

**Chapter-3**  
**Compliance Audit**

## CHAPTER 3

### COMPLIANCE AUDIT

#### Agriculture and Farmers Welfare Department

#### 3.1 Availability and Quality Control of Urea

**Though availability of urea was adequate yet there were systemic deficiencies such as non-maintenance of buffer stock of urea and use of urea in excess of norms by farmers. Further, quality control mechanism was not adhered to, as there were instances of shortfall in collection of fertiliser samples, under-utilisation of Fertilisers Quality Control Laboratories and inadequate action against the dealers whose samples were found sub-standard. Soil testing laboratories were also underutilised resulting in slow implementation of soil health cards scheme.**

##### 3.1.1 Introduction

Fertilisers help in increasing the agricultural production and its timely supply to the farmers is very important. Agriculture and Farmers Welfare Department has been arranging timely supply of fertilisers to farmers with the assistance of Government of India. Major fertilisers consumed in the State are di-ammonium phosphate (DAP) and urea. The sale, pricing and quality of fertilisers is regulated under Fertilisers (Control) Order, 1985. Presently, only urea is under partial control and other fertilisers are de-controlled. Distribution of DAP and urea is done through Haryana State Co-operative Supply and Haryana Marketing Federation Limited (HAFED), an agency of the State Government and private network in the State. About 30 *per cent* of urea and 35 *per cent* of DAP of the total consumption is procured and distributed by HAFED in the State and balance quantity by private dealers in the State.

With a view to assessing the availability of urea in the State and to ensure that prescribed quality checks were applied in supply of urea to farmers, records of Directorate of Agriculture and Farmers Welfare Department and five<sup>1</sup> District offices headed by Deputy Directors, Agriculture for the period 2012-18 were test checked. The district offices for test check were selected by using Stratified Sampling techniques through IDEA software. In addition to this, records of Soil

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<sup>1</sup> (i) Kurukshetra, (ii) Karnal, (iii) Panipat, (iv) Jind and (v) Mahendergarh at Narnaul.

Testing laboratory located at Karnal and Fertilisers Quality Control Laboratories located at Karnal, Hisar and Rohtak were also test checked to assess their working.

### **3.1.2 Availability of fertilisers**

Availability of urea with reference to assessed requirement by the State was adequate during 2012-18 (*Appendix 3.1*). However, there were systemic deficiencies such as non-maintenance of buffer stock of urea, non-renewal of licences, use of urea in excess of norms, slow implementation of soil health cards scheme, etc. as discussed below:

#### ***3.1.2.1 Non-maintenance of buffer stock of urea***

Assessment of requirement of fertiliser is done on the basis of cropped area, area under irrigation, soil health status, etc. and data is sent by district agriculture offices to the Directorate of Agriculture, which compiles the data of all districts to assess the demand of the State.

In order to meet the demand of urea for farmers, the State Government nominated HAFED as nodal agency for procurement and maintenance of buffers of urea in lean consumption period. The department fixes the targets on year to year basis for procurement of urea by HAFED on the basis of total requirement of the State.

HAFED had not maintained buffer stock as per targets fixed by the department in any of the years during 2012-18. HAFED procured 17.74 lakh MT urea as against the target of procuring 38.79 lakh MT during 2012-18 (*Appendix 3.2*) resulting in non-maintenance of buffer stock. Agriculture Minister viewed the matter seriously and ordered (February 2018) that responsibility for not maintaining adequate quantity of urea/DAP by HAFED should be fixed.

The Additional Director (Extension) while admitting (June 2018) non-maintenance of buffer stock by HAFED did not furnish any reasons for the failure.

#### ***3.1.2.2 Slow implementation of Soil Health Cards Scheme and use of urea in excess of norms***

Soil Health Cards (SHCs) Scheme was launched by the Government of India (GoI) in February 2015. Under the scheme, the Government was to issue SHCs to farmers which would carry crop-wise recommendations of nutrients and fertilisers required to help farmers to improve productivity through judicious use of inputs.

Implementation of the scheme was very poor as only 11.52 *per cent* farmers were provided SHCs. During 2015-18, only 5,23,090 SHCs were distributed as against 45,40,560 farmers in the State (*Appendix 3.3*).

Audit observed that farmers were using urea in excess of requirement, the application of which intensifies the potential threat to the surrounding environment such as the green house effect and acid rain. The per hectare consumption of urea was in excess ranging between 1.54 and 53.23 *per cent* in selected districts (*Appendix 3.4*) during 2012-18 except one season (Kharif 2017-18) in Kurukshetra district and two seasons (Kharif and Rabi 2017-18) in Panipat district. The Directorate stated (November 2017) that farmers were using excessive fertiliser to increase crop production but their departmental staff was educating farmers to use fertilisers on the basis of soil testing report of their fields.

The Deputy Director Agriculture (DDA) Kurukshetra stated (September 2017) that shortfall in distribution of SHCs was due to lack of trained staff for testing soil samples, non-working of Soil Testing Laboratory at Pehowa and slow working of Soil Health Card Portal. The reply was not satisfactory as due to poor coverage of SHC scheme, farmers could not be made aware about the judicious use of urea which resulted in excessive use of fertilisers.

### *3.1.2.3 Non-renewal of licences by fertiliser dealers*

Fertiliser (Control) Order, 1985 was issued under Section-3 of Essential Commodities Act, 1955. As per clause 11 of Fertiliser (Control) Order, 1985, every holder of a certificate of registration, unless renewed, suspended or cancelled, will be valid for a period of three years from the date of its issue.

In Jind district, out of 976 traders, 246 traders had not renewed their licences although these had expired between 2012 and 2017. Audit observed that survey to verify the business activities of these traders had not been conducted by the department. Thus, these traders carried on business without valid licences.

Similarly, as per records of DDA Kurukshetra, five licence holders were carrying on their business as of December 2012, although their licences expired between March 2007 and March 2011. DDA Kurukshetra stated (October 2017) that all the dealers had been issued new licences except one co-operative society. Audit observed that though the new licences were issued, no penal action was taken against the defaulters for carrying on business without valid licences. **The defaulters were liable to be penalised with imprisonment of not less than three months and extendable upto seven years along with fine under section 7 of the Essential Commodities Act, 1955.**

**Non-maintenance of buffer stock hampered the availability of urea round the year. Due to poor coverage of SHC scheme, farmers could not be made aware about the judicious use of urea. Further, the department had not conducted survey to verify the business activities of traders who had not renewed their licences.**

### **3.1.3 Quality Control**

#### **3.1.3.1 Shortfall in collection of fertiliser samples**

Directorate of Agriculture fixes the month-wise and district-wise targets for drawal of fertiliser samples by Quality Control Inspectors (QCIs) from sale points to ensure sale of quality fertiliser by dealers. Audit observed that as against the targets of collecting 6,267 samples, only 4,709 samples were collected and shortfall was 1,558 samples (25 per cent) during 2012-18 in selected districts. Thus, the system of quality control was not fully enforced. **This was fraught with the risk of sub-standard fertilisers being sold by the traders, which in turn could harm the soil and the crops of the farmers.**

The Department while accepting the facts stated (June 2018) that shortage of manpower was the main reason for shortfall in the collection of samples.

#### **3.1.3.2 Underutilisation of Fertilisers Quality Control Laboratories**

There were three Fertilisers Quality Control Laboratories (FQCLs) in the State. The capacity of analysing the samples of each laboratory was 1,700 samples per year. The capacity of FCQL Karnal was increased to 1,850 samples and in respect of FCQL Rohtak it was reduced to 1,000 samples in 2017-18. However, it was observed that all the three laboratories were underutilised. The shortfall in analysing samples during 2012-18, in FQCL, Karnal was between 23.82 and 60.88 per cent (except for the year 2012-13), in FQCL, Hisar, it ranged between 11.47 and 69.59 per cent (except for the 2012-14) while in FQCL, Rohtak shortfall was between 32.43 and 82.17 per cent (**Appendix 3.5**).

There was shortage of technical and non-technical staff in the laboratories. Shortage in technical manpower ranged between 45.45 per cent and 77.78 per cent and in respect of non-technical staff it ranged between 14.29 per cent and 64.29 per cent during 2012-13 to 2017-18 (**Appendix 3.6**). **The shortfall of technical manpower resulted in shortfall in analysing samples in the laboratories with reference to targets, thereby hampering the quality control system of the department.**

It was further observed that there was shortage of equipment in FQCL, Hisar. As against 115 equipment planned for installation by 2017-18, only 61 equipment were

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installed, leaving shortage of 54 equipment (*Appendix 3.7*). As a result, there was shortfall in analysing the samples in laboratories during 2015-18.

The Additional Director (Extension) stated (June 2018) that they would try to resolve the problem by deploying contractual staff. No reasons for non-installation of 54 equipment were given.

### ***3.1.3.3 Status of samples found sub-standard and action taken***

During 2012-18, out of 17,517 fertiliser samples, 527 were found of sub-standard quality (*Appendix 3.8*).

In test checked districts, 46 fertiliser samples (Kurukshetra: 17, Karnal: 13, Panipat: 8 and Jind: 8) were found sub-standard during 2012-13 to 2017-18 (*Appendix 3.9*). **Legal action was initiated against only nine cases while adequate action was not taken against 37 dealers** as detailed below.

In nine cases, only warning was issued to the fertiliser dealers instead of initiating any legal action. Three cases were pending and in other three cases, only the value of lot of urea was fixed and the dealer was allowed to sell urea for any non-agriculture purpose. No action was taken against 22 defaulters.

### ***3.1.3.4 Shortfall in conducting inspections***

As per directions of Directorate of Agriculture (May 2014), all the Deputy Directors Agriculture (DDA), Quality Control Inspectors (QCI), Sub Divisional Agriculture Officers (SDAO) and Assistant Plant Protection Officers (APPO) were required to check at least five sales points and Block Agriculture Officer (BAO) was required to inspect two sale points of fertilisers every month. However, prescribed numbers of inspections were not carried out by the respective officers in test checked districts. The shortfall in conducting inspections in test checked districts ranged between 71 to 92 *per cent*. There were cases of black marketing, (four, one each in Kurukshetra, Panipat, Karnal and Jind) diversion (two cases in Panipat), smuggling of urea (one case in Karnal). **The system of inspections was not strengthened as per the directions of Directorate to check black marketing, diversion and smuggling of urea.**

### ***3.1.3.5 Functioning of soil testing laboratories***

There are 34 soil testing laboratories (STL) in the State, out of which 12 STLs were not in operation during 2012-17 due to shortage of technical staff, non-availability of micro nutrient facilities, etc. However, 11 out of these (except laboratory located at Naraingarh) were made functional from the year 2017-18.

During 2012-18, there were shortfalls in analysing of samples with reference to capacity except during the year 2016-17 in which 6,35,046 samples were test checked against capacity of 2,15,000 reportedly by putting extra efforts and outsourcing staff. The shortfall in analysing the samples of soils ranged between 13.49 per cent and 45.92 per cent in these laboratories during 2012-18 (*Appendix 3.10*). As a result of this, there was shortfall in issue of soil health cards as discussed in paragraph 3.1.2.2. During 2012-18, there was huge shortage of technical and non-technical staff. Shortage in technical manpower ranged between 58.50 per cent and 86.81 per cent and between 45.95 per cent and 73.61 per cent in non-technical staff (*Appendix 3.11*). **The shortfall of technical man power led to short analysing of samples in the laboratories with reference to targets.**

The Joint Director (Soil Testing) Karnal stated (September 2017) that staff have been outsourced and the laboratories would be run in double shift to achieve the targets of preparation of SHCs.

**Shortfall in collection of samples was fraught with the risk of sub-standard fertilisers being sold by the traders, which in turn could harm the soil and the crops of the farmers. Legal action was not taken where samples of fertilisers were found substandard. The system of inspections was not strengthened as per the directions of Directorate to check black marketing, diversion and smuggling of urea.**

#### **3.1.4 Conclusion**

**Availability of urea with reference to assessed requirement by the State was adequate during 2012-18. However, systemic deficiencies such as non-maintenance of buffer stock for availability of urea round the year, use of urea in excess of norms due to non-preparation of soil health cards which threatened the surrounding environment and inspections were not conducted as per targets to check black marketing, diversion and smuggling of urea. The Quality Control mechanism for fertilisers was not properly adhered to as there were instances of shortfall in collection of fertiliser samples, underutilisation of Fertilisers Quality Control Laboratories and inadequate action against the dealers whose samples were found sub-standard.**

**As the department attributed the deficiencies to shortage of manpower, the Government should address the issue urgently to bring about improvement in working of the department.**

These points were referred to the Government in June 2018 and further reminder was issued in January 2019; but their reply was still awaited (May 2019).

## 3.2 Monitoring of Ground Water Use in Notified Areas

**Ground Water Cell for management of ground water was operating with skeletal staff which impaired the ability for carrying out its activities. Targets of construction of Rain Water Harvesting Structures (RWHs) and installation of piezometers were not achieved. There was a lack of monitoring over compliance of conditions of no objection certificates for drawal of ground water and there were instances of non-installation of water meters, construction of tubewells in excess of prescribed limits, non-installation of piezometers, non-construction and maintenance of RWHs.**

### 3.2.1 Introduction

Water is essential for life, living and livelihood and its sustainable development and efficient management is a complex challenge in India. Central Ground Water Authority (CGWA) is the national apex agency entrusted with the responsibilities of management of ground water resources in the country. The CGWA has notified 162 areas for the purpose of regulation of ground water development in the country. The District Administrative Heads (Deputy Commissioner/District Magistrate/District Collector) assisted by Advisory Committees of the notified areas in the country have been appointed as 'Authorized Officers' by CGWA under Section 4 of the Environmental Protection Act (EPA) (1986) for regulating ground water development. All issues pertaining to granting of no objection certificates (NOCs) for ground water withdrawal, checking violations, sealing of ground water abstraction structures, launching of prosecution against offenders, attending to complaints, etc., are to be addressed by the Authorized Officers. The NOCs for ground water withdrawal in non-notified areas for industries/infrastructures/mining projects are issued by CGWA except for the State/UTs which have constituted their State Ground Water Authorities or where State Government had issued orders in this regard. Haryana has not constituted its State Ground Water Authority. Therefore, NOCs for ground water withdrawal for these purposes in non-notified areas in the State are issued by CGWA.

Haryana is a water deficit state with respect to surface and ground water resource. The ground water level in the State particularly in the fresh ground water zone is depleting fast due to over exploitation of ground water. The State's average decline in water table was 10.18 metres during June 1999 to June 2018 while the depletion in water table was 2.41 metres during 2013-18 (from 17.16 metres to 19.57 metres) (*Appendix 3.12*). The CGWA has declared 17 areas/blocks located in 11<sup>2</sup> districts of the State as notified areas where permission to extract ground water through any

<sup>2</sup> (i) Bhiwani, (ii) Faridabad, (iii) Fatehabad, (iv) Gurugram, (v) Kaithal, (vi) Karnal, (vii) Kurukshetra, (viii) Panipat, (ix) Rewari, (x) Sirsa and (xi) Mahendergarh.



energized means is not accorded for any purpose other than for drinking and domestic purpose. Respective district administration had issued 30<sup>3</sup> NOCs in notified areas of five districts in the State for infrastructure projects for extracting ground water for drinking and domestic purposes during the period 2013-18. No NOC was issued to individual households in the State during this period.

In Haryana, a Ground Water Cell (GWC) headed by the Chief Hydrologist under Agriculture and Farmers Welfare Department is working for ground water management. The GWC performs activities like monitoring of water level, micro level survey to identify potential water pockets, monitoring of rain gauge stations, training of farmers for minor irrigation schemes, construction roof top rain water harvesting structures (RWHs) in Government buildings for augmenting ground water, etc. There are 10<sup>4</sup> field offices of the Hydrologists/Assistant Geologists in various districts which are working as nodal officers under district administration for monitoring ground water extraction in notified areas.

To ascertain whether mechanism for ground water monitoring, assessment and regulations for sustainable development of ground water in notified areas was effective, records of GWC for the period 2013-18 were scrutinised. Joint physical verification was conducted between February and May 2018 alongwith member of CGWA (NWR), Chandigarh an representative of Authorized Officers of all the 30 units to verify the compliance of conditions of NOCs.

### **3.2.2 Working of Ground Water Cell**

#### ***3.2.2.1 Skeletal staff for ground water management***

As against the sanctioned strength of 46 in GWC, only seven persons were in position as on 31 March 2018. Similarly, in field offices of GWC, only 37 and 34 persons were in position against the sanctioned strength of 135 and 110 in the offices of the Hydrologists and Assistant Geologists respectively. Thus, the activities of ground water management were carried out with 78 persons (27 per cent) against the sanctioned strength of 291.

#### ***3.2.2.2 Non-achievement of targets of construction of RWHs and installation of piezometers***

Rooftop Rain Water Harvesting is the technique through which rain water is collected from roof catchments and stored in reservoirs. Harvested rain water can

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<sup>3</sup> Faridabad-13, Fatehabad-8, Karnal-4, Kurukshetra-3 and Mahendergarh-2.

<sup>4</sup> Hydrologists: Ambala, Karnal, Hisar, Gurugram and Rohtak; Assistant Geologists: Bhiwani, Jind, Kurukshetra, Sirsa and Narnaul.

be stored in sub-surface ground water reservoir by adopting artificial recharge techniques. The main objective of rooftop rain water harvesting is to make water available for future use. During 2013-18, GWC was allotted an amount of ₹ 3.85 crore for construction of 471 RWHs in Government buildings against which, only 241 RWHs were constructed with an expenditure of ₹ 2.55 crore. Similarly, as against the allocation of ₹ 3.25 crore for installation of 339 piezometers, ₹ 2.44 crore were spent on installation of 242 piezometers<sup>5</sup> during the same period (details are given in *Appendix 3.13*). Thus, the targets for construction of RWHs and installation of piezometers remained unachieved.

Further, training to farmers for minor irrigation was not imparted and mechanism to involve user groups/community participation/Panchayats, etc. for ground water management and regulations was not evolved.

The Government stated (January 2019) that in spite of shortage of staff efforts are being made to achieve the targets for the construction of RWHs and piezometers. Training to farmers for minor irrigation could not be conducted and participation of public for ground water management could not be ensured due to shortage of staff. It was also added that efforts are being made to strengthen the GWC and to increase the number of district level offices to 22 and that a proposal in this regard had been sent to Government.

**Construction of RWHs and installation of piezometers was necessary for recharging and monitoring the ground water level and this issue was not addressed properly.**

### **3.2.3 Issue of NOCs for drawal of ground water in notified areas and compliance of their conditions**

Permission to extract ground water through any energized means in notified areas will not be accorded for any purpose other than for drinking and domestic purpose. The permission would be granted by the Authorised Officer in consultation with the advisory committee constituted for this purpose.

The NOC can be accorded for construction of ground water extraction structures/replacement of existing defunct well for drinking and domestic purposes only. NOC for ground water withdrawal will be considered only if Water Supplying Department is not providing adequate water in the area/premises. Government Water supplying agencies can be accorded NOC as per their requirement. Further, conditions such as maximum diameter of bore-wells, capacity of the pumps,

<sup>5</sup> An instrument for measuring the pressure of a liquid or gas. Piezometers are often placed in boreholes to monitor the pressure or depth of groundwater.

installation of water meters, piezometers, etc. are also imposed on units for compliance. Any violation of the conditions attracts legal action under Section 15 of the EPA 1986.

### ***3.2.3.1 Meetings of the Advisory Committees not held at prescribed intervals***

Regulation of ground water development in notified area is to be monitored through district administrative heads assisted by Advisory Committees<sup>6</sup>. Field Offices of GWC i.e. Offices of Hydrologists or Geologists are the nodal offices for granting NOCs for ground water withdrawal.

It was decided in the meeting held in August 2009 under the Chairmanship of Deputy Commissioner, Faridabad that the meeting of Advisory Committee must be held twice in a year to monitor the progress of ground water development. However, no periodicity was fixed for holding of meetings of Advisory Committees in other four selected districts. However, meetings of the Advisory Committee were held only for issuance of NOCs for extraction of ground water during the period year 2013-18 instead of holding meeting at regular intervals. 13<sup>7</sup> meetings were held in five test-checked districts during this period.

**Monitoring of ground water development through Advisory Committees was deficient which defeated the envisaged objectives of monitoring the progress of ground water development.**

### ***3.2.3.2 Non-monitoring of conditions of NOC***

No mechanism was evolved to ensure that conditions laid down in the NOC for extraction of ground water were complied with. No inspections were conducted by the Authorized Officer to verify the compliance of conditions of NOC. After the issuance of NOCs, no official of the department either visited the sites or watched the compliance through returns from units extracting ground water except for two units<sup>8</sup>. As a result of this, appropriate action under Section 15 of the EPA 1986 could not be taken against the defaulters.

Audit observed during physical verification that the units were not complying with the conditions of NOCs as discussed below:

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<sup>6</sup> The members of advisory committee are Additional Deputy Commissioner, Sub-Divisional Magistrate, City Magistrate, Representative of Central Ground Water Board, Hydrologist/Assistant Geologist of the Ground Water Cell, State Pollution Control Board, etc.

<sup>7</sup> Faridabad- 4, Fatehabad- 3, Karnal- 2, Kurukshetra- 3 and Mahendergarh- 1.

<sup>8</sup> (i) Adesh Haryana University, Mohri (Kurukshetra) and (ii) Miri Piri Institute of Medical Science and Research, Shahabad (Kurukshetra).

**(i) Installation of water meters**

As per conditions of NOC, the units were required to install water meters to measure drawal of water from the tubewells/borewells and maintain daily record of extraction of water to ascertain that the water was withdrawn within permissible limits.

Audit observed that condition of installation of water meters to measure the quantum of daily extraction of ground water was not mentioned in the NOC of 12 out of 30 units. Further, physical verification of the sites revealed that water meters were not installed by 23 units out of 30 units test-checked (details of cases given in **Appendix 3.14**). Three units<sup>9</sup> had installed water meters but log books for recording daily extraction of water were not maintained. Therefore, actual quantum of drawal of water could not be compared with permissible limits. Only two<sup>10</sup> units of Kurukshetra district were maintaining log books and actual quantum of water withdrawal was within the permissible limits. In two units<sup>11</sup>, installation of tubewells was under process.

**Non-installation of water meters and non-maintenance of log books is fraught with the risk of excess extraction of ground water by units.**

**(ii) Irregularities in installation of tubewells**

Terms and conditions of NOCs stipulated the number of tubewells to be installed by the units with the specification of diameter of the wells and capacity of the pumps in each case.

Physical verification of the sites revealed that three<sup>12</sup> units had constructed 11 tubewells as against the permissible limit of five tubewells. Further, diameter of 17 tubewells in respect of eight units was more than the permissible limits. Capacity of pumps of 16 tubewells in respect of eight units was more than the permissible

<sup>9</sup> Chandrawati Medical Centre, Karnal, Ajay Enterprises Private Ltd., Charmwood, Surajkund Road Faridabad and Surya Boards, Kullu (Fatehabad).

<sup>10</sup> (i) Adesh Haryana University, Mohri (Kurukshetra) and (ii) Miri Piri Institute of Medical Science and Research, Shahbad (Kurukshetra).

<sup>11</sup> Urban Estate Sector-1, Pehowa (Kurukshetra) and Vedic Education Society, Chandaliya Narnaul (Mahendergarh).

<sup>12</sup>

Sr. No.	Name of Unit	No. of tubewells to be constructed	No. of tubewells constructed	Variations
1.	R.C. Sood and Co. Private Limited, Surajkund Road, Faridabad	2	4	2
2.	RPS Infrastructure Sector 88, Faridabad	1	4	3
3.	National Institute of Immunology, Bhankari (Faridabad)	2	3	1
<b>Total</b>		<b>5</b>	<b>11</b>	<b>6</b>

limits (**Appendix 3.15**). **The position shows that the water was being withdrawn in excess of permissible limits by these units.**

**(iii) Installation of piezometers and their monitoring**





As per guidelines of CGWA, piezometers are required to be installed by the individual units for measuring the ground water level by lowering the tape/sounder or automatic water measuring (AWLR) equipment. The measurement of water level in piezometer should be taken, only after the pumping from the surrounding tubewells has been stopped for about four to six hours. All the details regarding coordinates, reduced level (with respect to mean level), depth, zone tapped and assembly lowered should be provided for bringing the piezometer into the National Hydrograph Monitoring System of Central Ground Water Board for its validation. Audit observed that condition of installation of piezometers was not imposed in NOCs by the Authorized Officers in respect of 28 units. Though the condition of installation of piezometers was imposed in respect of remaining two units, (i.e. Police Lines Housing Society, Karnal and Kalpana Chawla Medical College, Karnal) yet **the piezometers were not installed by these units even after a lapse of more than two years of issue of NOCs which hampered the monitoring of ground water levels.**

**(iv) Construction and maintenance of RWHs**

As per terms and conditions of NOCs, the units were required to undertake artificial recharge to ground water through RWHs in the premises within 45 days of issuance of NOCs and confirm the construction of RWHs to the Authorized Officer for verification. Physical verification of the sites revealed that ten<sup>13</sup> units had not constructed RWHs for artificial recharge to ground water as per terms and conditions of the NOCs. In six units, RWHs were not properly maintained as can be seen from following photographs:

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<sup>13</sup> (i) OMEX Limited, Sector-86, Faridabad, (ii) M/s Maan Feeds Private Limited, Sector 25, Faridabad (iii) Mohan Rishi School, Bhud Colony, Sector 25, Faridabad (iv) Central Division 1, CPWD, NH-IV, Faridabad (v) Kasturba Gandhi Balika Vidyalaya, Jamalpur Shekhan (Fatehabad) (vi) Government High School, Hederwala (Fatehabad) (vii) ShamshanGhat, Kullan (Fatehabad) (viii) Surya Boards, Kullan (Fatehabad) (ix) Government Primary School, Jabtewala (Fatehabad) and (x) Government Primary School, Guru Jambeswar DhaniIndochai (Fatehabad).

		
Muddy structure at R.C. Sood and Co. Private Limited, Surajkund Road, Faridabad (12.02.18)	Water logged structure at RPS Infrastructure Sector 88, Faridabad (21.02.18)	Bushes/grass grown in the structure at M/S Continental Devices, Sector 20 B, Faridabad (07.03.18)
		
Leaves and mud in RWH structure at Food Corporation of India, Dabua NIT-2, Faridabad (25.05.18)	Muddy and water logged in RWH structure at Apparel Export Promotion Council, Sector 20 B, Faridabad (22.05.18)	Bushes at BKN Government Polytechnic Narnaul (Mahendergarh) (16.05.18)

As is evident from above photographs, the structures were muddy/water logged and filled with garbage, plastic bottles, grass/bushes, etc. which hampers the seepage of rain water through RWHs for augmentation of ground water level in the area.

Thus, monitoring of the compliance of conditions contained in the NOCs was neither being done by the GWC nor by district administration.

### 3.2.4 Conclusion

Ground Water Cell for management of ground water was operating with skeletal staff and was not carrying out its activities efficiently as targets of construction of RWHs and installation of piezometers were not achieved, training to farmers for minor irrigation was not imparted. No system was evolved to involve the users group/community participations/panchayats, etc. for ground water management. There was non-compliance of conditions of NOCs for drawal of ground water, non-installation of water meters, construction of tubewells in excess of prescribed limits, non-installation of piezometers, and non-construction and maintenance of RWHs. No mechanism was evolved to monitor the compliance of conditions of NOCs.

**Since ground water level in the State particularly in the fresh ground water zone is depleting fast from 17.16 metres to 19.57 metres during 2013-18 due to over exploitation, there is need to ensure and monitor strict compliance of conditions contained in the NOCs issued in notified areas. This would help in controlling the depletion of ground water in the State. Further, the issue of shortage of manpower needs to be addressed.**

## Food, Civil Supplies and Consumer Affairs Department

### 3.3 Extra burden of interest

#### **Delay in raising claims for differential amount between final and provisional procurement incidental charges from FCI led to avoidable interest burden of ₹ 7.88 crore on State exchequer.**

Food, Civil Supplies and Consumer Affairs (FCS&CA) Department, Haryana procures wheat and paddy every year on behalf of Food Corporation of India (FCI) from the farmers at Minimum Support Price (MSP) and delivers<sup>14</sup> the same to FCI. The expenditure incurred by the Department during the process of procurement is paid by the FCI as 'procurement incidental charges<sup>15</sup>' on the basis of provisional rates decided by Government of India (GoI) before the commencement of procurement season. GoI subsequently declares final rates of incidental charges on the basis of actual expenditure incurred on procurement operations. As the procurement of wheat and paddy is made by availing cash credit limit from the State Bank of India, it is in the financial interest of the Department to lodge its claims with FCI and get reimbursements on the differential rates as early as they become due for minimising interest burden on availed cash credits.

The GoI declared final rates for procurement incidental charges on the basis of actual expenditure incurred by the State Government/Agencies on procurement activity, for Kharif Marketing Season (KMS) 2009-10, 2010-11 and 2011-12 in March 2015 and June 2015 and for Rabi Marketing Season (RMS) 2009-10, 2010-11 and 2011-12 in January 2016, March 2016 and May 2016 respectively.

During the audit of the FCS&CA Department, it was seen that nine<sup>16</sup> test checked field offices of the Department raised bills for the differential claims of final and provisional incidentals from the FCI with a delay<sup>17</sup> of up to 979 days after declaration of final rates by the GoI for both RMS and KMS as detailed in **Table 3.1**.

<sup>14</sup> Custom Milled Rice (CMR) is delivered after milling of paddy from the millers.

<sup>15</sup> Administrative charges, cost of gunny bags, transportation, custody and maintenance charges and interest charges.

<sup>16</sup> (i) Ambala, (ii) Hisar, (iii) Jind, (iv) Kaithal, (v) Karnal, (vi) Kurukshetra, (vii) Panipat, (viii) Sonapat and (ix) Yamunanagar.

<sup>17</sup> After allowing 30 days' time for processing claims.

**Table 3.1: Detail of delay in raising differential claims of final and provisional incidentals**

Range of delay (in days)	Number of bills	Amount of bills (₹ in crore)	Interest liability (₹ in crore)
1-100	13	15.45	0.27
101-300	15	19.45	1.09
301-500	6	10.65	1.18
501-800	4	4.98	0.94
above 800	3	15.78	4.40
<b>Total</b>	<b>41</b>	<b>66.31</b>	<b>7.88<sup>18</sup></b>

Source: Compiled from departmental data

As seen from above data, 77 per cent of claims were submitted with delay of more than 100 days. DFSC, Kurukshetra raised the differential bills of ₹ 15.78 crore for KMS 2009-12 as late as in December 2017, that is after 32 months of declaration of the final rates by GoI, with consequent interest burden of ₹ 4.40 crore.

Out of total ₹ 66.31 crore realisable from FCI ₹ 50.53 crore had been received and ₹ 15.78 crore was yet to be received (March 2018). Audit further observed that there was no monitoring mechanism in the Department for ensuring timely raising of bills.

**Delay in raising of claims for differentials of incidentals from FCI resulted in increased interest burden of ₹ 7.88 crore (up to December 2017) on State exchequer in the nine test checked offices. Department may extend this examination in other offices for identifying similar instances of delayed claims.**

The matter was referred (March 2018) to State Government and further reminder was issued in May 2018; their reply was awaited (May 2019).

### **3.4 Loss due to suspected misappropriation of paddy**

**Registration of millers for custom milling rice without assessing their financial and technical capabilities and without obtaining requisite guarantees and third party sureties caused a loss of ₹ 24.04 crore to the State exchequer as 14,904 Metric Tonne (MT) paddy was suspected to be misappropriated by two rice millers in connivance with officials of the Department and Haryana Agro Industries Corporation Limited.**

The State Government issued guidelines for the Kharif Marketing Seasons of 2014 and 2015, according to which the District Food Civil Supplies and Consumer Affairs Controllers (DFSCs) were authorised to issue provisional registration certificates to rice millers for custom milling of paddy to be procured by

<sup>18</sup> Worked out at the minimum annual rate of interest applicable on availing cash credit from State Bank of India.



Government Agencies. The certificate was to be issued after assessing financial and technical qualification of the miller on the basis of income tax returns for the last five years, capacity of rice mill, connected electric load of the mill, documents for ownership or lease, etc. The policy guidelines also defined the amount of guarantees and sureties to be obtained and maximum limit of paddy to be allotted to each category of rice mill as under: -

Sl. No.	Particulars	In case the miller was owner of the mill	In case the miller had hired mill on lease
1.	Maximum allotment of paddy to miller	KMS 2014-3000 MT to 6000 MT KMS 2015 - 4000 MT to 7000 MT (as per milling capacity)	KMS 2014-3000 MT KMS 2015 - 5000 MT
2.	Guarantee to be obtained from miller	Cheques of ₹ 50 lakh/tonne/hour milling capacity besides two third party sureties of <i>Arhtia</i> <sup>19</sup> of the same mandi	Cheques of ₹ 50 lakh/tonne/ hour milling capacity besides two third party sureties of <i>Arhtia</i> of the same mandi

(A) The DFSC Fatehabad issued a registration certificate on 7 October 2014 to M/s Shree Shivaji Foods, Chander Kalan, Fatehabad (Miller-A) with two metric tonne per hour capacity on the basis of single income tax return for the year 2013-14 filed by the proprietor on 6 October 2014 showing his income for the year 2013-14 as ₹ 1.66 lakh. The income tax returns for the preceding four years prior to 2013-14 were, however, not obtained. Requisite guarantee of ₹ one crore and third party sureties were also not obtained. The Miller-A had taken the rice mill for custom rice milling on lease for next ten years on 1<sup>st</sup> September 2014. An agreement was entered into between DFSC, Fatehabad and the Miller-A on 31<sup>st</sup> October 2014 for issuing approximately 3,000 MT paddy to the miller for custom milling. According to terms and conditions prescribed in the guidelines, 67 per cent of the total paddy was to be delivered to FCI as custom milled rice.

The Inspector, Food and Supplies, Fatehabad released 10,782.24 MT paddy (November 2014) to the Miller-A, which was much in excess of permissible limits, for supplying 7,224.10 MT (67 per cent) custom milled rice (CMR) to the department by 31<sup>st</sup> March 2015<sup>20</sup>. But the miller supplied only 162 MT (2.24 per cent) CMR up to 15 December 2014. The officials of Food and Supplies Department conducted physical verification in December 2014 and found 8,600 MT of paddy short in the premises of the rice mill and lodged an FIR on 17 December 2014. Final shortage of 8746.76 MT paddy valuing ₹ 13.83 crore was calculated by the Department. Out of this, ₹ 46.58 lakh were recovered from the

<sup>19</sup> Arhtia is a commission agent with whose help the procurement process is handled by Procurement agencies.

<sup>20</sup> November 2014: 15 per cent, December 2014: 20 per cent, January 2015: 20 per cent, February 2015: 25 per cent, March 2015 : 20 per cent.

millers by forfeiting security, auction of residual material and withholding bill payment. Net loss to the State Government was ₹ 13.37 crore<sup>21</sup>.

(B) In another case, the DFSC, Ambala registered a miller M/S Shiv Shankar Rice Mill, Naraingarh (Miller B) in October 2015 with 4 MT/hour capacity for the KMS 2015 on the basis of PAN application of the proprietor which implies that no income tax return was filed by him till October 2015. The technical capacity of the miller was not got verified from the District Industries Centre, Ambala. No guarantee or third party surety was obtained. Despite the fact that miller was a lessee, he was shown as owner of the mill. The Haryana Agro Industries Corporation (HAIC) allotted 7,492.65 MT of paddy to the miller against entitlement of 5,000 MT during October and November 2015. The CMR (5,020.08 MT) was to be delivered by 31<sup>st</sup> March 2016<sup>22</sup>. But the miller supplied only 27 MT (0.54 *per cent*) CMR up to 25 December 2015. Thereafter a special physical verification of premises of rice millers was carried out (25 December 2015) by the Department and 6,157.48 MT of paddy valuing ₹ 10.45 crore was found short. An FIR was lodged (26 December 2015) against the miller for misappropriation of paddy worth ₹ 10.67 crore including cost of gunny bales, paddy covers and wooden crates. The police investigation revealed (November 2016) that the documents submitted by the owner of the rice mill for identity (driving licence and voter card) were found to be non-genuine.

The Director, Food, Civil Supplies and Consumer Affairs replied (March 2018) that defaulting officers/officials<sup>23</sup> had been charge sheeted (September 2016 & January 2017) for excess allotment of paddy and non-pursuance of delivery with the miller. The Managing Director, HAIC also stated (March 2018) that the concerned District Managers had been charge sheeted and have been held guilty (July 2017) by the Inquiry Officer. However, no action had been initiated against DFSCs for registering financially and technically ineligible millers.

**Non-compliance of provisions of Government guidelines for registering millers after assessing their financial and technical qualifications and allotment of paddy to millers in excess of their limits by the Department caused a loss of ₹ 24.04 crore to the State exchequer. The entire amount was yet to be recovered (July 2018).**

<sup>21</sup> ₹ 13.83 crore (value of shortage)- ₹ 5.07 lakh (Recovery through FDR)- ₹ 8.23 lakh (Recovery by auction)- ₹ 33.28 lakh (Amount withheld of Arhtia).

<sup>22</sup> November 2015: 20 *per cent*, December 2015: 20 *per cent*, January 2016: 20 *per cent*, February 2016: 25 *per cent*, March 2016 : 15 *per cent*.

<sup>23</sup> In respect of Fatehabad District, a District Food & Supplies Controller, a District Food and Supplies Officer, an Assistant Food & Supplies Officer, two Inspectors and a Sub Inspector; In respect of Ambala District – two District Managers of HAIC.

The matter was referred (May 2018) to State Government and further reminder was issued in July 2018; their reply was awaited (May 2019).

## Food and Drug Administration Department

### 3.5 Irregularities in collection of samples and laboratory analysis of medicines

**A large number of licencees remained unchecked; sample analysis reports were issued late and where sample was found not of standard quality, action for recalling and issuing alert was initiated with inordinate delay. Destruction of substandard drugs was not monitored and subsequent batches were not checked. Risk of manufacturing, distribution and sale of substandard drugs was high with serious implications for health and even lives of general public.**

The Government of Haryana established the Department of Food and Drug Administration in January 2011 for implementing Drugs and Cosmetics Act 1940 (the Act) and Rules (the Rules) framed thereunder to regulate the manufacturing, distribution and sale of drugs and cosmetics in the State and for ensuring that the quality drugs are made available to the people. The department enforces aforesaid Acts and Rules through (a) licensing and inspections of drug manufacturing units, blood banks and sale premises (b) drawal and testing of samples and (c) initiating recall of drugs declared as “Not of Standard Quality” (NSQ) and prosecuting offenders.

The Department is headed by State Drug Controller who is assisted by seven Senior Drug Control Officers (Sr. DCOs) and 18 Drug Control Officers (DCOs), against the sanctioned posts of 10 Sr. DCOs and 46 DCOs, respectively. The Department has only one drug testing laboratory at Chandigarh. Test check of records of DCOs Kurukshetra, Ambala and Panchkula for the period 2014-17 revealed the following:

#### 3.5.1 *Non-fixation of targets for sample collection*

The department had not fixed targets for collection of samples by DCOs under Section 23 of the Act. It was found that out of total 1,846 licencee units in three test-checked districts, 1,244 samples from 314 units (17 *per cent*) only, were collected during 2014-17 as detailed in **Table 3.2**. Thus, 1,532 licencees (83 *per cent*) remained unchecked which was fraught with the risk of manufacturing, distribution and sale of substandard drugs and cosmetics in the State.

**Table 3.2: Detail of coverage of licensee units and samples taken**

District	Total licensee units	Total units covered	Coverage percentage	Sample taken
Ambala	591	103	17	483
Panchkula	733	150	20	451
Kurukshetra	522	61 <sup>24</sup>	12	310
<b>Total</b>	<b>1,846</b>	<b>314</b>	<b>17</b>	<b>1,244</b>

(Source: Data compiled from information provided by the Department)

### 3.5.2 Delay in 'Reports of Analysis'

The quality of drug samples drawn by the DCOs were required to be analysed at the drug testing laboratory, Chandigarh. Initially, no time limit was prescribed in the rules for issuing report of analysis. In January 2017, a time limit of 60 days from the date of receipt of the sample was prescribed. There was delay in issuance of Reports of Analysis (RA) of 1,174 samples as given in **Table 3.3**.

**Table 3.3: Detail of delay in issuance of report of analysis**

Time period	Number of RAs received	Percentage of total samples
Within two months	70	5.63
Between two months and six months	197	15.84
Between six months and 12 months	300	24.12
Between 12 months and 24 months	340	27.33
After 24 months	25	2.00
RA still awaited (March 2018)	312	25.08
<b>Total</b>	<b>1,244</b>	

(Source: Data compiled from information provided by the department)

312 samples for which RA were not received as of March 2018 also included samples drawn in April 2014. Year-wise detail of samples for which RAs were awaited is given in **Table 3.4**.

**Table 3.4: Detail of samples for which reports of analysis were awaited**

Year	Samples for which RAs were awaited			
	DCO Ambala	DCO Panchkula	DCO Kurukshetra	Total
2014	3	6	-	9
2015	2	13	18	33
2016	63	73	22	158
2017	15	-	8	23
Date not mentioned in the register	-	-	89	89
<b>Total</b>	<b>83</b>	<b>92</b>	<b>137</b>	<b>312</b>

(Source: Data compiled from information provided by the department)

<sup>24</sup> In 37 samples, name of the licensee unit was not mentioned in the register being maintained by the Department.

It was noticed that four samples were declared NSQ in LNJP Hospital, Kurukshetra but due to delay in testing of sample and issuance of RA the drugs were consumed as depicted in **Table 3.5**.

**Table 3.5: Detail of drugs consumed due to delay in reports of analysis**

Drug	Azithromycin	Nephacorate (Prednisolan)	Pcm Oral Sus	Pheytion Sodium
Date of Sample	26-02-15	27-04-15	18-01-17	27-04-15
Date of issuance of test report	10-05-16	29-10-15	22-09-17	29-10-15
Delay in RA (In Days)	439	185	247	185
Quantity Received	30,000	12,300	1,000	14,730
Consumed Till RA received	30,000	3,100	491	2,070
Balance	0	9,200	509	12,660

(Source: Data compiled from information provided by the department)

Had the results of sample analysis been declared within reasonable time limit, the consumption of NSQ drugs could have been avoided. This was fraught with serious risk to health/life of patients.

In reply to the audit observation, the State Drug Controller stated (April 2018) that instructions had been issued for clearing the back log of sample analysis and measures were being taken for upgradation of laboratory. **Issuance of quality drugs is a highly critical issue. The department should have taken necessary action for ensuring this. However, it issued necessary instructions for clearing backlog of sample analysis only at the instance of audit.**

### 3.5.3 Delay in recall and rapid alert where sample found not of standard quality

As per Central Drug Standard Control Organisation (CDSCO) guidelines, safety alerts were to be issued to DCOs and general public for stoppage of sale and consumption of NSQ drugs. As per the guidelines, action was required to be taken immediately within 24 hours to 30 days as per categorisation of NSQ drugs<sup>25</sup>. Audit observed that no categorisation of NSQ drugs was done by the Department. A detailed analysis of 12 NSQs (04 from each district) out of total 25 NSQs showed huge delays in recalling and issuing rapid alert by DCOs Kurukshetra, Ambala and Panchkula.

- The DCOs had not categorised the NSQ drugs for issuing rapid safety alerts and recalling the harmful drugs for preventing serious adverse health effects.

<sup>25</sup> Class I recall – 24 hours to 72 hours – where probability is of serious adverse health consequences; Class II recall – within 10 days – where probability is of temporary adverse health consequences; Class III recall – within 30 days – where probability is not likely to cause adverse health consequences.

- Out of 12 samples, in 6 cases, action was initiated after 30 days. In one case, action was initiated after 275 days. Such delay in taking action was fraught with the risk of consumption of substandard drugs by public and was tantamount to playing with lives of general public.
- The department had not checked subsequent batches of drugs despite this being mandatory as per the guidelines. In two cases, the State Government of Himachal Pradesh had suspended product licences of manufacturers for 15 and 60 days on the basis of alerts issued by the Department. But subsequent batches of these manufacturers were not checked for quality assurance.
- The State Drug Control Officer had not informed the zonal offices of CDSCO regarding NSQ drugs for alerts in violation of the provisions of para 4.2 of CDSCO guidelines.

In reply to the audit observation, the State Drug Controller stated (April 2018) that all the DCOs were being informed about the NSQ drugs on receipt of such report for issuing notices to the manufacturers of these drugs. Further, NSQ drugs were destroyed by manufacturers and traders. However, the Department did not exercise adequate internal checks for having an assurance that NSQ drugs are not issued.

#### ***3.5.4 Licensing of manufacturing units and blood banks***

Licence for the manufacture and sale of Allopathic and Homeopathic drugs and establishment of blood bank is required under the provisions of Drugs and Cosmetics Act-1940. For issuance of licence, the premises are jointly inspected by Central and State inspectors.

In the State, there were 219 manufacturing units of drugs, 72 blood banks and 115 manufacturing units of cosmetics. During 2014 to 2017, 15 licences were issued in the three test checked districts viz Ambala, Panchkula and Kurukshetra. **These 15 licences were issued in the time range of 13 to 323 days from the date of application for issue of licence.**

The Department (October 2018) stated that the delay had occurred due to non-compliance to observation raised during inspection and it needs to be noted that now cases are being disposed within 45 days. However, the department had taken up to 152 days for conducting inspection. Only after January 2018, all cases are being disposed within 45 days, which needs to continue.

**Thus, out of a total of 1,846 licensee units in three test checked districts, samples were collected from only 314 units (17 per cent) during 2014-17 and 1,532 licensee (83 per cent) remained unchecked. No targets were fixed for**

collection of samples, thus, rendering the procedure risk prone at the very outset. There was inordinate delay in issuing analysis reports of the collected samples. Analysis reports had not been issued for 312 samples so far (March 2018) which also included samples drawn in April 2014. The State Drug Controller and DCOs initiated action very late for the drugs declared ‘not of standard quality’ and had not checked subsequent batches. The NSQ drugs were not categorised for ensuring timely recall and issuing rapid safety alerts. This is fraught with the risk of issuing sub-standard drugs and has serious implications for health of the people. The department had not kept a record for ensuring that the NSQ drugs were destroyed by the traders and manufacturers. The working of the department left much to be desired and there were huge gaps in compliance of requisite instructions.

The matter was referred to Government in May 2018 and further reminder was issued in July 2018; their reply was awaited (May 2019).

## **Health Department**

### **3.6 Procurement and Utilisation of Medicines and Medical Equipment**

**There were shortcomings in procurement of medicines and equipment such as delay in processing of the indents, award of rate contract to ineligible firms, inadequate price comparison leading to extra expenditure of ₹ 1.25 crore and non-levy of penalty of ₹ 1.09 crore for non-supply of medicines. Availability of medicines at medical facilities was inadequate. Procedure followed for local purchase of medicines was not uniform and lacked transparency. Further, equipment worth ₹ 1.81 crore were lying unutilised at facilities.**

#### **3.6.1 Introduction**

The State Government approved Medicine Procurement and Management Policy 2012 with the objective of providing uninterrupted access to essential medicines of good quality in all Government Institutions through efficient supply chain management practices. The State Government established (January 2014) Haryana Medical Services Corporation Limited (HMSCL) for purchase of drugs, consumables and equipment (including installation and maintenance) for all District Hospitals (DHs), Sub Division Hospitals (SDHs), Community Health Centres (CHCs), Primary Health Centres (PHCs), Medical Colleges and other dispensaries. HMSCL operates “Online Drug Inventory and Supply Chain Management System”. Field units make online demand for medicines through this system on the basis of which HMSCL procures medicines. In case HMSCL is unable to supply the medicines and consumables, the hospitals are allowed to

procure the same at their own level. For equipment, Director General, Health Services (DGHS) compiles demand received from field units.

To assess whether procurement of medicines and medical equipment was as per procurement policy and adequate drugs and equipment were available in Government Institutions, records of HMSCL headquarters, its three out of seven warehouses<sup>26</sup>, 15 DHs/ SDHs/CHCs in five<sup>27</sup> districts for the period 2015-18 were test checked during January-June 2018. Audit assessed availability of medicines and equipment in the medical facilities under the administrative control of DGHS. Medicines and equipment purchased on behalf of medical Colleges were not covered under audit.

As against the budget provision of ₹ 390.90 crore for purchase of medicines and equipment during 2015-18, an expenditure of ₹ 340.28 crore was incurred. Besides, as against budget provision of ₹ 80 crore, ₹ 71.27 crore was spent under *Mukhyamantri Muft Ilaz Yozna* (MMIY) during the same period. DGHS transfers funds for purchase of medicines and equipment to HMSCL. In case of non-supply of medicines by HMSCL, local purchases are made by medical facilities for which funds were allocated by DGHS.

Audit observed that though there was improvement in purchase of medicines and equipment through the centralized purchased system yet there were some shortcomings, which are discussed in succeeding paragraphs.

## Audit findings

### 3.6.2 Procurement

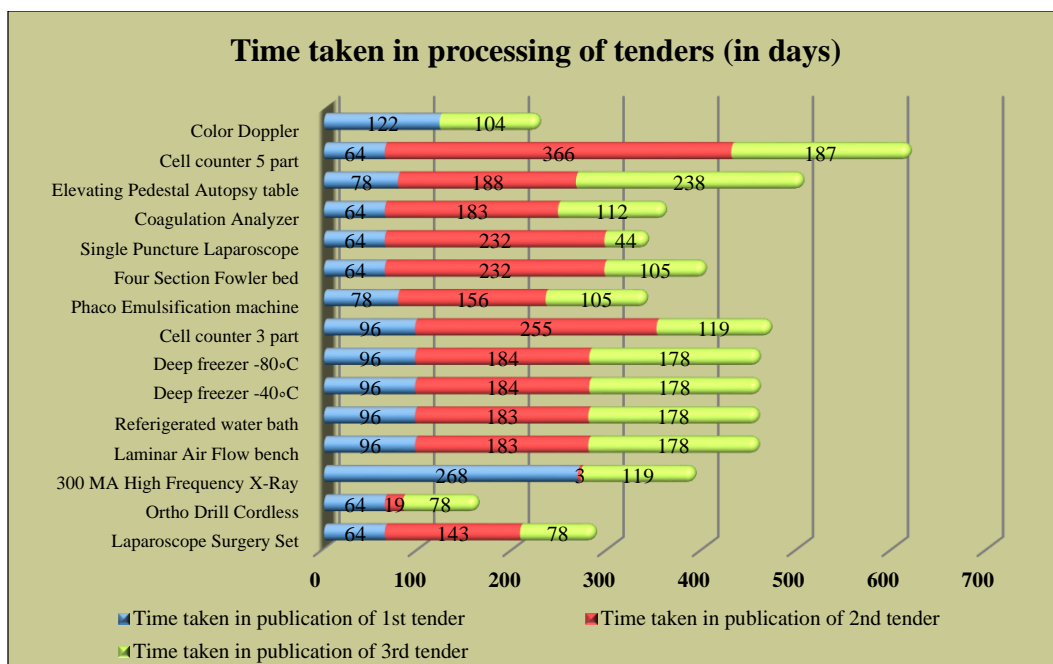
#### 3.6.2.1 Non-fixation of timeline for processing of indents

HMSCL is the service provider and timeframes for processing of indents was required to be fixed. However, no benchmarks were fixed for processing of tenders after receipt of indents. The details of time taken in finalization of tenders of equipment in 15 test-checked cases are depicted below:

<sup>26</sup> Selected: 3 - Ambala, Hisar and Gurugram and remaining 4 - Karnal, Kaithal, Bhiwani and Rohtak.

<sup>27</sup> Hisar: DH Hisar, SDH Hansi and CHC Barwala, Ambala: DH Ambala Cantt, SDH Naraingarh and CHC Mullana, Fatehabad: DH Fatehabad, SDH Tohana and CHC Ratia, Gurugram: DH Gurugram, CHC Pataudi and CHC Farukhanagar and Palwal: DH Palwal, CHC Hathin and CHC Dudhola.





The time taken in publication of tender after receipt of indents, publication of tender second time after dropping first tender and finalisation of tender ranged between 64-268 days, 3-366 days and 78-187 days respectively. The total time taken in finalisation of tenders ranged between 274-798 days from the date of indent by DGHS. HMSCL had taken more than 100 days in 12 out of 15 cases of equipment for publishing tender documents for the second time. The delay in procurement of these items had deprived the patients of the required medical facilities.

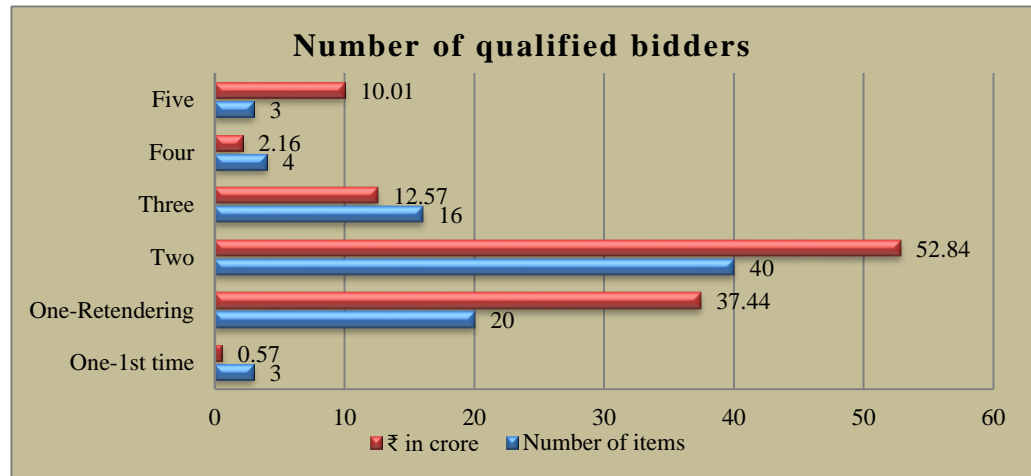
HMSCL stated (November 2018) that timelines have since been defined to avoid delay in purchases in future.

### 3.6.2.2 *Lack of competitiveness in procurement*

High Power Purchase Committee (HPPC<sup>28</sup>) had directed (January 2015) all procuring entities to prepare a database of suppliers from their purchase files, Bureau of Indian Standards (BIS) website, or by means of web search, etc. Procuring entities were also asked to email the tenders to the known suppliers of the concerned items. Although tenders were floated online, yet, neither the HMSCL nor the DGHS had prepared such database or developed any system to proactively contact known suppliers through emails (April 2018). Analysis of all the 76 tenders

<sup>28</sup> Department wise committees constituted under chairmanship of Minister In-charge of the concerned Department for high value purchases (above ₹ 30 lakh till September 2016 and above ₹ one crore thereafter).

for purchase of 86 equipment revealed that those were finalised with inadequate number of bidders as given below:



In case of 23 items, supply orders worth ₹38.01 crore (33 per cent of total value of supply orders given during this period) were placed on single bids. In case of only 23 items, number of technically qualified bidders was in the range of 3 to 5 and value of supply orders was ₹ 24.74 crore which was only 21 per cent of total value (₹ 115.59 crore) of supply orders given during this period. **Had the system of emailing the tenders to known manufacturers or suppliers of equipment been in place, there was possibility that a better response could have been received.**

HMSCL replied (November 2018) that first tender floated in November 2015 was shared with all the major medical corporations and registered vendors. Audit, however, observed that the practice of sharing information about tenders was followed only once and thereafter the practice fell in disuse.

HMSCL further stated that database of suppliers and manufacturers would be created very soon. Audit examined 22 tenders out of 76 tenders for purchase of equipment and observed that in three cases, rates finalized were quite high and ineligible firms were awarded contracts as brought out in paragraphs 3.6.2.3 and 3.6.2.4 below:

### 3.6.2.3 Award of rate contract to ineligible firms

Tender documents prescribed that manufacturers must have manufactured and supplied a similar model quoted in each item of the Schedule of Requirements (SOR) either himself or through any other authorized dealer to the extent of 100 per cent quantities mentioned in it in the past 24 months or 50 per cent quantities in past 12 months to Government or Private Tertiary Care Hospitals from the date of closure of tender date. Further, products were to comply with required quality certifications such as USFDA (United States Food and Drug Administration), CE

certified (European Union), CE compliant, BIS (Bureau of Indian Standards), etc. on case-to-case basis as per requirement.

(a) HMSCL invited bids (December 2016) for purchase of five Elevating Pedestal Autopsy Tables. Only one firm of Panchkula was considered technically qualified and rate contract was awarded in October 2017 at the rate of ₹ 6.37 lakh per unit (inclusive taxes). Further, repeat order of eight such equipment was given in May 2018 and value of total supply orders for 13 tables was ₹ 82.81 lakh.

Audit, however, observed that as per technical specifications, width of Autopsy Table was 85 cm with stainless steel headrest but as per bid submitted by the firm, width was 30” (i.e. 76 cm) with wooden headrest. The firm had not even submitted documentary evidence in support of having supplied Autopsy Tables in other hospitals as per requirement of tender. Thus, the firm was technically not eligible and as such the contract was awarded to ineligible firm.

(b) Online bids were invited (April 2017) for supply, installation and commissioning of eight ‘Cell Counter 5 Part’ for Government hospitals against which two bids were received. As per tender specifications, machine should have been US FDA certified {510(K) Clearance} or should have CE Mark<sup>29</sup>. The rate contract was awarded to a New Delhi based firm at the rate of ₹10.50 lakh per unit for 20 machines valuing ₹2.10 crore.

Audit observed that document in support of CE certification was not submitted with the bid. The firm submitted CE certificate issued by Center Testing International (CTI), (a EU notified body) dated 9 August 2017, i.e. **much after the date of closing of tender (June 2017). Thus, supply order was placed to ineligible firm, which is tantamount to extending undue favour to the firm.**

HMSCL stated (December 2018) that it was not mentioned in the tender document that the quoted item must have CE Mark from notified body before closing date of tender. The reply of HMSCL is not tenable **as it was mentioned in the tender specifications that equipment should have USFDA or CE Mark from the Notified Body (EU) which implies that the firm should have the certificate at the time of submission of bid.**

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<sup>29</sup> CE marking is a certification mark that indicates conformity with health, safety and environmental protection standards for products sold within the European Economic Area.

### 3.6.2.4 *Inadequate price comparison leading to excess expenditure*

DGHS indented 19 Single Puncture Laparoscope<sup>30</sup> Machines in September 2015 and HMSCL invited open tender for rate contract for the same in November 2015 but the purchase was not finalised due to receipt of single tender. The tenders were again invited in February 2017. Only one firm of New Delhi, submitted its bid in March 2017 for this product. RC was awarded in June 2017 for 21 machines for two years at the rate of ₹12.90 lakh (excluding VAT at the rate of 5.25 per cent) per machine.

HMSCL compared this offer with rate contracts entered by Himachal Pradesh State Electronics Development Corporation Limited (at rate of ₹ 16.76 lakh/machine) and Punjab Health System Corporation (PHSC) (at rate of ₹ 13.14 lakh per machine) with comprehensive maintenance contract (CMC) of five years for the same make and same specifications. Audit observed that Rajasthan Medical Service Corporation Limited (RMSCL) had purchased the machine with same specifications and of the same make at the rate of ₹ 6.95 lakh (excluding VAT at the rate of 2 per cent) and its RC was valid during the period from October 2015 to April 2017. HMSCL was also aware of the RC of RMSCL with the manufacturer (Karl Storz, Germany) for this machine. However, HMSCL did not compare rates of RMSCL while finalising the rates.

It is pertinent to mention that copy of the purchase order of RMSCL were in their record and rates should have been compared to get a more competitive price.

Detailed comparison was also made by Audit in respect of different components of the machine including its spares supplied in Haryana and Rajasthan (*Appendix 3.16*).

HMSCL stated (November 2018) that rates of bidders were compared with the recent purchases made by Punjab Health System Corporation and HP State Electronics Development Corporation Limited of same model of equipment and from the same vendor and further contended that terms and condition of HMSCL's tender documents were more stringent than that of RMSCL. **However, this contention was also not correct as RC of RMSCL covered three years guarantee and five years Comprehensive Maintenance Contract (CMC) against 3 years warranty and four year CMC of HMSCL. Thus, due diligence was not exercised while finalising the rates on single tender as a result of which HMSCL incurred extra expenditure of ₹ 1.25 crore.**

<sup>30</sup> When an operation is done for viewing inside the abdomen through a telescope is called laparoscopy.

### **3.6.2.5 Purchase of medicines from blacklisted firms**

As per paragraph 1.5 of Drug Purchase Policy 2015, bidders were not eligible to submit the bids for the product/ products for which the firm/ company had been blacklisted/ debarred by Government of Haryana or by any other State/Central Government organization during the period of debarment. Scrutiny of records revealed that HMSCL purchased medicines worth ₹ 42.94 lakh from two blacklisted firms (*Appendix 3.17*).

HMSCL stated (May 2018) that if any firm is debarred by any other organization after issuance of RC by it, it does not have any impact on the RC. The reply is not tenable as the firms listed in the Appendix were blacklisted by other States before entering into the RC by HMSCL.

HMSCL should ensure a more thorough verification of status of suppliers from website of other medical corporations/ departments to ensure the status of firms.

### **3.6.2.6 Non-levy of penalty for non-supply of medicines**

As per paragraphs 3.1 and 3.2 of Purchase Policy (April 2015), delivery period will be 60 days and in case of drug items requiring sterility test, the delivery period will be 75 days. Further, paragraphs 3.4 to 3.6 stipulates that in case of supply of drugs less than 90 per cent of ordered quantity within delivery period, penalty of 20 per cent of unexecuted value would be levied besides purchase of balance quantity at risk and cost of the firm.

A review of the record relating to non-supply of drugs during 2015-18, revealed that there were 146 cases where supply was not made fully or partly even after allowing maximum time allowed for delivery. In these cases, delay in supply of drugs over and above the delivery period, ranged between 68 and 464 days<sup>31</sup>. The total penalty recoverable in these cases works out to ₹ 1.09 crore (20 per cent of ₹ 5.43 crore being the value of unsupplied medicines) which was not recovered. HMSCL stated (November 2018) that levy of penalty was under process.

## **3.6.3 Availability and utilisation of medicines and equipment**

### **3.6.3.1 Inadequate supply of medicines by HMSCL**

The Essential Drugs List (EDL) is the list of minimum medicines needed for a basic health-care system, listing the most efficacious, safe and cost effective medicines for priority conditions. DGHS had included 790 medicines/consumables under

<sup>31</sup> 68-100 days: 16 cases, 100-200 days: 64 cases, 200-300 days: 37 cases and 300-464 days: 29 cases.

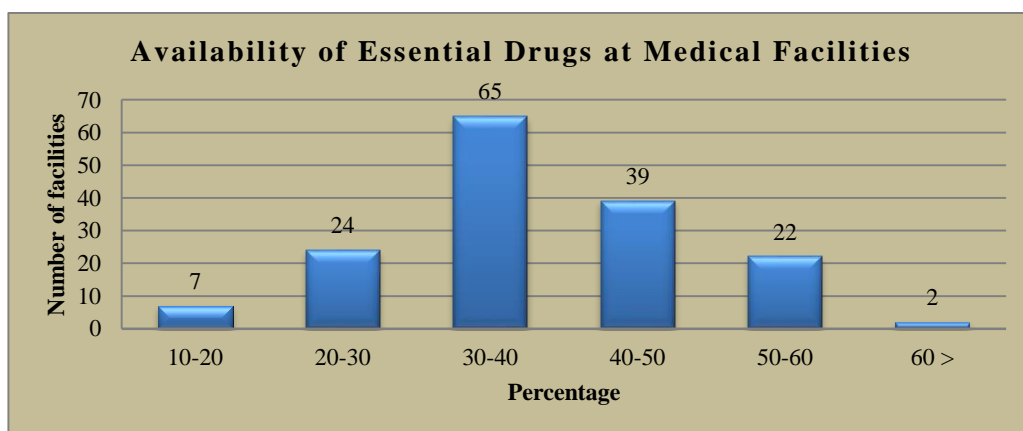
EDL. As of May 2018, HMSCL had finalized RCs for only 426 (53.92 *per cent*) EDL items, out of which only 299 RCs were for medicines. Only 271 (232 medicines), 299 (257 medicines) and 296 (221 medicines) items were available in test-checked warehouses at Hisar, Ambala and Gurugram respectively. Audit observed that HMSCL had not taken appropriate action against those suppliers who failed in supplying the Essential Drugs (EDs) within the stipulated period as pointed out in paragraph 3.6.2.6.

HMSCL in its reply (November 2018) stated that out of 790 items, only 357 were medicines and rate contract for 80 *per cent* medicines were available. It was also added that there are 249 drugs (like Ciprofloxacin, Amoxicillin, etc.) which along with different strength and dosage makes 357 different components, which serves the purpose.

**All these 790 medicines/consumables were part of essential drugs declared by the State Government and HMSCL was responsible to make them available in the medical facilities.**

### 3.6.3.2 Non-availability of essential drugs in medical facilities

The availability of EDs (supplied by HMSCL as well as local purchases) at 159 DHs/SDHs/CHCs was examined (June 2018) from Online Drug Inventory and Supply Chain Management System and position of the same is given in graph below:



As depicted above, only two medical facilities (CHCs at Kurali and Tosham) had EDs marginally above 60 *per cent*. In 126 medical facilities, availability of EDs was in the range of 30 to 60 *per cent*. In case of seven<sup>32</sup> medical facilities, availability of EDs was in the range of 10-20 *per cent*.

<sup>32</sup> (i) SDH Ballabgarh, (ii) KL Jalan Eye Hospital Bhiwani, (iii) CHC Sondh, (iv) CHC Aurangabad, (v) SDH Narwana, (vi) SDH Hansi and (vii) SDH Kosli.

In test checked 15 medical facilities, availability of medicines was in the range of 20-55 per cent<sup>33</sup>. Joint verification of OPD slips/prescriptions at random at medicine counter in four hospitals also brought out that a number of essential medicines prescribed by doctors were not available in their stocks, as detailed in **Table 3.6**.

**Table 3.6: Detail of medicines found unavailable during joint verification**

Sl. No.	Medical facilities	Number of prescriptions verified	Number of medicines Prescribed	Number of medicines not available (Percentage)
1	DH Ambala Cantt	107	382	84 (22)
2	DH Palwal	60	169	21 (12)
3	DH Gurugram	44	159	69 (43)
4	SDH Naraingarh	52	169	7 (4)

(Source: Data compiled on basis of joint verification of OPD prescription)

From above, it was evident that 4 to 43 per cent prescribed medicines were not available in test checked medical facilities. **Audit observed that main reasons for non-availability of medicines were failure on the part of HMSCL to supply all EDs, failure of DHs to make local purchase as local RC did not cover all the EDs and inadequate budget for local purchase (in case of Ambala).** In case of CHCs/PHCs, shortage of doctors was one of the reasons for not keeping sufficient quantity of EDs in stores.

### 3.6.3.3 Absence of uniformity in local purchase of medicines

Hospitals are allowed to make local purchases of medicines/ consumables, which are not available with HMSCL warehouse. Out of total purchase of EDs worth ₹ 30.23 crore in test checked facilities, local purchase was of ₹ 7.24 crore which constituted 24 per cent of total purchase of EDs (*Appendix 3.18*).

Percentage of local purchase to total procurement (including medicines issued by HMSCL) in selected medical facilities ranged between four (CHC Farukhanagar) and 44 per cent (SDH Tohana).

Audit observed that there was no fixed policy for local purchase of medicines. Different medical facilities were following different procedures for purchase of medicines as depicted in **Table 3.7**.

<sup>33</sup> (i) SDH Hansi-20 per cent and (ii) DH Hisar-55 per cent.

**Table 3.7: Procedures adopted in various districts for purchase of medicines**

Sl. No.	District	Purchase procedure adopted
1	Hisar and Palwal	Local Purchases were being made with or without quotations. However, Hisar district had rate contract for 2015-16.
2	Gurugram and Ambala	Only DH Ambala City and DH Gurugram had entered into rate contracts. Other facilities were making local purchase with or without quotations.
2	Fatehabad	The Civil Surgeon had finalised RCs every year during 2015-18, which were applicable for all medical facilities in the district.

(Source: Information provided by the department)

Comparison of rates of local purchase of DH Hisar, CHC Barwala and SDH Hansi with that of rate contract of nearby district Fatehabad revealed that rates of latter were on the lower side, and in few cases, it was even half the rates of Hisar district. For instance, during 2015-16, DH Hisar procured Ciprofloxacin Drops, Injection Vancomycin 250 and Haemoglobin (HB) Tube at per unit rate of ₹ 11.70, ₹ 237 and ₹ 110 while in Fatehabad district, these items were purchased at ₹ 4.30, ₹ 90 and ₹ 25 respectively, although most of the suppliers for Fatehabad district were Hisar based.

The difference between rates among adjoining districts/ medical facilities resulted in procurement of medicines at higher rates by ₹ 27.15 lakh<sup>34</sup>.

DGHS stated (December 2018) that instructions to all Civil Surgeons and PMOs had been issued (December 2018) for entering into RCs through tender process at district level.

#### 3.6.3.4 Non-utilisation of equipment

Equipment such as Phaco Emulsification Machine, X-ray Machines, Ortho drill, dental chairs, etc., worth ₹ 1.81 crore (*Appendix 3.19*) were lying unutilised due to non-availability of trained/professional manpower. For instance, radiographers for operating X-ray machines were not posted at six medical facilities<sup>35</sup> even after installation of machines for the last 7 to 45 months. Thus, machines were supplied without ensuring availability of radiographers. Similarly, eight Intensive Care Units (ICUs) beds received at DH Hisar in September 2017 were lying idle, as no ICU had been set up (March 2018). Further, equipment such as impedance meter, audiometer, BERA and OAE were supplied without any demand at DH Fatehabad and DH Palwal. One Phaco Emulsification Machine was received at SDH Hansi in

<sup>34</sup> Hansi- ₹ 0.38 lakh, Barwala- ₹ 1.34 lakh, Hisar- ₹ 14.13 lakh, Ambala Cantt- ₹ 4.81 lakh, Narainagarh- ₹ 1.52 lakh and Palwal - ₹ 4.97 lakh.

<sup>35</sup> UHC Suryanagar Hisar, Polyclinic HUDA Fatehabad, CHC Mullana, DH Gurugram, SDH Helly Mandi and Polyclinic Sector 31, Gurugram.



June 2017 but the post of Ophthalmist was lying vacant since July 2016. Moreover, no steps had been taken either to shift the machine or to make alternate arrangement for its utilization by posting full/part time Ophthalmist. Laparoscope Surgery set was lying unutilized at DH Ambala as training to operate the machine had not been imparted.

Thus, demands/supplies for equipment were being made without ensuring availability of adequate manpower/infrastructure. No steps had been taken to deploy staff/doctors with additional charge so as to utilize equipment for the intended purpose. The responsibility for non-utilisation of equipment lies on the concerned Civil Surgeons since demand was being forwarded to DGHS by them. Further, the warranty period of equipment also expired in several cases without any use of equipment. In case of equipment received from HMSCL, hospitals/dispensaries did not produce any record relating to preventive quarterly maintenance of equipment done, if any, though the equipment were required to be maintained quarterly as per terms of supply orders.

DGHS stated (December 2018) that instructions to all Civil Surgeons and PMOs had been issued (December 2018) to ensure the availability of space, manpower and infrastructure before sending demand for medical equipment. It was also added that information had also been sought from field offices regarding availability of equipment which were not in use so that those can be put into use in other districts.

**In the absence of medical equipment and para medical staff proper medical treatment cannot be ensured to general public.**

### **3.6.4 Supply chain management**

#### **3.6.4.1 Store management**

Efficient store management is essential for ensuring safe and proper storage of medicines, protection from damage and unauthorized removal, and issue of medicines in the right quantities, at the right time and to the right place. As per WHO guidelines, storage space as well as storage conditions should be adequate/scientific<sup>36</sup>. During field visit of warehouses, following deficiencies in Store Management were observed:

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<sup>36</sup> Adequate storage space, clean and hygienic storage conditions, separation of damaged and expired products, etc.

- Sufficient numbers of racks or pallets were not available. There was shortage of 413 pallets and 80 racks in selected warehouses<sup>37</sup>. In the absence of adequate pallets and racks, boxes of medicines were being stacked on floor as shown below:



HMSCL stated (November 2018) that procurement of additional racks and pallets was under progress.

- 60, 18 and 162 batches of essential drugs in warehouses at Hisar, Ambala and Gurugram respectively were found stored in non-pass<sup>38</sup> area and 127<sup>39</sup> batches had lost their shelf life for 2 to 17 months.
- Expired/un-replaced/un-lifted stock worth ₹ 1.24 crore was lying in warehouses for more than one year. There should be provision for levy of penalty against suppliers for not lifting stock after reasonable time.

HMSCL stated (November 2018) that Board of Directors would be apprised of the suggestions of the Audit.

Following deficiencies were noticed in store management of hospitals:

- There was no register/record in DHs showing opening balance, additions during the year, issued during the year and closing balances of equipment such as BP apparatus, stethoscope, suction machines, ECG Monitor, linen, etc. Annual physical verification of these items was not being conducted as per requirement of Rule 15.16 of Punjab Financial Rules (Volume-I) as adopted by Haryana.

<sup>37</sup> Pallets: Hisar-40, Ambala-130, Gurugram-243; Racks- Hisar-21, Ambala-11 and Gurugram-48.

<sup>38</sup> Non-pass area means earmarked area where drugs/consumable are kept till quality clearance.

<sup>39</sup> Hisar-51, Ambala-17 and Gurugram-59.

DGHS stated (December 2018) that instructions to all Civil Surgeons and PMOs had been issued for maintaining such records.

- It was also noticed that medicines/consumables were issued from main store to different wards such as casualty, maternity, emergency, pharmacy, etc. Actual consumption of these items was being recorded in register maintained by these wards/ wings. However, there was no system to check the entries of consumption made by the nursing staff. Further, physical verification was also not being conducted. In the absence of such internal control, chances of pilferage of these items cannot be ruled out.

DGHS stated (December 2018) that instructions to all Civil Surgeons and PMOs had been issued for maintaining such registers and to evolve system for checking the entries of consumption.

- At CHC Ratia, Pharmacist had not maintained any details regarding total medicines received from HMSCL Warehouse, issued to wards, closing balance, etc. This information was being maintained in all other hospitals. During 2014-18, value of medicines/consumables received from HMSCL warehouse was ₹ 82.02 lakh and further local purchase of ₹ 9.82 lakh was made for which no details were maintained. No reply has been received from Department.

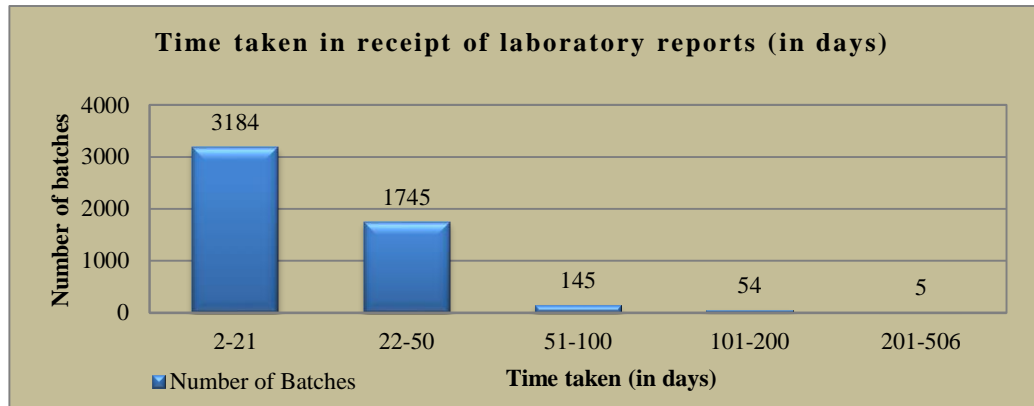
#### ***3.6.4.2 Quality control-Delay in getting Laboratory Reports***

As per policy of HMSCL, all batches of drugs procured were subjected to quality tests through its empanelled laboratories. The laboratories were required to submit test reports of non-sterile and sterile<sup>40</sup> samples within 8 and 21 days respectively of receipt of the samples. Drugs declared as not of standard quality were to be frozen and not to be issued to health Institutions.

HMSCL sent 5,133 batches of drugs to empanelled laboratories during 2015-18 (up to 07 February 2018). However, out of 5,133 batches, laboratories failed to submit the test result within stipulated period in 1,949 batches and delay ranged between 22 and 506 days as depicted below:

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<sup>40</sup> Sterile products refer to products that are free from microbial organisms e.g. Injection, sutures, etc.



Audit further observed that out of 43 batches test checked, 9 batches had lost shelf life in the range of 20 to 69 *per cent* due to abnormal delay in testing process.

HMSCL stated (November 2018) that corrective and preventive action would be taken to avoid delays in testing the samples.

### 3.6.5 Conclusion

**Though there was improvement in purchase of medicines and equipment due to centralized purchase, there were some shortcomings in the system such as delay in processing of the indents, award of rate contract to ineligible firms, procurement from black-listed firms, inadequate price comparison leading to extra expenditure and non-levy of penalty of ₹ 1.09 crore for non-supply/delayed supply of medicines. Availability of medicines at medical facilities was inadequate. Procedure followed for local purchase of medicines by health facilities was not uniform and transparent. Further, equipment worth ₹ 1.81 crore were lying unutilised at facilities. These issues need to be addressed to achieve the objective of providing effective health care services to the people.**

These points were referred to the Government in July 2018 and further reminder was issued in January 2019; their reply was still awaited (May 2019).

## Home and Administration of Justice Department

### 3.7 Wasteful expenditure on pay and allowances

**The State Government failed to appoint Chairperson of the State Police Complaint Authority since August 2013, as a result of which the Authority remained non-functional and complaints against police personnel could not be disposed of. Expenditure of ₹ 1.24 crore incurred on pay and allowances of staff posted therein has rendered wasteful.**

The Haryana Police Act, 2007 (the Act) was notified in June, 2008 with the objective of providing an efficient, professional, effective, accountable, people friendly and responsive police. Section 59 of the Act provides for establishment of a State Police Complaint Authority (the Authority) within three months of the commencement of the Act and District Police Complaint Authority (DPCA) for each District as and when required. As per section 66 of the Act, the authority shall have all the powers of a civil court trying a suit under the Code of Civil procedure, 1908 including summoning/enforcing the attendance of witnesses and examining them on oath.

The Authority was to inquire into allegations of serious misconduct against police personnel such as incidents involving death, grievous hurt or rape in police custody, etc. The findings and recommendations of the Authority were required to be considered by the State Government for taking appropriate action.

Government set up the Authority and appointed a Chairperson in September 2010. The term of Chairperson expired in August 2013. Between September 2010 to August 2013, 410 complaints were received out of which 232 were disposed of, 96 did not pertain to the Authority and 82 were pending. The Act was amended (April 2014) to make the Authority a multimember entity. However, the Chairperson and members of the Authority were not appointed by Government as of July 2018. A State Level Committee was required to be constituted under Section 59 (2) (c) of the Act for proposing the names for appointment as Chairperson to the Chief Minister. This committee has also not been constituted. The Authority received 681 complaints since August 2013 but none of the complaints could be disposed of due to non-appointment of Chairperson/members of the Authority. Three<sup>41</sup> persons, as against the sanctioned strength of 18 posts, remained posted in the Authority during the period from August 2013 to March 2018. An expenditure of ₹ 1.24 crore was incurred on the pay and allowances of these employees during this period.

<sup>41</sup> Assistant District Attorney (ADA), Inspector and Constable.

The Director General of Police, Haryana while accepting (November 2017) the facts, stated that complaints could not be disposed of as the complainants could not be given opportunity of personal hearing due to non-appointment of Chairperson. It was also added that the matter regarding appointment of the Chairperson of the Authority had been taken up with the Government during the period between August 2013 and June 2018 but the same was pending with the Government. Thus, the Chairperson had not been appointed for more than four years and the Authority remained non-functional. **As a result, legislative intent for setting up the Authority has been defeated and the Authority has not been able to fulfil its mandate. Further, the expenditure of ₹ 1.24 crore incurred on pay and allowances of staff posted in the Authority has been rendered wasteful.**

The matter was referred (March 2018) to the Government and further reminder was issued in May 2018; their reply was awaited (May 2019).

**Housing Department  
(Housing Board Haryana)**

**3.8 Avoidable expenditure on abandoned housing project**

**Commencement of construction of flats by Housing Board in Rohtak without obtaining consent of allottees for increased costs and ascertaining the viability of the project resulted in wasteful expenditure of ₹ 8.98 crore on the project that was eventually abandoned.**

The Board of Members (BOM), Housing Board Haryana (HBH) approved (April 2012) construction of 878<sup>42</sup> multi-storey flats at Jind Road, Rohtak. The HBH invited applications between March and April 2013 for registration alongwith 10 *per cent* of tentative cost of the flat, against which, 4,570<sup>43</sup> applications were received. The State Government accorded Administrative approval of ₹ 151 crore in May 2013 for construction of these flats. Draw of lots was held in November 2013 and demand letters were issued to all the successful applicants for depositing 15 *per cent* of tentative cost of the flat.

Tenders for construction of all the 686 Type A, B and C flats (except 192 EWS flats) were invited between February and June 2014 by dividing the flats into 11 groups for total estimated amount of ₹ 170.97 crore. However, the works were not

<sup>42</sup> Type-A (1,750 sq ft): 48, Type-B (1,450 sq ft): 126 and Type-C (1,200 sq ft): 512 for employees of Haryana Government, its Boards and Corporations and 192 EWS flats (370 sq ft) for economically weaker sections (EWS) and for rehabilitation of unauthorized occupants of Khokra Kot (Rohtak), an archeological site.

<sup>43</sup> Type-A: 143, Type-B: 574, Type-C: 3,467 and EWS: 386.

awarded due to non-receipt of environment clearance which was received in March 2015. In the meanwhile, on the basis of architectural drawings technically approved by the Director General, Town and Country Planning Department, the HBH increased (March 2015) the cost of flats due to increase in the covered area of Type A, B and C flats<sup>44</sup>, provision for stilt parking in all categories and interest on land cost. The revision in the cost of EWS flats was kept pending. However, the allottees started losing interest in the project by May 2015 as out of 686 allottees of 'A' 'B' & 'C' category, 173 had surrendered their flats and 48 allottees failed to deposit the 15 per cent amount. The HBH re-invited applications for surrendered flats with revised tentative cost during March 2015. In response, only six applications were received. This indicated that there was lack of adequate demand for the flats.

The Chief Engineer, HBH without obtaining the consent of allottees for the increase in cost of flats, approved (September 2015) the construction of 428 flats<sup>45</sup>. The EE, HBH, Rohtak awarded 11 works for construction of 428 flats for agreement amount of ₹ 120.56 crore in September - October 2015 against the tenders received in February and June 2014. However, the Minister, Housing ordered (May 2016) to stop the work at site and directed to intimate the allottees regarding revised cost of the flats. Accordingly, the remaining allottees were requested (November 2016) to give their consent for the revised cost. In response, 177 more allottees requested for refund. By December 2016, only 182<sup>46</sup> allottees remained out of the 686 original allottees. Chief Administrator, HBH decided (December 2016) to refund the deposits of withdrawing allottees with interest at the rate of 5.5 per cent<sup>47</sup> per annum. The BOM decided to close the project (October 2017) and thereafter the EE foreclosed all the eleven agreements in January 2018. An expenditure of ₹ 8.98 crore had been incurred on partially constructed structure that was eventually abandoned.

The Chief Administrator, HBH intimated (November 2018) that the decision for starting construction of flats was taken in July 2015 on the deliberation that the brochure of the scheme had the clause that allottees were bound to pay increased cost of flats due to arbitration/court awards or levy of taxes by the Government. The reply is not tenable as the HBH had revised the cost of flats by increasing the

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<sup>44</sup> Type-A - from 1,750 sqft to 1,945 sqft: cost from ₹ 41.20 lakh to ₹ 55.60 lakh (34.95 per cent); Type-B - from 1,450 sqft to 1,524 sqft: cost from ₹ 33.30 lakh to ₹ 43.20 lakh (29.73 per cent); and Type -C - from 1,200 sqft to 1,212 sqft: cost from ₹ 27.80 lakh to ₹ 37.30 lakh (34.17 per cent)

<sup>45</sup> Type-A: 24, Type-B: 84 and Type-C: 320.

<sup>46</sup> Type-A: 11, Type-B: 43 and Type-C: 128.

<sup>47</sup> This was the interest payable to unsuccessful applicants for delay in refund beyond six months. The same rate was adopted for refund to withdrawing allottees.

covered area of flats, providing for stilt parking and interest on land cost. Further works were awarded despite knowing in May 2015 itself that 173 out of 686 allottees had already surrendered their flats. HBH should have sought the consent of allottees before awarding the work and incurring any expenditure.

**Thus, as a result of taking up construction of flats without obtaining consent of allottees for the increased cost and without ascertaining the viability of the project, particularly in a scenario where applicants were continuously withdrawing their applications, there was wasteful expenditure of ₹ 8.98 crore on the project which had to be abandoned eventually.**

**The Government may review the project for meaningful utilisation of structures.**

The matter was referred (March 2018) to the State Government and further reminder was issued in May 2018; their reply was awaited (May 2019).

## **Industries and Commerce Department**

### **3.9 Information Technology Audit of e-Procurement System**

**The e-procurement database introduced in the State was fraught with the risk of backend interventions due to non-segregation of duties between database administrator and system administrator. Supervisory review of access logs has not been conducted and remote log server has not been provided. The validation checks were inadequate resulting in providing insufficient time for bid submission, multiple registration of vendors, opening and withdrawal of bids after tender closure, capturing of invalid information, etc. Audit trail was not maintained for tracking the history of transactions. The DS&D had not got implemented contract and catalogue management modules and purchase orders are not being generated on-line as envisaged.**

#### **3.9.1 Introduction**

The State Government introduced online tendering during the year 2008 by using e-tendering portal developed by National Informatics Centre (NIC). Subsequently, the Director, Supplies and Disposals, Haryana (D&SD) entered into an agreement with M/s Nextenders India Private Limited, the Managed Service Provider (MSP) in January 2014 for development, implementation and management of e-procurement portal with the objective of providing a unified end-to-end e-procurement solution to cover all procurement processes from preparation of indents/tenders to final payment of bills to the contractors and hosting of different types of auctions. The objectives were to achieve uniformity and efficiency throughout the procurement process, optimize procurement cycle, improve



transparency, harness economies of scale through demand aggregation and assist officials involved in procurement process through six modules<sup>48</sup>.

This e-procurement system was introduced in May 2014 and the contract period for operation and maintenance by MSP was up to May 2019 at a price of ₹ 295.50 per bid. As of January 2018, 99 Government departments/organisations/boards and corporations were registered with this portal. Upto 31 December 2018, a total ₹ 4.46 crore had been paid to the MSP for 1,92,782 bids.

Data for e-procurement system for the period October 2014 to January 2018 was analysed with the help of Computer Assisted Audit Techniques during January to May 2018 to examine whether all modules were implemented and functional and to evaluate whether general and application controls were put in place to ensure consistency, security, reliability and integrity of data.

***Disclaimer:***

The guidelines (November 2010) for Strategic Control in outsourced projects, issued by Ministry of Communication and Information Technology (MoC&IT), GoI, provide that a typical lifecycle of a project runs into nine phases starting from project conceptualisation, preparation of a detailed project report and a request for proposal (RFP). Subsequent phases are inviting tenders, evaluation of bids and selection of MSP. The DS&D had not prepared any detailed project report and functional requirements. The e-procurement system already in use with other States was hired on quarterly billing basis. Audit has not examined the process of tendering and allotment of e-procurement project.

***Limitation:***

The data dump provided by the department did not contain the documents uploaded by the buyers as well as sellers. Information for alerts sent through SMS and e-mails was available in the database only for the period between November 2017 and January 2018.

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<sup>48</sup> (i) Supplier Management, (ii) E-tendering, (iii) Catalogue Management, (iv) e-Auction, (v) Receipt Management and (vi) Contract Management.

## *Audit findings*

### **General Deficiencies**

#### **3.9.2 *Non preparation of Functional and Software Requirement Specifications***

The MoC&IT, GoI guidelines (November 2010) provide that a broad project concept defining needs and requirements, key stakeholders, functional requirements (FRS), services and service levels, etc is required to be prepared. After that documentation of Software Requirement Specifications (SRS) is required which should be combination of FRS, Planned Architecture including application architecture, database architecture, database control, network architecture etc, User Access rights, Functional Modules, etc.

The State Government had engaged the MSP for implementation and management of e-procurement portal without preparing detailed FRS. Further no SRS document was obtained from the MSP. In the absence of detailed FRS and SRS, nodal department could not ensure that all the facilities/processes were incorporated in the e-procurement system.

#### **3.9.3 *Not conducting the security audit***

The MOC&IT, GoI have issued (August 2011) guidelines for compliance to quality requirements of e-procurement systems. As per guidelines, the key requirements of an e-procurement system are conformation to general and financial rules, maintenance of confidentiality and integrity of information, compliance to vigilance guidelines and flexibility in adaptation and customisation. The Government department must ensure that e-procurement system which they intend to use complies with all the applicable requirements. Further, the application should be tested for Top 10 vulnerabilities defined by OWASP. For this purpose security audit of four layers of system i.e. data, application, infrastructure and process was required to be conducted from third party. There was also a provision in the RFP that the MSP would ensure consistency of the e-procurement system with applicable guidelines of Director, STQC<sup>49</sup>, MOC&IT.

Security audit of the e-procurement system was never got conducted by the department. In the wake of an incident of data washout, the DS&D had requested (December 2017) to Director, STQC, MOC&IT, GoI for conducting a detailed security audit and quality testing of the system. But no such security audit was conducted so far.

<sup>49</sup> The Director, STQC (Standardization Testing and Quality Certification), MOC&IT, GoI.

### 3.9.4 Risk due to non-segregation of duties

The database administrator (DBA) was responsible for the performance, integrity and security of a database. DBA should not be given other responsibilities like system administrator, help desk and data entry. The DS&D was required to exercise controls over database administration through segregation of duties, supervisory review of access logs and activities, provisioning of remote log server and other detective control over the use of database tools.

During audit of e-procurement system, it was observed that each table of database contained field named “ID” which is a system generated number assigned to each record in the tables. Analysis of the database revealed that in the 29 tables, 91,35,291 records (IDs) were missing as detailed in **Table 3.8**.

**Table 3.8: Detail of missing records**

Sr. No.	Table Name	Last ID in table	Total Number of records	Number of missing records
1	ra_tender_item_commercial_template_rows	1,13,38,332	62,60,673	50,77,659
2	ra_tender_item_template_vendor_technical_bids	49,15,933	35,76,307	13,39,626
3	ra_access_levels	1,409	1,407	2
4	ra_auction_bid_extensions	13,217	13,083	134
5	ra_auction_bids	1,34,362	1,27,966	6,396
6	ra_tender_item_commercial_template_columns	9,67,039	6,03,224	3,63,815
7	ra_auction_tender_opening_committees	1,03,941	76,020	27,921
8	ra_auction_user_payment_details	7,355	7,338	17
9	ra_itemwise_emd_amounts	11,938	10,159	1,779
10	ra_tender_commercial_docs	1,71,170	1,58,447	12,723
11	ra_tender_corrigenum_docs	15,481	14,012	1,469
12	ra_tender_dnit_docs	70,905	65,827	5,078
13	ra_tender_doc_fee_amount_details	2,19,182	2,15,931	3,251
14	ra_tender_emd_amount_details	1,76,145	1,75,769	376
15	ra_tender_item_technical_template_columns	2,76,686	2,12,573	64,113
16	ra_tender_item_technical_template_rows	20,39,411	14,85,580	5,53,831
17	ra_tender_supplier_task_trackers	1,53,077	1,52,903	174
18	ra_users	50,253	49,997	256
19	ra_auction_participants	2,26,022	46,762	1,79,260
20	ra_auction_items	13,072	12,664	408
21	ra_auction_users	2,37,471	2,37,426	45
22	ra_supplier_domains	37,64,995	22,80,537	14,84,458
23	ra_tender_open_trackers	43,641	43,625	16
24	ra_tender_service_fee_amount_details	57,486	48,634	8,852
25	ra_tender_vendor_participants	1,81,654	1,81,596	58
26	ra_user_certificate_details	74,664	74,393	271
27	ra_user_empanelment_details	2,415	2,386	29
28	ra_user_login_tracks	24,14,832	24,14,828	4
29	ra_vendor_itemwise_emd_payment_checks	1,81,004	1,77,734	3,270
	<b>Total</b>	<b>2,78,63,092</b>	<b>1,87,27,801</b>	<b>91,35,291</b>

(Source: Information derived from the e-Procurement database)

Further, two different data dumps (upto the 31 July 2017 and 28 January 2018) were provided to Audit. Tables contained in these two dumps were compared with each other. Comparative analysis of these two dumps revealed that some of the records appearing in the earlier dump were deleted and were not found in the last data dump provided to audit. Details of tables and missing records are given in **Table 3.9**.

**Table 3.9: Detail of missing records**

Sr. No.	Table Name	Last ID of 1st Data Dump	1st data dump Number of record upto last ID	2nd data dump No of record upto last ID of 1st data dump	No of missing records
1	ra_supplier_domains	29,64,171	17,67,282	16,96,866	70,416
2	ra_tender_item_template_vendor_commercial_bids	188,11,147	1,22,32,707	1,22,15,555	17,152
3	ra_tender_item_commercial_template_rows	84,26,456	47,36,723	47,19,582	17,141
4	ra_tender_item_template_vendor_temp_bids	2,86,513	2,19,695	2,14,115	5,580
5	ra_briefcase_docs	48,723	30,656	28,302	2,354
6	ra_tender_item_template_vendor_technical_bids	39,43,515	27,72,959	27,71,163	1,796
7	ra_tender_item_commercial_template_columns	7,36,818	4,60,109	4,59,276	833
8	ra_auction_tender_opening_committees	78,421	56,081	55,710	371
9	ra_tender_item_technical_template_rows	15,55,006	11,29,972	11,29,809	163
10	ra_tender_item_template_themes	1,33,058	99,519	99,416	103
11	ra_tender_technical_docs	4,69,786	4,38,768	4,38,673	95
12	ra_tender_item_pqq_template_rows	91,897	62,298	62,225	73
13	ra_auction_messages	3,38,735	3,09,617	309,545	72
14	ra_tender_item_templates	1,24,619	1,14,731	1,14,688	43
15	ra_tender_item_technical_template_columns	2,13,224	1,60,423	1,60,390	33
16	ra_tender_commercial_docs	1,28,254	1,18,467	1,18,438	29
17	ra_tenderwise_emd_amounts	77,674	45,928	45,901	27
18	ra_tender_item_pqq_template_columns	12,826	9,157	9,134	23
19	ra_tender_item_template_vendor_pqq_bids	2,56,804	1,41,413	1,41,392	21
20	ra_tender_dnit_docs	50,962	47,098	47,086	12
21	ra_tender_items	54,961	50,751	50,747	4
22	ra_user_certificate_details	59,198	58,947	58,943	4
23	ra_tender_corrigendum_docs	12,388	11,259	11,256	3
24	ra_tender_pqq_docs	16,262	14,705	14,702	3
25	ra_tender_emd_amount_details	1,37,365	1,37,040	1,37,038	2
	<b>Total</b>		<b>2,52,26,305</b>	<b>2,51,09,952</b>	<b>1,16,353</b>

(Source: Information derived from the e-Procurement database)

The missing records between first dump and second dump clearly indicate that Database Administrator (DBA) had interfered with the database from the backend and integrity of the system was compromised. The risks involved due to missing records in various tables are given in **Appendix 3.20**.

Thus, after four years of implementation, the MSP continued to function both as system administrator and database administrator. Further, the functions such as management of users, help desk and master data entry were also performed by

MSP/DBA. The logs to capture the activities of the users were also kept in the server within the control of MSP. Moreover, supervisory review and third party audit of access logs and activities of DBA was not conducted. The transactions of system were not reconciled with the user departments. Remote log server was also not set up for capturing the activities of DBA. This was fraught with the risk of backend interventions by the DBA.

Department in its reply stated that backend activities were initiated by the MSP only on the written requests received from the concerned agency(ies) and these backend activities has now been stopped. With regard to missing records, it was stated that any document change or any modification in the details generates a new record with new ID due to which variations in the table occurs. The reply itself proves that the DBA was interfering with the database from the backend and the contention that new record was generated with new ID at any document change was not correct as record once generated should not be deleted from the system which may create a gap in audit trail.

**The Government may consider carrying out inquiry on the matter and lodge a first information report (FIR) with the police, if necessary.**

**Further, segregation of duties between system administration and database administration for ensuring integrity of the system may be considered. Regular supervisory reviews of access logs and provision of remote log server should also be ensured for maintaining the integrity of data.**

### **System Deficiencies**

The DS&D had not conducted any supervisor review of e-procurement applications. Logs to track activities of Database Administrator were not available in the data dump. The DS&D had not planned for capacity building to take over the database administration and user management even though only one year was left (upto May 2019) for taking over the entire system along with source code from the vendor.

The aim of the e-procurement system was to minimise human intervention in order to have a transparent, accountable and efficient system in place. Following system deficiencies show that the system is not tamper proof hence the basic intentions are not served: -

#### **3.9.5 Inadequate validation checks**

It was one of the responsibilities of the nodal department to ensure that adequate validation checks must be incorporated in the application to adhere to various norms/rules/ laws applicable to various State Government entities in respect of various tenders and auctions. Due to inadequate validation checks following irregularities occurred.

### 3.9.5.1 Insufficient time for bid submission

Provisions laid down in the DS&D Manual of Office Procedure for Supplies and Disposals of Stores provide that for procurement of stores, a period of at least one month should be given to the intended bidders for submission of bids. The minimum time prescribed was one and two weeks for civil works departments for works with estimated cost less than ₹ five lakh and for more than ₹ five lakh respectively.

Analysis of data pertaining to 35,179 tenders opened for evaluation revealed that in 10,922 (31 per cent) tenders, sufficient time for bid submission was not given to the bidders, violating the applicable norms as detailed in **Table 3.10**

**Table 3.10: Detail of tenders where sufficient time was not given**

Number of days given for bid submission	Total number of tenders	Number of Tenders with estimated cost			
		upto ₹ five lakh	above ₹ five lakh and below ₹ 25 lakh	above ₹ 25 lakh and below ₹ one crore	above ₹ one crore
Less than one	29	14	8	5	2
Two to three	514	400	74	23	17
Four to seven	3,063	1,594	979	355	135
Eight to 15	6,194	879	3,416	1,318	581
15 to 29	1,122	485	265	169	203
Sufficient time	24,257	10,473	7,767	3,529	2,488
<b>Total</b>	<b>35,179</b>	<b>13,845</b>	<b>12,509</b>	<b>5,399</b>	<b>3,426</b>

(Source: Information derived from the e-Procurement database)

The department/organisation-wise detail of tenders, where time given for submission of bids was insufficient, is given in **Table 3.11**.

**Table 3.11: Department wise detail of tenders where sufficient time was not given**

Name of Government Department/ Organisation	Total tenders uploaded	Number of tenders with insufficient time	Percentage of tenders with insufficient time
Haryana State Agriculture and Marketing Board	4,494	2,181	49
Panchayati Raj Institutions	5,376	1,581	29
PWD (B&R) Department	6,095	1,436	24
Haryana Sugarfed	1,812	1,383	76
Public Health and Engineering Department	6,572	1,004	15
Municipal Corporations/ Committees	4,612	1,133	25
Industrial Training Department	209	194	93
HAFED	207	185	89
Other 58 organisations	5,802	1,825	31
<b>Total</b>	<b>35,179</b>	<b>10,922</b>	<b>31</b>

(Source: Information derived from the e-Procurement database)

In case of auctions, the details of auction were made available to public for preview before the date of auction. There were 6,959 auction events created up to January 2018. Different time periods ranging between one and 52 days were provided between uploading of auction details on the portal and holding of auction. Detail of time given by three organisations in 6,792 auction events is given in **Table 3.12**.

**Table 3.12: Detail of time allowed by three organisations for bidding**

Name of organisation	Total auction events uploaded	Number of days given				
		One	Two to three	Four to seven	Eight to fifteen	More than fifteen
Haryana Shahri Vikas Pradhikaran (HSVP)	6,506	18	58	439	2,198	3,795
Haryana State Industrial & Infrastructure Development Corporation (HSIIDC)	153	4	53	41	14	41
The Haryana State Federation of Consumers Cooperative Wholesale Stores Ltd.(CONFED)	133			0	25	108
Other organisations	167	5	3	15	50	94
<b>Total</b>	<b>6,959</b>	<b>27</b>	<b>114</b>	<b>495</b>	<b>2,287</b>	<b>4,038</b>

(Source: Information derived from the e-Procurement database)

**In the absence of any in-built checks for ensuring compliance with stipulated timelines, departments conducted business by violating applicable norms/rules.**

### **3.9.5.2 Multiple registrations of vendors**

Supplier Management module was designed to capture the particulars of vendors such as, name of the company/firm/individual, address, nature of business, financial information, user\_name, password, PAN, e-mail\_id, etc. at the time of registration of vendors prior to their participation in the tender and auction process. On successful completion of registration process, each vendor was allotted a unique user identity number in the back-end database. The DS&D in its Functional Requirement Specification had stipulated incorporation of adequate validation controls to prevent the same legal entity from registering more than once. Provision was also included in the RFP for uploading digitally signed documents for establishing the identity and past experience of the supplier at the time of registration.

Analysis of the users' data revealed that out of 47,506 vendors registered on portal, 5359 Vendors<sup>50</sup> had registered on the portal more than once with same PAN. It was found that as many as 149 vendors were registered against one PAN. **Absence of controls to restrict multiple registration of same entity and uploading of necessary documents resulted in registration of same entity more than once. The authenticity of multiple users' participation itself is questionable in the tendering process.**

Further analysis revealed that 919 vendors having multiple user IDs against the same PAN had participated in the tendering process and submitted their bids successfully in 2048 cases through different user IDs. In 200 cases, these vendors had submitted their bids for the same tender with different user IDs.

Nodal department while agreeing to audit observation admitted (February 2019) that there was no check for ensuring uniqueness of PAN in the system and assured that the functionality would be incorporated in near future. Final action was awaited (March 2019).

#### ***3.9.5.3 Bids submitted and withdrawn for modification after closure of tenders***

As per RFP, a functionality was to be incorporated in the system to restrict bid submission or bid modification after lapse of last date and time of bid submission.

During analysis of the database, it was observed that **nine events were recorded where bids were submitted after the closure of tender submission date/time and in 70 events bids were withdrawn for modification after the closure of tender submission date/time.**

#### ***3.9.5.4 Bids opened after cancellation of tenders***

As per extant rules, bids submitted by suppliers should be opened on expiry of time provided for submission of bids. However, buyer/indenter can cancel/suspend an event during bid submission phase or prior to initiation of tender opening process. The system should restrict the opening of bids once the tenders are cancelled.

Analysis of the data revealed that out of total 61,558 tenders, 8,844 tenders were cancelled. Further analysis of these cancelled tenders revealed that **in 66 cases bids were opened even after cancellation of tenders. Opening of bids after cancellation of tenders may disclose the trend of quoted rates which can influence the re-tendering process.**

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<sup>50</sup> With 12,776 unique IDs.



The DS&D replied (February 2019) cancellation date was wrongly recorded by the MSP. However, the functionality of cancellation of tenders at any stage before finalization of tenders would be given to the tendering departments at the front end in a near future. Final action was awaited (March 2019).

#### ***3.9.5.5 Tenders opened without approval of Tender Opening Committee***

(a) As per work flow of the tendering process in e-procurement system, list of members authorised to open the tender shall be selected at tender preparation stage. The system should permit initiation of tender opening process like scrutiny of tender document fee/EMD payment and opening of bid envelopes only after approval of the tender opening committee.

System captures the details of tender opening approval event in the database. During the scrutiny of the data, it was observed that in 90 cases, bid envelopes were opened but the approval of tender opening committee was not available in the database. In 254 cases, tender opening process was approved by a user other than member nominated for the tender opening committee. In 67 events, though status was updated as opening “APPROVE BY ALL=Y” but information about the authority who had approved the tender opening process or when this approval was granted was not found.

(b) As per rule 8(vi) of Store Purchase Rules, tenders shall be opened by three gazetted officers. Analysis of the system revealed that system had validated opening of tenders even when this stipulation had not been satisfied. For the period from October 2014 to January 2018, out of total 35,358 opened tenders, in 32,195 cases single member had opened tenders. Two members had opened tenders in 1,191 cases and the remaining tenders had been opened by members ranging from three to 19 members.

The DS&D admitted (May 2018) that as it was part of the RFP, the functionality would be made in the updated version of the application.

#### ***3.9.5.6 Capturing of invalid information***

MSP had to incorporate validation controls to ensure that supplier submitted certain information mandatorily, while registering at the portal. During analysis of data, it was observed that inadequate input validation controls in the system resulted in the following types of inconsistencies in the database: -

- In 72 cases, the field meant to capture PAN was either left blank or an invalid PAN was accepted by the system.

- In 2,288 cases, field meant to capture name of city was left blank, even though it was a mandatory information to be furnished by the users for registration on the portal.
- System was designed to send information to the registered users through registered e-mail ID or send SMS on the registered mobile number. In eight cases, e-mail ID field was left blank and in 72 cases, same e-mail IDs were captured for more than one user IDs.
- In 18 cases start/end date of tenders was captured as '01-01-1970'.

Due to these shortcomings **uniqueness of entities could not be established in the database, e-mail and SMS alerts could not be sent to all registered users and date bound functions could not be validated.**

The DS&D accepted the audit observation and stated (February 2019) that this functionality would be incorporated in the system in near future. Final action was awaited. (March 2019).

#### ***3.9.5.7 Roles assigned to non-existing users***

E-procurement system facilitates creation of multiple users with varying roles for buyer entities. Out of total 27 roles, users are assigned one or more specific role in the database to perform the assigned functions in the application, for eg. indent preparation, indent authorisation, vendor approval, tender release, tender amendment, etc. As per work flow, roles can be assigned only after creation of users.

As per users' master table, 2,085 users (buyers) were registered with the portal having different roles assigned in the system. Out of this, 1694 users were active. As per work flow, all active users should have been assigned roles. However, there were 15 active users for whom no role was defined. In 177 cases, though roles were defined in the system but these users did not exist in the users' master table which shows that users were deleted after the role assignment. The functions carried out by these users before deletion could not be tracked in the system.

**Assignment of roles in favour of the users not appearing in the master table and buyers without roles assigned to them casts doubts upon the reliability of system.**

#### ***3.9.5.8 Inadequate validations between master and transaction table***

All types of users registered with the portal were categorised into seven different types of categories according to their roles in the system. These categories were

identifiable in the database on the basis of unique codes (1 to 7) assigned to each category as per details given **Table 3.13 A**.

**Table 3.13 (A&B): Detail of inadequate validations of user codes**

Table 3.13 A		Table 3.13 B	
User_type	Description	Code captured	Number of records
1	SuperAdmin	0	10
2	PortalAdmin	40	3
3	DivisionalAdmin	70	1
4	Buyer	700	6
5	Buyer 1	7000	16
6	Buyer 2	70000	10
7	Vendor.	700000	2
		<b>Total</b>	<b>48</b>

(Source: Information derived from the e-Procurement database)

Analysis of the database revealed that codes captured for types of users in respect of 48 users (**Table 3.13 B**) was different from the user codes available in master table.

**Validation controls of the system need to be made robust for ensuring compliance to extant rules and procedures by Government departments in the procurement process.**

The DS&D replied (February 2019) that the 48 users mentioned in the audit observation were inactive users and a unique code of 13 would be assigned to them in the database in near future. The reply was not acceptable that recreation of any historical event linked with these users would not be possible in case a new user\_type code is assigned. The system should not capture any user\_type code other than codes given in the master table.

### **3.9.6 Inadequate audit trail**

Audit trail provides evidence about how a specific transaction was initiated, processed and summarised. Audit trail is necessary to track the history of transactions, system shortcomings, erroneous transactions, changes/ modifications in data etc. The system is capable of recording logs of different events with date and time of each event occurring during the tendering process. However, following deficiencies were noticed: -

#### **3.9.6.1 Absence of logs in respect of registered users**

During the analysis of data, it was observed that 49,997 users were registered on the portal. Further analysis of the table designed to record the log events related to registration of the users revealed that against the registration of 49,997 users, logs were recorded for 46,915 users only and for registration of remaining 3,082 users

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logs were not recorded in the database. **In the absence of these logs, it could not be ascertained how these users got registered with the portal.**

The DS&D in its reply (February 2019) stated that the MSP had performed certain operations from the backend since no such facility was available on front end, therefore no logs were recorded. The reply only reiterated the audit observation that logs for registration of a large number of users had not been recorded in the database which raises doubts on the integrity of database.

### ***3.9.6.2 Non-maintenance of historical information about users' profile***

In an electronic system, where editing of master data takes place, a log should be created describing who changed what data, from what to what and when. As per software requirement specification (SRS) submitted by the MSP, users need to submit certain mandatory and optional information on the portal for their registration with the portal. Analysis of the users' profile editing window revealed that after registration with the portal, vendors did not have privilege to edit the *user\_name, email\_id, Company's Name, Company Address, Vendor Category, First Name, Last Name and Middle Name*. For editing any of this information, vendors had to route the request through the indenting organisations as stated in the SRS. However, other information like secondary email, password, PAN, etc. can be edited by the user itself.

**It was observed that account details of 14,709 users (Vendors) were changed. Although system was capable of recording when changes were made and for whom these changes were made, no history was captured by the system about what information and by whom the information was edited.**

### ***3.9.6.3 Missing logs for suspended events***

In case any tender is cancelled, the event is captured in Activity log within the system. Thus, date of cancellation and date of creation of activity log should be same. Out of 61,558 tenders recorded on the portal, 8,844 tenders were cancelled. However, logs containing information about date/time of cancellation of a tender and user by whom the tender was cancelled, was not recorded in the database against 3,616 cancelled tenders. Further analysis of the database also revealed that **in 131 tenders, cancellation date was different from the date recorded for event created for such cancellation.**

The DS&D in its reply (February 2019) stated that the system generally removes previous records of the template and the new record with new incremental ID was saved in the system, however, now decided to save atleast five transactions in the database. The reply was not acceptable as missing log or saving the record with

new ID obstructs the audit trail and saving of only last five transactions will also not serve the purpose.

#### **3.9.6.4 Logs for deleted events not recorded**

Analysis of data revealed that 70,841 events (61,558 tenders and 9,283 auctions) were generated through the system. As per status recorded in the database, 4,138 tenders and 520 auctions were deleted. Further analysis of the concerned table revealed that deletion action was not recorded in the log table in respect of 520 auctions and 31 tenders. In the absence of these logs, **it could not be ascertained whether the events were deleted by an authorised person.**

The DS&D replied (February 2019) that the MSP had deleted certain events from the backend, on the request made by tendering organisations. As such no logs were created for those activities. However, all backend activities have now been stopped. The reply was not complete as the facility for deletion of an event should have been assigned to the tendering organisations at the front end.

#### **3.9.6.5 Incomplete audit trail for bid rework tasks**

E-procurement system facilitates the bidders to rework (edit) the bids already submitted for a tender. As per workflow, the bidder has to first select the tender for which he intends to edit the bid. By selecting the “Rework Bid” option bidder can review/edit its bid. In the system, each tender and bidder is recognised on the basis of Tender\_id and User\_id.

During analysis of the data stored in log table, it was observed that 76,700 events were captured where bids were withdrawn for editing. Further analysis of these events revealed that in 323 records tender\_id captured was ‘0’ i.e. without selecting tender\_id. **Non-capturing of tender\_id in these transactions casts doubts about the integrity of the system.**

The DS&D accepted (February 2019) the audit observation and replied that the random behavior in a few tenders was due to bug in the application. Now the bug has been removed and records have been updated. The reply only indicates that the department had not reviewed the system itself and the bug was identified only after irregularity pointed out by the Audit.

#### **3.9.6.6 Incomplete recording of logs for use of Digital Certificates**

For participating in the tendering process, each user was required to sign in the system by loading the SIGN-IN certificate (part of Digital Signature Certificate). Similarly, prior to submission of bids, users have the option to use encryption certificate for encrypting bids. The system captures log for loading and removal of

these certificates. Thus, event of removal of certificate should have corresponding loading event.

Analysis of the log table revealed that there were 12,765 instances of removal of SIGN-IN certificates against the 167 instances of loading of the same. Further, in respect of encryption certificates, removal instances were 13,798 against the loading of 150.

Thus, **the system was deficient in maintaining log for mounting and removal certificates.**

The DS&D replied (February 2019) that in the above mentioned cases, the digital certificates got expired in between the tender lifecycle. The reply was not acceptable as removals were more than loading which only indicates that recording of logs for use of Digital Certificate were not captured in above mentioned instances.

**The system should be made capable of capturing complete audit trail for preventing unauthorised access.**

### 3.9.7 *Other system deficiencies*

#### 3.9.7.1 *Absence of facility for blacklisting the contractors/suppliers on portal*

Para 14.19 of the Manual of office procedure for Supplies and Disposals of Stores provides that an order for debarring/banning business dealing with a firm should be circulated to all the entities of the Government by the concerned Department. After issuance of such order, no Government Department/Public Sector Undertaking/Boards etc. can transact any business with such firm. As per RFP, the system was to provide a feature for allowing the user departments to cancel/suspend the empanelment of any contractor/supplier for restricting the participation of debarred contractor/supplier.

During the scrutiny of e-procurement system, it was observed that **facility for updating the status of a firm/supplier to blacklisted category was not available in the application. In the absence of this facility, there was a risk of entrusting the supplies/works to blacklisted firm/supplier(s).**

The DS&D agreed (February 2019) with the audit observation and ensured that the facility would be incorporated in near future. Final action was awaited (March 2019).

### ***3.9.7.2 Non-evaluation of financial bids through e-procurement system***

As per RFP, the system was required to facilitate the preparation of comparative statements for technical as well as commercial bids. Automatic ranking (L<sub>1</sub>, L<sub>2</sub>, L<sub>3</sub>, ...) of the bidders on the basis of defined criteria for technical and commercial bids was also envisaged as per functional requirement.

During analysis of the management information system reports, it was observed that comparative statements for commercial bids were generated through the system but **facility for automatic ranking of the participating bidders was not available in the system.**

The DS&D agreed (February 2019) with the audit observation and ensured that the facility would be incorporated in near future. Final action was awaited (March 2019).

### ***3.9.7.3 Detailed reasons for bid rejection not captured in the System***

The RFP prescribed incorporating a functionality to capture the list of tender evaluation committee members for each tender. The system was also designed to capture the detailed remarks of the tender evaluation committee for bids rejected/accepted at any stage of the tender evaluation cycle to enhance transparency in procurement process. These results were accessible to the bidders participating in the respective tender.

In 21,041 cases of two stage tenders, bidders were disqualified during the technical bid evaluation phase and their commercial bids were not opened. **But in 15,276 cases, detailed reasons for rejection were not entered. Provision was also not made for nominating members for each tender evaluation committee. This defeated the objective of bringing transparency in the procurement process.**

The State Government had also introduced a Grievance Redressal Mechanism in July 2016 by providing five working days' time to the bidders for submitting their representation against the rejection of technical bid. However data analysis revealed that out of 2,400 rejected technical bids, in 1,769 cases, the commercial bids were opened prior to lapse of five days' period.

The DS&D agreed (February 2019) with the audit observation and ensured that the facility will be incorporated in near future. Final action was awaited (March 2019).

### 3.9.7.4 Digital signatures not appended to the documents uploaded by buyer/suppliers

As per guidelines<sup>51</sup> (2011) issued by Ministry of Communication and Information Technology, GOI, all the tender documents and corrigendum uploaded on the e-procurement portal should be digitally signed (Para 6.1 of the Annexure-I). The functional requirement was also mentioned in the RFP for providing facility for uploading digitally signed documents by the suppliers.

During study of the portal, it was observed that **tender documents and corrigendum uploaded on the portal by the tender inviting authority were not digitally signed. Similarly, the documents uploaded by the suppliers were also not digitally signed.** These were either Portable Document Format (PDF) or image files which were not embedded with digital signatures. The authenticity of these documents could not be ensured and were vulnerable to unauthorised interference.

The DS&D agreed (February 2019) with the audit observation and ensured that the facility will be incorporated in near future. Final action was awaited (March 2019).

### 3.9.7.5 Inadequate communication to suppliers/bidders

To achieve the objective of enhancing transparency in procurement process, an automated process for sending alerts to concerned suppliers through SMS/e-mail was incorporated in the application. Provision was made to send alerts through SMS/e-mail to the bidders who had submitted their bids prior to issuance of corrigendum to the NIT and at the time of opening of technical/commercial bids.

The email alerts sent to stakeholders of the portal were available for the period from 16 November 2017 to 28 January 2018 only. Analysis of data revealed that e-mail alerts were not sent to various bidders as detailed in **Table 3.14**.

**Table 3.14: Detail of e-mails not sent to bidders**

Event	Number of tenders	Number of bids	Number of bidders to whom e-mails not sent	Percentage
Technical Opening	3,594	10,227	7,164	70
Commercial Opening	3,864	12,577	8,887	71
Issuance of Corrigendum	229	318	196	62

(Source: Information derived from the e-Procurement database)

**Though SMSs for technical and commercial bid opening were generated through the system yet these SMSs were not sent to the concerned bidders.**

<sup>51</sup> Guideline for Compliance to Quality requirements of e-Procurement Systems



The DS&D replied (February 2019) that the data in respect of communication to suppliers/bidders was kept for 45 days only and now decided to keep the entire record of all e-mail alerts sent to stakeholders on the portal for a quarter. The reply was not acceptable as the audit had analysed the events recorded in last 45 days for which data regarding e-mail alerts was available and found that e-mail alerts were not sent to bidders for opening of bids and change in NIT.

### 3.9.8 Non-implementation of envisaged modules

As per the agreement, MSP had to implement all the six envisaged modules by 1<sup>st</sup> April 2014. However, out of these six modules, following two modules were still not implemented:

Purpose	Impact of non-implementation
<b>Contract Management</b>	
The module was envisaged to record the processes involved between issuance of supply/work order and final payment of bills to the suppliers/ contractors. Implementation of this module would enable the Government to monitor the progress of supplies/works and build a repository of information that could be used to measure the performance of suppliers/contractors.	In the absence of this module, the Government could not monitor the progress of supplies made/works executed by the concerned suppliers/ contractors. Performance of supplier in terms of timelines and quality etc. cannot be monitored through the system.
<b>Catalogue Management</b>	
The catalogue management module in e-Procurement has to ensure the best price of goods and services across all entities to achieve the objective of internal arbitrage by having details of items with codes assigned to each item, procurement price, quantity procured and details of suppliers.	In the absence of catalogue management module, Government could not create information bank consisting of historical information about the items procured from time to time, their procurement price, quantity procured along with complete details about the potential suppliers for those items. Thus, price differences of same items across the different departments could not be identified.
<b>Indent Management and Purchase Order facilities</b>	
A facility was provided in the e-procurement system for enabling the entities of the State Government to place the indents of their store requirements to DS&D through e-procurement portal. System also facilitates DS&D to prepare a tender on the basis of indents received. Further, there was facility in the system for placing automated purchase orders in the form of e-mail.	These facilities were not being used by any of the stakeholders and nodal department failed to achieve its objective of enhancing the transparency in procurement process by not emphasising the buyer entities to bring a tender to its conclusive stage on portal by uploading details of purchase order made.

In reply to audit observation, the DS&D stated (February 2019), efforts would be made to implement these modules. Final action was awaited (March 2019).

### 3.9.9 Conclusion

Even after four years of induction, dual system of e-procurement was in operation in the State. The e-procurement database was fraught with the risk of interference by the MSP/DBA at the backend due to non-segregation of duties. Due to inadequate validation checks, there were instances of providing insufficient time for bid submission, multiple registrations of vendors, opening and withdrawal of bids after tender closure, capturing of invalid information, etc. Complete audit trail was not maintained for tracking the history of transactions. Financial bids were not auto-ranked by the system and the facility for blacklisting the contractors/suppliers was not available in the system. Detailed reasons for rejecting technical bids were not captured and documents were uploaded without digital signature. The contract and catalogue management modules have not yet been implemented. Facilities of indent management and on-line preparation of purchase orders are not being utilised by user departments. Purchase orders were not formulated through the system. The DS&D had not planned for capacity building to take over the database administration and user management even though only one year was left (upto May 2019) for taking over the system along with source code.

Thus, interference by the MSP/DBA at the backend and non-maintenance of audit trail had made the system opaque and fraught with risk of intervention in competitive e-procurement process. The system was not tamper proof and the objective to minimise human intervention in order to have a transparent, efficient and efficient e-procurement system remained unachieved.

The matter was referred to the State Government in July 2018; their reply was awaited (March 2019).

### 3.10 Short realisation of inspection fee for boilers

#### **Inordinate delay in levy of revised inspection fee for boilers in accordance with Government of India notification resulted in short realization of ₹ 1.45 crore.**

The Government of India, Ministry of Commerce and Industry (GoI) had withdrawn (December 2007) the power of State Governments to prescribe the fee payable for the inspection and examination of old boilers<sup>52</sup> provided under section 29 (1) (f) of the Indian Boilers Act, 1923 through the Indian Boilers (Amendments) Act, 2007. The powers to prescribe the inspection fee were conferred on Central Boilers Board (CBB) under section 28 (1) (ed).

<sup>52</sup> Any closed vessel exceeding 22.75 litres in capacity which is used expressly for generating steam under pressure and includes any mounting and other fitting attached to such vessel.

The GoI revised (August 2015) the rates of inspection fee for boilers by increasing the same at an average of 2.19 times of the previous rates as notified by the GoI in November 2006. The notification was applicable with effect from the date of publication in the Official Gazette (i.e. 26 August 2015).

Scrutiny of the records (February 2018) in the office of the Chief Inspector of Boilers, Haryana, Chandigarh (CIB) revealed that the CIB sent (August 2015) a proposal prescribing the revised inspection fee of boilers to the Director, Industries and Commerce, Haryana (DIC) for onward submission to the State Government for issuing notification. However, no notification was required to be issued by State Government for revision of inspection fee as the powers to prescribe the inspection fee vest with the CBB as per Section 28(1) (ed) of the Act *ibid*. Instead instructions should have been issued to field offices by the Department for adopting the revised rates with effect from 26 August 2015. The CIB issued instructions only in July 2017 to field offices to collect revised inspection fee as notified by GoI in August 2015 with effect from July 2017. The Department had received an amount of ₹ 1.22 crore as inspection fee during August 2015 to June 2017 on the old rates resulting in short realization of ₹ 1.45<sup>53</sup> crore.

The Additional Chief Secretary, Department of Industries and Commerce accepted the audit observation and intimated (August 2018) that instructions had been issued to the Chief Inspector of Boilers to recover the differential amount from the owners of boiler units and disciplinary action had also been initiated against the erring officer/officials. However, final recovery of ₹ 1.45 crore on account of short realisation of boiler inspection fee was yet to be made (August 2018).

**Department may consider fixing responsibility on officer(s) concerned for delayed compliance of GoI notification resulting in short realization of ₹ 1.45 crore as inspection fee of boilers.**

## **Irrigation and Water Resources Department**

### **3.11 Incomplete Irrigation Project**

**Improper management and delay in execution of critical activities resulted in the project remaining incomplete beyond more than a year of schedule date of completion rendering the expenditure of ₹ 40.14 crore unfruitful.**

Para 16.37.1 of the Haryana Public Works Department Code provides that guidelines should be followed for avoiding time over-runs. It provides that survey work should be thorough, clearance from Government departments and statutory

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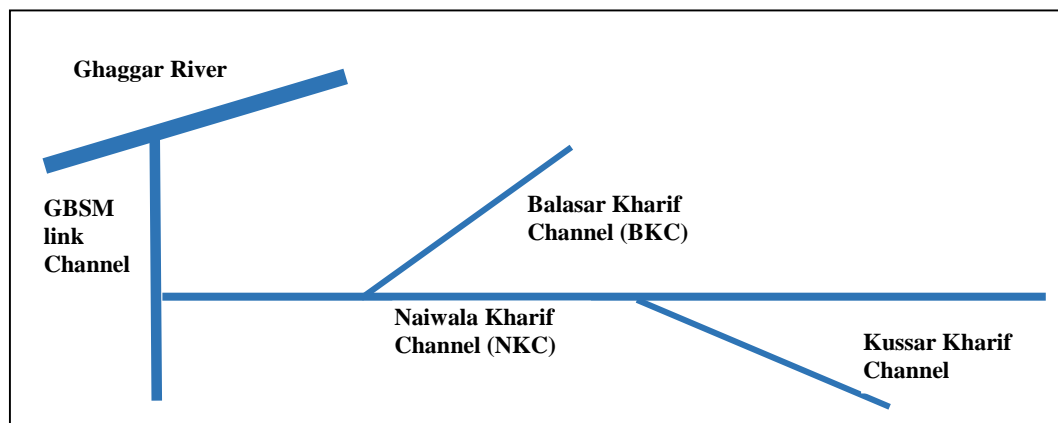
<sup>53</sup> (₹ 1.22 crore \* 2.19) - ₹ 1.22 crore = ₹ 1.45 crore

bodies should be obtained within reasonable time and completion of an activity which impinges on over-all completion of project should be ensured at the relevant time.

The State Government approved a project in February 2013 for ₹ 47.22 crore<sup>54</sup> (revised to ₹ 59.93 crore<sup>55</sup> in October 2015), with the objective of augmenting irrigation coverage and improving ground water table in an area of 29,511 acres covering 22 villages in Sirsa district, where rainfall was poor and ground water was brackish. The project with the scheduled date of completion as March 2017 had following components: -

- (i) Remodeling of 6.71 Km length of Ghagar Bani Sadewa MMK link channel (GBSM)<sup>56</sup> off taking from Ghaggar River for increasing its capacity from 253 cusecs to 851 cusecs.
- (ii) Construction of 15.54 km long Naiwala Kharif Channel (NKC) with 281 cusec capacity off taking from GBSM link channel.
- (iii) Construction of 3.81 km long Balasar Kharif Channel (BKC) with 41.61 cusec capacity and 2.87 km long Kussar Kharif Channels (KKC) with 32.33 cusec capacity, both off taking from NKC.

A representational layout of the project is depicted below:



<sup>54</sup> Land acquisition 96.98 acres for ₹ 20.95 crore and construction of channels, bridges, head regulator, etc., for ₹ 26.27 crore.

<sup>55</sup> Land acquisition: ₹ 29.70 crore and construction of channels, bridges, head regulator, etc., for ₹ 30.23 crore.

<sup>56</sup> GBSM Link Channel takes off from river Ghaggar at RD 29000-R. Total length of GBSM Link Channel is 79,217 ft. with designed discharge 253 cusecs. 3 Nos of Kharif Channels namely Sadewa Parallel Channel with capacity of 54.77 cusecs, Bhagsar Minor with capacity of 24.39 cusecs and Dhottar Minor with capacity of 26.31 cusecs have already been constructed with takes off from GBSM Link Channel.

The Irrigation Department had incurred an expenditure of ₹ 40.14 crore<sup>57</sup> on the project upto January 2018. The project was executed by two divisions<sup>58</sup> of the Department. Audit observed that -

- The work of remodeling of GBSM link channel should have been taken up prior to awarding the works of three channels viz. NKC (in March 2014), BKC and KKC (in June 2015), because GBSM link channel is the feeder channel for carrying additional water from Ghaggar River for the other channels. However, the architectural drawings of various structures of GBSM link channel such as aqueducts, head regulator and bridges were finalised by EE, Sirsa Water Services Division only in November 2017 and the estimate for remodeling of GBSM link channel was approved in December 2017 for ₹ 9.78 crore. The work was allotted to an agency in May 2018 with timeline of 18 months (November 2019). Thus, the original project completion date (March 2017) was pushed back by two and half years.
- The work of construction of NKC was allotted in March 2014 for ₹ 8.71 crore with a time limit of twelve months. However, the work remained incomplete and the agency executed the work to the tune of ₹ 6.35 crore upto January 2018. Land measuring 96.98 acres was to be acquired for the entire project. Though the process of land acquisition started in 2012, yet the compensation for structures on acquired land (91.02 acres) continued to be paid upto October 2014 i.e. after seven months from award of the work. The work also involved clearances to be taken from Forest Department which was initiated by the Department as late as in August 2015. The approval from Forest Department was received only in January 2018 with a delay of two and half years as the Irrigation Department had not demarcated trees required to be felled. Demarcation of trees was to be done before taking up the matter for forest clearance with the Forest Department. This delayed the work of construction of NKC by three years.
- The work of BKC was awarded to an agency in June 2015 for ₹ 1.69 crore with a time limit of eight months. There has been no progress of work since November 2017 after incurring expenditure of ₹ 0.54 crore since additional land was required to be acquired. At the time of preparation of project estimate, alignment of channel was not assessed correctly as a result of which additional 2.525 acres of land had to be acquired subsequently. The process of acquiring

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<sup>57</sup> Land acquisition: ₹ 31.51 crore; Construction of NKC: ₹ 6.35 crore; Construction of Kussar Kharif Channel: ₹ 0.76 crore; Construction of BKC: ₹ 0.54 crore; Payment to Forest Department: ₹ 0.60 crore; and Payment to DHBVN: ₹ 0.38 crore.

<sup>58</sup> Sirsa water Services Division, Sirsa and Ghaggar Water Services Division, Sirsa.

the additional land started only in March 2017 and was finally completed in April 2018. The work on this channel had not been resumed (May 2018).

On being pointed out, the Chief Engineer replied (October 2018) that the project could not be completed in time due to non-clearance of site and non-shifting of electric poles. Thus, the project which was envisaged to be completed by March 2017 would be delayed by two and half years i.e upto November 2019 due to various reasons as stated above. The expenditure of ₹ 40.14 crore incurred on the project has remained unfruitful.

**Department may initiate necessary action for ensuring time-bound completion of the project.**

The matter was referred (March 2018) to the State Government and further reminder was issued in June 2018; their reply was awaited (May 2019).

### Public Health Engineering Department

#### 3.12 Incomplete sewerage scheme

**The expenditure of ₹ 13.11 crore incurred on the incomplete sewerage treatment plant was rendered unfruitful as the untreated sewage was being discharged in violation of the Environment (Protection) Rules, 1986.**

Rule 3A, Schedule VI of the Environment (Protection) Rules, 1986 provides that Biochemical Oxygen Demand (BOD) should not be more than 30mg/l for discharging pollutant in inland surface water. Para 10.13.1 of the Haryana PWD code also provides that the objective of any treatment proposal shall be to properly collect the sewage, transport it efficiently and treat it to requisite standards, before final disposal, without causing health and environmental hazards.

The State Sanitary Board approved (July 2005) an estimate of ₹ 44.25 crore for Master Sewerage Scheme for Rohtak town by availing loan from National Capital Region Planning Board (NCRPB). The project included the laying of 43 km sewerage pipe in eleven newly approved colonies, one 10 million litres per day (MLD) sewerage treatment plant (STP) at Nehru Colony for serving a population of 0.94 lakh and another 40 MLD STP near Grain Market on Bhiwani Road for serving a population of 3.39 lakh. All works except 40 MLD STP were completed upto January 2012 at a cost of ₹ 28.39 crore<sup>59</sup>.

<sup>59</sup> ₹ 28.39 crore = ₹ 17.30 crore (laying of sewer lines) + ₹ 0.56 crore (disposal work at Rahar Johar) + ₹ 10.53 crore (10 MLD STP).

During scrutiny of records in the office of Executive Engineer, Public Health Engineering Division No. 3, Rohtak (EE), it was found (October 2017) that construction work of 40 MLD STP with Main Pumping Station (MPS) was allotted to an agency in February 2009 for ₹ 20.16 crore<sup>60</sup>, on turnkey basis, with time limit of 12 months. However, despite slow progress of work and failure to complete the work by stipulated date, the Department did not levy any penalty on the contractor. A penalty of ₹ 2.02 crore was imposed by the EE on the contractor only in March 2015. However, even this was waived off by the Superintending Engineer who granted time extension on 12 January 2016 upto 31 January 2016. Although the structure of the STP was constructed (January 2016), there were certain works which were yet to be completed<sup>61</sup>. This was pointed out by the NCRPB team and departmental officers during project progress inspection in May/June 2016. Due to these deficiencies, the STP was not functioning resulting in frequent blockages and causing overflow of the inlet channel. Against the agreement amount of ₹ 14.52 crore for the work related to STP, payment of ₹ 13.11 crore had been made to the contractor (January 2016).

The EE extended (March 2017) the defect liability period upto 31 August 2017 with the instruction to the contractor to rectify the defects noticed. However, the work was not completed and the EE rescinded the contract (December 2017). **No further action has been taken to complete the work at the risk and cost of the contractor. The STP was not yet functional even after eight years of the stipulated date of completion as a result of which untreated sewage was being discharged into the drain.**

During physical verification (April 2018), it was found that mechanical screening, connectivity between sludge collection tanks and sludge sump well, plinth protection around reactor was not constructed. Sewerage was by passing and untreated sewerage was being dropped into the drain.

**The expenditure of ₹ 13.11 crore incurred on the incomplete STP was rendered unfruitful, as the untreated sewage was being discharged in violation of the Environment (Protection) Rules, 1986.**

The matter was referred (April 2018) to the State Government and further reminder was issued in June 2018; their reply was awaited (May 2019).

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<sup>60</sup> STP - ₹ 14.52 crore, MPS - ₹ 2.99 crore, Operation and Maintenance - ₹ 0.36 crore and Internal roads & pipes - ₹ 2.29 crore.

<sup>61</sup> Mechanical screen, mechanical degritter, inlet system and sludge drying beds were not provided, final polishing pond never de-silted, office and laboratory gas holder and gas burner were not constructed, DG set, fire safety arrangement, etc., were not installed.

### 3.13 Unfruitful expenditure on incomplete works

**Initiating two water supply schemes without proper assessment of the source of raw water and lackadaisical approach in completing the projects rendered the expenditure of ₹ 10.47 crore (₹ 9.01 crore + ₹ 1.46 crore) incurred on the schemes unfruitful, besides depriving the habitants of potable water.**

Para 16.37.1 of the Haryana PWD Code provides guidelines for avoiding time overruns of projects since this results in higher project cost, contractual claims, delay in the use of facilities and possible loss of revenue. All projects should be preceded by thorough survey work, obtaining clearance from Government departments and statutory bodies, timely procurement of material to be supplied departmentally and completion of all activities that are likely to impinge on timely completion of the project. Para 10.12.2 (b) of the Code specifically provides that the estimate for water supply project should include examination of source of water, its potential and quality alongwith assured quantity of water likely to be available.

(a) The Water Supply and Sewerage Board, Haryana (the Board) approved (April 2012) a canal water based water supply scheme for village Matani (Bhiwani district) for ₹ 3.15 crore<sup>62</sup> under National Rural Drinking Water Program (NRDWP). A committee of Superintending Engineers of Irrigation and Public Health Engineering Departments (the Committee) decided (March 2012) to obtain canal water from Isharwal Distributary. After inviting the tenders in January 2013, the Executive Engineer (EE), Public Health Engineering Division (PHED), Siwani awarded the work of construction of water works structures and pipe distribution system at Matani to L1 for ₹ one crore in March 2013 with a completion period of one year i.e. by March 2014. DI pipes worth ₹ 1.87 crore were to be provided by the Department. An expenditure of ₹ 1.38 crore was incurred by PHED on construction of structures at Matani water works.

During execution of work, water availability at the assessed source (Isharwal Distributary) was found to be inadequate. Hence the Board accorded administrative approval (August 2013) of ₹ 18.75 crore for providing canal water to three villages Matani, Mithi and Morkan by constructing a pump house at Siwani Canal and laying of 33 kilometre DI pipeline from Siwani canal to these villages as a State funded project. The estimate for the work was technically approved for ₹ 15.90 crore<sup>63</sup>. The work of construction of pump house and pipeline was awarded by the Department in March 2014 for ₹ 1.12 crore with a completion period of nine months

<sup>62</sup> Comprising civil works - ₹ 0.85 crore; pipeline for bringing canal water and distribution - ₹ 2.03 crore; machinery - ₹ 0.15 crore; and other miscellaneous items - ₹ 0.12 crore.

<sup>63</sup> Civil work - ₹ 0.26 crore; Rising main - ₹ 14.38 crore; Pumping machinery - ₹ 1.03 crore and contingency expenditure - ₹ 0.23 crore.



i.e. by December 2014. DI pipes worth ₹ 14.32 crore were to be provided by the Department.

The agency laid only 6.3 km DI pipeline costing ₹ 1.64 crore against the estimated quantity of 33 km (December 2015) and a payment of ₹ 0.10 crore was made. The Department had not demanded funds from the Board during 2015-16 and 2016-17 for procuring remaining length of DI pipes. As a result, the pipes could not be procured and the work remained abandoned for two years. The Department demanded and was allocated funds of ₹ 8.35 crore in 2017-18, out of which it procured pipes worth ₹ 5.73 crore in September 2017, which were yet to be utilised (December 2017).

The pump house at Siwani Canal was to be constructed on the land of the Irrigation department. However, the request for transfer of land was taken up by the EE, PHE Division, Siwani with the Irrigation department, as late as May 2017 i.e. three years after allotment of the work of pump house. An expenditure of ₹ 7.63 crore<sup>64</sup> was incurred on this work upto December 2017. The total expenditure of ₹ 9.01 crore incurred on both parts of the work<sup>65</sup> remained unfruitful as the project is not yet complete.

The EE, Siwani intimated (October 2018) that pipes of 16.18 km of 450 mm diameter had been laid at site. The pump house at Siwani Canal was under construction. The project remained incomplete (May 2019).

(b) To address the problem of water shortage at villages Khorda, Gobindpur and Berla, the Board accorded (March 2013) administrative approval of ₹ 7.64 crore for a water supply scheme. The Committee had identified (February 2013) Loharu Feeder canal as source of water. The scheme provided for construction of independent water works<sup>66</sup> at village Khorda at a cost of ₹ 1.24 crore and construction of pump house at village Berla near Loharu Feeder canal and DI pipe rising main for carrying raw water to all the three villages from Loharu Feeder canal at a cost of ₹ 6.29 crore.

Scrutiny of records in the office of the Executive Engineer, Public Health Engineering Division, Charkhi Dadri revealed (December 2017) that construction of water works at village Khorda was awarded to an agency (December 2013) for ₹ 1.32 crore with a time limit of 12 months. The work has been completed and an

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<sup>64</sup> Cost of pipes laid - ₹ 1.64 crore, cost of pipes procured in September 2017 - ₹ 5.73 crore and Contractor payment and other expenditure – ₹ 0.26 crore.

<sup>65</sup> Matani water works - ₹ 1.38 crore + Rising main for canal water – ₹ 7.63 crore.

<sup>66</sup> (i) Storage and Sedimentation (SS) tank (ii) High Level Tank (HLT) (iii) Clear Water Tank (CWT) (iv) Suction & Scour Well (v) Filter Bed (vi) Pumping machinery (vii) Boundary wall, etc.

expenditure of ₹ 1.46 crore<sup>67</sup> has been incurred (April 2018) on the above work. However, the project has not become functional because the department had not taken approval of the Irrigation Department for constructing outlet at Loharu Feeder canal.

On being pointed out, the EE confirmed (April 2018) that the work was started without obtaining necessary approval from Irrigation Department for constructing outlet at Loharu Feeder. The EE further intimated (October 2018) that the source of water had been changed to Sora distributory. However, the permission had been obtained for drawing only 0.26 cusec canal water out of the requirement of 0.51 cusec from Sora distributory in August 2018.

**Thus, initiating the scheme without ensuring the source of raw water and lackadaisical approach of the Department resulted in incomplete schemes at village Matani and Khorda even after five years of administrative approval thereby rendering expenditure of ₹ 9.01 crore and ₹ 1.46 crore unfruitful. Besides, the objective of providing drinking water to the villages remained unachieved.**

**Department may ensure early completion of the two water supply schemes. Further, it may strengthen its planning and monitoring mechanism for ensuring better coordination in execution of schemes that require approvals/aclearances from other Departments.**

The matters were referred to the Government in February 2018 and May 2018; their replies were awaited (February 2019).

### Public Works Department (Buildings and Roads)

#### 3.14 Avoidable expenditure due to late deposit of funds

**Delay in depositing funds for making payment for acquisition of land to landowners for construction of Rohtak-Meham-Hansi railway line resulted in avoidable interest payment of ₹ 26.24 crore.**

As per section 23 (1 A) of the Land Acquisition Act 1894 (Act), an amount calculated at the rate of 12 *per cent* per annum on the market value of the land for the period commencing on and from the date of the publication of the notification

<sup>67</sup> Contractor payment : ₹ 0.66 crore for construction of SS tank, filter beds, pump chamber, clear water tank; Pipes issued from store: ₹ 0.42 crore; and other miscellaneous expenditure: ₹ 0.38 crore.

under section 4 (1)<sup>68</sup> to the date of the award of the collector or the date of taking possession of the land, whichever is earlier, is payable. Therefore, efforts should be made for minimizing the interest payment by minimizing the period between issue of notification and date of award.

Ministry of Railways, Government of India (GoI) approved construction of Rohtak-Meham-Hansi new railway line in 2012-13 with the condition that the State Government would provide land free of cost to Railways for the work. Notifications under Section 4 (1) and section 6<sup>69</sup> of the Act *ibid* were published by the State Government in December 2013 and June 2014 respectively for acquiring 7124 kanal and 10 marla land valuing ₹ 157.14 crore. On 27 August 2014, the District Revenue Officer cum Land Acquisition Collector, Rohtak (DRO-cum-LAC) submitted a demand to PWD (B&R) for ₹ 330.20 crore<sup>70</sup> for paying land compensation to landowners by calculating interest upto 20 November 2014.

Scrutiny of records in the office of Executive Engineer, PWD (B&R) Division No.1, Rohtak, (EE) revealed (December 2016 and January 2017) that after receipt of demand from DRO-cum-LAC, Rohtak, the Superintending Engineer, PWD (B&R) Circle, Rohtak (SE) submitted the demand to the Engineer-in-Chief, PWD (B&R) on 28 August 2014 for arranging funds from the State Government. However, the EIC submitted the case to the State Government for making arrangement of funds only on 05 March 2015 i.e. after a delay of 189 days. Audit observed that there were no cogent reasons on record for delay in sending the demand for funds to the Government.

The Chief Minister (CM) approved the proposal on 25 March 2015 and observed that non-availability of funds should not act as a deterrent for announcing the award and directed the Additional Chief Secretary (ACS, B&R) to take up the matter with Principal Secretary, Finance Department personally. However, the EIC submitted the case to ACS, B&R for further referring it to the Finance Department on 1<sup>st</sup> June 2015 i.e. after a delay of 67 days although the case was received back from ACS,

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<sup>68</sup> Whenever it appears that land in any locality is needed or is likely to be needed for any public purpose, a notification to that effect should be published in the Official Gazette and the Collector shall cause public notice of the substance of such notification to be given at convenient places in the said locality.

<sup>69</sup> After Section 4(1) notification is issued, Section 5A contemplates an inquiry into objections filed by land/property owners. If after the inquiry, the Government decides to go ahead with acquisition, it has to make a declaration under Section 6 of the Act which will be conclusive proof of the fact that Government intends to acquire the land/property for public purpose.

<sup>70</sup> Land compensation: ₹ 157.14 crore + Hundred *per cent* solatium: ₹ 157.14 crore and interest at the rate of 12 *per cent* per annum on land compensation upto October 2014: ₹ 15.92 crore.

B&R on 26 March 2015. The PWD (B&R) caused delay of 256 days which resulted in accumulation of ₹ 13.22 crore<sup>71</sup> towards payment of interest.

The EIC took up the matter again with the Finance Department after a gap of another 252 days on 9 February 2016. The funds of ₹ 330.20 crore (including interest amount upto 20 November 2014) were allotted (March 2016) to the division and the same was deposited (March 2016) with the DRO cum LAC for payment to landowners. By this time the demand of the DRO cum LAC increased to ₹ 366.74 crore due to accrual of interest of ₹ 36.54 crore for the period from 21 November 2014 to June 2016. The interest amount of ₹ 36.54 crore was deposited in August and September 2016<sup>72</sup>. This contributed ₹ 13.02 crore<sup>73</sup> towards payment of interest.

Thus, the department had taken a total of 682 days (*Appendix 3.21*) from the date of first demand of DRO cum LAC in August 2014 to September 2016 i.e. date of final payment to the DRO cum LAC. Out of this, the delay of 508 days (256+252) as enumerated above, was avoidable. This resulted in avoidable interest payment of ₹ 26.24 crore<sup>74</sup> for this period. This also delayed the construction of railway line between Rohtak-Meham-Hansi.

The matter was referred (May 2018) to the State Government and further reminder was issued in July 2018; their reply was awaited (May 2019).

## Revenue and Disaster Management Department

### 3.15 Payment of inadmissible compensation for damaged crops

#### **Due to non-observance of instructions of GoI for payment of compensation for damaged crops, the State Government suffered a loss of ₹ 3.07 crore.**

The Ministry of Home Affairs (Disaster Management Division), Government of India (GoI) issued (April 2015) norms for providing assistance from State Disaster Relief Fund (SDRF) with effect from 1<sup>st</sup> April 2015 which were also applicable for assistance/compensation for crops damaged by hailstorms in different parts of the country during February/March 2015. The assistance was to be provided subject to ceiling of two hectare (i.e. five acres) per farmer. The State Government decided (April 2015) to pay maximum compensation of ₹ 60,000 (₹ 12,000 per acre upto

<sup>71</sup> (₹ 157.14 crore \* 256 \* 12)/365\*100.

<sup>72</sup> ₹26.54 crore (August 2016) + ₹ 10.00 crore (September 2016).

<sup>73</sup> (₹ 157.14 crore \* 252 \* 12)/365\*100.

<sup>74</sup> (₹ 157.14 crore \* 508 \* 12)/365\*100.

five acre) per farmer on the basis of *girdawari*<sup>75</sup> conducted in the month of March-April 2015. The Deputy Commissioners (DCs) and Sub Divisional Officers (SDOs-Civil) were responsible for correct disbursement of compensation to all affected persons in accordance with the instructions issued through Standing Order No. 72 (September 2013) of the Revenue and Disaster Management (RDM) Department. The disbursement was to be made under the supervision of a committee comprising Haryana Civil Services (HCS) and Class-I officers of the district concerned. A register showing details e.g. name of affected person, total affected area, the amount to be disbursed to the affected persons, etc. was to be maintained at Tehsil offices.

Scrutiny of the records of the Tehsildars under the offices of DCs, Gurugram and Sirsa revealed that the disbursing officers of Farukhnagar (Gurugram), Sirsa and Rania (Sirsa) Tehsils made inadmissible payment of ₹ 3.07 crore<sup>76</sup> to the 727 farmers for affected area above two hectare in contravention of the norms/instructions issued by the GoI and GoH. This shows that there was lack of effective monitoring and supervision by DCs and SDOs-Civil as well as by the Disbursement Committee which was tasked with the responsibility of ensuring disbursement of compensation as per norms.

On being pointed out by Audit, the DC, Gurugram replied (April 2018) that instructions had been issued to Tehsildar of Farukhnagar Tehsil for effecting recovery of excess payment of compensation as arrears of Land Revenue. Office of the Additional Chief Secretary to Government Haryana, RDM Department also accepted (May 2018) failure of the field offices in following the norms of disbursement.

**Thus, due to not abiding by the norms fixed for paying compensation, the Tehsildars paid an inadmissible compensation of ₹ 3.07 crore to the farmers.**

The matter was referred to the State Government in May 2018 and further reminder was issued in July 2018; their reply was awaited (May 2019).

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<sup>75</sup> Harvest inspection i.e. recording of the information regarding harvest/crop in the revenue record with the name of person harvesting the same.

<sup>76</sup> Excess payment for land ranging up to 22.68 acre over the permissible limit.

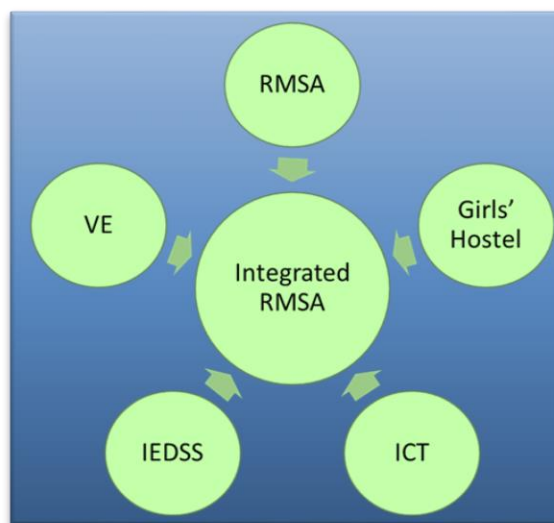
**School Education Department  
(Haryana School Shiksha Pariyojna Parishad)**

**3.16 Development of Infrastructure under Rashtriya Madhyamik Shiksha Abhiyan**

**Deficient monitoring by Haryana School Shiksha Pariyojna Parishad led to slow progress in construction works and non-release of further funds by Government of India. There were instances of release of funds without assessing requirement, non-recovery from defaulters and suspected embezzlement. Under Vocational Education Scheme, against the target of constructing 406 laboratories during 2013-16, only 194 were completed. 29 girls' hostels constructed at a cost of ₹ 47.18 crore were lying unoccupied. Deployment of teachers was not equitable in the State, as student-teacher ratio was high in backward areas and low in the schools located near district/block headquarters.**

**3.16.1 Introduction**

Government of India (GoI) launched Centrally sponsored Rashtriya Madhyamik Shiksha Abhiyan (RMSA) in March 2009 to enhance access and improve the quality of education and infrastructure at secondary stage. Subsequently, four ongoing Central schemes i.e. Girls' Hostel, Information and Communication Technology (ICT) in Schools, Inclusive Education for Disabled at Secondary Stage (IEDSS) and Vocational Education (VE) were subsumed under Integrated RMSA in 2013-14.



Out of 21 districts in the State, four districts were considered as Special Focus Districts i.e. minority concentrated district of Mewat and SC concentrated districts of Ambala, Sirsa and Fatehabad.

These schemes were being implemented by Haryana School Shiksha Pariyojna Parishad (HSSPP)<sup>77</sup> headed by State Project Director (SPD). At district level,

<sup>77</sup> HSSPP is a society registered under Societies Registration Act, 1860 which is primarily responsible to implement Rashtriya Madhyamik Shiksha Abhiyan in Haryana State.

District Project Coordinators (DPCs) were responsible for implementation of the schemes. Against the availability of funds of ₹ 1,263.97 crore<sup>78</sup> including opening balance, ₹ 1,220.13 crore were spent during 2013-18.

To assess the development of physical infrastructure and human resources through these schemes, records of the offices of HSSPP, DPCs of five<sup>79</sup> districts, 10 blocks<sup>80</sup> (two in each district) and 50 schools (five in each block) (*Appendix 3.22*) for the period 2013-18 were test checked during December 2017-April 2018. The selection of four districts was done by adopting Stratified Random Sampling method<sup>81</sup> while Panchkula district was covered under pilot study. An exit conference was held in November 2018 with State Project Director, HSSPP wherein audit findings were discussed. The audit findings are detailed below:

### 3.16.2 Infrastructure development

#### 3.16.2.1 Status of infrastructure in schools

According to RMSA framework, there should be sufficient class rooms, science laboratories, headmaster/principal rooms, separate toilet for boys and girls, playgrounds, boundary walls, etc., in Secondary and Senior Secondary Schools. Further, IEDSS scheme provides for toilets for CWSNs and ramps. There were 3,276 Secondary and Senior Secondary schools in the State. As per U-DISE information for the year 2017-18, the status of infrastructure in senior secondary and high schools in the State was as depicted in the graph below:

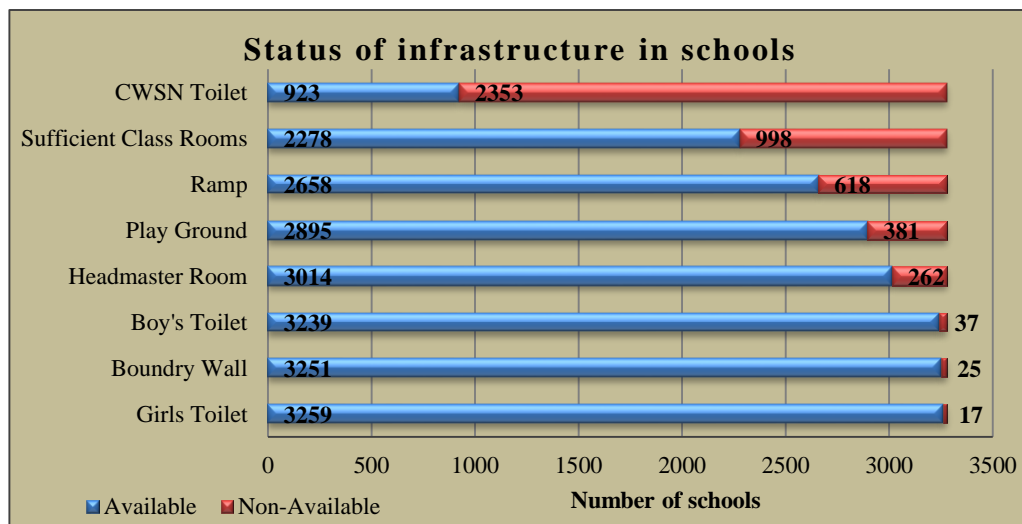
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<sup>78</sup> RMSA: ₹ 695.53 crore, VE: ₹ 237.97 crore, ICT: ₹ 235.98 crore, Girls' Hostel: ₹55.20 crore and IEDSS: ₹ 39.29 crore.

<sup>79</sup> (i) Kaithal, (ii) Nuh, (iii) Panchkula, (iv) Sirsa and (v) Yamunanagar.

<sup>80</sup> (i) Kaithal (ii) Rajound (iii) Nuh (iv) Punhana (v) Pinjore (vi) Morni (vii) Sirsa (viii) Baragudha (ix) Radaur and (x) Chhachhrauli.

<sup>81</sup> Districts were divided into three groups based on total funds released and enrollment of students.



As is evident from above graph, though there was proper infrastructure in most of the schools, yet there was deficient infrastructure in few schools, which needs to be addressed. HSSPP stated (January 2019) that adequate infrastructure could not be provided in all the schools due to non-approval of budget by GoI as per demand of the State Government.

### ***3.16.2.2 Slow progress in creation of infrastructure***

One of the important interventions under RMSA was strengthening of existing secondary schools through construction of Additional Class Rooms (ACRs), science laboratories, libraries, computer rooms, separate toilets for girls and boys, etc. Project Approval Board (PAB) under the Ministry of Human Resource Development, Government of India (GoI) approves plans for infrastructure works proposed by the State Government. As per RMSA framework, the sanctioned funds can be released after receipt of expenditure statement commensurate to the physical progress made upto last quarter. After 12 months from the preceding year, if the Utilisation Certificate (UC) is not received, there shall be no release of funds, till receipt of the annual audited statement and Utilisation Certificate.

PAB approved 6,951 works at an estimated cost of ₹ 400.36 crore during the period 2010-12 in the State. These works were to be completed within one year of receipt of funds. As of June 2018, out of these works, 6,259 works<sup>82</sup> were

<sup>82</sup> Upto March 2013- 2,262 works, Upto March 2014- 4,795 works, Upto March 2015- 5,618 works, Upto March 2016- 6,060 works, Upto March 2017- 6,090 works and Upto March 2018- 6,259 works.



completed, 654<sup>83</sup> were still in progress and 38<sup>84</sup> were not even started as depicted in *Appendix 3.23*.

PAB further approved 2,471 construction works for ₹ 204.66 crore during 2013-18 in the State (*Appendix 3.24*). Of these, construction of only 205 works was completed, 1,393 works were in progress and 873 works were not started (June 2018) even after the lapse of 24 to 48 months of the approval of PAB due to non-release of funds by GoI. GoI did not release funds for works approved during 2013-18 since projects approved during 2010-12 were incomplete or works were not even started. However, HSSPP commenced the works approved during 2013-18 from unspent funds meant for completion of works during 2010-12 without obtaining approval of PAB.

HSSPP was not monitoring the progress of works and reasons for non-completion of civil works were not on their record. As a result, appropriate corrective action could not be initiated to complete the pending works for the last six to seven years.

The HSSPP stated (October 2018) that commencement of works was delayed mainly due to non-receipt of sufficient funds from GoI. Out of 9,422 works, 6,433 works had been completed, 2,338 were in progress and 651 works could not be started due to non-availability of land. Some funds had also been surrendered by school due to decrease in requirement of infrastructure. This shows that demand for funds was made without proper assessment.

### ***3.16.2.3 Funds released without assessing requirement***

While on one hand works could not get completed due to shortage of funds, there were instances of funds remaining unutilised. Funds of ₹ 25.07 lakh were released for execution of 12 works<sup>85</sup> to three<sup>86</sup> schools during May 2011 to March 2012 for construction works in three test-checked districts which could not be executed due to non-availability of land. The funds were refunded to HSSPP between January 2014 and August 2016.

Similarly, funds of ₹ 37.43 lakh were granted during July-October 2017 for construction of science laboratories, additional class rooms, art and craft rooms,

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<sup>83</sup> Upgradation of schools : 10, Additional class rooms: 68, Science laboratories: 109, Computer rooms: 137, Art & Craft rooms: 177, Edusat-cum-library : 145, Toilets: 8.

<sup>84</sup> Additional class rooms: 16, Science laboratories: 2, Computer rooms: 13, Art and Craft rooms: 5, Edusat-cum-libraries : 2.

<sup>85</sup> These works were out of 38 works which were not started as mentioned in paragraph 3.16.2.2.

<sup>86</sup> GGHS Bhana (Kaithal) ₹ 3.94 lakh, GSSS Morni ₹ 12.28 lakh, and GHS, Lohinga kalan (Nuh) ₹ 8.85 lakh.

etc., in eight schools of three test checked district (*Appendix 3.25*). Although these facilities already existed in these schools, the Headmasters/ Principals sent the demand for providing these facilities through Unified-District Information System for Education (U-DISE). The amount was lying with these schools/DPCs as of March 2018. DPC also did not monitor the utilisation of funds, resulting in mismanagement and blocking of funds.

The HSSPP while admitting the fact stated (October 2018) that the funds of these components along with interest had been returned by schools and instructions had been issued to all concerned to send the actual demand of class rooms, laboratories, library rooms, etc. in future. Since audit has only done test check, the HSSPP should review all the cases where UCs have not been received to assess the status of works.

**The School Education Department should maintain a database of all sanctioned works and conduct periodic review of all the works. As there are large number of works, the department may consider online monitoring of funds disbursed, funds utilised, completion status and progress of fund utilisation.**

#### ***3.16.2.4 Non-utilisation of completed infrastructure***

Verification of infrastructure created during 2010-18 under RMSA in 50 test checked schools revealed that infrastructure was not being utilised for the purpose for which it was created in all the schools, the details of which are given in *Appendix 3.26*. The analysis of data of the Appendix brought out that:

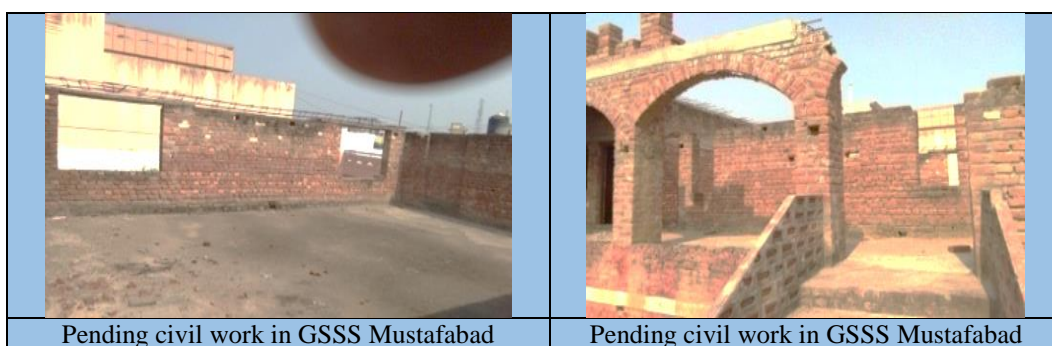
- (i) Out of 34 additional class rooms (ACRs) constructed, only 24 ACRs were utilised for teaching and 10 ACRs were being utilised for various other purposes.
- (ii) Out of 19 library rooms constructed, only 14 rooms were being utilised as libraries and remaining five were not being utilised for any purpose as there was no furniture, sitting arrangement, fans, etc., in these rooms.
- (iii) Out of 15 science laboratories constructed, only 10 laboratories were utilised and five laboratories were lying vacant. There were no slabs and cupboards in any of these laboratories.
- (iv) Out of 22 art and craft rooms constructed, four rooms were not being utilised for any purpose and were lying vacant.

The HSSPP stated (October 2018) that the ACRs were constructed as per norms but these could not be utilised in test-checked schools due to shortage of teachers and decrease in enrolment of students. As regards under-utilisation of library rooms and science laboratories, it was stated that these rooms could not be utilised due to

non-availability of furniture and adequate number of teachers. It was further added that instructions had been issued to all concerned to send the demand of infrastructure as per requirement in future. During exit conference, the SPD directed the officers of HSSPP to identify such issues in all the schools since audit has only test checked few schools. The reply only shows that **the infrastructure was created without assessing the actual requirement resulting in under-utilisation of infrastructure.**

### 3.16.2.5 Non-recovery of funds from defaulters

Funds of ₹ 38.24 lakh were released for construction of 11 rooms in GSSS, Mustafabad (Yamunanagar) during 2011-12. The Principals exhausted entire funds and submitted UCs for entire amount but completed only six rooms. The remaining five rooms remained incomplete (February 2018) as shown below:



Since works remained incomplete despite utilising all the funds, the assessment of the work was carried out (November 2015) by the technical team headed by Superintending Engineer which recommended recovery of ₹ 12.30 lakh from two of the then Principals. The District Education Officer (DEO) had not taken any departmental action against these Principals and even the recovery was not made despite the matter being brought to the notice of ACS, School Education Department, SPD, HSSPP, Director, Secondary Education and ADC-cum-Chairman, SSA/RMSA Yamunanagar from time to time (April 2016-June 2018).

The HSSPP stated (October 2018) that Inquiry Officer had been appointed for conducting inquiry in the matter and appropriate action would be taken on receipt of inquiry report.

**The State Government may consider to evolve a mechanism to monitor the physical and financial progress of works.**

### 3.16.2.6 Suspected embezzlement of funds

(i) Scrutiny of records in GSSS, Jehtana in Punhana block of district Nuh revealed that payment of ₹ 1.49<sup>87</sup> lakh was made by using the photocopy of the same bill (No 805) for hiring shuttering material. This was tantamount to suspected embezzlement of ₹ 1.49 lakh.

The HSSPP stated (October 2018) that the works had been completed and payments were made through School Management Committee. Photocopy of one bill was pasted in files by mistake and also assured that this type of mistake would not recur in future. The reply is not acceptable as payments had been made without due verification and without submission of original bills.

(ii) In the office of the DPC, Yamunanagar, double payment was made on the same bill number 629 dated 23 January 2013 of a brick owner firm of village Jubble, Radaur for purchase of bricks vide voucher number 134 and voucher number 173 by the Principal GSSS, Mustafabad which shows suspected embezzlement of ₹ 54,000.

The HSSPP stated (October 2018) that Inquiry Officer had been appointed for conducting inquiry in the matter and appropriate action would be taken on receipt of inquiry report.

**Department may ensure time-bound completion of inquiry proceedings. It may consider devising a system of internal control for avoiding misappropriation of funds.**

### 3.16.2.7 Vocational Education Scheme

A pilot project on National Vocational Education Qualification Framework (NVEQF) under the Vocational Education Scheme was launched (September 2012) in Haryana across 40 schools in 8 districts<sup>88</sup>. It was further implemented in 1,001 schools out of 3,276 schools up to 2017-18. The objectives of the scheme were to prepare educated, employable and competitive human resource for various sectors of the economy and the global market.

PAB approved setting-up of 511 separate workshop/labs for different skills<sup>89</sup>

<sup>87</sup> Voucher number 4 dated 4 February 2015: ₹ 0.26 lakh; voucher number 4 dated 4 February 2015: ₹ 0.27 lakh and voucher number 4 dated 08 May 2015: ₹ 0.96 lakh.

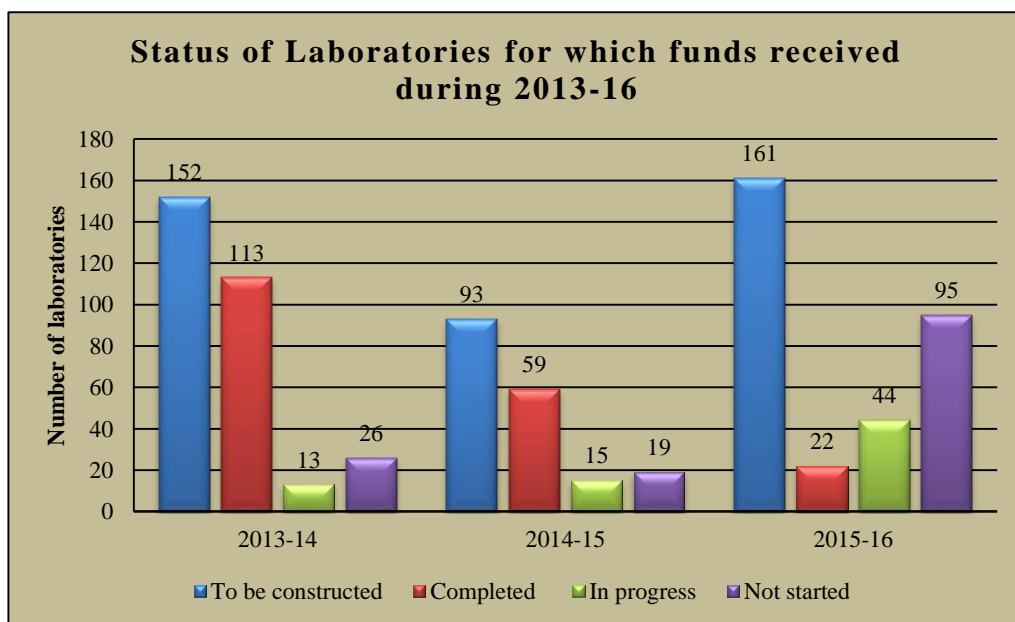
<sup>88</sup> Gurugram, Faridabad, Mewat, Palwal, Jhajjar, Rohtak, Ambala and Yamunanagar.

<sup>89</sup> IT/ITes-103, Retail-18, Security-17, Automobile-44, Patient Care Assistance-141 and Beauty and Wellness-188.

under VE and funds of ₹35.51 crore<sup>90</sup> were received for 486 labs during the period 2012-16. In 28 test-checked schools (out of 50), courses of 56 skills<sup>91</sup> (two in each school) were introduced during 2012-13 to 2015-16 under VE. However, students enrolled in IT/ITes were being imparted training through already existing ICT laboratories.

Audit observed following shortcomings in construction and utilisation of laboratories:

(i) **Non-completion of construction work of laboratories/workshops:** All 80 laboratories approved during 2012-13 were completed but the progress of works approved subsequently was very slow. Year-wise position of labs/workshops for the period 2013-16 as of February 2018 is given in the following chart:



As is evident from the above, out of 406 laboratories/workshops for which funds were received during 2013-16, only 194 were completed, work of 72 was in progress and work of 140 was not even started.

In test-checked schools, the scheme was introduced in 28 (out of 50) schools and construction of 15<sup>92</sup> laboratories was approved. Out of these 15 laboratories,

<sup>90</sup> ₹ 12.18 crore for 2012-13 during January 2013 to July 2014; ₹ 7.54 crore for 2013-14 in July 2014; ₹ 7.26 crore for 2014-15 in October 2014 and ₹ 8.53 crore 2015-16 during December 2015 to September 2016.

<sup>91</sup> IT/ITes-18, Automobile-5, Retail-5, Beauty and Wellness-5, Agriculture-4, Patient Care Assistant-7, Security-5, Physical Education-5, Banking-1, Apparel Fashion Designer-1.

<sup>92</sup> IT/ITes-4, Retail-01, Automobile-02, Beauty and Wellness-03, and PCA-05.

construction works of 12 laboratories had been completed and work of three<sup>93</sup> laboratories was not started. Out of 12 completed laboratories, nine laboratories were functional and balance three completed IT/ITes labs were not yet functional due to non-purchase of computers.

**Thus, the objective of the scheme for creating separate labs/workshops for VE could not be achieved even after a lapse of 24 to 48 months of approval of PAB despite availability of funds.**

The HSSPP stated (October 2018) that laboratories in progress would be completed within three months. As regards 140 not started laboratories, it was stated that tenders for 85 labs were invited in 2015-16 but no response to the tender had been received and for remaining 55 laboratories concerned districts authorities had been asked (September 2017) to conduct feasibility study for construction of laboratories. **Thus, the objective of imparting specialized technical training could not be achieved despite availability of funds.**

**The State Government may consider to expedite the process of computer procurement for making the laboratories functional.**

(ii) **Completed IT/ITes laboratories/workshop not put to use:** Out of 80 laboratories for which funds were received in 2012-13, 40 were for Information Technology/Information Technology enabled services (IT/ITes). Construction of these laboratories was completed in November 2014. For making these laboratories functional by providing Computer and related items funds of ₹ 2.20 crore were transferred to 40 schools through UTKARSH<sup>94</sup> Society in 2013-14. Subsequently, all 40 schools transferred (December-2014-January 2015) these funds to Haryana State Electronic Development Corporation Limited (HARTRON). Thereafter, HSSPP increased the number of labs from 40 to 182 and deposited an additional amount of ₹ 8.72 crore with HARTRON between February 2015 and August 2016. Funds of ₹ 10.92 crore were lying unutilised with HARTRON. The HSSPP modified the indented specifications in August 2015 and again in December 2017. Thereafter, HSSPP did not pursue the matter appropriately, as a result of which computers could not be installed in these IT/ITes laboratories and funds of ₹10.92 crore were lying unutilised with HARTRON.

As per PAB approval (2012-13), the IT laboratories were to be powered by generating sets. The HSSPP decided (May 2014) that 'Solar Power Plants' should be procured from Haryana Renewal Energy Development Agency (HAREDA)

<sup>93</sup> IT/ITes-01 and PCA-02.

<sup>94</sup> A society registered under Registration of Societies Act, 1860 as Use of Technology for Knowledge Advancement and Re-orientation of Studies in Haryana.

instead of procuring diesel generating sets. Funds of ₹ 80 lakh were transferred (2013-14) to UTKARSH Society for the purpose. The funds were returned by UTKARSH society to HSSPP (December 2014) stating that the procurement should be done by HSSPP. HSSPP again deposited ₹ 2.80 crore in July 2017 (₹ two lakh per school) to UTKARSH Society for installation of solar system in 140 schools. Thereafter, there was no pursuance to procure the solar power plants and the funds of ₹ 2.80 crore were lying unutilised with UTKARSH Society (December 2018).

Thus, despite incurring huge expenditure of ₹ 4.99 crore<sup>95</sup> on construction of laboratories and purchase of printers, computer tables and chairs and Unicode software, none of these labs were put to use and were lying idle due to non-procurement of computers.



Further, according to the instructions issued by Finance Department (March 2011), HARTRON and UTKARSH Society were required to pay interest at the rate of six *per cent* per annum, on half yearly basis on unutilised funds. However, neither the interest of ₹ 2.35 crore<sup>96</sup> upto December 2018 was paid by HARTRON and UTKARSH Society nor demanded by HSSPP.

The HSSPP stated (October 2018) that computers and related items could not be purchased by HARTRON due to non-finalisation of rate contract by the Director, Supplies and Disposal.

**This should be seen in light of the fact that the delay in finalisation of rates was on account of change/modification in specifications repeatedly by HSSPP since December 2014. As regards amount of ₹ 2.80 crore lying with UTKARSH Society, it was stated that the Society had been asked to refund the amount along with interest.**

<sup>95</sup> Construction of laboratories: ₹ 3.90 crore (September 2014 to May 2015), Purchase of computer tables and chair: ₹ 0.65 crore (March 2014) Printer: ₹ 0.09 crore (December 2014) and Unicode software: ₹ 0.35 crore (December 2017).

<sup>96</sup> HARTRON: ₹ 2.08 crore and UTKARSH Society: ₹ 0.27 crore.

**The Government may consider allotting projects on turnkey basis for better co-ordination in project execution so that the constructed laboratories could be made equipped without any delay.**

### ***3.16.2.8 Non-functional girls' hostels***

GoI introduced (2008-09) Girls' Hostel Scheme for setting up of hostels with lodging and boarding facilities in the Educationally Backward Blocks (EBBs). There were 36 EBBs in the State (*Appendix 3.27*). GoI granted approval for construction of 18 girls' hostels in 2013-14 and 18 more hostels in 2014-15 in Aarohi Model Schools<sup>97</sup>.

As of March 2018, out of 36 girls' hostels, 31 were completed by HSSPP during the period between January 2015 and August 2016. Out of 31 completed hostels, only 2 hostels i.e. Kheri Saffa and Phulia Khurd in Jind district were made functional. Remaining 29 hostels were not functional even after a lapse of 19-38 months of their completion at a cost of ₹ 47.18 crore. The HSSPP failed to provide the basic pre-requisites such as furniture, kitchen equipment, bedding, chowkidar, warden, etc. **In test-checked districts of Kaithal and Sirsa, 327 girls in 2016-17 and 318 girls in 2017-18 had submitted their willingness to stay in the hostel; but these girls remained deprived of benefits of the scheme.**

The HSSPP stated (October 2018) that delay in making the hostels functional was on account of non-release of fund by GoI. The HSSPP further stated that furniture and fixture had now been provided for 10 hostels and would be made operational very shortly and that others hostels would also be made functional in a phased manner. Audit observed that second instalment of funds in respect of 18 girls' hostels approved during 2014-15 was not released by the GoI due to slow physical progress and non-submission of utilisation certificates of earlier grants.

**The Government may consider expediting the process of procurement of furniture and fixture for providing boarding and lodging facility to girl students.**

### ***3.16.2.9 Poor/unsatisfactory functioning of ICT laboratories***

Under Information and Communication Technology (ICT) Scheme (launched in December 2004) opportunities were to be provided to secondary stage students to build their capacity on ICT skills and make them learn through computer aided learning process. In Haryana, 2,617 schools were provided with ICT laboratories.

<sup>97</sup> Progressive, secular, child centered co-educational schools committed to providing quality education in the State.



ICT laboratories were existing in 42 (out of 50) test-checked schools. In only 14 (33 *per cent*) schools, the labs were fully functional, in three schools, the labs were non-functional and in 25 schools, these were partially functional as only 522 out of 829 computers (**Appendix 3.28**) were in working condition. Out of 42, while gensets were functional in 15 schools, they were not functional in 27 schools. Thus, the students of these schools were deprived of the facility of computer education in the event of power failure.

Further, technical evaluation of computers and allied items provided under ICT scheme conducted by HARTRON in January/February 2017 brought out that computer systems were not in working order in 427 schools in the State. No action was taken to repair or replace the non-working computers (June 2018).

The HSSPP stated (October 2018) that the work relating to supply, installation and maintenance of ICT laboratories in 2,617 Government High/Senior Secondary Schools was allotted to a company but due to default in services, the agreement was terminated (April 2014) and the company was blacklisted. The company challenged the termination and blacklisting in the Hon'ble Apex Court in May 2014. The Hon'ble Court has stayed the orders. Due to the matter being sub-judice the Department was unable to carry out the repair and maintenance of the computer labs in 2,617 schools.

**Audit is of the opinion that since the stay was on termination and blacklisting of the firm, alternative arrangement should have been made to repair or replace the non-working computers to provide facility of computer education to students.**

### **3.16.3 Human resource development**

#### ***3.16.3.1 Inequitable deployment of teachers***

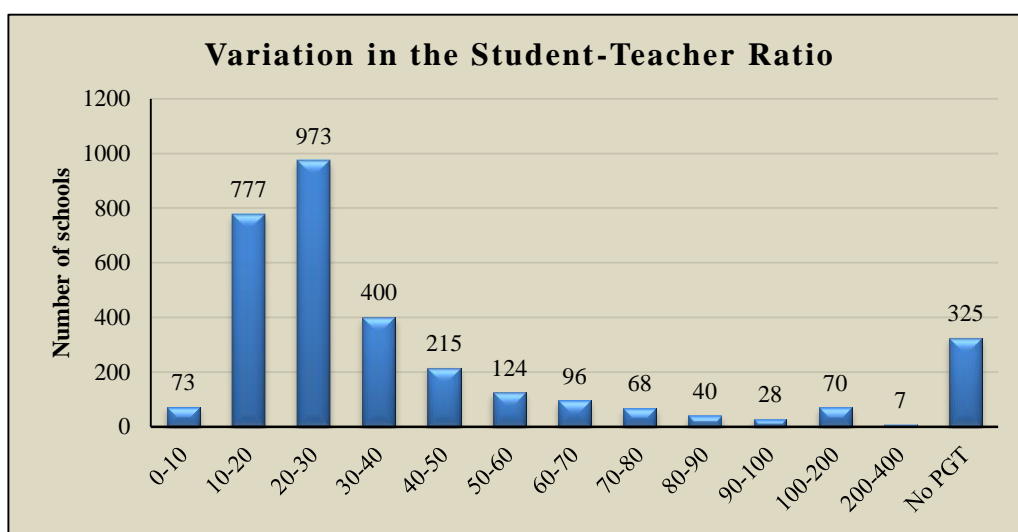
As on March 2018, out of sanctioned posts of 37,691 PGTs, 14,280 posts were vacant (38 *per cent*). Ideal student-teacher ratio is 30:1 as per RMSA guidelines. Student-teacher ratio in the State was by and large satisfactory at 26.69:1 indicating that there were enough number of teachers for enrolled students.

School Education Department implemented the Teachers Transfer Policy-2016 with a vision to ensure equitable, demand based distribution of teachers/heads to protect academic interest of students and optimize job satisfaction amongst its employees in a fair and transparent manner. Although it was a fair and transparent policy, yet it could not ensure equitable distribution of teachers across the State as discussed below:

- There were variations in student-teacher ratio across districts as given in *Appendix 3.29*. An analysis of data of *Appendix* disclosed that the student-teacher ratio was very high (between 36.2 and 44) in backward regions of the State, especially in Mewat, Fatehabad and Sirsa districts, which were also the special focus districts under RMSA. On the other hand, it was low (between 17.08 and 20.79) in Rohtak, Jhajjar and Panchkula which shows that deployment of teachers was less than requirement in backward regions and more than requirement in Rohtak, Jhajjar and Panchkula districts.

In five districts<sup>98</sup>, as against the sanctioned strength of 8,084 teachers, 4,013 teachers were in position and 4,071 posts (50 per cent) were vacant. The vacancy position in these districts was more i.e. 50 per cent as against the overall vacancy of teachers of 38 per cent in the State.

- Analysis of school-wise student-teacher ratio revealed wide variations in the ratio as depicted in the chart below:



As seen from above, no Post Graduate Teachers<sup>99</sup> were posted in 325 schools (nearly 10 per cent). These schools had 2,128 sanctioned posts of PGTs.

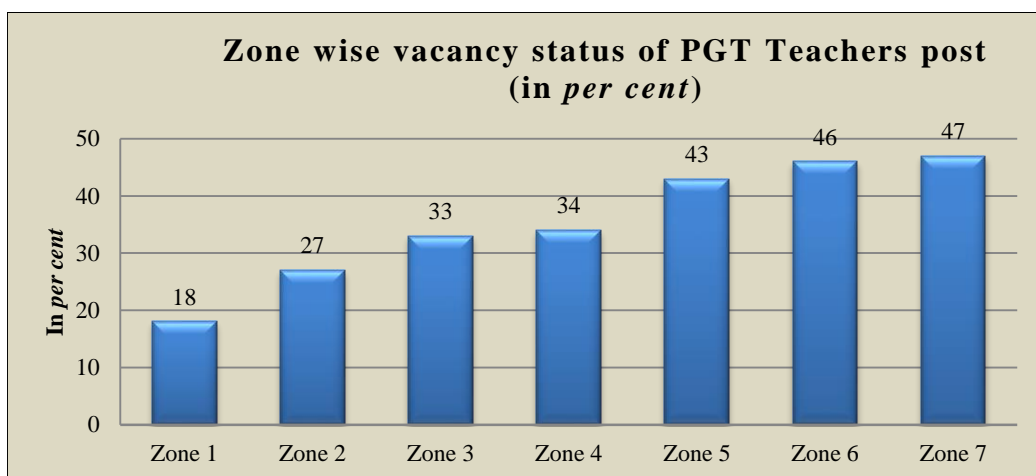
77 schools had student teacher ratio of more than 100. In science subjects i.e. mathematics, physics, chemistry, biology and computer science, as against the sanctioned strength of 11,333 posts, 5,698 were filled and 5,635 (50 per cent) were vacant. District-wise vacancy position of teachers of science related subjects is shown in a map (*Appendix 3.30*).

<sup>98</sup> (i) Ambala, (ii) Fatehabad, (iii) Mewat, (iv) Sirsa and (v) Yamunanagar.

<sup>99</sup> TGT (Trained Graduate Teacher) is a Graduate who is trained in teaching classes upto 10<sup>th</sup> Standard. PGT (Post Graduate Teacher) is a post graduate who is trained in teaching upto 12<sup>th</sup> Standard.

There were wide variations in the vacancy position across districts, it ranged between 71 and 85 *per cent* in backward areas of Fatehabad, Nuh (Mewat) and Kaithal districts whereas the vacancy position was very low in Panchkula, Rohtak, Rewari, Mahendergarh and Gurugram and ranged between 21 and 34 *per cent* against the average vacancy position of 50 *per cent* in the State.

The area of the districts were divided in seven Zones in 10<sup>100</sup> districts i.e. Zone-1: Schools located within municipal area of the district headquarters (HQ); Zone-2: located within 10 kilometres from the outer limit of municipal area; Zone-3: located in the block HQ; Zone-4: school located on the State Highways or National Highways between 10 kilometres to 15 kilometres outside the municipal area of the district headquarter; Zone-5: schools located within five kilometres of Block Headquarters; Zone-6: Schools located between five to ten kilometres of block headquarters; Zone-7: all remaining schools located in the farthest area and not covered in above categories. However, in remaining 11 districts, districts were also divided in 7 zones but district-wise zoning criteria were different (*Appendix 3.31*). The zone-wise vacancy position in the State is given in the chart below:



As seen from above, the vacancies of teachers in schools from Zone-1 to Zone-7 is in ascending order which indicates that the teachers were posted near district and block headquarters and posting of teachers in farthest areas of the districts was very low.

**Thus, deployment of teachers was extremely skewed with most vacancies being in the backward districts and in areas farthest from district and block headquarters.**

<sup>100</sup> (i) Ambala (ii) Jind (iii) Kaithal (iv) Karnal (v) Kurukshetra (vi) Mahendergarh (vii) Palwal (viii) Panchkula (ix) Panipat and (x) Rohtak.

The HSSPP stated (October 2018) that a requisition for recruitment of PGTs had been sent to Haryana Staff Selection Commission and that efforts were being made to fill up/adjustment of the teachers in the schools to run the work of schools smoothly.

### **3.16.3.2 Shortage of Special Educators for CWSNs**

IEDSS scheme provides for support of special educators to Children with Special Needs (CWSNs) at secondary level. One special educator was to be provided for five CWSNs. The special educators were to provide counselling to parents, help in identifying the needs of children with disabilities and in training programmes. The scheme was to cover all children studying in secondary classes with one or more disabilities i.e. blindness, low vision, leprosy cured, hearing impairment, locomotor, mental retardation, mental illness, autism, cerebral palsy, etc. A teacher with qualification in single disability area were to be encouraged to specialize in other disability area to take care of wide range of diversities in a general school.

Audit observed that as against the requirement of 897 to 1,390 special educators for CWSNs students ranging between 4,483 and 6,952 in different years during 2013-18, the sanctioned strength remained 435 during the entire period, which too were not filled up. There remained vacancies ranging between 224 and 111. As against the ideal ratio of 1:5, ratio of special educators to CWSNs remained between 1:16 and 1:33 during 2013-18.

While students with any of the disabilities as mentioned in the schemes were admitted in the schools, special educators were recruited only for three disabilities i.e. hearing impairing, visually impaired and mentally challenged. Further, training was not provided to the special educators to handle students with other disabilities in selected districts.

The HSSPP stated (October 2018) that due to shortage of special teachers under the scheme, services of 147 special teachers working under Sarva Shiksha Abhiyan (SSA) had also been taken since December 2012. These resource teachers are providing resource support services to *divyang* (differently abled) students studying at Resource Centres. While approving the budget for the year 2018-19, GoI has also approved filling up the vacant posts of special teachers working under IED-SS and the process of filling up the vacancies would be started soon.

The Government may consider adopting on-line education technology for covering schools without sufficient number of teachers. The Government may also appoint special educators to provide support to CWSNs.

### 3.16.4 Conclusion

There was shortfall in availability of infrastructure in few schools. Deficient monitoring by HSSPP led to slow progress in construction works and non-release of funds by GoI. There were instances of release of funds without assessing requirement, non-recovery from defaulters and suspected embezzlement. Under Vocational Education scheme, against the target of constructing 406 laboratories during 2013-16, only 194 were completed. Funds of ₹ 10.92 crore and ₹ 2.80 crore were lying unutilised with HARTRON and UTKARSH Society due to non-purchase of computers and solar system respectively, 29 girls' hostels constructed at a cost of ₹ 47.18 crore were lying unutilised. Deployment of teachers was not equitable in the State, as student-teacher ratio was high in backward areas while it was low in the schools located near district/block headquarters.

These points were referred to the State Government in July 2018 and further reminder was issued in January 2019; their reply was awaited (May 2019).

## Town and Country Planning Department

### 3.17 Grant of licences without assessing financial adequacy

**Undue favour in granting of licences to two colonisers without assessing financial adequacy led to outstanding Government dues of ₹ 180.58 crore.**

Section 3 of the Haryana Development and Regulation of Urban Areas Act, 1975 (the Act) authorises Director General (DG), Town and Country Planning Department (TCPD) to grant licence to colonisers for developing colonies. As per TCPD guidelines (April 2012), at the time of submission of application for grant of licence, the paid up capital of a coloniser company (collaborator or otherwise) should be equal to sum of scrutiny fee<sup>101</sup>, conversion charges<sup>102</sup>, 25 per cent of licence fee and entire infrastructure development charges (IDC) for applied area. Remaining 75 per cent of applicable licence fee could be inducted as capital after grant of letter of intent (LOI) under Rule 10, but before the issuance of licence. The DG, TCPD is required to assess the financial adequacy of colonisers prior to issuing licence.

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<sup>101</sup> Scrutiny fee is received with the licence application as a fee for enquiring into the title of land, capacity to develop the colony and layout plan of the colony.

<sup>102</sup> Conversion charges is the fee charged for allowing conversion of existing use of land to development of colony.

A. During test-check of records (July 2017) in the office of the DG, TCPD it was found that St. Patricks Realty Private Limited (the Company) applied (November 2012) for two licences for development of a Residential Plotted Colony (RPC) over an area of 109.35 acres and a Group Housing Colony (GHC) over an area of 10.93 acres in villages Dhunela and Berka of District Gurugram.

On the basis of the April 2012 guidelines and as per assessment of the DG, TCPD, the Company was required to have a paid up capital of ₹ 34 crore for LOIs and ₹ 45 crore<sup>103</sup> for the licences. But the Company had paid up capital of ₹ one lakh only. The DG, TCPD issued LOIs in December 2013 by considering the fully convertible debentures of ₹ 39 crore as paid up capital and thereafter issued licence numbers 54 and 84 of 2014 in June and August 2014 by adding ₹ six crore interest free unsecured loans to the earlier amount of ₹ 39 crore. The action of DG, TCPD was erroneous as the Section 43 of the Companies Act, 2013 provides that paid up share capital of a company includes only equity share capital and preference share capital. Fully convertible debentures and unsecured loans are liabilities and are required to be redeemed in a predetermined period. Hence they cannot be considered as part of paid up capital of a company.

After May 2015, the company defaulted in the payment of External Development Charges (EDC). But another licence (28 of 2016) was granted in December 2016 for development of an RPC. As of April 2018, ₹ 160.86 crore<sup>104</sup> was outstanding against the Company but no action has been initiated under Section 8 (1)<sup>105</sup> for cancellation of licences and recovery of departmental charges as arrears of land revenue under Section 8 (2) of the Act. The DG, TCPD issued a notice under Section 8 (1) of the Act in May 2018, only after the matter was pointed out by Audit.

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(₹ in crore)

Required paid up capital	Before issuance of LOI					Before licence	
	Scrutiny fee	25 per cent of Licence fee	Conversion charges	IDC	Total	75 per cent of Licence fee	Total
GHC (Licence No. 84 of 2014) (10.93 acres)	0.08	0.42	0.57	3.57	4.64 (rounded off to 5.00)	1.27	5.91 (rounded off to 6.00)
RPC (Licence No. 54 of 2014) (109.35 acres)	0.48	3.37	6.91	17.34	28.10 (rounded off to 29.00)	10.11	38.21 (rounded off to 39.00)

<sup>104</sup> Licence No. 54 - EDC: ₹ 102.91 crore; Licence No. 84 - EDC: ₹ 43.16 crore; Licence No. 28 - EDC: ₹ 10.65 crore, IDC : ₹ 4.14 crore;

<sup>105</sup> A licence shall be liable to be cancelled if the colonizer contravenes any of the conditions of the licence or the provisions of the Act or the rules made thereunder; provided that before such cancellation the coloniser shall be given an opportunity of being heard.

**B.** Similarly, a licence number 11 of 2016 was granted (August 2016) to another company i.e. TDI Mansion Private Limited for setting up of GHC over an area of 10.02 acre in village Patla and Nangal Kalan, district Sonapat. The DG, TCPD calculated the required paid up capital as ₹ five crore (equal to the actual paid up capital of coloniser company) whereas, as per April 2012 guidelines, the paid up capital was required to be ₹ six crore<sup>106</sup> at the time of issuance of licence. Government dues of ₹ 19.72 crore<sup>107</sup> were outstanding against this coloniser company (April 2018). The Coloniser had not got approved the service plan/estimates of the colony from TCPD even after lapse of more than 20 months of grant of licence. The DG, TCPD issued a notice under Section 8 (1) of the Act in May 2018 only after the issue was pointed out by Audit.

Thus, the DG, TCPD had granted undue favour by issuing licences to colonisers by relaxing the requisite minimum paid up capital criteria, which resulted in the colonisers defaulting on payment of EDC to the extent of ₹ 180.58 crore. The DG, TCPD had not taken timely action for cancellation of licences and recovery of departmental dues as arrears of land revenue under Section 8 of the Act.

**The matter requires thorough investigation for fixing responsibility on concerned official(s).**

The matter was referred to the State Government in May 2018 and further reminder was issued in July 2018; their reply was awaited (February 2019).

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<sup>106</sup> Scrutiny fee: ₹ 0.07 crore, Licence fee: ₹ 1.96 crore, conversion charges: ₹ 0.53 crore, IDC: ₹ 3.27 crore; Say: ₹ 6.00 crore (rounded off from ₹ 5.83 crore).

<sup>107</sup> Licence No. 11 - EDC: ₹ 15.67 crore and IDC: ₹ 4.05 crore.

**Town and Country Planning Department  
(Haryana Shahri Vikas Pradhikaran)**

**3.18 Revenue Generation in Haryana Shahri Vikas Pradhikaran**

**Non-initiation of action against defaulters, inadequate efforts for auction of un allotted properties in developed sectors hampered the revenue generation in Haryana Shahri Vikas Pradhikaran. Non-reconciliation of allottee ledgers led to non-detection of fraud, perspective plan for time bound development of acquired land was not prepared. Further, delay in recovery of enhanced land compensation, non-recovery of external development charges, continuance of business in resumed properties, non-recovery of water and sewerage charges and outstanding rent in respect of leased property such as petrol pumps, liquor vends, etc., impacted revenue generation in HSVP.**

**3.18.1 Introduction**

Haryana Shahri Vikas Pradhikaran (HSVP) was established under Haryana Urban Development Authority Act, 1977 for the development of urban areas in a planned manner. The main objective of the HSVP is to promote and secure development of urban areas and to acquire, develop and sell land for residential, industrial, commercial and institutional purpose.

HSVP generates revenue of capital nature by sale of residential plots, auction of commercial sites and buildings, receipt of external development charges from the colonizers, etc. Major components of revenue receipts include rent of land and buildings, forfeiture of deposits, fees and fines on unauthorised construction /unauthorised occupants, interest on bank deposits, etc. The Chief Administrator (CA) is overall in-charge of HSVP. The receipts and expenditure of HSVP during 2013-18 is depicted in **Table 3.15**.

**Table 3.15: Receipts and expenditure of HSVP during 2013-18**

(₹ in crore)			
Year	Receipts	Expenditure	Surplus (+)/Deficit(-)
2013-14	5,234	6,223	(-) 989
2014-15	4,078	6,827	(-) 2,749
2015-16	3,432	4,483	(-) 1,051
2016-17	3,177	3,909	(-) 732
2017-18	4,219	11,192	(-) 6,973
<b>Total</b>	<b>20,140</b>	<b>32,634</b>	<b>(-) 12,494</b>

(Source: Statement provided by HSVP)

As against the receipt of ₹ 20,140 crore, an expenditure of ₹ 32,634 crore was incurred during 2013-18. The difference is being met through market loans.



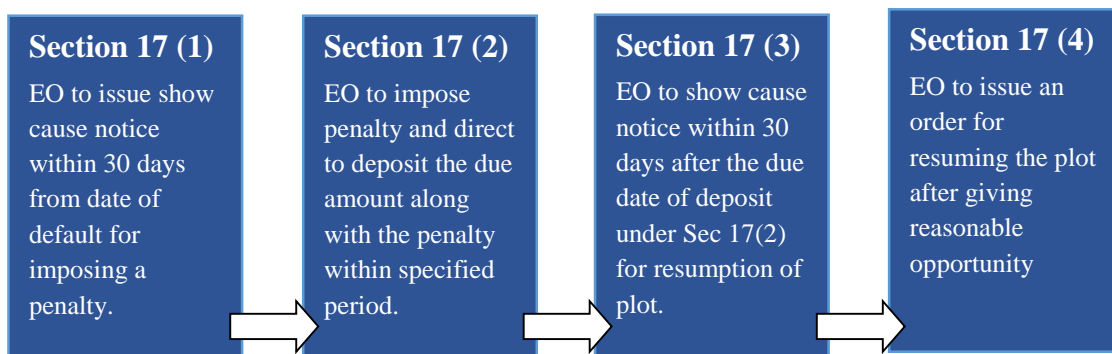
Receipts decreased from ₹ 5,234 crore in 2013-14 to ₹ 4,219 crore in 2017-18, mainly due to decrease in receipt of external development charges (EDC) from Town and Country Planning Department (TCPD), delays in recovery of land enhanced compensation, decline in sale proceeds of residential and commercial plots, etc. While EDC from private builders was being collected by TCPD, all other revenue earning streams were being collected by HSVP.

To assess whether realisable revenue is being collected efficiently and accounted for in a proper manner, records of five<sup>108</sup> out of 18 Estate Offices for the period 2015-18 were scrutinised during December 2017 to April 2018 with audit focus being on revenue earning streams directly under control of HSVP. Audit has used the data (obtained in December 2017) from Plot and Property Management (PPM)<sup>109</sup> software, which is being used for management of plots and property falling under the control of HSVP. An exit conference was held in July 2018 with the Chief Administration (CA), HSVP. The deliberations of the exit conference have also been incorporated in the report.

### 3.18.2 Non-initiation of action against defaulters

For allocation of plot, the applicant has to deposit 10 *per cent* of the cost of plot at the time of submission of application and another 15 *per cent* within a period of 30 days from the date of issue of allotment letter. Thus, 25 *per cent* was mandatory for allotment of plots. Remaining 75 *per cent* could be paid, either in lump sum within a period of 60 days or in six annual installments, along with interest. Default in payment of installments shall entail penal interest<sup>110</sup> for the period of default on the outstanding amount.

Section 17 of Haryana Urban Development Authority (HUDA) Act, 1977 allows the Estate Officer to initiate action against defaulters as given below:

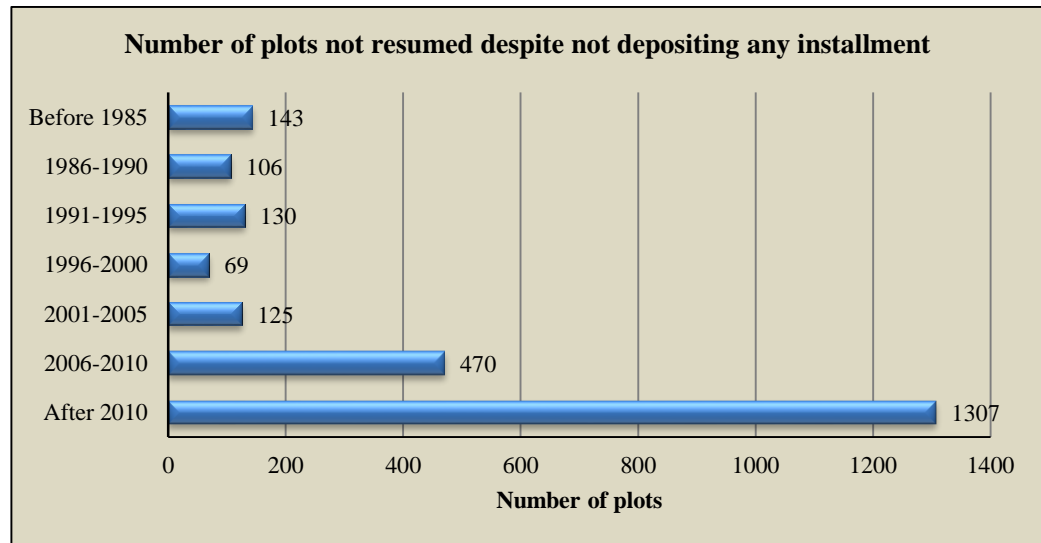


<sup>108</sup> (i) Ambala, (ii) Faridabad, (iii) Gurugram-II, (iv) Sonapat and (v) Panchkula.

<sup>109</sup> It is an IT module where details of each property are recorded.

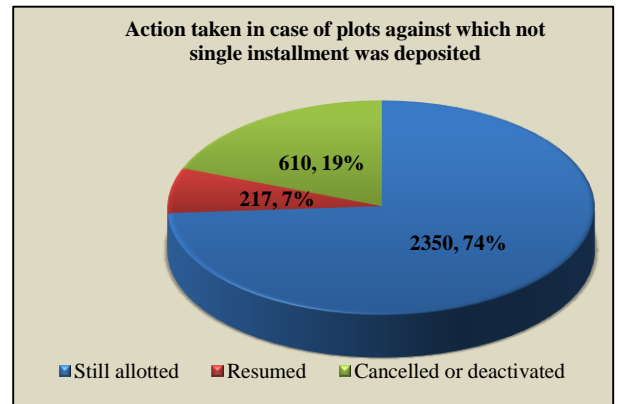
<sup>110</sup> At the rate of 15 *per cent* per annum (or as may be fixed by the Authority from time to time).

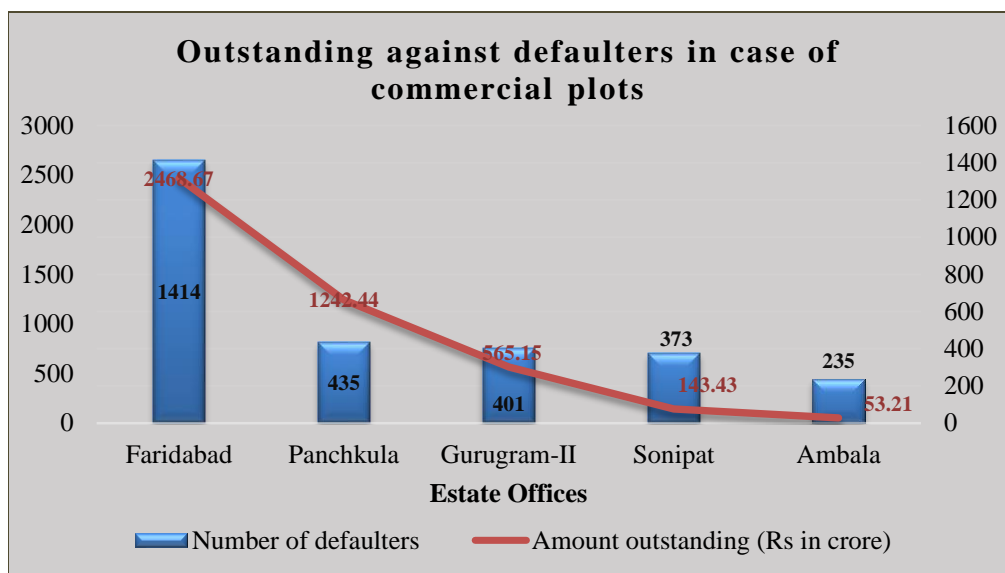
Analysis of PPM data revealed that out of total 3,21,646 cases, in 3,177 cases allottees after depositing mandatory 25 per cent of the cost of plot did not deposit any installment. In terms of extant instructions, these plots were liable to be resumed. Out of 3,177 cases, no action to recover the outstanding amount or resume the properties was taken in 2,350 cases as per section 17 of HUDA Act, 1977. The total outstanding principal amount itself against these 2,350 allottees was ₹ 601.17 crore. The year of allotment of these plots is as below:



As seen from above, despite lapse of a long period, these plots were not resumed.

In 610 cases the status of the plots was shown as cancelled/ deactivated. The total outstanding principal amount against these 610 allottees was ₹ 273.83 crore. These plots were required to be resumed. The balance 217 plots were resumed as per PPM data. This analysis is only for those plots, where only 25 per cent was deposited by the allottees. There would be many more defaulter allottees who have failed to deposit one or more instalments or other dues. For instance, as per report generated by Audit from PPM, total outstanding against defaulters in respect of commercial plots in only five test checked Estate Offices was ₹ 4,472.90 crore, the details of which are given in the following chart:





This has adversely affected revenue generation of HSVP. Audit also test checked a few files of defaulters of commercial plots to assess the adequacy of action taken against the defaulters with reference to HUDA Act. It was observed that proper procedure for resumption of plots as referred *ibid* had not been initiated. The details of test checked cases are depicted in Table 3.16.

**Table 3.16: Detail of cases in which procedure for resumption of plots had not been initiated**

Estate office	Files physically checked	No action taken	Notice under only Section 17 (1) issued	Penalty under Section 17 (2) imposed	Notice under section 17 (3) issued	Order under section 17 (4) issued
Gurugram-II	11	2	6	3	-	-
Faridabad	13	1	9	-	3	-
Ambala	4	1	-	2	-	1
Panchkula	11	2	-	4	-	5
Sonepat	3	-	1	-	2	-
<b>Total</b>	<b>42</b>	<b>6</b>	<b>16</b>	<b>9</b>	<b>5</b>	<b>6</b>

(Source: Information derived from departmental record)

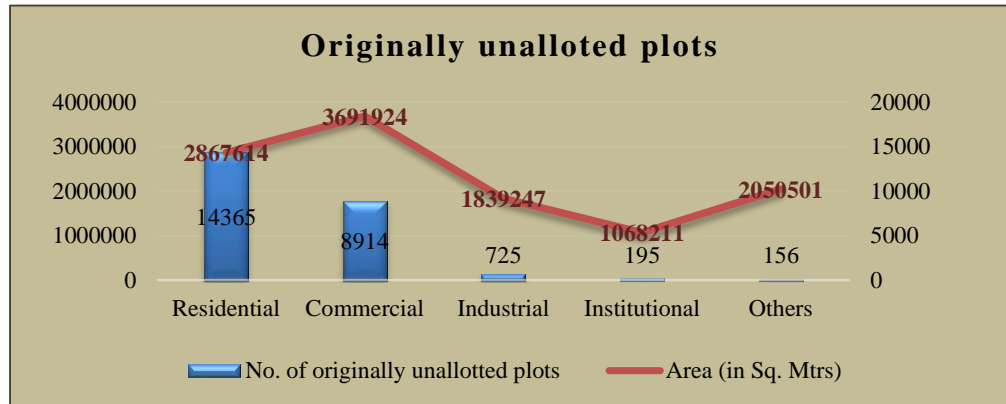
As seen from above, out of 42 cases, in 16 test checked cases, no action was taken after issuing notice under section 17 (1) even though the plots were allotted between 1984 and 2014. No monitoring system was in place for initiating action for recovery of outstanding amount from defaulters.

The Chief Administrator assured during the exit conference that PPM system would be updated by adding a functionality of automatic generation of notices under various sections of HUDA Act and current status of action taken would be recorded in PPM for better monitoring.

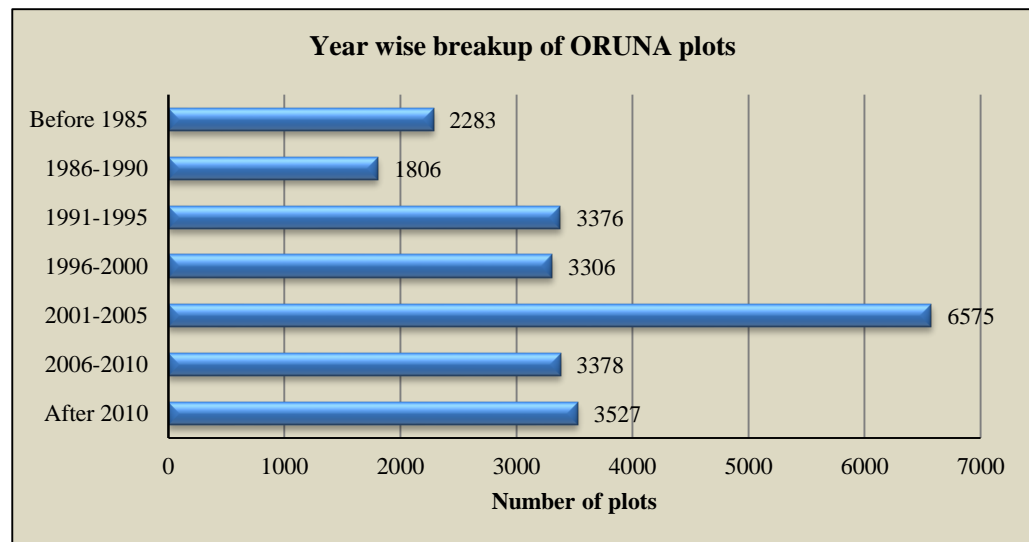
### 3.18.3 Non-auction of originally un-allotted properties in developed sectors

Once the basic amenities such as roads, electricity, water and sewerage, street lighting, drainage, parks etc. are completed in a sector, the process of allotment of plots in the developed sector starts. The plots which are not allotted in a developed sector, are shown as “originally un-allotted (ORUNA)” in PPM.

According to PPM data, 24,355 properties involving an area of 1,15,17,497 square meters had ORUNA status as per details given below:



These ORUNA plots belong to sectors which had been developed since long back as depicted in the bar chart below:



(Source: PPM. The year of allotment of first plot has been taken as year of development of the sectors)  
 Note: Date of development was not available in respect of 104 plots pertaining to three Sectors of Mahendargarh

Further physical verification with a view to assess the position of ORUNA properties, Audit conducted joint inspection of 452 ORUNA plots in test-checked Urban Estates along with staff of HSVP in August 2018. The details are given in

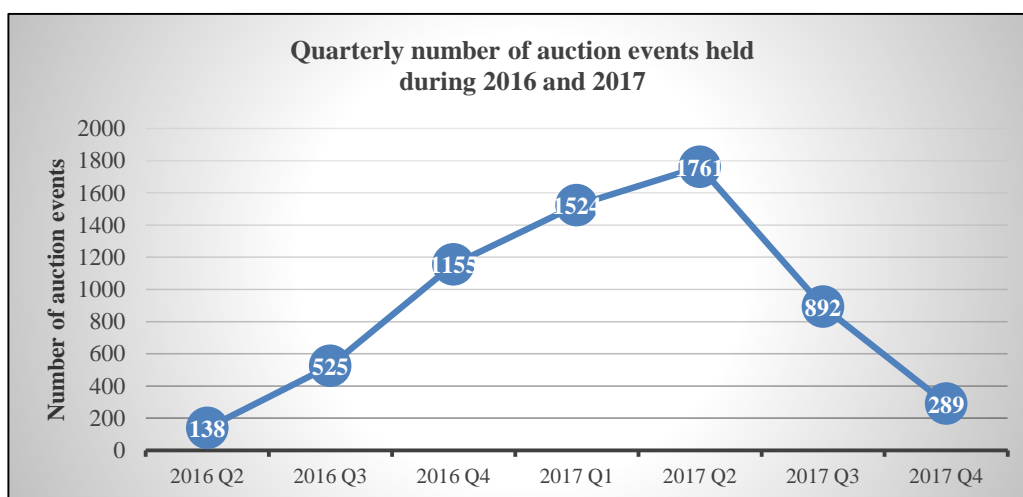
**Appendix 3.32.** The results of joint inspection are as below:

Status of ORUNA Plots	Number of plots
Plots found vacant	385
Non-existent plots	25
Plots entered twice in PPM	3
Plots found constructed for residential purpose	5
<b>Total</b>	<b>418</b>

Remaining 34 ORUNA plots were commercial booths constructed by HSVP for further allotment. During physical verification, it was also found that there were 192 un-allotted plots in sectors situated in commercially prime locations, but these plots were not even entered in PPM. Since these plots were not even entered in the database, HSVP has not even initiated action for auctioning these plots.

#### 3.18.4 Non-auction of surrendered plots

Apart from un-allotted properties, 3,064<sup>111</sup> plots were surrendered by the allottees. As per data available from e-procurement portal, only 6,284 auction events were created during April 2016 to December 2017. The auction events were not held regularly after a specific gap of time which is clear from the fact that number of auction events varied from 138 (Quarter of 2016) to 1761 (Quarter of 2017) as depicted in the chart below:



Further, only 1556<sup>112</sup> plots could be finally allotted during January 2016 to December 2017 due to lack of response to auction events, owing to high reserve price. Zonal Administrators were competent to devalue the reserve price by five *per cent* in case of each failed auction up to maximum of 20 *per cent* (i.e. up to four successive failed auction). After four failed auctions, proposal for further reduction

<sup>111</sup> Surrendered plots with allotment date before 01.01.2016.

<sup>112</sup> Successfully auctioned and allotted after 01.01.2016. Data obtained from PPM.

of reserve price is referred to the CA, HSVP. Audit analysed the cases of commercial properties put to e-auction by Estate Office, Ambala (January 2016 to January 2018). There were 344 ORUNA commercial plots in Ambala. As per data obtained from e-procurement, 37 commercial plots were put to e-auction for allotment, but none of the commercial plots could be allotted. Further, the department reduced the reserve price in only 16 commercial plots as depicted in **Table 3.17**.

**Table 3.17: Detail of reduction in reserve price of commercial plots**

Total no. of Plots put to auction	Number of plots in which reserve price was not reduced	Number of Plots in which reserve price reduced (once)	Number of Plots in which reserve price reduced (two times)
37	21	12	4

(Source: Information derived from departmental record)

During the exit conference, the CA stated that directions would be issued to Zonal Administration to review the reserve price in a time bound manner and put those properties for auction.

### **Non-auction of ORUNA and surrendered plots deprived the HSVP of revenue generation.**

#### **3.18.5 Non-reconciliation leading to non-detection of fraud**

Analysis of data relating to allottee ledgers in PPM System revealed that same cheques/drafts deposited by allottees were credited more than once either in the account of same allottee or in the account of some other allottee in 5,513 cases involving ₹ 67.99 crore. The amount of excess credit in allottee ledgers works out to ₹ 33.75 crore in 2,750 cases.

Audit observed that in all these cases, duplicate receipts were generated by inserting zero or some other digit at the start of cheque/receipt number to avoid detection in the system. With a view to checking genuineness of credits given to allottees, 104 physical files (Panchkula: 38, Faridabad: 46 and Ambala: 20) related to 52 pairs of duplicate entries were scrutinised. Audit observed that no receipts were kept in 48 pairs of physical files but credit was given in PPM system. In remaining four cases, duplicate/bogus receipts were kept fraudulently as detailed in **Table 3.18**.

**Table 3.18: Detail of duplicate/bogus receipts kept fraudulently**

Urban Estate/ Sector	Plot numbers	Receipt number and date	Amount (₹ In lakh)	Remarks
Panchkula/16	185 and 186	66669 dated 12 October 2010	7.00	The owner of these plots was the same person. These receipts originally pertained to plot number 186. The same receipt was used against plot number 185 by tampering with the plot number on the receipt.
		66668 dated 12 October 2010	5.00	
Panchkula/27	67 and 68	627645 dated 09 October 2003	0.91	These two plots were allotted to two different persons. The Receipt originally pertained to plot number 67 and the same receipt was used against plot number 68 by putting photocopy of the receipt in the file.
Panchkula/6	35 and 36	209322 dated 14 August 2004	1.92	These receipts originally pertained to plot number 35. However, the same receipts were used against plot number 36 by putting photocopies of the receipts in the file.
		243130 dated 15 February 2005	1.83	
Ambala/9	548	5925 dated 24 February 2010	0.52	The original receipt was against plot number 548 of Sector 9. However, the same was also used by tampering the receipt against plot number 548 of Sector 10.

The Estate Officers (EOs) had not reconciled the amounts credited in ledger accounts of allottees with reference to bank accounts. **Had this system of reconciliation been in place, these discrepancies would have been detected and fraud would have been prevented.**

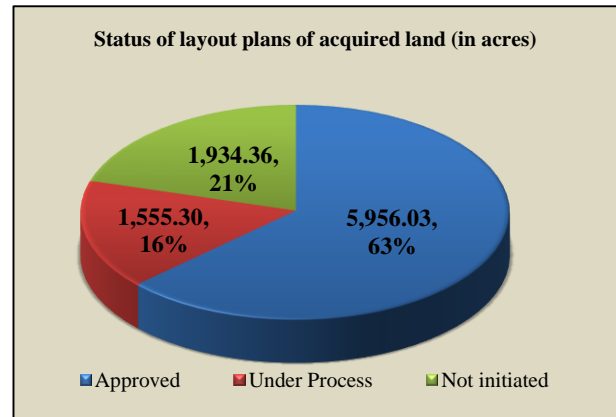
EO, Panchkula, stated (April 2018) that excess credited amount would be recovered from the allottees along with interest. **Thus, due to non- reconciliation, these discrepancies remained undetected. The system is required to be improved to check and detect such type of frauds and thorough investigation may be conducted for fixing responsibility against defaulting officers/officials.**

The CA viewed the matter seriously during exit conference and stated that the matter would be investigated. It was also added that a module would be included in PPM to reconcile the amounts received in bank accounts with those adjusted in ledgers of allottees.

**It is recommended that FIR should be lodged and action be taken against the delinquent officials immediately.**

### 3.18.6 Lack of perspective plan for time bound development of acquired land

The sale of residential, industrial, commercial and institutional plots after developing the acquired land is the main source of revenue for HSVP. However, HSVP had not framed a policy with regard to time bound development of acquired land. Audit observed that 9,445.69 acres of land acquired in 49 Sectors in various Urban Estates between March 1995 and February 2016 was not developed. Preparation of layout plan and carving out of plots is the first step to plan development of any sector. Its status is shown in the pie chart. While layout plan in respect of 5,956.03 acres have been approved, preparation of layout plan for 1,555.30 acres of land was under process, and preparation of layout plan for 1,934.36 acres of land had not even been initiated (January 2018).



**No perspective plan and timelines for development of these sectors existed. Since the acquired land has not been developed, they could not be put up for sale affecting revenue earnings of HSVP. The reserve price for the residential plots alone carved out in respect of 5,956.03 acres for which layout plan has been prepared works out to be ₹ 10,580.68<sup>113</sup> crore (Appendix 3.33).**

The CA stated during the exit conference that they had framed a perspective plan for development of land and new sectors in a phased manner which has been submitted to Finance Department and Town and Country Planning Department.

### 3.18.7 Non-recovery of external development charges

(i) As per section 3 (3) of Haryana Development and Regulation of Urban Area Act, 1975 and Rule 11 (C) of Rule made thereunder, colonizers shall undertake to pay EDCs at the rates fixed by the Government. The EDC is realised by TCPD but the same was being deposited off-budget with HSVP up to March 2017<sup>114</sup>. As of April 2017, ₹ 11,144.13 crore was recoverable from the developers which was to be recovered by the TCPD and transferred to HSVP.

(ii) Land owned by individuals is released from land acquisition process if a structure existed prior to land acquisition notification. In such case, the landowners

<sup>113</sup> Worked out at reserve price fixed by HSVP for the year 2017-18.

<sup>114</sup> Swarna Jayanti Haryana Urban Infrastructure Scheme was introduced from April 2017 under which EDC was required to be deposited in Government account.



are liable to pay EDC since they also avail the amenities like roads, water supply, sewerage, street lighting, drainage, parks etc. of HSVP. Director, Urban Estates acquires land on behalf of HSVP. As per its records, 2,959.22<sup>115</sup> acres of land was released during 2004-18 from the acquisition process in the test checked five Estate Offices.

In the Review meeting of HSVP officers held in June 2015, it was decided that a list of released cases would be identified in every Estate Office and outstanding EDC would be recovered from individual landowners. Audit observed that proper record of released land had not been maintained by any of Urban Estates test checked. Estate Offices of Sonapat and Faridabad had a statement indicating that ₹ 19.55 crore<sup>116</sup> was outstanding against 145.70 acre<sup>117</sup> released land as of March 2017. However, calculation sheets for individual cases was not available, without which audit could not assess the correctness of amount mentioned in the statement. In the remaining three Estate offices, neither proper records were maintained nor was the recoverable amount worked out. Thus, adequate attention was not paid towards generation of revenue from this source.

The Chief Controller Finance, HSVP stated during the exit conference that concerned Estate officers would be instructed to maintain proper records of released land.

### ***3.18.8 Management of recovery of land enhanced compensation***

Under Section 18 of the Act, the award announced by LAC can be referred to the Court of district judges for adjudication. The award given by Court of District judges can be challenged in High Court and Apex Court. The enhanced land compensation paid to the landowners is to be recovered from the allottees.

As of February 2018, pending payment on this account was ₹17,302.19 crore. Scrutiny of records brought out following shortcomings:

#### ***(i) Delay in issuance of demand notices and loss of interest***

It was decided (August 2016) to issue recovery notices to allottees for enhanced compensation for land on the basis of orders of the Courts without waiting for actual payment of compensation to farmers. The recoverable amount was to be uploaded in allottees plot account for payment. Since HSVP has to pay interest<sup>118</sup> to farmers

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<sup>115</sup> Ambala: 3.64 acre, Faridabad: 422.904, Gurugram: 1,082.1985, Panchkula: 435.821 and Sonapat: 1,014.6605 acre.

<sup>116</sup> Faridabad ₹ 13.96 crore and Sonapat ₹ 5.59 crore.

<sup>117</sup> Faridabad : 97.11 acre and Sonapat: 48.59 acre.

<sup>118</sup> Nine *per cent* additional interest for one year and 15 *per cent* for subsequent delayed period.

for delayed payment and interest payable by allottees is calculated by the PPM on the basis of date of generation of demand notices, it is in the financial interest of HSVP to pay farmers expeditiously and issue demand notices to allottees without delay.

Audit test checked 33 cases of enhancements finalised during May 2017 to March 2018 in which Courts had given enhanced compensation of ₹ 799.65 crore (**Appendix 3.34**). The payment of enhanced compensation to landowners was made with delays ranging from 8 months to 26 years<sup>119</sup>. Further, data analysis of PPM module revealed that there was substantial delay in generation of demand notices in respect of 4,410 allottees in five test checked cases. The delay was 11 to 100 days in 3,884 cases, 101 to 500 days in 518 cases and 501 to 1,645 days in eight cases. HSVP suffered loss of interest amounting to ₹ 44.40 lakh<sup>120</sup> due to delay in the generation of demand notices in these cases.

The Chief Controller Finance stated during the exit conference that demand notices were being generated by Estate Officers and assured that the software would be updated to facilitate the uploading of sector wise demand notices at one stretch instead of leaving the work of uploading demand notices to Estate officers.

**Audit has test checked only few cases. The HSVP should investigate the irregularity thoroughly for taking corrective action. Overall action is required to be taken by the HSVP for timely raising the demand for enhanced compensation to avoid payment of interest.**

**(ii) Undue favour to a Trust:** The Estate Officer (EO), Sonapat allotted (July 2011) an institutional plot on free hold basis to Shri Om Parkash Bansal Educational and Social Welfare Trust (the trust) at a tentative cost of ₹ 21.79 crore. The EO issued (February 2014) demand notice to the Trust for payment of enhanced cost of land of ₹ 16.15 crore. The Trust applied for issue of partial completion certificate which was refused (April 2015) as it had not deposited the enhanced cost of land.

The enhanced cost of land demanded by HSVP was challenged (September 2015) by the Trust in the High Court on the plea that the demand was excessive. The case was disposed of (September 2015) with directions that: (i) Institute would pay the amount which it admits to be due and payable by it. (ii) The Institute would secure the balance amount by an unconditional without demur guarantee of a nationalized bank. (iii) The HSVP would issue the partial completion certificate after the amount

<sup>119</sup> Delay ranging from 8 months to 5 years: 18 cases, 5 years to 10 years: 7 cases and 10 years and above: 8 cases.

<sup>120</sup> Interest worked out at 15 *per cent* (being the rate charged by HSVP for delayed payment) per annum for delayed period.

is paid and secured. (iv) The HSVP would pass a reasoned order by 31 March 2016 for demand after giving the petitioner an opportunity of being heard.

The EO issued (May 2016) ‘*No Objection Certificate (NOC)*’ to the Trust to start the academic session from 2016-17 without any payment and without obtaining bank guarantee which was tantamount to extending undue favour to it. Finally, speaking order was given by the Administrator on 2 February 2018 upholding the amount demanded through notice issued on 17 February 2014. ₹ 16.15 crore has so far remained unrecovered from the Trust. **Thus the directions of High Court were not complied with and undue favour was extended to the Trust which resulted in non-receipt of revenue of ₹ 16.15 crore.**

### 3.18.9 Continuation of business in resumed properties

As per policy, in the event of cancellation and resumption of site, the allottee shall remove the structures at his own expenses within such reasonable time, not exceeding three months, and restore possession of the site on the condition in which he took the same at the commencement of the allotment. If the allottee/lessee fails to remove the structures within the period mentioned above, the EO shall be competent to remove the same and recover the expenses incurred in doing so from the allottee, whose lease/allotment has been cancelled. Alternatively, the site can be re-auctioned along with the structure and after deducting the market value of the site, the balance can be refunded to the allottee.

Physical verification of some of the sites shown as resumed in the PPM was conducted by the audit team along with staff of the Estate Office, Faridabad. It was observed that allottees were continuing their business in the resumed plots as depicted in **Table 3.19**.

**Table 3.19: Detail of allottees continuing their business in the resumed plots**

Plot/ Sector number	Month of resumption orders	Month of eviction order	Area of Plot (sq. yds.)	Market value (at Collector rate for 2016-17) (₹ in crore)	Remarks
48/15	Not available-	March 2017	133.32	1.27	No further action taken by the Estate Office after issuing eviction orders.
49/15	Not available-	March 2017	133.26	1.27	
67/15	May 2011	March 2017	133.32	1.27	
68/15	May 2011	March 2017	133.32	1.27	
96/15	Not available-	November 2010	27.14	0.26	
AP-2					
			<b>Total</b>	<b>5.34</b>	

(Source: Information derived from departmental record)



Thus, due to lack of monitoring and adequate action by the Estate Office, the properties were being un-authorisedly used which had resulted in undue benefit to the occupants. Had these properties been re-auctioned after taking required action, HSVP would have earned revenue of ₹ 5.34 crore calculated at Collector rates.

The CA directed the Chief Account Officers, Faridabad during the exit conference to take follow up action urgently to get these premises evacuated.

Since these irregularities have been brought out on the basis of test-check of few cases, therefore, it is recommended that HSVP should carry-out a survey of all the resumed plots with photo evidence for ensuring that resumed properties are not being encroached/used un-authorisedly.

### 3.18.10 Outstanding recovery of water and sewerage charges

HSVP provides amenities like water supply and sewerage to the premises and in turn, it levies charges at fixed rates on the consumers. The HSVP Water Supply Regulations, 2001 provides that when a consumer fails to make payment of his dues by the due date, he would be liable to pay penalty at the rate of 10 per cent of the bill amount, failing which the water or sewer connection at his premises would be disconnected after giving seven days' notice and recovery of dues would be made from the consumers as arrears of land revenue.

₹ 43.59 crore on account of water and sewerage charges were outstanding against 32,022 consumers as of February 2018 in the test checked Urban Estates as depicted in Table 3.20.

**Table 3.20: Details of outstanding water charges**

Name Of Urban Estate	Total defaulters	Amount outstanding (₹ in crore)	Number of lines disconnected
Ambala	2,341	0.28	135
Faridabad	2,116	1.36	937
Gurugram	13,080	37.20	1,488
Panchkula	10,072	3.27	1,464
Sonepat	4,413	1.48	206
<b>Grand Total</b>	<b>32,022</b>	<b>43.59</b>	<b>4,230</b>

(Source: Information derived from departmental record)

In only 4,230 cases the water and sewer connections were disconnected. In remaining cases no action was taken to disconnect the water and sewer connections after giving seven days' notice to consumers as provided in HSVP Water Supply Regulations against the defaulting consumers.

Audit analysed cases of four consumers<sup>121</sup> of Gurugram, which had defaulted in payment of huge water and sewage bills and had not cleared their dues since March 2015. Total outstanding amount against these consumers as of May 2018 was ₹ 2.64 crore. Despite non-payment of dues, water and sewer connection were not disconnected. The recoverable amount of interest works out to ₹ 55.33 lakh<sup>122</sup>.

The CA stated during exit conference that a policy to charge penal interest on cumulative outstanding amount would be introduced or the connection would be disconnected immediately.

### **3.18.11 Outstanding rent against leased property**

HSVP leases out properties to petrol pumps, liquor vendors, institutions, commercial spaces, etc. Analysis of PPM data revealed that total 605 properties were on lease. However, complete details of lease rent, payment schedule, payment received, etc. were not being maintained in PPM. **Thus, monitoring of outstanding revenue was not being done through PPM.** Audit test checked a few physical files of leased properties and observed as under:

**(i) Non-recovery of lease rent from a caterer:** The Estate Officer, Faridabad allotted (June 2014) a building along with 750 square yards green area to a catering company for running restaurant complex in Sector 12, Faridabad. As per lease agreement, rent was fixed at ₹ 10.10 lakh plus 10 *per cent* per month for green area for three years and further renewable for three years with 25 *per cent* increase in lease rent. Scrutiny of records revealed that no rent was paid by the lessee after

<sup>121</sup> DLF Phase 1, DLF Phase 4, Unitech and Ansal Property

<sup>122</sup> Worked out at rate 8.25 *per cent* per annum being the average borrowing rate of Government of Haryana for 2015-18.

October 2015. Though Estate Officer, Faridabad ordered (March 2017) sealing of the restaurant, the building was not sealed and the lessee was continuing to run its business. The cumulative outstanding rent against the lessee was ₹ 3.42 crore up to April 2017. The CAO, Faridabad stated during the exit conference that after being pointed out by Audit, the restaurant had been sealed. However, the outstanding amount has not yet been recovered (September 2018).

**(ii) Non-recovery of lease money from petrol pumps:** A petrol pump site in Sector-8 Panchkula was allotted to Bharat Petroleum Corporation Limited on lease basis in April 1987 for 15 years. As per terms and conditions of the deed, the lessee was liable to pay the monthly lease rent in advance on 10<sup>th</sup> of each month. Further, in the event of default in payment of rent and other charges, the lessee was liable to be proceeded under section 16 and 18 of the HUDA Act.

Audit observed that the lessee was not paying monthly lease rent in advance as per term and conditions mentioned *ibid*. Though the said lease deed expired in April 2002, the allottee was continuing business without renewal of the lease deed. The cumulative outstanding amount works out to ₹ 1.93 crore (March 2018). HSVP issued a notice under section 16 (1) (a) (b) of HUDA Act 1977 in February 2014 after a gap of more than 12 years, for non-payment of lease rent followed by reminder in October 2017. Assistant District Attorney (ADA) also advised (November 2017) that as no lease deed is in existence, action can be taken treating the lessee as encroacher. Instead of taking action, legal advice was again sought from ADA in January 2018 to which the ADA reiterated the opinion given earlier. Notice under section 18 (1) (B) for eviction of the premises was given in March 2018. However, the outstanding rent had not yet been recovered.

Similarly, in Panchkula Estate, lease deeds had already expired and there were heavy outstanding dues recoverable as lease rent from these agencies as detailed in **Table 3.21** but final action relating to sealing/resumption of these petrol pump sites had not been taken.

**Table 3.21: Details of recoverable amount**

Sector/ Plot number	Month of allotment	Month of expiry of deed	Amount recoverable as of October 2017 (₹ in lakh)
16/1	February 1992	November 2007	56.85
IA1/1	November 2000	June 2016	89.00
2/1	November 2000	July 2017	11.10
5/1	November 2000	April 2016	99.15
14/2	February 2000	February 2015	69.06
4/1	February 1995	February 2010	243.56
		<b>Total</b>	<b>568.72</b>

(Source: Information derived from departmental record)

In the Urban Estate, Faridabad also an amount of ₹ 12.63 crore was recoverable from 10 petrol pump vendors (February 2018).

**Thus, there was lack of monitoring and adequate action for recovery of lease money.** The CA stated during the exit conference that instructions would be issued to concerned Estate Officers for recovery of outstanding amounts.

**The Government needs to place a system to monitor the outstanding lease money and ensure to take penal action for not paying the same.**

**(iii) Non-recovery of rent from liquor vends:** As per guidelines framed (August 2011) by HSVP for providing space for opening of liquor vends, Excise and Taxation (E&T) Department shall intimate the concerned Estate Officer, the sector-wise requirement for opening of liquor vends. Advance payment of 12 months' rent was required to be deposited either by department of E&T or by liquor vendors along with refundable security of ₹ 20,000.

Five vendors were operating 14 liquor vends on the HSVP land in Gurugram. Audit observed that as of March 2015, cumulative balance outstanding against these vendors was ₹ 10.91 crore whereas as per HSVP policy, the rent was to be recovered in advance. No action was taken against the defaulters for recovery of outstanding rents except issue of demand notices.

In March 2015, it was decided that HSVP would provide space to the E&T Department on the basis of their demand. A lease agreement would be signed between HSVP and E&T Department and E&T Department would pay the rent which was due, to HSVP in advance on quarterly basis. Though the amount was required to be paid in advance, ₹ 15.99<sup>123</sup> crore was outstanding against E&T Department in Faridabad, Gurugram-II and Panchkula Estate Offices.

The CA stated during the exit conference that instructions would be issued to concerned Estate officers to recover the outstanding amount from liquor vendors as well as E&T Department.

**This is based on test check. Government and HSVP need to review all such cases and evolve a system for realisation and generation of revenue in an efficient manner.**

### **3.18.12 Conclusion**

HSVP was established for the development of urban areas in a planned manner. Revenue generation and realisation is the most important aspect for carrying out

<sup>123</sup> (i) Faridabad: ₹ 2.01 crore, (ii) Gurugram-II: ₹ 11.15 crore and (iii) Panchkula: ₹ 2.83 crore.

development activities in an efficient manner. However, it was noticed that revenue receipts had decreased while expenditure has increased during the period 2013-17. Despite availability of 27,419 originally un-allotted and surrendered properties, only 1,556 properties could be allotted between January 2010 and December 2017. Due to weak monitoring mechanism, there were instances of non-initiation of action against defaulters for recovery of ₹ 4,472.90 crore of outstanding dues in respect of commercial plots in only five test checked EOs. Allottee ledgers were not reconciled with bank accounts which led to non-detection of fraud. There was inadequate monitoring for recovery of realisable revenue and lack of policy for time bound development of acquired land. EDC of ₹ 19.55 crore in Sonapat and Faridabad Estates were not recovered and was not worked out in other test checked EOs. Cases of continuance of business in resumed properties, outstanding recovery of water and sewerage charges of ₹ 43.59 crore, heavy outstanding amounts against leased property such as petrol pumps, liquor vends amounting to ₹ 50.57 crore, etc., were also noticed.

These points were referred to the State Government in June 2018; their reply was awaited (February 2019).

### 3.19 Irregularities in execution of Sports Complex Project

**The work of construction of Multipurpose Hall in Tau Devi Lal Sports Complex, Gurugram was awarded without preparing structural design and detailed estimate. The contractor executed the work only upto the foundation level after incurring an expenditure of ₹ 21.50 crore against the administrative approval of ₹ 22.75 crore. The work remained incomplete even after two years of stipulated date of completion.**

Para 9.5.1 of the Haryana PWD Code provides that before starting any work a detailed estimate, based on essential drawings and preliminary structural and service designs, should be got technically sanctioned from the competent authority. The detailed estimate should bring out quantities of principal materials to be consumed and unit rate of cost.

The Sub-Committee<sup>124</sup> of Haryana Shahri Vikas Pradhikaran (HSVP) accorded (April 2015) administrative approval for Construction of Multipurpose Hall in Tau Devi Lal Sports Complex, Sector 38, Gurugram against the rough cost estimate of ₹ 22.75 crore submitted by Superintending Engineer (SE), Gurugram in August

<sup>124</sup> Headed by Chairman, Haryana Shahri Vikas Pradhikaran (HSVP) with its members Financial Commissioner, Finance; Financial Commissioner, Town & Country Planning; Chief Administrator, HSVP; Engineer-in-Chief, Public Health Engineering Department; and Engineer-in-Chief, PWD (B&R).



2014 for ₹ 26.70 crore. Without finalising structural drawings and preparing detailed estimates, the Chief Engineer-I (CE), Gurugram approved (September 2014) a DNIT for ₹ 13.59 crore (excluding the work of central air-conditioning, wooden flooring, fixed chairs, etc.) on the basis of preliminary drawings provided by Chief Architect, HSVP (February 2014). The Executive Engineer, Division No. VI, HSVP (the EE) invited the tenders in September 2014 which were opened in October 2014. The work was allotted to the L<sub>1</sub> for ₹ 14.06 crore (3.5 per cent above the ceiling premium) in July 2015 with a time limit of 15 months. A payment of ₹ 21.50 crore had been made to the agency upto 6th running bill in March 2017.

During audit following irregularities were noticed:-

- (i) The EE awarded the work without preparing any structural drawings. Instead, the contractor was entrusted the task of preparing structural drawings, which was in contravention of codal provisions since structural drawings and detailed estimate should have been prepared by the department prior to issue of DNIT. The detailed estimate was prepared for an amount of ₹ 44.84 crore as late as in May 2017 i.e. after 21 months of award of work and after an expenditure of ₹ 21.50 crore had already been incurred on the work. This estimate was, however, not approved since the amount proposed was high and a new estimate was submitted (June 2018) by the EE for ₹ 29.60 crore which awaits approval.
- (ii) The Chief Engineer, HSVP approved (July 2016) enhancement of agreement to ₹ 22 crore for execution of additional items of work including items of central air-conditioning, coloured toughened glass with aluminium frame, kotah stone flooring, firefighting system without giving any detail of quantities to be executed and their specifications. These items were not part of DNIT and have not been executed upto the date of payment of ₹ 21.50 crore (March 2017).
- (iii) Scrutiny of contractor bill revealed that payment of ₹ 12.19 crore included in ₹ 21.50 crore was made for increased quantities of six items over the DNIT quantities as detailed in **Table 3.22**. However, no approval was obtained from competent authority for this enhancement. Steel consumption increased from 623.50 MT as per DNIT to 2100 MT (336 per cent) which increased cost by ₹ 9.09 crore.

Table 3.22: Details of increased quantities over the DNIT quantities

(₹ in lakh)

Item of work	Unit	Quantity as per DNIT	Quantity as per Running bill 6 <sup>th</sup>	Extra quantities	Rates as per HSR 1988	Extra expenditure as per HSR (1988) rate	Premium fixed on HSR 2011 (in per cent)	Difference including ceiling premium
Earth work (HSR item 6.6)	100 cum	69.00	121.93	52.93	1,108.00	0.59	425	3.08
Anti-termite treatment (HSR item 6.15(a))	Sqm	4,925.00	6,096.50	1,146.50	133.75	1.53	200	4.60
RCC M-25	Cum	4,500.00	6,529.00	2,029.00	6,353.00	128.90	0	128.90
TMT steel bars (HSR item 18.22)	Qtl	5,205.00	12,949.00	7,744.00	917.00	71.01	500	426.07
Sand filling	Cum	800.00	18,497.00	17,697.00	750.00	132.73	0	132.73
Structural Steel (HSR item 18.7)	Qtl	1,030.00	8,050.00	7,020.00	1,146.00	80.45	500	482.70
<b>Total</b>								<b>1,178.08</b>
Contractor premium at the rate of 3.5 per cent								41.23
<b>Grand Total</b>								<b>1,219.31</b>

(Source: Information derived from departmental record)

(iv) Further, instead of paying secured advance of ₹ 3.27 crore<sup>125</sup> for structural steel, the entire payment of ₹ 7.58 crore had been made in advance for 805 MT structural steel which also included labour charges for welding, hoisting and erecting. This resulted in extending undue financial benefit of ₹ 4.31 crore to the contractor.

The Chief Administrator, HSVP submitted (October 2018) a reply duly approved by the State Government wherein it was stated that tenders were invited in September 2014 and the estimate of ₹ 22.75 crore was prepared on plinth area rates which was administratively approved in April 2015. The work was allotted in July 2015 and the work was started in January 2016 after preparation of the structural drawings by the contractor which were duly vetted by NIT Kurukshetra. It was further stated that approval for execution of additional items of work for completion of project was under consideration of the Chief Minister.

**The reply itself indicates several instances of contravention of the provisions of PWD Code. The tenders were invited before preparation of detailed estimate. Work of preparing structural drawings was assigned to the contractor. The Chief Engineer enhanced the agreement for carrying out**

<sup>125</sup> Cost of steel as per HSR (per quintal) = Through rates ₹ 1,122 - Labour rates ₹ 219.15 = ₹ 902.85 + Ceiling premium 500 per cent = ₹ 5,417.10. Secured advance payable = 75 per cent of ₹ 5,417.10 = ₹ 4,062.83 per quintal.  
Amount payable for 8,050 quintals = ₹ 4,062.83 x 8,050 = ₹ 3,27,05,781 or ₹ 3.27 crore.

additional items of work without specifying quantities to be executed resulting in irregular payment beyond the initial contractual amount of ₹ 14.06 crore. These irregularities led to cost and time overrun as the work had been executed only upto foundation level after incurring expenditure of ₹ 21.50 crore which was meant for the entire work. There has been no progress on the work since March 2017 due to fund shortage since the detailed estimate has not yet been approved.

The matter requires thorough investigation for fixing responsibility for various procedural lapses as pointed out which resulted in the work remaining incomplete even after two years of stipulated date of completion and after incurring expenditure of ₹ 21.50 crore.

### 3.20 Cost overrun and irregular revisions of agreement in construction of indoor stadium

The cost of construction of indoor stadium increased by ₹ 15 crore due to increase in scope of work after award of contract. Project cost was enhanced by adding new items of work and without following due procedure. The work remained incomplete even after a lapse of more than three years of scheduled date of completion and incurring an expenditure of ₹ 20.39 crore.

Para 16.38.1 of the Haryana PWD Code specifies adhoc or ill considered change orders as one of many factors for contributing to cost overrun which should be avoided through good planning, commitment and ingenuity. Further, as per para 9.3.10 of the code, revised administrative approval is to be obtained from competent authority i.e. Sub Committee headed by Chairman, HSVP, in case the expenditure is likely to exceed the original estimate by more than 10 per cent.

In a meeting held (March 2010) under the chairmanship of Principal Secretary, Town and Country Planning Department, it was decided to construct an indoor stadium at Sports Complex in Sector 12, Faridabad by utilising an existing incomplete structure<sup>126</sup> at the site with minimum expenditure. The consultant hired for the architectural design submitted an estimate of ₹ 25 crore. The estimate was not found justified by the Deputy Director Sports, Gurugram since the available dimensions were not sufficient to meet the requirement of International Indoor

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<sup>126</sup> The work was started by Municipal Corporation, Faridabad in 1995-96 but the building could not be completed due to funds constraint after incurring an expenditure of ₹ 65.00 lakh.

Games. Subsequently, the Sub Committee<sup>127</sup> of HSVP administratively approved (March 2013), the estimate for ₹ 17.04 crore by excluding provision of air conditioning and on the basis of structural drawings vetted by National Institute of Technology (NIT), Kurukshetra.

The Chief Engineer, HSVP approved (April 2013) the DNIT for ₹ 12.45 crore and tenders were opened in May 2013. The Executive Engineer, Division No. III, HSVP (the EE), Faridabad awarded the work to L<sub>1</sub> for ₹ 13.67 crore (10 per cent above the ceiling premium) in July 2013 with a time limit of 12 months.

The Chief Engineer, HSVP enhanced the agreement to ₹ 17.55 crore in January 2016 and to ₹ 27.46 crore in January 2018. The agency was paid ₹ 19.74 crore upto 22<sup>nd</sup> running bill in August 2017. The work was incomplete as of March 2018 i.e. after lapse of more than three years of the scheduled date of completion. Total expenditure incurred on work was ₹ 20.39 crore (March 2018) including the expenditure of ₹ 0.65 crore incurred by Municipal corporation, Faridabad.

During audit following irregularities were noticed:

(i) The Chief Administrator (CA) and Administrator, HSVP increased the scope of work from ₹ 17.04 crore to ₹ 32.04 crore, by granting five separate administrative approvals instead of submitting the case to Sub Committee for seeking revised administrative approval for the project. Thus, the provisions of para 9.3.10 of the PWD code and financial powers<sup>128</sup> conferred by HSVP were violated as detailed in the **Table 3.23**:

**Table 3.23: Details of five administrative approval**

Name of work	A/A approving authority	Date of approval	Amount of A/A (₹ in lakh)
Remodeling & beautification of Town Park	Administrator, HSVP, Faridabad	03.06.2015	48.35
Beautification & redevelopment of Town Park		17.12.2015	86.00
Air Conditioning of Indoor Stadium	Chief Administrator, HSVP, Panchkula	02.02.2016	372.90
Construction of toilet block, entrance gate, parking, etc.		20.05.2016	266.30
Balance work for construction of Indoor Stadium		28.11.2017	726.10
<b>Total</b>			<b>1,499.65</b>

(Source: Information derived from departmental record)

<sup>127</sup> Headed by Chairman, Haryana Shahri Vikas Pradhikaran (HSVP) with its members Financial Commissioner, Finance; Financial Commissioner, Town & Country Planning, Chief administrator, HSVP, Engineer-in-Chief, Public Health Engineering Department and Engineer-in-Chief, PWD (B&R).

<sup>128</sup> As per financial powers under Section 51 of the HUDA Act, 1977 conferred by HSVP, works exceeding ₹ 20 crore should be approved by sub Committee headed by Chairman, HSVP.

(ii) Air conditioning of this indoor stadium was not necessary in terms of guidelines issued by Sports Authority of India which provide that air conditioned halls are power guzzlers and should be proposed where National or International level competitions can be organised. In this case, the available dimensions were not sufficient to meet the requirement of International Indoor Games due to which the sub Committee had also restricted the estimate to ₹ 17.04 crore by excluding air conditioning. The provision of air-conditioning by CA, HSVP had increased the cost of project by ₹ 5.79 crore<sup>129</sup>.

(iii) The work of rates of non-scheduled item of providing insulation of Lloyd make galvalume steel 150 gsm sheets was allotted to the contractor at ₹ 2,508 per sqm. The insulation was to be provided on roof only i.e. 3,610 sqm which was afterwards increased to 7,802 sqm since walls had also to be insulated due to air-conditioning. The sub-contractor executed the work at the rate of ₹ 1,709 per sqm and by adding contractor's profit of 10 *per cent* on the value of the work i.e. ₹ 1,880 per sqm was payable. But the HSVP paid the contractor at the rate of ₹ 2,508 per sqm i.e. extra ₹ 628 per sqm which shows that the department had not conducted market survey properly.

The Chief Administrator, HSVP submitted (October 2018) a reply duly approved by the State Government wherein it was stated that balance works due to incorporation of air conditioning and other works were taken in separate estimates and were got approved from the competent authority. Initially, dimensions of partly constructed Indoor Stadium Building were not as per international standards but the consultant submitted the estimate as per requirements of international indoor games and administrative approval was taken from the competent authority accordingly. Further, M/s Lloyd Insulation (India) Ltd. has executed super rich specification work at lower rates as compared to the market rates.

**The reply is not acceptable as the revised administrative approval was not obtained from Sub-Committee of HSVP for increasing the project cost by ₹ 15 crore i.e. from ₹ 17.04 crore to ₹ 32.04 crore. This was irregular and in violation of para 9.3.10 of the PWD code and financial powers conferred by HSVP. The dimensions were unsuitable for international games and revised administrative approval was not obtained from the Sub-Committee before making provision of air-conditioning. Further, the rates for wall insulation were not prepared after proper market survey as sub contract was lower than the DNIT rates. The**

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<sup>129</sup> Cost of Air Conditioning: ₹ 3.73 crore; cost of wall insulation: ₹ 0.95 crore and cost of spandrel glass on outer wall : ₹ 1.11 crore.

work which should have been completed in June 2014 was yet to be completed (March 2018) even after a lapse of about four years of scheduled date of completion and incurring an expenditure of ₹ 20.39 crore.

### 3.21 Allotment of works to an ineligible contractor through enhancement

**The HSVP irregularly allotted additional road work to the same contractor by enhancing value of contract from ₹ 9.54 crore to ₹ 52.15 crore instead of calling for fresh tenders. Besides, no time limit had been fixed for completion of the entire work and only six *per cent* roads had been completed in two years. Government interest was not protected as performance guarantee of ₹ 2.60 crore was not obtained.**

As per procedure laid down in State PWD Code, work can be awarded to a contractor after approval of detailed estimate by the competent authority and after inviting tenders for competitive bidding. Para 14.7.2 of the Code specifies that eligibility of the bidder should be assessed on the basis of experience, past performance and technical and financial capabilities. Further, para 13.12.1 provides for deposit of performance guarantee of five *per cent* of contract price by contractor for ensuring satisfactory completion of the work.

A Committee of Haryana Shahri Vikas Pradhikaran (HSVP) headed by Principal Secretary, Town and Country Planning Department (PS, TCPD) accorded (February 2011) administrative approval for construction of master roads for sectors 99 to 115 in Gurugram – Manesar Urban Complex for ₹ 212.55 crore. The Chief Engineer (CE), HSVP approved (October 2014) a DNIT for ₹ 13 crore for construction of 30,190 sqm dividing road of sector 101 and 104 of Gurugram. Tenders were invited by Executive Engineer, HSVP Division No. V, Gurugram in March 2015 wherein seven contractors participated and the work was allotted (April 2015) to L1<sup>130</sup> for ₹ 9.54 crore i.e. below 25.99 *per cent* of the DNIT amount, with a time limit of nine months (upto January 2016) for completion. Before completion of work the CE-II, HSVP allotted (November 2016) another road work, viz. dividing road of sectors 103 and 106 to the same contractor by enhancing the agreement to ₹ 22.97 crore by increasing the scope of work from 30,190 sqm road to 75,080 sqm road. The CE-I, HSVP again enhanced (February 2017) the agreement to ₹ 44.25 crore by increasing the scope of work from 75,080 sqm to

<sup>130</sup> Sh. S.K. Mittal, Contractor.

1,86,674 sqm road by adding another dividing road between sectors 114 and 115, and further enhanced the agreement to ₹ 52.15 crore in July 2017 (estimated cost - ₹ 70.46 crore<sup>131</sup>) by adding another dividing road between sectors 69 and 70. The scope of work was thus enhanced for construction of 2.20 lakh sqm road. The agency executed the work to the tune of ₹ 8.54 crore upto June 2017 and had constructed only 12,800 sqm road (seven *per cent*) against 1.87 lakh sqm road allotted upto February 2017.

Following irregularities were noticed:-

(i) As per para 9.5.1 of the PWD Code, a detailed estimate is required to be approved by the competent authority for each road work. Further, as per para 9.3.10 of the code revised administrative approval is to be obtained from competent authority in case the expenditure is likely to exceed the original estimate by more than 10 *per cent* and tenders are to be invited for each road work in most transparent manner in terms of para 13.7.2 of the Code. **However, the HSVP neither prepared detailed estimates for additional road works nor invited competitive tenders for each additional work.** All these works were added in the earlier contract by enhancing the contract value from ₹ 9.54 crore to ₹ 52.15 crore. This tantamounts to undue benefit to the contractor and goes against the spirit of fair and competitive bidding. Moreover, the work of master road between sectors 69 and 70 allotted through 3<sup>rd</sup> enhancement was not a part of this project<sup>132</sup>.

(ii) The contractor was awarded works having value of ₹ 70.46 crore and as per eligibility criteria<sup>133</sup> the contractor should have executed similar nature of work not less than 56.37 crore (80 *per cent*) of the value of the work under one agreement. However, as technical bid submitted by the bidder, a work of ₹ 22 crore was completed under single agreement. Hence, the bidder was not eligible for execution of such high value contract as per the terms and conditions of DNIT.

(iii) Bitumen was to be arranged by the contractor as per terms of contract and the first work was allotted in April 2015 on the basis of September 2014 rates of bitumen viz. ₹ 52,264 per MT. *However*, the rates of bitumen started decreasing

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<sup>131</sup> (₹ 52.15 crore X 100) / 74.01 = ₹ 70.46 crore.

<sup>132</sup> Administrative approval for construction of main carriage way and drain for master road between sectors 69 and 70 Gurugram was accorded by Chief Administrator in May 2017 for ₹ 8.77 crore.

<sup>133</sup> The bidder should have done similar nature of work not less than eighty *per cent* of the value of work under one agreement. As per technical bid submitted by the bidder, a work of ₹ 22 crore was executed under single agreement.

from September 2014 onwards and on the closing date of tender i.e. 10 March 2015 the rates reduced to ₹ 38,126 per MT (27 per cent decrease). It was observed that between first work enhancement in November 2016 and last enhancement in July 2017 the rates of bitumen decreased to ₹ 36,132 per MT (31 per cent decrease) and ₹ 29,696 per MT (43 per cent decrease) as compared to September 2014 rates. Analysis of quantities of various bituminous items to be executed revealed that there was reduction of cost to the tune of ₹ 3.81 crore between October 2014 and date of last enhancement (July 2017). This reduction in rates was ignored and agreement was enhanced repeatedly instead of calling for fresh tenders on the basis of reduced rates, prevailing at the time of the enhancements.

(iv) Para 13.6.6 of the PWD Code provides that time period of completion of a work is an important contract data and should not be decided arbitrarily. The CE, HSVP enhanced the work from ₹ 9.54 crore to ₹ 52.15 crore and allotted additional works to the same contractor without calling for fresh tenders on the plea of urgency. However, no time limit/date of completion was stipulated for completion of the works.

(v) Performance security of ₹ 2.60 crore (five per cent of contract price of ₹ 52.15 crore) had not been obtained from the contractor as per requirement of para 13.12.1 of the PWD Code for ensuring the satisfactory completion of work by the contractor and protecting Government interest.

In reply to Audit observations, Chief Administrator, HSVP stated (April 2018) that the contractor was eligible as per the original DNIT for ₹ 13 crore. Additional works were added to the agreement due to urgency and lower rates of the contractor and the works were being executed in phases as per availability of clear site. **The reply was not tenable because each road work was a separate work and was required to be awarded by preparing detailed estimate of each road and after inviting tenders in the most transparent manner in terms of para 9.5.1 and 13.7.2 of the PWD Code respectively. The enhancement of contract from ₹ 9.54 crore to ₹ 52.15 crore was irregular and arbitrary. Moreover as per eligibility criteria laid down in the DNIT, the contractor was not eligible for bidding for the work of such magnitude. The argument of urgency is also not acceptable as the work does not qualify emergency situation criteria given under para**



**17.1.1 of the PWD Code<sup>134</sup>. The contractor had constructed only six per cent road (12,800 sqm against 2,19,964 sqm) upto June 2017 and no time limit had been fixed for completion of the entire work. Besides, despite consistent decrease in the rates of bitumen since September 2014, the allotment of additional road works, without preparation of revised estimates was not justifiable. Further, Government interest remained unprotected, since performance guarantee of ₹ 2.60 crore was not obtained from the contractor.**

**The Department may consider fixing responsibility on officers, for awarding works by contravening codal provisions.**

The matter was referred (May 2018) to State Government and reminder was issued in July 2018; their reply was awaited (May 2019).

### **3.22 Incomplete water supply schemes due to non-acquisition of land**

**Allotment of works without acquisition of land and failure to ensure availability of encumbrances free land for the projects, the master water supply projects in Gurugram and Sonapat remained incomplete rendering expenditure of ₹ 300.76 crore idle and blockade of ₹ 26.35 crore on pipes yet to be laid. Besides, the faulty DNIT with irregular provision for purchasing 8.75 acre land by contractor for laying pipe line had adversely affected the competitive bidding in Sonapat. The intended benefit of providing drinking water to inhabitants could not be derived.**

Paragraphs 10.1.3, 10.4.1 and 15.1.4 of Haryana PWD Code (the Code) provide that while preparing the estimate of any project, the site shall be inspected to ascertain field conditions and possession of land by the client/administrative department. Para 12.1.2 of the PWD Code provides that whenever land belonging to private parties is required for works, it should be acquired by the Government. In case, it is necessary to carry water from one locality to another, the user right may be acquired by the State Government under the provisions of Haryana Underground Pipelines (Acquisition of right of user in land) Act, 2008.

**(A)** The Sub-Committee of Haryana Shahri Vikas Pradhikaran (HSVP) headed by the Additional Chief Secretary, Town and Country Planning Department administratively approved (January 2012) an estimate for providing master water

<sup>134</sup> Emergency situations as per PWD code are: collapse of building, failure of a bridge, Inundation, floods or landslides causing breaches, excessive settlement or blockage of a highway, fire breakout in a building, breach of a canal, cracks in weir/dam, structural distress, earthquakes, cyclones, terrorist attack, riots and strikes and blockages.

supply distribution mains in Sectors 58 to 115 (zone IV to VIII), Urban Estate, Gurugram for ₹ 498.05 crore.

During audit (September 2017) of accounts in the office of Executive Engineer (EE), Division No.III, Gurugram it was found that the work of laying of 119.16 km ductile iron (DI) pipe line was allotted to three contractors for ₹ 295.95 crore between December 2012 and August 2014. The contractors had laid only 81.33 kms pipe line upto March 2018 as detailed in the **Table 3.24**:

**Table 3.24: Details of status of work**

Sr. No.	Name of the contractor	DNIT Amount	Agreement amount	Amount paid	Total length of pipeline to be laid	Pipeline laid (March 2018)	Date of allotment/ Target date of completion
A	M/s Sai Sudhir Infrastructure Limited	176.10	144.40	126.25	32.72	28.65	December 2012/ September 2014
B	M/s Jindal Saw Limited	76.10	79.78	74.30	72.22	38.94	March 2013/ March 2014
C	M/s Tirupati Cement Products	76.30	71.77	66.63	14.22	13.74	August 2014/ November 2015
<b>Total</b>		<b>328.50</b>	<b>295.95</b>	<b>267.18</b>	<b>119.16</b>	<b>81.33</b>	

(Source: Information derived from departmental record)

Following irregularities were noticed during audit: -

- At the time of submission of rough cost estimate for seeking administrative approval (January 2012), it was specifically mentioned that the work of laying of pipe line would not be awarded for the area for which land was not acquired. However, the work was awarded even for areas where land was yet to be acquired. The project remained incomplete due to non-acquisition of land, delay in obtaining clearance for crossing the railway lines, roads, etc. for laying 37.83 km pipe line. Out of total payment of ₹ 267.18 crore, payment of ₹ 23.02 crore was made for 13.60 km pipe which was brought at site but could not be laid due to non-availability of land.
- The EE submitted the proposal for laying of MS pipes of 900 to 1200 mm sizes on 9,000 metre length instead of DI pipes as specified in the DNIT involving extra expenditure of ₹ five crore. The CE accorded (May 2014) approval for this without obtaining detailed estimate and despite the fact that technical sanction of detailed estimate for work costing more than ₹ four crore was to be granted by technical committee headed by Principal Secretary, TCPD. Further,

audit observed that expenditure of ₹ 6.11 crore against the approval of ₹ five crore had already been incurred for laying of MS pipes of only 7,431 metre out of 9,000 metre.

- The EE made payments for laying 1,684.88 metre pipeline through 'trenchless technology' against the DNIT provision of 800 metre. This resulted in irregular payment of ₹ 3.18 crore to the contractor. No approval was obtained for such deviation from technical committee.

The Chief Administrator, HSVP submitted (October 2018) a reply duly approved by the State Government wherein it was stated that approximately 84 Kms pipe line had been laid out of which 15 Kms pipe line had been made functional and further stated that all the lines would be made functional by end of January 2019.

The fact remains that the works were allotted without acquisition of land and without availability of encumbrance free land for the project. Even after lapse of more than three years from the scheduled dates of completion, **the scheme remained incomplete and the expenditure of ₹ 244.16 crore was rendered unfruitful.** The scheme has not been made functional so far for want of approval from Railways to cross the railway line and laid pipelines have not been joined with the source of water. Further, there was blockage of funds of ₹ 23.02 crore on pipes yet to be utilised. Besides this, material deviation from original work was done without obtaining revised technical sanction in violation of PWD code.

**(B)** Administrative approval of ₹ 78.15 crore was accorded (October 2013) for providing master water supply scheme<sup>135</sup> in various sectors of Urban Estate, Sonapat which were under development. The detailed notice inviting tender (DNIT) for the scheme was approved by the Chief Engineer, Haryana Shahri Vikas Pradhikaran (HSVP) for ₹ 65.66 crore (October 2013). It was found that the DNIT included a provision for purchasing 8.75 acre private land by the contractor

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<sup>135</sup> Providing Master Water Supply Scheme, urban estate Sonapat - Transmission lines from main Boosting Station near village Mahandipur, Murthal Block to the Boosting stations in Sectors 2, 3, 5 to 19, 26 and 27, etc after crossing NH-I in urban estate Sonapat. Providing, laying, jointing & testing of D.I. Pipe line of 250mm, 300mm, 350mm, 400mm, 500mm, 600mm, 700mm, 800mm, 900mm, 1000mm & 1100mm including providing and fixing of D.I. sluice valves, C.I. Specials, DI Air valve, DI zero velocity valves & maintenance for 5 years from the date of commissioning after completion of defect liability period of three months and all other works contingent thereto.

himself for laying 8.03 km pipe line out of total of 33.50 km pipe line. Four prospective bidders<sup>136</sup> had expressed reservation to the clause and expressed difficulty in purchasing land. Yet instead of acquiring the land by the State Government or providing revised alignment according to available land, this clause was retained in the DNIT.

Tender for the work was opened on 27 November 2013 and no bidder came forward. When retendered, only one contractor M/s Brij Gopal Construction Company participated, with an offer which was 30 *per cent* above the DNIT amount. After negotiation, the work was awarded (January 2014) for ₹ 76.18 crore above 16.025 *per cent* DNIT rates, with a time limit of 15 months for completion of the project.

During audit of the office of Executive Engineer, HSVP Division, Sonapat (EE), it was found that the contractor could not purchase the land and the EE requested (August 2016) the Land Acquisition Officer, Rohtak to acquire user rights of 8.75 acre land situated in six villages. However, the pipeline was eventually laid (November 2017) in the HSVP land by changing the alignment. As of January 2018, a payment of ₹ 59.93 crore had been made to the contractor for laying of 30.70 km of pipe line. This payment included ₹ 3.33 crore for 4.69 km pipe including labour charges though this length of pipe was yet to be laid. The EE stated (April 2018) that the project could not be completed due to change in alignment of pipe line which was necessitated due to failure to acquire of land and due to refusal of permission by NHAI for laying pipeline.

Further, the item rates derived for DI pipes in the DNIT were on the higher side when compared with the annual rate contract of 2013-14 of Director Supplies and Disposals (DS&D). It was noticed that due to taking higher rates of pipes the DNIT was inflated by ₹ 9.05 crore, as detailed in **Table 3.25**.

<sup>136</sup> (i) M/s Jyoti Build Tech (P) Ltd. Noida, (ii) M/s Tirupati Cement Products, New Delhi, (iii) M/s SSG Infratech Pvt. Ltd. New Delhi and (iv) M/s Brij Gopal Construction Co. (P) Ltd. New Delhi.

**Table 3.25: Detail of excess cost of pipes taken in DNIT**

Size of pipe (in mm)	Rate as per DNIT per metre (in ₹)	Rate as per DS&D rate contract (in ₹)	Labour rates for laying, cutting, jointing, etc. (in ₹)	Cost of lead and yarn (in ₹)	Total cost to be taken in DNIT (in ₹)	Difference of rates per metre (in ₹)	Provision of pipes in DNIT (in metre)	Excess cost taken in DNIT (₹ in lakh)
(1)	(2)	(3)	(4)	(5)	(6) (3+4+5)	(7) (6-2)	(8)	(9) (7*8)
250	2,720	1,969	32.93	24.84	2,026.77	693.23	380	2.63
300	3,440	2,499	40.99	29.52	2,569.51	870.49	5,385	46.88
350	4,180	3,129	58.46	34.41	3,221.87	958.13	2,775	26.59
400	5,945	3,759	70.80	39.12	3,868.92	2,076.10	1,905	39.55
500	6,990	5,089	106.27	61.26	5,256.53	1,733.50	1,145	19.85
600	9,140	6,739	140.59	77.41	6,957.00	2,183.00	1,270	27.72
700	11,785	8,669	710.00	102.50	9,481.50	2,303.50	2,840	65.42
800	14,515	10,749	940.00	131.80	11,820.80	2,694.20	2,530	68.16
900	17,660	13,059	1,230.00	165.00	14,454.00	3,206.00	475	15.23
1,000	21,405	15,579	1,585.00	214.8	17,378.80	4,026.20	14,717	592.54
<b>Total</b>							<b>33,422</b>	<b>904.57</b>

(Source: Information derived from departmental record)

The Chief Administrator, HSVP submitted (October 2018) a reply duly approved by the State Government wherein it was stated that the State Government could not acquire land as consent from 80 *per cent* land owners could not be taken as required under the Land Acquisition Act 2013. Further, the DNIT rates of pipes were approved by the competent authority as per prevailing market rates which included VAT, excise duty, freight charges and contractor's profit.

Provision for purchasing 8.75 acre land by contractor for laying of 8.03 km out of 33.50 km pipe line restricted competitive bidding as only one bidder participated. This also resulted in non-completion of work even after three years from the scheduled date of completion as the contractor failed to purchase land, leading to idle expenditure of ₹ 56.60 crore and blockage of funds of ₹ 3.33 crore on pipes yet to be utilised. The approved rates of DS&D included excise duty, freight charges, unloading charges, etc. Due to higher rates of DI pipes in the DNIT, the project cost got inflated by ₹ 9.05 crore.

**Thus, due to allotment of works without acquisition of land and failure to ensure availability of encumbrances free land for the projects, the master water supply projects in Gurugram and Sonapat remained incomplete rendering expenditure of ₹ 300.76 crore idle and blockade of ₹ 26.35 crore on pipes yet to be laid.**

## Transport Department

### 3.23 Underutilization of buses

**Procurement of buses with higher technical specifications, without upgrading the workshop facilities/technical skills of the mechanics and non-arrangement of annual maintenance contract, led to underutilization of 317 buses out of 418 buses and consequent loss of ₹ 48.81 crore. The department also paid ₹ 1.91 crore on account of insurance and road tax on the off-road buses, which was avoidable.**

As per directions of the State Government (June 2013), the buses can be taken off road after covering seven lakh kilometres (KMs) and completion of eight years. Audit scrutinized the records relating to 418 buses procured for ₹ 110.26 crore between January 2006 and April 2012 to assess their utilization in operational kilometres. Out of 418 buses, 317 buses were taken off road<sup>137</sup> prematurely after an average utilization of about 46 per cent<sup>138</sup> as depicted in **Table 3.26**.

**Table 3.26: Details of utilization of buses**

	Number of buses						Total
	CNG ordinary buses	CNG semi-low floor buses	CNG low-floor AC buses	AC buses	Mini buses		
Total number of buses procured	250	115	10	37	6	418	
Make	Tata & Ashok Leyland	Tata & Ashok Leyland	JCBL	Ashok Leyland	Swaraj Mazda		
Average cost per bus (₹ in lakh)	16.45	45.69	46.59	30.52	10.50		
<b>Kilometres covered</b>							
Less than one lakh	1	10	4	1	-	16	
Between one and three lakh	42	56	6	24	6	134	
Between three and five lakh	112	-	-	12	-	124	
Between five and seven lakh	43	-	-	-	-	43	
<b>Total number of buses held off road</b>	<b>198</b>	<b>66</b>	<b>10</b>	<b>37</b>	<b>6</b>	<b>317<sup>139</sup></b>	

(Source: Information derived from departmental record)

<sup>137</sup> Calculated on the basis of average cost per bus and proportionate kms not covered.

<sup>138</sup> The 317 buses under objection had covered an average of 3,22,000 kms. against the minimum required average coverage of 7,00,000 kms.

<sup>139</sup>

Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
No. of Buses	1	0	13	36	16	72	39	78	62	317

Underutilization of buses resulted in loss of ₹ 48.81 crore to the State Government as discussed in succeeding paragraphs:

**a. CNG ordinary buses** - The Department procured 250 CNG ordinary buses during May 2006 to March 2008 at a cost of ₹ 41.13 crore. These buses were allocated to 9 depots in National Capital Region (NCR) in Haryana. As on 31 March 2018, only 35 buses (Delhi depot-26, Sonapat depot-7 and Rewari depot-2) were operational and remaining 215 buses were off-road. It was noticed that 198 buses had been detained prematurely after an average utilization of 57 *per cent*. The main reasons for detention, as attributed by the depots, were technical problems, uneconomical repairs/ maintenance, non-availability of CNG in three<sup>140</sup> depots and shortage of technical staff/ drivers in six<sup>141</sup> depots. The Department had not considered transferring these buses to depots where CNG was available.

Audit observed that only Delhi depot had succeeded in utilizing the buses effectively by arranging CNG from private pumps, imparting training to mechanics of workshops and hiring technical employees through outsourcing. Average utilization of 40 buses allocated to Delhi Depot was 97 *per cent*, whereas average utilization of allocated buses to other depots ranged between 49 *per cent* and 77 *per cent* only. It was further observed that out of 198 off-road buses, Registration Certificates (RCs) of 134 buses were surrendered by the General Managers of concerned depots to RTO during November 2013 to September 2017 due to non-operation without the approval of the Head Office. The underutilization of buses resulted in loss of ₹ 14.06 crore. Besides, the condition of non-operating buses were deteriorating day by day.

**b. CNG semi-low floor buses** – Director General State Transport (DGST) procured 115 CNG semi-low floor buses (85 Non-AC and 30 AC) between February 2010 and April 2013 for ₹ 52.55 crore and operated these buses as City buses in Faridabad. Out of 85 Non-AC buses, 40 buses were put off-road prematurely during June 2012 to December 2017 after an average utilization of 23.15 *per cent* only resulting in loss of ₹ 13.42 crore. Out of 30 AC buses, 26 buses were put off-road prematurely during June 2016 to December 2017 after operation of five to six years with average utilisation of 26.37 *per cent* resulting in loss of ₹ 9.86 crore.

As stated by the Department, the buses could not perform satisfactorily due to various technical reasons such as defective engine, faulty balloon bearings, excess mobile consumption etc. The buses were purchased from M/s Ashok Leyland, an

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<sup>140</sup> (i) Rohtak, (ii) Narnaul and (iii) Panipat.

<sup>141</sup> (i) Rewari, (ii) Narnaul, (iii) Gurugram, (iv) Jhajjar, (v) Sonapat and (vi) Panipat.

old supplier of the Department. The Department failed to address the day to day technical requirements of the buses either in own workshops or by arranging AMC after the warranty period. The pre-mature detention of these 66 buses led to loss of ₹ 23.28 crore.

**c. CNG low-floor AC buses** – The DGST procured (December 2007) ten buses costing ₹ 4.66 crore with funds provided by Haryana Shahri Vikas Pradhikaran (HSVP) for local operation in Gurugram City and linking to Delhi Metro as well as important areas in Delhi. These buses remained in operation up to December 2011 and utilization was only between nine and 23 *per cent*. The General Manger of Gurugram depot intimated (September 2016) the DGST that the buses had advanced technology and their maintenance and repair was beyond the technical competence of mechanics deployed in the departmental workshops. Further, their performance was unsatisfactory even during the warranty period. Out of 10 CNG low floor AC buses, 5 buses have been auctioned in January/February 2018. Remaining 5 buses could not be auctioned for want of approval from head office and were still lying with the depot (August 2018).

It was observed that the defects that appeared during the warranty period were rectified by the manufacturer. After that the GM, Gurugram requested the DGST for arranging for annual maintenance contract (AMC) for up keep of buses. However, neither mechanics were got trained nor AMC was finalized. Hence, the GM took the buses off road.

**Thus, purchase of ultra-modern buses without assessment of technical capacity of workshops and thereafter failure to arrange AMC for these buses has resulted in these buses being taken off road leading to loss of ₹ 3.91 crore.**

**d. AC buses** - DGST placed a supply order for 50 chassis of air conditioned buses from M/s Ashok Leyland. The buses were to be got fabricated from M/s HMM Coaches, Ambala. However due to defects in buses, the supply order was foreclosed (June 2009) and only 37 AC buses were procured during April 2009 to November 2010 for ₹ 11.29 crore and were allocated to eight<sup>142</sup> depots. However, there was frequent break down of these buses due to technical reasons and had to be taken off road. The buses had not been operated since March 2015.

**DGST took up the matter (October 2013) for premature condemnation of these buses with the State Government. The Chief Minister (CM) while approving (October 2013) the condemnation directed that the Department should fix responsibility for not undertaking proper assessment at the time of**

<sup>142</sup> (i) Chandigarh, (ii) Delhi, (iii) Rohtak, (iv) Hisar, (v) Gurugram, (vi) Sirsa, (vii) Narnaul and (viii) Rewari.



**purchase of these buses. However, no action had been taken up to May 2018. The 37 buses were still lying undisposed with the depots (March 2018).**

Thus, due to purchase of technically defective buses, the department suffered a loss of ₹ 7.08 crore.

e. **Mini buses** - DGST, Haryana procured (December 2010) six mini buses for ₹ 63 lakh and allotted them to Chandigarh depot. The percentage utilization ranged between 15 and 32 *per cent*. These buses had not been operated since July 2015 and were lying in the depot resulting in loss of ₹ 48.19 lakh. The management attributed unsatisfactory performance to frequent breakdowns and defective emission control system, repair of which was not possible in the departmental workshop. The manufacturer was required to impart training for repair and maintenance as per clause 15 of the supply order. However, the department failed to pursue the matter with the manufacturer.

#### ***Avoidable payment of insurance and road tax***

The department had made avoidable<sup>143</sup> payment of insurance and road tax amounting to ₹ 1.36 crore and ₹ 0.55 crore respectively even after putting these buses off-road.

#### ***Functioning of workshops***

In the workshops of six test checked depots<sup>144</sup> where most of the CNG & ACs buses had been allocated, there was shortage of workshop manpower during 2013-14 to 2017-18 ranging between 23 and 75 *per cent* with overall shortage of 53.63 *per cent*. The department failed to take necessary initiatives for imparting training to the existing manpower as a result of which the technical competence of the staff fell short of requirements.

**Thus, due to lack of proper assessment of suitability of technical specifications of buses prior to procurement, nearly 76 per cent of buses procured during January 2006 to April 2012 were taken off road prematurely leading to loss of ₹ 48.81 crore to the Government.**

**The buses were lying with the concerned depots without condemnation for want of approval of the higher authorities. The department had also made**

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<sup>143</sup> Worked out after giving margin of the payment made for the whole year in which the vehicle was made off road.

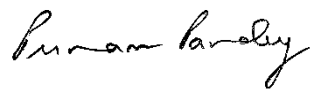
<sup>144</sup> (i) Faridabad, (ii) Gurugram, (iii) Delhi, (iv) Sonapat, (v) Panipat and (vi) Chandigarh.

avoidable payment of ₹ 1.91 crore on account of insurance and road tax on the off road buses.

The State Government may consider fixing responsibility for procurement of buses without proper assessment of suitability of technical specifications which resulted in taking the buses off road prematurely.

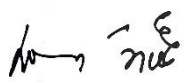
The matter was referred to the State Government in June 2018 and reminder was issued in July 2018; their reply was awaited (May 2019).

Chandigarh  
Dated: 21 August 2019

  
(PUNAM PANDEY)  
Principal Accountant General (Audit), Haryana

Countersigned

New Delhi  
Dated: 28 August 2019

  
(RAJIV MEHRISHI)  
Comptroller and Auditor General of India