

Chapter 3 Compliance Audit

3.1 Non-compliance with rules and regulations

For sound financial administration and financial control it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This would not only prevent irregularities, misappropriation and frauds, but help in maintaining good financial discipline. Some of the audit findings on non-compliance with rules and regulations are hereunder.

Civil Aviation Department

3.1.1 Hiring of private planes despite availability of State planes

The Chief Minister's Secretariat directly hired private planes on five occasions, instead of sending requisition for State planes to the Civil Aviation Department, as required under 'The Use and Requisition of the Rajasthan Government Aircraft Rules, 1977'. Civil Aviation Department incurred an extra expenditure of Rs 32.03 lakh on payment of the bills.

Rule 6 of 'The Use and Requisition of the Rajasthan Government Aircraft Rules, 1977' provides that the Governor or the Chief Minister may at any time requisition the Government aircraft. The personal staff of the Governor or the Chief Minister, as the case may be, is required to send requisition for State aircraft along with the flight programme of the Governor or the Chief Minister to the Special Secretary, Civil Aviation Department in writing. This is to be followed by a telephonic message at least 72 hours prior to commencement of the proposed flight.

Test check (November 2008) of records of Chief Pilot Officer, State Aircraft, Jaipur¹ revealed that for air travel of Chief Minister of Rajasthan, the prescribed procedure of advance requisitioning of State planes was not followed and the Chief Minister's Secretariat hired private planes on five occasions² during the period April 2005 to February 2006. The bills were sent to the Civil Aviation Department (CAD) for payment. The Government, in CAD issued (June 2005-May 2006) *expost facto* administrative and financial sanctions for Rs 35.54 lakh for payment to private firms as flight charges, for air travel by the Chief Minister. Scrutiny revealed that State planes in airworthy condition were available with the Department on the dates of travel.

1. Now converted as Rajasthan Civil Aviation Corporation Limited, Jaipur.

2. 9 April 2005 (Rs 3.82 lakh), 21 April 2005 to 23 April 2005 (Rs 7.57 lakh), 4 August 2005 (Rs 5.40 lakh), 22 January 2006 (Rs 9.49 lakh) and 24 February 2006 (Rs 9.26 lakh).

The Chief Pilot Officer, State Helicopter, Rajasthan, Jaipur stated (November 2008) that the planes were hired by the Chief Minister's Office for Chief Minister's journeys on Government duty and after completion of journeys, the bills were presented for payment. No reasons have been given for hiring private planes despite availability of State planes. Thus, flouting of Rule 6 for requisitioning of State planes led to hiring of private planes and consequent extra expenditure of Rs 32.03 lakh (excluding cost of fuel Rs 3.51 lakh).

The matter was referred to the Government in January 2009; their reply has not been received (November 2009).

Department of Elementary and Secondary Education

3.1.2 Government receipts kept out of Government account

The Elementary Education and Secondary Education Departments retained Government receipts of Rs 1.23 crore, from one to six years, towards compensation for the land and buildings transferred to National Highway Authority. Keeping of Government moneys out of Government accounts is in contravention of the General Financial and Accounts Rules.

As per Rules 5, 6 and 27 of General Financial and Accounts Rules (Volume I) controlling authority was to ensure that all moneys received by or on behalf of Government either as dues of Government or for deposit, remittance or otherwise were brought into account without delay and the money received as dues of Government or for deposit in the custody of Government were to be credited into the Consolidated Fund of the State and/ or the Public Account of the State without delay.

Test check (December 2007) of the records of the District Education Officer (DEO), Elementary Education, Sirohi and information obtained (March 2008-March 2009) from seven other offices and the Director, Elementary and Secondary Education, Bikaner (Department) revealed that for widening of NH 8, NH 14 and NH 76, National Highway Authority of India (NHAI) acquired land and buildings in respect of 20 schools. A sum of Rs 1.25 crore was paid (December 2002 to July 2007) to three District Education Officers (DEOs)³ for five schools and Headmasters⁴ of 15 Government schools towards compensation. The amounts were to be credited into Government account. However, all the schools, except Government Higher Secondary School, Kherwara, Udaipur, retained and credited the amounts in their bank accounts. In four schools⁵ construction of new buildings was taken up with the compensation money (Rs 41.04 lakh). Fifteen schools retained Rs 84.08 lakh

3. DEOs, Jaipur (1): Rs 5.36 lakh; Sirohi (3): Rs 51.77 lakh and Udaipur (1): Rs 2.13 lakh.

4. Headmasters, Government Primary/Upper Primary Schools- Bhilwara (1): Rs 2.51 lakh; Bundi (1): Rs 1.56 lakh; Dungarpur (5): Rs 12.32 lakh; Jaipur (2): Rs 8.70 lakh; Sirohi (3): Rs 23.11 lakh and Udaipur (3): Rs 18.01 lakh.

5. Government Higher Secondary School, Kodrala, Sirohi: Rs 14.17 lakh; Government Upper Primary Schools, Navin Bhawari: Rs 10.75 lakh and Chandravali, Sirohi: Rs 10.40 lakh; Government Primary School, Jodla, Jaipur: Rs 5.72 lakh.

in their bank accounts (*Appendix 3.1*) as on March 2009. The Department came to know about the receipt of compensation by the schools only in September 2006, when DEO, Sirohi sought permission for construction of a new school building out of the compensation money. The Joint Director (Admn), Secondary Education, informed (September 2009) that neither any orders for handing over the land by DEOs to NHAI were on records nor any agreement for transfer of land was available with the Department. Thus, non-compliance of Rules 5, 6 and 27 of General Financial and Accounts Rules (Volume I) abated the financial control in the Department and resulted in Government receipts of Rs 1.23 crore remaining out of Government accounts from one to six years.

Government stated (August and October 2009) that due to ignorance of rules, the money remained in bank accounts of the School Vikas Samitis and all the DEOs have been directed (June 2009) to instruct the Principals of schools, under their control, to deposit the sum in Government accounts and also take up the matter with concerned Sub-Divisional Officer, NHAI.

Indira Gandhi Nahar Department

3.1.3 Stoppage of work due to non-acquisition of land

The Indira Gandhi Nahar Department approved the alignment of Agneou Minor without ensuring clear title of the land, in contravention of the PWF&A rules. As the alignment of Minor was falling in forest land, the work was stopped resulting in re-awarding of the work at higher rate and consequent extra expenditure of Rs 47.94 lakh.

Rules 298 and 351 of Public Works Financial and Accounts Rules (PWF &AR) provide that land should be acquired well in advance and no work should commence on land which has not been duly made over by a competent Civil Officer.

The Additional Chief Engineer, Indira Gandhi Nahar Pariyojana (IGNP), Bikaner sanctioned (October 2003) the work of excavation and double tile lining of Agneou Minor of Surjara distributary in km 7.500 to 9.000. Executive Engineer (EE) 18th Division, IGNP, Bikaner awarded (October 2003) the work to contractor 'A' at 16.95 *per cent* below Schedule 'G' for Rs 63.92 lakh with stipulated date of completion as 3 November 2004.

Test check (April 2008) of records of EE 18th Division, IGNP, Bikaner revealed that the EE proposed (December 2001) alignment of Agneou Minor after conduct of survey of levels, but did not ensure clear title of the land. Superintending Engineer, Stage II, Circle I, IGNP, Bikaner also did not ensure the title of the land while approving (January 2002) the said alignment. The work was got stopped (February 2004) by the Divisional Forest Officer (DFO), Bikaner in km 7.500 to 8.500 due to alignment of Minor falling in the forest land. Contractor 'A' after executing work worth Rs 14.12 lakh on km 8.500 to km. 9.000, left the work. The EE, IGNP, Bikaner sent (February

2004) proposals for acquisition of forest land to DFO, Bikaner and approval 'in principle' by Government of India was granted in September 2005. Accordingly, the DFO, Bikaner raised (October 2005) a demand of Rs 70.33 lakh towards cost of compensatory afforestation and net present value (NPV) of forest land. The Department took two years in arranging funds and deposited Rs 70.33 lakh with DFO, Bikaner (October 2007). Meanwhile, contractor 'A' refused (August 2007) to complete the work due to cost overrun. The remaining work was re-tendered (January 2008) and allotted (April 2008) to contractor 'B' at 64.37 per cent above Schedule 'G' (Rs 58.95 lakh) for Rs 96.90 lakh for completion in December 2008. The work was actually completed in January 2009. As of February 2009, contractor 'B' was paid Rs 91.48 lakh for work done up to December 2008. However, final bill was yet to be paid (July 2009).

Government stated (July 2009) that directions were being issued for fixing responsibility of officers responsible for allotting work without acquiring land. Thus, due to flouting of Public Works Financial and Accounts Rules and approving the alignment of the Minor without ensuring clear title of land led to stoppage of the work by the Forest Department and consequent extra expenditure of Rs 47.94 lakh⁶ on re-awarding of work at higher rate.

Departments of Industries and Disaster Management & Relief

3.1.4 Denial of cash relief to spinners and weavers

In contravention of the instructions issued by Disaster Management and Relief Department, the spinners and weavers were not paid cash relief by the Rajasthan Khadi and Village Industries Board. The relief funds of Rs 1.15 crore was lying with Khadi Sansthan/Samitis for more than five years, being used as their working capital.

The Disaster Management and Relief Department (DMRD) of the State Government decided (December 2002) to get the work of spinning/weaving done under relief works according to which each spinner/weaver, having his own *Karghas*/looms, was to be paid relief up to Rs 1000 in instalments for purchase of threads and other related material as per the requirements assessed by the authorised officers. While cost of balance material and 25 per cent of labour was to be borne by the weaver/spinner, 75 per cent of labour cost was to be paid in the form of wheat under *Swarn Jayanti Gram Rozgar Yojana* (special component plan). The spinning/weaving works were to be sanctioned and monitored by the Rajasthan Khadi and Village Industries Board (Board). The DMRD released (December 2002) Rs 5 crore to the Board for payment to spinners/weavers and procurement of blankets. The Board allotted (January to June 2003) Rs 4.20 crore to 32 District Industries Centres (DICs) for payment to spinners/weavers through *Sansthan/Samitis*. Against this, Rs 2.56 crore was

6. 81.32 per cent (16.95 per cent below to 64.37 per cent above) of Rs 58.95 lakh (Schedule 'G' amount).

shown as utilised by *Samitis* as per details given by DICs and Rs 1.97 crore⁷ was refunded (August 2006) to DMRD.

In 11 DIC's⁸, the funds were released (January to July 2003) to the *Khadi Sansthan/Samitis* for disbursing relief to the spinners and weavers. Audit observed that contrary to instructions of DMRD, the Board had instructed (December 2002) the DICs/*Khadi Sansthan/Samitis* to provide raw material to spinners/weavers. Therefore, the *Sansthan/Samitis* issued raw material to spinners/weavers and received finished goods, as noticed from the records of 30 select *Sansthan/Samiti*, which utilised relief funds of Rs 1.15 crore and refunded balance to the DICs. While the consolidated utilisation certificate for the amount sanctioned was sent (September 2003) by the Board to DMRD, the funds were being utilised by *Khadi Sansthan/Samitis*, as their working capital.

The Deputy Secretary, Industries Department stated (July 2009) that *Khadi Sansthan/Samitis* have provided raw material to spinners/weavers along with 25 per cent of labour charges in cash. The action of the *Sansthan/Samitis* was contrary to the instructions of DMRD, as cash assistance up to Rs 1000 for purchase of raw material was not provided to the spinners/weavers and 25 per cent of labour charges to be borne by the spinners/weavers themselves were borne by the *Sansthan/Samitis*. The Deputy Secretary, DMRD confirmed (September 2009) that assistance to weavers has not been provided by the *Khadi Sansthan/Samitis* as per instructions issued by the DMRD. The Rajasthan Khadi and Village Industries Board and Industries Department were being requested to clarify the position.

Thus, non-observance of the instructions of DMRD by the Board led to denial of relief in cash to the spinners and weavers and the relief funds of Rs 1.15 crore lying with *Khadi Sansthan/Samitis* were being used as their working capital for more than five years.

Medical Education Department

3.1.5 Grant of affiliation to private colleges without recovering due fees

Non-compliance with Ordinance 80 and Statute 37 by Rajasthan University of Health Sciences led to extending undue benefit to 21 private institutions by granting them affiliation for one to three academic years without recovering due fees/penalty of Rs 25.75 lakh from them.

Consequent upon promulgation of Rajasthan University of Health Sciences (RUHS) Act, 2005 the State Government ordered (September 2006) that all Medical, Dental, Nursing, Pharmacy and Physiotherapy Colleges hitherto affiliated to University of Rajasthan (UoR), Jaipur and Rajasthan Technical University (RTU), Kota would be affiliated to the RUHS, Jaipur with effect

7. Unutilised amount of relief for weavers: Rs 1.64 crore + unutilised relief for blankets: Rs 0.13 crore + rebate on blankets: Rs 0.20 crore.

8. Scrutiny (October 2007) of records in Barmer, Bharatpur, Bikaner, Jaisalmer, Kota and Udaipur DICs and information collected (July 2008) from Bhilwara, Chittorgarh, Churu, Jaipur and Jodhpur DICs.

from 1 October 2006. The Board of Management of RUHS, Jaipur decided (October 2006) that Statutes, Ordinances and Regulations of the UoR, Jaipur, as were in force on 18 October 2006, would be applicable until a separate set of statutes, ordinances and regulations for RUHS is formulated.

Ordinance 80 and Statute 37 UoR (Hand book Part II, 2005) prescribing fee and procedure for seeking affiliation for the first time or for extension in the temporary/provisional affiliation to the UoR provide for submission of a written application for seeking affiliation to the UoR not later than 31 December of the preceding year along with an affiliation fee of Rs 50,000 per undergraduate/certificate/diploma course. Application may also be entertained between 1 January to 30 April along with special valid reasons to the satisfaction of the University authorities and accompanied with penalty equal to amount of affiliation fee and, thereafter, up to 7 July with penalty equal to double the amount of affiliation fee as a special case.

Scrutiny of the records of Vice-Chancellor, RUHS, Jaipur revealed that 21 Private Medical Colleges submitted applications for affiliation for the sessions in 2006-07 (two colleges), 2007-08 (16 colleges) and 2008-09 (three colleges) after 31 December of 2005, 2006 and 2007 respectively, without charging any penalty. The RUHS ignored the provisions of the ordinances/statutes and did not levy the due penalty of Rs 25.75 lakh (*Appendix 3.2*) on these colleges for late submission of application, extending undue benefit to them. On being pointed out in audit, demand notices were issued (September 2008) to the institutions and Rs 11.25 lakh⁹ was recovered from three institutions.

The Government stated (June 2009) that efforts were being made to recover the remaining amount from 18 institutions.

Thus, non-compliance of the Ordinance/Statute by the RUHS led to extending undue benefit to 21 private institutions by granting them affiliation for one to three academic years without recovering due penalty from them.

The State Government should put in place an effective mechanism to ensure that similar financial lapses do not occur in other affiliated educational/technical institutions, operating in the State.

Public Health Engineering Department

3.1.6 Use of costlier pipes for casing of hand pumps

Non-enforcement of departmental instructions regarding use of pipes for casing of hand pumps by the Public Health Engineering divisions resulted in avoidable extra expenditure of Rs 66.33 lakh.

Technical Committee and Finance Committee of Rajasthan Water Supply and Sewerage Management Board (RWSSMB) Public Health Engineering

9. Pacific Dental College, Udaipur: Rs 4.50 lakh; Jaipur Dental College, Dhund, Tehsil Amber, Jaipur: Rs 2.25 lakh and Darshan Dental College, Udaipur: Rs 4.50 lakh.

Department (PHED) decided (February 2006 and April 2006) to use Asbestos Cement (AC) pressure pipes in place of mild steel (MS) pipes for casing of tube wells and hand pumps in alluvial strata¹⁰. Technical Member, RWSSMB, PHED, Jaipur also directed (May 2006) all the field officers that in future, for administrative and financial sanction as well as technical sanction on techno-economic grounds, estimates be prepared for casing of tube wells and hand pumps in the areas having alluvial strata considering AC pressure pipes instead of MS pipes. The cases, where administrative and financial sanction had already been issued with MS pipe casing, be revised and got approved with AC pressure pipes casing wherever feasible. Even in cases where TS was issued with MS casing pipes, execution of such work shall be done with AC pressure pipe casing only. The officer concerned would be held responsible for loss caused to the Government if costlier pipe is used in construction of tube well/hand pump where cheaper option was available.

Test check (January 2009) of the records of the Executive Engineer, PHED Division Hindaun City (EE) revealed that during 2006-08, Additional Chief Engineer (ACE), PHED, Bharatpur Region, accorded (August 2006 to February 2008) administrative and financial sanctions for drilling of hand pumps mentioning the area as rocky in all the cases. However, EE issued (September 2006 to December 2007) technical sanction for work of drilling of hand pumps without mentioning type of strata and issued (March 2007 to January 2008) 16 work orders for drilling 214 hand pumps. Audit, examined the strata charts of hand pumps attached with the running bills and found that 118 hand pumps (Todabhim: 45 and Hindaun City: 73) had been drilled in alluvial soil (sandy). Department used 7,314.98 metre of MS pipes in these 118 hand pumps (*Appendix 3.3*). Using MS pipes¹¹ for casing of HPs in alluvial strata in violation of the instructions of the Technical Member of RWSSMB, PHED, Jaipur led to avoidable extra expenditure of Rs 31.62 lakh.

Similarly, scrutiny (March 2009) of records of EE, PHED, District Rural Division II, Jaipur revealed that the EE got (March-July 2007) 105 hand pumps drilled (*Appendix 3.4*) in Jaipur District through contractor 'A' where on actual drilling, strata was found to be alluvial (sandy). The Department used 7533.85 metre MS casing pipes violating the instruction of RWSSMB *ibid* resulting in extra avoidable expenditure of Rs 34.71 lakh.

Government stated (November 2009) that the area of Hindaun Block and Todabhim Block are composed of older alluvium soil followed by murrum, clay and kankar and sandstone not fully alluvial strata and thus use of MS pipes was justified in the area; in Jaipur change in modalities of tendering was very difficult keeping in view the scarcity of drinking water in the ensuing summer season. The reply was not tenable because the actual strata were alluvial soil as per strata charts. The EEs should have taken up the issue with the Technical Member rather than flouting the departmental instructions.

10. see glossary at page 175.

11. Rs 549 (September 2007-March 2008) and Rs 603 (April - August 2007) per metre

Thus, non-compliance to the departmental instructions by the field divisions resulted in avoidable extra expenditure of Rs 66.33 lakh.

3.1.7 Payment of price escalation charges in lump sum contract

Non-observance of the Public Works Financial and Accounts Rules and inclusion of price variation clause in the agreement, though not applicable to lump sum contracts, led to inadmissible payment of price escalation charges of Rs 17.11 crore to the contractors.

Rule 378 of Public Works Financial and Accounts Rules (PWF&AR) provides that in lump sum contracts, the contractor agrees to execute a complete work with all its contingencies in accordance with drawings and specifications for a fixed sum and the detailed measurements of work done are not required to be recorded except for addition and alteration. As such, no price escalation in works executed under lump sum/turnkey basis contract is payable and clause 45 of the agreement pertaining to price variation has to be deleted.

Scrutiny (February 2006) of records of Executive Engineer (EE), Public Health Engineering Department (PHED), Rajiv Gandhi Lift Canal (RGLC) Division VI, Phalodi and further information collected (November 2006 to February 2009) from seven Divisions¹² of PHED revealed that Additional Chief Engineers (ACEs), Jaipur and Kota and Chief Engineer (Rural), Jaipur allotted (June 2002 to January 2006) 17 works relating to water supply projects to contractors on single responsibility turnkey/lump sum contract basis for Rs 650.83 crore. Contractors were paid Rs 368.67 crore during July 2005 to May 2008, including Rs 17.11 crore (*Appendix 3.5*) towards price escalation as per existing clause 45 of the agreements, which was not deleted by the Department.

Government informed (September 2009) that the Finance Department has agreed with the audit contention that payment of price escalation in lump sum contract was irregular. Accordingly, the matter regarding non-payment of price escalation in case of lump sum contract was being put up to Policy Planning Committee of the Department for approval.

Thus, flouting of the Rule 378 of Public Works Financial and Accounts Rules led to inadmissible payment of price escalation charges of Rs 17.11 crore to the contractors.

12. Executive Engineer (EE), PHED, Rajiv Gandhi Lift Canal (RGLC) Division-II, Jodhpur; EE, PHED, RGLC Division-III, Phalodi; EE, PHED, Bagheri Ka Naka Project Division, Nathdwara; EE, PHED, Project Division, Sawaimadhapur; EE, PHED, Bisalpur-Dudu-Phulera Project Division, Malpura; EE, PHED, Bisalpur-Dudu-Tonk-Uniyara, Project Division-III, Todaraisingh and EE, PHED, Project Division, Jhalawar.

Public Works Department

3.1.8 Re-tendering of works without negotiation with the contractors

Re-tendering of works without resorting to negotiation with contractors, contrary to the provisions of Public Works Financial and Accounts Rules, led to completion of work at avoidable extra expenditure of Rs 1.36 crore.

Public Works Financial and Accounts Rules, Part II (Item No.15 of Appendix XIII) provide that in case the lowest tenderer fails to start the work awarded to him, the competent authority may negotiate with others qualified to get the work done on original sanctioned rates and conditions or even up to two *per cent* above or from any other experienced registered non-tenderer contractors after recording reasons.

(A) The Additional Chief Engineer (ACE), Public Works Department (PWD), Bikaner Zone approved (November 2005) tenders for improvement of riding quality of pavement with 50 mm bituminous macadam on Fatehpur-Jhunjhunu-Alsisar-Malsisar-Rajgarh (SH 41) in Km 0/0 to 6/0 and Km 20/0 to 28/0 in favour of contractor 'A' at 4.90 *per cent* above Schedule 'G' aggregating Rs. 1.81 crore. Accordingly, the Executive Engineer (EE) PWD Division, Churu issued (December 2005) work order to contractor 'A' with stipulated date of completion of the work as 9 May 2006 and also requested to execute the agreement within seven days after its receipt. The contractor 'A' neither executed the agreement nor started the work. The contractor refused (March 2006) to execute the work on the plea of increase in the price of bitumen and also that he had not executed the agreement. The ACE, Bikaner after a delay of five months withdrew (11 May 2006) the work forfeiting his earnest money (Rs 3.46 lakh) and debarred the contractor from participation in future tendering of the work. Meanwhile, after issuing (17 April 2006) fresh Notice Inviting Tender (NIT) for the work, the ACE, Bikaner allotted (July 2006) the work to another contractor 'B' at 17.81 *per cent* above Schedule 'G' aggregating Rs 2.03 crore. The contractor completed the work (December 2006) at a cost of Rs 1.83 crore.

Scrutiny (September 2008) of records of ACE, Bikaner revealed that the Department did not adhere to the provisions prescribing negotiations with the second lowest or other qualified tenderers/contractors to execute the work without retendering. Thus, non-observance of the financial rules by the ACE, Bikaner and adopting the course of retendering resulted in extra expenditure of Rs 20.03 lakh¹³.

The Government stated (April 2009) that the Department had made (March 2006) efforts to get the work done through the second lowest tenderer as well as through the other non-participating firms but the firms refused to do so due to increase in prices of bitumen and grit etc. The reply was not justified, as the

13. 12.91 *per cent* (17.81 *per cent* – 4.90 *per cent*) of Rs 1.55 crore.

Department failed to adhere to the codal provisions for negotiating with other tenderers, immediately after seven days given to contractor 'A' for signing the agreement, to avoid retendering.

(B) The Additional Chief Engineer (ACE), PWD Zone, Jodhpur approved (November 2005) the work of improvement of riding quality in km 116/0 to 128/0 on NH 14 (Beawar-Bar-Pali-Sirohi Abu Road) in favour of contractor 'C' at 20.11 *per cent* below Schedule 'G' (Rs 2.20 crore) aggregating to Rs 1.76 crore. Accordingly, Executive Engineer (EE), PWD, NH Division, Pali issued (November 2005) work order to contractor 'C' with stipulated date of completion of work as 7 April 2006, instructing him to start the work by 8 December 2005. As the work was not started by the contractor up to 28 December 2005, the ACE, Jodhpur rescinded (14 February 2006) the contract and levied compensation of Rs 17.56 lakh (10 *per cent* of Rs 1.76 crore), which was recovered (April -May 2006) from the contractor 'C'.

After inviting (February 2006) tenders second time by the ACE, the work was awarded (March 2006) by EE to contractor 'D' at 4.99 *per cent* below same Schedule 'G' aggregating Rs 2.09 crore with stipulated date of completion as 5 August 2006. Again, the Chief Engineer (CE), NH, PWD, Rajasthan Jaipur had to withdraw the work after imposing (5 August 2006) compensation of Rs 20.88 lakh (10 *per cent* of Rs 2.09 crore) under clause 2 of the contract agreement upon contractor 'D' as the contractor neither executed the agreement nor commenced the work. The compensation was not recovered from contractor 'D' as he filed a case in the court.

After inviting (September 2006) tenders third time by the ACE through short term NIT, Secretary (NH), PWD, Rajasthan, Jaipur accepted (November 2006) the rate of single contractor 'E', at 41 *per cent* above same Schedule 'G' aggregating to Rs 3.10 crore. The work was completed in March 2007 at a cost of Rs 3.10 crore.

Test check (September 2008) of the records of the ACE, PWD Zone Jodhpur revealed that on not starting of the work by contractor 'C' within the prescribed period, the Department did not adhere to the codal provisions of the financial rules which provided for conducting negotiations with all tenderers exploring possibilities to get the work done at least at the same rate or up to two *per cent* higher than the lowest rate without retendering. This led to sanctioning of work at higher rates resulting in avoidable extra expenditure of Rs 1.34 crore¹⁴. The extra financial burden worked out to Rs 1.16 crore (after adjusting compensation of Rs 0.18 crore).

The Government stated (June 2009) that as earnest money of all other than the lowest tenderer of the first tendering process was refunded hence the work could not be awarded to them. The reply was not tenable as refund of earnest money did not bar the Department from negotiating with other tenderers.

Thus, non-compliance of provision of item No.15 of Appendix XIII of Public Works Financial and Accounts Rules, Part II for safeguarding Government

14. 61.11 *per cent* (20.11 *per cent* below + 41 *per cent*) of Rs 2.20 crore.

interest led to completion of work at avoidable extra expenditure of Rs 1.36 crore.

3.1.9 Works awarded without obtaining administrative and financial sanctions

Non-compliance with Rule 285 (b) of Public Works Financial and Accounts Rules and awarding work by the Department without obtaining administrative and financial sanctions from Government of India and also without the technical approval of State Technical Agency led to unauthorised expenditure of Rs 32.03 lakh on construction of approach road, Pitampura under Pradhan Mantri Gram Sadak Yojana.

Rule 285 (b) of Public Works Financial and Accounts Rules (PWF&AR) prohibits execution of works without administrative, financial and technical sanctions and budget allocations. Further, guidelines of *Pradhan Mantri Gram Sadak Yojana* (PMGSY) issued (January 2003) by Government of India (GoI) stipulate that the proposal for construction of roads duly approved technically by the State Technical Agency (STA) and routed through State Level Committee (SLC) should be sent to Ministry of Rural Development of Government of India for obtaining their clearance.

The State Government issued (April 2006) administrative sanction for Rs 404.68 crore for construction of New Road Works under PMGSY for the year 2006-07 for Phase VI, Part II which, *inter alia*, included construction of three approach roads¹⁵ (A/R) at an estimated cost of Rs 1.59 crore under package No. RJ 23-40. The work of this package was allotted (September 2006) to contractor 'A' for Rs 1.57 crore with stipulated date of completion as 14 June 2007 by Executive Engineer (EE), PWD, District Division, Kota. Contractor 'A' actually completed (January 2008) these roads but was paid (November 2007) Rs 1.43 crore for the work executed up to October 2007. His final bill was yet to be paid (September 2009). Meanwhile, the EE also allotted (August 2007) the work of construction of a separate A/R Pitampura to contractor 'B' at Rs 26.43 lakh with stipulated date of completion as 7 March 2008. This road was completed (April 2008) at a cost of Rs 32.03 lakh and the payment was made in April 2008. The expenditure was charged against package no. RJ-23-40 of PMGSY. As such, total expenditure of Rs 1.75 crore was incurred on four roads as of April 2008 against sanctioned cost of Rs 1.59 crore for three roads.

Test check (May 2008) of the records of the Superintending Engineer (SE), PWD, Circle Kota revealed that neither any administrative and financial sanction was available on record for construction of A/R Pitampura nor the proposals thereof were technically approved by STA, SLC and GoI. Thus, expenditure of Rs 32.03 lakh was unauthorisedly incurred on the A/R Pitampura by charging it to package RJ-23-40 in contravention of Rule 285(b) *ibid* and PMGSY guidelines. This was done irregularly. Besides, while final payment of the unapproved A/R Pitampura (completed on 8 April 2008) had

15. A/R Kishorpura: Rs 92.69 lakh, A/R Girdharpura: Rs 28.77 lakh and A/R Saloniya: Rs 37.16 lakh.

since been made on 30 April 2008, the final bill of three approved A/Rs, stated to have been completed on 18 January 2008, had not yet been paid as of September 2009.

The Government stated (June-August 2009) that GoI had been requested (August 2009) to sanction construction of A/R Pitampura. The request made by the Department to the GoI was not in consonance with the action of the Department as A/R Pitampura had already been constructed by utilising the funds of Package No. RJ-23-40.

Thus, non-compliance of Rule 285 (b) of Public Works Financial and Accounts Rules and awarding work by the Department without obtaining administrative and financial sanctions from Government of India and also without the technical approval of STA and SLC led to unauthorised expenditure of Rs 32.03 lakh on the construction of approach road, Pitampura under *Pradhan Mantri Gram Sadak Yojana*.

3.1.10 Award of works without acquisition of forest land and private land

Awarding the work without acquisition of required private land and without obtaining the Government of India approval for execution of works on forest land, rendered expenditure of Rs 1.58 crore largely unfruitful, on approach roads lying incomplete.

Rule 351 of Public Works Financial and Accounts Rules lays down that no work should be commenced on land which has not been duly made over by responsible Civil Officer. The Forest (Conservation) Act, 1980 also prohibits the use of forest land for other purposes without prior approval of Government of India (GoI).

State Government accorded (April 2006 and July 2007) administrative and financial sanction of Rs 4.98 crore for construction of four approach roads (ARs) (27.95 kilometre¹⁶) under *Pradhan Mantri Gram Sadak Yojana* (PMGSY) to provide connectivity by all weather roads for improving the socio-economic, educational and medical facilities of the people of villages.

Scrutiny (May 2008 and March-April 2009) of the records of two Circles¹⁷ of Public Works Department (PWD) revealed that out of four approach roads sanctioned between April 2006 and July 2007, for two ARs¹⁸ revenue track (*Kutcha* road) was not available as per their technical reports and the alignment was passing through private land. The remaining two ARs¹⁹ were also proposed on existing *kutcha* road on forest land as was intimated (May 2004) by Divisional Forest Officer, Kota. Thus, at the time of awarding works to contractors, the Department was aware that the roads had been proposed on

16. Approach Road (AR) Chowkhla to Jasnathpuri: Rs 0.43 crore (4 km), AR Chawa Phalsoond to Kerlipura: Rs 0.38 crore (3 km), AR Mandliya to Mandirgarh: Rs 2.23 crore (11.450 km) and Hanatiya to Pachpahar subsequently changed as Mandliya to Pachpahar: Rs 1.94 crore (9.500 km).

17. Superintending Engineer (SE), PWD Circle, Barmer and SE, PWD Circle, Kota.

18. AR Chowkhla to Jasnathpuri and AR Chawa Phalsoond road km 29 to Kerlipura.

19. AR Mandliya to Mandirgarh and AR Mandliya to Pachpahar.

private/forest lands. Nevertheless, the Department injudiciously awarded (August 2006 to October 2007) the works of construction of these approach roads to contractors without acquisition of required private land and obtaining prior approval of GoI for the forest land required. Consequently, the road works scheduled to be completed between May 2007 and May 2008 were stopped during December 2006 to March 2008 and were left incomplete due to objection raised by land owners/Forest Department during execution of road works for which an expenditure of Rs 1.58 crore was incurred (*Appendix 3.6*) as of April 2009.

Government stated (March 2009 and August 2009) that proposals for dereservation of forest land were under the consideration of GoI and ARs Mandliya to Pachpahar and Mandliya to Mandirgarh would be completed after obtaining approval of GoI. ARs Chowkhla to Jasnathpuri and Chawa Phalsoond to Kerlipura remained incomplete as the farmers did not provide land, for which efforts were being made. The reply did not specify the reasons for awarding work without obtaining prior approval of GoI despite knowing the fact that the alignment of road was passing through the forest land and ensuring that dispute free land was available.

Thus, non-observance of Rule 351 of Public Works Financial and Accounts Rules and awarding work injudiciously before acquisition of required private land and without obtaining approval of Government of India for execution of works on forest land rendered the expenditure of Rs 1.58 crore largely unfruitful on approach roads, lying incomplete.

3.2 Audit against propriety and cases of expenditure without adequate justification

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce financial order and strict economy at every step. Audit has detected instances of impropriety and extra expenditure, some of which are hereunder.

Co-operative Department

3.2.1 Loans to co-operative institutions not recovered upto 14 years

Non-inclusion of any penal clause to safeguard Government financial interest, except for charging interest at commercial rates, led to non-recovery of Rs 1.94 crore, including interest of Rs 0.79 crore, from six institutions even after a lapse of three to 14 years.

In order to increase the profitability and viability of the sick co-operative institutions, State Government approved (December 1993 and March 1994)

creation of two Funds to be administered by Co-operative Department. The 'State Co-operative Renewal Fund' (Renewal Fund) was created in 1993-94 with an initial amount of Rs 1 crore, which was enhanced to Rs 3.90 crore by 2005-06. The fund was to provide interest-free loans to the sick institutions incurring establishment expenses over and above the prescribed limit, for pruning their staff by offering voluntary retirement, legal retirement and compulsory retirement of the employees. The loan was to be repaid in five equal yearly instalments with moratorium period of two years. In case of default interest at prevailing commercial rate was to be charged.

Similarly, the 'State Co-operative Revitalisation Fund' (Revitalisation Fund) of Rs 1 crore was created in 1993-94 which was enhanced to Rs 1.61 crore by 2001-02. The fund was meant for providing loan assistance for capital investment, margin money and working capital to those institutions which are not eligible to get assistance from the financial agencies as per the existing norms for undertaking viable ventures. The loan was to be repaid with 8 per cent interest in four equal yearly instalments in a period of five years with first year as moratorium. In case of default institutions were to pay interest at higher rates fixed by the Fund Management Committee. Implementation of these two schemes is to be monitored by the Co-operative Department and quarterly review report of the functioning and progress of the schemes is to be reported to the Government.

Scrutiny (May 2008) of the records of Registrar Co-operative Societies, Jaipur revealed that under the 'Renewal Fund', loans of Rs 2.80 crore were provided (March 1995-February 2009) to 29 institutions. Of this, loans of Rs 2.03 crore (including interest of Rs 54 lakh) were outstanding as of October 2009. During March 1995 to January 1999, the Co-operative Department sanctioned loans of Rs 42.85 lakh²⁰ to three Co-operative institutions. Of this, the loan of Rs 30.71 lakh was sanctioned (March 1995) to one institution²¹, which was under liquidation and the loan was to be recovered in lump sum before September 1995 out of sale proceeds of the assets of the institution. However, the entire amount was not recovered as of October 2009 though assets of the institution were sold for Rs 61 lakh in March 2003. Further, loans of Rs 12.14 lakh sanctioned (June 1998 and January 1999) to two other institutions were to be recovered within a period of seven years i.e. by June 2005 and January 2006. However, not a single instalment was recovered from them as of 31 October 2009, indicating that the loan sanctioned to these institutions did not serve the desired purpose of increasing their profitability and viability. Further, loan of Rs 30.71 lakh was granted contrary to the objectives of the scheme as the institution (Oil Seeds Processing Mills at Gajsinghpur) was under liquidation on the date of sanction of loan and there was no possibility of increasing its profitability and viability.

Further, under the 'Revitalisation Fund', loans of Rs 1.26 crore were sanctioned (August 1996-October 2006) to 19 institutions. Of this, loans of

20. Sriganganagar Co-operative Oil Seeds Processing Mills, **Gajsinghpur**: Rs 30.71 lakh (March 1995); Sri Gangapur Kraya Vikraya Sahakari Samiti (KVSS), **Sawaimadhapur**: Rs 3.43 lakh (June 1998) and Bundi KVSS, **Bundi**: Rs 8.71 lakh (January 1999).

21. Sriganganagar Co-operative Oil Seeds Processing Mills, Gajsinghpur.

Rs 1.26 crore (including interest of Rs 35 lakh) were outstanding as of October 2009. During July 1997 to January 2001, the Co-operative Department sanctioned loans of Rs 73 lakh²² to three institutions. Of this, the loan of Rs 66 lakh was sanctioned (January 2001) to one institution²³, which subsequently went into liquidation in October 2003. Though the amount was to be recovered within a year with interest at 8 *per cent* per annum, the entire amount remained unrecovered as of October 2009. Further, loans of Rs 7 lakh sanctioned (July 1997 and March 1999) to two other institutions were to be recovered within a period of five years i.e. by July 2002 and March 2004. However, not a single instalment was recovered as of 31 October 2009, indicating that the loan sanctioned to these institutions did not serve the desired purpose of increasing their profitability.

It was also observed that the Department maintained only ledger account of instalments paid by the institutions and issued letters to defaulting institutions occasionally. There was no effective monitoring of implementation of the schemes so as to ensure the improvement of viability and increase in profitability of the institutions. Pursuance of recovery of outstanding loans and quarterly review of the functioning of the scheme was not conducted.

Mention was made in para 5.1.11 of Report of the Comptroller and Auditor General of India for the year ended 31 March 2005 (Civil)-Government of Rajasthan, regarding non-recovery of loan assistance from institutions. Government intimated to the Public Accounts Committee that efforts were being made to recover the loans. However, the loans were still lying unrecovered as of October 2009.

In respect of the Renewal Fund, Government stated (January/March 2009) that recoveries could not be made due to poor financial position of institutions and institutions being under liquidation. However, efforts were being made to recover the loans and interest thereon.

Forest Department

3.2.2 Excess deposit in a corpus fund for welfare activities under Rajasthan Forestry and Biodiversity Project

Excess deposit of Rs 7.03 crore in Corpus Fund against the provisions of the Rajasthan Forestry and Biodiversity Project resulted in avoidable extra liability of loan and interest thereon for the State Government.

Government of India (GoI) entered (March 2003) into an agreement with the Japan Bank for International Cooperation (JBIC), Japan for executing the Rajasthan Forestry and Biodiversity Project (Project) according to which JBIC

22. Hindali KVSS, Bundi: Rs 2.00 lakh (July 1997); Rajasthan University Co-operative Sub-Store: Rs 5.00 lakh (March 1999) and Keshoraipatan Co-operative Sugar Mills: Rs 66 lakh (January 2001).

23. Keshoraipatan Co-operative Sugar Mills.

was to provide loan assistance of Rs 369.59 crore against the project cost of Rs 442.19 crore during the project period from April 2003 to March 2008. The remaining amount of project cost of Rs 72.60 crore as general management cost was to be borne by the State Government. The interest rate of loans sanctioned by GoI for Externally Aided Projects ranged between 10.50 per cent (2003-04) and 9 per cent (2004-09).

Chapter V (B) of the Project report, *inter alia*, provided that funds for welfare activities will be 15 per cent of the plantation cost and, to create better appreciation of community ownership among the beneficiaries, 10 per cent of the cost of welfare activities was to be contributed by people in the form of cash, kind or voluntary labour and a corpus fund of 10 per cent of the cost of welfare activities²⁴ was to be created by depositing the sum in the bank account of Village Forest Protection and Management Committees (VFPMC) for maintenance of assets created under welfare activities after the project period. The project was closed on 31 March 2008.

Test check (June 2008) of the records of Additional Principal Chief Conservator of Forest, Aravalli Afforestation Programme, Jaipur revealed that during 2004-08, against the required Rs 35.16 crore²⁵, the Department made a provision of Rs 23 crore for welfare activities and actually incurred an expenditure of Rs 19.40 crore. However, in the Project Report, financial allocation under corpus fund was incorrectly shown as Rs 10 crore. The amount deposited in the corpus fund during 2004-08 was Rs 8.97 crore²⁶ (46 per cent) against 10 per cent of actual expenditure on welfare activities costing Rs 19.40 crore. This resulted in creation of extra loan liability of Rs 7.03 crore and interest thereon for the State Government.

Government stated (June 2009) that during discussion (October 2002) with JBIC, it was agreed to set apart Rs 1 lakh per village community as corpus fund as voluntary contribution may not be feasible everywhere and a provision of Rs 10 crore was exhibited in the Project Report, but such changes could not be incorporated inadvertently in the text of the project documents. The action of the Department was not in conformity with the spirit of provisions for raising the corpus fund to be created for maintenance of assets as the corpus fund was to be created for Rs 1.94 crore being 10 per cent of the actual expenditure of Rs 19.40 crore on welfare activities and the Department has created corpus of equal to 46 per cent of cost of welfare activities. Besides, the minutes of the meeting with JBIC referred to in the Government reply also did not stipulate depositing Rs one lakh per VFPMC in the corpus fund.

Thus, excess deposit of Rs 7.03 crore in the corpus fund against the provisions of the project created avoidable extra liability of loan and interest thereon for the State Government.

24. Infrastructure Development for communities viz. Drinking water, Sanitation and Health, Animal Husbandry, Roads and Community works (Rs 15 crore) and Income Generating Activities) viz. Skill upgradation, Tailor/midwife training, Weaving/knitting, Lift Irrigation etc. (Rs 8 crore).

25. 15 per cent of actual plantation cost of Rs 234.41 crore.

26. 2004-05: Rs 0.01 crore; 2005-06: Rs 2.50 crore; 2006-07: Rs 5.30 crore and 2007-08: Rs 1.16 crore.

Higher Education and Public Works Department

3.2.3 Idling of infrastructure created for starting science stream in Government colleges

Defective planning by the Department led to delay in construction of buildings, non-utilisation of infrastructure of ten completed college buildings for want of students, which resulted in imprudent expenditure of Rs 5.37 crore.

Commissioner, College Education (Department), Jaipur sanctioned (August 2007) Rs 14.40 crore at Rs 60 lakh per college for 24²⁷ Government Colleges/Government Women Colleges (Colleges) for construction of science laboratories (at Rs 50 lakh each) and purchase of lab equipment including glassware, chemicals, specimen, microslides, furniture etc. (at Rs 10 lakh each) and issued guidelines for starting science stream under 'Self Finance Scheme'²⁸. The construction works were to be got completed through the Public Works Department (PWD) during 2007-08 and science streams were to be started from the session 2008-09. As per admission policy of the Department, 70 students in each group i.e. Mathematics and Biology of science stream, could be admitted in a college.

Test check (September 2008) of records of the Principal, Government College, Deeg (Bharatpur) and information collected (February 2009) from the Department revealed that Rs 12 crore were allotted (August 2007) to the PWD for construction of buildings and Rs 2.40 crore to the Principals of respective colleges for purchase of equipment. However no funds were released to PWD during 2007-08 and Rs 5.90 crore²⁹ were released during the years 2008-09 and 2009-10 (up to July 2009). Audit observed that even though all the 24 colleges had purchased scientific equipment and furniture worth Rs 2.40 crore (October 2007-January 2008), science stream could be started only in 12 colleges (buildings completed: 9 colleges; incomplete buildings: 3 colleges) from the session 2008-09. As of August 2009, Science stream could not be started in 12 other colleges despite spending Rs 4.37 crore (buildings completed: 10 colleges³⁰; incomplete colleges at Baran and Deeg). Additional Secretary PWD, confirmed (August 2009) that construction of five incomplete buildings was in progress. The delay in construction was attributed to belated

27. Government Colleges - Deeg, Deoli, Kekri, Lalsot, Malpura, Nasirabad, Ratangarh, Sojatcity, Suratgarh and Taranagar; Government Women Colleges - Balotra, Banswara, Baran, Barmar, Chittorgarh, Chomu, Dausa, Dungarpur, Jaisalmer, Jhunjhunu, Kotputli, Neem Ka Thana, Shahpura and Sirohi.

28. see the glossary at page 175.

29. 2008-09: Rs 4.20 crore and 2009-10 (upto July 2009): Rs 1.70 crore.

30. **Banswara:** Rs 36.67 lakh; **Chittorgarh:** Rs 42.89 lakh; **Dausa:** Rs 44.61 lakh; **Dungarpur:** Rs 38.50 lakh; **Jaisalmer:** Rs 38.73 lakh; **Lalsot:** Rs 40.28 lakh; **Nasirabad:** Rs 43.51 lakh; **Neem Ka Thana:** Rs 28.19 lakh; **Shahpura:** Rs 39.28 lakh and **Sirohi:** Rs 34.65 lakh (total Rs 4.37 crore including Rs 0.50 crore as 13 per cent pro rata charges).

release of funds and non-release of funds of Rs 6.10 crore³¹. The Principals of the ten colleges where building was complete attributed non-starting of Science stream to non-availability of adequate number of students (6 colleges)³² and students getting admission in other Government colleges having science stream at lesser fees (4 colleges)³³. Thus, the Department failed to evaluate availability of students in the areas where science stream was started in the colleges under 'Self Finance Scheme', which indicated defective planning.

The Government stated (July 2009) that PWD was being instructed to complete the buildings of five colleges and that classes could not be started in five colleges due to non-availability of students. Efforts would be made to start classes in all the 10 colleges where buildings have been completed.

Thus, defective planning of the Department led to delay in construction of buildings, non-utilisation of infrastructure of ten completed college buildings for want of students, which resulted in unfruitful expenditure of Rs 5.37 crore³⁴.

Horticulture Department

3.2.4 Improper selection of sites for ponds

Drawal and release of funds without adequate survey and improper selection of site for Community Water Ponds resulted in non-utilisation of Central assistance of Rs 3.30 crore and wasteful expenditure of Rs 9.89 lakh, besides depriving farmers of irrigation facility through harvesting of rain water.

Director, Horticulture, Rajasthan, Jaipur issued (August 2006) guidelines for construction of Community Water Ponds (Ponds) for rain water harvesting to irrigate horticultural crops under National Horticulture Mission (NHM), a Centrally sponsored scheme³⁵. Such ponds were to be constructed at the fields of farmers who were collectively interested in the development of water resources and would agree to spare their own land. After getting consent of the concerned farmer groups, selection of sites was to be done by District Horticulture Society and the construction works on the selected sites were to be carried out by the Rajasthan State Agricultural Marketing Board (Board). Each pond (size 70m X 70m) capable of irrigating 10 hectares of land was to be constructed at a cost of Rs 10 lakh as per specifications suggested by Maharana Pratap Agriculture and Technical University, Udaipur.

31. Rs 4.20 crore released in 2008-09 and Rs 1.70 crore released in 2009-10.

32. Banswara, Dausa, Jaisalmer, Nasirabad, Neem Ka Thana and Shahpura.

33. Chittorgarh, Dungarpur, Lalsot and Sirohi

34. Cost of construction of 10 completed buildings: Rs 4.37 crore: Expenditure on lab equipments and furniture at Rs one crore for 10 completed buildings.

35. 100 per cent Central assistance for 2005-07 and 85 per cent Central and 15 per cent State assistance from 2007-08 onwards.

During 2006-08, Rs 34.20 crore was released to the Board for construction of 342 ponds. Of these, construction of 279 ponds were completed as of May 2009 at a cost of Rs 25.28 crore, 29 were in progress, 21 were cancelled and 13 were not started being disputed. As a result, Central assistance of Rs 3.30 crore³⁶ sanctioned for 34 cancelled and disputed ponds was lying idle with the Board.

Scrutiny (January 2009) of records of Agriculture Officer, Baran and information gathered (July 2009) from Mission Director, NHM revealed that the funds were released without adequate survey, soil test and registration of farmers societies, as detailed below:

- Director, Horticulture, Jaipur allotted Rs 1.50 crore to Agriculture Officer (Horticulture), Baran during 2006-07 and 2007-08 who further advanced (August 2006 to December 2007) the amount to Board for construction of four ponds by June 2007 and 11 ponds by June 2008. The list of sites selected for construction of four ponds³⁷, allotted for 2006-07, was forwarded (October 2006) to Board, Baran alongwith drawing, design and model estimates. Board issued work orders to contractors (January-February 2007) to complete the works within four months (May-June 2007). While construction work of two ponds (Gagchana and Devari Upreti) could not be started due to a protest lodged by the concerned farmer groups, the work at Thamli was stopped (December 2007) as it was started at a site other than the one selected by the Agriculture Officer. The construction work of the fourth pond (Nimoda) had to be stopped (June 2007) at the excavation level due to the presence of hard rock strata. It was started without conducting soil tests. No efforts were made by the Agriculture Officer, Baran to select an alternate site. An expenditure of Rs 3.69 lakh³⁸ had been incurred by Board on these four ponds as of March 2009.
- Of the 11 ponds allotted (December 2007) for 2007-08, to be completed by June 2008, sites of only five ponds had been selected. However, work could not be started (June 2009) as the farmer groups opposed the reduction in the size of ponds to 46m X 46m and offered to construct ponds of the original size at the same cost on their own to which the Department agreed. Even so, work could not be completed due to non-registration of societies of farmer groups. This resulted in non-utilisation of Central assistance of Rs 1.46 crore for 15 to 31 months and wasteful expenditure of Rs 3.69 lakh.
- Of the three ponds sanctioned by Agriculture Officer (Horticulture), Karauli in the year 2006-07, one (Govindpura) was cancelled after incurring an expenditure of Rs 1.08 lakh and another, Akorasi, was lying incomplete, after incurring an expenditure of Rs 3.32 lakh, due to a dispute. All the 10 ponds sanctioned in 2007-08 were cancelled. This resulted in wasteful

36. Rs 340 lakh (34 ponds) less Rs 9.89 lakh (expenditure already incurred on 34 ponds).

37. Gagchana, *Panchayat Samiti* (PS) Chipabarod; Devari Upreti, PS, Shahabad; Nimoda, PS, Atru and Thamli, PS, Baran.

38. Devari Upreti: Rs 0.06 lakh on preliminary works; Nimoda: Rs 2.98 lakh on excavation and Thamli: Rs 0.65 lakh on preliminary works.

expenditure of Rs 4.40 lakh and non-utilisation of Central assistance of Rs 1.16 crore³⁹.

Drawal and release of funds without ensuring adequate survey and selection of suitable sites for ponds resulted in non-utilisation of Central assistance of Rs 3.30 crore, lying unutilized with the Board, wasteful expenditure of Rs 9.89⁴⁰ lakh, non-completion of 42 ponds within the stipulated time and non-availability of irrigation facility to the farmers through harvesting of rain water.

Government stated (June 2009) that action against officers responsible for not taking interest in implementation of the scheme was being taken.

Industries Department

3.2.5 Research and training programme for weavers not implemented

Deficient planning by the Khadi and Village Industries Board resulted in unfruitful expenditure of Rs 17.78 lakh as training of weavers by expert designers was not started. Besides, Rs 24.22 lakh was lying unutilized for more than four years, depriving the weavers of the benefits of research, training and employment.

The State Government sanctioned and released (December 2004 and March 2005) Rs 42 lakh⁴¹ to the Rajasthan *Khadi* and Village Industries Board (Board), Jaipur for development of Design, Research and Training (DRT) Centre, Bikaner and *Ooni Utpatti Kendra* (OUK) (wool production centre), Phalodi. The Board released (February 2005 and March 2005) funds to the Manager, OUK, Bikaner who controls DRT Centre and OUK, Phalodi. The proposal of DRT Centre provided for regular training to weavers with the help of experienced designers from National Fashion Designing Institute, New Delhi and other reputed Designing Institutions and conduct of continuous research in designing of woolen cloth. OUK, which was lying closed since 1995, was to be restarted for providing employment to weavers.

Test check (October 2007 to July 2008) of records of the Board, Jaipur and OUK, Bikaner revealed that Rs 16.57 lakh were spent on the DRT Centre (Rs 15 lakh: construction of building completed in September 2005; Rs 1.57 lakh: purchase of looms and computer furniture) and Rs 1.21 lakh on OUK, Phalodi (purchase of looms and other recurring expenditure). However, appointment of designers and purchase of computer and hardware for DRT

39. Rs 120 lakh (12 ponds) – Rs 4.40 lakh (expenditure incurred on 2 ponds).

40. Expenditure incurred on 34 cancelled/disputed ponds.

41. DRT Centre, Bikaner: Residential accommodation for trainees and shade for looms: Rs 15 lakh; Computer and software: Rs 2 lakh; looms and other tools: Rs 1 lakh and recurring expenditure on training: Rs 3 lakh.

OUK, Phalodi: Repair/construction of building Rs 7.75 lakh; tools and plants: Rs 1.15 lakh; recurring expenditure: Rs 5.50 lakh, other expenditure: Rs 6.60 lakh.

Centre was not made by the Board (July 2009). As a result, regular training programme and research in latest design in woolen cloth with the help of experienced designers of National Fashion Designing Institute, New Delhi, and other premier institutions could not be started. Repair/construction of building of OUK, Phalodi for which Rs 7.50 lakh were given to the Public Works Department (PWD) (March 2005) was also not carried out due to land dispute at Bap and non-handing over of the action plan of repair/construction work to the PWD. Thus, an expenditure of Rs 17.78 lakh proved unfruitful as none of the centers started functioning as of June 2009. Besides, Rs 24.22 lakh⁴² remained unutilised with OUK, Bikaner (Rs 16.72 lakh) and with PWD, District Division, Phalodi (Rs 7.50 lakh) for more than four years.

Government stated (July 2009) that a committee formed (May 2009) to look into the matter had recommended (May 2009) purchase of a computer and appointment of a designer to start the DRT Centre. Government further stated that the Committee had recommended not to start OUK. Accordingly, Rs 7.50 lakh paid for construction/repair of building would be taken back from PWD and looms purchased for OUK, Phalodi transferred to DRT Centre, Bikaner.

Thus, deficient planning by the Board resulted in unfruitful expenditure of Rs 17.78 lakh and non-utilisation of Rs 24.22 lakh for more than four years, depriving weavers of the benefits of research, training and employment.

Public Works Department

3.2.6 Acceptance of defective work led to wasteful expenditure

Acceptance of substandard work by departmental officers resulted in wasteful expenditure of Rs 75.36 lakh and avoidable liability of getting the defective work redone at an estimated extra cost of Rs 53.06 lakh.

The Additional Chief Engineer, Public Works Department (PWD) Kota Zone (ACE), accorded (February 2005) technical sanction for Rs 2.25 crore for a work⁴³. The work was allotted (March 2005) at Rs 2.11 crore to contractor 'A' to be completed by July 2005 with defect liability period and maintenance of three years. The work was completed in May 2006.

Test check (November 2008) of records of Executive Engineer, PWD District, Division, Kota (EE) and further information obtained (March 2009) revealed that during execution of work, complaint was received (August 2005) from the public that the CC pavement developed cracks and potholes due to use of

42. DRT, Bikaner: Rs 4.43 lakh for purchase of computer and recurring expenditure to be incurred on training and OUK, Phalodi: Rs 7.50 lakh for repair of old building and construction of room/boundary wall at Bap sub-centre of OUK, Phalodi and Rs 12.29 lakh for capital and other recurring expenditure.

43. Renewal on Kota-Kethuda road via Sultanpur-Itawa-Khatoli (from km 38/0 to 45/0 and 53/0 to 58/0 in Sultanpur town portion by 20mm premix carpet with premix seal coat, including cement concrete (CC) pavement).

lesser quantity of cement and steel than the prescribed quantity. The contractor executed CC work in 950 metres, costing Rs 75.36 lakh⁴⁴, excluding the foundation work. Again, the Superintending Engineer (SE), PWD Circle, Kota observed potholes (June 2006), which were got repaired (July 2006). However, a committee headed by the SE constituted (August 2006) by Chief Engineer (NH), PWD, Rajasthan, Jaipur for enquiring into the quality of CC pavement work found the results of three samples (25 August 2006) tested at Regional Laboratory, PWD Zone, Kota within acceptable limit. The committee reported that the reasons for cracking could not be established, and it was a matter of expert investigation. On reports (July-August 2007) of EE regarding development of potholes again, the ACE ordered (October 2007) the contractor to repair the potholes. During inspection, conducted in February 2008 by an Independent Quality Monitor and again by ACE in May 2008, cracks and potholes were noticed and instructions were issued (May 2008) to get them repaired through the contractor.

On receipt (May 2008) of complaint from villagers once again, the Chief Engineer (R-II) cum Chief Vigilance Officer after inspecting (June 2008) the road with other Departmental Officers, collected six samples of CC core of pavement. Tests showed (June 2008) that the compressive strength of CC, laid in pavement, was much less than that required (in five samples from 19 *per cent* to 43 *per cent*; the sixth had 76 *per cent* of required strength). The Civil Engineering Department of Engineering College, Kota suggested (October 2008) a new layer of at least 100 mm thick CC as remedial measure. In the meantime, EE having recorded a routine certificate on the final bill regarding execution of work, as per design and specification, released (April 2007) the full payment of Rs 1.99 crore to the contractor despite the fact that an enquiry was in the way for substandard work done by him. The Department's action was imprudent as it not only accepted substandard work and tried to rectify it, under repair and maintenance, instead of getting it redone at contractor's cost under clause 14 of the agreement, but also gave undue benefits to the contractor by injudiciously releasing his full payment despite complaints, and ongoing enquiries.

Government stated (June 2009) that an estimate of Rs 53.06 lakh had been prepared (February 2009) for repairing CC pavement as per suggestions of Engineering College, Kota and action against officers responsible for accepting substandard work was on the way.

Thus, acceptance of substandard work by departmental officers resulted in wasteful expenditure of Rs 75.36 lakh and avoidable liability of getting the defective work redone at an avoidable extra (estimated) cost of Rs 53.06 lakh.

44. Controlled CC work: Rs 66.90 lakh; Granular Sub-base work: Rs 0.68 lakh; Steel frame work: Rs 1.31 lakh; Expansion joint: Rs 2.06 lakh; Cutting of construction joint: Rs 0.74 lakh; Steel for Reinforced Cement Concrete: Rs 5.37 lakh; Antifriction layer: Rs 0.72 lakh = Rs 77.78 lakh minus Rs 2.42 lakh (3.11 *per cent* tender premium).

Water Resources Department

3.2.7 Comprehensive training for flood rescue operation ignored

The action of the Department to ignore the critical component of training, an integral component of procurement of expensive motorboats (cost Rs 2.44 crore), is indicative of lack of prudence.

The State Level Committee of the Disaster Management Group, chaired by the Additional Chief Secretary (Development), decided (September 2006) to procure 40 motorboats, with 800 metre nylon rope, through the Water Resources Department (WRD), Rajasthan to strengthen flood rescue operation units in Rajasthan, and sanctioned Rs 1.41 crore. WRD was also directed to examine the procurement of inflatable motorboats, similar to those used by the Army. The Executive Engineer (EE), Water Resources Division, Kota, held discussions with the Commanding Officer (Army), incharge of flood rescue operations in Kota Zone, and submitted (December 2006) a proposal of Rs 3.32 crore, which included a critical component of Rs 40 lakh for training by “expert professionals⁴⁵” to 200 WRD personnel. Training was vital⁴⁶ for effective operations of the boats. An additional budget of Rs 1.93 crore was provided (July 2007) to the Chief Engineer, WRD by the Disaster Management and Relief Department (DMRD).

While approving the tenders, the WRD Purchase Committee emphasized the necessity of comprehensive training for flood rescue operations to WRD staff for which a budget provision of Rs 40 lakh was made. General operation training, free of charge, was to be provided to 50 personnel by the inflatable/aluminium boat supplier firms for a minimum of 10 days, at a recognised/approved institute.

Test check (August-September 2008) of the records of EE, WRD, Kota revealed that 15 inflatable and 25 aluminum boats were procured (December 2007-March 2008) at a cost of Rs 2.44 crore for distribution (two to each of the seven administrative divisional headquarters and 26 for main dams/other places). However, comprehensive training by “expert professionals” was not imparted to 200 WRD personnel as specifically directed. The amount meant for imparting comprehensive training was surrendered (March 2008) to DMRD.

Government stated (April 2009) that Rs 40 lakh was not utilised for comprehensive training by expert professionals and refunded (March 2008) to DMRD. The motorboats were used in Bihar for rescue of flood victims. General training was imparted to 62 persons by the supplier firms on 18 October 2007 and 15 March 2008. The reply was not acceptable as

45 . Like military personnel and expert agency viz. Asha Underwater Diving and Engineering Services Private Limited.

46 As per the proposal submitted by the EE, WRD, Kota in December 2006 after discussion with Commanding Officer (Army) in Kota Zone.

comprehensive training by “expert professionals” had been considered an integral component of procurement of the very expensive boats. Further, the WRD did not enforce upon the firms the obligatory requirement of 10 day free-of-charge training at recognized/approved institutes. Audit is of the view that while dispatch of boats to Bihar was an appreciable act, bereft of proper training, the efficiency of WRD personnel in rescue operations in Rajasthan could be compromised.

Thus, the action of the Department to ignore the critical component of training, an integral component of procurement of expensive motorboats (cost Rs 2.44 crore), is indicative of lack of prudence.

3.3 Persistent and pervasive irregularities

An irregularity is considered persistent if it occurs year after year. It becomes pervasive when it is prevailing in the entire system. Recurrence of irregularities, despite being pointed out in earlier audit is not only indicative of non-seriousness on the part of the executive but is also an indication of lack of effective monitoring. This, in turn, encourages willful deviations from observance of rules/regulations and results in weakening of the administrative structure. Some of the cases reported in Audit about persistent irregularities have been discussed below:

Disaster Management and Relief Department

3.3.1 Unauthorised expenditure out of Calamity Relief Fund

Charging assistance for input subsidy in excess of Government of India norms to CRF resulted in inadmissible expenditure of Rs 8.78 crore and deprived the State exchequer of interest from investment of surplus CRF.

Government of India (GoI) modified (April 2003 and June 2005) eligibility criteria for assistance from the Calamity Relief Fund (CRF)/National Calamity Contingency Fund (NCCF) for the period 2000-05, which envisaged that expenditure from CRF/NCCF was to be incurred as per approved items/norms only. Item 3(d)-I of the list of items and norms approved by GoI provided for payment of agriculture input subsidy to small, marginal and other farmers for loss of crops under rain-fed area, assured irrigation and perennial crops at Rs 1000, Rs 2500 and Rs 4000 per hectare respectively.

Mention has been made about incurring inadmissible expenditure out of CRF on removal of crop waste in paragraph 4.4.2 of Audit Report (Civil) 2007-08 and on hiring of helicopters/material component of construction works in paragraph 4.5.4 of Audit Report (Civil) 2006-07. However, the inadmissible/unauthorized expenditure continued by the Collectors.

Test check (January 2009) of the records of District Collectors (Disaster Management and Relief), Jalore and Sirohi and information collected (May-

June 2009) from District Collectors Ajmer, Alwar and Jaipur revealed that the State Government declared (March 2007) a relief package⁴⁷ of agriculture input subsidy for small, marginal and other farmers affected by hailstorm during February and March 2007. This order was not in conformity with the norms and items prescribed by the GoI under CRF. The State package, *inter alia*, included payment of agriculture input subsidy to small, marginal and other farmers for rainfed areas at Rs 3000, for assured irrigation through electric hand pumps/canal at Rs 4000 and for assured irrigation through diesel pump sets at Rs 6000 per hectare. Accordingly, the Collectors paid (April-June 2007) subsidy of Rs 21.36 crore⁴⁸ from CRF (against Rs 12.58 crore⁴⁹ admissible under CRF) to 67486 farmers of Ajmer, Alwar, Jaipur, Jalore and Sirohi Districts. As a consequence, subsidy of Rs 8.78 crore in excess of GoI norms was charged to CRF.

In respect of Sirohi District, Government stated (August 2009) that the matter of charging the amount paid in excess of GoI norms out of CRF, to State budget was being referred to the State Finance Department.

The fact remains that charging assistance for input subsidy in excess of GoI norms to CRF was unauthorised and led to inadmissible expenditure of Rs 8.78 crore out of CRF. Besides, the State exchequer could not invest surplus CRF as per guidelines of CRF Scheme and was deprived of interest from such investment.

Finance Department

3.3.2 Persistent excess payment of pension

Failure of the treasury officers to exercise prescribed checks led to excess/irregular payment of pension/family pension amounting to Rs 1.21 crore.

Treasury Officers (TOs) are responsible for checking the accuracy of pension payment, family pension and other retirement benefits made by the banks with reference to the records maintained by them, before incorporating the transactions in their accounts.

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47. Agriculture input Subsidy to small, marginal and other farmers (up to 2 hectare) Rs 3000 per hectare in rainfed areas and for areas of assured irrigation:
 (A) Rs 4000 per hectare for areas irrigated by electric wells and canal.
 (B) Rs 6000 per hectare for areas irrigated by diesel pump sets.
48. Ajmer-1931 farmers: Rs 0.76 crore; Alwar- 11898 farmers: Rs 3.13 crore; Jaipur-44282 farmers: Rs 13.83 crore; Jalore- 4202 farmers: Rs 2.13 crore; Sirohi-5173 farmers: Rs 1.51 crore.
49. Ajmer: Rs 0.38 crore; Alwar: Rs 1.66 crore; Jaipur: Rs 8.55 crore; Jalore: Rs 1.11 crore and Sirohi: Rs 0.88 crore (the admissible amount has been worked out proportionately with reference to subsidy paid).

Cases of excess payments to pensioners were featured in the earlier Audit Reports (Civil)⁵⁰. The Public Accounts Committee recommended (2001-02) that recoveries of excess payment be effected, responsibility fixed against defaulting officers and the administrative inspection of treasuries be strengthened to avoid recurrence of such irregularities in the future. The Department issued (16 August 2002) necessary instructions to the TOs for verification of pension payments by visiting the banks. While examining para 4.2.5 of Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 (Civil) Government of Rajasthan, Public Accounts Committee (2006-07) again took a serious view.

Test check (April 2008 to March 2009) of records of pension payments made by the 143 banks/247 treasuries and sub-treasuries, however, revealed that excess/irregular payments of superannuation/family pensions were made to 407 pensioners⁵¹ (Banks: 249 and Treasuries: 158) of 27 districts amounting to Rs 1.21 crore as of 31 March 2009 as detailed below:

(Rupees in lakh)

S.No.	Particulars	Excess payment made		Recoveries effected at the instance of audit	
		Number of cases	Amount	Number of cases	Amount
1.	Non-reduction of family pension after expiry of the prescribed period (Rule 62 of Rajasthan Civil Services (Pension) Rules 1996).	262	76.15	193	71.20
2.	Family pension not stopped after attaining the age of 25 years/ marriage/ employment of dependents (Rule 67).	2	0.29	2	0.29
3.	Non-reduction of pension after its commutation (Rule 28).	65	5.54	40	5.06
4.	Pension credited in Bank Accounts without receipt of Life Certificates (Rule 134).	20	21.86	20	21.86
5.	Dearness relief paid to pensioners during the period of their re-employment (Rule 164)	2	0.69	2	0.69
6.	Dearness Pay wrongly paid.	16	11.22	15	10.54
7.	Pension of other States wrongly debited.	1	0.43	1	0.43
8.	Pension and Dearness Relief paid at higher rate than admissible.	21	2.45	7	1.69
9.	Non-recovery of dues from gratuity payments (Rule 92).	16	1.69	11	0.40
10.	Miscellaneous	2	0.74	2	0.74
	Total	407	121.06	293	112.90

Irregularities had persisted due to failure of the TOs in conducting concurrent checks of payments made by banks, despite the recommendations of the

50. Para 3.2 of 1997-98, para 3.7 of 1999-2000, para 4.4.1 of 2002-03, para 4.2.5 of 2003-04, para 4.4.1 of 2004-05, para 4.1.3 of 2005-06, para 4.5.7 of 2006-07 and para 4.4.3 of 2007-08.

51. Ajmer: 12, Alwar: 30, Banswara: 7, Baran: 10, Barmer: 34, Bhilwara: 10, Bikaner: 2, Bundi: 5, Chittorgarh: 17, Dausa: 26, Dholpur: 3, Dungarpur: 6, Ganganagar: 4, Hanumangarh: 3, Jhalawar: 20, Jaipur: 50, Jaisalmer: 1, Jalore: 16, Jodhpur: 44, Karauli: 3, Kota: 4, Nagaur: 1, Pratapgarh: 27, Rajsamand: 12, Sikar: 34, Tonk: 16 and Udaipur: 10.

Public Accounts Committee to strengthen administrative inspection of treasuries by TOs.

The Government accepted (July 2009) the facts and recovered Rs 1.13 crore at the instance of audit.

Public Health Engineering Department

3.3.3 Procurement of pipes and execution of civil works before acquisition of land for water supply schemes

Procurement of pipes and taking up works of reservoirs etc. before developing source of water for water supply schemes, in violation of the instructions issued by Rajasthan Water Supply & Sewerage Management Board, resulted in unfruitful expenditure of Rs 2.75 crore. The objective of providing drinking water to the rural area was also not achieved.

Mention was made in paragraph 4.1.6 of Report of the Comptroller and Auditor General of India (Civil) Government of Rajasthan for the year ended 31 March 2006 about undertaking the works of a rural water supply scheme before development of water source and resultant unfruitful expenditure of Rs 84.32 lakh. Instances of irregularities noticed in audit are discussed below:

(A) The Policy Planning Committee (PPC) of Rajasthan Water Supply & Sewerage Management Board (RWSSMB) accorded (September 2003) administrative and financial sanction of Rs 5.33 crore (revised to Rs 7.11 crore in April 2005) for re-organisation of Regional Water Supply Scheme (Scheme) of Riched-Jheelwara-Charbhujia in Rajsamand District. The scheme, *inter alia*, included: (i) construction of source of water as Bedach Ka Naka Dam by Executive Engineer, Water Resources Department (WRD) Division, Rajsamand and (ii) laying and jointing of rising main, distribution system, construction of filter plant, clear water reservoir, ground level reservoir, pump house, etc. by Executive Engineer (EE), Public Health Engineering Department (PHED) Division Rajsamand. The PPC emphasized that execution of other components of the scheme be taken up only after ensuring that the source of water is developed.

Test check (June-July 2008) of the records of the EE, PHED, Division, Rajsamand and further information obtained revealed that as per the Project Report, 3 hectares, out of total submergence area of 9.4 hectares, falling in Kumbalgarh Wild Life Sanctuary area was to be acquired. For this, prior permission of the Supreme Court, with reference to a writ petition filed by an individual, was required before submitting any proposal to GoI for diversion of such land. However, the proposals for seeking permission from the Supreme Court were sent belatedly in April 2008. As a result, work on development of water source by the EE, WRD had not started as of May 2009. In the meantime, EE, PHED Division, Rajsamand booked expenditure of

Rs 1.55 crore⁵² on procurement of pipes etc. to the project. Of this, PHED Division had diverted pipes valued Rs 0.85 crore between April 2006 and April 2009 to other schemes/ store and material worth Rs 0.66 crore was lying unused (May 2009) in the departmental store.

Government accepted (July 2009) that the source of water could not be developed for want of permission of Forest Department and the material charged to the project was being transferred to other works/divisions.

(B) In another case, the PPC sanctioned (April 2007) the work 'Re-organisation and conversion of Regional Water Supply Scheme of Nangali-Saledi Singh-Nanuwali Baori-Gothra (District Jhunjhunu)' for Rs 4.60 crore with the condition that the source of water would be developed first and all other components be taken up only after ensuring the success of the source. The Chief Engineer (CE), Rural, PHED, Jaipur while according (December 2007) technical sanction of the scheme also reiterated the same. The scheme *inter-alia*, included construction of 10 tube wells and other works viz. two service reservoirs (SR), two clear water reservoirs (CWR), two ground level reservoirs (GLR), providing, laying and jointing of rising and distribution mains, installation of pump house and earth work etc. The tube wells were to be dug at Nangali-Saledi where the Hydrologist of Ground Water Department had confirmed availability of water after survey. The scheme was to be completed by 3 October 2008. As of November 2008, Rs 1.20 crore was incurred on the scheme.

Test check (December 2008) of the records of the Executive Engineer (EE), PHED, Division Khetri revealed that the work of construction of reservoir and laying and jointing of pipeline etc. was awarded (October 2007) to contractor 'A' by the Additional Chief Engineer, PHED, Jaipur for Rs 2.25 crore with the condition that these works should be taken up after the source of water is developed. The construction of tube wells on Government land for developing source of water was, however, awarded to contractor 'B' in January 2008 to be completed by 22 March 2008. The work could not be started and was withdrawn in May 2008 by the Superintending Engineer, PHED, Circle Sikar, as the villagers resisted construction of tube wells on the ground that it would affect the water level of their hand pumps. In the meantime, an expenditure of Rs 1.20 crore was incurred on procurement of AC pipes (12938 metre) with jointing material (cost: Rs 86.10 lakh) and payment to contractor 'A' (Rs 34.19 lakh) for construction of two GLRs, one CWR and one SR as of July 2008, which was rendered unfruitful for want of water source.

The EE, PHED Division, Khetri stated (December 2008) that the work of reservoirs and pipelines was awarded on verbal instructions of the then Additional Chief Engineer, Jaipur region. Government stated (November 2009) that directions have been issued to investigate the matter and fix responsibility on the defaulting officers.

52. Cost of 25,544.32 metre Duct Iron/Cast Iron (DI/CI) spun pipes: Rs 1.51 crore, Contingency: Rs 1 lakh and payment to WRD for development of source: Rs 3 lakh.

Thus, non-compliance with the Departmental instructions for taking up works of reservoirs and procurement of pipes only after developing source of potable water led to unfruitful expenditure of Rs 2.75 crore. Beside, the objective of providing drinking water to the rural people was also not achieved.

3.4 Failure of oversight/governance

Government has an obligation to improve the quality of life of the people in the area of health, education, development etc. through upgradation of infrastructure and public services. Audit noticed instances where the funds released by Government for creating public assets for the benefit of the community remained unutilised/ blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few such cases have been discussed below:

Forest Department

3.4.1 Unauthorised mining activities allowed without recovering net present value

Delayed issue of demand notices for recovery of net present value from mine owners and weak administrative oversight resulted in unauthorized mining activity in forest land and loss of Rs 79.21 lakh.

Pursuant to the orders of the Supreme Court (30 October 2002 and 1 August 2003), Government of India, Ministry of Environment and Forests (MoEF) had issued (September 2003) guidelines for collection of Net Present Value (NPV) of forest land diverted for non-forest use from the user agency where 'in principle' approval was granted after 30 October 2002. The Supreme Court, in its judgement of 15 September 2006, held that NPV was to be recovered in all cases, irrespective of the date on which 'in principle' clearance may have been granted. Accordingly, the Compensatory Afforestation Fund Management and Planning Authority (CAMPA), New Delhi, issued a clarification (October 2006) that recovery of NPV of forest land, diverted under the Forest (Conservation) Act, 1980, should be made in those cases also for which 'in principle approval' was granted before 30 October 2002 and for which final approval had either already been granted on or after 30 October 2002 or shall be granted thereafter.

The MoEF granted (May 1997) 'in principle approval' for diversion of 8.61 hectare (ha) forest land for mining of slabs and masonry stone in favour of 28 mine owners in Forest Block-Butoli (District Sikar). The MoEF conveyed final approval in March 2003 for diversion of forest land for five years for non-forest use with the condition of strict compliance of orders of the Supreme Court, issued from time to time. CAMPA's clarification of October 2006 *ibid*, regarding recovery of NPV, endorsed by Conservator of Forest, Desert Afforestation and Pasture Development (DAPD), Sikar was received in the

office of the Deputy Conservator of Forest (DCF), DAPD, Sikar on 7 November 2006.

Test check of records (October 2008) of the Conservator of Forest (DAPD), Sikar revealed that even though the clarification of CAMPA (October 2006) was received in November 2006, the DCF, DAPD, Sikar did not raise demand notices for NPV, and mining activities were allowed. The demand was raised for the first time on 14 November 2007 by DCF, DAPD, Sikar through Mining Engineer, Sikar for deposit of NPV of Rs 79.21 lakh at Rs 9.20 lakh per hectare by 30 November 2007. Though mining activities were stopped in November 2007, the NPV had not been recovered from the users as of July 2009 resulting in loss of Rs 79.21 lakh.

Audit observed that in the monthly reports, sent by the DCF, the division was intimating only the amount of NPV recovered but not the information regarding 'NPV due but not recovered'. The higher authorities too did not ask for the critical information indicating poor administrative control.

Government stated (April 2009) that in the final approval conveyed by GoI in March 2003, there was no condition for recovering NPV and mining activities had been stopped with effect from 15 November 2007. The reply was not tenable as the final approval conveyed by GoI clearly stipulated strict compliance of orders issued by Supreme Court from time to time. By issuing demand notices belatedly in November 2007, the users were allowed unauthorized mining activities for one year, without recovering NPV.

Thus, delayed issue of demand notices for recovery of NPV from mine owners and weak administrative oversight resulted in unauthorized mining activity in forestland and loss of Rs 79.21 lakh. Audit is of the view that the Government should devise a foolproof system to ensure recovery of NPV (meant for compensatory afforestation), and thereby, check on unauthorized exploitation of forest land.

Industries Department

3.4.2 Non-recovery of loans paid for Khadi and Village Industries projects

Lack of initiative by the Rajasthan Khadi and Village Industries Board in taking timely and effective action to recover loans of Rs 1.03 crore, under Consortium Bank Credit, from the beneficiaries led to accumulation of dues of Rs 2.30 crore including interest of Rs 1.27 crore.

As per guidelines issued (July and December 1995) by the Khadi and Village Industries Commission of Government of India (KVIC) on Consortium Bank Credit (CBC), loan was available for viable and bankable projects under

various Khadi and Village Industries (KVI) programmes with the objective to provide term loan towards project outlays and cash credit covering working capital for KVIC/Khadi and Village Industries Board (KVIB) projects being executed by KVIB and its districts units (District Industry Centres). The funds for loan were provided by KVIC to KVIB for further distribution and KVIB was responsible to recover and repay the amount to KVIC. The Rajasthan Khadi and Village Industries Board (Board) was responsible for sanctioning and recovery of CBC loan from the beneficiaries. Immoveable property of the loanee was being mortgaged as security for safe recovery of loan. The CBC loan was recoverable in quarterly instalments within a maximum period of eight years including the moratorium period of one year. The Board could also recover the outstanding dues under the Rajasthan Land Revenue Act, 1956.

Test check of the records of the Board, Jaipur and 11 District Industries Centres (DICs)⁵³ revealed that CBC loan of Rs 1.15 crore was disbursed between November 1996 and August 1999 to 178 beneficiaries through DICs for various KVI programme/projects⁵⁴. The loan amounts were to be recovered by August 2007. However, Rs 1.03 crore (90 *per cent*) remained unrecovered as of July 2008. Of this, Rs 52.67 lakh was outstanding against 82 beneficiaries who had not paid even a single instalment. The earliest loan pertained to the year 1996. Audit observed that though DICs regularly sent monthly/quarterly reports of realisation of CBC loan to the Board, the details of units and amount recovered and/or due from them were not given. Neither the Board nor the DICs had taken any effective action against defaulter beneficiaries, except issue of demand notices to the defaulters. On being pointed out in audit, the Board requested (June-July 2009) the Collectors to recover the CBC loans and interest from the defaulters under the Land Revenue Act.

Government informed (July 2009) that Rs 7 lakh have been recovered. The reply was silent about recovery of interest of Rs 1.27 crore and action taken under the Land Revenue Act against the defaulters.

Thus, lack of initiative by the Board in proper monitoring and taking timely and effective action to recover CBC loan of Rs 1.03 crore from the defaulting beneficiaries led to accumulation of dues of Rs 2.30 crore including interest of Rs 1.27 crore.

53. Alwar, Bharatpur, Banswara, Dausa, Ganganagar, Hanumangarh, Jaipur, Jaisalmer, Kota, Sikar and Udaipur.

54. Leather, pulses, plastic, soap, lime, floor mill, brass wire, motor binding, spices, cycle repair, electric shop, pickles, stone cutting, barber saloon etc.

Medical and Health Department

3.4.3 Non-utilisation of equipment for food safety and quality control of drugs

Medical and Health Department showed apathy in implementation of the externally aided Capacity Building Project on Food Safety and Quality Control of Drugs for the benefit of general public.

The Ministry of Health and Family Welfare, Government of India (GoI), launched (October 2003) a five year World Bank assisted project namely Capacity Building Project on Food Safety and Quality Control of Drugs⁵⁵ to benefit the general public, especially the poor, by increasing testing capacity of food and drug testing laboratories⁵⁶ by providing infrastructure and imparting training to personnel of laboratories to upgrade their skills. GoI sanctioned grant of Rs 2.85 crore for implementation of the programme in Rajasthan.

Test check of records of Project Director (PD), Rajasthan State Aids Control Society (RSACS), Jaipur, Chief Public Analyst, Rajasthan, Jaipur and information gathered from Public Analyst, Public Health Laboratory (PHL), Jodhpur revealed the following:

- GoI released (April and November 2005) Rs 33.99 lakh to RSACS for meeting the expenditure on furniture, chemicals and salaries. Of this, Rs 4.46 lakh only was incurred on purchase of chemicals, glassware and furniture and Rs 34.13 lakh (including interest of Rs 4.60 lakh) were lying unutilised (August 2009) in the Savings Bank Account of RSACS. The PD, RSACS stated (August 2009) that the Director, Medical and Health, was the nodal officer of the project, who could not utilise the funds.
- Under the programme, the Hospital Services Consultancy Corporation (India) Limited (HSCC) supplied equipment worth Rs 1.52 crore⁵⁷ to the Drug Testing Laboratory, Jaipur and two PHLs at Jaipur and Jodhpur between April 2004 and December 2007. Of these, equipment⁵⁸ worth Rs 22.83 lakh were lying uninstalled at PHLs for want of appropriate space (August 2009).
- Further, Gas Liquid Chromatograph provided to PHL, Jaipur by HSCC, valued at Rs 22.31 lakh was installed in September 2005 but had been used only six times as of November 2008. The Chief Analyst stated (November 2008) that since costly chemicals, standards and other stores were required for operation of this equipment a request for allotment of Rs 20 lakh for this purpose had already been made, which was awaited.

55. 100 per cent Centrally Sponsored Scheme.

56. State Food Laboratory, Jaipur and Jodhpur, State Drug Laboratory, Jaipur.

57. Converted value of \$ at Rs 50.95 per dollar and Yen 32.40 lakh at Rs 0.52 per Yen.

58. PHL, Jaipur: Window air conditioner, Kjehlahl digestion unit, Laminar flow cabinet and PHL, Jodhpur: Atomic Absorption Spectro Photometer, Air conditioner.

- In PHL Jodhpur, equipment worth Rs 82.48 lakh were installed with delays ranging between 12 and 40 months due to lack of space. Five equipments worth Rs 49.91 lakh were not utilised for testing of food samples.

Chief Analyst/Analyst, PHL Jaipur and Jodhpur attributed (November 2008/February 2009) non-utilisation of these equipments to shortage of chemicals and trained personnel.

Thus, lack of interest on the part of the Department in implementation of the project resulted in non-utilisation of Central assistance of Rs 34.13 lakh, non-installation/non-utilisation of equipment worth Rs 72.74 lakh. Besides, the purpose of strengthening of food and drug testing laboratories was defeated.

The matter was referred to the Government in February 2009. No reply was received (September 2009).

Public Works and Water Resources Departments

3.4.4 Construction of a road in submergence of a dam

Lack of concerted action between Public Works Department and Water Resources Department led to unfruitful expenditure of Rs 42.52 lakh on incomplete approach road and Rs 22.99 lakh spent on a stretch of road coming in submergence, proved wasteful.

Additional Secretary (Roads), Public Works Department (PWD), accorded (April 2006) administrative and financial sanction of Rs 498.84 crore for construction of new road works in 19 districts under *Pradhan Mantri Gramin Sadak Yojana* (PMGSY), which included construction of bitumenised approach road (A/R) from Dhabla to Bardiya (5.70 km), Jhalawar District at a cost of Rs 1.19 crore to provide connectivity of village Bardiya with District Headquarters. Technical sanction of the work was accorded (May 2006) by Superintending Engineer (SE), PWD Circle, Jhalawar for Rs 1.19 crore. Executive Engineer (EE), PWD Division, Bhawanimandi issued (July 2006) work order for construction of the A/R to contractor 'A' for Rs 1.53 crore with stipulated date of completion as 20 April 2007.

In the meantime, the Deputy Secretary and Technical Assistant to the Chief Engineer, Water Resources Department (WRD), Rajasthan, Jaipur conveyed (July 2006) to the Additional Chief Engineer, WRD, Zone Kota, administrative and financial sanction of Rs 80.12 crore for construction of Gagrin Medium Irrigation Project (GMIP) in Pirawa Tehsil, District Jhalawar.

Test check (October 2008) of records of SE, PWD Circle, Jhalawar revealed that it was only in May 2007, that the EE, Chauhi Project Canal (CPC) Division, WRD, Jhalawar intimated, EE, PWD Division, Bhawanimandi not to carry out work of A/R from Dhabla to Bardiya as some portion (2 km) of road alignment was coming under submergence of GMIP. EE, PWD Division, Bhawanimandi stopped (May 2007) the work. The contractor 'A' had been

paid (June 2007) Rs 65.51 lakh for Water Bound Macadam (WBM) with Cross Drainage for the works of the entire length of 5.70 km.

Had the EE, CPC Division, WRD, Jhalawar immediately intimated to EE, PWD, Division Bhawanimandi about the approval (19 July 2006) of GMIP, the latter could have withdrawn the work order/taken action to stop the work, and the unfruitful/wasteful expenditure of Rs 65.51 lakh could have been avoided.

The Principal Secretary, WRD stated (August 2009) that the PWD authorities had been informed on time, in the meetings held by the District Collector, Jhalawar, of the prospect of submergence of the area. However, no record in support of this was provided to Audit by the District Collector's office. The SE, WRD Circle, Jhalawar informed (May 2009) that written minutes were not prepared.

The Secretary, PWD stated (June 2009) that the road constructed from Dhabla to Bardia up to WBM with cross drainage works was being utilised by public as only a small portion of the road was under the dam's submergence. The fact remains that the road had not been bitumenised as approved and a portion (2 km) was falling in the submergence area of GMIP.

Thus, lack of co-ordination between PWD and WRD resulted in unfruitful expenditure of Rs 42.52 lakh on incomplete approach road, and Rs 22.99 lakh (proportionately) spent on stretch of road (2 km) in submergence area, proved wasteful.

Secondary Education Department

3.4.5 Programme for improving education standards in rural areas not implemented despite having surplus teachers

Indecisiveness on the critical issue of teacher-student norm resulted in unproductive expenditure of Rs 7.26 crore on pay alone of 450 surplus teachers and deprived rural students of the benefit of quality education.

In November 2007, State Government issued instructions for rationalization of teachers, following the norm of 1:60 teacher-student ratio with the objective of improving education standards in rural areas by adjusting excess teachers in urban schools on vacant posts in the rural. Accordingly, the Commissioner, Secondary Education, invited (15 April 2008) proposals from Deputy Director (Secondary Education) for rationalization of Lecturers and Senior teachers to be prepared on the basis of number of students as on 30 September 2007 for submission by 25 April 2008.

Test check (August/October 2008) of records of the District Education Officer (DEO), Secondary II, Alwar and information collected (February/ May 2009) from the Deputy Director (Secondary Education), Jaipur Region (DD),

however, revealed that the Director, Secondary Education, Rajasthan, Bikaner (Director) again issued (May 2008) instructions to the Deputy Directors to submit revised proposals. As per the instructions, maximum number of teachers were to be adjusted in rural schools rather than in urban schools, while no action was taken on the revised proposals, Government revised the teacher student norm to 1:50 in April 2009. Accordingly, 529 teachers⁵⁹ were declared surplus in the Jaipur Region and 450 teachers⁶⁰ were proposed to be adjusted in the schools in rural areas. However, Government again reverted to the teacher student norm of 1:60 in August 2009 and instructed the Director to prepare fresh proposals for rationalization of teachers. No action was taken on rationalisation of teachers as of November 2009.

Frequent changes in the criteria for preparing proposals for rationalization of teachers indicated indecisiveness of the Government and led to unproductive expenditure of Rs 7.26 crore⁶¹ on pay alone of 450 surplus teachers stationed in urban areas for the period July 2008 to May 2009. The unproductive expenditure would be even more if the position in remaining six regions⁶² of the State is taken into account. This was indicative of the apathetic attitude of the State Government towards strengthening of school education in rural areas.

Government stated (May 2009) that the services of surplus teachers were being utilised “for other activities of schools” and “were teaching other subjects where posts of teachers were vacant”. The reply indicated the Department’s failure in carrying out rationalization of teachers and improve education standards in rural schools.

Mention was made in paragraph 4.1.1 of the Report of the Comptroller and Auditor General of India for the year ending 31 March 2008 (Civil)-Government of Rajasthan about nugatory expenditure of Rs 81.15 lakh on pay and allowances of idle teachers the Primary schools having ‘nil’ enrolment of children (paper schools).

The Government should have a policy for rationalization of teachers, which should be implemented as an on-going process to ensure that the rural students were not deprived of the benefits of quality education.

59. DEO- I, Alwar: Lecturer: 33; Sr. Teacher 44, DEO- II, Alwar: Lecturer: 46; Sr. Teacher 112, DEO, Dausa : Lecturer: 5; Sr. Teacher 16, DEO- I, Jaipur : Lecturer: 85 Sr. Teacher 152 and DEO- I, Sikar : Lecturer: 19 , Sr. Teacher 17.

60. DEO- I, Alwar: Lecturer: 33; Sr. Teacher 44, DEO- II, Alwar: Lecturer: 12 Sr. Teacher 67, DEO, Dausa: Lecturer: 5; Sr. Teacher 16, DEO- I, Jaipur: Lecturer: 85; Sr. Teacher 152 and DEO- I, Sikar : Lecturer: 19 , Sr. Teacher 17.

61. Worked out on the minimum of scale @ Rs 16290 per month (Lecturer) and Rs 13830 per month (Sr. Teacher)

62. Ajmer, Bharatpur, Churu, Jodhpur, Kota and Udaipur.

General

3.4.6 Lack of response to audit observations

Audit is an aid to management for effecting good governance. A positive response to audit observations showcases a responsive administration, valuing good governance. An attitudinal change to audit in various echelons of government is required.

According to Rule 327(1) of General Financial and Accounts Rules, the retention period for various accounting records ranged between one and three years after audit. Owing to the failure of departmental officers to comply with the observations in inspections reports (IRs), within the prescribed retention period, the possibility of their settlement in the future appeared to be bleak due to non-availability of records.

As on 31 March 2009, there were 7,708 IRs containing 27,382 paragraphs issued during the period 1982-83 to 2008-09 (up to September 2008) pertaining to 81 Civil and 8 Works Departments pending for settlement, as under:

Year	Numbers pending	
	IRs	Paragraphs
Upto 2002-03	2,150	5,915
2003-04	654	2,067
2004-05	905	2,932
2005-06	772	3,260
2006-07	1,166	4,577
2007-08	1,323	5,503
2008-09 (upto September 2008)	738	3,128
Total	7,708	27,382

- For early settlement of outstanding Inspection Reports (IRs) and paragraphs, the State Government issued (August 1969) instructions to all departmental officers for sending the first reply to IRs within a month, and replies to further audit observations within a fortnight. These instructions have been reiterated from time to time. The instructions issued in March 2002 envisaged appointment of nodal officers and Departmental Committee in each of the Administrative Departments to ensure compliance to all the matters relating to audit. Latest instructions were issued in November 2006.

- An analysis of 1143 IRs, Social Justice and Empowerment Department (45), Disaster Management and Relief Department (115), Agriculture Department (221) and Public Works Department (762), revealed that 4,562 paragraphs were outstanding as on 31 March 2009. It was further noticed that first reply of the 13 IRs of the Social Justice and Empowerment Department, six IRs of Disaster Management and Relief Department, 18 IRs of Agriculture

Department, two IRs of Forest Department and nine IRs of Public Works Department were pending for five to 35 months⁶³.

- Audit Committees comprising of the Principal Secretary/Secretary of the Department and representatives of the Finance Department and the Office of the Principal Accountant General were formed in 37 Departments out of 89 Departments for taking speedy action on pending audit matters. The Finance Department issued (November 2004) instructions for conducting four meetings per year but not a single Department adhered to the instructions of the Finance Department and only 36 Audit Committee meetings were held by 22 Departments during 2008-09.

Audit is an aid to management for efficiency, effectiveness and good governance. The failure of the Government in taking proper corrective action on audit findings indicated weak governance. The Government should look into the matter and ensure that procedures are put in place to ensure submission of prompt and proper response to the audit observations, action against the officials who failed to send replies to IRs/paragraphs within the prescribed time schedule, and to recover loss/outstanding advances/overpayments in a time bound manner.

63. Social Justice and Empowerment Department: 5 months to 30 months; Disaster Management and Relief Department: 5 to 20 months; Agriculture Department: 5 months to 35 months, Forest Department: 6 months to 8 months and Public Works Department: 7 months to 10 months.