

CHAPTER 3

COMPLIANCE AUDIT

Animal Husbandry and Dairying Department

3.1 Veterinary infrastructure and its utilisation

Animal Husbandry and Dairying Department failed to create infrastructure for providing veterinary services despite availability of funds. Modernization project was closed without achieving laid down objectives. 19 mobile diagnostic laboratory vans, after incurring expenditure of ₹ 1.79 crore remained unutilized due to not purchasing diagnostic equipment. Irregularities were noticed in running of Pet Clinic and there was under utilisation of veterinary infrastructure.

There were 2,798 veterinary institutions in the State, 942 Government Veterinary Hospitals (GVH), 1,813 Government Veterinary Dispensaries (GVD), four Poly Clinics and 39 other institutions, as of March 2015.

During 2011-15, the department had undertaken the work of up-gradation and modernization of veterinary infrastructure including GVH, GVD, Polyclinics and Mobile vans by taking loans from National Bank for Agriculture and Rural Development (NABARD) under Rural Infrastructure Development Fund (RIDF) and; grants under Rashtriya Krishi Vikas Yojna (RKVY). An expenditure of ₹ 50.75 crore was incurred under four schemes¹ against the total project outlay of ₹ 93.86 crore during 2011-15.

The records relating to the period 2011-15 were test-checked in the offices of Director General (DG), Animal Husbandry and Dairying Department (AHD) at Panchkula and eight Deputy Directors (DDs)² at district level selected on the basis of expenditure by adopting Probability to Proportionate to size (PPS) without replacement method during January 2015 to April 2015 with the objective to assess efficiency in creation of veterinary infrastructure and its effective utilization.

Major shortcomings noticed during audit are discussed in succeeding paragraphs:

(i) Closure of modernization project under RIDF XVI without achieving objectives

As per project approved (September 2010) by State Government, 250 GVHs and 300 GVDs were to be modernized by providing furniture and medical equipment of ₹ 20.00 crore³, which was to be completed by March 2013.

¹ (i) RIDF-XVI (₹ 7.81 crore);, (ii) RIDF-XVI (2) (₹ 19.05 crore);,(iii) RIDF-XVII (₹12.69 crore and ₹ 9.41 crore); and (iv) RKVY (₹ 1.79 crore)

² (i) Bhiwani, (ii) Hisar, (iii) Jhajjar, (iv) Kaithal, (v) Narnaul, (vi) Rewari, (vii) Rohtak and (viii) Sonapat.

³ Medical equipment: ₹ 5.60 lakh×250 +₹ 0.50lakh×300 = ₹ 15.50 crore; Furniture: ₹ 1.20 lakh×250 + ₹ 0.50 lakh ×300= ₹ 4.50 crore

Scrutiny of records in the office of DG, AHD, showed that the department purchased furniture of ₹ 4.09 crore and Medical equipment for ₹ 3.72 crore during March 2011 to March 2012. As per completion report issued in December 2014, the project had been completed in all respects and no balance work in respect of clinical and diagnostic equipment was pending. However, Audit scrutiny of records showed that necessary equipment and diagnostic tools viz. Refrigerators, Castrators and auto analysers etc. were not purchased. Thus, non procurement of necessary equipment affected the testing and analysis of samples and forfeited the basic purpose of modernization and improvement of GVHs/ GVDs.

The ACS stated (December 2015) that only 17 Auto analysers were purchased instead of required 250 Auto analysers due to higher cost and one instrument was sufficient for use in the entire district because of the high-throughput nature of these instruments. It was further stated that most of the equipment/instruments required for the strengthening of GVHs/GVDs were supplied to these institutions. The reply was not tenable as the scrutiny of the records (December 2015) of DDs, District Disease Diagnostic Lab Kaithal, Hisar and Rohtak showed that the all the three Auto Analysers, were lying unused in the laboratory due to non-supply of supporting instruments like necessary kits, laptop etc. as a result major clinical tests of blood⁴ could not be done (December 2015). In Sonapat district, only 35 samples have been analysed during 2014-15 through Auto Analyser, thereafter, no tests were being conducted due to non-availability of testing kits. Test check of nine GVHs and GVDs of these districts showed that the necessary equipment/instruments/furniture items⁵ were not supplied to them. Thus, non- procurement of equipment/instruments defeated the basic purpose of modernization and improvement of GVHs/ GVDs even though support from RIDF was available.

(ii) Incomplete projects under RIDF XVI-2 and RIDF XVII

The State Government approved projects, for ₹ 35.61⁶ crore and ₹ 33⁷ crore for reconstruction of 79 GVHs, 103 GVDs and construction of two polyclinics in March 2011 and March 2012 respectively. Both the projects were to be completed by March 2014 and March 2015 respectively by taking loan of ₹ 54.25 crore from NABARD, Government of India (GOI) grant of ₹ 11.50 crore and ₹ 2.86 crore from state funds. The work for reconstruction/ construction was executed through Public Works Department (Building & Roads) (PWD (B&R)) and Haryana Police Housing Corporation (HPHC) and funds were allotted between March 2011 and July 2014. Targets and achievements of GVHs, GVDs and Polyclinics are given below in table:

⁴ Calcium, Phosphorus, Magnesium, Zinc and Mineral estimate etc.

⁵ Laboratory equipment set, Distillation set, ESR operates, Haemocytometer, Haemoglobinometer, Operation table, Hot air oven, Kidney tray, Enameled trays, Castrators and BP blades and mouth gages etc.

⁶ ₹ 35.61 crore= ₹ 10.89 crore (33 GVHs × ₹ 33 lakh each) + ₹ 24.72 crore (103 GVDs × ₹ 24 lakh each)

⁷ ₹ 33.00 crore= ₹ 15.18 crore (46 GVHs × ₹ 33 lakh each) + ₹ 17.82 crore (Polyclinics at Jind and Rewari for ₹ 8.91 crore each)

Executing Agency	RIDF- XVI-2								RIDF- XVII							
	Funds allotted (₹ in crore)	Expenditure during 2011-15 (₹ in crore)	Target		Achievement		Balance		Funds allotted (₹ in crore)	Expenditure during 2011-15 (₹ in crore)	Target		Achievement		Balance	
			GVH	GVD	GVH	GVD	GVH	GVD			GVH	PC	GVH	PC	GVH	PC
PWD (B&R)	13.31	12.95	33	10	27	08	6	2	6.00	9.41	-	2	-	2	-	-
HPHC	5.76	8.09	-	25	-	24	-	1	12.69	11.30	44	-	33	-	11	-
Total	19.07	21.04	33	35	27	32	6	3	18.69	20.71	44⁸	2	33	2	11	-

Source: - Information supplied by the AHD Department.

(a) Scrutiny of records relating to works under RIDF-XVI-2 showed that reconstruction work was discontinued in 68 GVDs due to non-receipt of ₹ 5.72 crore from GOI. Out of 43 works (33 GVH and 10 GVD) allotted to PWD (B&R), 35 works (27 GVH and 8 GVD) had been completed after incurring an expenditure of ₹ 12.95 crore out of available ₹ 13.31 crore. Construction work in one GVH (Sayana-Narnaul) was under process. Though the tendering process for balance seven works (five GVHs⁹ and two GVDs¹⁰) had been initiated but sufficient funds for these balance works were not available with the executing agency. HPHC had also not taken up work in one GVD¹¹. Hence, against the reconstruction of 33 GVHs and 103 GVDs (35 GVDs+68 GVDs) only 27 GVHs (81 per cent) and 32 GVDs (31 per cent) have been reconstructed as of December 2015. As a result the beneficiaries remained deprived of the desired benefits of the scheme.

The ACS stated (December 2015) that due to non-release of Central share amounting to ₹ 5.72 crore, execution of works were delayed/ dropped. However, veterinary health and breeding services to the beneficiaries were being provided through veterinary institutions housed in alternative sites nearby. The reply was not tenable as the GOI did not release the funds due to submission of incomplete utilization certificate (UC). Further, the veterinary services could not be carried out from the dilapidated infrastructure (December 2015).

(b) Scrutiny of records relating to works under RIDF-XVII showed that, out of the total 46 GVHs identified under the project, works of two GVHs¹² were not allotted to any executing agency so far (December 2015). Work of remaining 44 GVHs has been allotted to HPHC of which 33 GVHs had been completed as of December 2015. Out of balance 11 GVHs, works of four GVHs¹³ was not taken up, tendering process was initiated in two GVHs¹⁴, while in five GVHs¹⁵, the work was under process as of December 2015.

⁸ Out of the 46 GVHs, Works of two GVHs⁸ were not allotted by the department.

⁹ Rewari-GVHs Khijuri, Manethi, Tumna, Usmapur and Jholri

¹⁰ GVDs Kosniwas and Hussainpur of District Rewari

¹¹ GVD Kumaspur (Sonapat).

¹² GVH Backnor (Ambala) and Dhamtan Sahib (Jind).

¹³ GVHs Majra (Fatehabad), Shekhpura (Hisar), Jawahar Nagar (Mahendergarh) and Gokalgarh (Rewari)

¹⁴ GVH Nayagaon (Jhajjar) and Sanghoi (Karnal).

¹⁵ GVH Rudiawas, Nilakheri (Jhajjar), Jant Sayarwas, Kathuwas, Palhawas (Rewari).

The DG, AHD stated (July and September 2015) that due to late-submission of UC (February 2015) by the agency, the next installment could not be released. The ACS stated (December 2015) that out of seven GVHs, the work of four GVHs could not be taken up due to various reasons like land dispute and consent from NABARD for new sites etc. The reply was not tenable as the matter was taken up with the executing agency only during February 2015. Thus, paucity of funds had hampered the work, as complete funds were not released to agency resulted in time overrun reflecting inadequate monitoring by the department, as a result of which beneficiaries remained deprived of the desired benefits of the scheme.

(iii) Unfruitful expenditure on machinery and equipment under RKVY

(a) The State Level Sanctioning Committee (SLSC) on the scheme RKVY approved (May 2012) a proposal for purchasing 21 Mobile Veterinary Diagnostic Lab Vans (MVDLVs), one for each district for ₹ 5.25 crore (₹ 25 lakh each) which was revised to ₹ 4.20 crore (May 2012) and further revised to ₹ 2.10 crore (June 2013) with the objective of providing lab test facilities at the door step of the cattle owners. These MVDLVs were supposed to be well equipped with latest diagnostic equipment including Auto Analyzers, Ultrasound machines etc.

During scrutiny of records of DG, AHD it was noticed that an amount of ₹ 2.10 crore was released to department (June 2012). The department purchased 19 MVDLVs in March 2013 for ₹ 1.14 crore (₹ six lakh each) and fabrication of vans was carried out in November 2013 for ₹ 0.45 crore and medical equipment purchased for ₹ 0.20 crore. The vans had been issued (May 2014) to the 19 DDs but these vans were being used in a limited manner and that too only for the purpose of collection of samples of blood, urine, milk and stool etc.

The ACS stated (December 2015) that due to revised proposal by the SLSC (June 2013) from ₹ 5.25 crore to ₹ 2.10 crore the MVDLVs of lower size were purchased after incurring funds of ₹ 1.79 crore and no further demand for funds was sent to RKVY as all the necessary equipment were purchased. Further it was stated that all the MVDLVs have now been equipped with all equipment and was being run with the help of contractual staff. The reply is not tenable as the purchase of 19 MVDLVs of lower size was finalized by High Powered Purchase Committee during February 2013 before the revised proposal by the SLSC (June 2013). Besides, these vans were not fully operational as of December 2015 as the most of the critical equipment¹⁶ were not fitted in the vans due to their lower size. Moreover, Auto Analysers were lying in the district level labs. DDs, District Disease Diagnostic Lab Kaithal, Hisar, Sonapat and Rohtak intimated (December 2015) that no regular drivers and technical staff, were posted for smooth functioning of these vans. Thus, due to non-installing of necessary diagnostic equipment in the vans, non-posting of regular drivers and technical staff, the expenditure of ₹ 1.79 crore was rendered unfruitful and the objective of providing better health care facility at the door step of cattle owners remained unachieved.

¹⁶ Auto Analyzer, Ultrasound machine, Laptop and Printer.

(b) To impart better health facilities to the livestock population three X-ray machines and two¹⁷ Ultrasound machines were provided between October 2009 to February 2013 in Bhiwani, Sonapat and Rohtak polyclinics/district level diagnostic labs at a cost of ₹ 0.54 crore. During test check it was found that these machines were lying idle for want of Radiographer/Electric Connection. The warranty period of these machines had also expired. Thus, the expenditure of ₹ 0.54 crore on these idle machines was rendered unfruitful.

The ACS stated (December 2015) that these machines have been installed and X-ray machine in Rohtak was being used and newly created posts of Radiographer were under consideration. The reply was not tenable as during physical verification (December 2015) with departmental officers, it was noticed that, X-ray machine in Rohtak was lying idle.

(iv) Irregularities in running of pet clinic

The department constructed (August 2009) a multi specialty pet clinic at Panchkula with a cost of ₹ 7.92 crore and handed over the building to a Government pet society for running of pet clinic. At the time of proposal it was decided that once the infrastructure is created, the diagnosis/treatment will be provided by the existing staff available in the department. The pet clinic was to be run on self sustainable basis and specialized services like sniffer dog breeding centre, teaching of vets, pet holiday home etc. were to be provided by outsourcing especially through Pet Society.

Scrutiny of record showed that though the departmental staff was deputed in the pet clinic, it was running in loss necessitating the department to provide grants in aid of ₹ 32.50 lakh in 2011-12. It was further noticed that the society also received rent of approximately ₹ 17 lakh during the period 2011 to 2015 from chemist shop/dog parlor which was not as per the allotment terms. Besides, training of sniffer dogs was not being provided in the pet clinic due to lack of dog trainer and breeding facilities were also not available. Thus the objective of breeding and training of sniffer dogs by providing multi specialty pet facilities on self sustainable basis was not achieved.

The ACS stated (December 2015) that the society is carrying out its activities as per its objectives and bylaws. The reply was not tenable because the pet clinic was not running on self sustainable basis and specialized services like sniffer dog breeding and training centre were not being provided as envisaged in the objectives of the Society.

(v) Under utilization of veterinary infrastructure

Against the sanctioned post of 1,023 Veterinary Surgeon (VS) and 3,050 Veterinary Livestock Development Assistant (VLDA) the department had only 825 VS and 2,315 VLDA in the State. Thus there was a shortfall of 19 *per cent* and 24 *per cent*

¹⁷ Sonapat and Bhiwani

respectively. In the test checked districts, Jhajjar (40 per cent), Kaithal (27 per cent) and Sonapat (25 per cent) were facing huge shortage of VSs. Similarly, there was shortage of VLDA in Rewari (41 per cent) and Jhajjar (27 per cent).

The ACS stated (December 2015) that there was shortfall of 23 per cent (VS) and 27 per cent (VLDA) and it was mainly due to retirement/promotion of the incumbent posted in these institutions and that matter for the filling up of posts is under process.

Thus, the Department failed to create infrastructure for providing veterinary services despite availability of funds. Modernization project was closed without achieving laid down objectives. 19 mobile diagnostic laboratory vans, after incurring expenditure of ₹ 1.79 crore remained unutilized due to not purchasing diagnostic equipment. Irregularities were noticed in running of Pet Clinic and veterinary infrastructure was under utilised.

Archaeology and Museums Department

3.2 Delay in construction of museum and office building and non-achievement of the objective of the department

Failure of the department in constructing a museum and office building despite availability of land and funds, defeated the basic objective of having a museum for preservation and public display of antiquities. Besides, department suffered a loss of interest of ₹ 85.65 lakh and paid avoidable rent of ₹ 56.26 lakh.

The main objective of Archeology and Museums Department is to conduct archeological excavations, protect and conserve ancient and historical monuments, acquisition, chemical preservation and documentation of antiquities and art objects and setting up of museum for displaying ancient objects to create awareness of ancient heritage.

With a view to protect, preserve and display the archeological wealth, by constructing a State level museum alongwith offices, the Director, Archaeology and Museums, Haryana purchased (August 1996) a two acres plot at a cost of ₹ 24.23 lakh in Sector 5, Panchkula from Haryana Urban Development Authority. The State Government accorded administrative approval (March 2001) for ₹ 92.40 lakh for construction of State Archaeological Museum by Haryana Tourism Corporation (HTC). An amount of ₹ 92.40 lakh was deposited (March 2001) with HTC for construction works. Subsequently in April 2003, the Government reconsidered the decision to construct the museum at Panchkula considering its location at the extreme corner of the State and instead decided to set up the State Archaeological Museum at Kurukshetra being an historical place and is also an upcoming tourist attraction. However, the land provided by the Tourism Department at Kurukshetra was reportedly not found suitable for setting up the museum. Thereafter in a meeting held under the Chairmanship of Chief Secretary, Haryana (December 2007), it was again decided to utilise the already purchased plot in Sector 5, Panchkula for construction of the museum. Tenders

for architectural designs of building were invited by the Department in July 2008 and in the meeting held under the chairmanship of Chief Secretary, Haryana (July 2009) it was decided to go ahead with the design submitted by the firm with some modifications. The firm submitted budgetary estimates and modified drawings to the department in March 2010. However, no action was taken upto November 2011, when Principal Secretary, Archaeology and Museums Department submitted a proposal to Chief Secretary for fixing of date and time for approval of estimated cost with modified drawing etc. Chief Secretary opined that the matter may be decided by the Administrative Department. The issue however, remained undecided as of December 2015.

Scrutiny of records (January 2015) of Director, Archaeology and Museums Department showed that amount of ₹ 92.40 lakh given to the HTC in March 2001 was received back in June 2012 after a lapse of more than 11 years. The department in August 2012 asked the HTC for payment of interest on the amount deposited with them as per Government instructions (March 2011), but interest of ₹ 85.65 lakh had not been paid by the HTC so far (August 2015).

The department continued to function from various Government and private buildings from April 2001 to December 2015 and an expenditure of ₹ 56.26¹⁸ lakh was incurred on account of rent of private buildings.

Rule 15.16 of Punjab Financial Rules (PFR) (Volume I) prescribed that physical verification of all stores should be made at least once in a year. The department had about 620 stone sculptures, 17,778 silver, bullions and copper coins and 571 gold, silver, copper ornaments and semi precious stones and these old antiquities and other historical articles have been kept in the store room of these buildings without conducting any regular/periodical physical verification as prescribed in Rule 15.16 of PFR (Volume I). Though, six shifting of the buildings have taken place between April 2001 to December 2015, yet regular annual physical verification of valuable antiquities and historical articles was not being done and many items were lying exposed in the storeroom, susceptible to theft, breakage and deterioration.

Further section 14 of Antiquities and Art Treasures Act, 1972 provides for registration of antiquities to preserve such objects within India for the better appreciation of the cultural heritage of India. Every person who owns controls or is in possession of any antiquity shall register such antiquity before the registration officer. Whenever any person (Section 17) transfers the ownership, control or possession of any antiquity, such person shall intimate the fact of such transfer to the registering officer. It was noticed that the department had issued 5,359 registration certificates for art and antiquities upto June 2015, but there was no system in the department to ensure that the registered antiquities existed with the owner as on date.

¹⁸ SCO 9, Sector 5, Panchkula from 01 April 2001 to 10 June 2002 & 10 September 2005 to 31 March 2014= ₹ 42,29,774+ ₹ 5,73,333= ₹ 48,03,107
SCO 3, Sector 3, Panchkula from 11 June 2002 to 30 June 2003= ₹ 8,23,333

Thus, failure of the department in constructing a museum and office building despite availability of land and funds, defeated the basic objective of having a museum for preservation and public display of antiquities. Besides, Department suffered a loss of interest of ₹ 85.65 lakh on funds of ₹ 92.40 lakh, which remained blocked for 11 years and also made an avoidable payment on rent of ₹ 56.26 lakh. Further, by not conducting periodic and regular physical verification of items in store as also of registered antique items, there was no assurance of complete and safe custody of these antiquities and historical articles making them vulnerable to loss.

Additional Chief Secretary (ACS), Archeology and Museum department stated (August 2015) that construction of museum and combined office building was delayed due to transfer of museum site (in 2003) to Kurukshetra and again to Panchkula in September 2007 and non approval of drawings and designs of the building which remained under process at various levels of Government and the amount sanctioned for construction of building could not be utilized. ACS further replied that proper physical verification of these articles was not conducted as the post of archeologist remained vacant. Physical verification will be conducted as and when the post is filled up. However the items were verified at the time of handing over and taking over charge at the time of retirement of the official concerned. The facts remains that the museum and office building was not constructed despite availability of land and funds besides, physical verification of antiquities and historical articles was also not conducted. Further, the reply regarding conducting of physical verification at the time of handing over and taking over the charge is not tenable as it cannot be treated as physical verification of antiquities and historical articles.

Education Department

3.3 Non-recovery of stipend amount from ineligible students

Education Department had not recovered stipend amounting to ₹ 2.51 crore from ineligible students despite the orders of the Punjab and Haryana High Court.

The State Government launched (March 2009) a scheme for welfare of school children belonging to Below Poverty Line (BPL) and Backward Classes families. Under the scheme, monthly stipend was to be paid to students of these categories from class 1 to 12 at different rates¹⁹. However, a huge problem was created by issuance of BPL cards to ineligible persons and the matter went into litigation.

¹⁹

Name of Class	Rate of stipend per month for Girls (₹)	Rate of stipend per month for Boys (₹)
Class 1 to 5	150	75
Class 6 to 8	200	100
Class 9 to 12	300	150
Class 11-12 (for science students only)	400	200

On issuance of directions by Punjab and Haryana High Court (CWP No. 1581 of 2010) , Joint Director, Rural Development Department (RDD) gave an affidavit before the High Court on 23 November 2011 in which it was assured that directions would be issued to all the Deputy Commissioners to cancel BPL cards of all those who had provided wrong information and to recover the amount involved in the concessions/ facilities availed by them; in cases of non-existent persons, recovery would be made from the concerned officials or persons using BPL card for personal benefits and criminal proceeding would also be launched in such cases. Punjab and Haryana High Court decided the case on 25 November 2011 and directed the State Government for compliance within a period of three months from the date of receipt of copy of the orders and compliance report was to be placed on the record of the case on or before 31 March 2012.

Directorate, Secondary Education (DSE) directed (October 2013) all the District Education Officers to supply the information regarding scholarships given to students belonging to the those BPL category households which were found ineligible during the survey of RDD. Subsequent reminders were issued thereon from time to time during October 2013-March 2014. Scrutiny of records (September 2014) of the DSE and five test checked districts²⁰ showed that an amount of ₹ 2.51 crore was paid to 7,745 ineligible BPL students as scholarships during 2009-13. However, the Department failed to recover the amount of ₹ 2.51 crore from ineligible students despite lapse of nearly four years.

Thus, lack of action by the department and failure to comply with the orders of the High Court, stipend amounting to ₹ 2.51 crore, in five test checked districts, has remained unrecovered from ineligible students, even after lapse of nearly four years. Though, there was routine procedural compliance in terms of issuing instructions to the DEO's to effect recoveries, the very fact that no recovery has been effected so far, indicates the lack of robust internal control mechanism of the department as a result of which recovery could not be made even after a period of more than four years and despite the direction of High Court.

Director Secondary Education, Haryana stated (September 2015) that all the DEOs had been directed from time to time to make the recovery of stipend from the ineligible students. As regards initiation of criminal proceedings against the officers/officials the department informed that disciplinary action would be taken against the officer/official of the field office who had shown negligence.

The matter was referred to Principal Secretary to Government of Haryana, Education department in July 2015 and further reminder was issued in September 2015. Reply was awaited (January 2016).

²⁰ Jind, Kaithal, Panchkula, Bhiwani and Rewari.

**Environment Department
(Haryana State Pollution Control Board)**

3.4 Avoidable payment of Income Tax

Haryana State Pollution Control Board did not get itself registered as Charitable Institution under Income Tax Act, 1961 and thereby failed to get the benefit of exemption resulting in avoidable payment of ₹ 60.35 crore as Income Tax and interest thereon.

Section 2(15) of the Income Tax (IT) Act, 1961 specifies 'the preservation of environment' as 'charitable purpose' and Section 10 (23C) (iv) read with Section 12A (the then extant provisions) of the Act provide that any income received by any fund or institution established for charitable purposes, having regard to the objects of the fund or institution and its importance throughout any state is exempted from I.T. provided that the institution has made an application to the I.T. Department for registering the institution as charitable institution.

The State Government constituted (September 1974) Haryana State Pollution Control Board (HSPCB) with the objective of prevention and control of water, air, noise pollution, protection of environment and management of handling of waste etc. But HSPCB did not apply to get itself registered as charitable institution though the State Pollution Control Boards²¹ in others States were already registered as charitable institutions.

The HSPCB was not furnishing IT returns along with audit reports to the IT department as prescribed in Section 44 AB, *ibid*. While noticing the above failure of the Board, the Deputy Commissioner, IT, Panchkula issued notices (January 2013) for not furnishing audit reports and for not filing IT returns for the period 2006-07 to 2011-12 and issued demand notices for ₹ 53.02 crore including interest. The amount determined was payable within thirty days, failing which simple interest at the rate of one and half *per cent* for every month was chargeable under Section 220 (2).

HSPCB submitted application for exemption under various sections²² of the IT Act, 1961 to the concerned authorities i.e. Commissioner and Chief Commissioner of IT, Income Tax Appellate Tribunal (ITAT) and Central Board of Direct Taxes (CBDT) from January 2013 to December 2014, but was not able to get registration/exemption under any of the provisions of the Act *ibid* so far. HSPCB also approached Hon'ble Punjab and Haryana High Court through two civil writ petitions²³, both of which were disposed of as the appeal was pending

²¹ Punjab State Pollution Control Board since 2003; Himachal Pradesh Environment Protection and Pollution Control Board since 1974; Madhya Pradesh State Prevention and Control of Water Pollution Board since 1977 and Gujarat State Pollution Control Board since 2006.

²² 12A, 10(23C) (iv), 10(46) and under section 119 for condonation of delay.

²³ CWP No. 5694 of 2013 in respect of registration under section 12A decided on 6 March 2014 and CWP No. 6753 of 2014 in respect of registration under section 10(23C)(iv) decided on 18 November 2014.

with the Income Tax Appellate Tribunal (ITAT). Subsequently, the ITAT also rejected the appeal on the ground that under section 12 A, exemption is available only in the assessment year immediately following the financial year in which such application is made.

HSPCB deposited ₹ 8.50 crore in February 2014 on the orders of Hon'ble High Court during pendency of CWP No. 5694 of 2013. Further, IT Department recovered the balance amount i.e. ₹ 44.52 crore along with interest of ₹ 7.33 crore {under Section 220(2)} between February 2014 and April 2014 by attaching bank accounts of the HSPCB.

On being pointed out (December 2014), HSPCB stated (January 2015) that delay in filing the returns and exemption was attributed to non-audit of accounts by statutory auditors. The Chairman, HSPCB further stated (September 2015) that there was no delay on the part of the Board as on receipt of notice from IT Department and after obtaining the PAN Number (October 2012), Board filed the IT returns for the AY 2006-07 to 2011-12 (December 2012) and applied for grant of exemption under section 10(23C)(iv) and registration under section 12 A of IT Act (January 2013). The HSPCB intimated (January 2016) that an appeal against the orders of ITAT has been filed in the Hon'ble Punjab and Haryana High court. The reply was not tenable as HSPCB had not applied in time for seeking registration as Charitable Institution under Section 12A (the then extant provision) despite the fact that Pollution Control Boards of neighbouring States were already enjoying the benefit of such exemption. Non-auditing of accounts by statutory auditors was an excuse to cover their own lapse as the accounts for the year for which returns have been filed, had also not been audited by statutory auditors at the time of filing of returns. The Board had failed to obtain exemption under any of the sections so far (January 2016).

Thus, due to inaction of the Board to get itself registered under section 12A or obtain exemption under section 10(23) (iv) of the Act *ibid*, the Board had to pay avoidable income tax and interest thereon amounting to ₹ 60.35 crore.

The matter was referred to Principal Secretary to Government of Haryana, Environment Department in August 2015 and further reminder issued in September 2015; the reply was awaited (January 2016).

Food and Supplies Department

3.5 Avoidable payment of interest due to delay in realization of bills from Food corporation of India

Food and Supplies Department paid interest of ₹ 15.93 crore due to delay in realization of bills from FCI in eleven districts during 2010-15.

Provincial Reserve Account Manual of Food and Supplies Department and departmental instructions (April 1999) provided that dispatch documents for the

wheat dispatched to Food Corporation of India (FCI) should reach circle office on the day of dispatch and bills prepared by the circle office should be sent to FCI on the next day so that bills can be realized from FCI within the banking hours of the same day. The bills should be realized from FCI within three days from the dispatch of the wheat. Any delay in realisation from FCI resulted in availing funds from cash credit accounts from State Bank of India and payment of avoidable interest. The instructions had been issued repeatedly year by year regarding prompt realisation of payment from FCI. The issue of delay in realization from FCI was also highlighted by Audit in 2005-06²⁴ and the Public Accounts Committee (PAC) had directed (May 2009) the department to evolve a method to avoid recurrence of such things in future and the PAC be informed of the same within a period of three months. The department reiterated the directions to realize the amount from FCI within three days of dispatch of wheat but occurrence of the similar instances shows that no system to check/monitor the same was evolved.

During test check of bills of wheat, submitted to FCI for realization, in eleven²⁵ districts of the Department for the period 2010-15 showed that there were delays in submission of bills to FCI, ranging from one day to 300 days²⁶ in 2804 cases, which resulted in avoidable loss of interest ₹ 9.63 crore.

Similarly, there was delay in realization of bills from FCI ranging from one day to 165 days in 1395 cases which resulted in avoidable loss of interest of ₹ 6.30 crore. Thus, due to delay in submission of bills to FCI and delay in recovery of bills from FCI, the Department had to suffer a loss of ₹ 15.93 crore²⁷ on payment of interest.

The Department stated (July 2015) that disciplinary action had been initiated against the defaulting officials in three districts (Sirsa, Sonipat and Kaithal) and District Food and Supplies Controllers, Ambala, Karnal, Kurukshetra, Fatehabad, Faridabad, Jhajjar, Rohtak and Yamunanagar has been directed to send the proposal for chargesheeting the erring official to the head quarter. Reply is not convincing as there was lack of in-built mechanism to monitor timely raising of bills which resulted in the delay in raising bills and consequential loss of interest amounting to ₹ 15.93 crore. As such, there is an urgent need to improve the monitoring system.

The matter was referred to the Additional Chief Secretary, Food and Supply Department in July 2015 and further reminder was issued in August 2015. Reply was awaited (January 2016).

²⁴ Para No. 3.4.5.2 of Audit Report (Civil) of Comptroller and Auditor General for the year 2005-06 – Government of Haryana.

²⁵ (i) Fatehabad, (ii) Sirsa, (iii) Sonipat, (iv) Kaithal, (v) Jhajjar, (vi) Yamunanagar, (vii) Faridabad, (viii) Rohtak, (ix) Karnal, (x) Kurukshetra and (xi) Ambala

²⁶ After giving margin period of two days.

²⁷ Delay in submission of bills: ₹ 9.63 crore, Delay in realization of bills: ₹ 6.30 crore

3.6 Compliance of terms and conditions of milling agreements for Custom Milled Rice

Non-conduct of physical verification of stock regularly, allotment of paddy in excess of millers' capacity, non-obtaining of proper guarantee, coupled with lack of appropriate action against defaulting millers facilitated the non-delivery of rice valuing ₹ 115.48 crore by millers. There were also cases of non-recovery of ₹ 24.46 crore from millers on account of short supply of rice, non-recovery of ₹ 2.40 crore on account of value cut and moisture cut from millers and non-adherence of guidelines in number of cases.

The State Government procures paddy for Central Pool through its five Procuring Agencies²⁸ (PAs). The paddy is procured at Minimum Support Price (MSP) and is allotted to private rice millers for milling. The paddy is moved directly from mandis to the millers' premises for milling and the resultant rice (67 per cent of paddy), called Custom Milled Rice (CMR) is delivered directly to Food Corporation of India (FCI). A Performance Audit of activities of Custom Milling of Rice in Haryana Agro Industries Corporation Limited and Haryana State Warehousing Corporation has been featured at paragraph 2.2 of the Report of Comptroller and Auditor General of India on Public Sector Undertakings for the year ended on 31 March 2015, Government of Haryana.

The terms and conditions of milling agreements executed by Food and Supplies Department (FSD) with the millers every year during 2010-15, inter alia, provided that:

- rice would be delivered up to 31 March of the next year as per schedule given in the agreements;
- guarantee in shape of Post Dated Cheques (PDCs) of ₹ 25 lakh per MT milling capacity (increased to ₹ 30 lakh for Kharif Marketing Season (KMS) 2012-13 and ₹ 50 lakh from KMS 2013-14) would be obtained from the millers at the time of issue of release orders of paddy;
- security amount of ₹ two lakh for one tonne capacity (increased to ₹ five lakh from KMS 2012-13) and ₹ one lakh for additional one tonne capacity (increased to ₹ two lakh from KMS 2014-15) would be obtained in the shape of FDR pledged in the name of concerned procuring agency.
- every miller would be liable to pay the cost of such short quantity of rice at the rates of CMR fixed by the GOI and penalty at 50 per cent of cost of such rice along with interest at Cash Credit Limit (CCL) pattern.

²⁸ (i) Food and Supplies Department, (ii) Haryana State Cooperative Supply and Marketing Federation Limited (HAFED), (iii) Haryana State Warehousing Corporation (HSWC), (iv) Haryana Agro Industries Corporation Limited (HAIC) and (v) Haryana State Federation of Consumer's Cooperative Wholesale Stores Limited (CONFED)

During 2010-15, 158.66 lakh MT paddy was procured in the State for Central pool. Of this, 61.93 lakh MT paddy was procured by FSD. With a view to assess whether the work of CMR was carried out efficiently with reference to terms and conditions of agreements with rice millers, the records of FSD and five²⁹ district offices out of 11 districts involved in CMR operations covering the period 2010-15 were test-checked during the period from April 2014 to December 2014 and from June 2015 to August 2015.

Audit findings are discussed in succeeding paragraphs:

3.6.1. Non-delivery of rice by millers

Twenty three millers of four out of five test-checked districts (excluding Kaithal), to whom 1.24 lakh MT paddy was allotted during KMS 2011-12 to 2013-14, did not deliver rice as per norms (67 per cent of the paddy). The millers were required to deliver 0.83 lakh MT rice to the FCI. It was, however, noticed that only 0.44 lakh MT rice was delivered and 0.39³⁰ lakh MT rice was not delivered. The shortages for the KMS 2011-12 and 2012-13 came to notice during physical verification conducted in June and September 2013 when the millers did not deliver rice to FCI. In respect of KMS 2013-14, physical verification of rice conducted in November 2014 at the premises of rice millers showed that only 0.08 lakh MT rice was available with the rice millers against the requirement of 0.39 lakh MT rice.

On the request of the Rice millers' Association (June 2015), the State Government decided (September 2015) to levy penalty for KMS 2013-14 at the rate of 10 per cent of the cost rice instead of 50 per cent. As on 30 September 2015, an amount of ₹ 115.48³¹ crore was recoverable (*Appendix 3.1*). The Department presented post dated cheques in banks deposited as security by 17 millers for ₹ 11.60 crore out of total 23 millers, but the cheques bounced between April and December 2015. The reasons as to why post dated cheques were not encashed was not on record. However, First Information Reports (FIRs) were lodged with Police Department against ten millers only as of April 2015. The reasons as to why FIRs were not lodged in respect of remaining seven millers was not on record.

Audit noticed that the following lapses on the part of FSD facilitated the non-delivery of rice:

- As per guidelines of the Government issued for each KMS during 2010-15, joint physical verification of paddy stocks was required to be conducted on fortnightly basis. The District Heads of the procurement agencies and the millers were responsible in respect of quantity and quality of paddy stocks found at the time of physical verification. The physical verification reports were to be submitted regularly by the District Head of the Agencies to their

²⁹ (i) Fatehabad, (ii) Kaithal, (iii) Karnal, (iv) Kurukshetra and (v) Yamunanagar

³⁰ 2011-12: 948 MT, 2012-13: 1,610 MT and 2013-14: 36,416 MT

³¹ Includes cost of rice plus penalty of fifty per cent (for 2011-13) and 10 per cent (for 2013-14) of cost of rice due to non delivery plus interest at the rate of 11.75 per cent being minimum of the CCL rate prevalent during the period March 2013 to March 2015.

Headquarters. However, it was observed that physical verification was not conducted regularly as required in Kurukshetra and Karnal districts out of the five selected districts. In Kurukshetra, physical verification of the millers was conducted only once or twice during 2011-12 as against requirement of 9 to 25 physical verifications while in Karnal, it was conducted only twice against the requirement of 19 verification during 2013-14. Further, physical verification reports were neither being sent to Directorate nor was the Directorate monitoring the physical verification.

- As per guidelines of the Government for each KMS, in case rice miller fails to deliver the CMR as per the stipulated schedule, the Department was required to shift the Paddy stocks at the risk and cost of the miller concerned after giving him seven days notice for this purpose. It was noticed that the Department had not taken any action to shift the paddy stocks from the premises of all the 23 defaulting millers to some other millers for getting the paddy milled. Even the notices were not issued to millers for shifting of paddy to other millers.
- As per guidelines, the mills having 1 MT per hour milling capacity is allotted 3000 MT paddy (2000 MT upto 2011-12). For every additional 1 MT per hour capacity, 1000 MT extra paddy is allotted subject to a maximum cap of 6000 MT paddy (5000 MT paddy upto 2011-12). Further, mills on lease are not given more than 3000 MT of paddy. The District Milling Committees (DMCs) headed by Deputy Commissioners allot the paddy to millers according to their capacity. Further, the millers having dryers and sortex facilities and having proven track record in terms of timely delivery of rice, adherence to quality norms and better infrastructural facilities can be allotted more paddy by the DMCs subject to prior approval of the concerned head of the procurement agency i.e. Director General, FSD. Of 23 millers, 12 millers were allotted 33,690 MT paddy in excess of norms fixed by the Government as detailed in **Appendix 3.1**. Out of this excess allotment, allotment of 23,444 MT paddy was with the approval of concerned DMCs but approval from Director General, FSD was not obtained. For the balance 10,246 MT, approval was neither obtained from DMCs nor from the Director General, FSD. Thus, the allotment of 33,690 MT paddy was irregular.
- Audit also observed that the guarantee taken in the shape of PDCs did not serve the purpose as in 17, out of 23 cases the PDCs bounced where the millers defaulted in delivering the rice. Further, the Department was not prompt in taking action against the defaulting millers and FIR was lodged against only 10 defaulting millers, while FIR was yet to be lodged against the remaining 13 defaulting millers as of November 2015.

The Director General, FSD stated (November 2015) that the Government had decided to recover the amount of balance CMR from the defaulter rice millers and also to charge sheet the erring officers/officials. It was further stated that directions were issued to District Food and Supplies Controllers (DFSCs) from time to time for conducting physical verification, shifting of paddy/rice to other millers in the

cases where rice millers were not able to deliver rice, initiating criminal proceeding against defaulter rice millers, etc. The fact remains that the control mechanism of the Directorate was not adequate and the existing system with its deficiencies did not safeguard the interest of the Government.

3.6.2. Non-recovery from the millers

Five rice millers in three³² out of five selected districts were allotted 27151 MT paddy during 2013-14 for milling against which 18191 MT of CMR was due to be delivered to FCI up to the extended period of 30 September 2014. However, only 9787 MT of CMR was delivered and 8403 MT of CMR valuing ₹ 19.90 crore was due from the millers (July 2015). Physical verification reports showed that paddy/rice³³ was lying in the premises of the millers. The department had not taken any action to shift the paddy/rice from the premises of the millers. It was further noticed that out of these five defaulting millers, four³⁴ millers were allotted paddy in excess ranging between 410 MT and 2,977 MT of their entitlement. Total recovery along with penalty and interest worked out to ₹ 24.46 crore. However, neither this amount had been recovered from the millers nor any action regarding encashment of post dated cheques (PDCs) or lodging FIRs had been taken against the defaulting millers except in two³⁵ cases in which PDCs bounced and FIR against one³⁶ miller was lodged (November 2015).

The Director General, FSD stated (November 2015) that the concerned DFSCs were being directed to explain the position in this regard.

3.6.3. Non-recovery of amount of value cut and moisture cut from millers

GOI while conveying (April 2014) the provisional rates of CMR for the years 2013-14 to State Government imposed a value cut³⁷ at the rate of one *per cent* of the cost of the rice delivered to FCI. Similarly, any moisture cut³⁸ made by FCI from the bills of the department, was also to be recovered from the millers. It was however, noticed that in two districts (Karnal and Kurukshetra) an amount of ₹ 2.40 crore was recoverable from 47 millers on account of value cut and moisture cut. But the amount had not been recovered (November 2015) despite the completion of KMS 2013-14 by September 2014. Besides, the Department had not prepared the milling account of these millers even after a lapse of more than 12 month of completion of KMS 2013-14.

³² (i) Kurukshetra, (ii) Karnal and (iii) Kaithal

³³ 1,492 MT paddy and 7,266 MT rice

³⁴ (i) M/s Divya Food Karnal, (ii) M/s Moti Ram Sunil Kumar Assandh, (iii) M/s Jaharvir Rana Rice Mill Jhansa and (iv) M/s Shri Ganesh Rice and General Mills Cheeka

³⁵ (i) M/s Divya Food Karnal and (ii) M/s Moti Ram Sunil Kumar Assandh

³⁶ M/s Jaharvir Rana Rice Mill Jhansa

³⁷ If due to some reasons, GOI relaxed the specifications of the rice to be procured under central pool it may impose a value cut in the value of CMR commensurate with the specifications relaxed, which was to be recovered from the millers.

³⁸ Moisture cut is imposed if the moisture content is more than 14 *per cent* in the CMR.

The Director General, FSD stated (November 2015) that the concerned DFSCs were being directed to explain the position in this regard.

3.6.4. Non-adherence of guidelines

(i) Guidelines for the purchase of paddy issued by the FSD every year provide that millers doing custom milling paddy shall execute an agreement with the concerned State Government Agencies (SGAs) in the prescribed proforma. Audit observed that during 2014-15, paddy was allotted to 6 millers without executing any agreements with millers in Karnal district.

(ii) Guidelines for the purchase of paddy issued by the FSD every year provide that security amount of ₹ 5 lakh for one tonne capacity and ₹ 2 lakh for additional per tonne capacity would be obtained from the millers. The security should be in the shape of Fixed Deposit Receipts (FDR) pledged in the name of concerned procurement agency and should be valid till final execution of agreement. Audit observed that security amount of ₹ 1.50 crore from 16³⁹ millers was not obtained during 2014-15.

(iii) As per guidelines, each miller was required to prepare in triplicate a pictorial chart/sketch depicting the positioning of the stacks, stack number with the number of bags in each stack. A copy of the chart was to be kept in mill premises while second copy was to be kept by the Inspector Incharge and the third copy was to be kept in the District Office. Audit observed that pictorial chart/sketch was not submitted by any of the millers in test-checked districts. Further, the physical verification proforma prescribed in the guidelines did not contain any column regarding variety and health of paddy/CMR. As a result of this, the chances of exchange of good quality paddy with that of lower quality cannot be ruled out.

The Director General, FSD stated (November 2015) that the concerned DFSCs were being directed to explain the position in this regard.

Thus, non-conducting of physical verification of stock regularly, allotment of paddy in excess of millers' capacity, non-obtaining of proper guarantee in the shape of FDR/ bank guarantee for the milling of paddy, coupled with lack of appropriate action against defaulting millers facilitated non-delivery of rice valuing ₹ 115.48 crore. There were also cases of non-recovery of ₹ 24.46 crore from millers on account of short supply of rice, non-recovery of ₹ 2.40 crore on account of value cut and moisture cut from millers and non-adherence of guidelines in a number of cases.

The matter was referred to the Additional Chief Secretary to Government of Haryana , Food and Supplies Department in September 2015, reply had not been received (January 2016).

³⁹

One case of Kurukshetra and 15 cases of Karnal

Forest Department

3.7 Excess payment to the land owner and non-deduction of Income Tax

Divisional Forest Officer, Morni-Pinjore paid excess damages of ₹ 1.36 crore for trees. Besides, Income Tax of ₹ 0.90 crore on interest payment was also not deducted.

Section 23 (1) of Land Acquisition Act, 1894 (LA Act), *inter alia*, provided that apart from market value of land, damages sustained by land owners on account of loss of standing crops and trees was also payable as part of compensation. Further, as per section 23 (1-A) and section 23 (2) an additional amount of 12 *per cent* per annum was payable from date of the publication of notification to the date of the award alongwith 30 *per cent* solatium on the market value of land. Further, section 194A of the Income Tax (IT) Act 1961 prescribe that while making payment of interest, the person/authority responsible for making the payment should deduct the tax at source (TDS) at the stipulated rates.

Forest Department acquired (August 1984) land measuring 1675.43 *acre* and 1526.10 *acre* of villages Asrewali and Nadlan in Panchkula district, respectively under LA Act for the purpose of forest plantation and soil conservation measures. The Land Acquisition Collector (LAC) awarded (August 1984) compensation by determining the value of land at ₹ 640 per *acre* but the claims in respect of trees were rejected on the ground that the land owner, whose land has been acquired, had cut and removed all the trees before handing over the possession. Dissatisfied with the said award, the land owner filed an appeal under section 18 of the LA Act for the enhancement of compensation amount. The Additional District Judge, Ambala enhanced (December 1991) the value of land from ₹ 640 per *acre* to ₹ 730 per *acre* but disallowed damages on account of trees. The land owner filed appeal in the Hon'ble High Court of Punjab and Haryana for the enhancement of compensation for the value of land as well as for damages for loss on account of trees in respect of both villages. The Hon'ble High Court increased (October 2012) the value of land to ₹ 1520 per *acre* with interest, solatium and additional amount as provided in statute as regards the valuation of land. The damage on account of trees in the appeal for both the villages was fixed at ₹ 16.50 lakh each alongwith interest as provided under section 28 of the LA Act.

Scrutiny of the records (May 2015) of the office of Divisional Forest Officer (DFO), Morni-Pinjore showed that solatium at the rate of 30 *per cent* and additional amount of 12 *per cent* was also paid by the department (May 2014) on the value of trees in contravention of provisions of the LA Act and orders of the Hon'ble High Court of Punjab and Haryana. As a result, an excess payment of ₹ 1.36 crore had been made to the land owner on account of solatium and additional amount on compensation for trees and interest there upon.

It was further observed that in contravention of the provisions of the IT Act 1961, the department released (May 2014) a total amount of ₹ 5.52 crore to the land owner without deducting the TDS amounting to ₹ 90.28 lakh on the interest payments of ₹ 4.51 crore on the plea that the land owner had given undertaking

regarding depositing the IT himself, which was against the provisions of the IT Act and an undue favour to the land owner.

Principal Secretary to Government of Haryana, Forest Department stated (December 2015) that the payment has been made in accordance with the decision of the Hon'ble High Court. Further, the TDS was not deducted as the landowner had given an undertaking that he would deposit the income tax payable himself and an amount of ₹ 71.50 lakh⁴⁰ had been deposited by him confirmation of which was awaited from IT Department. The reply is not tenable as the Hon'ble High Court had allowed interest under section 28 of the LA Act only on the value of trees; and solatium, additional amount and interest on the value of land only as provided in the statute. Further, the amount shown so deposited by the landowner was not only less than the amount of due TDS but also deposited late with the IT Authority. Besides, verification of tax deposit by land owner was still awaited (December 2015) from the IT Authority.

Thus, due to payment of solatium and additional amount on compensation for trees and interest thereon in contravention of provisions of the LA Act and orders of the Hon'ble High Court of Punjab and Haryana an excess payment of ₹ 1.36 crore had been made to the land owner. Besides, non-deduction of TDS from the interest payments was tantamount to undue favour to the land owner.

3.8 Unfruitful expenditure on Plant Tissue Culture Unit

Expenditure of ₹ 87.65 lakh incurred on Plant Tissue Culture Unit at Kurukshetra was rendered unfruitful due to non-availability of hardening chamber and non-deployment of competent staff.

Tissue culture is a method of propagation of lesser known tree species or rare, endangered and threatened species which do not propagate naturally or the natural propagation is insufficient. The proposal for establishment of a plant tissue culture unit (TCU) in the department was made as one of the provisions in the "Integrated Natural Resource Management and Poverty Reduction" project.

Forest Department, Haryana entered into a Memorandum of Understanding (MOU) (March 2008) for setting up a modern TCU with Council of Scientific and Industrial Research (CSIR) through its constituent Institute namely the Institute of Himalayan Bio Resource Technology (IHBT), Palampur, Himachal Pradesh which *inter alia* provided that laboratory should be made operational within 24 months after the completion of building work including joint procurement of equipments and supplying/developing tissue culture protocol for tree species like Bamboos, Eucalyptus, Aloe Vera and other medicinal plants etc. As per MOU, IHBT had to send trained manpower to setup the laboratory at Kurukshetra and make it functional as well as train sufficient manpower required to run the TCU successfully.

Scrutiny of records of Divisional Forest Officer, Research Division, Pinjore showed that the civil work to setup plant tissue culture laboratory was completed in November 2009 and the TCU was made functional by December 2011.

⁴⁰ ₹ 71.50 lakh = ₹ 36.47 lakh (September 2014) + ₹ 35.03 lakh (December 2014).

Training in tissue culture procedure was given to five personnel (Forest Guards) in November 2010 by the IHBT but the Forest Department did not engage the professional expert from the IHBT on the plea of very high salary proposed by them. Rather, a Research Scholar pursuing doctorate of Philosophy in Tissue Culture from Kurukshetra University was hired (@ ₹ 18,000/- per month) on contractual basis to look after the unit for the period August 2012 to June 2013 and thereafter no other qualified officer had been deputed in TCU so far (December 2015). Currently, only one forest guard who got the training from IHBT in tissue culture was being deployed in the unit.

Audit observed that the TCU was lacking in terms of availability of a hardening chamber which was an important constituent for transferring of plantlets from culture vessel to a green house or field; provision of which was not made in MOU as it was thought that TCU would be self sufficient for developing the protocols. This shortcoming was highlighted to the higher authorities by Research Wing (June 2013); however the department had failed to establish/provide the hardening chamber⁴¹ as of January 2016.

The department decided (May 2012) to take up 10 species⁴² for tissue culture but was not able to develop any tissue culture protocol except of *Corymbia* (September 2015). The Principal Secretary to Government of Haryana, Forests Department intimated (December 2015) that the development of tissue culture protocol of any species is a research activity and it may take years to develop a protocol for any species. Further, the Principal Chief Conservator of Forests intimated (January 2016) that the provision of construction of hardening chamber had been proposed in the current financial year and would be constructed soon. Besides, the trained forest guard is maintaining TCU by multiplying plant cultures under supervision of Divisional Forest Officer/Conservator of Forests (Research). The reply was not tenable as the department failed to provide the hardening chamber and trained tissue culture expert even after a lapse of more than two years. Further, the plea of the department that the forest guard was maintaining the TCU was not acceptable as a professional expert from IHBT was required for this purpose.

Thus, due to non-availability of hardening chamber and non-deployment of competent staff, the expenditure of ₹ 87.65 lakh⁴³ incurred upto March 2015 was not only rendered unfruitful but also forfeited the very purpose for which the unit was established.

⁴¹ As per departmental data, estimated cost of hardening chamber: ₹ 7.50 lakh

⁴² *Eucllyptus*, *Dalbergia sissoo*, Bamboos, *Salvadora oleoids*, *Salvadora persica*, *Anogeissus latifolia*, *Anogeissus pendula*, *Tecomella undulate*, *Boswellia serrata* and *Adina cordifolia*.

⁴³ (i) Consultancy charges to IHBT : ₹ 7.85 lakh, (ii) Purchase of equipments, chemicals, air-conditioners etc.: ₹ 26.47 lakh, (iii) Construction of building : ₹ 26.50 lakh, (iv) Electricity connection : ₹ six lakh and (v) Operational costs : ₹ 20.83 lakh.

**Health Department
(Red Cross Societies)**

3.9 Utilization of funds by Red Cross Societies

District Red Cross Societies (DRCS) had spent ₹ 18.38 crore on pay and allowances and only ₹ 6.63 crore on its main aims and objectives. An expenditure of ₹ two crore was incurred on the activities not covered under its objectives. There were cases of embezzlement, non-imparting of training to handicapped persons, non-levy of penalty on the supplier, non-approval of constitution and uniform service rules of DRCS.

The Indian Red Cross Society (IRCS) was constituted under the Indian Red Cross Society Act, 1920 for the purpose of aid to the sick and wounded members of the Armed Forces and other purposes of a like nature during war and also for continuation in peace time, maternity and child welfare; nursing and ambulance work; relief for the mitigation of suffering caused by epidemics, earthquakes, famines, floods and other disasters etc. Haryana State Branch of the IRCS came into existence in June 1971. There are 21 District Red Cross Societies (DRCSs) in the State.

With a view to ascertain whether the funds of the societies were utilized according to its aims and objectives, records for the period 2010-15 in the office of Red Cross Society Haryana (RCH) and five⁴⁴ out of 21 DRCSs were test checked under Section 20 (1) of CAG's DPC Act, 1971. Against the income of ₹ 54.79 crore, an expenditure of ₹ 49.82 crore was incurred in the test checked units during 2010-15.

During audit the following irregularities were noticed:

(i) Non preparation of budget estimates.

Audit scrutiny showed that Budget Estimates (BE) were not prepared by two DRCSs, Bhiwani and Fatehabad during the audit period 2010-15, DRCS, Sirsa for the year 2011-15, DRCSs, Gurgaon and Kurukshetra for the year of 2012-13 and 2014-15 respectively, reasons for which were not available on record. Non preparation of BE indicated lack of financial control over the expenditure by DRCSs.

On being pointed out in the audit, DRCSs, Fatehabad and Kurukshetra stated (September 2015) that budgets for these years had now been approved in the Executive Committee (EC) meeting of DRCSs. No reply from DRCSs, Sirsa and Gurgaon has been received (December 2015).

⁴⁴ Sirsa, Kurukshetra, Bhiwani, Fatehabad and Gurgaon.

(ii) Irregular expenditure

(a) Section 20 (1) of Constitution of DRCS provides that all the appointments in the district branch shall be made by President and the cases would be laid before the EC for confirmation.

Audit observed that the appointments of 90 employees⁴⁵ in five test checked districts were made without following the procedure as laid down in the constitution of the DRCSs. Societies incurred an expenditure of ₹ 12.29 crore on account of pay and allowances to 90 employees during 2010-15 without following the procedure. DRCS, Fatehabad stated (September 2015) that approval of EC on all the appointments has now been taken. Remaining four DRCSs have assured to get the matter approved from EC in the next meeting. However, no approval has yet been given by the EC (December 2015).

(b) DRCSs have to incur the major expenditure to achieve the objective mentioned in First Schedule section 7 under the Indian Red Cross Society Act, 1920. Scrutiny of records of five DRCSs showed that an expenditure of ₹ 29.52 crore was incurred by these DRCSs during 2010-15. Audit observed that these DRCSs incurred an expenditure of ₹ 18.38 crore (62 per cent) on salaries and only an expenditure of ₹ 6.63 crore (22 per cent) was incurred on aims and objectives by these DRCSs. Out of ₹ 18.38 Crore, DRCSs had incurred irregular expenditure of ₹ 1.50 crore⁴⁶ on pay and allowances of the staff working in other departments⁴⁷. Besides, expenditure of ₹ 0.24 crore was also incurred in Sirsa District on vehicles and machinery deployed for other departments. On being pointed out, the Secretary DRCS, Fatehabad stated (September 2015) that out of ₹ 18.40 lakh an amount of ₹14.14 lakh had been recouped. No recovery has been made by other DRCSs as of December 2015.

(c) Scrutiny of records of selected DRCSs showed that Societies had incurred expenditure of ₹ 27.39 lakh on financial aid to the poor persons, private and Government institutions etc., on Diwali and National day celebrations which was not covered under the objectives of the IRCS Act, 1920. Further, State Government was directed (April 2010) by the High Court to stop such payments. The RCH forwarded (November 2010) court instructions to all the presidents of DRCSs to stop such payments.

It was further observed that an expenditure of ₹ 26.34 lakh out of ₹ 27.39 lakh was incurred on these activities even after the directions (April 2010) of the High Court.

The Secretary, DRCS Bhiwani stated (March 2015) that the society has now stopped the practice of distribution of aid to poor. The fact, however, remained

⁴⁵ Employed for official Staff and for various projects such as Family Counseling Centre, District Rehabilitation Centre, etc.

⁴⁶ Sirsa: ₹ 0.16 crore, Kurukshetra: ₹ 0.48 crore, Gurgaon: ₹ 0.68 crore and Fatehabad: ₹ 0.18 crore = ₹ 1.50 crore.

⁴⁷ Tehsil office, Municipal Council, Civil Surgeon, DC office, Census Department etc.

that expenditure was incurred in contravention of provisions of IRCS Act, 1920 and no action had been taken against the officers at fault.

(iii) Training to the handicapped persons

Social Justice and Empowerment (SJE) Department framed a policy (August 2009) to rehabilitate 128 blind persons who were employed for canning of chairs by posting them as Master Trainers (MTs) in DRCSs as use of cane chairs had decreased significantly. They were required to undergo three months compulsory training in making of chalk, disposable articles, candles, dusters etc. after which they were required to give further training to handicapped persons in different training centers to be opened by SJE department.

The SJE department had released grants to respective DRCSs for payment of salaries to MTs. Accordingly salaries amounting to ₹ 6.69 crore⁴⁸ was paid from December 2009 to March 2014. It was however noticed that the three months compulsory training was not imparted to the MTs in 17 districts (except four DRCSs⁴⁹) due to non availability of suitable training centres. Also an amount of ₹ 4.20 lakh was released in January 2010 to DRCSs for purchase of tools and machines for training purposes. However, no purchase has been made so far (December 2015). The RCH stated (January 2015) that they had considered the issue of training seriously and has fixed training schedule for training of 105 Blind MTs from February to November 2015. However, no training centre has been opened so far (December 2015).

Thus, the objective of rehabilitation of MTs and of enabling the handicapped persons for self employment was not achieved even after incurring an expenditure of ₹ 6.69 crore and necessary tools and machinery are yet to be purchased.

(iv) Suspected Embezzlement

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

Scrutiny of record of DRCS, Bhiwani showed that an amount of ₹ 66,850 was collected between April and August 2011 as receipt by the DRCS, Bhiwani on

⁴⁸ December 2009 to March 2012, ₹ 3.73 crore, 2012-13 ₹ 1.25 crore and 2013-14 ₹ 1.71 crore Total ₹ 6.69 crore.

⁴⁹ Kurukshetra, Panchkula, Hisar and Palwal.

account of ambulance van charges. The amount was entered⁵⁰ in the cash book and shown as deposited in the bank. Scrutiny of cash book and Bank Statement however, showed that the amount was not deposited in the bank. It was also not ensured by the DDO, that the entire money collected was deposited in the Bank. This amount was not even reflected in the bank reconciliation statement prepared by the chartered accountant who had finalized the account of the society. This was tantamount to embezzlement of ₹ 66,850.

The Secretary, DRCS Bhiwani stated (June and September 2015) that amount of ₹ 93,410 (embezzlement of ₹ 66,850 and interest of ₹ 26,560) had been deposited in bank in June 2015. Thus, non verification of monetary transactions in cash book by DDOs and non checking of entries in the cash book other than the writer of the cash book facilitated the embezzlement.

(v) *Non approval of Constitution and uniform Service Rules*

RCH circulated (January 2006) draft Constitution and uniform Service Rules for all branches of DRCSs in Haryana for their comments so that it could be approved in the meeting of Management committee to be held on 17 January 2006. It was noticed that three out of five DRCSs (Fatehabad, Bhiwani and Gurgaon) neither adopted the Constitution nor have any service rules duly approved by the competent authority. Three DRCSs (Sirsa, Fatehabad and Gurgaon) had stated that they had followed Haryana Government rules in the absence of its own approved service rules. The Secretary RCH stated (September 2015) that the rules have not been approved by DRCSs.

(vi) *Undue favour and non levy of penalty*

Four supply orders for First Aid Boxes were issued between December 2011 and October 2013, with a request to complete the supply within one month from the date of the supply order failing which penalty at the rate of one *per cent* per day of total cost of material was to be imposed. Though, the firm had supplied the First-Aid-Boxes with a delay ranging between 48 to 174 days, yet payment of ₹ 9.25 lakh was made against these supply orders without levying any penalty. It was also noticed that samples of the supplied items had also failed.

The Secretary, RCH stated (September 2015) that the condition of levying the penalty at one *per cent* was mentioned by them in some supply orders whereas in tender form no such condition was given. The reply is not convincing as the condition of penalty was mentioned in the supply orders and therefore penalty was to be levied on such cases where there were inordinate delays in supply.

Thus, District Red Cross Societies had spent ₹ 18.38 crore on pay and allowances and only ₹ 6.63 crore on its main aims and objectives. An expenditure of ₹ two crore was incurred on the activities not covered under its objectives. There were cases of embezzlement, non-imparting of training to handicapped persons, non-

⁵⁰ ₹ 15,400 on 21 April 2011, ₹ 15,190 on 14 June 2011 and ₹ 36,260 on 04 August 2011.

levy on penalty on the supplier, non-approval of constitution and uniform service rules of DRCS.

The matter was referred to the Additional Chief Secretary to Government of Haryana, Health Department in August 2015 and further reminder was issued in September 2015. Reply was awaited (January 2016).

Higher and Technical Education Departments

(Guru Jambheshwar University, Hisar and Kurukshetra University, Kurukshetra)

3.10 Avoidable payment of Service Tax

Guru Jambheshwar University, Hisar and Kurukshetra University, Kurukshetra made avoidable payment of Service Tax of ₹ 1.98 crore on the services which were exempted by Government of India.

Government of India (GOI), Ministry of Finance, Department of Revenue, exempted (June 2012) payment of service tax on the services provided to or by an educational institution in respect of education by way of auxiliary education services (AES)⁵¹. Central Board of Excise and Customs further clarified in September 2013 that all the services relating to education are exempted from service tax. The notification was further amended in July 2014 and the concept of AES was omitted and exemption of service tax was available to an educational institution on the services provided (a) by an educational institution to its students, faculty and staff (b) to an educational institution, by way of transportation of students, faculty and staff, catering including any mid-day meals scheme sponsored by the Government, security or cleaning or house-keeping services performed in such educational institution and services relating to admission to, or conduct of examination by, such institution" security, housekeeping, catering and cleaning, etc.

Scrutiny of the records (May-June 2015) of Guru Jambheshwar University (GJU), Hisar showed that the GJU had deployed security staff and security supervisors through a service provider (SP)⁵² and the agency was paid an amount of ₹ 31.39 lakh as service tax during the period January 2013 to June 2014 in contravention of the instructions *ibid*. Further manpower was deployed (September 2012) through another SP⁵³ for maintenance works (Civil, Electrical, PHE and

⁵¹ Auxiliary educational services means any services relating to imparting any skill, knowledge, education or development of course content or any other knowledge-enhancement activity, whether for the students or the faculty, or any other services which educational institutions ordinarily carry out themselves but may obtain as outsourced services from any other person.

⁵² Haryana Ex-Service League.

⁵³ M/s Narwal Super Security, Panipat.

Horticulture) in the GJU and an amount of ₹ 56.53⁵⁴ lakh had been paid to the Service Tax department and the SP from October 2012 to April 2015 on account of service tax in lieu of supply of manpower taken for maintenance services which comes under housekeeping works. Thus, GJU had made an avoidable payment of Service Tax amounting to ₹ 87.92 lakh.

The Principal Secretary, Technical Education Department stated (November 2015) that the matter had been taken up with the Service Tax department for refund of service tax and audit would be appraised about the final outcome of the case.

(b) Scrutiny of the records (January 2015) of Kurukshetra University, Kurukshetra (KUK) showed that KUK had deployed staff as Malis, Sweeper, Waiter, Cook for housekeeping and security staff through three SPs and an amount of ₹ 1.10⁵⁵ crore was paid as service tax to the SPs during the period July 2012 to March 2014 in contravention of the instructions *ibid*. The Additional Chief Secretary, Higher Education Department stated (November 2015) that the matter regarding refund of service tax would be taken up with the concerned authority in consultation with the Chartered Accountant engaged by the University.

Thus, GJU and KUK made avoidable payments of service tax amounting to ₹ 1.98 crore on account of service tax to the SPs which could have been avoided, had the notifications issued by Government been properly examined/implemented.

Home Department

3.11 Crime and Criminal Tracking Network and Systems

Crime and Criminal Tracking Network and Systems project has not been completed even after a lapse of three years. The department failed to provide hardware to investigating officers, training to police personnel, digitise/migrate the legacy data, application software and network services among police stations, higher offices and National Crime Record Bureau for sharing real time information. Department also failed to provide citizen centric services to improve police functioning in maintaining law and order.

Government of India (GOI), Ministry of Home Affairs (MHA) has conceptualized Crime and Criminal Tracking Network and Systems (CCTNS) as a “Mission Mode Project” under National e-Governance Plan in 2009 with a view to modernize the police force by enhancing outcomes in the areas of crime investigation and criminal detection, information gathering and its dissemination among various police organizations and units across the country and in enhancing

⁵⁴ ₹ 14,13,440 to service provider, ₹ 42,39,625 service tax deposited directly by University to Service Tax Department.

⁵⁵ ₹ 32,45,647 to M/s HESL Security Personnel, Kurukshetra, ₹ 72,67,853 to M/s Keshav Security Service Pvt. Ltd., New Delhi and ₹ 5,02,694 to M/s XEAM Ventures Pvt. Ltd.

citizen services by creating a nationwide networked infrastructure for evolution of IT-enabled tracking system. The Haryana CCTNS project was to be implemented from 2009 to 2012 in two phases, covering 40 Police stations (PSs) in phase-I and remaining 233 PSs and 152 higher offices in phase-II. Records of Director General of Police (DGP) and 20 out of 40 PSs covered under phase-I in three Districts⁵⁶ were scrutinized during December 2014 to February 2015. Against the project cost of ₹ 58.94 crore, grant of ₹ 22.40 crore (₹ 10.75 crore from GOI and ₹ 11.65 crore from State Government) was released and an expenditure of ₹ 10.99 crore was incurred (19 per cent of total project cost), leaving a balance of ₹ 11.41 crore during 2009-15. Following major irregularities were noticed during audit:

(a) *Pre-implementation activities*

State Government was required to engage a firm as State Project Management Consultant (SPMC) to provide support for the implementation of the project. M/s Pricewater House Coopers Pvt. Ltd. Gurgaon was appointed as SPMC through open bidding process at a total cost of ₹ 43.85 lakh on 14th May 2010. The consultant firm was required to adhere to the milestone timelines as per Request for Proposal (RFP). The timelines and actual dates on which these deliverables were approved by MHA/State Government are given below in the table:

Sr. No.	Deliverable	Timelines as per RFP/ Agreement	Actual date of submission	Delay in submission by SPMC	Date on which approval was conveyed by MHA/NCRB/State	Delay in weeks
1.	Detailed Assessment Report	T ⁵⁷ +4 weeks	30 July 2010	7 week	29 December 2010	22 week
	Functional Requirement Specifications and Data Migration Report	T+6 weeks	30 July 2010	5 week	29 December 2010	22 week
	Infrastructure Requirements	T+6 weeks	30 July 2010	5 week	29 December 2010	22 week
	Process Re-engineering Report, M&E Framework, CB & CM Report and Drafting Government orders	T+6 weeks	30 July 2010	5 week	29 December 2010	22 week
	Project Implementation Requirements	T+8 weeks	30 July 2010	3 week	29 December 2010	22 week
2.	Project Implementation and Monitoring (PIM) Plan	T+10 weeks	20 September 2010	8 week	29 December 2010	22 week
3.	Request for Proposal (RFP) for System Integrator	T+12 weeks	08 January 2011	NIL ⁵⁸	14 January 2011	1 week
4.	Bid Evaluation Report	T+20 weeks	26 August 2011	47 week	30 September 2011	5 week

(Source: Report submitted by SPMC)

It was observed that above reports were submitted by SPMC after a delay period ranging between three and 47 weeks (except Sr. No. 3 of above) and approved by MHA/State Government after delay periods ranging between one week and 22 weeks, which resulted in overall delay in implementation of the project. Due to delay in submission of deliverables the agency was liable to pay penalty of ₹ 3.51 lakh as per clause 5.9 of RFP, which was not levied. The DGP stated (March 2015) that deliverables, were dependent on the Model RFP to be shared by NCRB, MHA, GOI. The reply is not tenable as delay was calculated after receipt of Model RFP and actual date of submission of reports by SPMC.

⁵⁶ Panchkula, Ambala and Gurgaon where pilot phase (Phase-1) was implemented on 01 January 2015.

⁵⁷ T= Date of Agreement (14 May 2010).

⁵⁸ Model Request for proposal received from NCRB on 27 October 2010.

(b) Implementation of project

The central feature of CCTNS implementation at the State level is the “bundling of services” concept. According to Guidelines, State of Haryana was to select one System Integrator (SI) to provide mainly Site preparation and Hardware (supply and installation), Capacity Building, Digitization/Migration of historical data, Application Software (customization and enhancement). M/s Hewlett Packard India Sales Ltd. (M/s HP) was selected as SI by High Power Purchase Committee of the State on the basis of technical and commercial score in June 2011 at a project cost of ₹ 53 crore. First phase of project was implemented in all 40 PSs and remaining 233 PSs and 152 higher offices were required to be covered in phase-II which was yet to be started.

Broad milestone of project and actual date of completion is as under:

Sr. No.	Activities	Agreement / SLA date	Due date of completion	Revised date of completion	Actual date of completion	
1.	Site Survey	Phase-I	T ⁵⁹ + 10 weeks	10 December 2011	10 December 2011	10 September 2012
		Phase-II	T+10 weeks	10 December 2011	10 December 2011	February 2014
2.	Site preparation and Hardware Installation.	Phase-I	Three months after taking over of sites	January 2013	January 2013	January 2013
		Phase-II		01 July 2014 to 07 February 2015	01 July 2014 to 07 February 2015	Under progress
3	Capacity Building		T1 ⁶⁰ + 44 weeks	02 November 2012	26 October 2014	Under progress
4.	Data Digitization/Migration		T1+14 weeks	06 April 2012	30 March 2014	Under progress
5.	Application Software	CAS (State)	T1+ five months	28 May 2012	21 May 2014	01 January 2015
		State Specific.	T+ five months	27 February 2012	20 February 2012	Under progress

(Source: Departmental Data)

It can be seen from the above table that there were delays in preparation of site, installation of hardware, data digitization/migration, Capacity Building and CAS.

Following deficiencies were noticed in implementation of CCTNS:

(i) Site preparation and commissioning of Hardware

As provided in clause 5.4.4 of RFP, the Haryana Police was to provide the necessary space to the SI. The SI was required to conduct a site survey to ensure site readiness for the institutionalization of the CCTNS infrastructure. As per Agreement (T) the supply, installation and commissioning of hardware at offices was to be completed within three months after taking over the office sites.

In phase-I, 40 PSs, site preparation and hardware installation were completed by January 2013. Test check of CCTNS project in 20 PSs showed that DG sets (Generator) costing ₹ 25.97 lakh were lying idle since inception as fuel for the same had not been provided by the department and the warranty period of these DG sets had already expired without even being used.

⁵⁹ T= Date of Agreement (30 September 2011).

⁶⁰ T1= Date of CAS (state) received from NCRB (29 December 2011 and revised on 22 December 2013).

Hardware amounting to ₹ 0.69 lakh was not traceable in Gurgaon and Ambala which indicates lack of monitoring and loss to the Government. Hardware costing ₹ 3.39 lakh at PS Traffic, Gurgaon was lying idle.

In Phase-II, SI was required to complete the site survey report by December 2011, but it was completed in February 2014 as SI took time in the formulation of its teams for conducting the site survey. SI was required to complete site preparation and hardware installation by July 2014 to February 2015 as department handed over 197 PSs between April 2014 and November 2014, but 34 PSs had not been handed over to SI for site preparation and two PSs were not functional. Out of 152 higher offices, 11 offices had not been handed over so far.

The departments stated (February 2015) that SI had submitted site survey reports in February 2014. Hardware was not installed due to non finalization of model of computer and printers in timely manner. SI confirmed that earlier approved model of the computers have reached the end of life and proposed for new models. The reply of department is not acceptable as due to lackadaisical approach of department, the firm took two years and three months to complete just the site survey and hardware at phase-II PSs and higher offices were yet to be installed which ultimately delayed the overall implementation of the project.

(ii) Capacity building

As provided in Agreement, SI was required to provide training in change management, applications modules and basic computer training to 45,000 police personnel⁶¹ at a cost of ₹ 5.98 crore by October 2012 against which payment of ₹ 59.76 lakh was made to SI so far. Scrutiny of records showed that:

- There was shortfall in achievement of targets of imparting of training which ranged between 75 and 86 *per cent* in basic computer application module and no training were provided in change management so far.
- SI provided basic computer training to 9,974 officials only upto October 2012 against the target of 20,000 officials and payment of ₹ 59.76 lakh was made against due amount of ₹ 35.28 lakh⁶² which resulted in an excess payment of ₹ 24.48 lakh.
- Test check of CCTNS project in 20 Police Stations showed that 407⁶³ police personnel who were required to be trained as end user of Core Application Software (CAS) but none of them was trained and the work of CAS was being done by Computer Operators.

DGP stated (March 2015) that excess payment released to SI for training would be recovered from the payment of next milestone⁶⁴ of the SI and the training

⁶¹ Change management training to 5000 personnel: @ ₹ 3162.61 per trainee, applications modules training to 20,000 (@ ₹ 792.79 per trainee and basic computer training to 20,000 (@ ₹ 353.70 per trainee.

⁶² 9974 trainee @ ₹353.70 = ₹35,27,804.

⁶³ Ambala-85, Panchkula-96 and Gurgaon-226.

⁶⁴ M-3 Go-live of pilot district i.e. completion of Phase-I.

would be started after the deployment of complete system application modules. The facts, however, remained that training given to the police personnel had not been fruitful as trained manpower was not posted at Police Stations.

(iii) Data Digitization and Migration

As per clause 4.5.4.8 of Agreement, SI was required to migrate the data from already digitized data to the new system (CCTNS) (approx 7,10,637 FIR cases) and historical criminal data available in manual form was required to be digitized by SI (approx. 13,74,245 FIR cases) by March 2014. However, scrutiny of records showed that SI has performed work of data migration of 2,74,701 FIR records against 7,10,637 and data digitization of 6,61,764 FIR records against 13,74,245 (09 December 2015). Thus, there was a shortfall of digitization and migration to the extent of 7,12,481 and 4,35,936 FIR records data respectively. DGP stated (February 2015) that the digitization and migration of the records/data had dependency on data migration utility to be released by the NCRB, which was released in December 2012. The delay in digitization/migration was also due to inadequate number of data entry operators deployed by SI.

Thus, due to ineffective planning and non-monitoring, the digitization/migration exercise which was required to be completed in March 2014, only 45 *per cent* of data has been digitized/ migrated (December 2015) and data had not been put to meaningful use as it had not been migrated to the CCTNS-CAS.

(iv) Core Application Software (State) and additional application software

The CCTNS application software (CAS State) was common for all states and UTs and it was required to be developed by NCRB and each State/UT was to customize the CAS (state) according to their unique requirement and thereafter commission the same. In order to improve service delivery to the citizens, 40 e-services such as basic status of case registered, copy of FIR/complaint registered, passport verification, tenant verification, servant verification, NOCs, driving license, lost cell phone certificates, information of the customer staying in hotels, RTI, online payment of traffic challans etc. were to be provided to the citizens in CAS (State) by citizen portal module.

Test check of CCTNS projects in 20 PSs showed that only two e-services were being provided to the citizens and no additional modules had been integrated with CAS by March 2015. Besides, the SI was required to deploy 13 additional modules by February 2012, but only eight modules have been developed so far.

The DGP stated (February-March 2015) that remaining services would be provided to the citizens and the development of remaining modules would be completed shortly. Integration between the CAS (State) and CAS (Centre) has to be done only at the database level. The department had asked the SI to hold meetings with the external agencies for obtaining the databases. The fact, however, remains that the remaining e-services could not be provided to citizens as such intended benefits to citizens like online police verification, NOCs, RTI, payment of traffic challans etc. were still denied. The department also failed to integrate all the 13 additional modules with CAS (state).

(v) Networking

With a view to enhance outcomes in the areas of crime investigation and criminal detection, information gathering and its dissemination across the country a nationwide networked infrastructure were required to be created. The connectivity of CCTNS project at higher offices was to be on Haryana State Wide Area Network (SWAN) and connectivity at all the police stations was to be either on SWAN or Virtual Private Network over Broadband (VPN_oBB). SI was responsible for the last mile connectivity for CCTNS project and connectivity to 338 PSs and 118 Special Cells was to be provided by BSNL using VPN_oBB. But it was noticed that;

- None of the 20 PSs where phase-I was implemented, were connected to NCRB.
- Out of 273 PSs and 152 higher offices, 421 sites were connected through SWAN, but at 49 sites SWAN was not made functional.
- BSNL had not laid line using VPN_oBB to connect police posts and special cells as agreement with BSNL has not been executed.
- Local Area Network had not been provided at PSs as supply order for structure cabling was not issued timely by the department.

Thus, prime objective of project i.e crime investigation and crime detection across the country by creating a nationwide networked structure could not be achieved.

(vi) Other Miscellaneous Irregularities**(a) Non-levy of penalty**

As provided in chapter 3 of Agreement, SI was required to adhere to the timelines mentioned for each deliverable otherwise penalty may be imposed. The firm had not adhered to the timelines as per agreement and was liable to pay penalty amounting to ₹ 3.47 crore, of which an amount of ₹ 2.23 crore had been deducted in April 2014, but balance amount of ₹ 1.24 crore had not been deducted so far (December 2015). The matter was referred (December 2015) to DGP but no reply has been received.

(b) Undue benefit

As per agreement clause 2.6 Schedule-VI, mobilization advance of ₹ 4.45 crore (10 *per cent* of cost of implementation phase ₹ 44.46 crore) was payable to SI against submission of bank guarantee having validity throughout contract period. It was noticed that mobilization advance amounting to ₹ 4.45 crore was paid without obtaining the bank guarantee. DGP stated (March 2015) that directions are being issued to the firm concerned for submission the bank guarantee against mobilization advance. SI requested exemption from submission of the bank guarantee in a meeting held in December 2015. However no action has been taken so far in this regard (December 2015).

Similarly, mobilization advance of ₹ 32.48 lakh (10 per cent of cost of implementation phase: ₹ 3.24 crore) was given to SPMU without obtaining appropriate bank guarantee. On being pointed out, bank guarantees amounting to ₹ 33.09 lakh had been submitted by the firm in May 2015 which also expired on 07 June 2015, as the contract of the firm concerned also expired in June 2015. Necessary approval to extend the contract was pending at the end of NCRB/MHA since June 2015 and no action was taken against the firm so far. (December 2015).

(c) Shortfall in holding meetings for implementation of project

As per CCTNS implementation guidelines, various Governance committees i.e. State Apex Committee, State Empowered Committee, State Mission Team and District Mission Team were to be formed. Meetings of State Apex Committee were required to be held on quarterly basis and meetings of rest of the committees were to be held on monthly basis. Regular meetings were to be held to review the progress and implementation of the project. The Committees were constituted during October 2009, but, meetings of above mentioned committees had not been held and shortfall ranged between 60 and 73 per cent. The DGP (February 2015) stated that the observations would be brought to the notice of the Chairperson of the each committee for holding meetings as per prescribed frequency.

Thus, CCTNS project has not been completed even after a lapse of three years. The department failed to achieve overall objective of the project and not recovered the due penalty so far.

The matter was referred (May 2015) to the Additional Chief Secretary to Government of Haryana, Home Department and further reminder was issued in June 2015; the reply was awaited (January 2016).

3.12 Non-implementation of Outdoor Surveillance System

Non-implementation of Outdoor Surveillance System, a crucial and vital project for maintenance of law and order and crime control, resulted in blockade of funds amounting to ₹ 8.24 crore for more than four years, wasteful expenditure of ₹ 14.48 lakh and loss of interest of ₹ 2.04 crore.

In order to create an outdoor surveillance system with a communication infrastructure and implementation of an IP based video surveillance system for aiding visual surveillance for law and order, crime and traffic control, incident management and disaster response, Government of India (GOI) approved an Outdoor Surveillance System under the scheme for modernization of State Police Forces, in 2008-09 for Panchkula district of Haryana and later on the project was extended to other three districts (Rohtak, Karnal and Panipat) during the financial year 2009-10 and 2010-11.

Financial Commissioner and Principal Secretary, Government of Haryana, Home Department issued sanction amounting to ₹ 8.26 crore during 2009-11 for installation of system in four districts through Haryana State Electronics

Development Corporation Limited (HARTRON), which was deposited (₹ 5.65 crore in December 2010 and ₹ 2.61 crore in June 2011) with HARTRON on the basis of request for proposal (RFP) finalized by HARTRON. A purchase order was placed with M/s VMC System Ltd. Secunderabad for ₹ 7.75 crore by HARTRON in February 2011. As per clause 3 of agreement and 6.4 of RFP, the company was required to complete the installation, commissioning and integration of the system at all the sites within three months from the date of award of contract (February 2011). Final acceptance test was to be conducted within four months from the date of award of contract. As such, the project was to be operationalised by June 2011.

Scrutiny of records (May 2014) of Director General of Police (DGP) Haryana showed that the firm delivered (November 2011) the equipment at the four sites with a delay of six months. Physical inspection was conducted by a Committee during May 2012 which pointed out that company delivered only eight equipment against 20 at each site, of which only six equipment were found to be as per specification of the purchase order and accuracy of the software was found to be only 32 *per cent*. The company requested for another opportunity to supply the said software after being updated/reconfigured but failed to supply the equipment as per requirement and became non responsive since September 2013.

The purchase order placed with the company was terminated by HARTRON in June 2014. In terms of clause No. 6.4 (v) of RFP, the earnest money amounting to ₹ 2.00 lakh along with performance bank guarantee of ₹ 77.50 lakh was forfeited by HARTRON and an amount of ₹ 8.91 crore had been refunded by HARTRON to the DGP in January 2015 after deducting an amount of ₹ 14.48⁶⁵ lakh out of total amount of ₹ 9.05⁶⁶ crore. The amount was lying with DGP, Haryana in the PRERIT Society account and not refunded to GOI.

In audit it was observed that the matter remained under correspondence between Police Department and HARTRON and there was inordinate delay on the part of both the Police Department and HARTRON. Action against the agency was taken in June 2014 and the system which was required to be made operational by June 2011 was still to be procured (December 2015). However, utilization certificate of funds had already been submitted to GOI in September 2010 and December 2012 after depositing the funds with HARTRON, without incurring expenditure on the Project.

Further, according to the instructions issued by Finance Department (March 2011), HARTRON was required to pay interest at the rate of six *per cent* per annum, on half yearly basis to the department on unutilized funds and administrative departments were responsible for recovering the interest. But, neither HARTRON paid nor the department demanded interest amounting to ₹ 2.04 crore on unutilized funds for the period March 2011 to December 2014.

⁶⁵ Deduction : expenditure incurred on manpower: ₹ 12.60 lakh,+ floating NIT ₹1.88 lakh = ₹ 14.48 lakh.

⁶⁶ Amount deposited ₹ 8.26 crore + Bank guarantee ₹0.77 crore + forfeited EMD amount ₹ 0.02 crore = ₹ 9.05 crore.

Thus, due to lackadaisical approach of the Department, the outdoor surveillance system, which was to be operationalised by June 2011, has not been procured even after a period of more than four years from the target date of completion.

On being pointed out the DGP stated (June 2015) that due to refusal of HARTRON to go ahead for re-tendering of the city surveillance system, Electronics Corporation of India Limited has been approached for submitting a concept note in order to establish the desired specification for the system and rough cost estimate and the matter is still under process.

The fact remains that the department did not install the system even after four years from the targeted date of completion due to which the desired benefits of the proposed project could not be achieved and expenditure of ₹ 14.48 lakh so far incurred was rendered unfruitful. Submission of utilization certificate of funds to the GOI in 2010-13 was irregular. ₹ 8.24 crore remained blocked and unutilized for a period of more than four years, which further resulted in loss of interest ₹ 2.04 crore.

The matter has been referred to Additional Chief Secretary to Government of Haryana, Home Department in August 2015 and further reminder issued in September 2015; Reply was awaited (January 2016).

3.13 Non-procurement of jammers for jails

Jammers could not be procured and funds of ₹ 5 crore remained unutilised for more than six years due to indecisiveness of Jail Department. Objective of improving security infrastructure in four jails remained unachieved besides department suffered loss of interest of ₹ 1.20 crore.

In order to improve the security infrastructure of various jails, Haryana Government accorded sanction (September 2008) of ₹ 5 crore for installation of 14 Mobile Jammers and CCTV Surveillance, etc. in four jails. For procurement of these items a sum of ₹ 5.00 crore (₹ 3.00 crore in April 2009 and ₹ 2.00 crore in January 2013) was deposited with Haryana State Electronics Development Corporation Limited (HARTRON) by the Director General (DG), Prisons. In the first phase, jammers were to be installed in four highly sensitive jails of Sonipat, Jhajjar, Palwal and Rewari having borders with other states.

DG, Prisons asked (April 2009) HARTRON a nodal agency in the State to start the bidding process during April 2009 and again in November 2009 but tenders were not finalized. In the meantime, a letter was received (July 2011) from Secretary (Security), Cabinet Secretariat, New Delhi stating that as per policy of Government of India (GOI), Jammers are restricted items and are to be procured only from the two authorized Public Sector Undertakings (PSUs) (M/s Bharat Electronics Limited (BEL) and M/s Electronics Corporation of India Limited (ECIL)). Accordingly, the Financial Commissioner and Principal Secretary (FCPS), Jails Department allowed (November 2011) the DG, Prisons to withdraw the indent placed with HARTRON and to procure the jammers from ECIL and BEL and complete the project within three months. The matter was taken up with the concerned PSU's by DG, Prisons in January 2012. The GOI approved

procurement of static cell phone jammers from ECIL in October 2012. However, while issuing administrative approval for ₹ 2.00 crore (January 2013), the Additional Chief Secretary, Jail Department again asked to install the jammers through HARTRON. Thereafter the matter remained under correspondence between Jail Department and HARTRON.

The Managing Director, HARTRON intimated (November 2013) the DG, Prisons that since the Jail Department intends to procure a specific model from a specific vendor (M/s ECIL), as such the department should make the procurement at its own level. The Additional Chief Secretary to Government of Haryana, Jail Department advised (March 2014) the DG, Prisons to take-up the matter with the Director, Supplies and Disposals, Haryana. In a meeting of the Technical Committee held on March 2015, attended by Jail Department officials, the Committee decided that mobile jammer being a highly technical item in the field of Electronics/IT Engineering, its procurement should be handled by HARTRON. The matter remained undecided thereafter.

Audit observed (October 2014) that although the sanction for installation of specific model was received from GOI in October 2012, yet the department failed to make the procurement despite availability of funds. The Hon'ble High Court of Punjab and Haryana in a judgment in September 2012 also ordered that jammers be installed in all the prisons in the State of Haryana. Due to indecisiveness of the Jail Department Jammers could not be procured/installed in four jails (December 2015). Funds amounting to ₹ five crore has thus remained unutilised since April 2009⁶⁷ and the objective of improving security infrastructure of four highly sensitive jails remains unachieved. During inspection of District Jail Kurukshetra (October 2014), 15 mobile phones were confiscated from the prisoners by Jail Authorities.

Further, as per instructions of Government of Haryana (March 2011) interest at the rate of six *per cent* on the funds lying deposited with HARTRON has not been paid by the HARTRON due to which the department also suffered a loss of interest of ₹ 1.20⁶⁸ crore.

On being pointed out, DG, Prisons stated (May 2015) that the matter regarding installation of mobile phone jammers and CCTV was under process with HARTRON. As it was the only approved source for purchase of electronic items and since the amount was already deposited with HARTRON, it was considered appropriate to procure the items through them. DG, Prison further stated (December 2015) that process of procurement of mobile phone jammers has been finalized by HARTRON and supply order amounting to ₹ 6.77 crore has been issued to ECIL in December 2015 and HARTRON has agreed (October 2015) to pay ₹ 1.12 crore (calculated upto September 2015) as interest amount and a proposal was being forwarded to Government for getting relaxation to utilize the amount of interest against the balance payment of Mobile Phone Jammers. The reply is not tenable as GOI had already approved the procurement from ECIL in

⁶⁷ ₹ 3.00 crore for six years and ₹ 2.00 crore for more than two years.

⁶⁸ ₹ 85.50 lakh on ₹ 3.00 crore from April 2011 to December 2015 and ₹ 34.50 lakh on ₹ 2.00 crore from 15 February 2013 to December 2015.

October 2012 and supply order was issued in December 2015 after a period of more than three years and supply has not been made as of December 2015.

Thus, Jammers could not be procured and funds of ₹ 5.00 crore remained unutilised for more than six years due to indecisiveness of Jail Department. Objective of improving security infrastructure in four jails remained unachieved besides department suffered loss of interest of ₹ 1.20 crore.

The matter was referred to Additional Chief Secretary to Government of Haryana in July 2015 and further reminders were issued in August and November 2015. Reply was awaited (January 2016).

Horticulture Department

3.14 Unfruitful expenditure on incomplete Hi-Tech Vegetable Seedling Production Unit

Lack of financial prudence, not ensuring the availability of raw water and execution of sub-standard work rendered the expenditure of ₹ 96.49 lakh by Horticulture Department on erection of hi-tech green house and other infrastructure for vegetable seedling production unit, unfruitful.

Government of India, Ministry of Agriculture launched a scheme “Vegetable Initiative for Urban Clusters” (March 2011) under Rashtriya Krishi Vikas Yojna (RKVY) with the objective of addressing all concerns relating to both the demand and supply side of vegetable sector in selected cities, enhancing vegetable production and productivity, improving nutritional security, income support to vegetable farmers and creating employment opportunities for skilled and unskilled persons, especially unemployed youth.

Scrutiny of records of District Horticulture Officer (DHO), Rohtak (March 2014) showed that the main work for “Erection of Hi-Tech Green House and other infrastructure for Vegetable Seedling Production Unit at Village - Samar Gopalpur, Rohtak” was awarded (September 2011) to a firm for ₹ 78 lakh with a completion time limit of five months which was extended up to March 2012. Few other ancillary works like storage tank, installation of tubewell, chain fencing of seedling production unit and other related works were got executed (between September 2011 and March 2013) separately through the department and District Soil and Conservation Officer for an amount of ₹ 18.49 lakh. Audit observed that though the project was planned to be operational by March 2012, even after incurring an expenditure of ₹ 96.49⁶⁹ lakh till March 2013, the project was lying unutilized due to the following major shortcomings in the planning and execution of the project:

- In the Expression of Interest floated in July 2011, the department made only a provision of water storage structure but failed to ensure the source of water for the storage tank. The water was planned to be sourced from a nearby minor of

⁶⁹ ₹ 96.49 lakh = ₹ 78.00 lakh (contractor) + ₹ 7.32 lakh (link chain fencing)+ ₹ 0.64 lakh (Tubewell)+ ₹ 0.92 lakh (water storage tank) + ₹ 9.61 lakh (Miscellaneous).

the Irrigation Department during execution of work. However, Horticulture Department failed to obtain sanction from the Irrigation Department for the supply of water, which should ideally have been taken before taking up execution of the project. Moreover, the land for laying the channel from the source to the project was yet to be acquired. Though a tubewell was also installed to provide water for emergency purposes at a cost of ₹ 0.64 lakh, it could not be made operational due to faulty execution by the department as the same was dug beyond the requisite/prescribed depth⁷⁰. The motor of the tubewell was also reported to have been stolen. Thus, water which was the most important component for the successful operation of the project was not available on the site (December 2015).

- As per the terms and conditions of work order of ₹ 78 lakh, the payment was to be released in three stages⁷¹. Audit observed that the total payment of ₹ 78 lakh was released to the agency between January 2012 and March 2013, in spite of the fact that the agency had not supplied DG set, seed sowing machine and floor washing machine. Moreover, the last payment of 20 per cent was to be released after issue of completion certificate and inspection of the project by the Project Evaluation Committee (PEC). The PEC had reported (January 2013) the non-supply of above referred materials and qualified the report that most of the systems⁷² could not be tested because of lack of electric supply. Thus, release of second and third instalment of ₹ 48.12 lakh⁷³ to the agency was a clear violation of the agreed terms and conditions of the contract.
- The work of construction of storage tank by the department was also not executed properly as seepage had started in the storage tank due to cracks. The Director General, Horticulture stated (September 2015) that the matter was under process and explanation from concerned officers had been called for.
- Further, DHO Rohtak intimated (April 2015) that the Hi-tech green house had got damaged due to storm in May 2014 and could not be made functional for want of canal water and defects in the project.

The Additional Chief Secretary stated (September 2015) that the department came to know about the non-availability of water after starting the work and water would be arranged from the Irrigation Department. Besides the agency concerned had also been asked to repair the poly house sheet (April 2015) and the process of completing and making the project fruitful is in process and would be made functional soon to fulfill the desired purpose. The reply is not tenable as the

⁷⁰ Fresh ground water: Upto 50 feet; Marginal ground water: upto 90 feet; deteriorate below this highly saline: upto 500 feet.

⁷¹ 40 per cent after supply of material at site, 40 per cent after completion of project and 20 per cent after inspection of site by PEC and issue of completion certificate.

⁷² Control Panel for fan pad systems, control panel for fogging/ misting system, boom irrigation system, automatic climate control system, automation in fogging and fertigation system and Heating system.

⁷³ ₹ 48.12 lakh = ₹ 25.00 lakh (November 2012), ₹ 18.12 lakh (January 2013) and ₹ five lakh (March 2013).

department had failed to obtain the water from any alternate source and repair the water storage structure as well as damaged green house from the concerned agency.

Thus, lack of financial prudence by not ensuring the availability of raw water and execution of sub-standard/ faulty work rendered the expenditure of ₹ 96.49 lakh unfruitful and the unit which was to act as a model unit for the region could not be made operational (December 2015), thereby defeating its very objective.

Industrial Training and Vocational Education Department

3.15 Blockade of funds due to injudicious site selection

Decision of Industrial Training and Vocational Education Department to make payment for land without ensuring its suitability for construction of ITI resulted in blocking of funds of ₹ 98.82 lakh for more than seven years and loss of interest of ₹ 66.05 lakh.

As per rule 6.15 of B&R Manual of orders, the site of every building should be definitely settled before the detailed design and estimates are prepared. Besides rule 6.15 (iii)(b) laid down that a board comprising of DC, EE (B&R), EE (Public Health) and an officer of the department may be constituted for the selection of site, and board would submit its report regarding suitability of the site.

With a view to establish an Industrial Training Institute (ITI) at Kalayat, Director General (DG), Industrial Training and Vocational Education (ITVE), Haryana requested (January 2007), Deputy Commissioner (DC), Kaithal to provide 10 acres of land free of cost. Besides other requirements regarding suitability, it was requested that the land should not be in a low lying area. The Principal ITI, requested (May 2007) the Executive Engineer (EE), Public Works Department (PWD) Building and Roads (B&R), Narwana to prepare site plan of ITI as Municipal Committee (MC) was ready to transfer the land (7 Acre 1Kanal) at the collector rate. The EE, informed (May 2007) that land may be purchased in the name of ITI so that site plan could be prepared.

The Principal, ITI Kaithal along with *Kanungo* (an official working in Revenue Department) visited the site (May 2007) and found that the land was water logged. Further, as per the directions of Financial Commissioner and Director, a Joint Committee comprising of Joint Director (Technical), Principal, ITI, Kaithal, Tehsildar and members of the MC, Kalayat inspected (June 2007) the site and reported that the land was a part of a pond with an average depth of 6-7 feet and as such additional cost of earth filling had to be borne by the Government. DC, Kaithal informed (October 2007) the department that the Urban Local Bodies Department had agreed to sell the land measuring 7 Acres 1 Kanal for construction of building for ITI at a cost of ₹ 98.82 lakh. Government accorded (November 2007) sanction for payment of ₹ 98.82 lakh to MC Kalayat; which was deposited in July 2008 without ensuring the suitability of land for construction of ITI building. The EE, PWD (B&R), Narwana in October 2008 informed the department that the site was a part of an existing pond and water was standing and that even after filling the land, it would cause dampness to the building.

Keeping in view the report of the PWD (B&R), the Department requested (November 2008) DC, Kaithal to arrange an alternate site as it was not feasible to construct a building thereon. DC Kaithal informed (February 2009) that Gram Panchayat Pinjupura had agreed to provide 8 Acre 19 Marla land for establishment of ITI on perpetual lease basis at the rate of ₹ one per year for 33 years. Development and Panchayat Department accorded (December 2009) approval to Gram Panchayat, Pinjupura for lease out its land in favour of ITVE and ITI building had been constructed at Pinjupura and classes had already been started. The department requested (May 2010) the MC Kalayat to refund the amount of ₹ 98.82 lakh, but MC Kalayat stated (September 2010) that they were unable to refund the money due to their weak financial position and would refund the amount after sale of commercial land.

Scrutiny of records (October 2014) of the DG, ITVE, Haryana showed that the department ignored the fact that the land was a part of a pond, average depth of which was about 6-7 feet and there was water logging. But, the department did not consult the PWD (B&R) authorities and had not obtained their technical opinion about the suitability of land before making payment to the MC. Thus, the department made payment (July 2008) for the land which was not suitable for construction of ITI despite being aware of the problem of water logging in the inspection (May-June 2007) by the Joint Committee which resulted in blocking of ₹ 98.82 lakh for a period of more than seven years, besides loss of interest of ₹ 66.05 lakh.

The Principal Secretary, Industrial Training Department stated (November 2015) that the Urban Local Bodies Department had again been requested either to transfer the land in the name of the department or refund the amount along with interest. But the fact remains that due to injudicious selection of site by the department the Government funds had been blocked unnecessarily and no refund had been made even after more than seven years from date of making the payment.

Irrigation Department

3.16 Unfruitful expenditure on incomplete canal

The expenditure of ₹ 1.09 crore incurred on incomplete canal rendered unfruitful due to non-linking of minor on both sides of the cell box culvert and non-construction of head regulator.

Para 15.1.1 of the Haryana PWD code provides that no work shall be commenced unless detailed designs and estimate have been prepared for the work to confirm that the work is technically feasible and viable and corresponding technical sanction has been issued by the competent authority. Further, Para 15.1.4 and 15.2.1.(a).vi of ibid stipulate that necessary approvals/clearance of the authorities concerned viz. B&R department for using the right-of-way or crossing the same may be obtained before the execution of the work.

With a view to bring maximum agriculture land under command area and to provide irrigation facilities to the cultivable land of village Madina Korsen and Madina Kheri Rojh of Rohtak district, a project “Constructing Madina Korsen

minor from RD 0-7350 off taking from RD 93150-L, Bhiwani sub-branch (BSB)” was approved for ₹ 1.38 crore in September 2007 under RIDF-XIII of NABARD. The alignment of the proposed channel was to pass through the Delhi-Hisar section of the National Highway (NH-10) and any work proposed to be executed through this road required prior approval of the National Highway Authority of India (NHAI). Further, a separate estimate for construction of Head Regulator of Madina Korsen minor off taking at RD 93150 of BSB was also approved for ₹ 2.51 lakh in February 2011 to control the flow of water in the minor.

Scrutiny of the records (December 2013) of Executive Engineer (EE), Rohtak Water Services Division, Rohtak showed that the work of construction of earth work and single layer brick lining from RD 0-7350 of Madina Korsen minor was allotted (December 2010) at a cost of ₹ 22.87 lakh with a completion time of one year (December 2011). The work was executed to the tune of ₹ 21.87 lakh (June 2011) except the portion of National Highway where a culvert/bridge⁷⁴ was required to be constructed. The work of culvert was completed by NHAI in September 2015 but the Irrigation Department had not linked the minor with a culvert. Besides, the work of construction of head regulator at RD-93150-L Bhiwani sub-branch was allotted in January 2015 i.e. after a lapse of four years from the approval of estimate at a cost of ₹ 4.29 lakh with a time limit of two months but the same was not started by the agency (December 2015) due to running of water in canal as no blind closure was provided by the Department, in the absence of which work cannot be said to be completed. An expenditure of ₹ 1.09 crore⁷⁵ had been incurred on the incomplete work (December 2015).

On being pointed out in audit (January 2014), the EE stated (December 2015) that the work of head regulator was allotted (January 2015) with a time limit of two months and would be executed as and when the closure of the channel is available and linking of channel is completed. The reply of the department is not tenable as the department had not only failed to get the head regulator of Madina Korsen minor constructed even after a lapse of four years, but also failed to link the minor on both sides of the culvert as found in the physical verification (December 2015). As a result, the minor could not be made functional so far.

Thus, the expenditure of ₹ 1.09 crore incurred on incomplete canal was not only rendered unfruitful due to non-linking of minor on both sides of the cell box culvert and non-construction of head regulator but also the intended benefits of the scheme had not been derived so far.

The matter was referred to Principal Secretary, Irrigation Department in May 2015 and further reminder issued in June 2015; the reply was awaited (January 2016).

⁷⁴ Construction of cell box culvert at N.H. km 94.81 (crossing Madina Korsan RD 4812) of NH-10 for Madina Korsan Minor

⁷⁵ ₹ 1.09 crore: ₹ 87.38 lakh Cost of land+ ₹ 21.87 lakh on construction work.

3.17 Follow up Audit on Performance Audit on 'Working of Irrigation Department'

Out of six recommendations in the Performance Audit, one recommendation was fully implemented; one recommendation was partially implemented and four recommendations were not implemented. Further, out of other 23 observations, the department had not taken significant steps in respect of eight observations; substantial progress was made in respect of nine observations and full progress was made in intended areas in respect of six observations.

3.17.1 Introduction

A Performance Audit Report on 'Working of Irrigation Department' incorporated in Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector undertakings) for the year ended March 2012, highlighted the issues relating to lack of planning, non-achievement of targets, slow and tardy implementation of schemes, etc. Besides, there were instances of lack of co-ordination with line departments, splitting of works, inadequate control over disposal of sewage and effluent discharge in canals, execution of sub-standard works, etc.

According to instructions issued (October 1995) by the Finance Department and reiterated from time to time, the administrative departments are to initiate suo moto positive and concrete action on all audit paragraphs and performance audits featuring in the Comptroller and Auditor General's Audit Reports regardless of whether the cases were taken up for examination by the Public Accounts Committee or not.

3.17.2 Follow up results

In order to examine the corrective actions taken by the Department, as per various instructions of the Government, on the issues raised in the performance audit report on 'Working of Irrigation Department', follow up audit was conducted during May-June 2015 by scrutinising relevant records maintained in the offices of the Engineer-in-Chief and concerned divisions.

There were 30 observations and six recommendations in the Performance Audit (PA). The status of action taken by the Department on recommendations and other audit observations has been categorised as follows:

- Insignificant/no progress
- Substantial implementation/progress
- Full progress in all intended areas and in system improvement

3.17.3 Status of Recommendations and other observations

Out of six recommendations in the Performance Audit, one recommendation relating to expenditure control mechanism to avoid excess expenditure was found to be fully implemented; one recommendation relating to activation of vigilance mechanism to avoid cases of sub-standard works, etc. was partially implemented

and four recommendations were not implemented. Besides, the status of other observations on which specific recommendations were not made, but on which the department was required to take remedial action, have also been examined during follow up as detailed in the following paragraphs:

3.17.3.1 Insignificant/no progress

Recommendations

(i) *Preparing proper plans for completion of ongoing works so as to increase the coverage of areas under irrigation.*

(a) Flood control and drainage works (Para 2.2.7.1)

Out of 193 incomplete flood control/ protection works, 39 works (approved in 2006-07 to 2009-10) were pending for more than two to five years.

Not even a single scheme/work had been completed as of June 2015. Effective steps were not taken to complete the works. As a result, no progress could be made in this regard.

(ii) *Co-ordinating with line departments/organizations to ensure that the intended benefit of the scheme reaches the targeted beneficiaries.*

(a) Non-pursuance for release of electric connection for pump houses (Para 2.2.9.2)

Seven pump houses⁷⁶ constructed during 1982 were not working for want of electric connections, although a sum of ₹ 33.57 lakh was deposited with Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) as security deposit. The department had failed to get electric connections in respect of pump houses as of June 2015. Further, no alternative arrangements had been made to make the pump houses functional. As a result of this, these pump houses remained non-functional and minors were lying abandoned.

(b) Extra expenditure due to lack of coordination with Mining Department (Para 2.2.11.1)

Due to lack of proper co-ordination with Mining Department, the department had to incur an extra expenditure of ₹ 1.86 crore. During the exit conference (November 2012), EIC stated that the earlier contractors left the work midway due to stoppage by the Mining Department. However, when permission was received from Mining Department, the contractors refused to execute the work at the old rates and the works were re-allotted.

During follow up Audit (May 2015), the department reiterated the same reply as given during the exit conference (November 2012). Hence, the position remained the same and the Department has not evolved any proper system to avoid

⁷⁶ MGD-1 Madhogarh Distributary 2.173 KM, MGD-2 Madhogarh Distributary 3.265 KM, MGD-3 Madhogarh Distributary 4.447 KM, AM-2 Ateli Minor 4.000 KM, RPM-1 Rampur Sub Minor 5.800 KM, DNM-2 Dancholi Minor 4.000 KM, DSPM-1 Dostpur Minor 2.400 KM

recurrence of such losses in future.

- (iii) *Taking adequate steps to stop the disposal of sewage and effluent in canals.*
- (iv) *Implementing effectively directives of the Apex Court.*

(a) Disposal of sewage and effluent water in Western Jamuna Canal causing environmental hazards (Para 2.2.10.4)

Twenty six cusecs sewage and effluent was being discharged into Western Jamuna Canal (WJC) at 11 places and no steps were taken by the Department under Canal and Drainage Act and as per directions of Hon'ble Supreme Court to stop discharge of sewage and effluent in WJC, except for taking up the matter with Haryana State Pollution Control Board and Deputy Commissioners.

The department replied (June 2015) that efforts were being made by the department to stop the disposal of sewage and notices had been issued. Reply was not convincing as concrete steps had not been taken up under Canal and Drainage Act and as per directions of Hon'ble Supreme Court. Further, no progress on the matter was found in spite of taking the matter at the level of Haryana State Pollution Control Board.

Status of other audit observations

The Department had also not taken any significant steps to address other observations like unfruitful expenditure on Dadupur-Nalvi Irrigation Project, expenditure on increasing capacity/remodeling of canals, non-utilisation of funds under Mahatma Gandhi National Rural Employment Guarantee Act, submission of fake/improper performance guarantee, construction Divisions with heavy establishment charges, non-recovery/adjustment of amount lying in Miscellaneous Public Work Advances against staff and others, non-deposit of labour cess with Labour Welfare Board, lack of seriousness towards making payments of land compensation, etc. The details of these observations and latest progress are given in **Appendix 3.2**.

3.17.3.2 Substantial implementation/progress

Recommendation

- (v) *Activating its vigilance mechanism to avoid the cases of sub-standard works, wasteful/extra expenditure in execution of works.*

(a) Damage of head regulator costing ₹1.35 crore (Para 2.2.10.3)

The structure of the work 'Construction of remodeling of Head Regulator of Augmentation Canal at RD 68036 of WJC', got damaged due to settlement of piers and abutments.

The department intimated (June 2015) that Central Water and Power Research Station (CWPRS), Pune had submitted its report in November 2012 to State Vigilance Department after investigating the matter and the same was with that department. The matter needs to be pursued with Vigilance Department to fix accountability.

(b) Sub-standard execution of works (Para 2.2.11.2)

The samples of eight works, executed in HKB Circle Jagadhri at a cost of ₹ 18.01 crore were found to be sub-standard.

The department intimated (June 2015) that the 11 officers/officials have been charge-sheeted and Government had appointed (May 2015) an Investigating Officer for carrying out detailed inquiry. Audit is of the opinion that inquiry of such matters should be expedited to bring the defaulters to book.

Status of other audit observations

While the Department had made substantial implementation/progress to address some of the observations, progress was still lagging especially in system improvement, planning, central assistance for floods, grant under Accelerated Irrigation Benefit Programme, non-receipt of share from other States, Jawahar Lal Nehru Lift Irrigation Scheme, non-recovery of balance amount from LAO, mutation of land not made, shortage of staff, non-transfer of amounts lying in deposit to revenue, non-preparation of Annual Administrative Report, etc. The details of these observations and latest progress achieved are given in **Appendix 3.3**.

3.17.3.3 Full progress in all intended areas and in system improvement

Recommendation

(vi) *Strengthening the expenditure control mechanism to avoid excess expenditure over budget provisions.*

(a) Budget provision and expenditure (Para 2.2.8.1)

There was excess expenditure during 2007-08 to 2010-11 under capital voted and savings under revenue expenditure and substantial savings or nil expenditure under Scheduled Caste Sub Plan (SCSP) during 2007-12.

The department had taken corrective measures in respect of booking of excess capital expenditure and there was no excess expenditure during 2012-13 to 2014-15. Further, excess expenditure was regularised upto 2010-11 by the PAC. Savings under SCSP have also come down to less than five *per cent* of the budget in 2014-15 indicating that the Department has taken necessary corrective action.

Status of other audit observations

The Department had initiated necessary action on the audit observations such as non-utilisation of grant ₹ 1.94 crore, excess release of grant to Haryana Irrigation Research and Management Institute (HIRMI), non-revision of tender document fee, splitting of work, non-sale of fertile earth of Ottu lake and execution of work without administrative approval and sanction of estimates. The details of compliance on these points are given in **Appendix 3.4**.

It is evident that while the Department had taken remedial action in some areas, concrete action is still to be taken in other areas. The Department should,

therefore, develop a well formulated plan for taking prompt action on the audit observations for further improving its performance.

These points were referred to the Additional Chief Secretary to Government of Haryana, Irrigation Department in July 2015 but reply had not been received (January 2016). However, audit findings on follow up were discussed with Engineer-in-Chief, Irrigation Department in December 2015 wherein he assured to take remedial action in respect of all the pending cases.

Irrigation and Public Works (Buildings and Roads) Departments

3.18 Avoidable expenditure on acquisition of land

Commencing work on land, which was not fully acquired by the Government and slackness in initiating action to acquire the remaining land resulted in avoidable extra expenditure of ₹ 1.22 crore towards compensation for acquisition of such land.

As per Para 2.92 of the Public Works Department code (the then extant code), no work should be commenced on land which has not been duly made over by the responsible civil officers. Further, Para 9 of Appendix V of the PWD Code (the then extant code) had prescribed that attention should be given to preliminary operations, including survey both of alignments and soil before submission of projects as well as the estimates of cost of acquisition of land. The Land Acquisition Act, 1894 provided that whenever the land was required for public purpose, it can be acquired by issuing notifications under Section 4(1) and 6(1) of the Act and after the announcement of award under section 11 of the Act *ibid*.

(a) Scrutiny of the records (April 2015) of Jui Water Service Division, Bhiwani showed that 19.01 acre land was utilised in the construction of Bardoo Sub-Minor from RD 0-10500 during the year 1978. Out of this, 14.46 acre land was acquired in January 1978 and land measuring about 4.55 acre was utilised without paying compensation to the land owners. Aggrieved land owners approached the Court (September 2007) for the payment of compensation as per Law. The department submitted (March 2008) in the Hon'ble Court that the compensation would be released without any delay as per Law. In light of this submission and concurrence of the petitioner, the Hon'ble Court dismissed the case as withdrawn (March 2008). But due to non-payment of compensation, the land owners again approached the Court through a contempt petition in 2012. At this, the department issued notification under section 4 (August 2012) and section 6 (April 2013) and an award for ₹ 1.26 crore⁷⁷ was awarded by Land Acquisition

⁷⁷ ₹ 1.26 crore = ₹ 0.545 crore (cost of land) + ₹ 0.545 crore (Compulsory Acquisition Charges) + ₹ 0.17 crore (Additional amount of interest). While calculating the extra expenditure, the difference in value of additional amount not worked out as the additional amount of interest @ 12 per cent was to be paid for the period from the date of publication of notification under section 4 to the date of award of the collector or the date of taking possession of the land, whichever is earlier.

Officer (LAO), Bhiwani in (March 2015). Had the department initiated timely action in March 2008 and made payment before November 2010 the compensation amount would have been ₹ 47.26 lakh (value of land and compulsory acquisition charges) but due to delay in initiating acquisition process and making payment of compensation, an extra expenditure of ₹ 61.79 lakh (**Appendix 3.5**) was incurred as the floor rate of land and rates of compulsory acquisition charge were revised in November 2010 and September 2013 respectively. On being pointed out, the Engineer-in-Chief, Irrigation and Water Resources department Haryana intimated (October 2015) that the department had not initiated any action to acquire the land in question on the plea that as per policy decision the payment of land compensation in cases more than 10 years old should normally be avoided as either the land was utilised by paying the compensation or on the consent of the land owners who were making benefits of the scheme or project. The reply is not acceptable as the department had itself given the assurance in the Hon'ble Court (March 2008) and had not contested the case on the above grounds/ policy of the department and thus had to incur the extra expenditure on the acquisition of land.

(b) In Provincial Division No. 2, Gurgaon 7.35 *acre* land was utilised for construction of road from Malpura via Lokra Mau during the year 1999-2000. Out of total required land of 7.35 *acre*, 6.44 *acre* was acquired in April 1988 and 0.53 *acre* was acquired in July 1999 at a cost of ₹ 1.37 lakh and ₹ 2.04 lakh respectively, but land 0.38 *acre* was utilised without acquisition. Aggrieved land owners approached the Hon'ble Punjab and Haryana High Court (2012) for the payment of compensation. On the assurance by the department that the compensation would be awarded shortly, the Hon'ble Court disposed the petition (March 2013). An award of ₹ 67.68 lakh was announced (November 2014) by the LAO, Gurgaon which was higher by ₹ 59.81 lakh (**Appendix 3.5**) than the compensation to be paid in 1999.

On being pointed out (July 2015), the Engineer-in-Chief, Public Works Department (Buildings and Roads) intimated (January 2016) that the total land in possession of the department for village Malpura has not been acquired till date. As and when the land owner came forward for payment of their land, then payment of land was made as per the Land Acquisition Act. The reply was not tenable as the department is required to acquire the land before initiating any work. Thus, commencing of the work by the department on land before complete acquisition and delay in payment of compensation resulted in avoidable extra expenditure of ₹ 1.22 crore towards compensation for acquisition of such land. The lapse become even more serious in the backdrop of the assurance given by the Government to the Court in 2008 that compensation would be released without delay.

The matter was referred to Additional Chief Secretary, Public Works Department (Buildings and Roads Branch) and Principal Secretary, Irrigation Department in July 2015 and further reminder issued in August 2015. Reply is awaited (January 2016).

Medical Education and Research Department

3.19 Non-deposit of rent of shops in Government Account

In violation of the terms and conditions of the agreement, rent of shops/booths amounting to ₹ 1.16 crore was irregularly retained by the Maharaja Agrasen Medical Education and Scientific Research Society, Agroha (a registered society) and not deposited in Government account.

In order to establish Maharaja Agrasen Institute of Medical Research and Education, Agroha, Haryana Government entered into an agreement (June 1990) with Maharaja Agrasen Medical Education and Scientific Research Society, Agroha (Society), a society registered under the Societies Registration Act, 1860. Clause 1(e) and (f) of the agreement provides that the property of the institute shall vest in the society, but the society shall have no right to sell, mortgage, sub-lease or otherwise transfer the said property to anybody except with the prior approval of the State Government. Clause 11 of the agreement further provides that all rights, titles and interest of the society in the institute and in the land, buildings, fittings, fixtures, furniture and equipment of the institute, whether acquired out of contribution, recurring or non-recurring of the State Government or of the society or from any other source, whatsoever, shall vest absolutely and forever in the State Government without payment any compensation thereon.

Scrutiny of the records (May 2015) of Maharaja Agrasen Medical College (MAMC), Agroha showed that the society constructed eight shops and booths during 2001-02 in the campus of the Medical College without approval of the Government. It was observed in audit that these shops had been given on rent during 2002-03 and rent amounting to ₹ 1.16 crore received for the period from 2002-03 to 2014-15 was retained by the society instead of depositing in the Government account, in contravention of the conditions of the agreement.

On being pointed out in audit, the Additional Chief Secretary, Medical Education and Research Department stated (December 2015) that the rent of shops of Block-A was being retained by the society as these shops were constructed exclusively by the society from its own income i.e. donations etc. and the income so generated was entirely spent towards college and hospitals activities. The post facto approval for retention of rent had been obtained (July 2015) from executive committee of MAMC. The reply of the department was not tenable as the society has constructed the shops/booths and gave on rent and deposited the rent in its own account without obtaining the approval of the Government which was in violation of terms and conditions of the agreement.

Public Health Engineering Department

3.20 Blockade of funds on unutilized pipes

Stone Ware pipes valuing ₹ 1.55 crore remained unutilized, due to change of specifications resulting in blockade of funds for more than five years.

Rule 15.2 (b) of the Punjab Financial Rules Vol.-I and Para 25.3.3 of the

Haryana PWD Code provides that purchases must be made in accordance with the definite requirements of the public service and not much in advance of actual requirements. Further, the quantity of heavy items of consumption like cement, steel, pipes etc. available at various locations/stores in a department should be circulated and considered for inter-divisional transfer. Further, Para 1.8 of the Manual on Sewerage and Sewage Treatment (MSST) stipulates that survey and investigation are pre-requisites both for framing of the preliminary report and the preparation of a detailed sewerage project. Also, Para 1.8.1.1 of the MSST provides that the information related to topography, subsoil conditions, underground structures as well as location of streets and adjoining areas should be kept in view while planning/estimation of sewerage schemes.

Scrutiny of records of Public Health Engineering Divisions, No. 3 Kaithal (August 2014) and Bahadurgarh (April 2015) showed that the Engineer-in-Chief (EIC), Public Health Engineering Department (PHED) issued a circular (February 2007) to Superintending Engineers (SEs)/Executive Engineers (EEs) to submit their requirements of material for the scope of work proposed to be covered during 2007-08 along with a certificate that material would be consumed during the year 2007-08. In response, SEs, Jind Circle and Rohtak Circle sent the requirements (30796 Nos.) for the purchase of Stone Ware Pipes (SW Pipes) of various sizes⁷⁸ to EIC in February 2007 and August 2007 respectively. The department purchased 23,428 SW Pipes of various sizes through Director, Supplies and Disposal Haryana, Chandigarh for ₹ 2.24 crore between July 2007 and April 2009 for laying sewer line in Kaithal and Bahadurgarh towns. During audit it was noticed that the department executed the works through contractors wherein the pipes were provided and fixed by the contractual agencies. Resultantly, out of 28,441⁷⁹ pipes only 13,137⁸⁰ pipes (46 per cent) had been utilized and 15,304 pipes (54 per cent) valuing ₹ 1.55 crore were lying in the store (August 2015). It was further noticed during physical verification of store that the stock of SW pipes was lying in open since 2009 and the pipes were deteriorating/damaged with the passage of time.

The Principal Secretary to Government of Haryana, Public Health Engineering department stated (July 2015) that in view of site conditions like sandy soil and heavy traffic the RCC NP3 pipes were used in place of SW pipes. The RCC NP3 pipes were preferred over SW pipes as it requires lesser number of joints. The reply was not acceptable as the various aspects of site conditions were required to be kept in view while planning/estimation of the work and the fact regarding the number of joints involved in SW pipes was in the knowledge of the department.

⁷⁸ SW Pipes of internal dia ranging from 300mm to 600mm.

⁷⁹ 28441= 5013 (opening balance) + 23428 (received between July 2007 and April 2009).

⁸⁰ 13137 = 300 of internal dia 400mm (Transferred to PHED-2, Sirsa); 928 of internal dia 400mm (transferred to PHED, Rohtak); 120 of internal dia 600mm (Transferred to PHED, Ambala City); 350 of internal dia 600mm (Transferred to PHED-2, Bhiwani) and rest 11439 pipes utilized in approved estimates as planned (Providing Sewerage scheme in Kaithal Town & Extension sewerage scheme Bahadurgarh Town).

Thus, non-utilisation of pipes for more than five years resulted in blockade of funds amounting to ₹ 1.55 crore. Further, these pipes were also being subjected to deterioration as they were lying in the open.

3.21 *Injudicious expenditure on tertiary treatment water scheme*

Expenditure of ₹ 4.34 crore on tertiary treatment water scheme at Tosham (Bhiwani) was injudicious due to non-availability of effluents for treatment and non-construction of tertiary treatment plant.

There are three types of sewerage treatment processes i.e. primary, secondary and tertiary. Generally, the primary and secondary treatment of sewerage is adopted in sewerage schemes under which many constituents undergo reduction in concentration. Tertiary treatment⁸¹ provides the additional treatment for reuse of the reclaimed water in agriculture, horticulture, ground water recharges, etc.

The Water Supply and Sewerage Board approved (April 2012) a Scheme for “Providing tertiary treatment of sewerage and its recycling for public utilities” in village Tosham, district Bhiwani for ₹ 3.22 crore with a completion schedule of April 2014. The scheme provided for development of village pond as storage for the treated water, development of lawn, plantation, landscaping, etc (₹ 1.97 crore) and construction of tertiary treatment plant near the secondary treatment plant (₹ 1.25 crore). The requisite land for tertiary treatment plant was to be provided by the Gram Panchayat free of cost. The Secondary Sewerage Treatment Plant of three MLD capacity had been made functional in July 2014 in Tosham from where the water was to be supplied for treatment in the TTP.

Audit of the records of the Public Health Engineering (PHE) Division, Tosham (June 2014) showed that the work of development of pond, park, etc was allotted to an agency in November 2012 for ₹ 1.22 crore which was enhanced to ₹ 3.42 crore on the justification that enhancement was as per site requirement. This was not justified as the original area/ depth of the pond remained the same and the expenditure was increased mainly due to remodeling of pond for architectural appearance and due to provisions/additions of floating fountains, benches, machinery, lightening arrangements, increase in number and cost of Gazebo, children playing station, toilet blocks, food plaza etc. The agency was accordingly paid ₹ 3.08 crore (March 2015). The work of boundary wall was allotted to another agency in September 2012 for ₹ 0.50 crore and executed for ₹ 0.62 crore (March 2014) after enhancement besides other miscellaneous items which were got executed for ₹ 0.64 crore. A total expenditure of ₹ 4.34 crore had been incurred on the scheme upto April 2015 and the estimates of the scheme were revised and enhanced from ₹ 3.22 crore to ₹ 5.28 crore (June 2013) due to increase in the scope of work of the park.

It was noticed that while expenditure of ₹ 4.34 crore was incurred on development

⁸¹ Tertiary treatment is supplementary to primary and secondary treatment for removing of residual organic and inorganic substances and in some cases even the refractory and dissolved substances to the degree necessary.

of pond, park, fancy lighting, food plaza, play sets for children, etc., the core work of construction of tertiary treatment plant had not been taken up so far. Even the DNIT for construction of tertiary treatment plant had not been approved so far (December 2015).

On being pointed out by audit, the EIC, PHED stated (May 2015 and January 2016) that the park alongside the pond was developed presuming that the tertiary water would be utilised for watering plants and beautification of park was carried out to provide a pleasant atmosphere to the public. The TTP was planned for Tosham as the functional STP at present could not treat the sewerage upto prescribed level/norms⁸² and there was no drain near the STP for disposal of treated sewerage. The Principal Secretary, PHED stated (December 2015) that DNIT of the TTP was under scrutiny, the STP of three MLD set up in Tosham was made functional in July 2014 and treated water was being discharged in Tosham drain. Further, the park was now under the charge of Gram Panchayat who look after the park by using the rain water collected in the modified pond. The reply was not tenable as the approved scheme was for tertiary treatment of water and its recycling for 'public utilities', but the construction of TTP has not even started (December 2015) even after incurring the expenditure of ₹ 4.34 crore.

Thus, expenditure of ₹ 4.34 crore on tertiary treatment water scheme at Tosham (Bhiwani) was injudicious due to non-availability of effluents for treatment and non-construction of tertiary treatment plant.

Public Works Department (Buildings and Roads)

3.22 Extra expenditure on construction of road

Due to improper formulation of estimate and non revision of the estimate as per codal provisions, an extra expenditure of ₹ 5.57 crore was incurred on Nizampur-Narnaul-Dadri Road (SH-17) in Km 13.88 to 27.60. Besides the road between km 15.010 to 18.200 was not as per specifications and an avoidable expenditure of ₹ 39.57 lakh was incurred on maintenance.

According to Paragraph 10.8.1 of Haryana PWD Code, the structural design of roads shall be based on the relevant standards/criteria prescribed by Standards of Indian Road Congress (IRC). For the traffic volume (November 2007) at Nizampur-Narnaul-Dadri Road, IRC:37/2001 recommends for 125mm Bituminous Macadam (BM) and 25 mm Semi Dense Bituminous Concrete (SDBC). Further, paragraph 10.1.7 and 10.10.4 of the Code provides that the estimate of a road project should bring out prevailing or expected volume of traffic code and these detailed estimate should be suitable for inviting tenders.

Ministry of Shipping, Roads, Transport and Highways (MORTH), Government of India (GOI) approved (November 2008) the work "Improvement by providing widening and strengthening of Nizampur-Narnaul-Dadri Road (SH-17) in Km

⁸² BOD level less than 10 mg/l prescribed by CPHEEO in November 2013.

13.88 to 27.60" for ₹ 10.20 crore with GOI share of ₹ 5.10 crore. Technical sanction was accorded (March 2009) for ₹ 14.80 crore which envisaged widening of the road from seven meter to ten meter with top bituminous layers of 125mm BM⁸³ and 25mm SDBC in accordance with IRC: 37/2001 recommendations. Tenders were called in February 2009. In the meanwhile, a new proposal under Design Built Finance Operate and Transfer (DBFOT) scheme was made for four laning⁸⁴ of the road from Kotputli- Narnaul- Dadri- Bhiwani- Kharak under World Bank Scheme. As this stretch was part of the above road, Government approved (July 2009) that this stretch be also four laned. The Superintending Engineer, Bhiwani (SE) had recommended (April 2009) bituminous crust of 125 mm BM (75mm BM + 50mm BM) in the estimate of four laning as per design requirement. Chief Engineer (National Highway) approved the revised estimate for ₹ 14.47 crore for four laning by reducing the bituminous crust from 125mm BM to 75mm BM for four lane road without re-inviting the tender. SE allotted (June 2009) the work to M/s Kundu Construction Co. at a contract price of ₹ 13.09 crore on February 2009 tenders (i.e. specifications for widening the road to ten meter with 125mm BM + 25 mm SDBC). The date of start was revised to October 2010 due to non clearance of site with date of completion of January 2012. The SE submitted (May 2011) revised enhanced estimate for ₹ 25.26 crore for seeking revised administrative approval for four laning with the provision of 125 mm BM and 25 mm SDBC on the basis of traffic census of November 2007. But approval was not conveyed for this estimate.

The agency executed the work by laying of 125 mm thick BM from RD 13.88 to 15.01 and 75 mm thick BM from RD 15.01 to 26.40 alongwith 25 mm SDBC in the reach from km 13.88 to 18.20 while no work was executed from km 26.45 to 27.60 as clearance from Forest Department was awaited which was received in January 2015. A payment of ₹ 11.64 crore was made (March 2012) to the agency. The agency requested (July 2011) the Executive Engineer (EE) that the 75 mm thick BM would not fulfill the design requirement and would not bind the agency by defect liability period clause. The SE terminated the contract in October 2013 as the agency failed to complete the work within stipulated period.

The specifications of road remained undecided for two years and the road already constructed was damaged. The EE instructed (February 2013) for designing the sub base and base for 15 years and bituminous crust for ten years. The State Government accorded (January 2014) revised administrative approval for ₹ 27.79 crore for the comprehensive estimate including the work already executed, laying 60mm Dense Bituminous Macadam (DBM) + 40 mm Bituminous Concrete (BC) in the reach from km 18.200 to 26.450 and construction of road in the reach km 26.450 to 27.600. The balance work was allotted (March 2014) to M/s All Grace Developers for ₹ 13.52 crore, which had executed the work of ₹ 12.44 crore as of November 2015.

Audit observed that instead of seeking revised approval for enhanced quantities due to four laning of the road, the Chief Engineer reduced the bituminous crust from 125mm to 75mm for keeping the work within technical sanction of ₹ 14.80

⁸³ 125mm BM in two layers- first layer of 75mm BM and other layer of 50mm BM.

⁸⁴ 7mtr to 15.70mtr (7.25mtr on both sides and central verge of 1.20 mtr).

crore which was against the provisions of para 10.8.1 of the PWD Code. Tenders had already been called for higher specifications and work was allotted for same quantities which violated the para 10.1.7 of PWD Code. Due to reduction in bituminous crust, the agency refused to complete the work and defect liability period clause could not be enforced resulting in avoidable expenditure of ₹ 39.57 lakh on maintenance of road. The additional layers in km 18.200 to 26.450 were being executed by incurring extra expenditure of ₹ 5.57 crore⁸⁵. Further, the road between km 15.01 to 18.200 remained below specification which was fraught with the risk of early damage/deterioration as extra bituminous layer not provided in the revised detailed estimate.

Thus, due to improper formulation of estimate and non revision of estimate as per codal requirements, the road which was envisaged to be completed by January 2012, was still under construction even after six years from the approval of initial estimate and after incurring an extra expenditure of ₹ 5.57 crore.

Additional Chief Secretary stated (January 2016) that the estimate for four laning as per IRC specifications with reduced specifications (75mm BM + 25mm SDBC) was proposed from field office due to principle of distribution of load on separated carriageway in case of four laning and the change of thickness of layer of BM from 125mm to 75mm was not the reason for abandoning the work by first agency. It was further added that, had the work been completed by the agency in 2012, the resurfacing of road would have become due in 2015. The reply was not tenable as the SE had recommended (April 2009) 75mm BM + 50mm BM as per design requirement in view of traffic census and IRC specifications in the estimate of four laning and the agency had left the work due to dilution of specifications of road. Further, the contention of the department that if the work had been completed in 2012, the department would have to incur expenditure on re-surfacing of the road in 2015 was not justified as the public had to bear poor road conditions during that period due to improper decision which led to not only delay in completion of work but also extra expenditure of ₹ 5.57 crore.

Rural Development Department

3.23 Utilization of funds under Backward Region Grant Fund

There was inadequate financial control in implementation of Backward Region Grant Fund Scheme leading to short release of funds by GOI, delay in release of funds to the Implementing Agencies and deficiency in redressing of regional imbalances. Funds were not allocated for priority programmes under SC/ST development plans.

The Backward Regions Grant Fund (BRGF), a 100 *per cent* centrally sponsored scheme, was launched (2006-07) by the Ministry of Panchayati Raj (MPR), Government of India (GOI) to redress regional imbalances in development by

⁸⁵ ₹ 9.50 crore (Cost of laying of DBM and BC as per new contract)-₹ 3.93 crore (Cost of laying of BM and SDBC as per earlier contract) = ₹ 5.57 crore

providing financial resources for supplementing and converging existing developmental inflows into identified districts. The Programme was implemented in Haryana from 2007-08 in two districts (Sirsa and Mahendergarh) for providing financial resources with a view to bridge critical gaps in local infrastructure and other developmental requirements that were not being adequately met through existing inflows, strengthening the panchayats and municipality level governance with more appropriate capacity building, providing professional support to local bodies. Records in the office of Director, Rural Development Haryana, Haryana Institute of Rural Development (HIRD) Nilokheri, Additional Deputy Commissioner(ADC)-cum-CEO, District Rural Development Agency (DRDA), Sirsa and implementing agencies (IAs) for the period 2010-15 were examined with a view to ascertain whether funds were utilized efficiently and effectively. Following irregularities were noticed during audit:

1. Planning

Each Panchayat or Municipality within the Backward District concerned was to be considered as a unit for planning under BRGF. Plans prepared by each Panchayat and Municipality were to be consolidated into the District Plan by the District Planning Committee. Planning exercise was to be done in accordance with the BRGF guidelines issued by Planning Commission from time to time. Inclusion of issues related to SCs/STs was also to be ensured during consolidation of district plan and particular care was also to be taken to ensure that District Plan addresses issues relating to SC/ST component. Following irregularities were noticed:

(i) Priority programmes under SC/ST Plan

As per BRGF guidelines, priority was to be given to schemes such as rural playgrounds, residential intermediate college/hostels for SC/ST children, tractors and agricultural implements to Self Help Groups of 20 small/marginal SC/ST farmers, pre-recruitment training for paramilitary and security forces, construction of shops etc. providing one time support of ₹ 20 lakh to reputed NGOs which owned land for setting up secondary schools/colleges for girls, Provisions of funds were for only those programmes which were included in the district plan.

Scrutiny of records showed that priority programmes proposal were not included in the district plan due to which funds could not be provided for priority schemes, reasons for which were not on record. ADC, Sirsa stated (February 2015) that efforts would be made to include the priority sectors in next plan. The fact, however, remains that funds were not provided to the above priority schemes.

2. Financial management

During 2010-15, against the total available funds of ₹ 69.17⁸⁶ crore, expenditure of ₹ 59.50 crore has been incurred in Sirsa leaving a balance of ₹ 9.67 crore against pending sanctioned works. Following important irregularities were noticed:

⁸⁶ Opening Balance: ₹ 1.03 crore + Grant received: ₹ 67.66 crore + Miscellaneous Receipts: ₹ 0.48 crore.

(i) Short/late release of Funds:

As per instructions issued (November 2009) by Government of India, Ministry of Panchayati Raj entire entitlement of a year would have to be claimed within same financial year itself and would not be carried forward to the next financial year. The funds were to be released by GOI in two installments and the second installment was to be released only after utilisation of 60 per cent of first installment.

Scrutiny of records showed that against the total allocation of ₹ 87.03 crore, ₹ 67.66 crore has been released by the GOI during 2010-15. Short release of ₹ 19.37 crore was due to non utilization of 1st installment of the grant in time by ADC. Director General and Secretary, Rural Development Department (RDD) stated (December 2014) that delay was due to non-utilization of 60 per cent of the 1st Installment of the grant in time at district level by ADC, DRDA. As such Ministry did not entertain the proposal of 2nd installment as it was received in the next financial year.

(ii) Delay in release of Government money

As per instructions issued (June 2009) by the GOI, MPR, State Government was required to transfer the funds to concerned district within 15 days from the date of release by GOI. In case of delay, penal interest at the rate equal to RBI bank rate along with amount was to be paid to the district. It was noticed that the State Government released the funds of ₹ 21.11 crore to the IAs (ADC, Sirsa and Director, HIRD, Nilokheri) during 2010-11 with a delay ranging between 7 and 106 days for which the State Government paid interest of ₹ 15.95 lakh to the IAs (January 2012). It was observed that delay in the release of funds was attributed to delay in release of sanction by the RDD as shown in the table below:

Sr. No.	DRDA	Amount sanctioned (₹ in lakh)	Date of sanction by GOI	Date of receipt in RDD	Date of sanction/ released to IAs	Period in days	No. of days for which interest is to be released	Penal interest at 6 per cent PA (₹ in lakh)
1.	Sirsa	460.00*	16 July 2010	21 July 2010	13 August 2010	22	07	0.53
2.	Sirsa	850.00	23 July 2010	29 July 2010	26 August 2010	28	13	1.82
3.	Sirsa	692.00	14 December 2010	24 December 2010	25 April 2011	121	106	12.06
4.	Director HIRD	109.00	12 January 2011	13 January 2011	25 April 2011	101	86	1.54
	Total	2,111.00						15.95

Source- Information provided by the department

***This fund relates to previous year received in 2010-11.**

It has been decided (July 2011) by the department that in order to avoid any delay, cases related to the release of BRGF schemes would be sent to the Finance Department (FD) by hand and the concerned department would also immediately intimate FD through fax as soon as information of the release of such fund received from GOI.

(iii) Non-utilization of additional resources for development.

As per Para 4.8 and 4.9 of BRGF guidelines, funds shall be kept in a nationalized bank or a post office and the interest accrued on the deposits shall be treated as additional resources under the BRGF and should be utilized as per guidelines.

Scrutiny of records showed that funds of ₹ 67.66 crore were received as BRGF

Grant from GOI during 2010-15, which was released to various IAs. Interest amounting to ₹ 1.28 crore was earned on the amount of test checked IAs including DRDA which was neither utilized nor refunded by IAs.

ADC, Sirsa stated (February 2015) that all the interest earned during 2010-15 would be placed before District Planning Committee for approval as additional resources. However, the same has not been placed so far. Further, 299 new works with estimated cost of ₹ 17.53 crore could not be started due to lack of funds in 2014-15. Had this amount of interest been utilised as additional resources, some projects which had not been executed due to lack of funds could have been started.

(iv) Injudicious expenditure

Para 2.2 of BRGF guidelines provides that particular care shall be taken to ensure that the district plan addresses issues relating to SC/ST development and schemes benefitting SCs/STs should be allocated funds at least in proportion to population of these communities and amenities such as schools, anganwaris, health centers etc. should be provided on priority in those villages that have a substantial SC/ST population. Further, the guidelines issued (January 2006) by the Planning Commission provided that villages with 50 *per cent* and above SC/ST population may be selected first and related activity taken up.

Audit noticed that 30 villages of Sirsa district have SC/ST population of more than 50 *per cent* (between 50 and 76 *per cent*) and an expenditure of ₹ 8.42 crore was incurred on construction of Anganwaris in 127 villages during 2010-15. However, only an expenditure of ₹ 0.64 crore (7.6 *per cent*) was incurred on construction of Anganwaris in eight villages, where population of SCs was more than 50 *per cent* leaving 22 such villages uncovered. It was observed that expenditure of ₹ 7.78 crore (92.40 *per cent*) was incurred on such villages, where SC population was less than 50 *per cent*. Spending significant funds in those villages where population of SCs was less than 50 *per cent* not only led to violation of guidelines, but also deprived the disadvantaged group of intended benefits of the programme. ADC, Sirsa stated (February 2015) that Anganwaris in such villages where SC population was more than 50 *per cent* would be considered in the next plan. The department was requested to intimate the latest status of the same but reply is awaited (December 2015).

3. Implementation of the scheme

(i) Non-installation of electric poles

The ADC, Sirsa sanctioned (September 2012) ₹ 78.10 lakh to the Municipal Council, Sirsa for eight works of installation of street lights for SC Basties.

Audit observed that 170 electric poles (with Sodium lamps) costing ₹ 28.38 lakh were purchased in September 2013. Installation work was awarded to a contractor in June 2014 after nine months and the scheduled date of completion was August 2014. Expenditure of ₹ 10.84 lakh has been incurred on installation of 170 poles, but only 95 lamps have been installed on the poles and 75 lamps were lying in the stores. Process of taking electricity connection has also not been commenced to

provide electricity supply. Executive Officer, Municipal Council, Sirsa stated (July 2015) that the process of electrification would be started only after getting the certificate of earthing of electricity and installation of all poles by the contractor.

Thus, due to delay in awarding and completion of work, the objective of providing lights in Basties has not been achieved despite incurring an expenditure of ₹ 39.22 lakh and funds amounting to ₹ 36.08 lakh⁸⁷ were still lying unutilized (December 2015).

(ii) *Unfruitful expenditure due to non-functional sprinkler sets*

The ADC, Sirsa released funds of ₹ 25.73 lakh during September 2012 to March 2013 to District Horticulture Office (DHO) for construction of three pucca tanks and installation of sprinkler sets in three villages (Jodhpuria, Nanuana and Khari Surera) for improving the productivity of the agricultural produce. The work was completed during 2012-13 in three villages (Nanuana, Khari Surera and Jodhpuria) but Sprinkler sets were purchased only for two villages Jodhpuria and Nanuana at a total cost of ₹ 22.49 lakh. During joint physical verification with departmental officers (February 2015), it was noticed that these tanks were without water and sprinkler sets had not been made operational in two villages while no sprinkler sets were purchased in the third village (Khari Surera). It was observed that there was lack of coordination and the department did not make any effort to coordinate with Gram Panchayats. Thus, the expenditure of ₹ 22.49 lakh incurred on these tanks and the sprinkler sets remained unfruitful as no benefit could be derived as envisaged in the proposal.

DHO, Sirsa stated (February 2015) that the implementation of the scheme could not be continued due to non-cooperation of the Gram Sarpanches. The reply is not acceptable as works should have been executed after discussion and coordination with the concerned Gram Panchayats.

(iii) *Non-fulfillment of conditions by the NGOs for Skill Development*

The BRGF guidelines accorded priority of schemes for the development of SCs/STs like training of educated youths in areas like beauty parlour and tailoring etc. As per guidelines/terms and conditions controlling these NGOs, a committee constituted by DRDA, Sirsa was required to check the center; UCs were required to be submitted within one year and such training was also extended to other segments of the population which will enable the youth to be employed on self employment basis. DRDA, Sirsa office invited (September 2013) tenders from reputed NGOs/firms to start training courses. Out of eight NGOs (which participated in the tender process), five NGOs were ready to impart training at the lowest rate of the tender fixed by ADC, Sirsa so all the five NGOs were selected to impart training.

Scrutiny of the records of three out of the five NGOs showed that: -

- (i) A committee was constituted (October 2013) for checking of such centres but no checking had been done by the committee;

⁸⁷ After adjusting excess expenditure of ₹ 2.80 lakh in respect of other works.

- (ii) Utilization certificates were not sent by the NGOs;
- (iii) Record relating to the placement of the candidates was not available; and
- (iv) Training has been limited to SC candidates only.

ADC, Sirsa stated (March 2015) that necessary instructions have been issued to these NGOs for sending the UC. However, the fact remains that due to non-fulfilling of conditions of tender by the NGOs, it could not be ensured whether funds allotted to NGOs were utilized for intended benefits and skill development programme has been implemented.

Thus, there was inadequate financial control leading to short release of funds by GOI to the State Government, delay in release of funds by the State Government to the IAs and non-preparation of district plan proposals for utilization of additional resources generated, leading to deficient implementation of scheme to redress regional imbalances. Funds were not allocated for priority programmes under SC/ST development plans to the villages having substantial SC/ST population as only 7.6 per cent funds were spent in villages having more than 50 per cent population of SCs. The schemes for providing street lights to villagers and utilization of sprinkler sets for improving agriculture produce were partially implemented.

The matter was referred to Principal Secretary to Government of Haryana Rural Development Department in May 2015 and further reminder was issued in August 2015; reply was awaited (January 2016).

3.24. Social Audit provided under 'Mahatma Gandhi National Rural Employment Guarantee'-Audit of Scheme Rules, 2011

Social Audit Unit was not made fully functional by Rural Development Department as against 44 sanctioned posts, 32 were lying vacant. Resource persons were not identified, trained and deployed to Gram Panchayats to facilitate social audit. As against the requirement of conducting 12,280, only 6,771 social audits were conducted. Social Audit Calendar was not prepared by Social Audit Unit. Social Audit Reports were not being uploaded on the official web site. The instances of non-conduct of social audit verification, non-recording of videography of social audit Gram Sabha proceedings, non-preparation of social audit reports, annual reports, etc. were also noticed.

Social audit is verification of implementation of programme/ scheme and its results by the community with active involvement of primary stakeholders. Social audit was formally brought into Mahatma Gandhi National Rural Employment Guarantee (MGNREG) Scheme through MGNREG Audit of Scheme Rules, 2011 in April 2011. A social audit is conducted by the Gram Sabha of the Panchayat with the help and support of resource persons identified by the Social Audit Unit (SAU). Social Audit was to be conducted once in six months.

With a view to assess the compliance of MGNREG Audit of Scheme Rules, 2011, records of Rural Development Department, State Social Audit Unit and 50 selected Gram Panchayats (GPs) out of 4,761 GPs where social audit was

conducted, were test checked during May-June 2015 (*Appendix 3.6*). The data was collected from the beginning of the introduction of the social audit i.e. 2012-13. However, detailed audit was conducted for the year 2014-15.

The audit findings are discussed in the succeeding paragraphs:

Audit findings

(i) Setting up of Social Audit Unit

Social Audit Unit (SAU) was set up in Haryana in July 2012. The Director, Rural Development Department was given additional charge of the Director, SAU. Out of 44 sanctioned posts, only 12 posts had been filled up so far (September 2015). Of these, six were whole time and six posts were filled up by giving additional charge. Further, the core posts of Financial Controller, Section Officer, Auditors, Joint Director (Monitoring), Assistant Director (Monitoring), Investigator, Junior Programmer, etc. remained vacant (July 2015). Thus, SAU had not become fully functional.

The Additional Chief Secretary, Rural Development Department (ACS) stated (September 2015) that the matter for recruitment of officers/official for remaining posts was under process and would be decided shortly.

(ii) Negligible expenditure incurred by SAU

GOI in Ministry of Rural Development (MoRD) issued (August 2012) letters to all State Government Secretaries responsible for implementing MGNREGS for spending one *per cent*, out of six *per cent* of total expenditure of MGNREGS provided for Administrative charges, for establishing the SAU. Further in June 2014, MoRD, under special financial assistance for staffing of SAU, allowed reimbursement of cost of engaging social audit resource persons till 2017.

Expenditure on account of salaries of SAU staff and contingent expenditure was being met out of MGNREG Scheme funds. During 2012-15, an expenditure of ₹ 69.87⁸⁸ lakh (0.07 *per cent*) was incurred on SAU against the total expenditure of ₹ 979.31⁸⁹ crore on MGNREGS during 2012-15. Apart from this, the benefit of special financial assistance from GOI was not availed of by the Department.

The ACS stated (September 2015) that the expenditure was less due to non-selection and non-providing of training to Village Resource Persons (VRPs) except in Karnal district. It was further stated that VRPs had been selected in 19 districts and training would be provided to them and the expenditure would now increase on providing training to identified VRPs and filling up the posts of SAU.

(iii) Identification, training and deployment of resource persons

According to Rule 4 of the MGNREG Audit of Scheme Rules, 2011, the SAU was responsible for building capacities of Gram Sabhas for conducting social audit and towards this purpose, it was to identify, train and deploy suitable

⁸⁸ 2012-13: ₹ 8.44 lakh, 2013-14: ₹ 30.47 lakh and 2014-15: ₹ 30.96 lakh

⁸⁹ 2012-13: ₹ 380.63 crore, 2013-14: ₹ 381.62 crore and 2014-15: ₹ 217.06 crore

resource persons (RPs) at Village, Block, District and State Levels.

The trained resource persons had, however, not been identified, trained and deployed for facilitating social audit in any of the GPs, Blocks and District in the State. Required training/inputs were also not provided to the Social Audit Teams. In district Karnal, 71 Village Resource Persons (VRPs) were identified and trained in October 2014 at Haryana Institute of Rural Development (HIRD), Nilokheri during 2014-15 and an expenditure of ₹ 8,750 was incurred. But their services were not put to use for conducting social audit.

The ACS stated (September 2015) that VRPs had since been identified in 19 districts and programme to conduct training was under process. As regards utilisation of services of trained VRPs of Karnal district, it was stated that their services would be utilised after giving comprehensive training.

(iv) Preparation of Annual Calendar by SAU

(a) As per provisions contained in Rule 6(1) of the MGNREG Audit of Scheme Rules, 2011, SAU shall, at the beginning of the year, frame an annual calendar to conduct at least one Social Audit in each GP every six months. SAU had not prepared any Social Audit Calendar for the year 2014-15 as prescribed in the Rules. However, Social Audit Calendars were prepared by the concerned Block Development and Panchayat Officers (BDPOs) but those were not being got approved from the SAUs.

(b) As per Social Audit Calendar uploaded on MoRD website, meetings for social audit were shown as held on 11 November 2014, 24 November 2014, 24 February 2015 and 6 March 2015 in GPs Bishangarh (Ambala-I Block), Gujarnangla (Firojpur Jhirka Block), Ghagas (Nagina Block) and Marora (Nuh Block) respectively but meetings of Gram Sabhas were not held.

(c) Social audit must be conducted as per Social Audit Calendar uploaded on the website (www.nrega.nic.in). Any change in the actual date of conduct of social audit must be approved by the Director, SAU and ACS in advance. Audit observed that the dates of social audit were changed by nine GPs without prior approval of the competent authority. As such, the stakeholders as well as public remained uninformed about holding of social audit meetings.

(d) There was short fall ranging between 43 and 58 *per cent* in conducting social audits during 2012-15 as per details given in the table below:

Year	Number of GPs in Haryana	GPs covered for Social Audit	Social Audits to be conducted	Social Audits actually conducted	Short fall	Percentage Short fall
2012-13	6140	4200	12280	6988	5292	43
2013-14	6140	4122	12280	5156	7124	58
2014-15	6140	4761	12280	6771	5509	45

Source: Compiled data from departmental records

Analysis of above data showed:

- As against the requirement of 12,280 (two social audit of each GP per year for 6,140 GPs), only 6,771 social audits were conducted during 2014-15.

- Out of 6,140 GPs, audit of only 4,761 GPs was conducted during 2014-15. No social audit was conducted in respect of 1,379 GPs.

The ACS stated (September 2015) that all the District Programme Co-ordinators had been directed to prepare Social Audit Calendar and upload the same on MIS. It was further stated that targets of social audit could not be achieved due to non-identification of VRPs and non-constitution of Social Audit Committees and efforts would be made for conducting Social Audit of all GPs in future.

(v) *Uploading of Social Audit Reports*

As per the Standard Operating Procedure prescribed by the MoRD in May 2013, Social Audit Reports (summary/brief) were required to be uploaded by SAU on the official website in the prescribed format within five days of the conduct of social audit. Social Audit Reports (summary/brief) were, however, not being uploaded on the official website.

The ACS stated (September 2015) that the Social Audit process had been started in June 2015 only in true spirit and that Social Audit Reports would be uploaded in future.

(vi) *Formation of Social Audit Committees*

Rule 3(2) of the Haryana Social Audit and Grievance Redressal Rules, 2014 lays down that a Social Audit Committee consisting of at least nine members including members of Vigilance and Monitoring Committee, six members who have worked in MGNREGS, members of disadvantaged groups and not less than one third women members, shall be constituted to conduct social audit.

The formation of Social Audit Committees in 35 GPs out of 50 test-checked was not as per rules as required representation was not given to MGNREG scheme workers, members of disadvantaged groups and women in these committees while in seven⁹⁰ GPs, even committees were not constituted.

The ACS stated (September 2015) that all the District Programme Co-ordinators had been requested to form Social Audit Committees as per rules.

(vii) *Social audit field verification*

As per provisions contained in Rule 6(2) of the MGNREG Audit of Scheme Rules, 2011, Operational Guidelines of the scheme and Social Audit Manual, the Social Audit Teams/Village Resource Persons must interact with the people in small meetings, visit MGNREGS workers individually, visit all works undertaken under the scheme and verify all records and expenditure incurred by the GPs during the audit period.

⁹⁰ (i) Saragthal, (ii) Tikola, (iii) Dubeta, (iv) Gumthala Rao, (v) Nanduwali, (vi) Chahalka and (vii) Leharwari

Door-to-door visits to meet beneficiaries of the MGNREG Scheme under audit were not conducted by the Social Audit Teams. These teams had also not visited the projects/work sites and verified physically that completed works match with the information contained in the records of GPs. Further, Social Audit Teams were collecting records on the date of social audit whereas records were to be obtained 15 days in advance of the scheduled date of meeting of Gram Sabha as per requirement of rules. A perusal of minutes of meetings of Social Audit Gram Sabhas showed that only work-wise details of expenditure along-with acceptance of the same by the Gram Sabha were being recorded in minutes. However, grievances of public or other deliberations were not being recorded so as to take remedial action in future. As such, the system of recording of minutes was not effective for taking remedial action.

The ACS stated (September 2015) that the Social Audit had been started in June 2015 in true spirit and Social Audit Teams had started visiting door to door to meet beneficiaries of MGNREG Scheme and verification of work at site and grievances.

(viii) Video recording of Social Audit Gram Sabha proceedings

As per provisions contained in Para 13.3.11 of the Operational Guidelines of the scheme, Standard Operating Procedure prescribed by the MoRD and the Social Audit Manual, the entire proceedings of the Social Audit Gram Sabha should be video recorded and uploaded on the website of MGNREG Scheme. The video recording of the Social Audit Gram Sabha was, however, not done in any of the test-checked GPs.

The ACS stated (September 2015) that directions had been issued to all DPCs to ensure video recording of Social Audit Gram Sabha proceedings.

(ix) Presiding of Social Audit Gram Sabha

As per Social Audit Manual {Para VI (6)} and Operational Guidelines (Para 13.3.5) of the scheme, the Social Audit Gram Sabha should not be presided by the Sarpanch of the concerned GP being a part of the implementing agencies. Contrary to this, Social Audit Gram Sabha were presided by the concerned Sarpanches in 17 GPs out of 50 test checked GPs. In these cases, the independence of social audit was diluted.

The ACS stated (September 2015) that directions had been issued to all the GPs that Sarpanches may not be allowed to preside over the meetings of Gram Sabha in future.

(x) Supervision by the District Programme Coordinators

As per provisions contained in Rule 6(7) of the MGNREG Audit of Scheme Rules, 2011 and Social Audit Manual, the District Programme Coordinator (DPC) shall attend the Social Audit Gram Sabha meeting or nominate an official of appropriate level for smooth conduct of the Gram Sabha.

Audit noticed that neither the DPCs attended the Social Audit Gram Sabha meetings nor nominated the other officials to attend the meetings in any of the districts test checked except in Panchkula district. However, the officials were nominated by the concerned BDPOs in respect of all the GPs but the nominees had not attended the Gram Sabha meetings in 25 test checked GPs.

The ACS stated (September 2015) that directions had already been issued to nominate representatives to attend the Gram Sabha meetings.

(xi) Preparation of Social Audit Reports

As per Rule 6(8) of the MGNREG Audit of Scheme Rules, 2011, Para 13.3.12 of the Operational Guidelines and Social Audit Manual, the Social Audit Reports shall be prepared in local language by the SAU and displayed on the notice board of the GPs. Out of 50 test-checked GPs, Social Audit Reports were not prepared by 45 GPs. Five GPs had prepared Social Audit Reports but had not displayed on the notice board of the GPs.

The ACS stated (September 2015) that Social Audit Reports would be recorded in local language in future.

Follow up of social audits

(xii) Block/District level public hearings

According to Para 13.3.15 of the Operational Guidelines of the scheme and Social Audit Manual, a Social Audit Public Hearing should be held at the blocks and district headquarters after holding the Social Audit Gram Sabha in all GPs. Block and district level public hearings were, however, not held in any of the blocks/districts test-checked.

The ACS stated (September 2015) that compliance of the provision of guidelines would be done in future.

(xiii) Annual Reports

As per provisions contained in Para 13.11.4 of the Operational Guidelines of the scheme, the DPC, PO and the GP implementing the scheme shall prepare annually a report containing the facts and figures and achievements relating to the implementation of the scheme within his jurisdiction and a copy of the same shall be made available to the public on demand and on payment of such fee as may be specified. Audit observed that such reports were not being prepared by the DPCs, POs and GPs test-checked.

The ACS stated (September 2015) that instructions had already been issued to prepare the Annual Reports in future.

(xiv) Submission of report to the CAG

As per provisions contained in Rule 3(2) of the MGNREG Audit of Scheme

Rules, 2011, a summary of findings of social audits conducted during a financial year was to be submitted by the State Government to the Comptroller and Auditor General (CAG) of India. Audit noticed that summary of findings were, however, not being submitted by the State Government to the CAG of India.

The ACS stated (September 2015) that summary of findings of Social Audit would be submitted to CAG in future.

Thus, Social Audit had not been conducted as per guidelines. Physical verification of projects/work sites, an important ingredient, was not being done. Social Audit Reports were not being generated. In the minutes of Gram Sabhas, grievances of public were not found to be recorded.

Sports and Youth Affairs Department

3.25 Utilisation of sports infrastructure

There were cases of delays in construction and handing over of stadiums. Further, the stadiums were abandoned and were not being maintained properly. Basic facilities and sports items were not being provided in the stadiums besides shortage of coaches and other staff. Cases of parking of funds and irregular payment to a chief coach were noticed.

The existing Sports policy was framed in 2001 and revised in 2009 by Government of Haryana. The main objectives of the Sports policy were to encourage mass participation in sports, promote excellence in sports, develop, maintain and optimally utilize high quality of sports infrastructure, facilitate educational institutions, encourage participation, provide training and support to sports persons in participating in national and international championship. To achieve these objectives the State has two State sports complexes, 21 district sports complexes, 13 sub-divisional stadiums, eight multipurpose halls, four Synthetic Athletic tracks, six Hockey Astrofurfs, 167 Rajiv Gandhi Gramin Khel Parisars (RGGKPs), 248 Mini/Rural stadiums and eight Swimming pools. District Sports and Youth Affairs Officers (DSYAOs) are operating and maintaining the Sports facilities in the Districts. During 2010-15, total budget for Sports Infrastrucutre was ₹ 119.48 crore against which an amount of ₹ 104.19 crore was released and out of total budget of ₹ 4.64 crore earmarked for maintenance of Sports Infrastructure, an expenditure of ₹ 4.47 crore was incurred during this period.

The records in the office of the Director General, Department of Sports and Youth Affairs (SYA) and six⁹¹ out of 21 districts for the period 2010-15 were test checked to ascertain the effectiveness of the department in implementation of provisions relating to building, maintaining, operating and up-gradation of infrastructure. In these six districts, there were one State Sport Complex, six district sport complexes, three sub-divisional stadiums, two multipurpose halls, two synthetic athletic tracks, two Astrofurfs, 67 RGGKPs, 92 mini/ rural stadiums

⁹¹ Ambala, Rohtak, Jhajjar, Bhiwani, Fatehabad and Yamunanagar.

and two swimming pools. Against the budget provision of ₹ 51.51 crore, an expenditure of ₹ 37.61 crore was incurred during 2010-15 in the six test checked districts. Following major deficiencies were noticed during audit:

1. Creation of Sports Infrastructure

(i) Delay in completion of multipurpose hall

Scrutiny of records showed that Government of India (GOI) transferred (April, 2005) the Scheme “Creation of Sports Infrastructure” to the State for direct implementation by the State. The original estimate of the work for “Construction of Multipurpose Hall at Yamunanagar” prepared in November 2002 for ₹ 1.72 crore was revised to ₹ 5.04 crore in March 2012, for the same scope and specification of the work due to non-availability of sufficient funds with the District Sports Council. An expenditure of ₹ 4.33 crore had been incurred up to February 2015 on the construction work, but, works such as floor tiling, wooden flooring, electricity fitting, painting and development of outside area has yet not been completed. DSYAO, Yamunanagar stated (February 2015) that works would be completed by December 2015 and further added that the main reason for the delay in completion of work was the paucity of the funds as funds were never released against the actual requirement by the Director General, SYA department. A Para on the same issue had featured in the Report of Comptroller and Auditor General of India for the year ended 31 March 2007 (Civil)-Government of Haryana {Para No. 4.5.2 (b)}. Public Accounts Committee (PAC) recommended in its 68th Report (2012-13) to send a report in this regard within a period of one month specifically mentioning the officers/officials who were responsible for this lapse. However, no action has been taken by the Department on the recommendation of the PAC so far (December 2015).

Thus, non-releasing of funds in consonance with the requirement of work resulted in non-completion of the stadium. Besides, delay in completion of work also resulted in cost overrun of ₹ 3.32 crore.

(ii) Blockade of funds and non-construction of Stadiums and Badminton Hall.

Scrutiny of records of DSYAOs, Ambala and Jhajjar showed that SYA Department transferred ₹ 1.52 crore during October 2010 to July 2012 for construction of four stadiums and one Badminton Hall to four executing agencies⁹² without ensuring the availability of land. It was noticed that work of construction of these stadiums has not started (June 2015) as the land was not made available by the concerned Gram Panchayats. DSYAO, Ambala stated (June 2015) that work has not been started so far. Response from DSYAO, Jhajjar has not been received. Thus, transferring of funds without ensuring availability of land and conducting pre-inspection of site resulted not only in blockade of funds of ₹ 1.52 crore but also deprived the Sports persons of Ambala and Jhajjar districts of sports facilities.

⁹² (i) Executive-Engineer, Panchayti Raj Institution Ambala (ii) MC Ambala (iii) BD&PO Ambala (iv) BD&PO Jhajjar.

(iii) Delay in providing sports infrastructure facilities

Scrutiny of records showed that 67 RGGKPs were constructed in selected districts by the Haryana State Agricultural Marketing Board (HSAMB) at a cost of ₹ 45.42 crore⁹³ after a delay ranging between 7 to 50 months from the scheduled time of completion. Of which 25 stadiums were constructed after a considerable delay of more than 24 months to 48 months.

It was also noticed that these RGGKPs were handed over to SYA Department after a delay ranging between 2 to 42 months after construction. Thus, due to delay in construction and thereafter in handing over these stadiums, objective of the sports policy to provide high quality sports infrastructure could not be achieved. Deficiencies in maintenance are given in para 3(iii) and 4.

Chief Administrator, HSAMB, Panchkula stated (August 2015) that reasons for delay were land dispute, change in structural design, agencies left work incomplete, site not clear, shortage of labour and material etc. Reply of the department is not tenable because these issues should have been settled before commencement of the works.

(iv) Parking of funds

Rule 2.10 (b) 5 of Punjab Financial Rules (PFR) Vol-I provides that no money is withdrawn from the treasury unless it is required for immediate disbursement.

With a view to provide new technology of sports, medical facilities and awareness about new rules etc. to sports-persons, Department of SYA, Haryana accorded sanction (March 2012) of ₹ 50 lakh to District Sports Council(DSC), Bhiwani for setting up of Regional Sports Development Centre at Bhiwani and transferred the amount in March 2012.

Scrutiny of records (January 2015) showed that this amount was lying unspent in the bank account of DSC, Bhiwani as Directorate office did not give direction for utilization of funds. Thus, funds of ₹ 50 lakh remained unutilized (December 2015) for more than three years depriving the sports persons of infrastructure facilities. DSYAO, Bhiwani stated (January 2016) that they requested Director, SYA Department to issue guidelines to spend this amount, but no guidelines in this regard have been received so far.

2. Maintenance of Sports Infrastructure:**Renovation of Gymnasium Hall/Mini stadiums**

Scrutiny of records of two DSYAOs (Ambala and Yamunanagar) showed that the SYA transferred ₹ 32.25⁹⁴ lakh to the different executing agencies for renovation

⁹³ Ambala: ₹ 4.08 crore, Rohtak: ₹ 9.54 crore, Jhajjar : ₹ 14.17 crore, Bhiwani: ₹ 10.32 crore, Yamunanagar: ₹ 4.14 crore and Fatehabad: ₹ 3.17 crore.

⁹⁴ DSAYO, Ambala: ₹ 16.63 lakh (July 2012); ₹ 1.23 lakh (November 2013) and DSAYO, Yamunanagar: ₹ 14.39 lakh (July 2008)= ₹ 32.25 lakh

of Gymnasium Hall and construction of mini stadium at village Rupali (Yamunanagar) during July 2008 to March 2014. It was observed that:

- While conducting physical verification (July 2013) by the Department, the Deputy Director, found that there was seepage in one or two places of the false ceiling of the Gymnasium hall. Despite incurring expenditure of ₹ 16.63 lakh (July 2012) and ₹ 1.23 lakh (November 2013) on renovation of Gymnasium Hall at Ambala, defects could not be removed which indicated poor quality of repair work. DSYAO, Ambala, stated (June 2015) that condition of the roof and false ceiling of the hall was miserable and there was risk of injury to players. The fact, thus, remains that even after incurring expenditure of ₹ 17.86 lakh on repair of gymnasium hall it could not be put to use as of December 2015.
- An amount of ₹ 14.39 lakh was released to Executive Engineer, PRI, Yamunanagar in July, 2008 for construction of Mini Stadium at village Rupali, without ensuring the availability of land.. The executing agency returned (December 2008) ₹ 12.38 lakh to the Department after deducting ₹ 2.01 lakh incurred on 10 *per cent* completion of the work, which proved wasteful as a stay order had been given by the High Court on the land on which the stadium was to be built. As such, Mini Stadium remained unconstructed (December 2015).

Thus, expenditure of ₹ 19.87 lakh⁹⁵ incurred on sports infrastructure had not served the intended purpose and resulted in wasteful expenditure. Besides, sports persons were deprived the facilities of sports infrastructure.

3. Coaching to Sports persons

(i) Irregular payment

Government of Haryana appointed (30 April 2012) a Director cum Chief Coach, Lawn Tennis Academy at Rohtak for a monthly payment of ₹ 1,00,000. As per the terms and conditions fixed by the DSC, Rohtak the Director cum Chief Coach must impart coaching for minimum 10 days per month to the selected students.

It was noticed that chief coach provided training for 50 days only, from the period May, 2012 to October, 2014 against the requirement of minimum 300 days. Payment of ₹ 28 lakh was made to chief coach during this period without ensuring whether he had imparted training for the requisite period. Besides, sports persons were also deprived of the training, as this was provided for only 50 days against minimum requirement of 300 days.

DSYAO, Rohtak stated (May 2015) that the Chief Coach was appointed with the condition that chief coach would provide coaching for at least ten days in a month but no record of training was maintained by them.

⁹⁵ ₹ 17.86 lakh + ₹ 2.01 lakh.

(ii) Non-recovery from the students

As per terms and conditions fixed by the Deputy Commissioner, Rohtak, the Director cum Chief Coach must provide free coaching to 10 students out of 25 students. Remaining 15 students were required to pay ₹ 3,000 per month for getting coaching facilities.

It was observed during audit that the above mentioned coaching programme started from the month of July 2012 and continued up to January 2015. The coaching were provided to the students (number ranging between 16 to 24), but fees amounting to ₹ 8.55 lakh was not received from the students. While accepting the facts DSYAO, Rohtak stated (May 2015) that recovery has not been made, because DC, Deputy Director, and DSYAO, Rohtak after discussion with Chief Coach decided not to charge any fees. Thus, absence of specific executive orders and non-following the procedure, resulted in non-recovery from students.

(iii) Shortage of Coaches/Groundmen/Groundmanager and Chowkidars at the stadiums

- Scrutiny of records showed that shortage of Coaches vis-à-vis games being played at districts level ranged between 33 to 63 *per cent* during 2010-15.
- Out of 92 Mini Stadiums, ground managers were not available in 44 stadiums. Further in 30 mini stadiums ground managers were not available for a period of 27 to 58 months.
- Groundmen were not available in 42 mini stadiums. In another 34 mini stadiums, groundmen were not available for 26 to 56 months.
- In 92 Mini Stadiums, no chowkidars were available during the period of 2010-15.
- Similarly, in RGGKPs, Chowkidars were not available in 65 out of 67 stadiums.
- In 67 RGGKPs, ground manager were not available between 2 to 40 months.
- Groundmen were not available in 65 RGGKPs between 2 to 39 months.

Thus, shortage of Coaches, Ground managers, Ground men and Chowkidars in the test checked districts adversely affected the maintenance of the Mini Stadiums and RGGKPs as detailed in Para 4. Besides, sports persons were also deprived of training due to shortage of coaches.

4. Irregularities noticed during joint inspection

With a view to assess the actual position of sports infrastructure, a joint inspection (alongwith departmental officers) of 27 RGGKPs and 34 mini stadiums was conducted in six districts⁹⁶. Results of inspection are given below:

⁹⁶ Mini Stadium-34 (Jhajjar-6, Rohtak-6, Bhiwani-6, Yamunanagar-2, Ambala-8 and Fatehabad-6).
RGGKP-27 (Jhajjar-6, Rohtak-6, Bhiwani-5, Yamunanagar-2, Ambala-6 and Fatehabad-2).

- Play grounds of 24 mini stadiums (71 per cent) and 19 RGGKPs (70 per cent) were bumpy and not fit for sports activities.
- High tension electricity lines were passing over the play grounds in six stadiums (18 per cent) posing a major risk.
- Play grounds of 12 stadiums (35 per cent) in Rohtak, Jhajjar, Fatehabad and Bhiwani districts were in low lying areas. Nomadic animals were grazing in five stadiums (15 per cent) due to broken boundarywall, while scrubs and agricultural waste were also scattered in the play grounds in eight stadiums (24 per cent) making them unfit for sports activities.



- Equipments such as Basketball net, Volleyball net, Football poles, Badminton court, Weightlifting equipments, etc. were available only in 16 mini stadiums (47 per cent) and 23 RGGKPs (85 per cent) which showed poor availability of sports equipments in stadiums and deprived aspiring youth of sports facilities.
- Out of inspected 34 Mini Stadiums and 27 RGGKPs, basic amenities such as electricity, water and bath rooms were not available in 32, 27 and 28 Mini Stadiums (94, 79 and 82 per cent respectively) and in 19, 17 and 02 RGGKPs(70, 63 and 7 per cent respectively) respectively.
- Out of 22 tubewells installed in the RGGKPs, 21 (95 per cent) were not working for want of electricity connections and proper maintenance, in the absence of which, basic amenities like toilets and bathrooms were not usable.

Main reasons for non-maintenance of sports infrastructure was shortage of manpower and lack of proper monitoring.

Thus, there were delays in construction and handing over of stadiums. Deficiencies in maintenance of stadiums leading to deterioration, lack of sports equipments and basic facilities in the stadiums, shortage of staff etc., were symptomatic of inherent shortcomings in the system of building and providing good sports infrastructure to aspiring sports persons of the State. This was bound to have an adverse impact on the promotion of sports related activities and in nurturing talent.

The matter was referred (July 2015) to the Principal Secretary to Government of Haryana Sports and Youth Affairs Department and further reminder was issued in September 2015; reply was awaited (January 2016).

Technical Education Department

3.26 Loss due to injudicious allotment of work

Allotment of work of construction of Government Polytechnics to RITES without analysing and comparing the rough cost estimates with Public Works Department (B&R), Haryana resulted in a loss of ₹ 1.03 crore.

Government of India (GOI), Ministry of Human Resource Development, launched (January 2009) a scheme “Sub-mission on Polytechnics under coordinated action plan for skill development” under which financial assistance of ₹ 12.30 crore (₹ 8.00 crore for construction work and ₹ 4.30 crore for machinery equipments for each polytechnics) for setting up Government Polytechnics (GPs) in seven districts⁹⁷ was to be provided. The State Government was to provide land for setting up polytechnic free of cost and bear the entire recurring expenditure and non recurring expenditure beyond ₹ 12.30 crore.

Scrutiny of the records of the office of Director General, Technical Education (TE), Haryana, Panchkula, showed (July 2014) that seven⁹⁸ sites were identified (January 2009) for setting up GPs under the said scheme. But the administrative approval in respect of only four GPs⁹⁹ was accorded (March 2010) for ₹ 8.00 crore each for construction work (₹ 2.00 crore was released for each GP). Work for establishment of these GPs was initially allotted to the PWD (B&R) in September 2009 as the rates of PWD (B&R) were at lower side but later on keeping in view the good track record of quality of construction and timely completion of earlier projects the work was assigned (March 2010) to the RITES Limited at project cost plus 6.45 *per cent* as Project Management Consultancy (PMC) charges. Advance payment of ₹ 8.00 crore for above mentioned works was made in March 2010 to RITES whereas the preliminary cost estimates for the construction of GPs were received in November 2010. Although the rates received from RITES were 30 *per cent* higher than those of PWD (B&R) yet the department went ahead and signed the agreement with RITES in July 2011.

Further, at the instance of the then Principal Secretary, TED, the engagement of RITES as PMC was reviewed in May 2012 and on the plea that the cost estimates were on higher side as compared to the estimates prepared by PWD (B&R) Haryana, Government decided in August 2012 that the work may be executed through the PWD (B&R) and quality of work may be ensured. Accordingly the RITES was informed about the decision of the Government in August 2012 and asked to refund the amount of ₹ 8.00 crore along with interest. The RITES

⁹⁷ (i) Rewari, (ii) Kaithal, (iii) Yamunanagar, (iv) Kurukshetra, (v) Fatehabad, (vi) Panipat and (vii) Panchkula.

⁹⁸ (i) Government Polytechnic Lisana (Rewari), (ii) Guru Gobind Singh Government Polytechnic Cheeka (Kaithal), (iii) Ch. Ranbir Singh Hooda, Institute of Irrigation and Power Enng. Hathni Kund (Yamuna nagar), (iv) Government Polytechnic Umri (Kurukshetra), (v) Government Polytechnic Dhangar (Fatehabad), (vi) Government Polytechnic Jattal (Panipat) and (vii) Government Polytechnic Nanakpura (Panchkula).

⁹⁹ (i) Government Polytechnic Umri (Kurukshetra), (ii) Government Polytechnic Dhangar (Fatehabad), (iii) Government Polytechnic Jattal (Panipat) and (iv) Government Polytechnic Nanakpura (Panchkula).

refunded (October 2012) an amount of ₹ 6.99 crore after deducting ₹ 1.03 crore as PMC fee, stone laying and Notice Inviting Tender publishing charges on the plea that the work was allotted to various agencies in April 2012 by them whereas the work was withdrawn in August 2012.

Thus, the injudicious decision of the department to allot the work to RITES without analyzing and comparing the preliminary cost estimate of RITES and PWD (B&R), Haryana resulted in loss of ₹ 1.03 crore.

The Principal Secretary, TED stated (September 2015) that funds of ₹ 8.00 crore received from GOI were deposited in the joint account of the department and RITES in March 2010 to avoid lapse of funds/grant. The approval of Finance Department for construction of Polytechnics was obtained in August 2010 and thereafter the agreements were signed in July 2011. It was further stated that the preliminary cost estimates of the projects were prepared by the PWD (B&R) on the basis of plinth area rates which were variable. The reply is not tenable as initially the construction work was allotted to PWD (B&R) in 2009 and advance payment of ₹ 8.00 crore was made (March 2010) to RITES without analyzing preliminary cost estimate and executing any agreement just to avoid lapse of funds. Further, the department was already aware in November 2010 that the preliminary cost estimates of RITES were approximately 30 *per cent* higher. Even then, the decision to withdraw the work from RITES was taken only in August 2012.

Despite knowing the fact that PWD (B&R) was a specialized department of the State Government and the preliminary cost estimates were also on lower side, not allotting the work to PWD (B&R) in November 2010, lacked financial prudence. It resulted in loss of ₹ 1.03 crore besides delay in construction of GPs.

Women and Child Development Department

3.27 Procurement in Women and Child Development Department

Cases of delay in procurement of Pre-School Education kits, excess purchase of furniture, extra expenditure on purchase of utensils, diversion of funds and irregular purchase were noticed.

Women and Child Development (WCD) Department, Haryana is implementing various schemes for welfare of women and children in the State. Many food items under Supplementary Nutrition Programme (SNP), pre education kits and furniture etc. were being purchased by WCD Department. To ensure whether requirement of material was properly assessed, purchased and utilised, with reference to financial rules, regulations, instructions, etc., the records for the period 2010-15 in respect of Integrated Child Development Services Scheme was test checked in the office of the Director, WCD Panchkula and five District Programme Officers (DPOs)¹⁰⁰ during November 2014 to February 2015. Following irregularities were noticed:

¹⁰⁰ Mewat, Faridabad, Sirsa, YamunaNagar and Panipat.

(i) Delay in procurement of Pre-School Education kits

To enable the elder siblings to attend school to strengthen the Pre-School Education (PSE) in Anganwadi Centres (AWCs) through non-formal and play way method, the Central Government revised (May 2009) the norms for PSE kits from ₹ 500 to ₹ 1,000 per AWC per annum. For this purpose the kits were to be purchased by the committees constituted under the chairmanship of each Additional Deputy Commissioner (ADC).

The department withdrew ₹ 1.73 crore in March 2010 for purchase of 20,398 PSE kits. But due to delay in finalization of purchase process, purchase order could be placed in September 2010 with a time limit of 90 days. PSE kits were, however, delivered in April-May 2011, after a delay of one year which resulted in deprivation of the children from the facility of PSE kits for one year, besides loss of interest of ₹ 16.12¹⁰¹ lakh due to withdrawal of funds in advance of requirement. Similar irregularity in respect of delay in procurement of PSE Kits was also pointed out in the Audit Report for the year 2009-10 (Para 1.2.12.27). Public Accounts Committee, while discussing the Report (2014-15) recommended to conduct an inquiry into the matter and to fix the responsibility of those officers, who had caused the delay in taking action. However, no action has been taken so far (December 2015).

The WCD Department stated (December 2014) as the approval of Chief Minister was received on 30 March 2010, the funds were drawn to avoid the lengthy procedure to get the same re-validated from the GOI and these funds were placed at the disposal of ADCs. Reply of the department was not tenable as the case was submitted for approval to Chief Minister on 30 March 2010 and it was approved on the same day with the instructions that procurement matters should be finalized well in time in future. The fact, however, remains that there was delay of more than one year in procurement of kits.

(ii) Excess purchase of furniture

Rule 15.2 of Punjab Financial Rules provides that purchase must be made in the most economical manner, in accordance with the definite requirements of the public service. Scrutiny of stock records of DPO, Sirsa showed that swings, plastic chairs and tables valuing ₹ 4.73 crore were provided by the ADC Sirsa under BRGF during March 2010 to June 2010 in all the 914 AWCs of the district. However, the same furniture items i.e swings, plastic chairs and tables valuing ₹ 85.14 lakh were again purchased and supplied in AWCS of District Sirsa between June 2011 and May 2013 by the Director WCD without ascertaining the actual requirement.

DPO, Sirsa stated (January 2015) that excess furniture would be shifted to other centres. The reply was not tenable as the furniture was in excess at all centres of the district and purchases should have been made after assessing the requirement.

(iii) Diversion of Government grant

Scrutiny of records of the DPO, Jhajjar showed that an amount of ₹ 11.95 lakh was sent

¹⁰¹ ₹ 1.73 crore × 13 months × 8.60 per cent = ₹ 16.12 lakh.

in February 2011 by the Civil Surgeon, Jhajjar under National Rural Health Mission (NRHM). As per instructions of the Mission Director, NRHM, this amount was to be utilized for holding group meeting, rally, quiz/seminar /debates and competitions in Schools for awareness. However, this amount was spent on purchases of weighing machines in violation of guidelines. WCDPOs Salhawas and Bahadurgarh, Rural-I and II intimated (September 2014) that the purchases were made on the advice of Civil Surgeon, Jhajjar and prescribed procedure could not be adopted due to shortage of time. The fact remains that the grant was diverted which was in violation of the guidelines of NRHM.

(iv) Irregular purchase

Director, WCD Department issued instruction in July 2010 for preparation of various food items for beneficiaries, in which biscuit, toffee and kastoori methi were not included in the recipes under Supplementary Nutrition Programme. It was observed in audit that in contravention of these instructions, the DPO, Faridabad had purchased biscuit and toffee of ₹ 16.29 lakh during 2010-11 and the DPO, Palwal had purchased Kastoori methi of ₹ 8.14 lakh during 2010-13. The Director, WCD Department stated (May 2015) that explanation has been sought from the DPOs Palwal and Faridabad so that such irregularity may not be repeated in future.

(v) Extra expenditure on purchase of utensils

Deputy Commissioner cum Chairman, BRGF Sirsa sanctioned (September 2012) an amount of ₹ 27.50 lakh for purchase of utensils for use in AWCs. Tenders were invited for the supply of certain specific brands¹⁰² of stainless steel products. Financial bids of five firms were opened, though their technical bids were not in order as they were not bidding for the desired brand utensils. Supply order was placed (October 2012) with M/s Ashutosh Trading, Ambala (lowest among bidders) to supply 17,000 Mosaic brand utensils sets which were not as per requisite brand mentioned in tenders inviting notice. Firm supplied the material in January 2013 and payment of ₹ 28.22 lakh was made. Thus, purchase of such utensils which were not of the requisite brand as per conditions mentioned in the tender was irregular. The DPO, Sirsa stated (January 2015) that utensils were purchased by inviting tenders. The reply was not tenable as the acceptance of bid ignoring the pre-requisite conditions of the tender was irregular.

(vi) Loss due to purchase of eatables from open market on higher rates

Under the Wheat Based Nutrition Programme of GOI, the State Government was required to assess the requirement of food grains and lift the allocated quota from the Food Corporation of India (FCI) at the subsidized rates instead of purchase of these items from the open market.

Scrutiny of records relating to purchase of Supplementary Nutrition Programme items for the period 2010-11 showed that 12 DPOs¹⁰³ out of 21, purchased

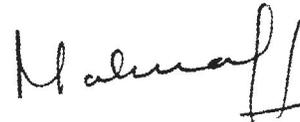
¹⁰² Vinod, Kraft, Baijal, Prestige, Jindal, Shri&Sam and Pushpanjali.

¹⁰³ Ambala, Hisar, Jind, Gurgaon, Kurukshetra, Rohtak, Mewat, Narnaul, Sirsa, Panipat, Rewari and Faridabad.

wheat, wheat flour, daliya and rice worth ₹ 1.11 crore from the open market at three to four times higher rates as compared to the rate payable to the FCI. Due to non-compliance of instructions of the GOI and improper planning for assessment of requirement, department had incurred an extra expenditure of ₹ 75.02 lakh. The Director, WCD Department stated (May 2015) that the DPOs purchased the food grains from open market on their own. However, instructions have been issued not to repeat such an irregularity in future.

Thus, there were cases of delay in procurement of PSE kits, excess purchase of furniture, extra expenditure on purchase of utensils, diversion of Government grant and irregular purchase of SNP items.

Matter was referred to Principal Secretary to Government of Haryana Women and Child Development Department in May 2015 and reminder was issued in July 2015; reply has not been received (January 2016).



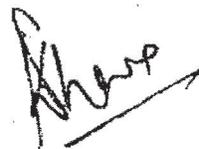
Chandigarh

Dated:

(Mahua Pal)

Principal Accountant General (Audit), Haryana

Countersigned



New Delhi

Dated:

(Shashi Kant Sharma)

Comptroller and Auditor General of India