

## **Chapter 2**

### **Performance Audit**

This Chapter presents the performance audits of 'National Horticulture Mission Programme', 'Implementation of Drinking Water Supply Projects', 'Implementation of schemes for welfare and upliftment of weaker and backward sections of society', 'Working of Rajasthan University of Health Sciences, Jaipur' and 'Twelfth Finance Commission Grant for Maintenance of Roads and Bridges'.

### **Horticulture Department**

#### **2.1 National Horticulture Mission Programme**

##### ***Executive summary***

The National Horticulture Mission (NHM) Programme was launched in 2005-06 by the Government of India, Ministry of Agriculture, Department of Agriculture and Co-operation, as a centrally sponsored scheme, with the objective of promoting holistic growth in horticulture sector covering fruits, vegetables, mushroom, spices, flowers, aromatic plants etc. The State Level Executive Committee (SLEC) is the nodal agency and Rajasthan Horticulture Development Society (RHDS) implements the programmes at State and District level.

During performance audit of NHM covering 13 components in eight selected districts, it was noticed that SLEC neither issued instructions/set methodology for carrying out base line surveys and feasibility studies for preparation of the Strategic/Perspective and Annual Action Plan nor was the data of such surveys called for from field offices. Cluster approach for potential crops was not adopted in most of the test checked districts.

The budget proposals were over estimated by 116 *per cent* while utilisation percentage of available funds ranged between 63 and 96 *per cent* during the period 2005-09 resulting in accumulation and non-utilisation of funds ranging from ₹ 8.39 crore to ₹ 28.20 crore.

NHM funds ranging from ₹ 0.01 crore to ₹ 13.86 crore were utilised in other on going schemes run by the RHDS, without approval of Government of India (GoI). Excess assistance of ₹ 1.65 crore was spent on establishment of new gardens due to adoption of higher rates than admissible.

Water sources, created without developing gardens with drip systems, resulted in unfruitful expenditure of ₹ 35.77 crore. Of this, construction of defective water sources, having leakages/cracks in 42 cases involved expenditure of ₹ 3.82 crore.

Monitoring of programme by SLEC was ineffective as it did not suggest measures to improve tardy implementation. Besides, internal control mechanism was also inadequate.

### ***Geographic and horticulture Scenario***

Rajasthan is the largest State of India with a geographical area of 342 lakh hectare (ha). It represents 10.4 *per cent* of land mass and 5.5 *per cent* population of the country, but it has hardly 1.1 *per cent* of total national water resources. An area of 57.7 *per cent* of the State consists of desert and two-third areas are arid/semi arid. The average annual rainfall is a meagre 575 mm and that too is variable both in time and quantum. The soil is sandy having very low water holding capacity. Irrigation of 66 *per cent* of fruit gardens is carried through wells and tube wells<sup>1</sup>. The overall position of production and productivity in the State under various schemes including National Horticulture Mission (NHM) during 2005-10<sup>2</sup> is given below:

**Table 1: Position of production and productivity of horticulture crops**

Year	Fruits			Spices		
	Area (ha)	Production (MT)	Productivity (PHMT)	Area (ha)	Production (MT)	Productivity (PHMT)
2005-06	25,442	4,18,520	16.45	3,48,712	3,02,598	0.87
2006-07	27,610	4,02,170	14.57	3,81,583	3,56,051	0.93
2007-08	28,995	5,62,770	19.41	5,67,782	5,28,728	0.93
2008-09	30,601	5,00,171	16.34	5,43,359	5,60,298	1.03
2009-10	32,129	6,79,594	21.15	5,57,872	5,55,673	1.00
<b>Total</b>	<b>1,44,777</b>	<b>25,63,225</b>	<b>17.70</b>	<b>23,99,308</b>	<b>23,03,348</b>	<b>0.96</b>

Source: Administrative Reports of RHDS for 2005-10

The above data shows the position of production and productivity of horticulture in the State as a whole and includes gardens established under NHM as well as other schemes of the State plan<sup>3</sup>. The Rajasthan Horticulture Development Society (RHDS) has not maintained separate data for NHM hence the impact of the scheme on the horticulture scenario could not be ascertained.

#### ***2.1.1 Introduction***

The National Horticulture Mission (NHM), a Centrally Sponsored Scheme, was announced in 2005-06 with 100 *per cent* assistance by Government of India (GoI) during 10<sup>th</sup> Plan (2005-06 to 2006-07) and 85 *per cent* during 11<sup>th</sup> Plan (2007-08 to 2011-12). The State Government was to contribute 15 *per cent*. The NHM, aimed to promote holistic growth of horticulture sector, was implemented in Rajasthan in September 2005 initially in 13 districts<sup>4</sup>. Eleven

1. Based on the geographical and horticulture status of Rajasthan as exhibited in the Annual Action Plan of NHM, 2007-08 prepared by RHDS.
2. Report for 2010-11 awaited (October 2011).
3. Old gardens (before 1989-90) Udyanki Vikas Project (since 1989-90), *Rashtriya Krishi Vikas Yojana* (since 1992-93).
4. Ajmer, Alwar, Baran, Barmer, Chittorgarh, Jaipur, Jalore, Jodhpur, Jhalawar, Kota, Nagaur, Pali and Sriganganagar.

districts were added subsequently in 2006-07 (four)<sup>5</sup> 2007-08 (six)<sup>6</sup> and in 2008-09 (one)<sup>7</sup> totalling to 24 districts as on date.

### **2.1.2 Mission objectives**

The main objectives of the Mission were to:

- (a) provide holistic growth of horticulture sector through area based regionally differentiated strategies;
- (b) enhance horticulture production, improve nutritional security and income support to farm households;
- (c) establish convergence and synergy among other ongoing and planned programmes;
- (d) promote, develop and disseminate technologies through a seamless blending of traditional wisdom and modern scientific knowledge; and
- (e) create opportunities for employment generation for skilled and unskilled persons.

### **2.1.3 Mission structure**

The NHM has a three layered structure, viz. at Central level - General Council (GC) and National Level Executive Committee (NLEC), at State Level - State Level Executive Committee (SLEC) and at District level - District Mission Committee.

GC<sup>8</sup> is the policy formulation body giving overall directions and guidance to Mission and is empowered to lay down and amend Operational guidelines.

NLEC<sup>9</sup> is empowered to reallocate resources, approve projects and use its discretion in approval of projects for which norms have not been prescribed.

The SLEC works under Chairmanship of Principal Secretary, Department of Agriculture and Co-operation (DoA), having representatives from other Departments/organisations of State Government. The State Mission Director is the Member Secretary of SLEC. At the operational level, SLEC's main function is to prepare action plan, organise base line surveys and feasibility studies, receive funds from NHM, release funds to implementing agencies and monitor/ oversee implementation of the Mission's programme. The SLEC is to implement the mission programmes through a society. Accordingly, Rajasthan Horticulture Development Society (RHDS) was established (July 2005). The Chairman of the SLEC is also the Chairman of RHDS.

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5. Banswara, Karauli, Sawaimadhopur and Tonk.

6. Bundi, Bhilwara, Dungarpur, Jhunjhunu, Sirohi and Udaipur.

7. Jaisalmer

8. General Council (GC) works under the Chairmanship of Union Agriculture Minister, having nine other Ministers, 14 Secretaries of different Ministries/Departments as Members and Joint Secretary, DoA as Member Secretary.

9. National Level Executive Committee (NLEC) is headed by Secretary, DoA and comprises of six Secretaries of different Ministries/Departments and three experts as members, Joint Secretary, DoA as Member Secretary.

The District Mission Committee, being the main implementing agency, is headed by the District Collector as Chairman and Deputy/Assistant Director Horticulture (DDH/ADH) or District Horticulture Officer (DHO) as Member Secretary.

#### **2.1.4 Components of the programme**

The National Horticulture Mission programme embraces following components/activities:

- Production and distribution of planting material which includes establishment of nurseries, vegetable seed production and seed infrastructure.
- Establishment of new gardens for fruits, flowers, spices and aromatic plants.
- Rejuvenation/replacement of senile plantation.
- Creation of water sources.
- Protected cultivation through Green House constructions, mulching, shade nets and plastic tunnels.
- Promotion of Integrated Nutrient Management (INM)/Integrated Pest Management (IPM).
- Organic farming.
- Human resource development in Horticulture.
- Distribution of bee hives/colonies and equipments.
- Technology Dissemination through front line demonstration.
- Post harvest management by developing pack houses, cold storages, mobile processing units, whole sale markets etc.
- Mission management.
- New interventions.

All these components/activities have forward and backward linkages to achieve the various objectives of the scheme.

#### **2.1.5 Audit objectives**

The objectives of the performance audit were to assess:

- Adequacy and effectiveness of the planning process and financial management.
- Economy, efficiency and effectiveness in implementation of the programme.
- Effectiveness of internal control mechanism.
- Impact of the scheme on socio economic status of beneficiaries.

### 2.1.6 Audit criteria

The following audit criteria were adopted:

- Operational guidelines issued by GoI/NHM.
- Guidelines and instructions issued by Rajasthan Horticulture Development Society (RHDS), Jaipur.
- Achievements against targets set in Perspective Plan and Annual Action Plans (AAP).
- Cost norms for providing assistance under various components.

### 2.1.7 Audit Coverage

Out of the 24 districts implementing NHM programmes in the State, eight districts<sup>10</sup> were selected for field study through random sampling with stratified matrices of expenditure incurred, agro climatic zones and geographical area. An entry conference was held on 7 April 2011 wherein objectives of the performance audit of the NHM programme were discussed. The field study of selected districts and Head Office (RHDS) was conducted during March to June 2011 covering the period 2005-11. The exit conference was held with Principal Secretary, Department of Horticulture (DoH) on 15 September 2011 wherein findings of performance audit were discussed. Reply of the State Government received (November 2011) has been suitably incorporated at appropriate places.

### 2.1.8 Mission achievements

The summarised status of physical and financial targets and achievement of various components (sub component and year-wise status detailed in *Appendix 2.1 and 2.2*) of the NHM during the period 2005-11 are given below:

**Table 2: Target and achievement of NHM components**

S. No.	Components	Unit	Physical		Percentage of		Financial		Percentage of	
			Target	Achievement	Achievement	Short-fall	Target	Achievement	Achievement	Short-fall
1.	Production and distribution of planting material	No.	169	127	75	25	1,027	718.47	70	30
2.	Establishment of gardens for potential crops	Ha	1,52,318	1,13,662	75	25	13,505.27	6,345.51	47	53
3.	Rejuvenation/replacement of senile plants	Ha	2,295	2,394	104	0	344.25	297.14	86	14
4.	Creation of water sources	No.	1,402	1,354	97	3	10,895	10,258.28	94	6
5.	Protected cultivation	Sqm	13,53,683	3,66,521	27	73	1,899.62	969.15	51	49
6.	INM/IPM	Ha	38,606	43,672	113	0	386.06	278.60	72	28
7.	Organic farming	Ha	8,290	4,227	51	49	829	228.40	28	72

10. Chittorgarh, Jaipur, Jalore, Jhalawar, Nagaur, Pali, Sawaimadhopur and Sriganganagar.

S. No.	Components	Unit	Physical		Percentage of		Financial		Percentage of	
			Target	Achievement	Achievement	Short-fall	Target	Achievement	Achievement	Short-fall
8	Human Resource Development	No.	34,571	32,458	94	6	1,255.65	1,027.48	82	18
9.	Bee-keeping	No.	41,600	38,360	92	8	328.80	308.02	94	6
10	Technology dissemination	No.	260	178	68	32	1,790.30	218.85	12	88
11	Post harvest management	No.	287	43	15	85	9,104.17	648.36	7	93
12	Mission management	-	-	-	-	-	3,265.70	1,122.36	34	66
13	New intervention	No.	1,443	4,483	311	0	1,265.35	257.55	20	80

Source: Progress report 2005-11 (physical) and final accounts 2005-10 (financial).

The above table depicts that there was more than 70 per cent shortfall in achieving physical targets under protected cultivation and post harvest management mainly due to delay in approval of projects by GoI/RHDS as well as installation/construction of equipments/buildings by the beneficiaries.

Similarly, there was a short fall of more than 70 per cent in financial targets under organic farming, post harvest management, technology dissemination, and new interventions indicating that financial requirements under these components were not properly estimated and more funds were allocated than required (*Appendix 2.2*).

Physical and financial targets show that achievements were satisfactory (more than 70 per cent) under development of nurseries, rejuvenation of senile gardens, creation of water sources, human resource development and bee-keeping. However in respect of establishment of gardens, IPM, organic farming, technology dissemination and new interventions corresponding physical targets were achieved by incurring less expenditure indicating that budgeting was not exact. Audit scrutiny revealed that the provisions under establishment of gardens for the third year during 2008-09 and 2009-10 were not suitably reduced on the basis of survival of gardens during second year. Under IPM short achievements was due to unrealistic assessment of occurrence of diseases. In organic farming the amount was allocated for three years while the same was disbursed on the basis of actual certification during second and third year. Under technology dissemination the provisions were kept for projects which were not approved while under new interventions the proposals were not based on probable cost of equipments.

### 2.1.9 Planning

Planning is the basic frame work of a scheme/programme on which the success of the programme depends. Audit observed the following in the planning process:

#### 2.1.9.1 Synergy and convergence with other programmes

Synergy and convergence among multiple ongoing and planned programmes for horticulture development was one of the important objectives of the scheme (Para 2 of NHM guidelines). The same was planned by RHDS in some of the components like green house (State Plan), water sources (*Rastriya*

*Krishi Vikas Yojana*-(RKVY)), cold storage (RKVY) and digging of pits for plantation (National Rural Employment Guarantee Act-(NREGA)).

### 2.1.9.2 Inadequacies in survey

**Lack of guidance from SLEC for conducting of surveys and feasibility studies.**

Para 4.8 of Operational guidelines of NHM (Guidelines) issued in June 2005, provide that SLEC would prepare a Perspective Plan and State level Annual Action Plan (AAP) in consonance with NHM's goal and objectives. It would also organise baseline survey and feasibility study in different districts for determining the status of the horticulture production, potential and demand to form the basis of preparation of the AAP.

**Targets not fixed on the basis of proposals of DHDS.**

During field study of the selected districts, it was observed that SLEC did not issue instructions to field units prescribing the methodology for carrying out baseline surveys/studies. Documentation of surveys conducted by the field units were not available. Hence neither the correctness and adequacy of the data required for AAPs could be ascertained nor preparedness of the RHDS to absorb funds received from GoI/Government of Rajasthan (GoR) could be ensured in audit. A perspective plan was prepared only in April 2007. Test check of records of RHDS revealed that the annual targets fixed by RHDS for District Horticulture Development Society (DHDS) were not based on the latter's proposals and were much higher as is evident from the table given below:

**Table 3: Position of AAPs proposed (test checked districts) and targets fixed thereagainst**

Name of DHDS	(₹ in crore)											
	2005-06		2006-07		2007-08		2008-09		2009-10		2010-11	
	AAP	TF	AAP	TF	AAP	TF	AAP	TF	AAP	TF	AAP	TF
Chittorgarh	NA	0.62	1.30	2.34	2.23	1.53	1.80	2.93	2.31	2.59	NA	2.82
Jaipur	NA	1.51	3.15	4.34	4.33	5.41	NA	7.35	5.61	5.73	NA	6.84
Jhalawar	NA	1.81	3.33	4.43	3.16	3.47	4.87	5.39	NA	4.11	8.40	6.70
Sawaimadhopur	NA	NA	1.94	2.87	4.16	2.65	2.94	4.33	4.82	2.44	1.85	2.02
Sriganganagar	NA	0.74	3.84	4.11	5.17	5.06	6.40	6.30	6.78	9.13	3.98	10.11

(AAP- Proposed Annual Action Plan, TF- Targets fixed by RHDS, NA- AAP not made available)

Source: AAPs of DHDSs (available with RHDS) and Progress Reports of RHDS for 2005-11

The State Government stated (November 2011) that before the implementation of NHM, feasibility study and base line survey was conducted through Rabo Bank. DHDSs were also asked to submit their Action Plan and the Annual Action Plan was prepared on the basis of survey and feasibility study and AAPs of district offices. Thus, the SLEC was fully involved in the preparation of AAPs.

The contention was not acceptable because the report submitted by Rabo bank was an Action Plan for 13 districts, which does not contain any details of district-wise study of soil quality, climatic conditions, availability of water, demarcation of areas for horticulture, future expansion, prospective

beneficiaries, suggestion for viability and feasibility of various Post Harvest Management (PHM) and Bio control labs/units. The findings of this report were never discussed in the meetings of SLEC indicating that SLEC did not monitor the process. Besides, study of 11 districts included subsequently was not conducted. AAPs of RHDS were also not based on the proposals submitted by district units (DHDS) as is evident from Table No. 3 above.

### **2.1.9.3 Lack of cluster approach**

**Cluster approach not followed in fruit gardens.**

Para 8.2 of the guidelines, envisages developing potential crops in clusters to facilitate deployment of hi-tech interventions and ensure backward and forward linkages. This approach was not found in planning of plantation of potential crops except in three test checked districts<sup>11</sup> as commented in sub paragraphs 2.1.12.1 and 2.1.12.2. However, the same was being followed in organic farming and integrated pest management in all selected districts.

The State Government stated (November 2011) that the cluster approach was totally followed in plantation of fruit gardens as per GoI crop matrix by treating the whole district as a cluster unit.

The reply was not convincing as GoI approved (November 2008) expansion of crops on cluster mode with minimum area of 200-300 hectare in each district per year with the condition of establishing a linkage with planting material, production improvement, PHM and marketing. While in a number of districts (Baran, Barmer, Jaisalmer, Jalore, Jhunjhunu, Jodhpur, Karauli, Pali, Sirohi, and Udaipur), the area of plantation was less than 200 hectare per year, and the linkages<sup>12</sup> regarding PHM and marketing were also not found in Barmer, Baran, Jaisalmer, Jalore (test checked district) Karauli and Sirohi districts as evident from progress reports of RHDS.

### **2.1.9.4 Less coverage of Schedule Caste, Schedule Tribe and women beneficiaries**

**Category-wise coverage of beneficiaries not achieved.**

GoI instructed (April 2006 and April 2008) Mission Directors to ensure that 16 *per cent* and eight *per cent* funds are targeted for SC and ST beneficiaries respectively and at least 30 *per cent* of funds are earmarked for female beneficiaries/farmers. RHDS, Jaipur also directed (2005-06 and 2006-07) the DHDS to ensure coverage of adequate number of Scheduled Caste (SC) Scheduled Tribe (ST) and women beneficiaries.

Scrutiny of the records revealed that during 2005-11 a total number of 20,082 SC (10.20 *per cent*), 24,477 ST (12.45 *per cent*) and 18,279 women (9.30 *per cent*) beneficiaries were covered under the scheme. Thus, the coverage of SC and women beneficiaries was less by 5.80 and 20.70 *per cent* respectively and

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11. Jhalawar, Sawaimadhopur and Sriganganagar.  
12. Progress Reports of RHDS.

division of funds in the ratio of 70:30 was neither made nor achieved as detailed below:

**Table 4: Position of coverage of SC, ST and women beneficiaries**

Year	Total No. of beneficiaries	SC beneficiaries		ST beneficiaries		Women beneficiaries	
		Number	Percentage	Number	Percentage	Number	Percentage
2005-06	20,583	2,022	9.8	976	4.7	992	4.8
2006-07	27,798	3,683	13.2	2,191	7.9	1,771	6.3
2007-08	47,560	5,187	10.9	5,166	10.8	4,588	9.6
2008-09	45,165	5,221	11.5	6,419	14.2	5,038	11.2
2009-10	31,127	2,364	7.6	4,940	15.8	3,383	10.8
2010-11	24,349	1,605	6.6	4,785	20	2,507	10.2
<b>Total</b>	<b>196,582</b>	<b>20,082</b>	<b>10.20</b>	<b>24,477</b>	<b>12.45</b>	<b>18,279</b>	<b>9.30</b>

Source: Data provided by RHDS

The State Government replied (November 2011) that as most of the mission activities require some initial investments and patience for production, the project based activities requires medium to long term time period for their completion and linked with credit, it is not easy for the farmers under these categories to adopt them. The fruit crops requires minimum waiting period of three years, therefore, farmers having small land holdings and poor resources do not show much interest. Landholdings in the name of male members in the State also bars coverage of the women beneficiaries and assured to achieve the same in coming years.

Audit observed that the DHDS did not ensure coverage of SC/ST and women beneficiaries while submitting proposals for AAPs. No data base of SC/ST and women beneficiaries was maintained by RHDS for preparation of AAPs though the category-wise data were being maintained (as shown in Table 4 above) in respect of the farmers actually benefited from the scheme at the end of the year. However, RHDS has issued directions to the district units to ensure coverage of SC and women beneficiaries.

#### **2.1.10 Financial Management**

Based on the State Horticulture Mission Document (SHMD) and AAPs prepared by SLEC the Ministry of Agriculture (MoA), GoI communicates tentative outlay for the year by April/May mentioning sector/component-wise allocations. The district-wise allocation is made by SLEC. The GoI funds have been released during 2005-11 in one to five instalments<sup>13</sup> depending upon the progress made by State Missions.

Audit observations related to financial management are discussed in following paragraphs.

13. 2005-06-October: ₹ 12.30 crore, December: ₹ 5.30 crore, March: ₹ 5 crore; 2006-07 - June: ₹ 15 crore, February: ₹ 0.38 crore, January: ₹ 23 crore; 2007-08 - June: ₹ 5.03 crore, July: ₹ 17.02 crore, October: ₹ 0.59 crore, January: ₹ 4.09 crore, February: ₹ 30 crore; 2008-09 - May: ₹ 1.99 crore, June: ₹ 25 crore, August: ₹ 1.99 crore, March: ₹ 12 crore; 2009-10- November: ₹ 25 crore; 2010-11- May: ₹ 15 crore, January: ₹ 15 crore and March: ₹ 10 crore.

**2.1.10.1 Over estimation of Budget proposals**

NHM funds to the extent of ₹ 13.04 crore remained unutilised.

The guidelines envisage preparation of AAPs on the basis of area (geographical) potential for horticulture development, available infrastructure and capacity to absorb funds. Details of budget demanded, funds made available and utilisation during 2005-10<sup>14</sup> are shown in Table 5 below:

**Table 5: Position of budget proposals, funds allocated and utilised by RHDS**

(₹ in crore)

Year	Budget proposals as per AAP			Funds available				Actual expenditure			Closing Balance
	GoI share	GoR share	Total	Grant received from GoI	Grant received from GoR	Misc. Income <sup>15</sup>	Total Funds available	GoI share	GoR share	Total (Percentage of utilisation)	
2005-06	41.02	0.00	41.02	22.60	0.00	0.00	22.60	14.21	0.00	14.21 (63)	8.39
2006-07	76.27	0.00	76.27	38.38	0.00	0.20	38.58	32.79	0.00	32.79 (85)	5.79
2007-08	75.99	13.41	89.40	56.73	7.00	0.63	64.36	46.02	6.58	52.60 (82)	11.76
2008-09	124.35	21.95	146.30	40.98	15.83	1.05	57.86	47.26	8.34	55.60 (96)	2.26
2009-10	59.79	10.55	70.34	25.00	0.00	0.62	25.62	34.66	6.12	40.78 (159)	-15.16
<b>Total</b>	<b>377.42</b>	<b>45.91</b>	<b>423.33</b>	<b>183.69</b>	<b>22.83</b>	<b>2.50</b>	<b>209.02</b>	<b>174.94</b>	<b>21.04</b>	<b>195.98</b>	13.04

Source: AAPs and Final accounts

Audit scrutiny of the final accounts for 2005-10<sup>16</sup> revealed that the RHDS spent 63 to 96 *per cent* of the funds available with it, which indicated that the implementing units/agencies could not utilise all the funds and achieve the targets. A scrutiny of the AAPs and Progress Reports of the RHDS for the period 2005-10 also revealed that the RHDS over estimated its budget proposals than the actual expenditure reflecting defective budgeting

The State Government stated (November 2011) that RHDS utilised 96.69 *per cent* of the funds made available by GoI (excluding State share) which was quite satisfactory and the funds which remained unutilised at the end of the financial years pertained to project based activities requiring more than one year for completion.

The reply did not take into account the fact that the utilisation of funds in totality has to be monitored. The total utilisation of funds (including state share) by RHDS ranged from 63 *per cent* to 85 *per cent* during 2005-08. The utilisation was 96 *per cent* and 159 *per cent* during 2008-09 and 2009-10 mainly due to decreasing release of GoI share (₹ 40.98 crore and ₹ 25 crore) respectively and non-receipt of GoR share in 2009-10 confirming that the financial planning was not made according to capacity to absorb funds as pointed out in paragraph 2.1.8 above which led to funds of ₹ 13.04 crore lying unutilised (March 2010) even though the funds released were less than that demanded by RHDS in their budget proposals.

14. Figures of miscellaneous income for 2010-11 not finalised, hence under utilisation was not worked out for 2010-11.

15. Includes interest income, sale of tenders, other income etc.

16. Balance Sheet for 2010-11 not prepared (October 2011).

In test checked districts (excepting Sawaimadhapur, where the utilisation was 51 per cent), the overall position of utilisation of funds ranged from 82 per cent to 105 per cent for the period 2005-10 (*Appendix 2.3*) as shown below:

**Table 6: Position of funds allocated and utilisation in test checked districts**

Name of DHDS	Funds available			Expenditure	Closing Balance	Percentage utilisation
	Grant received	Misc. Income	Total Income			
Chittorgarh	6.75	0.06	6.81	6.00	0.81	88
Jaipur	16.20	0.12	16.32	15.17	1.15	93
Jalore	7.68	0.11	7.79	8.08	-0.29	104
Jhalawar	11.76	0.12	11.88	10.64	1.24	90
Nagaur	11.14	0.11	11.25	9.22	2.03	82
Pali	9.20	0.02	9.22	9.71	-0.49	105
Sriganganagar	19.08	0.13	19.21	17.85	1.36	93
Sawaimadhapur	7.31	0.16	7.47	3.79	3.68	51

Source: Final accounts of RHDS/DHDS for 2005-10

### 2.1.10.2 Diversion of funds to other schemes

**NHM funds of ₹ 0.01 crore to ₹ 13.86 crore utilised on other schemes.**

The sanctions issued (October 2005 and onwards) by GoI releasing the assistance under NHM stipulate utilising the funds on the components as per approved AAPs.

Scrutiny of the final accounts of the RHDS for the years 2005-10<sup>17</sup>, revealed that the RHDS has been following cash basis of accounting and all schemes were operated through one cash book. There was no arrangement of maintaining details of expenditures in subsidiary statements of individual schemes upto 2009-10. At the time of finalising accounts after close of the year the balances under the schemes were adjusted (+/-) by transferring funds from NHM and vice versa. Audit observed that due to non-maintenance of details of availability of funds under individual schemes, the RHDS diverted ₹ 19.93 crore on other schemes and ₹ 5.22 crore from other schemes to NHM, as shown below:

**Table 7: Position of utilisation of funds to/from other scheme**

Year	Name of the Schemes	NHM Funds diverted	Funds diverted to NHM
2005-06	Micro Irrigation Scheme (MIS)	0	0.08
2006-07	Micro Irrigation Scheme	0.13	0.45
2007-08	Micro Irrigation Scheme	2.15	0.26
2008-09	Micro Irrigation Scheme	13.86	0
	National Agriculture Development Project (NADP)	0.01	0
	National Bamboo Mission (NBM)	0.01	0.02

17. From 2010-11, separate accounts have been maintained.

Year	Name of the Schemes	NHM Funds diverted	Funds diverted to NHM
2009-10	Micro Irrigation Scheme	3.75	1.09
	National Mission on Medicinal Plants	0.01	0
	National Bamboo Mission	0.01	0.02
	National Agriculture Development Project	0	3.09
	Agriculture Technology Management Agency	0	0.21
<b>Total</b>		<b>19.93</b>	<b>5.22</b>

Source: Final accounts of RHDS for 2005-10

The above table indicates that the accounts were not depicting true and fair picture as funds ranging from ₹ 0.01 crore to ₹ 13.86 crore were irregularly utilised on other schemes without the approval of GoI. Besides, other scheme funds ranging from ₹ 0.02 crore to ₹ 3.09 crore were diverted to NHM despite availability of surplus funds as commented in paragraph 2.1.10.1.

The State Government confirmed (November 2011) that due to one bank account for all schemes (NHM, MIS, NBM, NADP etc.) and shortage of funds under micro irrigation scheme, the funds of NHM were utilised. It was confirmed that separate bank accounts have been opened for different schemes and matter of transfer of funds have been settled.

#### 2.1.10.3 Irregular deposit of funds to a private bank

**NHM funds of ₹ three crore transferred to benefit a private bank irregularly.**

As per instruction issued (November 2005) by the Government of Rajasthan (GoR), the RHDS was required to open a bank account in a Nationalised bank. Scrutiny of the records revealed that the RHDS opened a bank account (September 2007) with Centurian Bank (Now HDFC Bank), a private bank and transferred (between September 2007 and September 2008) ₹ three crore<sup>18</sup> without any valid reason/ground and approval of GoI. The account was used for a few miscellaneous transactions under NHM. This account was having a balance of ₹ 0.11 crore (March 2011).

The State Government stated (November 2011) that Finance and Accounts Regulation-5 of RHDS empowers the Executive Committee to decide the bankers. Accordingly SLEC (August 2007) decided to open an additional bank account in any scheduled bank. However, on being pointed out by audit, the same has since been closed.

#### 2.1.10.4 Loss of interest due to opening of current account

**Non-opening of saving bank account resulted in loss of interest of ₹ 0.60 crore.**

As per the instructions of the Finance Department (March 2008) the Central funds were to be kept in an interest bearing Saving Bank account/Fixed Deposits and the interest earned on the deposits could be utilised on approved activities of the scheme.

18. September 2007: ₹ 0.50 crore, March 2008: ₹ 0.50 crore, September 2008: ₹ 2 crore.

During test check of the records, it was observed that while other test checked districts opened a saving bank account, the RHDS, Jaipur and DHDS, Pali opened current accounts and kept closing balances ranging between ₹ 0.16 crore and ₹ 7.18 crore. Non-opening of saving bank account resulted in a loss of interest of ₹ 0.60 crore as shown below:

Table 8: Loss of interest

S.No.	Year	RHDS, Jaipur			DHDS, Pali			Total
		Closing Balance	Period (Months)	Interest <sup>19</sup>	Closing Balance	Period (Months)	Interest	
1	2005-06	3.96	4	0.05	0.39	4	0	0.05
2	2006-07	3.91	12	0.14	0.16	12	0.01	0.15
3	2007-08	7.18	12	0.25	0.78	12	0.03	0.28
4	2008-09	1.01	12	0.03	1.25	12	0.04	0.07
5	2009-10	0.39	12	0.01	0.00 <sup>20</sup>	0.00	0.00	0.01
6	2010-11	1.12	12	0.04	0.00	0.00	0.00	0.04
	<b>Total</b>			<b>0.52</b>			<b>0.08</b>	<b>0.60</b>

Source: Final accounts of RHDS for years 2005-11

The State Government stated (November 2011) that both the accounts have since been shifted to savings bank account. The fact remains that due to non-opening of savings bank account, the mission has suffered a loss of ₹ 0.60 crore on account of interest.

#### 2.1.10.5 Non adjustment of advances

Advances of ₹ 2.30 crore lying unadjusted with agencies since long.

The RHDS undertakes the services of various agencies<sup>21</sup> in Public Sector for implementing certain project based activities under the NHM such as development of nurseries, construction of water sources, training for farmers/staff, establishment of various units. For this purpose funds are advanced to these agencies. On completion of the job these agencies were required to submit Utilisation Certificates (UCs) along with refund of unspent amounts, if any. During scrutiny of the records of RHDS, it was noticed that the position of advances was not reconciled periodically. Out of ₹ 76.82 crore transferred to the Agencies for executing various projects during 2005-09, there was unadjusted balance of ₹ 62.68 crore as of May 2011. On this being pointed out (May-July 2011) in Audit, RHDS reconciled the position. However, ₹ 2.30 crore were still lying unrecovered with these agencies. The amount was not recovered even after a lapse of two to five years despite closing of the scheme (*Appendix 2.4*). The advances were shown in the accounts of RHDS as final expenditure and utilisation certificates sent to GoI.

19. Society was maintaining a combined bank account for all schemes, and month wise closing balances of NHM were not ascertainable, interest @3.5 per cent per annum, therefore, has been calculated on closing balance at the year end.

20. Current account converted into flexi deposit in May 2009 hence further interest not calculated.

21. Rajhans, Rajasthan State Agriculture Marketing Board, State Agriculture Universities and Rajasthan Krishi Vigyan Kendras.

The State Government informed (November 2011) that the balances have further been reconciled and now only a sum of ₹ 1.63 crore (including balances of 2009-10) is lying unadjusted (October 2011).

The fact remains that balances amounting to ₹ 1.47 crore were still outstanding for last more than two years<sup>22</sup> (October 2011).

### ***Implementation of the Programme***

The NHM programme was implemented in the State from September 2005. The outcome of the various components were not very apparent in most of the test checked districts except in Jhalawar, Sawaimadhopur and Sriganganagar. In this connection, audit observed the following:

#### ***2.1.11 Development of nurseries***

Paras 8.4, 8.5 and 8.6 of guidelines stipulate that the basic objective of the NHM is the production and distribution of good quality seeds and planting material for bringing additional area under improved varieties of horticultural crops and for rejuvenation of old/senile plants.

RHDS envisaged developing 169 nurseries (57 Model and 112 Small) during the period 2005-11. Against this, the achievement was almost 75 per cent i.e. 127 nurseries (50 Model and 77 Small).

##### ***2.1.11.1 Wasteful expenditure due to non-functioning of Nurseries***

**12 nurseries  
(28 per cent) of  
selected  
districts were  
non- functional.**

As per para 8.6 of guidelines, the assistance provided for development of infrastructure for setting up new nurseries was fixed as ₹ 18 lakh (model)<sup>23</sup> and ₹ three lakh (small)<sup>24</sup> for public sector nurseries and 50 per cent of the cost limited to ₹ nine lakh (model) and ₹ 1.50 lakh (small) for private sector respectively. Setting up of mother stock blocks under poly cover, raising root stock under shade net houses, fogging and irrigation system, pump house, soil and steam sterilisation systems and quality production for model nurseries was also envisaged. Small nurseries were required to set up a net house, raised beds with mulching sheets, micro sprinkler system and provision for a solar sterilisation.

During audit, it was noticed that of the 43 nurseries developed with an assistance of ₹ 2.10 crore during the years 2005-10<sup>25</sup>, in six test checked districts<sup>26</sup> (**Appendix 2.5**), twelve nurseries involving an expenditure of ₹ 1.03

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22. 2005-06 (₹ 0.20 crore), 2006-07 (₹ 0.40 crore ), 2007-08 (₹ 0.28 crore ), and 2008-09 (₹ 0.59 crore ).

23. Having an area of four hectare to provide four lakh plants per year.

24. Having an area of one hectare to produce 60,000 -80,000 plants for nine months, would have to produce 50,000 plants per year.

25. The nurseries established in 2010-11 will show their performance in one/two years, hence not considered.

26. Jaipur, Jalore, Jhalawar, Pali, Sawaimadhopur and Sriganganagar.

crore (private sector: nine; public sector: three) were neither functioning nor producing any plantation material since their inception due to non setting up of the required infrastructure (Jaipur, Jalore), acute shortage of water (Jaipur, Jalore, Jhalawar, Pali and Sawaimadhopur) and lack of interest of owner in developing them (Sriganganagar). Besides, land of two public sector nurseries (developed by DHDS, Jaipur in 2005-06 at a cost of ₹ 36 lakh) was handed over (2009) to International Horticulture Innovation and Training Centre (IHITC) for construction of building for training centre, rendering an expenditure of ₹ 36 lakh incurred on development of mother plants and infrastructure of nurseries wasteful.

The State Government while confirming (November 2011) non functioning of nine nurseries (Jaipur-three, Jhalawar-two, Pali-one, Sawaimadhopur-one, Sriganganagar-two), stated that action for recovery of assistance in four cases has been initiated, production in two nurseries (Jhalawar) will start next year and one nursery (Jalore) is in production stage.



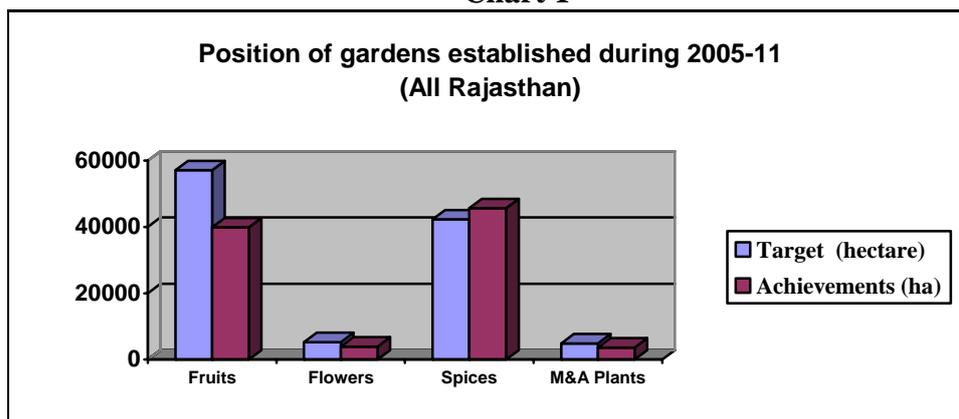
Deserted Beds of a poly house in Model Nursery (Jalore)

### **2.1.12 Establishment of New Gardens**

The Mission envisages coverage of large areas under improved varieties of horticultural crops. The assistance for cultivation was limited to 75 per cent of the cost of plantation or maximum of ₹ 22,500 per ha upto four ha per beneficiary, spread over a period of three years, in the ratio of 50:20:30 (upto year 2009-10) and 60:20:20 (from 2010-11 onwards).

The targets fixed for establishment of gardens and achievement thereagainst for the entire State during 2005-11 are shown in Chart-1 below indicates that though the achievement under spices, flowers and Medicinal and Aromatic (M&A) plants was quite satisfactory, there was short achievement in plantation of fruit gardens.

Chart-I



Source: Progress Reports of RHDS for 2005-11 (App. 1)

In test checked districts the achievement in spices was satisfactory in almost all the districts except Sawaimadhopur (52 per cent), while there was short achievement in fruit gardens in all the districts except Jhalawar (172 per cent). Short achievement was also noticed under flowers in Jaipur (79 per cent) and Sriganganagar (75 per cent) and M&A plants in Chittorgarh (46 per cent), Jaipur (23 per cent), Nagaur (13 per cent) and Sawaimadhopur (zero per cent) as shown in Table 9 (details in *Appendix 2.6*).

Table 9: Position of the gardens established during 2005-11 in test checked districts

Plants	Chittorgarh		Jaipur		Jalore		Jhalawar		Nagaur		Pali		SGNR		SWM	
	T	A	T	A	T	A	T	A	T	A	T	A	T	A	T	A
Fruits	2238	1512 (68)	3739	1766 (47)	1728	762 (44)	5880	10067 (172)	1475	1103 (75)	2062	1193 (58)	9475	5668 (60)	1990	1592 (80)
Flowers	50	50 (100)	1204	956 (79)	0	0	0	0	0	0	0	0	844	636 (75)	90	160 (178)
Spices	1180	1075 (100)	1300	1293 (99)	3470	4706 (136)	5750	5746 (91)	4250	4490 (106)	2100	2724 (129)	0	325 (-)	1412	740 (52)
M&A	50	23 (46)	245	56 (23)	950	1067 (112)	0	0	15	2 (13)	700	710 (101)	0	15 (-)	35	0 (0)

Percentage of achievement shown in parenthesis.

M&A: Medicinal and Aromatic

SGNR- Sriganganagar, SWM -Sawaimadhopur.

Source: Progress Reports of RHDS

### 2.1.12.1 Fruit plantation

#### Low survival of plants.

As per para 8.15 of the guidelines, assistance for second and third year would be released only after physically verifying survival of the plants up to the stipulated level (75 per cent in second year and 90 per cent in third year).

Scrutiny of the administrative and progress reports of RHDS, Jaipur revealed that of 21,223 hectare of fruit gardens established during the year 2005-09<sup>27</sup>, assistance could be released only for 7,016 hectare (33 per cent) after

27. Position of the survival of new gardens established in 2009-10 and 2010-11 will be apparent only after third year of maintenance (i.e. in 2011-12 and 2012-13) hence not considered.

verifying 90 per cent survival of the plants in the third year. This indicates that the survival of 67 per cent new gardens was below the stipulated level of 90 per cent. Low survival of plants in these gardens resulted in non fulfillment of the objectives of the scheme and short achievement of physical targets by 14,207 hectare and financial targets by ₹ 7.35 crore as shown in Table 10.

**Table 10: Position of survival of plants in new gardens**

Year	Plantation Year (Initial Year)		75 per cent survival of plantation at the end of second year		90 per cent survival of plantation at the end of third year		Short achievement of physical targets (2-6)	Short achievement of financial targets (3-(5+7))	Percentage of gardens with 90 per cent survival
	Physical (Ha)	Financial	Physical (Ha)	Financial	Physical (Ha)	Financial			
	2	3	4	5	6	7			
2005-06	4,688	2.95	1,261	0.17	1,212	0.25	3,476	2.53	26
2006-07	3,972	2.52	2,531	2.60	1,079	0.21	2,893	-0.29	27
2007-08	5,263	4.43	1,677	0.25	2,439	1.49	2,824	2.69	46
2008-09	7,300	5.36	3,051	1.40	2,286	1.54	5,014	2.42	31
<b>Total</b>	<b>21,223</b>	<b>15.26</b>	<b>8,520</b>	<b>4.42</b>	<b>7,016</b>	<b>3.49</b>	<b>14,207</b>	<b>7.35</b>	<b>33</b>

Source: Progress Reports of RHDS (for Physical progress) and Final accounts (for Financial progress)

The position of survival of plants in eight test checked districts (*Appendix 2.7*) during 2005-09, ranged between four per cent (Jalore) to 56 per cent (Sriganganagar) as given below:

**Table 11: Position of survival of plants in test checked districts**

Name of the DHDS	Plantation Year (Initial Year)		75 per cent survival of plantation at the end of second year		90 per cent survival of plantation at the end of third year		Short achievement of physical targets (2-6)	Short achievement of financial targets (3-(5+7))	Percentage of gardens with 90 per cent survival
	Physical (Ha)	Financial	Physical (Ha)	Financial	Physical (Ha)	Financial			
	2	3	4	5	6	7			
Chittorgarh	877	0.64	509	0.19	383	0.27	494	0.18	44
Jaipur	1,459	1.04	507	0.21	460	0.31	999	0.52	32
Jalore	568	0.92	32	0.02	22	0.01	546	0.89	4
Jhalawar	3,585	1.91	1,708	1.03	1,813	1.38	1,772	-0.5	51
Nagaur	539	0.33	135	0.06	72	0.05	467	0.22	13
Pali	874	0.73	471	0.19	313	0.22	561	0.32	36
Sawaimadhopur	749	0.63	437	0.2	411	0.27	338	0.16	55
Sriganganagar	2,629	2.66	1,571	0.7	1,462	0.98	1,167	0.98	56
<b>Total</b>	<b>11,280</b>	<b>8.86</b>	<b>5,370</b>	<b>2.6</b>	<b>4,936</b>	<b>3.49</b>	<b>6,344</b>	<b>2.77</b>	<b>44</b>

Source: Progress Reports of RHDS

The State Government stated (November 2011) that due to arid and semi arid conditions, high temperature, etc. in the State, installation of drip system was made compulsory for availing second and third instalments of assistance. Non installation of drip systems led to non payment of subsequent instalments. Further taking into account all the orchards established under NHM, their survival (more than 90 per cent of plants) comes to 63.67 per cent as against 33 per cent pointed out by audit.

The reply is not acceptable as some of the DHDSs in their replies, intimated to audit that the failure of plantation was due to reasons like rocky status of soil (Chittorgarh), shortage of water (Chittorgarh, Jalore and Nagaur), hot conditions (Jalore), and frost conditions (Nagaur). The condition of installation of drip system was not in force during 2005-06 and 2006-07 and the gardens established in 2009-10 would show their survival only at the end of 2011-12. Moreover, the district-wise figures of survival of gardens with drip system given in the reply does not tally with the data given in progress report. Scrutiny of the reply also reveals that the survival of the gardens up to the stipulated level is more in case of gardens without drip system (11,576 ha) than the gardens with drip system (9,891 ha) which implies that either the decision of imposing condition of the installation of drip system was erroneous or the data given for the same are incorrect. However, the RHDS should encourage the farmers to adopt drip system by availing assistance under Micro Irrigation System (MIS) scheme.

Besides, gardens on which no assistance was paid for second and third instalments due to non installation of drip system, no longer remained a part of the scheme therefore including them in achievement of the department is also not correct.

The audit finding of survival of 33 *per cent* of gardens was based on the progress reports of RHDS (2005-09) while the claim of survival of 63.67 *per cent* of gardens has been later compiled (October 2011) by RHDS on the basis of information collected from district units for which verification reports were not made available to audit by the DHDSs.

#### **2.1.12.2 Plantation of non popular crops**

Para 8.2 of the guidelines envisages focusing on crops having comparative advantage and natural potential for development in the respective areas/regions. The department displayed lists of specified major and popular plants in the districts on their *website*. Accordingly, the RHDS was to select only the major/popular crops of respective areas so that they have an edge over other plants as regards their sustainability and productivity. The district-wise major crops are also notified by the department on their *website*.

It was observed that while preparing the AAPs, RHDS selected non-specified plants for establishment of new gardens.

Scrutiny of the progress reports of RHDS, Jaipur for the year 2005-09 revealed that in 14 districts<sup>28</sup> (including four test checked districts), detailed in **Appendix 2.8**, fruit crops, which were not specified for that area, were planted in 7,076.32 hectare (expenditure: ₹ 4.19 crore). Resultantly, these plants showed average survival of 10 *per cent*. The survival of non specified crops in the selected districts was two *per cent* (Jhalawar), seven *per cent* (Sawaimadhopur), 12 *per cent* (Nagaur) and seven *per cent* (Jalore). Thus, the

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28. Alwar, Banswara, Baran, Barmer, Dungarpur, Jalore, Jhalawar, Jodhpur, Karauli, Kota, Nagaur, Sawaimadhopur, Tonk and Udaipur.

survival of 90 *per cent* hectare of gardens established was below the expected level (90 *per cent*) at the end of third year.

The State Government stated (November 2011) that selection of district and crops to be grown was finalised by the GoI. Crops planted in the district are also based on the area already existing in that district as per revenue records. Assistance for second and third year was not paid to the farmers who did not install drip systems, as such the same can not be linked to low survival.

The reply is not convincing as the GoI approved the plants recommended by State units. The RHDS has not clarified the basis of district-wise major crops as declared in their *website* and that selected in the AAPs. Thus the RHDS/SLEC recommended crops in AAPs ignoring the criteria of major crops (as published on RHDS's *website*) and the objective of area based regionally differentiated strategy. This is evident from the data (*Appendix 2.8*) that the survival of plants was up to the stipulated level only in 10 *per cent* of the gardens.

### 2.1.12.3 Excess payment of assistance on establishment of new gardens

Excess assistance of ₹ 1.65 crore paid due to adoption of incorrect rates.

Para 8.15 of the NHM guideline stipulates that the indicative cost for establishment of new gardens was at ₹ 30,000 per hectare and assistance was to be paid at 75 *per cent* (₹ 22,500) of indicative cost or 75 *per cent* of the actual cost whichever is less, per hectare per beneficiary in the ratio of 50:20:30 in three instalments i.e. ₹ 11,250, ₹ 4,500 and ₹ 6,750.

The NHM guidelines stipulated that the costs fixed by them were indicative and would vary from crop to crop. The RHDS, further clarified (2005-06 guidelines) that the cost of cultivation is indicative and may be calculated on the basis of prevailing market rates of the planting material.

However, during 2005-06 and 2006-07 the actual assistance released in the ratio of 50:20:30 was based on the maximum cost fixed under NHM i.e. ₹ 11,250, ₹ 4,500 and ₹ 6,750, instead of that admissible on the cost fixed by RHDS for fruit crops of Aonla, Ber and Kinnow (Table 12 below). This resulted in excess payment of ₹ 1.65 crore as detailed in *Appendix 2.9*.

**Table 12: Excess payment of assistance on new gardens**

Period	Fruit plants	Cost of plantation fixed by RHDS (in ₹ per ha)		Assistance admissible as per RHDS cost (in ₹ per ha)		
		Plantation Cost	Assistance (75 <i>per cent</i> of column 3)	First year	Second year	Third year
1	2	3	3	5	6	7
2005-06	Aonla	17,944	13,458	6,729	2,692	4,037
2006-07	Aonla	18,775	14,081	7,040	2,816	4,224
2005-06 and 2006-07	Ber	16,282	12,212	6,106	2,442	3,664
	Orange/kinnow	17,113	12,835	6,426	2,571	3,855

Source - RHDS Guidelines for 2005-06 and 2006-07

From 2007-08 onwards it was seen that RHDS revised the cost which was higher than the indicative cost fixed by NHM and assistance was limited to prescribed amounts.

The State Government replied (November 2011) that "as per the guidelines issued by RHDS during 2005-06 and 2006-07, model of indicative cost of cultivation of fruit crops indicates the cost of first year only, and may be changed on the basis of market rates. Therefore the assistance provided was as per GoI guidelines".

The reply was not acceptable as the NHM guidelines speaks of fixation of indicative cost by considering all costs of labour and material for three years (limited to ₹ 30,000). Moreover, the RHDS, in conformity with the indicative cost given in Annexure IV of NHM guidelines and after scientific analysis of cost of cultivation, revised (January 2007) the indicative cost (for three years) of Aonla at ₹ 23,545, Kinnow at ₹ 25,756 and Ber at ₹ 20,775 per hectare. This also indicates that the rates fixed by RHDS during 2005-06 and 2006-07 were not correct and resulted in excess payment of assistance.

### **2.1.13 Rejuvenation of senile plantation**

Rejuvenation of Senile Plantation was included in the scheme with the objective of replacing the old and unproductive plants and strengthen the plantation of crops viz. Mango, Guava, Kinnow, Orange etc. by application of pesticides, manure and water.

The RHDS reported a coverage of 2,295 hectare on rejuvenation of senile plantation against which the achievement shown was 2,394 hectare during the period 2005-11. However, audit observed the following in release of assistance under the scheme:

#### **2.1.13.1 Irregular payment of assistance without any proof of payment**

**Irregular assistance of ₹ 1.36 crore paid without proof of payment.**

Para 8.16 of Guidelines stipulates providing assistance of 50 *per cent* of the cost of rejuvenation<sup>29</sup> of senile gardens subject to a maximum of ₹ 15,000 per ha limited to two ha per beneficiary. The assistance is payable in two instalments, first instalment (₹ 8,000) after the work of cutting, pruning or uprooting, chemical processing and use of organic fertilisers and second instalment (₹ 7,000) after the completion of work of gap filling and application of pesticides, insecticides and chemical spray (Metalaxyl and Mencozeb) etc.

Principal Secretary, Horticulture issued (April 2007) instructions to field staff prescribing procedure for payment of assistance for rejuvenation of senile plantation which, *inter alia*, provided that assistance would be paid on the recommendation of Supervisor/Assistant Agriculture Officer physically verifying that the rejuvenation work has been undertaken by the farmers. The instructions do not have clear provision for submission of bills for

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29. Restoration of old and low productive gardens by replacing old plants providing nutrients, fertilisers, and chemicals etc.

fertilisers/pesticide/chemicals etc. alongwith the farmer's application to ensure actual purchase of pesticides/insecticides/chemicals.

Rejuvenation work was carried out mainly in three test checked districts (Jhalawar, Sawaimadhopur and Sriganganagar) of which records of DHDS, Sriganganagar revealed that the DHDS paid (2007-11) assistance of ₹ 1.36 crore to farmers for rejuvenation of senile plantation on the basis of recommendation of the Supervisor/Assistant Agriculture Officer that the farmer has undertaken all the treatment and rejuvenation work, as detailed below:

**Table 13: Assistance released without proof of payment**

Year	Area (Ha)	Amount paid (₹ in crore)
2007-08	299.98	0.45
2008-09	125.00	0.19
2009-10	201.00	0.30
2010-11	277.34	0.42
<b>Total</b>	<b>903.32</b>	<b>1.36</b>

Source: Payment vouchers and Progress Reports of DHDS, Sriganganagar.

The number of farmers to whom the assistance was paid, was not mentioned in the reports submitted by DHDSs to RHDS. Audit observed that since no bills/vouchers of purchase of pesticides/chemicals were submitted by the farmers with the application, accuracy of the assistance paid as per actual amount spent by the farmers could not be ascertained in Audit.

The State Government stated (November 2011) that as the activities are labour intensive and farmers oriented, except cost of plants and application of fertilisers and pesticides, it was decided that subsidy on account of labour should be provided after verification of the work of rejuvenation.

The reply does not mention as to how ADH, Sriganganagar ensured that the farmers purchased fertilisers, chemicals and pesticides in the absence of purchase bills. Moreover, the practice of asking purchase bills was in vogue during 2005-07, which was done away with by the department.

#### **2.1.14 Creation of water sources**

Para 8.17 of the Guidelines stipulates providing for financial assistance for creating water sources i.e. farm ponds or community tanks/reservoirs with plastic lining, limited to ₹ 10 lakh per unit for an area of 10 ha to be taken up on community basis.

RHDS in their AAPs envisaged creation of 1,402 water sources during 2005-11 against which the achievement reported was 1,354 water sources. However, the following shortcomings were noticed in creation of water sources:

**2.1.14.1 Non development of gardens with drip systems around water sources and other irregularities**

**Unfruitful expenditure of ₹ 35.77 crore on creation of water sources without gardens and drip system.**

- As per the instructions issued (December 2006) by RHDS, Jaipur Rajasthan State Agriculture Marketing Board (RSAMB)/farmers groups were to develop new fruit gardens in a minimum of four hectare with each water sources with a drip system.

Audit scrutiny revealed that of 554 water sources constructed by RSAMB (244)/farmers group (310) in seven DHDS<sup>30</sup> during the year 2005-11 at a total cost of ₹ 44.89 crore (*Appendix 2.10*) gardens of four ha were not developed and drip system not fitted around 455 (82 *per cent*) water sources defeating the very purpose and objective of construction of these water sources to benefit the plantation and the expenditure of ₹ 35.77 crore incurred on these water sources was rendered unfruitful.

The State Government stated (October 2011) that the GoI guidelines do not envisage developing of fruit gardens with water sources and the same was inserted by RHDS just to bring more area under fruit crops. Less area coverage of fruit crops therefore does not mean that the aim of the programme has not been fulfilled as the water sources are also being utilised for cultivation of other horticulture crops.

The reply was not acceptable as the directions issued by RHDS had to be followed by district units to attain a holistic growth of horticulture and to optimize the utilisation of stored water.

- Audit also observed that DHDSs entrusted (2005-09) the work of construction of 244 water sources to RSAMB and advanced ₹ 24.70 crore (*Appendix 2.11*). The RSAMB constructed water sources at a cost of ₹ 22.16 crore and refunded ₹ 0.59 crore as of 31 March 2011, and an amount of ₹ 1.50 crore (*Appendix 2.12*) was lying unrecovered with RSAMB. Besides, 42 water sources (cost: ₹ 3.82 crore) developed cracks and leakage and water could not be stored.

The State Government in its reply (November 2011) tried to explain that the water sources are finally made up of concrete and cement, the same get cracks in absence of water due to scanty rainfall. It was further stated that 27 number of water sources have since been got repaired and only eight water sources remained to be repaired. As regards outstanding amount with RSAMB, it was intimated that an amount of ₹ 0.18 crore only remains to be recovered now (October 2011).

The reply was not acceptable as there were no cracks and leakages in the water sources being created by farmers groups from 2009-10 onwards.

The claim of repair of water sources was not supported with any documentary evidence like verification reports and certificates of farmers groups. Moreover,

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30. Chittorgarh: 44, Jaipur: 180, Jalore: 62, Jhalawar: 07, Nagaur: 124, Pali: 83 and Sawaimadhopur: 54.

as per the details submitted by RHDS, only 11 water sources (Jalore-four, Nagaur-three and Pali-four) were repaired, instead of 27 water sources as stated in the reply. The position of defective water sources was also not reconciled with audit findings.



Photographs showing defective water sources with leakage/cracks (Pali and Nagaur)



Photographs showing defective and mud filled water sources with broken sides - Jhalawar

#### 2.1.14.2 Irregular transfer of funds to other agencies

**Transfer of funds of ₹ 9.69 crore to other agencies.**

SLEC decided (April 2009) that henceforth water sources be got constructed by farmer groups. The assistance was to be released in six instalments as per progress of works as provided in the RHDS guidelines. RHDS sanctioned assistance to farmer groups during 2008-11 and released instalments due as per progress of work. It was, however, seen that at the time of closing of the year (March 2009, March 2010 and March 2011) RHDS instructed DHDS to transfer the balance amount of assistance sanctioned to farmer groups but not released, to other agencies viz. *Rajhans, Rashtriya Krishi Vikas Yojana* etc.

Scrutiny of records of three test checked DHDS, Jaipur, Pali and Sriganganagar revealed that the DHDS transferred to above agencies ₹ 9.69 crore left at the end of the years (March 2009, March 2010 and March 2011) on account of funds sanctioned but not released to the farmers due to non-completion of construction of water sources by them as detailed below:

**Table 14: Transfer of funds to other agencies**

Name of the DHDS	Name of the Agency	Date of transfer	Amount (₹ in crore)
Pali	Rajhans, Sadri	31.3.2010	0.42
	-do	30.3.2011	0.71
	-do	30.3.2011	0.05
Sriganganagar	Rajhans, Sriganganagar	31.3.2010	1.75
	Rashtriya Krishi Vikas Yojana (RKVY), Sriganganagar	31.3.2011	2.00
Jaipur	Rajhans, Durgapura	31.3.2009	2.19
	-do-	31.3.2010	2.57
<b>Total</b>			<b>9.69</b>

Source: Payment vouchers of DHDS.

The decision of RHDS to transfer funds to other agencies in order to exhibit increased annual financial targets, was not justified.

The State Government stated (November 2011) that some of the farmer groups lagged behind in construction of water sources, and therefore their funds transferred to other agency to discharge the liability of the DHDSs in the interest of farmers.

The reply was not tenable as these agencies were not involved in construction of water sources and transfer of funds to them was thus irregular.

#### **2.1.15 Integrated Pest Management-Achievement of Targets**

The activity involves management of nutrients and pest control among crops which are susceptible to plant diseases. It envisages setting up of Bio Control Labs, Plant Health Clinics (PHC) and Leaf/Tissue Analysis Labs to support the IPM. It also envisages setting up of Disease Forecasting Units (DFU) in the state for timely forecasting of the crop diseases.

The guidelines issued (February 2007) by RHDS stipulated that after achieving 100 per cent physical targets under Integrated Pest Management (IPM), the savings under this activity be utilised by increasing the physical targets further.

During test check of the records of RHDS it was noticed that during 2005-11 only 11 PHCs (against 22 targeted) could be established. There was no strategic plan for setting up of labs. Only one Bio Control Lab and one Tissue Analysis Lab had been set up. Moreover, the entire financial provision of ₹ 3.86 crore under IPM was not utilised and the savings ranged between ₹ 0.08 crore and ₹ 0.43 crore as shown below. The DHDSs did not utilise the saving by increasing and achieving additional areas.

Table 15: Short achievements under IPM in the State

Year	Targets		Achievements		(₹ in crore) Short fall
	Physical (ha)	Financial (₹)	Physical (ha)	Financial (₹)	Financial (₹)
2005-06	5,000	0.50	4,257	0.31	0.19
2006-07	8,456	0.85	10,085	0.72	0.13
2007-08	5,850	0.58	7,631	0.50	0.08
2008-09	10,300	1.03	10,733	0.60	0.43
2009-10	5,000	0.50	6,673	0.40	0.10
2010-11	4,000	0.40	4,293	0.27	0.13
<b>Total</b>	<b>38,606</b>	<b>3.86</b>	<b>43,672</b>	<b>2.80</b>	<b>1.06</b>

Source: Administrative and Progress Reports of RHDS

In test checked districts, audit observed that the achievement of physical targets fell short by 16 *per cent* in Chittorgarh, 21 *per cent* in Jaipur and 56 *per cent* in Sawaimadhapur while achievements of financial targets fell short by 37 *per cent* in Jhalawar and 36 *per cent* in Nagaur (*Appendix 2.13*). It was also observed that the increased physical targets were achieved by Jhalawar and Nagaur by spending less, indicating that physical and financial targets were not set after proper assessment.

The State Government stated (November 2011) that even after achieving 113 *per cent* of physical targets, the financial targets could not be achieved because progress of IPM depends on appearance of pests and diseases on the crops. Non appearance of disease in some districts or sufficiency of one or two sprays of pesticides resulted in saving of funds under IPM.

The reply was not convincing as a number of the activities under IPM like soil and seed treatment, sprays before transplantation or flowering and sprays after flowering were essential and related to protection from diseases or pests. The reply also indicates that district wise targets were fixed without a realistic assessment of the occurrence of pests and diseases as no efforts were made by DHDSs or RHDS to collect and utilize the data of disease forecasting from 24 DFUs set up in the State during 2005-11. The targets were also fixed without considering the proposals of DHDSs, as is evident from *Appendix 2.13*.

### 2.1.16 Human Resource Development

Human Resource Development (HRD) is an important aspect under NHM under which farmers and field staff/officers were to be educated about the objectives of and the assistance available in the scheme, through trainings and demonstrations. It also provided for imparting training to farmers on high technology farming within and outside the State. In this connection, audit scrutiny revealed the following:

#### 2.1.16.1 Insignificant impact of training

Para 8.28 of the guidelines provides for imparting training to the farmers to familiarise them with the production processes in other states by conducting field visits outside the State. For this purpose an assistance of ₹ 2,500 per

Non establishment of green houses by farmers trained in hi-tech farming.

participant inclusive of transportation, lodging, per diem allowance and training kit for a minimum seven days visit/training was to be provided.

The RHDS envisaged training to 34,571 farmers/field staff/officers against which the achievement was 32,458 (94 *per cent*).

Test check of the records of RHDS revealed that for providing momentum to green house cultivation in the State, SLEC decided (October 2007) to impart training to farmers at Horticulture Training Centre, Pune. A scrutiny of list of trainee participants revealed that out of 542 trained participants only five participants setup their own green houses.

The State Government stated (November 2011) that in some cases the green houses have been established by the elder members of the family of the person trained.

The reply confirms that the person who have undergone the training have not established green houses as no specific case was brought out by RHDS in support of the above reply.

#### **2.1.17 Internal controls**

- Para 4.8 of the guidelines enjoins upon the SLEC to oversee, monitor and review implementation of the NHM programme. Scrutiny of minutes of the meetings of SLEC (2008-10) revealed that SLEC observed progress of the scheme as slow and remarked that the pace of implementation be quickened. However, specific measures to gear up the same were not found suggested by SLEC.

The State Government stated (November 2011) that the SLEC regularly reviews the progress of all the works of NHM as well as activities being executed by other institutions as a permanent agenda of all the meetings. However, records relating to directions/ suggestions or specific measures for improvement issued were not provided to audit.

- The scheme does not stipulate any procedure for monitoring at intermediary stages and taking corrective/preventive measures. The RHDS's role is only to allow assistance after verification of 75/90 *per cent* of survival of plants without undertaking any extension activity to establish a better support to the gardens established under the scheme, so as to ensure optimum survival of plants.

- There was no mechanism for verification of on going works during execution to ensure that the works were being executed as per norms and specification/quality. There were no instructions for subsequent physical verification of completed works. Such verifications by the teams nominated by RHDS, however, have been started from 2009-10 onwards. In the absence of such mechanism, quality and progress of work done by executing agencies including public sector agencies like RSAMB, State Agriculture Universities, Rajasthan *Krishi Vigyan Kendras* etc. was not monitored resulting in deficiencies in execution of work in nurseries, fruit gardens and water sources as commented in sub paragraphs 2.1.11.1, 2.1.12.1 and 2.1.14.1.

The State Government stated (November 2011) that most of the field level activities are being verified by District level officers, while other activities are verified by a team constituted by RHDS. The fact remains that there was no regular system of monitoring/ inspection of ongoing projects to ensure quality of work.

- The Internal Audit Section had only one Assistant Accounts Officer and one Junior Accountant under RHDS, to check records of all 24 DHDSs. The sanctioned strength has not been reviewed/revised since last more than 13 years. Resultantly, 19 DHDS<sup>31</sup> were not found audited during 2005-2011. This has adversely effected the adoption of a uniform record maintenance as commented in sub paragraphs 2.1.9.2, 2.1.9.3, 2.1.10.1, 2.1.12.3, 2.1.12.4, 2.1.13 and 2.1.14.1.

Thus, the internal control mechanism was inadequate and needs to be strengthened.

### 2.1.18 Socio economic impact of the scheme

- The RHDS adopted synergy and convergence of the NHM programme with Drip irrigation and green house establishment (State Plan), crop insurance (Agriculture Scheme), water sources (RKVY) and digging pits (NREGA).

- No separate records of the production/outputs of the fruit gardens and spices under NHM was maintained by the RHDS. Hence the socio economic impact of the programme could not be quantified. The overall production of horticulture shows a significant growth in production and productivity of fruit crops during the year 2007-08 which could be attributed to good climatic conditions as, by this time the production of NHM gardens have not been started (fructification usually takes three-four years). This is also evident from the growth of spice production in this particular year. The growth of production and productivity during the year 2009-10 was significant and can be attributed to the NHM gardens. However, the RHDS has not adopted any yardstick to measure the overall impact of NHM in production and productivity.

**Table 16: Production and productivity of NHM gardens**

Year	Fruits			Spices		
	Production (MT)	Percentage growth in production.	Productivity (PHMT)	Production (MT)	Percentage growth in production.	Productivity (PHMT)
2005-06	4,18,520	-	16.45	3,02,598	-	0.87
2006-07	4,02,170	-3.91	14.57	3,56,051	17.66	0.93
2007-08	5,62,770	39.93	19.41	5,28,728	48.50	0.93
2008-09	5,00,171	-11.12	16.34	5,60,298	5.97	1.03
2009-10	6,79,594	35.87	21.15	5,55,673	-0.83	1
<b>Total</b>	<b>25,63,225</b>	<b>-</b>	<b>17.70</b>	<b>23,03,348</b>	<b>-</b>	<b>0.96</b>

Source: Administrative Reports for 2005-10

31. 2005-11: Alwar, Baran, Chittorgarh, Dausa, Hanumangarh, Jhalawar, Sawaimadhopur and Sriganganagar; 2006-11: Ajmer, Bhilwara, Jodhpur, Kota and Pali; 2008-11: Banswara, Bharatpur, Jalore, Jaipur and Tonk; 2010-11: Udaipur.

The State Government stated (November 2011) that due to shortage of staff it is not possible to maintain the production records of fruits and spices.

- New gardens set up in 21,223 hectare at a cost of ₹ 23.17 crore have been showing very low survival (33 *per cent*) of gardens (June 2011) resulting in consequential low production, less generation of employment and low income support to the farmers.

The State Government stated (November 2011) that survival of all the plants under the scheme could not be possible in the harsh climatic conditions of the State. However, due to efforts made by the implementing agencies, the survival of orchards is 63.67 *per cent* which was quite satisfactory. The reply was not acceptable as the survival of orchards was 33 *per cent* only as commented in para 2.1.12.1.

- The department estimated generation of 4,05,98,177 man days of direct employment during 2005-11 which worked out to 1,10,539 employment as detailed below:

**Table 17: Position of generation of employment under NHM**

Year	Employment (man days)	Seasonal Employment	Permanent Employment (2-3)	Employment per year
(1)	(2)	(3)	(4)	(5)
2005-06	46,50,878	3,900	46,46,978	12,908
2006-07	54,20,776	74,100	53,46,676	14,852
2007-08	68,14,595	1,54,700	66,59,895	18,500
2008-09	74,48,959	1,89,800	72,59,159	20,164
2009-10	64,29,745	1,57,950	62,71,795	17,422
2010-11	98,33,224	2,23,600	96,09,624	26,693
<b>Total</b>	<b>4,05,98,177</b>	<b>8,04,050</b>	<b>3,97,94,127</b>	<b>1,10,539</b>

Source: Information furnished by RHDS

The details of actual generation of employment were not available with RHDS hence the exact impact of the scheme in generation of employment could not be ascertained. The scheme also does not provide for evaluation of the impact of the scheme by any outside agency.

### **2.1.19 Conclusion**

The RHDS has made efforts in synergising and convergence with other ongoing schemes viz. State Plan, *Rashtriya Krishi Vikas Yojana* and NREGA. The progress reported under development of nurseries, area covered in rejuvenation of senile plants, creation of water sources viz. *a viz.* targets appear satisfactory. However, it was seen that the scheme was implemented without conduct of proper base line surveys, feasibility study and perspective plan. The physical and financial targets fixed for field units were not based on AAPs proposed by DHDS which resulted in short achievements (physical/financial) under establishment of gardens, protected cultivation, IPM, organic farming, technology dissemination and PHM. Cluster approach was not adopted in implementing the scheme. Thus, the objective of holistic growth of horticulture sector was not fulfilled. Leakages from water sources and non installation of drip system resulted in non fulfillment of the objective

of economical use of stored water. In the absence of data regarding production and employment provided specifically under NHM, degree of enhancement of horticulture production, income support to farm households and employment generation of skilled and unskilled persons could not be ascertained.

**2.1.20 Recommendations**

- Annual Action Plans should be prepared on the basis of proposals of District Horticulture Development Society.
- Establishment of new gardens and construction of water sources are activities which suffered both at establishment/construction stage as well as at maintenance stage in the absence of a mechanism to monitor at intermediary stages which should be introduced.
- Internal control mechanisms at all levels need to be strengthened, maintained and implemented to watch the progress of the scheme.
- Rajasthan Horticulture Development Society should develop a system for collection of data of the benefits flowing down to the society through National Horticulture Mission, so as to document the specific achievements under the scheme.

## Public Health Engineering Department

### 2.2 Implementation of Drinking Water Supply Projects

#### *Executive summary*

The water problem in Rajasthan has been chronic and acute due to scanty rainfall and excessive use of ground water for irrigation and drinking purposes resulting in depletion of water level to an alarming stage and natural contamination such as fluoride, nitrate, chloride and other salts etc. are increasing in the ground water. The State Government through Public Health Engineering Department (PHED) has taken up from time to time various drinking water supply projects to provide safe and adequate surface drinking water to public of affected areas. As of March 2011, 57 drinking water supply projects were in progress. Audit observed the following:

The Finance Committee of the Rajasthan Water Supply and Sewerage Management Board of PHED re-phased 19 projects due to non-availability of funds as a result of sanctioning excess schemes *vis a vis* availability of budget and their date of completion extended upto 31 March 2013. It was seen that approval of the re-phasing of the projects by Finance Committee was granted only on the grounds of shortage of funds. However, test check of eight projects revealed that the re-phasing of these projects was done inspite of surrender of funds on account of slow progress of works.

Schemes were taken up without obtaining physical possession of private/forest land and activities of packages/phases of projects were not taken up simultaneously resulting in unfruitful expenditure of ₹ 1,108.12 crore on projects lying incomplete denying benefit of drinking water to villagers. Two schemes were taken up without ensuring reservation of projected demand of water from sources.

Irregular payment of price escalation of ₹ 108.61 crore has been made in seven<sup>32</sup> test checked project being executed on lump sum contract basis.

Undue benefits were extended to contractors due to irregular payment of secured advance (₹ 81.62 crore), non-deduction of Security Deposit (₹ 6.83 crore)/labour cess (₹ 1.26 crore)/royalty (₹ 1.64 crore), changing the terms and conditions of the contract (₹ 34.12 crore) and payments without final testing and commissioning of pipeline (₹ 3.15 crore)/Elevated Service Reservoir (₹ 36.72 lakh).

Deficiency in monitoring and prescribed periodical inspection and non-observance of norms of quality control led to non-execution of works as per specifications.

32. BLWSP-SPR-I: ₹ 11.57 crore; BLWSP-SPR-II: ₹ 14.29 crore; CDBWSP: ₹ 29 crore; GWSP: ₹ 3.81 crore; IMKWSP: ₹ 10.25 crore; KWSP: ₹ 4.75 crore; MFJJWSP: ₹ 12.21 crore; NWSP (FR): ₹ 22.73 crore.

### 2.2.1 Introduction

In Rajasthan, due to scanty rainfall and excessive use of ground water for irrigation and drinking purposes, water level has depleted to an alarming level which has brought about adverse changes in the geo-chemistry of ground water, due to which natural contamination such as fluoride, nitrate, chloride and salts etc are increasing in the ground water, resulting in non-providing of safe and adequate quantity of drinking water to the rural and urban population of the State.

To overcome this problem, the State Government through Public Health Engineering Department (PHED) has taken up from time to time various drinking water supply projects to provide surface drinking water. As on 31 March 2011, 57 drinking water supply projects were in progress. Out of these, 19 projects (*Appendix 2.14 (a)*) which were not completed by the scheduled dates of their completion (July 2008 to April 2010) were allowed to be re-phased by the Finance Committee of Rajasthan Water Supply and Sewerage Management Board (RWSSMB) in March and July 2010. Of the 19 projects re-phased, eight<sup>33</sup> projects lying incomplete were selected for review.

### 2.2.2 Organisational set-up

The Additional Chief Secretary, PHED is the Administrative Head of the Department. The Chief Engineer (CE) (Headquarters), PHED is responsible for overall planning and monitoring of the activities. CE (Special Project), Jaipur is responsible for the implementation and monitoring of the water supply projects who is assisted by CE (Project) Jodhpur, Additional Chief Engineers (ACEs) Superintending Engineers (SEs), and Executive Engineers (EEs).

### 2.2.3 Audit objectives

Audit objectives were to assess whether the efforts of PHED were adequate and effective by examining whether:

- adequate and timely funds were provided to the water supply projects ;
- the planning and execution of the water supply projects was conducted with efficiency and economy;
- the monitoring system at all levels was effective;
- the desired benefits of the scheme were passed on to the beneficiaries.

The project-wise details of Administrative and Financial (A&F) sanctions issued, villages/towns proposed to be provided drinking water under these

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33. Barmer Lift Water Supply Project (BLWSP); Chambal-Dholpur-Bharatpur Water Supply Project (CDBWSP); Gulendi Water Supply Project (GWSP); Indroka-Manaklao-Dantiwara Water Supply Project (IMDWSP); Indroka-Manaklao-Khangta Water Supply Project (IMKWSP); Kalikhar Water Supply Project (KWSP); Matasukh-Farrod-Jayal-Jharali Water Supply Project (MFJJWSP) and Narmada Water Supply Project (NWSP).

projects, activities to be conducted and physical status of the projects as on March 2011 are given in **Appendix 2.14 (b)**. The results of the review of test checked projects are discussed in succeeding paragraphs.

#### **2.2.4 Audit Criteria**

The Audit criteria adopted were as under:

- State water rules
- Feasibility reports of the projects
- Proposals for schemes and Financial Statements
- Instructions issued by PHED
- Public Works Financial and Account Rules
- General Financial and Accounts Rules

#### **2.2.5 Scope and Methodology**

Records of eight drinking water supply projects for the period from 2008-09 to 2010-11 were test checked during February to April and in July 2011 in the concerned offices of the PHED<sup>34</sup>.

#### **2.2.6 Financial management**

**2.2.6.1** The projects are funded by the Ministry of Rural Development, Government of India (GoI) under Accelerated Rural Water Supply Programme (ARWSP)<sup>35</sup> and by State Government from State Plan under Minimum Needs Programme (MNP) Rural/Urban. The funds were arranged by the State Government as loan from National Bank for Agriculture and Rural Development (NABARD) at 6.5 *per cent* interest for meeting its plan expenditure in seven out of eight test checked projects. Barmer Lift Water Supply Project was funded from ARWSP, State Plan, TFC and deposits from Defence/BSF. The year-wise position of the funds allotted vis-à-vis expenditure incurred from the commencement of the projects test checked upto the year 2010-11 is given in **Appendix 2.15 (i) to (viii)**. Audit observed that the percentage of share between GoI and State Government was not fixed in all the schemes test checked.

##### **2.2.6.2 Re-phasing of Projects**

**Re-phasing due to inadequate funding.**

The Finance Committee (FC) of RWSSMB had decided (September 2009) re-phasing of 20 projects scheduled to be completed between July 2008 and March 2010 extending their completion period upto March 2012 on grounds of less availability of funds and to avoid imposing of compensation on contractors for delay. The decision was confirmed by FC in March 2010. Of

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34. Barmer Lift Project (BLP), Division-I, Barmer; RIGEP Division-Barmer; Chambal-Dholpur-Bharatpur Division, Bharatpur; EE, District Division-I, Jodhpur; EE, Project Division-I, Jodhpur; EEs, Project Division-I, II, Jhalawar; BLP Division-II, Mohangarh; EE, Matasukh Jayal Project Division, Nagaur; Division-I, Sanchore and BLP Division-III, Sheo, Narmada Canal Project (NCP).

35. Renamed as National Rural Drinking Water Programme (NRDWP) in February 2010.

these, 19 projects<sup>36</sup> (*Appendix 2.14 (a)*) were again re-phased (July 2010) by FC extending their completion period upto March 2013. The reasons given for re-phasing of these projects were non-availability of adequate funds with the State Government during financial year 2008-09 and 2009-10. It was also directed that if additional funds are made available than projected re-phasing of the completion date be advanced with the approval of the FC.

Audit, however, observed that in six of the eight test checked projects, there was saving during 2007-08 to 2009-10 against allotted budget as shown in the table below:

**Table 1: Details of amount surrendered against allotment under ARWSP**

(₹ in crore)

Name of the project	Year								
	2007-08			2008-09			2009-10		
	Allotment	Surrendered	Percentage of surrender	Allotment	Surrendered	Percentage of surrender	Allotment	Surrendered	Percentage of surrender
<b>GWSP</b> ARWSP (R)	-	-	-	15.00	5.00	33.33	19.00	2.00	10.53
<b>CDBWSP</b> ARWSP (R) ARP	7.20 2.99	3.02 0.24	41.94 8.03	62.00 5.00	23.74 4.00	38.29 80	75.00	28.27	37.69 -
<b>IMDWSP</b> ARWSP (R)	30.00	25.43	81.77	55.00	20.20	36.73	-	-	-
<b>IMKWSP</b> ARWSP (R)	-	-	-	-	-	-	53.30	14.38	26.98
<b>KWSP</b> ARWSP (R)	-	-	-	15.00	7.06	47.07	27.00	5.00	18.52
<b>NWSP</b> ARWSP (R) ARP (U)	41.50 6.00	37.82 0.23	91.13 3.83	77.50 0.50	17.00 0.50	21.94 100	48.00 -	7.00 -	14.58 -

Source: Appropriation Accounts.

The State Government while accepting (November 2011) the facts, stated that the decision for re-phasing was a conscious decision of the Government in public interest with the concurrence of the then Chief Minister (Finance Minister), Chief Secretary and the Finance Department as this was the only alternative before the department to tackle the unprecedented financial crisis created due to excess sanctions of works issued above the corresponding budgetary provisions and to avoid un-necessary litigation, contractual liabilities and to keep the contract alive.

The State Government has also contended that the funds from GoI were received in February/March of the year and comparison of expenditure with budgetary estimates of ARWSP/NRDWP for six projects does not give realistic and accurate information as the actual receipts of ARWSP funds was much short of the budget estimates. The contention is not tenable as the Audit has not compared the expenditure of the six projects with the budget but has pointed out that the funds allocated under ARWSP/NRDWP were surrendered/got re-appropriated by the Department due to slow progress of works as mentioned in re-appropriation/surrender orders issued by Finance Department. The State Government has also admitted that contractor could not maintain desired progress in these projects despite availability of funds.

36. Bisalpur-Dudu Project has been completed.

Further, the FC approved the re-phasing of the projects with the condition that projects were not to be re-phased on account of any reason other than the shortage of funds but the six projects commented above were re-phased even though they had actually surrendered funds on account of slow progress of work.

Thus, the decision to re-phase the six projects on the grounds of financial constraint was therefore unjustified. It was also observed that one of the grounds for approving re-phasing was to avoid imposition of compensation on contractors for delay but element of price escalation payable to the contractors due to time overrun was conceded ignoring the interest of the State exchequer. Consequently, there was a time overrun of 17 months to 57 months along-with cost overrun to the extent of ₹ 54.02 crore paid in extended period of re-phasing towards price escalation as mentioned in subsequent paragraph 2.2.6.3. Further, compensation (₹ 9.91 crore) recovered from contractors for delay in work execution on their part was refunded to the contractors after re-phasing of projects treating the delay at the part of the State Government as referred in Paragraph 2.2.6.4.

Thus, the decision to re-phase the above mentioned six projects was imprudent and led to undue benefit to the contractors on one hand and loss to State Government due to cost overrun on the other.

**Re-phasing of completion period led to avoidable expenditure of ₹ 54.02 crore on price escalation.**

**2.2.6.3** Scrutiny of the information furnished by CE (SP) revealed that the FC of RWSSMB approved (July 2010) extension in stipulated completion of time of 19 projects on account of paucity of funds and slow progress of works. This resulted in price escalation of ₹ 146.70 crore paid to the contractors as of March 2011 after stipulated date of completion of the above projects as per respective agreements (**Appendix 2.16**). This includes the price escalation of ₹ 54.02 crore paid in eight test checked projects. The avoidable payment on account of price escalation would further increase on actual completion of the projects.

The Department stated (March and July 2011) that price escalation was paid considering time extensions as per re-phasing approved by the FC. The fact remains that projects had to be re-phased inspite of availability of funds as exhibited in the table above which led to avoidable payment of the price escalation to contractors resulting in extra burden on the State exchequer.

The State Government stated (November 2011) that for all the 19 re-phased projects, the process of recovery has been started as per directions issued by CE (SP) (November 2011) and any payment of price escalation paid beyond original period of completion with reference to re-phasing, should be recovered from the respective contractors at the earliest.

**Unjustified refund of compensation of ₹ 9.91 crore recovered under Clause 2 of agreements.**

**2.2.6.4** As per Clause 2 of contract agreements, if the contractor fails to maintain *prorata* progress and delay is attributable to him, he shall be liable to pay compensation for every quarter span as reviewed by Engineer Incharge. Accordingly, EEs recovered compensation of ₹ 9.91 crore from contractors for not maintaining *pro rata* progress during March 2008 to September 2010, but refunded the same to the contractors as per details given below:

**Table 2: Details of amount of compensation levied and refunded to the contractors**

(₹ in crore)	
Name of the project	Compensation recovered and refunded
CDBWSP	1.18
MFJJWSP	1.04
NWSP	6.33
IMKWSP	1.36
<b>Total</b>	<b>9.91</b>

Source: Divisional records.

Audit observed that the compensation of ₹ 9.91 crore as recovered from contractors bills on account of delay on their part was refunded to them due to re-phasing of the above projects by FC of RWSSMB. The compensation had been recovered under Clause 2 of the agreement *ibid* on account of delay attributable to the contractors. The Department stated (March and July 2011) that compensation levied was refunded on account of re-phasing of contract period. In view of this, the decision to refund the compensation consequent to the decision to re-phase the projects amounted to giving undue benefit to the contractors.

The State Government informed (November 2011) that it was only through the audit para that they learnt that the decision of the FC for re-phasing was misinterpreted at the field level and the already recovered Liquidated Damages (LD) were refunded and price escalation for the extended period paid. Explanation for this act of omission has been called for from the field offices and CE (SP) has issued directions (October 2011) to recover the amount of LD refunded to the contractors un-authorisedly and to report compliance within seven days.

**Non-creation of full infrastructure led to creation of liability of ₹ 5.84 crore towards short lifting of water from Matasukh Coal Mines.**

**2.2.6.5** The State Government sanctioned (July 2007) the Matasukh-Farrood-Jayal-Jharali Regional Water Supply Project (MFJJWSP) for ₹ 124.73 crore to provide ground water to 120 villages of Jayal Tehsil from Matasukh Coal Mines upto 2011, till commissioning of Nagaur Lift Project (NLP) Phase-II envisaged to provide potable water. The NLP Phase-II scheduled to be operational in 2011 has, however, not yet been sanctioned. A sum of ₹ 136.28 crore has been incurred on the MFJJWSP till June 2011.

The Rajasthan State Mines and Minerals Limited (RSMML) permitted use of mines water for drinking purposes by PHED and installed (May 2010) a desalination plant of 13 million litre per day (MLD) capacity for meeting the demand of 10.5 MLD water upto 2011. In July 2010, RSMML intimated SE, PHED, Nagaur to reimburse the cost of potable water at ₹ 24.56 per Kilo litre (KL) for full capacity (13 MLD) of desalination plant besides ₹ 17.85 per KL as water/energy variable charges for actual water lifted. No agreement was, however, executed between PHED and RSMML as required under Rule 50 of General Financial and Accounts Rules (Part-II) till date.

Audit observed that the infrastructure for distribution of drinking water to 120 villages of Jayal Tehsil was to be completed by the contractor upto April 2009. However, the infrastructure for 63 villages out of 120 villages was only

completed by May 2010, even after the re-phasing of the project upto 31 December 2010. Consequently, the demand was restricted (22 May 2010 i.e. date of installation of desalination plant of 13 MLD) to 7.13 MLD by PHED. Against this, the Department actually drew water ranging between 1.403 MLD and 6.283 MLD only during May 2010 to June 2011. Thus, the Department created an avoidable liability of ₹ 5.84 crore<sup>37</sup> for 5.87 MLD water without actually drawing water from the desalination plant for the period 22 May 2010 to June 2011.

The State Government stated (November 2011) that reason for short lifting of water was attributed to delayed release of electric connection for 63 villages and odour problem, peculiar taste of water. Further, ₹ 17.85 was to be paid as variable cost for every kilolitre of water drawn and there was no loss to the State exchequer. The reply is not tenable as the main reason for short lifting of water was non-completion of infrastructure in 57 out of 120 villages and accordingly, water demand for 7.13 MLD was intimated (May 2010) by Department to RSMML which was also not fully used. Further, Department's contention of no loss to the State exchequer is also not acceptable as fixed charges (₹ 24.56) per kilo litre have been agreed to be paid irrespective of water drawn below optimum capacity 13 MLD of the plant.

Thus, provision of funds year after year by the State Government inspite of slow progress of works and consequential surrenders indicated not only inefficient financial management but also lack of planning and sequencing of projects which resulted in extra cost to the State exchequer. Further, the drinking water schemes remained incomplete and have been delayed for four years (September 2011) inspite of availability of funds.

### **2.2.7 Planning**

Factors like non availability of work-site, non-reservation of projected water demand, non-implementation of project activities simultaneously etc. reflected inadequate planning resulting in non completion of projects in time as discussed below:

#### **2.2.7.1 Non-availability of land**

Rule 351 of Public Works Financial and Accounts Rules (PWF&ARs) provides that no work should commence on land which has not been duly made over by a responsible Civil Officer. Further, Rule 298(1) stipulates that availability of the site is a pre-requisite for planning and designing of a work. Besides, the A&F/Technical sanctions issued for the projects also stipulate taking up land acquisition proceedings before starting the works to avoid any delay in execution.

**Taking up of Schemes without obtaining physical possession of private land/forest land led to unfruitful expenditure of ₹ 1108.12 crore.**

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37. 5.87 ML per day x ₹ 24.56 per KL x 405 days = ₹ 5,83,87,716 i.e. ₹ 5.84 crore.

Audit observed the following lapses in the execution of work due to issues related to land:

**Table 3: Details of component of the project lying incomplete for want of physical possession of land.**

Name of the project Original date of completion	Month and year of		Land acquisition		
	Sanction	Work order	Land to be acquired	Proceedings started	Status as on 31 March 2011
NWSP 12 February 2009	February 2007	August 2007	123.199 ha	January 2008 to February 2010	Due to dispute by land owners work <sup>38</sup> of ₹ 53.97 crore not started.
IMDWSP 26 January 2010	August 2006	July 2008	600 bigha	132 bigha acquired during May 2007 to July 2008. 299 bigha acquired in May 2008 and 207 bigha acquired in April 2010.	Cultivators of 299 bigha did not accept compensation. Work <sup>39</sup> of ₹ 19.02 crore could not be started. (land to be acquired)
CDBWSP 12 October 2009	July 1999	November 2002  October 2007 Re-awarded balance work	15 bigha (Private)  0.36 ha (Sanctuary land)	August 2004 to March 2006  July 2002 March 2005	Two bigha land was shown as Government land in notification issued (2003-04). Land acquisition action initiated late (May 2011) and rising pipeline in 227 metre could not be laid. (land to be acquired)  Pipeline in 95 metre (0.119 ha) could not be laid as clearance given (March 2005) by CWC for 0.36 ha forest land did not include 0.119 ha land in wildlife sanctuary. (permission wanting)
BLWSP 10 October 2009	Feb 2007	March 2008	Disputed site	-	Transmission pipeline in 240 metre not laid due to Box culvert below Railway track was under dispute with local public and due to problems raised by local public, 200 metre pipeline not laid between Bhagu ka Gaon to Devikot.

Source: Divisional records.

The Department awarded works of laying pipeline for the above four projects to the contractors without ensuring availability of dispute-free land and taking physical possession. After execution of works worth ₹ 1108.12 crore (BLWSP: ₹ 624.58 crore; CDBWSP: ₹ 207.16 crore; IMDWSP: ₹ 62.92 crore; NWSP: ₹ 213.46 crore), the works had to be suspended as per the reasons given in the above table. As a result, the expenditure incurred as of March 2011 remained unfruitful as the intended benefit of the schemes was yet to be passed on to the beneficiaries.

The State Government accepted (November 2011) the delay in land acquisition in respect of all the projects shown in table and informed that 200 mtr pipeline between Bhagu ka Gaon to Devikot (BLWSP) have since been completed.

38. Inlet channel, Raw Water Pumping Station (RWPS), Raw Water Reservoir (RWR), Treatment Plant, Clear Water Pumping Station (CWPS), Clear Water Reservoir (CWR) and other miscellaneous works.

39. RWR, Reinforced Cement Concrete (RCC), Inlet Well, RWPS, Construction of road.

**Non-taking up of activities of packages/phases simultaneously led to denial of benefit of drinking water to villagers.**

**2.2.7.2** The Technical Committee of RWSSMB directed that execution of various packages should be synchronised in such a way that the work of none of the packages remained idle for a long time. Scrutiny of records of eight test checked projects revealed that while the work of transmission system (rising pipeline, Raw Water Reservoir (RWR), Clear Water Reservoir (CWR), pumping stations and water treatment plants) from source had been taken up and were almost at completion stage, the distribution pipelines in villages have not been taken up as of 31 March 2011 as detailed below:

**Table 4: Status of distribution system**

(₹ in crore)

S. No.	Name of project	Date of A&F sanction and amount	Expenditure (upto March 2011)	Status of distribution system
1	BLWSP	1.2.2007/ ₹ 688.65	624.88	Execution of the transmission system taken up (April 2008) was at completion stage (April 2011). A&F sanction for the work of distribution system for covering 691 villages has not yet been accorded.
2	CDBWSP	6.7.1999/ ₹ 166.50	207.16	Execution of the transmission system taken up (October 2007) and 95 per cent works have been completed. The distribution system to provide water to 25 villages of Dholpur and 143 villages of Bharatpur district have not been taken up for want of technical sanction. The work of Bharatpur urban area is still under execution by Rajasthan Urban Infrastructure Development Project (RUIDP) with progress of 31 per cent only (September 2011).
3.	IMKWSP	20.3.2006/ ₹ 89.46	100.91	Execution of transmission system upto Village Transfer Chambers (VTCs) was taken up in November 2007 and almost completed (March 2011). The technical sanction of distribution system from VTC onwards to Public Stand Posts (PSPs) and Cattle Water Troughs (CWTs) for each village has not been issued as of September 2011.
4.	MFJJWSP	13.7.2007/ ₹ 124.73	136.28	Execution of transmission system upto Village Transfer Chambers (VTCs) was taken up in March 2008 and almost completed (March 2011). The technical sanction of distribution system from VTC onwards to Public Stand Posts (PSPs) and Cattle Water Troughs (CWTs) for each village has not been issued as of September 2011.
5	IMDWSP	17.8.2006/ ₹ 308.00	62.92	Execution of transmission system taken up in July 2008. The work of clear water pumping mains, distribution system in Bilara town and 32 villages has not been taken up for want of technical sanction.
6	NWSP	1.2.2007/ ₹ 303.38	213.46	Execution of transmission system taken up (August 2007) was in progress. The distribution system for 281 villages of Jalore district and Jalore town has not yet been taken up for want of A&F/Technical Sanction.

In reply, the State Government simply informed (November 2011) about the progress made under each project.

Thus, non-sanctioning of distribution system alongwith transmission system led to non supply of desired quantity of water to villagers.

**2.2.7.3** In eight test checked projects, surface water was to be provided from water sources (canals/dams) and accordingly reservation of water was required before taking up the projects. Audit observed that in Narmada Water Supply Project (NWSP) and BLWSP, the envisaged quantity of water was not got reserved from the sources as discussed below:

**Execution of NWSP and BLWSP without ensuring reservation of projected demand of water from source.**

- As per study conducted (2002-03) by M/s Tahal Consultant<sup>40</sup>, out of 0.48403 Million Acre Feet (MAF) water of Narmada Main Canal (NMC) reserved for Rajasthan State in Sardar Sarovar Dam for drinking and irrigation purposes, 0.1064 MAF water was proposed by CE, Irrigation for drinking water supply to benefit 1189 villages (Barmer: 639, Jalore: 550) and two towns (Bhinmal and Sanchore). This was approved (March 2004) by the State Government. The Policy Planning Committee (PPC) issued (March 2006) A&F sanction for ₹ 243.88 crore (revised to ₹ 303.38 crore in February 2007) for NWSP. The State Government decided (August 2006) to include 147 more villages of Jalore district and Jalore town for supply of drinking water from NMC for which the reservation of water was to be increased from 0.1064 MAF to 0.1261 MAF. The proposal sent (October 2006) by SE, PHED, Sanchore for increasing reservation of water was under consideration of the State Government (March 2011). Meanwhile, the work of NWSP awarded (August 2007) to contractor for ₹ 310.02 crore scheduled to be completed by February 2009 was lying incomplete as of May 2011. Thus, the NWSP was sanctioned and executed with optimum carrying capacity for 0.1261 MAF of water without ensuring the reservation of projected demand of drinking water.

- The reservation of water from Indira Gandhi Main Canal (IGMC) for BLWSP is 56.838 cusec upto the year 2031. However, the PPC accorded (June 2002) A&F sanction of ₹ 424.91 crore to meet the demand of 64.29 cusec water upto 2036. This was subsequently revised (February 2007) to ₹ 688.65 crore with the demand of 75 cusec water upto the year 2036 due to addition of 118 villages<sup>41</sup> and increased demand of Defence Department. Audit observed that in the revised proposals for increase in reservation of water from IGMC, PHED did not include additional demand of 18.162 cusec water for BLWSP due to which chances of the fulfillment of objective for demand of 75 cusec water upto the year 2036 can not be ensured.

The State Government stated (November 2011) that the issue for revised reservation of water for both the projects will be taken up from the concerned authorities and there is no adverse effect on sanctioned project. The reply, however, did not mention reasons for taking up the projects without ensuring increased demand of reservation of water. The fact remains that increased demand of water as per sanctioned projects was to be got reserved prior to taking up works of the projects so as to ensure optimum utilisation of infrastructure developed for meeting the water demand till the year 2036 and non-reservation of the required quantum of water defeats the purpose of the project as a long term measure.

40. Appointed by Government of Rajasthan for studying the availability of Narmada canal water for drinking and irrigation purposes in Rajasthan.

41. Increase in villages covered from 573 to 691.

#### **2.2.7.4 Improper implementation of projects**

**Objective of 'Aapni Yojana' defeated due to delay in implementation of project.**

*Aapni Yojana* (introduced in 2004-05<sup>42</sup>) is a Rural water and sanitation programme, which envisaged a mission to improve the health standards of the community through safe drinking water and sanitation facilities with the participation of beneficiaries by forming Water Health Committees (WHCs) and creating awareness among beneficiaries regarding their right and duties for drinking water system and to make community liable to pay contribution towards Operation and Maintenance (O&M) and help in planning, development and maintenance of infrastructures. Accordingly, WHCs consisting of five members viz. Communicator, Caretaker, Payment collector, Sanitation representative and a woman representative for representing the interests of the whole community were to be formed. The WHCs were to select the site of Public Stand Posts (PSPs) and Cattle Water Troughs (CWTs), make rules and regulations for proper use of facilities, communicating these rules to the community and regularly monitor the deposit of monthly bills, proper cleaning the system, maintaining records and reporting the major faults to PHED engineers.

Scrutiny of records of test checked projects revealed the following:

- In MFJJWSP 120 WHCs were to be formed but only 67 WHCs were constituted (June 2011) and of these, only 33 were registered.
- In BLWSP, GWSP, IMDWSP, IMKWSP, KWSP and NWSP, no WHCs were constituted.

The State Government stated (November 2011) that WHCs would be formed on completion of distribution system under the projects.

The reply confirms that WHCs were not formed simultaneously as envisaged in the project. Thus, the objective of public participation in selection of sites for PSPs/CWTs and recovery of water charges was not ensured due to non-formation/short formation of WHCs and the basic objective of '*Aapni Yojana*' could not be served.

#### **2.2.8 Execution**

##### ***Non-observance of rules/provisions***

Out of 19 re-phased projects executed/being executed, test check of eight projects revealed that compliance to financial rules and regulations has not been ensured, administration and financial control was weak, supervision by technical officers and internal controls were not adequate. The shortcomings noticed are as under:

##### **2.2.8.1 Price escalation payment in lump sum contracts**

Rule 378 of PWF&ARs provides that in lump-sum contracts, the contractor agrees to execute a complete work with all its contingencies in accordance

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42. *Aapni Yojana* was made applicable for projects costing ₹ 25 crore and above in 2004-05.

**Irregular payment of price escalation - ₹ 108.61 crore in seven test checked projects.**

with drawings and specification for a fixed sum and the detailed measurement of work done are not required to be recorded except for additions and alterations. Therefore, inclusion of a clause on price variation in the lump-sum contract agreements was not justified.

Scrutiny of records of test checked seven water supply projects revealed that CE/ACE awarded works during August 2007 to April 2008 to contractors on single point responsibility/turnkey basis. Audit, however, observed that a Price Escalation (PE) of ₹ 108.61 crore<sup>43</sup> was paid till 31 March 2011 to the respective contractors.

The Department stated (February, March and July 2011) that PE has been paid as per opinion of the Finance and Law Departments. The State Government also confirmed (November 2011) the above reply of the Department and further stated that note below Rule 379 of PWF&ARs prescribing modification in general agreement form to be used for lump sum contracts does not provide deletion of PE clause.

The reply is not tenable. The Finance Department had confirmed (October 2007) the audit contention that PE was not payable in lump sum contracts. As per the Law Department (February 2010) the State Government was bound to pay PE to avoid litigation due to existence of Clause 45 (PE clause) in the lump sum contracts. Further, the fact that the mandatory provision of recording detailed measurements is not prescribed in lump sum contracts which are necessary for payment of PE, confirms non-admissibility of PE in lump sum contracts. The Departmental action in considering the payment made at intermediate stage as the basis for calculating PE was not justified. Therefore, the Department's action to include PE clause in lump sum contract flouting the Rule 378 of PWF&ARs even after being objected by Audit and Finance Department of the State Government led to inadmissible payment of PE of ₹ 108.61 crore to the contractors.

### 2.2.8.2 Irregular grant of secured advance

**Irregular payment of secured advance to contractor worth ₹ 81.62 crore in NWSP and BLWSP.**

- Rule 434 of PWF&ARs prohibits payment of advances to contractor. Rule 435(a), however, permits grant of advances to contractor in exceptional cases on the security of the material brought at site<sup>44</sup> limited to 75 per cent of the current value of the material, provided that the material is of imperishable nature. The advance is paid after ensuring that the material, upon which the advance is made, has actually been brought to site. The special conditions of contracts of BLWSP stipulated sanction of mobilisation advance at an interest rate of 12 per cent per annum.

Scrutiny of records of following two water supply projects revealed that instead of sanctioning mobilisation advance at 12 per cent interest per annum as provided for in the contract, secured advance of ₹ 81.62 crore was

43. Including price escalation of ₹ 16.47 crore pertaining to CDBWSP (₹ 11.00 crore) and MFJJWSP (₹ 5.47 crore) already commented in paragraph 3.4.3 of Audit Report (Civil) 2009-10.

44. Site is the place where work is executed.

irregularly paid (June to November 2008) to contractors against Hot Rolled (HR) coils brought by them at the fabrication plant site<sup>45</sup> of another firm for manufacture of Mild Steel (MS) pipes.

**Table 5: Details of irregular payment of secured advance**

(₹ in crore)

S. No.	Name of projects	Amount of secured advance paid	Period during which secured advance paid
1	NWSP	8.32	October 2008
2	BLWSP	73.30	June 2008 to November 2008

Source: Divisional records.

The State Government stated (November 2011) that payment of secured advance was made after obtaining the bank guarantee on the material brought to the plant site which was treated as work-site under the rule mentioned above. The State Government's reply does not give reasons for not sanctioning mobilisation advance as provided for in the contract. Further, obtaining of bank guarantee does not justify payment of secured advance which was paid irregularly in this case as the material against which it was released was lying at the plant site of another firm and not the Government work site.

### 2.2.8.3 Non-deduction of security deposit

**Non-deduction of Security Deposit of ₹ 6.83 crore in four test checked projects.**

Clause 1 of the Agreement executed with contractors for execution of works of projects stipulates deduction of Security Deposit (SD) at 10 per cent of gross amount of the running bills and may be refunded as per rules on completion of the contract. A contractor, may, however, elect to furnish Bank Guarantee for an amount equal to full amount of SD at 10 per cent of work order at the time of execution of agreement. However, during execution of work, if cost of work exceeds, as shown at the time of furnishing Bank Guarantee, balance SD shall be deducted from Running Account Bills.

Scrutiny of records of four out of eight test checked water supply projects revealed that SD amounting to ₹ 6.83 crore was not deducted from the price escalation bills paid to contractors during the period April 2008 to May 2011 as detailed below:

**Table 6: Details of Security Deposit not deducted from price escalation bills**

(₹ in crore)

S.No.	Name of Project	Total Amount paid	Amount of security deposit not deducted	Period of price escalation paid
1.	BLWSP	25.87	2.59	April 2008 to June 2010
2.	CDBWSP	29.00	2.90	March 2008 to March 2011
3.	MFJJWSP	12.20	1.22	April 2009 to March 2011
4.	KWSP	1.20	0.12	February 2010 to May 2011
	<b>Total</b>	<b>68.27</b>	<b>6.83</b>	

Source: Paid vouchers and price escalation bills.

45. Plant site is not the work site of Government, it is the site of another firm who was manufacturing MS pipes from HR coils for the contractor.

In reply, the EE, CDBWSP, Bharatpur intimated (July 2011) that there was no such provision for deducting SD from bills of price escalation. The State Government, however, stated (November 2011) that ₹ 75 lakh have been deducted from the bills of the contractors in CDBWSP and in BLWSP and MFJJWSP both, Bank Guarantee for price escalation bills has now been taken from the contractors and in KWSP, SD of ₹ 12 lakh have been deducted from the running bills of contractors.

The fact remains that SD has not been deducted at the time of payment of price escalation Bills and in CDBWSP, only ₹ 75 lakh have been deducted against due amount of ₹ 2.90 crore.

#### 2.2.8.4 Non-deduction of labour cess

**Undue benefit to contractors due to non-deduction of labour cess of ₹ 1.26 crore in NWSP, MFJJWSP, KWSP and GWSP.**

Government of Rajasthan, Labour and Employment Department, with the approval of Finance Department, issued (July 2010) instructions to levy labour cess at one *per cent* of the total cost of the works. The cut off date for the same was decided as 27 July 2009.

Scrutiny of records of four water supply projects revealed that labour cess at one *per cent* amounting to ₹ 1.26 crore was not deducted from the contractor's bills paid after 27 July 2009 giving undue benefit to the contractors as detailed below:

**Table 7: Details of non-deduction of labour cess**

(₹ in crore)			
S. No.	Division	Name of Project	Amount of labour cess not deducted
1	PHED Division, Sanchore	NWSP	0.23
2	Project Division-II, Jhalawar	KWSP	0.32
3	Project Division-I, Jhalawar	GWSP	0.29
4	Jayal Matasukh Project, Nagaur	MFJJWSP	0.42
<b>Total</b>			<b>1.26</b>

Source: Paid running bills of the contractors.

The State Government stated (November 2011) that labour cess of ₹ 0.54 crore (MFJJWSP: ₹ 0.42 crore; NWSP: ₹ 0.12 crore) has been recovered. Action to recover balance cess of ₹ 0.61 crore (GWSP: ₹ 0.29 crore; KWSP: ₹ 0.32 crore) is under process as this was not recovered earlier due to non-availability of the orders. However, no documents in support of recoveries made has been furnished to Audit. No reasons were given for non-recovery of balance labour cess of ₹ 0.11 crore pertaining to NWSP.

#### 2.2.8.5 Non-deduction of royalty

**Non-deduction of royalty of ₹ 1.64 crore from contractor claims in BLWSP, CDBWSP and KWSP.**

The instructions issued (October 2008) by the Principal Secretary, Mines (Group-2) Department, Government of Rajasthan, provide obtaining permit from Mining Department by the contractor before commencement of construction works for use of mining materials and producing the same to the concerned department while submitting the first claim for payment. The

executing department would deduct royalty at the prescribed rates<sup>46</sup>, while making payment to contractor and shall deposit the same with the Mining Department within 15 days.

Scrutiny of the running bills of the contractors of three WSPs revealed that royalty amounting to ₹ 1.64 crore<sup>47</sup> at the prescribed rate had not been deducted/short deducted from running bills paid (October 2008 to June 2011) to the contractors.

The State Government stated (November 2011) that royalty of ₹ 0.41 crore (BLWSP: ₹ 0.40 crore KWSP: ₹ 0.0074 crore) has been deducted from contractor's bills and for remaining amount of ₹ 0.71 crore of BLWSP, a clearance certificate has been called for from Mining Department. As regards CDBWSP, Government intimated that royalty at 0.5 per cent was being deducted on civil works and deposited with the Mining Department, but no objection by the Department has been made. The Government did not explain as to why the royalty was not deducted as per prescribed rates. However, no document in support of recoveries made/correspondence with Mining Department has been furnished to Audit.

#### 2.2.8.6 Irregular change in terms and condition of contract agreement

**Undue benefit of ₹ 34.12 crore to contractors by changing the terms and conditions of tender document in three projects.**

- Special Condition No. 17.1B (Part-A) of Single Point Responsibility (SPR) contracts of BLWSP stipulates payment for providing, laying and jointing of pipeline under the contract as per prescribed break up<sup>48</sup>.

Scrutiny of records of BLWSP revealed that on the request of the contractor, FC of the RWSSMB changed (October 2010) the price break up (five per cent) of item (c) allowing four per cent payment after refilling of trenches, road restoration, site clearance and conducting pneumatic test<sup>49</sup> instead of prescribed sectional testing<sup>50</sup>. Only balance of one per cent was kept for testing of entire pipeline from sectionalising valve to valve on the hydro-pressure of 1.5 times of working pressure as per specification. Thus, by allowing part payment at four per cent, unjustified payment of ₹ 15.72 crore

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46. Road works: 1.75 per cent; Building works: 1 per cent; Road renewal: 0.75 per cent and others: 0.50 per cent.

47. BLWSP- ₹ 1.11 crore- not deducted. CDBWSP- ₹ 0.52 crore- short deducted. KWSP- ₹ 0.0074 crore- short deducted.

48. (a) 70 per cent payment - After manufacturing, factory testing, inspection at manufacturing place, transporting to site/guniting/coating in yard located at site, loading/unloading and stacking of pipe at site in good condition, acceptable to Engineer-in-charge.

(b) 20 per cent payment - After lowering in trenches, laying and jointing of pipeline to the satisfaction of Engineer-in-charge.

(c) 5 per cent payment - After sectional testing, refilling of trenches, road restoration and site clearance of the pipeline to the satisfaction of Engineer-in-charge.

(d) 5 per cent payment - After complete commissioning, final site clearance and completion of trial run.

49. Testing of field joints of Mild Steel pipeline from inner and outer side carried out with air testing.

50. Clause A 7.1 of Chapter 5, specification for pipeline (Vol-II) of tender document provides sectional testing of pipes/joints by conducting Hydraulic test.

was made (November 2010 to February 2011) by violating the terms and conditions of the contract, extending undue benefit to the contractor.

The State Government stated (November 2011) that during the period 2008-10 there was acute shortage of water due to which hydro-testing was not possible. Therefore, FC decided under Force Majeure situations to release four *per cent* payment retaining one *per cent* to be released after the test as and when the water would be available. Audit observed that as per clause 46 of the contract, Force Majeure is defined as ‘Neither party shall be liable to each other for any loss or damage, occasioned by or arising out of acts of God such as unprecedented floods, volcanic eruptions, earthquake or other invasion of nature and other acts’. Therefore, the State Government was in no way obliged to change the terms of the contract which had been accepted by the contractor. The decision of the FC to release four *per cent* payment to the contractor before testing of pipe line was in contravention of the contract and gave undue benefit to the contractor.

- Condition No. 16.1(B) of bid document Volume-I of NWSP stipulate payment to be made for the pipes supplied and laid under the contract as per prescribed break up<sup>51</sup> and no payment was to be made for all type of pipes taken together supplied but not sectionally tested in excess of 25 km length. Condition No. 11.5 of the bid document also stipulates that water for sectional testing was to be arranged by the contractor at his own cost.

Audit observed that the condition of bid document “no payment was to be made for all types of pipes taken together but not sectionally tested in excess of 25 kms length” was relaxed (July 2008) by the CE (Project), Jodhpur to “pipes of all types upto 25 kms length to each type (diameter) without sectional testing” in contravention of condition No. 11.5 *ibid*. As a result, contractor was irregularly paid for 10.97 km pipeline without sectional testing as against 145.65 km pipe supplied which led to undue benefit of ₹ 8.27 crore to contractor (**Appendix 2.17 (i)**).

Similarly, FC relaxed (August 2008) the Condition No. 16.1(B)(b) stipulating 35 *per cent* payment after lowering of pipes in trenches, laying, jointing, sectional testing and re-filling, road restoration, site clearance by allowing 20 *per cent* payment after lowering pipes in trench, laying and jointing and partial re-filling and 15 *per cent* after sectional testing, re-filling, road restoration and site clearance. As a result, contractor was irregularly allowed 20 *per cent* part payment without sectional testing which led to undue benefit of ₹ 0.95 crore to contractor (**Appendix 2.17 (ii)**).

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51. (a) 60 *per cent* payment-After manufacturing, factory testing, inspection at manufacturing place, transportation to site/guniting yard located at site, loading and unloading and stacking of pipes at site in good condition, acceptable to the Engineer-In-Charge or his representative.

(b) 35 *per cent* payment- After lowering in trenches, laying, jointing, sectional testing and refilling, road restoration, site clearance.

(c) Five *per cent* payment – After final site clearance, final testing and commissioning of entire section of pipe line to the satisfaction of Engineer-In-Charge.

Thus, unauthorised relaxation in the two conditions of the bid document led to extending undue benefit of ₹ 9.22 crore to the contractors.

The Department stated (May 2011) that the above two conditions were relaxed by the FC to maintain the progress of work and cash flow. The contention of the Department is not acceptable as the irregular payment was allowed to contractor without sectional testing of pipeline which was not done by contractor due to non-arrangement of water at his level. State Government did not furnish any reply on this issue (November 2011).

- FC of RWSSMB approved (July 2008) the tender of IMDWSP. Special condition No. 17.1 of Bid document prescribed break-ups of payment for materials and equipment<sup>52</sup> and pipes and pipe appurtenances.<sup>53</sup> CE, (Project), Jodhpur revised the break-up after the tenders were finalised by the FC.

Scrutiny of records of IMDWSP revealed that 70 *per cent* payment was made to contractor on receipt of material in good condition after all required tests in contravention to the condition of the bid document *ibid* prescribing 60 *per cent* payment, this resulted in undue benefit of ₹ 0.18 crore to the contractor.

Further, against the prescribed break-up of 60, 35 and five *per cent* for supply of pipes and appurtenances, the contractor was paid 70, 25, four *per cent*. Consequently, irregular undue payment of 70 *per cent* against release of 60 *per cent* and retaining only one *per cent* (against five *per cent*) was made which resulted in undue benefit of ₹ nine crore to the contractor. Thus, unauthorised changes in the conditions of bid documents *ibid* by the Department led to undue benefit of ₹ 9.18 crore to the contractor (*Appendix 2.18*).

The State Government stated (November 2011) that payment was made as per Addenda No. 2 of the Bid document pertaining to BLWSP. The reply is not tenable as Addenda No. 2 approved by the FC pertained to BLWSP only and not to IMDWSP.

#### **2.2.8.7 Providing of pipes in excess of requirement**

**Undue benefit of ₹ 1.96 crore to contractor in violation of contract provisions in MFJJWSP.**

Item A-1(1) and A-1(2) Vol.-IV of Bid documents of MFJJWSP stipulate providing, laying, jointing, sectional testing and commissioning of Ductile Iron (DI) and Ultra Poly Vinyl Chloride (UPVC) pipeline. Condition No.

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52. (a) 60 *per cent* payment: On receipt of material in good condition at site after all the tests required in the manufacturer premises, acceptance of the inspection report, other papers/warranties required as per the special condition of contract. (b) 30 *per cent* payment: After installation and erection of material at site. (c) 10 *per cent* payment: On successful testing of the material/equipment at site.
53. (a) 60 *per cent* payment: After manufacturing, factory testing, inspection at manufacturing place, transportation to site/guniting in yard located at site, loading and unloading and stacking of pipes at site in good condition, acceptable to the Engineer-in-charge or his representative.(b) 35 *per cent* payment- After lowering in trenches, laying, jointing, sectional testing and refilling, road restoration, site clearance. (c) five *per cent* payment – After final site clearance, final testing and commissioning of entire section of pipe line to the satisfaction of Engineer-In-Charge.

24.2 of Special Condition of contract-Part A stipulates prescribed break-up<sup>54</sup> for payment for pipeline work.

Review of records and paid vouchers of the MFJJWSP upto March 2011 revealed that the estimated requirement of DI and UPVC pipes was 88,200 metres and 2,91,387 metre respectively. Against this, 79,925.50 metres (DI) and 2,49,179 metres (UPVC) pipes have been procured whereas 77,835.58 metres (DI) and 2,24,917 metres (UPVC) pipes have actually been laid (*Appendix 2.19*). This shows that the estimated requirement/procurement was on higher side with reference to actual laying of DI pipes and UPVC pipes resulting in excess procurement of 26,351.92 metres DI/UPVC pipes involving cost of ₹ 1.96 crore which has been paid to the contractor and pipes are also not on the stock of the Division.

The State Government stated (November 2011) that after final measurement, the difference between supply, laying and commissioning would be recovered from next running bill of the contractor. The fact remains that avoidable benefit of ₹ 1.96 crore had been given to the contractor due to imprudent assessment of requirement by the Department.

#### 2.2.8.8 Work awarded at higher rate on re-tendering

Rule 298 (1) of PWF&ARs stipulates that availability of the site is a pre-requisite for planning and designing of a work.

The works of CDBWSP on turnkey basis awarded to M/s Essar Projects Limited for ₹ 137 crore in November 2002 was left incomplete (May 2005) by the contractor after executing work of ₹ 28.49 crore (March 2005) as dispute free site and environmental clearance was not made available for Intake structures at Chambal river and along transmission pipeline involving forest area. The remaining work costing ₹ 108.51 crore was awarded (October 2007) on turnkey basis to another contractor M/s IVRCL Infrastructures and Projects Limited for ₹ 213.76 crore, who executed work for ₹ 160.12 crore as of March 2011.

The State Government accepted (November 2011) that the permission of Forest Department was received in March 2005 i.e. after issue of work order (November 2002) but stated that the cost of the project increased by ₹ 105.25 crore due to re-tendering.

The fact remains that due to awarding of work before ensuring dispute free land and environmental clearance, the balance project work had to be re-awarded at 97 per cent higher cost resulting in avoidable extra cost of ₹ 105.25 crore at tendered cost. The dispute free land and clearance from Forest Department has not yet been obtained as commented in preceding para

54. 60 per cent payment was to be made on receipt of pipes, 20 per cent after excavation, laying and jointing of pipes in trench, 10 per cent after sectional testing, refilling of trench and 10 per cent after completion of all pipe support etc. and restoration of roads and damaged properties.

**Awarding work to contractor before acquiring land led to loss of ₹ 105.25 crore to Government in CDBWSP.**

2.2.7.1, therefore, since site is the same, the prospects of completion/commissioning of the other contract are slim.

### 2.2.8.9 *Diversion of funds*

**Twelfth Finance Commission funds of ₹ 15.04 crore diverted on components other than pipeline.**

The Chief Secretary, Government of Rajasthan decided (September 2006) that funds made available under Twelfth Finance Commission (TFC) Grant to the extent of ₹ 150 crore would be utilised only for one component i.e. pipeline in BLWSP.

Scrutiny of records of BLWSP revealed that contrary to the above decision, ₹ 15.04 crore out of the funds allotted by CE (SP), Jaipur (March 2007) under TFC Grant were diverted and advanced to the agencies<sup>55</sup> on the basis of tentative cost estimates given by these agencies for works other than the pipeline. Audit also observed that while giving advances, the stipulated dates for completion of the works were not mentioned. The works have not been completed (October 2011) and advances were lying unadjusted since last four years.

The State Government stated (November 2011) that there was no diversion of funds as the amount was spent on the project under TFC. The reply is not tenable as TFC grant under this project was to be utilised for pipeline work whereas it was unauthorisedly diverted to other activities of the project.

Besides, in the absence of any date of completion fixed by the department, the timely utilisation of funds could not be ascertained in Audit (July 2011). Moreover, the TFC period was over in March 2010 itself.

### 2.2.9 *Failure of oversight*

Cases of blocked assets due to failure to take timely decision, lack of administrative oversight observed in NWSP, IMDWSP and IMKWSP are described below:

#### 2.2.9.1 *Blocking of Funds*

**Blocking of funds of ₹ 15.55 crore with JVVNL due to non-utilisation of powerlines under NWSP, IMKWSP and IMDWSP.**

- Additional Chief Engineer, PHED, Jodhpur submitted (November 2006) an Agenda Note to Technical Committee for laying of 33 Kilo volt (KV) power lines (three) from 132 KV/GSS Sanchore, Dasapa and Sayla to Headworks Tetrol, Bagoda and Ummedabad (km 59) by the Jodhpur *Vidhyut Vitran Nigam Limited* (JVVNL) at an estimated cost of ₹ 6.60 crore at ₹ 0.11 crore per km.

Scrutiny of records of NWSP revealed that in anticipation of the approval by the Technical Committee, Department paid (November 2006) ₹ 6.60 crore to JVVNL without ascertaining the time period for completion of laying

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55. (i) JVVNL, Jodhpur: ₹ 13.42 crore for electrification work of BLWSP and construction of Grid Service Station; (ii) Senior Divisional Engineer, North-Western Railways, Jodhpur: ₹ 1.00 crore for construction of Box Bridge under Railways track; (iii) Executive Engineer, Tail Main Canal Division IGNP, Mohangarh: ₹ 0.62 crore for construction of outlet at RD 1435 of IGMC.

powerline work. The amount of ₹ 6.60 crore was lying blocked for more than four years with the JVVNL as the powerline laid at Bagoda and Ummedabad headworks could not be used due to non-starting of works of Inlet channel, RWPS, RWR for want of land acquisition as commented in Paragraph 2.2.7.1. Work of powerline at Tetrol headworks has not been started (July 2011) for want of possession of land.

The State Government stated (November 2011) that the work of laying of power line at Bagoda and Ummedabad head works is nearly completed and powerline at Tetrol was not started for want of physical possession of the acquired land. The State Government, however, did not mention about connecting powerlines to feeder and providing supply.

Thus, non-utilisation of 33 KV power lines laid at Bagoda and Ummedabad Headworks due to non-completion of Inlet channel, RWPS and RWR and one powerline not laid by JVVNL for want of acquisition of land at Tetrol Headworks led to blocking of ₹ 6.60 crore for more than four years.

- The A&F sanction issued (March 2006) to IMKWSP by PPC for ₹ 89.46 crore had a provision of ₹ 0.53 crore for power connection of 11 KV feeder (with 11/0.4 KV sub-station) at Pipar City. In pursuance of this provision, department deposited application money of ₹ 0.83 crore<sup>56</sup> against demand note for obtaining power connection in JVVNL between February 2007 and May 2009. The work was to be completed upto March 2009. Thereafter, proposal of installing 33 KV power line and 33/0.4 KV substation with extra expenditure of ₹ 5.17 crore was sanctioned (February 2010) by PPC/FC of RWSSMB. Against the demand of ₹ six crore, the Department deposited ₹ 5.78 crore (February 2007 to May 2009: ₹ 0.83 crore, March 2010 ₹ 4.95 crore with JVVNL).

The scrutiny of records of IMKWSP revealed that the work of power connection was lying incomplete as of March 2011 due to incorrect assessment proposed by EE and approved by SE of capacity of power connection despite depositing ₹ 5.78 crore between February 2007 and 31 March 2010 with JVVNL. The funds was lying with JVVNL.

The State Government stated (November 2011) that the power has been made available from the existing 11 KV power feeder with extra efforts/support from JVVNL authorities to provide water to the projected villages. Therefore, the object of the project was fulfilled and money was not blocked. The reply of the State Government confirms that ₹ 5.78 crore deposited for laying 33 KV line and sub-station have been blocked when the purpose of power supply is served from existing 11 KV power feeder.

- As per A&F sanction issued (August 2006) by PPC for ₹ 308 crore, provision of ₹ 20.85 crore was made for Grid Sub-Station (GSS) and power

56. February 2007: ₹ 0.33 lakh; March 2007: ₹ 80.09 lakh and May 2009: ₹ 2.56 lakh.

transmission line under IMDWSP. The work was to be completed by March 2009. In pursuance of this provision, ₹ 3.17 crore against demand note for construction of 33 KV line in 29 km and installation of transformer at Kaparda and Dantiwara was deposited (March 2007) by the department in JVVNL.

Scrutiny of records of IMDWSP revealed that the work of powerline and installation of transformers was not executed upto March 2011 due to non-ensuring of dispute free land by PHED for Dantiwara Headworks (as commented in Paragraph 2.2.7.1). Thus, the amount of ₹ 3.17 crore remained blocked for more than four years.

The State Government stated (November 2011) that the advance of ₹ 3.17 crore was made to JVVNL to get the work completed simultaneously. The fact is that though the advance was given to JVVNL, availability of dispute free land was not ensured which led to non-completion of work as of October 2011 though envisaged to be completed by March 2009.

Thus, due to non-ensuring possession of dispute free land by PHED for Dantiwara/Tetrol and delay in taking decision of 33 KV power line, the amount of ₹ 15.55 crore remained blocked for more than four years.

#### **2.2.10 Monitoring and Internal control**

Principal Secretary, PHED fixed (November 2010) norms<sup>57</sup> for checking/inspection by Engineers and to record notes in the inspection registers/log books maintained at each site as per directions issued in March 2009. Further, as per Special Condition No. 5 of bid document, monthly report shall be submitted by the contractor and monthly meetings shall be organised in the office of the Additional Chief Engineer/Engineer Incharge or at other places as mutually fixed in advance.

Scrutiny of records of monthly meetings of departmental officers with contractors executing the works of eight test checked projects revealed the following status:

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57.

<b>Name of work</b>	<b>Post</b>	<b>Norms of checking / inspection</b>
For construction works or works under execution (For works costing more than ₹ one crore)	Junior Engineer	Minimum 20 inspections in a month on different days
	Assistant Engineer	Minimum 15 inspections in a month on different days
	EE	Minimum 10 inspections in a month on different days
	SE	Minimum 7 inspections in a month on different days
	ACE	Minimum 3 inspections in a month on different days

**Table 8: Details of monthly meeting and inspection required to be conducted and actually conducted**

Name of project	Period of monthly meeting	Number of meetings to be held	Number of meetings held	Number of inspection conducted by departmental officers
IMKWSP	December 2007 to March 2011 (40 months)	40	28	-
IMDWSP	July 2008 to March 2011	32	17	-
MFJJWSP	April 2008 to June 2011	39	07	2
CDBWSP	November 2007 to March 2010	29 <sup>58</sup>	-	-
	April 2010 to March 2011	12	06	-
BLWSP	April 2008 to March 2011	36	36	2
NWSP	September 2007 to March 2011	43	-	-
KWSP	April 2008 to June 2011	39	7	-
GWSP	April 2008 to June 2011	39	9	-
<b>Total</b>		<b>309</b>	<b>110</b>	

Source: Divisional records.

The above table shows that against 309 meetings to be held with contractors, only 110 meetings (36 *per cent*) were held. While no record/minutes of meeting was made available to audit in respect of NWSP, only seven meetings were held for MFJJWSP and Kalikhar WSP confirming deficient technical supervision by the Engineers of the Department.

The State Government stated (November 2011) that meetings are held with the contractors regularly in the offices of the CE's, ACE's SE's and EE's and the minutes are issued regularly. The fact is that there was 64 *per cent* short fall in the required number of meetings and no record of minutes of the meetings were provided to Audit.

- Records of inspections conducted by departmental officers were not furnished to Audit though called for. Copies of only four inspection notes (BLWSP: two, MFJJWSP: two) were provided to Audit. This indicated that no proper record of periodical inspection and monitoring of execution of activities were kept by the Department.

The State Government stated (November 2011) that site inspections are done regularly by EEs/SE and instructions are being passed on to the contractor's supervisory staff available; and the checking of works is also denoted on various quality testing formats and registers. However, no such records/registers were produced to audit to verify the inspections and observations made by concerned engineers.

### **2.2.11 Non-observance of financial propriety/adequate justification**

Authorisation of expenditure from Public funds has to be guided by the principles of propriety and efficiency of public expenditure, which has not been observed in the following cases during execution of IMKWSP.

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58. No record of meetings was available for the period prior to 2010-11.

### **2.2.11.1 Benefit of Excise Duty exemption not availed of**

**Loss of ₹ 5.07 crore to State Government due to not receiving benefit of Excise Duty exemption.**

Notification No. 6/2007 of Central Excise dated 1 March 2007 specified that pipes of outer diameter exceeding 20 cm (substituted by 10 cm on 4 December 2009) needed for delivery of water from its source to the plant (including clear water reservoir, if any, thereof) and from there to the first storage point will be exempted from Excise Duty (ED), on production of a certificate issued by the Collector/District Magistrate/ Deputy Commissioner of the District in which the plant is located to the Deputy Commissioner or the Assistant Commissioner (AC) of Central Excise (CE), as the case may be.

Scrutiny of records of IMKWSP revealed that the contractor procured (December 2007) 1,72,100 metre Ductile Iron (DI) pipes of different sizes (200 mm to 600 mm) worth ₹ 37.58 crore from M/s Jindal Saw Limited. The rates given in the purchase order were inclusive of excise duty at 16.48 *per cent*, indicating that contractor had not considered the exemption of ED to be passed on to department at the time of preparing the bid document and offering the tender price. The Department did not analyse the rates given by the firm and paid ₹ 5.07 crore as ED on the pipes consumed. Audit also observed that on the basis of exemption certificates issued by the Department for 1,67,838.50 metre DI pipes consumed, the contractor claimed ED but did not pass on the same to the Department.

The State Government stated (November 2011) that it was assumed by the department that contractor had given his rates after considering the Central Excise notification No.6/2007. The reply confirms that the Department failed to examine the tender document i.e. price bid prudently which has resulted in loss to the State exchequer.

### **2.2.12 Quality Control**

A scrutiny of records of BLWSP revealed the followings:

**Low Density Poly Ethylene film not laid on side slopes of RWR.**

- Item 7.4(a) of Agenda Note for technical sanction of Package 4 of SPR-I of BLWSP submitted (April 2007) by Additional Chief Engineer, Rajiv Gandhi Lift Canal (RGLC) and District Jodhpur provided construction of RWR of 3,845 ML capacity. To minimise the seepage losses, single Precast Cement Concrete (PCC) block lining with a layer of Low Density Poly Ethylene (LDPE) film (250 micron) was proposed in side slopes and bed<sup>59</sup> of RWR.

Scrutiny of records revealed that ACE, RGLC and District Jodhpur, modified (April 2007) the specification of RWR in the bid document as double PCC block lining on side slopes and provision of LDPE film layer only in the Bed without assigning any reason on record. Accordingly, double PCC Block lining of 63,162 sq. metre and 63,154 sq. metre was only done on side slopes of RWR and 5,24,160 sq. metre LDPE film was laid only in the bed. However,

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59. Side slopes – Single PCC Block lining of size 30 cm x 15 cm x 4 cm with layer of 250 micron thick LDPE film.  
Bed – Lining with 250 micron thick LDPE film with 60 cm earth cushion.

LDPE film was not laid to cover the sandwich plaster of PCC block lining in side slopes and PCC block lining was not carried out in the bed to check seepage losses as approved in the Technical Sanction.

The State Government stated (November 2011) that in approved tenders, provisions of laying LDPE film on side slopes of RWR was not taken and in bed of RWR provision of laying LDPE film was taken and accordingly works executed. The Government was, however, silent about the need for modification of the specification of technical sanction approved by the Technical Committee. No test reports for evaluating seepage losses from RWR were provided to audit, though called for.

**Payment for Service Road without testing of BT surface.**

- Chief Engineer, *Pradhan Mantri Gram Sadak Yojana* (CE, PMGSY) issued instructions (March 2008) to all ACEs, SEs and EEs of PWD that no work was to be finalised without checking of Bitumen Treated (BT) surface by Roughometer and getting results of good category as per IRC-SP-16-2004 by conducting Roughometer test of BT surface. Audit observed that construction of Service Road (31.8 km) from Mohangarh to Bhagu ka Gaon was executed by the contractor under contract SPR-I of BLWSP for transportation of pipes/material, speedy execution, proper supervision and maintenance and ₹ 6.52 crore was paid to the contractor as of March 2011 for BT work and Water Bound Macadam (WBM) work in 28.925 km. However, audit observed that in contradiction to the CE's instructions the price break up<sup>60</sup> of the agreement, provided for release of 90 *per cent* payment for BT work and 10 *per cent* payment was to be made on final acceptance of premix carpet (BT work) by conducting Roughometer test of BT surface. Hence, the contractor was paid ₹ 1.49 crore (90 *per cent*).

The State Government stated (November 2011) that contractor had been asked to get the Roughometer test of BT surface done from PWD for which payment of ₹ 31.55 lakh has yet to be made. The reply is not tenable in view of the fact that the approved price break-up segregating the Roughometer test from BT work for payment purpose was not in consonance with the CE, PMGSY's instructions, according to which item of BT surface was to be finalised/accepted after conducting Roughometer test. The test is pending even after lapse of eight months of the execution (February/March 2011) of work.

**Irregular payment of ₹ 3.15 crore without final testing and commissioning of entire section of pipeline.**

- As per clause 14.2 of chapter 14 of scope of work and Technical specification of Gulendi and Kalikhar WSPs all valves, air valves, flange joints, entire transmission, structure and valve chambers should be checked by the contractor before commissioning; and as per Clause 14.9.2, contractor is also responsible for trial run, testing and commissioning of the entire system.

The bid document of Gulendi and Kalikhar WSPs provides that contractor shall be responsible for trial runs, testing and commissioning of the entire pipeline system. However, while finalising price break-up, the department did not keep provision for trial runs/testing, commissioning as was kept (five *per*

60. The price break up approved (December 2008) by CE, Project, Jodhpur for BT work: Premix carpet with seal coat at 90 *per cent* and on final acceptance of premix carpet at 10 *per cent*.

cent) in other WSS viz. Manaklao-Khangta, Manaklao Dantiwara and Narmada Water Supply Project. Scrutiny of records of GWSP and KWSP revealed that at the time (June 2011) of payment of last running bill, the Department made full payment to the contractor for the execution of work of Raw water rising pipeline, Clear water rising pipeline and Village distribution system and Cluster Distribution. This resulted in undue benefit of ₹ 3.15 crore<sup>61</sup> to contractor.

The State Government stated (November 2011) that payment was made as per price break-up, and trial run will commence after commissioning of entire system. The reply confirms that the State Government had not ensured the interest of the State as no payment was withheld as per work order for final testing/ commissioning/trial run as was done in all other projects.

**Irregular payment of ₹ 36.72 lakh for the execution of ESR, without testing of successful commissioning of the system.**

- Clauses 23.4 (d) and (e) of condition of contract and pre-qualification schedule of GWSP and KWSP stipulate that last five *per cent* and 10 *per cent* payment was to be made to contractor on successful commissioning of the system for Elevated Service Reservoir (ESR) and successful completion of the testing of water tightness of CWRs/GLRs respectively.

Scrutiny of records of GWSP and KWSP revealed that at the time (June 2011) of payment of last running bill of contractor, Department did not withhold five *per cent* (₹ 29.08 lakh)/10 *per cent* (₹ 7.64 lakh) for successful completion of ESRs and CWRs/GLSRs respectively and released full payment of ₹ 5.82 crore<sup>62</sup> and ₹ 76.37 lakh<sup>63</sup> towards expenditure on construction of ESRs and CWRs/GLRs.

The State Government stated (November 2011) that system will be on trial run after commissioning. The reply does not mention reasons for not withholding five/10 *per cent* payments as per clauses of agreement and confirms that trial run, testing and commissioning of the entire system has not yet been started (July 2011) and that full payment has been made to the contractor in violation of provisions of contract agreement and without ensuring State's interest.

### **2.2.13 Conclusion**

The State Government's objective to provide adequate drinking water to the population of the concerned villages within the stipulated time remains unachieved due to re-phasing of the projects on account of funds constraints on the one hand and surrender of funds on the other hand indicating defective financial management which led to cost/time overrun. Misinterpretation of decision resulted in financial benefits to the contractors and loss to the State exchequer. Failure of the State Government in ensuring dispute free site and reservation of water prior to taking up of project activities and not taking up activities of transmission and distribution system simultaneously, the water supply schemes could not be commissioned as per schedule denying benefit of

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61. Five *per cent* of total payment made to contractor towards Rising and village distribution system : (GWSP: ₹ 18.20 crore; KWSP: ₹ 28.42 crore). Cluster Distribution System: (GWSP : ₹ 14.63 crore; KWSP : ₹ 14.17 crore – less ₹ 0.62 crore withheld).

62. GWSP : ₹ 3.56 crore; KWSP : ₹ 2.26 crore.

63. GWSP : ₹ 37.80 lakh; KWSP : ₹ 38.57 lakh.

drinking water to the villagers despite heavy expenditure on rising pipeline and reservoirs. Non-observance of rules/provisions resulted in undue financial aid to contractors viz. irregular payment of secured advances, escalation charges in lump sum contracts, non-deduction of security deposits, labour cess and royalty etc., failure of oversight resulted in blocking of funds. Deficiency in monitoring and prescribed periodical inspections and non-observance of norms of quality control led to non-execution of works as per specifications.

#### **2.2.14 Recommendations**

- Water Supply Projects are conceived for long term benefits to the public for which requirement of availability of water is to be ensured prior to taking up works. All permissions/arrangement of land site from other departments should be settled/made well in advance of taking up project works to avoid delays in delivery of envisaged benefits.
- Revenues as per statutory provisions under rules should be recovered so as to prevent loss to the State exchequer by regular monitoring and supervision.

## Social Justice and Empowerment Department

### 2.3 Implementation of schemes for welfare and upliftment of weaker and backward sections of society

#### 2.3.1 Introduction

The 'Department of Social Welfare' was established (1951-52) to uplift and empower the weaker sections of the Society. In February 2007, it was renamed as 'Social Justice and Empowerment Department' (SJED). SJED implements, manages and executes various schemes for the educational/social upliftment and welfare, empowerment of Scheduled Tribes (ST), Scheduled Castes (SC), Other Backward Class (OBC)<sup>64</sup> and weaker, downtrodden, exploited and backward classes as envisaged in the Directive Principles of the State Policy of Constitution of India. To obtain assistance for various schemes run by the SJED, the applicants were required to submit their application forms to District Officers<sup>65</sup> alongwith desired documents viz. Caste Certificate, Birth Certificate, Domicile Certificate, Self/parents Income Certificate, Marriage Registration Certificate and a declaration that they have not claimed the benefit under any of the other schemes run by the State/Central Government or other Autonomous Bodies etc. The utilisation of funds is to be ensured by the District Officers.

A study of the implementation of nine Social Welfare Schemes<sup>66</sup> during 2006-11 was conducted (April-July 2011) in nine districts<sup>67</sup> selected<sup>68</sup> on the basis of implementation of schemes in the districts and amount of expenditure involved to draw up an assurance that only eligible persons were provided assistance; release of funds was adequate; documentation of the assistance released was proper and there was a system of effective monitoring of the schemes.

Audit findings arising from the records of test checked districts covering the period 2006-11 are discussed in subsequent paragraphs.

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64. Other backward classes are entitled for benefits only under 'Construction of hostels for SC, ST and OBC' scheme.

65. Deputy Director (DD), Assistant Director (AD) and District Probationary and Social Welfare Officers (DPSWOs)

66. *Anuprati*, Construction of Hostels, Financial aid for Happy Married Life to Disabled Young Couples, Financial Assistance to Disabled Persons, *Nari Niketan*, *Palanhar*, Residential Schools, *Sahyog* and Scholarship to Disabled Students.

67. Ajmer, Banswara, Bhilwara, Bikaner, Dungarpur, Jaipur, Jaisalmer, Jhalawar and Udaipur.

68. Three districts (Bhilwara, Jaipur and Jhalawar) having maximum expenditure and one district (Jaisalmer) selected on the basis of minimum expenditure. Two tribal districts selected on the basis of maximum expenditure amongst total six tribal districts (Banswara, Dungarpur) remaining three districts (Ajmer, Bikaner and Udaipur) were selected where *Nari Niketan* Scheme was in implementation having maximum expenditure.

### 2.3.2 Financial Management

All the selected schemes are financed by the State Government except the scheme of “Construction of Hostels for SC/ST and Other Backward Class (OBC)” where the expenditure is shared between State Government and Government of India (GoI) in the ratio of 50:50. Generally the District Officers send the budget proposals to the Commissioner, SJED by increasing the last years expenditure by 10 to 15 *per cent* and considering pending applications, if any. However, the Commissioner SJED released funds as per budget availability.

Under three schemes viz. Scholarship to Disabled Students, Financial Assistance to disabled persons, Financial aid for Happy Married Life to Disabled Young Couples Scheme, the Commissioner, SJED transfers funds to District Officers and Personal Deposit (PD) accounts of *Zila Parishads* for sanction of financial assistance to beneficiaries of urban area/rural areas respectively. In the remaining six schemes<sup>69</sup>, funds were transferred by the Commissioner, SJED to District Officers for both urban and rural areas.

#### 2.3.2.1 Funds lying unutilised

**Scheme funds amounting to ₹ 28.95 crore remained unutilised.**

- The allotment and expenditure incurred on selected schemes during the years 2006-11 was as under:

**Table 1: Budget allotment and expenditure under selected social welfare schemes during 2006-11**

(₹ in crore)									
Name of scheme	Allotment/Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	Total	Funds under utilised	Percentage of funds under utilised
Sahyog	A	0.75	1.00	2.80	7.00	8.37	19.92		0.45
	E	0.74	0.99	2.78	6.95	8.37	19.83	0.09	
Palanhar	A	2.19	7.92	15.41	22.41	26.00	73.93		0.43
	E	2.15	7.92	15.41	22.12	26.01	73.61	0.32	
Anuprati	A	1.15	1.07	3.50	1.79	2.00	9.51		8.41
	E	0.84	1.02	3.12	1.74	1.99	8.71	0.80	
Construction of Hostels for SC, ST and Other Backward Class (OBC)	A (State Plan)	7.65	11.79	4.75	3.63	4.64	32.46		30.76
	E (State Plan)	6.57	9.39	4.22	2.42	4.44	27.04	20.23	
	A (CSS)	7.15	6.24	6.83	6.68	6.40	33.30		
	E (CSS)	2.61	5.63	4.04	2.67	3.54	18.49		
Financial aid for Happy Married Life to Disabled Young Couples	A	0.80	0.87	1.16	1.50	1.65	5.98		13.88
	E	1.17	0.34	1.05	1.06	1.53	5.15	0.83	

69. Anuprati, Construction of Hostels, Nari Niketan, Palanhar, Residential Schools and Sahyog.

Name of scheme	Allotment/ Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	Total	Funds under utilised	Percentage of funds under utilised
Scholarship to Disabled Students	A	1.05	1.09	1.56	1.11	1.02	5.83		35.33
	E	0.76	0.89	0.64	0.69	0.79	3.77	2.06	
Financial assistance to Disabled Persons	A	0.80	0.64	0.83	1.29	2.18	5.74		25.26
	E	0.60	0.28	0.56	0.98	1.87	4.29	1.45	
Residential Schools	A	-	-	2.05	4.73	5.00	11.78		26.74
	E	-	-	1.44	3.52	3.67	8.63	3.15	
Nari Niketan	A	0.49	0.94	1.23	1.31	1.41	5.38		0.37
	E	0.49	0.94	1.22	1.32	1.39	5.36	0.02	
<b>Total</b>								<b>28.95</b>	

Source : Records of Additional Director (Plan), SJED, Jaipur A- Allotment; E- Expenditure

The under utilisation of funds allotted, ranged between 0.4 to 35 per cent and was mainly under scholarship to disabled students (35 per cent), construction of hostels (31 per cent), financial assistance to disabled persons (25 per cent) and Residential Schools Schemes (27 per cent).

In six<sup>70</sup> out of nine test checked districts details of funds sanctioned by SJED for implementation of five schemes<sup>71</sup> during the year 2006-11 revealed that against an amount of ₹ 8.75 crore allotted, ₹ 7.81 crore (89 per cent) was utilised leaving a balance of ₹ 0.94 crore (**Appendix 2.20**). The percentage of savings<sup>72</sup> ranged between one to 92 per cent<sup>73</sup>.

**Scheme funds amounting to ₹ 1.44 crore lying unutilised in rural areas.**

- For implementing three schemes<sup>74</sup> in rural areas, funds amounting to ₹ 29.84 crore were transferred by the Directorate in the Personal Deposit (PD) accounts of *Zila Parishads*. Audit observed that scheme funds of ₹ 1.44 crore accumulated in eight districts<sup>75</sup> due to less receipt of applications (**Appendix 2.21**) were neither utilised nor surrendered as of March 2011 by the *Zila Parishads*.

The State Government stated (November 2011) that savings under various schemes was due to less/non-receipt of applications in five schemes (*Anuprati*, Financial aid for happy married life to disabled young couples, *Palanhar*, *Sahyog* and Scholarship to disabled students) and under the scheme 'Financial assistance to disabled persons' due to existence of similar schemes of GoI. This confirms that the requirement was not properly assessed. Besides, applications were pending for sanction as commented in paragraph 2.3.2.2 indicating imprudent allotment of funds.

70. Banswara, Bikaner, Dungarpur, Jaipur, Jhalawar and Udaipur.

71. *Anuprati*, Financial assistance to disabled persons, *Palanhar*, *Sahyog* and Scholarship to disabled students.

72. Banswara (5 to 10 per cent), Bikaner (1 to 62 per cent), Dungarpur (4 to 92 per cent), Jaipur (1 to 46 per cent), Jhalawar (4 to 46 per cent) and Udaipur (1 to 56 per cent).

73. Scholarship to disabled student during 2006-11 in Dungarpur District

74. Financial aid for happy married life to disabled young couples, Financial assistance to disabled persons and Scholarships to disabled students.

75. Ajmer, Banswara, Bhilwara, Bikaner, Dungarpur, Jaipur, Jaisalmer and Udaipur.

### 2.3.2.2 Non-issue of sanction due to non-availability of funds

Districts Officers sent the budget proposals to Commissioner, SJED simply by increasing the last years expenditure by 10 to 15 *per cent* and considering pending applications, if any. However Commissioner, SJED released funds as per availability of budget and allotted funds utilised by the Districts officers as depicted in *Appendix 2.22*.

**Assistance not sanctioned to 1,402 beneficiaries of urban and rural areas for want of funds.**

Audit scrutiny of selected nine districts revealed that in four districts<sup>76</sup> the District Officers could not sanction financial assistance for 1,402 applications received (from urban and rural areas) out of total 7,530 applications during 2006-11 due to non-availability of funds as detailed below:

**Table 2: Non-issue of sanction due to non-availability of funds**

Name of Schemes	Name of district	Number of applicant not benefited					
		2006-07	2007-08	2008-09	2009-10	2010-11	Total
<i>Sahyog</i>	Ajmer (Rural/Urban)	-	-	-	-	72	72
	Banswara (Rural/Urban)	-	-	-	-	282	282
	Bikaner (Rural/Urban)	23	14	201	50	109	397
	Jaisalmer (Rural/Urban)	-	-	10	30	57	97
<i>Palanhar</i>	Ajmer (Rural/Urban)	3	20	65	190	137	415
Financial aid for Happy Married Life to Disabled Young Couple	Banswara (Urban)	-	27	50	13	-	90
	Bikaner (Urban)	12	01	-	02	-	15
Scholarship to Disabled Students	Ajmer (Urban)	-	-	-	-	15	15
	Bikaner (Rural/Urban)	-	-	-	4	-	4
<i>Anuprati</i>	Bikaner (Rural/Urban)	-	-	-	-	13	13
	Jaisalmer (Rural/Urban)	-	-	-	-	2	2
<b>Total</b>		<b>38</b>	<b>62</b>	<b>326</b>	<b>289</b>	<b>687</b>	<b>1,402</b>

Source: Records of District offices

Audit observed that the funds were not allotted prudently. While on one hand the District Officers could not issue sanctions for 1,402 applications due to non-allotment of adequate funds, on the other hand there were savings with District Officers because of which funds were surrendered/remaining unutilised in PD accounts of *Zila Parishads*.

The State Government stated (November 2011) that sanctions could not be issued due to non-availability of budget as per requirement (in *Sahyog* scheme), receipt of incomplete application (in *Palanhar* scheme) and receipt of demands for Financial Aid for Happy Married Life to Disabled Young Couples, Scholarship to Disabled Students and *Anuprati* Schemes at the end of financial years. The reply confirms that the requirement was not assessed properly indicating inadequate financial management and denying benefits to eligible applicants.

In the absence of any assessment of requirement of budget by the Department/*Zila Parishads* for assessing requirements of funds under different

76. Ajmer, Banswara, Bikaner and Jaisalmer.

schemes, the SJED could not ensure availability of adequate funds for successful implementation of schemes.

Further, the fact is that Commissioner, SJED releases funds to District Offices/*Zila Parishads* on the basis of *ad hoc* proposals of District/*Zila Parishads* and he failed to reallocate the unutilised funds under the schemes to other needy districts as per provision of para 160<sup>77</sup> of State Budget Manual.

### 2.3.3 Scheme implementation

Audit findings relating to the implementation of the nine welfare schemes in the selected districts are discussed below:

#### 2.3.3.1 Delay in sanctioning assistances

Sanctions were issued with a delay of one to 44 months in 7,280 cases.

The Scheme guidelines provide that assistance must be sanctioned to the beneficiaries within a specific period. Audit, however, observed some cases of delay under selected schemes as given below:

Table 3: Delay in sanctioning assistance

Name of Scheme	Prescribed Rules and period under specific rules		Period	Number of test-checked cases	Number of cases delayed	Period of delay <sup>78</sup> (in months)	Reasons for delay
	Rules	Period					
<i>Sahyog</i>	5 (6)	Within 15 days	2006-11	1,756	430	1 to 44	Incomplete applications, non-availability of budget and shortage of staff
<i>Palanhar</i>	8	Every month	2006-11	4,792	4,335	1 to 16	-do-
Scholarship to Disabled Students	7(4)	For July to October in the month of October, November to February in the month of February and March to April in the month of May	2006-11	3,331	2,324	1 to 29	-do-
Financial aid for Happy Married Life to Disabled Young Couples	3	After scrutiny of application	2006-11	497	138	4 to 36	-do-
Financial assistance to Disabled Persons	8	With in a week	2006-11	180	53	8 to 30	-do-
<b>Total</b>				<b>10,556</b>	<b>7,280</b>		

Source: Scrutiny of test checked sanctions

The above table indicates that during 2006-11, District Officers, took one to 44 months in sanctioning the assistance in 7,280 cases (69 per cent) out of total 10,556 test checked cases. The reasons for delay were attributed (November 2011) by State Government to receipt of incomplete applications,

77. Para 160 of State Budget Manual stipulates that the Administrative Department should adjust savings and excesses against each other.

78. Audit has worked out the delay on the basis of date of receipt of application and sanctions issued.

non-availability of budget, rush of work and shortage of staff. The reply confirms that the prescribed specific time schedule was not adhered to sincerely. Further, timely disposal of applications was not being monitored through a prescribed report. This was indicative of lack of control in implementation of the scheme and denial of timely assistance to needy applicants.

### 2.3.3.2 *Sahyog Yojana*

The *Sahyog Yojana* was started (April 2005) by the State Government to provide financial assistance @ ₹ 5000 per girl to BPL families of Scheduled Castes for marriage of their first two girls between the age group of 18-21 years. The Yojana was amended in March 2008<sup>79</sup> and October 2009<sup>80</sup>. Further, if the girl was metric pass/graduate an extra incentive of ₹ 5000 and ₹ 10,000 respectively was also payable. Rule 5 of the *Sahyog Yojana* stipulates submission of application by applicants to the District Officers one month before or upto six months after the marriage of girls.

- ***Irregular payment of financial assistance***

**Financial assistance sanctioned under *Sahyog Yojana* in 186 cases without obtaining required documents.**

Audit observed that in nine test checked districts, the District Officers paid (2006-11) assistance in 186 cases (**Appendix 2.23**) without proper scrutiny of applications of beneficiaries. Resultantly, subsidy was irregularly granted at more than the prescribed rate (20 cases), below the age of 21 years (32 cases), without obtaining the age proof/Marriage Registration Certificate (35 cases), on the basis of tampered documents (two cases), accepted applications before and after the prescribed time limit (27 cases) and assistance was granted to third or fourth child (35 cases). This was indicative of the fact that District Officers did not observe rules properly and internal controls in sanction of assistance were inadequate.

It was also observed that financial assistance was provided under the scheme in 35 cases where either the boy (11 cases) or the girl (24 cases) had not attained the marriageable age of 21 years and 18 years respectively as provided in Section 3 of Prohibition of Child Marriage Act, 2006.

The State Government accepted (November 2011) that due to rush of applications, cases could not be scrutinised properly and directions are being issued to all Districts Officers to release financial assistance after proper scrutiny of applications. The fact is that the District Officers did not observe the rules sincerely and violated the provisions of Child Marriage Act also indicating inadequate internal control.

79. From March 2008: to provide assistance at ₹ 10,000 on the marriage of girls of all BPL families attaining the age of 21 years or above.

80. From October 2009: to provide assistance at ₹ 10,000 for marriage per girl of all BPL families having completed age of 18 years or above.

### 2.3.3.3 Palanhar Yojana

The *Palanhar Yojana*<sup>81</sup> was launched (February 2005) by the State Government to provide financial assistance to orphan children<sup>82</sup> of SCs for their food, clothing, education and essential items etc. through *Palanhar*<sup>83</sup>.

The coverage of assistance was extended from time to time as under:

**Table 4: Coverage of assistance under *Palanhar Yojana***

Year	Details of assistance
From August 2005	To orphan children of all castes
From April 2007	To one child of widow eligible for destitute pension.
From January 2010	To child of remarried widow mother
From April 2010	To all children of parents suffering from leprosy
From March 2011	To one child of women who left them alone due to getting into " <i>Nata</i> " <sup>84</sup>

Source: Scheme files of Department

The beneficiaries were eligible for assistance at ₹ 500 per month for five years, at ₹ 675 per month till attaining the age of 15 years (raised to 18 years in March 2011) if they were admitted in schools alongwith lumpsum grant of ₹ 2000 per annum for clothing etc. This lumpsum grant was not admissible for child of destitute widows and mother getting into '*Nata*'. While the assistance remained the same, the eligibility was revised time and again to cover other categories of orphans. The assistance was to be released to the *Palanhar*.

- ***Orphan children after completing 15 years age not shifted to departmental hostels***

**Under *Palanhar Yojana* orphan children above 15 years age not shifted to departmental hostels.**

Rule 3(7) of *Palanhar Yojana*, 2007 provides shifting of orphan children after attaining the age of 15 years of age to the hostels run by SJED where food and clothing facilities are provided to them. Thus, subsidy was not payable to *Palanhar*s for children who have completed 15 years of age. However, in case of holidays in hostel, children were to be kept by *Palanhar* and monthly assistance for holidays was to be provided. District Officers were required to ensure that beneficiary children who have completed 15 years of age are admitted in Departmental hostels.

Scrutiny of records revealed that in test checked districts<sup>85</sup> during 2006-11, 908 orphans<sup>86</sup> who had completed 15 years of age were not shifted in departmental hostels though 2,359 seats<sup>87</sup> in hostels were vacant.

81. *Palanhar Yojana Sanchalan* Rules were notified in 2005 and revised in 2007.

82. Whose mother and father were dead or sentenced to life imprisonment/ death penalty under judicial orders or either mother or father died and other spouse sentenced to life imprisonment or death sentence.

83. any interested person ready to look after the orphan children whose annual income is not more than ₹ 1.20 lakh.

84. *Nata*: Married women living with other person without marriage

85. Ajmer: 178, Banswara: 147, Bhilwara: 159, Bikaner: 31, Dungarpur: 75, Jaipur: 32, Jaisalmer: 12, Jhalawar: 142, and Udaipur 132.

86. 2006-07: 2; 2007-08: 8; 2008-09: 115; 2009-10: 373 and 2010-11: 410.

87. 2006-07: 602; 2007-08: 425; 2008-09: 418; 2009-10: 384 and 2010-11: 530 - Information furnished by Addl. Director (hostels), Office of the Commissioner, SJED, Jaipur.

This indicated that District Officers did not monitor the scheme properly and 908 children were deprived of the food and clothing facilities available in departmental hostels as no assistance was payable to *Palanhars* after children attained age of 15 years (except for holidays).

The State Government stated (November 2011) that *Palanhars* did not apply for admission of orphans in departmental hostels. The fact is that the District Officers themselves failed to ensure that children after completing 15 years of age are admitted in departmental hostels.

- ***Non-inspection of orphan children***

**Periodical inspection of orphans not conducted.**

Commissioner, SJED instructed (May 2007) all District Officers to inspect orphan children thrice in a financial year to ensure that *Palanhar* was taking proper care of children and there was no misuse of assistance and submit the inspection report to the Directorate. Further, as per orders issued (April 2009) by the Government, the Superintendent of departmental hostel was also to conduct physical verification of atleast 30 beneficiaries and submit a consolidated report to the District Officers.

Audit observed that during 2006-11, assistance of ₹ 5.72 crore was paid to 7,739 orphan children in eight districts<sup>88</sup>. However, physical verification/inspection required as per instructions of SJED of May 2007 and April 2009 to check the status of working of the *Yojana*, opinions of beneficiaries and neighbours regarding problems in implementation of the *Yojana* and proposing improvements was not conducted regularly by District Officers and Hostel Superintendents.

The State Government stated (November 2011) that inspection of orphan children was being carried out. However, no records in support of inspections conducted and inspection reports submitted to Directorate was furnished. Moreover, seven Districts Officers<sup>89</sup> had replied (April to July 2011) that inspections were not being carried out regularly and proper record of inspections was also not being maintained while District Officer Bhilwara did not furnish any reply.

- ***Payment for lesser period/irregular payment of assistance***

**Assistance under *Palanhar Yojana* paid for 64 children for less period and irregularly paid for eight children.**

Rule 4(3) of *Palanhar Yojana* 2007<sup>90</sup>, provides payment of assistance to one child of widow eligible for destitute pension having more than one child, upto attaining the age of 15 years by the second child.

Audit observed that the District Officers misinterpreted the Rule and allowed assistance for first child till he attained the age of 15 years. Thus, in three districts<sup>91</sup> assistance was provided to 64 children for lesser periods ranging

88. Ajmer: 1091- ₹ 0.81 crore; Banswara: 1233- ₹ 0.99 crore; Bhilwara: 1261- ₹ 1.07 crore; Bikaner: 126- ₹ 0.11 crore; Dungarpur: 1514- ₹ 1.23 crore; Jaisalmer: 163- ₹ 0.12 crore; Jhalawar: 706- ₹ 0.68 crore and Udaipur: 1645- ₹ 0.71 crore.

89. Ajmer, Banswara, Bikaner, Dungarpur, Jaisalmer, Jhalawar and Udaipur.

90. Amended in August 2007.

91. Bikaner, Jaipur and Jhalawar.

between seven months to 80 months in comparison to assistance payable till the second child attains the age of 15 years. Further, in Bikaner district, assistance was irregularly granted for eight third/fourth child resulting in excess payment of assistance for the periods ranging from 10 months to 84 months (*Appendix 2.24*).

The District Officers, Jhalawar and Bikaner agreed (June 2011) to revise the sanctions but District Officer, Jaipur furnished no reply.

The State Government contended (November 2011) that sub rule 4(3) does not specify the child which would get the financial assistance. District Officers sanctioned financial assistance to first child till he attains 15 years of age and to second child till he attains 15 years of age. The reply is not tenable because the rule clearly stipulates providing assistance to one child till the second child attains age of 15 years. Audit view has also been confirmed (November 2011) by the Chief Child Officer of SJED, Jaipur.

This indicated that while releasing assistance the prescribed provisions of scheme were not being adhered to resulting in denying benefits to some and extending undue benefit to others. The District Officers are sending consolidated report to the Directorate without indicating separately the assistance given to orphans of destitute widows.

#### **2.3.3.4 Anuprati Yojana**

The State Government launched (January 2005) *Anuprati Yojana* to provide incentive of ₹ one lakh<sup>92</sup> to each SC/ST candidate passing Indian Civil Service Examinations conducted by Union Public Service Commission whose parents income was not more than ₹ two lakh per annum and were non Income tax payers. In April 2005, the benefit was extended at ₹ 50,000 to SC candidates passing Rajasthan State and Subordinate Services Examinations conducted by Rajasthan Public Service Commission. In 2008-09, the scheme was further liberalised to extend benefits at different rates of incentives for different courses for SC/ST candidates on getting admission in IITs, IIMs, medical/technical courses of All India Level. The State Government notified *Anuprati Yojana Sanchalan Niyam (Anuprati Yojana Rules)* for each course/examination between April 2005 and June 2010.

The *Anuprati Yojana Rules* (Rule 4(ii)), *inter alia*, provided submission of applications by SC/ST candidates passing Indian Civil Services (ICS) and Rajasthan State and Subordinate Services (RAS) examinations in not more than three attempts in prescribed application accompanied with caste certificates, domicile certificate of the district, income certificate of self/parents and an undertaking certifying that they have not obtained such benefits earlier, to the District Officers. The District Officers were to scrutinise the applications and sanction the incentive to eligible candidates. The deficiencies noticed in payment of incentive are discussed below:

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92. Passing of Pre-examination - ₹ 65,000; passing of Main Examination - ₹ 30,000; final selection in interview - ₹ 5,000.

**Incentive under Anuparti Yojana irregularly paid due to non-adherence of rules.**

- **Irregular payment of incentive**

Test check of records of four districts<sup>93</sup> revealed that contrary to the provisions of *Anuprati Yojana*, District Officers made irregular payment of incentive in 30 cases as detailed below:

- Rule 5(iv) of *Anuprati Yojana* Rules 2005 and 2008 provide sanction of assistance on furnishing Income certificate (not more than six months old) issued by the *Tehsildar*/Gazetted Officer of concerned area and family income should not be more than ₹ two lakh per annum.

Audit observed that during 2008-09 and 2010-11 incentive was paid in one case in Jaipur (₹ 0.40 lakh) where one year old Income certificate was furnished and in four cases (₹ 1.90 lakh) Form No. 16 of Income Tax return was submitted which did not indicate gross income.

The State Government stated (November 2011) that directions have been issued to concerned applicants to submit required income certificate. No reasons were, however, given for paying incentive without ensuring submission of required certificate in the first place.

Rule 4(ii) of *Anuprati Yojana* Rules, 2005 stipulate that incentive is not payable for passing RAS examination in more than three chances. Scrutiny revealed that during 2009-10, incentive was paid in two cases in Ajmer (₹ 0.33 lakh) where candidates appeared in the RAS examination but as the result was not declared, they claimed incentive for second /third chance which was also paid. However, they were finally selected in earlier examination, and incentive given on second/third time was not recovered. Neither the State Government nor the District Officers furnished reply to this audit observation.

- Rule 4 of *Anuprati Yojana* Rules, 2005 prohibits sanction of incentive to candidates who were already in Government service.

Audit observed that incentive was paid during 2009-10 in two cases in Udaipur (₹ 0.30 lakh) to applicants who were already in Government service. While accepting the facts, District Officer, Udaipur stated (May 2011) that incentive was granted as their income was below ₹ two lakh per annum. The fact remains that the incentive was granted irregularly to applicants who were already in service.

The State Government stated (November 2011) that in Udaipur district the applicant has been directed to deposit the irregular amount of incentive, and that incentive was released only in one case and no incentive was released in any other case. The Government reply is not tenable as under the same sanction,<sup>94</sup> Deputy Director, SJED, Udaipur sanctioned incentive to a second applicant who was in Government service.

93. Ajmer, Banswara, Jaipur and Udaipur (total cases: 447).

94. 4997-99 dated 24 August 2009.

- Rule 3 of *Anuprati* Extension Scheme, Rules 2008 provides submission of certificate of admission in medical/ engineering college by the applicant with the application for sanction of incentive.

Audit observed that in four cases (₹ 0.40 lakh) in Banswara and Udaipur incentive was sanctioned by District Officers without ensuring production of admission certificates issued by medical/engineering colleges.

The State Government stated (November 2011) that original admission cards have now been obtained from two applicants in Banswara and in Udaipur district no such sanctions were issued. The reply was not acceptable because Deputy Director, SJED, Udaipur has issued sanctions for incentives vide letter No. 2866-68 dated 4 November 08 and 802-04 dated 17 February 2009 in two cases without ensuring production of Admission Certificate.

- Rule 5 (ii) of *Anuprati* Extension Scheme, 2008 stipulate sanction of incentive to only those candidates who were domicile of that district where they had applied.

However, District Officers, Udaipur (five cases) and Ajmer (one case) sanctioned incentive in six cases (₹ 0.90 lakh) during 2008-10 to applicants who were not domicile of that District.

The State Government stated (November 2011) that in Ajmer district the applicant belonged to Pali district from where information is being collected. If the applicant had received incentive from Pali district the incentive would be recovered. No reply for five applicants of Udaipur district was furnished. It was also stated that instructions would be issued to all District Officers to avoid reoccurrence of such irregularities in future.

Thus, assistance was released without ensuring fulfillment of eligibility criteria by District Officers indicating lack of control over sanctioning of assistance by Commissioner, SJED.

### **2.3.3.5 Government scholarship to the Disabled Students**

The State Government launched (1981-82) a scholarship scheme for disabled students of Rajasthan to assist the disabled to obtain educational, academic, technical or professional training so as to enable them to earn a living and to become useful members of the society. State Government notified (January 1982) Rajasthan Government scholarship to the disabled student Rule, 1981 (Scholarship Rules). The scheme was applicable to disabled of all categories viz. blind, deaf, orthopedically handicapped, speech defective, mentally retarded, and leprosy. It, *inter alia*, provides sanction of scholarship for 10 months at ₹ 40 per month (class I to IV), at ₹ 50 per month (class V to VIII) and at ₹ 150 per month (9<sup>th</sup> to Pre-university) per students suffering 40 *per cent* permanent disability and whose annual income is not more than ₹ one lakh.

- ***Irregular sanction of scholarship***

**Scholarship of ₹ 1.17 crore sanctioned without obtaining domicile certificate and records of Scholarships not maintained.**

The Scholarship Rules 1981, provide sanction of scholarship to those students, who were domicile of Rajasthan, and Rule 4(c) stipulates, furnishing a declaration that he/ she is not receiving any scholarship or award or stipend from any Government or public or charitable organisation or from any other source.

District Officers sanction and release the consolidated amount of scholarship of eligible students of the school to the Head of the Educational Institution through a demand draft which is disbursed to the students.

Rule 7(V) (a) of Scholarship Rules, stipulates that sanctioning authority i.e. District Officers were to maintain the accounts of disbursement and refund of unpaid scholarships in prescribed register and ensure that the scholarship is disbursed by the educational institutions to the students at the earliest but not later than one month from the date of sanction. Undisbursed scholarships are required to be refunded by the Head of the Institute within two months to the sanctioning authority.

Scrutiny of sanctions of scholarships revealed that in nine test checked districts, the District Officers sanctioned (2006-11) and released scholarship worth ₹ 1.17 crore in all test checked 16,807 cases<sup>95</sup> to the physically handicapped students whose applications<sup>96</sup> were not accompanied with domicile certificate and the stipulated declaration.

Further, the District Officers neither maintained records of disbursement and undisbursed scholarship in prescribed register nor ensured payment of scholarship to students made by educational institutions. Instead they relied only upon the UCs submitted by Head of Institutions. The Scholarship Rules do not provide for furnishing receipts of students by the institutions. In the absence of proper records genuineness of assistance of ₹ 1.17 crore paid to 16,807 students in the selected district offices cannot be vouched.

The State Government stated (November 2011) that in three districts (Ajmer, Banswara and Bikaner), the certificate would be obtained, in future such certificates would be obtained in all cases and that record of scholarships is being maintained by Educational Institutions/ District Officers. Moreover, directions are again being issued to all District Officers in this regard. The fact remains that such records were not maintained by District Officers in prescribed registers as required under Rules *ibid*. The State Government did not furnish reply in respect of remaining six districts.

95. Ajmer: 3221- ₹ 0.21 crore; Banswara: 4554- ₹ 0.15 crore; Bhilwara: 4236- ₹ 0.20 crore; Bikaner: 655- ₹ 0.07 crore; Dungarpur: 308- ₹ 0.02 crore; Jaipur: 2264- ₹ 0.31 crore; Jaisalmer: 134- ₹ 0.01 crore; Jhalawar: 204- ₹ 0.03 crore and Udaipur: 1231- ₹ 0.17 crore.

96. Students are to submit the application to the District Officers alongwith recommendation of head of the institute enclosing disability certificate issued by authorised medical board, income certificate of parents and domicile certificate.

### **2.3.3.6 Financial aid to disableds for Happy Married Life under Disabled Young Couples Scheme**

The Happy Married Life Scheme was launched (December 1997) by the State Government for providing financial aid to the physically handicapped young men / women for beginning their married life. The financial aid of ₹ 20,000<sup>97</sup> per couple was payable from August 2003. The income of eligible handicap/his/her parents was not to exceed ₹ 12,000 per year (revised to ₹ 50,000 in February 2009).

- **Irregular payment of financial aid**

**Financial aid of ₹ 31.45 lakh irregularly paid to beneficiaries without obtaining required certificates.**

As per notification issued (March 2003) by the State Government, applications alongwith necessary information/documents were to be submitted by the applicants to the concerned District Officers one month before or one month after the marriage (in October 2007 revised to fifteen days before and six month after the marriage). Under the scheme at the time of marriage the minimum age of boy and girl should be 21 years and 18 years respectively. Enclosing Marriage registration Certificate by the applicant after marriage was mandatory. In the case of inter district/ inter State marriages, a certificate was to be obtained by the District Officer sanctioning the financial aid from the other District Officer that no assistance has been provided to this applicant to avoid double payment of financial aid.

Audit scrutiny revealed that District Officers of nine test checked districts released financial aid of ₹ 31.45 lakh during 2006-11 in 145 cases (**Appendix 2.25**). The financial aid had been released irregularly without obtaining age certificate (13 cases: ₹ 2.85 lakh), domicile certificate (43 cases: ₹ 9.95 lakh), income certificate (six cases: ₹ 1.30 lakh), marriage certificate (13 cases: ₹ 2.65 lakh) disability certificate (five cases: ₹ 1.20 lakh), paid to applicants/parents whose annual income was more than ₹ 12,000 (10 cases: ₹ 2.15 lakh), applications received prior/after the prescribed date of marriage (32 cases: ₹ 6.55 lakh), age of groom and bride was below 21/18 years (10 cases: ₹ 2.30 lakh) and on tampered marriage registration certificate/birth certificate (13 cases: ₹ 2.50 lakh).

The State Government stated (November 2011) that financial assistance was given without obtaining age, domicile, income and disability certificates on humanitarian grounds and directions for obtaining requisite certificates are being issued to all the District Officers.

The State Government further informed that District Officers have been asked to examine the sanctions issued on the basis of tampered documents.

In respect of 10 cases of assistance paid to groom/bride having age below 21/18 years, the State Government stated (November 2011) that in four cases (Banswara) the age of boy/girl was above 21/18 years and in two cases (Jaisalmer), the age of girl and boy was 18 and 25 as per ration card and affidavit respectively. The reply is not correct because in the age proof (birth

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97. Enhanced to ₹ 25,000 with effect from 28 February 2009.

certificate/school certificates) enclosed with the application forms, the age of applicants was shown below 21/18 years. Further, the State Government has not enclosed the copies of affidavits in the absence of which genuineness of the claims could not be verified in audit. No reply has been given in respect of remaining four cases.

### 2.3.3.7 Hostel facilities

To enable the students of SC/ ST and Other Backward Classes (OBC) for pursuing their studies in the educational centres, Hostels are constructed by the SJED with the cost being shared by GoI and State Government in the ratio of 50:50. SJED issued (2006-11) administrative and financial sanction of ₹ 98.51 crore for construction of 163 hostel buildings through the State Public Works Department to benefit SC/ST/OBC students who seek admission in Government hostels.

- **Incomplete works and blocking of funds.**

The year wise position of status (July 2011) of hostels sanctioned during 2006-11, completed but possession not taken, lying incomplete, construction not started and expenditure incurred on completed and incomplete hostels (March 2011) as furnished by SJED to Audit was as under:

**Table 5: Construction of Hostels for SC, ST, OBC**

(₹ in lakh)

S. No.	Year of sanction	Number of hostels sanctioned And amount of sanction		Number of hostels completed and handed over to Department		Incomplete Hostels		Hostels completed but possession not taken		Construction not started	
		No.	Amount	No.	Exp.	No.	Exp.	No.	Exp.	No.	Exp.
1.	2006-07	86	3737	77	2753	3	75	4	130	2	0.31
2.	2008-09	11	1002	3	216	4	213	4	238	-	-
3.	2009-10	59	4476	10	552	22	689	13	788	14	0.21
4.	2010-11	7	636	-	-	2	20	-	-	5	0.07
	<b>Total</b>	<b>163</b>	<b>9851</b>	<b>90</b>	<b>3521</b>	<b>31</b>	<b>997</b>	<b>21</b>	<b>1156</b>	<b>21</b>	<b>0.59</b>

Source : Director, SJED, Jaipur

Scrutiny revealed that:

- Out of 163 buildings, only 90 buildings (55 per cent) were completed and handed over (July 2011).
- Although an expenditure of ₹ 9.97 crore was incurred as of 31 March 2011 on construction of 31 hostel buildings yet these hostels could not be completed. Reasons for non completion and scheduled date of completion of these hostels were not furnished by the Commissioner, SJED (November 2011).
- 21 completed hostels (cost: ₹ 11.56 crore) could not be utilised due to non taking over possession by SJED. The State Government stated (November

2011) that hostels have not been taken over as these were not completed as per prescribed norms.

- Construction of 21 hostels (expenditure: ₹ 0.59 lakh) could not be taken up/started by Public Works Department due to non-providing of dispute free land by the SJED (14), and delays in inviting tender/issuing work order by Public Works Department (7).

The State Government accepted (November 2011) the facts. Further, monitoring was inadequate as the Department did not have data regarding dates of completion of hostels, possession of completed hostels and shifting of existing hostels in new buildings.

### 2.3.3.8 Financial assistance to disabled persons

‘Financial Assistance to disabled persons scheme’ was started in 1986 by the State Government to make blind, deaf, deformed and mentally retarded persons capable to earn their livelihood by providing assistance for artificial appliances/aids<sup>98</sup>. The scheme was modified time and again as detailed below:

**Table 6: Modification under the financial assistance to disabled persons**

Date of modification	Details
From December 1986	Assistance not exceeding ₹ 2000 was payable to disabled persons having self and family income not exceeding ₹ 18,000 per annum.
From February 2009	Assistance not exceeding ₹ 5000 was payable to disabled persons having self and family income not exceeding ₹ 25,000 per annum.

Source: Scheme guidelines of Department.

In January 2005 in addition to the scheme already running, a sub-scheme namely ‘*Viswas Yojana*’ was launched under which a loan/financial assistance was payable for self employment. An amount of ₹ 50,000<sup>99</sup> (Subsidy by SJED: ₹ 10,000 and loan with interest by any cooperative Bank: ₹ 40,000) was payable to disabled (in case of mentally retarded through guardian) having family income not more than ₹ 24,000 per annum. As ₹ 2,000 payable under the scheme was too meagre amount to carry out self employment/ business where unit cost was more than ₹ 10,000 lump sum amount of ₹ 50,000 was to be disbursed to disabled through Banks. Audit observed the following in the implementation of the scheme.

- **Irregular payment of assistance**

Rule 3 of scheme of Financial assistance for disabled person, provides sanction of assistance to persons who were domiciles of Rajasthan, their income does not exceed the prescribed limit<sup>100</sup> and had not received any assistance since last two years for the same purpose from GoI, State Government or Semi Government local bodies or non-Government organisation.

Assistance irregularly paid without obtaining required certificates.

98. Prosthetic appliance, special type of vehicle, help and tools useful in earning livelihood.

99. Revised to ₹ 1,00,000 (70 per cent Loan through Bank + 30 per cent subsidy) w.e.f. 28 February 2009.

100. ₹ 18,000 per annum revised to ₹ 25,000 per annum from 28 February 2009.

It was observed that these provisions were not strictly adhered to by the District Officers during 2007-11. Districts Officers sanctioned and paid assistance in 315 cases in six districts<sup>101</sup> without obtaining all the three requisite documents from the applicants.

The State Government stated (November 2011) that all these certificates/declarations were incorporated in application form itself which was certified by Gazetted Officer hence separate certificates were not required. The scrutiny of application forms disclosed that there is no column for incorporating information on domicile<sup>102</sup>, it only mention about place of the birth of applicant.

- ***Non receipt of Utilisation Certificates***

**UCs worth ₹ 1.25 crore awaited inspite of delay of six months to 60 months.**

Rule 9 of Financial Assistance Rules stipulate that the applicants would submit the UCs in the prescribed form to the District Officers within three months from the date of receipt of the assistance. However, audit observed that though subsidy of ₹ 1.25 crore was provided under *Viswas Yojana* in nine districts to applicants (972 cases) during 2006-11 through Banks but no utilisation certificates<sup>103</sup> were received as of July 2011 inspite of delay ranging from six months to 60 months. The Departmental Officers failed to ensure whether beneficiaries started self employment and utilised subsidy to earn livelihood as no record of disbursement, was being maintained by the District Officers.

The State Government stated (November 2011) that *Viswas Yojana* guidelines has no provision for obtaining utilisation certificate. However, instructions for obtaining utilisation certificate in three months have been issued. The reply is not tenable as *Viswas Yojana* is a sub-scheme of the scheme 'Financial Assistance to disabled persons' which provides for submission of UCs.

- ***Application forms with documents were not available at district offices***

**Application forms with required certificates not available in District Offices.**

Rule 6 of *Viswas Yojana* provides submission of application by the applicant to the concerned District Officers for sanction of assistance. After scrutiny and verification of the application within a week of its receipt the District Officers would sanction the loan and subsidy and forward the application to the Cooperative Bank for disbursement of loan/subsidy.

101. Banswara- 35, Dungarpur- 30, Jaipur- 05, Jaisalmer- 28, Jhalawar- 94 and Udaipur- 123.

102. Domicile certificate is issued to a person who has been residing in the State of Rajasthan for 10 year or more by the Sub Divisional Officer or Assistant Collector and Executive Magistrate of the area.

103. Ajmer: 73 (2007-11) ₹ 0.12 crore; Banswara: 237 (2006-11) ₹ 0.23 crore; Bhilwara: 195 (2006-11) ₹ 0.16 crore; Bikaner: 21 (2007-08 and 2009-11) ₹ 0.04 crore; Dungarpur: 153 (2006-11) ₹ 0.20 crore; Jaipur 28 (2007-11) ₹ 0.05 crore; Jaisalmer: 168 (2006-11) ₹ 0.33 crore; Jhalawar 28 (2007-11) ₹ 0.04 crore and Udaipur: 69 (2006-11) ₹ 0.08 crore.

Audit observed that under *Viswas Yojana* Government subsidy of ₹ 31.93 lakh in 211 cases of five districts<sup>104</sup> was provided by District Officers but records viz. application forms, sanctions issued by Cooperative Banks for loans, details of actual payment and refunds etc. were neither kept in District office nor made available to audit (July 2011).

The State Government admitted (November 2011) that application forms were not available in few districts as these were sent to Banks for sanction of loan and disbursement of amount. However, directions are being issued to all District officers to keep the copy of application forms. Fact remains that in the absence of these documents Audit could not ascertain as to whether the subsidy sanctioned by the Government was paid to the beneficiaries with loan by the Cooperative Banks or was lying with the Bank unpaid.

### 2.3.3.9 *Nari Niketan/Mahila Sadan Scheme*

The State Government notified (February 1971) 'Rules for the administration, admission and rehabilitation of persons in homes and shelters, 1970' (Homes and Shelter Rules) for controlling the functioning of all homes and shelters established by the SJED. Working of homes/shelters for women (*Nari Niketan/Mahila Sadan*) established for the women facing moral danger or those rescued from immoral traffic, for their emotional, social and economic rehabilitation was test checked. In Rajasthan there are six<sup>105</sup> *Nari Niketans/Mahila Sadan*. Scrutiny of records of all the three *Nari Niketans/Mahila Sadan*<sup>106</sup> of nine test checked districts revealed the following irregularities.

- ***Non imparting of training for skill development***

**Craft training to inmates not imparted in the absence of craft teachers.**

Rule 19 of Homes and Shelters Rules provides that there shall be a training unit attached to each home for affording facilities for training in different crafts and trades as may be helpful for the ultimate rehabilitation of the inmates. Audit observed that for giving training to the inmates of *Nari Niketan*, posts of two craft teachers on contractual basis were sanctioned (November 2007) by the State Government for each *Nari Niketan*. However, in three test checked *Nari Niketans*, craft teachers were not appointed during the period 2006-11 for the skill development of inmates which deprived the inmates of the benefits of the scheme of making inmates capable of self employment.

On being pointed out, concerned Superintendents accepted (May to June 2011) the facts but did not mention reasons for non-appointment of craft teachers.

The State Government stated (November 2011) that craft training in *Nari Niketan* Udaipur is being imparted by craft teacher of *Mahila Swyam Sidha Kendra*, Udaipur. The reply is not acceptable as no document in support

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104. Ajmer: 73 (2008-11) ₹ 0.12 crore; Banswara: 86 (2009-11) ₹ 0.12 crore; Bikaner: 21 (2007-08 and 2009-11) ₹ 0.04 core; Dungarpur: 19 (2010-11) ₹ 0.03 crore and Jaipur: 12 (2007-09) ₹ 0.01 crore.

105. Ajmer, Bikaner, Jaipur, Jodhpur, Kota and Udaipur

106. Ajmer, Bikaner and Udaipur.

thereof has been furnished. Moreover, the Superintendent of *Nari Niketan* Udaipur had informed to audit (May 2011) that no such training was imparted to inmates. The State Government did not furnish any reply in respect of *Nari Niketans*, Ajmer and Bikaner.

- ***Non maintenance of follow-up register to check rehabilitation of inmates***

**Follow up register to watch rehabilitation of inmates not maintained.**

Rule 22(1) of Homes and Shelters Rules provides that the authorities incharge of a Home shall maintain contact with persons discharged from the Home to minimise and eliminate chances of their relapsing into old habits and coming under unhealthy influences. For this a register was to be maintained in each Home/Shelter by the District Officers and names of inmates, their address, age, qualifications, nature of problems involved, treatment given, nature of final rehabilitation alongwith follow-up action was required to be mentioned therein.

Audit scrutiny of records of test checked three *Nari Niketans* revealed that no such follow up register was maintained although 197 inmates were discharged from the *Nari Niketans* during 2006-11. In the absence of this, behaviour and performance of the inmates retained in the institution, rehabilitation plan drawn and the follow up action with progress after rehabilitation for the period 2006-11 could not be ascertained in Audit.

The State Government stated (November 2011) that directions are being issued to all the District Officers to maintain follow-up registers.

- ***Non-maintenance of Punishment Book***

Rule 24(2) of Homes and Shelter Rules provides for maintenance of a Punishment Book in each Home by the Superintendent or Assistant Superintendent for recording full particulars of the punishment awarded to inmates by him/ her together with nature of offences, name of offender and the number and dates of previous punishments. Audit however, noticed that in all three *Nari Niketans* no such punishment book was maintained during 2006-11. As such, cases of penalty, if any inflicted, could not be verified in Audit.

The State Government stated (November 2011) that Superintendents of *Nari Niketan* Udaipur and Ajmer have now started maintaining punishment book. No reply for *Nari Niketan*, Bikaner was furnished.

- ***Non provision of adequate medical care to the inmates***

**Medical care to inmates denied due to non posting of nurses.**

Rule 31 of Homes and Shelter Rules stipulate providing of adequate medical facilities to the inmates in every home/shelter. For this two posts of nurses on contractual basis in Udaipur and Bikaner and one post in Ajmer was sanctioned (November 2007) by the State Government. Audit observed that the posts were lying vacant since their creation till 31 March 2011 denying adequate medical facilities to the inmates. The Superintendents of test checked *Nari Niketans* were mentioning status of post lying vacant in the quarterly reports submitted to Commissioner but no action was taken up to fill-up the posts.

The State Government stated (November 2011) that efforts are being made at Directorate level for the appointment of nursing staff on contractual basis.

- ***Non constitution of Case Committee to evaluate case history of inmates***

Under Rule 42 (II) of Homes and Shelter Rules for discussing the case histories of inmates in monthly conference at the *Nari Niketan*, a Case Committee consisting of one member from Monitoring Committee and other five members from DPSWOs, Superintendent of the Institution, Case worker, Superintendent of Jail and a Psychologist is required to be constituted. Audit scrutiny revealed that no such Committee was constituted during 2006-11 in three test checked *Nari Niketans* defeating the objective of evaluation of inmates.

The State Government stated (November 2011) that action is being taken at Directorate Level for the constitution of Case Committee.

- ***Non constitution/ formation of Committee for monitoring the functioning of homes/ shelters***

**Monitoring Committee not constituted.**

Rule 32 of Homes and Shelter Rules stipulate constituting a committee of seven members for each *Nari Niketan* by State Government for monitoring the functioning of *Nari Niketans*. The Committee was to consist of a Chairman and seven other members nominated by the Government including District Magistrate, District Medical Officer, Superintendent of Police. Besides Superintendents of *Nari Niketans* and DPSWOs/Chief Inspector was to be the ex-officio Secretary/member of the Committee. Audit scrutiny revealed that such a Committee was not constituted in three test checked *Nari Niketans* confirming lack of effective monitoring of the functioning of *Nari Niketan*. The concerned Superintendent of *Nari Niketans* accepted the facts (May to June 2011).

The State Government stated (November 2011) that action is being initiated at Directorate Level for the constitution of such Committee.

### ***2.3.4 Shortage of staff resulting in improper execution of scheme***

**Of 336 posts sanctioned, 100 were vacant since April 2006 affecting project implementation.**

Audit scrutiny in nine selected districts revealed that out of 336 posts sanctioned in various cadres, 100 posts<sup>107</sup> (mainly of DPSWOs (eight), Hostel Superintendent (31), Lower Division Clerk (five) and Junior Accountant (four)) in nine test checked districts were lying vacant from April 2006 to March 2011.

The State Government stated (November 2011) that Administrative Reforms Department/Rajasthan Public Service Commission and Director, Treasury and Accounts Department have been requested to fill up the vacant post in various cadres.

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107. Deputy Director (2), District Probation and Social Welfare Officer (8), Probation and Jail Welfare Officer (2), Senior Clerk (4), Lower Division Clerk (5), Junior Accountant (4), Hostel Superintendents (31), Peon (38), Office Assistant (1) and Steno (5).

### 2.3.5 Lack of effective monitoring and controls

There was no prescribed mechanism of monitoring and control over implementation of the schemes in the guidelines. In the absence of these provisions, the Principal Secretary and the Commissioner, Social Justice and Empowerment Department were responsible for putting into place a system of effective monitoring and control to achieve the objectives. It was noticed that no such system was put into place, except in *Palanhar* Scheme, resulting in inadequate monitoring and lack of controls. Only consolidated quarterly progress reports showing scheme-wise expenditure and number of beneficiaries were sent by district offices to the Commissioner, SJED which were not enough for effective monitoring and control.

### 2.3.6 Conclusion

The Social Justice and Empowerment Department was established to uplift and empower weaker sections and was executing various schemes for the purpose. A review of implementation of six<sup>108</sup> selected schemes revealed *ad hoc* allotment of funds without proper assessment, which resulted in non utilisation of funds in some districts and shortage in others. In five schemes,<sup>109</sup> excessive delay in sanctioning of assistance to beneficiaries and absence of monitoring inspite of prescribed time schedule, was indicative of indifferent attitude of Department. Inadequate internal control checks resulted in assistance to ineligible applicants in four schemes.<sup>110</sup> Non-ensuring of production of required documents with the application by applicants, in five schemes.<sup>111</sup>, non-maintenance of records of scholarships disbursed through Educational Institutions, insensitive implementation of *Palanhar* scheme, inadequate monitoring of construction of Hostels, indifferent implementation of the *Nari Niketan* scheme in the absence of monitoring committee and apparent lack of oversight and governance through monitoring by the Department/State Government was also observed.

### 2.3.7 Recommendations

The State Government should fill up the vacant operational posts of staff for efficient implementation of schemes and also put in place scheme-wise system for monitoring to ensure that the envisaged objectives of the schemes for educations/social upliftment of Scheduled Castes/Scheduled Tribes/Other Backward Classes are fully optimised. State Government should develop a mechanism for proper and timely scrutiny of applications and monitoring of implementation of the scheme.

108. *Sahyog, Palanhar*, Financial aid for Happy Married Life to Disabled Young Couple, Scholarship to disabled students, *Anuprati* and Financial Assistance to Disabled Persons.

109. *Sahyog, Palanhar*, Financial aid for Happy Married Life to Disabled Young Couple, Scholarship to disabled students, and Financial Assistance to Disabled Persons.

110. *Sahyog, Palanhar*, Financial aid for Happy Married Life to Disabled Young Couple, and *Anuprati*.

111. *Sahyog*, Financial aid for Happy Married Life to Disabled Young Couple, Scholarship to Disabled Students, *Anuprati* and Financial Assistance to Disabled Persons.

## Medical Education Department

### 2.4 Working of Rajasthan University of Health Sciences, Jaipur

#### 2.4.1 Introduction

Rajasthan University of Health Sciences (RUHS) was established at Jaipur in September 2004 under the provisions of RUHS Act, 2005, (February 2005) made effective retrospectively from 22 September 2004 and started functioning regularly with the appointment of Vice Chancellor on 1 April 2006. Ninety seven colleges/institutions<sup>112</sup> related to health services coming under the territorial jurisdiction of and affiliated with the University of Rajasthan (UoR) and Rajasthan Technical University (RTU) were affiliated with RUHS (September 2006 and December 2006) terminating their jurisdiction with former university with the same state of affiliations in which they were affiliated with UoR/RTU.

The main objectives set out under Act of RUHS were:

- to disseminate and advance knowledge in medicine and dentistry and to ensure efficient and systematic teaching, instructions, training and research therein;
- to provide a multipurpose super specialty hospital;
- to develop various research/therapy centres; and
- to establish a tele-medicine department.

Pending formulation of the statutes, ordinances and regulations for RUHS, statutes, ordinances and regulations of UoR (as amended upto 18.10.2006) were adopted (October 2006) as per decision of Board of Management (BoM)<sup>113</sup>.

Audit of financial and operational activities of the RUHS for the period 2006-07 to 2010-11 was conducted between February and May 2011. Important audit findings are discussed in succeeding paragraphs.

#### 2.4.2 Financial Management

As per RUHS Act, the university shall establish, maintain and administer a fund called University fund, comprising of contribution or grants from the State Government, income raised from various sources including income from

Non-undertaking various activities despite availability of funds.

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112. Government Medical/Dental/Nursing Colleges (eight); Private Medical/Dental Colleges (10); Private Nursing/Pharmacy/Physiotherapy Colleges/Institutions (79).

113. It is the highest executive body with 19 members which include Vice Chancellor (Chairman), Secretaries, Finance Department and Medical Education Department (MED), Director, MED, Registrar of University and 14 other nominated members from different organisations and educationists.

fees and other charges. The year-wise position of grants received, other than those provided by the Government for specific purposes, i.e. grant for Administrative Building and Research Hospital (RH)<sup>114</sup>, other receipts, expenditure thereagainst and unspent funds are given in Table 1

**Table 1: Position of grants received, other receipts, expenditure thereagainst and unspent funds**

(₹ in crore)

Year	Opening balance	Receipts during the year			Expenditure during the year	Surplus(+)/ Deficit(-)	Closing balance (2+7)
		Grant (Plan)	RUHS	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2006-07	--	0.70	4.45	5.15	0.61	4.54	4.54
2007-08	4.54	1.25	9.73	10.98	2.19	8.79	13.33
2008-09	13.33	1.35	13.12	14.47	4.26	10.21	23.54
2009-10	23.54	0.35	17.28	17.63	4.44	13.19	36.73
2010-11	36.73	0.00	18.76	18.76	21.62 <sup>115</sup>	(-)2.86	33.87
<b>Total</b>		<b>3.65</b>	<b>63.34</b>	<b>66.99</b>	<b>33.12</b>	<b>33.87</b>	<b>33.87</b>

Source: Annual Accounts of respective years

It was observed that out of total funds of ₹ 67 crore including plan grant (₹ 3.65 crore) received during 2006-11, expenditure of ₹ 18.12 crore (27 per cent) was on establishment and conducting various entrance and regular examination of various courses<sup>116</sup>. However, inspite of availability of funds, no other activity<sup>117</sup> required to achieve the objectives of setting up of separate RUHS were taken up. Moreover, no Action Plan to perform these activities was prepared.

The Registrar, RUHS stated (October 2011) that the plan to develop Centre of Excellence, Post Graduate Medical College and Centre for Medical and Health Innovation in the State has been prepared for unreached and under developed areas of RUHS. However, from the copy of the plan supplied (October 2011) it was noticed that proposals have only been submitted (September 2011) to the Government for consideration indicating status of the RUHS and proposals to provide required land, starting certain post graduate courses and future development and extension through Public-Private-Partnership model. However, this did not mention about time frame schedule of activities to be carried out during the year alongwith target of the year to be achieved with funding arrangements for achieving the same. As such it can not be termed as an action plan.

114. Grant received during 2005-09 for administrative building: ₹ 5.20 crore, research hospital: ₹ 6.80 crore and furniture: ₹ 0.75 crore.

115. ₹ 15 crore transferred to SMS Medical College for development of Research Programme.

116. Bachelor of Occupational therapy, Bachelor of Physiotherapy, Dental, Medicine, Nursing, Pharmacy, Pre-DM/M.Ch, Pre. Nursing, Pre Pharmacy, Pre Post Graduate, RPMT.

117. To provide for multipurpose super speciality hospital and trauma centre; to establish telemedicine and genetics departments; to develop transfusions medicine and nutrition research centre gene therapy, molecular biology, robotic surgery, organ transplantation, biotechnology, immunology and other facilities in medicine and dentistry; to establish a nursing training centre and a centre for imparting training to teachers etc.

**Deduction of ₹ 0.10 crore for TWF without any decision.**

- Against a budget provision of ₹ five lakh for advertisement during 2007-08, the actual expenditure was ₹ 15.30 lakh. Audit observed that out of this, RUHS spent ₹ 10.24 lakh during 2007-08 on publicity to meet expenditure on Government achievements got published by Medical Education Department (MED) during 2006-08 without any budget provision. The Registrar, RUHS stated (October 2011) that the expenditure was incurred in pursuance of sanction of State Government. The reply is not tenable as the advertisement got published related to overall achievement of MED of the State Government.

- Test check of records revealed that an amount of five *per cent* was being deducted since 2006-07 from the remuneration paid to teachers for examination as contribution to Teachers Welfare Fund (TWF) and accumulated balance of ₹ 0.10 crore was lying with RUHS unutilised as of March 2011. However, no decision for its creation was found taken in the Academic Council (AC) or BoM meetings.

Further, it was observed that the TWF was created on the analogy of Teacher's Contributory Welfare Fund (TCWF) of UoR and TCWF Rules of UoR were to be followed. Financial assistance out of TWF was to be provided to whole time teachers of RUHS and of all colleges affiliated with the RUHS and their dependent family members as per eligibility norms laid down in TCWF Rules.

However, receipts of TWF were neither being utilised for welfare activities nor any committee was formed to manage the fund. TWF receipts were kept alongwith RUHS funds though shown as liability in accounts.

After being pointed out in audit, Registrar, RUHS stated (October 2011) that separate account of TWF has now been opened, amount (₹ 0.11 crore) deducted so far has been transferred (15 September 2011) to separate account and the funds will be utilised as per the provisions of Rule 7 of TCWF Rules as and when any claim or request is received in the University. Fact is that because of non-formation of Fund Management Committee and non-circulation of rules the fund could not be used for about four years.

- RUHS collects advance payment from candidates of Rajasthan Pre-Pharmacy Test (RPPT), Pre-nursing Test, Rajasthan Pre Test of Allied Health Sciences (RPTAHS) before counseling which is to be adjusted in fees in case of admitted students and refunded in case of non-admission. Unadjusted/non-refunded amount of such advances is treated as revenue at the close of the year instead of keeping the same in separate account as unadjusted balances for each examination to facilitate refund subsequently on demand by the candidate. Scrutiny of ledgers revealed that during 2009-10, RUHS charged ₹ 10,000 per candidate for RPPT candidates and received ₹ 67.40 lakh on this account. Of this, ₹ 48.80 lakh were adjusted against fees of admitted students leaving unadjusted amount of ₹ 18.60 lakh in respect of those candidates who did not get admission. Meanwhile, candidates of examinations conducted in previous years demanded refund of their counselling fee. However, in the absence of separate account, refund of ₹ 19.48 lakh was made to these candidates out of the unadjusted balances and receipts from sale of forms

(₹ 0.88 lakh) rendering the account of receipt of sale of forms for the year 2009-10 short by ₹ 0.88 lakh.

Thus, non-maintaining of separate account of each examination and non-depiction of unadjusted amount as liability in accounts indicated lack of financial transparency.

The Registrar, RUHS stated (October 2011) that the University is maintaining its accounts fully computerised on Tally system taking the limited head of accounts. Sub-head deposit is not found sanctioned under major head of individual entrance examination. Reply is not tenable as by non-maintenance of separate accounts of each examination, the refund to students by RUHS for counselling fee would not be ensured, which may result in compromising the interest of the students.

### 2.4.3 Manpower Management

**Inadequate manpower adversely affected the working of the University.**

The State Government sanctioned (November 2004) 83 posts of different cadre/services for smooth running of the RUHS and permitted (July 2006) to fill up posts (16)<sup>118</sup> other than ministerial, class IV posts through regular appointments. The Government further permitted (January 2007) to fill up ministerial and class IV and other equivalent posts through deputation or on contract basis. However, regular appointments against 16 posts had not been made as of March 2011 and were being filled through deputation and contractual appointments since start of regular functioning of the RUHS. Seventy-nine posts were filled, through deputation (15)<sup>119</sup> from various Departments, on contract basis out of retired personnel (16) and through ex-servicemen welfare society (48). One deputationist was subsequently absorbed permanently.

Audit observed that:

- Four persons were taken on deputation and 11 were taken on contract out of retired persons (seven)/through ex-serviceman welfare society (four) against posts which were permitted for regular appointments, without taking prior permission of the State Government. No efforts were made to make regular appointments against these posts.

The Registrar, RUHS stated (October 2011) that these persons were taken on deputation/contract basis in compliance with Government sanction (12 January and 31 January 2007). The reply was not tenable as the Government had accorded permission for appointment of 16 officers according to service rules and not on contract/deputation basis. Besides, Government sanction of January 2007 pertained to engagement of ministerial and class IV staff.

- Guidelines for engaging retired Government servants on contract basis (Guidelines) issued (October 1995) by Department of Personnel, Government

118. Assistant Registrar-4; Controller of Examination-1; Deputy Registrar-1; Personal Assistant-2; Personal Secretary-1; Section Officer-5 and Stenographer-2.

119. Accounts cadre-3, Assistant Registrar-1, Class-IV-2, Deputy Registrar-1, Finance Officer-1, Legal Assistant-1, Ministerial staff-5 and Registrar-1.

of Rajasthan (GoR) envisaged that application for contractual appointment, as per format given in guidelines, should bear particulars of previous employment, duly certified by the Head of Department (HoD) of previous employment with undertaking to abide by terms and conditions of contractual employment. However, this procedure was not followed and applications received were not in the prescribed format and did not have full particulars of his previous employment alongwith undertaking and certificate of HoD.

- Guidelines further envisaged that there should be a selection committee for selection of applicant for appointment on contract basis but no such selection committee was formed.
- At the time of appointments a detailed agreement was to be signed between the employer and the employee. No such agreements were found to be executed before appointments.

The Registrar, RUHS stated (October 2011) that notification for recruitment was issued, a committee was constituted and relevant documents were gone through before engaging retired Government servants on contract. The reply is not tenable because aforesaid procedure was followed in respect of persons engaged in July 2009 onwards and not for persons appointed earlier.

- The persons engaged on contract basis were not to be entrusted the work of confidential nature or related to handling of cash, writing of cash book and functioning as a cashier and in no case contract appointment was to exceed beyond one year. However, contractual employees were deployed on examination work of confidential nature, handling and management of cash, etc. and were continued on contractual services beyond one year for periods ranging from one month to 37 months.

The Registrar, RUHS stated (October 2011) that permission of regular recruitment on various sanctioned posts was not granted and, therefore, RUHS had to continue the services of experienced retired and other staff engaged through agency, for the smooth, confidential and sensitive working of RUHS. Now the State Government has permitted (June 2011) regular appointment for 33 additional posts for which process has started. The reply is not tenable because permission to fill up 16 posts had already been granted by the State Government in July 2006 and such works could have been assigned to persons on deputation instead of contractual persons.

**In violation of guidelines/ instructions excess/irregular payment of ₹ 73.17 lakh was made.**

- Condition No. 5 of guidelines *ibid* provides payment of consolidated emoluments to contractual employees at fixed rates, as revised from time to time, for different service vacancies in accordance with different pay scales. Section 6 of the Rajasthan (Regulations of Appointments to Public Service and Rationalisation of Staff) Act, 1999 (RAPSRS), which is applicable to all the Universities, who are financially dependent on the State Government, whether wholly or partially, also prohibits revision of pay, allowances, perquisites, honorarium, compensatory allowance without the approval of the competent authority i.e. Principal Secretary, Finance Department (FD), GoR. Audit observed that persons engaged on contract basis during March 2007 to March 2011 were paid fixed consolidated emoluments higher than that

admissible as per guidelines. The excess payment on this account worked out to ₹ 17.72 lakh.

The Registrar, RUHS stated (October 2011) that retired persons were not willing to work on the consolidated pay as per State Government rules/circulars. Therefore, Finance Committee (FC) decided (December 2009) to continue the retired contractual employees appointed before 6 August 2008 on the same consolidated emoluments out of RUHS funds on which they were engaged. The fact remains that prior approval of the State Government was not obtained for deviating from the Government rules/circulars.

- The FD of GoR directed (August 2005) that only ex-serviceman on contract services with army service record (Army, Air Force, Navy Service members) should be engaged for appointment on security services and other jobs. Audit observed that during 2006-11, two to 47 civilians were engaged on contract through Ex-servicemen Welfare Society in contravention to the orders of FD. Irregular payment on this account made to the society for the period 2006-11 worked out to ₹ 55.45 lakh<sup>120</sup>. Individual-wise details of payments were not available with the RUHS. Registrar, instructed (August 2010) the society to provide only ex-serviceman for various posts.

#### **2.4.4 Inadmissible payment of conveyance charges**

**Payment of ₹ 11.76 lakh as conveyance charges was inadmissible.**

Section 35 (c) of the RUHS Act provide that prior approval of State Government should be obtained for any change in salary and allowances of employees. Audit observed that FC of RUHS decided (March 2008) to sanction conveyance charges to employees of the RUHS @ ₹ 450 per month (revised to ₹ 600 from 5 July 2010) on the ground that RUHS is far away from the main city. As there was no provision for payment of transport allowance to State employees under Rajasthan Service Rules (RSR) and sanction of conveyance charges involved change in admissible allowances, as per RSR, prior approval of the State Government was required, which was not obtained. The amount of inadmissible payments during 2008-09 to 2010-11 worked out to ₹ 11.76 lakh.

The Registrar, RUHS stated (October 2011) that FC had taken a decision to pay conveyance charges equal to amount required for monthly pass of city bus because the RUHS was 20 km away from the city and contractual/retired staff were not ready to travel to such distance on the fixed lump sum payment. RUHS also stated that the matter was being referred to Government.

#### **2.4.5 Irregular payment of honorarium**

**Payment of honorarium of ₹ 34.74 lakh was irregular.**

Section 20 of the RUHS Act read with Rule 7(13) of RSR provides that no officer or employee of the RUHS shall be offered or shall accept any remuneration for any work in the RUHS save as may be provided for in the Statutes. Section 35 (c) of RUHS Act further envisage that prior permission of

120. 2006-07: ₹ 0.26 lakh; 2007-08: ₹ 5.23 lakh; 2008-09: ₹ 13.68 lakh; 2009-10: ₹ 15.47 lakh and 2010-11: ₹ 20.81 lakh.

the State Government would be required for grant of extra remuneration of any description to its teachers, officers and other employees.

Audit observed that RUHS paid ₹ 0.35 crore<sup>121</sup> during 2007-11 as honorarium/remuneration to regular (on deputation and contractual) employees for conduct of entrance examination based on the decision of BoM and FC, without taking prior approval of the State Government (May 2011).

The Registrar, RUHS stated (October 2011) that the conducting of entrance examination is not a regular function of the RUHS and university conducts seven or eight entrance examinations in a academic year and requires the services of 15 to 20 employees in extra office hours for which they have been paid honorarium. Further, since FC is empowered to make regulations, hence prior approval of the State Government is not required. The reply is not tenable as Section 35(c) explicitly provides for obtaining prior permission of the State Government for grant of extra remuneration of any description to its teachers, officers and other employees.

#### **2.4.6 Academic Activities**

The mandate of the RUHS is mainly to institute teaching and training in various branches of medicine and dentistry, to admit students to the courses of study, to hold examinations, to confer degrees, etc., to establish, maintain and administer institutes of research, hospitals, etc. to achieve the various objectives of the RUHS. In this connection, Audit observed the following:

##### **2.4.6.1 Non-completion of Research hospital**

With a view to establish a super speciality hospital under the control of RUHS the State Government (MED) released ₹ 6.80 crore<sup>122</sup> to the Rajasthan State Road Development and Construction Corporation (RSRDCC) (March 2006 to March 2009). The MED accorded administrative sanction for construction of 100 bedded RH with five speciality units at an estimated cost of ₹ 10 crore in September 2007 with the direction that RUHS would be responsible for setting up and running of RH. RSRDCC commenced construction in January 2008 and spent ₹ 7.38 crore including pending liability of ₹ 0.58 crore upto March 2009. Thereafter, the building was lying incomplete due to non-provision of further funds by the State Government.

Meanwhile, RSRDCC submitted (October 2008) revised estimates of ₹ 21.33 crore to include all the requirements essential for super speacality hospital to the State Government (MED) for approval. These estimates were again revised to ₹ 23.93 crore due to price escalation and submitted (March 2011) to the State Government for approval which was awaited (September 2011).

Audit observed that the State Government had informed (November 2008) the Registrar, RUHS that no further funds would be provided for construction of

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121. 2007-08: ₹ 0.04 crore; 2008-09: ₹ 0.18 crore; 2009-10: ₹ 0.05 crore and 2010-11: ₹ 0.08 crore.

122 ₹ 0.80 crore: 2005-06; ₹ 1.30 crore: 2006-07; ₹ 1.50 crore: 2007-08; ₹ 3.20 crore: 2008-09.

RH and the same be completed within the available resources and savings of plan grant of 2009-10 after incurring recurring expenditure. However, only ₹ 0.35 crore were provided by the State Government to meet the recurring expenditure of the year (₹ 4.44 crore). Further, ₹ 1.60 crore provided in the budget for 2009-10 for construction of RH were also not released. RUHS did not take any action to utilise its own resources to get the building completed as per original estimates in time by providing the balance amount from its own resources though ₹ 23.54 crore was available with the RUHS as of March 2009 which further increased to ₹ 36.73 crore during 2009-10.

Meanwhile, RUHS in compliance with the directions of FD transferred ₹ 15 crore (between October 2010 and February 2011) to SMS Medical College, though SMS Medical college was only an affiliated college of the RUHS and not a constituent college and its funds were managed through the regular Budget of the State.

In reply, the Registrar, RUHS stated (September 2010) that funds were not provided by the State Government as per sanctioned amount and completion of RH was not possible from their own sources. The fact is that RUHS had sufficient unspent balances upto 2009-10 but never utilised its available funds for completion of RH. Non-completion of RH for want of funds, impeded the objective of providing comprehensive health care to residents of urban and rural areas and services of super specialities. It also did not contribute to the reduction of work load of other hospitals. Thus, transfer of ₹ 15 crore to SMS Medical Hospital, Jaipur reduced Government assistance and has the potential of delaying the establishment of the super speciality hospital.

#### **2.4.6.2 Affiliation of colleges**

As per Statute 37 and Ordinance 80, a College applying for affiliation either for the first time or for extension in the period of temporary/provisional affiliation or in additional subjects or for additional courses of study or for permanent affiliation shall make a written application to the Registrar accompanied with the necessary affiliation fees as prescribed under the ordinances not later than 31 December, preceding the academic year from which recognition sought is to take effect. Audit observed the following irregularities in affiliation cases:

##### ***Colleges continued without affiliation***

As per Sections 24-I and 24-J of UoR Act, Board of Inspection (BoI) was required to deal with applications for affiliation, recognition and approval of colleges and institutions within the territorial jurisdiction of the RUHS and arrange for their inspection prior to grant of affiliation. The form of application for fresh affiliation mentions that no Institution shall open/start classes in the subject/standards for which affiliations are sought even on a provisional basis, in anticipation of sanction of the University. Such classes opened by any institution shall not be recognised under any circumstances.

- Test check of records revealed that during 2006-11, 212 colleges applied for fresh affiliation but inspections of only 49 colleges were conducted

**163 private colleges were running without affiliation.**

up to 2008-09 and inspection reports laid in the meeting of BoI. No further inspections were conducted during 2009-10 and 2010-11. BoI had recommended<sup>123</sup> fresh temporary/provisional affiliation to 46 colleges of which affiliation to 33 colleges<sup>124</sup> was recommended subject to fulfillment of deficiencies like paucity/shortage of staff, inadequate experience of Principals/teaching staff, staff pattern not as per norms, non-qualified staff etc. and decision for granting affiliation on application of three colleges<sup>125</sup> whose inspection was conducted was deferred for the next meeting. Out of 33 colleges removal of deficiencies in respect of 27 colleges was not watched further though colleges were asked to remove the deficiencies within one month. The remaining 163 colleges<sup>126</sup> were continued without affiliation certificate. Hence, RUHS failed to ensure adherence to the prescribed norms in these cases (*Appendix 2.26*).

- Audit also observed that three deferred cases were not considered in subsequent meetings. It indicates that RUHS did not take the matter seriously. The Registrar, RUHS stated (October 2011) that RUHS has recently conducted inspection of all colleges for the session 2010-11 and the inspection reports have been put up before the present BoI. However, fact remains that no action was taken on the deferred decision of 2006-07 (one) and 2007-08 (two) and the colleges were running without affiliation. However, no documentary evidence was produced regarding date of inspection, date of presentation of report in the meeting of BoI and details of action taken to Audit (October 2011) though called for by Audit.

#### *Inspection not conducted despite charging of fees*

**Inspection of colleges has not been conducted despite receipt of inspection fee of ₹ 0.57 crore.**

As per Ordinances 78 and 79, BoI was to carry out the inspection of each affiliated college once in a period of five years after the grant of affiliation. Colleges selected for inspection were to remit a sum of ₹ 15,000 as periodical inspection fee.

- Test check of records revealed that in contravention of these provisions RUHS had charged inspection fee from all the colleges each year at ₹ 15,000 per course of the college during 2008-11 and collected ₹ 1.15 crore up to March 2011. No Inspection was conducted in respect of 381 colleges in 2008-09 (99), 2009-10 (130) and 2010-11 (152) despite receipt of inspection fee of ₹ 0.57 crore. RUHS did not respond to audit observations regarding irregular charging of inspection fee.
- Test check of records of five institutions for the year 2010-11, running B.Pharm course without inspection revealed the following:

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123. 2 July 2007, 21 July 2007, 9 October 2007, 5 March 2008, 16 April 2008, 2 December 2008 and 6 March 2009.

124. In six cases affiliations were later recommended after fulfillment of deficiencies.

125. Annapoorna Post B.Sc Nursing College, Sikar (2 December 2008); Geetanjali College of Physiotherapy, Udaipur (21 July 2007) and Jai Durga College of Physiotherapy, Jaipur (2 July 2007).

126. BoI recommendations were pending for a period of five years (12 cases) to one year (64 cases).

(i) All India Council for Technical Education (AICTE) has prescribed minimum qualification for teachers of the colleges. Teachers engaged in these institutions did not have full required qualifications and requisite minimum experience as per AICTE norms (*Appendix 2.27*). Audit also observed that posts of Professor and Assistant Professor were not filled up in two institutions<sup>127</sup>. Lecturers were engaged against post of Professor/Associate Professor in three cases<sup>128</sup>.

(ii) As per AICTE norms the required student-teacher ratio was to be 15:1. In two institutions<sup>129</sup> test checked intake capacity of student was 60 seats per class for four years. Accordingly, 16 teachers were required for 240 students. Audit observed that record showing actual strength of affiliated institutions was not being maintained in the RUHS. However, the records (Inspection Report of the college for affiliation) available in RUHS in respect of these institutions revealed that against this, only 12 and seven teachers were deployed. Due to shortage of teachers, quality of education could not be ensured. The number of students seeking admission in 2009-10 have been decreased to 1223 as compared to 1788 in 2006-07. RUHS did not reply to the above observation.

#### 2.4.6.3 Courses/Colleges closed without permission of RUHS

**Fourteen courses/colleges closed without prior permission of RUHS.**

As per Statute 26 (7), no affiliated Institution shall be allowed to discontinue the study of any subject/faculty without prior permission of the University for which application shall be made at least one full academic year in advance giving reasons in support of the proposal. Test check of record of RUHS showed that:

- Ten Physiotherapy courses/colleges and four Pharmacy courses/colleges with session commencing between 2005-06 and 2007-08 had been closed due to non-availability of students in subsequent years as detailed in *Appendix 2.28(i)* without prior permission of RUHS.

While accepting the facts the Registrar, RUHS stated (October 2011) that on an average 50 per cent admissions could not be made in these courses during 2005-10 due to lack of interest of students in these courses and that although permission from the University was not obtained but no admissions were made by such colleges after the closure of courses, these colleges have now been excluded from the list of affiliated colleges and application for fresh affiliation in these courses are not being entertained. RUHS did not maintain institution-wise records to know the up-to-date status of affiliated institutions which was indicative of lack of monitoring and control on the part of RUHS over affiliated colleges. The following irregularities were noticed in case of these closed courses/colleges:

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127. Swami Keshwanand Institute of Pharmacy, Jaipur and Kuchaman College of Pharmacy, Kuchaman city.
128. Mahatama Gandhi College of Pharmacy, Jaipur; Maharishi Arvind Institute of Pharmacy Mansarovar, Jaipur; and Regional College of Pharmacy, Jaipur.
129. Kuchaman College of Physiotherapy Sciences, Kuchaman City (seven) and Swami Keshwanand Institute of Pharmacy, Jaipur (12).

- Out of these, two were not remitting affiliation fee from the session 2007-08, five were not remitting from the session 2008-09 and seven were not remitting from the session 2009-10 in respect of BPT/BPh/DPh Courses (*Appendix 2.28(ii)*). The amount of fee not remitted worked out to ₹ 72.20 lakh including penalty.
- Nine out of the 14 colleges did not apply for closure of the courses after discontinuing the courses and RUHS treated them as closed without any application. After being pointed out in audit (February 2011) three other colleges<sup>130</sup> applied (March and June 2011) for closure of the courses.
- The Ranthambhore College of Pharmacy, Sawaimadhapur applied (December 2008) for closure and refund of affiliation fee stating that there was no student for the session 2008-09. However, the name of the college was included for counselling for the session 2009-10 even though affiliation fee for that session was not received.
- Vyas Pharmacy College, Jodhpur applied (July 2008) to carry forward its affiliation fee deposited by it for the session 2007-08 for the session 2008-09 as there was no student in its first session. No affiliation fee was deposited by the college, thereafter, name of this college was, however, included in the counseling for the session 2008-09 without receiving any affiliation fee for affiliation. Response of RUHS to above observations was awaited (November 2011).

#### **2.4.6.4 Enrolment of students**

As per Ordinances 89 to 96, no student shall be allowed to appear in any examination of the University without getting enrolment number. The University shall maintain a register and a Card Index (CI) of all the students enrolled in the University. CI would contain only information required for identification at the time of enrolment and shall be supplemented by a register in which information regarding re-admission, transfer, migration, success or failure at the examination shall be entered. On enrolment every student shall be issued an enrolment certificate for further correspondence. Enrolment number will be deleted after issue of migration certificate.

Audit observed the following during test check:

- CIs were not maintained;
- Instead of mentioning names and details of the candidates only names of the colleges and enrolment numbers allotted for the students of such colleges were entered in the Register (*Appendix 2.29(i)*);
- Same enrolment numbers were issued to more than one colleges/students (*Appendix 2.29 (ii)*);

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130. Rajasthan College of Physiotherapy, Dausa; Shankar College of Physiotherapy, Jaipur; and S.N. College of Physiotherapy, Sriganganagar

- Enrolment numbers were found un-allotted<sup>131</sup> in some cases ;
- In some cases Enrolment numbers were allotted to the students after they appeared in examination of various courses (*Appendix 2.29(iii)*).

Non-maintenance of enrolment record properly is one of the main causes for preparation of incorrect result/mark sheets as mentioned below:

#### **2.4.7 Failure of examination system**

Section 26 read with Section 16 of the RUHS Act provides for constitution of Examination Committee with a whole time Controller of Examination in order to supervise and control the entire process for conducting the examinations since inaccuracy and delayed declaration of results may lead to an adverse effect on the career of a candidate appearing in the examination.

A test check of record of examination section revealed lapses and inaccuracies as follows:

Discrepancies in the Tabulation Register:

- In 67 cases of B.Pharma Part-I examination 2009 (26) and B.Sc. (Nursing) Part-I 2010 (41) test checked, candidates were erroneously shown absent, while they actually appeared in the examination (*Appendix 2.30*).
- In nine cases where candidates already passed certain papers in first attempt were shown as absent/due for such papers in the result of remanded (supplementary attempt) examination (*Appendix 2.30*).
- While preparing marks sheet for final results of 1976 candidates who appeared in the B. Pharma Part-IV Examination 2010, marks obtained by 647 candidates in Part-I, II and III examinations were not taken into account while declaring final results. As a result, candidates were declared 'Pass' only without awarding any division. Corrections were subsequently being carried out manually and division awarded on being pointed out by concerned students only. Responses of RUHS to above observations were awaited (October 2011).

#### **2.4.8 Irregular admission in private colleges**

**Candidates not enlisted in RPMT list admitted in private colleges.**

Ordinance 272 II A provides that students may be admitted by private colleges from the list of successful candidates of the Rajasthan Pre Medical Test (RPMT) except those being admitted against 15 per cent quota of Non-Resident Indians (NRIs). Audit observed that out of the list of successful candidates of RPMT 2008 (Session 2008-09) names of 169 candidates (134 in first list and 35 in wait list) were recommended by RUHS for admission in MBBS degree course run by Mahatma Gandhi Medical College, Jaipur against 150 seats of the college. However, only 104 candidates were admitted from these lists. Test check of Enrolment Register maintained by RUHS revealed

131. 06/11671 to 11679, 11714, 12390 to 12398, 13686, 14450, 15018 to 15074, 15505, 15506, 16216.

that 150 candidates of the college were enrolled for MBBS degree course during 2008-09 which included 46 candidates not enlisted in RPMT lists. Contrary to above provisions, the RUHS instead of taking the matter with the college for admitting 46 candidates (30 *per cent*) outside RPMT list in excess of prescribed NRIs quota (23 candidates), enrolled all the candidates admitted by the college. No reasons were intimated by RUHS to Audit for admitting the candidates from outside RPMT lists though called for.

The Registrar, RUHS stated (October 2011) that excluding NRI seats only 21 candidates were found admitted out of RPMT list. Six candidates have been removed whereas 15 candidates have been allowed to continue as per Rajasthan High Court decisions (18 March 2011).

#### **2.4.9 Delay in declaration of results**

As per norms, time schedule fixed for declaration of results of examinations held by the RUHS was 45 days after last theory paper. Audit observed that RUHS declared the result with a delay of three to 252 days over and above the prescribed period of 45 days. Delay in declaration of results, led to non-completion of the courses in specified time period. Even results of final year's examinations of B.Pharm, D. Pharm, BDS and B.Sc. nursing courses were declared after a delay ranging from 17 to 225 days.

While accepting the facts, the Registrar, RUHS stated (November 2011) that efforts are being made to evaluate the answer sheets in the RUHS campus itself to avoid delay in declaration of results.

#### **2.4.10 Internal control and monitoring**

Internal Audit (IA) contributes to assess the compliance, effectiveness and achievements of objectives. IA wing should be independent and should not be entrusted with other responsibilities. Audit observed that:

- Adequate machinery did not exist in Finance and Account Wing for systematic internal checks to prevent and detect errors/irregularities and to guard against waste and loss of RUHS money and stores, but also the prescribed checks are not effectively applied as required under clause 45 of Chapter IV of University Accounts Rules Part-I adopted by RUHS.
- Statutes 26 to 30 *inter alia*, envisaged that whole funds of an affiliated college should be applied to its own educational purpose; any change in the constitution of the Governing body/Management shall be subject to approval of BoM; every college shall provide instruction in such subject and in preparation for such examination as authorised by the BoM; maintain satisfactory standard of educational efficiency; satisfy the University that number and qualification of its teaching staff are adequate; make appointments/promotion on the recommendation of the selection committee having a nominee of RUHS; maintain prescribed registers and furnish such statistical and other information as may be specified by RUHS; and submit each year by a date to be fixed by BoM a report as the working of the college

during the previous year including statement of income and expenditure. Audit observed that:

- There was no system in place to watch and ensure that prescribed provisions were being followed by affiliated College Management every year except provision for periodical inspection that too once in five years is indicative of lack of control and monitoring.
- No directions were issued by AC as regards to furnishing of information and annual report and no annual reports of previous years have been received from the colleges.

The Deputy Register, RUHS stated (March 2011) that such provisions are to be examined in periodical inspection and action is being proposed/under process will be taken in ensuing session. The fact remains that periodical inspections were not being done as per prescribed provision.

#### **2.4.11 Control of State Government**

Section 8.1 of the RUHS Act 2005, empowers the State Government to cause an inspection of the University including its building, libraries, laboratories, workshops and equipments and also of the examinations, teaching and all other works conducted or done by University. Audit observed that no details of inspection of RUHS conducted by the State Government during 2006-11 was on record indicating lack of Government monitoring of the functioning of RUHS. The Audit note calling for (May 2011) this information from the RUHS, remained unreplied.

The State Government simply endorsed (November 2011) the views of the Registrar, RUHS (as mentioned against individual comments) without giving any specific comments.

#### **2.4.12 Conclusion**

Rajasthan University of Health Sciences was established at Jaipur with the objectives to disseminate and advance knowledge in medicine and dentistry and to ensure systematic medical education, and to develop super speciality treatment facilities and various research/therapy centres. In the absence of an action plan inspite of availability of funds objective could not be achieved. Super speciality hospital planned to be constructed by February 2009 was not completed. The State Government also did not provide even the sanctioned amount. In the absence of regular and qualified staff effective monitoring and administrative control over financial management, granting affiliation to colleges, conducting inspection to watch the delivery of qualitative medical education, enrolment of students and conducting various examinations was inadequate. Its cascading adverse effect was reflected in cases of colleges continuing without affiliation, non-inspection of colleges, closing of certain courses by colleges without prior permission of RUHS, irregular admissions in private colleges and inaccuracy and delay in declaration of results.

### **2.4.13 Recommendations**

Control and monitoring of RUHS should be strengthened for qualitative and better educational environment specifically in respect of affiliated college management. Inspection of colleges/courses for granting affiliation should invariably be conducted prior to commencement of ensuing session. Internal Audit wing should be set up to assess compliance and effectiveness of internal controls. Government should ensure completion of construction of super speciality hospital.

## Public Works Department

### 2.5 Twelfth Finance Commission Grant for ‘Maintenance of Roads and Bridges’

#### 2.5.1 Introduction

The Twelfth Finance Commission (TFC) constituted on 1 November 2002 recommended a total grant of ₹ 633.32 crore<sup>132</sup> for Rajasthan for ‘maintenance of roads and bridges’ considering the total length of roads (1,25,224 km) in the State. This was in addition to the expenditure from the State Government’s regular budget on maintenance of roads and bridges. The expenditure out of TFC grant was to be governed by the specified conditionalities<sup>133</sup> for the release and utilisation of this grant.

Records relating to the TFC grant for the years 2006-07 to 2009-10 were reviewed by Audit during February to May and November 2011 in the office of the Chief Engineer (Roads), Public Works Department (PWD), Rajasthan, Jaipur alongwith 29 divisions<sup>134</sup> (40 per cent) selected out of 73 divisions of eight zones<sup>135</sup>. The divisions where the grant was allocated in all the four years of TFC period and expenditure incurred was maximum were selected for test-check. The main audit objectives were to ensure as to whether the TFC funds were actually utilised for maintenance of Roads and Bridges as per guidelines and the benefit of the scheme was passed on to the beneficiaries. Audit observations relating to planning, financial management and execution in the test checked divisions are mentioned below.

#### 2.5.2 Planning

The State Government was required to prepare the proposals of the works to be undertaken during the TFC period as well as the Annual Plan according to the budget provision available as per the guidelines of TFC. It was also to be

132. 2006-07: ₹ 158.33 crore; 2007-08: ₹ 158.33 crore; 2008-09: ₹ 79.165 crore (Second instalment was released belatedly in 2009-10) and 2009-10: ₹ 237.495 crore.

133. Conditionalities: (i) Grants should be budgeted and spent for meeting the non-plan revenue expenditure under the heads (major head 3054 – sub major head 03 & 04), (ii) grants allocated in two equal instalments in a financial year and the second instalment will be released during the year on the fulfillment of the conditions that Budget Estimate (BE) of the current year under Non Plan Revenue Expenditure (NPRE) of the relevant major head-3054 should not be less than the projected total NPRE for the year and Revised Estimate (RE)/actuals for the NPRE of the relevant major head should not be less than the projected normal expenditure of the previous year plus the actual release of TFC grants.

134. (1) Balotra-I; (2) Baran-I; (3) Beawar; (4) Bharatpur-I; (5) Bhinmal; (6) Bikaner-II; (7) Bundi; (8) District Division-I, Ajmer; (9) District Division-II (Bayana), Bharatpur; (10) District Division-I, Jaipur; (11) Jaipur-II (North); (12) Jaipur-III (Shahpura); (13) Jhunjhunu; (14 and 15) District Division-I and II, Jodhpur; (16) District Division, Kota; (17) Hindaun city; (18) Jaisalmer; (19) Merta City; (20) Pali; (21) Pokaran; (22) Rajgarh (Alwar); (23) Rajsamand; (24) Sagwara; (25) Sardarshahar; (26) Salumber; (27) Sikar; (28) Sirohi; and (29) Sriganganagar.

135. Zones at Ajmer; Bharatpur; Bikaner; Jaipur-I; Jaipur-II; Jodhpur; Kota and Udaipur.

ensured that the works sanctioned on annual basis are completed in the stipulated period utilising the grant in full and no amount is surrendered.

Guidelines issued (May 2005) by the Government of India (GoI) for release and utilisation of TFC grants, *interalia*, provided that the grant would be paid in equal instalments for last four years of the forecast period (2006-10) so that the State gets the first year for making preparation to absorb these funds.

**Non-formulation  
of a plan for  
repair and  
maintenance.**

- Audit observed that the Department did not prepare any Perspective plan during the first year for systematic utilisation of funds during the next four years and issued Administrative and Financial (A&F) sanctions as and when proposals were submitted by various divisions during the years. No study was found conducted to fix priority of roads requiring repair and maintenance keeping in view the age and extent of damages.

The CE (Road) PWD stated (August 2011) that the proposals of works were called for from all zones/circles and sent to the Finance Department for sanction. Further, the amount for the works is allotted as per sanctions received. The reply does not mention reasons for not preparing a shelf of works to be executed during the entire period of TFC and those to be taken up annually.

The State Government stated (November 2011) that the Department has been keeping record of km-wise year of renewal of all roads and priority of works was fixed on the basis of renewal year and condition survey. Due to uncertainty of release of second instalment of grant during 2009, few works remained incomplete.

The reply is not tenable as the Department did not prepare any plan in the first year for systematic utilisation of TFC funds for the next four years i.e. 2006-10. Resultantly, TFC grant of ₹ 1.80 crore had to be surrendered despite issuance of 134 excess sanctions as mentioned in Paragraph 2.5.3.

The period of TFC was upto 31 March 2010. According to the guidelines, the works sanctioned under these grants should have been completed upto 31 March 2010. During test check of 29 divisions, following shortcomings were noticed:

- In Bharatpur-II (Hqrs. Bayana), Bikaner-II and Sirohi Divisions, in seven cases, final bills of contractor were passed after two to 18 months of the completion of the TFC period, and in one case of Bharatpur-II, the final bill was pending as of May 2011 (details given in **Appendix 2.31**). Of these, in two cases, stipulated date of completion was fixed beyond 31 March 2010.

The State Government stated (November 2011) that due to uncertainty of receiving second instalment of TFC Grant, these works were taken up late, and their date of completion was fixed after the expiry of TFC period and the expenditure has been borne by the State Government. However, in audit scrutiny, no reasons for taking up these works late were found on record. In

District Division, Kota, the works<sup>136</sup> of construction of CC Road in Deoli Kalan, Fatehpur and Gundi village<sup>137</sup> and improvement, strengthening and renewal of Kota Dharnawada via Ladpura-Sangod road SH-51<sup>138</sup> was treated as complete after executing only seven to 47 *per cent* quantities of some components proposed in the estimate due to land encroachment (*Appendix 2.32*). This indicated that a proper survey was not conducted.

The State Government accepted (November 2011) audit observations.

The reply confirms that the works were sanctioned by the Department without proper survey and having physical possession of the land.

- In District Division, Kota, the EE awarded (October 2006) the supply order of road furniture and fixtures<sup>139</sup> even though the road had not been taken up for construction. The supply order was also not withdrawn by the EE. The Department confirmed (April 2011) the facts stating that since the road for which furniture and fixture was to be supplied, was not constructed, supplies were not taken from the contractor.

The State Government intimated (November 2011) that the supply order has been withdrawn (November 2011) under Clause 32 of the agreement. The fact is that the works have been withdrawn after a lapse of five years after being pointing out in audit.

- Scrutiny of records of Division Bharatpur II (Hqrs. Bayana) revealed that two works of widening of weak and narrow culverts were awarded (October 2009) to two contractors for ₹ 24.71 lakh with stipulated date of completion as 16 April 2010. The works included finishing/curing and conducting quality tests. However, the EE, Bharatpur II (Hqrs. Bayana) passed the (March 2010) contractor's claim for ₹ 22.31 lakh which included the cost of finishing/curing of CC works and conducting quality test as the TFC period expired on 31st March 2010. The details are given in Table 1. The EE, however, withheld payment of ₹ 4.47 lakh as the finishing and curing, were not done.

**Table 1: Details of incomplete works treated as completed**

(₹ in lakh)			
Work number and date	Name of Work	Work order amount/Stipulated month & year of completion	Total amount passed
HQB/09-10/69 07 October 2009	Widening of weak and narrow culverts	12.36/ April 2010	11.31
HQB/09-10/70 07 October 2009	--do--	12.35/ April 2010	11.00
<b>Total</b>		<b>24.71</b>	<b>22.31</b>

136. Job No. SHW-CC-23-04-3054-TFC-2006-07 (₹ 0.45 crore) and Job No. SHW-CC-23-06/3054/TFC/06-07 (₹ 2.66 crore).

137 Job No. SHW-TFC-23-04

138 Job No SHW-TFC-CC-23-06.

139 Reflector, milestones, sign boards etc.

Audit observed that the finishing/curing and quality test of works was not completed as of October 2011 without which possibility of deterioration of works can not be ruled out. Thus, accepting of incomplete works without conducting quality control test and payment of final bill to the contractors led to the road works remaining incomplete for more than 19 months.

The State Government stated (November 2011) that the works had been completed by the contractors in time and ₹ 4.47 lakh was withheld on account of test check, quality control, finishing and curing. The reply is not tenable as the works could not be treated as complete without finishing and curing works. Besides, the reply did not mention the reasons for non-execution of finishing and curing and conducting quality control tests.

### 2.5.3 Financial management

The total Non-Plan Revenue Expenditure (NPRE), TFC grants received, total Budget Estimate (BE) under NPRE and expenditure incurred by State Government during the years 2006-10 is given in Table 2.

**Table 2: Details of release and utilisation of grant**

Year	Projected expenditure under			RE for NPRE	BE under NPRE	TFC Grant released	Actual expenditure under		
	Normal expenditure	TFC Grant	Total NPRE				Normal expenditure	TFC grant	Total NPRE
2005-06	181.37	-	181.37	197.16	150.76	-	215.00	-	215.00
2006-07	190.43	158.33	348.76	378.93	368.64	158.33	184.75	158.48	343.23
2007-08	199.96	158.33	358.29	393.52	389.56	158.33	197.16	158.81	355.97
2008-09	209.95	158.33	368.28	400.15	410.80	79.165	350.27	158.65	508.92
2009-10	220.45	158.33	378.78	556.55	439.45	237.495	387.26**	156.53**	543.79**
<b>Total</b>	<b>1002.16</b>	<b>633.32</b>	<b>1635.48</b>	<b>1926.31</b>	<b>1759.21</b>	<b>633.32</b>	<b>1334.44</b>	<b>632.47</b>	<b>1966.91</b>

Source : As per information provided by Dy. Secretary (Roads), PWD, Rajasthan, Jaipur.

\*\*Provisional expenditure 2009-10. Saving of ₹ 1.80 crore during 2009-10 surrendered.

The second instalment of ₹ 79.165 crore for 2008-09 due in November 2008, was released by the GoI in March 2010 due to non-fulfillment of conditions<sup>140</sup> of TFC by the State Government.

The State Government issued A&F sanctions for ₹ 735.40 crore for 1,800 works against receipt of TFC grant of ₹ 633.32 crore. Out of these, 1,666 works of improvement, strengthening, upgradation, widening, cement concrete and repairs and maintenance of roads covering 7,555 Kms were shown as completed at a cost of ₹ 632.39 crore, details thereof are given in Table 3.

140. During 2006-07, the actual NPRE (₹ 343.23 crore) was less than the projected total NPRE (₹ 348.76 crore). The elaborated position is given at S. No. (ii) of footnote 133.

Table 3: Details of works sanctioned and executed

Year	Sanction issued			Status of the works and expenditure incurred upto March 2010		
	Number of works	Length of roads (in Kms)	Amount (₹ in crore)	No. of works completed	Length (in Km)	Expenditure (₹ in crore)
2006-07	833	4,281.50	314.86	818	4253	274.44
2007-08	636	2,346.53	164.74	591	2111	141.12
2008-09	217	981.72	147.69	183	916	131.75
2009-10	114	323.80	108.11	74	275	85.08
<b>Total</b>	<b>1,800</b>	<b>7,933.55</b>	<b>735.40</b>	<b>1,666</b>	<b>7,555</b>	<b>632.39</b>

Source : Status Note on Road Development Activities of PWD, Rajasthan, as on 31 October 2010.

The Department confirmed (August 2011) issuing excess A&F sanctions to achieve the financial targets of the scheme. The State Government (November 2011) also endorsed the reply of the Department.

The reply is not acceptable as the sanctions for the works should have been issued within the availability of TFC grant. Moreover, despite issue of excess sanctions, savings of ₹ 1.80 crore of TFC grant during the year 2009-10 were surrendered to GoI. Extra expenditure of ₹ 0.95 crore incurred during first three years (2006-09) was borne from the State exchequer. It shows lack of proper financial planning and implementation capacity.

**Misutilisation of TFC grant of ₹ 337.14 crore for meeting expenditure of capital nature**

- Rule 11(47) (b) of Public Works Financial and Accounts Rules (PWF&ARs) stipulates that when an existing portion of a road, road bridge, causeway, embankment, ferry approach, protective or training work in connection with a road is to be replaced or re-modelled (whether or not the change involves any dismantlement) and the change represents a genuine increase in the value of the property, the whole cost of replacement or re-modelling as the case may be, should be classified as 'New Work' under Capital head-5054 and the cost or value of the portion replaced or remodeled should not be debited to the Revenue Head of account 'Repairs'.

As per condition 3 of Appendix 'L' of guidelines of TFC, grants should be spent for meeting the non-plan revenue expenditure<sup>141</sup> and not to be utilised for capital nature of work mentioned under Rule 11(47)(b) of PWF&ARs.

Test check of records of 29 PW divisions revealed that in 27 divisions, the Department spent ₹ 229.78 crore on works of capital nature but classified them into revenue expenditure (Major Head 3054-TFC) in contravention of the guidelines of the TFC to utilise grant on repairs and maintenance as per details given in **Appendix 2.33**. Moreover, as per Status Note of the Department (October 2010), the total capital works executed out of TFC grant in all the divisions was worth ₹ 337.14 crore (**Appendix 2.34**). Further, such type of works were being executed by the State Government under State Plan under the head 5054-Capital outlay.

141. Under the Major Head 3054-Road and bridges, 03-State Highways-Maintenance and Restoration and 04-District and other roads- Maintenance and Restoration.

The EEs stated (March to May 2011) that the works were executed in compliance with A&F sanctions issued by Deputy Secretary (Roads), PWD and the technical estimates sanctioned by the competent authorities. The reply did not mention reasons for proposing, sanctioning and executing Capital nature of works in contravention of TFC guidelines. The State Government agreed that grants were released for maintenance of roads and bridges and should be budgeted for meeting the non-plan revenue expenditures under the Head 3054-TFC.

Other instances of mis-utilisation of TFC grant are mentioned below:

- Audit observed that the A&F sanctions for ₹ 68.71 crore for 114 road works of capital nature viz strengthening, upgradation, modernisation and CC roads etc. in contravention of guidelines of TFC were issued (July 2009) by the Chief Engineer (CE), PWD under TFC grant (non Plan). However, due to non-fulfillment of conditions of TFC as mentioned in Paragraph 2.5.3, second instalment of TFC grant from GoI was not released (November 2008) and sanction of these 114 works were withdrawn (October 2009), but were re-sanctioned in the same month under State Plan Budget (Capital Head) as detailed in Table 4.

**Table 4: Details of A&F sanctions re-sanctioned**

Letter No./Date	Budget Head	Sanctioned Amount (₹ in crore)	Number of works sanctioned
F-7 (1323) Sec-II/2009/D-175 dated 21 October 2009	5054-03-SHW-337(001) Construction-74 (Plan)	45.99	32
F-7 (1323) Sec-II/2009/D-177 dated 21 October 2009	5054-031 SHW-337(004) SM & R-74 (Plan)	22.72	82
<b>Total</b>		<b>68.71</b>	<b>114</b>

On receipt of TFC grant, the Plan expenditure of ₹ 29.74 crore incurred on 32 works upto the closure of the scheme was transferred back (March 2010) to TFC (non-Plan); and remaining expenditure after 31 March 2010 was met out of State Plan (Capital Head). The State Government stated (November 2011) that due to non-receipt of second instalment of TFC grant during 2009-10, these works were de-sanctioned from TFC and got done from the State Plan (under head 5054-capital nature). On receipt of the instalment, these works were again charged to TFC. The fact remains that while issuing sanction under TFC, the sanctioning authority did not ensure that Capital works are not sanctioned under the garb of repair and maintenance of roads. This is evident from the fact that while proposing transfer of works of ₹ 68.71 crore already sanctioned under TFC were proposed to be considered as new works under State Plan head for State Highways and S&MR as these were of the same nature i.e. Renewal and widening of State Highways, Model District Roads and other District Roads. The capital nature of works already executed under State Plan head were charged subsequently to TFC grants. This confirms that the Department did not classify the capital and revenue nature of works as per the provisions of Rule 11(47)(b) of PWF&ARs.

**Improper booking of ₹ 8.77 crore under TFC grant.**

- As per Note-2 under Rule 232 of Public Works Financial and Account Rules (PWF& ARs) it is a serious irregularity to carry out fictitious adjustment from one budget head of Account/work to another head of Account/work, just to bring the expenditure within the budget allotment or to book the expenditure to avoid lapse of budget allotment or for any other false or contrived purposes.

Scrutiny of records of 29 divisions revealed that in 12 divisions,<sup>142</sup> the works of capital nature i.e. strengthening, widening, renewal, cement concrete sanctioned by the CE, PWD initially under Major head 5054, after part execution and spending ₹ 8.77 crore during April 2006 to March 2010 were subsequently (January 2007 to March 2010) charged to TFC grant Head 3054 by transfer entries (*Appendix 2.35*). Sanctions of works were withdrawn from Head 5054 and re-sanctioned under Head 3054 indicating fictitious booking of the grant.

In reply, EEs stated (March 2011 to May 2011) that the transfer/adjustment was made in compliance with the orders of CE, PWD Rajasthan. The State Government stated (November 2011) that these works were of maintenance nature sanctioned under TFC, but due to non-receipt of grant, they had to be got sanctioned out of State Plan.

The reply is not acceptable as the expenditure incurred on almost all the works was debited under capital head 5054 of State Plan and subsequently charged to TFC grant under head 3054 through adjustments that were violative of the rules<sup>143</sup>. Thus, the action of the executive authorities in dealing with TFC grant was not in order.

**Non-credit of compensation/ penalties of ₹ 0.24 crore to TFC works.**

- Clause 2 of the contract agreement stipulates that if the contractor fails to complete the work in accordance with the time schedule and the delay in execution of work is attributable to the contractor, the contractor shall be liable to pay compensation which would be credited to the works or the concerned account head.

Scrutiny of records of 29 test checked Divisions revealed that in six divisions, compensation of ₹ 0.24 crore recovered from contractors for delay in execution of works during December 2006 to March 2010 was not credited to concerned TFC works but irregularly credited (December 2006 to August 2010) to Department's own Revenue head 0059 and Civil Deposit in Deposit-V (8443)<sup>144</sup> as per details given in *Appendix 2.36*.

The State Government stated (November 2011) that TFC period was upto March 2010 and thereafter no head under TFC was allotted. Therefore, the compensation was credited to State Head 0059.

142. Balotra; Bharatpur Division-II Hqr. Bayana; Bhinmal; Bundi; District Division-I, Ajmer; District Division-I, Jodhpur; Hindaun City; Kota; Pali; Pokaran; Rajgarh (Alwar) and Sardarshahar.

143. Note 2 under Rule 232 of PWF&ARs.

144. This is a sub-head under 8443-Civil Deposits, wherein miscellaneous deposits are credited.

The reply is not acceptable because the compensation/penalties were recovered from the contractors during June 2007 to March 2010 i.e. within the TFC period and as such should have been credited to TFC.

**Charging of excess amount of ₹ 2.90 crore to TFC.**

• As per conditions of A&F sanctions, the expenditure incurred on sanctioned works only would be charged to Budget Head 3054 TFC (Maintenance of Road & Bridges). Audit observed that:

In Sardarshahar, Jaipur-II (North) and Salumber Divisions, the EEs paid ₹ 9.70 crore to contractors for works executed under six agreements but booked ₹ 10.29 crore as per monthly accounts of the Divisions as given in Table 5.

**Table 5: Details of excess amount charged**

(₹ in crore)					
S. No.	Name of division	Agreement number and year	Total amount charged to TFC	Total amount paid to contractor for the work done as per Running Bills	Excess amount charged
1.	Sardarshahar	40 /2007-08	2.18	2.10	0.08
		41 /2007-08	1.79	1.77	0.02
		202 /2008-09	1.69	1.51	0.18
2.	Jaipur-II (North)	43 /2007-08	1.32	1.22	0.10
3.	Salumber	209 /2007-08	1.90	1.74	0.16
		173 /2006-07	1.41	1.36	0.05
<b>Total</b>			<b>10.29</b>	<b>9.70</b>	<b>0.59</b>

This indicated that ₹ 0.59 crore spent on other works was irregularly debited to TFC fund by excess charging under Head 3054 TFC (Road and Bridges). The EE, Sardarshahar stated (April 2011) that the works on related roads were executed from savings of A&F sanctions, but details of items of works executed on related roads were not produced to Audit. The replies from other Divisions were not received (November 2011).

Further, EEs of six divisions<sup>145</sup>, by irregularly utilising the savings, executed six works (excess items-two, different road/reach: four) worth ₹ 1.32 crore (*Appendix 2.37*) which were not included in the A&F sanctions Besides, in four divisions<sup>146</sup>, ₹ 0.99 crore was irregularly utilised on other works under the same road/package (as remaining works: five; additional item: one) by avoiding obtaining of separate A&F sanctions as detailed in *Appendix 2.38*.

The State Government stated (November 2011) that funds have been spent on sanctioned works within the sanctioned amount. The reply is not tenable as the Divisions had unauthorisedly utilised the savings of existing A&F sanctions without obtaining new Administrative and Financial sanctions/revising the A&F sanctions. This resulted in unauthorised execution of works due to defective planning and lack of monitoring in respect of utilisation of grants.

145. District Division-I, Jaipur; District Division-II Jodhpur; Jhunjhunu; Rajgarh (Alwar); Rajsamand and Sirohi.  
146. Kota, Rajgarh (Alwar), Rajsamand and Sardarshahar.

### 2.5.4 Irregularities in execution of works

Execution of works was to be in accordance with the A&F sanction issued, technical estimates sanctioned and terms and conditions mentioned in the contract agreement ensuring compliance to the instructions issued by the authorities. Cases of irregularities in execution of works noticed during test check of records of selected Divisions are discussed below:

**Lack of control resulted in incomplete works.**

- SE, PWD Circle Rajsamand awarded (February 2009) the work of Geometric improvement<sup>147</sup> on MDR -36-B to contractor for ₹ 44.92 lakh with stipulated dates of commencement and completion of work as 15 February 2009 and 14 May 2009 respectively. A scrutiny of records revealed that the contractor after executing work worth ₹ 21.29 lakh left the work and the Division also made the payment (March 2010) against second running bill despite incomplete work. There were no reasons on record for non-completion of work within the stipulated period and for not taking action against the defaulter contractor as required under Clause 2 and 3 of the agreement. No action was taken by the Department to get the balance work completed (about 50 per cent) at the risk and cost of the defaulting contractor till 31 March 2011.

The State Government stated (November 2011) that work has been completed by the contractor on 2 April 2010 and the payment of bill amounting to ₹ 7.65 lakh has been made from State funds. The reply did not mention reasons for completion of work awarded for ₹ 44.92 lakh at a cost of ₹ 28.94 lakh and non-levying of compensation on the contractor for delay in completion of works.

**Acceptance of substandard work worth ₹ 67.90 lakh.**

- In Rajsamand Division, Contractor 'X' completed (May 2007) the work of strengthening and renewal of 20 mm pre-mixed carpet on Major District Road-55<sup>148</sup> at a cost of ₹ 67.90 lakh. The defect liability period was upto May 2010.

Audit observed that a team constituted by the CE (Roads) to inspect the work observed (January 2007) that the work was not done as per specifications and that there was no strengthening by Bituminous Macadam. Test results of Regional Laboratory, Udaipur also confirmed the use of lesser quantity of Bitumen content in three out of five samples. During inspection (July 2007), CE (Roads) also observed that road portion strengthened and renewed from TFC grant was damaged at several locations and shoulders of the portion were higher than the BT surface level. It suggested repair of damaged portion of road with S-65 bituminous material and to dress up shoulders. However, the contractor 'X' did not attend to the defects. Audit observed that despite the defects being pointed out, the EE had accepted the sub-standard work done by the contractor and released payment of ₹ 67.90 lakh (June 2008).

147. Widening and strengthening of road on curves.

148. Gogunda -Tula- Machind Bada Bhanuja - Gogunda - Jhalon ki Madar Sayon ka Khera-Sanghat (Via Puthol) Road (Major District Road-55) Km. 56/0 to 65/0.

Further, the removal of defects through patch repair was got done through contractor 'Y'<sup>149</sup> (November 2007 to January 2008) and contractor 'Z'<sup>150</sup> (August 2009) at a cost of ₹ 10.33 lakh out of TFC grant. Thus, the EE accepted sub-standard work of ₹ 67.90 lakh and excess expenditure of ₹ 4.46 lakh<sup>151</sup> incurred on repair of road recoverable from contractor 'X' was also irregularly charged to TFC.

The State Government stated (November 2011) that the defects have been removed from the concerned contractor. The reply is incorrect as the defects were got removed by the department through contractors 'Y' and 'Z' at a total cost of ₹ 10.33 lakh and after adjusting forfeited security deposit of ₹ 5.87 lakh from contractor 'X' ₹ 4.46 lakh was irregularly charged to TFC grant. The reply was, however, silent about acceptance of sub-standard and releasing payment of ₹ 67.90 lakh to contractor 'X' by EE.

**Unauthorised expenditure of ₹ 56.69 lakh on reaches other than those sanctioned.**

- Deputy Secretary-cum-Chief Engineer, PWD, Rajasthan, Jaipur issued (June 2006) A&F sanction for renewal and strengthening of Sardarsamand-Pali-Ramsiya-Nadol-Desuri Road (SH-67) kms 56 to 60, 66 to 71 (9 kms) in Division Pali for ₹ 75.80 lakh.

Scrutiny of records revealed that the EE, PWD, Division Pali prepared technical estimates for renewal and strengthening work in three reaches (Kms. 65 to 69, 79 to 80 and 86 to 90) (9 kms) which was sanctioned (June 2006) by SE, PWD, Pali. The above work was got executed from contractor 'A' for ₹ 78.02 lakh (February 2007). The reasons for execution of work in different reaches than that mentioned in A&F sanctions were not on record. Thus, work in other than sanctioned reaches was executed without A&F sanction or obtaining a revised sanction resulting in unauthorised expenditure of ₹ 56.69 lakh (km 66 to 69 was common in A&F sanction and technical estimate).

The EE, Division, Pali stated (April 2011) that the work was executed in reaches where required, as per initial proposals submitted by him. The State Government stated (November 2011) that the work has been got executed in reaches as per Proposed Project Report of the work and action for *ex post facto* sanction for change in kilometres in A&F sanctions is under process. The reply is not tenable as the EE executed the work without obtaining appropriate A&F sanctions as required under Rule 286(1) of PWF&ARs and the CE issued A&F sanctions for the work not proposed by the divisional officer.

**Awarding work in full length/width of road with out providing dispute free land.**

- According to Rule 351 of PWF&ARs, no work should be commenced on land which has not been duly made over by a responsible civil officer. Further, Rule 298 also stipulates that availability of sites is a pre-requisite for planning and designing of a work.

Scrutiny of records of Division Bhinmal revealed that though it was in the knowledge (1996) of the EE, PWD Division, Bhinmal that the land in 0.500 km was disputed, he awarded (August 2007) the work of renewal of Approach

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149. At a cost of ₹ 2.92 lakh.

150. At a cost of ₹ 7.41 lakh.

151. After adjusting ₹ 5.87 lakh towards forfeited security deposit of contractor 'X'.

road Dhansa in full length (Km. 0/0 to 6/0) to the contractor for ₹ 25.50 lakh. However, after executing work worth ₹ 21.01 lakh (in 5.500 km) the contractor left the work incomplete due to non-providing of dispute-free land by the Department.

Similarly, EE, Jaipur-III (Shahpura) awarded (October 2006) work of widening of Road at Virat Nagar, SHW-13 for ₹ 25.36 lakh. After executing work worth ₹ 12.94 lakh, the contractor could not complete the work due to land dispute and existence of pipeline of PHED. The work was withdrawn (September 2008) by SE, PWD Circle, Jaipur.

The EE, Bhinmal Division stated (March 2011) that the renewal work undertaken in non-disputed area (5.50 Km.) of existing road is being utilised. The State Government endorsed the reply of EE and contended that as the approach road 'Dhansa' was already constructed, there was no need of acquiring this land.

The State Government, however, did not give reasons for not completing the road. No reply has been given in respect of widening of road at Viratnagar.

**Wasteful expenditure on fair road.**

- Strengthening and renewal of Jalore-Bhinmal-Raniwara road in km 65 to 72 (7 kms of SH 31) under Package No. TFCR-BT-18-01 was executed (November 2009 to February 2010) by the contractor under jurisdiction of Division Bhinmal.

Scrutiny of records revealed that the work was awarded on the basis of estimate prepared on the basis of survey and road history. As per road history, the condition of road was fair (km 70 to 72) even then the work of strengthening and renewal was included in the estimate and executed incurring an expenditure of ₹ 0.30 crore for these kms.

The State Government accepted (November 2011) that the road from 65 to 70 kms was poor and from 70 to 72 kms was fair, but due to damage of complete road by excess rain after sending of the proposals, renewal work was got done from 65 to 72 kms of road length.

The Government reply did not mention as to how the department assumed that the road (70-72 kms) would be damaged in coming rainy season and included it in the proposal for renewal and issued A&F sanction for repair of fair road.

### 2.5.5 Irregularities in tender process

**Notice inviting tenders issued without issuing technical sanction of works.**

- Rule 289 of PWF&ARs stipulates that tenders for the work shall be invited only after issuance of technical sanction and a reference of this shall be made in Notice Inviting Tenders (NIT).

Scrutiny of records of 14 Divisions<sup>152</sup> revealed that in 48 cases the department issued NIT before issuing technical sanction of the concerned works in

152. Balotra; Bharatpur-I; Bharatpur Division II (Hqr. Bayana); Bhinmal; Bundi; Jaipur-II; District Division II, Jodhpur; Kota; Merta City; Pali; Rajsamand; Rajgarh (Alwar); Sardarshahar and Sirohi.

violation of prescribed rules (**Appendix 2.39**). Irregularities in execution of works have been commented in sub-paragraphs 2.5.2, 2.5.4 and 2.5.6.

The State Government accepted (November 2011) the fact.

- As per Note 5 of Sl. No. 15 of Schedule of Powers, if the tendered amount of the contract exceeds the estimated amount of the work by more than 20 *per cent*, the powers to sanction the contract will be exercised by next higher authority. Scrutiny of records of Division, Rajsamand revealed that SE, Circle, Rajsamand invited (December 2007) tenders for Package No. TFCR – BT- RMUP-IV /26-10 (Estimated cost: ₹ 93.10 lakh based on BSR, 2006). The lowest offer of contractor ‘A’ for ₹ 1.20 crore (28.47 *per cent* above estimates) was approved by SE himself without preparing a revised estimate or sending the tender to next higher authority for sanction thus, flouting financial rules.

The State Government stated (November 2011) that though the NIT was issued on the basis of BSR-2006 at the time of opening of tenders (28.12.2007), BSR-2007 became effective, according to which, the tender was below 20 *per cent* and as such the sanction of the higher authority was not required.

The Government reply is not acceptable in view of Note 5 of Sl. No. 15 of Schedule of Powers which further specifies that where schedule ‘G’ is based on previous year’s BSRs and tenders evaluated to the current BSR applicable on the date of opening of tenders do not show any increase over such evaluated amount, a revised estimate has to be prepared and submitted to the competent authority. Ignoring these norms, the SE approved the tender which was 20 *per cent* above the BSR, 2006, without preparing a revised estimate.

#### **2.5.6 Undue benefits to contractors**

**Finalisation of works without sanctioning final time extension.**

- As per clause 2 of the Contract Agreement, a time schedule was to be submitted by the contractor before execution of the agreement and the same to be accepted by the Engineer In-charge. The contractor will have to complete the work within the said time schedule, failing which he would be liable to pay compensation as per the agreement.

Work of modernisation and upgradation on seven roads<sup>153</sup> under Bhinmal Division was sanctioned (August 2006) by the Department for ₹ 2.07 crore. The work was allotted (October 2006) to the contractor with stipulated date of completion as July 2007, but the work was actually completed on 16 November 2007 with a delay of 132 days due to changes in specification of the work for strengthening on Meda-Silasan road. However, the work completion certificate showed the actual date of completion as 16 July 2007 and the contractor’s final bill for ₹ 1.54 crore was paid in July 2010. Audit

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153. (1) Bhinmal-Sanchore via Karda km 5/0 to 18/0 and 24/0 to 27/0, (2) A/R to Jodwas km 0/0 to 5/0,(3) Karwara to Kotra km 0/0 to 5/0, (4) A/R to Bamanwara km 0/0 to 1/0, (5) Meda to Silasan km 5/0 to 12/0, (6) A/R to Doongari km 0/0 to 8/0, (7) Kaori-Chitrodi-Rajpura km 0/0 to 3/0

also observed that the provisional time extension (upto 31 January 2008) was granted without recording reasons as final time extension was awaited (March 2011). It was also seen that the modernisation and upgradation of Meda to Silasan road was stopped (October 2007) after executing work worth ₹ 8.94 lakh since the road required strengthening, before renewal proving the expenditure wasteful and indicative of sanctioning works without proper assessment and survey.

EE, PWD Division, Bhinmal did not intimate reasons for recording false date of completion in the Completion Certificate, but stated (March 2011) that the time extension case under Clause 5 of contract agreement is in process.

The State Government did not furnish any reply to this observation.

**Granting time extension on incorrect grounds.**

- As per condition No. 5 of the contract agreement, if the contractor desires an extension of time for completion of the work on the grounds of his having been unavoidably hindered in its execution or on any other ground, he shall apply in writing to the engineer Incharge within 30 days of date of hindrance on account of which he desires such extension and the authority competent to grant extension under the rules in his opinion, reasonable grounds be shown there for authorising such extension of time, if any, as may, in his opinion be necessary or proper.

SE, PWD, Circle Rajsamand awarded (February 2009) renewal work on the Dabok- Gudli-Mavli-Oden Lossing – Crossing Kelwara Charbhujia road (km 30/0 to 44/0 with widening in seven metres) to the contractor for ₹ 91.66 lakh with stipulated date of completion as 19 June 2009. The contractor actually completed the work for ₹ 76.67 lakh on 20 November 2009 with a delay of 155 days.

Scrutiny of records revealed that as per the estimate of the work sanctioned (January 2009) by SE, Rajsamand, renewal work was to be executed in seven metres width and accordingly the work was awarded to the contractor. However, while submitting (May 2010) the case for time extension, the concerned EE, PWD, Rajsamand recommended time extension without compensation justifying that the delay was not attributable to the contractor as he had been awarded widening work only in 5.50 metre which was extended to seven metre during the Additional Chief Engineer's visit. Thus, the recommendation of EE for time extension without compensation was based on wrong facts as the contractor was awarded the work of widening on seven metre and sanction (May 2010) of time extension by SE led to loss of revenue of ₹ 7.67 lakh to the State Government due to non-levy of compensation for delay attributable to contractor.

The State Government did not furnish any justification for furnishing of wrong facts by EE (May 2010) while recommending time extension case of the contractor to SE.

**Payment of contractor claims without pre-determining the percentage of various components.**

- As per Conditions 1 and 2 of General Conditions of contract for admissibility of escalation, the exact percentage of labour/material/bitumen/diesel and petrol, cement, steel component and labour for the work shall be

approved by the authority while sanctioning the detailed estimate and the percentage break-up of components should be pre-determined in the agreement.

Scrutiny of records of Division Sardarshahar and Balotra-I revealed that EEs executed (2007-08) agreements with the contractors for execution of TFC works. In the contracts, specific percentage of labour/material/bitumen/diesel and petrol etc. were not pre-determined by the Department as prescribed. In view of this, the correctness of price escalation bills amounting to ₹ 30.09 lakh<sup>154</sup> paid to the contractor, on percentage mentioned subsequently, could not be verified.

The State Government in its reply (November 2011) did not give reasons for not pre-determining components of the contract.

Loss of revenue of ₹ 20.33 lakh.

EE, District Division-I, Jaipur ordered (August and November 2010) forfeiture of the Security Deposit (SD) of ₹ 20.33 lakh belonging to two contractors, who failed to remove the defects during defect liability period, despite repeated reminders by the department as detailed in Table 6.

**Table 6: Details of SD forfeited**

S.No	Agreement No.	Package No.	Name of contractor	Month and year of forfeiting the SD	Amount of SD (₹ in lakh)
1	102/06-07	TFCR-CC-16-08	M/s Nemi Chand	August 2010	9.67
2	32/07-08	TFCR-BT-RMUP-16-15	M/s Narain Singh	November 2010	10.66
<b>Total</b>					<b>20.33</b>

Audit observed that despite clear orders of EE forfeiting the SD, this was not credited to Revenue as of February 2011 and was unauthorisedly retained in head 8443-Civil Deposits, Security Deposits-V from where the amount could be refunded to the contractor any time by the Division. This also deprived the State of revenue worth ₹ 20.33 lakh.

The State Government stated (November 2011) that the forfeited SD of ₹ 9.67 lakh is still lying with the Division and SD amounting to ₹ 10.66 lakh was refunded to the contractor on the order of ACE (March 2011)

The reply does not mention reasons for not crediting the forfeited SD in Revenue Head 0059-Public Works-01-800 violating the provisions of GF&ARs.

### 2.5.7 Quality Control

Non-fulfillment of quality norms.

CE (Roads), PWD, Rajasthan, Jaipur instructed (July 2006) all ACEs/SEs that in the strengthening and renewal works on State Highways (SHs) and Major

154. Sardarshahar : ₹ 24.88 lakh; Balotra-I : ₹ 5.21 lakh.

District Roads (MDRs), for bituminous works, preferably Crumbed Rubber Mixed Bitumen (CRMB) should be used in case sufficient arrangements for storage and transportation with equipments are available. Otherwise, Bitumen grade 60/70 (S-65) is to be provided in the estimates for these works. Bitumen grade 80/100 (S-90) was not to be used on the SHs and MDRs.

Audit observed that in the technical estimates for works executed under agreement no. 73/2006-07, in Division Rajgarh (District Alwar) provision for Bitumen grade S-65 was included for Premix Carpet (PMC) and Seal Coat components. But, during execution, the contractor used partially S-90 grade Bitumen which was cheaper than S-65 in PMC and Seal Coat which resulted in execution of sub-standard bituminous work worth ₹ 38.37 lakh<sup>155</sup> and undue benefit to the contractor.

In ten other cases, the EEs of seven divisions<sup>156</sup> took provisions of Bitumen grade S-90 in technical estimates ignoring the above instructions of CE (R). The estimates were sanctioned by respective SEs. Use of S-90 grade bitumen led to acceptance of sub-standard work worth ₹ 6.60 crore (**Appendix 2.40**). EE, District Division, Kota stated (April 2011) that grade has no adverse effect on quality. The reply is not tenable as the instruction of CE (R) have been violated. No reply was received from other divisions.

The State Government contended (November 2011) that CRMB or S-65 grade Bitumen has been used in wearing coat (PMC with Seal Coat) by all the divisions and 90 grade Bitumen has been used in Bituminous Macadam work.

The contention is not tenable in view of the fact that in Division Rajgarh inspite of provision for S-65 grade Bitumen in wearing coat, the contractor used S-90 grade Bitumen partially whereas in other divisions provision for S-90 Bitumen was taken for wearing coat in the technical estimates and was used accordingly ignoring the directions of CE (R) (July 2006).

**Final payment released without ensuring/conducting of quality control tests.**

Special conditions No. 14 and 17 of the contract agreement provide that the contractor would set up a quality control lab for regular testing of the material/aggregates etc. and do tests regularly as per the frequency prescribed in the quality control manual/Morth specification. Field staff could also conduct required quality control tests.

In Division Merta City (Nagaur), it was noticed that the claims of contractors for ₹ 6.34 crore for Bituminous road works were passed and paid (April 2007 to June 2008) by EE without obtaining any test results of material/aggregates used, for quality control from the contractor or conducting such tests by himself as detailed in Table 7.

155. Tack Coat: ₹ 1.02 lakh; Bituminous Macadam: ₹ 21.63 lakh; Pre Mixed Carpet: ₹ 8.53 lakh and Seal Coat: ₹ 3.89 lakh= Total ₹ 35.07 lakh + 9.40 per cent tender premium.

156. Baran; Jaipur-II (North); Jaipur-III (Shahpura); Jhunjhunu; District Division, Kota; Rajsamand and Sirohi.

**Table 7: Details of bituminous road works passed without obtaining test results**

S. No.	Package number and agreement number/year	Name of contractor and month/year of work order	Month/year of payment and total amount paid (₹ in crore)
1	TFCR-BT-24-04 Agreement No 72 of 2006-07	September 2006 M/s Radha Kishan	June 2007 2.00
2	TFCR-BT-24-03 Agreement No 71 of 2006-07	September 2006 M/s Manda Builders	April 2007 2.15
3	TFCR-BT-RMUP-III/24-07 Agreement No 108/06-07	December 2006 M/s Radha Kishan	June 2008 2.19
	<b>Total</b>		<b>6.34</b>

The EE stated (March 2011) that the test results of the works were awaited from the concerned Assistant Engineers which was also recorded on the bill memo<sup>157</sup>. The reply did not mention reasons for making payment to contractor in the absence of assurance of quality control and material testing report.

The State Government stated (November 2011) that the quality control lab was established by the contractor and tests were also conducted as per norms and ensured before making payment.

The reply is not tenable as the payment was made to the contractor without verifying test results as recorded on the bill memo itself and admitted by EE (March 2011).

### 2.5.8 Monitoring

#### Lack of monitoring.

- As per guidelines issued by TFC, every State shall constitute a High Level Committee (HLC) to ensure proper utilisation of the grants. HLC shall be headed by the Chief Secretary to the State Government and will include the Finance Secretary and Principal Secretary, PWD. HLC shall be responsible for approval to the projects, quantifying the targets, both in physical and financial term and laying down a time table for achievement of specific milestones and monitoring both physical and financial targets and ensuring adherence to the specified conditionalities in respect of grant, wherever applicable. HLC shall meet at least once in every quarter to review the utilisation of grants and to issue directions for mid course correction, if considered necessary. The minutes of the HLC were to be provided to GoI, MoF.

A scrutiny of records of the CE (Roads) revealed that the HLC was constituted in 2005-06 but no record of minutes of the meetings and their follow up was provided to Audit. However, information in respect of only five meetings held (6 December 2005, 9 September 2007, 18 December 2007, 2 January 2008 and 18 March 2010) was furnished to Audit, which disclosed that only progress of utilisation of grants was discussed in the meetings and quantifying the targets, both in physical and financial term and laying down a time table for achievement of specific milestone and monitoring both physical and financial targets and ensuring adherence to the specified conditionalities in respect of grant, was neither discussed, nor any instructions issued in this regard.

157. Covering note of the contractor's bill.

The State Government stated (November 2011) that HLC meetings were regularly held, but in many cases, minutes were not issued.

The reply is not acceptable as in the absence of minutes, the follow up could not be watched. Moreover, minutes of the meetings were to be provided to GoI, which was not found to have been sent.

- Scrutiny of records provided by CE (Roads), Rajasthan, Jaipur to audit revealed that there were deviations in number of works sanctioned, amount of Administrative and Financial sanctions, sanctioned road length, number of works executed, expenditure incurred (including patch repair works) and road length of works executed as compared to the details given in the Department's Status Note as on 31 October 2010 (*Appendix 2.41*). Reasons for difference in the two sets of data were not made available.

### **2.5.9 Conclusion**

The Twelfth Finance Commission (TFC) recommended a total grant of ₹ 633.32 crore for Rajasthan for maintenance of roads and bridges. The expenditure of TFC grant was to be governed by the conditionalities for the release and utilisation of Grant. Scrutiny of works carried out under TFC revealed that planning and monitoring was deficient. Shelf of works to be executed in TFC period was not prepared and not only the works beyond the closure of TFC period were sanctioned, but incomplete works were treated as final due to closure of TFC period. Capital nature of works were executed out of TFC grant in contravention of TFC guidelines. Non-adherence to financial rules/regulations and instructions led to wasteful expenditure on roads lying incomplete due to land disputes, non-levy of compensation on contractors for delayed works and acceptance of sub-standard works by Executive Engineers. There were deviations in number of works executed, expenditure incurred and road length given in the Status Report and that actually noticed in records provided by Chief Engineer (Roads). Monitoring by the High Level Committee was also inadequate.

### **2.5.10 Recommendations**

The State Government should ensure that the conditions of Contract Agreement and Financial Rules are strictly adhered to so that undue benefit to contractors is not given. To ensure correct utilisation of funds, the State Government should strictly adhere to the provisions governing classification of works into capital/revenue.