

# **Executive Summary**

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### Introduction

Uttarakhand witnessed a devastating natural disaster during 15 to 17 June 2013 in the form of cloud bursts and heavy to very heavy rainfall in most parts of the higher reaches of Himalayas. This unprecedented rainfall resulted in flash floods and landslides at various locations and caused widespread damage to life and property. Performance Audit on Reconstruction of Infrastructure Post 2013 Disaster in Uttarakhand was undertaken to assess the efforts of the State machinery in restoring damaged infrastructure and in executing reconstruction works after the disaster. Money value of audit observations is ₹ 642.83 crore which is 38.23 *per cent* of total money value of works audited (₹ 1,681.52 crore).

A Medium and Long Term Reconstruction (MLTR) package of ₹ 6,259.84 crore was funded by the Government of India (GoI), Asian Development Bank (ADB), World Bank, and Government of Uttarakhand (GoU) under five different sources of funding namely- Special Plan Assistance (SPA-Reconstruction) (₹ 1,100 crore), Centrally Sponsored Schemes (CSS-R) (₹ 2,135.41 crore), Central Plan (₹ 50 crore), Externally Aided Projects (EAPs) (₹ 2,700 crore), and National/State Disaster Response Fund (NDRF/SDRF) (₹ 274.43 crore).

The overall financial position of the sanctioned funds, funds actually received under MLTR package and expenditure incurred by the State was as per details given below:

**Overall financial position (as on 31 March, 2018) (₹ in crore)**

Source of funding	Approved outlay			Funds released			Expenditure
	GoI Share	State share	Total	GoI share	State share	Total	
Special Plan Assistance	1,100.00	0	1,100.00	1,099.30	-	1,099.30	688.35
Assistance under CSSs	1,709.03	426.38	2,135.41	215.89	567.19	783.08	718.10
Central Plan Assistance	50.00	0	50.00	0	-	0	0.00
NDRF/SDRF (90:10)	246.99	27.44	274.43	246.99	27.44	274.43	NA
<b>Externally Aided Projects</b>							
ADB funded UEAP (200 million US\$)*			1,200.00	-	-	1,141.43	1,125.38
WB funded UDRP (250 million US\$)			1,500.00	-	-	1,319.03	1,176.44
<b>Total</b>			<b>6,259.84</b>			<b>4,617.27</b>	<b>3,708.27</b>

\* The loan was subsequently revised to US\$ 185 million (May 2017)

Source: Information provided by the respective departments of the GoU.

2,359 number of works of nine sectors of the State Government were sanctioned under MLTR package; out of which, 1,769 works (75 *per cent*) were completed, 514 (22 *per cent*) were in progress as on stipulated date of completion (31-03-2017 for SPA-R/CSS-R/ADB funded works and 31-12-2017 for World Bank funded works) and the balance 76 (3 *per cent*) were yet to be taken up. However, during the period 1 April 2017 to 31 March 2018 the status of completion improved and number of completed works went up to 2,066 in March 2018 which accounts for 87 *per cent* of total works sanctioned under MLTR.

The position of these works as on 31 March 2018 was as under:

Source of Fund	Sanctioned works	Completed	In progress	Unstarted
SPA-R	944	863	64	17
CSS-R	960	840	109	11
ADB funded Uttarakhand Emergency Assistance Project (UEAP)	172	162	10	0
World Bank funded Uttarakhand Disaster Recovery Project (UDRP)	283	201	73	09
<b>Total</b>	<b>2,359</b>	<b>2,066 (87%)</b>	<b>256 (11%)</b>	<b>37 (2%)</b>

### **Key facts and principal audit findings**

#### **Management of Funds**

- Against agreed GOI outlay of ₹ 1,709.03 crore for centrally sponsored schemes, the State could avail only an amount of ₹ 215.89 crore. Against the approved State share of ₹ 426.38 crore, the State released and utilized ₹ 567.19 crore.

**(Para- 2.2.1)**

- Under SPA-R Government of India released its entire share of ₹ 455.09 crore out of sanctioned amount of ₹ 455.09 crore for reconstruction/restoration works of Kedarnath township, development of other Dhams, construction of ropeway between Gaurikund and Kedarnath, restoration of Kedarnath shrine and construction of Shelter-cum-Godowns at certain strategic locations in remote hilly districts. However Government of Uttarakhand (GoU) did not contribute its share of ₹ 69.91 crore and further did not issue administrative and financial sanctions for ₹ 107.92 crore. Further, there was diversion of funds released by GOI. This resulted in several tourist infrastructure and facilities not being created in the State.

**(Para- 2.2.2)**

- Due to non-submission of viable proposals by the State Government to the GoI, the State machinery failed to avail approved outlay of ₹ 246 crore under the MLTR package. As a result, Environment Research and Training Centre which was to be financed from Central Plan could not be set up. Also, tourism infrastructure projects and projects for improving disaster preparedness of the State through construction of heliports, helipads, helidromes and Multi-purpose halls cum shelters under UEAP could not be taken up.

**(Para- 2.2.3)**

- An amount of ₹ 294.64 crore, which stood at 6.38 *per cent* of the MLTR releases (₹ 4,617.27 crore) under various funding sources, were diverted for execution of unplanned works.

**(Para- 2.2.4)**

- Saving/unspent balances amounting to ₹ 30.62 crore of GoI funds received under SPA-R and SDRF remained blocked with Project Implementing Agencies/Units (PIAs/PIUs) and were not refunded to GoI.

**(Para- 2.2.5)**

- Management of contracts for execution of Roads & Bridges, Civil Aviation (funded by the externally aided programmes) and Flood Protection works (funded under

CSS-R) was found deficient resulting in unjustified/additional/excess expenditure of ₹ 9.03 crore.

(Para- 2.2.6)

- Undue benefit of ₹ 5.96 crore was given by the PIUs to the contractors through overpayments (₹ 1.55 crore), non-levy of liquidated damages as per terms/conditions of the agreements (₹ 4.25 crore), and non-deduction of labour cess from the bills (₹ 0.16 crore).

(Para- 2.2.7)

- The State Government created an avoidable interest liability of ₹ 19.88 crore due to not surrendering the unutilised amount of SPA-R funds of ₹ 274.29 crore out of ₹ 1,100 crore to the GoI and not utilizing an amount of ₹ 373.50 crore out of total Asian Development Bank loan of ₹ 1,110 crore as per schedule of agreement.

(Para- 2.2.8)

- Project Implementing Agencies/offices submitted inflated UCs amounting to ₹ 61.64 crore to the GoU/GoI against actual expenditure of ₹ 33.94 crore.

(Para- 2.2.10)

## **Planning and Implementation**

Sector wise audit observations on deficiencies in planning and execution of works are enumerated below:

### ***Roads, Bridges and Trek Routes***

Roads are the lifelines of the State as about 90 *per cent* of passengers and goods in the State of Uttarakhand move by road. Around 8,908.78 km roads, 85 motor bridges, 140 bridle bridges; and connectivity to about 4200 villages were affected by the disaster. The State Government, in its proposal (September 2013) to the GoI, demanded ₹ 3,456.80 crore for this sector against which an outlay of ₹ 2,108.49 crore was approved under the Medium and Long Term Reconstruction (MLTR) package. Under SPA-R, UEAP and UDRP, 7,290 km of roads and 170 bridges were to be covered.

### ***Planning issues***

- The MLTR package was meant only for those works which were related to 2013 disaster. However, out of 525 works of roads and bridges, 119 road works and 14 bridges costing ₹ 96.08 crore were included in the approved list of SPA-R which were not related to damages caused by June 2013 disaster.

(Para- 3.2.1.1)

- 73 road works costing ₹ 37.99 crore which were included in the sanctioned list of SPA-R also featured under other sources of funding and were cancelled after incurring an expenditure of ₹ 1.25 crore. In lieu of the cancelled works and to adjust the savings of other SPA-R works, 123 works (117 roads and 6 bridges) costing ₹ 72.05 crore were sanctioned subsequently (2015 & 2016) under SPA-R without approval of GoI.

(Para- 3.2.1.1)

- Same works were taken up more than once with multiple sources of funding resulting in avoidable expenditure of ₹ 5.52 crore. This indicated that quality controls were not adequately applied and adhered to when the original works were carried out.

**(Para- 3.2.1.2)**

- Out of 169 detailed project reports of roads/bridges prepared at a cost of ₹ 14.26 crore, 98 detailed project reports costing ₹ 5.81 crore remained unutilised due to non-sanction of works by the High Powered Committee.

**(Para- 3.2.1.3)**

### ***Implementation issues***

- Against 2,400 km State Highways/Major District Roads/Uttarakhand State Road Improvement Programme roads and 16 Bridges identified as damaged by the disaster, the Project Implementation Unit-Roads & Bridges (PIU-R&B) [Uttarakhand Emergency Assistance Project (UEAP)] took up the reconstruction works for only 1,968.11 km (82 *per cent*) roads and no bridge work was taken up. Similarly, the reconstruction works were taken up for only 1,711.49 km of Other District Roads (ODRs) & Village Roads (VRs) (36 *per cent*) and 25 Bridges (18 *per cent*) by the PIU-R&B [Uttarakhand Disaster Recovery Project (UDRP)] against total identified damaged road length of 4,715 km ODRs/VRs/Bridle roads and 140 number of bridges. The short coverage of the identified damaged works (Roads: 48 *per cent* and Bridges: 84 *per cent*) under these two Externally Aided Projects was due to exhaustion of earmarked funds because of execution of unplanned/inadmissible works, overestimation of works, excess expenditure due to deficient contract management and large variations in execution of works. There was no shortfall in coverage of SPA-R funded roads.

**(Para- 3.2.2.5)**

- While the PIU (R&B) UEAP completed all the 110 stipulated works by March 2018, the PIU (R&B) UDRP could complete only 187 works (71 *per cent*) out of total 262 works up to March, 2018. The territorial division of PWD could complete 499 (95 *per cent*) out of 525 SPA-R funded works by March, 2018 which were scheduled to be completed by March, 2017.

**(Para- 3.2.2.1)**

- Non-adherence of departmental provisions/standing orders/technical specifications resulted in an extra/avoidable expenditure of ₹ 58.52 crore in 28 road and five bridge works.

**(Para- 3.2.2.2)**

### **Tourism Infrastructure**

Tourism is a major driver of the economy and source of livelihood in Uttarakhand and it contributes around 22.48 *per cent* to the Gross State Domestic Product. The disaster severely affected the livelihood of people dependent solely on the flow of pilgrims and tourists. The estimated physical losses to the existing assets of the Government according to the Department of Tourism (DoT), GoU were around ₹ 116.61 crore for the entire State and ₹ 85.30 crore in the most affected five districts. However, the State Government demanded (September 2013) ₹ 809.64 crore for this Sector. The proposal included new

projects for giving a boost to the tourism sector and facilitate the *Char Dham Yatra* in particular; and expansion of existing infrastructure of Helipads to improve disaster preparedness. Against this projection, ₹ 894.03 crore (SPA-R: ₹ 455.09 crore, EAP-UEAP: ₹ 336.54 crore and CSS-R: ₹ 102.40 crore) was approved by the GoI under MLTR package.

(Para- 3.3)

### ***Planning issues***

- Studies and preparation of Master Plans and Pre-feasibility reports for ensuring orderly development of tourist infrastructure were not taken up by the designated agencies (Garhwal and Kumaon Mandal Vikas Nigams).

(Para- 3.3.2.1)

### ***Implementation issues***

- The intended objectives of compensating the loss of tourist accommodations in five severely affected districts could not be entirely achieved as 282 (97.2 per cent) fiber reinforced polymer huts out of total sanctioned 290 huts (funded under UEAP) and 92 (76.7 per cent) out of 120 cottages (funded under SPA-R) were completed by programme implementing agencies up to March 2018.

Further, only 71 per cent physical progress and 68 per cent financial progress could be achieved in restoration works along the yatra route of Shri Kedarnath Dham.

(Para- 3.3.1.1 & 3.3.2.2)

- Under the UEAP component of MLTR, five Helidromes, 19 Heliports, 34 Helipads and 37 Multi-Purpose Hall (MPH)/ Shelters of 3,550 capacity were planned to be constructed towards disaster preparedness of Uttarakhand. However, due to non-availability of land and accessibility issues no helidromes or heliports have been constructed and proposals for seven out of 34 helipads were dropped. Further, no MPH/Shelters have been constructed by the nodal agency due to non-availability of land and non-construction of helipads at pre-identified places. Construction works of 26 helipads were completed as of March 2018 and construction of one helipad at Sahastradhara, Dehradun is in progress.

(Para- 3.3.3.1)

- The construction work of a multipurpose complex (₹ 65 crore) at Sonprayag (Rudraprayag) under SPA-R which was intended to provide tourist facilities and regulate pilgrim movement to Shri Kedarnath Dham could not be started even after four years from date of sanction due to non-execution of flood protection works by the Irrigation Department.

[Para- 3.3.1.1 (a)]

- Out of 113 houses sanctioned under SPA-R for ₹ 38.63 crore for construction for the *Tirth Purohits* at Kedarnath town, only 40 houses were taken up for construction by Nehru Institute of Mountaineering (NIM). None of the houses has been completed even after lapse of more than two years from date of sanction. Remaining 73 houses could not be started due to non-finalisation of Detailed Project Reports/Drawings and agreements with beneficiaries and non-allotment of land by the Government

Authorities. Further, out of three bridges sanctioned (June 2015) for construction at Kedarnath town, only one bridge (₹ 1.98 crore) was constructed by NIM up to March 2018.

**[Para- 3.3.1.1 (b)]**

- Four works of Kumaon Mandal Vikas Nigam and PIU Civil Aviation under UEAP were overestimated which resulted in extra financial burden of ₹ 3.92 crore to the exchequer.

**(Para- 3.3.2.2, 3.3.3.2)**

### **Irrigation and Flood Control**

The disaster had damaged around 495 km length of canal works out of a total existing length of 11,702 km in the State, according to the Irrigation Department. In addition to this, 508 Flood Protection Works (FPW) having 74 km length, 60 Lift Canal Schemes, 53 Tube-wells, 02 Lakes, 01 Barrage and 12 Buildings were also identified by the Department as damaged due to the disaster of 2013. The State Government, in its proposal (September 2013) to the GoI, demanded ₹ 1,215.17 crore for the sector against which an outlay of ₹ 1,062.12 crore was approved under the MLTR package. However, GoI released only ₹ 79.52 crore under CSS-R: (against approved outlay of ₹ 940.21 crore).

**(Para- 3.4)**

### ***Planning issues***

- Only Flood Protection Works (FPW) were proposed by the Department for funding under MLTR package whereas there was no proposal for reconstruction of the damaged Irrigation Canals, Lift Canal Schemes, Tube-wells, Lakes, Barrage and Buildings which led to deprivation of benefits aimed at supporting the main source of livelihood of the local populace.

**(Para- 3.4.1.1)**

- Six FPWs (₹ 64.28 crore) out of 74 works submitted for approval pertained to period earlier than the disaster of June 2013. These six FPWs were either already under consideration of the Department or were in the process of being sanctioned after due clearance of the Technical Advisory Committee of the Department well before the disaster of June 2013.

**(Para- 3.4.1.1)**

- Two works costing ₹ 125.52 crore were included under CSS-R works of Irrigation Department which pertained to the Power Sector [Maneri-Bhali Stage-I & II Hydro Electric Projects of the Uttarakhand Jal Vidyut Nigam Limited (UJVNL)].

**(Para- 3.4.1.2)**

### ***Implementation issues***

77 FPWs were sanctioned, out of which 45 works (58 per cent) had been completed by the Irrigation Department, 20 works (26 per cent) were held up due to short release of CSS-R funds by GoI. 12 works (16 per cent) under SPA-R were in progress as these works were sanctioned only in July 2017 by the GoU.

**(Para- 3.4)**

- The contracts for 20 FPWs (₹ 187.73 crore) were divided into 1,215 contracts without adoption of requisite national competitive bidding process (*e-tendering*) wherein 193 contracts (₹ 39.73 crore) were found awarded to 56 individual contractors in violation of delegated financial powers.

(Para- 3.4.2.1)

### **Power and Energy**

The disaster caused extensive damages to 13 commissioned/operational small and large Hydro Electric Projects (HEPs) maintained by the UJVNL having combined installed capacity of 553.85 MW and 46 Small Hydro Projects (SHP) of the Uttarakhand Renewable Energy Development Agency (UREDA) having combined installed capacity of 6.47 MW and providing power supply to 126 villages/hamlets. The estimated damages in the Power and Energy Sector was ₹ 151.80 crore against which SPA-R amounting to ₹ 100 crore was approved by the GoI (UJVNL: ₹ 32.40 crore; UREDA: ₹ 17.60 crore UPCL: ₹ 50 crore) with the stipulation that the balance requirement of UJVNL (₹ 47.60 crore) and Uttarakhand Power Corporation Limited (UPCL) (₹ 4.20 crore) should be mobilised from the market sources as these power utilities are commercial entities. However, actual allocation by the GoU was higher in respect of UJVNL (₹ 57.72 crore) and UPCL (₹ 60.60 crore).

(Para 3.5)

### **Planning issues**

- An Electricity Distribution Division (Uttarkashi) of UPCL obtained SDRF amounting to ₹ 36.56 lakh from the District Magistrate-Uttarkashi for restoration of five damaged works of 11 KV lines despite inclusion of its proposal under SPA-R. Similarly, despite sanction of entire approved outlay (₹ 17.60 crore) for UREDA under SPA-R for restoration of 46 SHPs, UREDA obtained additional non-refundable funds of ₹ 181.24 lakh for 25 SHPs from the Tehri Hydro Development Corporation (THDC) India Ltd (Central-PSU) and ₹ 91.73 lakh for 11 SHPs from the respective district authorities under National/State Disaster Response Fund (NDRF/SDRF). This led to savings of ₹ 2.45 crore (₹ 0.92 crore by UREDA and ₹ 1.53 crore by UPCL) due to multi-source funding and completion of works at a lower cost than the sanctioned amount. The savings have not yet been surrendered to GoI/GoU.

(Para- 3.5.1.1)

### **Implementation issues**

- Out of 13 small and large damaged HEPs, UJVNL transferred the work of reconstruction of six SHPs to UREDA. Four out of the remaining seven HEPs have been restored by UJVNL. Out of 52 SHPs (including six transferred from UJVNL), UREDA restored 46 SHPs. Restoration works of three SHPs of 5.45 MW by UJVNL and four SHPs of 4.8 MW by UREDA were yet to be taken-up/completed despite allocation of additional funds of ₹ 25.32 crore by the State Government to UJVNL. Reconstruction works of two SHPs have been dropped by UREDA.

(Para- 3.5.2.1)

- The work of construction of 11 KV line from 33/11 KV sub-station Karmi (Bageshwar) could not be completed even after lapse of three years and incurring an expenditure of ₹ 2.15 crore.

**(Para- 3.5.2.3)**

### **Public Buildings**

In the disaster, 995 Public Buildings were damaged (212 fully and 783 partially damaged) out of which 836 partially/fully damaged buildings [21 government buildings under UDRP where a dedicated PIU was set up; 32 ITI buildings under SPA-R; 736 school buildings under SSA (CSS-R); 47 buildings under Integrated Child Development Services (CSS-R)] were planned/ sanctioned under MLTR for reconstruction.

### **Planning issues**

- Out of 32 Industrial Training Institute (ITI) buildings identified for construction, administrative/financial sanction was given for only 22 ITI buildings at a cost of ₹ 36.62 crore and the remaining 10 ITI buildings (₹ 13.38 crore) were yet to be sanctioned by the GoU.
- Under CSS-R (Sarva Shiksha Abhiyan-SSA), 63 school buildings (out of 114 sanctioned schools buildings in the test-checked districts shown as damaged) were not actually damaged in the disaster of 2013.

**(Para- 3.6.1.1)**

**(Para- 3.6.1.2)**

### **Implementation issues**

- Out of 22 ITI buildings, construction of seven ITI buildings was completed but their site development works were pending for want of fund, construction of three buildings was held up due to non-availability of land/hindrance by local public and nine ITIs were under construction. Three buildings have not yet been started.
- Out of 21 buildings taken up for re-construction under UDRP, the PIU could complete the reconstruction work of only six buildings (₹ 8.08 crore) and 13 works (₹ 45.29 crore) were under construction with physical progress ranging between 10 and 83 *per cent*. One work of ITI building has not yet been taken up and one work of construction of Food Godown was stopped after incurring an expenditure of ₹ 1.67 crore.

**(Para- 3.6.2.1)**

**(Para- 3.6.2.2)**

### **Resilient Housing**

Under Uttarakhand Disaster Recovery Project, the reconstruction of residential houses under Owner Driven Constructed House (ODCH) was financed by the World Bank. On the recommendations of the District Disaster Management Authority (DDMA), payment to the 2,488 beneficiaries was made by the concerned PIU directly in the bank accounts of the beneficiaries. All the 2488 ODCHs had been completed.

- 136 out of total 2,488 beneficiaries did not have clear title of land in their names which was against the provisions of the scheme.

**(Para- 3.7.1)**

- Although the State Government provided land to 127 beneficiaries for construction of ODCH as their land was not safe for construction of houses, the damaged property/houses were not transferred in favour of the State Government which was required as per scheme guidelines.

(Para- 3.7.2)

### **Agriculture and Soil Conservation**

The State Government requested for ₹ 14 crore under SPA-R for soil conservation activities and restoration of agricultural lands washed away by floods. The full amount was approved and sanctioned by the GoI. The Department executed 241 soil conservation works of ₹ 13.49 crore and four reconstruction works of departmental properties of ₹ 0.51 crore from the released funds. As on 31 March 2018, all works have been completed by the Department.

- The Department however executed all soil conservation works without following the tendering process. This was against the provisions of the Uttarakhand Procurement Rules-2008 which stipulates that all the works exceeding the amount of rupees three lakh must be executed through tendering process.

(Para- 3.8)

### **Drinking Water Supply and Sanitation**

Under ADB-UEAP, twelve drinking water supply projects of nine towns were taken up for restoration/ reconstruction of damaged water supplies from the source of water body to water storage/ distribution tanks. Audit selected these twelve projects for assessing the adequacy of water quantity and quality being supplied to the habitations/ towns. From the quality and quantity reports, it was seen that the quality and quantity of water supplied were as per the norms of the design sanctioned in the detailed project reports. Further, the water supplies were being monitored online through Supervisory Control and Data Acquisition System installed/ displayed at divisional level offices as well as headquarters office of Uttarakhand Jal Sansthan at Dehradun.

(Para-3.11)

### **Supervision, Monitoring and Quality Control**

- Supervision and quality control mechanism in respect of 12 works were found ineffective due to non-ensuring of compliances to the instructions issued by higher authorities during inspection.

(Para- 4.3.2)

- Third party quality control and assessment of flood protections works was not carried out by the Irrigation Department from the empaneled agency of State Government which was required as per instructions issued by GoU.

(Para- 4.3.3)

- Quality control mechanism of road works was ineffective as 181 works (61 per cent) out of total 296 constructed under MLTR were graded substandard (unsatisfactory/required improvement) by the Quality Control Unit of PWD.

(Para- 4.3.4)

