

**DRAFT THEMATIC AUDIT REPORT ON THE IMPLEMENTATION OF  
JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION (JNNURM)  
SCHEME IN GOA STATE**

**1. Introduction**

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched in 2005 with the objective of reforms – driven fast track development of cities across the country with focus on efficiency in urban infrastructure, service delivery mechanism, community participation and accountability of Urban Local Bodies (ULBs)/ Parastatal agencies towards citizens. The mission period initially for seven years (2005-2012) was subsequently extended upto March 2015. JNNURM consisted of two sub missions namely (i) Urban Infrastructure and Governance (UIG) and (ii) Basic Services to the Urban Poor (BSUP) for 65 identified cities. In respect of other cities and towns, there were two components namely (i) Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) and (ii) Integrated Housing and Slum Development Programme (IHSDP). The infrastructure development schemes were administered by the Ministry of Urban Development and the housing schemes were administered by the Ministry of Housing and Urban Poverty Alleviation (MoHUPA).

**Table I: Statement showing the funds allocated under JNNURM**

Name of the sub component	Allocation (₹ in crore)
<b>A.Applicable to CCP</b>	
i) Urban Infrastructure and Governance (UIG)	120.94
ii) Basic Services to Urban Poor(BSUP)	1.43
<b>Total</b>	<b>122.37</b>
<b>B.Applicable to Other Cities</b>	
iii) Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)	22.11
iv) Integrated Housing and Slum Development (IHSDP)	15.79
<b>Total</b>	<b>37.90</b>

The City of Panaji was selected as a mission city and allocated ₹120.94 crore for UIG scheme and ₹ 1.43 crore for BSUP scheme. Similarly for the development of other small

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towns/cities in Goa ₹ 22.11 crore and ₹15.79 crore was allocated under UIDSSMT and IHSDP scheme respectively.

The Goa State Urban Development Agency (GSUDA) was designated as the State Level Nodal Agency (SLNA) for the management of grants and monitoring of physical as well as financial progress of sanctioned projects in Goa State.

## 2. Audit Objectives

The objectives of the thematic audit was to assess the implementation of the scheme by various implementing agencies and ascertain whether

- i) Project for urban infrastructure development were proposed and executed efficiently and economically to achieve integrated services.
- ii) Mandatory as well as optional reforms were implemented in full.
- iii) Financial management controls were adequately exercised.
- iv) There was a mechanism for adequate and effective monitoring and evaluation.

## 3. Audit Scope

The thematic audit covered the entire State of Goa. The records maintained by GSUDA and various implementing agencies for the period from the commencement of the scheme (December 2005) till June 2014 were scrutinised by audit.

## 4. Audit Criteria

The criteria for the audit were derived from the following:

- 1) Guidelines/instructions/tool kits/circulars/orders/ issued by MoUD, MoHUPA, Ministry of Finance and Planning Commission in respect of the JNNURM Scheme.
- 2) Memorandum of Agreement (MoA) signed between State/GoI/ULBs
- 3) City Development Plan (CDP) for the City of Panaji and Detailed Project Report (DPR) of selected projects.
- 4) Minutes of the meetings of State Level Sanctioning Committee (SLSC) and Central Sanctioning and Monitoring Committee (CSMC).

## 5. Audit Methodology

The thematic audit commenced with an entry conference with the Member Secretary, GSUDA on 21 April 2014 where the audit methodology, scope, objectives and criteria were

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discussed in detail. Field audit was conducted at GSUDA and ULBs/Parastatal agencies who were responsible for implementation of the projects. Draft audit findings were issued to the GSUDA and other implementing agencies for confirmation of facts and figures and seeking comments on the audit observations. The replies received were considered and suitably incorporated in the report.

## 6. Audit Findings

### 6.1 Non- Implementation of projects under JNNURM

A City Development Plan (CDP) was prepared and approved by the SLSC ( March 2007) for the Panaji City to access funds from Central Government under JNNURM. The CDP identified infrastructure projects to be implemented under the scheme during the mission period. The sector wise vision included provision of quality drinking water, sewerage services, improvement of storm water drainage, environmentally sustainable waste management practices, position Panaji as a global tourism destination, eco friendly urban environment, housing for all with basic infrastructure facilities, conservation of natural and built heritage etc.

Preparation of DPRs for the identified projects and approval of the same by the SLSC & CSMC was the next step for availing the grant from MoUD. The CCP was the implementing agency of the scheme and hence it was decided in the SLSC meeting (March 2007) to entrust the work of preparation of DPR to them. Even though seven consultants had been appointed on various dates for preparation of DPRs and ₹ 1.06 crore was paid as consultancy fees not even a single project was executed in Panaji City due to poor planning, and delay in submission of DPRs by consultants.

#### 6.1 (i) Basic Services to Urban Poor

Basic Services to Urban Poor is a sub mission of JNNURM intended to provide shelter, basic services and other related civic amenities to the urban poor. The CCP decided to implement a housing project of 226 dwelling units in Panaji under JNNURM. M/s Group SCE Pvt Ltd, Bangalore was appointed (January 2008) as consultant for preparation of DPR at their quoted fee of ₹ 32.44 lakh.

The DPR submitted by the firm was forwarded to the MoHUPA and the same was approved (February 2008) for a project cost of ₹ 10.22 crore with direction to obtain necessary approval from SLSC and to complete the project within 12-15 months. Out of the central share a sum of ₹ 1.15 crore was released in March 2008. In the 3<sup>rd</sup> SLSC meeting held on 21 January 2009, a three member committee was constituted to appraise the DPR. The committee submitted its report in the 4<sup>th</sup> SLSC meeting held on 22 February 2010 with a recommendation to include some more areas under Panaji Urban Agglomerations but outside CCP jurisdiction. This proposal was accepted by the Ministry in June 2010. However, in the SLSC meeting (July 2013) it was decided that the project was not possible to be executed in its present form and it should be linked to the rehabilitation along to St. Anez Nallah and a fresh survey was recommended for the same. In the absence of any progress in implementation of the project, MoHUPA cancelled the project (May 2014) and directed the State Government to return the central assistance of ₹ 1.15 crore. Accordingly, State Government decided (June 2014) to drop the project and to refund the amount to the Central Government.

SLSC delayed the execution of the scheme by over ten months before recommending inclusion of new areas. Further delay caused by recommending a fresh survey finally culminated in calling off the project. The State Government became liable to pay interest @ 9 percent on the unutilized grant as communicated by the Ministry of Finance in September 2011. Interest so payable worked out to ₹ 64.73 lakh upto June 2014. The consultancy fees already paid amounting to ₹ 11.35 lakh also became infructuous due to non implementation of the project

Thus, poor follow up by the SLSC, fluctuations in the areas to be considered and improper planning resulted in the non-commencement of the project. Housing for the poor remained unimplemented despite provision of funds from the centre.

#### 6.1 (ii) Heritage Conservation

It was decided to implement the project of Heritage Conservation for the City of Panaji under JNNURM. M/s Group SCE Pvt Ltd, Bangalore was appointed (October 2007) as consultant for preparation of DPR at their quoted fee of ₹ 30.82 lakh. The MoUD observed several deficiencies in the DPR submitted and finally approved it in June

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2011 after rectification of the deficiencies pointed out. The approved project cost was ₹362.25 lakh out of which ₹289.80 lakh (80 per cent) was the share of assistance from the Central Government.

A sum of ₹ 72.45 lakh was released by the MoUD on 27 November 2011. Tenders were invited thrice for implementing two projects viz conservation of Cabo fort and Cistern of Altino costing ₹146.43 lakh but there was no response from the contractors due to non-feasibility of the projects. Finally, it was decided not to implement the projects due to lack of conceptual clarity on some of the components and to refund the amount received from the MoUD. Consequently, the state became liable to pay interest @ 9 percent on the unutilized grant as communicated by the Ministry of Finance in September 2011. Interest so payable worked out to ₹ 16.84 lakh upto June 2014. The consultancy fees already paid amounting to ₹ 14.24 lakh also became infructuous due to non implementation of the project.

#### 6.1 (iii) Water body development at Panaji

In order to improve the aesthetic beauty and environment of the city it was decided to develop the St. Anez Creek. Accordingly, CCP appointed (October 2007) M/s Water & Power Consultancy Services (India) Ltd, Hariyana as consultant for preparation of DPR. The time schedule fixed for submission of DPR was 120 days. The consultant prepared and submitted DPR for development of St. Anez Creek after a delay of more than 5 years (July 2013). The CCP did not take timely action to terminate the consultant and appoint a new one.

The CSMC approved the project costing ₹ 19.56 crores in March 2014 but the CCP did not make any further progress in implementation (August 2014). The water body in the heart of the city remains contaminated with tonnes of waste and sewage water. Wasteful expenditure on consultancy fees already paid amounted to ₹ 16.83 lakh out of the agreed fees of ₹ 48.09 lakhs.

#### 6.1 (iv) e-Governance

The Ministry of Urban Development (MoUD) decided to implement 'National Mission Mode Project (NMMP) for e-Governance in municipalities as part of JNNURM. The

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CCP decided to implement the e-Governance project and therefore appointed (March 2008) M/s Upasini Jain & Kshirsagar and GS Mathur & Co as consultant for preparation of Detailed Project Report (DPR), Request for Proposal (RFP) and Project monitoring. The DPR submitted in September 2008 was approved by the SLSC (February 2010) and finally by CSMC (April 2013). The cost of the approved project was ₹ 1979.17 lakh of which ₹1583.34 lakh (80 per cent) was the share of assistance from Central Government. The first instalment of central share amounting to ₹395.83 lakh was released by Ministry of Finance (September 2013). A tripartite agreement was executed (May 2013) between CCP, Government of Goa and Government of India in which it was agreed to adhere to the time schedule and to complete the project within 10 months. Audit noted that the project has not commenced (June 2014) due to cancellation of the tender finalised ( January 2014) with M/s Tata Consultancy Services Ltd (TCS Ltd), Mumbai due to serious irregularities and inconsistencies in the RFP floated for appointment of system integrator for e-Governance. For instance, while MoUD approved for 50 client desktops, 50 operating systems and other software, RFP showed the quantity as 25 client desktops and the corresponding operating software. Similarly, approved quantity of printers was 15 and network printers was 5 but the same were reduced to 5 and 3 respectively. These irregularities remained unnoticed despite the constitution of a committee in November 2013 to oversee the successful bidding. The committee should have properly scrutinized the RFP and plugged all loopholes before commencement of tender procedures.

The approved project cost excluding project management consultancy charges and 5% contingency charges was ₹ 16.75 crore only. It was observed that while a number of items were deleted or reduced to significant lesser quantity than what was approved by the MoUD, the contract was finalised in the name of M/s TCS Ltd Mumbai at their negotiated rate of ₹18.31 crore by accepting their unreasonable rates on individual items. Illustratively, approved unit cost for LAN switches (Unmanaged) was ₹ 10000/- only while the rate quoted by TCS Ltd and accepted by CCP was ₹ 517647/-. Similarly, approved unit cost of firewall was ₹ 939476/- while the rate agreed with TCS Ltd was ₹ 3941176/- The committee constituted for evaluation of Technical and Financial Bid failed to analyse the abnormal rate difference between the approved cost and quoted

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rates. The Corporation has already incurred ₹ 19.93 lakh on account of consultancy fees and ₹21.39 lakh for tender advertisement. The stipulated time (10 months) for completion of the project as per the tripartite agreement (May 2013) has already expired. Finally, M/s Tata Consultancy Services Ltd exited the project and no further progress was made to re-initiate procedures for implementing the E- governance project. Thus the expenditure of ₹ 41.32 lakh (₹ 19.93 lakh + ₹ 21.39 lakh) rendered wasteful.

The Commissioner, CCP stated that the consultant had been paid heavily for the preparation of RFP and further scrutiny of the RFP prepared by a specialist did not arise. Audit is of the view that the primary responsibility of scrutinizing the RFP and overseeing the bidding was of the committee constituted for the purpose. By neglecting the lapses in the RFP, the committee placed the CCP at the risk of a financial loss. The project remains a non-starter.

#### 6.1 (v) Comprehensive mobility plan

The project provides for pedestrianisation, non-motorised transport, public transport etc. CCP appointed M/s Group SCE Pvt Ltd, Bangalore (January 2008) as consultant for the preparation of DPR for the above project at their quoted rate of ₹ 75.40 lakh. There was a delay of more than 5 years on the part of the consultant to submit the DPR. The DPR for an estimated cost of ₹ 742.91 crore was approved by the SLSC and forwarded to MoUD (August 2013). The mission period will expire in March 2015 and there is no possibility of implementing the scheme. The consultancy charges of ₹ 26.39 lakh were paid despite the delay by the consultant, which was instrumental in stalling further progress.

#### 6.1 (vi) Urban renewal of parks, garden and open spaces

M/s Group SCE Pvt Ltd, Bangalore was appointed (October 2007) as consultant for the above project also at their quoted rate of ₹ 29.17 lakh. The consultant submitted a DPR after a delay of more than two years which was approved by the SLSC (February 2010) but not accepted by the CSMC because of faulty/ incomplete preparation. The consultant revised the DPR several times but the CSMC did not accept the same on the ground that no significant changes were made in the revised DPR except some cost escalation.

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Even though the CCP realized the inefficiency of the consultant firm, no steps were taken to get the work done through another consultant. Thus the project has not been implemented till date and the expenditure of ₹ 14.59 lakh incurred on consultancy fees was rendered wasteful.

#### 6.1 (vii) Solid waste management

The CCP had acquired 171312 sqmt of land at Bainguinim in Se-Old Goa Village Panchayat and decided to establish a Municipal Solid Waste Management project under JNNURM. Accordingly, M/s Tetra Tech India Ltd, New Delhi was appointed (June 2009) as consultant at their negotiated fee of ₹ 28.04 lakh. The DPR submitted (May 2010) by the firm was approved by the SLSC (May 2011) but was not forwarded to the MoUD to avail grant under JNNURM instead SLSC directed the CCP to approach State Urban Development Department for grants from the state funds. There was no response from the State Urban Development Department in this regard.

Mean while, the Government decided (November 2012) to implement the project through Goa State Infrastructure Development Corporation (GSIDC) and the DPR was presented in the CSMC meeting held on 25<sup>th</sup> February 2014 for approval. The CSMC approved the project costing ₹ 89.48 crore with direction to complete the project within 17 months (February 2014).

The Commissioner, CCP stated that the project would be completed in a time bound manner. MoUD extended the mission period (April 2014) upto March 2015 in order to support the sanctioned and ongoing projects & reforms under JNNURM. The Village Panchayat, Se-Old Goa did not give development permission to the CCP for the construction activities and the matter is now before the Honourable High Court. There is no possibility of implementing the project under JNNURM before March 2015. The consultancy charges already paid amounting to ₹ 2.80 lakh will also become infructuous.

Implementation of projects for the integrated development of infrastructural facilities in Panaji did not commence in two cases resulting in funds being refunded to the Ministry along with consequent interest payments. Consultants appointed by CCP delayed submission of DPRs and submitted faulty DPRs which required rectification further delaying the approval process. In two cases the delay was over five years in submission

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of report. No action was taken by CCP to expedite or terminate the consultant. Despite these irregularities and drawbacks consultants were paid ₹ 1.06crore.

**6.2 Additional burden to the State Government due to delay in completion of the projects under JNNURM Scheme.**

The MoUD extended (April 2012) the initial period of JNNURM Scheme (seven years beginning from 2005-06) by two years up to 2013-14. In April 2014, the period was further extended up to 31 March 2015 in order to support the sanctioned and ongoing projects & reforms under JNNURM. It was also directed ( February 2013) to complete the ongoing projects sanctioned upto March 2012 within the extended period ie March 2014 failing which the State would have to fund incomplete projects after March 2014 out of their own resources. This was again confirmed by the MoUD vide letter dated 23.05.2014.

The below mentioned two projects were approved by the CSMC prior to March 2012. However, the projects were not completed even by the extended date of March 2014 and the possibility to complete them before March 2015 is bleak.

**TableII: Statement showing the additional burden to the State Government due to delay in completion of the projects ₹ in crore**

Sl.No	Project Name	Date of approval	Approved cost	Tendered cost	ACA received	Balance	Remarks
1	Water supply project for the Panaji city; Implementing agency PWD	03.01.12	71.22	74.75	14.24	60.51	Stage of completion of water treatment plant costing Rs.3212.85 lakh was 20 percent only (06/2014). Work orders for distribution network costing Rs.4261.98 lakh were issued in 03/14 and 05/14 only
2	Roads and pedestrian networks, service core and drainage	29.08.11	5.86	6.02	1.90	4.12	Stage of completion (06/14) was 5 percent only

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network in Sanguem town; Implementing agency Sanguem MC						
<b>Total</b>		77.08	80.77	16.14	64.63	

Consequently, as the State could not complete the projects by March-2014, the state would have to bear the burden of the balance cost of ₹ 64.63 crore.

### 6.3 Irregular allotment of JNNURM fund among the Municipal Councils

UIDSSMT is one of the sub components of JNNURM. All towns/cities as per 2001 census except 65 Mission cities/Urban agglomeration covered under JNNURM are eligible to be covered under the scheme. The Ministry of Urban development (MoUD) allocated the fund among states on the basis of state's urban population to total urban population in the country as per 2001 census. Accordingly, ₹ 22.11 crore (80 percent of the project cost) was allocated to Goa by the MoUD with direction to allocate funds to cities/towns based on similar formula. However, it was observed that the state government exhausted the fund by distributing among three Municipal Councils and the remaining ten councils were deprived of the benefits under the scheme. The first three projects submitted by the following three MCs were sanctioned and fund allocated as detailed below:

Table III: Statement showing the projects sanctioned under UIDSSMT

Sr. No.	Name of the Unit & Name of Projects	Approved project cost (₹ in crore)
1	Bicholim MC Road and Inf. project	8.43
2	Sanquelim MC Road and Inf. Project	14.47
3	Sanguem MC Road and Inf. Project.	5.85
	<b>Total</b>	<b>28.75</b>

The Corporation of City of Panaji was identified by the MoUD as a mission city and provided ₹ 122.37 crore separately for its infrastructure development.

The projects under the UIDSSMT were to be funded based on the urban population of the Municipalities to total urban population in the State as per 2001 census. Urban Population as per 2001 census is given below:

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Table IV: Statement showing the population as per 2001 census

Sl. No	Name of the MC	Population as per 2001 census	Eligibility % based on population
1	Mormougao	97154	29.46
2	Margao	78382	23.77
3	Ponda	17713	5.37
4	Mapusa	40487	12.28
5	Curchorem	21407	6.49
6	Cuncoim	15860	4.81
7	Bicholim	14913	4.52
8	Quepem	12573	3.81
9	Canacona	11901	3.61
10	Sanguem	6173	1.87
11	Valpoi	7917	2.40
12	Pernem	5289	1.61
	Total	329769	100

Sanquelim had the status of a Panchayat in 2001 and was classified as Municipal Council only in August 2006. Hence, the Sanquelim MC was not eligible for grant. However, projects costing ₹ 14.47 crore were sanctioned to them. Thus 50% of the total scheme fund was allocated to an ineligible Council. Similarly, Bicholim and Sanguem Municipal Councils received ₹ 8.43 crore (29.32%) and ₹ 5.85 crore (20.35%) as against the eligibility of 4.52% and 1.87% respectively. Even though the cities of Mormugao and Margao had higher population densities, no projects were implemented there under UIDSSMT.

#### 6.4 Non implementation of Sewerage Project at Panaji under JNNURM-Infructuous expenditure on consultancy charges- ₹ 14.32 lakh

The existing sewerage scheme covers only the main Panaji City core area and does not cater to the urban areas like Ribandar, Dona Paula, Caranzalem etc. Therefore ₹ 14.08 crore was included in the City Investment Plan and the implementation of the project under JNNURM was entrusted to the Public Work Department (PWD). The GSUDA being the Nodal Agency of the scheme had requested (September 2008) the Principal Chief Engineer, PWD to prepare a DPR for the sewerage project.

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Audit observed that, there was inordinate delay of 19 months to appoint a consultant for the preparation of DPR. It was only in April 2010, M/s Shah Technical Consultants Pvt Ltd, Mumbai was appointed as Consultant for their quoted fee of ₹ 40.92 lakh. The time limit for submission of DPR as stipulated in the agreement was 90 days.

The consultant had not prepared the DPR in time and finally submitted a DPR on 27 October 2010 for an estimated cost of ₹197 crore which was approved by the State Level Sanctioning Committee (SLSC) and forwarded to the MoUD on 27 September 2011. The MoUD ( July 2011) returned the DPR along with twenty two major observations of the Appraisal Agency. The Appraisal Agency observed that the rates adopted in the DPR and the overall costs were very high and the same was prepared not as per the Manual of Sewerage and Sewage Treatment or JNNURM Guidelines. The Consultant was advised to revise the DPR based on the observations of the Appraisal Agency. Accordingly they submitted the revised DPR after 8 months (April 2012) and the costs were reduced to ₹ 26.03 crore from ₹ 197 crore.

The Executive Engineer, PWD replied that the revised DPR was not as per actual requirement as the rehabilitation work of sewerage line of Panaji was not included in the revised DPR and therefore, another DPR would be prepared by complying all observations raised by MoUD.

In the light of the fact that the mission period is coming to an end by March 2015 MoUD may not consider a fresh DPR under JNNURM. Due to non-submission of a revised DPR the sewerage project remained unimplemented. Delay in appointment of consultant and a faulty DPR were instrumental in the failure of the project. Despite lapses in the DPR ₹ 14.32lakh were paid to the consultant.

#### **6.5 Execution of works under Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) Scheme without the approval of SLSC/MoUD**

Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) was a sub component of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) Scheme which was introduced by the Ministry of Urban Development (MoUD), Government of India in 2005-06. The main objective of the scheme was to improve infrastructural facilities and to create durable public assets and quality oriented services in cities & towns.

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The Sanquelim Municipal Council and Bicholim Municipal Councils had decided (June/August 2009) to implement the scheme and appointed M/s Design Consortium as consultant (10/09) at their quoted rate of 3.99% (Sanquelim) and 4.55% (Bicholim) of the project cost. The work of the consultant included preparation of CDP and DPR, tender documents, tender evaluation, technical advice, obtaining NOC's from Government, preparation of bills, supervision of work, inspection of site etc.

Preparation of Detailed Project Report (DPR) and approval of the same by the State Level Steering Committee (SLSC) & Central Sanctioning and Monitoring Committee (CSMC) were the primary requirement for availing the grant from MoUD. Hence, the MoUD supplied a tool kit to the implementing agencies for the easy preparation of DPR. It was specifically stated in the tool kit that the proposed project needs to be clearly demarcated in terms of all its constituent sub components and the project cost should cover component wise cost. The DPRs prepared by the consultant and submitted to the MoUD after the approval of the SLSC did not contain important technical details such as names and stretches of each of the road, length and breadth considered for upgradation and its alignment, locations, specification, component wise cost etc as detailed in the tool kit. The MOUD in its Assessment Reports dated 21.12.2010 and 17.06.2010 pointed out these deficiencies and directed to submit a revised DPR. The MoUD observed that only general specification of road was given and outline estimate not related to road project was attached in the project report of Bicholim MC. Similarly development works inside the premises of Church and Mandir were included in the project report of Sanquelim MC which were not under the ambit of the scheme and hence directed to exclude from the estimate. However, subject to submission of revised DPR, project costing ₹14.47 crore to Sanquelim MC and ₹ 8.43 crore to Bicholim MC were sanctioned by the MoUD in March 2011 and September 2010 respectively.

It was observed that the directions were not complied with and revised DPRs/ estimate not submitted to the MoUD for approval by both the Municipalities. The scope of the work was grossly changed and works were being executed without obtaining approval for the deviations from the SLSC and MOUD. The expenditure already incurred on the project was ₹ 21.43 crore of which ₹ 8.59 crore was spent for works not sanctioned by the SLSC and MOUD. Audit could not list out all cases of material deviations in the absence of important technical

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details in the DPR, tender documents and measurement books. However, illustrative cases are given below.

- 1) It was stated in the DPR of Bicholim Municipal Council that construction of concrete road was suitable for Goa State, as high temperature and heavy rainfall would reduce the life of bitumen roads and its maintenance would result in waste of tax payer's money besides causing inconvenience to general public during maintenance. During execution, concrete road was omitted instead hot mixing was reportedly done again on the existing bitumen road by incurring an expenditure of ₹ 2.64 crore which was purely in the nature of maintenance and not an asset created by utilising scheme fund.
- 2) Similarly, concrete roads were proposed in the DPR of Sanquelim MC also stating the same reasons but, this item of work was not executed.
- 3) Works amounted to ₹ 25.67 lakh and ₹ 39.64 lakh were carried out in the premises of Mandir and Mosque respectively at Sanquelim which were not under the ambit of the scheme.
- 4) Development of the banks of the river Valvanti was included in the DPR of Sanquelim for an estimated cost of ₹ 62.55 lakh but the work was not carried out.

Thus, Detailed Project Report was prepared by including unviable projects and unreliable figures to obtain grants from Central Government. As against the provisions contained in Section 2.3.4 of the CPWD Manual, material deviations that significantly alter the scope of work from original sanction were made without the approval of the competent authority that accorded administrative approval to the work on the ground that technical sanction was obtained from the Chief Engineer, PWD from time to time for the deviations made from the original estimates.

Gross deviations from the DPR while executing various works without prior approval of the sanctioning authority were against the directions of MoUD and the provisions of CPWD manual.

#### **6.6 Irregular appointment of consultant for the implementation of UIDSSMT Scheme**

Five municipalities out of thirteen came forward to implement the UIDSSMT scheme a sub-component of JNNURM in their municipal area. MoUD, GoI had advised (April.2007) the State Level Nodal Agency to prepare a panel of consultants by following a transparent procedure for preparing the DPR for the implementation of JNNURM projects. A list of 39 organizations empanelled for preparation of DPR was forwarded by MoUD. The Ministry

also advised to ascertain the consultancy firm's capability, expertise, credibility and experience by following a transparent tender procedure.

As against this, the Municipalities invited expression of interest by advertising in local newspapers. Prequalification criteria was not specified in the 'Expression of Interest' for ascertaining the capability, expertise, credibility and experience of the firm as stipulated in the 'Manual of policies and procedure of employment of consultant' issued by the Ministry of Finance, Government of India. Only two or three parties had participated in the tenders of which M/s Design Consortium, Goa was appointed as consultant in all municipalities based on the financial bid submitted by them. No technical evaluation was carried out before opening the financial bid. In April/2012, while submitting expression of interest for empanelment as consultant in Sanquelim MC, M/s Design Consortium admitted that the firm had established in 2009. Moreover, M/s Design Consortium obtained PAN/TAN/Service Tax Registration etc in 2011 only. This clearly shows that the firm had no taxable income and no experience at the time of awarding the contract.

In addition to preparation of DPR, other related works such as preparation of tender document, tender evaluation, technical advice, obtaining NOCs from Government, supervision of work, preparation of measurement book, bills, etc were also entrusted to the firm. Several defects were observed in the DPR by the MoUD and PWD. During implementation there were gross deviation from the approved DPR and the records of the same were not maintained properly.

As pointed out above the consultant was totally inexperienced in civil work which in turn reflected in execution of the projects at Sanquelim, Bicholim and Sanguem Municipalities. The remuneration already paid to the consultant amounted to ₹ 88.12 lakh while the balance payable stood at ₹ 40.74 lakh.

#### 6.7 Non implementation of reforms

JNNURM is a reform driven infrastructure improvement programme and implementation of 13 mandatory reforms and 10 optional reforms was compulsory for availing central grant. A tri-partite Memorandum of agreement (MoA) between the MoUD, the State Government, and ULBs was executed indicating the commitment of ULBs to implement the reforms within the mission period. The GSUDA was responsible for monitoring the status of all reforms at state level and for sending consolidated Quarterly Progress Report (QPR) to the MoUD. Audit

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noted that the consolidated QPR was forwarded to the MoUD with many discrepancies when compared to the actual as detailed in the Annexure so as to avail subsequent installments of grants.

Audit noticed that Sanquelim and Bicholim Municipalities obtained full central grants of ₹11.58 crore and ₹ 6.74 crore without implementing the important ULB level reforms such as e-Governance and double entry system of accounting, 85 percent coverage of property tax etc

#### 6.8 Lack of proper monitoring of the projects under JNNURM Scheme

The Joint Secretary, Ministry of Urban Development, Govt. of India had advised all State Governments ( April 2007 ) to constitute a Project Implementation and Monitoring Cell for monitoring the implementation of the projects under JNNURM Scheme and compliance of reform agenda at the local level. The need for formation of Project Implementation Unit was again reiterated by the Ministry vide letter dated 12 November 2008 and 22 April 2009. A tool kit was also provided for formation of the Project implementation Unit and Project Monitoring Unit.

However, the Nodal Agency (GSUDA) did not constitute the above units instead, entrusted all the works such as preparation of DPR, tender documents, tender evaluation, supervision of work, preparation of measurement book, bills etc to the consultant.

The SLSC/Nodal agency did not conduct periodical monitoring/review of the progress of implementation of the scheme as stipulated in the scheme guidelines. A minimum of three meeting of the SLSC was stipulated in the guidelines for reviewing the progress of ongoing projects and for sanctioning new projects. However, it was observed that there was undue delay on the part of the SLSC to approve the projects like e-Governance, solid waste management and the DPR for BSUP project was forwarded to MoUD without the approval of SLSC.

Deficiencies in monitoring as per guidelines issued by MoUD were instrumental in the poor implementation of JNNURM in Goa.

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## 7 Conclusions

As brought out in the forgoing paragraphs, CCP could not implement even a single project by availing central grant even though a sum of ₹ 122.37 crore was allocated under JNNURM in 2005 due to indecisiveness and poor management.

Execution of the projects at Sanquelim, Bicholim and Sanguem was adversely affected due to improper preparation of DPR by an inexperienced consultant. Monitoring mechanism was not adequate to ensure that the projects were executed within the mission period as per the approved DPR.

## 8. Recommendations

As JNNURM Scheme is going to close by 31 March 2015 and the State Government decided to surrender the funds, no recommendations are suggested.



Accountant General

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## Annexure-I

## STATEMENT SHOWING THE STATUS OF IMPLEMENTATION OF REFORMS IN GOA

## A. State Level Reforms

Sr.no	Reforms	Scores Allotted by M/o (UD)	Scores given by GSUDA as per QPR	Eligible score as observed by audit
1	Implementation of 74 <sup>th</sup> CAA	15.0	12.50	09.00
2	Integration of City Planning and Delivery Functions	05.0	0.0	00.00
3	Reform in Rent Control	10.0	10.0	06.00
4	Stamp Duty Rationalization to 5%	10.0	10.0	10.00
5	Repeal of ULCRA	10.0	10.0	10.00
6	Enactment of Community Participation Law	10.0	7.50	05.00
7	Enactment of Public Disclosure Law	10.0	10.0	10.00
	Total Score	70.0	60.00	50.00

## B. Optional Reforms

Sr.no	Reforms	Scores Allotted by M/o (UD)	Scores given by GSUDA as per QPR	Eligible score as observed by audit
1	Introduction of Property Title Certification System in ULBs	10.0	10.0	10.00
2	Revision of Building Bye Laws – streamlining the Approval Process	10.0	10.0	10.00
3	Revision of Building Bye Laws – To make rain water harvesting mandatory	10.0	10.0	10.00
4	Earmarking 20-25% developed land in all housing projects for EWS/LIG	10.0	0.0	00.00
5	Simplification of Legal and Procedural framework for conversion of agricultural land for non-agricultural purposes	10.0	10.0	10.00
6	Introduction of computerized process of Registration of Land and Property	10.0	10.0	10.00
7	Bye-laws on Reuse of Recycled Water	10.0	10.0	00.00
8	Administrative Reforms	10.0	10.0	10.00
9	Structural Reforms	10.0	10.0	10.00
10	Encouraging Public Private Participation	10.0	10.0	10.00
	Total	100.00	90.00	80.00

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C. ULB Level Reforms

Sr. no	Reforms	Scores Allotted by M/o (UD)	Score obtained as per QPR	Eligible score as observed by audit (CCP)	Eligible score as observed by audit (Bicholim MC)	Eligible score as observed by audit (Sanquelim MC)	Eligible score as observed by audit (Sanguem MC)
1	E-Governance	10.0	6.25	02.50	00.00	00.00	00.00
2	Municipal Accounting	10.0	8.5	05.50	03.00	03.00	03.00
3	Property Tax	10.0	8.5	03.50	03.50	02.00	02.00
4	User Charges	10.0	9.0	01.50	02.50	01.50	01.50
5	Internal Earmarking of Funds	10.0	0.0	00.00	00.00	00.00	00.00
6	Provision of Basic Services to Urban Poor	10.0	10.0	01.50	01.50	01.50	01.50
Total		60.0	42.25	14.50	10.50	08.00	08.00

Average score on ULB level reforms = 10.25

Sr.No.	Reforms	Total Score	Scores given by GSUDA as per QPR	Eligible score as observed by audit
1	State Reforms*	70	60.00	50.00
2	ULB Level Reforms	60	42.25	10.25
3	Optional Reforms	100	90.00	80.00
TOTAL		230	192.25	140.25
		%		
State Reforms		70	85.7	71%
ULB Level Reforms (CCP)		60	70.4	17%
Optional Reforms		100	90.00	80%
TOTAL			83.58	61%

Overall state performance (calibrated) as per QPR= 83.58%

Overall state performance (calibrated) as observed by audit = 61%