

Chapter-1

Introduction

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Introduction

This Chapter provides an introduction on Smart Cities Mission, Smart Solutions' and features of Smart City, process of selection of Smart Cities, framework for implementation of Smart Cities Mission and organisational setup of Dehradun Smart City Limited. The Chapter also covers the Audit objectives, Audit criteria, Audit scope and the methodology adopted for the Performance Audit along with the structure of the Report.

Government of India (GoI) launched (25 June 2015) the Smart Cities Mission (SCM) with the objective of promoting cities that provide core infrastructure, a decent quality of life to their citizens and a clean and sustainable environment through the application of 'Smart Solutions'.

SCM is a Centrally Sponsored Scheme (CSS) which provides for a financial support of ₹ 500 crore by the Centre for each selected city with an equal share by the State/ Urban Local Bodies (ULB). However, from May 2022, the funding pattern was changed to 90:10 for eight North Eastern States and three Himalayan States¹.

1.1 Smart Solutions and Features of Smart City

Paragraph 2.5 of the SCM guidelines provides the following illustrative list of 'Smart Solutions'. However, this list was not exhaustive, and cities were free to incorporate additional applications.

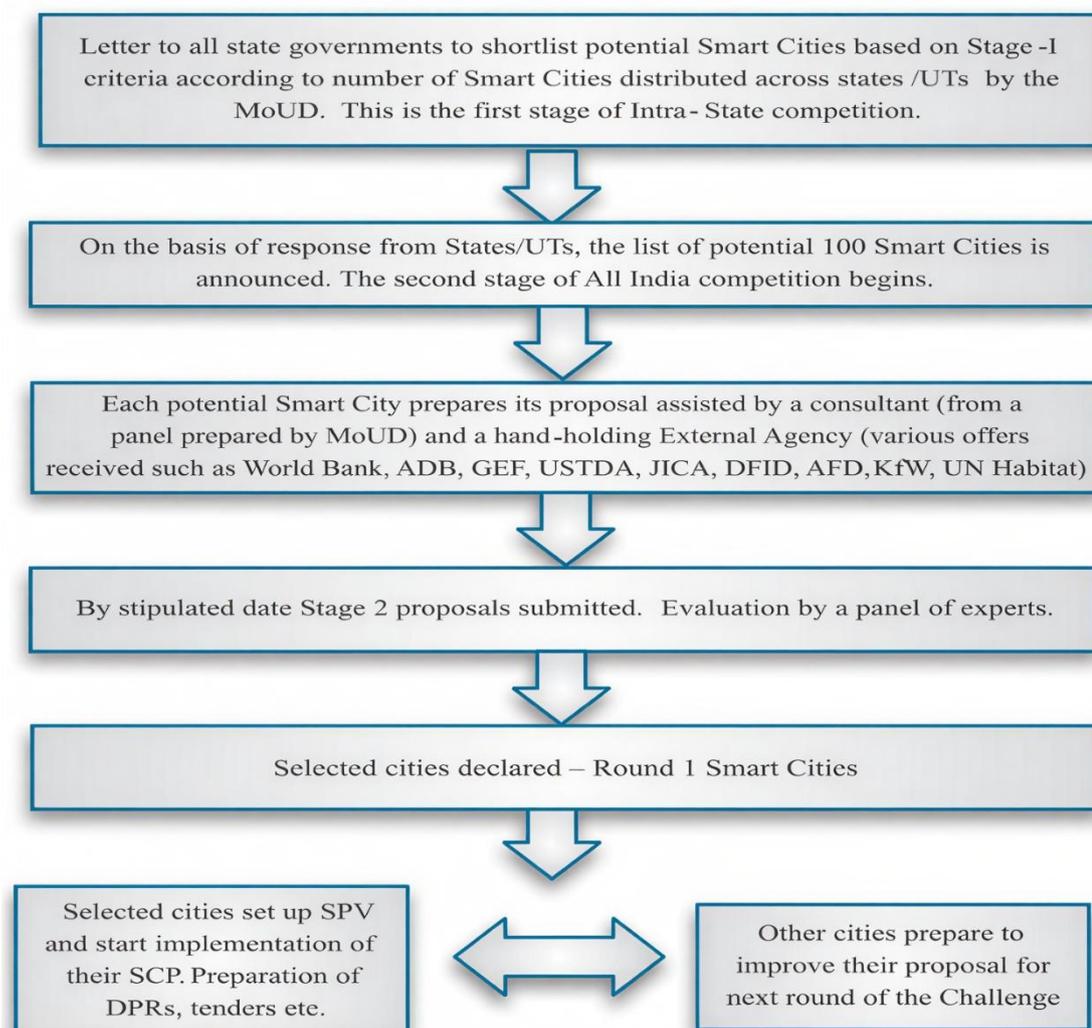


¹ Himachal Pradesh, Jammu & Kashmir and Uttarakhand.

Features of Smart City include promoting mixed land use in area-based developments, housing and inclusiveness, creating walkable localities, preserving and developing open spaces, promoting a variety of transport options, making governance citizen friendly and cost effective, giving an identity to the city and applying ‘Smart Solutions’ to infrastructure and services in area-based developments.

1.2 The Process of Selection of Smart Cities

As per paragraph 9 of the SCM guidelines, each aspiring city competes for selection as a Smart City in the process called as ‘City Challenge’. The selection process consists of two Stages: Stage-I involves shortlisting of the cities by the States on the basis of the defined criteria *viz.* existing service level, institutional systems/ capacities, self-financing and past track record and reform. Stage-II is the Challenge round, where the final selection of a Smart City takes place. In Stage-II, Smart City Proposal (SCP) containing the vision, plan for mobilisation of resources and the intended outcomes in terms of infrastructure up-gradation and smart applications was to be prepared by the cities for evaluation by a committee involving a panel of national and international expert, organisations and institution at Ministry of Housing and Urban Affairs (MoHUA) level. Different steps involved in the selection of Smart Cities are given below:



1.3 Framework for Implementation of SCM in Uttarakhand

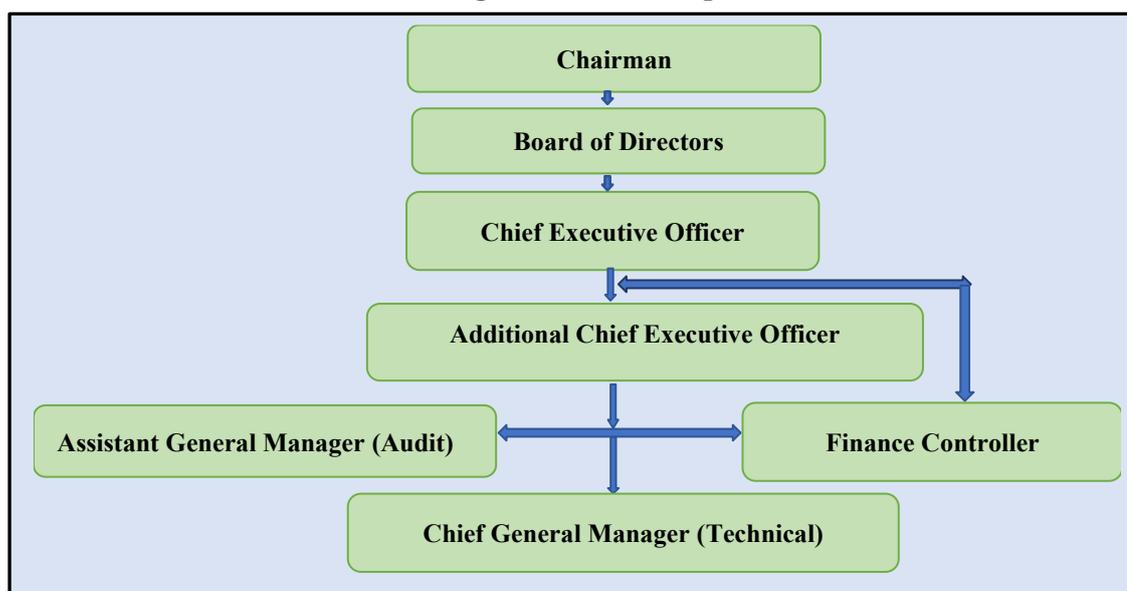
The SCM envisioned developing 100 cities in the country as replicable model based on area-based development and pan city initiatives with ‘Smart Solutions’, selected through a ‘City Challenge Process’. These cities were selected in four rounds during the period from January 2016 to June 2018. The implementation of the SCM at the city level required establishment of a Special Purpose Vehicle (SPV). In Uttarakhand, Dehradun was the only city selected in the third round on 23 June 2017 under the SCM.

The SCM was implemented by the Urban Development Department (UDD) of the Government of Uttarakhand (GoU), headed by the Principal Secretary/Secretary, who was also nominated as the State Mission–Director, Smart City. Under the UDD, Dehradun Smart City Limited (DSCL) was established as an SPV on 15 September 2017, under the Companies Act, 2013, to implement the SCM in Dehradun. The GoU also established (July 2015) two committees, the High-Powered Steering Committee (HPSC) and the Inter-Department Coordination Task Force, to implement and monitor the SCM as per the directions given by GoI and GoU from time to time. DSCL also established (November 2018) a Smart City Advisory Forum to advise and enable collaboration among various stakeholders².

1.4 Organisational set-up of DSCL

The Divisional Commissioner of the Garhwal was nominated (August 2017) as the Chairman of DSCL. Apart from the Chairman, five other members were also nominated in August 2017 as Directors. The Chairman is assisted by the Chief Executive officer (CEO), Additional Chief Executive officer, Finance Controller, Assistant General Manager (Audit), Chief General Manager (Technical) and other various officers. Presently, there are 10 Directors in the Board of DSCL. The organisational set up of top management of DSCL is illustrated in **Chart-1.1** below:

Chart-1.1: Organisational setup of DSCL



² District Collector, MP, MLA, Mayor, CEO of SPV, local youths, technical experts, and at least one member from associations/societies.

DSCL executed projects through various implementing agencies and government departments, including Bridge & Roof Company (India) Limited³, Central Public Works Department, Public Works Department, the Irrigation Department, Uttarakhand Peyjal Sansadhan Vikas evam Nirman Nigam and Nagar Nigam Dehradun.

1.5 Audit objectives

The main objectives of the performance audit were to assess whether:

1. The planning for the implementation of the SCM was adequate and effective and was aimed at achieving the objectives of the SCM;
2. Funds were released by the State Government to DSCL within the stipulated timeframe and mobilisation of balance funds by DSCL was efficient and in consideration with the objectives of the SCM;
3. The projects were implemented economically, efficiently, and effectively by the DSCL in accordance with the SCPs; and
4. The mechanism in place for monitoring the implementation and outcomes of the SCM was adequate and effective.

1.6 Audit criteria

The main sources of audit criteria were the following:

- Smart Cities Mission Guidelines issued by Ministry of Housing and Urban Affairs (MoHUA), GoI in June 2015;
- Advisories issued by MoHUA;
- Sanctions and Release orders of MoHUA and Government of Uttarakhand (GoU);
- Minutes of State Level High Powered Steering Committee meetings, Board Meetings and Smart City Advisory Forum meetings, and Annual Accounts;
- Tender documents and terms and conditions of contract agreements executed for works and the applicable rules and orders; General Financial Rules, 2017;
- Uttarakhand Procurement Rules, 2017 and Budget Manual-2012; and
- Notifications, circulars and orders issued by the GoI/ GoU from time to time.

1.7 Audit scope and methodology

The performance audit was carried out from July 2023 to December 2023, covering the period of execution of SCM projects from 2018-19 to 2022-23, to ascertain the economy, efficiency and effectiveness in the implementation of the SCM in Dehradun.

Records related to all 22 projects, as detailed in *Appendix-1.1*, implemented under the SCM, were examined at the DSCL and implementing agencies⁴ (IAs) level. Joint physical inspection of ongoing and completed projects was also carried out to assess the impact and actual achievement of the projects. Audit observations are based on data and evidence gathered from the audited entity. Additionally, photographs taken during

³ A Public Sector Enterprise under Ministry of Heavy Industries, GoI.

⁴ Public Works Department, Irrigation Department and Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam.

the physical inspection of the projects by the Audit with the representatives of the respective IAs, also form the basis of audit observations. The draft Performance Audit Report was issued to the Government and the Management on 11 April 2024 and reply of the Government was received on 30 May 2024.

1.8 Entry and Exit Conference

Before commencement of the Audit, the audit objectives, criteria, audit scope and methodology and timeframe of the Performance Audit were discussed (25 July 2023) with the Management of DSCL in an Entry Conference⁵. The Exit Conference was conducted on 21 June 2024 and the audit findings were discussed with the Additional Secretary, Urban Development Department, GoU, CEO, DSCL and other departmental heads/representatives of the IAs. The replies/views of the Government have suitably been incorporated in the Report at the appropriate places.

1.9 Acknowledgement

Audit is thankful for the co-operation and support extended by CEO, DSCL and Officers-in-charge of IAs in providing records, information and clarifications from time to time for the smooth conduct of audit. However, the records mentioned in subsequent paragraph were not provided to the audit.

1.10 Constraints/Limitations

Despite repeated request and intervention of the Chief Secretary, GoU, DSCL did not furnish the records⁶ pertaining to the preparation of both the original and the revised SCP to the audit. As a result, the audit was unable to review records relating to the activities such as consultations with city residents/other stakeholders, process for selection of projects and proposals for financing them within the SCP.

1.11 Structure of the report

The Performance Audit Report has been structured into five chapters, as outlined below:

- **Chapter-1 : Introduction**
- **Chapter-2 : Project Management and Execution**
- **Chapter-3 : Contract Management**
- **Chapter-4 : Financial Irregularities**
- **Chapter-5 : Governance Framework**

⁵ No representative of GoU participated in the Entry Conference.

⁶ (i) Documents pertaining to citizen consultations conducted prior to the preparation of the SCP. (ii) Details of the procedure followed to select the consultant for preparation of the SCP (iii) Records relating to the evaluation/assessment undertaken to identify the area for project implementation. (iv) Criteria adopted for selection of each project under the SCM (v) Copies of both the original and the revised SCP submitted to MoHUA.

