

## 3.AUDIT OF TRANSACTIONS

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

### AGRICULTURE DEPARTMENT

#### 3.1 Wasteful expenditure due to supply of excess/substandard hybrid seeds

**Use of excess supplied substandard hybrid seeds, procured for sale to farmers, under 100 per cent subsidy schemes led to wasteful expenditure of ₹ 1.11 crore.**

With a view to enhance agriculture production and productivity through use of hybrid seeds under 'Hybrid Seed Promotion Scheme', Director, Agriculture, Uttar Pradesh, Lucknow informed (April 2011) UP Seed Development Corporation (Corporation) the demand of 2,375 quintal hybrid seeds of *Bajra* (JK BH-26, MH-1553 (super boss), 86 M-53, JK BH-676) for *Kharif* 2011 season. Later (17 June 2011), the Director informed the Corporation that revised demand for hybrid *Bajra* seeds was 748 quintal and ordered to supply the seeds to 18 regions<sup>1</sup>. Every District Agriculture Officer (DAO) of concerned districts was responsible for quality testing of seeds prior to their sale to the farmers by conducting germination test of the seeds. It was also mentioned in the order that if due to some reason seeds remained undistributed these would be taken back by the Corporation. However, this condition relating to hybrid seeds was withdrawn, without assigning any reasons, by the Director (June 2011) in respect of *Bajra* and *Makka* only. Further, the Government prescribed (June 2011) that action under Seeds Act, 1966 would be taken for supply of substandard seeds.

Scrutiny of the records (March 2014) of Director, Agriculture, UP, Lucknow (Director) and further information collected (April 2015) revealed that against the revised demand of 748 quintal, the Corporation supplied 2,364 quintal of hybrid *Bajra Samrat* -131/133 seeds between 25 June 2011 to 30 June 2011 which was not of the variety specified in the demand. The department accepted the changed variety and excess quantity of *Bajra* hybrid seeds which was subsequently found substandard. The validity period of these hybrid seeds was nine months only. We observed that only 787.47 quintal hybrid *Bajra* seeds were sold and balance 1,574.93 quintal seeds were lying unused

<sup>1</sup> Agra, Azamgarh, Aligarh, Allahabad, Bareilly, Basti, Chitrakoot, Devipatan, Faizabad, Gorakhpur, Jhansi, Kanpur, Lucknow, Meerut, Mirzapur, Moradabad, Saharanpur and Varanasi.

(June 2011 to June 2012) at the departmental seed stores due to excess supply and non-purchase by the farmers because of substandard quality (being un-even growth and infected with *Kanduwa* disease) of these seeds. Store in-charges, DAOs of the districts and the committee constituted (July 2011) by the Director for testing quality and germination of seeds under the chairmanship of Joint Director, Agriculture, Agra Region also confirmed that the seeds were substandard. The Director and DAOs informed the Corporation repeatedly<sup>2</sup> for taking back unused seeds lying in the seed stores for the reason of their being of substandard quality. The Hon'ble Minister of the Department also directed (16 July 2011) the Additional Director (Seed and Farms) to ensure the return of unused seeds. However, during audit, we observed that neither the Corporation took back the unused seeds nor any action was initiated by the department under the Seeds Act, 1966 for supply of substandard seeds.

Further scrutiny revealed that, out of 1,574.93 quintal unused seeds, 934.93 quintal seeds were distributed free of cost on 100 *per cent* subsidy based scheme 'Accelerated Fodder Development Programme' (AFDP) by making mini-kits and remaining 640 quintal seeds were consumed (January 2013) under 'Seed Production Programme' in *kharif* 2012 by the department. The department paid ₹ 1.51 crore<sup>3</sup> to the Corporation for 1,337.63 quintal expired/substandard seeds. The details of payment for remaining 237.30 quintal seeds were not on records.

Thus, the department incurred wasteful expenditure of ₹ 1.11 crore (₹ 0.65 crore for 934.93 quintal seeds at the rate of ₹ 6,970 per quintal<sup>4</sup> and ₹ 0.46 crore for 402.70 quintal seeds at the rate of ₹ 11,300 per quintal) on payments made for 1,337.63 quintal expired/substandard seeds which led to avoidable expenditure of ₹ 1.11 crore.

The Government, during discussion (November 2015), accepted the facts and figures and stated to furnish the reply after detailed investigation of the case.

## ANIMAL HUSBANDRY DEPARTMENT

### 3.2 Unfruitful expenditure ₹ 5.40 crore

**Inaction on the part of Department/Government led to unfruitful expenditure of ₹ 5.40 crore on the construction of 17 new Veterinary Hospital buildings.**

The Government sanctioned (March 2008 and November 2008) establishment of 47 new Veterinary Hospitals<sup>5</sup> (VHs) for extension and improvement of veterinary services, animal's health and treatment of diseases at an estimated cost of ₹ 14.94 crore.

<sup>2</sup> July 2011, August 2011, September 2011 and October 2011 etc.

<sup>3</sup> ₹ 78.36 lakh for 693.41 quintals in November 2011 and ₹ 72.80 lakh for 644.22 quintal in March 2013 under AFDP.

<sup>4</sup> ₹ 11300 (*Bazara Samrat* -131/133 hybrid seed price) - ₹ 4330 (Maximum rate of fodder during *Kharif* 2012).

<sup>5</sup> March 2008: 22 VHs and November 2008: 25 VHs at the rate of ₹ 31.79 lakh each.

Scrutiny of the records (November 2013) of Chief Veterinary Officer (CVO), Etah and information collected (October 2014, December 2014 and April 2015) from CVOs of Etah, Hardoi and Farrukhabad districts revealed that the construction work of these 47 New VHs<sup>6</sup> was started between April 2008 and October 2009 and these were handed over during May 2009 to August 2011. Further, the required posts for functioning of these VHs were sanctioned by the Government in March 2013. Delay in sanction of the required posts ranged from 19 months to four years.

We also observed that though the posts of Veterinary Officers (VOs) and Pharmacists were sanctioned in March 2013, VOs and Pharmacists were yet to be posted in 17 newly constructed VHs<sup>7</sup> as of October 2015. Thus, due to delay in sanction of posts and non-posting of VOs and Pharmacists, 17 VH buildings constructed at a cost of ₹ 5.40 crore were lying idle and the objective of providing effective veterinary health services to livestock in the State remained unachieved.

On this being pointed out in audit; CVO, Etah stated (January 2015) that 10 VHs where VOs were not posted, were made functional by VOs posted in nearby hospital. CVO, Hardoi and Farrukhabad accepted (October 2014 and December 2014) that new VHs (three and four respectively) were not functional due to non-posting of VOs and Pharmacists. Reply of CVO, Etah was not acceptable because VOs of nearby hospitals visited these hospitals only once in a month and no records were maintained in these newly constructed hospitals to show the number of animals treated, medicine supplied, etc. Thus, the objective of constructing these 17 hospitals could not be fully achieved as of October 2015 despite incurring an expenditure of ₹ 5.40 crore.

The Government, during discussion (November 2015), accepted the facts and figures and stated to furnish the reply later.

## BASIC EDUCATION DEPARTMENT

### 3.3 Unfruitful expenditure of ₹ 5.40 crore on construction of substandard buildings of *Kasturba Gandhi Balika Vidyalaya*

**Award of construction works of 17 KGBVs to ineligible construction agency and failure of monitoring resulted in unfruitful expenditure of ₹ 5.40 crore on construction of substandard *Vidyalaya* buildings.**

With a view to ensure access and quality education to the girl child of disadvantaged groups of society, the Government of India (GoI) accorded (May 2007) approval for setting up of residential *Kasturba Gandhi Balika Vidyalaya* (KGBV) under *Sarv Shiksha Abhiyan* in educationally backward blocks of Districts in the state. The Government of Uttar Pradesh

<sup>6</sup> Etah: 31, Hardoi: 08 and Farrukhabad: 08.

<sup>7</sup> Etah: 10, Hardoi: 3 and Farrukhabad: 4.

approved (May 2007) a panel of three government construction agencies<sup>8</sup> for construction of KGBVs and formed a District Level Committee<sup>9</sup> (DLC) for selection of construction agency and running of KGBVs. Scheme guideline for construction of KGBVs provided that DLC would select a construction agency out of three empanelled government agencies. Further, DLCs could select any other government agency available at the district level but any change in the approved drawing, design and per unit cost was not permissible.

Scrutiny of the records of District Basic Education Officer (DBEO), Bijnore (August 2013) and Sultanpur (May 2014) revealed that the construction work of 13<sup>10</sup> and four<sup>11</sup> KGBVs, in Bijnore and Sultanpur districts respectively, was awarded by DLCs to Uttar Pradesh Co-operative Construction and Development Limited (UPCD).

Audit observed that UPCD was not an empanelled government agency and therefore was not eligible for award of these works. Hence, award of works to UPCD by DLCs was against the scheme guidelines. Funds of ₹ 4.20 crore and ₹ 1.20 crore were released to UPCD for Bijnore and Sultanpur respectively during 2008-11. Scheduled date of completion of these buildings was March 2009. We during audit noticed that inspections carried out by the District Magistrate, Bijnore during December 2009 to September 2010 and Commissioner, Faizabad Zone, Faizabad in June 2011 revealed that these school buildings were not constructed as per approved drawing and design. It was also found that the construction works were of substandard quality and unsafe for children. As such, the Government instructed (July 2011) for blacklisting the construction agency, lodging FIR and to recover the balance amount of incomplete work. FIR was lodged by DBEOs against UPCD “for not completing the work and embezzlement of Government money” in January 2012<sup>12</sup> and April 2012<sup>13</sup>. The cost of left over works of KGBV buildings in Bijnore and Sultanpur was assessed at ₹ 90.05 lakh and ₹ 35 lakh respectively. Public Works Department estimated that ₹ 352.20 lakh and ₹ 56.14 lakh would be required to complete the KGBV buildings in Bijnore and Sultanpur respectively. However, these KGBV buildings were incomplete as of October 2015. As the school buildings remained incomplete even after six years from the scheduled date of completion, the expenditure of ₹ 5.40 crore<sup>14</sup> incurred thereon was rendered unfruitful and the objective of providing quality education to the girl child of disadvantaged groups of society in these districts could not be achieved as of October 2015.

On this being pointed out, DBEO, Bijnore stated (August 2015) that FIR had been lodged and the matter was under investigation in *Arthic Apradh*

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<sup>8</sup> Uttar Pradesh *Awas Vikas Parishad*, Construction and Design Services, UP *Jal Nigam* and Public Works Department.

<sup>9</sup> District Magistrate; Chief Development Officer; Principal, District Education and Training Institute; Basic Education Officer; District Programme Officer; Principal, Government Girls Inter College, etc.

<sup>10</sup> 1 Chandpur Nagar; 2 Kotwali; 3 Sherkotnagar; 4 Mopurdevmal; 5 Kirtapur rural; 6 Kiratpur Nagar; 7 Nazibabad Rural; 8 Naziabad Nagar; 9 Nagina Nagar; 10 Haldaur; 11 Noorpur; 12 Budhanpur; and 13 Kalluwala.

<sup>11</sup> 1 Kurwar; 2 Baldirai; 3 Dubeypur; and 4 Jaisinghpur.

<sup>12</sup> In Kotwali Nagar, Sadar, Bijnore.

<sup>13</sup> In Kotwali Nagar, Sadar, Sultanpur.

<sup>14</sup> Bijnore: ₹ 4.20 crore and Sultanpur ₹ 1.20 crore.

*Sangthan*, Meerut. While DBEO, Sultanpur stated (May 2014) that it was not known that the agency was not a government agency. When it came to notice, action was taken against the agency. The reply of DBEO, Bijnore and Sultanpur was not acceptable as DLCs awarded works to a private agency ignoring scheme guidelines and it was the responsibility of the departmental authorities to monitor and ensure that buildings were constructed as per approved drawing and design before releasing the payment.

The matter was referred (May 2015) to the Government and the reminders were issued (July and August 2015) for furnishing the reply and holding discussion. However, neither reply was furnished nor was the date for discussion fixed by the Government as of November 2015.

## HIGHER EDUCATION DEPARTMENT

### 3.4 Unfruitful expenditure of ₹ 8.92 crore

**Delay in sanction of the revised estimate, not giving the required permission for withdrawal of released funds from PLA by the Government and inability of the University to provide its share led to unfruitful expenditure of ₹ 8.92 crore.**

For construction of Science faculty building in the new campus of Lucknow University to run the courses in Environmental Sciences, Biotechnology, Computer Sciences, etc., the Government accorded (October 2007) administrative and financial sanction of ₹ 8.92 crore and nominated Uttar Pradesh *Rajkiya Nirman Nigam* Limited (UPRNN) as executing agency. The scheduled date of completion of the faculty building was September 2010.

Scrutiny of the records (September 2014) of Lucknow University, Lucknow (University) revealed that ₹ 8.92 crore was released to UPRNN in three installments between October 2007 and April 2009. The executing agency started the work in March 2008 and completed 65 *per cent* of the work of the building upto May 2011 by utilising the full amount of ₹ 8.92 crore made available to it. Meanwhile, UPRNN submitted (January 2010) a revised estimate of ₹ 14.94 crore to the University. However, as per the instruction of the University, it was revised to ₹ 14.22 crore which was sent to the Government (January 2011) for approval. The Government accorded (March 2013) the revised administrative and financial sanction of ₹ 13.65 crore after more than two years. The Government released (March 2013) ₹ 2.36 crore (50 *per cent*) of the increased cost ₹ 4.73 crore<sup>15</sup> with the condition that the released amount would be kept in the Personal Ledger Account (PLA) of the executing agency and withdrawn in the ensuing year only with the consent of the Administrative/Finance Department. The amount was deposited in PLA of the executing agency in March 2013. It was also ordered that the work should be completed by meeting the balance amount (₹ 2.36 crore) from the University's own sources.

<sup>15</sup> Difference between revised and original sanction (₹ 13.65 crore - ₹ 8.92 crore = ₹ 4.73 crore).

We observed that though the Government had released ₹ 2.36 crore, kept in PLA of UPRNN, but the required permission for withdrawing this amount from PLA was not accorded by the Government till October 2015, though the University made requests to the Government for withdrawal of the funds in December 2013 and March 2014. Further, the University had also informed (January and September 2013) the Government that in view of its financial constraints, it would not be able to share the burden of ₹ 2.36 crore from its own resources. Thus, due to delay of more than two years in sanction of the revised estimate, not according the permission to the University to withdraw funds from PLA by the Government and inability of the University to release its share of ₹ 2.36 crore, the Science faculty building was lying incomplete since May 2011 defeating the objective of running the courses in Environmental Sciences, Biotechnology, Computer Sciences, etc.

During discussion (November 2015), the Government accepted the facts, figures and assured to provide a work plan to University for completion of construction work in timely manner. University also assured to release the balance funds. The reply was not acceptable as the balance funds were yet (November 2015) to be released and the Science faculty building was lying incomplete even after incurring expenditure of ₹ 8.92 crore.

## INFORMATION AND PUBLIC RELATION DEPARTMENT

### 3.5 Non-utilisation of fund collected for promotion of film activities

**Lack of effort on the part of IPRD in ensuring the budgetary provision of the accumulated fund, resulted in blockage of ₹ 60.61 crore. Besides, the objective of creation of Film *Vikas Nidhi* was defeated.**

With a view to provide infrastructural and financial support for film making and developing the State as an important centre of film making<sup>16</sup>, the Film *Vikas Nidhi (Nidhi)* was created in November 1999. The objectives of creation of *Nidhi* were to provide infrastructural facilities for film making, financial aid for film making, establishment of film studios, organisation of film festivals, etc. which were to be achieved by Uttar Pradesh Film *Bandhu*, an executive body<sup>17</sup> constituted for operation of *Nidhi*. As envisaged in the guidelines, a surcharge of 50 *paisa* per ticket was to be realised from the film viewers by Tax and Registration Department (TRD) and deposited<sup>18</sup> in the treasuries of the State. The details of such accumulated fund was to be collected by Information and Public Relation Department (IPRD) for requesting the Finance Department (FD) to make budgetary provision of accumulated fund in the annual budget of IPRD<sup>19</sup> which in turn was to be deposited in the account of *Nidhi* under control of Film *Bandhu*.

<sup>16</sup> In order to attract the tourists; promoting cultural heritage of the State; to develop the talent in the field of acting and film making; creation of employment; to attract capital investment; and to provide healthy entertainment to the public on low cost.

<sup>17</sup> Executive body of Film *Bandhu* consists of the 11 members some of the prominent members were Principal Secretary, Information Department, UP Government and Secretary, Information Department, UP Government, Commissioner of Entertainment Department, Director of Information Department, etc.

<sup>18</sup> Under head of account 0045-112-01-0102 Film *Vikas Nidhi* (Receipt head of Tax and Registration Department).

<sup>19</sup> Grant 86, head of account 2220-Information and advertisement (non-plan).

Scrutiny of the records (May 2013) of the Director, Information and Public Relation Department, Lucknow and further information collected (March 2015) therefrom revealed that ₹ 70.61 crore was collected by TRD during 1999-2015 by realising a surcharge of 50 *paisa* per ticket from the film viewers of the State. Audit observed that despite collecting surcharge from film viewers in the State, IPRD and Film *Bandhu* did not make any sincere efforts for development of infrastructure and to provide financial support for film making, establishment of film studios, organisation of film festivals, developing the State as important centre for film making, etc. As no sincere efforts were made for ensuring budgetary provision of the collected amount in the budget of IPRD, the budgetary provision of only ₹ 20 crore was made in the budget of IPRD as of 2015-16. Of this, ₹ 10 crore, provided in 2015-16, was to be withdrawn (August 2015) and deposited in *Nidhi*. As such, ₹ 60.61 crore<sup>20</sup> lying with TRD, was not transferred to *Nidhi* as of August 2015. Thus, the objectives of creation of *Nidhi* to provide infrastructural facilities for film making, establishment of film studios, develop the State as important centre for film making, etc could not be achieved.

During discussion (August 2015), the Government accepted the facts and figures and stated that the activities like creation and upgradation of infrastructure and development of film related activities were being done. The reply was not acceptable as the accumulated fund of ₹ 60.61 crore was not transferred to *Nidhi* due to which the objectives of creation of *Nidhi* were defeated.

## IRRIGATION AND WATER RESOURCES DEPARTMENT

### 3.6 Non-realisation of centage charges

#### **Non-inclusion of centage charges in the project of deposit works led to non-realisation of ₹ 2.73 crore.**

Para 635 and 636 of Financial Hand Book Volume VI stipulate provision of centage charges on deposit works. The Government directed (February 1997 and January 2011) executing agencies to levy centage charges at the rate of 12.5 *per cent* on deposit works carried out by Public Works Department/Irrigation Department for the works of non-Government organisations, local bodies and commercial departments.

Scrutiny of the records (January 2014) of Executive Engineer, Irrigation Construction Division-I, Jhansi (EE) revealed that for preventing seepage losses of *Betwa* Main Canal (BMC), *Hamirpur* and *Kuthaut* Branch canal, which supply water to 2x250 megawatt power production unit of *Paricha* Thermal Power Station, Jhansi, the Government accorded (August 2008) administrative approval for cement concrete lining of these canals for ₹ 39.84 crore. Expenditure Finance Committee and the Government directed that the project would be financed by the department of Power. Audit examination, however, disclosed that the work was actually financed by the

<sup>20</sup> ₹ 70.61 crore - ₹ 10 crore = ₹ 60.61 crore.

Uttar Pradesh *Rajya Vidyut Utpadan Nigam Limited* (UPRVUNL) and the work was to be taken up by the Irrigation Department as deposit work. Therefore, as per financial rules and the Government orders, centage charge at the rate of 12.5 *per cent* from the UPRVUNL, being a commercial organization, should have been levied. However, we observed that neither provision of levy of centage charges was made in the project nor was it recovered.

Further, we observed that the work was distributed among four divisions<sup>21</sup>. The UPRVUNL had paid ₹ 39.84 crore (upto August 2012) to the Irrigation Department and ₹ 21.82 crore was spent till May 2015 by these divisions. Thus, against the expenditure of ₹ 21.82 crore, centage charges at the rate of 12.5 *per cent* amounting to ₹ 2.73 crore should have been recovered from UPRVUNL. But, due to failure of the Irrigation Department to incorporate the provision of centage charges in the project, the centage charges were not recovered which led to loss of ₹ 2.73 crore to the Government till March 2015.

On this being pointed out in audit, EE replied (January 2014) that recovery was not made from UPRVUNL due to non-provision of centage charges in the project. The reply confirmed the lapse on the part of the Department.

Thus, non-inclusion of required provision of centage charges in the project, in violation of financial rules and the Government orders, resulted in non-realisation of ₹ 2.73 crore.

The Government, during discussion (October 2015), stated that centage charge was being included in the revised project. However, the revised project was not submitted to the Government as of October 2015.

### **3.7 Failure to ensure the re-validation of bank guarantee led to non-recovery of ₹ 1.58 crore**

**Non-adherence to the financial rule and clauses of the contract resulted in non-recovery of ₹ 1.58 crore.**

Para 367 of Financial Hand Book Volume-VI stipulates that engineers and their subordinates are responsible for strict enforcement of the terms of the contract. Further, clause 2(A) and 3(i) (a) of the standard terms of contract, used in the Irrigation and Water Resources Department, provide that in case of delay in completion of work by the contractor, the contract can be rescinded by giving notice of seven days and penalty may be imposed at the maximum rate of 10 *per cent* of the estimated cost of the work. Security deposit would be forfeited for recoupment of the loss suffered by the Government.

Scrutiny of the records (August-September 2014) of Executive Engineer, Bansagar Canal Construction Division-III, Mirzapur (EE) revealed that for lining of Bansagar Feeder Canal<sup>22</sup>, Superintending Engineer, Bansagar Canal

<sup>21</sup> Irrigation Construction Division-I, Jhansi (₹ 14.33 crore), Betwa Nahar Prakhand- I, Orai (₹ 13.55 crore), Betwa Nahar Prakhand-II, Orai (₹ 3.71 crore) and Jhansi Prakhand, Betwa Nahar, Jhansi (₹ 8.25 crore).

<sup>22</sup> Including earth work for completion of the section from Km 0.00 to 10.400.

Construction Circle-I, Mirzapur (SE) executed (October 2006) a contract bond with a contractor for ₹ 12.61 crore. As per the contract, the scheduled dates of commencement and completion of the work were October 2006 and September 2007 respectively. The contractor had deposited a bank guarantee of ₹ 1.26 crore against the contract as security which was valid till July 2012. Further, scrutiny revealed that the contractor did not complete the work within the schedule date and applied (September 2007) for time extension. The Chief Engineer, Bansagar (CE), on the recommendation of the SE, sanctioned (May 2009) time extension till 31 December 2009 with the conditions that time extension provided till December 2009 was final and in case of non-completion of work, the contract would be finalised by enforcing penalty clause. CE also directed to ensure that the bank guarantee should remain valid till the finalisation of the contract.

The contractor did not complete the work even in the extended time but the contract was not rescinded and the penalty clause was also not invoked as directed by CE. The contract was rescinded by SE in September 2012, after 32 months from the extended date of completion (December 2009). We noticed that the bank guarantee, produced as security by the contractor, had lapsed in July 2012 and EE failed to keep it valid till the finalisation of the contract. The division calculated recovery of ₹ 1.58 crore against the contractor for the rescinded contract. Thus, due to expiry of the bank guarantee, the amount to the extent of ₹ 1.26 crore which could have been recovered from defaulting contractor, could also not be recovered. The balance amount of ₹ 0.32 crore also could not be recovered as no security deposit in lieu of the same was deposited by the contractor. Thus, due to non-adherence to the financial rules, the clauses of the contract and violation of the orders of CE, not only the work remained incomplete but also the recovery of ₹ 1.58 crore against the contractor could not be made resulting in loss to the Government.

On this being pointed out in audit, EE replied (August 2014) that contract was rescinded due to callousness and lack of interest by the contractor in the work. The department was not responsible for this and action was being taken for recovery of ₹ 1.58 crore. The Government, during discussion (October 2015), stated that responsibility was being fixed for delay in finalisation of contract and not ensuring revalidation of bank guarantee till the finalisation of the contract.

Thus, undue delay in rescinding the contract and failure to follow the specific instructions of CE, led to non-realisation of ₹ 1.58 core.

### **3.8 Mis-utilisation of Government revenue of ₹ 1.66 crore**

**Government revenue of ₹ 1.66 crore, deducted on account of Income Tax, Trade Tax and Royalty from the contractor's bills and departmental receipts, was misutilised.**

Para 21 of Financial Hand Book Volume-V(I) provides that money received by or tendered to the Government servants in their official capacity shall without undue delay be paid in full into the treasury or bank and shall be

included in the Government Account and shall not be appropriated to meet departmental expenditure nor otherwise kept apart from the Government Account. Further, the Government order (August 2004) also provided that deductions made on account of Government revenues (such as Income Tax, Trade Tax, etc.), during payment of contractor's bills, would have to be remitted immediately into the treasury/bank under proper heads of account.

Scrutiny of the records (February-March 2013 and February 2014) of Executive Engineer, Irrigation Division-2, Maharajganj (EE) and further information collected (March 2015) however, revealed that EE made deductions of ₹ 3.97 crore from the contractor's bills on account of Income Tax, Trade Tax, Royalty, Stamp duty and departmental receipts during August 2008 to March 2013. We, further, noticed that only ₹ 2.30 crore was remitted into the treasury by EE under the respective heads of accounts. Remaining ₹ 1.66 crore was utilised on *Kachcha* and *Pucca* works of bunds for which allotment of funds were not made. Thus, ₹ 1.66 crore (**Appendix 3.1**) was not remitted (October 2015) for want of funds which led to creation of additional liability to that extent.

On this being pointed out in audit, EE accepted the facts and stated (March 2014) that the then EE was responsible for this lapse. It was further stated that demand for ₹ 1.66 crore was made (March 2015) from the Government for remitting the balance amount of deductions made from the bills into the treasury. However, no funds were allotted and ₹ 1.66 crore was yet (October 2015) to be remitted for want of funds.

Thus, violation of Financial Rules and the Government order not only led to misutilisation of ₹ 1.66 crore but also resulted in creation of liability to that extent.

The Government, during discussion (October 2015), stated that action would be taken against responsible officers.

### **3.9 Avoidable expenditure of ₹ 46.87 crore**

**Inordinate delay in payment of compensatory and penal compensatory afforestation cost, led to avoidable expenditure of ₹ 46.87 crore.**

Financial rules<sup>23</sup> stipulate that inevitable payments should not be left unpaid. It is not economical to postpone inevitable payment and it is important to ascertain, liquidate and record the payment of all actual obligations at the earliest.

Scrutiny of the records (January 2015) of the Executive Engineer, Rajghat Construction Division, Lalitpur (EE) revealed that for *Shahzad* dam project in Lalitpur, transfer of 368.10 hectare forest land for non-forest purposes was required. The Irrigation Department sent (June 1999) the proposal for transfer of forest land to the Government after a delay of 25 years from the date of start

<sup>23</sup> Paragraph 161 of Financial Hand Book Volume-V, Part-I.

of the work which was forwarded to the Government of India (GoI) in July 2000. GoI accorded (June 2001) 'in principle' approval for transfer of forest land subject to conditions that the user department would pay the cost of compensatory afforestation over equivalent non-forest land and the cost of penal compensatory afforestation over the degraded forest land, four times to the extent of the forest land being transferred to the Forest Department. Formal approval by GoI was to be issued after receipt of the compliance report on the fulfillment of these conditions from the State Government. The Forest Department demanded (November 2001) ₹ 8.40 crore<sup>24</sup> from the Irrigation Department but, the Irrigation Department did not pay the required amount. Subsequently, Forest Department demanded (April 2002) ₹ 9.24 crore<sup>25</sup> including interest at the rate of ten *per cent*. Irrigation Department, however, paid (January 2005) only ₹ 2.10 crore for compensatory afforestation.

Meanwhile, the Hon'ble Supreme Court ordered (September 2006) that "Net Present Value (NPV)<sup>26</sup> is required to be recovered in all cases approved by the Ministry for change of User Agency under the Forest (Conservation) Act, 1980 after 29/30 October 2002, irrespective of the date on which in-principle clearance may have been granted--." As final approval was not given by GoI before 29 October 2002 and cost of compensatory afforestation and penal compensatory afforestation was not paid by the Irrigation Department, NPV became applicable in the instant case also. As such, Forest Department raised (July 2008) demand of ₹ 45.65 crore<sup>27</sup>. However, no action was initiated by the Irrigation Department. Eventually, Forest Department demanded (July 2013) ₹ 55.27 crore<sup>28</sup> which was paid (March 2014) by the Irrigation Department. Thus, due to inordinate delay in payment of compensatory afforestation and penal compensatory afforestation cost, the department had to pay avoidable excess interest of ₹ 13 crore. Further, due to non-payment of dues, final approval was not given by GoI by 29/30 October 2002 which also led to additional avoidable payment of ₹ 33.87 crore as NPV.

On this being pointed out in audit, EE replied that delay in decision making at the apex level led to delay in payment. The reply confirms the audit observation that inordinate delay occurred in decision making at the Department/Government level which had resulted in avoidable expenditure of ₹ 46.87 crore<sup>29</sup> for use of forest land. Non-release of payment by Irrigation Department in a timely manner delayed compensatory afforestation in violation of orders (September 2006) of Hon'ble Supreme Court impacting environment adversely.

The Government, during discussion (October 2015), stated that causes of delay would be examined and intimated to the audit which were awaited as of October 2015.

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<sup>24</sup> Compensatory Afforestation: ₹ 2.10 crore; Penal Compensatory Afforestation: ₹ 6.30 crore.

<sup>25</sup> Compensatory Afforestation: ₹ 2.31 crore; Penal Compensatory Afforestation: ₹ 6.93 crore.

<sup>26</sup> The present value of net cash flow from a project, discounted by the cost of capital.

<sup>27</sup> ₹ 9.20 lakh per ha x 368.10 ha = ₹ 33.87 crore; interest and penalty: ₹ 11.78 crore.

<sup>28</sup> ₹ 13.00 crore (interest amount) + ₹ 33.87 crore (NPV) + ₹ 8.40 crore (initial demand in November 2001).

<sup>29</sup> ₹ 13.00 crore + ₹ 33.87 crore = ₹ 46.87 crore.

### 3.10 Unfruitful expenditure on construction of a dam

#### Commencement of construction work of dam without acquiring necessary land, led to unfruitful expenditure of ₹ 4.17 crore

Paragraph 378 of Financial Hand Book, Volume-VI provides that no work should be commenced on a land unless it has been duly made over by the responsible civil officers.

Scrutiny of the records (September 2014) of Executive Engineer, Flood Division, Ballia (EE) revealed that for protecting 1751 hectare agricultural land, 301 hectare non-agricultural land, residential buildings and a population of 14326 from flood, Uttar Pradesh Flood Control Commission approved (October 2005) the project for construction of *Dubey Chhapra-Tengrahi* bund (DCTB) for ₹ 2.30 crore on the left bank of river Ganga in district Ballia. This project (4.800 km) included construction of *Dubey Chhapra* Ring bund (DCRB) (km 0.00 to 1.900) as per specifications of the Department. The project cost was revised (April 2011) to ₹ 6.10 crore.

We observed that as per the report of EE and SE, the project was designed on the basis of highest flood level of year 2003 during which DCRB got damaged. Due to this, construction of DCRB from km 0.00 to 1.900 as per specifications of Irrigation department was included in the revised project of DCTB. The project envisaged acquisition of land from km 0.00 to 1.900. But, against the provisions of financial rules, work was executed from Km 1.900 to 4.800 and expenditure of ₹ 4.17 crore<sup>30</sup> was incurred without acquiring the required land from Km 0.00 to 1.900 and no work was executed on this reach. Since, construction of DCTB from Km 0.00 to 1.900 was essential in order to make the project useful, the expenditure of ₹ 4.17 crore incurred (2006-14) remained unfruitful as without completing this reach, the objective of construction of DCTB to protect agricultural/non-agricultural land, residential buildings and a population from flood could not be achieved.

On this being pointed out in audit, EE replied (September 2014) that work from Km. 0.00 to 1.900 of DCTB could not be completed due to non-acquisition of land. It was also stated that work was started in anticipation of acquisition of land. The reply confirms that construction work was started in violation of financial rules without acquiring the required land for the project which rendered the expenditure of ₹ 4.17 crore unfruitful.

The Government, during discussion (October 2015), stated that detail of work executed from Km 0.00 to 1.900 would be made available which was awaited as of October 2015.

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<sup>30</sup> 2006-07 : ₹ 1.42 crore; 2012-13: ₹1.25 crore and 2013-14: ₹ 1.50 crore.

### 3.11 Unfruitful expenditure of ₹ 416.67 crore on construction of a dam

**Non-acquisition of 1123.63 hectare land required for reservoir and construction of canal system, led to unfruitful expenditure of ₹ 416.67 crore on the construction of *Kachnaudha* dam.**

Paragraph 378 of Financial Hand Book Volume-VI provides that no work should be commenced on a land unless it has been duly made over by the responsible civil officers. The Government accorded (July 2007) administrative and financial sanction of ₹ 88.68 crore for the *Kachnaudha* dam project to provide irrigation facility to 10850 hectare arable land in *Mahrauni* tehsil of Lalitpur district. The project included construction of 4.10 km long and 16 metre high earthen dam at the confluence of river *Sajanam* and its tributary *Banai* for reservoir and 41.375 km long canal system for which 2371.91 hectare land was required.

Scrutiny of the records (May 2015) of Executive Engineer, Irrigation Construction Division-III, Lalitpur (EE) revealed that the construction work of the project was commenced in November 2007 without acquiring the required land. The project was revised (June 2010) for ₹ 423.45 crore on account of increase in the quantities, rates and inclusion of new items of work. The project was taken up under 'Accelerated Irrigation Benefit Programme' (AIBP) of the Government of India (GoI) with targeted date of completion as March 2012. The work could not be completed within the targeted date due to non-acquisition of required land and non-allocation of funds by the State Government for the project. The State Government requested (June 2013) to extend the date of completion which was acceded (July 2013) by GoI and scheduled date of completion was extended up to March 2014. But, even after spending ₹ 416.67 crore (October 2015), the project remained non-functional due to non-acquisition of 1123.63 hectare<sup>31</sup> land required for reservoir and canal system. Further, no funds were released for the project during 2014-15 and 2015-16 (October 2015). Thus, due to commencement of work without acquisition of land required for reservoir and construction of canal system, and consequent non-completion of these works led to non-achievement of the objective of providing irrigation facility to 10850 hectare of arable land even after lapse of the extended date of completion (March 2014) of the project, rendering the expenditure of ₹ 416.67 crore as unfruitful.

On this being pointed out in audit, EE accepted (May 2015) that benefits from the project would accrue only after completion of the construction of canal system which was being executed by another division (ICD-I, Lalitpur). The reply was not acceptable because commencement of work without acquisition of the land required for the reservoir and canal system was against the financial rules which led to unfruitful expenditure of ₹ 416.67 crore.

The Government, during discussion (October 2015), stated that project would be completed by acquiring the required land. The fact remains that the project could not be completed even after the extended date of completion which led to non-achievement of the objective of providing irrigation facility to 10,850 hectare of arable land.

<sup>31</sup> 1089.13 hectare for reservoir and 34.50 hectare for canal system.

### 3.12 Unfruitful expenditure on Irrigation project

**Inadequate planning, designing and execution of *Bewar* feeder project for additional irrigation facility, led to unfruitful expenditure of ₹ 53.81 crore.**

The Government accorded (November 1978) administrative and financial sanction of ₹ 9.67 crore to *Bewar* feeder project for providing additional irrigation facility to 9800 hectare agricultural land in Mainpuri and Kannauj districts. The project envisaged construction of a barrage at *Kali* river in Etah and 64.32 km long Feeder Canal of 350 cusec capacity to feed the existing *Bewar* branch at km 73.44 to meet the deficiency in supplies in the tail portion of this branch.

Scrutiny of the records (August-September 2014) of Executive Engineer, Irrigation Division, Etah (EE) revealed that the construction work of the project was completed in March 2003 at a cost of ₹ 53.31 crore. We, however, observed that irrigation facility to the targeted land was not provided due to *Bewar* Feeder Canal (BFC) remaining non-functional. Chief Engineer (Project) (CE) reported (September 2005) that BFC was non-functional due to faulty design, lower bed level of BFC in comparison to that of *Bewar* branch, insufficient drainage crossing<sup>32</sup>, deposition of mud during rainy season in heavy cutting reaches of the canal and non-availability of water as per the quantity estimated in the project.

It was further observed that no action was initiated by the Department to remove these deficiencies and the canal remained non-functional. In 2014-15, the Government released (May 2014) ₹ 50 lakh for survey work to make BFC functional. EE executed (May-August 2014) survey work by constructing a cunette<sup>33</sup> and spent ₹ 50 lakh. The Superintending Engineer (SE) in his inspection report (September 2014) stated that about 20 cusec water was found available at the tail portion and after completion of the survey work, a project would be proposed for widening of BFC and repair of other works. Only after the sanction and execution of this project, it would be possible to operate the feeder canal with the targeted capacity of 350 cusec.

On this being pointed out in audit, EE accepted (May 2015) that BFC was non-functional from July 2003 to April 2014 and stated that survey work was done by making cunette and by releasing water. The water discharged in the canal during April 2014 to January 2015 was for survey work. The reply confirms that BFC remained non-functional even after 12 years of its completion due to lackadaisical approach of the Government and expenditure of ₹ 53.81 crore<sup>34</sup> incurred on the project remained unfruitful denying the benefit of irrigation facility to farmers of Mainpuri and Kannauj.

<sup>32</sup> A cross drainage work is a structure carrying discharge from a natural stream across a canal intercepting the stream.

<sup>33</sup> A channel of small cross section dug in the bottom of a much larger channel or conduit to concentrate the flow at low water stages.

<sup>34</sup> ₹ 53.31 crore + ₹ 0.50 crore = ₹ 53.81 crore.

The Government, during discussion (October 2015), stated that project was being prepared to operate the feeder canal with the capacity of 350 cusec and further action would be taken after examination of the case.

### 3.13 Unjustified expenditure of ₹ 5.74 crore

**Unauthorised increase in the quantum of work and cost, against the sanction of the Government and IRC norms, resulted in unjustified expenditure of ₹ 5.74 crore.**

Ministry of Rural Development (MoRD), Government of India norms and order (June 2012) of Engineer-in-Chief (E-in-C), Public Works Department for construction of village roads, envisage that village roads should be constructed in the maximum width of 3.75 metre<sup>35</sup> after conducting required traffic census and evaluation of California Bearing Ratio<sup>36</sup> (CBR) of the soil. Besides, the orders (October 2007 and September 2008) of E-in-C also provide that for widening of roads, latest traffic census should be ensured as per IRC-9 1972<sup>37</sup>.

Scrutiny of the records (November 2014) of Executive Engineer, Lower Ganga Canal Division, Etawah (EE) revealed that the Government accorded (January 2014) administrative and financial sanction of ₹ 35.25 crore for construction of 3.75 metre wide road from *Saifai* to *Achhalda* on left service road (km 44 to 126) of Etawah branch of Lower Ganga Canal. Technical sanction was accorded (February 2014) by Chief Engineer, Ram Ganga, Kanpur (CE). Superintendent Engineer, Irrigation Works Circle, Etawah (SE) executed two contract bonds for this work with the dates of commencement and completion of work as February 2014 and August 2014 at a cost of ₹ 11.63 crore and ₹ 13.14 crore respectively. The existing service road<sup>38</sup> was to be widened and constructed in the width of 3.75 metre in the entire stretch. We, however, observed that contrary to the sanction accorded by the Government, width of the road was increased from 3.75 metre to 5.50 metre without conducting the required traffic census and evaluation of CBR. In the revised project report it was stated (February 2014) by EE and SE that width of road was increased on the direction of Hon'ble Minister. Importantly, the construction work was also executed as per increased width without obtaining revised administrative/financial sanction from the Government and technical sanction from CE. Thus, due to increase in the width of the service road without following the prescribed norms and laid down procedures, the quantum of work was increased. This resulted in unjustified expenditure of ₹ 5.74 crore (*Appendix 3.2*) as of October 2015.

On this being pointed out in audit, EE accepted (November 2014) that no traffic census and evaluation of CBR was carried out before increasing the width of the road from 3.75 metre to 5.50 metre. It was also stated that the

<sup>35</sup> For the traffic of category 3 and CBR between 5 and 6 per cent.

<sup>36</sup> The California bearing ratio is a penetration test for evaluation of the mechanical strength of road subgrades and base courses.

<sup>37</sup> Traffic Census on non-urban roads.

<sup>38</sup> Three metre wide from km 52 to 99.800 and km 104.585 to 115.840 and *kuchcha* road from km 44 to 52 and km 99.800 to 104.585.

width of the road was increased on the direction of the Hon'ble Minister. It was further stated that revised administrative and financial sanction would be obtained from the Government. The reply confirms that unjustified expenditure of ₹ 5.74 crore was incurred without following the norms, procedures and contrary to the sanction accorded by the Government.

The Government, during discussion (October 2015), stated that in future, work would be executed in accordance with prescribed standards and specifications. Principal Secretary also directed the department to issue circular in this regard.

### **3.14 Avoidable expenditure of ₹ 1.89 crore**

**Construction of two lane road in contravention of IRC Specification, resulted in avoidable expenditure of ₹ 1.89 crore.**

Indian Road Congress (IRC) specification<sup>39</sup> stipulates that width of roads constructed under this specification should be 7.5 metre and carriageway width should be limited to 3.75 metre. Further, if the constructed road is not to be connected with other roads in future, the roadway width should be limited to six metre.

Scrutiny of the records (September 2014) of Executive Engineer, Head Works Division, Agra Canal, Okhla (EE) revealed that to facilitate the inspection of Okhla barrage during monsoon and flood, Principal Secretary, Irrigation and Water Resources Department directed to construct an inspection/approach road from canal colony to *Kalindikunj* at Okhla barrage parallel to the existing road along the right afflux bundh of Yamuna river. Expenditure Finance Committee approved (December 2012) the estimate for construction of the road for ₹ 12.55 crore and Chief Engineer (Ganga), Meerut Zone accorded (January 2013) technical sanction for ₹ 12.39 crore. The inspection/approach road was to be constructed as per IRC specification (SP:20-2002) and was intended for inspection of Okhla barrage during flood/monsoon period and not for public use. We noticed that instead of constructing an inspection/approach road of six metre roadway and 3.75 metre carriageway, as provided in IRC, the sanctioned estimate contained the provision of two lane road of 12.75 metre roadway and 7.5 metre carriageway. Further scrutiny revealed that Superintending Engineer, 3<sup>rd</sup> Circle, Agra cancelled (January 2014) the work of surface painting, *i.e.*, Bituminous Macadam (BM) and Bituminous Concrete (BC) and directed to construct a jeepable road with only Wet Mix Macadam (WMM) surface. The division spent (upto October 2015) ₹ 3.77 crore<sup>40</sup> on the construction of two lane road upto WMM level, as directed by SE. Thus, the division incurred an avoidable excess expenditure of ₹ 1.89 crore<sup>41</sup> on construction of two lane road of 12.75 metre roadway and 7.5 metre carriageway instead of single lane inspection road with roadway width of six metre and carriageway of 3.75 metre.

<sup>39</sup> SP:20-2002 ; Clause No.2.6.3 & 2.6.4.

<sup>40</sup> GSB- ₹ 57.95 lakh + Soling- ₹ 19.50 lakh + Earthwork- ₹ 244.20 lakh + WMM- ₹ 55.56 lakh= ₹ 377.21 lakh or ₹ 3.77 crore

<sup>41</sup> Half of ₹ 3.77 crore.

Therefore, in contravention of IRC specification and directions of the Principal Secretary, avoidable expenditure of ₹ 1.89 crore was incurred on construction of the inspection road.

The Government, during discussion (October 2015), stated that road width was kept 7.5 metre for use of heavy machinery and the project was approved by Expenditure Finance Committee. Reply was not acceptable because construction of two lane road was against the above mentioned IRC specification. Moreover, the Principal Secretary, Irrigation and Water Resources Department had also directed to construct inspection/approach road only.

## JAIL ADMINISTRATION AND REFORMS DEPARTMENT

### 3.15 Unfruitful expenditure of ₹ 17.64 crore on jail building

**Construction of jail building in Sonbhadra, without ensuring availability of sufficient ground water, led to unfruitful expenditure of ₹ 17.64 crore.**

To overcome the problem of overcrowding in the existing jail<sup>42</sup>, the Government accorded (March 2003) administrative and financial sanction of ₹ 11.88 crore for construction of district jail building in Sonbhadra.

Scrutiny of the records (December 2014) of Inspector General, Jail Administration and Reform Services, Uttar Pradesh, Lucknow (IG) revealed that the Government nominated Uttar Pradesh *Rajkiya Nirman Nigam* (UPRNN) as executing agency for construction of jail building. UPRNN started the construction work in March 2003 for completion by March 2007. Due to revision of Schedule of rates and delay in construction work, the Government revised the estimates for ₹ 14.20 crore (June 2006) and ₹ 17.64 crore (December 2010). The construction of the jail building was completed (March 2011) after incurring expenditure of ₹ 17.64 crore and the possession of the jail building was taken over in October 2013 by the Jail Superintendent, District Jail, Sonbhadra. However, the jail was not functional due to non-availability of ground water and alternative source of water.

Further, we observed that to assess the availability of ground water in the jail premises and nearby areas, a high level technical committee<sup>43</sup> visited (April 2013) the site. The committee found that the required ground water to operationalise the jail was not available within the premises/nearby areas and recommended supply of piped water by installing two tube wells at a distance of 2.50 km. An estimate<sup>44</sup> of ₹ 1.89 crore was sent (February 2014) to the Government which was returned (August 2014) to the District Magistrate, Sonbhadra with the direction to ensure a permanent solution to the problem. In pursuance of the Government order, a team<sup>45</sup> again visited the site and it

<sup>42</sup> Against the capacity of 332 prisoners, one thousand prisoners were accommodated in Mirzapur district jail. The district of Sonbhadra was carved out of the district of Mirzapur.

<sup>43</sup> Assistant Director General (Power) UP; DIG, Jail, Allahabad Zone; Executive Engineer, CD, UP, Jal Nigam; Project Manager, UPRNN, etc.

<sup>44</sup> Prepared by UP *Jal Nigam* to ensure the water supply in the jail building.

<sup>45</sup> Consisting of IG, Jail; SSP, Sonbhadra, Superintendent, District Jail, Sonbhadra and technical experts.

was decided that water would be supplied to the jail after treatment of water taken from barrage constructed on Ghaghar river and Sone lift Canal. Accordingly, UP *Jal Nigam* (Nigam) submitted (October 2014) a revised estimate of ₹ 5.78 crore against which administrative approval and financial sanction of ₹ 4.57 crore was accorded (January 2015) by the Government.

Thus, due to start of construction of jail building without ensuring availability of ground water and planning for alternative source of water, the jail could not be made functional even after two years from the date of taking possession and eight years after the completion schedule. Further, the objective of decongesting the existing jail was also not achieved and the expenditure of ₹ 17.64 crore remained unfruitful as of October 2015.

On this being pointed out, IG replied (December 2014) that the Jail shall be made functional after ensuring the water supply. During discussion, the Government also accepted (October 2015) the facts and figures and stated that ₹ two crore had been made available (January 2015) to Nigam and the work to ensure water supply in the jail building shall be completed in about two years. The reply was not acceptable as the availability of sufficient ground water for functioning of the jail should have been ensured before commencement of the work and water supply in the jail building should have been ensured within the completion schedule (March 2007).

## MEDICAL EDUCATION DEPARTMENT

### 3.16 Unfruitful expenditure of ₹ 9.69 crore

#### **Delay in installation of Linear Accelerator Machine even after five years of its procurement, led to unfruitful expenditure of ₹ 9.69 crore.**

With a view to provide advance medical treatment to the cancer patients of the State and to provide training and research facility to the medical students, the Government accorded (November 2008) financial sanction of ₹ nine crore for procurement of Linear Accelerator Machine and ₹ 0.70 crore for Civil work required for installation of the equipment in the Department of Radiotherapy of King George's Medical University, Lucknow (KGMU).

Scrutiny of the records (September 2014) of KGMU revealed that the supply order for procurement of the equipment was placed in March 2009 on a firm. The firm delivered the equipment in April 2010 and KGMU paid ₹ 8.99 crore<sup>46</sup> to the firm upto April 2010. We noticed that KGMU provided (March 2009) ₹ 0.70 crore to Uttar Pradesh *Rajkiya Nirman Nigam* (UPRNN) for construction of three bunkers in the under construction building of *Shatabdi* Hospital, Phase-II in the campus of KGMU for installation of this equipment. However, the equipment was not installed (September 2014) by the firm in the bunkers constructed because the structure of the bunker was stated to be unsuitable for installation of the equipment due to excess humidity in the bunkers beyond standard norms. Thus, the equipment procured for ₹ 8.99 crore remained uninstalled (October 2015).

<sup>46</sup> ₹ 7, 84, 03,153 in January 2010, ₹ 69, 19,470 in March 2010 and ₹ 45, 31,137 in April 2010.

In reply, the Government stated (September 2015) that the proposal for approval of Atomic Energy Regulatory Board would be sent after completion of commissioning work. The fact remains that the equipment could not be commissioned even after five years of its procurement.

Thus, expenditure of ₹ 9.69 crore<sup>47</sup> remained unfruitful and the objective of providing advance medical treatment to cancer patients of the State and training and research facility to the medical students of the University could not be achieved even after lapse of five years of procurement of the equipment.

The Government accepted (October 2015) the facts and figures in exit conference and assured that in future the equipment shall be purchased only after completion of construction and other formalities.

### **3.17 Unfruitful expenditure of ₹ 3.55 crore**

**Lack of proposal for development of Herbal Garden, led to unfruitful expenditure of ₹ 3.55 crore on purchase of land.**

The Homeopathy (Minimum standards of Education) Regulations, 1983 provides that Homeopathic Colleges shall provide a medicinal plant garden in its vicinity with facility to grow plants used in Homeopathic preparations.

Scrutiny of the records (June 2013) of the Government National Homeopathic Medical College, Lucknow (GNHMC) and further information collected (March 2015) revealed that with a view to provide complete knowledge of homeopathic preparations to the students by using medicinal plants, the GNHMC purchased (July 2008) a plot of 4.80 acres from Lucknow Development Authority, Lucknow (LDA) at a cost of ₹ 3.55 crore for development of Herbal Garden and construction of Multipurpose Hall. According to the sale deed, the land was to be utilised for the development of Herbal Garden and construction of Multipurpose Hall only and use of land for any other purpose was prohibited. Further, the construction work was to be completed within five years from the execution of sale deed (July 2008) with LDA.

We noticed that no proposal for development of Herbal Garden was initiated by GNHMC upto October 2015. Instead, proposal for construction of residential buildings on 1.05 acres (22 *per cent* of total land), out of 4.80 acres of land purchased, was sent in October 2010 to LDA which was rejected (January 2014) as only ten *per cent* of the total land could be used for construction of residential buildings as per the provisions of Master Plan-2021. A revised proposal for construction of residential buildings on ten *per cent* of the land was sent (February 2015) to LDA which was awaited for sanction (October 2015). Thus, the land purchased at the cost of ₹ 3.55 crore for Herbal Garden, was lying unutilised despite lapse of more than seven years.

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<sup>47</sup> Procurement of equipment: ₹ 8.99 crore and the amount released for construction of bunkers: ₹ 0.70 crore.

On this being pointed out in audit, GNHMC stated (June 2013) that development of Herbal Garden shall be considered after getting the approval of residential buildings from LDA. Reply was not acceptable because no action was initiated for development of Herbal Garden and the land was lying unutilised. Thus, the expenditure of ₹ 3.55 crore incurred on the purchase of the land was rendered unfruitful and the objective of providing complete knowledge of homeopathic preparations to the students was also defeated.

During discussion (October 2015), the Government accepted the facts, figures and stated that a revised proposal for construction of residences on 10 *per cent* area of the land had been sent (February 2015) by GNHMC to LDA which was awaited and action shall be taken to develop the Herbal Garden after getting approval from LDA. The fact remains that Herbal Garden was yet to be developed (October 2015).

### **3.18 Unfruitful expenditure on establishment of Trauma Care Centre**

**Trauma Care Centre at Agra, established at the cost of ₹ 1.89 crore under the centrally sponsored scheme, could not be made operational for the last four years due to non-sanction of posts of Medical Officers and other staff by the State Government rendering the entire expenditure as unfruitful.**

The Government of India (GoI) launched (August 2007) a centrally sponsored scheme for establishment of Trauma Care Centre (TCC) along the National Highways and provided financial assistance for building, equipment, ambulances, communication, man power, legal assistance, data entry, etc.

Scrutiny of the records (February-March 2015) of the Principal, S N Medical College, Agra (Principal) revealed that GoI sanctioned (October 2008) ₹ 9.65 crore for establishment of Trauma Care Centre Level-II to provide definitive care for severely injured victims at S N Medical College, Agra and released (January 2009) ₹ 80 lakh for construction of the building and ₹ 5.79 crore<sup>48</sup> (November 2010) for equipment, deployment of man power for first year and other expenses. The construction work was assigned to Construction and Design Services, UP *Jal Nigam* (C&DS) and ₹ 1.28 crore was released (February 2009 and March 2011) by the State Government to it. C&DS handed over the completed building to the Principal in August 2011. Equipment of ₹ 4.99 crore were purchased (2010-11) and transferred to other existing departments of Medical College since Trauma Care Centre was not operational. Two ambulances were also purchased for ₹ 13.21 lakh (March 2011) and medical equipment of ₹ 47.25 lakh were fitted into one of the ambulances.

We, further, observed that the Principal deployed contractual staff for running TCC and spent ₹ 69 lakh, out of ₹ 76 lakh provided by GoI for their pay and allowances, but majority of the staff left the work due to non-payment. Principal submitted (December 2012 and November 2014) proposals of

<sup>48</sup> ₹ five crore for purchase of equipment, ₹ 76 lakh for deployment of man power for one year, ₹ 2 lakh for communication and ₹ one lakh for legal service and data entry.

₹ 1.46 crore per year to the Director General, Medical Education and Training and the Government for deployment of staff<sup>49</sup> for TCC. However, the proposal was not sanctioned as of October 2015. Out of two ambulances, one could not be utilized for the intended purpose as no medical equipment was fitted into it as of October 2015 and the utilisation of the other ambulance could not be verified in the absence of maintenance of the log book.

Thus, due to non-synchronisation in different activities, TCC could not become operational even after lapse of four years resulting in the unfruitful expenditure of ₹ 1.89 crore<sup>50</sup>, on construction of building and purchase of ambulances defeating the objective of providing medical facility along the national highways.

On this being pointed out, Principal replied (March 2015) that due to non-posting of doctors, nurses and other para medical staff and lack of fund for their salaries, Trauma Care Centre was being run by deploying staff of Medical College. As TCC and emergency ward are in the same building, medicines were made available to the patients from emergency ward. Reply was not acceptable because facilities (building and ambulances) created under the scheme were not being utilised for the intended purpose. Further, patients were being treated in emergency ward earlier also when the need for establishment of TCC was projected and sanctioned by GoI.

During discussion (October 2015), the Government accepted the facts, figures and assured that instruction shall be issued for transfer and installation of the equipment in TCC. It was further stated that the sanction of posts was at the final stage. The reply was self-explanatory that TCC was non-operational and the intended purpose of the scheme remained unachieved.

## **MEDICAL HEALTH AND FAMILY WELFARE DEPARTMENT**

### **3.19 Loss due to non-recovery of interest from the executing agencies**

#### **Failure of the department in ensuring deposit of interest earned by executing agencies on Government funds, led to loss of ₹ 9.08 crore.**

The Government ordered (March 1998) that interest earned by the Government Corporations on the money released by the Government by depositing into the bank accounts shall be the income of the Government and be remitted into the treasury. The Government also directed (March 2011) all the Heads of Departments and Controlling Officers, to ensure that the interest earned by the construction agencies on Government funds is deposited in the Government treasury.

Scrutiny of the records (January/February 2015) of Additional Director, Electrical, Transport and Civil Engineering, Medical Health and Family

<sup>49</sup> Casualty Medical Officer:3; General Surgeon: 2; Orthopaedic Surgeon:2; Neuro Surgeon:2; Anaesthetist:6; Staff Nurse: 16; Lab technician: 3; Sweeping staff: 15; Nursing attendant:10; Security Guard: 9; Electrician:3; Generator operator: 3; Plumber:1; and Record keeper cum Clerk:1 (Total:76).

<sup>50</sup> Construction : ₹ 128.21 lakh + Cost of ambulances : ₹ 13.21 lakh + Cost of equipment for ambulance: ₹ 47.25 lakh = ₹ 188.67 lakh (₹1.89 crore).

Welfare Department, Lucknow (AD) revealed that the department released ₹ 215.23 crore to three executing agencies (Uttar Pradesh *Rajkiya Nirman Nigam*, Construction and Design Services, *Jal Nigam* and Processing and Construction Co-operative Federation Limited) during 2011-13 for construction of 11 hospital buildings. We observed that these executing agencies parked the funds in bank accounts and earned interest of ₹ 9.08 crore (*Appendix 3.3*) on it during 2011-15. The department, however, failed to ensure the deposit of interest of ₹ 9.08 crore so earned by these executing agencies during 2011-15 into the Government treasury.

On this being pointed out, AD accepted the facts and stated (February 2015) that interest was not deducted because there was no provision for this in the Government order for release of funds. Reply of AD was not acceptable as the Government had already directed to ensure the deposit of interest earned by the executing agencies on the unutilised Government Fund. Further, during discussion (October 2015), the Government also accepted the facts and figures and assured to take appropriate action. The Government may review such other cases of interest earned by the executing agencies on the unutilised Government funds and ensure deposit of amount of interest so earned into the treasury.

### **3.20 Unfruitful expenditure of ₹ 12.38 crore**

**Procedural delay in sanction of revised cost and slow progress of work, led to unfruitful expenditure of ₹ 12.38 crore on incomplete 100 bedded hospital building.**

The Government accorded (March 2005) administrative and financial sanction of ₹ 7.28 crore for construction of 100 bedded hospital building<sup>51</sup> in *Tarwan*, Azamgarh. The construction work was assigned (March 2005) to Uttar Pradesh *Rajkiya Nirman Nigam Limited* (UPRNN).

Scrutiny of the records (November 2014) of Chief Medical Officer, Azamgarh (CMO) revealed that UPRNN started the construction work in December 2005 and scheduled date of completion was two years from the start of work. As the original estimate of ₹ 7.28 crore was prepared on the basis of plinth area rate of Public Works Department for the year 2000, the sanctioned cost of the work was revised (March 2008) by the Government to ₹ 11.73 crore taking the plinth area rate of Public Works Department for the year 2005 and ₹ 4.45 crore was released during 2007 -11.

We noticed that progress of work by UPRNN was slow despite availability of funds. UPRNN submitted a revised estimate of ₹ 12.29 crore in February 2009 which was not sanctioned. Later, UPRNN again submitted (February 2013) a revised estimate of ₹ 15.84 crore, against which the Government sanctioned ₹ 13.97 crore in July 2014. It was ordered by the Government, while sanctioning revised estimate that the construction work would invariably be completed in the financial year 2014-15. Against total release of ₹ 13.08 crore,

<sup>51</sup> Main building, Type-1 residence, Type-2 residence, Type-3 residence, Senior Medical Officer Residence, Nurses hostel, etc.

UPRNN incurred expenditure of ₹ 12.38 crore, but, the construction of hospital building was not completed till date.

Thus, due to delayed sanction of the revised cost by the Government/Department and slow execution of work by UPRNN, the 100 bedded hospital building was not completed even after lapse of more than eight years of its original scheduled date of completion. Therefore, the expenditure of ₹ 12.38 crore remained unfruitful which also deprived the public of intended medical facilities.

The Government accepted (October 2015) the facts and figures in exit conference and assured to issue instruction to get the work completed in time.

### **3.21 Unfruitful expenditure of ₹ 10.69 crore**

**Start of construction work without obtaining proper approvals led to unfruitful expenditure of ₹ 10.69 crore. Besides, the cost of work increased by ₹ 14.22 crore and the objective remained unachieved.**

As per Uttar Pradesh Urban Planning and Development Act, 1973 and Fire Prevention and Fire Safety Rules, 2005, it was mandatory to obtain approval of the map of the building from Lucknow Development Authority, Lucknow (LDA) and No Objection Certificate (NOC) from the Fire Department before starting construction work of a building in Lucknow. The Government while according sanction directed (May 2011) to start the construction work only after obtaining technical sanction to the detailed estimate from the competent authority.

Scrutiny of the records (May 2015) of Director, Dr. Ram Manohar Lohia Joint Hospital, Lucknow (Director) revealed that for provision of better medical facility to the people, the Government accorded (May 2011) administrative and financial sanction of ₹ 27.04 crore for construction of 11 storied OPD and Ward block in the Hospital campus. Processing and Construction Co-operative Federation Limited (PACCFED) was nominated (May 2011) as the executing agency. We, however, observed that without obtaining approval of the building map from LDA and NOC from the Fire Department, construction work was started (June 2011). Scheduled date of completion of the building was October 2013.

We also observed that against the provision of financial rules and the direction of the Government, technical sanction was accorded by Chief Engineer, PACCFED in July 2012, *i.e.*, one year after the start of construction work. Out of ₹ 10.69 crore released to the executing agency upto June 2013, entire amount was spent upto July 2013 and structural work of four floors was completed (40 *per cent*). Work was stopped by PACCFED in November 2012 due to lack of NOC from the Fire Department.



Further, the Fire Department issued provisional NOC for construction of 11 storied building in February 2014. But, LDA approved (April 2015) the map of this building for only seven floors. In view of the approval given by LDA, the Government directed (May 2015) the department to submit a revised estimate for construction of seven storied building. Despite reduction in scope of work from 11 storied to seven storied building, the executing agency submitted (May 2015) a revised estimate of ₹ 41.26 crore to the department which was forwarded to the Government and was pending with the Government for approval as of October 2015.

Thus, due to start of construction work without obtaining mandatory approvals from respective authorities, the expenditure of ₹ 10.69 crore was already rendered unfruitful for the last two years. Besides, the cost of work also increased by ₹ 14.22 crore<sup>52</sup> despite substantial reduction in the scope of work. Further, the OPD and ward block were incomplete even after four years from the date of its sanction by the Government and two years of the original schedule of completion. This also defeated the objective of providing better medical facility to the patients till October 2015.

During discussion (October 2015), the Government accepted the facts, figures and assured to take appropriate action.

## PUBLIC WORKS DEPARTMENT

### 3.22 Undue favour to contractor resulted in loss to the Government

**Acceptance of Fixed Deposit Receipts and Bank Guarantees from a non-Scheduled/Nationalised bank and failure to revalidate them timely, resulted in non-recovery of ₹ 12.48 crore on termination of the contract midway.**

According to clause 32.1 and 32.2 of Instruction To Bidder (ITB) and 46.1 of General conditions of contract under Model Bid Document (MBD) of Public Works Department (PWD), performance security equal to the five *per cent* of the contract price in form of unconditional Bank Guarantee (BG) or Fixed

<sup>52</sup> Revised estimate submitted for seven storied building ₹41.26 crore (-) original sanction for 11 storied building of ₹ 27.04 crore = ₹ 14.22 crore

Deposit Receipts (FDR), in favour of Superintending Engineer (SE), from a Scheduled Commercial/Nationalised Bank<sup>53</sup> shall be delivered by the successful bidder. Further, MBD clause 45.1 stipulates payment of equipment and mobilisation advance (10 *per cent* and five *per cent* of contract price respectively) to the contractor against an unconditional Bank Guarantee issued by a Scheduled Commercial/Nationalised Bank, acceptable to the employer in amounts equal to the advance payment.

Scrutiny of the records (February 2015) of Executive Engineer, Construction Division, PWD, Kushinagar (EE) revealed that the Government accorded administrative and financial sanctions for widening and strengthening of three roads<sup>54</sup> costing ₹ 72.48 crore. Technical sanctions were accorded by Chief Engineer, Gorakhpur Zone of same amount for these works. SE, Deoria Circle executed Contract Bonds (CBs) for these works at a cost of ₹ 47.53 crore with a firm with stipulated date of completion between July 2011 and June 2013. (**Appendix 3.4A**)

Tender notices, issued between November 2009 and September 2011 for these works, *inter alia*, included the condition that performance security in form of National Saving Certificate (NSC)/Fixed Deposit Receipts (FDRs) of Nationalised bank should be mortgaged in favour of EE.

Audit observed that in violation of the terms and conditions of the CBs, EE accepted BGs of ₹ 9.85 crore and FDRs of ₹ 2.63 crore of Chartered Mercantile Mutual Benefits Limited (CMMBL), a financial institution instead of Scheduled/Nationalised Commercial bank, registered under Section 406 of Company Act, 2013 as *Nidhi* Company (**Appendix 3.4B**). Further, contrary to the terms and conditions of the CBs, BGs and FDRs were also accepted in lieu of advance payments made to the contractor with the condition that payment would be made to the contractor through CMMBL.

We further observed that BGs were revalidated up to May 2013, August 2013 and January 2014 respectively, but FDRs of ₹ 2.63 crore, issued by CMMBL as performance security against CBs, were not revalidated between January 2012 and March 2014. The CBs were terminated in June 2014 on the ground that the contractor did not take interest in completion of the works and action to forfeit FDRs and BGs was initiated. But, CMMBL refused (October 2014) to encash the said forfeited FDRs and BGs given the condition of these FDRs and BGs. As such, conditional BGs amounting to ₹ 9.85 crore and FDRs of ₹ 2.63 crore, accepted as performance securities, remained un-encashed as of October 2015.

On this being pointed out, EE stated (June 2015) that efforts were being made to recover the un-realised amount. Reply was not acceptable as (i) BGs and FDRs of non-Nationalised/non-Scheduled Commercial bank were accepted; (ii) In place of unconditional BGs, conditional BGs were accepted; and (iii) No efforts were made for timely re-validation of BGs and FDRs.

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<sup>53</sup> As per list of the second schedule of the Reserve bank of India Act, 1934.

<sup>54</sup> 1-Ramkola Kasiya Marg, 2- Nebua Khadda Marg and 3- Ramkola Kasiya Rampur Khurd Kotwa Dhudhauri Bypass road.

This facilitated undue benefit to the contractor in view of refusal by CMMBL to en-cash FDRs/BGs for not adhering to the condition of CMMBL by the Department. Had the department taken required unconditional FDRs/BGs from a Nationalised/Scheduled Commercial bank, as required and prescribed in MBD, an amount of ₹ 12.48 crore would have been realised.

The Government, during discussion (October 2015), while accepting the facts and figures, stated that effective action shall be taken after inquiry.

### **3.23 Undue benefit to the contractor**

#### **Payment of equipment advance, in violation of the contract conditions, led to undue benefit to the contractor.**

As per Model Bid Document (MBD)<sup>55</sup> prevalent in Public Works Department, interest free equipment advance<sup>56</sup> may be granted to the contractor with the condition that it should be used only for procurement of equipment and plant required specifically for execution of the awarded works. The contractor shall demonstrate that the advance payment has been used for the awarded works by supplying copies of invoices or other related documents for the procurement of the equipment and plant to the Engineer.

Scrutiny of the records (December 2014) of Executive Engineer, Provincial Division, PWD, Sant Kabir Nagar (EE) revealed that the Government accorded (February 2014) administrative and financial sanction of ₹ 79.58 crore for widening and strengthening of *Basti-Maihadaval-Kaptanganj-Tamkuhiraj* road (Km 15 to 57). Chief Engineer, Gorakhpur zone, Gorakhpur accorded technical sanction in August 2014 for the same amount. Superintending Engineer, Basti Circle (SE) executed an agreement for ₹ 74.89 crore in March 2014 with a firm.

We observed that without issue of technical sanction, the agreement was executed by SE and equipment advance of ₹ 7.49 crore was paid by EE (March 2014) to the contractor on the basis of invoices of equipment valuing ₹ 9.40 crore which had already been purchased by the contractor between February 2013 to September 2013. Thus, these equipment were not purchased exclusively for this work because agreement for this work was executed in March 2014 while these equipment were purchased six to 12 months prior to the execution of agreement. Therefore, the contractor was not eligible for grant of equipment advance of ₹ 7.49 crore against this agreement.

Thus, irregular interest free equipment advances of ₹ 7.49 crore were paid to the contractor against the specific provisions of MBD which resulted in undue benefit to the contractor.

On this being pointed out in audit, EE stated (March 2015) that equipment advance of ₹ 5.64 crore was recovered against ₹ 7.49 crore. Reply of EE was not acceptable as purchase of equipment for a work before execution of contract bond did not qualify for payment of equipment advance.

<sup>55</sup> Para 45(i) to (iii).

<sup>56</sup> Upto 90 per cent of the cost of equipment or 10 per cent of the contract price, whichever is less.

During discussion (October 2015), while accepting the facts and figures, the Government stated that ₹ 5.64 crore was recovered from the contractor against the equipment advance of ₹ 7.49 crore. Fact remains that the contractor did not qualify for payment of equipment advance as the equipment were purchased before execution of bond and this led to undue benefit to the contractor.

### **3.24 Unjustified expenditure of ₹ 15.01 crore**

#### **Widening of road from two lanes to four lanes, in contravention of IRC specification, led to unjustified expenditure of ₹ 15.01 crore**

Indian Road Congress (IRC) specification<sup>57</sup> stipulates that traffic census should not generally encompass abnormal conditions of traffic like a fair or exhibition. In such cases, the count in the area should be postponed by a few days till normalcy returns. Further, table 4.8 of MoRTH's Pocket-book for Highway Engineers, published by IRC, states that if the Passenger Car Unit (PCU) of a road is between 10000 to 20000, it should be widened to two lanes (seven metre) and when PCU is more than 20000, the road should be widened upto four lanes (14 metre). The Government also ordered (December 2003) that roads having traffic density of 10000 to 20000 PCU would be widened up to two lanes (seven metre).

Scrutiny of the records (August-September 2014) of Executive Engineer, Provincial Division, Etawah (EE) revealed that the Government accorded (October 2012) administrative and financial sanction of ₹ 36.17 crore for widening and improvement in riding quality of *Saifai-Saifai Hawaii Patti* road (km 0.00 to 11.00) to four lane (14 metre). Chief Engineer, Kanpur Zone, Kanpur (CE) accorded (October 2012) technical sanction for the same amount. The Superintending Engineer, Etawah Circle, Etawah (SE) executed an agreement<sup>58</sup> of ₹ 33 crore with a firm. Audit observed that after award of the contract the specifications of the road were changed from flexible pavement<sup>59</sup> to rigid pavement<sup>60</sup>. But, after change in the specifications, no fresh tender was invited despite substantial change in the specification and significant increase in the cost of work.

Further, the revised administrative/financial and technical sanctions were accorded (March 2013 and July 2013) by the Government and CE for ₹ 54.11 crore and ₹ 53.21 crore, respectively. The works against revised sanctioned estimate were executed as extra items through the original contract bond which was executed by the Superintending Engineer, Etawah Circle, Etawah against the original technical sanction. The work was completed (January 2014) after incurring an expenditure of ₹ 41.98 crore (July 2014).

We also noticed that the existing width of the road was seven metre of cement concrete from km 0.000 to 0.170, six metre black topped from km 0.170 to 1.500 and 10.50 metre wide black topped from km 1.500 to 11.000 (**Appendix 3.5**). The sanctioned detailed estimate, *inter-alia*, included

<sup>57</sup> Para 4.2 of IRC-9-1972.

<sup>58</sup> 07/SE/Etawah Circle/2012-13 dated 03.11.2012 at 0.98 per cent below.

<sup>59</sup> Bituminous Macadam, Dense Bituminous Macadam and Semi Dense Bituminous Concrete.

<sup>60</sup> Cement Concrete Pavement.

widening<sup>61</sup> (up to 14 metre) in entire length of the road and construction of 500-600 mm thick new subgrade, by laying 200 mm thick Granular Sub Base (GSB) and Jointed Plain Concrete Pavement (JPCP) from km 0.000 to 0.170 and laying of granular sub base<sup>62</sup> followed by 100 mm Dry Lean Concrete and 250 mm thick Jointed Reinforced Concrete Pavement from km 0.170 to km 11.000 (*Appendix 3.5*).

Audit observed that in contravention of the IRC specification, the traffic census<sup>63</sup> for widening and strengthening of this road was taken up at the time of *Saifai Mahotsava* in December 2011 which occurs once in a year. On the basis of PCU of 17322 found in traffic census, widening of road up to four lanes was injudiciously proposed and executed. As per IRC norms only two lane road was justified for the above range of PCU traffic data. Thus, widening of Other District category road to four lanes on the basis of traffic census taken against the IRC specification led to unwarranted expenditure of ₹ 15.01 crore (*Appendix 3.6*).

On this being pointed in audit, EE stated (September 2014) that earlier 10.50 metre wide road was constructed at country level which was in damaged condition and construction of the same in only seven metre width was not practicable. It was further stated that construction of four lane road in 14 metre width was taken up as per directions of higher authorities. The reply was not acceptable as the widening of the road was to be undertaken as per the specification prescribed by IRC and orders of the Government, issued in 2003.

The Government, during discussion (October 2015), while accepting the facts and figures, stated that the construction of four lane road (instead of two lane) was taken up as per traffic census undertaken during *Safai Mahotsava* and future traffic requirement. Reply of the Government was not acceptable as the widening of four lane road on the basis of traffic census during *Saifai Mahotsava* was in contravention of IRC norms and even the traffic census data collected during *Saifai Mahotsava* did not justify for widening of the road to four lane.

### **3.25 Avoidable excess expenditure of ₹ 5.32 crore**

**Ignoring BM layer as profile corrective course, against the MoRTH specifications, led to avoidable excess expenditure of ₹ 5.32 crore**

Ministry of Road Transport and Highways (MoRTH) specification 501.8.2.4 stipulates that the profile corrective course would be laid as part of the overlay of the same specification. Again, specification 501.8.2.4 (ii) states that thickness up to 40 mm may be taken as profile corrective course and overlay, more than this should be considered as a separate layer.

Scrutiny of the records (May 2014) of Executive Engineer, Construction Division-2, PWD, Bulandshahr (EE) revealed that the Government accorded (December 2012) administrative and financial sanction of ₹ 31.30 crore for

<sup>61</sup> By laying 200 MM thick GSB and Jointed Plain Concrete Pavement from km 0.000 – 0.170.

<sup>62</sup> 240 mm from km 0.170 to 1.500 and 150 mm from km 1.500 to 11.000.

<sup>63</sup> Commercial Vehicle Per Day (CVPD) – 167 and Passenger Car Units (PCU) – 17322.

strengthening of *Hamidpur-Sikandrabad-Kutchesar* road from km 49 to 65 (total 17.600 km). Chief Engineer, Meerut Zone, Meerut (CE) accorded (December 2012) technical sanction (TS) to the work for same amount. Superintending Engineer, Bulandshahr Circle, Bulandshahr executed (December 2012) a contract bond of ₹ 26.09 crore with a firm. As per approved TS, existing crust of the road inclusive of bituminous layer was 47.5 cm which was to be raised up to 65.5 cm<sup>64</sup> by laying 14 cm of Dense Bituminous Macadam (DBM) and 4 cm of Bituminous Concrete (BC) on the basis of reports of Benkelman Beam Deflection Technique (BBDT)<sup>65</sup> conducted in October 2010 which provided overlay thickness of 21.14 cm in terms of Bituminous Macadam (BM).

We observed that the required crust of 65.5 cm thickness was achieved by laying DBM of 14 cm and BC of 4 cm. Apart from this, 5 cm of Bituminous Macadam (BM), as levelling coat, was also laid uniformly as a separate layer on entire road length without considering it as a part of crust thickness. Thus, against the required provision of 65.5 cm of crust thickness, division executed 70.5 cm crust by ignoring 5 cm of BM used as levelling coat. This was in contravention of the MoRTH specification which clearly states that maximum thickness of profile correction course should not be more than 4 cm.

Thus, provision of 5 cm BM as levelling coat instead of considering it as part of crust thickness, resulted in avoidable excess expenditure of ₹ 5.32 crore (*Appendix 3.7*).

On this being pointed out, EE stated (May 2015) that levelling coat was used as profile correction and further stated that levelling coat was not considered as a separate layer. Reply was not acceptable as using 5 cm of BM as levelling coat without considering it in crust thickness was against the provision of MoRTH.

The Government, during discussion (October 2015), accepted that 5 cm of BM should be considered as a part of crust thickness.

### **3.26 Extra expenditure of ₹ 1.26 crore**

**Execution of un-necessary item of work, led to extra expenditure of ₹ 1.26 crore.**

Ministry of Road Transport and Highways (MoRTH) specification 305.3.4 stipulates that the item of work “loosening of the ground upto a level of 0.5 metre below the sub-grade level, watered, graded and compacted” is applicable only where the difference between the subgrade level<sup>66</sup> and ground level is less than 0.5 metre and the ground does not have 97 *per cent* relative compaction with respect to the dry density as given in Table 300-2.

Scrutiny of the records of Executive Engineer, Provincial Division, PWD, Ballia (July 2012); Provincial Division, PWD, Deoria (February 2013)

<sup>64</sup> DBM-14 cm + BC-4 cm. =18 cm + 47.5 cm (existing crust) = Total 65.5 cm.

<sup>65</sup> IRC-81-1997.

<sup>66</sup> Top of the sub-grade on which pavement rests.

and further information collected (January 2014 and March 2014, respectively) revealed that the estimates of one work each<sup>67</sup> of these divisions contained the provision of 'loosening of the ground up to a level of 0.5 metre below the sub-grade level, watered, graded and compacted'. Against this item of work, 63021cum and 124547.41cum quantity was executed by these divisions and ₹ 41.80 lakh and ₹ 84.69 lakh was paid, respectively. We, however, observed that the difference between the ground level and the sub-grade level in the entire chainage of these roads was between 0.70 (chainage 248.100) to 1.78 (chainage 248.600) metre and 0.67 (chainage 190.200) to 1.75 metre (chainage 189.000) respectively. Therefore, inclusion of the said item in the estimates of these roads and consequent execution was against the MoRTH specification and not required. Thus, execution of unwarranted item of work resulted in extra and avoidable expenditure of ₹ 1.26 crore.

On this being pointed out in audit, Engineer-in-Chief stated (December 2014) that the works related to widening and strengthening of existing roads attract the specification 301.6 instead of specification 305.3.4 which deals with the new construction of sub-grade. Therefore, the difference of 0.5 metre between the sub-grade level and the ground level is not necessary under the instant case. Accordingly, the sub-grade within 0.5 metre from sub-grade level was loosened and compacted to achieve the required 97 per cent density. Reply was not acceptable as the estimates of widening and strengthening of these roads were prepared and sanctioned by Chief Engineer mentioning the specification 305.3.4.

Hence, the provision of loosening and compacting 0.5 metre ground below the sub-grade level in the sanctioned estimate was unjustified as the difference of ground level and sub-grade level was more than 0.5 metre (ranging between 0.67 metre and 1.78 metre) on the entire chainage of these roads. Further, the issue of sub-grade density becomes relevant only when the difference between sub-grade level and ground level is less than 0.5 metre. Thus, the unwarranted execution of loosening and compacting 0.5 metre ground below the sub-grade level led to extra expenditure of ₹ 1.26 crore incurred thereon.

The Government, during discussion (October 2015), while accepting the facts and figures, admitted that the item of work relating to loosening of ground up to a level of 0.5 metre below the sub-grade level was applicable only where difference between the sub-grade level and ground level is less than 0.5 metre.

### **3.27 Undue benefit to the contractor**

**Payment of ₹ 7.13 crore as secured advances, in violation of the terms and conditions of contract and Financial rules led to undue benefit to the contractor.**

Para 456(a) of Financial Handbook, Volume-VI (FHB) and para 3.4.3(c) of Uttar Pradesh Public Works Department Manual stipulate that Divisional

<sup>67</sup> (i) Widening and strengthening (W/S) of Sonauli-Ballia road km 215 to km 253.701 (38.701 km) ₹ 90.41 crore and (ii) W/S of Ram-Janki road Km 152 to 191 (40km) and W/S of abadi portion of this road in Barhaj Town of ₹ 6.77crore.

Officer may make advances up to an amount not exceeding 75 *per cent* of the value of imperishable material brought at site. Further, the Model Bid Document (MBD) approved (January 2007) by the Government and standard terms and conditions adopted by Public Works Department (PWD) had provisions for equipment advance and mobilisation advances<sup>68</sup> but had no provision for payment of secured advance.

Scrutiny of the records (June 2012 and February 2015) of Executive Engineer, Construction Division, PWD, Kushinagar (EE) and further information collected (May 2015) revealed that the Government accorded (March 2010) administrative and financial sanction of ₹ 39.90 crore for widening and strengthening of *Ramkola Kasiya* road (km. 0.000 to 20.400). Chief Engineer, Gorakhpur Zone accorded (April 2010) technical sanction to the work for the same amount. Superintending Engineer, Deoria Circle (SE) executed a contract bond of ₹ 32.43 crore for execution of work with a firm with schedule of commencement and completion as April 2010 and July 2011 respectively.

We observed that EE allowed the payment of secured advances of ₹ 10.33 crore between July 2010 to February 2011 in violation of the terms and conditions of the contract bond which allowed for payment of only equipment and mobilisation advances. Further, secured advances were paid without adhering to the due procedure prescribed in FHB and for the quantities exceeding the quantities required for the work under the contract bond. Resultantly, the contractor was allowed excess payment of ₹ 3.82 crore on account of secured advance (**Appendix 3.8**).

Further, scrutiny revealed that the Department recovered only ₹ 3.20 crore from the contractor up to 10<sup>th</sup> final bill (June 2014) against the secured advances of ₹ 10.33 crore. SE terminated (June 2014) the contract bond on the ground of non-performance by the contractor under the relevant clause<sup>69</sup> of MBD. Till the termination of the contract bond, value of work executed was of ₹ 12.26 crore (37.80 *per cent*), against the contracted value of ₹ 32.43 crore. Consequently, ₹ 7.13 crore, paid as secured advance, remained unrecovered till the final measurement of the work (June 2014).

Thus, excess and avoidable payment of secured advances in violation of the terms and conditions of contract and Financial Rules and non-realisation thereof from the bills of the contractor facilitated undue favour to the contractor leading to failure in recovery of ₹ 7.13 crore.

On this being pointed out, EE accepted (February 2015 and May 2015) the facts and stated that efforts were being made to recover the unrealised secured advances and action was initiated against the erring officers.

The Government, during discussion (October 2015), while accepting the facts and figures, stated that the disciplinary proceedings were instituted against the erring officers.

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<sup>68</sup> Equipment advance: 10 *per cent* of the contract value and mobilisation advance: five *per cent* of the contract value.

<sup>69</sup> Sub Clause (a,b,c ---k) of Clause 52.1 and clause 52.3, 52.4 and 53.1 of MBD.

## RURAL ENGINEERING DEPARTMENT

### 3.28 Non-realisation of royalty

**Non-deduction of royalty from the bills of contractors/suppliers for minor minerals, led to non-realisation of royalty of ₹ 1.28 crore.**

With a view to prevent revenue loss on minor minerals like stone ballast, sand, morum, etc., under Uttar Pradesh *Up Khanij (Parihar) Niyamawali*, 1963, the Government directed (August 2002) all Drawing and Disbursing Officers (DDOs) to ensure that minor minerals for public construction works have been transported on valid form (MM-11) after payment of royalty. To ensure payment of royalty to the Government before supply, DDOs were also directed to collect attested copy of treasury challan from the supplier in support of payment. In case, supplies have been made without payment of royalty, DDOs are responsible to deduct royalty at prescribed rate from the bills of the contractors and deposit the same into the treasury.

Scrutiny of the records (during November 2013 to December 2014) of the Executive Engineers (EE) of five Rural Engineering Department divisions<sup>70</sup> revealed that 70,867.42 cubic metre stone ballast, 73,633.38 cubic metre stone grit, 3,350.44 cubic metre fine sand and 67,277.16 cubic metre coarse sand were supplied to these divisions during January 2011 to May 2014. But, valid MM-11 forms were not submitted by contractors/suppliers to these divisions. Besides, attested copies of treasury challans were also not submitted by them. Thus, there was nothing on record to prove that materials were supplied after payment of royalty. The DDOs of these divisions were, thus, required to deduct royalty from the bills of the contractors/suppliers at the prescribed rate and deposit the same into the treasury. However, it was noticed that the DDOs did not deduct royalty from the bills of the contractors/suppliers which resulted in non-realisation of royalty amounting to ₹ 1.28 crore (*Appendix 3.9*).

Thus, failure of DDOs/EEs to deduct royalty at the prescribed rate from the bills of contractors/suppliers due to non-submission of MM-11 and attested copies of treasury challan in support of payment of royalty, led to non-realisation of royalty of ₹ 1.28 crore.

During discussion (October 2015), while accepting the facts and figures, the Government stated that royalty of ₹ 0.43 crore<sup>71</sup> had been recovered. Relevant evidences of recovery of royalty such as work /contract wise details along with time line for recovery of balance amount were not furnished to audit during discussion. The Government further stated that all divisions had been directed to ensure that minor minerals for public construction works are transported on valid MM-11 form after payment of royalty.

<sup>70</sup> Ambedkar Nagar, Farrukhabad, Ghazipur, Lakhimpur Kheri and Sant Kabir Nagar.

<sup>71</sup> Farrukhabad- ₹ 6.93 lakh, Ambedkar Nagar- ₹ 13.30 lakh, Ghazipur- ₹ 13.29 lakh, Sant Kabir Nagar- ₹ 5.95 lakh and Lakhimpur Kheri- ₹ 3.10 lakh (Total ₹ 42.57 lakh).

## SECONDARY EDUCATION DEPARTMENT

### 3.29 Wasteful expenditure on construction of College building

**Failure to ensure preparation of detailed estimate by the construction agency and quality of construction work, led to wasteful expenditure of ₹ 98.51 lakh on construction of College building.**

The Government accorded (March 2008) administrative approval and financial sanction of ₹ 98.51 lakh for construction of College building for Government Inter College in Fatehpur district. The work was assigned (March 2008) to Uttar Pradesh Housing Development Board (UPHDB) with scheduled date of completion by December 2008. The Government order (GO) provided that (i) Construction work would be executed as per estimate approved under District Plan and UPHDB would not make any changes in it without written orders of competent authority; (ii) no expenditure would be incurred on the work until the detailed estimate was prepared and technical sanction was accorded by the competent authority; (iii) construction work would be completed in nine months and the Government would not provide any additional fund if the cost of work increases due to delay in completion of construction work; and (iv) District Inspector of Schools, Fatehpur (DIOS) would ensure the quality of construction.

Scrutiny of the records (September 2014) of Finance and Accounts Officer, Secondary Education, Fatehpur (FAO) revealed that ₹ 98.51 lakh was released to UPHDB in two installments<sup>72</sup>. UPHDB started the work in June 2008 and after spending the entire amount, only 60 *per cent* work was completed (October 2009). UPHDB submitted a revised estimate of ₹ 1.91 crore in March 2009. As the revised estimate was not sanctioned by the Government, UPHDB stopped the work in October 2009. In June 2013, District Magistrate (DM) formed a committee<sup>73</sup> for assessing the cost of completed work, quality of work and expected expenditure on completing the balance work. The committee established (October 2013) that the work was executed without preparing any estimate and noticed cracked walls, damaged plaster, sagged beams/slabs and lack of workmanship. The committee, further, stated that ₹ 98.11 lakh would be required to complete the balance work. In view of this, DM requested (June 2014) the Government for issuing instruction to UPHDB for completing the work in a qualitative way and to sanction funds, if required. However, no action was taken by the Government as of October 2015.

On this being pointed out, FAO stated (September 2014) that the work was stopped by UPHDB due to price escalation. Fact remains that the College building was not completed even after more than six years as against the original schedule of nine months for construction of building. As a result, not only the expenditure of ₹ 98.51 lakh proved wasteful as ₹ 92.49 lakh more was required to complete the left over work as of October 2015.

<sup>72</sup> First installment: ₹ 30 lakh (March 2008) and second installment: ₹ 68.51 lakh (June 2008).

<sup>73</sup> Executive Engineer, Provincial Division, PWD, Fatehpur and Executive Engineer, Rural Engineering Department, Fatehpur.

The matter was referred (May 2015) to the Government for furnishing the reply and holding discussion. However, neither reply was furnished nor was discussion held by the Government as of November 2015.

## VOCATIONAL EDUCATION DEPARTMENT

### 3.30 Unfruitful Expenditure on construction of ITI building

**Ineffective monitoring and control by the Department/Government and delay in completing investigation on quality and physical progress of work, resulted in non-completion of ITI building rendering the expenditure of ₹ 1.44 crore unfruitful.**

With a view to provide technical education to the students belonging to Scheduled Castes/Tribes and Other Backward Classes<sup>74</sup>, the Government accorded (June 2010) administrative and financial approval of ₹ 3.59 crore for construction of a building for establishment of Industrial Training Institute (ITI) under tribal area sub-plan in *Jahanabad* area of Fatehpur district. The construction work was assigned (December 2010) to Uttar Pradesh Labour and Construction Co-operative Federation Limited (LACFED).

Scrutiny of the records (November 2013) of Principal, ITI, Fatehpur (Principal) and further information collected (June 2015) revealed that first installment of ₹ 1.44 crore was made available to the executing agency in December 2010 without prescribing any completion schedule. LACFED commenced the work in February 2011 and completed the work up to slab level by December 2011 after incurring an expenditure of ₹ 1.44 crore. As further funds were not released to the construction agency, the work was stopped (December 2011). We observed that on the basis of a complaint, the Government ordered (November 2012) to stop the withdrawal of funds and asked the Director, Training and Employment, UP, Lucknow (Director) to get the matter investigated through Technical Audit Cell (TAC) of Public Works Department/Irrigation Department and to send the inspection report regarding quality of construction work and physical and financial verification of work. Although, no time schedule was prescribed by the Government for carrying out the investigation through TAC, but, the Director instructed (December 2012) the Principal to send the report of TAC within a week. However, TAC submitted its report to the Government in November 2014 after a lapse of two years.

The investigation report of TAC was not made available to Audit despite specific request made (May 2015) to the Department and also during discussion (August 2015) with the Principal Secretary, Department of Vocational Education. After submission of the report by TAC, the Government nominated (January 2015) UP Housing and Development Board (UPHDB) as construction agency for completion of the remaining work. But, the physical progress of the remaining construction work remained unchanged as the new construction agency had not submitted the estimate as of August

<sup>74</sup> 70 per cent seats for SC/ST class candidates, 15 per cent seats for Other Backward Class candidates and remaining 15 per cent seats for General Category candidates.

2015. Thus, due to abnormal delay of two years in submitting the investigation report by TAC, non-submission of the estimate by the UPHDB for completing the remaining work and failure of the Department/Government to monitor the issue effectively, the construction work of ITI building was lying incomplete (August 2015) since December 2011. This rendered the expenditure of ₹ 1.44 crore unfruitful. Besides, the students belonging to Scheduled Castes/Tribes and Other Backward Classes were deprived of the intended benefits.

On this being pointed out, Director, Training and Employment accepted the facts and stated (June 2015) that the Government had nominated (January 2015) UPHDB as new construction agency for completion of the remaining work. However, UPHDB had not submitted (August 2015) the estimate for remaining work.

During discussion (August 2015), the Government stated that all out efforts are being made for completion of work at the earliest and the delay was just procedural. Fact remains that the construction of ITI building was incomplete since December 2011 and the expenditure of ₹ 1.44 crore incurred on construction of ITI building proved unfruitful as of August 2015.

ALLAHABAD  
THE

4 Feb. 2016

(P K KATARIA)

Principal Accountant General (G&SSA)  
Uttar Pradesh

COUNTERSIGNED

NEW DELHI  
THE

- 5 FEB 2016

(SHASHI KANT SHARMA)

Comptroller and Auditor General of India