

CHAPTER-III

COMPLIANCE AUDIT

This Chapter contains four thematic paragraphs on “Implementation of Vidyalaxmi Scheme”, “Procurement of Machinery and Equipment for Government Engineering Colleges and Polytechnics”, “Functioning of Gujarat Building and Other Construction Workers’ Welfare Board” and “Procurement and Commissioning of Water Purifiers in Rural Government Schools under Jalmani programme” and two individual paragraphs on audit of transactions.

EDUCATION DEPARTMENT

3.1 Implementation of Vidyalaxmi Scheme

3.1.1 Introduction

The State Government launched (June 2002) a scheme named “Vidyalaxmi” with the objective to improve female literacy rate in the State by providing financial assistance of ₹ 1,000¹ in the form of Bond of Sardar Sarovar Narmada Nigam Limited² (SSNNL) to the girl students enrolled in Standard (Std.) I belonging to the villages in the State with female literacy rate below 20 *per cent* (prior to February 2004) and 35 *per cent* (from February 2004). The benefits of the scheme were also extended (May 2005) to girl students of urban areas belonging to Below Poverty Line (BPL) category. The financial assistance was payable with interest³ to the girl student on her passing Std. VII. The scheme was further extended (June 2007) for secondary girl students⁴ on enrolment in Std. VIII by providing financial assistance of ₹ 2,000 in the form of bond and payable with interest on passing of Std. X. The scheme was implemented by the Director of Primary Education, for primary education and by the Commissioner of Mid-Day-Meals and Schools, for secondary education. At the district level, District Primary Education Officer (DPEO) and District Education Officer (DEO) were responsible for the implementation of the scheme.

The records relating to the scheme covering the period 2002-13 were test checked (January 2013 to May 2013) at the office of the Director of Primary Education, Gandhinagar, Commissioner of Mid-Day-Meals and Schools, Gandhinagar, six

¹ Revised to ₹ 2,000 from 2012-13

² A State Government Undertaking

³ 14 *per cent* (10 December 1993 to 17 February 1995, 1 August 1997 to 30 November 1997 and 1 April 1998 to 31 August 1999), 15 *per cent* (18 December 1995 to 31 July 1997), 13 *per cent* (1 December 1997 to 31 March 1998 and 1 September 1999 to 31 May 2000), 12 *per cent* (1 June 2000 to 30 September 2001), 11 *per cent* (1 October 2001 to 30 September 2002), 10.50 *per cent* (1 October 2002 to 28 February 2003), nine *per cent* (1 March 2003 to 30 September 2003 and 1 June 2007 to 9 September 2009), 7.50 *per cent* (1 October 2004 to 31 May 2007) and eight *per cent* (1 October 2003 to 30 September 2004 and 10 September 2009 to 30 September 2011), and 8.50 *per cent* from 1 October 2011 onwards

⁴ Belonging to villages with female literacy rate below 35 *per cent* and BPL family

DPEOs and DEOs (selected from all the five regions⁵ considering the number of bonds purchased) with the objective to ascertain the efficacy of implementation of the scheme. The audit findings are discussed in the succeeding paragraphs.

Audit Findings

3.1.2 Financial Management

The DPEOs and DEOs collect the information regarding number of students eligible to get admission in Std. I and Std. VIII through Block Resource Centres (BRCs) and Schools respectively and after assessing the requirement of bonds, submit their demand for grants. The Education Department releases grants based on the demand and the DPEOs and DEOs in turn purchase the Bonds from SSNNL in the name of the concerned beneficiaries. The year-wise details of grants released and expenditure incurred towards purchase of bonds are as shown in **Table 1** below -

Table 1 : Grants released and expenditure incurred

(₹ in crore)

Year	Primary Education			Secondary Education		
	Budget Provision	Grants released to DPEOs	Expenditure	Budget Provision	Grants released to DEOs	Expenditure
2002-03	10.00	10.00	9.28	NA ⁶	NA	NA
2003-04	20.00	20.00	15.00	NA	NA	NA
2004-05	15.00	15.00	13.57	NA	NA	NA
2005-06	15.00	15.00	13.51	NA	NA	NA
2006-07	15.00	15.00	12.70	NA	NA	NA
2007-08	15.00	15.00	14.75	3.00	3.00	2.71
2008-09	15.00	15.00	12.87	3.00	3.00	2.00
2009-10	14.50	14.50	11.16	3.00	3.00	3.11
2010-11	13.00	13.00	10.43	3.00	3.00	2.99
2011-12	13.00	13.00	11.44	5.00	5.00	5.00
2012-13	26.00	21.09	21.06	3.00	3.00	1.66
Total	171.50	166.59	145.77	20.00	20.00	17.47

(Source : Information furnished by Director of Primary Education and Commissioner of Mid-Day-Meals and Schools)

Grant release order provided that funds should not be kept in the Personal Ledger Account (PLA) and any unspent amount remaining at the end of the year should be returned to the Government. However, in five out of six test checked DPEOs⁷, audit observed that unspent grant of ₹ 1.91crore (**Appendix-XXII**) was kept in the PLA of District Development Officer (DDO), in violation of above instructions of the Government.

⁵ North Gujarat (Banaskantha and Sabarkantha), Central Gujarat (Vadodara), South Gujarat (Surat), East Gujarat (Dahod) and Saurashtra (Amreli)

⁶ NA means Not Applicable as the scheme was extended for Secondary Education from 2007-08

⁷ Amreli, Banaskantha, Dahod, Surat and Vadodara

3.1.3 Irregularities in purchase of Bonds

The information regarding eligible students under the scheme for primary education is collected by DPEOs through BRCs/School Coordinators and for secondary education by DEOs through School Coordinators/School Principals. Scheme guidelines provide for pre-admission survey of students to be enrolled in Std. I and Std. VIII. Based on the survey reports, the bonds are purchased by the respective officers. The year-wise details of bonds purchased, encashed and yet to be encashed in respect of the State are shown in **Appendix-XXIII**. The method of purchasing bonds based upon the survey reports and non-scrutiny of information furnished by subordinate offices⁸ by DPEOs and DEOs led to various irregularities as discussed in the succeeding paragraphs.

3.1.3.1 Purchase of Multiple Bonds

Scheme guidelines provide that bond should be purchased in the joint names of DPEO/DEO, girl student and parent/guardian on enrolment in Std. I/Std. VIII. Audit observed in five out of six test checked DPEOs and three out of six DEOs that the information submitted by subordinate offices was not scrutinised by DPEOs and DEOs which led to purchase of more than one bond⁹ (575 bonds of ₹ 10.26 lakh) in the name of the same beneficiary as shown in **Appendix-XXIV**. Further, no timely action was taken to get the bonds cancelled and credit the money back to Government account.

DPEOs/DEOs stated (January to May 2013) that this was due to oversight and that due care would be taken to ensure payment for single bond to each beneficiary on maturity.

This lapse indicated that the purchases of bonds had been made without verifying the correctness of the lists of beneficiaries enrolled in the schools.

3.1.3.2 Bonds purchased for ineligible beneficiaries

The scheme guidelines provide that the benefit under the scheme for primary students was to be provided to girl students on enrolment in Std. I, belonging to a village having female literacy rate below 35 *per cent*¹⁰ and in case of Urban Areas to girl students, belonging to the BPL category, on submission of BPL card. For secondary students, the benefit was to be provided to BPL girl students, on enrolment in Std. VIII, belonging to a village having female literacy level below 35 *per cent*. Irregularities noticed in purchase of bonds are discussed below -

⁸ BRCs/School Coordinators under DPEOs and School Coordinators/School Principals under DEOs

⁹ DPEOs – 124 multiple bonds of ₹ 1.24 lakh and DEOs – 451 multiple bonds of ₹ 9.02 lakh

¹⁰ With effect from February 2004 as per Census data

- ***Bonds purchased for beneficiaries of villages with high female literacy rate***

Scrutiny of records of three¹¹ out of six test checked DPEOs and four¹² out of six test checked DEOs revealed that 1,385 bonds valuing ₹ 19.97 lakh were purchased for girl students belonging to villages with female literacy rate above 35 per cent as shown in **Appendix-XXV** which was in violation of the scheme guidelines. Further scrutiny revealed that 215 bonds out of the above bonds were encashed and payment of ₹ 4.92 lakh was made by the DPEOs and DEOs concerned to these ineligible beneficiaries.

The DPEOs and DEOs stated (January to May 2013) that due care would be taken in future while purchasing the bonds. The fact, however, remained that these bonds were required to be cancelled and the total amount of ₹ 19.97 lakh with interest be credited to Government account at the earliest.

- ***Bonds purchased without ascertaining BPL status***

Scrutiny of records at test checked DPEOs and DEOs revealed that 2,085 bonds (DPEOs-38 bonds¹³ and DEOs-2,043 bonds¹⁴) valuing ₹ 41.28 lakh were purchased without obtaining the copy of BPL card of the beneficiaries for ascertaining their BPL status, as the list maintained had no details of BPL numbers. Further, audit could not vouchsafe the correctness of the BPL status of the beneficiaries as no records were found maintained in all test checked districts in this regard.

The DPEOs and DEOs accepted the omission and stated (January to May 2013) that due care would be taken in future during the purchase of bonds.

- ***Bonds purchased for APL beneficiaries***

Scrutiny of records in DPEO, Vadodara and DEOs Sabarkantha and Banaskantha revealed that 13 bonds¹⁵ valuing ₹ 0.23 lakh were purchased for girl students belonging to Above Poverty Line (APL) category resulting in issuance of bonds to ineligible beneficiaries in violation of the scheme guidelines.

- ***Bonds purchased for boy student***

Scrutiny of records in two DPEOs¹⁶ and two DEOs¹⁷ revealed that 18 bonds valuing ₹ 0.22 lakh were purchased for boy students. This indicated that the

¹¹ Amreli, Dahod and Vadodara

¹² Dahod, Banaskantha, Sabarkantha and Vadodara

¹³ DPEO, Surat – 16 bonds in 2002-03, DPEO, Vadodara – six bonds in 2006-07 and 16 bonds in 2011-12

¹⁴ DEO Amreli – 96 bonds (eight of 2009-10 and 88 of 2010-11), DEO Banaskantha – 56 (2010-11), DEO, Dahod – 117 bonds (20 of 2007-08, 26 of 2008-09 and 71 of 2010-11), DEO Sabarkantha – 77 bonds (2009-10), DEO Surat – 97 bonds (11 of 2007-08, three of 2008-09 and 83 of 2009-10) and DEO Vadodara – 1,600 bonds (2007-08)

¹⁵ DPEO Vadodara – two bonds in 2012-13 (₹ 2,000), DEO Sabarkantha – two bonds in 2008-09 and eight bonds in 2009-10 (₹ 20,000) and DEO Banaskantha – one bond in 2007-08 (₹ 1,000)

¹⁶ DPEO Banaskantha – 12 bonds of 2005-06 (₹ 0.12 lakh) and DPEO Vadodara – one bond of 2003-04 and one bond of 2007-08 (₹ 0.02 lakh)

¹⁷ DEO Amreli – three bonds of 2007-08 (₹ 0.06 lakh) and DEO Dahod – one bond of 2009-10 (₹ 0.02 lakh).

bonds were purchased without proper verification and no action was taken to cancel these bonds and credit the amount in Government account.

The DPEOs and DEOs stated (January to May 2013) that due care would be taken while purchasing the bonds in future. The fact, however, remained that these bonds were required to be cancelled and action taken to credit the amount back to Government account, which was not done (May 2013).

3.1.3.3 Non-purchase of bonds for eligible beneficiaries.

The scheme guidelines provide that bonds should be purchased for girl students on enrolment in Std. I and Std. VIII. Audit observed at three DPEOs¹⁸ and four DEOs¹⁹ that bonds were not purchased for 2,482 eligible beneficiaries of primary section and 71 eligible beneficiaries of secondary section though subordinate offices and schools had forwarded their names as eligible beneficiaries for availment of benefit under the scheme. Further, no reasons were found recorded for the non-inclusion of their names in the lists forwarded to SSNNL for purchase of bonds.

Apart from above, it was also observed that -

- at DEO Surat, eligible beneficiaries of seven talukas²⁰ enrolled in Std. VIII during 2007-10 were deprived of the scheme benefits, as the DEO failed to call for the list of eligible beneficiaries enrolled (2007-10) in the schools of these talukas;
- at DEO Vadodara, upto 2008-09, out of 12 talukas, information regarding eligible beneficiaries was called for from only four talukas²¹. The eligible beneficiaries of the remaining eight talukas were thus deprived of the benefit under the scheme; and
- at DEO Banaskantha, in three test checked talukas²², audit observed that four schools²³ had not sent the list of beneficiaries to DEO for the period 2007-12, as they were not aware of the scheme. Thus, the girl students enrolled during 2007-12 were deprived of the scheme benefit.

The DPEOs and DEOs stated (January to May 2013) that necessary care would be taken in future in purchase of bonds. The fact remained that eligible beneficiaries were deprived of the benefit of the scheme due to failure on the part of school authorities, DPEOs and DEOs.

¹⁸ Amreli - 47 (26 of 2005-06, 21 of 2011-12), Banaskantha - 1,877 (1,032 of 2003-04, 256 of 2009-10, 337 of 2010-11 and 252 of 2012-13) and Vadodara - 558 (2004-05)

¹⁹ Dahod - 36 (2007-08), Sabarkantha - 10 (five each of 2007-08 and 2009-10), Surat - 18 (2008-09) and Vadodara - seven (2011-12)

²⁰ Bardoli (upto 2010-11), Choriyasi (upto 2009-10), Kamrej (upto 2009-10), Mandvi (upto 2009-10), Mangrol (upto 2009-10), Palsana (upto 2010-11) and Surat city (upto 2010-11)

²¹ Chotaudepur, Kwant, Naswadi and Pavi Jetpur

²² Amirgadh, Danta and Tharad

²³ Vivekanand Uttar Buniyadi Vidyalaya at Tharad, Agrasen Secondary and Higher Secondary Kanya Vidyalaya at Amirgadh, Swastik Secondary and Higher Secondary School at Amirgadh and Vinay Mandir Pimplawadi Vav at Danta

3.1.3.4 Incomplete/incorrect information in Bonds

Scheme guidelines provide that bond should be purchased in the joint name of DPEO/DEO, girl student and parent/guardian on enrolment in Std. I/Std. VIII. Scrutiny of records at test checked DPEOs and DEOs revealed that -

- at four DPEOs²⁴ and DEO Amreli, 56 bonds and 146 bonds (2010-11) valuing ₹ 0.56 lakh and ₹ 2.92 lakh respectively had no details of the father/guardian name. This may lead to payment of maturity benefits to ineligible beneficiaries in future.
- at two DPEOs²⁵ and three DEOs²⁶, the names mentioned in 31 bonds valuing ₹ 0.54 lakh did not match with the list furnished by the respective schools. This was fraught with risks and lead to payment of assistance to ineligible beneficiaries.
- at DPEO Vadodara, 20 bonds (₹ 0.20 lakh) purchased in 2003-04 and at DEO Sabarkantha, 10 bonds (₹ 0.20 lakh) purchased in 2009-10 had no names of beneficiary student/parent/guardian and no efforts were made by the DPEO and DEO to rectify the omission. These bonds were encashed and the amount was lying in their PLAs due to non-identification of beneficiaries. The denial of assistance to beneficiaries cannot be ruled out. Further, the purchase of these bonds appeared fictitious.

The DPEOs and DEOs accepted the observations raised by audit and stated that efforts would be made to rectify these discrepancies.

3.1.3.5 Custody of original bonds and missing bonds

Scheme guidelines provide that bonds purchased were to be kept in the custody of DPEOs/DEOs and on clearing the Std. VII/Std. X by the beneficiary, the DPEOs/DEOs were required to encash the bonds and make payments to the concerned beneficiaries with interest. Audit observed that DPEO Banaskantha and DEO Banaskantha had transferred 2,39,773 original bonds²⁷ to Taluka Development Officers (2002-12) and School Authorities (2007-09). Further, some school authorities had even handed over the bonds to the beneficiaries. Thus, the DPEO and DEO had violated the scheme guidelines. It was further observed that -

- in three test checked TDOs, 1,884 bonds out of 2,263 bonds²⁸ (2002-03 to 2004-05) were found missing from the custody of the concerned TDOs.

²⁴ DPEO Amreli – 30 bonds (2011-12) of ₹ 0.30 lakh, DPEO Banaskantha – six bonds (2005-06) of ₹ 0.06 lakh, DPEO Surat – 14 bonds (seven bonds each of 2004-05 and 2005-06) of ₹ 0.14 lakh and DPEO Vadodara – six bonds (2007-08) of ₹ 0.06 lakh

²⁵ DPEO Banaskantha – six bonds (2005-06) of ₹ 0.06 lakh and DPEO Surat – two bonds (2008-09) of ₹ 0.02 lakh

²⁶ DEO Amreli – five bonds (2010-11) of ₹ 0.10 lakh, DEO Dahod – 14 bonds (2009-10) of ₹ 0.28 lakh and DEO Banaskantha – four bonds (2008-09) of ₹ 0.08 lakh

²⁷ DPEO – 2,39,243 bonds and DEO – 530 bonds

²⁸ Bhabhar – 398 bonds out of 446 bonds of 2003-04 and 958 bonds out of 1,131 bonds of 2004-05, Amirgadh – 494 bonds out of 652 bonds of 2002-03 and Kankrej – all 34 bonds of 2003-04

This led to non-payment of financial assistance of ₹ 18.84 lakh plus accrued interest to 1,884 beneficiaries, as these bonds were due (2009-10 to 2011-12) for payment to them. Neither the TDOs nor the DPEO initiated any action to trace the bonds and timely payment was denied to the beneficiaries.

- DEO Banaskantha transferred 530 original bonds²⁹ (2007-09) valuing ₹ 10.60 lakh to concerned school authorities instead of keeping the same in own custody. Further, only 128 bonds were encashed and paid to the beneficiaries while the remaining 402 bonds (valuing ₹ 8.04 lakh) were lying un-encashed with the school authorities though those were payable to the beneficiaries (2010-12). This resulted in denial of assistance to the beneficiaries besides defeating the very purpose of the scheme.

The DPEO and DEO stated (May 2013) that custody of original bonds would be taken back and the payments already due to the beneficiaries would be made. As regards missing bonds, DPEO stated that necessary investigation would be carried out.

3.1.4 Encashment of Bonds

3.1.4.1 Non-disbursement/Blocking of Scheme Funds

The scheme guidelines provide that DPEOs and DEOs should conduct regular inspection to ascertain whether the beneficiaries continued their education after enrolment. In case, the beneficiary drops out/shifts to another district, the bonds purchased are to be cancelled/transferred to the respective district.

The SSNNL records revealed that all the bonds purchased (2002-03 to 2004-05) by DPEOs were encashed. However, scrutiny of records at five out of six test checked DPEOs³⁰ revealed that out of ₹ 25.88 crore realised by encashment of 1,51,104 bonds, ₹ 8.10 crore in respect of 43,128 bonds were lying undisbursed in the PLA of District Development Officers (**Appendix-XXVI**). Audit further observed that -

- DPEO Dahod transferred ₹ 9.84 crore³¹ to TDOs in respect of 57,439 encashed bonds (2002-05) for disbursement to beneficiaries but an amount of ₹ 5.39 crore³² for 31,552 bonds was lying undisbursed in the PLA of TDOs.
- In test checked DEOs³³, ₹ 1.69 crore in respect of 6,503 encashed bonds were lying un-disbursed in the PLA of the concerned DEOs (**Appendix-XXVII**).

²⁹ 2007-08 – 315 bonds and 2008-09 – 215 bonds

³⁰ Amreli, Banaskantha, Dahod, Sabarkantha and Vadodara

³¹ 2002-03 – ₹ 2.77 crore of 16,123 bonds, 2003-04 - ₹ 3.17 crore of 18,557 bonds and 2004-05 - ₹ 3.90 crore of 22,759 bonds

³² 2002-03 - ₹1.46 crore of 8,528 bonds, 2003-04 - ₹ 1.56 crore of 9,178 bonds and 2004-05 - ₹ 2.37 crore of 13,846 bonds

³³ Banaskantha, Sabarkantha and Vadodara

Audit observed that the assistance remained unpaid as the beneficiaries were not traceable due to their dropping out of school, shifting to other places, non-enrolment in next class, *etc.* This indicated that regular inspections were not being carried out to ascertain whether the beneficiary continued her education, transfer of bonds was done on time and bonds were encashed in time. Further, the DPEOs and DEOs failed to credit the undisbursed amount into Government account in respect of beneficiaries who had left studies in between or had not been enrolled.

The DPEOs and DEOs agreed to the facts and stated (January and May 2013) that amount lying in PLA would be deposited in Government account.

3.1.5 Other Irregularities

Scrutiny of records of all test checked DPEOs and DEOs revealed that following provisions of scheme were not adhered to -

- the surety bonds of parent/guardian of beneficiaries were not obtained before issuance of bonds;
- taluka-wise register of beneficiaries was not maintained;
- the details of bonds regarding bond number, date of issue, maturity date, receivable amount were not provided to the parent/guardian of the beneficiaries; and
- in two districts³⁴, benefit was not given to parents whose daughters expired before maturity period.

The DPEOs and DEOs stated that irregularities pointed out by audit would be corrected and due procedure would be followed in future.

3.1.6 Conclusion

There were instances of irregularities in implementation of the scheme for the girl students defeating the objectives of the scheme to that extent. Unspent grants were kept in the PLA of DDO in contravention of provision of grant release order. Instances of purchase of multiple bonds for a single beneficiary and for ineligible beneficiaries were noticed. Eligible beneficiaries were also deprived of the benefit under the scheme due to non-submission of the list of students by subordinate offices and non-inclusion of names in the list by the DPEOs and DEOs. In Banaskantha district, 2,39,773 original bonds were transferred to TDOs and school authorities in contravention to the scheme guidelines and the bonds were also found missing from the custody of TDOs in some cases. There were number of cases of non-disbursement of benefits as amount realised by encashment of bonds were lying in the PLAs of DDOs, DEOs and TDOs.

The matter was reported to Government (August 2013); but reply has not been received (November 2013).

³⁴ Amreli and Vadodara

3.2 Procurement of Machinery and Equipment for Government Engineering Colleges and Polytechnics

3.2.1 Introduction

The Education Department (ED) provides technical education through 16 Government Engineering Colleges (GECs) (37 Degree Engineering courses) and 30 Government Polytechnics (GPs) (26 Diploma Engineering courses). The annual intake capacity for Degree and Diploma courses in the State was 8,970 students and 20,220 students respectively (June 2013). Principal Secretary, Education Department was in charge of the overall functioning of Education Department. Technical Education was headed by Commissioner of Technical Education (CTE) and Joint Director (Planning, Budget and Purchase) was responsible for planning and purchase of machinery and equipment.

The records relating to the procurement of machinery and equipment covering the period 2008-13 were test checked (December 2012 to July 2013) at the office of the CTE, four³⁵ GECs and eight³⁶ GPs.

3.2.2 Purchase Policy and Procedures

The Central Stores Purchase Manual (CSPM)³⁷ prescribed (February 2004) the policy and procedures to be adopted while making procurement of machinery and equipment by the Government Departments. There were three committees for procurement of machinery and equipment namely Departmental Purchase Committee (DPC), Secretariat Departmental Purchase Committee (SDPC) and Secretariat Purchase Committee (SPC) with financial powers up to ₹ 50 lakh, above ₹ 50 lakh and upto ₹ 3.00 crore and above ₹ 3.00 crore respectively.

State Government designated (May 2001) Gujarat Informatics Limited (GIL)³⁸ as Central Purchase Organisation for procurement of Hardware, Software and Information Technology (IT) related equipment for all the Government Departments.

Audit findings

3.2.3 Financial Management

For procurement of machinery and equipment, budget provision was made under the category of ‘new items³⁹’ in the Budget. The details of budget provisions, grants released and expenditure incurred for procurement of machinery and

³⁵ GEC Modasa, GEC Patan, GEC Rajkot and SS Engineering College, Bhavnagar

³⁶ GP Ahmedabad, RC Technical Institute Ahmedabad, SB Polytechnic Institute Bhavnagar, GP Chhotaudepur, GP Godhra, GP Jamnagar, AV Parekh Technical Institute Rajkot and GP Rajkot

³⁷ Issued by Industries and Mines Department

³⁸ GIL is the State Government Undertaking under Science and Technology Department

³⁹ As per Gujarat Budget Manual, before inclusion of a “new item” in the budget, it is necessary that Administrative Department should recommend administrative approval for only such necessary items, which are proposed with adequate details

equipment for GPs and GECs in the State during the period 2008-13 are as shown in **Table 1** below—

Table 1 : Budget provision, grants sanctioned and expenditure

(₹ in crore)

Year	Budget Provision			Grant released			Expenditure incurred ⁴⁰			Percentage of expenditure	
	GP	GEC	Total	GP	GEC	Total	GP	GEC	Total	GP	GEC
2008-09	20.49	5.61	26.10	6.49	5.20	11.69	5.35	4.59	9.94	82	88
2009-10	22.00	37.43	59.43	22.00	37.43	59.43	16.94	18.80	35.74	77	50
2010-11	13.03	8.27	21.30	4.00	5.10	9.10	2.39	3.61	6.00	60	71
2011-12	4.78	3.01	7.79	4.78	3.01	7.79	2.81	1.95	4.76	59	65
2012-13	3.00	13.04	16.04	4.51	3.23	7.74	4.31	3.16	7.47	96	98
Total	63.30	67.36	130.66	41.78	53.97	95.75	31.80	32.11	63.91	76	59

(Source : Budget figures and information furnished by CTE)

Apart from the above, a separate grant of ₹ 19.73 crore⁴¹ was also provided for procurement of IT related equipment.

Analysis of above table shows that –

- for GPs, as against budget provision of ₹ 63.30 crore, Government released ₹ 41.78 crore (66 per cent), but expenditure of ₹ 31.80 crore (76 per cent) only was incurred; and
- for GECs, as against budget provision of ₹ 67.36 crore, Government released ₹ 53.97 crore (80 per cent), but expenditure of ₹ 32.11 crore (59 per cent) only was incurred.

It was observed that during 2008-09, Government did not release ₹ 14 crore provided in the budget for procurement of machinery and equipment for opening new Polytechnic Extension Centers at Gujarat Industrial Development Council (GIDC) due to non-supply of detailed information regarding establishment by CTE. Similarly, an amount of ₹ 9.03 crore provided in the budget for procurement of machinery and equipment during 2010-11 was not released due to delay in providing details by CTE to ED regarding purchases made during previous years and exact requirement in the current year.

The CTE attributed (July 2013) the reasons for these savings to the procedure for calling for tender being long, non-receipt of offers, cancellation of tenders and failure of vendors to supply materials. The reply was not acceptable as the provision in the budget was required to be made only after detailed and proper planning for its timely utilisation. This indicated that these items were included in the budget without adequate planning for their utilisation.

⁴⁰ Total expenditure included an amount of ₹ 12.71 crore (2008-09 - ₹ 0.83 crore, 2009-10 - ₹ 6.95 crore, 2010-11 - ₹ 1.67 crore, 2011-12 - ₹ 1.21 crore and 2012-13 - ₹ 2.05 crore) on furniture, there is no separate budget head for this and this has been included under machinery and equipment head in the budget

⁴¹ ₹ 0.57 crore (2008-09), ₹ 2.33 crore (2009-10), ₹ 3.88 crore (2011-12) and ₹ 12.95 crore (2012-13)

3.2.3.1 Parking of funds

Rule 193 (2) of Gujarat Treasury Rules, 2000 provide that no money shall be drawn from Treasury unless it is required for immediate disbursement. It is not permissible to draw money from Treasury in anticipation of demand or to prevent lapse of grants. Audit observed that CTE withdrew ₹ 55.20 crore meant for procurement of machinery and equipment and IT related items and parked this amount with various agencies as shown in **Table 2** to avoid lapse of grant, as it failed to complete the purchase procedure in the respective financial years -

Table 2 : Statement showing parking of funds

(₹ in crore)

Year	Amount	Purpose	Name of Agency
2008-09	0.57	Purchase of software	Gujarat Knowledge Society
2009-10	2.33	Procurement, installation and commissioning of Campus Wide Area Network (CWAN)	Gujarat Informatics Limited
	31.17	Purchase of machinery and equipment ⁴²	Gujarat Technological University
2011-12	3.88	Procurement, installation and commissioning of CWAN	Gujarat Informatics Limited
2012-13	17.25 ⁴³	Purchase of computers and peripherals	Gujarat Informatics Limited
	55.20		

(Source : Information collected from CTE)

It was further observed that out of a fund of ₹ 6.21 crore⁴⁴ provided (March 2010 and March 2012) to GIL for procurement, installation and commissioning of CWAN for nine GECs and 13 GPs, expenditure of only ₹ 5.64 crore was incurred by GIL in the years 2010-11 and 2011-12 and an unspent amount of ₹ 0.57 crore was not refunded to Government Account though it was clearly specified in the grant release orders.

CTE stated (December 2013) that for IT related purchases, indents are placed with GIL and on finalisation of purchase procedure by GIL, the purchase orders are issued and inspection, installation and commissioning of items is done. In respect of machinery and equipment, on receipt of indents from the institutes, the expert committee finalises the standard specifications and thereafter the process of calling for tenders is initiated. Thus, due to delay in finalisation of purchase procedure, funds could not be utilised in the particular financial year. The reply was not acceptable as reporting of expenditure without actually incurring it in the same financial year is a violation of financial propriety. As regards unspent balance with GIL, CTE stated (June 2013) that the matter was taken up with GIL for necessary action.

⁴² IR-Spectroscopy, CNC Vertical Machining centre with accessories, Power Electronics Trainers, Computerised four cylinder four stroke diesel engine test rig, basic electronics work station, digital electronics work station, basic laboratory workbench, advanced test and measurement workbench, 5 KVA online UPS, Rack based server, etc.

⁴³ ₹ 12.95 crore – IT fund (separate grant received) and ₹ 4.30 crore – State Plan

⁴⁴ ₹ 2.33 crore (March 2010) and ₹ 3.88 crore (March 2012)

3.2.4 Purchases

Based upon the budget allocation under plan head, CTE invites indents⁴⁵ for procurement of machinery and equipment from GECs and GPs. The indents received are consolidated, scrutinised and finalised by CTE considering the budget allocation and based upon the prescribed syllabus and norms of All India Council for Technical Education (AICTE). Subject-wise expert committee consisting of experts from GPs and GECs are formed to decide common specifications of equipment. Thereafter, purchase orders are issued for items finalised after following the purchase procedure and on installation, the payment is made either by CTE centrally or by respective GECs and GPs.

The details of number of items for which tenders were processed⁴⁶ by CTE during the period 2008-13 are shown in **Table 3** below –

Table 3 : Details of number of items for which tenders were processed

Year ⁴⁷	Number of items tendered	Number of items technically disqualified	Number of items for which no response received	Number of items for which purchase order (PO) issued	Number of items not supplied	Amount involved in the purchase orders issued (₹ in crore)
2008-09	414	156	44	214	0	3.12
2009-10	822	169	90	563	70	11.04
2010-11	374	71	36	267	51	4.98
2011-12	250	40	30	180	17	2.99
Total	1,860	436	200	1,224	138	22.13

(Source : Information furnished by CTE)

The above table shows that out of 1,860 items tendered, purchase orders were issued for 1,224 items of which 138 items were not received.

Audit scrutinised the tender documents of 608 items (₹ 11.04 crore) relating to purchase of machinery and equipment and records such as indent, specifications and utilisation of IT related equipment at CTE and test checked GPs and GECs.

For IT related equipment, CTE placed the indent with GIL, who consolidated the indents received from all the State Government Departments and invited common tender. After finalisation of tender by GIL, purchase orders were issued by the CTE and payment was made to the supplier either by CTE or through GIL. During 2008-12, procurement of IT items worth ₹ 22.13 crore was made from the general budget and ₹ 19.73 crore from the IT grant.

Specific instances of irregularities in purchase procedure are discussed in succeeding paragraphs.

⁴⁵ Requirements are called for the equipment having estimated cost more than ₹20,000. For equipment having estimated cost upto ₹ 20,000, local purchase is made by the concerned institute

⁴⁶ Tenders processed by GIL and purchases below ₹ 20,000 made by the concerned GECs and GPs were not included in this table

⁴⁷ During 2012-13, tenders were not processed for machinery and equipment, for IT related purchases and furniture, so not included in the table

3.2.4.1 Failure to make bulk purchases

Each GEC/GP was affiliated to Gujarat Technological University (GTU) and had common course and curriculum. Before procurement of any equipment, specification was to be drawn by the expert committee⁴⁸ of the CTE. Audit observed at CTE that no common requirement was assessed for institutes and same items were procured by CTE for various institutes in different years resulting in non-availability of benefits of bulk purchases. Illustrative cases are shown in **Appendix-XXVIII**.

The CTE attributed (December 2013) the reasons for frequent revision of indents submitted by the institutes for different equipment. The reply was not acceptable as the syllabus and curriculum was similar for all the institutes. The CTE should have thus assessed common requirement and purchases should have been made accordingly to avail the benefit of bulk purchase.

3.2.4.2 Purchase of equipment with variations in specifications than mentioned in tender document

Audit scrutiny of technical specifications given in the tender documents and those supplied with the equipment revealed that there were variations between specifications mentioned in the tender documents and those given in the catalogues provided with the equipment, as detailed below -

- Exhaust Gas Analyzers were purchased (December 2011) for two GPs⁴⁹ and one GEC⁵⁰. It was noticed from the technical scrutiny report and the catalogue of the equipment that the equipment supplied was not as per the specification mentioned in the tender for measurement of Hydrocarbon and Revolution Per Minute (RPM) count. Audit observed at GP, Chhotaudepur that the equipment was not able to measure the RPM and oil temperature. CTE stated (June 2013) that the equipment was as per specifications and ‘no deviation certificate’ was submitted by the supplier. The reply was not acceptable as the specification shown in the catalogue of the equipment itself was different from the specifications quoted in the tender.
- Hot air ovens were purchased (2009-10) for three GPs⁵¹ and two GECs⁵². Audit observed that as against the tender requirement of temperature range between 50 and 250 degree Celsius, the temperature range inscribed on the instrument showed temperature range between 50 and 150 degree Celsius. CTE stated (June 2013) that explanation would be called for from concerned institutes and necessary action would be taken.
- ‘Flow Measurement by Venture Meter and Orifice Meter Apparatus’ of one HP was purchased (January 2010) for three GPs⁵³ and three GECs⁵⁴. Audit

⁴⁸ Members of the committee are subject-wise experts from different institutes of the department

⁴⁹ Ahmedabad and Chhotaudepur

⁵⁰ Modasa

⁵¹ RC Technical Institute Ahmedabad , GP Rajkot and GP Chhotaudepur

⁵² One for GEC Surat and two for GEC Chandkheda

⁵³ RC Technical Institute Ahmedabad, Chhotaudepur and Godhra

⁵⁴ Bhavnagar, Chandkheda and Patan

observed from the technical scrutiny report that the equipment supplied was of 0.5 HP instead of one HP specified in the tender document. Principal, GP, Chhotaudepur and Godhra accepted (June 2013) the variation in specification.

This indicated that verification of specifications included in the tender with equipment supplied were not carried out at the time of technical scrutiny either by the CTE or the consignee institutes which resulted in purchase of equipment with variation in specifications.

3.2.4.3 Purchase of power electronics trainers in excess quantity than indented

The Principal, GEC, Patan submitted an indent for two sets of power electronics trainer kits each containing 12 different types of trainers items at an estimated cost of ₹ 1.20 lakh for Electrical Engineering Department. Scrutiny of records at GEC, Patan and CTE revealed that CTE issued (February 2010) supply order for 24 sets instead of two sets at a cost of ₹ 21.94 lakh. On being informed by GEC, Patan that additional sets had been purchased, the CTE issued (May 2010) instructions that these be distributed to other institutes⁵⁵. However, an excess purchase of 22 sets valuing ₹ 20.12 lakh was made. The CTE stated (December 2013) that this happened due to confusion in understanding 24 items as 24 kits by the expert committee members but as these items were useful to other institutes, they were distributed among other institutes. The reply was not acceptable as no indents were received from other institutes for these items and the fact remained that 22 sets were purchased in excess of requirement.

3.2.4.4 Procurement of computers with lower specifications than indented

The CTE placed (September 2010) an indent on GIL for procurement of computers and peripherals. In the specifications, CTE specified the requirement of four GB RAM and 500 GB hard disk. Audit observed at CTE that GIL finalised the tender with specification of two GB RAM and 320 GB hard disk and on the basis of tender finalised by GIL, CTE procured 692 computer systems of the lower configuration at a total cost of ₹ 1.71 crore. CTE stated (December 2013) that minor differences in specifications were accepted as per the advice of Education Department. The reply was not acceptable as an expert committee on computer procurement in its meeting (September 2010) opined that GIL must procure computers as per specifications mentioned in their indent. Further, the purchase of computers with lower specifications reduces the processing speed of the system.

⁵⁵ LD Engineering College Ahmedabad (6), GEC Gandhinagar (4), Vishwakarma Government Engineering College Gandhinagar (2), GEC Modasa (2), GEC Bharuch (2), GEC Surat (2), GEC Rajkot (2) and GEC Dahod (2)

3.2.5 Deficiencies in compliance of contract conditions

3.2.5.1 Sub-contracting of contract for Commissioning of Campus Wide Area Network

CTE entered (August 2011) into a contract agreement with ITI limited, Ahmedabad for supply, installation, commissioning and maintenance of Campus Wide Area Network (CWAN) at 12 GPs⁵⁶ and GEC Surat at a cost of ₹ 3.76 crore. Audit observed at CTE and test checked GPs⁵⁷ that the work was carried out and completed by SAI Infosystem, Ahmedabad instead of ITI limited which resulted in breach of contractual obligation, as there was no clause of sub-contracting in the contract agreement. GPs Jamnagar and Rajkot confirmed (January and April 2013) that the work was carried out by SAI Infosystem. CTE stated (June 2013) that contract was entered with ITI limited and payment was also made to ITI limited. The reply was not acceptable as it was evident from the installation reports at test checked institutes that SAI Infosystem had carried out the installation and commissioning work. Further, CTE had not verified this fact while making payments based on installation reports. This had resulted in breach of contract agreement by ITI limited. CTE may take steps to address ITI limited on this issue and to ensure that maintenance of CWAN is undertaken by it.

3.2.5.2 Non-updation of antivirus software

CTE purchased (2009-13) 7,850⁵⁸ personal computers at the cost of ₹ 22.36 crore for GPs and GECs with “Trend Micro System” as antivirus software to be updated every year for three years by the supplier⁵⁹. Audit observed at test checked GPs⁶⁰ and GECs⁶¹ that the antivirus installed was not updated by the supplier and no action was initiated by the CTE or the GPs and GECs to get the same updated from the supplier. CTE replied (December 2013) that Trend Micro system was purchased as per State Government’s policy and it could be downloaded free of cost from Gujarat State Wide Area Network (GSWAN)⁶². Audit observed that the software was not updated at test checked GPs and GECs as they were not provided with GSWAN connectivity and their systems were used without antivirus software protection though it was to be provided as per the purchase order.

⁵⁶ Ahmedabad (Government Girls Polytechnic), Bhuj, Chhotaudepur, Dahod, Dang, Godhra, Jamnagar, Palanpur, Rajkot, Surat (Government Girls Polytechnic), Vadnagar and Valsad

⁵⁷ Chhotaudepur, Godhra, Jamnagar and Rajkot

⁵⁸ 2009-10 (3,825- ₹ 9.81 crore), 2010-11 (692- ₹ 1.71 crore), 2011-12 (602 - ₹ 1.81 crore) and 2012-13 (2,731 - ₹ 9.03 crore)

⁵⁹ SAI Infosystem, Ahmedabad

⁶⁰ RC Technical Institute Ahmedabad, GP Ahmedabad, GP Jamnagar and GP Rajkot

⁶¹ SS Engineering College Bhavnagar, GEC Patan and GEC Rajkot

⁶² GSWAN is the state wide area network of State Government connecting all Government departments

3.2.6 Non-utilisation of equipment

Audit observed at test checked institutes that several equipment were lying unutilised as shown in Table 4 below –

Table 4 : Non-utilisation of equipment

(₹ in lakh)

Sl. No.	Name of Equipment	Month and Year of procurement	Name of Institute	Value	Reasons, if any, assigned
1	Universal Testing Machine ⁶³	August 2007	GP Chhotaudepur	6.35	The Head of Department of Applied Mechanics was responsible to teach the concerned course with usage of the equipment. However, the post was vacant upto December 2012. Further, the equipment was not in working condition and the period since the machine was not in working condition was not available in the records. However, the Principal stated that machine would be repaired during the next academic session.
2	Hopkinson's Test set up for DC Machine model	March 2011	SS Engineering College Bhavnagar	0.55	Due to non-availability of three phase electricity connection in the laboratory. Institute had made several correspondences with Roads and Buildings (R&B) ⁶⁴ Department, however, the same was not provided.
3	Microcontroller based over current relay Trainer with necessary arrangement	February 2012		2.05	
4	Relay Test Circuit	March 2012		0.50	
5	Motor Protection relay Trainer	March 2012		3.05	
6	Plate bearing test apparatus	February 2010	GEC Patan	4.01	Due to non-availability of laboratory facility, the equipment was installed in open area and it rusted. Further, there was no technical staff, so its usage was not ensured. The Principal stated that a shed was proposed to be constructed over the equipment.
7	10 equipment ⁶⁵ for Bio Medical Department	March 2011	AV Parekh Technical Institute Rajkot	10.80	At the time of purchase of equipment, there were trained staff, but current staff was not trained for operating these equipment
Total				27.31	

(Source : Information compiled from the records of test checked institutes)

This showed that even after making expenditure on procurement of these equipment, the same could not be utilised by the students.

3.2.7 Non-availability of equipment

- Plastic Engineering Department was started in GP Chhotaudepur in 1994. Audit observed that no major equipment/instruments were purchased by

⁶³ Universal Testing machine is used to test tensile, stress and compressive strength of materials

⁶⁴ R&B Department carries out repair and maintenance work of Government estates including electrifications

⁶⁵ Portable USG, ELISA reader and washer, Cottery, Defibrillator, Centrifugal, Blood cell counter, Multipara monitor, Portable ECG, Portable X-ray and Auto analyzer

the GP or CTE for the department (2008-13). The GP stated (June 2013) that proposal for supply of required equipment/instruments was sent annually (**Appendix-XXIX**) to the CTE. It was also stated that in absence of equipment/instruments, courses were taken through web-based learning and industrial visits. The reply was not acceptable as web-based learning could not replace class room teaching and practical sessions.

- The Chemical Engineering Department in SB Polytechnic Institute, Bhavnagar was approved (2009-10) by the AICTE with an intake capacity of 60 students. Audit observed that there was no classroom, laboratory building and equipment for the course in the Institute. The Principal stated (January 2013) that students were taught about the working of equipment of the subject theoretically and the practical examinations were conducted orally. Thus, the students were deprived of practical knowledge of use of equipment.

3.2.8 Shortage of Staff

To carry out various functions, it is essential that vacant posts of different categories be filled up immediately. Shortage of staff for considerable period eventually affects the performance of the institutes. The details of sanctioned strength and men-in-position in 16 GECs and 26 GPs are shown in **Table 5** and **Table 6** respectively below –

Table 5 : Details of sanctioned strength and men-in-position in 16 GECs

Name of post	Sanctioned Strength	Men-in-position	Vacant	Percentage of vacancy
Principals	16	3	13	81
Professor	279	27	252	90
Associate Professor	559	252	307	55
Assistant Professor	1,183	912	271	23
Instructors	130	87	43	33
Laboratory Assistants	157	46	111	71

(Source : Information furnished by CTE)

The above table showed that the staff shortage ranged between 90 *per cent* (professors) and 23 *per cent* (assistant professors).

Table 6 : Details of sanctioned strength and men-in-position in 26 GPs

Name of post	Sanctioned Strength	Men-in- position	Vacant	Percentage of vacancy
Principal	26	4	22	85
Head of Departments	244	64	180	74
Lecturers	2,415	2,016	399	17
Instructors	183	76	107	58
Laboratory Assistants	258	79	179	69

(Source : Information furnished by CTE)

The above table showed that there was shortage in teaching and laboratory staff. Vacancy ranged between 17 *per cent* (lecturers) and 85 *per cent* (Principals).

Adequate human resources are most important for imparting knowledge in any institute and their shortage would adversely affect quality of education and the purpose of creation of physical infrastructure at the institutes would be defeated.

3.2.9 Conclusion

Grants released for purchase of machinery and equipment were not adequately utilised. CTE failed to complete purchase procedure in time which resulted in parking of funds with other agencies. There were shortcomings in technical scrutiny which led to purchase of equipment with variation in specifications as mentioned in tender documents. Deficiencies in compliance of contract obligations were also noticed. Software was purchased though there was no demand/requirement. Instances of equipment lying idle due to non-availability of trained staff were also noticed.

The matter was referred (July 2013) to Government; reply has not been received.

LABOUR AND EMPLOYMENT DEPARTMENT

3.3 Functioning of Gujarat Building and Other Construction Workers' Welfare Board

3.3.1 Introduction

The Government of India (GOI) enacted (August 1996) the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW Act) which provided for constitution of a Welfare Board in each State to undertake social security scheme for safety, health and welfare of construction workers. With a view to augment the resources of the Board, GOI enacted (August 1996) the Building and Other Construction Workers' Welfare Cess Act, 1996 (Cess Act) which provided for the levy and collection of Labour Welfare Cess (the cess) at the uniform rate not exceeding two *per cent* but not less than one *per cent* of the cost of construction incurred by the employer.

Accordingly, in exercise of the powers conferred under the Cess Act, the State Government constituted (December 2004) the Gujarat Building and Other Construction Workers' Welfare Board (the Board) to collect the cess at the rate of one *per cent* of the cost of construction and carry out welfare schemes for constructions workers, by providing loans and advances for construction of houses, financial assistance for education of children and for marriages, medical assistance, pension, personal accident scheme, *etc.* The Board was headed by a Chairman⁶⁶ who was assisted by the Secretary and subordinate offices⁶⁷ under the Labour and Employment Department.

The provisions of the Act were applicable to every establishment which employed, or had employed 10 or more workers on any day during the preceding 12 months in any building or other construction works. All such establishments⁶⁸ were liable to pay cess under the Cess Act. The employer in relation to an establishment means the owner thereof and includes the head of the Department and Chief Executive Officer of local authority in case of work carried out without any contractor, otherwise the contractor is the employer.

In order to assess the efficacy of functioning of the Board, records covering the period 2006-13 were test checked (December 2012 to March 2013) at the Board office, Labour and Employment Department Gandhinagar and two⁶⁹ out of four Regional offices of Industrial Safety and Health (ISH).

⁶⁶ Principal Secretary, Labour and Employment Department

⁶⁷ Director, ISH, Regional Offices of ISH at Ahmedabad, Rajkot, Surat and Vadodara, Rural Labour Commissioner, Labour Commissioner, Government Labour Officers and Assistant Government Labour Officers

⁶⁸ Except construction activity by an employer in relation to his residence costing less than ₹ 10 lakh

⁶⁹ Ahmedabad and Rajkot

Audit findings

3.3.2 Planning for implementation of Act

3.3.2.1 Delay in framing of State Rules

Sections 40 and 62 of BOCW Act provide that the appropriate Government may, by notification, make rules regarding the measures to be taken for the safety and health of construction workers in the course of their employment and the equipment and appliances necessary to be provided to them for ensuring their safety, health and protection, during such employment. However, the State Government framed (August 2003) the Gujarat Building and Other Construction Workers' (Regulation of Employment and Condition of Service) Rules, 2003 (GBOCW Rules) after a delay of seven years from the enactment of BOCW Act.

3.3.2.2 Delay in constitution of the Board and its corporate body

Section 18 of BOCW Act provides that every State Government shall, with effect from such date as it may, by notification, appoint, constitute a Board which shall be a body corporate. However, the Board was constituted (December 2004) in the State after a delay of eight years from the enactment of the Act. Further, the corporate body of the Board was constituted only in July 2008 which resulted in delay in implementation of welfare schemes for construction workers.

3.3.2.3 Constitution of State Advisory Committee

As per Section 4 of BOCW Act, the State Government was to constitute a State Advisory Committee (SAC) consisting of a chairperson appointed by the State Government, two members of the State Legislature, one member from GOI, Chief Inspector, seven to eleven nominees of the State Government representing employers, construction workers, *etc.*, to advise the State Government on matters arising out of the administration of the Act.

Audit observed that the State Government constituted the SAC in July 2008 after a delay of more than 12 years from the enactment of the Act. The SAC was required to meet at least once in six months. However, no meeting was held till its term expired (July 2011) and thereafter SAC was not reconstituted (December 2013). Thus, even after its formation, SAC had not delivered any advice to the State Government upto July 2011. The inordinate delay in formation of the SAC itself indicated lack of will and initiative on the part of the Government to take the issue of workers welfare forward by eliciting suitable expert advice on the subject.

3.3.3 Financial Management

3.3.3.1 Financial resources of the Board

The main source of funds of the Board was grants⁷⁰ received from State Government. The Board distributed the grants to Director, Industrial Safety and Health (DISH) and its four Regional Offices being the Implementing Authorities (IAs). The details of grants received and expenditure incurred by the Board are shown in **Table 1** below–

Table 1 : Receipt and expenditure of the Board

(₹ in crore)

Year	Grants Received		Total Grants received	Expenditure including grants released to IAs		Total Expenditure
	Plan	Non-Plan		Plan	Non-Plan	
2006-07	0.00	0.05	0.05	0.00	0.01	0.01
2007-08	2.90	0.08	2.98	0.00	0.03	0.03
2008-09	1.69	0.08	1.77	0.07	0.08	0.15
2009-10	3.07	0.10	3.17	0.72	0.10	0.82
2010-11	3.50	0.11	3.61	0.93	0.20	1.13
2011-12	3.16	0.15	3.31	1.08	0.11	1.19
2012-13 ⁷¹	6.26	0.14	6.40	6.45	0.14	6.59
Total	20.58	0.71	21.29	9.25	0.67	9.92

(Source : Information furnished by the Board and Annual Accounts)

Thus, against the grants of ₹ 21.29 crore (2006-13), only ₹ 9.92 crore (47 per cent) was utilised. The savings of ₹ 12.09 crore⁷² (2007-13) including interest earned was invested in Fixed Deposit in Gujarat State Financial Services Limited.

The Secretary of the Board stated (February 2013) that the grants were utilised based on applications received from the workers and the savings kept in Fixed Deposit would be utilised as and when required. The reply was not acceptable as the utilisation of plan grants was only 45 per cent against the plan grants received, resulting in poor implementation of welfare schemes for construction workers as discussed in the succeeding paragraph.

3.3.3.2 Excess administrative expenses

Section 24(3) of the Act provides that administrative expenses of the Board, in any financial year shall not exceed five per cent of the total expenditure of the year. The total expenditure (2006-13) of the Board was ₹ 9.92 crore and administrative expenditure was required to be restricted to ₹ 0.50 crore. Audit observed that the Board incurred administrative expenditure of ₹ 0.67 crore (six per cent) resulting in excess expenditure of ₹ 0.17 crore.

⁷⁰ Plan Grants – for welfare schemes for building and other construction workers and Non-Plan Grants – for pay and allowances and other contingent expenditures

⁷¹ Accounts for the year 2012-13 have not been finalised. As such provisional figures furnished by the Board have been adopted

⁷² ₹ 11.37 crore plus ₹ 0.72 crore interest earned (₹ 0.18 crore earned during 2012-13) = ₹ 12.09 crore

The Secretary of the Board stated (February 2013) that the expenditure⁷³ was made in the larger interest of construction workers. The reply was not acceptable as it was contrary to the provisions of the Act.

3.3.3.3 Non-collection of cess

The Board passed (December 2004) a Resolution for collection of cess with effect from 18 December 2004 and to credit the proceeds into a new sub head opened by the State Government. Audit observed that the collection of the cess was delayed by more than one year as the new sub head of account was opened only in December 2005 and late issuance (January 2006) of instructions to Cess Collectors. Further, the cess collected was credited in the head of account only from 2006-07. Thus, the cess for the period from December 2004 to January 2006 was completely foregone.

The Additional Secretary, Labour and Employment Department admitted (May 2013) that cess was not collected during the period due to late issuance (January 2006) of instructions.

3.3.3.4 Non-transfer of cess to the Board

The State Government appointed (January 2005) all Heads of Departments, all Executive Heads of Public Sector Undertakings and Local authorities⁷⁴ as Cess Collectors and Assessing Officers for collection of the cess. The Cess Rules⁷⁵ 1998 provide that the cess so collected was required to be transferred to the Board within 30 days of collection.

Audit observed that cess amounting to ₹ 540.88 crore⁷⁶ collected in the State was credited into the new sub head of account⁷⁷ but was not transferred to Board's Account. This resulted in violation of the provisions of Cess Rules.

The Joint Secretary, Labour and Employment Department accepted the facts and stated (June 2013) that a proposal to deposit/transfer the cess to the Board was under consideration.

3.3.3.5 Non-constitution of BOCW Welfare Fund

To meet the expenses of the Board to discharge its functions, Section 24 of the BOCW Act provides for constitution of Building and Other Construction Workers' Welfare Fund (the Fund) by the Board consisting of (i) any grants and loans received from Central Government; (ii) all contributions made by the

⁷³ Towards stationary, publicity, RTI cases and such other office works

⁷⁴ Except Gram Panchayats and Nagar Panchayats

⁷⁵ The Building and Other Construction Workers' Welfare Cess Rules, 1998

⁷⁶ ₹ 17.88 crore (2006-07) + ₹ 24.59 crore (2007-08) + ₹ 44.86 crore (2008-09) + ₹ 77.98 crore (2009-10) + ₹ 104.99 crore (2010-11) + ₹ 115.54 crore (2011-12) + ₹ 155.04 crore (2012-13) = ₹ 540.88 crore

⁷⁷ Major Head – 0230 Labour and Employment, Minor head – 106 Fees under contract labour (Regulation and Abolition) Rules, Sub-head – (04) Income from Cess levied under Gujarat Building and Other Construction Workers' Welfare Cess Act, 1996

beneficiaries; and (iii) all sums received by the Board from such other sources as may be decided by the Central Government. However, the Board did not constitute the Fund (July 2013).

Audit observed that registration fees and contributions from beneficiaries amounting to ₹ 9.78 crore (2006-13) were credited into Consolidated Fund of the State under a new sub head of account⁷⁸ opened (December 2005) by the State Government instead of passing the credit to the Board for creation of the Fund. Thus, non-transfer of these receipts in the Board's account resulted in non-constitution of the Fund, besides defeating the very purpose as provided in the BOCW Act.

The Joint Secretary, Labour and Employment Department accepted the facts and stated (March 2013) that a proposal to deposit/transfer the Fund so collected to Board was under consideration.

3.3.3.6 Non-compliance to Honorable Supreme Court's direction

The Honorable Supreme Court (SC) directed⁷⁹ (February 2012) that the funds available with the Board, which was not disbursed or were not likely to be disbursed within a short period should be properly invested with Nationalised Banks only. However, the Board had parked its funds of ₹ 12.09⁸⁰ crore in Gujarat State Financial Services Limited upto March 2013 instead of a Nationalised bank. The Secretary of the Board stated (January 2013) that efforts were being made to implement the directions of the Honorable Supreme Court.

3.3.4 Welfare measures

3.3.4.1 Identification and registration of establishments and construction workers

Section 7 of BOCW Act provides that every employer is to make an application with prescribed fee for the registration of his establishment within a period of sixty days of commencement of the Act or within sixty days from the date on which the Act becomes applicable to the establishment.

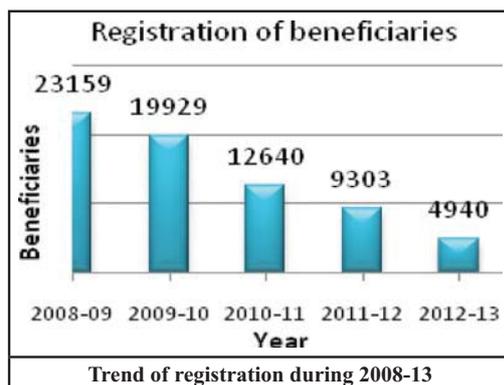
The BOCW Act also provides that every construction worker (18 years to 60 years) engaged in building or other construction work for not less than 90 days during the preceding 12 months was eligible for registration as a beneficiary under the Act by making an application. Thus, the workers were to renew their registration every year. The Registering Officers appointed by the State Government were responsible for registration of the workers.

⁷⁸ Major Head – 0230 Labour and Employment, Minor head – 106 Fees under contract labour (Regulation and Abolition) Rules, Sub-head – (03) Contribution from beneficiaries building workers under Gujarat Building and Other Construction Workers' Welfare Cess Act, 1996

⁷⁹ Writ Petition (Civil) No. 318 of 2006 order dated 7th February 2012 in National Campaign Committee for Central Legislation on Construction Workers Vs. Union of India and others.

⁸⁰ ₹ 11.91 crore (Principal amount) + ₹ 0.18 crore (interest) = ₹ 12.09 crore

Audit observed that the State Government had not conducted any survey or devised any system to ascertain the actual number of establishments and eligible beneficiaries in the State. Thus, the State Government did not take adequate measure or any initiative to secure registration of all establishments and eligible workers. As against approximately 12 lakh (March 2012) construction workers in the State, only 69,971 workers (six per cent) and 3,243 establishments were registered during the year 2008-13.



(Source : Details furnished by the Board)

Audit scrutiny also revealed decreasing trend in registration of workers from 23,159 (2008-09) to 4,940 (2012-13). Further, the Board had no information about the number of registered workers having renewed their registration on completion of one year of registration. Non-identification/registration of construction workers resulted in denial of the intended benefits to the workers.

The Honorable Supreme Court had directed⁸¹ (January 2010) that awareness should be created among construction workers for registration, benefits available under the Act and procedure for availing the benefits by use of media like All India Radio (AIR) and Doordarshan. However, the Board had not utilised the media (AIR and Doordarshan) to create awareness amongst construction workers.

3.3.4.2 Implementation of the welfare schemes by the Board

The BOCW Act provides that the Board was required to implement welfare schemes for construction workers and the cess so collected was required to be utilised for the said purpose.

The Board had formulated (January 2008 and September 2011) six statutory⁸² and two non-statutory⁸³ schemes for the welfare of construction workers. Regional Offices of Director of Industrial Safety and Health (DISH) were authorised to make payment in respect of all schemes except in case of accidental death for which Directorate office of ISH was authorised to make payment.

Audit observed that the Board had not prepared any long term perspective plan or annual plan to ensure proper implementation of welfare schemes. The Board had no system of reporting total number of applications received seeking

⁸¹ Writ Petition (Civil) No. 318 of 2006 order dated 7th February 2012 in National Campaign Committee for Central Legislation on Construction Workers Vs. Union of India and others

⁸² Statutory schemes are those schemes which are provided in the Act and the State Government is required to implement these schemes. The statutory schemes are Educational Assistance, Maternity benefit, Accidental Death, Medical Assistance, Housing Assistance and Rashtriya Swastha Bima Yojana (RSBY)

⁸³ Funeral Assistance and Training and free tools distribution

assistance, in the absence of which, audit could not ascertain the actual number of applications received and rejected. Further, the Board had no administrative control on working of Chief Inspectors and Inspectors of DISH leading to non co-ordination of activities in implementation of schemes.

Audit also observed that out of the total cess collected (2006-13) of ₹ 540.88 crore, the Board had incurred expenditure of ₹ 9.92 crore including ₹ 4.12 crore on welfare schemes. Hence, actual benefit received by the workers was only 0.76 per cent of the cess collected. Further, only 12,193 (17.43 per cent) out of 69,971 eligible workers were extended assistance under various welfare schemes. Thus, the object of levying the cess for improving social conditions of the workers was not achieved, as negligible expenditure was made towards welfare activities. Deficiencies noticed in implementation of welfare schemes are discussed in succeeding paragraphs.

- ***Educational assistance***

Out of ₹ 4.12 crore spent on welfare activities, ₹ 3.91 crore (94.90 per cent) was spent for educational assistance. The education assistance extends to school education (Standard I to XII), vocational education (ITI, Diploma), graduation (Medical, Engineering, MBA, IIT), post-graduation onwards and hostel charges (Standard X onwards). The scheme provided for periodical payment of assistance above ₹ 250 directly into the beneficiaries' bank or post office account. Audit observed that in the test checked Regional Offices, educational assistance was paid through cheques instead of directly crediting the money in the beneficiaries' accounts.

Test check of records of Government Labour Officer (GLO) Agriculture, Jamnagar revealed that no application was received during 2008-10 and only 35 applications were received during 2011-13. Of the 35 applications, only four applications were entertained by the Regional office of DISH at Rajkot and the remaining 31 applications were not processed. The GLO Agriculture however, did not pursue the matter with the Regional office.

- ***Maternity benefit***

The scheme provides for financial assistance of ₹ 3,000 per delivery (maximum two) to women workers. Audit observed that the Board had no information about the number of women workers registered with the Board and only 60 workers (2009-13) were benefited.

- ***Accidental death***

The scheme provides for financial assistance of ₹ 2.00 lakh for accidental death and ₹ 1.00 lakh for permanent disability on account of accident.

As per entries in control register, 33 death cases (2009-12) of construction workers were reported by Regional offices. However, financial assistance was

released for seven cases only. Remaining 26 cases were not considered (June 2013) on the ground that the workers were not registered with the Board.

Audit observed during field visit of ISH office at Jamnagar that one Shri Kasam Allarakha Janar met with a fatal accident (16 February 2012), however, the employer Shanti Construction Company applied for registration on 21 February 2012. Thus, non-registration of the establishment resulted in loss of financial benefit of ₹ 2 lakh to the family of the deceased worker.

Thus, non-identification of unregistered establishments constructing high-rise buildings by the Board and non-reporting of death cases by establishments, deprived the workers of the benefits under the schemes.

- ***Medical allowance***

The scheme provides financial assistance of 75 per cent of expenditure (limited to ₹ 1.00 lakh) incurred on treatment of heart, kidney, cancer, AIDS, asthma, and Tuberculosis (TB) availed from hospitals recognised by State Government. Audit observed that the Board paid only ₹ 1.17 lakh to four construction workers during the period covered by audit.

- ***Housing assistance***

The scheme provides for financial assistance of ₹ 20,000 for purchase of house from any housing scheme recognised by the Government. Audit observed that no such case was registered with the Board.

- ***Medical insurance***

The scheme provides for coverage of workers under Rashtriya Swasthya Bima Yojana (RSBY)⁸⁴ for medical treatment of construction workers and their family upto five members (limited to ₹ 30,000 per annum). Audit observed that the payment of premium for RSBY was made only during 2011-12 covering 613 workers and no premium was paid during 2012-13. Thus, the benefit of the scheme was not provided to construction workers in 2012-13.

- ***Funeral assistance***

The scheme provides for financial assistance of ₹ 2,000 for last rites of a construction worker for incidence occurred during membership period. Audit observed that families of only 18 workers got the benefit of the scheme during the period covered by audit.

- ***Training and free tools distribution***

The scheme provides for organising free training in Industrial Training Institutions along with monthly stipend of ₹ 1,500 and distribution of tool kit

⁸⁴ Implemented from September 2011

costing ₹ 5,000. Audit observed that no action was initiated by the Board to implement the scheme.

Overall the lack of initiatives by the Board, publicity and awareness, deprived the workers of the intended benefits under the schemes.

3.3.4.3 Non-formulation of pension scheme

The BOCW Act also provides that the Board may make payment of pension to the construction workers who have completed the age of sixty years. Audit observed that the Board has not formulated the pension scheme so far. This has resulted in denial of pensionary benefits to the eligible construction workers.

3.3.4.4 Delay in payment of assistance

As per the provisions of the welfare schemes implemented by the Board, the benefits under the schemes were required to be paid to the beneficiaries within 90 days from the date of receipt of application from the construction workers.

Audit observed at two test checked Regional offices that the payment of financial assistance of ₹ 6.28 lakh⁸⁵ to 113 beneficiaries was delayed by one month to 21 months in three welfare schemes.

3.3.5 Maintenance of accounts and records

3.3.5.1 Non-maintenance of cash book

Rule 28 of the Gujarat Treasury Rules (GTR), 2000 provides that all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of office in token of having been verified. Audit observed that though the Board had received grants and incurred expenditure during 2006-09, the cash book was not maintained upto August 2008. Further, the cash book was not verified during the entire period covered by audit except in July 2011 and March 2012.

The Secretary of the Board admitted (January 2013) that the cash book was maintained from September 2008.

3.3.5.2 Un-reconciled difference

Rule 28 of GTR, 2000 provides that the head of office should carry out reconciliation of balances of treasury statement/bank pass book with cash book balance at the end of every month. Audit observed that reconciliation was never carried out by the Board.

⁸⁵ ₹ 5.80 lakh in respect of 94 beneficiaries (90 of Rajkot and 04 of Ahmedabad) of Education assistance scheme + ₹ 0.30 lakh in respect of 10 beneficiaries (04 of Rajkot and 06 of Ahmedabad) of Maternity assistance scheme + ₹ 0.18 lakh in respect of nine beneficiaries (05 of Rajkot and 04 of Ahmedabad) of Funeral assistance scheme

3.3.5.3 Non-maintenance of register of beneficiaries

The Rules provide for maintenance of register of beneficiaries in Form-VI by the Board. However, no such register was maintained by the Board. Thus, the Board had no central database of beneficiaries registered under the Act.

The Secretary of the Board stated (January 2013) that registers of beneficiaries were maintained at District level. The reply was not acceptable as a centralised database was required to be maintained at the Board level to access and monitor the proper implementation of provisions of the Act.

3.3.6 Human Resource Management

3.3.6.1 Sanctioned strength and men-in-position

• At State Government level

The State Government had not recruited separate staff for implementation of the BOCW Act except the Secretary of the Board, who was appointed on regular basis, while other staff was either on deputation basis or outsourced on contract basis. However, the State Government had assigned duties of the implementation of the Act to the officers of the Labour and Employment Department (LED) as shown in **Table 2** below –

Table 2 : Details of the officers of LED, assigned with the duties of the Board

Officers of Labour Department	Designation in Welfare Board
Director of ISH	Chief Inspector and Appellate Authority
Director and a Lady Officer of ISH	Inspector for the whole state
Joint Directors of ISH	Inspectors
Deputy Directors, Assistant Directors and Health Officers of ISH	Inspectors and Registering Officers
All heads of Department, all executive heads of Public Sector Undertakings and Local authorities except Gram Panchayats and Nagar Panchayats	Cess Collectors and Assessing Officers

(Source : As per notification issued by the State Government)

The sanctioned strength and men-in-position of the Board as of March 2013 was as shown in **Table 3** below –

Table 3 : Details of sanctioned strength and men-in-position of the Board

Sr. No.	Category of staff	Sanctioned strength	Men-in-position	Shortfall
1	Secretary	01	01	00
2	Accounts Officer	01	00	01
3	Government Labour Officer	04	00	04
4	Assistant Government Labour Officer	02	02#	00
5.	Stenographer	01	00	01
6.	Clerk	01	00	01
7.	Data entry operator	01	01*	00
8.	Poen/Sweeper	02	02*	00

(Source : Information furnished by the Board)

On deputation *Outsourced.

Thus, the Board was not having its own staff to monitor the implementation of its schemes and had to rely on the field offices of ISH.

The Secretary of the Board stated (December 2012) that the proposal for filling up the posts was made to the Government.

3.3.7 Monitoring and Internal Control

3.3.7.1 Shortfall in conducting meetings of the Board

Rule 44 of GBOCW Rules, 2003 provides that the Board shall meet at least once in two months. Audit observed that against the required 44 meetings (2005-12), only 25 meetings were held resulting in shortfall of 19 meetings. Audit also observed that even the decisions taken in the meetings regarding providing financial assistance for purchase of spectacles (June 2010), grant of pension (February 2011), providing nutritious food (September 2010) through mobile van (January 2012), sanction and recruitment of staff (September 2011) and Mobile Medical Unit (January 2012) were not implemented. Thus, the construction workers were deprived of the benefits intended to be provided through these welfare measures.

3.3.7.2 Internal Control mechanism

Internal Control is closely aligned with good governance for recognising the responsibilities. Audit observed that no centralised database of registered construction workers was maintained by the Board. In the absence of a centralised database, the chances of duplication of assistance to the beneficiaries could not be ruled out due to their movement from one region to another for want of employment.

Audit further observed that the Board failed to obtain the utilisation certificates amounting to ₹ 2.63 crore⁸⁶ (2010-12) from implementing authorities against the grants released for welfare schemes. Thus, release of subsequent grants by the Board without monitoring the actual utilisation indicated inadequate financial control and monitoring.

The Secretary of the Board stated (January 2013) that the implementing authorities were requested to submit the utilisation certificates.

3.3.7.3 Non-submission of Annual Report

Section 26 of BOCW Act and Rule 47 of GBOCW Rules provide that the Board shall prepare its annual report giving a full account of its activities done during the previous financial year and submit a copy thereof to the State and Central Governments. Audit observed that the Board had not prepared the Annual

⁸⁶ 2010-11 – ₹ 0.91 crore and 2011-12 - ₹ 1.72 crore

Reports for the financial years upto 2009-10. Further, the Annual Reports prepared for the financial years 2010-11 and 2011-12 were not submitted to the State and Central Governments.

The Secretary of the Board stated (January 2013) that the Annual Reports for the financial years 2010-11 and 2011-12 would be submitted to the State Government after obtaining the approval of the General Body of the Board.

3.3.8 Conclusion

The Board was constituted (December 2004) after a delay of eight years from the enactment of the Act. The cess was not collected between December 2004 and January 2006 due to delay in issuance of notification for collection of the cess. The cess collected (₹ 540.88 crore) was not transferred to the Board's account. BOCW Welfare Fund was not constituted due to non-transfer of receipts by the State Government to the Board. The State Government had not conducted any survey for identification and registration of establishment and construction workers. The Board had not prepared any long term perspective plan or annual plan to ensure proper implementation of the welfare schemes. Only 17.43 *per cent* registered workers were extended assistance under various schemes. The statutory scheme of pension for workers was not formulated. The Board had not maintained a centralised database of construction workers registered under the Act. Monitoring and internal control mechanism was also not effective.

The matter was reported to Government (August 2013); but reply has not been received (August 2013).

Narmada, Water Resources, Water Supply and Kalpsar Department

3.4 Procurement and Commissioning of Water Purifiers in Rural Government Schools under Jalmani programme

3.4.1 Introduction

Government of India (GOI) launched (September 2008) Jalmani programme⁸⁷, with the aim to install simple Stand Alone Water Purification System (SAWPS) in rural government schools to enable school children to get safe drinking water. In Gujarat State, the programme was implemented from November 2008.

Water and Sanitation Management Organisation (WASMO) under Narmada, Water Resources, Water Supply and Kalpsar Department is the nodal agency to implement the programme. WASMO has 16 Co-ordination, Monitoring and Support Units⁸⁸ (CMSUs) and 11 District Water and Sanitation Committees⁸⁹ (DWSCs) at the district level that facilitates the implementation of the programme in the rural government schools. WASMO identified 31,324 out of a total of 39,324 rural schools in the State for coverage under the programme on the basis of the water quality⁹⁰. Ultra Violet Radiation System (UV)⁹¹ and Reverse Osmosis Systems (RO)⁹² were considered appropriate as SAWPSs.

Records relating to the programme covering the period 2008-13 were test checked (January 2013 to June 2013) at WASMO head office, eight⁹³ selected districts, 25 *per cent* talukas from each selected district and 10 *per cent* of the rural government schools from each selected taluka. Testing of water was done during joint⁹⁴ field visit of schools in presence of school authorities for quality assurance and proper functioning of UVs/ROs. A survey form was used to assess awareness regarding various aspects of the programme.

Audit Findings

3.4.2 Planning

Planning is an integral part of the programme implementation. Proper planning leads to successful implementation and execution of the programme.

Audit observed that WASMO had not prepared any long term action plan for proper implementation of the programme. Targets were set broadly for coverage

⁸⁷ A 100 *per cent* centrally sponsored programme

⁸⁸ Amreli, Banaskantha, Bharuch, Bhavnagar, Dharampur, Jamnagar, Junagadh, Kachchh, Kheda, Narmada, Panchmahals, Patan, Rajkot, Sabarkantha, Surendranagar and Vadodara

⁸⁹ Ahmedabad, Anand, Dahod, Dangs, Gandhinagar, Mehsana, Navsari, Porbandar, Surat, Tapi and Valsad

⁹⁰ District level Social Mobiliser of WASMO tested the quality of water through their Field Test Kits (FTK) and Total Dissolved Solids (TDS) meters

⁹¹ Where raw water contains bacteriological contamination

⁹² Where raw water contains chemical contamination of (i) Total Dissolved Solids (TDS) >1000 mg/litre or (ii) Nitrate >45 mg/litre or (iii) Fluoride >1.5 mg/litre

⁹³ Banaskantha (CMSU), Gandhinagar (DWSC), Kheda (CMSU), Navsari (DWSC), Panchmahals (CMSU), Rajkot (CMSU), Surendranagar (CMSU) and Valsad (DWSC)

⁹⁴ Audit team alongwith staff of CMSUs/DWSCs

of rural government schools. No specific targets however, were set for supply of number of UVs/ROs to the schools. This resulted in non-implementation of the programme in Dahod district; coverage of only 11,674 schools (37 per cent) against a total of 31,324 identified schools (**Appendix-XXX**) even after a lapse of five years; supply of UVs instead of ROs and supply of disproportionate capacity of UVs in the schools as discussed in the succeeding paragraphs.

3.4.3 Financial Management

3.4.3.1 Expenditure incurred and physical achievements

GOI released (2008-10) ₹ 17.67 crore to provide UVs/ROs in 8,829 schools. The details of expenditure incurred and physical achievements (2008-13) are shown in **Table 1** below –

Table 1 : Expenditure incurred and Physical achievements

Year	Expenditure incurred (₹ in crore)	Physical achievements (Number of schools)	
		UVs	ROs
2008-09	0	0	0
2009-10	1.07	2,367	173
2010-11	3.75	5,599	351
2011-12	3.63	2,762	26
2012-13	1.65	296	100
Total	10.10	11,024	650

(Source : Information furnished by the WASMO)

The above table shows that as against available funds of ₹ 17.67 crore, only ₹ 10.10 crore was utilised, leaving an unutilised balance of ₹ 7.89 crore (including ₹ 0.32 crore interest earned).

Audit observed that –

- WASMO submitted utilisation certificate of ₹ 13.95 crore as against the actual expenditure of ₹ 10.10 crore. Thus, inflated utilisation certificate was submitted to GOI for an amount of ₹ 3.85 crore.
- GOI informed (November 2011) discontinuance of the scheme from April 2012 and stated that the State Government may continue the programme from its own funds. However, WASMO had not submitted any action plan to the State Government to cover the remaining 19,650 schools out of 31,324 identified schools.

WASMO stated (October 2013) that ₹ 10.10 crore was the actual expenditure but the amount transferred to District Water and Sanitation Committees and Co-ordination, Monitoring and Support Units were treated as expenditure, for continuance of the programme. It was also stated that WASMO explored the

possibilities of convergence with Sarva Shiksha Abhiyan scheme and District Panchayat schemes, and had approached private players⁹⁵ for continuance of the scheme. However, till date nothing could be finalised. The fact remained that inflated utilisation certificates were submitted to the GOI and 19,650 identified schools were yet to be covered.

3.4.4 Assessment of type and capacity of UVs/ROs

3.4.4.1 Providing of UV systems in place of requirement of RO Systems

WASMO decided (May 2009) to supply UVs to those schools where raw water contained bacteriological contamination and ROs to those schools where raw water contained chemical contamination of (i) Total Dissolved Solids (TDS) >1000 mg/litre or (ii) Nitrate >45 mg/litre or (iii) Fluoride >1.5 mg/litre.

Audit observed that 178 schools of Rajkot district were provided (2010-11) UVs instead of ROs by WASMO though the chemical contamination exceeded the prescribed permissible limits (**Appendix-XXXI**). Thus, supply of UVs in place of ROs did not meet the requirement of the schools and the very purpose was defeated.

WASMO admitted (October 2013) that 178 schools of Rajkot district were provided UVs instead of ROs and stated that henceforth such error in selection of technology would not be repeated.

3.4.4.2 Supply of UVs of disproportionate capacity

The scheme guidelines provide that technology should be selected on the basis of an average need of three litres potable water *per day per* child. Accordingly, WASMO prescribed (May 2009) the capacity of UVs as shown in **Table 2** below –

Table 2 : Capacity of UVs

Number of students	Daily Requirement of drinking water (in litres)	Capacity of UVs in Litres Per Hour (LPH)
0-200	600	100
200-400	600-1,200	250
400-800	1,200-2,400	500

Audit observed that -

- in Kheda district, 15 schools were supplied UVs of 100 LPH instead of UVs of 250 LPH (12 schools) and 500 LPH (three schools), as the number of students in these schools ranged between 306 and 580 (**Appendix-XXXII**);

⁹⁵ International Organisations like Rotary, Corporate CSR initiatives and Non-Governmental organisation

- in Rajkot district, 146 schools were supplied UVs of 100 LPH instead of UVs of 250 LPH (110 schools) and 500 LPH (36 schools), as the number of students in these schools ranged between 201 and 621 (**Appendix-XXXII**);
- in Rajkot district, 83 schools were supplied UVs of 250 LPH (65 schools) and 500 LPH (18 schools) instead of UVs of 100 LPH (74 schools) and 250 LPH (nine schools), as the number of students in these schools ranged between 19 and 301 (**Appendix-XXXIII**); and
- in Panchmahals district, 14 schools were supplied UVs of 500 LPH instead of UVs of 100 LPH (three schools) and 250 LPH (11 schools), as the number of students in these schools ranged between 171 and 367 (**Appendix-XXXIII**);

WASMO accepted (October 2013) the fact that there was an overall lack of co-ordination and monitoring while planning and supplying various capacities of UVs in certain districts and stated that necessary and appropriate actions would be initiated as a part of reconciliation process.

3.4.4.3 Defective control panel of RO system

As per specification of rate contract, RO system should have an electric control panel with digital display showing the TDS content of the water.

Joint field visit revealed that there were differences between the TDS content measured⁹⁶ and the measurement displayed by the RO Systems in four cases as shown in **Table 3** below –

Table 3 : Incorrect display of TDS content

District	Taluka	School name	TDS as per digital meter (mg/litre)	TDS measured by RO systems at the time of joint visit (mg/litre)	Date of joint visit
Banaskantha	Palanpur	Samdhi Ranajivas	752	1900	03-04-2013
Surendranagar	Muli	Tidana	493	1280	13-02-2013
Banaskantha	Deesa	Ghunshol	250	720	05-04-2013
Navsari	Chikhali	Soldhara	1342	1900	18-04-2013

⁹⁶ Measurements were done with TDS meters, which were provided by WASMO office to their district level office for testing the quality of water and these were user friendly having TDS detection indicator. Test was done in the presence of WASMO staff (DWSC) and concerned school authorities

The measurement displayed by control panels in two cases are shown in **Picture 1** and **Picture 2** below –



This showed that either the RO System or the display meter was not functioning properly. Thus, the quality of water treated in these systems could not be ensured.

WASMO stated (October 2013) that following the audit observations, these ROs were immediately checked for error and the reasons for incorrect display of TDS in control panel were noted for corrective action.

3.4.5 Implementation

3.4.5.1 Non-implementation of Jalmani Programme in Dahod District

As per conditions of rate contract, the DWSC/CMSU would provide the list of identified schools to the supplier for installing and commissioning the systems.

WASMO released (2010-11) an amount of ₹ 0.30 crore to DWSC, Dahod and issued (2010-11) allotment order to the supplier⁹⁷ for supply, installation and commissioning of UVs in 240 Government schools out of 1,612 schools identified in Dahod district. Audit observed that the DWSC failed to provide the list of 240 identified schools to the supplier. Further, due to non-utilisation of fund, subsequently, an amount of ₹ 0.25 crore out of ₹ 0.30 crore was transferred to Gandhinagar district. Thus, the children of schools in Dahod District (Tribal District) were deprived of potable water.

WASMO replied (October 2013) that local conditions like use of hand pumps, hilly/remote area and unwillingness of the school authorities were the main

⁹⁷ Orion Appliances

hindrances in the implementation. However, the situation would be reassessed to implement the programme with improved planning taking into account the physical and technical feasibility at the district level. The fact remained that WASMO had released the funds and issued allotment orders without assessing the feasibility for implementation of the scheme.

3.4.6 Installation and Commissioning

3.4.6.1 UVs not commissioned

As per the terms and conditions of the work order issued by WASMO, the supplier was required to commission the UVs within one month on receipt of list of the schools from the concerned district level CMSU/DWSC offices.

Audit observed in seven out of eight selected districts, 792 UVs out of 4,386 UVs delivered between February 2010 and October 2012, were not commissioned (March 2013) for want of availability of pre-requisite infrastructure at schools and due to lack of co-ordination between village panchayats and school authorities. The percentage of non-commissioning of the system despite its delivery to the schools ranged upto 46 per cent (Banaskantha district) as shown in **Table 4** below –

Table 4 : UVs not commissioned

Sr. No.	District	Number of UVs supplied to the schools	Number of UVs not commissioned	Percentage of shortfall in commissioning
01	Gandhinagar	539	60	11
02	Surendranagar	483	151	31
03	Banaskantha	694	320	46
04	Valsad	353	25	07
05	Navsari	382	54	14
06	Kheda	991	171	17
07	Panchmahals	401	11	03
08	Rajkot	543	00	00
	Total	4,386	792	18
	State	11,024	1,848	17

(Source : Information furnished by WASMO and test checked DWSCs/CMSUs)

During joint field visit of 120 schools, audit observed in 26 schools⁹⁸ (22 per cent) that the systems were not installed, lying idle in sealed box since delivery or not put to use due to non-availability of infrastructure or water source shown in **Picture 3 and Picture 4** below –



This indicated that the supply orders for UVs were issued by CMSUs/DWSCs without verifying the availability of pre-requisite infrastructure in the schools.

WASMO accepted (October 2013) the reasons of non-availability of pre-requisite infrastructure in the schools for non-commissioning of the UVs and stated that the work would be completed by the end of December 2013.

3.4.6.2 Functioning of SAWPSs

During joint field visit of 120 schools for review of functioning of the UVs/ROs, audit observed in 40 schools⁹⁹ (33 per cent) that the systems were non-functional due to broken accessories, technical problem, water scarcity, irregular power supply, etc. and no action was initiated by WASMO to solve water and electricity problem and also to get these systems repaired from the supplier as per contract obligation for supply and under the five years operation and maintenance contract.

3.4.6.3 Non-testing of treated water after installations of UVs/ROs

As per conditions of rate contract, product water quality of each RO/UV supplied shall be tested in Public Health Engineering Laboratories of Gujarat Water Supply and Sewerage Board or WASMO approved laboratories. The report of chemical and bacteriological test from the laboratories shall be treated as final.

Audit observed that reports supporting the testing of treated water of the schools from the approved laboratories were not found on record in all the test checked

⁹⁸ Banaskantha – 08, Gandhinagar – 07, Kheda – 07 and Panchmahals – 04

⁹⁹ Banaskantha – 04, Gandhinagar – 01, Kheda – 15, Navsari – 04, Panchmahals – 04, Rajkot – 05, Surendranagar – 04 and Valsad - 03

districts. In the absence of testing of treated water, the quality assurance and proper functioning of the systems could not be ensured of the drinking water supplied. Further, payment was made to the supplier without ensuring the quality of treated water.

WASMO admitted (October 2013) that the treated waters were not tested in any laboratory and henceforth, water quality test would be ensured.

3.4.6.4 Payment on fictitious commissioning reports

As per conditions of rate contract, 60 per cent of the cost of ROs was to be paid to the supplier on supply, installation, testing, commissioning and trial run for 15 days. The agency¹⁰⁰ had supplied (March 2013) 50 ROs¹⁰¹ in Banaskantha district and CMSU, Banaskantha made payment of ₹ 0.12 crore (32 per cent¹⁰²) to the agency on the basis of commissioning report.

Audit observed during joint field visit of four¹⁰³ schools that the ROs supplied were not commissioned by the agency. This indicated that the agency had submitted fictitious commissioning reports which resulted in irregular payment to the agency by the CMSU.

CMSU Palanpur stated that payments were made on the basis of delivery of ROs by the supplier to the schools. Reply was not acceptable as the condition of rate contract stipulated payment after commissioning and 15 days of trial run. WASMO stated (October 2013) that inquiry would be initiated and appropriate corrective action for payment against alleged fictitious commissioning reports would be taken.

3.4.7 Operation and Maintenance

3.4.7.1 Operation and Maintenance Services not provided by the suppliers

As per conditions of rate contract, the supplier was responsible for installation, commissioning and comprehensive services¹⁰⁴ of system for five years from the date of installation and commissioning. The comprehensive service included mandatory quarterly replacement of activated carbon filter of the systems.

In the test checked districts, audit observed that -

- Suppliers¹⁰⁵ failed to provide comprehensive service for the UVs/ROs since their commissioning but penalty for breach of contract obligation was not imposed on the suppliers by WASMO till date;

¹⁰⁰ Panda Water Tech Private Limited

¹⁰¹ 50 LPH – 20 and 100 LPH - 30

¹⁰² Against the total amount of ₹ 37.80 lakh payable

¹⁰³ Balvada, Gopalpura, Fatehpura and Vagada Primary schools of Palanpur Taluka of Banaskantha district

¹⁰⁴ Four services in a year

¹⁰⁵ UVs were supplied by Orion Appliances and Hi-tech Waters while ROs by Panda Water respectively

- Though the contract with Shivam Water Treaters Private Limited was terminated after supply of 713 UVs/ROs¹⁰⁶ against supply order of 2905 UVs/ROs¹⁰⁷ due to failure in supply of the systems as per contract schedule, no action was taken by WASMO for engaging any other agency for comprehensive services of the UVs/ROs supplied/installed.

Non-replacement of carbon filter and non-servicing of the systems on regular basis could result in non-functioning of the system and the safety of the treated water could not be ensured.

DWSCs/CMSUs admitted and stated that they had issued reminders to suppliers and intimated the suppliers' lapses to the head office. WASMO stated (October 2013) that efforts were being made to get the systems serviced through agency and put the systems in operation. The District authorities were instructed to engage another agency for operation and maintenance of 713 systems supply by Shivam Water Treaters Private Limited.

3.4.8 Conclusion

As against 31,324 schools identified, only 11,674 schools were covered under the scheme. On discontinuance of the scheme by the GOI, no action plan was prepared by WASMO to cover the remaining 19,650 identified schools from State funds. Inflated utilisation certificates were submitted to GOI for an amount of ₹ 3.85 crore. UVs were supplied against the requirement of ROs in 178 schools of Rajkot district. Schools in Dahod district were not covered under the scheme. Out of 11,024 UVs supplied, 1,848 UVs were not commissioned and in test checked districts, 792 UVs out of 4,386 UVs were not commissioned due to non-availability of pre-requisite infrastructure. Instances of payments made on fictitious commissioning reports were also noticed.

The matter was reported to Government (August 2013); but reply has not been received (August 2013).

¹⁰⁶ 10 ROs of 50 LPH and 703 UVs of 100/250 LPH

¹⁰⁷ 2,660 UVs and 245 ROs

3.5 Undue favour to contractors due to non-recovery/short recovery/refund of Labour Welfare Cess

Failure to enforce the provisions of the Cess Act, 1996 and the Cess Rules, 1998 resulted in loss of ₹ 1.28 crore to GWSSB and undue favour to the contractors of ₹ 2.76 crore due to non-recovery/short recovery/refund of labour welfare cess

The Government of India (GOI) enacted (August 1996) the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW Act) which provided for constitution of a Welfare Board in each State to undertake social security scheme¹⁰⁸ for safety, health and welfare of construction workers. With a view to augment the resources of the Board, GOI enacted (August 1996) the Building and Other Construction Workers' Welfare Cess Act, 1996 (Cess Act) which provides for the levy and collection of Labour Welfare Cess (cess) at the uniform rate not exceeding two *per cent* but not less than one *per cent* of the cost of construction incurred by the employer¹⁰⁹. Accordingly, in exercise of the powers conferred under the Cess Act, the State Government constituted (December 2004) the Gujarat Building and Other Construction Workers' Welfare Board (Board) and notified to collect the cess at the uniform rate of one *per cent* with effect from 18 December 2004. The State Government appointed (January 2005) all heads of Department, all executive heads of Public Sector Undertakings and Local authorities¹¹⁰ as Cess Collectors and Assessing Officers for the purpose of collection of the cess.

The provisions of the Act were applicable to every establishment which employed, or had employed 10 or more workers on any day during the preceding 12 months in any building or other construction works. All such establishments¹¹¹ were liable to pay cess under the Cess Act. The employer in relation to an establishment means the owner thereof and includes the head of the Department and Chief Executive Officer of local authority in case of work carried out without any contractor, otherwise the contractor is the employer.

Test check in audit of seven works¹¹² in five units of Gujarat Water Supply and Sewerage Board (GWSSB) revealed that only ₹ 1.72 crore was recovered as cess from the contractors' running account bills (₹ 331.62 crore) during the period 2006-13 as against ₹ 3.31 crore that stood recoverable. Audit also observed that out of the above recovered amount, ₹ 1.17 crore was subsequently refunded to the contractors. This has resulted in undue favour to the contractors to the tune of ₹ 2.76 crore as detailed in **Appendix-XXXIV** on account of non-recovery/short recovery/refund of the cess. Further, the Executive Engineers, Jamnagar credited (January-February 2013) an amount of ₹ 1.28 crore to the Government

¹⁰⁸ Provide loans and advances to beneficiaries for construction of houses, rendering financial assistance for education of children and for marriages, medical assistance to beneficiaries, pension, personal accident insurance scheme, etc. for construction workers

¹⁰⁹ BOCW Act – If the building or other construction work is carried on by or through a contractor, or by the employment of building workers supplied by a contractor, the Employer would be the contractor

¹¹⁰ except gram panchayats and nagarpanchayats

¹¹¹ Except construction activity by an employer in relation to his residence costing less than ₹ 10 lakh

¹¹² Running Account Bills and information furnished by the Divisions

account towards the cess from GWSSB's own funds though the same was to be recovered from the contractors and deposited by GWSSB as per the provisions of the Act. This has resulted in loss of ₹ 1.28 crore to GWSSB and undue favour to the contractors by non-recovery of the cess.

Government stated (August 2013) that as the estimates and the contract agreements did not contain provision of the cess, the same was not recovered and the recovered amount was refunded to the contractors to avoid any legal complications for breach of contract. It was further stated that notifications and circulars regarding the provisions of the Cess Act issued by the State Government were not received by GWSSB and some clarifications sought for were still awaited. Further, it was stated that GWSSB acted as employer and credited the amount of ₹ 1.28 crore from its own fund.

The reply was not acceptable as the provisions of recovery of the cess were made effective in the State on constitution of the Board (18 December 2004) and the notifications/circulars for its implementation were published in the Gujarat Government Gazettes and issued to all Government Departments, Public Sector Undertakings, Local authorities, etc. and the work orders of all the test-checked works were issued after issuance of above notifications/circulars. Further, the claim that the order was not received by GWSSB is not correct as the Board had deducted the cess initially and then refunded the amount to the contractors (employers) in violation of the Act. The non-inclusion of specific clause in the contract agreement for recovery of cess from the contractor (employer) was a failure on the part of GWSSB and led to a loss of ₹ 1.28 crore to GWSSB and undue benefits of ₹ 2.76 crore to the contractors (employers).

It is recommended that GWSSB recover the cess from the contractors (employers).

3.6 Undue financial favour to an agency

Based on Audit observation, Executive Engineer, GWSSB, Bhavnagar recovered rebate offered by an agency amounting to ₹ 55.35 lakh. However, subsequent decision of the Tender and Purchase Committee of GWSSB to reimburse the recovered amount resulted in undue financial favour to the agency by ₹ 55.35 lakh

Central Excise Notification No.47/2002-CX dated 6 September 2002 read with Circular No.659/50/2002-CX dated 6 September 2002 granted full exemption from payment of Central Excise Duty on all items of machinery, including instruments, apparatus and appliances, auxiliary equipment and their components/parts required for setting up of Water Treatment Plant (WTP) intended to treat water to make it fit for consumption of humans or animals. It further, granted exemption on pipes required for obtaining untreated (raw) water from its source to the WTP and for supplying the treated (potable) water to first storage place. The concession was not available for pipes required for supply of treated water in the distribution network and this was also clarified by GOI (October 2005). The duty concession was subject to production of

“intended use” certificate signed by the Collector/District Magistrate/Deputy Commissioner of the District in which the WTP was to be set up.

The Chief Engineer, Zone-III, Gujarat Water Supply and Sewerage Board (GWSSB) Rajkot accorded (December 2002) administrative approval and overall technical sanction for ₹ 28.88 crore for Mahuva Group Water Supply Scheme (MGWSS) of Bhavnagar District. The Scheme was to provide drinking water to Talaja town and 107 villages of Mahuva, Gariadhar and Palitana talukas. Turnkey tenders for the work of “Distribution Pipeline Network including construction of Sumps, Elevated Storage Reservoirs and Civil Works” of MGWSS at an estimated cost of ₹ 18.35 crore were invited (November 2001). Work amounting to ₹ 7.54 crore qualified for exemption of excise duties. On opening of technical bids (October 2002), all the six participating bidders were declared qualified.

Since the Central excise rebate was notified in September 2002 i.e. after the tenders were invited but before the financial bids were opened (January 2003), the Chief Engineer forwarded (December 2002) a copy of the above Notification and Circular to all the participating bidders and called upon them to reconsider their bids and offer rebate in the tender cost in view of the above Central Excise exemption. The price bid was then opened (2 January 2003) and an agency¹¹³ which was not lowest with tender cost of ₹ 20.73 crore, offered unconditional rebate of 5.89 *per cent* on price offered in “Schedule-I Civil Works, Installation and Other Services” of the tender bid. Since other bidders refused to offer any rebate, this agency became lowest at ₹ 19.52 crore against the tender cost of ₹ 19.77 crore quoted by the original lowest bidder. The work order was issued (April 2003) to this agency with stipulation to complete work within 12 months.

Scrutiny of records of the Executive Engineer, Bhavnagar revealed (August 2007) that the rebate of ₹ 44.41 lakh was recovered upto the 19th Running Account (RA) Bill. Thereafter rebate of ₹ 55.35 lakh was not recovered on the plea that the pipes used after 19th RA Bill pertained to distribution network beyond storage place, which was not exempted from payment of Excise Duty and hence no exemption certificates were issued after 19th RA Bill. Based on audit observation (June 2008) for non-recovery of rebate, the amount of ₹ 55.35 lakh was correctly recovered from the final bill¹¹⁴ of the agency against the total work of ₹ 16.94 crore executed in respect of Schedule I of the tender bid.

Subsequently, it was seen (May 2011) that GWSSB reimbursed (October 2010) the recovered amount of ₹ 55.35 lakh to the agency based on the decision¹¹⁵ (June 2010) of the Tender and Purchase Committee (TPC) that the rebate of 5.89 *per cent* was offered by the agency was against excise exemption certificates issued only and as no certificates were issued after the 19th RA Bill by the Board, the rebate could not be availed. This action of the TPC was not in order. As the agency had offered an unconditional lumpsum rebate on total cost of

¹¹³ Petron Civil Engineering Private Limited, Mumbai

¹¹⁴ 40th Running Account Bill

¹¹⁵ 303rd meeting

works involved in Schedule I, this action to refund a correct amount which was recovered, resulted in undue favour of ₹ 55.35 lakh to the agency.

Government stated (August 2013) that (i) the rebate of 5.89 *per cent* offered by the agency amounting to ₹ 44.42 lakh was deducted from 1st to 19th RA Bills as excise exemption on pipes after first storage was not available and the “intended use” certificates were not issued; (ii) the agency demanded cancellation of rebate offered by him as no exemption certificate were issued by the Board; (iii) considering the audit observation, the rebate amounting to ₹ 55.35 lakh due from 20th RA Bill onwards was deducted from the final bill of the agency; and (iv) the agency demanded reimbursement of ₹ 55.35 lakh as the rebate offered was a part of contract agreement and GWSSB had failed to issue excise exemption certificates. Based on these factors, the Government stated that the reimbursement was made to the agency.

The reply was not correct as the agency had offered an overall unconditional rebate of 5.89 *per cent* of the total value of work under Schedule-I of the contract and the refund of ₹ 55.35 lakh which was correctly recovered from the agency was a loss sustained to the Government.



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