

Chapter 3

Compliance Audit

Civil Aviation Department

3.1 Irregularities in the functioning of Civil Aviation Department

Three aviation clubs of Haryana Institute of Civil Aviation (HICA) failed to achieve the flying hour targets during 2008-13. Despite the release of grants-in aid of ₹ 5.36 crore, expenditure exceeded the income by ₹ 1.05 crore. HICA had not finalised their accounts since 2007-08, pilots were paid inadmissible allowances and post of senior executive pilot was sanctioned after 10 months of appointment.

The Civil Aviation Department was established in 1966 to maintain VIP aircrafts, to promote the activities of flying, gliding, to train pilots, aircraft maintenance engineers, cabin crew, ground staff, etc. Haryana Institute of Civil Aviation (HICA) was established in 1998 as a Society under Societies Registration Act, 1860. The activities were being carried out through three Aviation Clubs situated at Karnal, Pinjore and Hisar. The records in the office of the Adviser, Civil Aviation; Secretary, HICA and its three Aviation clubs for the period 2008-09 to 2012-13 were test checked during April 2013. During audit, following important findings were noticed.

(i) Non-achievement of targets

The Executive Committee had fixed the flying targets of 1,500 hours for each HICA club in May 2005 which was revised to 2,000 hours in March 2011. During audit it was noticed that Pinjore and Hisar clubs did not achieve the targets as given in Table 3.1.1.

Table 3.1.1: Year-wise detail of targets and achievements

Year	Target hours ¹		Pinjore		Hisar		Karnal	
	for each HICA club	Flying hours	Per cent Achievement	Flying hours	Per cent Achievement	Flying hours	Per cent Achievement	
2008-09	1,500	0	0	1,183	79	2,348	157	
2009-10	1,500	158	11	893	60	2,245	150	
2010-11	1,500	492	33	589	39	2,009	134	
2011-12	2,000	0	0	83	4	1,801	90	
2012-13	2,000	638	32	1,124	56	1,358	68	
Total	8,500	1,288	15	3,872	46	9,761	115	

(Source: Information supplied by HICA clubs)

¹ The Executive Committee, HICA fixed annual targets for the year 2005-06 only. As no meeting was held after that 1,500 hours were taken as target hours for 2008-09 to 2010-11, for analysis.

It was observed that in Pinjore and Hisar clubs, the targets of 15 and 46 per cent respectively were achieved during the period 2008-13. The shortfall in achievement of targets was due to non-availability of Chief Flying Instructor (CFI) at HICA, Pinjore between July 2007 and August 2009 and the CFI remained temporarily medically unfit from January 2011 to September 2011. The CFI in Hisar was medically unfit during 2009-10 and 2010-11 and in 2011-12 CFI was not available. Only 73 out of 791² candidates succeeded in getting Commercial Pilot License (CPL) as adequate flying hours not provided to candidates and they failed to achieve mandatory 200 hours of flying to get CPL. Thus, due to non-posting of CFI for long durations the clubs did not achieve their targets.

During exit conference (November 2013), the Additional Chief Secretary advised the department to submit data of training imparted and investigate the reasons for low performance. Final outcome was awaited (January 2014).

(ii) Excess expenditure over income

The financial position of HICA clubs was not satisfactory during 2008-13 as against the total receipt of ₹ 12.50 crore the expenditure was ₹ 18.91 crore resulting in excess expenditure of ₹ 6.41 crore as given in **Table 3.1.2**.

Table 3.1.2: Receipt and expenditure position of HICA during 2008-13

HICA club	Income from Club's activities	Grant in Aid	Total Receipts	Total expenditure	Excess expenditure after GIA
(₹ in lakh)					
Pinjore	141.83	225.45	367.28	418.32	51.04
Hisar	328.84	171.62	500.46	593.05	92.59
Karnal	779.31	139.21	918.52	879.67	(-) 38.85
Total	1,249.98	536.28	1,786.26	1,891.04	104.78

(Source: Information supplied by HICA)

The State Government had released grants-in-aid of ₹ 5.36 crore during the above period. Despite this, there was still excess expenditure of ₹ 1.05 crore. The Pinjore and Hisar clubs met the excess expenditure from the security deposits of the candidates which was irregular as security deposits were refundable to the candidates and could not be utilised for meeting day to day expenditure of the institute. It was observed that though the Karnal club achieved the given targets, its receipts were lesser by ₹ one crore than the expenditure.

It was also observed that Pinjore and Karnal clubs of HICA kept the unspent grants-in-aid of ₹ 37 lakh and ₹ 37.76 lakh as fixed deposits, respectively. This was against the terms and conditions of sanction of grants-in-aid.

² HICA Karnal : CPLs 49 out of 633 candidates; HICA Pinjore : 8 CPLs out of 82 candidates; and HICA Hisar : 16 CPLs out of 76 candidates.

(iii) Non-preparation of annual reports and balance sheet by HICA

Rule 7 and 9 of Rules of the Haryana Institute of Civil Aviation provide for holding of meeting of the Executive Committee once in three months and meeting of General Body once in a year. It was noticed in audit that during the period of five years covered under audit, the Executive Committee held only one meeting during March 2011. No record of holding meeting of General Body was made available to audit.

The Executive Committee had not prepared annual report, balance sheet and audited accounts for the consideration of General Body since 2007-08. In the absence of the annual reports and balance sheets, the financial and physical achievements of the HICA could not be ascertained in audit. During exit conference the Adviser, Civil Aviation assured to complete the work of preparation of annual reports, balance sheet, etc. The final outcome was awaited (January 2014).

(iv) Recoverable parking and maintenance charges

The Adviser, Civil Aviation, Haryana provided (in 2006) technical and hangar facilities to M/s Ariel Advertising Pvt. Limited at the monthly charges of ₹ 50,000³. In case of non-deposit of rent in time, the agency was liable to pay late fee charges at the rate of 18 *per cent* per annum. Scrutiny of records showed that the agency had not paid the monthly charges since August 2011 and a sum of ₹ 9.20 lakh (₹ 8 lakh as parking charges for 20 months and ₹ 1.20 lakh as maintenance charges for 12 months) alongwith late fee charges at the rate of 18 *per cent* were recoverable as on 31 March 2013. During exit conference the Adviser, Civil Aviation intimated that efforts were being made to recover the total amount. Final outcome was awaited (January 2014).

(v) Payment of inadmissible allowances to pilots on deputation

The Government in September 2008 approached the Defence Minister of India to provide two Helicopter Pilots on deputation basis. The Indian Air Force (IAF) forwarded in October 2008 the terms and conditions for deputation for ratification. Two IAF officers joined the Government on deputation in April 2009.

Audit noticed that pilots were paid ₹ 63.48 lakh for the period from October 2009 to February 2013 on account of Special Travelling Allowance at the rate of ₹ 45,000 per month (₹ 1,500 per landing minimum 30 landings) in addition to other allowances mentioned by the IAF. These allowances were against the terms and conditions of the deputation approved by IAF. On being pointed out the department intimated (April 2013) that the allowances were paid as per pay and allowances fixed by the Government and higher amount can be paid to the officer on deputation. The reply was not acceptable as the pay and allowances were to be governed as per rules of IAF to ensure uniformity of perquisites across the board.

³ ₹ 40,000 as hangar charges and ₹ 10,000 as maintenance charges.

(vi) Irregular appointment

As per Civil Aviation Department Service Rules, 2011, the Helicopter Pilots, in the pay scale of ₹ 37,400 - ₹ 67,000 + ₹ 10,000 Grade Pay with other allowances, were to be appointed by direct recruitment or by transfer or deputation out of officials already in the service of State Government or Government of India.

For operation of Helicopter, the State Government had taken two officers from IAF on deputation since April 2009. One officer gave his willingness for absorption in the Government after getting pre-mature retirement from the IAF with the condition that he may be posted as Special Executive Pilot (SEP) with grade pay of ₹ 12,000 and other allowances equivalent to SEP. As per Civil Aviation Department Service Rules, 2011, there was only one post of SEP in the State which was already occupied. However, the department appointed the retired IAF officer as SEP with effect from January 2012 at a basic pay of ₹ 57,320 + ₹ 12,000 grade pay with all allowances and perquisites available to SEP.

Audit noticed that Government accorded the sanction in October 2012 for creation of one post of SEP whereas the officer was appointed with effect from January 2012 which was against the rules. Besides, the post was also taken out of the purview of HPSC and filled without any advertisement. On being pointed out, the department replied (April 2013) that in view of urgency and smooth operations of Helicopter, the Government created one post of SEP and this officer was absorbed on this post w.e.f. January 2012. The reply was not acceptable as the approval for creation of post was issued in October 2012 while the officer was absorbed from January 2012. Moreover, the post was never publicised for getting applications from the qualified/deserving candidates.

The above points were referred to the Government (July 2013); but replies were not received. However, the points were discussed with the Principal Secretary Government of Haryana, Civil Aviation Department in an exit conference held in October 2013 and deliberations of the conference have been suitably incorporated.

Civil Secretariat

3.2 Irregular expenditure

Five to twelve ex-cadre posts in the Chief Secretary's grade were operated against the sanctioned strength of two to three posts without the approval of Government of India. The appointments were made without constituting the Screening Committee resulting in irregular expenditure of ₹ 5.37 crore.

Rule 9(7) of the Indian Administrative Services (Pay) Rules provides that at no time the number of members of the Service appointed to hold posts, other than cadre posts referred to in sub rule (1) and sub rule (4), which carry pay of

₹ 26,000 per mensem (₹ 80,000 from 1 January 2006) and which are reckoned against the State Deputation Reserve, shall except with the prior approval of the Central Government, exceed the number of cadre posts at that level of pay in a State cadre or, as the case may be, in a Joint cadre. Government of India also issued (March 2000) guidelines for functioning of Departmental Promotion Committees wherein it was instructed that the screening committee for the purpose of promotion in the grade of Chief Secretary would consist of the Chief Secretary concerned, one officer working in this grade in the cadre and another officer serving in GOI in the same grade.

A mention was made in the Audit Report of the Comptroller and Auditor General of India for the year ending 2007, para 4.5.6 titled “Irregular expenditure on operation of excess ex-cadre posts” regarding operation of one to four excess ex-cadre posts in Chief Secretary’s grade (₹ 26,000 revised to ₹ 80,000 from 1 January 2006) during April 1995 to December 2005 without the approval of GOI. Government of Haryana (GOH) had taken up the matter with GOI for regularization of these posts but GOI did not agree to the proposal. The matter was again taken up with GOI in February 2007 and thereafter in May 2013, after the matter was discussed (December 2012) in the Public Accounts Committee of the Haryana Vidhan Sabha (PAC) and the Chief Secretary assured the PAC that he will take up the matter with GOI for ex-post facto approval for operation of these ex-cadre posts. Further action in this regard was still awaited (January 2014).

Audit observed that the ex-cadre posts which were pointed out in the above para of CAG’s report were yet to be regularized by GOI as directed by Public Accounts Committee (PAC). The State Government however, continued to operate 5 to 12 posts in Chief Secretary’s grade from March 2007 to June 2013 against the sanctioned strength of two⁴ (from 25 August 2003 to 12 October 2010) to three⁵ (from 13 October 2010 to June 2013) posts. It is pertinent to mention here that the promotion to Chief Secretary’s Grade was made without constituting the Screening Committee in contravention of the above said instructions of GOI. This resulted in irregular expenditure of ₹ 5.37 crore from the period March 2007 to June 2013.

The matter was discussed in the exit conference (January 2014) where the Chief Secretary (CS) stated that there was very less financial implication in promoting the officers to the Additional Chief Secretary’s (ACS) grade as all of them had reached at the maximum of their pay scales as such total expenditure of their pay and allowances amounting to ₹ 5.37 crore may not be treated as irregular. He further intimated that this time, a screening committee was constituted headed by the CS and an Additional Secretary level officer from GOI was also present in the meeting. The CS also stated that State Government would continue to operate

⁴ 1. Chief Secretary, 2. Financial Commissioner and Principal Secretary

⁵ 1. Chief Secretary, 2. Financial Commissioner and Principal Secretary, 3. Principal Secretary to CM

these posts of ACSs in future also due to requirement of work and this was being done by almost all the States.

The contention of the CS was not acceptable as the appointment of excess posts as against the prescribed strength was irregular and against the instructions of GOI. The PAC had also asked the Government to obtain approval from the GOI but had not been obtained so far (January 2014). Further, the expenditure on the pay and allowances was treated as irregular because officers were allowed Chief Secretary's grade in contravention to the rules and GOI instructions.

3.3 Allotment of space to banks without execution of agreement

Two Banks were provided space in Haryana Civil Secretariat buildings for office and automated teller machines without entering into any agreement for rent and electricity charges resulting in loss of ₹ 1.50 crore.

Haryana Government provided space measuring 2,106 square feet and 598 square feet to the State Bank of India (SBI) and Haryana State Apex Cooperative (HARCO) Bank, respectively, in Civil Secretariat building Sector 1, Chandigarh, in the decade of 1980. ICICI bank and the SBI were also allowed to install their automated teller machines (ATMs) covering 144 and 120 square feet area respectively on 19 November 2001 and 6 November 2003, respectively.

No agreement was entered into with Banks for payment of rent and payment of electricity charges as a result of which the rent of ₹ 78.74 lakh for the period from August 1992 to March 2013 was not recovered and the Government had paid electricity charges of ₹48.04 lakh for the electricity consumed by these banks during April 1986 to March 2013. Further, spaces were also allotted to the HARCO Bank (356.50 square feet) and SBI (434 square feet) in its new Secretariat building, Sector 17, Chandigarh without entering into any agreement for rent and payment of electricity charges. Resultantly, ₹ 23.43 lakh (Rent: ₹ 17.27 lakh and electricity charges ₹ 6.16 lakh from January 1998 to March 2013) was also not recovered. In all, there is a loss of ₹ 1.50 crore to Government.

Government replied (August 2013) that the spaces in Haryana Secretariat buildings were allotted to banks for the facilities of employees of the Haryana Government. The reply is not tenable as the activities of banks are commercial in nature, therefore, the space was required to be provided after assessing the rental value. The Chief Secretary Haryana (November 2013) further intimated that sub meter in the banks in Haryana Civil Secretariat had been installed and the matter regarding installation of sub-meter in Haryana New Civil Secretariat Building, Chandigarh has been taken up. The matter was also discussed in the exit conference (January 2014) wherein the Chief Secretary reiterated the written reply and stated that the matter regarding entering into agreements was being taken up with the banks.

Development and Panchayat Department

3.4 Management of panchayat land

Panchayat land measuring 12,208 hectares was under encroachment. Land utilisation plan was not prepared. Lease rent of ₹ 3.22 crore received late by one to 25 months. There was loss of interest of ₹ 79.27 lakh due to non-deposit of amount in term deposits. In eight cases annuity of ₹ 2.39 crore was not paid by State Public Sector Undertakings.

The Punjab Village Common Lands (Regulation) Act, 1961 (the Act 1961) also applicable to Haryana provides that all lands vested or deemed to have been vested in a Panchayat shall be utilized or disposed of by the Panchayat for the benefit of the inhabitants of the village concerned in the manner prescribed by the Government. There are 6,083 Gram Panchayats (GP) having 3,37,698.4 hectares (8,44,246 acres) area of common land as of March 2013 in the State.

The records in the office of the Director General (DG), Development and Panchayats (D&P) Department, seven out of 21 districts, 15 blocks and 255 GPs were test checked and the results of checking after considering the departmental views are as follows:

- In seven test checked districts, no GP had prepared the land utilisation plan as required under Rule 3 Punjab Village Common Land (Regulation) Rules⁶ (the Rules), 1964. The DG (D&P) stated (September 2013) that it was due to shortage of revenue staffs (*Patwaries*) in the field.
- Land measuring 12,208 hectares⁷ was under encroachment as of January 2013 but the cases for eviction in respect of only 7,567.38⁸ hectares were filed upto September 2013, as required under Section 7 of the Act, 1961 and Rule 19 to 21 of the Rules 1964. In the remaining cases, the PS directed (September 2013) the staff to initiate proceedings to remove encroachment. Final action was awaited (January 2014).
- Information such as, total area, area under each Panchayat, status of its possession, utilization, etc. regarding *Gaucharand* land⁹ was not being maintained in the Department for which the DG, D&P intimated (September 2013) that the information was under compilation by getting the same from all the DCs.

(i) Sale of panchayat land

- (a) The GP, Bhadso (Indri Block of Karnal District) sold around 168 acres of

⁶ As applicable to Haryana

⁷ As per data supplied by the Directorate in January 2013.

⁸ 18,699 acre, 4 kanal and 13 marla.

⁹ Mainly used for animals grazing

Panchayat land to M/s Piccadilly Agro Industries Limited (PAIL), Chandigarh in 1994 for setting up of a sugar mill with the conditions that the company would (a) provide employment to 15 *per cent* of the youth of the village, (b) deposit the compensation for tube-wells installed in the GP land and (c) the GP was to auction the standing trees on land and pay the entire cost of land in lump-sum to GP. It was observed that the jobs were not provided to the local residents, a large portion of the land was being used for cultivation purposes. A distillery unit set up in the sugar mill was spreading foul smell and polluting the area. On the complaint of villagers the Haryana Pollution Control Board inspected the premises only in October 2012 when sugar mill was not in operation and reported no hazardous waste at that time. Though the company submitted a list of persons who were provided employment, it was observed that they were employed through contractors only. Further, the cost of tube wells in Panchayat land was not recovered from PAIL and the GP had not auctioned the standing trees on the Panchayat land. The GP also filed a civil writ petition¹⁰ in the Hon'ble Punjab and Haryana High Court seeking the sale transaction of 1994 be challenged on the ground that the sale of *shamilat deh* land for a private purpose was illegal.

During the exit conference, the Deputy Director, Panchayats intimated (September 2013) that the court case had been decided in favour of PAIL. The Hon'ble High Court while disposing of (July 2013) the public interest litigation advised the petitioners to approach the concerned authority for relief and if such petition is filed by the stakeholders, the competent authority was to be acted upon within six months from the date of filing. Further, outcome was awaited (January 2014).

(b) GP Badsa sold (February 2009) 300 acre panchayat land falling in village Badsa of Bahadurgarh Block of Jhajjar District to Health Department, Haryana for further transfer on lease for 99 years to Government of India, Ministry of Health, at ₹ 48 crore payable over a period of three years as against which ₹ 28.80 crore (three installments of ₹ 9.60 crore each) was paid till December 2012. During the exit conference the PS directed the DG to take up the matter demi-officially with Health Department. Final outcome was awaited (January 2014).

(c) The GP Murthal, District and block Sonapat sold (September 2008) panchayat land measuring 8 acre 8 marla to Police Department at the collector rate of ₹ 20 lakh per acre. The GP received ₹ 61.33 lakh on 01 May 2011 and ₹ 92.51 lakh on 29 June 2013. It was observed that (i) the cost of land was paid in two installments instead of one installment, (ii) the final payments were not made on the basis of collector rate prevailing during 2011 and 2013. During exit conference, the PS asked his officers to raise the demand immediately with the Police Department and to take the corrective action. Final outcome was awaited (January 2014).

¹⁰ No. 12011 of 2012

(ii) Short term Lease of panchayat land

The terms and conditions of lease of panchayat land include, among other things, (a) the annual lease money shall be paid on the bidding spot and for the remaining years of lease, shall be paid in advance, not later than February every year and (b) failure in depositing the lease money at due time shall automatically cancel the lease and the security of the bidder shall be forfeited.

It was observed that:

- In 25 GPs, the lease rent of ₹ 3.22 crore was received late ranging between one and twenty five months.
- The *shamilat* land falling under seven GPs in Gulha block of the Kaithal District was continuously in possession of the lessees without paying lease rent by the end of February each year. The lessees had deposited lease rent of ₹ 12.60 lakh at their own for three to six years for the period 2001 to 2013 between June 2008 and June 2012. No record of lease money receivable was available with the GP.
- The Sarpanch of Sham Garh GP (Block Nilokheri of Karnal District) decided to receive the lease money of auction (May 2011) in two installments from three parties instead in one installment. The amount of ₹ 5.79 lakh¹¹ was received between January and March 2012 which resulted in loss of interest of ₹ 0.14 lakh to GP, besides violation of rules.

The PS, during the exit conference, intimated (September 2013) that the DC concerned had been requested to ensure recovery of amount and initiate necessary action against defaulters.

- In five cases, the Sarpanches had received ₹ 25.26 lakh on account of lease money of which only ₹ 16.90 lakh were deposited in banks but remaining amount of ₹ 8.36 lakh was not deposited in GP accounts.

(iii) Financial management in GPs

- (a) In eight cases the amount received on account of sale of panchayat land/trees in school campus were converted in terms deposits after two to three months which resulted in loss of ₹ 79.27 lakh as detailed in the **Table 3.4.1**.

¹¹ ₹ 2.62 lakh on 14 January 2012, ₹ 1.51 lakh on 26 March 2012 and ₹ 1.66 lakh on 28 March 2012.

Table 3.4.1: Delay in deposit of money in fixed deposit

(₹ in lakh)

Sr. No	Name of Block/ Panchayat	Sale of land to	Amount received/ date of receipt	Amount deposited in term Deposit / date	Loss of interest due to late preparation of Term Deposits
1.	Ballabgarh / Motuka	HPGCL	4,098.00 (6 March 2011)	4,098.00 (6 May 2011)	44.97
2.	Ballabgarh / Aruwa		1,327.50 (8 January 2011)	1,327.50 (7 April 2011)	24.52
3.	Kaithal / GP Ladana		467.81 (27 Sept. 2012)	467.81 (1 to 12 December 2012)	5.91
4.	Shehzadpur / GP Gajipur	HVPNL	274.05	274.05 (1 November 2011)	1.79
5.	Shehzadpur / GP Santokhi		86.35	86.35 (1 November 2011)	
6.	Murthal / Sonipat	Police department	92.51 (15 March 2013)	92.51 (28 June 2013)	2.08
Total			6,346.22	6,346.22	79.27

(Source: Information collected from GP/DDPO concerned)

Similarly, in two cases ₹ 55.82 lakh received were not credited in GP Fund as given in Table 3.4.2.

Table 3.4.2: Details of cases where receipts were not credited in GP Fund

(₹ in lakh)

Sr. No.	Name of Block/ Panchayat	Particulars	Amount received/ date of receipt	Amount deposited in term Deposit / date	Comment
1.	Sonipat/ Shahpur Turk	Land compensation	5,46.39 (November 2009)	495.00	₹ 51.39 lakh kept by Sarpanch in saving account were shown spent through self cheques without approval from competent authority. Vouchers were also not produced.
2.	Karewali / Sonipat	Sale of tree in school campus (₹ 5.21 lakh)	0.78	₹ 0.78 lakh (7 September 2011)	Remaining amount of ₹ 4.43 lakh was retained by the school Principal resulting in loss to Panchayat
Total			547.17	495.78	₹ 51.39 lakh + ₹ 4.43 lakh = ₹ 55.82 lakh

(Source: Information collected from GP/DDPO concerned)

On being pointed out in audit, the PS intimated (September 2013) that the concerned DCs had been requested to inquire into the matter and initiate necessary action.

(b) In five test checked districts, the amount of ₹ one crore placed at the disposal of the DCs of each district in March 2011, for development of rural sectors, was lying unutilised in saving bank accounts. Keeping the amount in saving bank accounts instead of term deposits resulted into a loss of interest of ₹ 0.85 crore.

(iv) Payment of annuity

The policy for rehabilitation and resettlement (R and R Policy) of land owners notified (December 2007) by the Government provided for payment of annuity to the land owners for 33 years.

(a) In respect of lands gifted by panchayat for usage under the scheme 'Mahatma Gandhi Gramin Basti Yojna', the Government provided an annuity of ₹ 23.93 crore¹² which was drawn by Development and Panchayat Department during 2011-12 and 2012-13 though there was no need for such annuity.

➤ In the eight districts¹³, the number of plot holders reduced in the succeeding years but an excess annuity of ₹ 11.20 lakh was drawn during 2011-12.

➤ In five test checked districts, the annuity so sanctioned and released was not actually disbursed to GPs and a sum of ₹ 7.13 crore (including interest) were lying in the bank account of the DDPOs.

During exit conference the PS directed the DG to look into the matter and take action accordingly.

(b) In eight cases, the purchasers of GP land, State Public Sector undertakings had not paid the annuity in six cases and in two cases, full payment of annuity was not made which resulted in non recovery of annuity of ₹ 2.39 crore, causing loss to GPs.

During exit conference with PS the DG intimated that the action to recover the amount with interest had already been initiated.

The matter was referred to the Government in August 2013 but reply had not been received. However, an exit conference was held in September 2013 with PS, Development and Panchayats Department and the deliberations of the exit conference have been considered and suitably incorporated in the Report.

¹² Annuity: 2011-12: ₹ 1,181.20 lakh and 2012-13: ₹ 1,211.40 lakh.

¹³ (i) Ambala, (ii) Fatehabad, (iii) Hisar, (iv) Jhajjar, (v) Kurukshetra, (vi) Mohindergarh, (vii) Panchkula and (viii) Rohtak Districts.

Food and Supplies Department

3.5 Loss due to distribution of foodgrains to ineligible ration card holders

The State Government had incurred an avoidable expenditure of ₹ 18.59 crore on subsidy at the rate of ₹ 2.02 per Kg for providing wheat to 1,73,907 ineligible BPL card holders during the period December 2011 to March 2013.

The Government of India (GOI) allocates the foodgrains to State Governments for distribution at specially subsidized rates to families identified under Below Poverty Line (BPL) and Antyodaya Anna Yojna (AAY) through fair price shops. The State Governments are required to formulate suitable guidelines for the purpose of identification of BPL and AAY families and to get the lists of BPL and AAY families reviewed every year for deletion of ineligible families and inclusion of eligible families.

On the basis of survey conducted by the Government in July 2008, there were 12,97,058 BPL families (inclusive of 3,02,500 AAY families) in the State, which increased to 13,92,552 (14 districts in 2009 and seven districts in 2010). The GOI recognized (May 2005) only 7,89,000 BPL families for the issue of subsidized foodgrains. The GOI had not revised estimates after 2005. The State Government treated the remaining 6,03,552 BPL families as State Below Poverty Line (SBPL) families. These families were given foodgrains out of the allotment meant for above poverty line (APL) families and the difference in the rate of foodgrains (₹ 2.02¹⁴ per kg) was borne by the State Government.

Audit noticed that the lists of BPL/AAY families were not reviewed by the Government and the survey conducted in 2011 showed that ineligible BPL/AAY ration card holders remained included in these lists. The Government intimated (November 2011) to the Punjab and Haryana High Court¹⁵ that 3,38,949 BPL card holders were ineligible. The Court further ordered (November 2011) that BPL cards of all those who are found to have provided wrong information to obtain the same, be cancelled forthwith. After cancellation of ineligible BPL card holders the number of BPL card holders should have been 10,53,603¹⁶ whereas there were still 12,27,510 BPL card holders in March 2013. Due to non-cancellation of 1,73,907 ineligible BPL cards, the State Government had incurred an avoidable excess expenditure of ₹ 18.59¹⁷ crore on subsidy at the rate of ₹ 2.02 per Kg for

¹⁴ APL rate of ₹ 6.86 per kg less BPL rate of ₹ 4.84 per kg

¹⁵ In the Civil writ petition number 1581 of 2010 of Pardeep Kumar and others Versus State of Haryana and others.

¹⁶ Ration card holders : 13,92,552 – 3,38,949 = 10,53,603

¹⁷ Ineligible card holders 173907 * 35kg * 16 months * ₹ 2.02 per kg = ₹ 19,67,23,598
₹ 19,67,23,598 * 94.49 per cent (average of actual lifting during December 2011 to March 2013 by District Food and Supplies Controllers) = ₹ 18,58,84,128

providing wheat to these families during the period December 2011 to March 2013.

On being pointed out by Audit, the Principal Secretary (PS) to Government Food and Supplies Department intimated (September 2013) that action was to be initiated by the District Administration. The reply was not convincing as the department was required to cancel all the ineligible BPL/AAY cards immediately after the receipt of lists of ineligible card holders and directions of the Hon'ble Punjab and Haryana High Court (November 2011) and stop supplying subsidized foodgrains. Instead, the department continued with the act of distribution of subsidized foodgrains to them.

The matter was also discussed with PS in exit conference held on 27 September 2013, wherein it was intimated that the detailed reply would be furnished after ascertaining as to when the revised lists were submitted by District Rural Development Agency (DRDA)/District Urban Development Agency (DUDA) and when the distribution of foodgrains to ineligible BPL card holders was stopped. However, final outcome was awaited (January 2014).

Health and Medical Education Department

3.6 Non-recovery of bond money

Bond money amounting to ₹ 1.25 crore was not recovered from the 17 doctors who were provided facility of higher studies while in service.

The Government policy of imparting higher education to its doctors in the Department of Health and Medical Education and Post Graduate Institute of Medical Sciences, Rohtak provided that a doctor, before being relieved for any post graduation course had to execute a bond for serving the State Government (in HCMS cadre) for the period ranging between five and ten years or to pay in Government treasury in lieu thereof bond money ranging between ₹ 0.60 lakh and ₹ 25 lakh. Provisions contained in Rule 58 of Haryana Civil Services Rules- Leave Rules, provide that in case a Government employee resigns or retires from service without returning to duty after the period of study leave or within stipulated period, he shall be required to refund double of the amount of leave salary, study allowances, cost of fees, travelling and other expenses, incurred by the Government.

Nineteen Medical Officers had undergone post graduate degree/diploma course in different fields between October 1993 and May 2012 after furnishing the surety bonds. After completion of course, these 19 doctors had either not joined their duties or left the job in between and had not served the State Government for the prescribed period as agreed to in the bond and therefore they were required to pay the bond money. While two doctors had deposited (November 2012 and September 2013) bond money, remaining 17 doctors did not pay the bond money amounting to ₹ 1.25 crore excluding interest. During the period of their higher

studies, 10 doctors were paid pay and allowance amounting to ₹ 0.49¹⁸ crore and eight doctors were paid stipend, which were required to be recovered.

The matter was referred (August 2013) to the Government but reply had not been received. However, during an exit conference (August 2013) the Principal Secretary, Health Department stated that disciplinary action was under process against the delinquent doctors and further the department was considering the issue for filing the civil suits in the court to recover the bond amount along with interest. Further action was awaited (January 2014).

Home and Administration of Justice Department

3.7 Management of properties of Haryana Wakf Board

Due to lack of monitoring, 913 wakf properties were under encroachment, lease rent of ₹ 3.97 crore against 1,281 wakf properties was outstanding, lease rents were not revised for 20 years, mutation, central computing facilities and survey of wakf properties was not completed.

The Haryana Wakf Board was established in August, 2003 under Wakf Act, 1995 with the objectives to manage and safeguard all Wakfs in the State. As per survey of 1971, there were 12,505 registered and notified Wakf properties covering 8,435.45 hectares in the State. Examination of records in the office of Haryana Wakf Board Ambala Cantt for the period 2008 to 2013 showed that:-

- There was no system of regular watch and ward of the properties and as a result, as of March 2013, 913 Wakf properties measuring 154.19 hectares¹⁹ were under encroachment and notices were issued only in 36 cases and the SDMs of the respective areas were requested to take action against only 20 encroachers but the concerned SDMs had taken no action. The CEO, Haryana Wakf Board stated (September 2013) that in these cases, the Board was not shown as owner of the properties in the revenue records, therefore, action for eviction under section 54 of the Wakf Act, 1995 could not be initiated unless these were not mutated in favour of Wakf Board and the Board was locating records of such properties for mutation. Thus, the Board had not maintained the records of the wakf properties as required under section 32 of the Act.
- As on 31 March 2013, 195 Wakf properties measuring 63.23 hectares were under encroachment of 18 Government departments, local and autonomous bodies²⁰

¹⁸ Calculated by adding three increments in initial of the pay scale as the details were not made available by the department.

¹⁹ 718 properties measuring 90.96 hectares by individuals and 195 properties measuring 63.23 hectares by Government departments, local bodies

²⁰ Education department (88), Local Bodies and Municipal Committees (27), Public Health (5) PWD (B&R) (10), Health (13), Home (13), Revenue (4), Panchayats (20), Animal Husbandry (4), Power (2), Haryana Urban Development Authority (2), Archaeological, Transport, Agriculture, Rehabilitation, Finance, Defence and Geological one each.

without paying lease and they had not become lessees of Wakf Board as directed by Government in 2009. Wakf Board stated (September 2013) that it was pursuing the same. However, the results of such pursuance were awaited (January 2014).

➤ Lease rent of ₹ 3.97 crore against 1,281 wakf properties (Ambala: 539 Kurukshetra: 742) was outstanding since many lessees had expired and many had transferred the possession at their own level without the order of the Board.

➤ Section 56 of the Wakf Act, 1995 provides that the Board shall, in granting sanction for lease or sub-lease or renewal thereof, review the terms and conditions on which the lease or sub-lease is proposed to be granted or renewed after a maximum period of three years and give its approval accordingly. It was noticed that lease of 196 Wakf properties done on a very nominal amount i.e between ₹ one to ₹ 10 per month and had not been revised for more than twenty years. The CEO, Haryana Wakf Board intimated (September 2013) that the committees consisting of senior officers had been constituted to settle such rent cases. Final action was awaited (January 2014).

➤ The Government appointed (7 April 2005) all the Divisional Commissioners as Survey Commissioners for the Wakf Board in their respective jurisdiction to conduct survey and identify the new Wakf properties in the State. The survey ordered by the Government in 2005 was completed only in eight districts up to June 2013 and Wakf properties identified during survey were not notified in Gazette. The CEO, Haryana Wakf Board stated (September 2013) that the survey reports had not been received from Survey Commissioners and notifications were not issued in respect of newly identified properties.

➤ A large number of Wakf properties had not been mutated in favour of the Haryana Wakf Board against which the CEO, Wakf Board stated (September 2013) that the Board was collecting figures from its district offices and the mutation work was in progress.

➤ Haryana Wakf Board did not implement Wakf Management System of India (WAMSI) under the Central Computing Facility (CCF) resulting in non-fulfilling of the objectives of the scheme even after incurring an expenditure of ₹ 25.75 lakh (2010-12: ₹ 20.20 lakh, 2012-13 : ₹ 5.55 lakh) on purchase of computers and furniture for the project. The CEO, Haryana Wakf Board stated (September 2013) that the work of Ist phase had been completed but work relating to validation of data of Wakf properties was still in progress and digitization of record of rights of each Wakf property was in progress.

➤ The reply received from the Additional Chief Secretary, Home and Administration of Justice Department (October 2013) has been suitably incorporated in the Report.

Housing Department – Housing Board Haryana

3.8 Irregular allotment of open space

The Estate Manager, Housing Board Haryana, Panipat unauthorisedly allotted 663 square yards incidental open space to two original allottees in piece meal for ₹ 36.91 lakh (rates prevailing in 2003) in violation of the policy in this regard.

Housing Board Haryana (HBH) decided (March 1982) to allot the incidental open spaces to the allottee of corner houses in its colonies where land was owned and developed by them. In cases where the incidental open space was equal to the width of adjoining corner house, such plots were to be sold through auction. The incidental open spaces were to be allotted at the original sale price plus interest. The decision was not applicable in cases where HBH purchased land from HUDA or other departments on plottable area basis, as the ownership of incidental open spaces in those cases was still with that authority. The policy was revised (October 2003) to the extent that incidental open spaces adjoining corner houses was to be carved out after leaving a width of 4' to 6'. In case a plot equal to or more than the corner plot could be carved, the plot was to be auctioned and if the incidental space was less than the normal plot area, open spaces were to be allotted at the market rate which was to be fixed by a committee consisting of Chief Engineer, Chief Revenue Officer, Accounts Officer and Executive Engineer concerned of Housing Board/Estate Officer, HUDA or Tehsildar concerned.

It was observed that the Estate Manager, Panipat allotted two incidental spaces measuring of 663²¹ square yards to the original allottees. The House No. 1809 Sector 11-12 Part I, Panipat was on a plot measuring 202.5 sq yards and there was an open space of 370 sq. yards adjoining to the plot. The Estate Manager, Panipat allotted this space of 370 sq yards in piece meal for ₹ 20.49 lakh between December 2011 and May 2012 at the rates prevailing in 2003 to the allottee arbitrarily. Similarly, the house No. 1810 in the same sector was built on 202.5 sq yards area and there was a vacant area of 293 sq. yards adjoining thereto which was allotted to the allottee of House No. 1810 for ₹ 16.42 lakh between February and May 2012. It was also noticed that in another four cases, 162 sq yards open vacant space adjoining the back side of shop cum flats (SCFs) No.14 (40.2 sq yard), 15 (42.4 sq yard), 16 (40.6 sq yard) and 17 (38.8 sq yard) in Housing Board Colony, Devi Mandir, Panipat was allotted to the allottees of the above SCFs by the Estate Manager, Panipat in October 2006. These allotments of incidental open space were not proper as the HBH was not the owner of property and also against the policy of fixation of market price by the Committee. Incidentally, these spaces

²¹ a) **House No. 1809**: 150 sq yard on 14 December 2011 for ₹ 8.01 lakh; 37 sq yard on 15 February 2012 for ₹ 2.02 lakh and 183 sq yard on 18 May 2012 for ₹ 10.46 lakh.
b) **House No. 1810**: 174 sq yard on 14 February 2012 at cost of ₹ 9.62 lakh and 119 sq yard on 18 May 2012 at the cost of ₹ 6.80 lakh.

were kept for providing essential services such as water supply, collection of garbage, installation of electricity transformers, etc. by HUDA.

On being pointed out (August 2012) in audit, Chief Administrator, HBH admitted (April 2013) that the allotment of incidental open space in above cases was against the provisions of approved layout plan regarding parks, planned houses, open spaces, roads, etc. and space adjoining commercial property was also for the vision play²² to avoid accidents. It was further stated that the concerned officers/officials were charge sheeted under Rule 7 in the months of November and December 2012 by the Board and the matter was referred (March 2013) to Director General, State Vigilance Bureau, Panchkula for detailed enquiry.

The matter was discussed with the Principal Secretary to Government Haryana, Housing Department in the exit conference held on 18 September 2013 wherein it was intimated that the action for cancellation of allotment/conveyance deeds in respect of these open spaces was being considered. The final action was awaited (January 2014).

Information, Public Relations and Cultural Affairs Department

3.9 Irregularities in the functioning of the Information, Public Relations and Cultural Affairs Department

Advertisements amounting to ₹ 11.78 lakh were released to unapproved electronic media, injudicious expenditure of ₹ 29.01 lakh incurred on engagement of artists and magazines were printed without assessment of requirement.

The Information, Public Relations and Cultural Affairs Department serves as an agency for wide publicity of Government policies and activities. It enlightens citizens on the way in which the system of Government works and informs them of their rights, responsibilities and promote a sense of civic pride. Record in the office of the Director General (DG), Information, Public Relations (IPR) and Cultural Affairs Department for the period 2008-13 was test checked between April and July 2013 and following irregularities were noticed:

(i) *Irregular advertisements through unapproved electronic media*

Audit scrutiny showed that the “Radio Mantra” an electronic media was not approved by the committee constituted for releasing the advertisements for wide publicity. But the advertisements were issued (February 2009) to non-empanelled “Radio Mantra” for which the payment of ₹ 11.78 lakh was made (May 2009). In the absence of analysis of channel share, impact of channels, the objective of widest possible coverage of the intended contents or messages for the target

²² For providing clear visibility at the turning point.

viewers/audience in an economic manner were not achieved. Thus, the expenditure of ₹ 11.78 lakh paid to unapproved channel (Radio Mantra) was irregular.

The DG, IPR intimated (October 2013) that at the time of release of advertisements the scope and nature of coverage of *Radio Mantra* had been kept in mind as this channel had a significant level of acceptance among the people. The target was, therefore, well covered in the release of advertisements. The reply of the department was not convincing as Radio Mantra was not approved for the release of advertisements by the committee. Therefore the expenditure incurred was improper.

(ii) Irregularities in printing and distribution of magazines

Magazines were required to be printed on the basis of assessment of requirements. It was noticed that:

- Four magazines²³ were printed through SAMVAD Society from private printers to be distributed through post office and by hand/persons but the proper record of distribution was not maintained in respect of magazines printed as given below:

Table 3.9.1: Details of magazines distributed during calendar years 2008-12

Name of the magazines	No. of copies printed in a calendar year				
	2008	2009	2010	2011	2012
Haryana Samvad	4,42,500	10,20,000	9,86,000	11,60,000	8,68,500
Haryana Krishi Samvad	4,10,000	10,00,000	9,73,000	11,60,000	8,68,500
Haryana Review	40,000	2,20,000	2,40,500	2,22,000	1,85,000
Haryana Samvad (Punjabi)	-	-	90,000	1,04,000	40,500

(Source: Departmental figures)

- Above table showed that the number of magazines printed during different years increased substantially without any proper record of assessment of requirement.

During the exit conference the DG admitted the facts regarding variations in printing and distribution of magazines. In the detailed reply (October 2013) it was stated that the stocks register was being maintained from 2011, magazines were being dispatched regularly and number of Haryana Samvad (Punjabi) magazine issues would be fixed after obtaining Registrar News of India (RNI) number. The reply of the department was not convincing as the stock register was not maintained and the magazines were being regularly printed without obtaining RNI.

²³ (i) Haryana Samvad (English), (ii) Haryana Krishi Samvad, (iii) Haryana Samvad (Punjabi) and (iv) Haryana Review.

(iii) Injudicious expenditure on engagement of artists

A committee headed by Additional Director, Information and Public Relation decided (August 2011) to engage artists²⁴ having two to five years experience²⁵ on contract. Tenders were invited (October 2011) for providing 25 artists on monthly basis through newspapers as a result four bids were received. The committee decided (November 2011) to award the contract to the lowest bidder M/s Leo Facilitators, Panchkula, and requested it (December 2011) to provide atleast three times (75 artists) of the required manpower for practical test / interview to be held on 19 December 2011. The bidder had sent a list of only 24 artists intimating that sufficient persons of artistic nature were not available with him.

It was noticed in audit that the details of experience of each artist in their respective field was not maintained and artists were selected without fulfilling the requisite conditions. The contract agreement was made (11 January 2012) on the recommendation of the committee with the lowest bidder with immediate effect for providing 24 artists on contract basis. It was further noticed that the artists engaged had performed only six programmes in nine months upto September 2012. They were paid ₹ 29.01 lakh during this period. In addition, parties from the market for organising various cultural programmes were also engaged on which an expenditure of ₹ 1.43 crore was incurred. The performance of artists was not found satisfactory and their services were terminated (May/October 2012). Thus, the expenditure of ₹ 29.01 lakh incurred for engaging artists on contract was injudicious.

During exit conference (September 2013) the PS, Cultural Affairs admitted the facts and stated that these artists were engaged for performing programmes on contract basis. After he took charge of the department, it was felt that the utility of these artists was not required and hence the contract was terminated. The department further replied (October 2013) that non availability of expert artists was a major hurdle in organizing programmes and these artists played an important role in various functions of the department. The reply was not convincing as only trained artists were required to be engaged. As such, the purpose of engaging artists was defeated.

(iv) Irregular payment of awards to media persons

The Government instituted (August 2009) the “Haryana Media Awards” for the outstanding performers in the media field. The entries for the awards were to be invited through advertisements. Those applying for state level awards required to submit their entries at state headquarter. Applicants applying for award were required to enclose four items of their published best news items. An evaluation

²⁴ Dancers, Singers, Choreographers, Instrument players, Stage Attendants and Ornaments and Dress Incharge etc.

²⁵ Female Singers, female Dancers, Choreographer, Programme Coordinator, Group Manager (Female), Instrumental Players: Five year experience each and Ornament and Dress Incharge, Stage Attendant and Back Stage Helper: Two years experience.

committee constituted by the Government was to make recommendations for the awards after scrutiny of applications received. The Committee was not empowered to consider the applications where the minimum number of items and sets were not enclosed.

It was noticed that the committee constituted for finalizing “Special State Journalism Encouragement Award” recommended 16 media persons who had not even applied for the award. While four media persons refused to receive the awards, ₹ 4.92 lakh (at the rate of ₹ 41,000 each) were given to 12 media persons without adopting proper prescribed procedures which was irregular.

During exit conference, DG, IPR stated that the decision for giving awards to media persons was taken by a committee and Government was empowered to make necessary changes amendments and modifications in the scheme to remove any difficulty faced in the implementation of the scheme. It was also stated (October 2013) that the award was given to outstanding journalists on the recommendation of committee after the approval of Chief Minister. The reply was not convincing as the awards were given against the provisions laid down in the notification and the practice of announcing awards in the absence of proper justification was against the canons of financial propriety.

Above points were referred to the Government in August 2013 but the reply had not been received. However, the points were discussed with Principal Secretary, Cultural Affairs and Director General, Information and Public Relations during the exit conference in September 2013 and the deliberations of the exit conference have been considered and suitably incorporated in the Report.

Irrigation Department

3.10 Unfruitful expenditure on construction of a minor

Due to lack of co-ordination between two divisions of Irrigation Department, a minor constructed at a cost of ₹ 15.97 crore remained unutilised.

The Government approved (March 2006) a project for “Construction of Nandrampur Bass (NRB) Minor from kilometre (Km) 0.00 to 12.973 off taking at Km 6.500-R Raliawas distributory including increasing capacity of Raliawas distributory and remodelling of Raliawas distributory from Km 0 to 6.500 Km, for ₹ 13.12 crore for providing drinking water and irrigation facilities to the residents of Nandrampur Bass and Dharuhera area of district Rewari. The proposal was revised to ₹ 16.15 crore by changing off taking point to the tail of Recharge Channel at Km 8.100-R with provision of two pump houses (at Km zero and Km 4.600) and length was revised to Km 9.853. The project was financed by loan from National Bank for Agriculture and Rural Development (NABARD) to be repaid in seven years at the interest rate of 6.5 per cent per annum. The project envisaged for creation of irrigation potential in cultivable command area of 8,670 hectare.

The Executive Engineer (EE), Construction Division No-33, Rewari allotted the works of construction of the minor to the agencies in November 2007 and August 2008 which was completed in October 2010. Simultaneously, the EE, Water Services Mechanical Division, Rewari allotted the work of construction of pump houses in July 2009 which was completed in October 2010 at a cost of ₹ 94.26 lakh. The total expenditure of ₹ 15.97²⁶ crore was incurred on the project.

During audit (May 2011 and February 2012), it was noticed that after completion of the project in October 2010, water was not released in the minor except for testing and the structures were lying unutilised. After being pointed out in audit the EE, Construction Division handed over the minor to EE, Water Services Division No. 2, Rewari in August 2013. The EE Water Services Division No. 2, Rewari observed (August 2013) that the top width of bank was less than the designed width, outer side slopes were inadequate at several places, bed was silted up and weed grown besides the land strip of 11 feet wide acquired for laying underground RCC pipe lines had been completely encroached and crops grown over it. Thus, due to non-utilisation of the minor, the expenditure of ₹ 15.97 crore incurred on the construction of minor had not served the intended benefits of providing irrigation and drinking water to the targeted villages.

The matter was referred to the Government in June 2013 but the reply had not been received. However, the matter was discussed with Principal Secretary, Irrigation Department during an exit conference held on 14 October 2013 wherein the EIC intimated that the water had been released in the minor in August 2013 and also assured that a detailed reply would be submitted to audit in this regard. During exit conference it was also decided that a joint inspection would be conducted to verify the factual position. After visiting the site alongwith the departmental officers on 24 October 2013 the EE, Water Services Division No.2, Rewari replied that the top width of earthen bank was eroded to some extent, drawings for pipe culvert structure have been prepared and estimates were under process, trespasses on minor had been curbed by raising earthen banks, outlets from the minor were not sanctioned and the raw water had reached the tail end of the minor for two days i.e. 11 and 12 October 2013. The reply of the department was not acceptable as gauge slips for running of minor except for two days and log books of pump houses were not produced to audit in support of the reply. Further, with eroded banks and without construction of culverts the minor could not be made functional to its full capacity. Non-sanctioning of outlets also shows that the minor was not utilised for irrigation purposes. Thus, the project was lying unutilised after its construction in October 2010.

²⁶ Cost of land: ₹ 6.18 crore; Civil works: ₹ 8.85 crore and pump houses and their electrification: ₹ 0.94 crore.

3.11 Irregularities and deficiencies in construction of Dam across river Kaushalya near Panchkula

The objective of providing drinking water to Panchkula town from the Kaushalya Dam constructed at a cost of ₹ 208.37 crore could not be achieved. Undue favour was extended to the contractor by not deducting the security on supplementary agreement and liquidated damages not levied.

The Government approved (December 2005) a project for 'construction of an earthen dam across river Kaushalya near Pinjore for ₹ 51.37 crore with a view to supply drinking water to Panchkula town²⁷, recharge ground water, check flash floods, promote tourism and fisheries in reservoir area. The administrative approval was revised to ₹ 217 crore (September 2011) due to increase in cost of land, height and top width of the dam to provide passage for residential sectors being developed by HUDA on the other side of river. The Irrigation Department constructed the earthen dam with 34 metre height and 30 metre top width at a cost of ₹ 208.37 crore (upto May 2013).

During audit of the Executive Engineer (EE), Ghaggar Dam Division (GDD), Panchkula following irregularities were noticed:

(i) Non-achievement of objectives

The dam was conceived with the objective to supply drinking water to Panchkula town. The HUDA had constructed the water works structures and had laid pipe lines for providing drinking water to Panchkula town by incurring an expenditure of ₹ 43.25 crore till April 2013 but the facility could not be provided due to non-availability of water in reservoir of Kaushalya Dam. Thus, the objectives of the dam were not achieved despite incurring a huge expenditure of ₹ 208.37 crore.

During exit conference (October 2013), the Principal Secretary intimated that partial achievement had been made by supplying 8 cusecs/day to HUDA. But the fact remains that the envisaged benefits from the project were not achieved as the envisaged quantity was 40.3 cusecs/day (16 July to 30 September) and 18.4 cusecs/day (1 October to 15 July). In June 2013 the water level in the reservoir was at elevation level of 456.90 meter against the bed level of 450 meter. Whereas the outlet of water from where the water was to be supplied to HUDA was at 460 meter. As such no water could be supplied to HUDA.

(ii) Non-levy of liquidated damages against the agency

The work of construction of Kaushalya dam and its appurtenant works allotted (March 2008) to an agency was required to be completed by 30 June 2010. As per clause 39.3 condition of contract, liquidated damages at the rate of 10 per cent of

²⁷ 40.3 cusecs during the filling period (16 July to 30 September) and 18.4 cusecs during depleting period (1 October to 15 July).

value for the work/final contract price was to be levied against the agency for non-completion work in stipulated time period. Extension in time was granted to the agency upto 31 March 2011. But the agency failed to complete the work even within the extended time limit which was completed by June 2012. The department had neither extended the time limit nor levied liquidated penalty of ₹ 11.29 crore (10 per cent of agreement amount of ₹ 112.99 crore) against the agency.

During exit conference, the EIC intimated that the matter was under consideration and the quantum of time extension and liquidated damages was yet to be decided. However, the fact remains that the quantum of penalty had not been decided even after lapse of 18 months from the date of completion of work.

(iii) Undue benefit to the contractor by deducting less security

Para 13.11.1 of PWD code provides that security at the rate of 10 per cent of the gross amount of each running bill should be deducted from all running bills till the deposit reaches 5 per cent of the tendered value.

The work of construction of dam was allotted to the agency at an agreement amount of ₹ 52.99 crore in March 2008. Subsequently, due to increase in scope of work, the agreement was enhanced to ₹ 112.99 crore by executing supplementary agreement of ₹ 60 crore in June 2009. It was noticed that a sum of ₹ 2.64 crore was deducted as security from running bills of the contractor for the contract price of ₹ 52.99 crore only and the security for the supplementary contract price of ₹ 60 crore was not deducted. This resulted in undue benefit to the contractor of ₹ three crore besides reducing the security against substandard/below specification work in contravention to codal provisions.

During exit conference, the EIC intimated that the security was deducted as per provisions of the agreement. The reply was not acceptable as the agreement amount increased to ₹ 112.99 crore and to safeguard the interests of the State, security from the enhanced amount was also recoverable.

Above points were referred to the Government in July 2013 but the reply had not been received. However, the points were discussed with the Principal Secretary, Irrigation Department during an exit conference held on 14 October 2013 and the deliberations of the exit conference have been considered and suitably incorporated in the Report.

Public Health Engineering Department

3.12 Unfruitful expenditure on incomplete water supply scheme

Water works constructed by spending ₹ 74.32 lakh at Nathusari Chopta in Sirsa District remained unutilised due to non-construction of inlet channel.

Paragraph 10.1.3 of PWD Code provides that while preparing the estimate of any project, the site shall be inspected to ascertain field conditions including

availability of land. Paragraph 10.7.2 of the Code inter-alia further provides that while taking up work of water supply schemes, the preparation of detailed project report including feasibility study is required to examine a proposal from technical, financial and other parameters.

The State Sanitary Board, Haryana approved (May 2006) an estimate amounting to ₹ 85.30 lakh for providing independent water works at Nathusari Chopta in Sirsa district on the demand of village residents. Raw water for water work was proposed from Kutiana Distributory for which a provision of 7,200 feet long 12” internal dia (i/d) reinforced cement concrete (RCC) pipe channel was to be made. The construction of channel was proposed along existing road and common paths for which acquisition of land was not required. The work²⁸ was allotted to a contractor in February 2007 at an agreement amount of ₹ 69.75 lakh with the completion period of nine months that was upto November 2007. The contractor completed the work to the extent of ₹ 50 lakh upto February 2009 and left the balance work incomplete as the farmers refused to give the land free of cost for laying inlet channel. A total expenditure of ₹ 74.32 lakh²⁹ was incurred on the work upto July 2010 and it was lying abandoned since February 2009.

Thereafter, the State Sanitary Board approved (June 2011) a revised estimate amounting to ₹ 1.30 crore, technical clearance of which was still awaited. In the revised estimate, the source of raw water was changed from Kutiana Distributory to Baruwali Distributory due to non-availability of land and less discharge and provision was made to acquire land for laying of inlet channel from the new source. After being pointed out in audit, the Executive Engineer on 24 July 2013 submitted a proposal to DRO, Sirsa to issue notification under Section-4 for acquisition of land.

It was observed that the above work was taken up without conducting any feasibility study and ensuring availability of land for construction of inlet channel due to which the work was lying abandoned since February 2009. Thus, improper planning made an investment of ₹ 74.32 lakh unutilised besides denying the intended benefits of the scheme to the inhabitants.

The Principal Secretary, Public Health Engineering Department in his reply (July 2013) intimated that land acquisition papers for the proposed inlet channel were being processed through District Revenue Officer, Sirsa and after acquiring land the work of construction of inlet channel would be undertaken. Thus, the fact remains that the structure of water works constructed by spending ₹ 74.32 lakh, had not served the intended purpose due to ill planning.

²⁸ Providing and laying of 12 inch i/d RCC pipe channel, construction of one storage and sedimentation tank, raw water suction well, pump chamber, three RCC filter beds, clear water tank, clear water suction well, boundary wall, iron gate, pipe line at head work, supplying, installing and commissioning machinery, etc.

²⁹ Contractor's payment= ₹ 50 lakh and cost of material ₹ 24.32 lakh

Public Works Department (Building and Roads)

3.13 Incomplete Works

Expenditure of ₹ 205.18 crore was incurred on works which have been delayed due to non-availability of clear site, untimely provision of drawings and designs and improper planning in execution of works without deriving any benefit.

As per Management Information System (MIS) report of the Public Works Department (Building and Roads) as on 31 March 2013, 76 building works were not completed³⁰ by the target date. Test check of records relating to 52 works disclosed the following irregularities:

➤ Twelve building works³¹ on which an expenditure of ₹ 62.20 crore was incurred upto April 2013 were allotted without removal of encumbrances from the sites such as electric lines, encroachments, land disputes over claims, trees, etc; as required under para 13.12.1 and 16.1.1 of the Haryana PWD Code. The encumbrances were removed after a delay ranging between 4 and 50 months from allotment of work. In one case³², the construction work was stopped by villagers as the land provided to contractor was Panchayat land on which expenditure of ₹ 6.24 lakh incurred became wasteful. This has delayed the project completion by 12 months.

During exit conference (October 2013), the Principal Secretary accepted that sometimes works were allotted before availability of clear site to speed up the work and in some cases, it takes time to get various clearances from different departments and shifting of utility services. The reply was not acceptable as according to codal provisions, a work should be taken up after availability of clear site.

➤ In case of 25 building works on which ₹ 111.74 crore was incurred upto May 2013, the drawings were provided to the contractors after a delay between 4 to 38 months after allotment as against the requirement of para 10.6.12 of the Haryana PWD Code which provides that drawings should be provided at the time award of contract.

During exit conference (October 2013), the EIC stated that the client departments changed the design during execution of work. The reply was not acceptable as

³⁰ A work has been treated as incomplete where the construction activity either was abandoned or was on-hold at some stage or progress was extremely slow and had not been completed after scheduled target date.

³¹ Five Community/Primary Health Centres, three Industrial Training Institutes, two Government Colleges, one Mini Secretariat and one 50 bedded Government Hospital.

³² The work of 'Construction of Government College at Badli' in Provincial Division, Bahadurgarh

the department should have obtained written approval of designs from client departments as per codal provisions.

➤ Para 10.9.3 of PWD Code provides that all the components of building including internal service installation, main/approach road, boundary walls, fences, gateway, internal road and paths and land development should be included in the estimate of a building work and executed with main building simultaneously. 12 building works on which ₹ 31.24 crore was spent, were executed in parts instead of one project by dividing the projects in sub-works. The sub works were not allotted alongwith the main works as a result of which the projects remained incomplete.

During exit conference, the EIC intimated that the tenders for roads/parking were used to be called at later stage but due to problem faced in the past, now all components are made part of main tender.

➤ Para 13.18.1 (d) of the code provides that the acceptance of the tender should be as an absolute, without making any counter offer, otherwise the offer may not stand. In Provincial Division, Nuh, tenders for the work 'Construction of PHC, Padheni in Mewat District' were re-invited in May 2010 as at the first instance single tender was received. Again single tender received at ₹ 1.36 crore was 28.84 per cent above Haryana Schedule of Rates (HSR) plus Ceiling premium (CP) and the department allotted the work (December 2010) with the condition that 'over all excess would not go beyond 26 per cent above HSR+CP and analytical cost'. The agency did not accept the condition imposed unilaterally. The tenders were re-invited (August 2012) and the work was allotted (October 2012) to another agency at a cost of ₹ 1.58 crore which delayed completion of work by more than 26 months and resulted in extra liability of ₹ 0.22 crore (₹ 1.58 crore - ₹ 1.36 crore).

During exit conference, the EIC stated that the department had fixed maximum ceiling for allotment of works due to which the agency was asked to execute the work within that limit. The reply was against the codal provisions.

➤ Para 13.18.1 further provides that the acceptance of tender shall be within the validity period of the tender. In Provincial Division, Nuh, a single tender at ₹ 121.60 lakh for the work of 'Construction of PHC in Jamalgarh' received on 18 June 2010 was finalised in December 2010 after expiry of the validity period of 90 days and the agency refused to extend the validity period. Thereafter, tenders were re-invited which was allotted (February 2011) to the same agency at ₹ 131.40 lakh. This delayed the completion of the work by eight months with extra cost of ₹ 9.80 lakh.

Above points were referred to the Government in July 2013 but reply had not been received. However, the points were discussed with Principal Secretary, Public Works (Building and Roads) Department in an exit conference held on 11 October 2013 and the deliberations of the exit conference have been considered and suitably incorporated in the Report.

**Public Works (Building and Roads), Irrigation and
Public Health Engineering Departments**

3.14 Miscellaneous Public Works Advances

₹ 213.18 crore was outstanding in Miscellaneous Public Works Advances which was mainly due to non-adjustment of advances of ₹ 127.62 crore even after receipt of material/services, non-recovery of ₹ 27.51 crore from contractors and ₹ 1.55 crore from officers/officials.

Miscellaneous Public Works Advance (MPWA) is a transitory suspense head under which items are recorded temporarily and are cleared either by actual recovery or by transfer to relevant head of account under proper sanction of the competent authority. There were huge outstanding balances in MPWA in March 2008 for which a mention was made in paragraph 4.5.2 of the report of the Comptroller and Auditor General of India for the year ended 31 March 2008 (Civil). The Public Accounts Committee recommended (March 2012) that the departments should make efforts for early settlement of pending amount and expedite the cases under arbitration. However, during scrutiny of monthly accounts of March 2013 submitted by divisions of all the three departments³³, Audit observed that an amount of ₹ 213.18 crore lying outstanding under MPWA against suppliers, contractors, officers/officials and other departments. The reasons for accumulation of huge outstanding balances under MPWA were examined by selecting 74 divisions³⁴ out of 201 divisions in all three departments. Position of outstanding balances of the three departments as of March 2008 as well as of March 2013 is depicted in **Table 3.14.1**.

Table 3.14.1: Position of outstanding balances of MPWA

(₹ in crore)

Description	Irrigation	B&R	PHED	Total	Irrigation	B&R	PHED	Total	Increase
	As of March 2008				As of March 2013				
Position in the department	94.74	41.95	44.16	180.85	31.81	131.67	49.70	213.18	32.33
Position of test-checked 74 divisions	8.37	24.85	33.61	66.83	29.21	109.88	43.68	182.77	115.94

(Source: Monthly accounts submitted by the divisions)

There were ₹ 182.77 crore outstanding against 1,660 items in the 74 test-checked divisions as of 31 March 2013. Out of these 1,080 items involving ₹ 26.07 crore were more than ten years old. During test-check records of 74 divisions following shortcomings were noticed:

³³ (i) Public Works Department (Building and Roads) (B&R), (ii) Irrigation Department and (iii) Public Health Engineering Department (PHED)

³⁴ B&R:17, Irrigation: 35 and PHED: 22

(i) Non-adjustment of outstanding balances

It was noticed in test checked divisions that out of ₹ 182.77 crore shown outstanding in the MPWA (31 March 2013), ₹ 127.62 crore were outstanding against suppliers/firms and other departments on account of non-adjustment of payment made in regard to electricity charges, acquisition of land, etc; as detailed in Table 3.14.2.

Table 3.14.2: Accumulation of MPWA due to non-adjustment

Name of Division	Outstanding balance as on 31 March 2013 (₹ in crore)	Date of Advance	Purpose of Advance	Reasons for non-adjustment
Public Works Department (B&R)				
Provincial Division Panipat	81.32	Running account balance	Procurement of bitumen for all divisions of the department	Material received but not adjusted in MPWA due to non-adjustment of accounts amongst various divisions within the department
Public Health Engineering Department				
PHE Division Panchkula	16.12	March 2002	Payment of outstanding energy charges	Non-adjustment of accounts amongst various divisions of the department
PHE Division Panchkula	5.30	1992-93	Payment of outstanding energy charges	Non-adjustment of accounts amongst various divisions of the department
PHE Division No. 1 Rewari	3.82	June 2010	Payment of energy charges	Non-adjustment of payment against various water works due to lack of co-ordination amongst Sub Divisional Offices
PHE Division 1 Bhiwani, D&P Sonapat and PHED Panchkula	0.57	Between March 2004 and July 2011	Procurement of Cement	Drafts were prepared for showing utilisation of LOC but cement was not actually procured
Irrigation Department				
Water Services Divisions I and II, Rewari and Mohindergarh Canal Water Services Division, Charkhi Dadri	15.72	March 2010 to June 2011	Acquisition of land	Land awards were made during January 2010 to October 2011 but amounts were not adjusted in MPWA
Water Services Division, Jagadhari	4.77	February 2009 and December 2011	Construction of RCC Box Railway Bridge on the Shahpur Nalvi Feeder	Not adjusted as the department failed to get the work completed from Railways
Total	127.62			

(Source: Information supplied by divisions concerned)

After pointed out by Audit two Divisions cleared ₹ 12.29 crore³⁵. The action on remaining items was awaited (January 2014).

³⁵ Loharu Water Services (Mechanical) Division, Charkhi Dadri cleared ₹ 4.34 crore in August 2013 which were shown outstanding against Dakshin Haryana Bijli Vitran Nigam. PHED Panchkula cleared ₹ 7.95 crore in September 2013 which were shown outstanding against M/s Bhushan Steel and M/s Mahindera and Mahindera, etc.

(ii) Non-recovery of penalties from contractors

An amount of ₹ 27.51 crore was outstanding against 315 contractors on account of liquidated damages, cost of left out works got executed at their risk and cost, etc. Out of these, ₹ 7.54 crore were outstanding in 209 cases for more than five years. On being pointed out in audit, the department intimated (June and July 2013) that these items were outstanding due to non-finalization of bills, arbitration and court cases, non-functioning of agencies in division/circle and in old cases whereabouts of the contractors/agencies were not known. The fact, however, remains that concrete efforts were not made by the departments to clear the MPWA balances either by actual recovery/adjustment or by getting the balances written off from Government.

The Executive Engineer, Provincial Division No. 4, Rohtak placed ₹ 12.17 crore in MPWA for want of recovery from an agency³⁶ in January and April 2009 on account of liquidated damages for non completion of three works³⁷. The Government accorded approval (May 2013) to file a civil suit in the Court for recovery of the amount which was yet to be filed (February 2014).

(iii) Non-recovery from officers/officials

An amount of ₹ 1.55 crore was outstanding in 522 cases against officers/officials of the three departments on account of shortage of material, unauthorized payments, excess payments, telephone charges, etc. Out of 522 cases, 479 cases involving ₹ 0.90 crore were pertaining to period before March 2008. Thus, the departments had not taken timely action against the officers/officials concerned for recovery of outstanding amounts.

(iv) Other shortcomings

➤ There were negative balances of ₹ 1.40 crore against 67 items in 18 Divisions mainly due to wrongly crediting of receipts to MPWA, showing the excess receipt of material, etc. EIC, PWD (B&R) intimated (October 2013) that such items were being investigated and proper adjustment would be made soon.

➤ By not complying with the provisions of Article 57 of Account Code Volume III, the advance payment made to LAOs were irregularly being charged to the works concerned instead of keeping in MPWA in five divisions and ₹ 7.42 crore refunded by the LAOs were deposited as miscellaneous receipts of the department instead of reducing the expenditure on works concerned. This resulted in inflated figures of revenue receipts of State Government as well as inflated expenditure on works.

³⁶ M/s Trimurthy Construction Developer and Builders, Noida

³⁷ (i) New District Jail, Rohtak, (ii) Construction of OPD in PGIMS, Rohtak and (iii) Construction of Trauma centre, Mother and Child Hospital and Extension of Dental Hospital in PGIMS, Rohtak.

➤ The system of monitoring had not proved effective as the reports submitted by the Executive Engineers merely indicate the increase and decrease in balances, old items involving substantial amounts were not cleared and effective steps were not taken to affect recovery from officers/officials. Only in Irrigation Department a monitoring cell was established and position was being reviewed through the quarterly progress report as well as by holding meetings with field staff which helped to contain the MPWA considerably.

The matter was referred to the Government in August 2013 but reply had not been received. However, during exit conferences (September and October 2013) the Principal Secretaries, Public Works (B&R), Irrigation and Public Health Engineering departments ensured that efforts were being made to recover/adjust the amounts outstanding in the MPWA for which all the field offices had been sensitized towards these outstanding amounts and directed to initiate immediate action regarding making recoveries/adjustments of outstanding amounts.

Revenue and Disaster Management Department

3.15 Delay in release of annuity payment to the beneficiaries

There was delay in release of annuity payment of ₹ 238.17 crore to the beneficiaries. Plots/commercial sites were not allotted to the oustees and community development infrastructure was not created in accordance with R and R policy.

The Government formulated (December 2007) a policy of “Rehabilitation and Resettlement of land owners - Land Acquisition Ousteas (R and R policy)” applicable with effect from 5 March 2005. As per the policy, the annuity for a period of 33 years over and above the usual land compensation at the rate of ₹ 15,000 per acre per annum (revised to ₹ 21,000 per acre per annum from 7 September 2010) with an increase of fixed sum of ₹ 500 every year (revised to ₹ 750 from September 2010) was payable. In case of land acquired for setting up of Special Economic Zone (SEZ) /Technology Cities/Parks, annuity was payable at the rate of ₹ 30,000 per acre per annum (revised to ₹ 42,000 per acre per annum from September 2010) with an increase of ₹1,000 every year (revised to ₹ 1,500 from September 2010). The annuity in respect of land acquired during the preceding calendar year would become due for payment during the month of January of the following year.

The records in the offices of Haryana Urban Development Authority (HUDA), Haryana State Agriculture and Marketing Board (HSAMB) and Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC) for the period from 2005 to 2013 were test checked during February to July 2013 to analyse the implementation of the scheme. The following irregularities were noticed:

(i) Status of implementation of R and R Policy

The status of implementation of R and R Policy and payment of annuity in acquisition of land is depicted in the **Table 3.15.1**.

Table 3.15.1: Status of implementation of R and R policy

Sr. No.	Acquisition authority	Land acquired	Period of acquisition	Annuity payable (₹ in crore)	Annuity paid (₹ in crore)	Balance payable (₹ in crore)	Reasons for non payment
1.	Haryana State and Industrial Infrastructure Development Corporation (HSIIDC)	23,198 Acre 4 kanal 12 marka	2005-06 to 2012-13	170.19	83.41	86.78	Non filling up of forms by land owners, small land holdings, claimants not coming forward due to meager amount of annuity, court cases and disputed land cases.
2.	Haryana Urban Development Authority (HUDA)	18,105.31 acre	2006-07 to 2012-13	166.30	73.33	92.97	Non submission of bank particulars for the direct transfer of payments by the beneficiaries and meager amount of annuity, etc.
3.	Haryana State Agricultural Marketing Board (HSAMB)	1,316 acre 6 kanal 17 marka	2005-06 to 2012-13	1.82 ³⁸	1.55	0.27	Small land holdings owners were not coming forward to receive the annuity payment.
4.	Power Sector and (HPGCL ³⁹ and HVPNL ⁴⁰)	415 acre	2006-12	1.56	1.33	0.23	Matter subjudice, concerned owner/ person are coming in piece meals to collect the payment of annuity.
5	Irrigation Department	7,346 acre	2005-13	83.41	25.49	57.92	Meager amount of annuity, non-receipt of application forms from land owners, family dispute and death of original claimant.
Total		50,381 Acre 3 Kanal and 9 Marla		423.28	185.11	238.17	

(Source: Data collected from the records maintained by the auditee units)

Out of the annuity of ₹ 423.28 crore due for payment only, ₹ 185.11 crore were paid upto 2012-13 and balance of ₹ 238.17 crore were still payable to the oustees of land acquired by HSIIDC, HUDA, HSAMB, Power Sector and Irrigation.

(ii) Non-commutation of annuity

Para 4 (vii) of R and R policy provided that in cases where the land acquired in respect of a landowner /co-sharer works out to less than one acre, such

³⁸ Annuity figures in respect of five Market committees (i) Ambala Cantt. (ii) Ambala City, (iii) Gannaur, (iv) Fatehabad and (v) Tohana have been incorporated after collecting the same from these market committees as consolidated data was not available with HSAMB.

³⁹ Haryana Power Generation Corporation Limited

⁴⁰ Haryana Vidyut Parsaran Nigam Limited

landowners will have the option to avail the commuted value in one go which is 30 per cent of the gross amount of annuity payable during 33 years.

Audit noticed that neither the Revenue Department nor the concerned Authority/ Corporation had paid the commuted amount of annuity to small farmers except in case of HUDA for Sector-6 of Agroha (Hisar) where commutation of ₹ 1.47 crore was paid in 300 out of 376 cases.

The HSIIDC replied (October 2013) that the provision of commutation of annuity was optional and proposal had been sent to the revenue department for compulsory commutation of annuity.

(iii) Non-allotment of plots/commercial sites to the oustees

The policy provided for allotment of plots to the oustee land owners whose land was acquired for development. The policy was further liberalised (November 2010) to the extent that where urban/industrial/agriculture marketing infrastructure is developed in the form of large clusters, the residential plots should be allotted in oustee category and same benefits should be given in cases where self-occupied residential house is acquired. The commercial/industrial sites should be allotted to those land owners whose 75 per cent of land holding in a Revenue Estate measuring one acre or above was acquired.

It was noticed in audit that 41,743⁴¹ acre land was acquired by HSIIDC, HUDA and HSAMB but the beneficiaries eligible for allotment of plots of different size under the policy were neither identified nor they were provided with plots, except in case of Urban Estate, Hansi, under Administrator, Hisar (HUDA) where 118 plots of different sizes were allotted (September 2011) to the oustees in Sector 5 and 6 Part-II, Hansi without verifying the total land holding of oustees.

The HSIIDC stated (October 2013) that scrutiny of applications for the allotment of plots was under process whereas the HSAMB stated (October 2013) that planning was being made for rehabilitation of land owners and thereafter the beneficiaries will be short listed.

(iv) Non-creation of community development/infrastructure facilities

HUDA, HSIIDC and HSAMB were not making a provision of two per cent of compensation amount for creation of community development/ infrastructure works in the respective villages and one per cent of the compensation amount for the skill development for the dependents of oustees, etc., which is mandatory under R and R policy (paragraph 18 of notification dated 9 November 2010).

It was observed that the three departments paid compensation of ₹ 6,444.97 crore⁴² against which a provision of ₹ 128.90 crore for community development

⁴¹ HSIIDC: 23,199 acre; HUDA: 18,105 acre and HSAMB: 439 acre.

⁴² HSIIDC : ₹ 2,841.54 crore , HSAMB : ₹ 129.96 core and HUDA : ₹ 3,473.47 crore

and a provision of ₹ 64.45 crore for skill development was to be made as per R and R policy.

HSIIDC stated (October 2013) that they were incurring expenditure since 1995 under its own policy and an agenda had been approved on 29 August 2013 to adopt the provisions of R&R Policy 2010 to incur expenditure on social and community infrastructure facilities while HSAMB stated (October 2013) that planning for development of land acquired after notification of R&R Policy 2010 was under process and provision of social and community infrastructure facilities would be made in mandis. HUDA stated (July 2013) that it was incurring the expenditure on development of villages surrounded by HUDA sectors/areas. However, no separate provision had been made in this regard. Similarly, no amount has been incurred on the skill development and no provision was made thereon. The fact, thus, remains that no provision was made to incur expenditure on social and community infrastructure facilities and skill development.

(v) Information to landowners and grievances redressal system

The Land Acquisition Collector (LAC) should inform the land owners at the time of issue of notices under section 9 of the Land Acquisition Act 1894 regarding their entitlements. The Government was required to engage professional agencies to advise the landowners on various investment options of the compensation amount so as to enable them to utilize the resources in a prudent and productive manner. The Revenue and Disaster Management Department was the Nodal Department for the implementation, interpretation, review and monitoring of the R and R Policy of the state. An institutional mechanism was to be established to address all grievances/disputes which would arise due to implementation of R and R policy.

It was noticed in audit that neither the nodal department nor the implementing authorities had provided the information regarding their entitlements to the beneficiaries. Professional agencies were not engaged to advise the land owners and the grievances/disputes resolution mechanism was also not established. Even Nodal department had not framed policy/guidelines for implementation, interpretation, review and monitoring of the policy. All these deficiencies defeated the very purpose of the policy framed by the Government.

The matter was referred to the Government in August 2013 but reply had not been received. However, an exit conference was held on 6 November 2013 wherein the Additional Chief Secretary, Revenue and Disaster Management Department considered the non-disbursement of annuity as serious issue and assured to take up the matter with the Principal Secretaries of concerned departments. Final outcome was awaited (January 2014).

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

3.16 Construction of Buildings and their utilisation

HUDA constructed various buildings without obtaining consent from user departments. 34 buildings constructed at the cost of ₹ 30.82 crore and 416 booths, kiosks and SCOs constructed at a cost of ₹ 13.99 crore were lying vacant. Besides, the lease rent of ₹ 9.33 crore of an auditorium building was not recovered.

An audit of the records in the office of Chief Administrator, HUDA and five⁴³ Administrators covering 18⁴⁴ districts for the period from 2008-09 to 2012-13 showed that out of 426 public utility/community buildings constructed at a cost of ₹ 193.19 crore, 21 buildings were lying unoccupied and 17⁴⁵ buildings were under unauthorised occupation. The important audit findings were as under:

➤ The school buildings were constructed without consulting with Education Department. As a result, 25 school buildings constructed by HUDA were not taken over by Education Department and ten school buildings out of these were being used by various other departments to run their offices. No action to get these buildings vacated was taken as required under Section 18(b) of HUDA Act, 1977 which provides that if any person had unauthorisedly occupied any premises of the HUDA, the Collector may, order that person to vacate the same within thirty days from the date of service of the notice. Fifteen school buildings were lying vacant. These 25 buildings constructed at a cost of ₹ 10.81 crore had not served the desired purpose of providing education to the children of residents.

The Principal Secretary, Town and Country Planning Department (PS), during an exit conference, stated (September 2013) that school buildings would be got vacated from the occupants concerned and the Education Department would be requested to take over the possession.

➤ Out of 11 polyclinic buildings, six buildings⁴⁶ constructed at the cost of ₹ 18.92 crore had not yet been handed over to the Health Department.

⁴³ (i) Faridabad, (ii) Gurgaon, (iii) Hisar, (iv) Panchkula and (v) Rohtak

⁴⁴ 1.Ambala, 2.Bhiwani, 3.Fatehabad, 4.Jhajjar, 5.Faridabad, 6.Gurgaon, 7.Hissar, 8.Jind, 9.Karnal, 10.Kurukshetra, 11.Kaithal, 12.Panipat, 13.Panchkula, 14.Palwal, 15.Rohtak, 16.Sirsa, 17.Sonepat and 18.Yamuna Nagar

⁴⁵ HUDA (5), Municipal Corporation (2), Police (3), Education (4), Chief Town Planner, Assistant Chief Engineer and ISCON Foundation one each.

⁴⁶ (i) Ambala, (ii) Panipat, (iii) Sonapat, (iv) Bahadurharh, (v) Rohtak and (vi) Jhajjar.

➤ Three dispensary buildings constructed at a cost of ₹ 1.09 crore had not been handed over to the Health Department. Of these, two buildings were under unauthorised occupation of the Municipal Corporation, Gurgaon and one building at Panipat was lying vacant.

During the exit conference, the PS stated that dispensary buildings would be got vacated or rent would be charged from the departments concerned.

In all the above cases, it has been observed that prior consent of the user department had not been taken. Had it been done, the buildings could have been occupied, avoiding their misuse and uneconomic investment thereon.

➤ An auditorium at Gurgaon was leased out (February 2008) to M/s Great Indian Nautanki Company for 15 years at a lease rent of ₹ 0.36 crore per month to be increased by 10 per cent after the expiry of each three years. The lease rent required to be enhanced by 10 per cent i.e. ₹ 3.60 lakh from 01 March 2012 was not enhanced and the company paid only ₹ 10.65 crore upto August 2013 and an amount of ₹ 9.33 crore was recoverable alongwith the penalty of ₹ 90.03 lakh for delayed payments.

During the exit conference, the PS stated that the project was of international repute for attracting visitors from various parts of India and overseas and the outstanding lease rent would be recovered from the lessee as per law.

➤ A semi-automatic slaughter house constructed at Panchkula at a cost of ₹ 21.36 lakh between July 2002 and April 2003 and an Effluent Treatment Plant (ETP) constructed at a cost of ₹ 12.60 lakh between November 2008 and April 2009 remained without usage as of March 2013 since HUDA did not obtain NOC from the State Pollution Control Board. HUDA, had deposited (July 2012) ₹ 0.55 lakh as fee with the Pollution Control Board for granting NOC to operate slaughter house, but NOC was still awaited (January 2014).

During the exit conference, the PS directed the Administrator, HUDA, Panchkula to take necessary action for utilisation of the assets created. The final outcome was awaited (January 2014).

➤ Out of 416 booths, kiosks and shop-cum-offices (SCO) constructed by HUDA at a cost of ₹ 13.99 crore to provide facilities to the residents for purchasing commodities of daily use, 52⁴⁷ such buildings were occupied by various offices. Seven booths were sold after being pointed by Audit. The remaining 357 buildings were still lying vacant (August 2013). These buildings were in very bad/ depleted condition as heaps of garbage were lying in and around them.

⁴⁷ HUDA (28), Police (4), DHBVNL (4), Excise and Taxation (2), State Vigilance Bureau (3), Kurukshetra University (4), Income Tax (1), Banks (2), on rent one and unauthorised occupation (3).

On being pointed out in audit, the Estate Officer, Sirsa intimated (May 2013) that four booths in C-block, Sirsa were unauthorisedly occupied by the Police department. Estate Officer, Jind intimated (May 2013) that four SCOs were handed over to Kurukshetra University for training as per the orders of DC, Jind. The Estate Officer, Bhiwani intimated that second floor of SCO was occupied by the Regional Transport Authority but rent was not being paid.

During the exit conference, the PS stated that SCOs, booths and kiosks would be put to auction after vacating from the occupants concerned and site of those which were in dilapidated conditions and not saleable would be auctioned after dismantling.

The Chief Administrator, HUDA also stated (October 2013) that instructions had been issued not to construct any building without the consent of the user departments and effective steps would be taken to utilize the vacant buildings. The constructed SCOs/booths/kiosks would be auctioned in a phased manner in near future. The final outcome was awaited (January 2014).

3.17 Status of utilisation of land acquired by HUDA

Due to lack of monitoring, 1,323.83 acre land acquired by HUDA was under encroachment and 4,921.69 acre land was under unauthorised cultivation by farmers.

The Haryana Urban Development Authority (HUDA) is the prime agency of the Government engaged in the planned development of urban areas in the State. After acquisition, it undertakes development of the land in accordance with provisions of the 'Development Plans' as well as layout plan of a particular area. Out of 74,652.58 acre land in five zones⁴⁸, 4,921.69 acre of land was under unauthorised cultivation by farmers and 1,641.84 acre land was under encroachment. Test check of the status of 1,323.83 acre encroached land showed the following position:

➤ Section 18 of the HUDA Act, 1977 provides that the Collector or any person appointed for the purpose may order any person who is in the unauthorized occupation of any land or premises of the Authority (HUDA) to vacate the same within a period of thirty days. If such person refuses or fails to comply with the orders within the time specified, the Collector, may use force, as may be necessary and can assess and recover damages so caused as 'arrears of land revenue'. Out of total 1,323.83 acres encroached land as on 30 June 2013, 343.83 acres was not even under litigation, but no concrete action was taken to remove the encroachments.

⁴⁸ (1) Faridabad (15,429.52 acre), (2) Gurgaon (13,839.87 acre), (3) Hisar (8,621.12 acre), (4) Panchkula (19,176.88 acre) and (5) Rohtak (17,585.19 acre).

On being pointed out (September 2013), the PS stated (October 2013) that 980 acres of land was under court stay and action could not be taken till the court cases are decided. Out of remaining 343.83 acres encroached land (i) about 100 acres of land was inherited from Colonization Department, where the encroachment was 25 to 30 years old i.e. prior to 1987 and all efforts to remove the encroachment had failed due to Pucca Houses existing thereon. (ii) About 100 acres land was encroached by third parties after payment of compensation to the owners, which would be removed by following due procedure. Reply was not tenable as the HUDA was required to take action for removal of encroachment before making payment of compensation to the concerned parties.

➤ 4,921.69 acres land of HUDA was reported (May 2012) by Vigilance Department to the Urban Estate to be under unauthorised cultivation by the farmers. The PS, directed (December 2012) CA, HUDA to obtain a certificate from all Estate Officers and Administrators about the non-utilization of land of HUDA found under unauthorised cultivation. The Administrators were required to check the unutilised land of HUDA and if any such land was unauthorizedly cultivated, they were required to initiate necessary disciplinary proceedings against the erring officials including the Estate Officers within a period of ten days. Audit observed that appropriate action had not been taken by the concerned Administrators and the land was still under unauthorised cultivation.

On being pointed out by Audit, CA, HUDA stated (October 2013) that out of 2,271.26 acres of land falling under Rohtak Division, 1,875.26 acres has been got cleared from unauthorized cultivation and balance 396 acre land would be got cleared on 15 November 2013 but the outcome was awaited (January 2014). The CA, HUDA denied un-authorized cultivation on 2,650.43⁴⁹ acres of land but Vigilance Department had reported un-authorized cultivation in May 2012. However, the PS stated (October 2013) that the facts would be verified and exact position would be intimated. Further development/reply was awaited (January 2014).

➤ In pursuance of the orders of the Apex Court⁵⁰, the State Government had framed (January 2010), a policy for removal or relocation / regularization of religious institutions after recovery of cost of land encroached by such institutions. It was noticed in audit that 125 religious institutions had encroached 50.05 acre land falling under jurisdiction of seven Estate Offices⁵¹ of HUDA. Out of 125 cases, 79 cases involving an area of 29.729 acres were to be regularised as per the above policy but not regularised (August 2013) and in 46 cases involving encroached area of 20.319 acres, the unauthorised structures/ encroachments were to be removed but not removed (August 2013).

⁴⁹ Ambala- 377.55 acre, Gurgaon-768.24 acre, Hisar-1,026.64 acre, Panchkula-478 acre

⁵⁰ S.L.P. No. 8519 of 2006 dated 29 September 2009.

⁵¹ Sirsa - 0.4 acre, Faridabad - 9.3 acre, Hisar - 5.11 acre, Panchkula – 28.1 acre, Gurgaon-II – 5.60 acre, Gurgaon-I – 0.54 acre, Sonapat – one acre.

The CA, HUDA while accepting the facts intimated (October 2013) that out of 79 sites of Faridabad, six had been removed and one was to be relocated. Reply was not tenable as the efforts made to remove the encroachments and reasons for its failure were not mentioned in the reply. Thus, lack of timely action on the part of HUDA resulted in encroachment of land by religious institutions and undue benefits to violators of law at the cost of HUDA/Government.

➤ As per instructions issued July 2008 and July 2013, the Estate Officers were required to conduct inspection of a sector fortnightly / monthly and send the report to concerned Administrators, Chief Administrator as well as to PS, TCPD through e-mail directly in the format issued in 2008. It was noticed that:

Comprehensive data bank or Assets Register showing details of land/ property acquired, cost paid, source from which acquired, purpose of acquisition, date of possession of land, date of planning approved, date of completion of development, date of utilization/ allotment, sale proceeds received/ to be recovered, date of final disposal of property, etc. were neither maintained by the concerned Estate Offices nor by the CA, HUDA in a centralized manner.

(a) System was not evolved to (i) assess the total requirement of land for its utilization; (ii) upkeep or dispose of surplus land; (iii) steps to protect the HUDA land, (iv) conduct physical verification of HUDA land and (v) action to avoid encroachment.

(b) There was shortage of staff as against the sanctioned strength of 2,182 persons under different cadres, only 1328 persons (61 *per cent*) were deployed.

During exit conference, the PS stated (October 2013) that encroachment was being removed regularly and necessary information regarding encroachment of land, utilised, unutilised/unplanned was prepared by respective Estate Offices and it was periodically reviewed in the monthly meetings. It was further stated that the urban estate wise information of land assessed, acquired, planned, unplanned and status of encroachment was available with HUDA and would be made available to Audit. The information was still awaited (January 2014) and the reply was not acceptable as no system was evolved to assess the total requirement of land for its utilization within a time frame, to upkeep comprehensive data bank in centralized manner or dispose of surplus land, to take action to avoid encroachment and periodical physical verification of land and reporting system thereon.

Transport Department
3.18 Avoidable payment of special road tax
Payment of special road tax to other States without operating the routes had resulted in loss of ₹ 81.28 lakh.

Haryana Roadways operates its buses in other states i.e. Himachal Pradesh, Punjab, Rajasthan, Uttar Pradesh, etc. under inter-state agreements in accordance with sub section (5) of section 88 of the Motor Vehicles Act, 1988. The payment of Special Road Tax (SRT) is made as per the rates notified by respective State Governments from time to time, on the basis of route permits obtained for scheduled kilometres. In case, any depot of Haryana Roadways does not intend to operate any route permit(s), the payment of SRT can be avoided by surrendering the route permit(s) to the respective Regional Transport Authorities in the Haryana State.

During test-check (February 2012, May 2012 and January 2013) of records of three depots (Delhi, Ambala and Panipat) of Haryana Roadways, it was noticed that these depots deposited SRT of ₹ 81.28 lakh⁵² for the period between November 2007 and March 2013 with the respective regional transport authorities of the concerned States on 12 routes without plying buses.

In Ambala depot, permits of five routes were surrendered on 30 April 2012 after 52 months though SRT was paid without plying buses on these routes. In Delhi depot out of six permits, three were surrendered in February 2011, but on remaining three routes neither the buses were plied nor permits were surrendered. In Panipat depot, on Panipat-Kota route, neither the buses were plied nor route permit was surrendered. Thus, payment of SRT of ₹ 81.28 lakh made without plying buses to respective Regional Transport Authorities which had resulted in loss to state exchequer.

The matter was referred to the Government in July 2013 but the reply had not been received. However, during exit conference (October 2013) the Additional Chief Secretary, Transport Department intimated that buses were not plied or diverted to other routes due to low receipts on these routes and the stated that permits were surrendered after it was pointed out by Audit and further assured that proper care would be taken in this regard in future.

⁵² (i) Ambala: ₹ 41.23 lakh for five routes; (ii) Delhi: ₹ 22.59 lakh for six routes and (iii) Panipat: ₹ 17.46 lakh for two permits for one route.

Urban Local Bodies Department

3.19 Non-functioning of Solid Waste Management Plant

Solid Waste Management Plant, constructed at a cost ₹ 11.05 crore without obtaining NOC from Haryana State Pollution Control Board and Environment Impact Assessment clearance from the Government of India, Ministry of Environment and Forest had remained non-functional since April 2010.

The Municipal Council (MC), Ambala (now Corporation) got constructed (July 2008) a Solid Waste Management Plant at a cost of ₹ 11.05 crore⁵³ in the village Patvi.

An agreement for operation and maintenance of SWMP was entered between M/s Taurant Project Limited and MC, Ambala on 7 July 2008 for ten years without getting “no objection certificate (NOC)” from Haryana State Pollution Control Board (HSPCB). When MC applied (December 2008) for NOC from HSPCB, the HSPCB advised (July 2009) the MC to first get the environment clearance from Government of India (GOI), Ministry of Environment and Forest (MOE&F) as per provisions of the Municipal Solid Waste (Management and Handling) Rules, 2000. During inspection of plant in March 2010 the HSPCB issued a show cause notice to the MC for non-compliance of the provisions of the Municipal Solid Waste Rules, 2000 and shut down the plant in April 2010 which resulted in non-accrual of benefits from the investment of ₹ 11.05 crore.

The Director, Urban Local Bodies replied (August 2013) that Municipal Corporation, Ambala had applied for obtaining EIA clearance from GOI after engaging a consultant. The scientific/technical study was being conducted by the consultant. Further, during an exit conference (September 2013), the Principal Secretary, Urban Local Bodies Department stated that due to non-obtaining of Environment Impact Assessment (EIA) clearance the plant was not in operation. He further clarified that a provisional NOC from HSPCB was obtained in August 2005 for setting up SWMP at village Dabkora at Jatwar in tehsil Naraingarh but the plant was later shifted to village Patvi district Ambala. That had created misconception and so the fresh NOC for SWMP at Patvi was not obtained. He further intimated that a consultant had been engaged since February 2013 for obtaining the environment impact assessment clearance. The reply was not convincing as the fresh EIA was required to be obtained for the new site selected for setting up the SWMP and non-obtaining the same in time resulted in blockade of funds of ₹ 11.05 crore since April 2010.

⁵³ Construction cost ₹ 9.96 crore + land cost ₹ 1.09 crore

3.20 Loss due to non-recovery of outstanding lease money

Non-execution of lease deed of the land given to Digamber Jain Sabha, Ambala for more than 19 years resulted in non-recovery of ₹ 5.54 crore.

The Military Estate Officer of Ambala Cantonment Board, Ambala leased out 2.795 acre land (2.64 acre land in February 1963 and 0.155 acre land in August 1963) and a school building constructed thereon, on an annual rent of ₹ 739.20 and ₹ 43.20 respectively to Digamber Jain Sabha, Ambala (Ambala Sadar) in the name of Manager, Jain Girls High School, affiliated to Board of School Education (Bhiwani), Haryana for a period of 30 years (upto 15 August 1993) for running the school with 70 per cent reservation for Children of Defence Services personnel. The lease was not renewable. The Government of India, Ministry of Defence, excluded (February 1977) certain local areas from the limits of Military controlled Ambala Cantonment area which included the area of above school and transferred the same to Haryana Government. The Government appointed (January 1999) the Deputy Commissioner (DC), Ambala as Estate Officer for management of land falling under the area transferred.

Audit scrutiny of the records in the office of the Executive Officer, Municipal Corporation (MC), Ambala showed (September 2012) that after expiry of lease period in August 1993, the Manager, Jain Girls High School requested (February 1994) the Municipal Committee, Ambala to extend the period of lease. After a gap of nine years, the Government extended (April 2003) the lease of above land for further period of thirty years (16 August 1993 to 15 August 2023) and fixed rent at the rate of ₹ 2,36,740 per month. The Estate Officer/Deputy Commissioner (DC) requested (May 2003) the Digamber Jain Sabha to deposit the outstanding lease rent at the above rates within fifteen days so that agreement could be executed. But the Sabha did not agree to pay the rent at increased rate and requested (March 2005) the DC and Government to reduce the rate of lease rent as the Sabha was not able to pay such a huge amount being a charitable educational institution imparting education to poor students as per Government policies. But the department did not agree (May 2007) to reduce the rate of lease rent and stated that the lease was extended at the minimum rates of Government on the request of the school authorities. The Department also advised the Sabha to submit fresh proposal for further extension of lease for 99 years under rule 9 of Haryana Management of Municipal Properties and State Properties (HMMP) Rule, 2007.

The Sabha had neither deposited the lease at enhanced rates nor executed the lease deed for the extended period (February 2013). Instead of taking appropriate action to recover the rent from the Sabha by taking action under rule of 18 of HMMP Rule, 2007 to resume the properties, the department/MC had only issued notices for recovery of lease money. Consequently, neither the lease money of

₹ 5.54⁵⁴ crore due for the period from 16 August 1993 to 15 February 2013 was recovered nor the lease deed got executed (February 2013).

It was also observed in audit that without permission of MC, Ambala, the Jain Sabha had started another school named Lord Mahavir Jain Public School affiliated to the Central Board of Secondary Education (CBSE) in the year 1999 on the leased land. The CBSE had issued (March 2005) a show cause notice for withdrawal of provisional affiliation on the ground that school was running on un-authorisedly occupied land and the school had failed in getting the lease deed further extended. However, the Estate Officer/DC, (Excised Area) had issued (February 2008) 'No Objection Certificate', to the Digamber Jain Sabha to run this newly started school without any condition which showed that undue favour was extended to the school.

On this being pointed out in audit, the Commissioner, Municipal Corporation, Ambala intimated (September 2013) that the notice to recover lease rent from the Sabha was issued but the Sabha had not paid the lease rent. The Commissioner further stated that the Sabha had been served notice for resumption of the land on account of non-payment of lease rent. The District Revenue Officer had been requested to recover the amount as arrears of Land Revenue and Chairmen, Central Board of Secondary Education was requested to direct the Sabha to deposit the lease money and if Sabha failed to deposit the lease money, the affiliation of Sabha to run a school may be cancelled. The fact, however, remains that even after the lapse of period of more than nineteen years, since the expiry of earlier lease period in August 1993, department/MC had failed to recover the lease money as well as to get the lease deed executed and the School was being run by the Sabha in an illegal and unauthorised manner.

The matter was discussed with the Principal Secretary to Government Haryana, (PS) Urban Local Bodies Department, in the exit conference held on 25 September 2013. While admitting the facts, the PS had stated that the lease rent appeared to be on higher side and that the issue will be reviewed shortly. The final action in the matter, was, however, awaited (January 2014).

⁵⁴ 16 August 1993 to 15 February 2013= 234 months×₹ 2,36,740= ₹ 553.97 lakh.

Welfare of Scheduled Castes and Backward Classes Department

3.21 Irregularities in implementation of scheme for providing coaching to Scheduled Castes/Backward Classes candidates

The department spent ₹ 5.22 crore on providing coaching to 9,906 Scheduled Castes/Backward Classes candidates for appearing in higher competitive/ entrance examinations through 14 coaching institutes which were selected arbitrarily. The payment was made without verifying the eligibility and ensuring that the coaching was actually imparted or not.

The State Government introduced (April 2009) a scheme for availing financial assistance to scheduled castes and backward classes candidates appearing for the higher competitive and entrance examinations through Welfare of Scheduled Castes and Backward Classes (WSCBC) Department. During 2010-11 to 2012-13, the department paid ₹ 5.22 crore⁵⁵ to 14 coaching institutes for imparting coaching to 9,906 candidates appearing in ten⁵⁶ competitive examinations. During audit in the office of Director General (DG), WSCBC (between April and June 2013), the following irregularities were noticed in the implementation of the scheme:

(i) Irregularities in Selection of Institutes

Para 4 of the above mentioned scheme provides that the DG, WSCBC was required to invite proposals every year for implementation of scheme through reputed coaching institutes. The proposals received were required to be considered and finalized by a committee consisting of the Secretary, DG, Deputy Director, WSCBC and District Welfare Officer (DWO) of the district concerned. The eligibility conditions prescribed for coaching institutes for providing coaching were (i) ten years experience in coaching in the prescribed field, (ii) turnover of ₹ 10 lakh per annum, (iii) success rate of at least 35 per cent

⁵⁵ (1) M/s Master Mind Classes, Chandigarh (MMC): ₹ 2.55 crore, (2) Gateway, Chandigarh (GWC): ₹ 1.06 crore, (3) Excellent Civil Academy, Karnal (ECAK): ₹ 0.69 crore, (4) Excellent Civil Academy, Rewari (ECAR): ₹ 0.25 crore, (5) Ess Ess Computer Panipat (SS): ₹ 0.25 crore, (6) Haryana Institute of Information and Technology, Ambala City (HIIT): ₹ 0.17 crore, (7) Sampkalp, New Delhi: ₹ 0.08 crore, (8) Kiwi and Maples Chandigarh (K&M): ₹ 0.06 crore, (9) Career Launcher, Chandigarh (CLC): ₹ 0.03 crore, (10) BSC Academy, Chandigarh (BSC): ₹ 0.03 crore, (11) IAS Study Circle, Chandigarh (ISC): ₹ 0.02 crore, (12) A K Vidyamandir, Chandigarh (AKV): ₹ 0.01 crore, (13) Chandigarh Coaching Centre, Chandigarh (CCC): ₹ 0.01 crore and (14) Abhimanyu Coaching Centre, Chandigarh (ACC): ₹ 0.01 crore.

⁵⁶ (i) All India Engineering Entrance Examination (AIEEE), (ii) Bank Clerks 2011 (iii) Bank Clerks 2013, (iv) Combined Graduate Level Examination (CGL), (v) Haryana Teachers Eligibility Test (HTET), (vi) Lateral Engineering Entrance Test (LEET), (vii) Pre Medical Test (PMT), (viii) Probationary Officers in Banks (PO), (ix) Diploma Entrance Test (DET) and (x) All India Civil Services (IAS).

students per year and (iv) the institutes were required to quote the fee per student for the duration of the course.

The department had invited (December 2010) the proposal through newspapers and 16 coaching institutes had submitted their proposals for imparting coaching. All the 16 coaching institutes were selected for providing coaching without following the prescribed system and without taking into account their eligibility. Of these, (i) four institutes did not fulfill the criteria of experience of 10 years in coaching, (ii) two institutes were having less than ₹ 10 lakh turn over, (iii) eight institutes had not intimated their turnover and (iv) documents of two institutes were not on record. Thereafter no proposals were invited in coming years. Out of these 16 coaching institutes, 14 institutes imparted coaching during 2010-13. Thus, the selection of coaching institutes which had not fulfilled the basic conditions was irregular and indicated that undue favour was extended to such coaching institutes. It was also observed that two institutes⁵⁷ were owned by the same person and were having common address (SCO No. 221, Sector – 36, Chandigarh) to which the department replied (January 2014) that the scheme does not debar the two institutes if owned by the same person. The departmental reply was not acceptable as it was not possible for two institutes to impart coaching in the same premises at same time.

The Principal Secretary (PS), WSCBC Department while accepting shortcomings in selection of the coaching institutes during an exit conference held on 13 January 2014 assured that the process of selection would be investigated and action would be initiated against those responsible for wrong selection. Final action was awaited (January 2014).

(ii) Irregularities in selection of candidates

The DG, WSCBC was required to invite applications from time to time for different courses and examinations from the candidates for availing of coaching facility under the scheme. The candidates who fulfill eligibility conditions were to be selected at state level by a committee consisting of experts nominated by the Secretary, WSCBC department who was also the Chairperson of the committee. The coaching institutes were required to (i) admit only those candidates who were selected by the committee, (ii) maintain full record about coaching given and placement of the candidates, (iii) maintain separate accounts for funds released for the scheme and (iv) submit to the department complete details of candidates such as, name, father's name, date of birth, address, caste, total family income (certificate attested by 1st Class Magistrate), Haryana Domicile Certificate, proof for applying for the post/course for obtaining coaching and academic qualification, etc.

The candidates were asked to submit their applications directly to the coaching institutes for availing of the coaching facility which was in contravention of the provision of the scheme which provided that the selection was to be made by

⁵⁷ M/s Master Mind Classes, Chandigarh and M/s Gateway, Chandigarh

screening committee. The department had not maintained proper record of candidates such as necessary certificates, information and affidavits from the candidates. Out of 9,906 candidates, records relating to only 5,729 candidates were made available to audit. The department intimated that the record for remaining candidates had misplaced during shifting of office building. The reply was not convincing as no action for tracing the misplaced record was taken by the department.

During scrutiny of record relating to 5,729 candidates it was observed that:

- Out of total 5,729 candidates, the department had sponsored only 822 candidates for eight examinations and for HTET no candidate was sponsored by the department.
- Out of 3,638 application forms of HTET, in 2,140 forms educational qualification certificates, in 1,744 forms caste certificates, in 2,524 forms domicile certificates, in 1,311 forms income certificates and in 1,361 residential address proofs were not found attached. Only 164 applications were complete in all respects.
- In HTET, affidavits in support of family income of 1,757 candidates were attested by the Notary Public of Charkhi Dadri on a single day i.e. 12 January 2012 after two months from the date of completion of the coaching. Further, instead of original affidavits, only photo copies were submitted alongwith claims.
- Out of 163 application forms in respect of Civil Services (Preliminary Examination) made available to audit, no application form was found complete.

During the exit conference (January 2014) the PS stated that the provisions of the scheme with regard to selection of candidates were contradictory. The scheme mentions the selection of candidates both by a state level committee consisting of experts nominated by the Secretary, WSCBC as well as by the empanelled institutes which were also responsible for the publicity of scheme. He assured that the clear cut instructions would be incorporated in the guidelines. The contention of the PS was not convincing as proper record of candidates imparted coaching, as required, was not maintained.

(iii) Irregularities in making payment

All DWOs were required to inspect the coaching centres where the coaching was being provided to the selected candidates, twice a week and were required to submit their reports to the office of DG, WSCBC Department with particulars and progress of coaching including photo copies of candidates attendance with roll numbers, etc. issued by the concerned examination boards/commissions.

Audit observed that DWOs did not inspect the coaching centres as per requirement and number of candidates were reported on head count or on average basis. The payments were made by the department without verifying the

completeness of application forms and applying necessary checks to ensure the genuineness of documents.

During exit conference (January 2014) the PS stated that in HTET coaching, due to time constraints the department could not carry out prescribed checks and payment was made on the reports of DWOs. He also assured that the reports would be verified and action would be taken accordingly. Final action in this regard was awaited (January 2014).

(iv) Results of Physical survey of candidates by Audit

To analyze the extent of benefits derived through coaching by the candidates, the Audit surveyed 2,775 candidates out of 9,906 candidates and feedback was taken through questionnaire method. The course wise detail of survey conducted and irregularities noticed is given in **Table 3.21.1**.

Table 3.21.1: Detail of irregularities noticed during physical survey of candidates

Sl. No.	Name of the examination	Amount paid (₹ in crore)	Name of institute and candidates coached by them	Number of candidates coached for which payment was made	Duration of coaching in days	Physical verification of candidates	
						Sample of physical verification	Results of physical verification
1	Haryana Teacher Eligibility Test (HTET)	1.20	MMC (1,667) GWC (1,697) ECAK (51) ECAR (71) SS (59) HIIT (93)	3,638	15	1145	(i) 1,031 candidates (90 per cent) had neither applied nor availed of the facility of coaching. (ii) 42 candidates were imparted coaching for lesser days. (iii) 11 candidates had paid for coaching to coaching institutes.
2	Diploma Entrance Test (DET) and Lateral Engineering Entrance Test (LEET)	1.06	MMC (1,686) HIIT (202) K&M (138)	2026	90	248	(i) 155 candidates (62 per cent) had neither applied for coaching nor availed of the facility of coaching. (ii) Coaching was provided for only 24 days. (iii) No coaching classes held in one institute at Hisar as claimed to be branch of a coaching institute. (iv) The DWOs had not inspected the coaching institute during conduct of training and reported the number of candidates on head count basis.
3	Pre Medical Entrance Test (PMT)	0.63	MMC (569) CCC (6)	575	90	65	(i) 42 candidates were not eligible for the coaching as they had passed 10+2 examination with Arts subjects. (ii) The coaching was imparted for 26 days only.
4	All India Engineering Entrance Examination (AIEEE)	0.52	MMC (720) HIIT (55) SS (15)	790	90	152	(i) 115 candidates (75 per cent) had neither applied for nor availed of the coaching facility even 91 candidates were ineligible as they had passed 10+2 examination with Arts subjects (iii) Out of fourteen branches of MMC in twelve branches coaching classes were not conducted. (iv) Coaching was imparted for only 27 to 60 days.

Sl. No.	Name of the examination	Amount paid (₹ in crore)	Name of institute and candidates coached by them	Number of candidates coached for which payment was made	Duration of coaching in days	Physical verification of candidates	
						Sample of physical verification	Results of physical verification
5	Bank Clerks Examination	1.20	GWC (902) ECAK (636) SS (367) ECAR (296) BSC (26)	2,227	60	794	(i) 307 (39 per cent) candidates had applied for availing the coaching but they had not attended the coaching classes. (ii) 258 (32 per cent) candidates had neither applied nor availed the facility of coaching (iii) 20 (three per cent) had paid to coaching institutes (iv) 91 (11 per cent) candidates had received coaching for lesser days than required.
6	Probationary Officers Examination	0.22	ECAK (127) ECAR (76) SS (45) BSC (20)	268	60	154	(i) 15 candidates had neither applied nor received coaching. (ii) Seven candidates had applied but had not received coaching. (iii) 18 candidates were ineligible. (iv) 21 candidates made payment to the coaching institutes.
7	Combined Graduate Level Examination	0.10	ECAK (68) ECAR (50)	118	60	76	(i) 14 candidates had neither applied nor received coaching. (ii) Four candidates had applied for coaching but had not received coaching. (iii) Fifteen candidates had made payment for coaching to the institutes.
8	Civil Services (Preliminary) Examination	0.29	ECAK (81) Sampkalp (46) CLC (21), ISC (15), AKV (7) ACC (4)	174	90	141	(i) 49 (35 per cent) candidates had not received coaching. (ii) 30 candidates had received coaching up to 30 days only.
	Total	5.22	9,816⁵⁸	9,816		2,775	

Source: Information supplied by the Department and Collected during physical survey of candidates

The above table indicates that out of 2,775 candidates physically surveyed, 1,588 candidates had not applied for the coaching, 151 candidates were found ineligible for taking concerned coaching, 360 candidates had applied for coaching but had not attended any coaching, 67 candidates had made additional payments to the coaching institutes for getting coaching and 163 candidates complained that the coaching was imparted for lesser days.

➤ It was further observed that In HTET, date of advertisement for calling applications and the date of start of coaching by coaching institutes was the same (20 October 2011). It was not practically possible for candidates from all over Haryana to submit their applications with all required documents.

During exit conference (January 2014) the PS informed that an enquiry committee at the level of Director, WSCBC had been constituted and action for

⁵⁸ In the coaching for Bank Clerks in 2012-13 total candidates were 729 but payment was made for 639 candidates by counting the candidates on average basis.

recovery of amount paid to the coaching institutes would be initiated and FIR would also be lodged against the defaulters. Final outcome was awaited (January 2014).

➤ The Union Public Service Commission (UPSC), New Delhi intimated that out of 163 candidates, only 89 candidates had applied for Civil Services (Preliminary) Examination, 2011-12 but only one candidate had cleared the examination. This indicated that 74 candidates (163-89=74) had not even applied to UPSC and the coaching was imparted without ensuring the candidature of eligible candidates. The department had also admitted (August 2013) that institutes imparting coaching for civil services examination situated out of the State at Delhi and Chandigarh were not inspected.

During exit conference (January 2014) the PS intimated that the matter would be taken up with the Director General of Police for investigation. Final action was awaited (January 2014).

(v) *Unjustified Payments of Service Tax*

The rates of coaching fees as decided in the High Powered Committee meeting (February, 2011), required to be paid to the coaching institutes did not have a mention of Service Tax.

It was, however, noticed that the department had made a payment (March 2012) of ₹ 45.73 lakh on account of Service Tax to the 14 coaching institutes in addition to the fees at the rates approved by the committee, during 2010-11 to 2011-12. On verification from the Central Excise Department, Chandigarh, it was found (October 2013) that M/s Gateway, Chandigarh (Service tax paid ₹ 9.89 lakh) had submitted the Service Tax return for the year 2011-12 as nil and M/s Master Mind Classes, Chandigarh (Service tax paid ₹ 23.84 lakh) had not filed the return for the period 2011-12. It was also found that four⁵⁹ institutes were not registered under Service Tax Act and six⁶⁰ institutes had deposited the service tax as required under the Service Tax Act.

During exit conference (January 2014), the PS stated that some coaching institutes had deposited the Service tax and copies of challans would be produced to Audit shortly. In case of other institutes which had not deposited the Service tax, FIR would be lodged against the defaulters.

➤ Thus, the scheme was not implemented in true spirit and the purpose of

⁵⁹ (i) M/s Excellent Civil Academy, Karnal and Rewari (Service Tax paid - ₹ 6.72 lakh), (ii) M/s Ess Ess Computers, Panipat (Service Tax paid - ₹ 1.41 lakh), (iii) M/s Kiwi and Maples, Chandigarh (Service Tax paid - ₹ 0.57 lakh) and (iv) M/s Samkalp Jan Kalyan Shiksha Samiti, Delhi (Service Tax paid - ₹ 0.71 lakh)

⁶⁰ (i) M/s A K Vidya Mandir Chandigarh : ₹ 0.10 lakh, (ii) M/s Abhimanyu Coaching Centre, Chandigarh : ₹ 0.06 lakh, (iii) M/s IAS Study Circle, Chandigarh : ₹ 0.23 lakh, (iv) M/s Haryana Institute of Information and Technology : ₹ 1.52 lakh, (v) M/s Chandigarh Coaching Centre : ₹ 0.06 lakh and (vi) M/s BSC Academy : ₹ 0.29 lakh.

providing facilities of coaching to the eligible candidates of targeted classes could not be achieved. Moreover, undue benefits were provided to coaching institutes concerned by the department as it did not examine the documents based upon which the payment was made and necessary checks required to be exercised.

Above points were referred to the Government in October 2013 but the reply had not been received. However, the points were discussed with Principal Secretary, Welfare of Scheduled Casts and Backward Classes Department in an exit conference held in January 2014 and the deliberations of the exit conference have been considered and suitably incorporated in the Report.

Chandigarh

Dated:



(Onkar Nath)
Principal Accountant General (Audit),
Haryana

Countersigned

New Delhi

Dated:



(Shashi Kant Sharma)
Comptroller and Auditor General of India