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CAG slams Amravati Municipal Corporation

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NAGPUR: The Comptroller and Auditor General (CAG) has slammed the Amravati Municipal Corporation (AMC) for wasteful expenditure of Rs 33.78 crore on the underground drainage system project. The CAG report slammed AMC for commencing work on the underground drainage system without ensuring availability of funds to complete the project. This resulted in unfruitful expenditure, besides denial of better hygienic living conditions to citizens.

As per CAG report, the Water Supply and Sanitation Department of AMC approved construction of the underground drainage system worth Rs 123.04 crore in seven drainage zones, with six pumping stations and two sewerage treatment plants in November 1997. This was in a bid to overcome the unhygienic living conditions created by waste water flowing into open nullahs.

Chief engineer of Maharashtra Jeevan Pradhikaran (MJP) technically sanctioned the proposal in January 1998 from the funds sanctioned: Rs 28.71 crore as government grant, Rs 82.03 crore loan and Rs 12.03 crore as public contribution. MJP

approached the Housing and Urban Development Corporation (Hudco) on behalf of AMC for sanction of Rs 82.03 crore loan, for which Hudco gave the go ahead in December 2001.

The work on the project in Badnera zone and Zone 5 of Amravati was taken up in anticipation of the loan from Hudco, at a tendered cost of Rs 53.92 crore (estimated cost of Rs 45.38 crore) between December 1999 and November 2004. In between, the state sanctioned Rs 28.71 crore and public contribution of Rs 5.08 crore was received by AMC. However, since AMC did not fulfil the conditions of repayment to Hudco, it did not release later instalments and cancelled the loan in May 2004. Due to it the project was stopped in May 2004, after incurring an expenditure of Rs 33.78 crore.

In its clarification to CAG, AMC said that in August 2006 it was trying to raise the loan step by step by issuing tax free [bonds](#), which was also permitted by government in August 2005. Further, in September 2008, it stated that the proposal to complete the project under Urban Infrastructure Development Scheme for Small and Medium Town (UIDSSMT) at a revised cost of Rs164.04 crore was under consideration of the Central government.

CAG report stated that AMC's replies were not acceptable as no action had been taken by the corporation to raise loan in open market up to October 2008, even after seeking permission from the State government as early as August 2005.