

# **Executive Summary**



## Executive Summary

### About this Report

Government of India launched Smart Cities Mission (SCM) on 25 June 2015 with the objective to promote cities that provide core infrastructure, decent quality of life to its citizens, clean and sustainable environment, and application of ‘Smart Solutions’. The Mission envisioned developing 100 cities in the country as Model Areas based on an area development plan selected through a city challenge process. These cities were selected in four rounds and Dehradun City was selected (June 2017) in the third round.

In Uttarakhand, Dehradun was the only city selected under the Mission. Dehradun Smart City Limited (DSCL) was incorporated (September 2017) as a Special Purpose Vehicle under the Companies Act, 2013, for implementation of the SCM in Dehradun.

### Why did we take up this Audit?

SCM is a centrally sponsored scheme for infrastructure up-gradation and smart applications. Initially, the SCM was to be completed by June 2023, but it was extended till June 2024. The budget provision under SCM for Dehradun was ₹ 1,000 crore in equal sharing pattern. An expenditure of ₹ 634.11 crore was incurred during the period 2016-17 to 2022-23 against the funds of ₹ 737.50 crore released during the said period.

The ‘Performance Audit of Implementation of Smart Cities Mission in Dehradun’ has been carried out during 2023-24, covering the period 2018-23. An attempt has been made in this Report to assess the implementation of the SCM at the ground level.

During current audit, a result-oriented approach has been adopted which assesses whether the programme interventions are performing as planned/intended. The performance audit has covered all 22 projects implemented during 2018-23. During evaluation of the projects, the records of Dehradun Smart City Limited, implementing agencies (PIU-PWD, PWD, Uttarakhand Peyjal Sansadhan Vikas evam Nirmaan Nigam and Irrigation Department) were examined.

Findings of this audit are expected to help make Government aware of performance of Smart Cities Mission and make the required course corrections, so that programme objectives can be fulfilled in a time bound and more effective manner.

### Main Audit Conclusions

Audit found that there is scope for improvement in implementation of SCM and Operation & Maintenance of the created infrastructure in terms of long-term sustainability as highlighted below:

- Numerous ‘Smart Solutions’ as outlined in the Detailed Project Report were dropped during execution or remained non-functional due to inadequate planning and implementation. A biometric and sensor based Solid Waste Management (SWM) module developed (March 2022) under e-Governance Solutions of Doon Integrated Command and Control Centre project to monitor the entire waste collection process on real-time basis, remained unutilised till February 2025, rendering expenditure of

₹ 4.55 crore unfruitful. The non-operation of e-rickshaws procured at the cost of ₹ 0.90 crore under the Smart Waste Vehicles project for almost two years highlights the lack of consistent and proactive management by DSCL.

‘Smart Solutions’ viz. interactive boards, computer lab, projectors, e-content, CCTVs, Biometric attendance installed in three Government Schools in Dehradun at the cost of ₹ 5.91 crore under the Smart Schools project remained non-functional due to inability of the Schools to afford huge electricity bills for their operation.

Projects like the Doon Integrated Command and Control Centre and the e-bus initiative also face sustainability concerns due to the absence of viable revenue generation models (e.g. commercial advertisements, smart Wi-Fi, royalty from e-Governance applications, and data monetisation).

Instances of wasteful expenditure of ₹ 2.62 crore on environmental sensors and ₹ 3.24 crore on Multi Utility Duct were also observed. The smart solution like uniform cross section of carriageway and dedicated pedestrian pathway, under the Smart Road project, were deficiently executed.

Certain positive outcomes such as improved traffic management, handling of public safety and security incidents, support to city administration, receiving an award by DSCL under the Doon Integrated Command and Control Centre project, and successful implementation of initiatives in the water supply sector, particularly SCADA<sup>1</sup> were also observed. Overall, the intended objectives of SCM - to provide core infrastructure, give a decent quality of life to its citizens and application of ‘Smart’ Solutions have been partially achieved. However, some ‘Smart Solutions’ have been implemented and are currently operational.

- The payment structure of Dehradun Smart City Limited for the Project Management Consultant (PMC) lacked milestone-based payment, leading to payments despite incomplete projects; PMC’s manpower deployment deviated from contract terms, resulting in unverified payments and inadmissible payment, undermining financial integrity.

Irregularities of ₹ 5.19 crore in PMC payments for remuneration claims and implementation of ‘City Investments to Innovate, Integrate and Sustain project’, including procurement violations and reimbursement without documentation, indicate laxity in scrutiny and contract adherence.

DSCL could not provide hindrance-free work front to the implementing agencies which led to significant delay, ranging from 19 months to 38 months, in completion of the eight projects as well as non-adjustment of advances. DSCL did not take action for adjustment of advances, and impose penalties amounting to ₹ 1.41 crore for project delays effectively. In cases where penalties were imposed, these were either insufficient or not fully enforced, resulting in undue benefit to the contractors. DSCL failed to recover unutilised amount of ₹ 19.06 crore from the implementing agency.

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<sup>1</sup> Supervisory Control and Data Acquisition (SCADA) is software which can be interfaced to Programmable Logic Controller/Intelligent remote terminal unit through suitable communication to read and present the information in graphical, animated form or make customised reports and control various functions of the system remotely at a Control Station.

Besides, issues related to cost escalation of ₹ 10.34 crore and execution of work costing ₹ 2.93 crore without inviting tenders were also observed.

- Instances of financial mismanagement such as loss of interest of ₹ 6.20 crore and non-recovery of interest amounting to ₹ 0.81 crore on mobilisation advance were noticed.
- Despite representatives from all the key line departments in State Level High Powered Steering Committee and constitution of inter-departmental coordination task force, the issue of lack of coordination among various line departments during implementation of projects could not be resolved. As a result, most of the projects were delayed due to want of encumbrance free projects sites. The idea of establishing Special Purpose Vehicle in the spirit of guidelines was ineffective due to not appointing full time Chief Executive Officer, Additional Chief Executive officer and Finance Controller in DSCL. Instances of lack of quality control issues were also noticed during implementation of the projects.

### What do we recommend?

1. The State Government should address operational shortcomings and ensure the functioning of non-operational infrastructure developed under the Smart Cities Mission.
2. The State Government should adopt strategies to increase revenue and ensure the sustainable operation of infrastructure developed under the Smart Cities Mission to minimise the gap between actual and projected revenue.
3. Responsibility should be fixed for unplanned and inefficient use of public funds leading to duplication and infructuous expenditure.
4. The State Government should ensure that payment terms linked with measurable project deliverables are incorporated in the future contracts.
5. Accountability should be fixed for irregularities in payments to PMC, including unverified payment, inadmissible payments, wasteful expenditure, procurement violations, and failure to adhere to contractual provisions.
6. The State Government should ensure that the ongoing projects are completed expeditiously in coordination with the line departments and implementing agencies.
7. The State Government should ensure prompt recovery of the unutilised amounts pending with the implementing agencies.
8. The State Government should ensure prompt recovery against overpayment and fix accountability.
9. The State Government should explicitly include the provision for interest rate to be charged on Mobilisation Advance, in the Procurement Rules.
10. The State Government should ensure that the key posts in the sensitive wings of DSCL like procurement and finance are filled from the government officials on deputation basis instead of contractual staff.

11. The State Government should take concrete action against the concerned officials and contractors responsible for substandard quality of works during execution of projects.
12. The State Government should strengthen the internal control mechanism to ensure compliance with laws, regulations and policies.

### **Management's response to Audit Recommendations**

Based on the audit findings, the audit team highlighted the key areas for improvement and made 12 specific recommendations as mentioned above. These recommendations are intended to address various operational issues and enhance aspects such as compliance, efficiency, and overall effectiveness within the organisation.

During the exit conference, the management reviewed each of the 12 recommendations, agreed with all of them, and assured the audit that these recommendations would be implemented in the future.