

Chapter 3

Audit of Transactions

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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.

FOOD SAFETY AND DRUG ADMINISTRATION DEPARTMENT

3.1 Audit on “Implementation of Food Safety and Standards Act, 2006”

3.1.1 Introduction

Access to safe and nutritious food is key to sustaining life and promoting good health. Safe food leads to decrease in mortality rate and increase in life expectancy. Food safety is a serious public health concern in countries like India having large population but poor hygiene and sanitation levels.

Article 47 of the Constitution provides that it is a primary duty of the State to raise the level of nutrition and the standard of living of its people and ensure improvement of public health. In order to consolidate the laws¹ relating to food and to establish the Food Safety and Standards Authority of India (FSSAI) for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import and also to ensure availability of safe and wholesome food for human consumption, GoI enacted (August 2006) the Food Safety and Standards Act, 2006 (FSS Act) and framed (May 2011) Food Safety and Standards Rules; Food Safety and Standards (Laboratory and Sample Analysis) Regulations, 2011; Food Safety and Standards (Licensing and Registration of Food Business) Regulation, 2011; Food Safety and Standards (Packaging and Levelling) Regulation, 2011 etc., effective from 5 August 2011 applicable to the whole of India.

The Government of Uttar Pradesh also implemented the Act in the State with effect from 5 August 2011 and empowered the Commissioner, Food Safety and Drug Administration Uttar Pradesh to exercise the powers and perform the duties of Food Safety Commissioner with respect to whole of Uttar Pradesh. After implementation of the FSS Act, 4.04 lakh petty Food Business Operators (FBOs) were registered and 0.46 lakh FBOs were licensed as on 31 March 2016. The Food Safety and Drug Administration Department had incurred ₹ 202.60 crore for implementation of the Act in the State during 2012-16.

Organisational set-up of the Department

At Government level, Principal Secretary is responsible for overall administration and Commissioner, Food Safety and Drug Administration,

¹ The Prevention of Food Adulteration Act 1954, PFA Rules 1955 and various controls orders essential Commodities Act 1955 including Milk and Milk Product order 1992 were replaced with effect from 5th August 2011.

Uttar Pradesh, Lucknow is responsible for efficient implementation of FSS Act, Rules and Regulations made thereunder at State level. At district level, Designated Officers (DOs) and Food Safety Officers (FSOs) under the Commissioner are responsible for issue of license and registration of the Food Business Operators (FBOs), collection of samples for analysis and to ensure effective implementation of provisions of the Act, Rules, Regulations and orders issued by the State Government and Commissioner Food Safety.

3.1.2 Audit Scope and Methodology

Records for the period 2011-16 were test checked in the offices of Commissioner Food Safety, Uttar Pradesh, Lucknow; three State Food Laboratories (Lucknow, Agra and Varanasi) and offices of 10 DOs (Agra, Budaun, Chandauli, Gautam Budh Nagar, Hathras, Kanpur Nagar, Lakhimpur Kheri, Sitapur, Raebareli and Varanasi). Entry Conference was held on 20 April, 2016 with Principal Secretary, Food Safety and Drug Administration Department, Government of Uttar Pradesh wherein Audit Objectives, Scope and Criteria were discussed and accepted by the Government. The Government replies (December 2016) on the audit observations have been suitably incorporated in the report. Exit conference was also held on 9 December 2016 with the Principal Secretary, Food Safety and Drug Administration Department wherein Government accepted the recommendations made by Audit.

Audit Findings

3.1.3 Licensing and Registration

Regulation 2.1 of the FSS (Licensing and Registration of food business) Regulation, 2011 provides that all Food Business Operators (FBOs) in the country were required to be registered or licensed to maintain the basic hygiene and safety requirements.

Rule 2.1.1 of FSS Regulation provides procedures for registration of Petty FBOs. As per Rule 1.2.4 (b), FBOs who have annual turnover not exceeding ₹ 12 lakh and/or whose (i) production capacity of food (other than milk and milk products and meat and meat products) does not exceeding 100 kg/litre per day; or (ii) procurement or handling and collection of milk is upto 500 litres per day; or (iii) slaughtering capacity is two large animals or 10 small animals; or 50 poultry birds per day; or less are called petty FBOs.

Further, Regulation 2.1.2 provides that subject to the Regulation 2.1.1, no person shall commence any food business unless he possesses a valid license by the State Licensing Authority.

3.1.3.1 Survey for identification of Food Business Operators not conducted

Under the provisions of Section 31(1) of the FSS Act, no food business operator shall commence or carry on any food business without license.

Scrutiny of records of 10 test-checked districts revealed that survey for identification of FBOs running businesses without having a valid registration/license were not carried-out by the DOs/FSOs during 2011-16.

In absence of surveys, there was no mechanism available at District level for assessing total number of FBOs and consequently the Food Safety Authority was not able to monitor their activities including follow-up of standards notified for manufacturing, selling and storing of food articles etc.

Thus, there was no assurance that all the petty FBOs running their business in the districts were actually registered/licensed under the FSS Act.

The Government stated (December 2016) that due to shortage of enforcement staff, survey work was disrupted. The reply of the Government confirmed that the number of FBOs operating their business in the State without registration was not known.

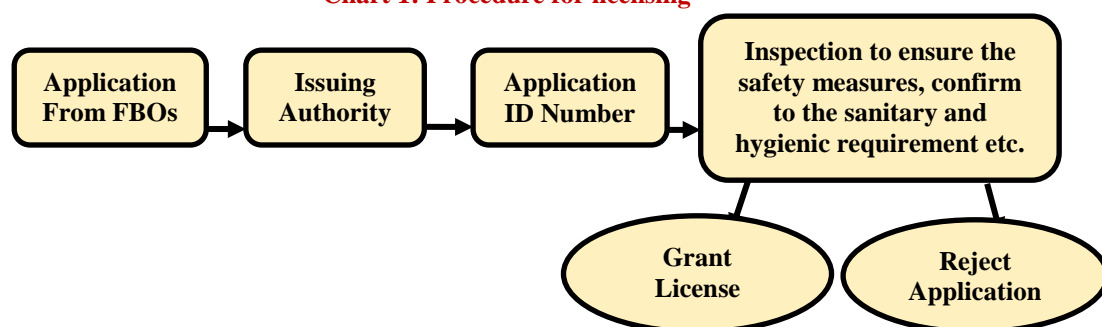
Recommendation: The Department should ensure to carry out survey on regular basis for identification of all FBOs in the State to ensure their registration/licensing under the Act.

3.1.3.2 Licensing

License granted to FBOs without inspection

Rule 2.1.4 and 2.1.5 of FSS Regulation 2011 provided that after the issue of Application ID number, the Licensing Authority may direct the Food Safety Officer or any other person or agency specially designated for such function to inspect the premises to ensure the safety measures, confirm to the sanitary and hygienic requirement etc. within a period of 30 days from receipt of an inspection report excluding the time taken by the applicant in complying with the advice, if any, given in the inspection report and verification thereof, the concerned Licensing Authority shall consider the application and may either grant license or reject the application. The process of licensing is depicted in the Chart 1.

Chart 1: Procedure for licensing



Scrutiny of records of Commissioner, Food Safety revealed that out of 45868 licenses issued to FBOs as of 31 March 2016 in the State, only 20190 (44 per cent) FBOs were inspected before issuing licenses, in remaining 25678 (56 per cent) licenses were issued without carrying out inspections of safety, hygiene and sanitary conditions of the premises.

In eight out of 10 test-checked districts, 71 to 99 *per cent* licenses were issued to FBOs without carrying out inspections to check adequacy of safety measures, sanitary and hygienic conditions etc., as detailed in Table 1.

Table 1: Licenses issued to FBOs without inspection in test-checked Districts

Sl. No.	Name of District	License issued to FBOs up to 31.03.2016	Licenses issued to FBOs without inspection	Percentage (4/3)
1	2	3	4	5
1.	Agra	2996	2920	97
2.	Budaun	517	369	71
3.	Chandauli	153	134	88
4.	GB Nagar	1538	1291	84
5.	Lakhimpur Kheri	836	830	99
6.	Raebareli	427	360	84
7.	Sitapur	344	335	97
8.	Varanasi	2454	2206	95
Total		9265	8445	91

(Source: Commissioner, Food Safety, Lucknow)

Thus, not conducting the required checks for hygienic condition, safe storage, safe distribution and wholesome food before issuance of registration certificates/licenses showed extreme laxity in enforcing the provisions of the FSS Act.

The Government stated that inspection could not be carried out due to shortage of whole time DOs and enforcement staff. It further stated that directions were being issued to DOs to carry out prescribed inspections within the prescribed time period.

Licenses issued without complete documents

Rule 2.1.3 of FSS Regulation 2011 provides that an application for grant of license shall be made in specified Form to the concerned Licensing Authority and will be accompanied by a self-attested declaration in the format provided.

Scrutiny of records of DOs of the test-checked districts revealed that 18 licenses (**Appendix-3.1.1**) in two districts (Lakhimpur Kheri and Hathras) were issued without obtaining the requisite supporting documents/information such as assurance/undertakings, sale, manufacture, storage of food articles etc., as required in the prescribed form. Audit noticed that at the time of submission of application for issue of license, it was mentioned that required supporting documents/information would be submitted later on.

However, FBOs neither submitted required information/documents nor were persuaded by the DOs of the concerned districts to comply with the requirement of Rules. Thus, in the absence of complete information about FBOs, their identity, responsibility, license fee and conditions of premises could not be ascertained.

The Government stated that action would be taken against the responsible officials after conducting enquiry in the matter.

3.1.3.3 Delay in issue of license/registration

Delay in issue of license

Rule 2.1.4(1) of FSS Regulation 2011 provides that a license shall, subject to the provisions of these regulations, be issued by the concerned Licensing Authority within a period of 60 days from the date of issue of an application ID number.

Audit examination of 1640 cases of licenses (40 cases per year per district) in test checked districts revealed that licenses were issued to FBOs during the period 2012-16. The age-wise analysis of cases of delays in issue of licence is given in Table 2.

Table 2: Delay in issue of License

Sl. No.	District	Cases test checked	Range of delay in issue of License (in days)			Number of delayed cases
			01-30	31-180	>180	
1	Agra	160	0	0	0	0
2	Budaun	160	2	2	0	4
3	Chandauli	181	3	1	0	4
4	GB Nagar	172	21	29	5	55
5	Hathras	160	3	20	3	26
6	Kanpur Nagar	120	1	13	1	15
7	lakhimpur Kheri	160	8	25	12	45
8	Raebareli	200	13	16	3	32
9	Sitapur	160	7	3	0	10
10	Varanasi	167	7	33	4	44
Total		1640	65	142	28	235

(Source: Designated Officers of test-checked districts)

It may be seen from table above that in 235 cases (14 *percent*), licenses were issued beyond prescribed period of 60 days. Audit observed that 28 licenses were issued with abnormal delay of more than 180 days.

Thus, huge delays in issuance of licenses by the Department showed extreme laxity of the department in enforcing the provisions of the Act.

The Government accepted the audit observation and stated that efforts were being made to increase the registration by originating the registrations through Online Filing of Licencing and Registration System (FLRS).

Delay in issue of registrations

Rule 2.1.1(3) of FSS Regulations provides that the Registering Authority whenever an application for registration is received, shall consider the application and may either grant registration or reject it with reasons to be recorded in writing or issue notice for inspection, within 7 days of receipt of the application. In the event of an inspection being ordered, the registration

shall be granted by the Registering Authority after being satisfied with the safety, hygienic and sanitary condition of premise within a period of 30 days.

Audit examination of 390 cases of registration (10 cases per year per district) in test checked districts revealed that in 95 cases (24 *per cent*), registration certificates were issued to petty FBOs after considerable delay during the period 2012-16. No registration was issued during 2011-12 in the test-checked districts. The age-wise analysis of cases of delay is given in Table 3.

Table 3: Delay in issue of Registration

Sl. No.	District	Cases test-checked	Range of delay in issue of registration (in days)			Number of delayed cases
			01-30	31-180	>180	
1	Agra	40	06	09	01	16
2	Budaun	40	03	00	00	03
3	Chandauli	40	01	10	00	11
4	GB Nagar	40	02	07	02	11
5	Hathras	40	04	06	00	10
6	Kanpur nagar	30	01	02	00	03
7	Lakhimpur kheri	40	03	11	01	15
8	Raebareli	40	02	05	00	07
9	Sitapur	40	07	10	01	18
10	Varanasi	40	01	00	00	01
Total		390	30	60	05	95

(Source: Designated Officers of test-checked districts)

It may be seen from above table that 95 out of 390 registrations (24 *per cent*) were issued with a delay. This included 65 cases in which delay was more 30 days. Maximum numbers of delayed registrations were in Sitapur, Agra and Lakhimpur Kheri.

The Government stated that due to shortage of supervisory and enforcement staff and delayed submission of concerned records by the FBOs, delay occurred in registration of petty FBOs. Reply was not acceptable as delay in registration persisted during 2015-16 also though number of DOs and FSOs was increased (84 per cent DOs and 89 per cent FSOs) as compared to previous year.

3.1.3.4 Running of food business without valid license/registration

Under the provisions of Section 31 (1) and 31 (2) of the FSS, Act, no food business operator shall commence or carry on any food business except under a license and registration.

Scrutiny of records of Commissioner, Food Safety revealed that department did not have any data/information on the total number of FBOs running their business in the State. In absence of such data/information, number of unregistered/not licensed FBOs in the State could not be ascertained.

However, in 10 test checked districts audit examined 1250 cases of samples (125 cases per district during 2011-16), collected by DOs/FSOs from the FBOs for analysis and found that 335 (27 *per cent*) FBOs were operating without valid license/registration certificates and no information was available in respect of 844 FBOs (68 *per cent*) regarding their registration/license with DOs. Details are given in Table 4.

Table 4: FBOs not registered and cases in which registration/license are not available

Sl. No.	Name of district	No. of sampled cases test checked	No. of unregistered FBOs	No. of Registered FBOs	FBOs whose registration/license not available
1	Agra	125	-	-	125
2	Budaun	125	70	21	34
3	Chandauli	125	08	-	117
4	GB Nagar	125	74	26	25
5	Hathras	125	70	06	49
6	Kanpur Nagar	125	-	-	125
7	Lakhimpur Kheri	125	113	11	01
8	Raebareli	125	-	07	118
9	Sitapur	125	-	-	125
10	Varanasi	125	-	-	125
Total		1250	335(27)	71 (6)	844 (68)

(Source: Designated Officers of test-checked districts)

Audit further noticed that 283 samples² (84 *per cent*) out of 335 unregistered FBOs, did not confirm to the standards of the Act according to the analysis report of state laboratories (*Appendix-3.1.2*).

Thus, extreme laxity on the part of the department in enforcing the provisions of the Act resulted in majority of FBOs running their business without any registration/license. The quality of food and hygiene & sanitary conditions in the state are therefore bound to be poor, with adverse impact on health and well-being of people.

The Government accepted the audit observation and stated that necessary action would be taken against the defaulting officers.

Running of food business without valid license for molasses

As per provision of Section 11.3 - Table 2 'Food Codes and Names', molasses are defined as a food article. Further, under Section 26(2) (iii), no food business operator shall himself or by any person on his behalf, manufacture, store, sale or distribute any articles of food for which a license is required.

Scrutiny of records of DOs of test-checked districts for the period 2011-16 revealed that in two districts (Sitapur and Lakhimpur Kheri), 09 sugar mills, licensed for manufacturing of sugar by Central Licensing Authority, were storing and selling molasses without having valid license (*Appendix 3.1.3*).

² Budaun: 25; Chandauli: 08; Hathras: 68; GB Nagar: 69; and Lakhimpur Kheri: 113.

DOs, responsible for enforcement of the Act, had not initiated any action against the defaulters FBOs.

The Government accepted the audit observation and stated that appropriate action would be taken against the defaulting officials.

3.1.3.5 Annual returns not submitted by FBOs

Rule 2.1.13 (1) of FSS Regulations, 2011 provides that in respect of licensees who are manufacturer, shall, on or before 31st May of each year, submit a return showing their transactions during the year and in case there is any delay in filing yearly return, penalty of ₹ 100 per day was leviable on defaulting FBOs for delay.

Scrutiny of records of nine test-checked districts revealed that all the FBOs, engaged in manufacture of food articles, had not submitted their annual returns in any of the year from May 2012 to May 2015. It was observed that department neither made any serious efforts to obtain the returns nor imposed penalties on the defaulting FBOs. Further, no data/records were maintained to the period 2011-16 by DOs of the test-checked districts regarding submission of Annual returns by the manufacturing licensees.

The Government accepted the audit observation and stated that instructions have been issued for ensuring submission of Annual Return by manufacturing FBOs and for imposing penalty over the defaulters.

3.1.3.6 Observations noticed during beneficiary's survey

We conducted Joint physical inspection of 27 FBOs with concerned SFSO/FSO of three districts viz., Raibareilly, Agra and Varanasi. Audit noticed that:

As the information regarding inspection of FBOs before issue of Registration Certificate were not available on the records, we randomly selected seven petty FBOs for joint physical verification to whom the registration certificates were issued and found that RCs were issued to all seven petty FBOs without conducting inspection for ensuring sanitary and hygiene conditions of the sites.

As per provision of rule 2.1.4(6) of FSS (Licensing and Registration of Food Businesses) Regulation, 2011 true copy of license is to be displayed at a prominent place of premises of Business. However, during beneficiary survey, Audit found that true copy of license was not displayed in 7 out of 27 FBOs at any place of premises of FBOs.

During beneficiary survey of Petty FBOs/FBOs, Audit noticed that samples of food articles of 9 out of 27 test checked FBOs (five renowned FBOs of the concerned districts) were not collected for analysis during 2011-16 for ensuring the quality of food articles being sold by them.

3.1.4 Inspection and Sample Collection

3.1.4.1 Periodical inspections not conducted

Sub-section 6 of Rule 2.1.1 of FSS Regulations 2011 provides that Registering Authority or agency specially authorised for this purpose shall carry out food safety inspection of the registered establishments at least once a year.

Scrutiny of records of the Commissioner, Food Safety revealed that Designated Officers did not conduct required number of inspections. The shortfalls, in case of registered petty FBOs, ranged from 23 to 27 *per cent* during 2012-16 was noticed. Similarly, in case of licensee FBOs, 14 to 24 *per cent* FBOs were not inspected in the State by the DOs during 2011-16 to ensure adherence to the prescribed norms of food safety and standards. The details of inspections carried out by the DOs are given in Table 5.

Table 5: FBOs not inspected periodically

Year	Petty FBOs not inspected periodically				Licensee FBOs not inspected periodically			
	Registered	Inspected	not inspected	Percentage (not inspected)	Licensee	inspected	not inspected	Percentage (not inspected)
1.	2.	3.	4.	5.	6.	7.	8.	9.
2011-12	45,961	45,961	0	0	11,245	11,152	93	1
2012-13	87,721	67,204	20,517	23	13,835	11,894	1,941	14
2013-14	1,36,815	1,04,820	31,995	23	13,419	11,025	2,394	18
2014-15	1,68,260	1,28,071	40,189	24	18,413	13,912	4,501	24
2015-16	1,24,100	90,501	33,599	27	19,544	15,426	4,118	21

(Source: Commissioner, Food Safety)

In test-checked districts, Audit observed 49 to 81 *per cent* registered petty FBOs were not inspected during 2012-16 by the DOs to ensure adherence to the prescribed norms of food safety and standards (**Appendix-3.1.4**). Audit also observed a shortfalls in inspection of licensee FBOs ranged from 31 to 52 *per cent* during 2011-16 by DOs (**Appendix-3.1.4**).

Thus, the Department failed to ensure food safety, quality, hygienic and sanitary conditions in large number of FBOs due to their inability to conduct the mandatory inspections for want of adequate manpower.

The Government while accepting the audit observation stated that inspections were not conducted as per norms due to shortage of officials. It further stated that staff position has since been improved at present and efforts were being made to carry out inspections as per norms.

3.1.4.2 Insufficient coverage of FBOs for collection of samples

Under the provisions of section 38(1) (a) of the FSS Act 2006, Food Safety Officers may take a sample of any food or any substance, which appears to him to be intended for sale, or to have been sold for human consumption; or of any articles of food or substance which is found by him on or in any such premises which he has reason to believe that it may be required as evidence in proceedings under any of the provisions of the Act or of the regulations or orders made thereunder.

Scrutiny of records of Commissioner, Food Safety revealed that samples were collected on random at the discretion of FSOs. Audit observed that department did not fix any criteria/norms/periodicity/targets for collection of samples by FSOs to ensure objectivity and transparency in collection of samples and checking the quality of food articles. Details of samples collected during 2012-16 are given in Table 6.

Table 6: Details of collection of samples during 2012-16 in the State

Year	Number of FBOs			Total sample collected	Percentage of Col. 5 to 4
	Registered	Licensee	Total		
1	2	3	4	5	6
2012-13 ³	87,721	13,835	1,01,556	11,712	12
2013-14	1,36,815	13,419	1,50,234	11,579	8
2014-15	1,68,260	18,413	1,86,673	14,295	8
2015-16	1,24,100	19,544	1,43,644	17,821	12

(Source: Commissioner, Food Safety, Lucknow)

As may be noticed from the above table, only 8 to 12 *per cent* samples (inclusive of multiple samples from one FBO) were lifted each year from the FBOs running their business in the state.

In 10 tests checked districts, samples collected ranged between six to thirteen *per cent* of the total number of FBOs registered/licensed during 2012-16 (*Appendix 3.1.5*).

Thus, not fixing the objective criteria and targets for collecting of samples for quality checking indicated that the system of selection of sample was not transparent and did not provide adequate assurance about the safety and quality of food items being manufactured/sold to common public.

Government accepted the audit observations.

Recommendation: The Department should fix target for each FSO for lifting of samples from each category of food articles and area in a transparent manner for adequate assurance about the safety and quality of food items manufactured and sold in the State.

Inadequate inspection of Central licensee FBOs

As per order issued by FSSAI, entire authority of enforcement of Act for central license units rest with the respective State Government.

Scrutiny of records of DO, Hathras revealed that out of 22 central licensees' samples of food articles from two licensees only were collected during 2011-16. It was also observed that even samples from a renowned brand '*Kinley*', manufacturing unit of packaged water were not collected for quality checking.

The Government accepted the facts and stated that directions for regular inspections of central licensees have been issued.

³ Position of sample collection during 2011-12 was not provided by the Department.

3.1.4.3 Funds not allocated for lifting of sample

Section 38(3) of the FSS Act provides that where any sample is taken, its cost should be calculated at the rate at which the article is usually sold to the public and shall be paid by Food Safety Officers (FSOs) to the person from whom it is taken.

Scrutiny of records of DOs of test-checked districts revealed that no budget provision was made during 2011-16 for the payment of cost of samples of food articles collected from the FBOs for quality testing. Further, FSOs did not maintain any record of the quantity and rates of samples taken by them. Thus the cost of the samples collected (if paid for) could also not be estimated in audit.

The Government stated that instructions were being issued to maintain register for amount paid in lieu of cost of samples collected.

3.1.4.4 Short-charging of fee for analysis of sample

Food Safety and Standards (Laboratory and Sample Analysis) Regulation, 2011 {Chapter 2 Para 2.3.1 (3)} provides that the fee payable in respect of sample analysed shall be ₹ 1000 per sample which was effective from 5 August 2011.

Scrutiny of records of three test-checked laboratories revealed that the fee charged for the samples received during the period August 2011 to December 2014 for analysis was ₹100 per sample for Railway and ₹ 200 per sample for other Government and private parties as against the prescribed fee of ₹ 1,000 per sample.

Thus, fee of ₹ 0.12 crore was short charged by the laboratories at Agra, Lucknow and Varanasi from the Railway and private parties (*Appendix 3.1.6*).

The Government stated that action would be taken as per rules against responsible officials after conducting enquiry.

3.1.5 Human Recourse and Infrastructure

3.1.5.1 Shortage in key cadre

Under Section 36 of FSS Act, Commissioner shall, by order appoint the Designated Officer, who shall not be below the rank of a sub-divisional magistrate who is empowered to grant or cancel license and issuance of inspection order of FBOs.

Scrutiny of records of Commissioner, Food Safety revealed that there was huge shortage in the key cadres of DOs, CFSOs and FSOs. The cadre-wise details of sanctioned strength (SS) *vis-à-vis* person-in-position (PIP) during the period 2011-16 are as given in Table 7.

Table 7: Cadre-wise details of sanctioned strength and person-in-position

Year	Designated Officer (DOs)			Chief Food Safety Officer (CFSOs)			Food Safety Officer (FSOs)		
	Sanctioned Post	Person in Position	Shortage (per cent)	Sanctioned Post	Person in Position	Shortage (per cent)	Sanctioned Post	Person in Position	Shortage (per cent)
2011-12	75	0	75 (100)	78	58	20 (26)	662	287	375(57)
2012-13	75	0	75 (100)	78	58	20 (26)	662	287	375(57)
2013-14	75	0	75 (100)	78	58	20 (26)	662	287	375(57)
2014-15	75	38	37 (50)	78	78	00 (00)	662	229	433(65)
2015-16	75	70	05 (07)	78	65	13 (17)	662	431	231(35)

(Source: Commissioner Food Safety, Lucknow)

There were shortages ranging from 50 to 100 *per cent* in cadre of DOs and 57 to 65 *percent* in the cadre of FSOs during the period 2011-15. There was improvement in availability of DOs and CFSOs in the year 2014-15 and 2015-16 but shortages in FSO cadre remained high.

Shortages in the key cadres adversely affected the enforcement activities as discussed in Paragraphs 3.1.3.1 to 3.1.3.3 and 3.14.2.

The Government accepted the audit observations.

3.1.5.2 Shortage of technical staff in State laboratories

Most of the sanctioned posts of scientific officer, microbiologist and food analyst were lying vacant in six laboratories during 2011-16. Details are given in Table 8.

Table 8: Details of Sanctioned Strength and Person-in-position of technical staff during 2011-16

Sl. No.	Name of Post	Sanctioned Strength	Person-in-position	Vacancy (per cent)
1	Joint commissioner	01	00	01 (100)
2	Scientific Officer-I	07	00	07 (100)
3	Scientific Officer-II	07	01	06 (86)
4	Microbiologist	06	00	06 (100)
5	Sr. Analyst (Food)	19	07	12 (63)
6	Lab Technician	18	04	14 (78)

(Source: State Laboratory, Lucknow)

It may be seen from above table that:

Against sanctioned post of 14 scientific officers (Grade-I and Grade-II) only one Scientific Officer was posted during the period 2011-16, who was looking after the work of six laboratories.

No microbiologist was posted against 06 sanctioned posts.

Sixty three *per cent* sanctioned post of senior Food Analyst and 78 *per cent* sanctioned post of Lab Technicians were vacant during 2011-16.

Shortage in strength of technical staff affected the analysis of samples and finalisation of test reports timely.

The Government stated that to fill the vacant posts in laboratories, Service Regulations for Laboratory Cadre staff were to be framed. This shows that the department did not frame necessary rules even after a lapse of five years of the implementation of FSS Act.

3.1.5.3 Equipment not available in State laboratory

An Expert Committee consisting of Biochemist, Chemist, Government analyst & Public Analyst of State Laboratory Lucknow recommended (November 2012) the equipment required for proper functioning of the laboratories for analysis of food articles⁴.

Test check of records of the State laboratory, Agra revealed that protein content and solubility in milk powder and ice-cream, colour content in all samples which requires color test, urea content estimation in milk, volatile oil in spices and edible oil, unsaponifiable matter in edible oil and fat and microbiological tests in all food articles, crude fibre content and water extract in tea, heavy metals tests in all food articles and drinking water and beverages were not being checked due to required equipment not being available. The details of equipment not available in state laboratory Agra for analysis of food articles are given in Table 9.

Table 9: Details of equipment not available in laboratory

Sl. No.	Name of equipment	Uses	Parameters that could not be checked
1	Digital centrifuge machine	To check solubility in liquid food items	Solubility
2	UV Spectrophotometer	To check Color content and urea content in food articles.	Urea content estimation
3	Atomic Absorption Spectrophotometer	To check heavy metal in food articles, drinking waters and beverages	Quantification of elements
4	High Performance Liquid Chromatograph	To check heavy metal in food articles, drinking waters and beverages	Identification and quantification of organic compounds
5	Digest Unit Chamber	To check protein content in milk and ice cream	Protein content
6	Dean Stark Apparatus	To check moisture content in tea and food articles	Moisture content
7	All microbiological instruments	To perform all microbiological tests	microbiological tests

(Source: Food Analyst, Agra)

Thus, due to required equipment not being available, the essential food articles commonly used by general populace were not checked for dangerous

⁴ (i) Digital centrifuge machine for checking of solubility in liquid food items; (ii) UV Spectrophotometer for checking of color and urea content in food articles; (iii) Atomic Absorption Spectrophotometer and High Performance Liquid Chromatograph for checking of heavy metal in food articles; (iv) Digest Unit Chamber for checking of protein content in milk; (v) Dean Stark Apparatus for checking of moisture content in tea and food articles; (vi) All microbiological instruments for checking of all microbiological tests etc.

contaminations and hazardous substances in the State laboratory, Agra which covers samples of five regions viz; Chitrakoot, Faizabad, Gorakhpur, Jhansi and Meerut.

Scrutiny of records further revealed that in 81 out of 500 sample reports (19 cases of cereal, 7 cases of tea, 40 cases of mustered oil, 05 cases of packaged drinking water & 10 semi-carbonated water), made available to Audit, the required parameters as prescribed in the Regulations were not checked. Audit noticed that only three out of 51 required parameters of packaged drinking water, five out of eight required parameters of pulses; six to seven out of 13 required parameters of mustard oils; two out of seven required parameters of tea; and only one out of 17 required parameters of carbonated water were analysed but analysis reports of these products were declared safe for consumption.

Audit further observed that equipment required for testing of microbiological, heavy metals, pesticides in food articles were not available in the laboratories at Varanasi and Lucknow. Details of shortage of equipment are given in *Appendix 3.1.7*.

Since, all the prescribed parameters were not checked by the laboratory, the possibility of sale of substandard/unsafe food articles to the general public could not be ruled out.

The Government did not provide specific reply on equipment not available. In respect of improper sample checking, the Government stated that on the basis of available equipment and chemicals in the Regional Laboratory Agra, samples were analysed and results declared. Reply was not convincing as results were declared without checking all parameters as provided in the FSS Act. Thus, there was no assurance of quality of the articles of which samples were collected, analysed and declared safe for consumption.

3.1.5.4 Poor utilisation of financial resources for upgradation of infrastructure

During the period 2012-16 total funds ₹ 34.70 crore were allocated for construction and upgradation of state laboratories and offices at the districts level, as given in Table 10.

Table 10: Allotment, Expenditure and Surrender

(In ₹ crore)

Year	Particular	Allotment	Expenditure	Surrender (per cent)
2012-13	Upgradation of labs	13.26	0.00	13.26 (100)
2013-14	Construction	1.94	1.94	0.00 (0)
	Machinery/equipment	0.16	0.00	0.16 (100)
2014-15	Construction	2.98	2.57	0.41 (14)
	Machinery/equipment	3.53	0.83	2.70 (76)
2015-16	Construction	9.16	9.16	0.00 (0)
	Machinery/equipment	3.67	0.00	3.67 (100)
Total		34.70	14.50	20.20 (58)

(Source: Commissioner, Food Safety, Lucknow)

It was noticed that only ₹ 14.50 crore (42 *per cent*) was utilised and major portion of allocated funds for machinery/equipment were surrendered (76 to 100 *per cent*). This was mainly due to tenders not being finalised by Commissioner, Food Safety for purchase of equipment and machinery.

As discussed in *Paragraph 3.1.5.3*, there were acute shortages of required equipment in laboratories at Agra, Varanasi and Lucknow and these were not arranged despite availability of funds.

Audit further observed that Food Safety Cells in six test-checked districts were functioning from a small room/hall and did not have basic infrastructure such as furniture, computer, storage facility for keeping samples etc., despite availability of funds, which shows lack of realistic comprehensive planning for improvement in overall infrastructure for Food Safety Cells.

The Government accepted the facts and stated that tenders were invited several times but purchase of machinery/equipment could not be made due to tenders being faulty. Fact remains that the funds were not utilised for the specified purpose due to which the required infrastructure could not be created/provided.

Recommendation: The Department should closely monitor the progress of expenditure and capital works to ensure optimum utilisation of budgeted amounts allocated for the development of infrastructure for effective implementation of the Act.

3.1.6 Food Analysis

3.1.6.1 Laboratories not accredited

Section 43(1) of the FSS Act 2006 provides that Food Authority may notify food laboratories and research institutions accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) or any other accreditation agency for the purpose of carrying out analysis of sample by the Food Analysts under this Act.

Scrutiny of records of Commissioner, Food Safety revealed that six laboratories were functioning in the State to carry out analysis of samples taken by FSOs of the districts. Audit noticed that out of six laboratories, five State laboratories (Agra, Meerut, Gorakhpur, Varanasi and Jhansi) were functioning without recognition by NABL or other accreditation agencies. Further, State laboratory, Jhansi was not even recognised by FSSAI, even though, 517 samples collected from Agra, Aligarh, Jhansi and Chitrakoot regions were sent to the State laboratory, Jhansi during 2015-16 for analysis.

Thus, in absence of NABL validation of the laboratories in case of any dispute, the results analysed by these laboratories may not have requisite evidence value in a court of law and may render the whole exercise of enforcement action futile.

The Government accepted the facts and stated that NABL accreditation work of State laboratories was in process and would be completed soon.

Recommendation: The Department should take all necessary action immediately to ensure that State laboratories are accredited by NABL and have all essential equipment for testing of food articles.

3.1.6.2 Sample analysis reports not received from labs

Rule 2.4.2.5 of FSS Rule, 2011 provides that analysis reports shall be signed by the Food Analyst and such report shall be sent within 14 days of the receipt of the sample by the Food Analyst. In case the sample cannot be analysed within 14 days of its receipts, the Food Analyst shall inform the DO and the Commissioner of food safety giving reasons and specifying the time to be taken for analysis.

Scrutiny of records of test-checked districts revealed that results of 463 samples sent to State laboratories during 2012-16 were not received within stipulated time of 14 days. The delay ranged from 03 months to 4 years against the prescribed time of 14 days. The reasons for delay and expected time to be taken were also not on records. Year-wise details of pending analysis reports are given in Table 11.

Table 11: Total Pending analysis Reports

Sl. No.	Name of District	Total Pending Reports				
		2012-13	2013-14	2014-15	2015-16	Total
1	Agra	0	0	0	94	94
2	Budaun	0	1	12	34	47
3	Chandauli	0	0	0	15	15
4	G B Nagar	6	1	29	66	102
5	Kanpur Nagar	0	0	13	108	121
6	Lakhimpur Kheri	1	6	8	02	17
7	Raebareli	0	0	0	25	25
8	Sitapur	0	0	08	28	36
9	Varanasi	0	0	04	02	06
Total		7	8	74	374	463

(Source: DOs of the concern district)

Rules further provide that in case of FBO from whom the sample has been taken or the person whose name and address and other particulars have been disclosed under Rule 2.5 of these rules desires to have the sample analysed, he shall request the FSO in writing to send the sample to any National Accreditation Board for Testing and Calibration Laboratories (NABL) accredited/FSSAI notified laboratories for analysis under intimation to DO. The accredited laboratories have to analyse the sample within 14 days.

Scrutiny of records of DO Agra revealed that 09 samples were sent to Kolkata (NABL) during the period January 2016 to March 2016; but neither the test samples were received nor the reasons for delay intimated by the laboratory even after lapse of 97 to 172 days as of June 2016 (**Appendix 3.1.8**).

Thus, due to delay in receipt of analysis reports for more than three months, cases against possible defaulting FBOs could not be initiated in the courts. Such FBOs continue to sell their stock of food articles some of which may be adulterated, unsafe and/or substandard.

Government accepted the audit observation and stated that due to shortage of human resource in the laboratories samples could not be analysed leading to delay in reporting. The Government further stated that process for framing service regulation for the laboratory staff was in progress. However, fact remains that the laboratories did not analyse the collected samples even after delays of three months to four years.

Recommendation: Commissioner Food Safety should ensure timely receipt of analysis reports of samples within prescribed period laid down in the Act by addressing the problem of shortage of technical staff and equipment.

3.1.7 Adjudication

The cases of food articles found adulterated by the laboratories were to be decided by the Adjudication Officer not below the rank of Additional District Magistrate of the district where the alleged offence was committed. Adjudication Officer if satisfied that the person/FBO has committed the contravention of provisions of the Act or the rules or the regulations made thereunder, may impose such penalty as he thinks fit in accordance with the provisions relating to that offence.

3.1.7.1 Adjudication of cases which do not confirm to the standards of food articles

Para 3.1.1(9) of the FSS Rules 2011 provides that the Adjudicating Officer (AO) shall pass the final order within 90 days from the date of first hearing.

Scrutiny of records of Commissioner, Food Safety revealed that 2687 cases were pending for more than 90 days from the date of first hearing with the AO during the period August 2011 to March 2016. Year-wise details of cases pending as of June 2016 are as given in Table 12.

Table 12: Details of cases pending for Adjudication (in state)

Year	No. of new cases received/registered	Number of cases in which first hearing held	No. of cases pending after 90 days from the date of first hearing
1	2	3	4
2011-12	1127	593	229
2012-13	1776	1019	473
2013-14	2271	1339	543
2014-15	2862	5984	332
2015-16	4603	2390	1110
Total	12639	11325	2687

(Source: Commissioner, Food Safety, Lucknow)

Out of 12639 cases registered during 2011-16, first hearing was held in 11325 cases, out of which, 2687 cases (24 *per cent*) were pending as of June 2016 for adjudication even lapse of prescribed time limit of 90 days.

Further, in ten test-checked districts, 1678 cases were pending with AO for want of final order even though more than 90 days have lapsed from the date of first hearing. The above pending cases also includes cases against renowned FBOs such as Yippee Noodles (sun feast), Classic masala (sun feast), Amul Milk, Gagan Vanaspati, Nestle products etc. Year-wise position of pendency in test-checked districts is given in Table 13.

Table 13: Details of cases pending for Adjudication

Sl. No.	Name of District	Pending cases					Total Pending cases
		2011-12	2012-13	2013-14	2014-15	2015-16	
1	Agra	-	-	-	22	28	50
2	Budaun	20	23	20	34	70	167
3	Chandauli	16	08	17	21	58	120
4	G B Nagar	7	8	56	114	197	382
5	Hathras	5	6	6	5	108	130
6	Kanpur Nagar	-	-	-	-	176	176
7	Lakhimpur Kheri	26	68	105	87	131	417
8	Raebareli	-	-	-	-	45	45
9	Sitapur	27	16	11	14	51	119
10	Varanasi	30	7	15	18	2	72
Total		131	136	230	315	866	1678

(Source: Designated Officers of concerned districts)

Thus, out of ten test checked districts maximum numbers of cases were pending in Lakhimpur Kheri, G.B. Nagar, Kanpur Nagar and Budaun.

Audit further noticed that Department did not initiate any action for timely disposal of pending cases. Consequently, the seized articles valued ₹ 60.66 lakh in two test checked districts were not released/disposed off (*Appendix 3.1.9*).

Thus, due to delays in finalisation of adjudication cases, possibility of sale of substandard food articles commonly used by the general populace cannot be ruled out.

The Government stated that letter to all District Magistrates from Commissioner Food Safety has been sent for disposal of pending cases as per rules.

Recommendation: The Department should ensure prompt action in timely finalisation of orders passed by the adjudicating officers by asking them to submit reports periodically.

3.1.7.2 Penalty not received

Section 96 of the FSS Act, 2006 provides that a penalty imposed under this Act, if not paid, shall be recovered as arrears of land revenue and the defaulter's license shall be suspended till the penalty is paid.

Scrutiny of records of Commissioner, Food Safety revealed that penalty of ₹ 15.70 crore out of ₹ 26.61 crore imposed during 2011-16, was pending for seven to 55 months in the State as of October 2016. It however, did not provide the number of defaulters from which these penalties were to be recovered.

In nine test-checked districts, unrealised penalties of ₹ 3.75 crore against 360 defaulters was pending as of June 2016 as per details given in Table 14.

Table 14: Unrealised penalties

Sl. No.	Name of District	Un-realised penalties					Number of cases	Amount
		2011-12	2012-13	2013-14	2014-15	2015-16		
1	Agra	0	0	7.50	7.01	12.65	32	27.16
2	Budaun	0	4.15	14.55	12.00	4.95	25	35.65
3	Chandauli	0	0	0	1.26	0.05	04	1.31
4	G B Nagar	0	10.50	12.50	18.98	211.30	57	253.28
5	Kanpur Nagar	1	0.17	5.50	4.30	2.07	16	13.04
6	Lakhimpur Kheri	0	0	0.8	3.58	0.1	25	4.48
7	Raebareli	0	0.85	1.13	1.76	1.61	40	5.35
8	Sitapur	0	5.70	4.05	10.13	5.29	82	25.17
9	Varanasi	0	4.00	0.25	1.85	3.85	79	9.95
Total		1	25.37	46.28	60.87	241.87	360	375.39

(Source: DOs of concerned districts)

Scrutiny further revealed that the Department neither made serious efforts for recovery of penalties nor suspended the licenses of the defaulters.

The Government stated that instructions have been issued for taking action as per Rules under the FSS Act.

3.1.7.3 Receipts from penalties in Government account.

As per Rule 3.1.2(3) of FSS Rules 2011, the amount of penalty will be remitted in the form of a crossed demand draft drawn on a nationalised bank in favour of "Adjudicating Officer,.....District" payable at the station where the Adjudicating Officer is located.

It was noticed in all 10 test-checked districts that there was no uniformity for depositing the realised penalties. In five districts (Agra, Budaun, Chandauli, Kanpur Nagar and, Varanasi) penalty of ₹ 0.91 crore was kept in the Bank Accounts of Adjudication Officers of the districts and in remaining five test-

checked districts (GB Nagar, Hathras, Lakhimpur Kheri, Raebareli, and Sitapur) penalty of ₹ 0.94 crore was deposited in treasury by concerned DOs.

The Government stated that directions have been issued to deposit the penalty amount in departmental receipt head of account immediately.

3.1.8 Monitoring

3.1.8.1 Advisory Committee

Under the provisions of Rule 2.1.15 of FSS (License and Registration of Food Business) Regulation, 2011, the State Government may, if required, designate an existing advisory committee at Panchayat/District/State level or where such a committee does not exist, constitute an advisory committee to assist, aid or advice on any matter concerning to food safety. No frequency of holding meeting of State Advisory Committee and District Advisory Committee was provided in the Rules.

Scrutiny of records of the Commissioner, Food Safety revealed that State Level Advisory Committee was constituted in January 2014 after lapse of 3 years of implementation of the Act in the state and only one meeting was held so far (June 2016).

Further, at the district level, District Advisory Committee (DAC) was constituted in seven out of 10 test checked districts. Records further revealed that in five districts, though DAC was constituted but no meeting of DAC was held during 2011-16 (*Appendix 3.1.10*).

Due to not constituting/functioning the DAC in the test checked districts, the activities of implementation of FSS Act was not monitored effectively.

The Government stated that directions have been issued for constitution of advisory committee and for holding of meetings frequently.

3.1.8.2 Grievance Redressal Mechanism

For grievance redressal, the Department created a grievance redressal cell for speedy disposal of the complaints registered through toll free number. The complaints were to be addressed within seven to 10 days as prescribed by the Commissioner, Food Safety.

Audit however, noticed that no action was reported by commissioner to FSSAI on 29 complaints, received during 2012-16, from the Central Food Safety and Standard Authority for disposal. Delay in disposal of complaints ranged from five to 54 months as of July 2016.

In reply, the Government stated that out of 29 cases of complaints, 12 cases were disposed off and remaining 17 cases were being disposed by the district authorities. This indicated that prompt disposal of grievances was not ensured.

3.1.8.3 Information, Education and Communication

Information, Education and Communication (IEC) activities involving electronic and print media and in other manner have to be undertaken to make stakeholders aware about the essential elements of the Act, Rules and Regulations. IEC material on points of food safety to be considered while consuming street foods indicating Dos and Don'ts and on other issues like licensing, registration, food import clearance, labelling adulteration of milk and milk products, personal hygiene for food handlers, kitchen food safety, etc., were to be developed in the form of booklets/leaflets/posters for dissemination to various stakeholders.

Audit however, noticed that the Department did not make any budget provision for IEC activities to spread awareness among public. Due to which printing of booklets/leaflets/posters, etc., were not undertaken by the Department resulting in common public not being made aware of their rights and powers.

The Government stated that IEC activities were being performed during 2015-16 by organising camps and placing advertisements on the departmental web-site. Reply was not acceptable as no records were available with DOs in the test checked districts in support of performing any such IEC activities.

3.1.8.4 Internal Audit and maintenance of Records

To ensure effective and efficient Financial and Operational control of an organisation/entity, internal audit should be conducted periodically and Audit Reports be put up to the Head of Department for taking remedial action.

Scrutiny of records of Commissioner, Food Safety and DOs of the test-checked districts revealed that no internal audit was conducted during the period 2011-15. We also noticed that following important records were not being maintained properly in any of the test-checked districts:

- Register of annual returns submitted by manufacturers.
- Register of inspections and inspection reports carried out by FSOs/DOs.
- Data/Register for collection of samples.
- Dead stocks register at State laboratories.

Absence of basic records indicated that the functioning of the Department lacked transparency and enforcement action.

The Government accepted that during 2011-14, no internal audit was conducted. It however, added that internal audit was taken up in 2015-16 in two districts.

3.1.8.5 Display of FSSAI logo

As per the notification issued in June 2013 by FSSAI under FSS Rules 2011, display of logo (FSSAI) on main packing of food articles was mandatory.

Audit, during the visit to district Lakhimpur Kheri, found that packed drinking water of one litre was being sold by a vendor in the campus of Roadways Bus Stand, Lakhimpur Kheri, but did not have the prescribed logo of FSSAI.



Drinking water packet without FSSAI logo

Soft drink bottle with FSSAI logo

The Government accepted that sample of Parivahan Neer was not taken for analysis but did not furnish specific reason for the same. It indicated laxity in the enforcement of implementation of the provisions of FSS Rules 2011.

3.1.9 Conclusions

The Department had not carried out any survey during 2011-16 to identify actual number of FBOs, running their business, in the State. The Department granted licenses to the FBOs without conducting inspection of premises in majority cases. The Department did not fix any criteria/norms/periodicity for collection of samples from FBOs due to which system for selection of sample was not transparent and did not provide adequate assurance. Due to not finalising the tenders, ₹ 20.20 crore (58 per cent) of allotted fund under capital outlay for up-gradation of labs, purchases of machineries, etc. was surrendered despite insufficient infrastructure in the test-checked districts and State laboratories during 2012-16. Five State laboratories were functioning without recognition of NABL and having huge shortage of essential equipment and therefore not able to conduct all the prescribed tests of food articles. Sample analysis reports were pending in labs with delay ranging from three to 48 months against norms of 14 days in nine test checked districts. Adjudication officers were required to pass final orders within 90 days from the date of first hearing. However, final orders were not passed in 2687 cases (38 per cent) even after a lapse of 90 days to 1461 days beyond the prescribed time limit of 90 days.

JUDICIARY DEPARTMENT

3.2 Audit of Modernisation of Judicial Infrastructure in Lower Courts

3.2.1 Introduction

The district courts and subordinate courts, which are also known as lower courts, function under administrative control of the Hon'ble High Court in each State.

A Centrally Sponsored Scheme (CSS) for the development of infrastructure facilities for the judiciary covering Hon'ble High Courts and subordinate courts was started by the Government of India (GoI) in 1993-94. The expenditure on the scheme was shared by the GoI and the State Government on 50:50 basis in respect of the States other than North-Eastern States¹. The scheme was revised in 2011-12 under which only lower courts and residential quarters for judicial officers of subordinate courts were to be covered in the ratio of 75:25. From 2015-16, the ratio of funding revised to 60:40. The GoI also launched the e-Court mission mode project in 2007 for development of infrastructure relating to information and technology in judiciary.

3.2.1.1 Audit scope

Audit scrutinised the records for the period 2011-16 in the offices of the District Judges (eight² out of 75 districts) from April, 2016 to July, 2016. Data and information were also collected from the offices of the Principal Secretary, Judiciary Department, Registrar General, Hon'ble High Court, Allahabad and the executing agencies carrying out construction works in the sampled districts. Exit conference was held with Principal Secretary, Judiciary Department in January 2017 and response of the Government has been considered in the report.

Audit findings

3.2.2 Financial Management

3.2.2.1 Funding pattern

The funds for Judiciary Department are allocated under Grant Number 42 (Judicial Department) of Uttar Pradesh. For allotment of funds under the CSS, the State Government makes provisions in its budget for both GoI and State share. The funds are transferred to the Hon'ble High Court, for its onward release to the executing agencies for the construction of residential buildings, court rooms, etc.

¹ In respect of North-Eastern States, it was on 90:10 basis, which continued even after revision of norms in 2011-12.

² Allahabad, Baghpat, Ballia, Chitrakoot, Gautam Budha Nagar, Jaunpur, Kasganj and Lakhimpur Kheri.

3.2.2.2 Allotments and expenditure

The overall budgetary provisions, releases and expenditure under the CSS (residential buildings for judicial officers and court rooms in district and subordinate judiciary) for the period 2011-16 is given in Table 1.

Table 1: Financial status of CSS during 2011-16

(₹ in crore)

Year	Budget provisions (Both GoI+State Government) ³	Savings	Percentage saving to provision
1	2	3	4
2011-12	135.50	7.86	06
2012-13	193.00	23.76	12
2013-14	250.00	123.72	49
2014-15	250.00	14.65	06
2015-16	400.00	231.01	58
Total	1228.50	401.00	33

(Source: Information furnished by Nyay Vibhag, GoUP)

It is evident from the above table that 33 *per cent* (₹ 401.00 crore) of the budget provision during 2011-16 remained unutilised.

Audit scrutiny further revealed that against the total budget provision of ₹ 1,228.50 crore, ₹ 848.50 crore and ₹ 380.00 crore were provisioned for construction of court rooms and residential buildings respectively. However, 31 *per cent* (₹ 260.64 crore) and 37 *per cent* (₹ 140.36 crore) funds provisioned for court rooms and residential buildings, respectively, could not be utilised due to the failure of the executing agencies to spend the funds owing to slow pace of works, land not being available and delays in approval of maps, etc.

3.2.2.3 Financial issues in sampled districts

Funds provided by the State Government are drawn by the Hon'ble High Court and transferred to the executing agencies. Financial position of eight test-checked districts for the period 2011-16 is given in Table 2.

Table 2: Position of Releases and Expenditure of CSS during 2011-16 in test-checked districts

(₹ in crore)

Year	Amounts released	Expenditure	Unspent amount with executing agencies
1	2	3	4
2011-12	41.92	37.17	4.75
2012-13	22.10	16.01	6.09
2013-14	30.97	27.65	3.32
2014-15	37.87	21.83	16.04
2015-16	27.13	32.25	-5.12 ⁴
Total	159.99	134.91	25.08

(Source: Information furnished by sampled districts)

³ Including budget provision for GoI share of ₹ 861.38 crore and State share of ₹ 367.12 crore

⁴ The reason for expenditure excess to the funds released is the utilisation of funds released in previous years.

The table above indicates that in the test-checked districts, the executing agencies could not utilise ₹ 25.08 crore during 2011-16. The main reason of funds remaining un-utilised was slow pace of work by the executing agencies. In Ballia, out of ₹ 16.41 crore released to the Construction & Design Services, Uttar Pradesh Jal Nigam between November 2011 and January 2015 for the construction of 18 court rooms and 16 residences, ₹ 11.11 crore (68 *per cent*) remained unspent as of March 2016.

Important deficiencies noticed in financial management in the sampled districts are discussed in the succeeding paragraphs:

Irregular release of funds to executing agencies

Paragraph 212 of Uttar Pradesh Budget Manual provides that releases of funds should be synchronised with physical progress of the work.

The records of two test-checked districts (Ballia and Guatam Budh Nagar), however revealed that an amount of ₹ 11.38 crore was made available as subsequent instalments to the executive agencies during 2008-15 despite negligible physical progress of works. Audit also found that the subsequent instalments were also released in cases where works were not even started. The details are given in *Appendix 3.2.1*.

Thus, releases of funds to the executing agencies without linking to the progress of works, amounts to parking of funds with the construction agencies. This indicated serious lack of financial control and grant of undue benefits to the construction agencies.

Accrued interest not credited in the Government account

As per Government order (March, 1998), if funds provided by the client departments are kept in interest bearing bank accounts by the executing agencies, the interest accrued on such funds should be credited back into the Government accounts.

Records of the test-checked districts revealed that the executing agencies⁵ earned interests⁶ of ₹ 3.17 crore on the funds provided by the Judiciary Department during 2011-16. However, ₹ 42.59 lakh only was deposited in the Government account. As a result, in violation of the orders, accrued interest of ₹ 2.74 crore remained outside Government account with the executing agencies (*Appendix 3.2.2*).

It was further noticed that neither any action for recovery of interest was initiated by the Department nor the interest adjusted in the subsequent bills of the agencies.

Recommendation: There should be no parking of funds by the executing agencies and advances should be released strictly as per norms.

⁵ Uttar Pradesh Rajkiya Nirman Nigam (UPRNN), Construction and Design Services (C&DS) and Uttar Pradesh Awas Evam Vikas Parishad (UPAEVP).

⁶ Kept in savings and flexi bank accounts.

3.2.3 Programme implementation

3.2.3.1 Targets and achievements under CSS

The State Government, planned to construct 500 court rooms and 400 residences for judicial officers in the district and subordinate judiciary in the five year plan (2012-17⁷). The status of targets *vis-à-vis* achievements is given in Table 3:

Table 3: Targets and achievements under CSS

Year	Court rooms			Residences			Allotment (₹ in crore)	Expenditure (₹ in crore)
	Targets	Progressive targets	Achievements (per cent)	Targets	Progressive targets	Achievements (per cent)		
2012-13	100	100	20 (20)	80	80	10 (12)	193.00	169.24
2013-14	100	180	78 (43)	80	150	10 (7)	250.00	126.28
2014-15	150	252	20 (8)	80	220	20 (9)	250.00	235.35
2015-16 ⁸	100	332	50 (15)	80	280	50 (18)	400.00	168.99
Total	450		168 (37)	320		90 (28)	1093.00	699.86

(Source: Records of the Nyay Vibhag, GoUP)

As evident from the above table, the achievements against the targets were very poor and during the first four years of the scheme (2012-16⁹), the construction of only 37 *per cent* court rooms and 28 *per cent* residences could be completed. Financial performance was also poor as against the plan outlay of ₹ 1093.00 crore during 2012-16, ₹ 699.86 crore (64 *per cent*) only could be spent. Lack of effective monitoring by the Government and inability of the executing agencies to speed up the slow pace of work were the main reasons for this unsatisfactory state of affairs.

Recommendation: *The Government should ensure that the required number of court rooms and residences for judicial officers as envisaged in the CSS plan may be achieved formulating a time bound actionable plan.*

3.2.3.2 Shortages of Court rooms and residences

The State Government did not provide the details of availability vis-à-vis requirement of court rooms and residences in the State. Audit, however, obtained status of availability of court rooms and residences in the test checked districts.

Audit observed in six out of eight test checked districts, there were shortages of the court rooms, ranging between 10 and 43 *per cent* as detailed below:

⁷ Records pertaining to the year 2011-12 were not made available to audit.

⁸ Achievements against targets were anticipated.

⁹ 50 court rooms and 80 residences were planned to be constructed in 2016-17 under Twelfth Five Year Plan,

Table 4: Status of court rooms in sampled districts as on 31 March 2016

Sl. No.	District	Court rooms sanctioned	Court rooms available	Shortage of court rooms (per cent to Col. 3)	Court rooms in poor condition/ under size (per cent to Col 4)
1	2	3	4	5	6
1.	Allahabad	71	62	09 (13)	18 (29)
2.	Ballia	31	22	09 (29)	00 (00)
3.	Chitrakoot	16	14	02 (13)	07 (50)
4.	Jaunpur	37	32	05 (14)	00 (00)
5.	Kasganj	21	12	09 (43)	06 (50)
6.	Lakhimpur Kheri	29	26	03 (10)	00 (00)
Total		205	168	37 (18)	31 (18)

(Source: Information furnished by the sampled districts)

There was a shortage of 37 court rooms (18 *per cent*) and 31 court rooms (18 *per cent*) were in unsatisfactory condition in the test-checked districts. These shortages bound to have adverse impact on the smooth functioning of the courts.

As regards to residential accommodation for judicial officers, shortages of residences were noticed in the test-checked districts as detailed in the Table 5:

Table 5: Status of residences in test-checked districts as on 31st March, 2016

Sl. No.	District	Sanctioned strength of Judicial officers	Residences available	Shortage of residences	Percentage of shortages
1.	Allahabad	71	46	25	35
2.	Baghpat	14	01	13	93
3.	Ballia	31	20	11	35
4.	Chitrakoot	16	02	14	88
5.	Gautam Budh Nagar	15	02	13	87
6.	Jaunpur	37	09	28	76
7.	Kashganj	21	07	14	67
8.	Lakhimpur Kheri	29	20	09	31
Total		234	107	127	54

(Source: Information furnished by sampled districts)

As per directions of the Hon'ble Supreme Court¹⁰, it was mandatory to provide residential accommodation to each judicial officer. However, it is evident from the above table that there was an acute shortage of residential accommodation for judicial officers in the test-checked districts. Only 107 residences were available against the requirement of 234, thereby, leaving a shortage of 127 residences (54 *per cent*).

Audit further observed that the shortage of residences is likely to continue in future, as against 140 court rooms under construction only 78 residences (56 *per cent*) were being constructed. The construction of residential accommodation and court rooms was marred with deficiencies such as lack of

¹⁰ Interlocutory Application No. 279/2010 in Writ Petition (C) No.1022/1989 in All India Judges' Association & Others Vs. Union of India & Others.

supporting infrastructure, inadequate survey, clear site not being available, delayed approval of maps, slow pace of work, etc.

3.2.3.3 Cost and time over-run

Paragraph 212 of Uttar Pradesh Budget Manual prescribes various measures¹¹ to avoid cost and time over-run.

Out of 51 works taken up under the scheme in the test-checked districts, 36 works amounting to ₹ 139.43 crore were to be completed during 2011-16. The executing agency-wise status of the works is given in *Appendix 3.2.3*. Out of 36 works, costs of 16 works (original aggregate cost: ₹ 65.08 crore) were revised upwards to ₹ 121.81 crore (87 *per cent* increase). Hence the cost of 44 *per cent* works had to be revised mainly due to changes in the scope of works and delayed completion by the executing agencies. Details are given in *Appendix 3.2.4*.

3.2.3.4 Deficiencies in the execution of works

Audit observed various deficiencies in the execution of works in the test checked districts. The instances noticed in the scrutiny of records of 14 works test checked, are detailed below:

Constructions without supporting infrastructure

Along with the construction of court buildings, supporting infrastructure such as administrative offices, lawyers block, litigant sheds, and residences for judicial officers, etc. were also required to be constructed to make the courts functional in all respects. Scrutiny of records, however, disclosed that construction of court buildings at Lakhimpur Kheri districts amounting to ₹ 3.44 crore, was taken up without supporting infrastructure like residential building, litigant shed, public toilets, lock-ups, etc as discussed below:

Construction of one court room at tehsil Nighasan in Lakhimpur Kheri (Cost: ₹ 0.69 crore) was commenced by PACCFED in January 2012 which was not completed as of April 2016. However, estimate of court building did not have provisions of other essential infrastructure like litigants shade, public toilets, lock-ups (male and female), etc. A revised estimate incorporating these facilities of ₹ 2.34 crore was submitted (March, 2016), which was yet to be approved by the State Government. Thus construction of court room was taken up without basic infrastructure which was essential for functioning of court.

The Government sanctioned (September, 2007) construction of two court rooms (₹ 0.34 crore) and two residences (₹ 0.25 crore) at tehsil Mohammadi in Lakhimpur Kheri at a total cost of ₹ 0.59 crore. The work was awarded to UPRNN. Further, construction of two more court rooms were sanctioned (March, 2012) in the same court complex at a cost of ₹ 2.16 crore without having planned two more residences for the judicial officers. As a result, only two residences were available against four court rooms.

¹¹ Standardise design, alteration in design, execution of agreement, etc.

Construction taken up without adequate surveys

Paragraph 37 of Uttar Pradesh Budget Manual prescribes that estimate should be prepared after conducting a survey of the site to determine suitability of site and feasibility of the execution of works as planned.

Test-check of records of the sampled districts, however, revealed that proper surveys were not conducted by the executing agencies prior to the commencement of four works costing ₹ 8.42 crore in Lakhimpur Kheri and Chitrakoot districts. As a result, various alterations had to be made in the construction plan resulting in time and cost over-run (₹ 10.54 crore) and other deficiencies in the construction of court buildings/residences as detailed in *Appendix 3.2.5*.

Further, in Lakhimpur Kheri, Construction of 28 residences (Type-I: 16 and Type-III: 12) commenced in October, 1998 with an approved cost of ₹ 0.63 crore. The structure of buildings, internal, external and other finishing works were completed by UPRNN in 2006 at a revised cost of ₹ 0.83 crore. The buildings could not be put to use for last 10 years due to severe water logging as these were constructed on a kiln land, the level of which was required to be raised before taking up construction work¹².



Staff residences lying unoccupied in water logged condition in Lakhimpur Kheri

It was further noticed that buildings were constructed on another piece of land (without acquisition), instead of the land identified for construction, due to which a compensation of ₹ 0.80 crore had to be paid to the land owner in June, 2012. Thus, construction without adequate survey and ensuring suitability of site for led to a wasteful expenditure of ₹ 1.63 crore.

Works taken up without ensuring clear site

Paragraph 37 of Uttar Pradesh Budget Manual provides availability of clear site, as the preconditions for taking up of work.

Audit observed that there was delay in making the land available to the executing agencies in five works amounting to ₹ 39.10 crore in two districts (Allahabad and Ballia). Audit further observed that due to unavailability of

¹² In order to make the buildings functional, a revised (January, 2016) estimate for ₹ 2.86 crore for construction of retaining wall, drain, earth filling, CC roads, etc., was prepared by the executing agency, which was yet to be approved.

clear sites the commencement of work delayed and cost was also revised to ₹ 49.69 crore as detailed in **Appendix 3.2.6**.

Delayed approval of design/maps

As per Paragraph 212 of the Uttar Pradesh Budget Manual, approval of design is a pre-condition for taking up execution of works.

Scrutiny of records of the test-checked districts revealed that three works with original cost of ₹ 25.62 crore (revised cost ₹ 66.18 crore) in three districts (Ballia, Chitrakoot and Gautam Budh nagar) were started by the executing agencies, without approval of maps as given in **Appendix 3.2.7**.

Recommendation: The Government should make a long term comprehensive plan to provide essential infrastructure in court complexes and residences which should include timeline, budgetary outlays, modalities of construction and fix responsibility at various levels for delivery of service.

3.2.3.5 Award of works without inviting tenders

As per the orders of the Hon'ble Supreme Court¹³ (extract circulated by the Central Vigilance Commission), the contracts by the State, its Corporations, instrumentalities and agencies must normally be granted through public auction/public tender. Further, as per Paragraph 212 of the Uttar Pradesh Budget Manual, before commencement of construction work, the Department concerned shall ensure execution of proper Agreement/Memorandum of Understanding with the work agency.

Scrutiny of records in the test-checked districts revealed that 51 works costing ₹ 237.60 crore were awarded by the Department to the executing agencies¹⁴ during 2011-16 (**Appendix 3.2.8**). Of these, 43 works costing ₹ 234.83 crore were awarded to different PSUs without inviting tenders (**Appendix 3.2.9**). It was stated in reply at the districts that the works were awarded at Government level. Reply from the Government was awaited (as of January 2017).

Remaining eight works costing ₹ 2.77 crore were given to Public Works Department for execution.

Further, contrary to the provisions, the Government did not execute any agreement/MoU with these PSUs due to which neither the bid capacity of the PSUs was evaluated nor provision for imposing penalty for the delays were made to reckon the liquidated damages on account of delays on the part of construction agencies.

Further scrutiny revealed that 11 out of 36 works¹⁵, construction of which were due to be completed during 2011-16, with original cost of ₹ 73.28 crore were delayed ranging between two months to 36 months, whereas two works

¹³ SLP NO 10174 of 2006: Meerut Nagar Nigam vs. Al Faheem Meat Export Private Limited.

¹⁴ Uttar Pradesh Rajkiya Nirman Nigam (UPRNN), Construction and Design Services (C&DS), Uttar Pradesh Jal Nigam, Uttar Pradesh Co-operative Federation Limited (PACCFED), Uttar Pradesh Awas Evam Vikas Parishad (UPAEVP) and Public Works Department (PWD).

¹⁵ Out of 51 works taken up in the test checked districts.

amounting to ₹ 0.30 crore were pending¹⁶ for completion even after 50 months of the scheduled dates of completion (**Appendix 3.2.10**). However, in the absence of Agreement/Memorandum of Understanding, no liquidated damages for delay in execution of works could be imposed on any of the executing agencies.

Recommendation:

(i) Work to be awarded to the executing agencies (even PSUs) should only be based on tender.

(ii) Agreement/MoUs should be signed with executing agencies laying down terms and conditions for execution of works to make them accountable for adhering to the approved time and cost lines.

3.2.4 e-Court scheme

The Government of India introduced a project of computerisation of the Indian Judiciary in February, 2007. The Phase-I of the scheme ended on 31st March, 2015. The objective of the project was to provide services through Information and Communication Technology (ICT) for district and subordinate courts

The data/information provided by the Hon'ble High Court, Allahabad revealed that targets set under Phase-I of the scheme were achieved in activities like site preparation, ICT training for judges and staff, power back-ups (DG Sets and UPSs). However, Audit observed major shortfall in deployment of technical manpower. As against the target of providing 247 (81 System Officer and 166 System Analyst) personnel, district courts were provided 106 personnel¹⁷ (57 per cent) only.

3.2.4.1 Idle computer hardware

Each court complex was to be equipped with required computer hardware such as desktops, printers, servers, scanners, projectors, etc. Each judge and his/her supporting staff was to be provided with four client machines¹⁸, three printers. Sections like filing, nazarat, etc., were to be provided with thin clients¹⁹ and printer.

Scrutiny of records revealed that in four test-checked districts (Allahabad, Ballia, Jaunpur and Lakhimpur Kheri), thin client machines including monitors, keyboards and mice were supplied (three client machines per court room) between March and May in 2009, to be installed in the court rooms. Audit observed that out of 468 machines supplied in these districts,

¹⁶ Construction of boundary wall in civil court, Allahabad: ₹ 16.43 lakh (revised estimate of ₹ 40.83 lakh pending for approval) and construction of office room at District Judge's residence, Chitrakoot: ₹ 13.90 lakh (revised estimate of ₹ 36.54 lakh pending for approval)

¹⁷ 59 SO + 47 SA.

¹⁸ It was clarified (April 2010) by the Hon'ble High Court, Allahabad, that two client machines would be installed in each court room.

¹⁹ A thin client is a light weight computer that is purpose-built for remoting into a server. It depends heavily on another computer (its server) to fulfill its computational roles.

208 machines²⁰ (44 *per cent*) amounting to ₹ 27.87 lakh were lying idle without utilisation for more than five years as of July 2016.

3.2.5 Monitoring

As per the scheme guidelines, a DLMC²¹ was to be set up for monitoring of works in each district. The committee was to submit a quarterly report regarding works undertaken under the scheme to the State Level Monitoring Committee headed by the Chief Secretary/Planning Secretary.

Scrutiny of records in the test-checked districts revealed that no report was submitted to the State Level Monitoring Committee by any of the test checked districts during 2011-16. This indicated the inadequacy of monitoring under scheme by the agencies concerned.

Recommendation: The Government should initiate a prompt and effective monitoring with all executing agencies at the Government as well as district level to ensure timely completion of work.

3.2.6 Limitations

Audit was constrained as very limited data/information was furnished by the department. Besides, most of the audit observations were not responded to by the department. Moreover, Uttar Pradesh Processing and Construction Co-operative Federation Limited (PACCFED), despite repeated reminders did not furnish data/information, sought for in connection with the works executed under CSS. All these constrained the efficacy of audit and our findings.

3.2.7 Conclusion

In sum, financial management was inadequate as 33 *per cent* budgeted amounts remained unspent. Funds were released to the executing agencies without assessing needs and were also unnecessarily provided as advances resulting in parking of funds in violation of rules. Executing agencies continued to earn interest on deposits made from Government advances, which were not credited back to Government account. Implementation was weak as merely 37 *per cent* of court rooms and 28 *per cent* of residences were constructed against the targets set under Twelfth Five Year Plan. The award and execution of works were faulty as works were awarded without inviting tenders and signing any agreements/MoUs with executing agencies. The executing agencies therefore lacked accountability and considerably delayed execution of works. Further, the constructions were taken up without carrying out proper surveys, approval of maps and unavailability of clear sites resulting in time and cost over-run and deficient execution of works.

²⁰ Allahabad: 114 machines (₹ 15.93 lakh); Ballia: 27 machines (₹ 3.62 lakh); Jaunpur: 45 machines (₹ 6.03 lakh) and Lakhimpur Kheri: 22 machines (₹ 2.95 lakh)

²¹ Consisting of the District Magistrate, the District Judge or equivalent and the Executive Engineer, Public Works Department.

MEDICAL EDUCATION DEPARTMENT

3.3 Audit on Equipment Management in Medical Colleges of Uttar Pradesh

3.3.1 Introduction

Uttar Pradesh is the most populous State in the country and have public health indicators far below the national average. Inadequacy of infrastructure available in medical colleges and their associated teaching hospitals are areas of serious concern in the State which needs to be addressed on priority. The Medical Education Department is responsible for establishment and maintenance of well-equipped medical colleges including teaching institutions, which are the premier referral centres for peripheral hospitals.

Medical Education Department, Government of Uttar Pradesh (GoUP) functions under the overall supervision of the Principal Secretary. At the Departmental level, Director General Medical Education and Training (DGMET) is responsible for developing human resources in the health sector and to improve the standards of medical education both at undergraduate and post-graduate levels in the field of Medical sciences. DGMET is assisted by two Additional Directors, two Joint Directors and a Finance Controller. The Principals of respective State Medical Colleges report directly to DGMET.

There are nineteen¹ Government Medical Colleges/Institutions (GMCs) in the State as of March 2016. An expenditure of ₹ 11,230.32 crore was incurred by the Medical Education Department during 2011-16.

Out of 19 GMCs, four viz; King George Medical University, Lucknow (KGMU, Lucknow), Lala Lajpat Rai Memorial, Medical College, Meerut (LLRM, Meerut), Baba Raghav Das, Medical College, Gorakhpur (BRD, Gorakhpur) and Maharani Laxmi Bai, Medical College, Jhansi (MLB, Jhansi) were selected for audit by using SRSWOR² method.

Allotment of funds to the four test-checked GMCs and expenditure thereof during 2011-16 are given below:

Table 1: Details of allotment and expenditure of four test-checked GMCs

Name	2011-12		2012-13		2013-14		2014-15		2015-16		Grand Total	
	A	E	A	E	A	E	A	E	A	E	A	E
BRD, Gorakhpur	48.69	48.6	59.98	59.65	90.56	82.11	149.45	140.84	103.67	94.93	452.35	426.13
MLB, Jhansi	119.47	52.13	54.99	47.88	154.6	146.91	164.04	151.66	116.13	108.94	609.23	507.52
LLRM, Meerut	63.36	63.13	65.29	59.62	86.88	65.62	69.67	66.87	101.61	97.23	386.81	352.47
KGMU, Lucknow	311.71	311.38	396.52	383.03	482.24	467.92	419.75	408.28	466.2	461.81	2076.42	2032.42
Total	543.23	475.24	576.78	550.18	814.28	762.56	802.91	767.65	787.61	762.91	3524.81	3318.54

¹State Government : 16 GMCs and Central Government: 03 GMCs

²SRSWOR- Simple Random Sampling without replacement.

As evident from Table-1 above, out of a total allotment of ₹ 3524.81 crore, the four GMCs incurred an expenditure of ₹ 3318.54 crore, i.e. 94 *per cent*. However, MLB, Jhansi spent only 83 *per cent* of the funds allocated during 2011-16, leaving an unspent balance of 17 *per cent*.

Audit Findings

3.3.2 Financial Management

3.3.2.1 Operation of Personal Ledger Account

Uttar Pradesh Personal Ledger Account Rules, 1998 provides that Personal Ledger Account (PLA) can be opened in the name of Head of Offices with the consent of Accountant General.

However, as per the information made available by the Accountant General (A&E), Uttar Pradesh, the authority for operating the PLA was granted up to March 2008 for managing the expenditure of KGMU only. Further, no extension was granted beyond the period of March 2008.

It was observed that all the four test-checked GMCs were parking funds in PLA of KGMU, Lucknow in violation of the above mentioned provisions. The other irregularities while parking the funds in PLA by the GMCs are discussed below:

As of March 2016 an amount of ₹ 155.71 crore pertaining to the four test-checked GMCs was parked in the PLA of the KGMU Lucknow as detailed below:

Table 2: Details of funds kept in PLA as of March 2016

(₹ in crore)		
Sl. No.	Name	Amount kept in PLA
1	King George Medical University, Lucknow	96.00
2	Lala Lajpat Rai Memorial, Medical College, Meerut	18.27
3	Baba Raghav Das, Medical College, Gorakhpur	27.38
4	Maharani Laxmi Bai, Medical College, Jhansi	14.06
Total		155.71

Further scrutiny revealed that Government issued (July 2013 to March 2016) orders to various medical institutions (14 GMCs including the four test-checked GMCs, Director, Ayurved Services and Director General, Medical and Health Services) that the amount released for procurement of equipment such as Ventilator, Digital microtome rotary, C-Arm image intensifier, General Laparoscopy set (HD) etc. vide various orders (July 2013 to March 2016) instructed that the amount should be kept in PLA account of KGMU, Lucknow and shall be withdrawn as and when required with the approval of Finance Department and countersignature of the DGMET. Audit observed that an amount of ₹ 527.40 crore (including ₹ 155.71 crore pertaining to four test-checked GMCs) was parked in the PLA of Finance Officer, KGMU, Lucknow (July 2013 to March 2016).

Out of the amount of ₹ 527.40 crore parked in PLA of KGMU, Lucknow, a sum of ₹ 361.59 crore was transferred to respective GMCs and Director, Ayurved Services up to June 2016 while a sum of ₹ 165.81 crore remained parked in PLA of KGMU, Lucknow as of June 2016 as shown below:

Table 3: Year-wise position of funds parked in PLA of KGMU, Lucknow and released there from

(₹ in crore)

Year	Opening Balance	Amount Parked	Amount Released	Closing Balance
2013-14	0.00	204.80	0.00	204.80
2014-15	204.80	147.19	128.03	223.96
2015-16	223.96	175.41	160.36	239.01
2016-17 (upto 6/16)	239.01	Nil	73.20	165.81

(Source: KGMU, Lucknow)

The parking of funds in PLA not only violated the financial rules but also deprived the patients of adequate health care as essential equipment could not be procured in time as discussed in paragraph 3.3.3.

Government accepted the audit observation and directed KGMU to obtain necessary permission from AG as required under extant rules.

3.3.2.2 Diversion of funds

As per General Financial Rules, 2005, it is the duty and responsibility of a controlling officer in respect of funds placed at his disposal to ensure that the expenditure is incurred for the purpose for which funds have been provided.

Scrutiny of budget documents of KGMU, Lucknow revealed that funds sanctioned for the procurement of equipment was diverted for incurring expenditure on salaries (₹ 45 crore) and for other obligatory expenses (₹ 25 crore) such as payment of house tax, water tax, electricity, medicines etc. without obtaining approval of the Government.

In reply, it was stated (August 2016) that in order to meet out the committed liability of payment of salaries and other obligatory expenses, the aforementioned amount was drawn from the funds earmarked for procurement of equipment after obtaining approval of the Finance Committee of KGMU. Reply was not acceptable as prior approval of the Government was not obtained and the Finance Committee of KGMU was not authorised to regulate such diversions.

Recommendation: Government should enforce effective control systems to discourage parking of funds in PLAs and to ensure that funds are utilised for the purposes for which it was sanctioned.

3.3.2.3 Interest on Government Funds

Government of Uttar Pradesh (GoUP) instructed³ (March 2012) that interest accrued out of Government funds must be deposited in Government account.

³A-1-122/10/2012/10(33).2010 Finance (Accounts) Section-1 Lucknow, dated 21.3.2012

Test-check of records of KGMU revealed that during 2011-16, an amount of ₹ 210 crore was provided by the Government for procurement of equipment. Audit observed that an unspent amount of ₹ 58.53 crore pertaining to the period 2011-16 was parked in savings bank account as of March 2016. The minimum interest accrued on the amount kept in bank account was ₹ 2.83 crore.

Against the aforementioned accrued interest of ₹ 2.83 crore, KGMU deposited only ₹ 0.95 crore in Government account as of March 2016 and ₹ 1.88 crore was yet (December 2016) to be deposited by KGMU in Government account.

Government confirmed the facts and figures and stated that directions would be issued to KGMU, Lucknow for depositing the amount of interest in Government accounts.

3.3.3 Equipment Management

3.3.3.1 Shortage of Clinical Equipment

Audit observed that all the four associated teaching hospitals had shortage of clinical equipment which was as high as 43.24 *per cent* against the minimum requirements prescribed by MCI. GMC-wise position of availability and shortage of clinical equipment is given in Table 4:

Table 4: Details of shortage of clinical equipment

Name of Medical Institution	Number of clinical departments	Minimum Quantity required as per MCI norms	Quantity available	Shortfall	Percentage of shortfall
LLRM, Meerut	11	2,535	1,018	1,517	59.84
BRD, Gorakhpur	11	1,683	1,225	458	27.21
MLB, Jhansi	12	1,714	1,081	633	36.93
KGMU, Lucknow	11	2,916	1,698	1,218	41.77
Total	45	8,848	5,022	3,826	43.24

(Source: Information furnished by respective GMCs)

Department-wise details of shortage of clinical equipment in the test-checked teaching hospitals are given in **Appendix 3.3.1**.

The GMCs did not initiate adequate measures to procure the clinical equipment despite availability of ₹ 165.81 crore in the PLA of KGMU, Lucknow meant for all the GMCs in the State. Large shortages of clinical equipment not only had an adverse impact on quality of education imparted to students but also affected health care service delivery to general public in these areas.

Government accepted the facts and assured that suitable action would be taken to mitigate the deficiencies as pointed out by audit.

3.3.3.2 Shortage of teaching equipment

There was shortage of teaching equipment (other than clinical) in all the test-checked GMCs against the minimum requirements prescribed by MCI. The shortfall ranged between 50.06 to 72.37 *per cent* in the test-checked GMCs (March 2016) as detailed in Table 5:

Table 5: Details of shortage of equipment (other than clinical)

Name of Medical Institution	Number of departments (other than clinical)	Minimum Quantity required as per MCI norms	Quantity available	Shortfall	Percentage of shortfall
LLRM, Meerut	08	6,037	2,240	3,797	62.90
BRD, Gorakhpur	08	4,477	1,955	2,522	56.33
MLB, Jhansi	08	4,477	2,236	2,241	50.06
KGMU, Lucknow	07	7,310	2,020	5,290	72.37
Total	31	22,301	8,451	13,850	62.10

(Source: Information furnished by respective GMCs)

Department-wise details of shortage of equipment (other than clinical) in the test-checked GMCs are given in **Appendix 3.3.2**.

The GMCs did not initiate adequate measures to procure the clinical equipment despite availability of funds as discussed in para 3.3.3.1 above. The huge shortage of teaching equipment not only affected the quality of education but may also attract de-recognition of courses in certain departments/GMCs by MCI.

Government accepted the facts and figures and assured to take suitable action to mitigate the deficiencies.

Recommendation: The system of procurement of equipment in the GMCs need to be streamlined and closely monitored for ensuring timely procurement and availability of equipment in the teaching hospitals.

3.3.3.3 Idle Clinical Equipment

Apart from the shortage of equipment pointed out above, audit also noticed that equipment purchased were not put to use in two out of four GMCs as detailed below:

MLB, Jhansi

The only Cobalt Teletherapy and Brachytherapy unit purchased in September 2006 for ₹ 1.76 crore for providing adequate treatment to cancer patients was kept idle since 2009 as Medical Physicist and Radiotherapy technician were not available. During physical verification by Audit in June 2016, Cobalt Teletherapy and Brachytherapy unit were found idle and locked in a room of the department.

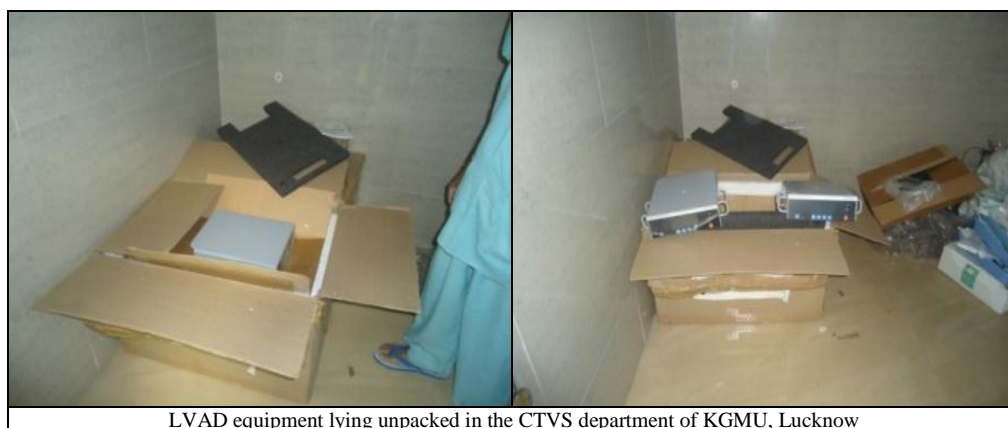
Bio-chemical Analyser for Biochemistry Department was procured in June 2011 for ₹ 22.99 lakh. However, the equipment was not functioning since March 2013. Head of the department (HOD), MLB, Jhansi stated that an AC and distilled water plant was required for proper functioning of the equipment which was not available.

KGMU, Lucknow

A Left Ventricular Assist Device (LVAD) was procured for ₹ 93.80 lakh in November 2014 for Cardiothoracic and Vascular Surgery Department. The

said equipment is used for performing heart transplant in patients. However, audit found that the equipment was procured without obtaining permission for performing organ transplantation of heart/lungs under the Transplantation of Human Organ Act, 1994. The necessary permission for transplantation was obtained belatedly from DGMET in June 2016. However, no action was initiated by KGMU to operationalise the equipment.

During the course of physical verification by audit in August 2016, it was found that the said equipment was not installed even after nearly two years of its purchase and was lying unpacked in the Department as depicted below.



On being pointed out by audit; it was stated by the HoD of Cardio Thorasic Vascular Surgery department that the said equipment could not be put to use as Nephrologist was not available.

Hence, purchases in these cases were made without ensuring availability of required infrastructure, accessories, qualified staff etc., and the objective of procurement of the equipment was defeated as no heart transplant surgery could be conducted by the Department since the period of its purchase. Further, the investment of ₹ 2.93 crore, also remained largely unfruitful.

Government, while accepting the facts assured that matter would be investigated. Reply was not acceptable as KGMU failed to ensure the availability of Nephrologist before procurement of the equipment.

3.3.3.4 Maintenance of clinical equipment

In order to ensure proper functioning of the equipment, maintenance should be carried out, as prescribed. As such, provision for Annual Maintenance Contract (AMC) must be ensured once the warranty period was over.

It was noticed that out of 212 equipment installed in 15 Departments of MLB, Jhansi, 76 equipment costing ₹ 2.74 crore were not in working condition due to lack of AMC. Similarly, in BRD, Gorakhpur, equipment like Colposcope (used for screening of cases of cervix cancer), Nd-YAG Laser (used for intraepithelial lesion treatment), NST machine (used for Foetal monitoring during labour) and USG machine (used for Prenatal diagnosis and gynaecological diagnosis) were not functional for more than five years due to lack of AMC. In KGMU, Lucknow, two⁴ equipment purchased at an aggregate

⁴ Roche Cobas Integra 400 plus; Roche Elecsys 2010

cost of ₹ 48.00 lakh in 2008-09 for conducting bio-chemical and hormonal tests and installed in the Endocrinology Unit of Medicine department were not functional due to lack of AMC.

Thus the GMCs were not able to conduct tests for cervix cancer, foetal monitoring, pre-natal diagnosis, bio-chemical and hormonal tests etc.

It was further observed that 218 equipment (21.5 *per cent*) installed in 11 departments of BRD, Gorakhpur and 94 equipment (9.86 *per cent*) in 10 departments of MLB, Jhansi were not covered under AMC. Requests for allocation of funds of ₹ 1.05 crore in October 2015 and ₹ 1.01 crore in May 2016 were sent by the Principals of these colleges to DGMET for AMC. However, as of August 2016, no funds were allocated to these GMCs.

Government while accepting the facts and figures stated that budgetary provisions would be made for maintenance of equipment.

3.3.3.5 Procurement of clinical equipment

Magnetic resonance imaging

Magnetic resonance imaging (MRI) is a medical imaging technique used in radiology to image the anatomy and the physiological processes of the body. MRI scanners use strong magnetic fields, radio waves and field gradients to form images of the body.

Government sanctioned (July 2013) ₹ eight crore for procurement of MRI machine for BRD, Gorakhpur and the order was placed in September 2014 and supply received in May 2015.

Audit examination of the procurement records disclosed that:

Despite large value of the procurement order, BRD, Gorakhpur allowed only 15 days for submitting the bids after issue of notice inviting tender (NIT) against the requirement of providing minimum of one month for submission of bids as per rules⁵;

After two unsuccessful attempts, NIT was issued third time in January 2014 and the technical bids were opened by the Purchase committee in February 2014. Against the three bids received, two firms qualified the technical bids. The financial bids of two firms were opened by the Purchase committee in March 2014 and the lowest bid of ₹ 11.75 crore was shortlisted. Keeping in view of shortage of funds, the members of the purchase committee negotiated⁶ with the lowest bidder who agreed to provide MRI unit with required accessories and turnkey price (inclusive of all taxes and duties) at a cost of ₹ 8.00 crore. However, the warranty period was reduced from five to two years. GoUP approved the proposal (August 2014) with the condition that warranty period should be for five years. However, audit noticed that in disregard of the Government approval, BRD, Gorakhpur issued (September 2014) order for purchase of the MRI unit with warranty period of two years only. The machine was delivered in May 2015. Hence, BRD, Gorakhpur

⁵ Para 360(2) of financial hand book Volume-6.

⁶ Negotiation meeting was held on 14 March 2014.

extended undue favour to the supplier by reducing the warranty from five to two years. If the AMC cost of ₹ 32.00 lakh per year is taken as basis, then the amount of undue favour would work out to ₹ 96 lakh being the cost of three years warranty period which was reduced.

The time specified for delivery in case of imported items was 90 days from the date of issue of purchase order failing which a penalty of 0.5 per cent per week subject to a maximum of 5 *per cent* of FOB value was to be imposed. However, despite a delay of more than 5 months in the delivery of MRI unit, no penalty was imposed by BRD, Gorakhpur resulting in undue benefit of ₹ 40 lakh to the vendor towards liquidated damages.

Various clauses of tender document were disregarded while awarding the contract to the bidder such as (i) the tender document stipulated that Sales tax, VAT, entry tax, excise and custom duty and all other charges and Government duties must be included in the prices quoted. However, the bidder in their financial bid quoted rates exclusive of taxes and duties; (ii) the tender document specified providing of manpower, reporting and maintenance work for three years, however, the bidder in their bid refused to undertake the responsibility of manpower and reporting etc.

The Company quoted their bid for supplying Magnetom, Model-Aera 1.5 T MRI unit, however, during the course of physical verification (May 2016) of MRI unit installed, audit noticed that name of the model was not printed in the unit though the brochure submitted against the NIT explicitly indicated the model name printed in the unit.

Though, the machine was installed in September 2015, it was not taken over by the Radio diagnosis Department of BRD, Gorakhpur as of May 2016.

On being pointed out in audit, BRD Gorakhpur stated that the specification of the MRI unit would be confirmed from the supplier and would be intimated separately to Audit. BRD accepted that the requisite staff to operate the MRI unit was not available with them.

Government while accepting the facts directed Principal, BRD, Gorakhpur to bring further facts to the notice of the Government.

Cobalt 60 unit

Cobalt-60 unit is used to give radiation therapy to cancer patients. Government sanctioned (October 2014) ₹ 3.50 crore for establishment of Cobalt-60 unit at BRD, Gorakhpur. The first and second Notice Inviting Tenders (NITs) issued (November 2014 and December 2014) were cancelled due to receipt of less than three bids. The third NIT was published on January 2015 with date of opening of technical bid on 03rd February 2015. However, on the request of two firms, the date of opening of bid was extended to 10th February 2015.

It was noticed that only two bids were received against the third NIT and both firms qualified the technical specifications. The financial bids were opened (February 2015) and the rate of ₹ 4.34 crore (inclusive of five years warranty, taxes and duties, turnkey price and Comprehensive Maintenance Contract (CMC) cost was found to be the lowest. As the availability of funds for

procurement of cobalt unit was ₹ 3.50 crore only, the purchase committee negotiated (March 2015) with the firm and cost of the Cobalt-60 unit was agreed at ₹ 3.50 crore excluding CMC price but including warranty, taxes and reduced turnkey. The cost of CMC excluded was ₹ 61.50 lakh.

Audit noticed following irregularities in the procurement:

NIT stipulated a technical requirement that the vendor should have supplied 10 units of the same model in India. Audit however, observed that this essential condition was not met by PMTPL as it had supplied only 6 units in India. Despite this, PMTPL was declared technically qualified and its financial bid was opened.

Audit observed that the details of technical specifications were shared with PMTPL before issue of first NIT in November 2014. The fact was evident from the letter of the firm (October 2014) wherein the firm suggested modifications in various technical specifications of the Cobalt-60 unit. The college, accordingly, revised the technical specifications to match the specifications of the Cobalt-60 unit proposed for supply by PMTPL. It was highly irregular on the part of BRD, Gorakhpur to share technical specifications with a specific vendor even before the issue of NIT and formulate the specifications based on suggestions of only one vendor.

The scope of turnkey work was reduced in the revised offer by the firm which included only basic room modification, electrification and air-conditioning of the cobalt room. Due to reduction in the scope of the turnkey work, the cost of the turnkey was revised from ₹ 23.50 lakh to ₹ 11.79 lakh in the revised offer submitted after negotiation. Since the cost of CMC excluded was ₹ 61.50 lakh, it was improper on the part of the purchase committee to accept reduction in the scope of the turnkey project, as the cost of ₹ 3.50 crore was inclusive of full turnkey cost.

The approval of Atomic Energy Regulatory Commission (AERC) before placing the order was not obtained which was contrary to the existing norms.

The supply order was issued (June 2015) and the equipment was received in December 2015 but could not be installed as of May 2016 due to the turnkey work still remaining incomplete.

Extra expenditure on procurement of Ventilators

Scrutiny of records related to procurement of Ventilators by KGMU, Lucknow revealed that 15 ventilators for Trauma Centre, New ICU were purchased for ₹ 3.66 crore at the rate of ₹ 24.42 lakh each. However, KGMU purchased the ventilators (August 2015) without ensuring the genuineness of the rates which was evident from the fact that the same equipment was supplied to SGPGI, Lucknow (March 2015) by the same firm at the rate of ₹ 18.36 lakh per ventilator. Thus, lack of proper due diligence and absence of rate analysis resulted in an excess payment of ₹ 90.90 lakh⁷ by KGMU, Lucknow in procurement of 15 ventilators.

⁷ ₹ 24.42 - ₹ 18.36x15 = ₹ 90.90 lakh.

Government assured to submit specific reply on the issue to audit shortly.

3.3.3.6 Tendering procedure

Audit observed that KGMU, Lucknow was not following correct procedure for tendering and procurement of equipment as laid down in Financial Handbook. Audit scrutiny of the tender records for procurement of the equipment by KGMU, Lucknow for 2014-15 revealed that:

First Notice Inviting Tender (NIT) for procurement of equipment for various Departments of KGMU was issued in December 2014. As minimum required number of bids were not received, second and third NITs were issued in January and February 2015 respectively. However, the number of days provided for submitting the bids in second and third NITs were reduced to 16 and 9 days respectively against the minimum prescribed period of one month.

Before issuing the second and third NITs, KGMU did not cancel the earlier NITs and instead considered all bids which were received during first, second and third NITs while finalising the procurement of equipment.

It was stipulated in the second and third NITs that the firms who had already submitted their bids in response to first or second NITs should not apply again.

It was also noticed that the same procedure was adopted by KGMU, Lucknow during the previous years also which was not in consonance with the prescribed financial rules and tendering procedure.

Government accepted the audit observation and assured to issue necessary directives to KGMU.

Recommendation: Prescribed financial Rules and tendering procedure should be strictly adhered in procurement of equipment.

3.3.4 Conclusion

GMCs did not procure clinical and teaching equipment though adequate funds were provided by the Government, resulting in shortages of equipment.

The GMCs failed to provide adequate treatment to cancer/heart patients as equipment such as Cobalt Teletherapy, Brachytherapy unit, Left Ventricular Assist Device, etc. were not being operated in hospitals due to lack of doctors/technical personnel/infrastructure. The GMCs did not execute Annual Maintenance Contract for equipment. As a result, the machines were not functional and tests for cervix cancer, foetal monitoring, prenatal diagnosis, bio-chemical and hormonal tests etc. could not be conducted.

GMCs violated the provisions of General Financial Rules while procuring equipment by extending undue favour to suppliers and purchasing equipment at a higher rate.

Financial management of the GMCs was not adequate as there were instances of retention funds for long periods in PLA, diversion of funds, etc. This not only violated the provisions of financial rules but also deprived the patients of adequate health care as essential equipment were not procured in time.

AGRICULTURE DEPARTMENT

3.4 Delay in construction of independent feeder line

Project for construction of independent feeder line for operation of tube wells in a Government farm could not be completed even after a delay of nine years and releasing 100 *per cent* of the project cost. The Department suffered a loss of ₹ 1.12 crore as no seeds could be produced in 591.91 hectare land and the expenditure of ₹ 1.60 crore incurred on construction of feeder line remained unfruitful.

Financial rules¹ stipulate that agreements for works should invariably be in writing and there should generally be a stipulation prescribing the time frame for completion of work and the quantity of work to be executed. Rules² also provide that even in cases where a formal written contract is not made, no order for supplies etc., other than petty purchase up to ₹ 500, should be placed without at least a written agreement as to price.

With a view to increase the production of seeds in Government agriculture farms under the 'Scheme for increase in production of seeds in Government Agriculture Farms year 2006-07', Government accorded administrative sanction (December 2006) for ₹ 1.12 crore to establish 11 KVA independent feeder line from Sandila sub-station to *Rajkiya Usar Sudhar Prakshetra*, Dhakauni, *Hardoi* (Farm) to operate 40 tube wells established in the Farm by making 1448.48 hectare sodic farm land arable. No time frame was prescribed in the Government sanction for completion of the work.

Scrutiny of records of Farm Superintendent, *Rajkiya Usar Sudhar Prakshetra*, Mohammadpur, *Hardoi* (RUSP) (July 2014) and Finance Controller, Agriculture Directorate, UP, Lucknow (March-April 2015) revealed that the Agriculture Department paid³ entire cost of ₹ 1.12 crore (January 2007) in advance to Executive Engineer, Electricity Distribution Division-II, *Hardoi* (EE) of UP Power Corporation Limited (UPPCL) for construction of 11 KVA independent feeder line, without executing any agreement or Memorandum of Understanding (MoU). As per the work order, work was to be completed in the year 2006-07.

Audit observed (May 2016) that the work of construction of 11 KVA independent feeder line had not been completed even after nine years of the original schedule date of completion and payment of full amount in advance to the UPPCL. It was noticed that EE had installed poles only and all remaining items of work costing 88 *per cent* of the original project cost were yet to be executed as of May 2016. The Department failed to take any action against the UPPCL by levying liquidated damages as it had neither signed any agreement nor entered into any kind of MoU to make the UPPCL accountable.

¹ Financial Hand Book Vol. VI, para 351

² Financial Hand Book Vol. V, Appendix XIX (4)

³ Bank Draft no. 127412 dated 17.01.2007.

Further, Agriculture Department also paid an additional sum of ₹ 48.19 lakh⁴ during April 2007 to December 2011 to EE on demand, over and above the original approved project cost of ₹ 1.12 crore for additional items of work. These additional items of work also remained incomplete as of May 2016.

Delay in completion of 11 KVA independent feeder line resulted in Department not being able to produce seeds over 591.91 hectare (out of 1,448.48 hectare) land due to unavailability of electricity to operate tube wells for irrigation. On this being pointed out by Audit, Superintendent, RUSP stated (May 2016) that work of independent feeder line was not completed by UPPCL despite reminders. Reply of the Superintendent was not acceptable as the Department neither signed any MoU nor linked the payment terms with the progress of work and released additional payments also without insisting on completion of work. It also did not get the matter investigated. In reply to an audit query, Superintendent, RUSP stated that Department was incurring a loss of ₹ 12.40 lakh per year on account of seeds not being produced in 591.91 hectare land.

The matter was referred to the Government (June 2016). Government replied (January 2017) that report would be sent after detailed investigation of the matter.

The fact remains that due to lapses on the part of the Department of Agriculture, the project for construction of independent feeder line could not be executed even after a delay of nine years and releasing 100 *per cent* of the project cost. Further, Agriculture Department also suffered a loss of ₹ 1.12 crore⁵ on account of seeds not being produced in 591.91 hectare land and rendering the expenditure of ₹ 1.60 crore incurred so far on construction of feeder line as unfruitful. The matter needs investigation for fixing responsibility.

3.5 Loss on production of seeds due to not taking possession of land transfer by Yamuna Expressway Authority

Government incurred loss of ₹ 1.22 crore on production of seeds due to the failure of Agriculture Department in getting possession of alternate land in lieu of land provided to Yamuna Expressway Authority.

Government granted permission (July 2009) to the Yamuna Expressway Authority (authority) to acquire 8.882 hectare land of state farm *Raya*⁶, Mathura for construction of Yamuna Expressway. Further, it was decided (September 2009) by the Government that alternate land identified by a joint team⁷ would be transferred by the Authority to the Agriculture Department (Department) at the earliest in lieu of acquired land.

Scrutiny of records (March 2015 and June 2016) of Deputy Director (Research), Regional Agriculture Testing and Demonstration Centre, Mathura (RATDC, Mathura) revealed that 8.882 hectare land⁸ (21.947 acres) of

⁴ Receipt no. 01/025083 dated 25.4.2007 : ₹ 19.11 lakh, cheque no 345889 dated 21.10.2009 : ₹ 18.14 lakh, cheque no. 602135 dated 13.12.2011 : ₹ 10.94 lakh.

⁵ @ ₹ 12.40 lakh per year.

⁶ Tehsil Mant Gram Dewana, Suraj, Tehsil Mahawan Gram Dhaku.

⁷ Consist of District Agriculture Officer, concerned Sub District Magistrate, representative of authority and Concessionaire.

⁸ District Mathura, Tehsil Mant Gram Dewana 5.5513 hectare(13.717 acres), Gram Suraj 1.1909 hectare (2.943 acres), Gram Dhaku 2.1398 hectare(5.287 acres). One acre is equal to 0.4047 hectare.

agriculture research farm at *Raya* was transferred (September 2009) to the Authority by the Department. As per circle rate⁹ of year 2008, cost of land was ₹ 1.62 crore¹⁰ which was valued for ₹ 10.87 crore¹¹ as per revised (September 2015) circle rates. In lieu of the acquired land, the Authority transferred (June 2010) 8.882 hectare¹² alternate land to the Department through a *Kabza Adhikar Patra* which was jointly signed by the officers of Authority and Department.

Audit observed that the Department did not initiate any action to take possession of the alternate land and did not get its name entered in revenue records even after a lapse of five years of transfer of land to the Department by the Authority. Further, in view of transfer of 8.882 hectare land to the Authority, the farming of seeds could also not be initiated on the alternate land due to failure of the Department to take possession of land. As such, the seeds worth ₹ 1.22 crore¹³ could not be produced in the farm resulting in loss of ₹ 1.22 crore.

On this being pointed out by Audit, RATDC, Mathura replied (June 2016) that the Authority got the *Kabza Adhikar Patra* signed (June 2010) by misleading the officers and the alternate land was still in name of the Authority in revenue records. However, correspondence was being made to take possession of the land. Reply was not acceptable as the Department failed to take effective action and obtain possession of the land from the Authority even after six years of transferring its land to the Authority.

The matter was referred to the Government (June 2016). Government replied (January 2017) that report would be sent after detailed investigation of the matter.

Thus, due to failure of the Department in getting physical possession of the land (₹ 1.62 crore) in exchange of the land transferred to the Authority seeds worth ₹ 1.22 crore could not be produced.

BACKWARD CLASS WELFARE DEPARTMENT

3.6 Unfruitful Expenditure on construction of Other Backward Class girls hostel

Expenditure of ₹ 1.16 crore incurred on construction of Girls hostel buildings for students of Other Backward Class was rendered unfruitful as hostels were lying unutilised for more than four to six years.

To provide adequate hostel facilities to girl students of Other Backward Classes (OBCs), Government of India (GoI) introduced a scheme in 1998-99

⁹ Gram Dewana ₹ 8 lakh, Gram Suraj ₹ 7 lakh and Gram Dhaku ₹ 6 lakh per acres.

¹⁰ 13.717 acres: ₹ 109.75 lakh, 2.943 acres: ₹ 20.60 lakh, 5.287 acres: ₹ 31.72 lakh.

¹¹ Gram Dewana 5.5513 hectare @ ₹ 120 lakh per hectare: ₹ 666.15 lakh, Gram Suraj 1.1909 hectare @ ₹ 120 lakh per hectare: ₹ 142.90 lakh, Gram Dhaku 2.1398 @ ₹ 130 lakh per hectare: ₹ 278.17 lakh.

¹² Gram Dewana khasra no.482 me: 5.482 hectare, khasra no. 486: 1.664 hectare, khasra no 487 aa ba:1.736 hectare (total 8.882 hectare)

¹³ Year 2009-10 ₹ 19.11 lakh, Year 2010-11 ₹ 19.31 lakh, Year 2011-12 ₹ 18.28 lakh, Year 2012-13 ₹ 18.38 lakh, Year 2013-14 ₹ 20.65 lakh, Year 2014-15 ₹ 26.76 lakh.

with 50 *per cent* central assistance for construction of hostels in the States/UTs with large OBC population but having inadequate hostel facilities.

Scrutiny of records of District Backward Class Welfare Officer (DBCWO), Hardoi (January 2014) and further information collected (April 2016) revealed that a proposal for construction of 39 seat girls hostel in the campus of Government Girls Intermediate College, Pihani, Hardoi, was prepared by District Inspectors of School after assessment of requirement and it was sent (April 2006) to Director, Backward Class Welfare, Uttar Pradesh, Lucknow through District Magistrate, Hardoi. Government approved the proposal for construction of the hostel at a cost of ₹ 51.18 lakh and nominated (January 2009) Construction and Design Services, Uttar Pradesh Jal Nigam as construction agency. The construction work was completed in October 2009 and handed over to DBCWO, Hardoi in February 2010 but the hostel building was lying unutilised since its take over by DBCWO, Hardoi. Despite this, an amount of ₹ 9.21 lakh was released by the Government in April 2011 for increasing the capacity of the hostel from the existing 39 seats to 50 seats and the work was completed in September 2011. As the hostel was lying vacant, Director, Backward Class Welfare, Uttar Pradesh, Lucknow handed over (September 2011) the hostel to *Zila Basic Siksha Adhikari* for Kasturba Gandhi Vidyalaya (KGV) temporarily for one year as per request of District Magistrate, Hardoi as KGV building was under construction. However, after completion of KGV building and shifting of KGV to its own building, the hostel again remained unoccupied as of September 2016.

Similarly, scrutiny of records of DBCWO, Barabanki (October 2014) revealed that proposal for construction of 33 seat girls hostel, in the campus of Government Girls Intermediate College, Haidergarh, Barabanki under the above scheme was prepared by Principal of the College and sent to Director, Backward Class Welfare, Uttar Pradesh, Lucknow by District Magistrate, Barabanki (January 2006). Government granted approval for the construction of the hostel building at a cost of ₹ 42.01 lakh (March 2008) and Uttar Pradesh Samaj Kalyan Nirman Nigam Ltd. was nominated as executing agency. The work was completed in February 2010. Government further released ₹ 13.17 lakh in February 2010 for increasing the capacity of the hostel to 50 seats. Work was completed in March 2011 and hostel building was handed over to DBCWO, Barabanki in June 2011. The hostel was lying unutilised since the taking over of hostel building by DBCWO, Barabanki, though several letters have been sent by Director, Backward Class Welfare and District Magistrate, Barabanki to the Principal, Government Girls Intermediate College, Haidergarh, Barabanki for utilising the hostel.

The matter was referred to the Government in May 2016. The Government in its reply (July 2016) stated that District Backward Class Welfare Officer, Hardoi and District Magistrate, Hardoi are making efforts to make the hostel operational. The reply was not acceptable as no staff and infrastructural facilities such as electricity, water etc. are available as per the current status (August 2016) of the hostel informed by the Principal to DIOS Hardoi. Further, regarding hostel at Barabanki, both the Principal and the Government replied that hostel was lying vacant as students of the college were from nearby locality and were not willing to stay in hostel.

Thus, the construction of hostels (₹ 1.16 crore¹⁴) without proper assessment of the requirement at Hardoi and Barabanki proved unfruitful as the same were lying vacant even after lapse of more than six and four years respectively.

HOME DEPARTMENT

3.7 Injudicious purchase of troop carriers

Injudicious decision of the Department for purchase of troop carriers in place of buses for transportation of Home Guard trainees resulted in unfruitful expenditure of ₹ 1.12 crore.

Rule 205 and 206 of Uttar Pradesh Budget Manual stipulate that every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence will exercise in respect of expenditure of his own money. Further, due care for economic viability should be taken before exercising such financial powers.

Scrutiny of records (July 2013 and June 2016) of the Director General (DG), Home Guards, Lucknow and further information collected revealed that Perspective Plan (2007-12) under Police Modernisation Scheme of the Home Guards Department envisaged provision of ten buses¹⁵ for transportation of trainees to firing range for fire practices. A revised proposal for procurement of five buses costing ₹ 60.00 lakh was submitted (January 2008) to Government of India (GoI) as against the total requirement of 13 buses (one bus for each training centre)¹⁶ for transportation of trainees for firing practices, as eight buses (three buses with seating capacity of 45 and five buses with seating capacity of 32 persons) were already available with the department. GoI released ₹ 60 lakh, for the plan year 2007-08 and ₹ 62.50 lakh for year 2009-10 in March 2008 and November 2009 respectively and against that, the Deputy Commandant General (DCG), Home Guards placed the supply orders¹⁷ (March 2010) for eight Troop Carriers to M/s Tata Motors Limited. Against the orders placed, payment of ₹ 109.27 lakh (March 2010) and ₹ 2.73 lakh (January 2012) were made to M/s Tata Motors Limited by the Department.

Audit examination disclosed that these Troop Carriers were used¹⁸ only for zero to 421 Kilometres during January 2013 to March 2016. This implied that all the eight Troop Carriers were lying idle without any use. It was also noticed that the Department revised its proposal (June 2012) citing no utility and high operational cost of troop carriers proposed procurement of motor cycles. On the recommendation of the department, the State Empowered Committee (SEC) approved (July 2012) procurement of 140 motorcycles under the plan year 2008-09 in place of proposed eight Troop Carriers for

¹⁴ ₹ 60.39 lakh on hostel at Hardoi + ₹ 55.18 lakh on hostel at Barabanki = ₹ 115.57 lakh, rounded to ₹ 1.16 crore.

¹⁵ Two buses each year at a cost of ₹ 12 lakh.

¹⁶ 12 District Training Centres and one Central Training Institute.

¹⁷ Supply order (March 8, 2010) at the cost of ₹54,63,664.00 for four Troop Carriers against the Annual Plan 2007-08 and at the cost of ₹54,63,664.00 for four Troop Carriers against the Annual Plan 2009-10.

¹⁸ District Training Centres at Allahabad- Nil Kms; Agra- 140 Kms; Azamgarh- 301 Kms; Varanasi- 421 Kms and Jhansi- 300 Kms.

which GoI had sanctioned ₹ 89.60 lakh in August 2009. Accordingly, department placed a supply order (March 2013) on M/s Hero Motor Corporation Limited for procurement of 140 motorcycles at a total cost of ₹ 75.47 lakh.



On being pointed out by audit (July 2013 and June 2016) on poor utility of troop carriers, DG, Home Guards, stated that only eight heavy vehicles viz., troop carriers were purchased as per requirement. The reply was not acceptable as eight troop carriers procured were not useful for transportation of trainees to firing range due to their high operational cost and were lying idle. Further, recommendation of department and approval of SEC for procurement of 140 motor cycles in place of another eight troop carriers earlier proposed also indicated that the decision of

department to purchase troop carriers for the transportation of the Home Guard trainees was injudicious and financially imprudent.

The matter was referred to the Government (June 2016). Government replied (December 2016) that a technical committee would be set up to make the troop carriers functional and assured to provide reasons for not utilising the troop carriers.

The fact remains that the injudicious decision of the Department for procurement of Troop Carriers for the transportation of the Home Guard trainees to firing ranges resulted in unfruitful expenditure of ₹1.12 crore.

3.8 Recovery of ₹ 34.44 crore from Railways not realised

Due to violation of provisions stipulated under Government Accounting Rules, the State Government suffered a loss of ₹ 34.44 crore on deployment of Government Railways Police under North Central Railways.

The Government Accounting Rules 1990¹⁹ provide that the cost²⁰ of Government Railways Police (GRP), without distinction of 'Crime' and 'Order Police', will be shared between the State Government and Railways on 50:50 basis.

¹⁹ Item V of Appendix V

²⁰ Cost include Pay and all types of allowances in respect of GRP staff including office and supervisory staff upto the level of Inspector General of Police provided they are exclusively incharge of GRP, office expenses and contingencies, cost of pensionary charges, cost of rent of building occupied by GRP staff.

Scrutiny of records (September 2015 and October 2016) of the Deputy Inspector General (DIG), Railways, Government of Uttar Pradesh, Allahabad, revealed that DIG had raised bills²¹ of ₹ 345.77 crore to North Central Railways (Railways) for services rendered by GRP during 2006 to 2016 but Railways paid ₹ 299.99 crore only. Scrutiny further revealed that out of the total disallowed amount of ₹ 45.76 crore from the bills of GRP, ₹ 34.44 crore²² was disallowed by Railways on account of rent and admissible pensionary charges. This implied that the Railways did not pay their share of 50 *per cent* cost of GRP expenditure on account of rent and pensionary charges in violation of Rules. Thus, the State Government suffered a loss of ₹ 34.44 crore against the bills of GRP during 2006 to 2016 as payment was not made by Railways.

On being pointed out in audit, the DIG accepted the facts and stated that Railways did not provide the details of deductions made on the bills to GRP. He further stated that several correspondences against the deductions of rent and pensionary charges were made to Railways but no response was received from them.

The reply was not acceptable as neither the matter was escalated to higher levels in Government of UP and Railways Ministry nor was any meeting held to discuss and resolve the issue as per provisions of Rules.

Thus, the State Government suffered a loss of ₹ 34.44 crore on deployment of GRP under Railways during 2006 to 2016 due to its failure to effectively take up the matter with Railways and ensure that 50 *per cent* cost of rent and pensionary charges of GRP was shared by Railways as provided under Rules.

The matter was referred to the Government (October 2016) and reminders were issued (November 2016) for furnishing the reply and holding discussion. However, neither reply was furnished nor was the date for discussion fixed by the Government as of December 2016.

HORTICULTURE AND FOOD PROCESSING DEPARTMENT

3.9 Deposit of ₹ 32.60 crore in State Employment Guarantee Fund

Unauthorised expenditure of ₹ 32.60 crore incurred on Horticulture project (*Udyanikaran*) from the fund of Mahatma Gandhi National Rural Employment Guarantee Scheme was not deposited in State Employment Guarantee Fund in violation of directions of Government of India.

Government of Uttar Pradesh (GoUP) decided (October 2008) to execute Horticultural Project *Udyanikaran* in rural areas, which aimed to develop farms on the personal land of eligible beneficiaries in form of single or collective activity, under Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS). Further, GoUP decided to finance (June

²¹ Include Pay, DA, T.A., Other Allowances (CCA, HRA, WA, KMA, PA), Office contingencies and pensionary charges 10 *per cent*.

²² 50 *per cent* rent and 50 *per cent* of 10 *per cent* of pensionary charges which are born by railways as per Item V of Appendix V of GAR, 1990. (pensioner charges ₹17.35 crore and rent ₹17.09 crore)

2009) the scheme in the ratio of 60:40 (labour: material) from the available funds of MNREGS for the work of farming, vegetables, flowers and spices under the Horticultural project for the enhancement of the livelihood of families in the category²³ of BPL and SC/ST. Accordingly, ₹ 36.04 crore²⁴ was allotted and released by GoUP under MNREGS and an expenditure of ₹ 32.60 crore²⁵ was incurred on the execution of *Udyanikaran* during the period 2009-2013 against the allocation made to District Horticulture Officers.

Scrutiny of records (May 2013 and June 2016) of Director, Horticulture and Food Processing, Lucknow (Director) and information collected (June 2014) from Commissioner, Rural Development revealed that funding of *Udyanikaran* from MNREGS was stopped by GoUP and Joint Secretary, Rural Development Department, GoUP issued orders (September 2012) to all District Magistrates and CDOs informing that project has been abandoned and directed them not to spend any money under MNREGS with immediate effect as GoI had found the *Udyanikaran* project ineligible and uncovered under MNREGS. He directed DMs and CDOs to investigate the matter and deposit the whole amount spent on the *Udyanikaran* back into the State Employment Guarantee Fund (SEGF).

Audit observed that though work of farming vegetables, flowers and spices under the horticultural project (*Udyanikaran*) was not covered under any project/work mentioned in schedule-I of the MNREGS Act, GoUP had formulated *Udyanikaran* scheme for funding and implementation under MNREGS without any prior consultation with GoI. Such a decision of GoUP was highly irregular and amounted to diversion of MNREGS funds. Further, despite clear directions (September 2012) for carrying out investigation and refunding the entire amount spent from MNREGS for *Udyanikaran* project, GoUP had not taken any action to deposit ₹ 32.60 crore back into SEGF even after more than three years of the receipt of instructions. The State Government also did not investigate the matter as of June 2016.

On matter being reported to Government (June 2016), Principal Secretary, Horticulture and Food Processing Department stated (November 2016) that the expenditure incurred by Horticulture Department was as per the guidelines issued by Rural Development Department (RDD) and amount was directly sent to the districts by RDD. Amount made available by RDD to districts was expended on horticulture projects. Later on when Government of India clarified that horticulture projects cannot be financed from the funds of MNREGS, RDD immediately stopped expenditure on horticulture project under MNREGS and balance amount was demanded back by RDD. Accordingly, horticulture projects were stopped with immediate effect and balance funds were returned back to RDD. As all the works were executed as per guidelines of RDD, further action about how the money already spent on Horticulture projects was to be adjusted would be decided by RDD in consultation with Finance Department.

²³ Families in the categories of Below Poverty Line (BPL) and Scheduled Castes / Scheduled Tribes (SCs/STs).

²⁴ Funds released of the period 2009-10; ₹ 7.66 crore 2010-11; ₹ 9.71 crore ; 2011-12; ₹ 16.54 crore ; 2012-13; ₹ 2.13 crore.

²⁵ Expenditure incurred for the period 2009-10 : ₹ 554.549 lakh; 2010-11 ; ₹ 959.042 lakh; 2011-12: ₹ 1612.192 lakh; 2012-13 : ₹ 134.058 lakh.

The reply of the Principal Secretary, Horticulture and Food Processing Department confirms that no concrete action had been taken by the GoUP to refund the amount of ₹ 32.60 crore and credit the same to SEGF till date.

Thus, the expenditure of ₹ 32.60 crore incurred from the fund of MNREGS on the inadmissible horticulture project *Udyanikaran* during the period 2009-2013 and not crediting it back to SEGF by GoUP was in violation of directions issued by GoI.

IRRIGATION AND WATER RESOURCES DEPARTMENT

3.10 Royalty not recovered (₹ 444.82 crore)

Failure to realise royalty on water supplied to thermal power stations led to loss of ₹ 444.82 crore to the Government.

The Northern India Canal and Drainage Act 1873²⁶ regulating irrigation, navigation and drainage in northern India provides that Government is entitled to use and control, for public purposes, the water of all rivers and streams flowing in natural channels and all lakes and other natural collections of still water. Every supply of canal-water²⁷ shall be deemed to be given at the rates and subject to the conditions prescribed by the rules to be made by the State Government in respect thereof. The Government in 1985 while deciding the policy for supply of water to Industrial/private sector for other than irrigation purpose, fixed the rates of royalty which were revised²⁸ from time to time.

Scrutiny of the records (January 2015) of the Superintending Engineer, Irrigation Works Circle, Obra-Sonebhadra (SE) revealed that Rihand hydro-electric project including Rihand dam was handed over to Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) in January 2000²⁹. Audit further observed that water of Rihand Dam was being supplied to four Thermal Power Stations (TPSs) by UPJVNL for power generation purposes without making any payment of royalty (September 2016) to Irrigation Department (ID) as indicated in the Table below:

Table 1: Details of royalty to be recovered

Sl. No.	Name of Thermal Power Stations	Period	Amount of royalty (₹ in lakh)
1	Anpara Thermal Power Project, Anpara-Sonebhadra, U.P. (UP Rajya Vidyut Utpadan Nigam Limited)	01/2000 to 09/2016	7,931.27
2	Vindhyachal Super Thermal Power Project, Vindhyanagar, Singarauli M.P. (National Thermal Power Corporation)	03/2000 to 09/2016	15,344.13
3	Rihand Super Thermal Power Project, Beejpur, Sonebhadra, U.P. (National Thermal Power Corporation)	03/2000 to 09/2016	9,606.12
4	Singarauli Super Thermal Power Project, Shaktinagar, Sonbhadra, U.P. (National Thermal Power Corporation)	03/2000 to 09/2016	11,600.00
Total			44,481.52 or ₹ 444.82 crore

²⁶ Section 31.

²⁷ Including reservoirs.

²⁸ ₹ 1,50,000 per cusec per year w.e.f. 1998 and ₹ 6,00,000 per cusec per year w.e.f. 2011.

²⁹ Vide notification dated 18.01.2001 and as amended dated 25.01.2001.

The supply of water by UPJVNL to Thermal Power Stations without charging any royalty was violative of Government policy and provisions of the Act which requires realisation of royalty at prescribed rates. Audit further noticed that in a meeting (October 2013) chaired by Principal Secretary, Irrigation, it was decided to send bills to UPJVNL for payment of royalty on supplied water and remit it to Irrigation Department after realisation from the consumer units. Accordingly, the Department raised (October 2014) a bill amounting to ₹ 325.24 crore (up to March 2014) to the UPJVNL for payment of royalty on the supplied water. However, cumulative bill (upto September 2016) amounting to ₹ 444.82 crore still remained unpaid as of December 2016.

On being pointed out by Audit, the Government stated (December 2016) that action would be taken to execute an MoU and settle the matter by holding meeting at Principal Secretary level.

Thus, failure to realise the royalty on water supplied to the thermal power stations led to loss of ₹ 444.82 crore to the Government.

3.11 Failure to recover Centage Charges

Failure to recover centage charges of ₹ 1.37 crore and avoidable loss of interest amounting to ₹ 0.79 crore thereon.

Financial rules³⁰ stipulate levy of centage charges on deposit works undertaken by the Department for local bodies and other parties. The Government directed³¹ (February 1997) executing agencies to levy centage charges at the rate of 12.5 *per cent* on deposit works of non-Government organisations, local bodies and commercial departments and remit the same into treasury under proper head of account.

Scrutiny of records (December 2012 and June 2016) of Executive Engineer, Barabanki Division, Sharda Canal, Barabanki (EE) revealed that a project for renovation of channels of Rajauli Distributory and Moradabad-Chinhat Distributory systems was taken up by the Irrigation Department at the request of UP Jal Nigam, Lucknow (UPJNL) to prevent seepage losses and provide 100 cusec raw water to UPJNL. The project was sanctioned (October 2007) as a part of Lucknow Drinking Water Project at a cost of ₹ 19.01 crore to be funded under Jawahar Lal Nehru National Urban Renewal Mission (JNNURM). The cost was revised to ₹ 28.63 crore in March 2010. UPJNL made available ₹ 17.00 crore to Irrigation Department (Department) between March 2008 to February 2013 to execute the project as Deposit Work without signing any Memorandum of Understanding (MoU) with the Department. Finance Controller, Irrigation Department instructed (June 2008) the EE to remit Centage charges into treasury before utilising the funds released for the work. The Centage charges for ₹ 17.00 crore worked out to ₹ 2.12 crore. Audit noticed (June 2016) that out of ₹ 2.12 crore being Centage charges on ₹ 17.00 crore, UPJNL remitted (September 2013) ₹ 0.75 crore and the balance amount (₹ 1.37 crore) had not been remitted as of December 2016.

³⁰ Para 635 & 636 of Financial Hand Book Volume-VI.

³¹ No.A-2-87/Dus-97-17(4)-75 dated 27.02.97.

On being pointed out, Government replied (December 2016) that action would be taken against the EE concerned and efforts would be made to recover the outstanding centage charges from UPJNL. The fact remains that though the issue of centage charges not being paid by UPJNL was included in the Audit Report (Revenue Receipts), Government of Uttar Pradesh for the year ended 31 March 2010, no action has been taken till date for recovery of the same.

Thus, due to failure of EE to observe Financial Rules and act on the instructions of the Finance Controller, centage charges of ₹ 1.37 crore³² was not recovered from UPJNL for last three years which resulted in a avoidable loss of interest amounting to ₹ 0.79 crore thereon (*Appendix 3.4*).

3.12 Excess payment of ₹ 6.89 crore to the contractor

Excess payment of ₹ 6.89 crore was made to the contractor by Madhya Ganga Canal Construction Division-5, Bijnor in violation of the conditions of the contract.

Paragraph 367 of Financial Hand-Book Volume-VI stipulates that engineers and their subordinates are responsible for ensuring that the terms of contracts are strictly enforced and no act is done tending to nullify or vitiate a contract.

Government accorded Administrative and Financial sanction for Madhya Ganga Canal Project, Stage-II for ₹ 1,060.76 crore in July 2007. The project consisted of construction of Head Regulator, Main Canal, Chandausi Branch Canal and Distribution System.



Against the above project, the Chief Engineer (CE), Madhya Ganga Nahar Pariyojna, Aligarh issued (December 2007) technical sanction for a work costing ₹ 11.69 crore for construction of Main Canal from Km. 0.000 to 0.350, Silt Ejector at Km. 0.300, Escape Channel and Tail fall. After competitive tendering, the Superintending Engineer (SE), Irrigation Works circle, Aligarh entered into (January 2008) an agreement³³ (Contract) for the execution of the work at a cost of ₹ 10.85 crore. As ground water is generally encountered when excavation was carried out below sub-soil water level, the sanctioned estimate of the work included an item of work of 4,98,165 Kilo Watt Hour (KWH) dewatering at the agreement rate of ₹ 32.17 per KWH. The

³² ₹ 2.12 crore - ₹ 0.75 crore = ₹ 1.37 crore.

³³ No.01/SE/2007-08, Date of start:11.01.2008, Scheduled date of completion:10.07.2009, Extended date of completion:31.08.2011.

quantity of dewatering was fixed at 5,00,000 KWH in schedule A of the bid document. The Clause 19.06 of the contract amply clarified that the quantity of dewatering work as given in schedule A of the bid (5,00,000 KWH) was approximate and might vary to any extent on lower or higher side, but, the contractor would not be entitled for any extra claims above the quantity mentioned in the schedule A of the bid.

Audit observed that after the execution of the agreement, the estimate was revised (June 2008) to a cost of ₹ 18.07 crore in view of the additional work of construction of Guide Bund, Provincial Road Bridge (PRB) and diversion to be executed as per directives (May 2008) of CE. It was highly irregular on the part of the CE to increase the scope of the work by 55 *per cent* within five months of signing of agreement and award the additional work to the same contractor without fresh tendering.

Audit also observed that as per the revised estimate, the quantity of dewatering was increased from 4,98,165 KWH to 7,58,591 KWH³⁴. The quantity of dewatering to be executed under this agreement was subsequently reduced to 7,00,000 KWH³⁵ as the construction work of PRB was transferred to the National Highway Division, PWD, Saharanpur in November 2009.

Scrutiny of the records (November 2012 and June 2016) of the Executive Engineer, Madhya Ganga Canal Construction Division-5, Bijnore (EE) revealed that against the contract of ₹ 10.85 crore, a sum of ₹ 22.26 crore³⁶ was paid (including variation of ₹ 6.89 crore against the revised sanctioned estimate of ₹ 18.07 crore) to the contractor which included payment of ₹ 9.14 crore for dewatering of 32,52,089 KWH as against the contracted quantity of 7,00,000 KWH for ₹ 2.25 crore as given in the Table below:

Table 2: Excess payment made for dewatering including all cost of diesel sets and other equipment required for dewatering

Item	Quantity as per original Estimate	Additional item of work in Revised Estimate	Total (Col. 2+3)	Contracted Quantity	Executed Quantity	Excess of executed quantity over revised quantity (Col. 6-5)	Excess payment made at the rate of ₹ 27.00 per KWH
	(in KWH)						(in ₹)
1	2	3	4	5	6	7	8
Main Canal from Km. 0.000 to 0.350	2,00,000	0	2,00,000	5,00,000	32,52,089	25,52,089	6,89,06,403
Silt Ejector at Km. 0.300	48,165	0	48,165				
Escape Channel	1,00,000	0	1,00,000				
Tail fall	1,50,000	0	1,50,000				
Guide Bund	0	2,00,000	2,00,000	2,00,000			
Provincial Road Bridge	0	60,426	60,426	0			
Diversion	0	0	0	0			
Total	4,98,165	2,60,426	7,58,591	7,00,000	32,52,089	25,52,089	6,89,06,403
Say ₹ in crore							6.89

³⁴ 4,98,165 KWH (for original work)+2,60,426 KWH (for additional work Guide bund & PRB)=7,58,591 KWH.

³⁵ 5,00,000 KWH (for original work)+2,00,000 KWH (for additional work Guide bund)=7,00,000 KWH.

³⁶ 25th running bill dated 30.01.2012.

Though no extra payment was admissible for dewatering of quantity in excess of 7,00,000 KWH as per Clause 19.06 of the contract, EE with the approval of CE irregularly made excess payment of ₹ 6.89 crore to the contractor by allowing payment of ₹ 9.14 crore for 32,52,089 KWH quantity of dewatering instead of restricting the payment to ₹ 2.25 crore for 7,00,000 KWH in compliance of the contractual provisions.

On being pointed out by audit, Government stated (December 2016) that action would be taken against the CE, SE, EE and Divisional Accountant after fixing the responsibility. Thus, an excess payment of ₹ 6.89 crore was made to the contractor in contravention to the conditions of the contract.

3.13 Irregular construction of tube wells in over exploited blocks

Irregular expenditure of ₹ 3.13 crore on the construction of tube wells in over exploited and critical blocks despite the restriction imposed by the Government.

Government had issued orders (October 2014) for classification of development blocks into over-exploited, critical and semi-critical categories on the basis of evaluation of groundwater resources conducted in 820 development blocks of 75 districts of the state. Accordingly, Government imposed restrictions on the construction of all types of tube wells in 111 over-exploited and 68 critical blocks of 44 districts with effect from the date of issue of the order (13 October 2014). Government further directed that any public or private tube well-constructed in these areas, after the issue of above Government orders, would not be energised.

Scrutiny (February-March 2016) of records of Executive Engineer, Tube well Construction Division, Agra (EE) and further information collected (June 2016) revealed that the Division constructed 22 tube wells in five over-exploited blocks and six tube wells in two critical blocks at the cost of ₹ 2.69 crore (November 2014 to March 2015: 17 tube wells costing ₹ 1.99 crore, 2015-16: 11 tube wells costing ₹ 0.70 crore) in districts Aligarh, Etah, Firozabad, Hathras, and Kasganj after the imposition of the restriction by the Government (*Appendix-3.5*).

Further, in disregard to the Government directives, these tube wells were also energised at a cost of ₹ 44.10 lakh between March 2015 and March 2016. This indicated that there was no monitoring by the Irrigation and Water Resources Department and Minor Irrigation and Ground Water Department on the construction of tubewells by public/private users in 111 over-exploited and 68 critical blocks of 44 districts and the Government departments themselves were not adhering to the restrictions imposed by the Government vide orders issued by the Chief Secretary on 13 October 2014 banning construction of tube wells in these areas.

On being pointed out by Audit, the Government stated (December 2016) that warning would be issued for future. The reply was not acceptable as the Government orders of October 2014 imposing restrictions on construction of

tube wells were made effective from the date of issue of the order and issue of mere warning by Government without any concrete action against irregular constructions of tube wells will further compound the problem.

Thus, an irregular expenditure of ₹ 3.13 crore (Construction: ₹ 2.69 crore, Energisation: ₹ 0.44 crore) was incurred on the construction and energisation of tubewells in over exploited and critical blocks in contravention to the Government order.

3.14 Loss of ₹ 2.56 crore due to adoption of higher carriage rates

Fixing of higher rate for carriage in schedule of rates in comparison with the prevailing lowest rate in the vicinity led to the loss of ₹ 2.56 crore to the Government.

Financial rules³⁷ stipulate that to facilitate the preparation of estimates, a Schedule of Rates (SoR) showing the lowest of the prevailing rates in the vicinity for each kind of work should be maintained in the Division.

Scrutiny of records (November 2014 and June 2016) of Executive Engineer, Lower Ganga Canal Division, Etawah (EE) revealed that the State Government accorded (January 2014) Administrative and Financial sanction³⁸ to the Project of construction/widening/strengthening of metalled road from Saifai to Achhalda at a cost of ₹ 35.25 crore. It was noticed that the estimates were prepared based on SoR of PWD. However, while preparing the estimates, works of 'Construction of granular sub-base' and 'Providing & laying, spreading and compacting stones aggregates of specific size to water bound macadam' were irregularly split in two parts viz., cost of stone ballast at Ramnagar quarry as per PWD SoR and rate of carriage of stone ballast from quarry to work-site as per the SoR of Irrigation Department (ID). The rate of carriage of stone ballast as per the SoR of ID was higher than rate provisioned in the SoR of PWD. This resulted in excess payment of ₹ 2.56 crore (*Appendix 3.6*).

On being pointed out in audit, Government stated (December 2016) that scrutiny of schedule of rate would be undertaken by the Committee of Chief Engineers.

Fact remains that adoption of higher rate for carriage based on SoR of ID rather than that of PWD (adopted for preparation of estimate) resulted in loss of ₹ 2.56 crore to the Government.

3.15 Loss to the Government due to inflated estimate

Loss to the Government of ₹ 4.74 crore due to inflated estimate of Flood protection work and construction of Anti-erosion structures.

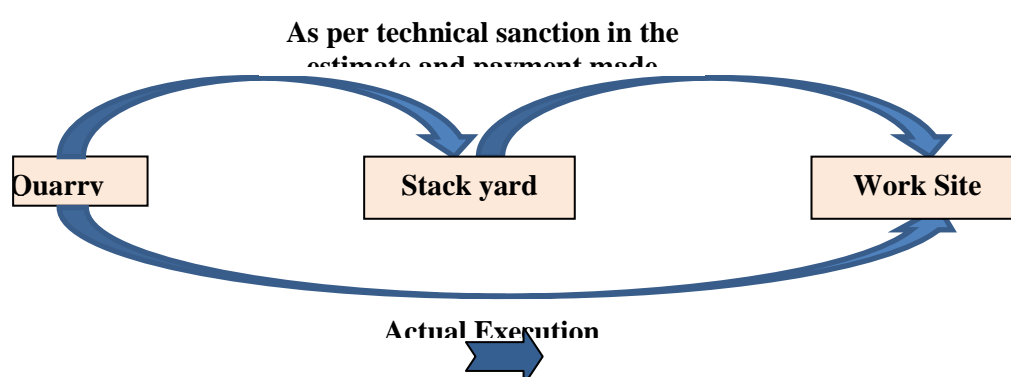
With a view to reduce the cost of work on account of unused items and wastage, the State Government ordered (August 2011) for executing vertical

³⁷Para 264 and 523 of Financial Hand Book, Volume VI

³⁸No.- 7/5904/13-27-sin.-4-83(W)pari./13 dated 08.01.2014

contracts for construction works, where contractors were to be paid for complete work including both supply and construction of the structure.

Scrutiny of records (January, 2016) of Executive Engineer, Flood Works Division-I, Basti (EE) revealed that Sthai Baad Samitti sanctioned ₹ 131.46 crore during May 2010 to April 2015 for construction of anti-erosion structures³⁹ at left river bank of river Ghaghara. The technical sanctions for the works were accorded by the Chief Engineer for ₹ 118.98 crore during January 2014 to June 2015. Construction works were in progress through 13 agreements. Scrutiny further disclosed that all the contracts were vertical contracts and the cost of stone works included (i) cost of stone (ii) carriage of stone from quarry to work sites; and (iii) labour cost to construct the structure. A total expenditure of ₹ 45.36 crore had been incurred on work under observation against these agreements as of July 2016.



Audit observed that the rate for stone work was inflated by making provisions for loading at quarry site, unloading and stacking at the stack yard and again loading at stack yard, and unloading and stacking at work site.

The cost of one unloading, stacking and one loading at stack yard which was already included in the rate analysis of stone work at site should not have been allowed. There was no justification for making provisions for a mid-way stack yard in vertical tendering especially when a specific work is given to each contractor at specific location. It was intimated by the EE that actually no supply was taken at stack yard but contractor directly collected boulders at the work site before its use on work. Further scrutiny revealed that instead of standard conversion rate of 0.71 cum of volume for one metric ton of weight of stone, the Division had adopted 0.69 cum in 11 out of 13 projects while in other two projects of protection work of Chanpur-Gaura embankment between Km. 0.00 to 1.00 and protection work of Kataria-Chandpur embankment between Km. 4.4 to 5.4, the conversion rate used and analysed was 0.71 cum. These two irregularities resulted in excess payment of ₹ 4.74 crore to the contractors (*Appendix 3.7*).

On being pointed out by Audit, Government replied (December 2016) that explanation would be sought by the Engineer-in-chief and Head of

³⁹ At Vikramjot- Dhuswa bundh, Kataria- Chandpur bundh, Chandpur- Gaura bundh, Gaura Saifabad bundh and Kashipur- Dubouliya bundh.

Department from the Superintending Engineers who were members of the Committee on Schedule of Rate.

Thus, by allowing provisions of extra unloading, stacking and loading of stone boulders and use of inflated conversion rate as 0.69 cum in place of 0.71 cum per MT, an excess payment of ₹ 4.74 crore was made to the contractors by the Division.

LABOUR DEPARTMENT

3.16 Avoidable Expenditure on organising ceremonial functions

An avoidable expenditure of ₹ 15.06 crore was incurred on organising functions to distribute cheques to beneficiaries of *Berojgari Bhatta* (Unemployment allowance) *Yojna* in 69 districts though the unemployment allowance was to be credited to the beneficiaries bank accounts.

The State Government launched (May 2012) *Uttar Pradesh Berojgari Bhatta Yojna* (scheme) for providing Berojgari Bhatta (Unemployment Allowances) to all eligible⁴⁰ unemployed persons of the State with effect from May, 2012. Rule 8.4(i) of the Scheme *Niyamavali* provided that the payment of unemployment allowance was to be made on quarterly basis in the savings bank account opened in a Nationalised Bank or in *Kshetriya Gramin Bank* by the beneficiary. Further, details⁴¹ of the bank account opened by beneficiaries were to be filled in application form of scheme and were to be authenticated by concerned bank authority for speedy remittance of *Berojgari Bhatta* through Core Banking System.

Scrutiny of records (February 2016) of the Director, Training and Employment Uttar Pradesh, Lucknow (Director) revealed that Department distributed an amount ₹ 20.58 crore to 1,26,521 unemployed persons as unemployment allowance by organising functions in 69 districts during the year 2012-13. The State Government incurred a total expenditure of ₹ 6.99 crore on transportation of beneficiaries to places where functions were organised and ₹ 8.07 crore on other related activities like seating arrangements, and refreshments etc. The expenditure on organising functions for distribution of cheques was avoidable in view of the fact that the payment of unemployment allowance could have been easily credited in the bank accounts of the beneficiaries without incurring any expenditure.

On being pointed out in Audit, Director stated that the expenditure on ceremonial functions had been incurred out of the funds allocated under the head Miscellaneous expenditure as per decision taken in the meeting of

⁴⁰ With academic qualification of High School; Age between 30 to 40 years; Domicile of Uttar Pradesh; Family annual income should be less than ₹ 36,000 from all sources in case of unemployed male, in case of unmarried, widow, separated/divorced women annual income of her Mother- Father and in case of married women annual income of Father in law- Mother in law should not exceed ₹ 1,50,000 from all sources; & Should be registered in Employment Office.

⁴¹ Bank Name, Branch Name, Account Number and IFSC Code.

Secretaries headed by the Chief Secretary. The reply is not acceptable as the scheme guidelines did not provide for such mode of delivery/payment of unemployment allowances to the beneficiaries.

Government in reply (September 2016) stated that function was fully government function and expenditure incurred on distribution of the cheques was as per the instruction issued by the Government.

Reply of the Government was not tenable as provision of transportation of such large number of the beneficiaries to function places and other activities like seating arrangements and refreshment etc., for distribution of cheques of unemployment allowances was not envisaged in the Scheme Guidelines, 2012. Further, the unemployment allowances could have been easily credited in bank account of beneficiaries as bank details such as Bank Name, Branch Name, Account Number and IFSC Code were filled by beneficiary in application form duly authenticated by concerned bank authorities.

The Government, during discussion (November 2016), while accepting the facts and figures, stated that opening of the Bank Account in Nationalised Bank was mandatory as per scheme *Niyamavali*, however, payment to the beneficiary through Bank Account was not binding.

Thus, incurring an expenditure of ₹ 15.06 crore on organising the functions merely to handover cheques of ₹ 20.58 crore to the beneficiaries which cannot be justified and shows complete lack of financial propriety and concern for saving public money.

MEDICAL EDUCATION AND TRAINING DEPARTMENT

3.17 Functioning of State Drug Testing Laboratory

Due to lack of required technical manpower and failure in procurement of chemicals in State Drug Testing Laboratory, Lucknow, an expenditure of ₹ 1.78 crore incurred on strengthening of the laboratory remained unfruitful as no drug samples could be tested in the lab during last six years.

Mention was made in paragraph 3.3.18 in the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 2004 regarding inefficient working of the Drug Testing Laboratory (DTL), Lucknow despite receipt of ₹ 65 lakh (April 2001) released by Government of India (GoI) for strengthening and upgradation of the Lab which had remained unutilised as of December 2004. The para was discussed in the Public Account Committee in November 2010 wherein the Government assured that DTL would be made functional very soon.

Scrutiny of records (December 2015) of Director, Ayurvedic Services, Uttar Pradesh, Lucknow (Director) and further information collected (May 2016) revealed that the construction work of the DTL building was completed at a cost of ₹ 58.14 lakh in March 2007 and was handed over to the Department in

February 2008. GoI had also released (October 2008) ₹ 65.33 lakh for procurement of equipment and the Department purchased equipment worth ₹ 65.33 lakh in February 2011.

Audit scrutiny disclosed that despite construction of new Lab building and procurement of equipment, the DTL was not functional, which rendered the entire expenditure unfruitful. Audit noticed that DTL had a sanctioned strength of only three staff consisting of one Government analyst, one Junior Analyst and one Clerk. The post of Government Analyst was the senior most position in the lab. The Analyst was assigned the duty of furnishing reports of the results of tests/analysis in accordance with Rules of Drugs and Cosmetics Act, 1940. The Government Analyst of DTL had retired in May 2009 and the post had remained vacant for last seven years. DTL since then has been functioning with one Junior Analyst and a clerk only. An amount of ₹ 55.29 lakh was spent on their pay and allowances during March 2009 to June 2016. As per norms⁴², about 6,000 samples were received from 3,000 licensed drug manufacturing units were to be tested per year by DTL. However, it was noticed that only 265 samples were received during the period as against required 42,000 sample as per norm. Even out of total 265 samples received, only two samples were tested in 2009-10 and thereafter no testing of sample could be done by DTL as of May 2016.

On being pointed out by Audit, Director stated (December 2015 and May 2016) that DTL could not be made functional due to lack of technical manpower and procurement of chemicals for testing was not made.

Reply was not acceptable, as DTL was not made functional till date despite assurances of the Government given to the Public Accounts Committee, even after additional funds for human resources were made available⁴³ by GoI. GoUP had also sanctioned (April 2011) additional three posts⁴⁴ on contract basis but the appointment were not made by the Director even after a lapse of more than five years. Further, despite availability of funds⁴⁵, no chemical was purchased since 2010-11 as no Government Analyst was posted in DTL.

Thus, due to lack of required technical manpower apart from chemicals for testing not being procured despite availability of funds, the expenditure of ₹ 1.78 crore (₹ 58.14 lakh for construction of building, ₹ 65.33 lakh for purchase of equipment and ₹ 55.29 lakh on pay and allowances of staff) incurred for strengthening of Drugs Testing Laboratory remained unfruitful.

The matter was referred to the Government in June 2016. During discussion (December 2016), Government accepted the facts and figures.

⁴² As per Good Practices Norms at least two samples from each drug production unit per year to be tested.

⁴³ ₹ 10 lakh from April 2001 to March 2008 and ₹ 6.86 thereafter as of May 2016.

⁴⁴ Scientific Officer -3, Analyst/ Lab Technician-2 and Class-IV Employee-4.

⁴⁵ Lab was provided funds for purchase of chemicals : 2011-12- ₹ one lakh; 2012-13- ₹ 2.5 lakh; 2013-14- ₹ 2.5 lakh; 2014-15- ₹ 2.5 lakh and 2015-16- ₹ 2.5 lakh.

3.18 Avoidable payment of fixed electricity charges

Avoidable payment of ₹ 1.81 crore by Dr. Ram Manohar Lohia Institute of Medical Sciences, Lucknow to Madhyanchal Vidyut Vitran Nigam on account of fixed/demand charges due to failure of the medical institute to apply for reduction of load despite their actual electricity consumption being much lower than the sanctioned load.

Para 4.41 of UP Electric Supply Code, 2005 stipulates that reduction of contracted load shall be permissible for all categories of consumers having electronic meters capable of recording demand, if their consumption is ascertained to be lower than the normal consumption in past six months or for such period that takes seasonality into account.

Scrutiny of records (March 2016) of Dr. Ram Manohar Lohia Institute of Medical Sciences, Lucknow (Institute) and further information collected revealed that the construction agency, *Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN)*, had made a request in October 2007 for sanction of the permanent electricity load of 3333 KVA⁴⁶ for Institute on the basis of expected consumption. The *Madhyanchal Vidyut Vitran Nigam Limited (MVVNL)*, however, sanctioned (August 2008) electricity load of 6298 KVA, on the basis of covered area and approved map for the Institute under the rate schedule HV-I at supply voltage of 33 KV through independent feeder and the supply was started from October 2012. The rate schedule HV-I envisaged for billing of fixed /demand charges on the basis of actual load utilised or 75 per cent of the sanctioned load (in case utilisation was less than 75 per cent of sanctioned load). The fixed/demand charges were to be paid at the rate of ₹ 240 per KVA in addition to electricity charges as per actual consumption of electricity.

Audit further observed that the consumption pattern of demand as recorded by installed meter ranged between 1,200 to 2257.8 KVA during June 2013 to March 2016 which showed that the demand for sanction of the load of 3,333 KVA made earlier by UPRNN in October 2007 was adequate. However, the Institute could not decide its requirement and failed to take up the matter with MVVNL for reduction of sanctioned load in terms of rule 4.41 of UP Electricity Supply Code, 2005 to 3,333 KVA based on their actual demand pattern. Had the Institute got the sanctioned load reduced to 3,333 KVA it could have paid fixed/demand charges for ₹ 2.04 crore in place of ₹ 3.85 crore for the period June 2013 to March 2016. As such, Institute made an avoidable payment of ₹ 1.81 crore to MVVNL (*Appendix 3.8*) due to their failure to get the demand revised.

On being pointed out in Audit, Institute stated that *Vidyut Vitaran Nigam* was final authority to sanction electric load. However, at the instance of Audit, the matter was taken up with MVVNL (August 2016) and the load was got reduced (September 2016) to 3000 KVA. Though we appreciate the action taken by the Institute now to reduce the sanctioned load at the instance of

⁴⁶ 3000 KW = 3333 KVA (0.9 KW=1 KVA)

Audit, the fact remains that the institute management failed to take timely action for reduction of load as per Maximum Demand Indicator (MDI) recorded in the bill issued by MVVNL to avoid the excess expenditure required for sound financial management.

Thus, avoidable payment of ₹ 1.81 crore was made to MVVNL as fixed/demand charges due to failure of the Institute to apply for reduction of sanctioned load based on actual consumption as envisaged in UP Electricity Supply Code, 2005.

The matter was referred to the Government (July 2016). During discussion (December 2016), Government accepted the facts and figures.

MINOR IRRIGATION AND GROUND WATER DEPARTMENT

3.19 Loss of ₹ 1.04 crore due to rejection of bids of lower rate

Loss of ₹ 1.04 crore to the Government due to execution of contracts on higher rate by rejecting lower bids without assigning any reason.

Rule 21 of General Finance Rules 2005 stipulates the standards of financial propriety which envisage that every officer incurring or authorising expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by his own office and by subordinate disbursing officers and is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. Further, Government ordered (December 2007) that tendering officer should ask the tenderer to provide detailed justification for offering rates below the estimated departmental rates and also instructed (June 2012) for obtaining an additional performance security from the tenderers quoting rates below the estimated rates.

Scrutiny of records (December 2013 and January 2016) of Executive Engineer, Minor Irrigation Division, Hamirpur (EE) revealed that tenders were invited⁴⁷ for construction of 27 check dams and EE rejected tenders for 26 Check Dams in which rates quoted by the tenderers were lower by 15.43 *per cent* to 39.55 *per cent* in comparison to the departmental estimates. No justification was sought from the tenderers for quoting lower rates. It was improper on the part of EE to reject the rates, as per directives, without seeking detailed justification from the tenderers quoting rates below than the departmental rates. EE had also not recorded reasons for rejecting the tenders. Audit, further, observed that EE retendered⁴⁸ the works and executed agreements for construction of 22 Check Dams at much higher rates than rates quoted in the tenders which were rejected. This resulted in the loss of ₹ 1.04 crore to Government (*Appendix 3.9*). It was stated in reply by EE that since the tenderers quoted lower rates repeatedly with intention to hamper the

⁴⁷ Tender Notice No. 01/07.11.2012

⁴⁸ Tender Notice No. 03/03.12.2012, 05/21.12.2012, 06/09.01.2013, 07/24.02.2013

work instead of healthy competitive feelings, the tenders were rejected. However, it was noticed that even the rates quoted next time for the same works were below the estimated rates (13.87 to 31.52 *per cent*) which should have also been rejected based on the justification given by EE for rejecting the tenders in earlier case.

Thus, injudicious rejection of tenders and execution of works at higher rates led to the loss of ₹ 1.04 crore to the Government.

The matter was referred to the Government (September 2016). Government accepted the audit observation and stated (December 2016) that action would be taken against responsible officers.

3.20 Unfruitful expenditure of ₹ 5.94 crore

Unfruitful expenditure of ₹ 5.94 crore on construction of rain water harvesting/recharging structures

Para 212 of the Uttar Pradesh Budget Manual (UPBM) stipulates that the feasibility report of a project should also focus on initial environmental analysis and risk factors.

Ministry of Water Resources, Government of India sanctioned (November 2010) a demonstrative rain water harvesting/recharging project under Ground Water Management and Regulation Scheme. Under the project, an amount of ₹ 10.61 crore was sanctioned for recharging work in 116 parks identified in Lucknow district. Against the allocated amount, ₹ 7.29 crore was released (November 2010) as first installment.

Scrutiny of records (October 2014 and July 2016) of Director, Ground Water Department, Lucknow (Director) and information collected from Executive Engineer, Minor Irrigation Division, Lucknow (EE) revealed that Ground Water Department (GWD) constructed (October 2012) recharge structures in 42 parks at a cost of ₹ 2.94 crore and Minor Irrigation Department (MID) constructed (January 2012) recharge structures in 38 parks at a cost of ₹ 3.00 crore. Audit observed that Hon'ble High Court of judicature at Allahabad, Lucknow bench had directed⁴⁹ (June 2011) to ensure that no polluted water was discharged into the ground during the rainy season which might contain hazardous elements and chemicals polluting the underground water. It was also observed that Indian Institute of Toxicology Research, Lucknow (IITR) had recommended (October 2011) that recharge of rain water in a planned and systematic manner with proper monitoring would not cause risks of ground water pollution. On the direction (July 2012) of Special Secretary, Minor Irrigation and Ground Water Department, IITR collected⁵⁰ water samples in September 2012 from parks of Gomti Nagar and Indira Nagar, Lucknow and found that bacteriological quality of water was

⁴⁹ On Public Interest Litigations filed by the residents of Indira Nagar and Gomti Nagar area of the district.

⁵⁰ Collected by a team comprising officers of GWD, MID, Central Ground Water Board and representative of IITR.

unacceptable. Instead of rectifying the problems in the recharge system as recommended by ITR in October 2011, it was decided (October 2012) under the chairmanship of Hon'ble Minister, Minor Irrigation and Ground Water Department, to hand over the recharge structures to Nagar Nigam, Lucknow (NN). Further, instead of developing a mechanism to ensure that no polluted water was discharged into ground, GWD and MID plugged the recharge structures. GWD stated (May and June 2016) that it handed over the recharge structures of 42 parks to the NN in January 2013. However, it was noticed that these were not handover to NN till date.

On being pointed out (September 2016), Government replied (December 2016) that bore-wells were plugged due to the orders of Hon'ble High Court. Reply of the Government was not acceptable as Hon'ble High Court had only directed to ensure that no polluted water was discharged into the ground water but the department plugged them instead of complying the directions of the Hon'ble High Court. Further, the project was also not transferred to NN till date as stated by the Department.

This indicated that the Department had taken up the project without conducting proper feasibility studies which resulted in unfruitful expenditure of ₹ 5.94 crore.

MINORITY WELFARE AND WAQF DEPARTMENT

3.21 Unfruitful expenditure on construction of polytechnic building

Expenditure of ₹ 8.00 crore incurred on civil work for construction of polytechnic building in Bagpat district proved unfruitful, besides parking of ₹ 4.30 crore outside government account resulting in loss of interest of ₹ 0.81 crore .

As per para 456 of Financial Hand Book Volume-VI, advances to contractors are as a rule prohibited, and every endeavour should be made to maintain a system under which no payments are made except for work actually done. Further, to protect Government interests, Model Bid Document⁵¹ provides (January 2007) for inclusion of a clause for levy of liquidated damages in cases of default of the contractor in adhering to the approved construction schedule. Rules also provide for awarding works on competitive basis.

With a view to improve the socio-economic conditions of minorities, under the Centrally Sponsored Scheme of Multi Sectoral Development Programme for minority concentration districts, Government of UP sanctioned (April 2011) a project for establishing a Government Polytechnic (including two hostels) at a cost of ₹ 12.30 crore at *Kirthal* in Bagpat district. The sanctioned cost of ₹ 12.30 crore included ₹ 8.00 crore for civil works and ₹ 4.30 for furniture, vehicle, library, machinery etc.

⁵¹The standard terms and conditions of agreement as per adopted by Public Works department upon which an agreement lies.

Scrutiny of records (March 2015) of District Minority Welfare Officer, Bagpat (DMWO) and information collected (April 2016) from Director, Minority Welfare (Director) revealed that Uttar Pradesh Projects Corporation Limited (UPPCL) was nominated (April 2011) as executing agency without any competitive bidding and an Memorandum of Undertaking (MoU) was signed with the UPPCL by the Government for the construction work. The first instalment of ₹ 6.15 crore (77 *per cent* of amount earmarked for civil work) was released (April 2011) as advance to UPPCL even before signing of MoU (May 2011) for award of work, violating the basic financial principles enumerated in Rule 456 of FHB. The UPPCL submitted Utilisation Certificate of first instalment in January 2013. Thereafter, Government released second installment in July 2013 with the condition that work was to be completed within four months and no additional amount would be sanctioned if there was any increase in the project cost.

Audit further observed that in September 2013, the second installment of ₹ 6.15 crore was made available to UPPCL by the Director including the amount of ₹ 4.30 crore earmarked for furniture, vehicle, library and machinery etc., which was lying with UPPCL till date (October 2016). UPPCL submitted a revised estimate of ₹ 14.06 crore for civil work (May 2014) which was examined and evaluated for ₹ 13.62 crore by Technical Committee of the District and sent (October 2014) to Government for approval. A committee, formed to examine the proposals of the revised cost under Multi Sectoral Scheme, found the proposal unjustified (June 2015) as there was considerable delay in submission of Utilisation Certificate (UC) of first installment by UPPCL which resulted in the price escalation. UPPCL completed only 64 *per cent* of work by December 2014 after spending full amount of ₹ 8.00 crore released for the civil work in advance. The work was stopped since January 2015 and could not progress as UPPCL demanded additional funds against the revised estimate submitted to the Department.

On being pointed out, DMWO stated (March 2015) that work could not be completed due to lack of funds and price escalation. Reply was not acceptable as funds were released much in advance to the UPPCL in contravention of financial rules and despite this, UPPCL did not adhere to the approved time schedule for completion of the construction work. Further, the work was awarded on fixed cost basis and no revision in cost was permissible and even after serious mis-match between physical and financial progress achieved by UPPCL, no action was taken against UPPCL to levy liquidated damages. Funds of ₹ 4.30 crore which were earmarked for furniture, vehicle, library and machinery etc., was also still lying with UPPCL.

Thus, due to failure of the Department the civil works could not be completed even after a lapse of more than three years from the release (September 2013) of second and final installment of funds. This resulted in expenditure of ₹ 8.00 crore remaining unfruitful. Further, amount of ₹ 4.30 crore sanctioned and released for furniture, vehicle, library and machinery etc., was also not utilised and lying with the UPPCL, outside the government account with resultant loss

of interest amounting to ₹ 0.81⁵² crore worked out at the rate of Government borrowings for the relevant period. As such, the programme objective to provide better infrastructure for education and skill development to minorities remained unachieved and in the absence of polytechnic, the students of minorities were deprived of getting employment oriented technical education at the polytechnic.

The Government during discussion (November 2016) accepted the facts and figures.

PUBLIC WORKS DEPARTMENT

3.22 Unauthorised payment to contractors

Unauthorised payment of ₹ 2.35 crore was made to contractors by Provincial Divisions Mau and Varanasi for excess use of bitumen content in laying of Dense Graded Bitumen Macadam (DBM) layer for strengthening of the road, in violation of IRC norms and E-in-C's orders

Indian Road Congress-111-2009 (IRC)⁵³ stipulates that in construction of roads, bitumen content of 4 *per cent* is admissible in case where the thickness of Dense Graded Bitumen Macadam (DBM) crust is more than 7.5 cm. Further, as per circular issued by the Engineer-in-Chief (E-in-C) in July 2012, 4 *per cent* bitumen content was to be used where the thickness of DBM crust was more than 7.5 cm and no additional charges on bitumen content were payable to the contractor for using excess bitumen content. However, deviations from the IRC specifications and E-in-C directives were noticed in audit wherein against the requirement of 4 *per cent* of bitumen content, 4.5 *per cent* of bitumen content were used as discussed below:

Case-I

Scrutiny of the records (September 2015) of Executive Engineer (EE), Provincial Division, Mau revealed that the Government accorded (January 2013) administrative and financial sanctions of ₹ 22.22 crore and ₹ 21.84 crore for widening and strengthening of *Alinagar-Indara-Majhwara-Madhuban Road* (Shadeed Marg) for Km 0.00 to 12.00 and Km 12.00 to 23.40 respectively. The Chief Engineer, Azamgarh Zone accorded technical sanctions (January 2013) to the detailed estimates with specification of laying 9.0 cm DBM containing bitumen content of 4.5 *per cent* against the admissible norm of 4 *per cent*. Accordingly, Superintending Engineer, Ballia Circle (SE) executed two agreements⁵⁴ for ₹ 20.20 crore and ₹ 19.76 crore respectively in January 2013 and the works were still in progress. The contractors have been

⁵² 2013-14: ₹ 0.27 crore @ 6.43 *per cent*, 2014-15: ₹ 0.27 crore @ 6.40 *per cent* and 2015-16: ₹ 0.27 crore @ 6.35 *per cent* average borrowing rates.

⁵³ Para 3.5.2.

⁵⁴ Agreement no. 08/SE-Ballia Circle dated 19.01.2013 for ₹ 20.20 crore and Agreement no. 09/SE-Ballia Circle dated 19.01.2013 for ₹ 19.76 crore.

paid ₹ 20.14 crore⁵⁵ and ₹ 18.54 crore⁵⁶ as of March 2016 and June 2015 respectively against the above two works.

Audit observed that against the requirement of 18.00 tonne of bitumen as per the norm of 4 *per cent* bitumen in DBM, the Division executed 4.5 *per cent* of bitumen i.e. 20.250 tonne in DBM. Approval of excess bitumen content by the CE in violation of norms resulted in excess use of 2.250 tonne⁵⁷ in the DBM leading to additional expenditure of ₹ 0.80 crore (*Appendix 3.10*).

Case-II

Similarly, scrutiny of the records (November 2015) of Executive Engineer (EE), Provincial Division, Varanasi revealed that the Government accorded (September 2013) administrative approval and financial sanction of ₹ 40.39 crore for widening and strengthening of *Mohan Sarai-Cant Road* (Urban Part) for Km 319.00 to 330.30 (total 11.300 km). The Chief Engineer, Varanasi zone accorded technical sanctions (September 2013) to the detailed estimate with specification of laying of 12.0 cm DBM containing the bitumen content of 4.5 *per cent* against the admissible 4 *per cent* bitumen norm. Accordingly, Superintending Engineer, Varanasi Circle (SE) executed agreement⁵⁸ for ₹ 34.83 crore in September 2013 and the work was completed in September 2015 after incurring an expenditure of ₹ 37.50 crore⁵⁹ as of March 2016.

Audit observed that against the requirement of 18.00 tonne of bitumen as per the 4 *per cent* bitumen norm, Division admitted claim of 4.5 *per cent* of bitumen (20.250 tonne) in DBM. As such, approval of excess bitumen content by CE resulted in excess use of 2.250 tonne⁶⁰ in the DBM which led to excess avoidable expenditure of ₹ 1.55 crore (*Appendix 3.10*).

On being pointed out (May 2016), Government confirmed (November 2016) the facts and figures in respect of EE, PD, PWD Mau. In respect of EE, PD, PWD, Varanasi, Government stated that DBM layer was laid in two layers i.e. 70 mm and 50 mm and it was as per guidelines. The reply was not acceptable as in accordance to the E-in-C circular if total thickness of DBM layer was more than 75 mm then Bitumen content would be 4 *per cent* in the mix. Further as per the directive issued by the E-in-C there was no provision of laying the DBM layer of more than 75 mm by bifurcating it into two layers with the use of 4.5 *per cent* bitumen.

Thus, approval of excess quantity of 2.250 tonne⁶¹ bitumen in DBM by CE in violation of norms led to avoidable expenditure of ₹ 2.35 crore (₹ 0.80 crore and ₹ 1.55 crore).

⁵⁵ 9th Running Bill dated 31.03.16.

⁵⁶ 10th Running Bill dated 18.06.15

⁵⁷ Bitumen @ 4.5 *per cent* of weight of mix aggregate 20.250 tonnes - Bitumen @ 4 *per cent* of weight of mix aggregate 18.000 tonnes= 2.250 tonnes

⁵⁸ Agreement no. 55/SE-Varanasi Circle dated 27.09.2013 for ₹ 34.83 crore.

⁵⁹ 37th Final bill dated 31.03.2016.

⁶⁰ Bitumen @ 4.5 *per cent* of weight of mix aggregate 20.250 tonnes - Bitumen @ 4 *per cent* of weight of mix aggregate 18.000 tonnes= 2.250 tonnes

⁶¹ Bitumen @ 4.5 *per cent* of weight of mix aggregate 20.250 tonnes - Bitumen @ 4 *per cent* of weight of mix aggregate 18.000 tonnes= 2.250 tonnes

3.23 Excess consumption of Wet Mix Macadam

Execution of excess quantity of Wet Mix Macadam (WMM) in widening and strengthening of a road led to avoidable expenditure of ₹ 2.79 crore.

Paragraph 318 of Financial Hand-Book Volume-VI stipulates that technical sanction of a work is a guarantee that proposals are structurally sound and the estimates are accurately calculated and based on adequate data. In road strengthening works, the overlay thickness is generally expressed in terms of Bituminous Macadam (BM) layer thickness. In case other compositions such as Wet Mix Macadam (WMM), Dense Graded Bitumen Macadam (DBM) and Bitumen Concrete (BC) are used in overlay, the following equivalency factors are applied in determining the thickness of the overlay required for achieving the desired strengthening:

1 cm of BM = 1.5 cm of WMM

1 cm of BM = 0.7 cm of DBM/BC

Audit observed violation of the above provision of Rules resulting in excess avoidable expenditure as discussed below:

Government accorded (January 2013) Administrative and Financial sanction of ₹ 41.61 crore under State Road Fund for widening and strengthening of *Bulandshahar-Anupshahar Marg* (MDR-58), km. 2 to 20 (19 km). The Chief Engineer, Meerut Zone (CE) issued technical sanction (January 2013) for the same amount. As per the technical sanction, widening of the road from 5.50 metre to 7.00 metre and strengthening of the crust from the existing 22.50 cm to 56.50 cm consisting of non-bituminous work like Wet Mix Macadam (WMM) and bituminous works like DBM and BC, were to be carried out. The Superintending Engineer, Bulandshahar Circle (SE) executed the contract bond⁶² in (February 2013) and work was completed in September 2014 after incurring an expenditure of ₹ 33.03 crore⁶³.

Scrutiny of records (November 2014) of Executive Engineer (EE), Provincial Division (PD), Bulandshahar and further re-examination in May 2016 revealed that the overlay thickness of 31.42 cm of BM was laid by EE with the approval of CE as against the required thickness of 26.42 cm as per IRC specifications. Audit examination of detailed estimates prepared by EE, recommended by SE and approved by the CE (January 2013) disclosed that there was an error in conversion of WMM layer thickness into the equivalent BM thickness which resulted in approval and execution of five cm excess overlay as indicated in the table below:

⁶² C.B. No. 16/SE-B.S.R.O/12-13 dated 05.02.2013

⁶³ 13th Running bill No. 24 dated 22-09-2014.

Table 3: Details of Excess overlay of WMM

Sl. No.	Item of work	IRC 81-1997 norms for 26.42 cm overlay		As per technical sanction		Actual execution		Excess overlay (in cm) (col. 8-6)
		Work to be executed (in cm)	Equivalent BM thickness (in cm)	Work to be executed (in cm)	Equivalent BM thickness (in cm)	Work executed (in cm)	Equivalent BM thickness (in cm)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	WMM	15.00	10.00	22.50	10.00	22.50	15.00	5.00
2.	DBM	7.50	10.71	7.50	10.71	7.50	10.71	0.00
3.	BC	4.00	5.71	4.00	5.71	4.00	5.71	0.00
Total		26.50	26.42	34.00	26.42	34.00	31.42	5.00

Due to erroneous preparation of estimate by EE/SE and issue of incorrect technical sanction by CE, an overlay of 31.42⁶⁴ cm in terms of BM was laid instead of required 26.42 cm which resulted in excess execution of 10,500 cum of WMM (January 2014). Hence, an avoidable expenditure of ₹ 2.79 crore was incurred due to excess overlay in road widening and strengthening work.

On being pointed out (November 2014), CE admitted (May 2015) that conversion of 22.5 cm of WMM as 10 cm in terms of BM in the overlay design was wrongly adopted instead of 15 cm as per IRC 81-1997. He further stated that the matter has been forwarded to E-in-C office for taking action against the erring officials.

The Government confirmed (November 2016) the facts and figures and stated that though technical sanction was accorded as per IRC 81-1997 but the work was executed as per IRC-37. Reply of Government confirms that the division violated the technical sanction issued by CE and incurred an avoidable expenditure of ₹ 2.79 crore by consuming excess quantity of WMM.

3.24 Excess expenditure of ₹ 12.72 crore on construction of road

In violation of Departmental orders two PWD divisions overlaid 150 mm of Granular Sub Base (GSB) as drainage layer in construction of 71 km road resulting avoidable expenditure of ₹ 12.72 crore.

As per paragraph 3 of Indian Road Congress guidelines, a blanket course of atleast 225 mm thickness should be provided on the expansive soil subgrade as a sub-base to serve as an effective intrusion barrier and should extend over the entire formation width. Engineer-in-Chief, Public Works Department, Lucknow instructions (September 2005) also reiterated the need for making a provision of 225 mm blanket coat of medium sand, stone dust or non-plastic mooram in full formation width should be provided in roads passing through black cotton soil area.

⁶⁴ DBM = equivalency factor of 7.50 cm in terms of BM = 10.71 cm, WMM = equivalency factor of 22.50 cm in terms of BM = 15 cm, BC = equivalency factor of 4.00 cm in terms of BM = 5.71 cm. Total = 31.42 cm in terms of BM.

Government accorded (January 2014) administrative and financial sanctions totalling ₹ 142.25 crore⁶⁵ for widening and strengthening of Erach-Gursahay-Mauranipur Marg (MDR-31) from km 1.00 to 71.00 (71 km). The Chief Engineer, Jhansi Zone accorded (January 2014) technical sanction to the detailed estimates for the same amount. As per detailed estimate, the California Bearing Ratio (CBR) was three *per cent* and Million Standard Axle (msa) of the road was 29.60. Accordingly, pavement design for 415 mm thickness of crust was approved comprising of 300 mm WMM, 75 mm DBM and 40 mm BC. As the road was being constructed in black cotton soil area, 225 mm of blanket coat layer (Estimated quantity: 1,54,204 cum) of stone dust was provisioned in full formation width⁶⁶ to act as intrusion barrier for expansive black cotton soil subgrade. Further, 150 mm of Granular Sub Base (GSB) layer (Estimated quantity: 1,27,274 cum) was also provisioned for drainage purposes. The Superintending Engineer, Jhansi Circle, Jhansi executed two contract bonds (February 2014) for execution of works with stipulated dates of completion as August 2015 with two firms as indicated below:

Table 4: Details of Contract Bonds

Sl No.	Name of Division	Length	Bond No.	Date of Start	Schedule date of Completion	Amount (₹ in crore)
1.	Construction Division-III, PWD, Jhansi	km 1.00 to km 20.00	CB No.74/SE-JHS Cir/2013-14 dated 03.02.2014 (above 11.25 <i>per cent</i>)	03.02.2014	02.08.2015	35.64
2.	Provincial Division, PWD, Jhansi	km 21.00 to km 71.18	CB No.76/SE-JHS Cir/2013-14 dated 12.02.2014 (above 4.00 <i>per cent</i>)	12.02.2014	11.08.2015	91.93

Scrutiny of the records (April 2015) and further information collected (February 2016) from Executive Engineer, Provincial Division, Jhansi (EE) and Executive Engineer, Construction Division-III, Jhansi (April 2016) revealed that 1,38,911 cum⁶⁷ blanket coat layer of stone dust was executed in full formation width of the road to act as intrusion barrier for expansive black cotton soil subgrade. Further, 150 mm GSB was also executed in full formation width of the road over blanket coat as drainage layer which was not required as overlaid 22.5 mm blanket coat of stone dust act as intrusion barrier to prevent the expansion of the black cotton soil due to rain or moisture.

On being pointed out, Government stated (December 2016) that for the widening work of the road 150 mm thickness of GSB followed by 225 mm thickness of stone dust was used above the subgrade in full formation width for construction of sub base as filter layer. Reply was not acceptable as excess quantity of GSB 68,178.30 cum was overlaid beyond the widened portion of

⁶⁵ Km 1.00 to km 20.00: ₹ 40.05 crore and km 21.00 to km 71.18 : ₹ 102.20 crore.

⁶⁶ Width of formation or road way is the width of carriage way including separators and shoulders.

⁶⁷ Quantity of blanket coat layer 98645 cum. in Provincial Division and 40266 cum. in Construction Division.

the carriageway upto the formation edge of the road resulting in avoidable expenditure of ₹ 12.72 crore⁶⁸ (*Appendix 3.11*).

3.25 Excess payment of ₹ 2.62 crore to the contractor

Due to adoption of higher specifications pertaining to the National Highways and State Highways coupled with incorrect calculation of characteristic deflection resulted in excess payment of ₹ 2.62 crore to the contractor.

Paragraph 318 of Financial Hand-Book Volume-VI states that technical sanction of a work is a guarantee that proposals are structurally sound and the estimates are accurately calculated and based on adequate data. Further, Indian Road Congress⁶⁹ (IRC) norms stipulate that for strengthening of the road of National Highways (NH) and State Highways (SH), the overlay design based on Benkelman Beam Deflection (BBD) test should be framed by adding the value of two-times of standard deviation to individual deflection. However, in case of roads other than NH and SH, only one-time standard deviation is added to individual deflection⁷⁰.

Scrutiny of records (September 2015) of Executive Engineer, Provincial Division, Kannauj (EE) revealed that the Government accorded (January 2013) administrative and financial sanction of ₹ 11.87 crore for widening of *Ramashram to G.T.Road* from km. 0.000 to 19.500 (total 19.500 km) categorised as Other District Road (ODR). The Chief Engineer, Kanpur Zone (CE) accorded (July 2013) technical sanction for ₹ 11.19 crore to the detailed estimate. The Superintending Engineer, Kannauj-Farrukhabad Circle (SE) executed a contract bond⁷¹ (July 2013) with stipulated date of completion as July 2014. It was observed that widening of the road commenced in July 2013 and after completion of two km road length (from 17.500 km to 19.500 km) at a cost of ₹ 28.79 lakh, Government revised (March 2015) the administrative and financial sanction of the road to ₹ 28.83 crore by substantially increasing the scope of the work from “Widening” to “Widening and strengthening”. Accordingly, CE accorded (March 2015) technical sanction for ₹ 27.63 crore for the same with adoption of specification for strengthening work as Wet Mix Macadam (WMM), DBM and SDBC by adopting higher specifications which were applicable only for NH and SH roads.

Further, Department carried out BBD test⁷² (October 2013) for “widening and strengthening” of road and accordingly the characteristic deflection⁷³ (CD)

⁶⁸ 48882 cum @ ₹ 1,647.00 = ₹ 8,05,09,148 + ₹ 1,12,71,281 (14 per cent above of tender rate) say ₹ 9.17 crore. (53rd R/B-Vr.No.49 dated 31.12.2015) of Provincial Division and 19,296 cum @ ₹ 1,650.00 = ₹ 3,18,38,400 + ₹ 35,81,820 (11.25 per cent above of tender rate) say - ₹ 3.54 crore (10th R/B-r.No.28 dated 18.01.2016) of Construction Division.

⁶⁹ IRC 81-1997

⁷⁰ For NH and SH roads - $D_c = X + 2\alpha$

For roads other than NH and SH - $D_c = X + \alpha$

(where X= individual deflection, α = standard deviation and D_c = characteristic deflection)

⁷¹ CB No- 66/SE-KFC/2013-14 dated 25.07.2013 of ₹ 9.47 crore.

⁷² Banchel Beam Deflection Test carried out for evolution of the requirement of strengthening of flexible pavement in terms of BM

⁷³ Its value along with Million Standard Axle (msa) determines the required overlay in term of BM

was calculated as 4.2 and 4.8 for both chainages⁷⁴ after adding the value of two-times of standard deviation to individual deflection. Audit noticed that two-times of standard deviation to individual deflection was applicable for NH and SH roads and not in case of ODRs. Audit further observed that characteristic deflection works out to be three⁷⁵ only, but, was wrongly taken as 4.2 and 4.8 for both the chainages. Accordingly, the overlay in terms of BM for both the chainages was computed to 220 mm and 240 mm against the requirement of 190 mm in terms of BM (**Appendix 3.12**).

The work was completed in November 2015 and payment of ₹ 23.30 crore was made to the contractor which included avoidable expenditure of ₹ 2.62 crore (**Appendix 3.13**). The Government, during discussion (November 2016) confirmed the facts and figures and accepted that crust of the road was erroneously designed on the basis of wrong calculations.

Thus, adoption of higher specifications coupled with wrong calculation of characteristic deflection resulted in excess expenditure of ₹ 2.62 crore.

REVENUE DEPARTMENT

3.26 Unfruitful expenditure on construction of residential quarters

Injudicious selection of site for construction of residential quarters resulted in unfruitful expenditure as 84 quarters were lying vacant for last five years.

Rule 21 of General Financial Rule 2005 and paragraph 169 of the Financial Hand Book Volume-V(Part-I) stipulate that every Government officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Further, Para 212 of Uttar Pradesh Budget Manual stipulates that feasibility report should be prepared to ensure that the project is conceptually sound and feasible.

Scrutiny of records (April 2014) of District Magistrate, Gautam Buddha Nagar (DM) and further information collected (May 2016) revealed that the Government accorded (January 2007) administrative approval and financial sanction⁷⁶ of ₹ 1.74 crore for construction of residential buildings at tehsil Sadar to provide Government accommodation to the employees



Unoccupied residential building at
Tahsil Sadar, Gautam Buddha Nagar

⁷⁴ For channage 0.000 to 6.300 and 6.300 to 19.500 km's

⁷⁵ Individual deflection (2.682) + standard deviation (0.1772x2= 0.3540) =3.0360 Say 3.0

⁷⁶ G O No. 167/1-5-07-53/06 dated 19.01.2007

of tehsil. Similarly, Government also accorded sanction⁷⁷ (February 2008) of ₹1.74 crore for construction of residential buildings at tehsil Javar. The Government nominated U.P. *Sahkari Vidhayan Evam Sheet Grah Sangh* Limited (PACCFED) Meerut in January 2007 and U.P. Project Corporation Ghaziabad (UPPCL) in February 2008 for construction of 42 residences⁷⁸ in each of Sadar and Javar tehsils respectively. However, no assessment of demand was made before construction of these residences. Construction of residential buildings at tehsil Sadar and Javar was completed by respective executive agencies in January 2011 and May 2011 by incurring an expenditure of ₹ 2.31 crore and ₹ 2.99 crore against the revised sanction of ₹ 2.32 crore (April 2010) and ₹ 3.00 crore (May 2010) for tehsil Sadar and Javar respectively. The PACCFED and UPPCL had handed over the constructed buildings to the Department in April 2011 and July 2011 respectively. Scrutiny further revealed that constructed buildings were lying unoccupied, as none of 42 residences could be allotted to employees at tehsil Sadar and only three out of 42 residences were allotted to employees at tehsil Javar.

On being pointed out, DM stated (May 2016) that the residential buildings were constructed at isolated localities three to four kilometres away from main roads for which even public conveyance was not available. Due to lack of security and public conveyance, employees of the tehsils were not interested to opt for these residences.

Reply of the DM shows that Department had not made any assessment of demand for houses by the employees at tehsil headquarters and accessibility of the site for construction of residential quarters was also not verified before issuing sanction.

Thus, injudicious site selection for residences and their construction without assessing demand led to unfruitful expenditure of ₹ 5.30 crore on construction of 84 quarters. Besides, an avoidable expenditure of ₹ 39.30 lakh was incurred on payment of house rent allowance paid to the employees during April 2011 to March 2016.

Government during discussion (November, 2016) stated that there was a change in utilisation of buildings and allotment has been started now. Fact remains that injudicious site selection proved that even after a lapse of more than five years of taking over the constructed buildings, 84 residential quarters are still awaiting occupancy.

⁷⁷ G O No. 396/1-5-08-196/2007 dated 13.02.2008

⁷⁸ Type I – 19, Type II – 18, Type III – 04, Type IV – 01

SOCIAL WELFARE DEPARTMENT

3.27 Unfruitful expenditure on construction of Scheduled Caste girls hostel

An expenditure of ₹ 1.74 crore on construction of two hostel buildings for schedule caste girls remained unfruitful as the hostels were unoccupied even after six to 11 years after construction.

Under Special Component Plan for Schedule Caste (SC), Government of Uttar Pradesh Government (GoUP) sanctioned (March 2008) ₹ 80.90 lakh for construction of 50 seated hostel building at village Rasoolpur, Pirathi, in Bijnore district for SC girls. Uttar Pradesh Samaj Kalyan Nirman Nigam Ltd. (UPSKNNL) was nominated as construction agency and land was made available in September 2008.

Scrutiny of records (March 2015) and further information collected (August 2016) from DSWO, Bijnore revealed that the work was started in October 2008 and the project cost was revised to ₹ 90.16 lakh due to cost escalation. UPSKNNL completed (October 2009) the work at a cost of ₹ 90.16 lakh and handed over the hostel building to the DSWO, Bijnore in October 2009. Audit observed that the hostel was not functional as of May 2016 and no staff, superintendent, warden etc., were posted for making the hostel functional. It was also observed that the hostel building was constructed in a remote area far away from urban locality. As girls were not willing to avail this hostel facility due to security reasons, District Magistrate, Bijnore sought (May 2015) approval of Director, Social Welfare, UP to convert it from girls to boys' hostel. In this regard DSWO, Bijnore stated (August 2016) that hostel has been converted into boys' hostel and made functional.

Since the hostel was constructed for girls, security and safety should have been the prime consideration in selection of site for the hostel. The fact that the girls are unwilling to stay in the hostel due to its remote location indicates that no feasibility/ pre-project study was conducted to ensure proper selection of site, resulting in failure to provide hostel accommodation to the SC girls, the purpose for which it was intended.

Similarly, in the case of another hostel (Capacity-100) for SC girls at the campus of Dr. Bhimrao Ambedkar University, Agra (University) constructed by UPSKNNL at a cost of ₹ 65.24 lakh under Special Component Plan for SC and handed over (December 2004) to the Registrar of the University was still lying unoccupied (December 2016). It was noticed that the Department did not post any Superintendent for six years since the taking over the hostel in December 2004. Also, the necessary furniture was not provided for seven years to make the hostel functional. It was only in September 2010 that a Superintendent was posted by the Department and a sum of ₹ 15.64 lakh was allocated (January 2012) for furniture for the hostel. It was noticed that the entire amount of ₹ 15.64 lakh was spent on purchase of furniture and that the Superintendent was paid salary of ₹ 3.25 lakh as of July 2016.

Audit further noticed that despite posting of the Superintendent in 2010 and providing necessary furniture, the hostel has not been made functional by the University as of May 2016. Major reasons for the girls' hostel not becoming functional after 2012 were stated to be delay in grant of permission by the University administration for functioning of the hostel and unauthorised occupation of hostel rooms by University teachers and others as per the communications made by DSWO, Agra with the Registrar of the University during 2012-13. The hostel rooms were also being used irregularly by the University for storage of official records and files. The Chief Development Officer, Agra, in October 2015, complained to the Registrar of the University about the hostel not being made operational despite the SC girls staying in rented accommodation outside the campus.

This indicated that the Department as well as the University failed to make the hostel functional even after a period of 11 years. The University has not taken any action to get the unauthorised occupants evacuated from the hostel building and the Government also has not taken any effective action to enforce the terms and condition of the agreement under which the University was made responsible for maintenance and operation of the hostel.

Government, in reply (November 2016), stated that for hostel constructed in the Dr. B.R. Ambedkar University, Agra, a fact finding committee would be constituted and on the basis of the suggestions given by the committee, efforts would be made to make the hostel functional. Regarding hostel in Bijnore, Government stated that presently the hostel has been converted as a boys' hostel and 45 boys are residing in the hostel. Fact remains that both the hostels are not being used as girl's hostel for whom these were sanctioned and constructed and SC girls continue to be deprived of safe, suitable and affordable accommodation for stay.

Thus, failure of the Department to make hostel functional at University campus, Agra and construction of hostel building at Bijnore in remote area, resulted in unfruitful expenditure of ₹ 1.74 crore (₹ 65.24 lakh, ₹ 15.64 lakh & ₹ 3.25 lakh in Agra district and ₹ 90.16 lakh in Bijnore district), as both hostels remained unoccupied by SC girls for last 11 and six years respectively.

Technical Education Department

3.28 Unfruitful Expenditure on construction of polytechnic building

Expenditure of ₹ 4.23 crore remained unfruitful as polytechnic building in Ghazipur District could not be completed even after a lapse of six years from the approval.

Government accorded financial sanction and administrative approval (February 2010) for construction of a polytechnic building in village Lahuar, Zamania tehsil, Ghazipur district under central assistance scheme at a cost of ₹ 6.45 crore. As per financial sanction, the construction work of polytechnic building was to be executed by *Uttar Pradesh Rajkiya Nirman Nigam*

*Limited*⁷⁹ (UPRNNL) and the work was scheduled to be completed by January 2012. Further, the sanctioned amount was to be released to UPRNNL in two equal installments - first installment after making the land available to UPRNNL and second installment after 75 per cent expenditure of first installment and ensuring satisfactory progress and quality of work.

Scrutiny of records (February 2016) of Principal, Government Polytechnic, Ghazipur (Principal) and further information collected revealed that Government interest were not safeguarded and the work was awarded on nomination basis without competitive bidding and also without executing agreement/Memorandum of Understanding (MoU). An amount of ₹ 2.00 crore was released to UPRNNL by the Department in March 2010 but the land was made available to construction agency in January 2011 by the Department. The remaining amount of ₹ 4.45 crore was released (July 2011) to the UPRNNL by the Director, Technical Education, Kanpur (Director) without linking it to the progress of work and even before obtaining (September 2012) first utilisation certificate. Audit further observed that after spending ₹ 4.23 crore (only 20 per cent physical progress) the work was stopped in May 2012 due to misappropriation of funds by the officials of the UPRNNL.

Due to pausage of time on the disciplinary action taken against the erring officials, UPRNNL submitted (December 2014) a revised estimate of ₹ 13.41 crore to Director, Technical Education through Principal, Government Polytechnic, Ghazipur for completion of the work. Government accorded approval (March 2015) of revised estimate for ₹ 11.56 crore. Against revised estimate no fund was released as unutilised amount of ₹ 2.22 crore pertaining to earlier released amount of ₹ 6.45 crore was still lying with UPRNNL.

On being pointed out (May 2016), Government accepted (November 2016) the facts and stated that a committee would be constituted to enquire into the matter with submission of report within three months and on the basis of the report of the committee action would be taken. Further, assurance was also given that in future MOU would be signed for all the construction works with time schedule for completion of each step of work.

Thus, failure in execution of agreement/MoU with the UPRNNL, release of funds without taking into account the physical progress of the work and lack of proper monitoring by the Department led to unfruitful expenditure of ₹ 4.23 crore on construction of polytechnic building. Besides, the objective of providing a polytechnic in village *Lahuar*, *Zamania tehsil* stands defeated as students had to travel about 30 km to village *Andhau*, *Ghazipur tehsil* where the nearest polytechnic was available.

⁷⁹ Uttar Pradesh Rajkiya Nirman Nigam Limited, Varanasi Unit-II

Vocational Education Department

3.29 Unfruitful expenditure on construction of ITI building

Due to the Department's failure to adhere to the standard contracting norms, the ITI building in Sant Kabir Nagar District could not be completed even after a lapse of five years and incurring an expenditure of ₹ 2.78 crore. Department did not take any penal action against the construction agency despite considerable delay and use of substandard construction material as well as poor workmanship.

With a view to provide technical education to the students belonging to Scheduled Caste, Government accorded (December 2010) sanction for construction of an Industrial Training Institute (ITI) building at Hainsar Bazar, Sant Kabir Nagar at a cost of ₹ 3.59 crore under Scheduled Caste Sub Plan.

Scrutiny of records (May 2015) of the Principal ITI, Mehandawal, Sant Kabir Nagar (Principal) and further information collected (April 2016) revealed that out of the total sanctioned cost of ₹ 3.59 crore for the construction work, first instalment of ₹ 1.44 crore was released to the executive agency Uttar Pradesh Labour and Construction Co-operative Federation Limited (LACCFED) in December 2010. LACCFED commenced the work in January 2011. The second installment of ₹ 144.36 lakh was released to the executive agency in March 2012.

Audit examination disclosed that:

The department awarded the work to the construction agency LACCFED without signing any MoU stipulating the terms of agreement. No time line for completion of work was indicated in the Government sanction. It was highly improper on the part of the department not to sign any agreement or MoU with LACCFED to hold them accountable in case of delay and failure in adherence to construction schedule and quality parameters.

The department released ₹ 2.88 crore (80 *per cent* of sanctioned cost) to the construction agency without linking the payments with the actual progress of work. This was in serious violation of financial rules and also indicated complete lack of monitoring by the department.

After spending ₹ 2.78 crore as per the utilisation certificate (May 2016) of LACCFED, the physical progress of the work made by LACCFED was only 40 *per cent* when the work was stopped in September 2012. The balance amount of ₹ 0.10 crore was still lying with LACCFED as of August 2016. The department has not taken any action to recover the unspent amount alongwith interest from the defaulting construction agency LACCFED. Neither any penalty has been imposed for their failure to execute work despite release of

timely payments nor has the matter been referred to the appropriate agency for investigation and fixing responsibility for delay.

On the request (October 2012) of the Director, Training and Employment, Lucknow (Director) for nomination of other construction agency in place of LACCFED, Government issued (November 2012) directives to stop further release of funds to LACCFED and get the matter inspected through Technical Audit Cell (TAC) of Public Works Department (PWD)/Irrigation Department (ID) and to send the inspection report regarding quality of construction work and physical and financial verification of work at the earliest. Although, no time schedule was prescribed by the Government for carrying out the inspection through the TAC, the Director instructed (December 2012) the Principal to send the report of TAC within a week. However, two-member inspection Committee of engineer of PWD and ID was constituted only in March 2013 and the Committee submitted its report as late as November 2013 to the Director. Though, the Committee in its' inspection report indicated that the construction agency used substandard material and the workmanship was very poor, no action was taken by the Director or Government to get the defects/deficiencies rectified from the construction agency or seek adequate compensation.

Government belatedly nominated Uttar Pradesh *Awas Vikas Parishad* in January 2015 as a construction agency in place of LACCFED for completion of the remaining work but no funds were made available to the nominated construction agency to complete the balance work due to procedural delays in sanction of estimates.

On being pointed out (May 2015 and April 2016), the Principal, and the Director, Training and Employment, UP, Lucknow stated that due to substandard work, the construction of ITI building was stopped. Government stated (November 2016) that as the account of construction agency had been seized by the Income Tax authorities, Government was unable to recover the balance amount from LACCFED.

The reply was not acceptable as construction agency (LACCFED) was engaged on nomination basis without inviting competitive rates, which was in violation of CVC order issued in July 2007 after Supreme Court decided that contracts by the State, its corporations, instrumentalities and agencies must be normally granted through public auction/public tender by inviting tenders from eligible persons. Further, no agreement prescribing detailed terms and conditions was executed, even date of completion was not prescribed, and thus there was no yardstick to monitor performance and progress of work resulting in stoppage of work and use of substandard material/poor workmanship.

Thus, the intended objective of providing technical education to students of Scheduled Caste stands defeated as the construction of the ITI building was not completed even after a lapse of five years rendering the expenditure of ₹ 2.87 crore unfruitful.

ALLAHABAD
THE

(P K KATARIA)
Principal Accountant General (G&SSA)
Uttar Pradesh

COUNTERSIGNED

NEW DELHI
THE

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

