019</p> | <div data-bbox="630 445 1002 808" data-label="Image"> </div> <p data-bbox="630 808 1002 840"><i>Incomplete Park (29 January 2023)</i></p> <p data-bbox="1023 445 1463 855">The park work has been stopped by the contractor. On issue of final notice (September 2022) by the ULB, the contractor sought EoT up to March 2023. As on the date of Joint Inspection, the contractor carried out the construction of compound wall around the site only and sanction of further EoT by the ULB was not on record. The contractor was paid ₹9.30 lakh in March 2021 and a bill for an amount of ₹7.17 lakh was pending for payment for the work done. Thus, the work taken up in February 2019 was not completed even after lapse of four years.</p> |

*Source: Information furnished by ULBs and Joint Physical Verification reports*

The State Government replied (September 2023) that the park projects were taken up after verifying the encumbrance particulars of the proposed sites. In some of the locations mentioned in the Audit observations, court cases were filed after commencement of park projects.

The reply of the State Government is not acceptable as works<sup>48</sup> of two Park works (**Table-2.18**) were awarded to contractors without ensuring availability of land free from all encumbrances, which led to land disputes/court cases and thereby resulted in non-completion of Park works for more than four years of scheduled date of completion.

The Urban Local Bodies also could not complete two parks<sup>49</sup>, despite availability of land and one park at Government Area hospital at Godavarikhani in Ramagundam Mission City due to non-allotment of alternate land. Thus, the expenditure of ₹0.58 crore incurred so far on the six incomplete Park works remained unfruitful, besides depriving of the envisaged benefit under the Mission.

### **2.7.3.1 Non-establishment of system for maintenance of parks with local resident participation**

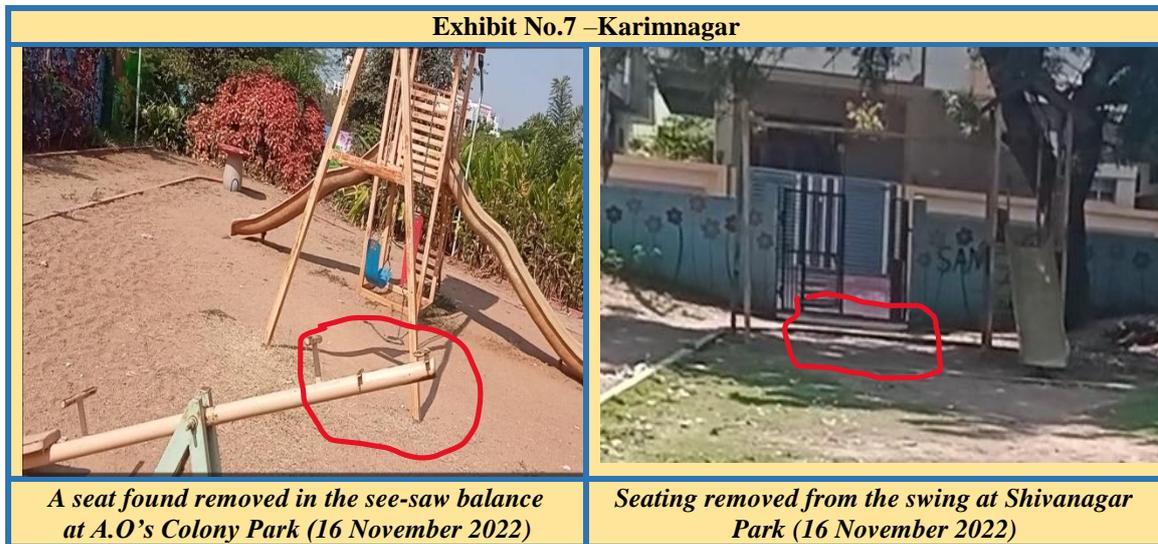
Para 5.1 of the Mission Guidelines stipulates that for parks, the ULBs should establish a system for maintenance with local resident participation. Audit observed during Joint Physical Verification of parks in the three test checked Mission Cities/Towns<sup>50</sup> that there were deficiencies in maintenance of parks as detailed below:

<sup>48</sup> Jyothinagar-2 and Excise Colony

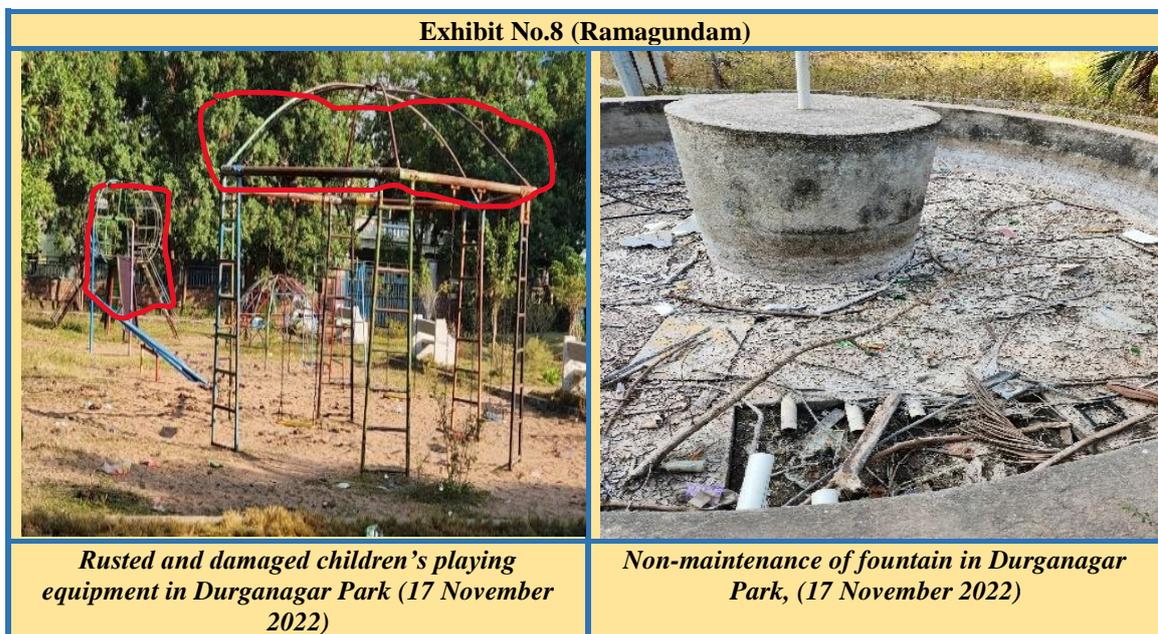
<sup>49</sup> New Srinagar Colony and Puppalagutta

<sup>50</sup> Karimnagar, Nizamabad and Ramagundam

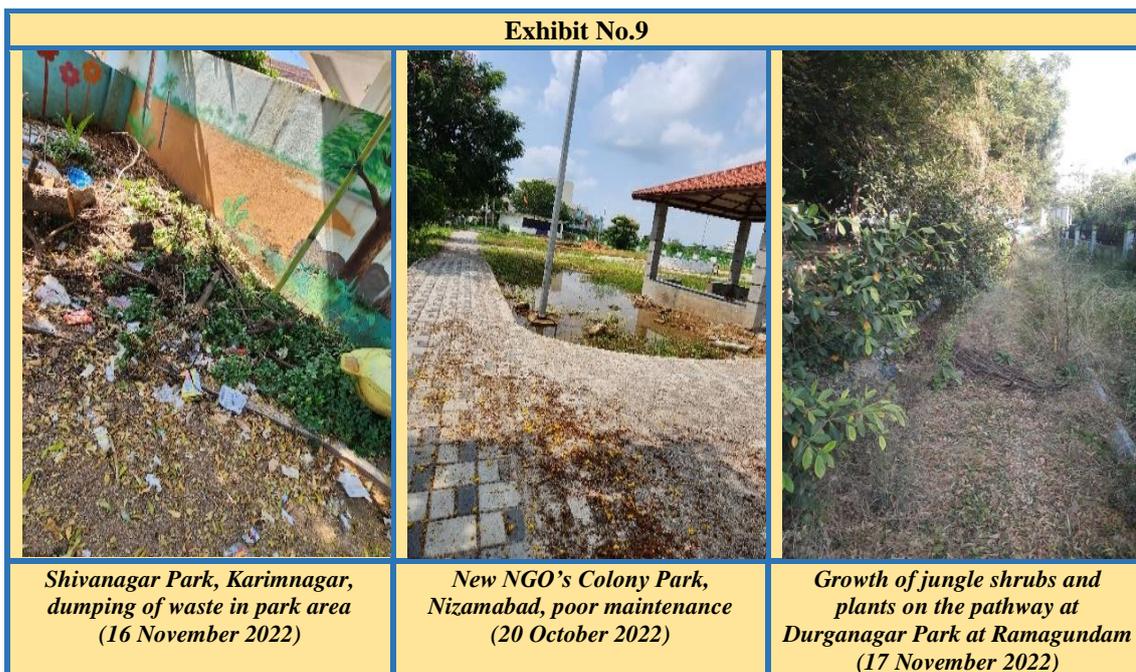
- a. In Karimnagar Mission City, out of nine parks where JPV was conducted, maintenance issues with playing equipment for children were observed in two parks at A.O’s Colony and Shivanagar (**Exhibit No.7**).



- b. In Ramagundam Mission City, out of five parks where JPV was conducted, maintenance issues were observed in one park at Durganagar like damaged children’s playing equipment requiring replacement; fountain in the park not being in good condition (**Exhibit No.8**).



- c. There was poor maintenance of walkways and park areas with water logging, dumping of waste and growth of jungle shrubs and plants in (i) Durganagar Park in Ramagundam Mission City, (ii) Shivanagar Park in Karimnagar Mission City and (iii) New NGO’s Colony Park in Nizamabad Mission City, out of the five parks where JPV was conducted (**Exhibit No.9**).



Further, Audit observed that in all the six test checked Mission cities, the ULBs did not evolve a system for maintenance of parks with local resident participation.

The State Government replied (September 2023) that CDMA was requested to ensure that the parks under the Mission are maintained properly with sufficient budget allocation and duly involving Resident Welfare Associations. It was also stated that CDMA was requested to instruct the Commissioners of AMRUT ULBs concerned to establish a system for maintenance of parks developed under the Mission.

Instances of good maintenance of parks by ULBs themselves were observed during JPV in Nalgonda, Siddipet and Warangal Mission Cities/Towns (**Box-1**).

**Exhibit No.10, Box No.1**  
**Good maintenance of parks-Nalgonda Mission City**

*Box No.1*  
*Good maintenance of parks observed in*  
*Nalgonda, Siddipet and Warangal Mission Cities/Towns*

During JPV of parks in these three Mission Cities, it was observed that parks were well maintained and in good condition with children's playing area and equipment, beautification of landscape, provision for walking tracks with tiles and seating arrangements for elderly. The details are captured in **Exhibit No.10** (Nalgonda Mission City/Town), **Exhibit No.11** (Siddipet Mission City/Town) and **Exhibit No.12** (Warangal Mission City)

(JPV conducted on 21 and 22 July 2023)



**Rajiv Park with landscape and greenery**



**Rajiv Park with walkway and fountain**



**Ramnagar Park with walkway**



**Ramnagar Park with fountain**



**Vidyanagar Park with children's play equipment and walkway**



**Panchatatva Park with landscape beautification**

**Exhibit No.11, Box No.1**  
**Good maintenance of parks-Siddipet Mission City/Town**  
**(JPV conducted on 18 and 19 July 2023)**



**AP Housing Board Colony Park with landscape and greenery**



**AP Housing Board Colony Park with children's play equipment and greenery**



**Maitrivanam Park with children's play equipment**



**Maitrivanam Park with fountain and walkway**



**Komaticheruvu-I Park with walkway and landscape**



**Komaticheruvu-I Park with seating arrangements**

**Exhibit No.12, Box No.1**  
**Good maintenance of parks-Warangal Mission City**  
**(JPV conducted on 29 January 2023)**



**Park at New Millennium Bank Colony with walkway and landscape**



**Park at Subashnagar with children's play equipment**



**Park at Pragathi Nagar with seating arrangements**



**Park at Subashnagar with walkway and landscape**

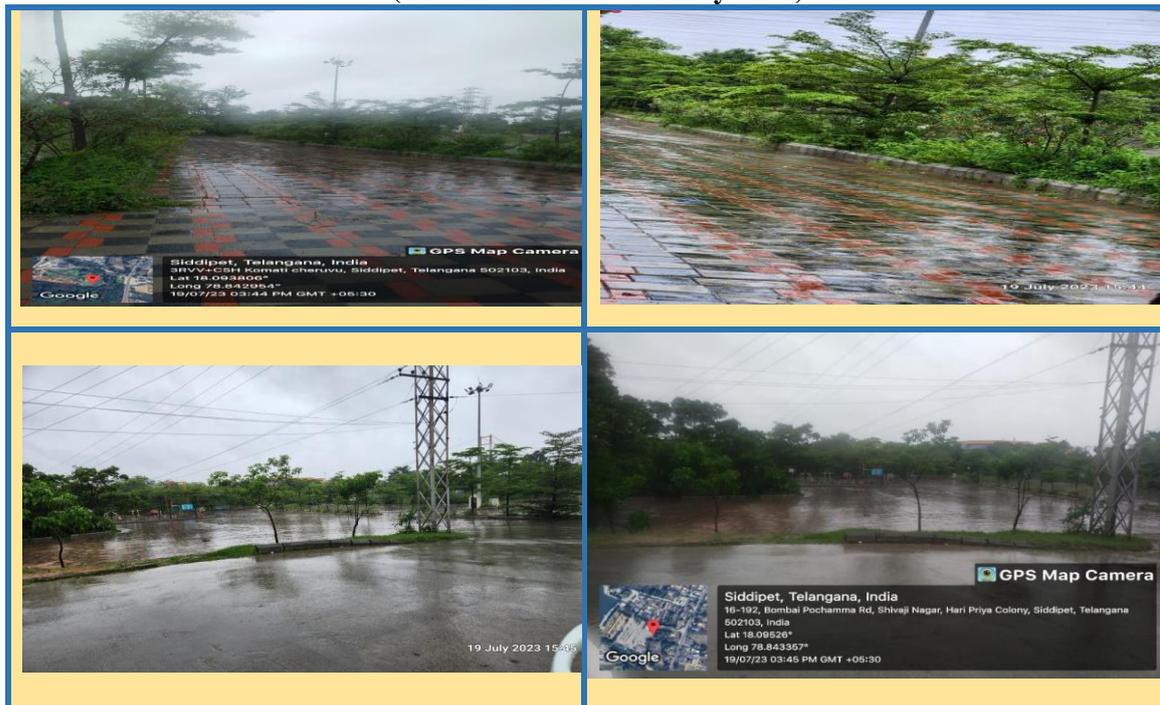
**2.7.3.2 Diversion of Mission funds earmarked for Development of Parks**

The State Mission Directorate furnished (June 2023) information on Park works taken up with Mission funds, wherein it was mentioned that Development of park in Siddipet Mission City/Town at Komaticheruvu-II included in SAAP 2017-20 was approved by MoHUA, GoI with a project cost of ₹1.50 crore. The value of work done was shown as ₹1.37 crore and the park inaugurated in December 2019.

Audit observed during JPV conducted in July 2023 that there was no development of Komaticheruvu-II Park and only a parking area was constructed (Exhibit No.13). The parking area was to facilitate parking of two and four wheelers by the visitors coming to visit Komaticheruvu-I Park, Adventure Park and Boating in the Komaticheruvu Lake.

The State Government replied (September 2023) that provision of sufficient parking is essential for a huge park and recreation facilities developed at Komaticheruvu Lake. Further the parking area generates revenue for ULB, which can be used for O&M of parks. The reply confirms the Audit observation that vehicles parking area was constructed with Mission funds earmarked for Development of Komaticheruvu-II Park, without developing a proper park. This clearly indicated diversion of Mission funds.

**Exhibit No.13, Para no.2.7.3.2**  
**Irregular construction of vehicle parking area with Mission funds in**  
**Siddipet Mission City/Town**  
**(JPV conducted on 19 July 2023)**



## 2.7.4 Other Audit Findings

### 2.7.4.1 Excess payment/undue benefit to the contractors

Audit observed excess payment and undue benefit to the contractors in the test checked Mission Cities/Towns due to the reasons detailed below:

- (i) Excess payment of price adjustment on Petrol, Oil and Lubricants (POL) for ₹1.05 crore in Warangal Mission City due to incorrect arbitrary revision of base price of POL to ₹62.46 per litre instead of adoption of original base price of ₹64.36 per litre while computing the price adjustment for POL (Details are given in the *Appendix-2.4*).
- (ii) Excess payment of price adjustment on POL for ₹0.28 crore in Nalgonda and Nizamabad Mission Cities/Towns due to non-deduction of element of contractor's profit of 13.615 per cent of the value of work done while computing price adjustment for POL. (Details are given in the *Appendix-2.4*).
- (iii) In Karimnagar and Ramagundam Mission cities, price adjustment for POL was paid to

M/s L&T, Chennai towards Water Supply works, for a total amount of ₹1.37 crore<sup>51</sup>, without deducting embedded taxes portion from the value of work done while computing price adjustment for POL bill-wise<sup>52</sup>.

The PH&ME Divisions replied (November 2022) that price adjustment amount paid to M/s L&T, Chennai will be recalculated and excess payment amount would be deducted from the next running account bills.

- (iv) Excess payment of ₹1.26 crore<sup>53</sup> and ₹0.16 crore<sup>54</sup> towards price adjustment of Ductile Iron (DI) pipes in Nalgonda and Nizamabad Mission cities respectively due to taking only the difference in price between the pig iron rates of estimated price (CPI<sub>1</sub>) and rate prevailing 28 days prior to the date of recording check measurements (CPI<sub>2</sub>) and without applying P1 and P2 factor (Details are given in the **Appendix-2.5**).
- (v) Price adjustment for DI fittings was not allowed as per Government Orders<sup>55</sup>. A total amount of ₹0.49 crore<sup>56</sup> towards price adjustment for DI fittings was paid to the contractor, M/s MEIL, Hyderabad in all Mission Cities/Towns of Package-II (Details are given in the **Appendix-2.6**).
- (vi) Audit observed during scrutiny of deviation statement and related data sheets for the work “Construction of Under Ground Drainage system for ‘C’ Catchment under the Mission (2nd year 2016-17) in Siddipet town” that the estimates were prepared based on Schedule of Rates 2016-17 and payments were made to the Contractor, M/s Ayyappa Infra Projects Private Limited, Hyderabad for the value of work done without deduction of embedded taxes on items of works, which resulted in excess payment of ₹0.47 crore to the Contractor as detailed in **Appendix-2.7**.

The Executive Engineer (PH) Division of the Mission City/Town replied (November 2022) that the embedded taxes for all the items executed in post GST period were calculated based on the re-formulated Schedule of Rates approved by Board of Chief Engineers on 23 March 2019 and as the embedded taxes to be deducted were not shown for items of works pointed out by Audit, deduction of embedded taxes on these items was not applicable.

The reply was not in consonance with the fact that in the data sheet for preparation of the estimates for the items of work, the embedded taxes were included in addition to the basic rates given in Schedule of Rates 2016-17 to arrive at the individual work item rate. Hence, the portion of embedded taxes was known and had to be deducted before making payments to the contractor.

Lapse of the PH&ME Divisions in complying with Government orders while preparing the bills and of the Pay and Accounts Officers in scrutinising the bills resulted in total excess payment of ₹3.71 crore towards price adjustment of POL, DI pipes and DI fittings and due to inclusion of embedded taxes.

<sup>51</sup> Karimnagar: ₹0.51 crore and Ramagundam: ₹0.86 crore

<sup>52</sup> value of embedded taxes bill-wise was not furnished to Audit

<sup>53</sup> Nalgonda- Paid by PH&ME Department: ₹3,40,79,530 (*minus*) to be paid as per Audit calculation: ₹2,14,35,210

<sup>54</sup> Nizamabad- Paid by PH&ME Department: ₹33,87,319 (*minus*) to be paid as per Audit calculation: ₹17,38,688

<sup>55</sup> G.O. Rt. No. 910 Municipal Administration and Urban Development (A2) Department dated 21 June 2008

<sup>56</sup> Nalgonda: ₹18,55,143, Nizamabad: ₹9,86,797, Mahabubnagar: ₹12,94,114, Miryalaguda: ₹6,29,343 and Suryapet: ₹1,28,760

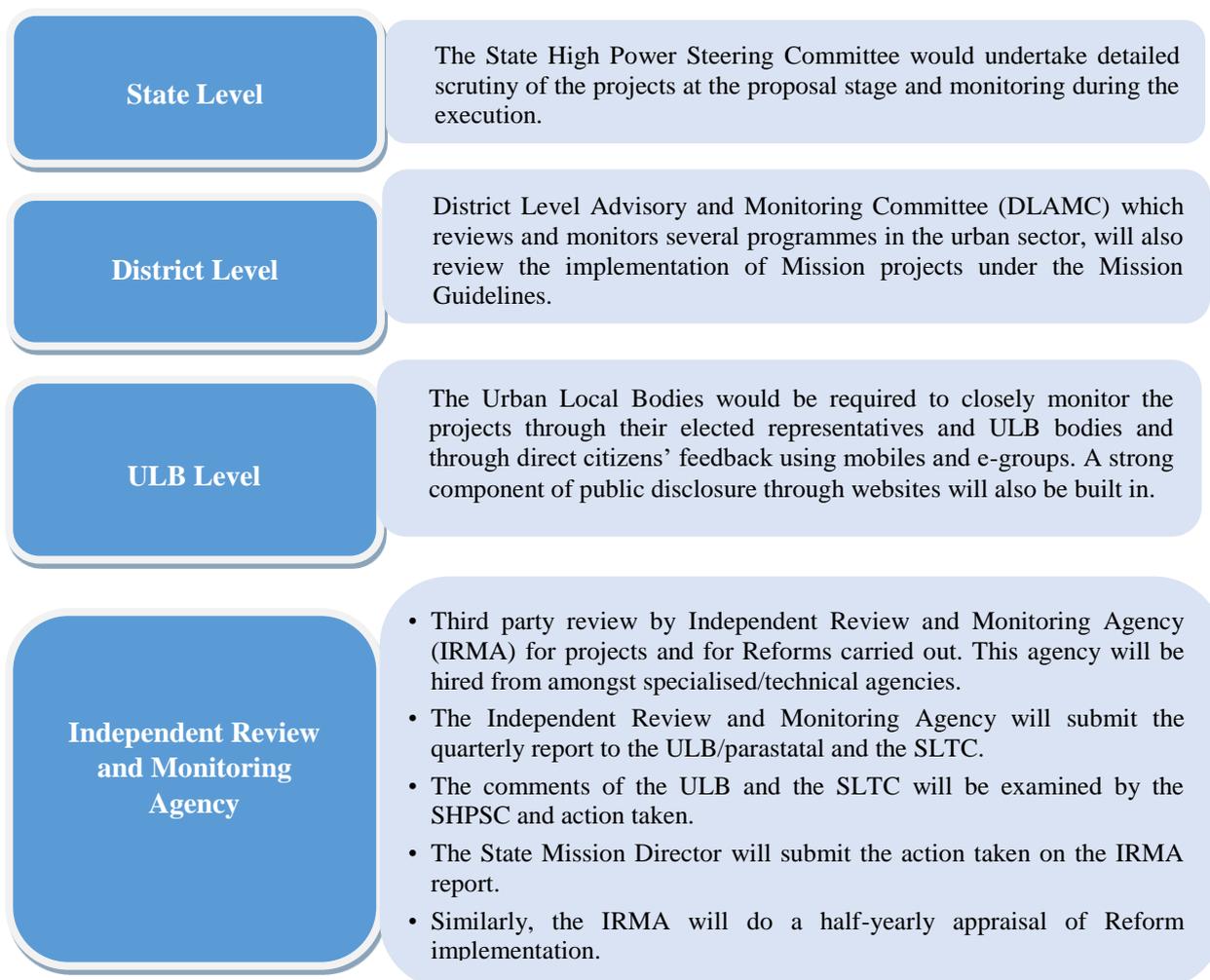
Engineer-in-Chief (TPH&ME) replied (March 2023) that with regard to price adjustment for DI pipes, instructions were issued in February 2022 to the Superintending Engineers (SEs), the Agreement concluding authority and Executive Engineers (EEs) of PH&ME Divisions of the Mission Cities/Towns to recover the excess paid price adjustment amounts from the contractors. Further, ENC (TPH&ME) replied that with regard to price adjustment for POL and DI fittings, instructions were issued in March 2023 to all the EEs of the Mission Cities/Towns to recover the excess paid amount from the contractors.

The State Government accepted (September 2023) the Audit observations on excess payments and assured to recover the excess amounts in the next Running Account Bills.

## 2.8 Supervision and Monitoring

Para 14 of the Mission Guidelines stipulates that the Mission was to be monitored real-time at the State and ULB level. Moreover, information and data are to be shared with citizens in the public domain and third-party monitoring and review should be encouraged. Monitoring of the Mission at various levels is detailed in **Chart-2.11**.

**Chart-2.11: Monitoring of the Mission at various levels**



*Source: The Mission Statement and Guidelines*

### **2.8.1 Monitoring of the Mission by State High Power Steering Committee**

The State High Power Steering Committee meeting was first held in October 2015 and subsequently approvals of SHPSC pertaining to the Mission activities were obtained through resolution by circulation. Audit observed that the meetings and resolutions by circulation were for approval of SAAPs, release of CA for the Mission, self-assessment of reforms *etc.*

Audit further observed that the issues related to monitoring of the Mission with regard to achievement of SLBs, execution of HSCs for Water Supply, Sewerage connections, Development of Park works, findings in Third Party Quality Control reports and IRMA reports were not discussed.

The State Government accepted the Audit observations and replied (September 2023) that due to administrative reasons the meetings could not be convened for review of the Mission activities. Further, it was stated that the overall assessment report of IRMA would be placed before SHPSC.

### **2.8.2 Non-constitution of District Level Advisory and Monitoring Committee**

Ministry of Urban Development, GoI issued Guidelines (June 2016) for setting up of a common District Level Advisory and Monitoring Committee (DLAMC) with the following composition of the Committee:

- a. Chairperson
- b. Co-Chairperson (Lok Sabha) and Co-Chairperson (Rajya Sabha)
- c. Member Secretary
- d. Ex-Officio Members
- e. Nominated Members

Nomination of the Chairperson of the DLAMCs would be done by the State Government/ UT Administration.

In response to an Audit Enquiry on constitution of DLAMCs in the State to monitor the Mission activities, the State Mission Directorate replied (March 2023) that DLAMCs were not constituted.

The State Government replied (September 2023) that ENC(PH) had conducted regular review meetings with field Engineers/ District level Engineers during the Mission period. Hence, it was stated that the necessity of District Level Advisory Monitoring Committee was not felt.

The fact remains that mandated monitoring by DLAMCs was not done due to non-constitution of DLAMCs by the State Government.

### 2.8.3 Monitoring of the Mission by Urban Local Bodies

- Documentary evidence on monitoring of the projects under the Mission in the ULBs through their elected representatives, ULB bodies and through direct citizens' feedback using mobiles and e-groups was not furnished to Audit.
- The details of projects taken up under the Mission, funding, status of works, coverage of Water Supply and Sewerage connections, parks completed were not disclosed for public in the official websites of the ULBs of the Mission Cities/Towns though mandated as per para 14.1 (vi) of the Mission Guidelines.

### 2.8.4 Monitoring of the Mission by Independent Review and Monitoring Agency

The State Mission Directorate entered (August 2018) into an Agreement with M/s WAPCOS Limited<sup>57</sup>, Hyderabad who was selected as the Independent Review and Monitoring Agency (IRMA) for the Mission in the State of Telangana by the MoHUA, GoI, based on the Tender Notice issued (December 2017) by the Ministry and for a total consultancy service cost of ₹1.28 crore (excluding GST<sup>58</sup>). The contract period was valid for 36 months from the date of agreement and could be extended for a period of one year at a time up to a maximum of two extensions, if required. As per Agreement, the IRMA had to carry out one fact finding visit followed by six site visits. The Agreement was extended up to 30 June 2023 and an amount of ₹1.15 crore was paid.

The State Mission Directorate informed (March 2023) that the IRMA had submitted a Report on one fact finding on the first visit of the projects and six periodical site visit Reports<sup>59</sup>. A copy of the fact-finding Report on the first visit was, however, not furnished to Audit and copies of six periodical site visit Reports were only furnished to Audit.

The State Mission Directorate stated (March 2023) that the IRMA Reports were submitted to the PH&ME Divisions of the Mission Cities/Towns and they have furnished Action Taken Reports (ATRs) on the observations made by the IRMA. The copies of ATRs on remarks of IRMA made during site visits in Warangal Mission City were only furnished to Audit. The ATRs for the remaining test checked Mission Cities/Towns were not furnished to Audit.

Audit observed the following with regard to IRMA reports:

- a. The Independent Review and Monitoring Agency Reports were not placed before SLTC and SHPSC.
- b. There were no ATRs from the State Mission Directorate on the observations made by the IRMA in its Reports though mandated as per Para 14.1 of the Mission Guidelines.
- c. No provisions were in the Agreement for submission of Quarterly Reports by IRMA, *i.e.*, M/s WAPCOS Limited to the ULB/Parastatal and the SLTC and also half-yearly appraisal of reform implementation by IRMA though mandated as per Para 14.1 of the Mission Guidelines.

<sup>57</sup> A Central Public Sector Enterprise, wholly owned by GoI under the administrative control of the Ministry of Jal Shakti

<sup>58</sup> GST of ₹22,97,291, which is subject to revision as per the rates prescribed by GoI from time to time

<sup>59</sup> October -November 2018, March 2019, August 2019, December 2019, October-November 2020 and November 2022

The State Mission Directorate replied (March 2023) that IRMA reports would be placed before SHPSC and SLTC in the next meetings.

The State Government replied (September 2023) that after submission of overall assessment report by IRMA, the same would be placed before the SHPSC.

The reply is not acceptable as not placing IRMA Reports before SHPSC and SLTC and also non-submission of ATRs on IRMA Reports by the State Mission Directorate led to non-accrual of intended benefit of engagement of IRMA.

## **2.9 Conclusion**

*Though mandated in the Mission Guidelines, there was no Tripartite MoU, on account of which, the roles, responsibilities and accountability of the three entities viz., State Mission Directorate, ENC (TPH&ME) and ULBs involved in the implementation of the Mission were not defined, resulting in lack of coordination between ENC (TPH&ME) and the ULBs. Consequently, assets created under the Mission were not yet handed over in two Mission Cities of Karimnagar and Ramagundam.*

*Planning was inadequate, as the assessment of gaps was not scientifically done by the ULBs and projection of service levels for Water Supply in the SLIP documents for the Mission Cities/Towns was not backed by documented estimates or authentic data. The variations in the HSCs as per SLIPs and those projected in DPRs indicated that service level gaps were not properly assessed and that field surveys were not conducted effectively to arrive at the required number of HSCs. State Government stated that there were instances of HSCs provided to unassessed households, schools and religious places and multiple HSCs given to one household, which indicated improper assessment of gaps in preparation of SLIPs.*

*There was short execution of HSCs in the test checked Mission Cities/Towns. Even the executed connections were not fully taken over by the Mission Cities/Towns. Service Level Benchmarks for Water Supply and Sewerage were not fully achieved.*

*Preparation of DPRs for Water Supply projects was done without considering the actual field requirements leading to changes in capacity and staging of Reservoirs during execution. The conditionality regarding the availability of land and clearances from other departments concerned was not strictly adhered to by the State Mission Directorate and projects were included in the SAAP without ensuring the availability of land. Out of the test checked 40 Park works, three were awarded to contractors without ensuring availability of land free from all encumbrances, which led to land disputes/court cases and thereby resulted in non-completion of Park works for more than four years of scheduled date of completion.*

*Payments for inadmissible items like price adjustments, Road Restoration and PLB Duct works were made from the Mission funds in violation of the Mission Guidelines, despite State Government orders to incur expenditure on such items from Municipal General Funds. Lapse of the PH&ME Divisions in complying with Government orders while preparing the bills and of the Pay and Accounts Officers in scrutinising the bills, resulted*

*in total excess payment of ₹3.71 crore to contractors towards price adjustment of POL, DI pipes DI fittings and also due to inclusion of embedded taxes.*

*The Joint Physical Verification of Water Supply connections provided in the test checked Mission Cities/Towns revealed that there were no effective measures to prevent instances of cutting of water pipes and removal of meters. Further, instances of laying of water pipelines exposed to open surfaces and across the drainage were observed during JPV. These indicated improper execution of HSC works by the PH&ME Divisions.*

*In the test checked six Mission cities, the ULBs did not evolve a system for maintenance of parks with local residents' participation.*

*Monitoring of the Mission was found deficient due to non-placement of the IRMA reports before SLTC and SHPSC for discussion; non-furnishing of ATRs on IRMA reports by the State Mission Directorate though mandated in the Mission Guidelines; and non-inclusion of a clause in the Agreement for submission of quarterly reports by IRMA to the ULB/Parastatal and the SLTC and half-yearly appraisal of Reform implementation by IRMA though mandated as per the Mission Guidelines.*

## **2.10 Recommendations**

1. State Government may ensure execution of Tripartite MoU that defines the roles, responsibilities and accountability of State Mission Directorate, ENC (TPH&ME) and ULBs for effective coordination in achieving the Mission objectives.
2. State Government may ensure that execution of work is done as per gaps assessed and Water Supply HSCs are provided to eligible households following mandated procedures.
3. State Government may ensure the achievement of Service Level Benchmarks for Water Supply and Sewerage Management as envisaged in the Mission Guidelines.
4. State Government may ensure that PH&ME Divisions and Pay and Accounts Officers exercise due diligence to prevent instances of excess payment to the contractors.
5. State Government may ensure appropriate measures to prevent instances of cutting of water pipes and removal of meters and also to adopt suitable mechanism to penalise erring official to minimise inconvenience to households provided with HSC.
6. State Government may ensure availability of encumbrance free land before award of work. Additionally, it may ensure inclusion of penalising provision against the officials concerned who could not ensure encumbrance free land before award of work in the guidelines.
7. State Government may ensure that findings of the IRMA Reports along with comments of SLTC and ULBs are submitted to SHPSC for effective follow up action.