A Study Report on Government Scheme: Financial Implications and Effects

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Committee on Public Finance
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
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Foreword

As we progressed from evolution to civilization, modernization to globalization, the responsibility of the social advancement is being taken over more and more by the individuals of the society. To put it in another set of words, the expectations for the social welfare from the Government are now supported by the conscious efforts of the individuals of the society. The view of the public has broadened from the singular to the more general and inclusive one.

I am pleased to present “A Study Report on Government Scheme: Financial implications and Effects” being brought out by the Committee on Public Finance of the Institute of Chartered Accountants of India (ICAI). The implementation of Government schemes demands sincere contribution both from the side of administrators and the general public. The public should always endeavour to be aware and be updated of various government schemes so that they could avail the benefits of the same. The awareness and sincerity on the part of citizens would surely pursue the administration to be committed in performing their duties.

The contents have been written in simple and lucid language. Concrete efforts have been taken to illustrate them in reader friendly manner. The text has been supported by tables, diagrams, data and circulars for easy understanding. My compliments to CA. Anuj Goyal, Chairman, CA. G. Sekar, Vice Chairman and other members of the Committee on Public Finance for their efforts in bringing out this study report.

I hope this Study Report is found useful by the readers.

Best Wishes,

CA. Subodh K. Agrawal
President, ICAI
Preface

Indian Government, at all levels, announces Welfare Schemes for a cross section of the society from time to time. These schemes could be either Central, State specific or a joint collaboration between the Centre and the States. A number of plan schemes are in operation with similar objectives targeting the population. These should be converged, and the schemes that are not yielding results should be weeded out. The tendency to proliferate centrally sponsored schemes need to be curbed, and more funds should be provided to State specific programmes. Role of the Central Ministries should be of capacity building, inter-sectoral coordination, and detailed monitoring and impact studies of state sector projects, so that the gain from public spending is maximized. Centrally Sponsored Schemes funds should also be used for enhancing the budgetary allocation of successful development schemes that are being run by state governments on their own, or for meeting the state contribution for donor assisted programmes for poverty alleviation and social infrastructure.

JnNURM is a huge mission which relates primarily to development in the context of urban conglomerates focusing to the Indian cities. JnNURM aims at creating ‘economically productive, efficient, equitable and responsive Cities’ by a strategy of upgrading the social and economic infrastructure in cities, provision of Basic Services to Urban Poor (BSUP) and wide-ranging urban sector reforms to strengthen municipal governance in accordance with the 74th Constitutional Amendment Act, 1992.

Keeping in view the exigencies of the future and carving out measures for their better implementation, “A Study Report on Government Scheme: Financial Implications and Effects” has been prepared by CA. Richa Agarwal. It provides an account of the government programmes, their coverage and measures to improve their implementation.

I would like to convey my sincere thanks to our President, ICAI, CA. Subodh K. Agrawal and Vice-President, ICAI, CA. K. Raghu for their constant support and cooperation to the Committee.
I would also like to thank Dr. Nikhil Saket, Secretary, Committee on Public Finance and his team for their initiative.

I am confident that the readers would find this study report immensely useful in expanding their knowledge and understanding of the subject.

CA. Anuj Goyal
Chairman
Committee on Public Finance
In the words of Albert Einstein, “Learn from yesterday, live for today, hope for tomorrow”. The Government has to show in its endeavour that it has learned from the past. This study Report reflects the efforts that our government has put on for undertaking various programmes for the welfare of its citizens.

The report "A Study Report on Government Scheme: Financial implications and effects" is an attempt for policy assessment, planning and execution in Government Programmes to ensure proper utilization and control over Public Finance. It is hopeful that the report would provide technical support to the government in fostering economic reforms.

The Committee on Public Finance would like to express their gratitude to all those who provided support, discussed, offered comments and assisted in editing, proofreading and design. We would like to extend our sincere thanks to all the officials of the Committee for their sincere efforts.

The editors are highly grateful to CA. Richa Agarwal for her contribution in the preparation of this study report.

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### Acronyms

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<td>BSUP</td>
<td>Basic Services for Urban Poor</td>
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<td>CPF</td>
<td>Community Participation Fund</td>
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<td>DPR</td>
<td>Detailed Project Report</td>
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<td>IHSDP</td>
<td>Integrated Housing and Slum Development Program</td>
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<td>AUWSP</td>
<td>Accelerated Urban Water Supply Program</td>
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<td>ACA</td>
<td>Additional Central Assistance</td>
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<td>Sewerage Treatment Plant</td>
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<td>WS</td>
<td>Water Supply</td>
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Our country is still lagging behind on some fronts, one of them being urban development. Reasons for same include:-

- Socio economic condition of the country,
- Level of knowledge,
- Flow of revenue.

For nearly 52 years after independence the focus remained on rural development, the reason being the mindset that India resides in villages. However, with the migration of the rural youth to cities, the facilities in the urban areas were unable to cope with the growing population. Thus emerged the idea of urban development, which now is an ongoing process.

This study is an attempt to explain the subject briefly and assess the consequences of this process.

**Urban Local Bodies in India**

Local government institutions have existed in India in one form or another since ancient times. The present form originated during the British Regime. The first Municipal Corporation was introduced in Madras, today's Chennai, in 1688. It was followed by Municipal Corporations in Bombay and Calcutta. Later came Lord Ripon's Resolution on local self-government adopted in 1882. It laid down the foundation of functions, finances and powers of these bodies. Since then the structure of municipal bodies has essentially remained the same. Initially India had a 2-tier structure consisting of Centre and States. The 73rd and 74th amendment gave a formal recognition to the third tier – the local governments.

**Way Forward**

Envisaging an investment of more than ₹100,000 crore with a committed Central Government share of ₹66000 crore, this is a reform driven, fast-track program to ensure planned development of identified cities with focus on efficiency. The programme was planned to operate on a mission mode by facilitating large scale investment. Cities are focal points for global economy and hence development in urban areas is essential for a country’s growth.
and its position in world economy. In order to improve civic facilities and functions, and to ensure that all tiers of government are working, an active participation by end user is crucial.

- The rapid urbanization required excellent support system.
- Strengthening and capacity building of staff is very necessary.

Rationale for the Reforms

Due to lack of good financial management, ULB’s are wasting scarce resources and are unable to fix responsibility. This has led to inadequate cash management and unavailability of timely and quality information for planning, decision making and financial control.

Reform Components

Under JNNURM, MoUD will provide financial resources to states and ULBS that agree to undertake:-

(a) Budgeting, accounting, internal controls and auditing
(b) Reengineer business processes to align with accrual based accounting system
(c) Integrate financial management systems with financial accounting systems.
(d) Staff training and building financial management capacity.

Roadmap for Implementation

At the State Level

(a) Preparation of Accounting Manual.
(b) Expenditure management and performance based budgets.
(c) Preparation of Guidelines on training and handholding.
(d) Accounting software integrating financial management systems with financial accounting systems.

It would be necessary to use the services of Local Chartered Accountants (Field Level Consultants) to help the municipal staff understand and implement the new accounting system. The consultants are going to perform the following tasks:-

(a) Train on the manuals
Introduction

(b) Provide on the job training
(c) Formal training programs
(d) Parallel usage of old cash based system with new system
(e) Stabilize the new system and prevent a relapse to old system

Additionally, there will be appointment of an agency henceforth, known as IRMA (Independent Review and Monitoring Agency) which will comprise of professionals with specialization in engineering, finance and accounts.

Importance and relevance of project

JNNURM is the single largest Central Government initiative in Urban Sector being implemented under Ministry of Urban Development. Cities and towns of India constitute the world’s second largest urban system. They contribute over 50% of country’s Gross Domestic Product (GDP) and are central to economic growth. This mission was launched to realize their full potential and to provide focused attention for the improvement of their infrastructure.

Shri Dr. Manmohan Singh (Honourable Prime Minister of India) on the launch of JNNURM on 3rd December 2005 said, “There is no doubt that India by and large still lives in our villages. But the development process of the past five decades has made a significant difference. An increasing share of our population now lives in urban India. Urbanization is a relentless process, which has come to stay and has to be factored into all our developmental thinking and development processes. We have already added 65 million persons to our urban population in the decade of the 90’s alone. We are poised to have nearly fifty per cent of India living in our cities by the earlier part of the present century and should give you an idea of the magnitude of the development and renewal tasks that awaits all of us.”

The Plan has following objectives:

1. Focused attention to integrated development of basic services to the urban poor;
2. Security of tenure at affordable price, improved housing, water supply, sanitation;
3. Convergence of services in fields of education, health and social security;
4. As far as possible providing housing near the place of occupation of the urban poor;
5. Effective linkage between asset creation and asset management to ensure efficiency;
6. Scaling up delivery of civic amenities and provision of utilities with emphasis on universal access to urban poor;
7. Ensuring adequate investment of funds to fulfill deficiencies in the basic services to the urban poor.

**JNNURM comprises of two Sub-Missions:**

(i) Urban Infrastructure and Governance (UIG) (Sub-mission I)

(ii) Basic Services to the Urban Poor Urban (BSUP) (Sub-mission II)

There are, in addition, two other components:

(i) Urban Infrastructure Development of Small & Medium Towns (UIDSSMT)

(ii) Integrated Housing and Slum Development Programme (IHSDP)

Ministry of Housing & Urban Poverty Alleviation (MHUPA) is the nodal Ministry for BSUP and IHSDP. Ministry of Urban Development is the nodal Ministry for the Sub-Mission Urban Infrastructure & Governance (UI&G) and UIDSSMT. Later urban transport was also added to the ambit of JNNURM.

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**JnNURM- A group of schemes**

Slum Development (IHSDP) and Urban Infrastructure Development for Small and Medium Towns (UIDSSMT) have also been launched on 3.12.2005.
Initially, the duration of the Mission was seven years beginning from the year 2005-06. However, now it has now been extended up to March 2014.

Under first phase, 63 cities were covered including those with population greater than one million, or state capital, or a city of religious or tourist importance. The details of these 63 cities/towns of the category wise are as under:-

(i) Seven cities having 4 million plus population as per 2001 census
(ii) 28 cities having 1 million but less than 4 million population
(iii) 28 selected cities of religious/historic and tourist importance.

An amount of ₹ 50,000 crores was earmarked for the seven year period of which ₹25,500 crores was allocated to UIG while ₹6,400 crores was allocated to UIDSSMT.

The scheme focuses on implementation of various reforms in urban sector. The projects include those of sanitation, water supply, sewerage, urban transportation. Large amount of public money is being spent. Hence, there should be transparency and fixing of the accountability of officers for managing state-owned assets.

**UIG**

Under this scheme, a total of 63 cities in the country have been selected. Works of water supply, sewerage, solid waste management, road transportation, rain water harvesting and conservation of water resources etc are to be undertaken. Under financial arrangement for cities with a population of more than 10 Lakh the amount of Central-Aid will be 50 percent, State share 20 percent and the remaining 30 percent is to be borne by the ULB.

The CDP (City Development Plan) of all the above selected cities in the State has been approved By GOI in the f.y. 2006-07.

The sphere of UIG can be classified in two, parts namely,

1. Urban renewal of quite old city areas.
2. Construction of facilities in newly constructed colonies in past decades.

The renewal of old city areas includes the following:-

- Widening of narrow streets.
- Shifting of industrial areas.
Replacement of old and worn out sewerage/drainage pipes by new/higher capacity pipes.

Renewal of sewerage/drainage/solid waste disposal systems.

Providing sewage treatment plants etc.

The second part covers the following aspects in newly developed colonies,

- Sewerage and Solid waste management/Water supply (including desalination plants) and sanitation.
- Construction and improvement of drains/storm water drains.
- Construction/Upgradation of roads, highways/expressways.
- Parking lots/spaces on Public-Private Partnership basis.
- Development of heritage areas.
- Prevention and rehabilitation of soil erosion/landslides only in case of special category states where such problems are common, and preservation of water bodies.

**UIDSSMT**

Renewal work of the Urban Infrastructure of major towns, in the different States was undertaken in a planned manner through UIG under JNNURM in the year 2002 and in due course of time, it was perceived that implementation of the above improvement in small and medium towns too was indispensable on the same guidelines. As a result, the Urban Infrastructure Development Schemes for Small and Medium Towns (UIDSSMT), a sub mission of JNNURM was constituted and launched on 3-12-2005. It substituted the erstwhile scheme of Integrated Development of Small and Medium Towns (IDSMT) and Accelerated Urban Water Supply Programme (AUWSP).

**Duration of the scheme:**

The duration of the scheme was fixed at seven years beginning from 2005-06 for the upgradation of existing infrastructure as well as implementing afresh infrastructures in colonies in the remaining Small and Medium Towns as per 2001 census.

**Objectives of the scheme:**

GOI instituted the Mission with a viewpoint of developing colonizing comforts in urban areas and ensuring availability of fundamental comforts to urban
poor by MoUD, and improving and restructuring infrastructural facilities by executing productive and durable public assets through quality oriented services in order to promote planned unified development of cities and towns along with augmenting the Public-Private Partnership (PPP) system in the infrastructural development.

Admissible Components:

The sphere of UIDSSMT can be classified in two parts similar to UIG component, namely,

1. Urban renewal of quite old city areas
2. Construction of facilities in newly constructed colonies in past decades.

The renewal of old city areas includes the following:

- Widening of narrow streets
- Shifting of industrial areas
- Replacement of old and worn out sewerage/drainage pipes by new/higher capacity pipes
- Renewal of sewerage/drainage/solid waste disposal systems
- Providing sewage treatment plants etc.

The second part covers the following aspects in newly developed colonies,

- Sewerage and Solid waste management/Water supply (including desalination plants) and sanitation.
- Construction and improvement of drains/storm water drains.
- Construction/Up gradation of roads, highways/ expressways.
- Parking lots/spaces on Public-Private Partnership basis.
- Development of heritage areas.
- Prevention and rehabilitation of soil erosion/landslides only in case of special category states where such problems are common and preservation of water bodies.
The Government of India has launched the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), as a reform-driven, fast-track programme to ensure planned development of identified cities with focus on efficiency in urban infrastructure/service delivery mechanisms, and through community participation and enhanced accountability of ULBs/parastatal agencies towards citizens. The Sub-Mission for Urban Infrastructure and Governance component of UIDSSMT supports projects for core urban services in sub-sectors that include water supply, sewerage and sanitation, solid waste management, conservation of water bodies, drainage, roads, urban transport systems (public transport projects), urban renewal and heritage conservation. The projects submitted by the cities are approved for assistance by MoUD on the basis of review carried out by the appraisal agencies. A number of projects have been approved to date and the installment of the funds has already been released.

TPIM and Quality Assurance

The primary responsibility for quality assurance lies with implementing agencies/State Government. Third Party Inspection & Monitoring (TPIM) is done to monitor quality, and ensure physical and financial progress of project.

The above task is proposed to be accomplished by constitution of PMUs (Project Management Unit) at States level and PIUs (Project Implementation Unit) at ULB level. Presently, 17 PMUs and 41 PIUs are sanctioned for
Introduction

 constitution of PMU/PIU under UIG in whole of India. Other agencies include:-

- Independent Review and Monitoring Agencies for Projects (IRMA)
- State level agencies for Review and Monitoring of project reforms
- Reform Appraisal Agencies
- National level agencies to undertake reform appraisal on bi-annual basis

Appointme nt of IRMA

The objective of appointing an independent agency is to review and monitor the performance of the projects funded by assistance provided under the Mission through its entire lifecycle of implementation, on the basis of detailed on-site review, examination of appropriate documents and discussions with the Project Executing Agency and other key stakeholders. The inputs from the agency shall enable the PMES to report on the performance of the Project Executing Agency (PEA) with respect to the project implementation. Experts from the IRMA are expected to be optimally deployed as per the needs of individual projects. The team members of the IRMA are expected to be highly qualified in their respective areas of expertise. They are expected to have experience in similar infrastructure projects for a minimum period of 8 years.

The IRMA team should typically comprise a core team led by an experienced Team Leader. The Team Leader should have relevant project monitoring and implementation experience. The Team Leader is expected to play a key role in interface with PEA s and SLNAs; provide guidance on review methodology, and coordinate deployment of the core team and specialists. The core team should comprise professionals with specialization in public health engineering, roads and highway engineering, structures, finance and accounts. The core team should be supplemented by specialists in fields such as geo-technical engineering, traffic and transportation, procurement and contracts, urban renewal and heritage conservation, electro-mechanical and instrumentation. The core team members should be supported by the specialists in the site visits and interactions with the PEA. A local equipped coordination office shall be opened at state capital by IRMA.
Assistance from Central Government (ACA)

ACA is the contribution by Central government in total project cost. The funds would be released as far as possible in four installments by Ministry of Urban Employment and Poverty Alleviation as Additional Central Assistance (100%) Grant in respect of Central share to the State Government or its designated State level agencies. The first installment of 25% will be released on signing of the Memorandum of Agreement by the State Government/ULB/Parastatal for implementation of JNNURM projects. The balance amount of assistance shall be released, as far as possible, in three installments upon receipt of Utilisation certificates to the extent of 70% of the Central fund and also that of State/ULB/Parastatal share, and subject to achievement of milestones agreed for implementation of mandatory and optional reforms of the State and ULB level as envisaged in the Memorandum of Agreement (MoA). MoA has been signed by all JNNURM cities as a capacity building measure, to enhance the pace and quality of implementation of the Mission activities.

Disbursal mechanism

The Central grant is to be passed on as ACA (Additional Central Assistance) to the States. Here, the funds are released to the State in installments. The State further releases the fund to cities along with its share.

National Level Committee

Management of UIG will be done by MOUD, and that of UIDSSMT by Town Planning and poverty alleviation ministry, GoI. In both these ministries, Mission Directorates have been constituted under the chairmanship of Joint Secretary who will manage these projects.

Revolving Fund

In Mission, the state government may contribute towards ULB share in the form of soft loan by creating a revolving fund.

Project sanctioning mechanism

City Development Plans (CDPs) are prepared through consultative process by the cities. Projects are identified in the CDP, and for each such project DPR (Detailed Project Report) is prepared. DPR are submitted to Ministry of Urban Development (MoUD) through SLNA. Then the appraisal is carried out
by Technical Agencies. Central Sanctioning and Monitoring Committee sanctions the projects based on the above.

**Constitution of Project Management Unit (PMU) at state level BY SLNAs**

SLNAs are State Level Nodal Agencies responsible for the following:-

(i) Inviting project proposals from ULBs/Implementing agencies;

(ii) Techno-economic appraisal of the projects either through in-house expertise or by outside agencies through outsourcing;

(iii) Management of funds received from Central and State Governments;

(iv) Disbursement of the funds as per the financing pattern given in the guidelines;

(v) Furnishing of utilization certificates, in accordance with the provisions of the scheme.

To assist the SLNA in the above mentioned tasks, the Project Management Unit has been constituted comprising of experts in various fields.

**Project Implementation and Monitoring**

**Need for PMU/PIU**

Project implementation is the responsibility of ULBs/Parastatals. The target and need analysis reflected that professional capacity at ULBs is quite limited and in order to implement the objectives of the scheme professional know-how and expertise is essential. Various workshops and meetings confirmed the need for technical assistance. The limited professional capacity of the ULB staff acted as a deterrent to implementation of reforms and projects. The solution was outsourcing or insourcing staff/expertise.

PMU is an operational unit meant to provide technical support for implementation of reforms. The key task is to help in liaising with revenue, health accounts and other wings. The experts are familiar with latest developments and hence are able to bring out best practices for use in ULB functioning. They are supposed to report to designate senior officers and discuss day to day issues. The task included liaising with state government, MoUD and ULBs in different districts of the State. PIU at ULB level report to Deputy Commissioner of Nagar Nigam. PMU/PIU are involved at all stages of project from conception to completion.
Constitution of Project Implementation Unit (PIU) at Municipal Corporation level

To assist the ULB in the implementation of tasks, Project Implementation Unit has been constituted comprising of experts in various fields.

Role of PMU/PIU
- Overall strategic Support
- Technical Support
- Monitoring
- Capacity Building

Members Of PMU/PIU
1. Urban Planner/Team Leader Project Management & Procurement Specialist
2. Public Works and Public Health Engineer
3. MIS expert
4. Finance expert
5. Social Development Expert

These professionals could be for a maximum period of three years, and will be reviewed annually based on performance and outputs. Their professional fees will be maximum ₹60000 p.m. for each PMU expert and maximum ₹50000 p.m. for each PIU expert which would be reimbursable on actual basis.

Staff of PMU

In order to assist PMU in smooth functioning, the following staff may be appointed:

Computer Operator(s) @ ₹10000 p.m.
Office Assistance(s) @ ₹ 5000 p.m.

Constitution of PIUs under UIDSSMT

Similar to PMU at State level for UIG, a unit comprising of experts was to be constituted in the States/UTs. This was named as Project Implementation Unit (PIU-UIDSSMT). For this purpose, three professionals were to be hired of which one was Public Health Engineer, second municipal Finance Officer
for accounting reforms and third from among Information Technology officer, Procurement Officer, HRD officer, Environment Officer. A one time grant for office equipments not exceeding ₹3 lakh and travel expenses reimbursement as per actual was admissible. The payment of professional fees of experts would be reimbursable on actual basis.

However, purchase of vehicles, regular salary to staff, development/maintenance of websites and construction/renovation of office space are not eligible for financial support.

**Role of ULB’s**

The main purpose of ULB’s is to provide civic services and doing welfare activities for residents. ULB’s are not commercial units involved in manufacturing or trading of products and services where demand and supply factors work. The nature is that of Local Government. The resources are taxes, rent from buildings, shops, parks, parking charges, fees from Registration of births and deaths, and Slaughter houses. Other income includes e.g. Road cutting compensation, and Financial assistance from State government. Sanitation is one of the most essential services rendered by ULB’s. It includes cleaning of roads, lanes, markets, public places, sewers, drains and collection and disposal of solid waste material. For this purpose, manual system as well as cleaning equipments, trucks and loaders is used. Another important service is Street Lighting. Arrangement of lights at public places is made. Main component is cost of power. Also, replacement cost of bulbs, tubes and lamps is to be borne.

Thus, these institutions render civic services and charges are realized in the form of taxes, cess, fee etc. from public.

Thus, there is public accountability. Transparency is essential in the system so that public can know the actual cost of services to them and the amount charged from them. Besides, this is essential for assessing their financial sustainability. Many activities are welfare activities for which no direct return is available. Additionally, infrastructure development is very important which includes construction of roads, over ridges, public conveniences etc. Financial performance is an important factor in evaluation of an individual as well as of an institution.

Cost statements are major tools of measurement of financial performance.

Cost statements are required for,

- Cost ascertainment
A Study Report on Government Scheme: Financial Implications

- Cost Control
- Use for Budgetary estimates
- Decision taking
- Comparison of data with other ULB’s

The costs include tax collection, sanitation, street lighting running of schools, hospitals, maintenance of park / greeneries, cattle hospital, mela(fair) organization, cremation and burial grounds.

A Sample of Account Codes

<table>
<thead>
<tr>
<th>Account Code</th>
<th>Revenue particulars</th>
<th>Current year</th>
<th>Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1100300</td>
<td>Sewerage Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1405007</td>
<td>Garbage Collection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1405013</td>
<td>Pay and use toilets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL REVENUE</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Surplus(+)/Deficit(-)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sector wise distribution of projects

JNNURM comprises of a group of schemes viz UIG, UIDSSMT, BSUP and IHSDP. The deadline for completion of these schemes under phase –II is 31 March, 2014. The focus is on providing services to urban poor, civic amenities to people, housing to poor people to develop the cities.

Different types of projects were planned under the Mission; an indicative list is as given below. The total sanctioned projects were 552 spread over the whole of Indi., However, till date, only 146 projects have been completed. (Only one fourth of the target achieved). Maximum achievement is in the case of Roads and Flyovers where 46 out of 101 completed. The second best is water supply, where 42 projects were completed out of 157.

A Comparative of projects completed and projects sanctioned

<table>
<thead>
<tr>
<th>Sectors</th>
<th>No. of Projects Sanctioned</th>
<th>No. of Projects Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Supply</td>
<td>157</td>
<td>42</td>
</tr>
<tr>
<td>Sewerage</td>
<td>112</td>
<td>20</td>
</tr>
</tbody>
</table>
In an analysis of the same data State wise, Gujarat emerged as the leader with 40 completed projects out of 72 awarded (55%). One STATE (Uttar Pradesh) is lagging far behind with just 4 out of 33 in UIG (Source: report Directorate of Local Bodies, STATE as on 31/8/2013)

### A Comparative of projects completed and projects sanctioned State Wise

<table>
<thead>
<tr>
<th>States</th>
<th>No. of Projects Sanctioned</th>
<th>No. of Projects Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>52</td>
<td>18</td>
</tr>
<tr>
<td>Delhi</td>
<td>23</td>
<td>4</td>
</tr>
<tr>
<td>Gujarat</td>
<td>72</td>
<td>40</td>
</tr>
<tr>
<td>Karnataka</td>
<td>47</td>
<td>22</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>23</td>
<td>7</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>80</td>
<td>21</td>
</tr>
<tr>
<td>Punjab</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>48</td>
<td>12</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>33</td>
<td>4</td>
</tr>
<tr>
<td>West Bengal</td>
<td>69</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>466</strong></td>
<td><strong>146</strong></td>
</tr>
</tbody>
</table>

(Source : http://www.jnnurm.co.in)
The study focuses on these Reforms’ implementation to study the extent of implementation and significant achievements in different schemes in each of the fields viz., Sanitation (Solid Waste Management), Water Supply, Sewerage, Urban Transportation. The implementing agency being UP Jal Nigam for Water Supply and S Everettage Projects, particularly in STATE Urban Transportation is being implemented by UPSRTC. Storm water drainage at Lucknow is being executed by Lucknow Nagar Nigam. Urban sanitation policy is being adopted by State Government.

Physical Status UIG & UIDSSMT- Projects
Utter Pradesh As on 31.08.2013

<table>
<thead>
<tr>
<th>S.No</th>
<th>Description of Works</th>
<th>Unit</th>
<th>As per DPR</th>
<th>Commissioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Water Works</td>
<td>Nos.</td>
<td>7/808.70 mld</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Tube Wells (New)</td>
<td>Nos.</td>
<td>245</td>
<td>231</td>
</tr>
<tr>
<td>3</td>
<td>Tube Wells (Rebore)</td>
<td>Nos.</td>
<td>102</td>
<td>101</td>
</tr>
<tr>
<td>4</td>
<td>Rising/Feeder Main</td>
<td>Km</td>
<td>435.47</td>
<td>165.94</td>
</tr>
<tr>
<td>5</td>
<td>CWR</td>
<td>Nos.</td>
<td>176</td>
<td>29</td>
</tr>
<tr>
<td>6</td>
<td>OHT</td>
<td>Nos.</td>
<td>189</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Distribution System</td>
<td>Km</td>
<td>5121.22</td>
<td>1929.25</td>
</tr>
<tr>
<td>8</td>
<td>STP</td>
<td>Nos.</td>
<td>10(616 MLD)</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>SPS</td>
<td>Nos.</td>
<td>41</td>
<td>14</td>
</tr>
</tbody>
</table>
### Introduction

1. Trunk/Branch Sewer Km 2268.35 533.22
2. Rising Main Km 28.72 3.56
3. Drains (New & Rehabilitation) Km 168.05+231.60* =399.65 100.02+150.46* =250.48
4. Drains (Repair) Km 23.86 6.76
5. SWM Projects Nos. 7 6

### UIDSSMT

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Works Proposed in approved scheme</th>
<th>Unit</th>
<th>Quantity Proposed</th>
<th>Comm.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Intake Well</td>
<td>No.</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Water Treatment Plant</td>
<td>No.</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>TW(New)</td>
<td>No.</td>
<td>428</td>
<td>367</td>
</tr>
<tr>
<td>4</td>
<td>TW (Rebore)</td>
<td>No.</td>
<td>25</td>
<td>23</td>
</tr>
<tr>
<td>5</td>
<td>CWR</td>
<td>No.</td>
<td>46</td>
<td>36</td>
</tr>
<tr>
<td>6</td>
<td>OHT</td>
<td>No.</td>
<td>176</td>
<td>121</td>
</tr>
<tr>
<td>7</td>
<td>Rising Main</td>
<td>Km</td>
<td>233.48</td>
<td>183.8</td>
</tr>
<tr>
<td>8</td>
<td>Distribution System</td>
<td>Km</td>
<td>3540.44</td>
<td>2848.1</td>
</tr>
<tr>
<td>9</td>
<td>Pumping Plant</td>
<td>No.</td>
<td>487</td>
<td>393</td>
</tr>
</tbody>
</table>

### Sewerage

- Fund Recd. 321.191 Cr.  
- Expenditure ₹ 315.849 Cr

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Works Proposed in approved scheme</th>
<th>Unit</th>
<th>Quantity Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trunk Sewer</td>
<td>Km</td>
<td>450.15</td>
</tr>
<tr>
<td>2</td>
<td>Rising Main (Sew)</td>
<td>Km</td>
<td>17.85</td>
</tr>
<tr>
<td>3</td>
<td>Sewage Pumping Stns</td>
<td>No.</td>
<td>9</td>
</tr>
<tr>
<td>4</td>
<td>Sewage Treatment Plant</td>
<td>No.</td>
<td>6</td>
</tr>
</tbody>
</table>

### Drainage

- Fund Recd. 21.952 Cr.  
- Expenditure ₹ 20.472 Cr

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Works Proposed in approved scheme</th>
<th>Unit</th>
<th>Quantity Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Drain New</td>
<td>Km</td>
<td>13.95</td>
</tr>
<tr>
<td>2</td>
<td>Drain Remodelling</td>
<td>Km</td>
<td>7.41</td>
</tr>
<tr>
<td>3</td>
<td>Drain Rep.</td>
<td>Km</td>
<td>4.41</td>
</tr>
</tbody>
</table>
Solid Waste Management

| No. | Fund Recd. 141.827 Cr. | Expenditure ₹ 88.790 Cr. | 19 |

Road & Flyover

<table>
<thead>
<tr>
<th>No.</th>
<th>Basti Road</th>
<th>Km</th>
<th>19.791</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ghaziabad Road &amp; Flyover</td>
<td>Km</td>
<td>13.08</td>
</tr>
</tbody>
</table>

(Source: STATE Jal Nigam, H.O., Lucknow)

Solid Waste Management

Solid Waste Management is an integrated process of collection, transportation, processing and disposal of solid refuse residuals in a designated sanitary landfill. We are all aware that improper disposal of waste results in spread of diseases. Also, it causes pollution of soil, surface water as well as ground water. Solid waste generates toxic gases which can harm human life. However, the same Solid waste can also be turned into a useful resource.

MSW Rules 2000 (Municipal Solid Waste Management and Handling Rules) are aimed at standardization and enforcement of SWM practices in the urban sector. MSW comprises of 30-35% of organic fraction 3-6% recyclable 40-45 of inert material less than 1% glass and metal. (National Environmental Engineering Research Institute)

Recommendations of Honourable Supreme Court of India for Class I cities

- Organic as well as bio-degradable waste to be collected from door step.
- Provision of litterbins at common places as railway stations, market places, gardens and commercial streets.
- Regular transportation of waste.
- In order to maintain the air quality, a landfill gas control and collection system shall be installed at the site.
Introduction

- The concentration of methane gas generated at the landfill site shall not exceed 25 percent of lower explosive limit.
- Special bins to be placed and categorized according to type of waste collected. Recyclable waste to be collected in white coloured bins while other waste in black bins.

Steps to be taken

- Problem Identification
- Primary Secondary Data Collection
- Analysis
- Gap Analysis and characterisation of problem
- Privatisation aspects
- Proposed Plan

Problem Identification

1. The awareness level among the masses is quite low.
2. Present management practices are poor and need significant improvement.
3. Present infrastructure for collection, storage transportation of waste needs repairs, enhancement of capacity and up-gradation.

Quantification

Lucknow

Lucknow is the capital city. It has a population of 24.9 lacs with a slum population of about 7.2%. The area is 247.7 sq kms. Length of roads is 2907 kms. Nagar Nigam has 5000 safai karmacharis and a fleet of 152 vehicles of different types for cleaning these roads. The rag pickers community comprises of approximate 3200 involved in removing recyclable waste. In underdeveloped areas sufficient staff is not there for cleaning. Narrow streets prevent movement of dumper trucks.

There exists an Incinerator for treatment of bio-medical waste in the city.. However, waste is mostly seen in open dumps and hence disposed along with Solid Waste. Three slaughter houses and 539 authorized meat shops exist in the city, and the waste generated by them is being thrown in open.
Proposed Plan
A landfill with a life of 25 years is estimated.
Street sweeping and silt removal continue to be done by LNN existing staff.
The door to door collection of waste will be brought under PPP in a phased manner, Ward wise.
The operation of compost plant and the landfill should be brought under PPP.

Important issues to be handled
- Waste handled
- Access roads
- Embankment
- Foundation
- Aesthetic considerations
- Ground water protection
- Estimated cost of project design

Awareness tools to be utilized
- Newspapers
- Media
- Street plays/
- Billboards
- Group meetings
- Workshops
A Snapshot of Physical Progress

A Snapshot of Access roads for Lucknow SWM
Achievements under JNNURM:

- Increase of 445 MLD in Drinking Water, and 2130 Km Distribution System laid in 42 Cities.
- 604 Km. Sewer laid.
- 500 Tones per Day (TPD) of Solid Waste disposed of in Kanpur city alone.
• Property Tax realised ₹ 527.00 cr. in Yr. 2009-10 against ₹ 329.87Cr. in Yr 2006-07.
• All Reforms scheduled to be completed up to 2009-10, have been achieved.
The scheme focuses on implementation of various reforms in urban sector. Some of them have been designated as Mandatory. **A major reform is adoption of modern DEAS** (Accrual Based Double Entry Accounting System). **Governmental accounting** is an umbrella term which refers to the various accounting systems used by different public sector entities. As shown in the figure below, public sector can be further classified as Government and public Corporation. The Government may be Central Government, State Government or Local Government (comprising of Municipal Bodies, Block Level Authorities and Panchayats).

In spite of the present competitive environment, these public sector or government units have social goals, as opposed to the private sector entities where the main aim is profit. In the private sector, the budget is a tool for financial planning, but, for entities under government accounting they are supposed to demonstrate compliance in the use of resources in a budgetary context.
Government accounting refers to the field of accounting that specifically finds application in the public sector or government. A special field of accounting exists because:

1. The objectives of this accounting differ significantly from that of private sector. The generally accepted accounting practices have been developed for the private sector.

2. The usage of the results of these accounting processes is also comparatively quite different.

Moreover, the public sector or government units have access to public funds and create monopolies. Governmental accounting standards are currently being dominated by the accounting standards originally designed for the private sector. Objectives for which government entities apply accountancy can be organized in two main categories:

- **The accounting of activities for accountability purposes.**
- **Decision-making purposes.**

The governmental accounting mainly follows the system of fund accounting. A set of separate, self-balancing accounts are responsible for managing resources that are assigned to specific purposes based on regulations and limitations. A particular feature of Governmental accounting is that supplementary information must accompany financial statements, which is a comparison of the actual expenses compared to the original budget created at the beginning of the fiscal year.

Originally, in a government set up cash-based accounting system is followed where revenue is recognized when there is money available to liquidate liabilities within the current accounting period, and expenses are recognized when there is a drain on current resources. However, now there is a shift to an accrual basis of accounting, in line with the recommendations of the 12th and 13th Finance Commissions and the second Administrative Reforms Commission. The CAG guidelines for a new government accounting system aim at improving transparency and fixing the accountability.

The unique objectives of government accounting are to prepare the grounds for the usage of the **double entry accounting system**. Under the **accrual** system, transactions will be recorded at the time when economic value is created, exchanged, transferred or impaired, irrespective of whether cash is actually exchanged or not.
Accrual System

It is the recommended accounting system. Under this system, the method of treatment of transactions relating to revenue expenditure, other than employee related expenditure (those which give benefit for a short period of time), is described below.

Other revenue expense should be treated as expenditure for the period they are incurred in. However, if they are of such nature that benefit/service is likely to arise in future, they shall be treated as expenditure for the period in which benefit arises.

The portion of a bill representing accrued liability in respect of an accounting period shall be accounted for in that period's books, irrespective of the fact that it has been received in the next accounting period.

"A move from cash to accrual accounting will be a fundamental change which will help overcome the deficiencies of the present system," a Finance Ministry source can be quoted here.

"Only accrual accounting captures the full cost of services provided by the government, thereby supporting effective and efficient decision-making," it said, adding it will also fully disclose information on the assets and liabilities of the government.

Closing entries

Once the accounting figures are finalized, period-end entries are done for closure of books and opening of new books, both under the manual accounting process as well as the computerized accounting system. This will be followed by the preparation of Financial Statements.

Recognition of Assets

The present system lacks an adequate framework for accounting of assets and liabilities, depicting consumption of resources and presenting the full picture of the government's financial position at any point of time. On the other hand, accrual system has the following advantages:-

1. Effective way of tracking assets created out of public money
2. Accountability of departments for management of government assets.
3. Enforcing transparency and better monitoring of public spending.
4. Ability to accurately predict the future cost of a current financial commitment.
The proposed accounting classification structure will provide a foundation for a more robust public financial management which could be used for enforcing more transparency and effectiveness of Public delivery channels of the government. It will act as a very effective management tool for national and state governments in better planning, allocation and application of resources, and more effective monitoring. It will include preparation of a standard coding structure for all such entities, which are in recipient of public fund. Also, it will facilitate complete rationalization and reorganization of the existing account classification of list of major and minor heads of accounts.

**Approach**

**Adoption of modern DEAS**
- The Municipal Corporation has started to adopt Accrual Based Double Entry Accounting System since F.Y. 2009-10.
- As per the order of the Govt. of India, all the Nagar Nigams, Nagar Mahapalika, Nagar Palikas have to switch from single entry System of Accounting to Accrual- Based Double Entry System of Accounting.
- **User Charges**
- **Implementation of e-governance**
- **Property tax with EIS**

**Problems with Conventional Accounting System**
- Inadequate cash management
- Not proper presentation of ULB`s financial health.
- Inadequate information on usage of assets (depreciation).
- Unclear picture of assets and liabilities.

Traditionally, ULB`s budgets have been cash- based and this led to cash- based municipal accounting.

However, this system fails to meet financial reporting objectives. No distinction is made between receipts or payments on capital accounts and those on revenue accounts.
Status of Accrual Based Double Entry System of Accounting

Traditionally, accounts have been maintained on the basis of Single Entry System of Accounting. As per orders of Government of India all the Nagar Nigams, Nagar Maha Palikas Nagar Palikas have to switch from single entry System of Accounting to Accrual Based Double Entry System of Accounting. The process to adopt Accrual Based Double Entry System of Accounting began in 2009-10. As we all know that the process of switching to a new system from an old and well established system, within any organization is a very tedious job. For the successful implementation of new system, certain rules are to be followed. A very crucial rule is that a system should not stop at once. It is very essential to run old as well as new system simultaneously and compare the results obtained from both the system. Financial Year 2009-10 was selected as cut-off year for adoption of Accrual- based double entry system of accounting.

Role of Chartered Accountants in DEAS

In pursuance of the recommendations of Eleventh Finance Commission and Guidelines for the Utilization Of Local Bodies Grants issued by Ministry of finance, Department of Expenditure, GOI, Field Level Consultants FLC is expected to personally visit ULB every fortnight. He/ she has to be instrumental to:

1. Introduce an accrual system of accounting.
2. Implement improved accounting policies.
3. Use standard formats for Budget and Accounting.
5. Management Information System.

Details of role to be played by CAs at different stages

A. Inception of DEAS

- Mapping of Assets:

Valuation of fixed assets is one of the most important exercises for the preparation of Balance Sheet of any organization. Experienced members of ICAI, were involved in framing of Draft Accounting Manual. At the Municipal Corporation level, valuation of fixed assets has been done as per Guidelines.
given in Draft Accounting Manual. As per manual, details of the assets should be given department wise and location-wise, & a **Form No.-10** has been assigned for this purpose. Form no.-10 has been given to each department which were properly filled and duly signed by the competent authority of the department. Value of the Assets has been extracted from Form no.-10 by the Chartered Accountants (Field Level Consultants). These forms are continuously updated for recording the assets in the next following accounting years. The task of FLC includes:-

- To ensure that Valuation of Fixed Assets has been done as per the given guidelines in Draft Accounting Manual.
- Forms have been provided for recognition & valuation of assets.
- These Forms have been issued to relevant departments which were properly filled & duly signed by the competent authority of the departments. In this way value of the assets is provided by the management, e.g. Annexure to challan

**Sample of an annexure to challan**

<table>
<thead>
<tr>
<th>वास्तविक विभाग</th>
<th>चालू वर्ष</th>
<th>विगत वर्ष</th>
</tr>
</thead>
<tbody>
<tr>
<td>अखबार / संचार शुल्क / गलत शुल्क</td>
<td></td>
<td></td>
</tr>
<tr>
<td>सुदैवकारण शुल्क</td>
<td></td>
<td></td>
</tr>
<tr>
<td>विक्रय आय</td>
<td></td>
<td></td>
</tr>
<tr>
<td>योग:-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

➢ **Valuation of Liabilities:**

Bills of contractors & bills for purchase are recorded in the books when payment has been made to them. This process is correct in case of single entry System of Accounting but in the case of Accrual based Double Entry System of Accounting, bills should be recorded and liability for payment should be estimated as and when bill is passed for payment. So LNN has started the recording of vouchers at Real Time i.e. transactions are recorded as and when they occurred.

**B. Training**

ULB were required to nominate dedicated staff for project. Special Training to such Staff on periodical Interval basis, is to be provided by the FLC:-

(a) Training of Double entry system to groups of participants on regular intervals.
Special Training will be provided to individual participants for conversion of single entry process followed by them to double entry process.

Online Training shall be provided to staff of Municipal Corporation.

Training Module shall be provided to Municipal Corporation.

C. **Budget Formulation**

Budget is a statement of all incomes and expenses. A separate register for Loans and advances is being maintained. Here, the budget is prepared in the form of a statement showing all heads of Income and expenditure, as a comparison between current year and budgeted. Ledger scrutiny is to be done on monthly basis. All receipts / payments have to be scrutinized. FLCs have submitted Revised budget for the F.Y.2009-10 along with Budget Variance Report for the F.Y. 2009-10 as per new rules and manual. Also, FLCs have submitted Revised budget for the F.Y.2010-11 and F.Y.2011-12 as per new rules and manual.

D. **Involvement in day-to-day functioning**

**Daily procedures**
- Include balancing of Cash book,
- Physical verification of cash balance,
- Deposit of collection, both cash and cheque in the bank,
- Checking of ledger accounts with the books of original entry,
- Verification of number of receipts issued as reported by the collection office with the collection register.

**Monthly procedures**
- Bank reconciliation,
- Recording of expenditure against permanent advance,
- Compilation of closing stock details closing of ledger accounts.

**Quarterly procedures**
- Reconciliation of deposits, advances, receivables and income,
- Provisions for expenses,
- Provisions for material purchased, either no payment made or part payment made,
• Provisions for revenue expenditure, either no payment made or part payment made,
• Provisions for interest accrued but not due,
• Provisions for fixed assets purchased, either no payment made or part payment made,

Annual procedures
• Depreciation on fixed assets,
• Physical verification of stores,
• Physical verification of fixed assets,
• Transfer of funds from special funds,
• Provision for unrealized revenue,

Contribution of difference in interest to the provident fund to be contributed by ULB, and an amount equivalent to the difference shall be transferred from the Main Bank Account to PF bank Account.

➢ Voucher Entry:
All the vouchers are posted in the Tally /custom software. It was recommended that ULB should carry out parallel runs of both existing and new system of accounting till the latter gets stabilized to new software on day- to- day basis.

Printing of Cheques from Tally Software
Printing of cheques through Tally Software is underway. One very big advantage is that transactions are automatically recorded when a cheque is prepared through Tally Software. In this way, we will be able to implement recording of the payment in Real- Time i.e payments reflected in the books of Accounts as and when they are done. This creates transparency in the Accounting System. It prevents double payment because transactions can be seen from the books of Accounts when payment is made.

E. Internal Auditor and Internal controls
• All payments have been made in accordance with the law. All expenses are authorized by appropriate heads in the sanctioned budget.
• All sums due to and received by the ULB have been brought to account within the prescribed time limit.
Any material impropriety or irregularity.

**Employee related transactions**

The expenses on salaries /allowances should be recognized as and when they are due for payment. However, if the salary remains unpaid to the employees, it shall be recorded in the register.

The interest receivable on loans given to employees shall be recognized as revenue at the end of the period.

The following Internal Controls should be observed:-

- Separate pay bills should be prepared by DDO for each section.
- Consolidated Pay bill summary should be checked with that of previous month.
- Monthly reconciliation of loans and advances to employees.
- Timely remittance of various deductions from employee salary.
- Total establishment expenditure incurred should be recorded and reconciled.

**Stores**

The DEAS is the recommended accounting system for stores-related transactions. Generally, the public lighting department, workshop for vehicles and machinery repairs, health and sanitation department maintain their own stores. The following is a list of transactions normally arising in stores:-

- Receipt of EMD
- Refund of EMD
- Payment of advance to the contractor
- Delivery of material and its documentation
- Consumption of materials
- Payment to suppliers
- Adjustment of Security deposits
- Valuation of closing stock at year end

A statement for the same is to be prepared.

First category of items includes the items in respect of which the invoices/bills received from the suppliers have already been sent by the stores to the Accounts Department after processing by the stores.
Other section shall consist of the items for which the invoices/bills have not been processed as yet by the Stores.

Reconciliation shall be carried out by the Stores-in-charge to match the physical stock with the book stock and discrepancies identified shall be incorporated in the statement of Closing Stock.

The material purchased in terms of any grant or special fund shall be recorded in separate folios in the stores ledger.

**F. MIS Reporting**

MIS reports are essential for measuring the performance in a meaningful and transparent manner.

It provides information on accounting, financial and non-financial matters in an integrated manner.

These reports serve as critical inputs for any decision making. The basic data are to be maintained properly to ensure accuracy and correctness of reports. Financial performance reports Balance Sheet, Income and expenditure, Cash Flow Statements etc., Departmental performance, recovery of cost, Key performance indicators i.e. Financial Ratios, Ward level MIS. Additional reports which are appropriate may be developed.

**G. Statutory Audit of Balance Sheet:**

Statutory Auditor who is a Chartered Accountant/ firm of Chartered Accountants is appointed for the Audit of each Municipal Corporation.

**A sample of Notes on Accounts forming part of Opening Balance Sheet**

- The accounts have been prepared using historical cost convention and going concern concept, where revenue has been recognized on accrual concept.
- The opening balances of Assets, Accumulated depreciation, and the closing balances of assets have been taken as per the values provided.
- Fixed assets value has been shown at notional figure of Re 1, wherever no valuation of fixed assets has been prepared by Nagar Nigam.
- The computation of accumulated depreciation with respect to the fixed assets has not been provided to us, and hence, no depreciation has been shown in the Income & Expenditure Account.
Receipt and Payment account and Income and Expenditure account for the financial year xxxx have been prepared on the basis of annual budget provided to us and are forming part of the Balance Sheet.

The financial Statements show a surplus of income over expenditure of xxxx Lakhs before depreciation.

All capital nature grants have been shown in Balance Sheet as Capital Fund by deducting expenditure incurred out of these capital grant receipt.

All revenue grants have been taken as revenue income & shown as assigned revenues in schedule I-2 & Expenditure incurred out of these receipts shown in schedule I-15, as contribution.

However, Utilization Certificate with respect to the Capital Grants as well as Revenue Grants was not provided to us.

Security deposits from contractors and from others have been shown in schedule B-7 Deposit received.

Outstanding payments have been shown in schedule B-9 under the head Other Liabilities (Sundry Creditors).

The amount receivable with respect to the Property Tax, could not be accounted for as no information has been provided.

Other Incomes like Birth & Death Certificates, Penalty, fines etc. have been accounted for on receipt basis, from the data provided in Budget.

Cash and Bank balances are subject to reconciliation.

Balances have been regrouped and rearranged wherever necessary to make changes in the format of the Financial Statements.

### Steps to Improve Performance

1. Prepare a statement of financial indicator i.e. ratio analysis for better presentation and understanding of financial statement.

2. Training to employees to be provided. During these training sessions, confidence-building measures would have to be initiated to generate confidence among the stakeholders. Training Material shall be provided on a CD as well as hard copy to every participant.

3. Generating MIS reports for better and quick decision making.
4. Report the Budgets as per the budget codes given in the budget manual.

**Status of Work**

- Provisional Opening Balance sheets for all the UIG towns have been prepared, the process of finalizing the Opening Balance Sheets and subsequent adoption by the respective ULBs has been set in motion.

- Each Municipal Corporation has several (around 50) Bank Accounts in various Banks. Cash payment is not permitted in the organization so that all the payments are made through the banks and therefore the volume of bank transactions is very high. In the case of any irregularity, it is a very difficult and time consuming activity to trace the problem. The practice of Reconciliation of every Bank is now being followed since 2009-10. Closing of accounts for 2011 has been done. Closing of accounts for 2012 is under process. *Balance Sheet as on 31.03.2011 is ready and Balance Sheet for the Financial Year 2009-10, Opening Balance Sheet submitted for Statutory Audit. Bank Reconciliation Statements for f.y. 2009-10, 2010-11 have been completed.*

- Accounting reforms in the local bodies have gone far beyond the UIG towns. As of today, 488 local bodies out of 630 are in advanced stages of operationalizing accrual based DEAS. **By 31st March 2015, all the local bodies would migrate to Accrual Based Double Entry accounting system.**

- Municipal Accounts Manual has been prepared and approved by the State Governments and for adoption of new accounting system, Municipal Account Codes have been revised.

- The government has taken a policy decision to replace the dual code with a uniform account code for all the local bodies. This is a significant step forward in modernising the financial system of even the smaller local bodies to proactively prepare them to meet the future challenges of urban local governance. The proposed uniform *Municipal Account Code, 2011* has been prepared and in the process being presented before cabinet.
<table>
<thead>
<tr>
<th>S.No</th>
<th>ULB Reforms as per Appraisal Report</th>
<th>Current Status</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Appointment of Chartered Accountants for providing handholding and training programs.</td>
<td>Completed and advanced on-line training is in progress</td>
<td>On line training to staff is given on continuous basis so that Real-Time Accounting starts ie transactions are recorded as and when they occurred.</td>
</tr>
<tr>
<td>2</td>
<td>Whether the ULB has prepared inventory of assets and liabilities and valued assets and liabilities.</td>
<td>Completed up to 2009-10 rest is in progress</td>
<td>Valuation of inventory of Assets and liabilities is a continuous process it has been done on yearly basis.</td>
</tr>
<tr>
<td>3</td>
<td>Opening Balance Sheet as on 1.4.2009</td>
<td>Completed</td>
<td>Statutory Auditor has been appointed to audit the Balance Sheet.</td>
</tr>
<tr>
<td>4</td>
<td>Balance Sheet as on 31.3.2011</td>
<td>Completed</td>
<td>Statutory Auditor has been appointed to audit the Balance Sheet.</td>
</tr>
<tr>
<td>5</td>
<td>Whether the ULB have adopted and implemented accrual-based accounting system</td>
<td>Completed</td>
<td>There is almost 100% adoption of accrual based accounting system. Accounting at the Zonal level is yet to be made manually but still it is based on double entry system of accounting.</td>
</tr>
<tr>
<td>6</td>
<td>Whether the ULB has appointed an external auditor and</td>
<td>Done</td>
<td>Statutory Auditor has been appointed to audit the Financial</td>
</tr>
<tr>
<td></td>
<td>adopt audit of Financial Statements</td>
<td>Statements.</td>
<td></td>
</tr>
<tr>
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<td></td>
</tr>
<tr>
<td>7.</td>
<td>Whether the ULB has published audited Financial Statements</td>
<td>In progress</td>
<td>Statutory auditor has been appointed, Financial Statements shall be published along with his audit Report</td>
</tr>
<tr>
<td>8.</td>
<td>Whether the ULB has instituted internal audit/control procedure</td>
<td>In Progress</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Whether ULB has undertaken credit rating</td>
<td>Done</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Whether the ULB has installed accounting software, integrated financial management system financial Accounting system</td>
<td>In progress</td>
<td>Accounting is done in Tally software which is not completely integrated with the financial management system.</td>
</tr>
</tbody>
</table>
SUDA stands for State Urban Development Authority Constituted in STATE by G.O. 111A/11-7-90 dated 6th November 1990, for accomplishing goals under NRY and BSUP,. SUDA is registered under the Societies Act 1860. In total, 858 staff positions have been created for accomplishing the goals of various programs by SUDA. To assist SUDA, District level Urban Development Authorities have been constituted.

Reforms under Jnnurum at State Level

*State Level Mandatory Reforms*

<table>
<thead>
<tr>
<th>Reform</th>
<th>Status</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rent control</td>
<td>Achieved</td>
<td>2010-11</td>
</tr>
<tr>
<td>2. Public disclosure law</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Community participation law</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Rationalization of stamp duty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Repeal of urban ceiling and regulation act</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Implementation of 74th amendment</td>
<td>Achieved</td>
<td>2011-12</td>
</tr>
<tr>
<td>7. Integration of city planning and delivery function</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Rent Control

There are sufficient provisions under Acts prevalent in different States of India regarding the Rights and Obligations of the landlords and tenant. Provisions exist for the vacation of the premises under the tenancy, if landlord requires it in good and bonafide intention. Further, if it is occupied by other than tenant i.e., unauthorized occupant, the landlord will get benefit of release of premises in his favour under this Act.

Similar provisions exist for protection of Rights and Obligations of the Tenant. Under this Act, the landlord is bound to give receipt for the rent received by him to the tenant. Further, he is also bound to keep the building under tenancy wind-proof, water-proof and provide periodical white-washing and repairs. The tenant enjoys the Right to Tenancy unless and until evicted
by the Prescribed Authority. The Rentals are decided by "mutually agreed
rent" and are normally based on DM Circle Rates, which are revised
mandatorily after every second year or even earlier.

Public Disclosure of Information

Rules in this context have been formulated and notified.
These Rules include information regarding the,
1. Proceedings of municipality,
2. Directory of officer and employees,
3. The particulars of offices who grant concessions, permits, licenses and
provide civic amenities,
4. Audited financial statement like- receipt and expenditure accounts,
   Annual Budget and Balance Sheet,
5. The core municipal service levels provided,
6. Particular of all plans,
7. Proposed expenditure with actual expenditure and,
8. Reports on disbursement made,
9. Details of subsidy programmes and criteria of beneficiary identification,
10. Particulars of City Development Plan,
11. Particulars of major works and time of completion and,
12. All details of Municipal Funds.

Enactment of Community Participation Law

Enactment of Community Participation Law to institutionalize citizen’s
participation and introducing the concept of Area Sabhas and ward
committees in urban areas.

Urban Planning including town planning is performed by all ULBs except
Regulated Area, Development Authorities and Special Area Development
Authorities, where it is done by the concerned Development Authorities and
Regulated Areas. The Development Authorities do the planning process that
defines the land use and ULBs share the accountability at technical and
administrative level.
Slum improvement - The SUDA department was basically created to take up special projects in slum improvement and poverty alleviation. The improvement of slums and their up-gradation is one of the basic responsibilities of the local body as mentioned in the Nagar Nigam and Nagar Palika Adhiniyam. The local bodies are performing this function and budgetary allocation is made in the budget of local bodies.

Integration of City Planning and Delivery Functions has been undertaken with the objective to secure effective linkages between asset creation and asset management so that infrastructural services created are not only maintained efficiently but also become self-sustaining over time. Therefore, the legislature of the State decided as to what power and authority shall devolve on any Municipality considering the managerial, technical and financial capacities of the Municipalities at various level. The functional assignments to ULB's are influenced by existing "Institutional arrangements" , as also the roles assigned to parastatal agencies and development authorities the ULB’s are associated with in City planning function. They are assigned the prime responsibility of policy making in city planning and development, as they are active member of Advisory Council of development authority.

State level: 10 Optional reforms

2010-11 achieved

1. Revision of building bylaws for approval process
2. Revision of building bylaws for Rain Water Harvesting
3. Earmarking of development land 20-25% for EWS/LIG Category
4. Simplification of legal and procedural framework for conversion of agricultural land for non-agricultural purpose
5. Introduction of computerized process of registration
6. Bylaws on reuse of Recycled Water: Chapter 3 & 9 of National Building Code deals with Building Laws, & Recycle/Reuse of Water. Recycle of Treated Water is to be used for irrigation purpose as per NBC Part 3&9 and Technical theory of Pollution Control Board & Jal Nigam. The technique and designs of rain water harvesting/reuse of water is available on awas bandhu web-site, www.awasup.nic.in. Several seminars/work shops have been organized, the target group being teachers/house wives/school children/builders association.
7. **Administrative reforms**

8. **Structural reforms**

9. **Encouraging PUBLIC PRIVATE PARTNERSHIP (PPP)**

   Promote the undertaking of any project for supply of urban infrastructure or services; adequate provision made in the Act to make city level planned and policy for implementing PPP model in different service sectors of municipality gazette no 1231(2)LXXXIX-V-1-09-1(KA)24-2009

10. **Introduction of Property Title Certification System**

    With a view to implementing the agenda of reforms mentioned in Jawaharlal Lal Nehru Urban Renewal Mission regarding introduction of Property Title Certification in urban local bodies, it has been decided to amend the relevant State level Acts to provide for :-

    (a) defining the words ‘Property’ and the words ‘Title Certificate’
    (b) making provisions for issuing Property Title Certificate
    (c) maintenance of Property Title Register and procedure to amend it
    (d) Listing of all properties in the city
    (e) Computerization of records against ownership

**Reforms position at ULB level- An Overview**

ULB Level reforms for 2010-11, have been achieved in most of the ULB’s.

- **E-governance**
- **Accounting**
- **Internal Budget Earmarking**
- **Property Tax**
- **User Charges**
- **BSUP**

**E-governance applications (using IT, GIS, MIS)**

- Statewide integrated e-Governance applications are being developed.
- All UIG towns have developed standalone softwares and all municipal services are being rendered to the citizens through it.
PMES software is being used which is user-friendly and efficient. The data entry for MoA, DPR and CDP are completed. Review Meeting and one day training programs – PMES have been conducted. Accurate reporting through the same is being ensured.

- GIS Survey is complete.
- E-governance reforms as per the milestones committed in the MOA have been achieved.

**Migration to self assessment system of Property taxation**

1. Use GIS based system
2. Preparation of digital property maps
3. Verification of maps
4. Database creation and verification
5. User Analysis

**Human resource Development (HR)**

- A web-based Human resource Information System (PIS) has been developed which is located at the SLNA website.
- Electronic payroll management system has implemented in Nagar Nigams and large municipalities.
- Many new initiatives like biometric attendance system have been implemented.
- In monthly review meeting an interactive session of cross learning and employees grievance resolution is included at state level.
- A detailed training need assessment (TNA) was done at SLNA level in which 19 training modules have been identified for all municipal cadres, elected Corporators, municipal Chairmen etc.
- Various training programmes by DLB have been conducted at its own level and in collaboration with other training institutes like ASCI, UPAAM, RCUES, NIPFP regarding Urban Governance, 13th CFC reforms -SLB, JNNURM reforms, Accrual Based DEAS, E-governance in which a number of different municipal cadres officers/employees participated.
- Employees' career growth like promotion, ACP etc. is linked to the annual confidential report (ACR) which is integral part of governing service rules.
Apart from the cadre controlling officers, various performance measurement channels are defined like DM and divisional commissioner have been declared prescribed authority to ensure better performance by municipal cadre staff.

The tasks assigned include:-

- Capacity Development
- Assess ULB ascertain needs
- Organize training programs
- Work with sector heads to develop HR planning strategies
- Assess immediate and long term staff requirements in terms of numbers and skill levels.
- Establish HR information system and use for planning, monitoring, updating information.

Steps taken in this regard at State Level:-

1. Mass communication and Awareness Programme.
2. Conferences, Seminars and Training Programme.
3. Exposure Visits for Policy & Decisions makers to better managed cities of the country.
4. Initiative taken by GOI towards countrywide National Urban Sanitation Policy (NUSP): the State Govt. of STATE has taken off by launching of State Level Urban Sanitation Programme in the right earnest. The State Urban Sanitation Policy has been prepared & all the 13 Nagar Nigams (Municipal Corporations) of the State have been directed to prepare the City Sanitation Plan.
5. Help set up city level voluntary corps for enhancing community participation.
6. Identify and address concerns related to gender and urban poor.
7. Network with civil society and private sector and other line departments such as health education and social welfare in order to bring convergence of their schemes/ leverage their schemes with projects under UIG.
8. Render advice on all matters pertaining to social development, urban poverty alleviation on demand.
9. Monthly progress report on activities, issues and recommendations and work plan for the following month.

Conduct of Social Audit, Impact assessment And Networking programme.

Steps taken in this regard at ULB Level:-

- Assess manpower periodically
- Implementation of e-governance initiative in the city
- Computerization of Birth and death registration
- Water supply and other utility
- Computerization of Property tax
- Citizens Grievance Monitoring Cell establishment
- Building program approval procedures relaxed

Some important issues to be addressed by ULB’s:-

- Property Tax
- Accounting
- Water Supply and Other Utilities
- Birth & Death Registration
- Citizens Grievance Monitoring
- Personnel Management System
- Procurement and Monitoring of Projects
- E-Procurement
- Project/ward works
- Building Plan Approval
- Public Health Management
- Licenses
- Solid Waste Management
- Setting up of citizen interface centres like kiosks
- Completion of CDP data entry for all Mission cities
- Monitoring towns under IT Infrastructure
- Computerisation
- IT applications
- Analyzing of physical and financial status of projects
- CSMC /SLSC minutes
- FLAGSHIP program
- Website updation
- Quarterly Progress Report
- Gap in fund allocation

**Problems in coordination with the following departments**

A. Ministry of Defence
B. Forest Department
C. Ministry of Railways, Government of India.

### Activity Chart

<table>
<thead>
<tr>
<th>Activity</th>
<th>Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1   2   3   4   5   6   7   8   9   1   1   1   1   1   1</td>
</tr>
<tr>
<td>Preparatory</td>
<td>Inception meetings and Establishing contacts with ULBs</td>
</tr>
<tr>
<td></td>
<td>Placement of the Team</td>
</tr>
<tr>
<td></td>
<td>Mapping the institutional framework</td>
</tr>
<tr>
<td></td>
<td>Finalize support requirements</td>
</tr>
<tr>
<td>Phase</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Institutional Arrangements</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>time</td>
<td>Secondary data collection</td>
</tr>
<tr>
<td></td>
<td>Review of existing interventions</td>
</tr>
<tr>
<td></td>
<td>Rappind assessment of existing status.</td>
</tr>
</tbody>
</table>

| Constituion of CSP Sanitation Task Force. |
| Carry out Orientation on CSP process and methodology for Task Force and other Committees, Share Best Practices. |

<table>
<thead>
<tr>
<th>Data Collection</th>
<th>Data templates preparation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Collation</td>
<td>Baseline Data Collection/Field Surveys/Group Discussion Transect walks</td>
</tr>
<tr>
<td>---------------</td>
<td>-----------------------------------------------------------------------</td>
</tr>
<tr>
<td>Data Analysis</td>
<td>Carry out baseline data compilation on sanitation related services with a focus on rating indicators Status assessment and analysis Assessment of the requirements of the city in terms of environmental sanitation - Solid Waste</td>
</tr>
</tbody>
</table>
## A Study Report on Government Scheme: Financial Implications…

<table>
<thead>
<tr>
<th>Management, Industrial waste, Hazardous waste, Specialized Waste.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of barriers in attaining 100% sanitation (Financial, internal capacities, technical constraints). Stakeholder consultations</td>
<td></td>
</tr>
<tr>
<td><strong>Data Validation</strong></td>
<td>Data Validation workshops Draft CSPs</td>
</tr>
<tr>
<td><strong>Development and finalization</strong></td>
<td>Finalization of CSPs Carry out detailed process documentation of all</td>
</tr>
</tbody>
</table>
Urban Development – The Key Task

**Honorary Awards for Exemplary Performance:** It may be difficult for many urban areas to immediately show all-round performance in sanitation. Therefore, sites showing maximum overall improvements in a given year,
compared to their baseline situation, may also be given an award with a view to recognition of incremental efforts made.

If State strategies incorporate award schemes, many of the above categories of performers will be pre-selected from states, and sent up for the national competition.

**Funding:**

(a) The Ministry of Urban Development, Govt. of India, will fund the national rating surveys, and bear the expenses for organizing the annual national Award presentation Ceremony.

(b) Cities will utilize funds that they are eligible for, following guidelines; under the Govt. of India assisted (JNNURM-UIG/UDSSMT) State Government schemes may also supplement funds for the purpose to their cities.

(c) The Government of India will support the cities and State Governments’ efforts.

**Task Force**

*Mobilize Stakeholders:* The first step in making the cities 100% sanitized is to elevate the consciousness about sanitation in the mind of municipal agencies, government agencies and most importantly, amongst the people of the city.

Constitute a multi-stakeholder City Sanitation Task Force comprising representatives from

- Agencies directly responsible for sanitation including on-site sanitation, sewerage, water supply, solid waste, drainage, etc including the different divisions and departments of the ULB.
- Agencies indirectly involved in or impacted by sanitation conditions including representatives from the civil society, colonies, slum areas, apartment buildings, etc,
- Eminent persons and practitioners in civic affairs, health, urban poverty, and finance,
- NGOs working on water and sanitation, urban development and slums, health and environment,

Some of the elected Members of the ULB must be members of the Task Force. The Task Force should be headed by the Mayor with the executive head (e.g. Municipal commissioner) as the Convener. Cities can also choose
to appoint, as a part of the Task force, City Sanitation Ambassadors chosen from eminent people who enjoy outstanding credibility and influence amongst the city’s leadership and population. Political leadership must be involved from all political parties and persuasions so that the sanitation campaign has the full support of all stakeholders and no opposition from any group.

The Task Force should meet formally frequently (at least once in two months) in the initial stages to monitor and guide the process of planning and implementation. At a later stage, meetings and field visits can be on an as-needed basis. In some cities, the City Sanitation Task Force may divide up roles and responsibilities amongst smaller sub-committees to focus on different aspects closely while keeping the overall character of the Task Force intact.

Plan:
The purpose of this framework is to assist Urban Local Bodies, community based organizations, citizens and private sector agencies through a series of steps towards achieving the goal of 100% Sanitation in their cities. Each city will make choices based on demand and need, local context, availability of financial and human resources, and the opportunity for innovations. To assist in thinking through the challenge, core building block is outlined.

In the Master Plan, Sanitation programmes have been identified to improve overall sanitation condition in the area and reduce the open defecation practices of the community, especially for the densely populated areas of the city and slum communities. This programme, besides maintaining health & hygiene in the slum communities, will also help in reducing pollution load on the river Ganga. Sanitation is one of the serious development challenges and is appropriately included in all the major development programmes of Government of India (GOI).

Despite programmes and interventions by Government of India (GOI), of the 5161 urban areas in the country only about 300 urban areas have sewerage networks with varying coverage between 20-50% of the urban area. Only 21% of the waste water generated is treated and 80% pollution of surface water is due to municipal sewage only.

For the sustainability of the Sanitation program various public participation methods should be used to bring out behavioural change among citizens towards hygienic and safe sanitation practices. Public awareness programmes should be designed to create an enabling environment for citizens to address their needs and sustain changes in personal, domestic
environmental hygiene and sanitation. Suggested public awareness programme has been divided into three phases- pre-construction, construction and post-construction. Programmes include awareness camps, orientation and training programme, folk theatre and organizing women in the community into watch-groups to monitor construction and general sanitary conditions in and around the City.

**Approach:**

These include quantifiable sample survey, focus groups, individual interviews, in depth case studies, reanalysis of data from past research, available statistical/demographic information, participatory processes such as stakeholder workshops, needs assessments etc. The choice of techniques was based on the local circumstances of the study, nature of topic, financial resources and time available. A combination of research tools applied for the study includes – transact walk, social mapping, interview schedule and focus group.

**Methodology:**

The methodology for the study involves following phases:

**Phase I: Problem Identification and Process Formulation**

1. **Identification of different stakeholders**
   - **Public Sector Undertakings**
     - (a) Urban Local Bodies Nagar Nigam
     - (b) Uttar Pradesh Jal Sansthan (UPJS)
     - (c) Uttar Pradesh Jal Nigam (UPJN)
     - (d) District Urban Development Authority (DUDA)
   - **Community**
     - (a) Community Leaders;
     - (b) Neighbourhood Groups;
     - (c) Community Based Organizations;
     - (d) Local Educational Institutions;
     - (e) Respondents
   - **Non-Governmental Organizations**
2. **Selection of Study Area**

(a) The study areas were selected after taking an overview of project, discussions with different stakeholders, and finalized after the Project inception Meeting.

(b) Study tools design

Necessary Study tools were designed based on the inputs received from the different stake-holding agencies. Study tools used for the project include Discussion Guides/Data Collection Format (DCF), Interview, House Hold Survey etc.

**Phase II: Data Collection and Analysis:**

Relevant primary and secondary information was collected using various study tools mentioned above. Discussion guides were prepared to interact with the officials of ANN, UPJN, and UPJS.

(a) Secondary Information Collected

(b) Primary Data Collected

(c) Interview Schedule Survey

(d) Transect

(e) Mapping

(f) Focus group Discussion

(g) Workshop

**Data elicitation methods used:**

- Questionnaire
- Personal interview
- Published Literature
- Use of Website and other online resources
- Data collection from implementing agencies
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Data Flow Diagram of Activities

- Comparison of expected/budgeted outcomes/targets with actual achievements.
- To document the status of work executed by FLC (Field Level Consultant) Chartered Accountants who were appointed to assist in implementation of project.
- Physical status obtained with UP Jal Nigam with 46 cities under UIDSSMST and 7 cities under UI&G.
- Focus on Quantitative research as well as Qualitative research.
Pending projects have been sorted out and reasons for the delay are to be ascertained, and possibilities of their completion in Mission period to be explored.

Data elicitation methods used: -

- Questionnaire
- Personal interview
- Published Literature
- Use of Website and other online resources.
- Data collection from implementing agencies

All the findings have been listed as well as analyzed using statistical techniques.

Analysis of Existing Facilities

The purpose of this analysis is to ensure that all the main aspects of the existing facilities in the city are reviewed when considering the scope or priorities of the new project. This analysis included review of the physical facilities, the comments of the users and those without facilities, and a review of the institution or institutions responsible for the facilities. The questionnaire for the utility/local government and for the consumer provided the answers. Top priority projects, and which can be implemented over the longer term, are:

Physical Facilities

- Is on-site sanitation working?
- Is it acceptable to people?
- Is it properly designed and constructed and maintained?
- What is the overall coverage?
- Is de-sludging adequate?
- Are the facilities replicable elsewhere?

Seepage Collection and Treatment

- Extent of services?
- What is the cost?
- Where is the sludge taken?
- Is there treatment of sludge?
Sewerage and Open Drains
- What is the length, sizes, age, condition and location of sewers?
- Number of sewer connections?
- How much is this increasing every year?

Treatment Plants and Outfall
- Number, location and capacity of treatment plants?
- Number of pumping stations?
- Are they all working? If not, why?

Schools & Public Places
What is the coverage with sanitation facilities?
What is the quality of these services?

People’s Comments
Existing System – Is it working?
What are the problems? How to do better?

Institutional Arrangement Staffing, Organization & Competence
- What is wrong?
- What can be done to correct it?
- Does the institution have autonomy to manage its own affairs?

This analysis must answer the questions of what existing facilities or services can be improved and where new options are needed.

Current scenario
With passage of time difference between villages and cities has narrowed quite drastically. However, in the minds of our politicians the gap still remains. According to them, India is a land of villages and voters from rural areas will essentially support them to form a Government, though for 40 years since independence, no weightage was given to development of cities. In the year 1993, 74th amendment on ULBs first considered urban development. Reason: ministers are concerned with a period of 5 years only. Officials are worried for a period of 3 years only. However, no decisions were taken for 50 years for betterment of the lives of future generations.

Just half an hour of rainfall is sufficient to cause water flooding in main areas of the city, be it Kanpur, Varanasi or Patna. At some places, the groundwater level has fallen below 300 feet. Local Bodies still operate in the fashion of
British rule. No genie will come to rescue our troubles. Unless, we the citizens of India wake up and raise our voice, Sustainable Development is not possible.

Mayor Dinesh Sharma, LMC once said, “Look how Gujarat and Maharashtra have utilized the funds for development. They have been successful because their corporations have prepared project reports and implemented them unlike in UP where an agency is hired to prepare projects and a different agency is given the work of execution.” LMC officials admitted that they are worried because JNNURM II is just about to begin. “The problem here is that we are not carrying out our construction work. LMC is just the nodal agency while all the work is performed by Jal Nigam, which never listens to the corporation,” said an official. LMC officials said, “Currently, due to rains the work has been stopped totally. About 60% work on the 400-km storm water drains has been completed so far. It's difficult to complete the work by December because of various reasons like lack of coordination between various civic departments like Jal Nigam, which is executing the projects.”

Unhappy with the progress, urban development minister Mr. Azam Khan on Tuesday ordered closure of various schemes run under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in Uttar Pradesh. (Hindustan Daily, 1st Sept, 2013.)

Mr. Khan, who chaired the review meeting of the department of urban development, made it clear that a violation of deadline of December 31, 2013 would lead to “strict action”. He followed up his warning by ordering suspension of Mr. Anoop Kumar Saxena, the Allahabad based project manager and superintending engineer of Jal Nigam after he failed to explain the delay in sewerage work in Allahabad.

Around 40% of the state capital’s storm water drainage and sewer laying projects are still incomplete and the Municipal Corporation is likely to miss the extended deadline for the JNNURM projects. The deadline for the completion of these schemes under the phase II of JNNURM is March 2014. Drainage project is being implemented by Municipal Corporation. The drain was built from Rajajipuram (C- Block) to Haider Canal (300 m length) and almost ₹20 lakhs were spent. The work which was just completed 20 days back, sank due to heavy rains. The prime reason that came to light was that the foundation was not strong enough. Moreover the quality of material used was also poor.

Solid waste management project is being implemented by C& DS, a unit of Jal Nigam. Strict inspection was done by Principal Secretary MoUD, and instructions were issued that project must be completed by 31st December 2013. However, till date work phase is slow.
The slum dwellers are in a pathetic condition. There are not enough toilets in the slums. There is not enough water. All the families share a single water tap, with water flowing for around 10 hours a day, but only enough for each to fill a bucket or two. The heat is unbearable. Seeing no option, the dwellers began power thefts to light up and air the shanties. 850-odd slum dwellers listed in the list of beneficiaries under BSUP-JNNURM will be shifted to flats constructed for them.

A Comparative of projects completed and projects sanctioned UI&G, UIDSSMT

<table>
<thead>
<tr>
<th>UI&amp;G (7 Mission Towns-33 Projects)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total No of Projects Completed</strong></td>
<td>4</td>
</tr>
<tr>
<td><strong>No of Projects likely to be completed till Sept 2013</strong></td>
<td>Nil</td>
</tr>
<tr>
<td><strong>No of Projects likely to be completed till Dec 2013</strong></td>
<td>29</td>
</tr>
<tr>
<td><strong>No of Projects likely to be completed till March 2014</strong></td>
<td>Nil</td>
</tr>
<tr>
<td><strong>No of Projects having Physical Progress between 90-99 %</strong></td>
<td>9</td>
</tr>
<tr>
<td><strong>No of Projects having Physical Progress between 75-89 %</strong></td>
<td>10</td>
</tr>
<tr>
<td><strong>No of Projects having Physical Progress between 50-74 %</strong></td>
<td>8</td>
</tr>
<tr>
<td><strong>No of Projects having Physical Progress below 50 %</strong></td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UIDSSMT (46 Towns-64 Projects)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total No of Projects Completed</strong></td>
<td>37</td>
</tr>
<tr>
<td><strong>No of Projects likely to be completed till Sept 2013</strong></td>
<td>6</td>
</tr>
<tr>
<td><strong>No of Projects likely to be completed till Dec 2013</strong></td>
<td>21</td>
</tr>
<tr>
<td><strong>No of Projects likely to be completed till March 2014</strong></td>
<td>Nil</td>
</tr>
<tr>
<td><strong>No of Projects having Physical Progress between 90-99 %</strong></td>
<td>5</td>
</tr>
<tr>
<td><strong>No of Projects having Physical Progress between 75-89 %</strong></td>
<td>7</td>
</tr>
<tr>
<td><strong>No of Projects having Physical Progress between 50-74 %</strong></td>
<td>8</td>
</tr>
<tr>
<td><strong>No of Projects having Physical Progress below 50 %</strong></td>
<td>8</td>
</tr>
</tbody>
</table>

(Source: MPR submitted to Ministry of Urban Development, U.P.)
Integrated Housing and Slum Development Programme (IHSDP)

This scheme has been started by combining the presently run WAMBAY and NSDP schemes. Against this, the Centre will distribute funds in the ratio of population of slums in the country compared to that in the States.

The Integrated Housing and Slum Development Programme targets the poor living conditions of slums and clusters in cities and mofussil towns and attempts to improve the housing stock and basic infrastructure and coverage of service delivery to the poor. The programme runs on a project mode.

The financing pattern is in the ratio of 80:20 by Central and State Governments. Beneficiary share (12% for General and 10% for SC/ST) is stipulated for beneficiaries of housing projects. Out of 20% State share, the balance fund after deducting beneficiary share will be borne equally by the ULB and State (Maximum state share is 10% of the total Project Cost).

The components for assistance under IHSDP include all slum development/up-gradation/relocation projects including new house construction/up-gradation of houses and infrastructural facilities. Components under IHSDP are:

- Provision of shelter including up-gradation & construction of new houses.
- Provision of community toilets.
- Provision of physical amenities like water supply, storm water drains, community bath, widening and paving of existing lanes, sewers, community toilets, street light etc.
- Community infrastructure and social amenities like provisions of community centers to be used for pre-school education, non-formal education, Adult education, recreational activities, and Community Primary Health care centre Buildings.
- Provision of Model demonstration projects.
- Slum improvement and rehabilitation projects.
The programme includes development of residences/sites and services on affordable value for low income groups and the poor.

**Basic Services to Urban Poor (BSUP)**

The ever increasing number of slum dwellers causes tremendous pressure on urban basic services and infrastructure. In order to cope with massive problems that have emerged as a result of rapid urban growth, the Government of India launched this project in selected cities on mission mode. This sub mission is concerned with providing basic facilities to the poor residing in selected cities. For this purpose the following steps were to be taken:-

- Cities to prepare Detailed Project Reports for undertaking projects under identified areas.
- The main thrust of the sub-Mission of Basic Services to the Urban Poor will be on integrated development of slums through projects for providing shelter, basic services and other related civic amenities with a view to providing utilities to the urban poor.

The following **components** shall be admissible:

- Integrated development of slums, i.e. housing and development of infrastructure projects in the slums in the identified cities.
- Projects involving development/improvement/maintenance of basic services to the urban poor.
- Slum improvement and rehabilitation projects
- Projects of water supply/sewerage/drainage, community toilets/baths etc.
- Houses at affordable costs for slum dwellers/urban poor/EWS/UG categories.
- Construction and improvement of drains/storm water drains.
- Environmental improvement of slums and solid waste management.
- Street lighting
- Civic amenities, like, community halls, child care centers, etc.
- Operation and maintenance of assets created under this component.
- Convergence of health, education and social security schemes for the urban poor.
Projects pertaining to the power, telecom, wage employment programme and creation of fresh employment opportunities will not be considered.

- The Central Sanctioning & Monitoring Committee in the Ministry of Urban Employment & Poverty Alleviation will sanction the projects submitted by identified States.
- The Level Steering Committee will decide projects and their priorities for inclusion in the National Urban Renewal Mission Programme.

Central Assistance

- Central assistance would be the maximum assistance available under JNNURM. The Central assistance provided under the Mission can be used to leverage market capital, if and where required.

**Classification of Central Assistance**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Central Aid Fund (%)</th>
<th>State/Local Body/beneficiaries (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cities above 40 lacs population</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Cities in between 10-40 lacs population</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Other cities</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>North East States</td>
<td>90</td>
<td>10</td>
</tr>
</tbody>
</table>

- Housing should not be provided free to the beneficiaries by the State Government. A minimum of 12% beneficiary contribution should be stipulated, which in the case of SC/ST/BC/OBC/PH and other weaker sections shall be 10%.

To provide basic services to urban poor various state initiatives are taken such as:

- **Manyawar Shri Kanshiram Ji Shahari Garib Awas Yojana** has been launched with the objective to provide access to approved and affordable housing to BPL families in urban areas with in-house basic services that will allow them to live as legitimate citizens.

- **Sarvjan Hitay Shahari Garib Awas Malikana Haq Yojana** was launched to provide ownership rights to the urban poor who were living in houses built on unauthorised government land.
Manyawar Shri Kanshiram Ji Dalit Basti Samgra Vikas Yojana

It is an umbrella scheme launched for all-round planned and time-bound development of all basic infrastructural facilities in slum areas. The main components of this scheme are housing, water supply, sewerage, drainage, health services, employment generation, electrification, CC road and sanitation. The various schemes of urban poor would be integrated in this programme.

The ULBs are made to ensure 20-25% internal earmarking of budget for upgraded development of basic civic amenities in slum areas. The online data called for review at state level. Other steps include:-

(a) Conduct of household level survey covering all poor settlements
(b) Creation of database
(c) Ranking and prioritization of cluster of urban poor settlement

Urban Transport

Under JNNURM, financial assistance is being provided for urban transport also. This sector demanded particular consideration, since as population grew, public transport services became inadequate for it. The growing road pollution also contributed to the problems of commuters. The cabinet committee on economic affairs has approved the funding for procurement of up to 10,000 buses and ancillary infrastructure for urban transport under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for all cities/towns/urban agglomerations (UAs) with special emphasis on hilly states. The statement issued by the union government states that the total approximate project cost is ₹6,300 crore and the total estimated additional central assistance (ACA) is about ₹4,450 crore. The funding will improve urban services, particularly urban transport which is the engine of growth in cities and towns. Sanctioning of ancillary infrastructure projects including construction/upgrade of depots/terminals/stations/control centers, intelligent transport management systems (ITS) which was not sanctioned in the earlier bus funding programme is included in this programme. Earmarking of at least 20% of the total ACA and a minimum of 2,000 buses for the hill states including the northeastern states, Jammu and Kashmir, Himachal Pradesh and Uttarakhand is included. However if these states are not able to complete the placement of orders and complete other requisite processes by 31.01.2014, the un-utilized allocation would be redistributed in the month of February/March, 2014. The financial support as ACA for ancillary
infrastructure components under this programme would be a maximum of ₹20 crore for cities with million-plus population and ₹ one crore and above for smaller cities. There will be no state-wise allocation and the funds will be allocated on the basis of their needs, capacity and preparedness. *(The Times of India, Pune)*

In STATE, the project is being implemented by UPSRTC. The current position according to IA can be summarized in tabular form as below (as on 31/8/2013).

**A Comparative of Urban transport project**

<table>
<thead>
<tr>
<th>BRTS (7 Mission Towns-7 Projects)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sanctioned Cost of Projects</strong></td>
</tr>
<tr>
<td><strong>Provision of Buses for all Mission Towns</strong></td>
</tr>
<tr>
<td><strong>Nos. of Buses Received</strong></td>
</tr>
<tr>
<td><strong>ACA released since beginning</strong></td>
</tr>
<tr>
<td><strong>Total amount released to IA</strong></td>
</tr>
<tr>
<td><strong>Total Utilization</strong></td>
</tr>
</tbody>
</table>

A detailed analysis of the Urban Transport in STATE revealed the following:-

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>City</th>
<th>Cost</th>
<th>Provision of Buses</th>
<th>No. of Buses received</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agra</td>
<td>5715.08</td>
<td>200</td>
<td>170</td>
</tr>
<tr>
<td>2</td>
<td>Allahabad</td>
<td>3189.92</td>
<td>150</td>
<td>130</td>
</tr>
<tr>
<td>3</td>
<td>Kanpur</td>
<td>7655.59</td>
<td>300</td>
<td>270</td>
</tr>
<tr>
<td>4</td>
<td>Lucknow</td>
<td>8790.58</td>
<td>300</td>
<td>260</td>
</tr>
<tr>
<td>5</td>
<td>Mathura</td>
<td>825.4</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>6</td>
<td>Meerut</td>
<td>3407.99</td>
<td>150</td>
<td>120</td>
</tr>
<tr>
<td>7</td>
<td>Varanasi</td>
<td>3105.02</td>
<td>150</td>
<td>130</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>32689.58</strong></td>
<td><strong>1310</strong></td>
<td><strong>1140</strong></td>
</tr>
</tbody>
</table>

*(Source: Data collected from UPSRTC)*

The overall position of urban transport is quite satisfactory. Mathura city is the leader where 100% buses are plying on the roads. The achievement for the state of UP as a whole is 87%. The low floor buses have complied with the norms laid down by the Government, in terms of Logo display even.
Community Participation Fund (CPF) Position

This is an ancillary scheme of JNNURM. Only one city, Kanpur, in U.P. has opted for this scheme, and six projects were sanctioned by Central Government, to contribute 90% of the approved cost of ₹59 Cr. Already ACA of ₹54 Cr has been released, and an expenditure amounting to ₹58.63 Cr has been incurred by executing NGO.

The names of the six projects are as follows:

(a) Day Care Centre (Mamta ki Chaon)
(b) Creche (Anchal)
(c) Community Water Centre
(d) Community Communication Centre
(e) Ayush Health Centre (For men)
(f) Ayush Health Centre (For women)

Of the above listed projects, first four are complete while those listed at serial number 5 and 6 are also nearing completion, as per data by Kanpur Nagar Nigam on 31/8/2013.
JNNURM is a reform-driven scheme for urban population. Urban population accounts for 28% of Indian population (As per census 2011). ULB availing funds under this scheme are bound to carry out administrative and financial reforms for improving their performance within the mission period now extended up to 2014. JNNURM is guided by a National Steering group chaired by Urban Development Minister and co-chaired by the minister of State for Urban Employment and Poverty Alleviation.

The ULBs were required to perform their roles and responsibilities in an effective and efficient manner. They include professionals with adequate knowledge and competence, and well-functioning organizations with conducive, legal and institutional framework. All these will improve the efficiency and effectiveness in the delivery of services to the citizens by the ULBs.

ULB had to ensure that at the end of Mission period, all urban services and governance functions invariably include the following:-

- Implementation of modern and transparent budgeting, accounting and financial management systems.
- City wide framework is duly operational.
- Services are available to urban poor people.
- Financially, self-sustaining agencies are established for urban governance and service delivery through reforms in major revenue instruments.
- In core functions of ULBs for reduced cost and time of service delivery processes, e-governance applications are introduced.

However, the performance of Government agencies which have been assigned the task of implementing the projects under the mission is not up to the mark. Indeed, the scheme makers should walk on real earth to know the reality of the land. An analysis of budget for a Nagar Nigam was carried out, by comparing current year projected expenses to last year's expenses. It was observed that increase up to 300% had been shown in expenses; however, no improvement in services has been observed, for example, in case of Repairs and maintenance, Toilet and garbage bins, Poles, street lighting.
Another anomaly has been observed where a sum of ₹50 lakhs has been earmarked for Repair of hand pulled carts, but this sum of ₹50 lakhs has been allocated for Purchase of JCB/bulldozer. An amount of ₹50 lakhs is too much for repairing hand pulled carts, while it is too too little for purchase of JCB/bulldozer. To further illustrate this, under UIDSSMT 46 towns covered in the state of UP in which 64 projects, that will cost ₹ 1158.05 Crores, have been sanctioned. Of this, 80% of the cost is to be contributed by Central government, 10% by State government, and remaining by 10% ULB. The Central government has already released ₹ 840.08 Crores against a commitment of ₹ 926.44 Crores. Still only, 37 projects have been completed and nearly 27 projects are pending completion till 31st Aug, 2013 in state. As a result of slow progress of the projects, NIL ACA has been released by the Central government during financial year 2013-14.

Good initiatives are being taken at Central Level, the latest being introduction of on-line data entry package at ULB level for Accounting. But the implementation of the same appears to be a distant task. One of the basic challenges is the capacity building challenge which is created by lack of human resource, optimal manpower and professional expertise. The steps to be taken include:-

- Scaling up Capacity of training institutes,
- Improving Institutional set up,
- Data consolidation,
- Business Process Reengineering,
- Demarcation of responsibilities between ULB and parastatal agencies,
- Adequate training to existing staff.

Adequate provisions have been made for capacity building in the Mission itself. Under IEC a provision of 5% of the central grant or actual expenses, whichever is less, has been kept for sanction to cities covered under the Mission. A toolkit is provided explaining the allocation of funds, as well as procedure for fund utilization. It is divided into four parts.

At the time of revising the cost of an existing project, the following points should be considered:-

- Crux of in-depth analysis and interpretation,
- Revised Scope of the project,
- Utilisation of funds disbursed so far,
- Relevance of the project.
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Visits to:
1. Directorate of Local Bodies, Uttar Pradesh, 8th Floor, Indira Bhavan,
2. Head Office, Nagar Nigam, Lalbagh,
3. Head office, UPJN, Hazratganj, Lucknow
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