

## CHAPTER-4

### AUDIT OF TRANSACTIONS

Audit of transactions of the Departments of Government, their field formations as well as that of the autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

#### 4.1 Non-compliance with rules

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

#### Health and Family Welfare Department (District Red Cross Society)

##### 4.1.1(a) *Embezzlement due to inadequate internal control*

**Embezzlement of ₹ 18,45,500 occurred in District Red Cross Society, Mewat at Nuh due to non-observance of the provisions of financial rules in receipt and deposit of service charges levied for issue of registration certificates of vehicles and driving licenses.**

The Indian Red Cross Society (IRC) constituted in 1920 receives money and gifts from the public for the purpose of medical and other aid to the sick and wounded and other purposes of like nature during the war and peace time also.

The Punjab Financial Rules (Rule 2.2 and 2.7) as applicable to the Haryana Government and also to Red Cross Societies require a Drawing and Disbursing Officer (DDO) to satisfy himself that all the monetary transactions are entered in the Cash Book as soon as they occur and the same are attested by him. Rule 2.7 of rule ibid provides that in case, an employee, who is not incharge of the Cash Book, receives money on behalf of the Government, he is required to remit the same to the employee having a Cash Book or deposit the amount into the treasury/bank on the same day or in the morning of the next day. The head of the office under Rule 2.2(iii) is also required to verify all the entries including totals in the Cash Book or have this done by some responsible official other than the writer of the Cash Book and initial all entries as correct.

The Government, in contravention of the provisions of the constitution of the

IRC, decided (October 2000) to implement the Haryana Registrations Information System (HARIS) through the District Red Cross Societies (DRCS). Accordingly, the work of issue of registration certificates of vehicles under the system was entrusted to the DRCS. The district administration fixed (July 2001) service charges at the rate of ₹ 100 for issuing registration certificate for two wheeler, ₹ 300 for vehicles costing upto ₹ three lakh and ₹ 500 for vehicle costing more than ₹ three lakh. Service charges for issuing driving license were fixed as ₹ 50 per driving license. DRCSs were required to collect the service charges and issue receipts in duplicate to the concerned persons. The amounts so collected were required to be deposited with the bank on the same day or the latest by the next day. The DRCSs were required to maintain district as well as tehsil-wise detailed records of service charges collected on daily, monthly and yearly basis.

Scrutiny (September 2011) under Section 20(1) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Services) Act, 1971 of the records of DRCS, Mewat at Nuh revealed that at Sub-Divisional Office data entry operators (DEOs) were deployed for collecting service charges on behalf of the DRCS from the general public and for depositing the same with the cashier of the DRCS. Details of amounts collected during a month were never called for by the DRCS from the Sub-Divisional Offices to ensure that amounts of service charges collected from the public were tallied with the amounts deposited by the DEOs. It was also not ensured as to whether the entire money collected by the DEOs was deposited with the cashier or not. Test-check (September 2011) of service charges deposited by two Sub-Divisional Offices (Nuh and Ferozpur Jhirka) revealed that against ₹ 34,50,000 collected from the general public as service charges, only ₹ 16,04,500 was deposited with the DRCS, Mewat at Nuh. This resulted in short deposit of ₹ 18,45,500 which tantamounted to embezzlement by the DEOs.

On this being pointed out (September 2011), the Secretary, DRCS, Mewat recovered (September 2011 and November 2011) ₹ 17,41,650 from the concerned officials but ₹ 1,03,850 was still recoverable. The Secretary stated (February 2012) that this amount of ₹ 1,03,850 was paid against the purchase of computers and would be adjusted in due course of time. The reply was not justifiable as the reasons for non-accountal of money in the cash book of DRCS were not given (December 2012). Further, no disciplinary action had been initiated against the officials responsible for the lapses as of December 2012.

In the exit conference, held on 12 October 2012, the Principal Secretary to Haryana Government, Health and Family Welfare Department assured that a committee would be constituted to draft guidelines for accounting of receipt and deposit of service charges and all the Deputy Commissioners would be asked to enforce internal check for proper accountal of receipts in the DRCS. It was also assured that strict action would be taken against the erring officials. Further action was awaited (January 2013).

### Public Health Engineering Department

#### 4.1.1(b) *Embezzlement due to exercising inadequate monitoring and financial control*

**Failure of the Executive Engineer/Sub-Divisional Engineer, Public Health Engineering Divisions, Panipat and Mahendergarh in exercising necessary checks as provided for in financial rules facilitated embezzlement of ₹ 10,30,136 in collection and deposit of water and sewerage charges.**

Rule 2.2 (iii) of the Punjab Financial Rules as also applicable to Haryana provides that a Drawing and Disbursing Officer (DDO) should satisfy himself that all the monetary transactions are entered in the Cash Book as soon as they occur and the same are attested by him. Further, Rules 2.7 and 2.4 of Rules *ibid* provide that in case an employee, who is not incharge of the Cash Book, receives money on behalf of the Government, he is required to remit the same to the employee having a Cash Book or deposit the amount into the treasury/bank on the same day or in the morning of the next day.

Scrutiny (January 2012 and March 2012) of records of collection of water and sewerage charges in Public Health Engineering (PHE) Divisions 2, Panipat and Mahendergarh revealed that in Sub Divisions 3 and 5, Panipat and 2, Mahendergarh, the bill clerks were collecting cash daily on account of water supply and sewerage charges from the consumers. However, after issuing cash receipts these were not reflecting in the cash collection registers. The bill clerks had collected ₹ 40,30,013 between April 2010 and March 2012 but deposited ₹ 34,09,108 only. As a result, an amount of ₹ 6.21 lakh was less deposited with the sub divisional clerks (SDC) in PHE Division 2, Panipat and PHE Division, Mahendergarh as detailed in Table 1.

**Table 1: Details of amounts short deposited by Bill Clerk**

(In ₹)					
Name of Division	Name of Sub Division	Period	Amount collected	Amount deposited	Amount short deposited
Public Health Engineering Division 2, Panipat	Sub Division 3, Panipat	01 November 2010 to 31 January 2012	3,78,692	3,55,005	23,687
	Sub Division 5, Panipat	01 November 2010 to 31 January 2012	6,67,476	4,13,874	2,53,602
Public Health Engineering Division, Mahendergarh	Sub Division 2, Mahendergarh	01 April 2010 to 14 March 2012	29,83,845	26,40,229	3,43,616
<b>Total</b>			<b>40,30,013</b>	<b>34,09,108</b>	<b>6,20,905</b>

(Source: Compiled from figures supplied by the Department)

Thus, short deposit of ₹ 6,20,905 by the bill clerks collecting cash tantamounts to embezzlement. Besides, in Sub Division 5, Panipat, an amount of ₹ 4,09,231 required to be deposited with SDC, was deposited after the delay ranging between two and nine months during October 2010 to September 2011 (*Appendix 4.1*) which was against the provisions of rule 2.4 and 2.7 of Rules *ibid*. This

tantamounts to temporary embezzlement of money received on behalf of Government.

On this being pointed out, the Engineer-in-Chief, PHED while admitting the facts stated (November 2012) that the amount of ` 2,77,289 embezzled in PHE Division 2, Panipat had been recovered and deposited in the Government account and in PHE Division, Mahendergarh the first information report (FIR) was lodged and disciplinary proceedings were initiated.

Lack of financial control by the Sub-Divisional Officers and not following the prescribed procedure for handling the cash had facilitated the embezzlement of Government receipts amounting to ` 10,30,136<sup>1</sup> of which ` 3,43,616 was yet to be recovered (December 2012).

The matter was referred to the Principal Secretary to Government of Haryana, PHE Department in May 2012. An exit conference was held with the Principal Secretary on 22 August 2012, wherein the Engineer-in-Chief, PHE Department was also present. While admitting the facts they intimated that the concerned officials have been charge sheeted. The Principal Secretary assured that suitable instructions to field officials to guard against the recurrence of such lapses would be issued. Final action in the matter was awaited (January 2012).

## **Irrigation Department**

### **4.1.2 Extra avoidable expenditure due to non-use of excavated earth in dam embankments**

#### **Non-use of earth excavated from foundation in embankments of Kaushalya Dam resulted in extra expenditure of ` 1.92 crore.**

The Government of Haryana approved (December 2005) the construction of Kaushalya Dam at a cost of ` 51.37 crore. The project estimate was revised in March 2007 to ` 98.18 crore due to change in the scope of work as the height of dam was increased. The estimated cost of the project was kept within ` 100 crore to avoid environmental clearance. The Chief Engineer, Irrigation Department, Haryana sanctioned (October 2007) an estimate for construction of earthen dam for ` 56.22 crore on the basis of drawing and design submitted (July 2007) by the Water and Power Consultancy Services (a Government of India undertaking engaged for consultancy work). The estimate provided (October 2007) for cleaning off and grubbing all the contract area of the dam foundation by removing the jungle and other vegetation. After this, earth upto one metre depth was to be stripped off to remove the over burden and all the excavated material beyond the depth of one metre was to be used in earth fill.

The Superintending Engineer, SYL Circle, Ambala awarded (March 2008) the

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<sup>1</sup> ` 2,77,289+` 3,43,616+` 4,09,230=` 10,30,136.

work of 'Construction of Kaushalya Dam and its appurtenant' to an agency<sup>2</sup> for ₹ 52.99 crore. The Government decided (April 2008) to further increase the top width of the dam to 30 metre for smooth running of vehicular traffic for Sector 3, 4 and 5 of Pinjore developed by Haryana Urban Development Authority and other areas of Pinjore. Accordingly, the Government revised the administrative approval to ₹ 180 crore in November 2008. As a result, the scope of work was increased and agreement was enhanced to ₹ 112.99 crore (June 2009). As per clause 5.4.1 of the contract agreement, the dam embankment section comprised of an impervious core, pervious shell and filter (transition zones), etc. The fill material for these zones was to be obtained from borrow areas which was to be identified and arranged by the contractor at his own cost. The agency completed the work for an amount of ₹ 118.89 crore up to November 2012.

Scrutiny (January 2011) of records revealed that an amount of ₹ 4.59 crore was paid to the agency on account of excavation of 5,39,779 cum earth as per item No. 2 of bill of quantities of the contract document. As per sanctioned estimate, the excavated material beyond the depth of one metre was to be used in earth fill, but no provision was made in the contract document, executed with the agency, for using the excavated earth in the dam. The Department stated (January 2012) that after preliminary surveys and study of borehole data, it was concluded that they might not be able to utilise the excavated earth in pervious shell due to specific requirement/gradation of pervious material. It was observed in audit that out of 5,39,779 cum excavated earth, 2,63,170 cum earth was excavated from the trench below one metre depth, of which 2,26,326<sup>3</sup> cum (86 per cent) could have been used for filling. The agency was paid ₹ 1.92<sup>4</sup> crore for excavation and disposing of this quantity of earth which could have been saved had the provision for using this earth been made in the contract document.

In the exit conference held in August 2012, the Additional Chief Secretary, Government of Haryana, Irrigation Department directed the departmental officers to submit a detailed reply alongwith complete documents. Accordingly, a reply (September 2012) alongwith geological investigation report conducted by Geological Survey of India in October 2007 was supplied, wherein the Department stated that use of earth excavated below the depth of one metre in the pervious shell was inadvertently mentioned in the estimate of October 2007. But it was observed by Audit that according to geological reports, most of the earth to be excavated falls between 'very suitable' and 'fairly suitable' categories for filling in pervious shell. The Department subsequently accepted (October 2012) the fact of suitability of 86 per cent of excavated earth but stated that during excavation by machines the strata of soil would be disturbed which might make the excavated earth unsuitable for using in pervious shell. The reply was not acceptable as Para 8.1-'Choice of Construction Material-Earth Dam' of Indian standard (IS: 8826-1978) 'Guidelines for designs of large earth and rockfill dams' provides that the designer should aim at

<sup>2</sup> M/S Patel-ARSS Joint Venture, Bhubaneswar.

<sup>3</sup> 2,26,326 = 86 per cent of total earth excavated from cut off trench i.e. 2,63,170 cum.

<sup>4</sup> 2,26,326 cum @ ₹ 85 per cum = ₹ 1,92,37,710 or say ₹ 1.92 crore.

maximum utilisation of the material available from compulsory excavations and also that the provisions made in estimate was required to be followed in actual execution of the project.

Thus, despite the fact that 86 *per cent* excavated earth from foundation was suitable for use in pervious shell and failure of the Department to incorporate a provision in the contract document for usage of this earth resulted in an extra expenditure of ` 1.92 crore.

### **Education, Labour, Horticulture, Renewable Energy and Transport Departments**

#### **4.1.3 Irregular drawal of funds**

**Education, Labour, Horticulture, Renewable Energy and Transport Departments drew funds of ` 228.38 crore at the strength of budgetary allocations and transferred them to the societies which kept the funds outside the Government accounts resulting in violation of financial rules.**

Rule 15 (a) of the Punjab Treasury Rules and Subsidiary Treasury Rules (Treasury Rules) as also applicable to Haryana provides that a Treasury Officer may permit withdrawal of money to meet claims from Government, to pay grants-in-aid and loan and advances, sanctioned by competent authority. Further, Rule 2.10 (b) 5 of Punjab Financial Rules (PFR) Volume-I provides that the amount from treasury should not be withdrawn unless it is required for immediate disbursement and that it is not permissible to draw advances from treasury for execution of works the completion of which is likely to take a considerable time. The Finance Department also specifically disallowed (February 2009) the parking of funds and retention of funds beyond the closure of financial year.

During audit (between January and May 2012) it was noticed that five<sup>5</sup> departments transferred funds amounting to ` 228.38 crore during 2005-06 to 2010-11 (**Appendix 4.2**) to six societies<sup>6</sup> registered with the objectives to provide education through EDUSAT, strengthening the Employee State Insurance Health Care System, development of horticulture and renewable energy and establishment of training institute for drivers and traffic research. These transferred funds out of the budgetary allocations of the departments concerned were neither on account of grants-in-aid, nor as loans to societies and were also not paid to meet the claims from Government in near future for any of the purposes specified in Rule 15(a) of

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<sup>5</sup> (i) Education, (ii) Labour, (iii) Horticulture, (iv) Renewable Energy and (v) Transport.

<sup>6</sup> (i) Use of Technology for Knowledge Advancement for Reorientation of Studies in Haryana (UTKARSH), (ii) State Employees State Insurance (ESI) Health Care Society Haryana, (iii) Haryana State Horticulture Development Agency (HSHDA), (iv) Haryana Renewable Energy Development Agency (HAREDA), (v) Institute of Driving and Traffic Research (IDTR) and (vi) Society for Ashok Leyland Driver Training Institute (SALDTI).

Treasury Rules. Hence, the transfer of funds to societies was irregular.

The amounts so drawn were shown as expenditure under the relevant head of accounts of the concerned department, while actually the amounts were not fully spent by these societies and were lying unspent in the bank accounts of these societies after the close of financial year. The societies kept ` 75.36 crore in fixed deposits and saving bank accounts after the close of financial year which was against the provisions of Rule 2.10 (b) 5 of PFR and directions issued by the Financial Department.

Further, Rule 2.32 A of PFR provides that the Controlling Officer should satisfy himself for the adequacy of provisions of internal check system to prevent and detect errors and irregularities in the financial proceedings. It was observed that though four<sup>7</sup> out of these six societies were under the direct control of departmental officers, but no efforts were made to control or monitor the expenditure incurred by these societies. It was found that UTKARSH society received an amount of ` 44.62 crore as refund from the suppliers/drawn from the treasury, as indicated in *Appendix 4.3*, which were not deposited in the Government account but kept in a separate bank account. The society utilised ` 20.34 crore during 2010-11 and 2011-12 from this amount without seeking any approval from the Finance Department.

The transfer of funds to the societies and keeping the same outside the Government accounts had resulted in violation of the provisions of Rule 15(a) of Treasury Rules, Rules 2.10 (b) 5 and 2.32A of the PFR and instructions issued by the Government. Further, due to non-utilisation of funds by these societies, the objectives of releasing funds to them could not be achieved fully.

The Principal Secretary, Education Department while admitting the facts during exit conference held in November 2012 stated that the Finance Department had already issued (February 2009) directions on this issue which would be followed in future.

The matter was also referred to the Additional Chief Secretaries and the Principal Secretaries to Government of Haryana, Labour, Transport, Agriculture and Renewable Energy Departments; but their replies had not been received (January 2013).

## 4.2 Propriety audit/unjustified expenditure

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

<sup>7</sup> (i) UTKARSH, (ii) ESI Health Care Society Haryana, (iii) HSHDA and (iv) HAREDA.

impropriety and extra expenditure. Some of the important cases are given hereunder:

**Legislative Department (Haryana Vidhan Sabha)**

**4.2.1 Irregularities in payment of Free Travel Facility**

**An amount of ` 1.22 crore was drawn on account of free travel facility in violation of provisions of Acts and Rules.**

Section 7 (1) of Haryana Legislative Assembly (Allowances and Pension of Members) Act, 1975 provides for free travel facility to every member of the Vidhan Sabha which entitles him (including members of his family) to travel to any place in India or outside India through any mode of transport, and the reimbursement being limited to ` two lakh per annum. Further, Rule 3 of the Haryana Legislative Assembly Members (Free Transit) Rules, 1976 also provides that expenses incurred on journey performed by MLAs (including members of his family) shall be reimbursed to the members on furnishing a 'mere statement' with regard to utilisation of money.

During test-check of records (January and February 2012) of the Secretary, Vidhan Sabha Haryana, following irregularities were noticed in the payment of free travel facility claims to MLAs of 11<sup>th</sup> and 12<sup>th</sup> Assembly of the State:

**(a) Payment of both free travel facility and travelling allowance for the same period**

Rule 9 of the Haryana Legislative Assembly (Allowances of Members) Rules, 1976 provides that Members of Legislative Assembly (MLAs) are entitled to claim travelling allowance (TA) for every journey performed by them for the purpose of attending a session of the Assembly or a meeting of a Committee or for the purpose of attending to any other business under orders of the Speaker connected with his duties as Member from his usual place of residence to the place where the session or the meeting is held or the other business is to be transacted and for the return journey from such place to his usual place of residence.

Fifteen members of the Haryana Vidhan Sabha (HVS) preferred TA bills for the same period during which they had claimed an amount of ` 23.20 lakh on account of reimbursement of free travel facility for visiting various places in the country. Payment of both TA and free travel facility claims for the same period/dates was not in order. Thus, a sum of ` 23.20 lakh was paid in excess to these members on account of free travel facility as per details given in **Appendix 4.4**.

The Secretary, HVS stated during the exit conference held on 28 September 2012 that the excess payment of ` 0.21 lakh for journey under free travel facility had been recovered from one MLA and in respect of remaining 14 MLAs there was a clerical mistake because the word "journey performed by me" was not deleted in



the certificate by the respective MLAs while submitting their claims, as the actual journeys were performed by their spouses or children. The verification of relevant records indicated that the bills were submitted stating the journey was performed by the MLA and not by the family members of the MLA and therefore the claim is irregular.

**(b) Payment of free travel facility twice in a year**

The free travel facility was admissible up to a maximum of ` two lakh per annum, but in Audit, it was noticed that 26 re-elected members of the 12<sup>th</sup> HVS were paid free travel facility between November 2009 and February 2010 though they had already availed the facility between April and June 2009 when they were members of the 11<sup>th</sup> HVS. Thus, in contravention to the codal provisions, 26 members were paid free travel facility twice in a financial year resulting in excess payment of ` 50.73 lakh as per details given in **Appendix 4.5**.

The Secretary, HVS during the exit conference ( September 2012) stated that free travel facility was extended twice in a year only to those MLAs who were re-elected to the new assembly. The reply was not correct as these MLAs had drawn free travel facility twice during the financial year 2009-10. The Secretary while agreeing with the audit contention stated that the matter will be brought to the notice of the Speaker, HVS for taking remedial measures.

**(c) Irregular payment under free travel facility**

Test-check of records (January and February 2012) of the Secretary, HVS revealed that 24 MLAs and their family members performed more than one journey in a year during the period between 2006 and 2009 against one journey in a year as provided in the Act. They had preferred more than one claim for reimbursement of their expenses under free travel facility and had drawn ` 47.61 lakh for the subsequent journeys (**Appendix 4.6**) in the year. As Section 7 of the Act provides for free travel facility for one journey to MLAs and each member of their family individually and not for more than one journey in a year, therefore, the claims preferred for subsequent journeys for same members in the same year were irregular. Out of these, 12 MLAs travelled to avail free travel facility for average distance ranging between 500 KM and 1214 KM (**Appendix 4.7**) in a single day continuously for 3 to 32 days. In the absence of documentary evidence the authenticity of claims could not be verified in Audit.

On this being pointed out, the Secretary, HVS intimated (June 2012) that the MLAs and their dependent family members are entitled to free travel facility to any place in or outside India and to claim re-imbusement of expenses incurred on more than one journey i.e. repeated journeys and that there is no bar in the rules. The reply was not acceptable as the words repeated journeys are nowhere mentioned in the Act. It only provides for reimbursement of actual expenses incurred for undertaking such journey and not journeys.

The general principles and restrictions prescribed in the Punjab Financial Rules

(Rule 2.10) applicable to Haryana for drawing and disbursing and controlling officers provide that every Government employee incurring or sanctioning expenditure from the revenue of the State should be guided by high standards of financial propriety. Authorities should not exercise their powers of sanctioning expenditure to pass an order which will be directly or indirectly to their own advantage. The allowances such as travelling allowance granted to meet expenditure of a particular type should be so regulated that these should not on the whole become a source of profit to the recipients.

Audit further observed that the above rules were framed by the Assembly in such a manner that provisions of free travel facility proved beneficial to their own members and were against the canons of financial propriety. For allowing reimbursement of any expenditure e.g. travel claims, there has to be bills or vouchers to be relied upon by the treasury officers before passing the same for payment. Also substituting the basic documents such as bills or vouchers with 'mere statement' is against the spirit of treasury rules governing such claims. Since the reimbursement of expenses on the basis of 'mere statement' was also against the financial propriety, the expenditure incurred could not be vouchsafed in audit and chances of false claims cannot be ruled out. As such, drawal of ₹ 47.61 lakh for subsequent journeys was irregular.

The Secretary, HVS during exit conference held on 28 September 2012 stated that the matter will be brought to the notice of the Hon'ble Speaker for reconsideration and suitable amendment in the rule.

## **Administration of Justice Department (Advocate General)**

### **4.2.2 Faulty selection of Law Officers**

**Engagement of Law Officers without assessing workload and without inviting applications resulted in payment of idle wages of ₹ 2.22 crore.**

In order to deal with legal cases on behalf of Haryana Government in various Courts of Law, Tribunals and Commissions, the Additional Chief Secretary to Haryana Government, Administration of Justice Department engages Law Officers in various capacities on contract basis as per terms and conditions prescribed by the State Government.

With a view to verify the work assigned to these law officers and work actually performed by them, the complete records relating to daily duty rosters, vetting registers and cause lists of Courts for six months<sup>8</sup> between December 2009 and January 2012 maintained in the office of the Advocate General, Haryana selected randomly was test checked (May 2012) and following irregularities were noticed:

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<sup>8</sup> December 2009, August 2010, November 2010, March 2011, November 2011 and January 2012.

- There was no prescribed procedure for assessment of work for engagement of Law Officers on contract. The number of Law Officers on roll to plead legal cases in various courts at Chandigarh increased from 98 in December 2009 to 179 in January 2012 although the number of courts where they were to defend the cases remained the same during the above period.
- The Law Officers were engaged without giving any advertisement or wide publicity.
- In the test-checked months, on an average, more than 50 per cent Law Officers remained without work. As detailed in **Table 2**, on an average the percentage of idle Law Officers with total available strength had arisen from 54 in December 2009 to 78 in January 2012. There was no monitoring of work assigned to these Law Officers by the Department.

**Table 2: Detail of Law Officers (LOs) without work and payment of idle salary**

Month	Number of LOs on roll	Working days available in the month (excluding Court holidays and vacations)	Average number of LOs without any work on particular days of the month	Percentage of LOs who remained without any work	Number of LOs without work for complete month	Idle salary paid to LOs without work for whole month (in `)
December 2009	98	11	54	55	20	10,33,872
August 2010	137	21	70	51	27	19,40,983
November 2010	151	18	100	66	42	30,88,534
March 2011	153	22	97	63	58	42,21,554
November 2011	169	21	123	73	63	49,51,868
January 2012	179	20	140	78	87	69,48,786
<b>Total idle salary paid to Law Officers without assigning any work</b>						<b>2,21,85,597</b> say ` 2.22 crore

(Source: Daily duty roster and vetting registers maintained in the office of Advocate General)

- In the test-checked months, the number of Law Officers ranging between 20 and 87 had not been allotted any work for whole of the month resulting in idle salary payment of ` 2.22 crore to these Law Officers for six months as detailed above.

In January 2012, out of 179 Law Officers on the roll on an average, 140 Law Officers had not been allotted any work and 87 Law Officers were without work for whole of the month. However, later on the Department discontinued the services of 26 Law Officers in June 2012. This shows that Law Officers were engaged without assessing the requirement on the basis of work or work norms or workload prevailing in the Department. No such exercise was found to be done while engaging such Law Officers.

The matter was discussed in detail with the Additional Chief Secretary to Government of Haryana, Administration of Justice Department in an exit

conference held on 23 October 2012. During the meeting it was stated that some guidelines should be in place to assess the vacancies on the basis of workload and selection of Law Officers should be made in a transparent manner. The Department was doubtful about the high percentage of Law officers without assigning any work and stated (November 2012) that though the work was generally assigned to a team comprising more than one Law Officer but in the daily duty roster name of only one Law Officer was mentioned. It was further added that these Law Officers perform multifarious duties/functions such as research of law for particular pending cases, for general updating of latest case law, preparing factual and legal notes, preparing compendium or judgements, etc. However, no requirement or need was felt to keep record of such assignments as the concerned Law Officers were responsible to deal with the cases entrusted to them.

The contention of the Department that the names of all team members were not mentioned in daily duty roster was not acceptable as during re-verification of daily duty rosters, after the exit conference, it was found that wherever a team was deputed for a specific work, names of all the team members were mentioned therein.

Thus, the engagement of excess Law Officers without assessing the quantum of work and without resorting to fair and transparent selection method, resulted in allowing more than 50 *per cent* Law Officers without work and payment of idle salary of ` 2.22 crore.

#### **Public Works Department (Buildings and Roads)**

##### **4.2.3 Avoidable expenditure on reconstruction of a portion of road**

**Expenditure on the same road by PWD and Haryana State Roads and Bridges Development Corporation Limited on widening and strengthening resulted in avoidable expenditure of ` 1.03 crore.**

The Government of India, Ministry of Shipping, Road Transport and Highways (MORT&H) administratively approved (August 2007) the work of “widening and strengthening of Sonipat-Kharkhoda-Sampla-Jhajjar-Dadri Road which includes section Jhajjar Chowk to Railway *Phatak* in Sampla Town in a length of 0 to 1.685 km” for ` 3.80 crore under Central Road Fund. The Superintending Engineer, Public Works Department (PWD) (Buildings and Roads) (B&R), Rohtak Circle, Rohtak after inviting the tenders (November 2007) allotted (December 2007) the work to an agency (M/s Gawar Construction Company) in a package of three roads<sup>9</sup> including section Jhajjar Chowk to Railway *Phatak* in

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9 Widening and Strengthening of roads from:  
i. Two lanes to four lanes old Rohtak- Delhi Road.  
ii. Sonipat-Kharkhoda-Sampla-Jhajjar-Dadri Road (Section Jhajjar Chowk to Railway *Phatak* in Sampla Town in a length of 0 to 1.685 km).  
iii. Railway Road in Sampla City.

Sampla Town, at an estimated cost of ₹ 11.11 crore with a completion period of nine months. The agency completed (March 2009) the work at a cost of ₹ 11.11 crore, of which the expenditure of ₹ 2.43 crore was incurred on the above road. As per terms and conditions of the contract agreement, the agency was to bear the cost of defects on roads during a period of two years and maintain the road for five years from the date of completion i.e. March 2009.

During test-check (July 2011) of records of the office of the Executive Engineer (EE), Provincial Division No. 1, Rohtak, it was noticed that while the work was under execution by M/s Gawar Construction Company, the Haryana State Roads and Bridges Development Corporation Limited (HSRDC) allotted (May 2008) the work of “Improvement by widening, strengthening, re-construction, raising, etc. of two roads<sup>10</sup> to another agency (M/s Unity BBEL Joint Venture) for ₹ 240.44 crore. This work was in progress and an expenditure of ₹ 120.07 crore was incurred upto February 2011. Scrutiny of records further revealed that the portion of Sonipat-Sampla-Jhajjar-Dadri Road (Section of SH-20) km 0 to 95.150, falling between 52.02 km and 53.705 km was the same portion of Sonipat-Kharkhoda-Sampla-Jhajjar-Dadri Road (Section Jhajjar Chowk to Railway Phatak in Sampla Town, length 0 to 1.685 km), the widening and strengthening of which was got done by the EE, Provincial Division No. 1, Rohtak between December 2007 and March 2009 and was under defect liabilities period as per clause 1.1 and 35 of contract agreement. The HSRDC paid ₹ 1.07 crore for widening and strengthening of this portion of road between May 2008 and September 2010. Only an amount ₹ 4.44 lakh on account of top bituminous layer was recovered (March 2011) for 0.370 km length (km 52.02 to km 53.370) and no recovery was made for remaining portion of the road (December 2012). Thus, the expenditure of ₹ 1.03 crore (₹ 1.07 crore minus ₹ 0.04 crore) incurred by HSRDC on already widened and strengthened portion of the road was avoidable.

On this being pointed out (July 2011) the EE, Provincial Division No. 1, Rohtak intimated (November 2011) that the fact of transfer of the road to HSRDC was not known to them. On the other hand the HSRDC stated (January 2012) that the work was executed on the basis of detailed project report prepared by the PWD (B&R). These replies indicate that there was lack of coordination between PWD (B&R) and HSRDC although they were working under the control of the PWD (B&R).

In an exit conference held in November 2012 with the Principal Secretary to Government of Haryana, PWD (B&R), the Engineer-in-Chief stated that the EE, Provincial Division No. 1, Rohtak had carried out the routine maintenance of the road in the first work whereas in the second work, got executed by HSRDC, complete road was widened and strengthened with richer specification. The contention of the Department was not acceptable as the first work was sanctioned

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- |    |     |   |
|----|-----|---|
| 10 | i.  | Sonipat-Sampla-Jhajjar-Dadri road (Section of SH-20) km 0 to 95.150 and |
|    | ii. | Gurgaon-Farrukhnagar-Jhajjar road (State Highway-15-A).                 |

by MORT&H, GOI under Central Road Fund (CRF) scheme with complete MORT&H specifications including widening and strengthening of existing carriageway which include same specification for bituminous macadam, tack coat and premix carpet, etc. as carried out in subsequent work. The work so executed was under the defect liability period for which there was no co-ordination between two executing agencies of PWD (B&R).

Thus, lack of co-ordination between the two executing agencies of PWD (B&R), who undertook widening and strengthening work of the same road simultaneously within a span of six months, had resulted in avoidable expenditure of ` 1.03 crore.

### **Public Health Engineering Department**

#### **4.2.4 Avoidable expenditure on purchase of costly material**

**The Engineer-in-Chief, Public Health Engineering Department procured high cost stainless steel cage type vee wire wound (SS) screen instead of low cost low carbon galvanized cage type vee wire wound (LCG) screen resulting in avoidable expenditure of ` 89 lakh.**

According to Punjab Financial Rules (applicable to Haryana) (Rule 15.2), purchase of store must be made in a most economical manner, in accordance with the definite requirement of the public service.

In a meeting of Chief Engineers, Public Health Engineering (PHE) Department held in August 2010 under the chairmanship of Engineer-in-Chief (EIC), it was deliberated that the life of tubewell mainly depends upon the life of Screen used for tubewells. It was decided to procure stainless steel cage type vee wire wound (SS) screen instead of low carbon galvanized cage type vee wire wound (LCG) screen used in boring the tubewells on the plea that SS screen does not get corroded and filter area is not reduced. EIC sought (September 2009) the comments of Superintendent Engineers (SEs) of PHE Circles, Ambala, Karnal, Sonapat and Gurgaon on the performance of LCG screen already in use. But before obtaining their comments and demands, EIC placed (December 2010) orders to supply 922<sup>11</sup> metre pipes for PHE Division No. 2, Faridabad and PHE Division, Sohna.

During the execution of orders, the SE, PHE circle, Gurgaon intimated (January 2011) to the EIC that tubewells in Sohna and Faridabad areas were sustainable for three to six years and as such there was no use of lowering costly SS screen instead of low cost LCG screen. The rate of LCG screen was ` 4,572.95 per metre whereas SS screen was purchased at the rate of ` 14,251.50 per metre. There was difference of ` 9,678.55 per metre in the rates of these screens. The material was supplied in January 2011 and payment of ` 1.30 crore was made (March 2011). Out of 922 metre pipes supplied to these divisions 509

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11 422 metre to PHE Division No. 2, Faridabad and 500 metre to PHE Division, Sohna.

metre pipe had been used in tubewells (January 2013).

A study conducted (2007) by the Central Ground Water Board (CGWB), Ministry of Water Resources, Government of India disclosed that there were frequent cases of failure of tubewells in Faridabad and Sohna area of Gurgaon districts. The tubewells render maximum 4-5 years of service and become defunct either due to decrease in discharge of water or the water becomes silty. The shortening of life of the tubewells is due to chemical action known as incrustation. Water tends to deposit mineral on the screen surface and in the pores of the formation, thus plugging the screen opening and the pores of the formation just outside the screen thereby decreasing discharge of the tubewells. The pH<sup>12</sup> of water in the areas is more than 7.5 which causes frequent failure of tube wells. To remove the problem of incrustation, the board had recommended periodic muriatic acid treatment of tubewells. In view of the report of the CGWB, lowering of SS screen was not appropriate and instead proper treatment was required to resolve the problem of incrustation. As such, the decision of the Department to use such costly material without assessing its demand and suitability lead to an extra avoidable expenditure of ` 89 lakh<sup>13</sup> on purchase of SS screen.

On this being pointed out (September 2011), the EIC intimated (October 2011) that after some period LCG screen gets corroded and the filter area is reduced which leads to reduction in the yield of tubewells and ultimately its failure. The reply was not acceptable as the problem with the tubewells in the area was of incrustation not of corrosion and no complaint of LCG screen was received from the field. Therefore, no fruitful purpose was served by lowering the SS screen instead of LCG screen and the decision of the Department to procure costly screen instead of the screen already in use was not prudent and lacked in financial propriety.

The matter was discussed with the Principal Secretary to Government of Haryana, Public Health Engineering Department in an exit conference held in August 2012 wherein it was intimated that the SS screen was in use for the last two to three years only as such no study regarding feasibility of pipes had been undertaken. The Principal Secretary intimated that a study in this regard would be undertaken in due course and results would be intimated to Audit. Final outcome was still awaited (December 2012).

12 pH means “potential of hydrogen or power of hydrogen”. pH is actually the ratio of Hydronium ions (H<sub>3</sub>O) to Hydroxide ions (OH). A pH neutral liquid has a pH of 7, while the strongest acids have a number closer to 1 and the strongest bases have a pH number closer to 14.

13 ` 9,678.55 ( ` 14,251.50-` 4,572.95)/metre \* 922 metre = ` 89,23,623 say ` 89 lakh.

## Food and Supplies Department

### 4.2.5 Loss due to procurement of wheat with lustre loss

**District Food and Supplies Controllers, Kaithal and Kurukshetra procured wheat with lustre loss for Food Corporation of India on which a cut of ` 1.46 crore was imposed on refund resulting in loss to the State Government.**

The Food and Supplies Department (Department) procures Fair Average Quality (FAQ) foodgrains for the Central Pool on behalf of the Food Corporation of India (FCI) on Minimum Support Price (MSP) fixed by the Government of India (GOI) and delivers it as per directions of FCI. The Department raises bills as per MSP fixed by the GOI and the FCI pays accordingly. The District Food and Supplies Controller (DFSC) and his staff are responsible for ensuring purchase of FAQ of grains as per uniform specifications issued by the GOI for specific seasons. Uniform specifications for purchase of Wheat and Barley of all varieties for Rabi Marketing Season (RMS)-2009-10 provide that the wheat should have natural size, shape, colour and lustre.

Audit observed (September 2011 and February 2012) during test-check of records of two<sup>14</sup> districts, that DFSCs procured 5,37,173 MT wheat with lustre loss<sup>15</sup> during April and May 2009 for RMS 2009-10 without any value cut for quality. The Director, Food and Supplies requested (July 2009) GOI to issue directions to FCI to accept deliveries of wheat with lustre loss. The GOI allowed part relaxation (September 2010) in the quality of wheat purchased to the extent that wheat containing upto 10 *per cent* affected kernels may be accepted with no value cut and wheat containing between 11 to 49 *per cent* affected kernels may be accepted with 1/4<sup>th</sup> of one full value cut on MSP.

The DFSCs delivered 69,714 MT of lustre lost wheat during the period from July 2010 to December 2011 containing affected kernels between 11 and 49 *per cent*. The FCI imposed cuts and deducted a sum of ` 1.46 crore from claims of DFSCs.

Thus, procurement of lustre lost wheat without any cut in the value and without prior permission from FCI on whose behalf the wheat was purchased had resulted in loss of ` 1.46 crore to the State Government.

During exit conference (September 2012), the Additional Chief Secretary (ACS) to Government of Haryana, Food and Supplies Department, stated that the procurement of wheat was made only after it was agreed to by the FCI and also that the wheat of similar quality was procured and supplied from other districts, for which value cut was not made by the FCI. The ACS further stated that the matter would be taken up with the FCI to reconsider this issue and to refund the amount so deducted.

14 Kaithal and Kurukshetra.

15 Loss of brightness of wheat due to rain.



The contention of the Government was not corroborated by the records of the Department. Further action in the matter was awaited (October 2012).

### Transport Department

#### 4.2.6 *Extra expenditure on purchase of bus chassis*

**Due to non-consideration of negotiated rates, an extra expenditure of ` 2.26 crore was incurred on purchase of 337 Tata make bus chassis.**

The Government constituted (June 2010) a High Powered Purchase Committee (HPPC) headed by the State Finance Minister for procurement of store items. All the Government departments were required to place their indents with the Director, Supply and Disposals (DS&D) for procuring and placing the proposals before HPPC for consideration and decision with regard to the purchase of stores above ` 30 lakh.

The Government accorded approval for purchase of 673 “Haryana Shakti” type buses for its 20 Roadways depots of which ten each were having buses of M/s Tata Motors Ltd (Tata) and M/s Ashoka Leyland Ltd (Leyland) make. With a view to augment the bus fleet and to replace buses with the same make, the Director General, State Transport (DGST) invited quotations (June 2010) for purchase of bus chassis from these two manufacturers. In response, Tata and Leyland, quoted (June 2010) rates of ` 9.63 lakh and ` 9.77 lakh per chassis (inclusive of excise duty and VAT), respectively. The DGST decided (August 2010) to downsize the procurement to only 241 bus chassis of Tata make and the case was discussed on 7 September 2010 by HPPC. The rates quoted by Tata were considered on the higher side, therefore, the HPPC decided to bring fresh agenda note after including Leyland in competition, so that the rates could be renegotiated. Accordingly, the Department again collected quotations (September 2010) from these two manufacturers. This time the Department placed (November 2010) the case for purchase of 673 bus chassis before the HPPC. The manufacturers quoted rates of ` 9.31 lakh (Tata) and ` 9.85 lakh (Leyland) per chassis. The HPPC after negotiations with the manufacturers approved (November 2010) purchase of 673 chassis in 50:50 ratio at the rate of ` 9.31 lakh from Tata and at the rate of ` 9.48 lakh from Leyland. The Department placed purchase order (December 2010) for supply of 337 bus chassis of Tata make and 336 of Leyland, respectively.

Audit observed (March 2011), that in response to the DGST letter (2 September 2010), M/s Tata had reduced (3 September 2010) its rates from ` 9.63 lakh to ` 8.64 lakh, which was equivalent to the rate finalised by Andhra Pradesh State Road Transport Corporation (APSRTC) in May 2010. But instead of submitting the new quoted rate of ` 8.64 lakh, the Department placed the rates of ` 9.63 lakh in the HPPC meeting held on 7 September 2010 which were considered on the higher side and were rejected. The HPPC finally approved (November 2010) the

rates of ₹ 9.31 lakh for Tata make which were higher by ₹ 0.67 lakh per bus chassis than the quoted rates of 3 September 2010.

The Department incurred an extra expenditure of ₹ 0.67 lakh per bus chassis by not bringing the new quoted rates to the notice of the HPPC. This concealment of facts from HPPC resulted in incurring extra expenditure of ₹ 2.26 crore<sup>16</sup> on purchase of 337 buses at higher rates.

During exit conference held on 29 August 2012 the Additional Chief Secretary to the Government of Haryana, Transport Department stated that as per the decision of the then DGST, proposal for procurement of only 241 buses (as against 673) from Tata was submitted to the HPPC which was not agreed to. The HPPC decided to call for quotations from both Tata and Leyland. This took further time during which earlier rates offered by Tata were withdrawn. However, the fact remains that due to withholding of new quoted rates by the DGST, the HPPC was unable to take judicious decision and resulted in incurring an extra expenditure of ₹ 2.26 crore.

**Town and Country Planning Department  
(Haryana Urban Development Authority)**

**4.2.7 Non-recovery of lease rent from petrol pumps**

**Due to failure on the part of four Estate Officers in recovery of rent due, revision of rent after three years, non-charging of rent for additional filling points of petrol pumps installed subsequently, HUDA was deprived of the revenue of ₹ 5.25 crore**

As per Section 15 (3) of Haryana Urban Development Authority (HUDA) Act, 1977 the Authority may sell, lease or otherwise transfer whether by auction, allotment or otherwise any land or building belonging to it on terms and conditions provided in the regulations.

Under the provisions of HUDA Act, HUDA leased out 11 petrol pump sites at Gurgaon, Panipat and Sonipat falling under four Estate offices<sup>17</sup> (EOs) test checked, at a monthly rent ranging between ₹ 5,000 and ₹ 47,802 for one filling point each of petrol and diesel during the period between May 1995 and August 2002 depending upon the site location. The allotment letters *inter alia* provided that these rates would be applicable for the first five years and for every additional filling point of petrol/diesel additional rent of 12.5 per cent of the monthly rent would be charged. In October 1997, HUDA revised the policy and decided to increase the lease rent of each petrol pump by 25 per cent after every three years.

16 337 buses @ ₹ 0.67 lakh per bus = ₹ 225.79 lakh say ₹ 2.26 crore.

17 (i) Estate Officer-I, Gurgaon, (ii) Estate Officer-II, Gurgaon, (iii) Estate Officer, Panipat, and (iv) Estate Officer, Sonipat

Scrutiny of records (April-June 2012) of these EOs revealed that though the EOs HUDA after conducting the surveys identified that 130 additional filling points had been installed in these petrol pumps but no demand for additional lease rent was raised at any stage and the demands for payments of usual rent were being raised from all the allottees of petrol pumps. Even the lease rent of petrol pumps had not been revised in test checked EOs as required in the policy. Due to non-charging of rent for additional filling points, HUDA had been deprived of additional revenue as the recoverable amount had increased to ` 5.25 crore as detailed in *Appendix 4.8*.

A mention was made in para 4.6.7 in the Report of Comptroller and Auditor General of India for the year ended March 2003 (Civil) Government of Haryana regarding 'Non-recovery of rent' of ` 1.49 crore from petrol pump owners by HUDA. However, despite the assurance given (November 2007) to Public Accounts Committee no efforts were made to recover the amount. Thus failure on the part of Estate Officers to recover the amount had deprived of HUDA revenue amounting to ` 5.25 crore.

The Principal Secretary, Town and Country Planning Department stated in his reply (November 2012) that instructions have been issued to all EOs to recover the complete amount by March 2013. Final outcome was awaited (January 2013).

### 4.3 Failure of oversight/governance

The Government has an obligation to improve the quality of life of the people for which it works towards fulfillment of certain goals in the areas of health, education, development and upgradation of infrastructure, *etc.* However, Audit noticed instances where funds released by the Government for creating public assets for the benefit of the community remained unutilised/blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few such cases are mentioned below:

#### Education Department

##### 4.3.1 Non-functioning of terminals installed under EDUSAT programme

**Lack of monitoring by UTKARSH Society led to non-functioning of 56 per cent terminals installed by spending ` 90.59 crore under EDUSAT programme besides non-supply of equipment by ISRO, blockade of funds meant for repair of ROTs and non-availability of whereabouts of 93 ROTs.**

The Ministry of Human Resources Development, GOI (MHRD) in collaboration with Indian Space Research Organisation (ISRO) had launched (September 2004) a major project for enabling satellite communication network for supporting

extensive reach of quality education at all levels through the EDUSAT (a dedicated satellite for education). ISRO was to provide basic equipment like one Hub and 10 Satellite Interactive Terminals (SITs) to every State. Additional SITs and Receive Only Terminals (ROTs) were to be procured by the State Government. The State Government had constituted (June 2005) a Steering Committee of 11 members<sup>18</sup> to take policy decisions and chalk out modalities for setting up of EDUSAT and got registered a society naming UTKARSH<sup>19</sup> (Society) with the objective to make use of EDUSAT for various educational, health, cultural, research programmes, etc. A Memorandum of Understanding (MOU) was signed (April 2006) among MHRD, State Government and ISRO according to which the ISRO was to supply, install and commission the terminals in Government Primary, Senior Secondary Schools, Colleges, Polytechnics, Engineering and Management Colleges, District Institutes of Education and Training, State Council of Education, Research and Training, Head Offices, etc. and operate terminals during the warranty period of three years i.e. upto April 2009. Identification of location for Hub and all receiving ends, getting the site ready for installation, safe custody of items and creating mechanism and required manpower for running and maintenance of the equipment was to be provided by the State Government.

Scrutiny of records (June 2012) of UTKARSH Society revealed that the State Government made payment of ` 90.59<sup>20</sup> crore (` 89.97 crore by three Directorates of Education Department and ` 0.62 crore by Technical Education Department) between 2005-06 and 2007-08 against the proforma invoices raised by ISRO for installation of 10,992 terminals in various educational institutions identified by these departments. However, 10,818 terminals were installed at different educational institutions in the State between May 2006 and October 2008. Out of the remaining 174 terminals, 81 ROTs and audio equipment (valuing ` 0.69 crore) were yet to be supplied by ISRO as the Society had not finalised sites (June 2012) and whereabouts of 93 ROTs (valuing ` 0.58 crore) were not provided by the Society. The system remained functional for a short period and went down in March 2010 due to traffic transfer from EDUSAT to INSAT 4CR by ISRO. Although, the activity of traffic transfer at HUB was completed (May 2010) but the receiving ends remained non-functional till March 2011. A large number of terminals remained non-functional after March 2011 also due to minor faults and requirement of minor repairs.

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- 18 Steering committee members: 1. Principal Secretary to Chief Minister Haryana; Financial Commissioners and Principal Secretaries, Government of Haryana 2. Development and Panchayats, 3. Agriculture, 4. Women and Child Development, 5. Health, 6. Social Welfare, 7. Education, 8. Technical Education and Industrial Training departments 9. Higher Education Commissioner, 10. Nominee of ISRO and 11. Nominee of MHRD.
- 19 UTKARSH – Use of Technology for Knowledge Advancement and Reorientation of Studies in Haryana.
- 20 Director, Higher Education (October 2005): ` 6.28 crore; Director, Secondary Education (March 2006 to April 2007) : ` 44 crore; Director, Elementary Education (April 2006 to November 2007) : ` 39.69 crore and Director, Technical Education : ` 0.62 crore
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In order to make the system functional, the Society appointed 21 Junior Engineers (JEs) (one JE for each district) from January 2011 for attending complaints of SITs and ROTs. These JEs visited and compiled monthly technical reports. The report for December 2011 showed that these JEs visited 8,077 terminals out of 10,818 terminals and found that 5,221 (65 per cent) terminals were not functioning due to faulty UPS, dead batteries, faulty minor link equipment, etc. Upto July 2012, 5,779 terminals (56 per cent) out of 10,282 visited terminals were out of order for want of minor repair and replacement of minor equipment. The Society failed to monitor the working of these equipments for such a long period i.e. since transfer of traffic to another satellite in May 2010 and no suitable measures for making the system functional were taken despite the fact that the terminals required minor repairs, equipment, etc. for which technology was relatively simple and facilities were widely available with local direct to home (DTH) operators. This had not only deprived the students of intended benefits of the programme but also an investment of ` 47.01 crore was lying unutilised as detailed in **Table 3**.

**Table 3: Details of Terminals remained non-functional as of July 2012**

Equipments	Terminals Installed	Terminals visited by the Society in December 2011	Found Non-functional in December 2011	Terminals visited by the Society in July 2012	Found Non-functional in July 2012	Investment lying unutilized ( in crore)
SITs	512	373	328 (88 per cent)	430	341 (79 per cent)	10.71
ROTs	10,306	7,704	4,893 (63 per cent)	9,852	5,438 (55 per cent)	36.30
<b>Total</b>	<b>10,818</b>	<b>8,077</b>	<b>5,221</b> <b>(65 per cent)</b>	<b>10,282</b>	<b>5,779</b> <b>(56 per cent)</b>	<b>47.01</b>

(Source: Compiled from the information supplied by the Society)

The physical verification of terminals by Audit, alongwith JEs of the Society, in 34 schools of five districts<sup>21</sup> revealed that the terminals were non-functional for want of minor repairs, non-functioning of batteries/link equipment, interruption in power supply, etc. and in six schools listed in the **Table 4** status of terminals was different from the status given in the technical report.

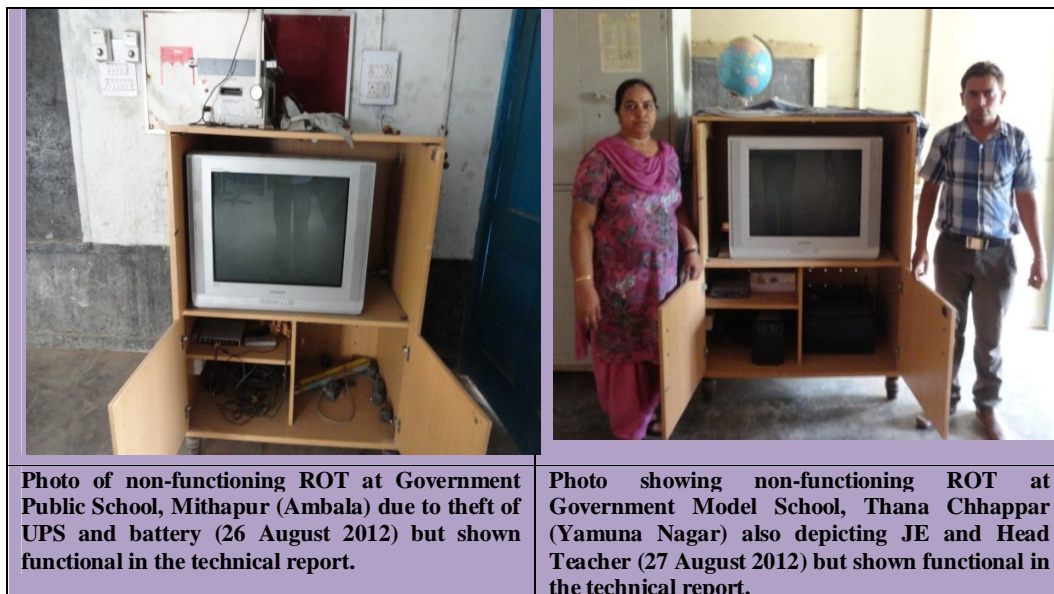
**Table 4: Details of schools where terminals found non-functional during physical verification**

Sr. No.	Name of the School	District	Status as per technical report	Actual status found on physical verification
1.	Government Primary School (GPS), Mithapur	Ambala	Fine and working	Non-functional for last three months as theft of equipments and FIR registered three months ago.
2.	Government Senior Secondary School, Mustafabad	Yamunanagar	Fine and working	System non-functional for four months.
3.	GPS, Thana Chappar	Yamunanagar	Fine and working	System non-functional for one year.
4.	GPS, Gadhoola	Yamunanagar	Fine and working	System non-functional for two months.
5.	GPS, GT Pur	Jind	Fine and working	System non-functional for eight months.
6.	GPS, Karkhana	Jind	Single site with ID No. 6332 and in working condition	Two sites installed and both were non-functional for one year.

(Source: Information collected during physical verification)

21 Ambala, Jind, Panchkula, Sirsa and Yamuna Nagar.

Two sites shown fine and working in the monthly technical report but found non-functional during the physical verification is also depicted in the photographs given below:



For maintenance of ROTs, the Society had made a onetime payment of ` 0.70 crore (` 700 per school) to all the schools of the State during the year 2007-08 and 2008-09. Out of this, ` 0.61 crore were lying unutilised with the schools.

The matter was discussed in detail with the Principal Secretary to Government of Haryana, Secondary Education in exit conference held on 9 November 2012 wherein the Department accepted the lapses and stated that the efforts were being made to monitor the performance of JEs and to procure spare parts. Besides, the Department was planning to hire a private agency for maintenance of whole network.

Thus, the Society failed to address the problems in the network as only 21 JEs were appointed for a huge network of 10,818 terminals in January 2011 that is after three years of installation of terminals and only 4,000 batteries were purchased against the requirement of 16,000 batteries. Due to lack of monitoring by the Society, the objectives of the programme to provide extensive reach of quality education at all levels could not be achieved as 56 per cent terminals were still not functioning (November 2012). It also led to non-receipt of equipment costing ` 0.69 crore from ISRO due to non-identification of sites by the Society, non-utilisation of funds by schools amounting to ` 0.61 crore and non-providing of record relating to whereabouts of 93 ROTs (valuing ` 0.58 crore).

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**Public Health Engineering Department**
**4.3.2 Loss of interest due to non-deposit of amounts in Government account**

**The Government sustained loss of interest of ` 1.30 crore due to non-transfer of funds into Government account. Besides, there was a loss of interest of ` 1.15 crore due to keeping the funds provided by Government of India in non-interest earning account in Bank.**

Yamuna River is the main source of water to Delhi and some parts of Haryana. To reduce pollution load in the river, Yamuna Action Plan (YAP) Phase II, a Centrally Sponsored programme, was started in December 2004. The scheme was being implemented on 85:15 cost sharing basis between Central and State Governments. The Cabinet Committee on Economic Affairs, Government of India (GOI) in its meeting held in November 1998 decided to release the funds directly to the implementing agencies to avoid delay in execution of work. To implement the order of GOI, the Steering Committee on YAP further decided (December 1999) that funds would be released to the nodal agencies by National River Conservation Directorate (NRCD) from the year 2000-01. While releasing the funds, the NRCD further directed that the funds released for the projects should be operated through a separate interest earning bank account and interest earned should be credited to the project and reflected in the utilization certificates. It was further provided that the interest would be adjusted towards further releases for the project.

In compliance to GOI directions, Finance Department, Haryana Government accorded (June 2001) permission to open Personal Ledger Account (PLA) in the name of the Engineer-in-Chief (EIC), Public Health Engineering Department (PHED), Haryana. The Haryana Government decided (June 2001) that the funds received from GOI would be kept in a Bank account and Head of Department would issue cheques to deposit the amounts in receipt head of the State Government. Thereafter, Finance Department would issue letter of credit (LOC) for release of funds to the concerned divisions for execution of works. The EIC, PHED opened a saving bank account (interest earning account) in Haryana State Co-operative Bank (HARCO), Sector 17, Chandigarh in June 2001 which was subsequently converted into current account (non-interest earning account) in July 2004.

Scrutiny of records (October 2011) in the office of the Engineer-in-Chief, PHED revealed that an expenditure of ` 58.83 crore was incurred on various projects during the period from 2005-06 to 2011-12. Funds amounting to ` 52.90 crore were received from GOI during this period. Out of total expenditure of ` 58.83 crore, ` 50 crore were to be deposited in the Government Account (85 per cent share of GOI). The Department, however, deposited ` 46.29 crore in the State Government receipt head although there were sufficient funds in the HARCO Bank Account, thereby making a less deposit of ` 3.71 crore (September 2011). The amount of less deposit in the Government account ranged between ` 0.38 crore and ` 6.06 crore during March 2006 and November 2011.

Had the department deposited the amount on due dates in the Government account, it would have saved loss of interest of ` 1.30 crore (worked out at the rate of seven *per cent* i.e. minimum Treasury bill rate, **Appendix 4.9**) which otherwise paid on loans raised by Government. Thus, the Government sustained a loss of interest due to non-deposit of funds in Government account instead of keeping the same in the bank outside the Government account.

Besides above, as per instructions of GOI, the funds received from GOI were to be kept in interest bearing bank account. It was observed that the funds were kept in the current account (non-interest bearing account) during the period from January 2005 to January 2012. However, on this being pointed out by Audit (November 2011), the Department opened a saving (interest bearing) bank account in February 2012. Keeping of funds in current account resulted in loss of interest of ` 1.15 crore.

On this being pointed out (March 2012) the Principal Secretary, PHED stated (August 2012) that LOC to the extent of net amount excluding centage charges was issued to the divisions, therefore, amounts to that extent were deposited in the Government account after withdrawing the same from the bank account and that the balance amount of ` 4.71 crore was deposited (December 2011) in the Treasury. Thus, the reply itself indicates that the department had not acted earlier prudently for depositing the amount in the treasury with reference to expenditure (85 *per cent* i.e. central share) which caused loss of interest to the Government. As regards keeping of funds in the current account, it was stated that the funds were kept in a saving bank account in HARCO, Chandigarh which was converted in current account as the bank refused to maintain saving account for fund provided by GOI and the position was intimated to NRCD who never objected to keeping funds in current account. The matter was also discussed in exit conference held with the Principal Secretary on 22 August 2012, where the EIC reiterated their reply but the document in support of refusal by bank to open saving account was not shown. The reply was not acceptable as according to RBI instructions (July 2004), the restriction of opening a saving bank account does not apply to the schemes sponsored by Central Government. Thus, due to non-deposit of funds in Government account from bank account, the Government sustained loss of interest of ` 1.30 crore. Besides, keeping the funds in non-interest bearing account had also resulted in loss of interest of ` 1.15 crore.

#### **4.3.3 Unfruitful expenditure on construction of storm water drain**

**Public Health Engineering Division No. 1, Kaithal spent an amount of ` 1.55 crore on construction of storm water drain and pump house in Pundri Town without making proper arrangement for disposal of waste water, rendering the expenditure incurred unfruitful.**

Para 1.3 of the manual of sewerage and sewage treatment issued (December 1993) by GOI, Ministry of Urban Development provided that while designing waste water collection, treatment and disposal systems, planning was to generally begin from the final disposal point (tail end), going backwards to give



an integrated and optimum design to suit the topography and the available hydraulic heads, supplemented by pumping, if essential.

In order to improve the sanitary conditions of Pundri town in Kaithal district, the Financial Commissioner and Principal Secretary, PHED, Government of Haryana administratively approved (September 2005) a scheme for 'Providing Storm Water Drain' at Pundri Town for ` two crore. Estimate for 'Construction of storm water drain and disposal work at Pundri Town' approved (March 2007) by the EIC, PHED provided for disposal of storm water partly in Habri Drain and partly in Jatheri Drain. Storm water of Mandi area, Pai road and Pundri town was to be disposed of through pumping station into *katcha* sullage carrier along the Pai road which ultimately falls in Jatheri Drain.

Tenders for the work were invited in four parts during September 2005 and November 2008 by the Executive Engineer (EE), PHED-I, Kaithal and the works of construction of drains were allotted to four agencies with a completion time of two to six months. All the works were completed during February 2009 at a cost of ` 1.55 crore.

Scrutiny (August 2011) of the records of EE, PHED-I, Kaithal revealed that the *katcha* sullage carrier, in which storm water was being disposed of through pumping station, was not only causing difficulty to the nearby residents (as seen in photograph taken on 10 April 2012) particularly belonging to village Jatheri but it had also developed into a mosquito breeding centre.



Waste water discharged in *katcha* drain flowing in the open area in Pundri (10 April 2012)

Waste water was overflowing and entering in the nearby agriculture fields frequently damaging crops. Further scrutiny of records disclosed that proper survey of the area was not done to assess as to whether this *katcha* sullage carrier would be able to sustain the flow of waste water before falling in Jatheri Drain, which was the basic requirement for successful implementation of the scheme and subsequently, another estimate for construction of storm water drain from disposal works to Jatheri drain for ` 2.05 crore was got approved from the Flood Control Board in January 2011. The work was allotted (May 2011) to an agency

with a completion period of four months. But the agency could not start the work as waste water was spread over at various places of town creating slush/*daldal*. The Superintending Engineer, PHE Circle, Kaithal suggested (March 2012) the EIC, PHED to drop the scheme as it was not technically feasible and stated that a new proposal would be submitted after taking into account the site conditions. Further developments in the matter had not taken place (December 2012). The sullage and storm water continued to flow in the open which continued as Mosquito breeding centre and creating health problems to nearby residents.

The EE, PHED-I, Kaithal (April 2012) informed that the expenditure would be fruitful only if the disposal would be connected properly with the main Jatheri drain after construction of reinforced cement concrete (RCC) storm water drain.

On this being pointed out in Audit (April 2012), the Principal Secretary to Haryana Government, PHED intimated (July 2012) that there was no provision for construction of *pucca* sullage drain in the original estimate finalised in February 2009 and the work was carried out as per provision in the estimate and there was no problem of disposal of storm water in Pundri Town. He had further stated that the provision made for construction of RCC storm drain through another estimate was withdrawn as the same was not feasible as per site conditions. The reply was not acceptable as the disposal of storm water was in the open which would cause health problem to the residents. This shows that the scheme was implemented without proper planning and survey for the final disposal of water and without carrying out the survey of the area to assess as to whether this *katcha* sullage carrier would be able to sustain the flow of waste water before falling in Jatheri drain. The matter was again discussed in the exit meeting held on 22 August 2012 where the Principal Secretary assured that efforts would be made to complete the remaining work (*pucca* sullage carrier) at the earliest. Final outcome was awaited (December 2012).

Thus, implementation of the scheme without proper planning and survey for the final disposal of waste water resulted in unfruitful expenditure of ` 1.55 crore incurred on construction of drains and installation of pumping machinery.

#### **4.3.4 Unfruitful expenditure on sewerage scheme of Ambala City**

**Commencement of work on sewerage scheme in Ambala City without obtaining permission from National Highway Authority of India to lay trunk sewer along National Highway-1, resulted in unfruitful expenditure of ` 9.42 crore.**

According to Para 1.9.4.3 (g) (x) of the Manual on Sewerage and Sewage Treatment of Ministry of Urban Development, GOI, it is necessary to outline any legislative and administrative approvals required to implement the project including permission for construction across or along roads while preparing feasibility report of a project. Further, Para 15.2.1 of Haryana PWD Code provides that no work should be commenced unless necessary clearances such as cutting of trees, environmental clearance, crossing railway line, using the right of

way or crossing the road, etc. are obtained from the concerned authorities.

In order to provide sewerage facilities<sup>22</sup> to newly approved colonies falling under ward number 5 and 31 of Ambala City, the State Sanitary Board approved (November 2007) an estimate for ₹ 14.96 crore. The area falls between Ambala-Chandigarh Railway line in the east and National Highway No-1 (NH-1) in the west. The trunk sewer was proposed along NH-1 in the *katcha* portion of right of way (ROW) and the main pumping station and sewerage treatment plant (STP) was also proposed adjoining NH-1. The land was acquired (December 2008) for ₹ 69.04 lakh for establishment of STP. The EE, PHE Division, Ambala Cantt. invited (between December 2007 and June 2009) tenders for the works 'providing and laying of main sewer of various sizes' and works were allotted to four agencies<sup>23</sup> between January 2008 and August 2009 at an amount of ₹ 8.82 crore with a completion time of 12 to 18 months. The agencies completed the work valuing ₹ 5.21 crore upto March 2011. Similarly, the work of 'Construction of STP' was awarded (August 2009) to an agency at an amount of ₹ 2.91 crore with a completion time of nine months. The agency completed work and payment of ₹ 2.30 crore was made to the agency upto March 2011. A total expenditure of ₹ 9.42 crore<sup>24</sup> including cost of land was incurred on the work up to January 2012. No work was executed on trunk sewer line and STP was lying non-functional.

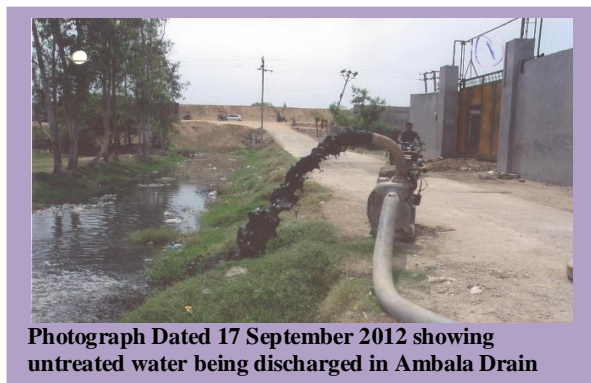
It was observed that the EE sought (September 2008) permission from National Highway Authority of India (NHAI) to lay sewer line in ROW of NH-1 in a length of 4.6 km. The NHAI did not permit (February 2009) for laying sewer lines along NH-1 as the available land was required for six laning of the road. The NHAI further clarified (November 2009) that since service road, exit and entry, truck and bus lay bye<sup>25</sup> and flyover were to be constructed in the reach of 4.6 km, the Department should find alternative site for laying the sewer line without entering within ROW/NHAI land. However, the Department again requested (December 2009) to NHAI for granting permission to lay the sewer line but it finally conveyed (November 2011) that they had decided not to allow laying of sewerage line along NH-1.

During Audit (February 2011 and February 2012), it was noticed that the work of laying of sewer lines was started in January 2008 even before seeking permission from NHAI (September 2008) for laying of trunk sewer in ROW of NH-1. The

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- 22 Laying of interception, diversion and internal sewer, collecting tanks, rising main, intermediate pumping stations, main pumping station, sullage carrier and sewerage treatment plant
- 23 Name of agencies/agreement amount (amount paid): (i) Shri Anil Deswal: ₹ 2.62 crore (amount paid ₹ 0.14 crore); (ii) M/s MR Construction Co: ₹ 1.26 crore (amount paid ₹ 0.90 crore); (iii) Shri Shyam Kumar: ₹ 1.36 crore (amount paid ₹ 0.96 crore) and (iv) Shri Rohtas Kumar: ₹ 3.58 crore (amount paid ₹ 3.21 crore)
- 24 Land acquisition: ₹ 0.69 crore; Payment to agency ₹ 5.21 crore; Payment for STP ₹ 2.30 crore; value of store material: ₹ 0.98 crore and payment against petty agreements: ₹ 0.24 crore
- 25 Bus lay bye is a diversion on the road for temporary halt of buses for boarding of passenger, etc.
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construction of STP was commenced (August 2009) even after the denial of permission (February 2009) by NHAI for laying of trunk sewer in ROW of NH-1. Thus, both the works were started without obtaining permission from NHAI although this was pre-requisite as per PWD Code which provides that no work should be commenced unless necessary clearances such as cutting of trees, environmental clearance, crossing railway line, using the right of way or crossing the road, etc are obtained from the concerned authorities. Thus, by not adopting proper procedure laid down in PWD Code for commencement of work, the expenditure of ` 9.42 crore incurred on the scheme remained unfruitful (April 2012).

On this being pointed out by Audit (June 2012), the Principal Secretary to Government of Haryana, PHE Department intimated (August 2012) that the sewers laid had been made functional by commissioning the intermediate pumping station (IPS) and discharging the sewage through *Katcha* drain already flowing alongwith NH-1 from



where it was being lifted to three MLD capacity STP constructed under the scheme. He had further stated that the work of laying of trunk server from IPS to STP will be taken immediately after receiving the permission from NHAI for which the case was at advance stage. The matter was also discussed in the exit meeting held on 22 August 2012, where the Principal Secretary to Government of Haryana again informed that matter for laying sewer line along National Highway-1with NHAI was at advanced stage and scheme would be made functional, immediately after the receipt of permission. The reply was not acceptable as the trunk sewer line which was to carry the sewage to STP had not been laid and untreated sewage was being discharged in the Ambala Drain as shown in the photo and STP remained non-functional. Since untreated sewage water contains organic/inorganic and other toxic matter which is injurious to the general human health, disposal of sewage water in Ambala Drain was not proper. The final outcome was awaited (December 2012).

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**Public Works Department (Building and Roads)**


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**4.3.5 Unfruitful expenditure on incomplete building**

**Incorrect preparation of estimates and starting the construction of a building without inspecting the site to ascertain the field conditions and scope of work resulted in unfruitful expenditure of ` 88.89 lakh as the building of Zila Sainik Rest House, Yamunanagar remained incomplete.**

Para 10.1.3 of Haryana Public Works Department code (code) provides that while preparing the estimate of any project, the site should be inspected to ascertain field conditions, including availability of land. The estimate should be cost-effective proposal for the intended purpose and be as accurate as possible. The estimate should incorporate ground conditions as ascertained during the site visit.

The Chief Secretary to Government of Haryana accorded (November 2005) an administrative approval for ` 62.36 lakh for construction of Zila Sainik Rest House and office building for Zila Sainik Board in Yamunanagar. *Gram Panchayat*, Gobindpura provided (April 2003) the land for the building free of cost. The land in question was being utilised for disposal of waste water of the village by inhabitants and it was practically in the shape of a pond instead of piece of land which required filling before commencement of the work. The *Gram Panchayat* further laid a condition that proper arrangement should be made for disposal of waste water through a sewerage scheme.

The Executive Engineer (EE), Jagadhari Provincial Division, Yamunanagar allotted (January 2007) the work for construction of building for Zila Sainik Board to an agency<sup>26</sup> at an estimated cost of ` 60.76 lakh with a completion period of six months without assessing the suitability of land. The agency after executing the work to the tune of ` 74.38 lakh (paid in January 2009) left the work incomplete (January 2009) due to protest by villagers. An expenditure of ` 88.89 lakh was incurred on the work up to November 2011.

As the site of the building was in a pond and required heavy filling, the EE submitted (February 2009) a revised estimate for ` 117.36 lakh to the EIC, PWD (B&R). The Chief Secretary to Government of Haryana accorded (November 2009) revised administrative approval for this amount. The Sainik Board deposited the balance funds of ` 55 lakh<sup>27</sup> with the division during January 2010 and February 2011. But no further work was executed as the agency was not ready to execute the balance work at the old rates. Meanwhile, the Department submitted (April 2011) another revised estimate for ` 2.21 crore to the *Rajya Sainik Board* for obtaining revised administrative approval because of increase in scope of work due to extra provision of earth filling and extra foundation work in shape of filling instead of normal foundation. The case of administrative approval

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26 M/s Anil Mehta, Government contractor.

27 January 2010: ` 25 lakh; August 2010: ` 10 lakh; January 2011: ` 10 lakh and February: ` 10 lakh.

was pending with Finance Department and the work was lying abandoned as of December 2012 (as depicted in the photograph below).



Scrutiny (February 2010) of records of the EE, Jagadhari Provincial Division, Yamunanagar revealed that the EE prepared the rough cost estimate without inspecting the site and ascertaining the field conditions which was the pre-requisite for preparation of estimates as per para 10.1.3 of the Haryana Public Works Department Code. The Chief Secretary accorded (November 2005) the first administrative approval on the basis of rough cost estimate prepared by EE. Further, the work on the building was started without ascertaining the scope of work as per site conditions. The complete scope of work was not even assessed while revising the estimate in November 2009 and the estimate had to be revised again in April 2011 for ` 2.21 crore. Further, no proposal had been made for laying sewerline in the Gobindpura village (October 2012).

On this being pointed out, the EE intimated (November 2010 and January 2012) that the work could not be completed as the site of the building was in a sewerage pond requiring heavy fillings, protest by villagers for not providing sewerage facility and non-deposit of balance funds by the Department. The matter was also discussed with the Principal Secretary to Government of Haryana, PWD (B&R) in exit conference held in November 2012 where in the Department intimated that initially the estimate for ` 62.36 lakh was sent to the client Department on the presumption that dry piece of land would be provided for construction of building but the site provided was a sewerage pond which required heavy filling due to which the estimate had to be revised and re-revised and the work was held up due to non-deposit of balance funds by the Department.

The argument of the Department was not correct as the rough cost estimate was not prepared correctly as per provisions of the PWD Code after inspecting the site to ascertain the field conditions and scope of the work. Further, the Department should have taken up the matter regarding disposal of waste water of the village with the Public Health Engineering Department before starting the work to avoid protest from villagers. The contention of the Department regarding non-deposit of funds by the client Department was also not convincing as they had deposited the entire funds of ` 117.36 lakh in phases but the Department could not restart the work due to refusal of the contractor to execute the work at old rates. Thus,

incorrect preparation of rough cost estimate without inspecting the site to ascertain the field conditions coupled with not taking up the matter of disposal of waste-water of the village with appropriate authority hindered the construction of building which ultimately resulted in unfruitful expenditure of ` 88.89 lakh incurred on construction of the abandoned building besides depriving of its intended benefits.

### Transport Department

#### 4.3.6 Underutilisation of buses for want of drivers and conductors

**Procurement of buses without making arrangement of staff for their operation resulted in their underutilisation besides non-achievement of the objectives of JnNURM.**

The Ministry of Urban Development, GOI decided (January 2009) to provide assistance to State Governments for procurement of buses under Jawaharlal Nehru Urban Renewal Mission (JnNURM) for providing organised and efficient city bus services. Accordingly, the Transport Department, Haryana submitted (February 2009) a detailed project report to GOI for requirement of 288 buses for providing urban transport system in Faridabad city. The GOI sanctioned (February 2009) its share of cost that is ` 27.30 crore for purchase of 150 buses under the scheme. The State Government was to bear the balance 50 *per cent* cost. The Transport Department placed purchase orders for 150 buses (45 AC buses and 105 non-AC buses) between August 2009 and January 2010. Out of this, 102 buses arrived in the Faridabad Depot between December 2009 and August 2011 and the balance 48 buses in April 2012. Thus, the delivery of all 150 buses was received by the Department.

The city buses procured under JnNURM were to run minimum of 180 kilometres (kms) per day on city routes. One driver and one conductor per bus were required to operate for each eight hour shift. The utilisation of buses could further be increased to 360 kms per day by providing 2.5 drivers and 2.5 conductors per bus. Audit observed (November 2011) that the Department did not recruit additional drivers and conductors for operation of newly purchased buses under JnNURM. Though the Department sent the requisition to Haryana Staff Selection Commission yet it did not yield the results. Thereafter, the Director General, State Transport Department advertised for recruitment of drivers and conductors in December 2011. Consequently, these buses, except 15 low floor Volvo buses, could not be utilized to a minimum of 180 kms per day. Against this norm, actual operation on an average was 75.60 kms per bus per day. Even after taking into consideration 10 *per cent* under utilisation allowance on buses due to their detention for unavoidable circumstances, the buses were underutilized to the extent of 53 *per cent* during the period 2010-12. Thus the objectives of JnNURM of providing organized and efficient city bus service in Faridabad remained unachieved to a large extent.

The Additional Chief Secretary to Government of Haryana, Transport Department informed (August 2012) that the requisition for recruitment of staff was submitted to recruitment agency of the State well in time. As such, delay in recruitment was not on the part of the Department.

The point, however, remains that non-recruitment of staff corresponding to the process of procurement of buses resulted in underutilisation of buses to the extent of 53 per cent besides non-achievement of the objective of JnNURM of providing organized and efficient city bus service in Faridabad.

#### **Agriculture Department (Haryana State Agricultural Marketing Board)**

##### **4.3.7 Blockade of funds on construction of incomplete buildings of Agro Malls due to ill planning**

**The Haryana State Agricultural Marketing Board started construction of four Agro Malls at Panchkula, Karnal, Panipat and Rohtak without finalising their detailed project reports and drawings with the result that the buildings remained incomplete leading to blocking of ` 132.52 crore.**

Paragraph 9.5 of Haryana PWD Code 2009 (Paragraph 2.89 of earlier PWD code), stipulates that for every work proposed to be carried out, a detailed estimate based on essential drawings and preliminary structural and service designs must be prepared for sanction of the competent authority. The spirit being that the proposals are technically sound, specifications are appropriate for the service intended, and the estimates are realistic, based on adequate data. Paragraph 10.6.12 of PWD Code further provides that preferably all the architectural and structural drawings should be available at the time of award of the work and if that is not possible, a phased schedule specifying target dates by which complete architectural and structural drawings shall be supplied may be fixed.

In order to provide modern facilities to the consumers where they can get all types of goods required for their daily use under one roof, Haryana State Agriculture Marketing Board (HSAMB) approved (July 2007 to December 2008) construction of Agro Malls in four cities (Karnal, Panchkula, Panipat and Rohtak). The administrative approvals amounting to ` 122.62 crore<sup>28</sup> to construct four agro malls in these towns were accorded by the Chairman, HSAMB during July 2007 and December 2008. The tenders for the works were invited during April 2008 and February 2009 and the civil works were allotted to various agencies at a total cost of ` 90.62 crore<sup>29</sup> with completion time of 12 months for every work. After allotment of work, the scope of work in Panchkula was increased by making

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28 Panchkula ` 24.82 crore (July 2007), Panipat ` 22.27 crore (June 2008), Rohtak ` 45.51 crore (December 2008), Karnal ` 30.02 crore (June 2008)

29 Panchkula 24.00 crore (April 2008), Panipat 16.63 crore (September 2008), Rohtak ` 33.05 crore (February 2009), Karnal 16.94 crore (September 2008)



additional provision of basement and one storey and in Rohtak covered area of agro mall was increased due to provision of additional shops. In Karnal, the rough cost estimate was got approved on plinth area basis due to which the quantities and cost had increased. As such, revised administrative approvals amounting to ` 49.80 crore (October 2008) for Panchkula, ` 89.53 crore (March 2011) for Rohtak and ` 47.28 crore (September 2011) for Karnal were accorded by the Board. Though an expenditure of ` 132.52 crore had been incurred on the works in four cities upto October 2012 yet all the buildings were still incomplete (December 2012).

Test check of records relating to construction of malls (March 2012) revealed:

### ***Agro Mall, Panchkula***

The Detailed Notice Inviting Tender (DNIT) for the work of construction of Mall building was approved for ` 23.97 crore by Chief Engineer, HSAMB, Panchkula, in February 2008 and work was awarded in April 2008. The Board rescinded the agreement in March 2010 and the work was lying abandoned due to non-finalisation of further designs. A total expenditure of ` 14.42 crore was incurred on the work (March 2010). Tenders for the balance work were invited in January 2012 and the work awarded to another agency in March 2012 for ` 16.55 crore with a completion time of one year.



Photograph of Agro Mall, Panchkula lying abandoned (date 21 March 2012)

Audit observed that the work of construction of building was awarded in April 2008 whereas the work of preparing drawing and design was allotted to a separate agency in May 2008. As a prudent practice the detailed design and drawings should have been drawn first and the cost estimates of the construction drawn later on. The work was incomplete (December 2012).

### ***Agro Mall, Panipat***

For Agro Mall, Panipat, the work was awarded (September 2008) for ` 16.63 crore with time limit of one year. Again the work was awarded without finalisation of design and drawings. The revised drawings were provided to the agency as late as in May 2009, due to which after executing work to the tune of ` 1.33 crore, the agency left the work incomplete. A penalty of ` 1.66 crore was levied against the agency which was not imposable as there were no means to impose it. Balance work was re-awarded at previous



Photograph of Agro Mall, Panipat under construction (date 2 May 2012)

agency's risk and cost (April 2010) for ₹ 10.44 crore. The second agency had executed the work to the tune of ₹ 11.75 crore. The work was still incomplete (December 2012).

### ***Agro Mall, Rohtak***

Agro Mall, Rohtak's construction covering an area of 18,288.96 square metres was administratively approved at a cost of ₹ 45.51 crore by the Board. The work was allotted (February 2009) to an agency for ₹ 33.05 crore. The plans were revised and covered area was enhanced from 18288.96 to 31305.11 square metres to construct more shops. The revised administrative approval amounting to ₹ 89.53 crore was accorded by the Board in March 2011 for completion of work by February 2012. An expenditure of ₹ 76.68 crore (including electrical expenditure of ₹ 17.30 crore) was incurred till October 2012 but the work was still incomplete (December 2012).



### ***Agro Mall, Karnal***

The work was awarded (September 2008) at a cost of ₹ 16.94 crore with time limit of one year. An expenditure of ₹ 28.34 crore (including electrical expenditure of ₹ 8.86 crore) had been incurred till October 2012 but the work which was required to be completed by September 2009 was still incomplete (December 2012).



Apart from above, Audit observed other shortcomings:

- Non-scheduled items amounting to ₹ 15.42 crore (Panchkula- ₹ 0.63 crore, Karnal- ₹ 1.20 crore and Rohtak- ₹ 13.59 crore) were got executed by the concerned Executive Engineers without obtaining approval of the competent authority.
- Provision of recovery of welfare cess from the construction agencies in terms of Building and Other Construction Work Welfare Cess Act, 1996 was not made, which added the Board with a liability of ₹ 12.74 lakh.

The Principal Secretary, Government of Haryana, Agriculture Department in an exit conference held on 22 November 2012 stated that the conditions of preparation of detailed estimates and design, etc. before award of work were not included in the contracts as Haryana PWD Code was made applicable from November 2009 whereas tenders for the work were finalised before that date. The

reply was not based on facts as these conditions already existed in the old PWD code and standard bidding documents. The Department intimated that welfare cess could not be recovered from the contractors as no clause was incorporated in the agreements as this was made applicable in the Board from April 2008. The reply was not acceptable as levy and deduction of cess was a statutory requirement and was applicable for all construction works in Haryana from February 2007.

Thus, the works were conceived and allotted without finalizing their actual requirements, detailed project reports, approved designs and drawings and assessing the complete scope of work. There was also lack of planning in formulating the projects and contract agreements as the main conditions of levying of penalty on account of non-completion of work in time and deduction of welfare cess were not incorporated in the contract agreements. These led to compromising the financial interests of the Board and resulted into blockade of funds amounting to ` 132.52 crore on incomplete buildings and the intended benefits not reaching the target group.

**Town and Country Planning Department  
(Haryana Urban Development Authority)**

**4.3.8 Undue benefit to contractors due to refund of cess**

**Refund of labour cess to contractors resulted in additional expenditure of ` 63.62 lakh to Haryana Urban Development Authority besides undue financial aid to the contractors.**

Government of India (GOI) enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act). The main objective of the Act was to regulate the employment and conditions of service for building and other construction workers. The GOI, Ministry of Labour vide notification dated 26 September 1996 specified that cess at the rate of one *per cent* of the total cost of construction was to be levied on the employer. Accordingly, the Haryana Government framed (March 2005) the Haryana Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules 2005. Further, it constituted (November 2006) Haryana Building and Other Construction Workers Welfare Board (Board) to carry out the welfare schemes for construction workers and imposed (February 2007) cess at the rate of one *per cent* in accordance with the requirements of the Cess Act. The cess was to be deducted at source on building or other construction works of Government or Public Sector Undertakings from the bills paid and the proceeds of the cess collected were to be transferred to the Board. The cess so collected was required to be spent for the welfare of building and other construction workers on schemes like maternity benefits, pension, advances for purchase or construction of houses, disability pension, loans for

tools, payment of funeral assistance, death benefits, medical assistance, financial assistance for education and marriage of children, etc. The Government in a meeting of all the Heads of the Departments decided (26 June 2007) that where the works were being carried out through contractors, their new contracts were to be awarded by incorporating provision for deduction of cess and for already running projects, the departments were to add one *per cent* of the cost to their bills and transfer these proceeds of cess to the Board.

Test-Check of records (June 2009 to March 2010) of five<sup>30</sup> Executive Engineers (EE) of the Haryana Urban Development Authority (HUDA) Divisions revealed that welfare cess of ` 63.62 lakh was deducted from 16 contractors who executed 27 works (*Appendix 4.10*) during the period from June 2007 to October 2008. The deducted amounts were deposited with Board between July 2007 and February 2009. On the representation by agencies/contractors, the Chief Administrator (CA), HUDA directed (June 2008) all the EEs to refund the amount of cess recovered after 2 November 2006, in cases where the clause regarding deduction of cess was not included in the agreement. The five EEs refunded the cess amounting to ` 63.62 lakh to the contractors between July 2008 and June 2010. Scrutiny further revealed that the agreements executed with these contractors contained provision to the effect that the rates given were inclusive of all other taxes as applicable. In view of this clause the refund of cess to the contractors tantamounts to undue financial aid to contractors, resulting in additional expenditure of ` 63.62 lakh to HUDA.

In his reply, CA, HUDA stated (July 2012) that refund of cess was allowed to those contractors where there was no clause in the agreements. The action of CA, HUDA was not as per the provisions of the agreements as there was provision in the agreements to the effect that the rates given were inclusive of all taxes as applicable. Thus, the refund of cess resulted into additional expenditure of ` 63.62 lakh besides undue financial benefit to contractors.

The matter was demi-officially referred to Financial Commissioner and Principal Secretary to Government of Haryana, Town and Country Planning Department (March 2012); but their reply has not been received (December 2012).

#### **4.3.9 Undue favour to the Society**

**A school building at Rohtak constructed at a cost of ` 11.09 crore was leased out to an Educational Society at a token lease amount of ` 100 per annum resulting in undue favour to the Society.**

As per Section 13 of Haryana Urban Development Authority (HUDA) Act, 1977 the objects of Authority shall be to promote and secure development of all or any other areas comprised in an urban area. It was observed that as per policy guidelines (February 2009), HUDA had been carving out plots for various community

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30 (i) HUDA Electrical Division Gurgaon: ` 1.86 lakh; (ii) HUDA Division No. 1 Gurgaon: ` 9.10 lakh; (iii) HUDA Division No. VI, Gurgaon: ` 9.58 lakh; (iv) HUDA Division Rohtak: ` 30.83 lakh and (v) HUDA Division Panipat: ` 12.24 lakh.

building sites like creches, school, hospital, etc. and also constructing buildings on some of the sites and handing over the same to the respective departments on 99 years lease hold basis on a nominal token lease of ` 100 per annum. The policy guidelines for leasing school buildings *inter alia* provides that:

- The applications for leasing of constructed school buildings constructed by HUDA shall be invited through advertisement.
- Only the reputed NGOs registered for the last two years before the date of issue of advertisement were eligible to apply.
- Only those NGOs who are working in the field of imparting education to the poor on charitable basis were eligible.
- Buildings were to be leased out initially for a period of five years at token lease money of ` 100 per annum which was to be renewed for another five years subject to performance of the Society.

Scrutiny of records of the Estate Office, Rohtak revealed that HUDA constructed a building for Senior Secondary School on a plot measuring 22,132 square metre at a cost of ` 11.09<sup>31</sup> crore in Sector 4, Rohtak for its transfer to the Education Department without ascertaining the needs from the Education Department. The Estate officer, HUDA, Rohtak handed over (February 2010) the building to the President, Model School Society, Rohtak without inviting tenders at a token lease of ` 100 per annum for a period of 30 years by giving relaxation to the Society from the policy guidelines.

On this being pointed out (October 2010), the Principal Secretary to Government, Town and Country Planning Department and Director General, Urban Estate Department (UED) during exit conference held in November 2012 stated that the school building was leased to the Society where predominantly, the Government officers including Deputy Commissioner (DC) are its members/ Chairperson, are running the affairs of the Society in their ex-officio capacity on “No profit no loss” basis. The DG, UED further stated that the necessity of advertisement about giving school building on lease through press was not felt as it was strongly recommended by the DC and Administrator, HUDA, Rohtak to allot the building to the Model School Society. Further, the Society was imparting high standard of education to the residents of Rohtak and no objection was conveyed by the Director General, School Education, Haryana.

The plea of the Department was not acceptable as the lease agreement in the absence of wide publicity in the media lacked transparency which tantamounts to undue favour to the Society. The Society was charging hefty fee ranging between ` 1,400 and ` 2,100 per month from each student for different classes as compared with nominal or no fee being charged by Government schools thereby negating the claim of the Principal Secretary and Director General, UED that the said model school was running on ‘no profit and no loss’ basis like Government

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31 Cost of construction: ` 2.26 crore; Land cost: ` 8.83 crore.

organisation. The contention of the PS and DG that high standard of education was being provided by the said model school to the 'residents' of Rohtak did not hold good as the students belonging to poor families/economically weaker sections (EWS) were not able to afford admission in model school. Against the required reservation for 201 students of EWS category (25 per cent of total strength prescribed by Government) for the academic year 2012-13, only two students of EWS category were admitted in this school by the school management. Further, against the provision of leasing the building initially for five years in the lease policy, the building was leased for 30 years.

It was further noticed during audit that besides leasing the school at a token lease amount of ₹ 100 per annum, an amount of ₹ 39.50 lakh (detailed in **appendix 3.2**) was given to the Society during 2009 to 2011 as discretionary grants.

Thus, in violation of the policy guidelines, undue favour was extended to a Society by leasing out the school building constructed at a cost of ₹ 11.09 crore at a token lease amount of ₹ 100 per annum.

## Town and Country Planning Department

### 4.3.10 Grant of licenses to private colonizers

**Due to non-renewal of these licenses, renewal fee amounting to ₹ 1.86 crore remained unrecovered from colonizers. Further, absence of system to watch revalidation of bank guarantees resulted in expiry of bank guarantees of ₹ 1.92 crore.**

The Director General (DG), Town and Country Planning Department (TCPD) grants licenses in terms of Section 3 of the Haryana Development and Regulation of Urban Areas Act, 1975 and the Rules made thereunder, to Colonizers<sup>32</sup> for developing residential group housing or plotted colonies on payment of prescribed fee and conversion charges. The license initially valid for a period of two years can be renewed on annual basis till the completion of colony on payment prescribed renewal fee. During the period from 2001-02 to 2010-11, the Department issued 863 licenses to colonizer in the State. Of these, 225 license files were checked in audit on random selection basis during January 2012 in the office of the DG, TCPD and the following deficiencies and irregularities were noticed:

#### (a) Non-recovery of renewal of license fee

Rule 13 of the Haryana Development and Regulation of Urban Areas Rules, 1976 provides for renewal of licenses in cases where the colonizer fails to complete the development work in the colonies. The colonizers are required to apply for

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32 Coloniser means an individual, company or association, body of individuals, owning land for converting it into a colony.

renewal alongwith the renewal fee at the rate of 10 *per cent* of the fee prescribed for issuance of license in cases where completion certificate had not been issued and at 2.5 *per cent* of the prescribed fee in cases where part completion certificate had been issued.

A mention was made in para 3.16 (v) regarding, “Non-renewal of licenses” in the Report of Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil)-Government of Haryana. The Public Accounts Committee while discussing the para in March 2007 recommended that the Department should have evolved its own effective and speedy system to know the dates of renewal of licenses and the amount to be recovered on this account. Audit further noticed that the licenses of four colonisers<sup>33</sup> in Gurgaon were last renewed upto the dates between June 2010 and December 2011. Though development works of the colonies were incomplete, these licenses were not renewed as of December 2012. Thus, due to non-renewal of these licenses, renewal fee amounting to ` 1.86 crore remained unrecovered from colonizers.

The Director General intimated (December 2012) that in two cases the colonizers had applied for renewal upto May and June 2012. In remaining two cases they had not applied for renewal of licenses and action would be initiated against them as per rules. The fact, however, remains that the Department had not put in place any system whereby the due dates of renewal of licenses and amount of license fee to be recovered could be closely monitored by the Department.

**(b) Lapse of Bank Guarantees**

Rule 11, *ibid*, provides that colonizers are required to furnish bank guarantees equivalent to 25 *per cent* of the estimated cost of development works. In the event of breach of any agreement by the colonizers, the Director General may cancel the licenses granted to them and the Bank guarantees in that event are required to be forfeited.

Audit scrutiny of bank guarantee registers in the Directorate revealed that the validity period of six bank guarantees amounting to ` 1.92 crore though expired between September 2005 and September 2006, were not got revalidated from the colonizers (December 2012) as the system to watch the revalidation of bank guarantees was not put in place.

On this being pointed out by Audit (January 2012), the Department issued notices (November 2012) to the concerned colonisers.

**(c) Non-completion of colonies**

Rule 12, *ibid*, provides that the development works in the colonies should be

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- 33 (i) Unitech Ltd. Gurgaon- December 2011 (` 11.87 lakh), renewal applied in May 2012.  
(ii) Unitech Ltd, Gurgaon-June 2011 (` 8.19 lakh), renewal not applied.  
(iii) Unitech Ltd, Gurgaon-May 2011 (` 46.12 lakh), renewal not applied.  
(iv) Dr. Fresh Real Estate Gurgaon -June 2010 (` 119.80 lakh), renewal applied in June 2012.

completed within two years and a certificate of completion be obtained under Rule 16 from TCPD.

During audit, it was noticed in 160 cases, out of 225 cases, where the colonisers were to develop group housing or plotted colonies in 17 districts up to November 2011, none of the colonizers had completed colonies fully (January 2012). As such, the completion certificates were not issued by the Department.

On this being pointed out by audit, the Director General stated (January 2012) that the final completion of these projects took several decades for development as infrastructural works such as providing of water supply, sewerage, storm water drainage, roads, schools, dispensaries, community centres, electric sub stations, etc were required to be provided. In view of reply of the Department, Audit is of the opinion that the provision for time limits for extension for completion of all such amenities is required to be made in rules so that the residents are not deprived of basic amenities.

The matter was referred to the Principal Secretary to Government of Haryana, Town and Country Planning Department (June 2010) but the reply had not been received so far (December 2012).