

AUDIT PARAGRAPHS

BASIC EDUCATION DEPARTMENT

2.2 Delay in action against substandard work leading to unfruitful expenditure on construction of buildings

Construction of two Kasturba Gandhi Balika Vidyalaya buildings in Azamgarh district remained incomplete even after a lapse of ten years due to lackadaisical attitude of Basic Education Department and the executing agency (Uttar Pradesh Rajkiya Nirman Nigam), rendering an expenditure of ₹ 1.17 crore unfruitful. Besides, this delay forced the residential schools to run from transit campus in Block Resource Centre building, Azamgarh due to which girls were facing difficulties.

To ensure access of quality education to female children belonging to disadvantaged groups of society, Government of India (GoI) accorded approval (2010-2011) for setting up of 15 residential Kasturba Gandhi Balika Vidyalayas (KGBVs) under *Sarv Shiksha Abhiyaan* (SSA) in educationally backward blocks of Azamgarh district.

Scrutiny of records (November 2019 and December 2021) of State Project Director, *Sarv Shiksha Abhiyaan*, Uttar Pradesh, Lucknow (SPD) and information collected from District Basic Education Officer, Azamgarh (DBEO) revealed that District Magistrate (DM), Azamgarh awarded⁶ (March 2011) the work for construction of 15 KGBVs to Uttar Pradesh Rajkiya Nirman Nigam (UPRNN) and an agreement was executed (June 2011) between the DBEO and UPRNN. As per conditions of agreement, the work was to be completed at the estimated cost of ₹ 62.49 lakh per school within six months of release of fund and the availability of land to the executive agency. The agreement further provided that the work would be stopped if the quality of construction was found substandard and fund allotted including interest at the rate of 12 *per cent* would be recovered from UPRNN.

Audit noticed that the construction of two KGBVs in Lalganj and Thekma blocks of Azamgarh district out of 15 sanctioned KGBVs was yet to be completed⁷ (June 2022). The construction of KGBVs Lalganj and Thekma was started in August 2011 and October 2011 respectively with the scheduled date of completion as January 2012. However, UPRNN did not complete the work despite release⁸ of ₹ 1.17 crore between July 2011 and September 2014 for both schools. Subsequently, on the direction (January 2016) of Secretary, Basic Education Department, the District Education Project Committee, Azamgarh nominated (March 2016) Provincial Division, PWD, Azamgarh as nodal agency for construction of incomplete buildings of KGBVs. PWD prepared an estimates of ₹ 2.01 crore for reconstruction of KGBVs Thekma

⁶ SPD directed (February 2011) the DM, who was the chairman of the District Level Committee, for selection of a suitable agency for the work from the list of selected State level agencies.

⁷ 75 *per cent* of the construction work was completed in KGBVs Thekma and Lalganj as of June 2022.

⁸ 1st instalment (₹ 31.245 lakh) in July 2011, 2nd instalment (₹ 24.496 lakh) in March 2012 and 3rd instalment (₹ 3.125 lakh) in September 2014 for each school.

and Lalganj after dismantling of existing structure due to sub-standard roof work. In view of this, DM Azamgarh (June 2016) as well as SPD (April 2017) requested Principal Secretary, PWD to recover the required amount from UPRNN so as to complete the remaining construction works of KGBVs.

Several correspondences were made by DBEO, DM and SPD with UPRNN during 2016-18, however, the work was remained incomplete. Further, DM constituted (April 2018) a committee⁹ to look into the structural soundness of KGBV Lalganj and Thekma, which recommended (February 2019) various measures, such as reconstruction of chhajja, grouting of brick works, proper covering of reinforcement to restore the health of buildings instead of reconstruction. The committee also recommended that the construction and maintenance should be immediately taken up to stop further deterioration as the work had been stopped since 2012. Audit further noticed that UPRNN submitted (October 2019) to SPD a revised estimates of ₹ 1.46 crore for the completion of remaining work and in turn, SPD requested¹⁰ the State Government for additional fund of ₹ 1.40 crore¹¹ to complete the works. But, the fund was neither released nor was the work completed and also, no action was taken by the Government against UPRNN (May 2022) for recovery of additional expenditure on the construction due to sub-standard work.

In reply, the Government stated (June 2022) that the second installment (March 2012) and the third installment (September 2014) were released to UPRNN without obtaining the quality report, despite the direction of Chief Development Officer, Azamgarh to release succeeding instalments after obtaining the report of the quality/technical check of the work done. The work was later found (August 2015) substandard and therefore, UPRNN terminated the employees responsible and lodged an FIR against them. The Government further stated that 50 *per cent* of revised estimates had been released (January 2022) to complete the incomplete work of KGBVs and the release of fund to UPRNN was in progress by district authorities.

The reply was not acceptable as State Government did not take any action against UPRNN for recovery on account of additional expenditure on KGBV buildings due to sub-standard quality of work and inordinate delay in work for more than ten years. Besides, DBEO, Azamgarh failed to ensure that second and third instalments were paid to UPRNN only after obtaining quality report. Thus, lackadaisical attitude of department and executive agency resulted in unfruitful expenditure of ₹ 1.17 crore on construction of substandard and incomplete KGBV buildings, besides this delay forced to run these schools from transit campus in Block Resource Centre building, Azamgarh due to which girls were facing difficulties¹².

Responsibility should be fixed for failure to obtain quality reports, not recovering the fund allotted to UPRNN and not taking any action against it as

⁹ Committee consisted of Professor, Civil Engineering Department, IIT BHU, Varanasi; Executive Engineer, Provincial Division, PWD, Azamgarh; Assistant Engineer, Construction Division, PWD, Azamgarh; District Co-ordinator, BSA Office, Azamgarh; Sub-Engineer, UPRNN, Bhadohi Unit.

¹⁰ Letters issued dated 09.09.2020, 17.09.2021.

¹¹ After deducting the balance of ₹ 6.25 lakh lying with the school.

¹² DBEO Azamgarh in its letter dated 24 April 2018 to UPRNN mentioned that both schools were running in Block Resource Centre building, Azamgarh due to which girls were facing difficulties.

per the agreement, undue delay in retendering, re-allotment of work to same agency responsible for earlier sub-standard work and providing further funds to it and blacklist agency for delay.

Higher Education Department

2.3 Unfruitful expenditure on construction of incomplete sports stadium

Due to slackness in execution of work and delays in release of funds, construction of sports stadium in Deen Dayal Upadhyaya Gorakhpur University remained incomplete even after a lapse of seven years. As a result, expenditure of ₹ 4.61 crore on its construction remained unfruitful, besides objective of providing sports infrastructure to students of the University could not be achieved.

As per Rule 212 of Uttar Pradesh Budget Manual, the departmental officers concerned shall exercise close supervision on the work agencies and ensure that the work progresses as per time schedule without compromising with the quality thereof and funds are released as per physical progress of the work. Paragraph 318 of Financial Hand-Book Volume-VI stipulates that the technical sanction to the estimate must be obtained before commencement of work.

In a follow-up to the Chief Ministers' declaration (March 2013) for establishment of Sports Stadium with Pavilion, State Government accorded administrative and financial sanction (November 2013) of ₹ 4.85 crore for its construction¹³ in the campus of Deen Dayal Upadhyaya Gorakhpur University (DDUGU), Gorakhpur and Uttar Pradesh Rajkiya Nirman Nigam (UPRNN) was nominated (November 2013) as the executing agency. The administrative and financial sanction provided that DDUGU would execute agreement with UPRNN before commencement of work to ensure timelines and high-quality execution of work. State Government released entire fund of ₹ 4.85 crore to DDUGU in four instalments of ₹ 2.42 crore (November 2013), ₹ 95 lakh (August 2015), ₹ 66.47 lakh (December 2016) and ₹ 80.97 lakh (August 2019).

Scrutiny of records (March and April 2021) of DDUGU, Gorakhpur revealed that DDUGU finalised (June 2014) the site for construction of sports stadium after six months of financial sanction. As a result, the work was started in August 2014 after eight months of release of the first instalment by the State Government. The work was scheduled to be completed by August 2015. However, UPRNN could utilise only ₹ 1.35 crore to achieve physical progress of 28 per cent up to the September 2015, though an amount of ₹ 1.07 crore was lying with them as balance in the first instalment. Further, amount of ₹ 85.50 lakh was released (June 2016) to UPRNN which was utilised (November 2016) by achieving physical progress of 59 per cent. Thereafter,

¹³ Having Basketball court, Volleyball court, Lawn tennis court, and Cricket field (tube well, submersible and pump house) with two Open pavilion site for Volleyball and Tennis court and one Open pavilion site for Cricket field along with changing room and toilet.

UPRNN made several requests¹⁴ to DDUGU for release of succeeding instalment for completion of work without interruption. Though the Government released ₹ 66.47 lakh in December 2016 as third instalment, DDUGU released ₹ 47 lakh in November 2017 and ₹ 28.97 lakh in June 2019 to UPRNN, *i.e.*, after the delay of 11 months and 29 months respectively of making first request (December 2016) for release of fund. Further, Government sanctioned (August 2019) ₹ 80.97 lakh as final instalment after two years eight months.

Audit further noticed that DDUGU executed (March 2019) agreement with the UPRNN after more than four years of the start of work, but it did not provide any commitment for schedule date of completion, which indicates lack of seriousness on the part of DDUGU as well as UPRNN. As per progress report submitted (May 2021) by UPRNN, all the sanctioned work of three sports courts, cricket field and pavilion were incomplete. In Joint physical verification of the construction work of sports stadium conducted (September 2021) by officials of DDUGU and audit party it was found that the construction work was incomplete and work was stopped since November 2019. The appointment to the posts of warden, sports trainer, instructor and guard to make the sports stadium functional was yet to be done.

In reply, State Government accepted (May 2022) the facts that work was started after a delay of eight months due to delay in approval of maps, soil testing, vetting of structural map and preparation of detailed estimates. Government further stated that ₹ 4.61 crore had been so far released to UPRNN and 30 *per cent* of the work of sports stadium was still incomplete (April 2022) and executing agency was requested (May 2022) to complete the work expeditiously and hand over the same by 31 May 2022. In this context, DDUGU informed (July 2022) that construction work was stopped for the last three years and the construction of the stadium was yet to be completed. However, a joint physical verification (November 2022) by Audit and officials¹⁵ of DDUGU and UPRNN revealed that basketball court and tennis court were completed for which handing over was in progress while other miscellaneous work¹⁶ were yet to be completed. Besides, volleyball court, cricket ground and cricket pavilion remained incomplete and no construction activity was taking place.

The fact remained that slackness in execution of work by executing agency as well as delay in release of fund led to not completing of the construction of sports stadium even after a lapse of seven years. As a result, expenditure of ₹ 4.61 crore on incomplete stadium could not be put to use resulting in denial of benefits to sportspersons in DDUGU.

¹⁴ 21 December 2016, 31 March 2017, 10 July 2017, 20 July 2017.

¹⁵ Draftsman, Junior Engineer, Assistant Engineer and Work Superintendent.

¹⁶ Toilet, changing room, coach room, instructor room, locker room, internal water supply, internal electrification, furnishing and purchase of sports item.

Home Department

2.4 Ineffective monitoring leading to unfruitful expenditure

Delay in commencement of work, ineffective monitoring and delay in sanction of revised estimate led to not completing of Baffle Firing Range. Besides expenditure of ₹ 5.81 crore on its construction remained unfruitful and the cost of work also increased from ₹ 2.41 crore to ₹ 6.39 crore.

State Government sanctioned (October 2011) ₹ 2.41 crore for construction of Baffle Firing Range¹⁷ at 10th Battalion, Provincial Armed Constabulary (PAC) in district Barabanki and appointed Uttar Pradesh *Rajkiya Nirman Nigam* (UPRNN) as executing agency. The sanction provided that (i) UP Police Headquarters/ concerned Senior Superintendent of the Police would be responsible for the specifications, standard and quality of the work; (ii) UP Police Headquarters would ensure that the work would be completed within prescribed time limit; (iii) the work would be commenced within one month from the date of financial sanction; (iv) Memorandum of Understanding (MoU) would be entered into with the executing agency to ensure that there was no time and cost overrun; and (v) the work would be completed and handed over to the department by 30 September 2012.

Scrutiny of records (October 2018) of Police Headquarters (PHQ) and information collected (May 2021) from PHQ revealed that the Government released ₹ 2.41 crore in three instalments¹⁸, which was transferred¹⁹ by PHQ to UPRNN during November 2011 to May 2015. However, the construction of Baffle Firing Range remained incomplete due to the following:

- MoU was not signed by PHQ with UPRNN, as was required in the context of the Financial Sanction. In May 2012, i.e., after seven months from the release of first instalment of ₹ one crore, UPRNN submitted the site plan to 10th Battalion PAC for approval. However, no action was taken by the PAC till September 2012. Subsequently, UPRNN forwarded (November 2012) the technical specifications of the work to Terminal Ballistic Research Laboratory (TBRL), Chandigarh for their vetting. TBRL sought (December 2012) consultation fee of ₹ 6.62 lakh which was approved by PHQ in June 2013 and paid by UPRNN in September 2013. The revised plan submitted (March 2014) by UPRNN on the basis of recommendations of TBRL was approved by PHQ in April 2014. Thereafter, the work was commenced by UPRNN in May 2014. Thus, there were avoidable delays on the part of UPRNN as well as PHQ in providing site plan, finalising technical specification for the project, approval of consultation fee to TBRL, which led to delayed commencement of the construction work after lapse of about two and a half years from the date of its sanction instead of within one month of the Financial Sanction.

¹⁷ Baffle firing ranges are constructed to provide a suitable place to police personnel to perform mandatory annual firing practice.

¹⁸ ₹ 100 lakh, ₹ 70 lakh and ₹ 71.18 lakh in October 2011, December 2014 and May 2015 respectively.

¹⁹ ₹ 100 lakh, ₹ 70 lakh and ₹ 71.18 lakh were transferred to UPRNN in November 2011, December 2014 and May 2015 respectively.

- The entire released amount of ₹ 2.41 crore was utilised in full by November 2015 with physical progress of only 35 *per cent* and due to unavailability of funds, the execution of work was stopped in January 2016. Meanwhile, UPRNN revised (July 2014) the estimates on the ground that the original estimate was prepared on the basis of Schedule of Rates (SOR) for the year 2010 and structural design changes were made as per the specification recommended by TBRL. PHQ forwarded the revised estimates to Government in August 2015. However, Government took more than five years in according sanction of revised estimates, which was approved in October 2020 for ₹ 6.39 crore. However, the State Government's sanction did not delineate any timeline for completion of work. Further fund for the work was released ₹ 3.98 crore in two instalments²⁰. As a result of delay in approval of the revised estimates and consequent lack of fund during intervening period, construction of the Baffle Firing Range was stopped between January 2016 and November 2020.

- As of July 2022, physical progress in the work was 85 *per cent* after incurring expenditure of ₹ 5.81 crore.

Thus, delay in commencement of work despite availability of funds, ineffective monitoring and delay in approval of the revised estimate led to not completing of Baffle Firing Range, besides expenditure of ₹ 5.81 crore on incomplete work could not be put to use. Further, the cost of work also increased from ₹ 2.41 crore to ₹ 6.39 crore.

In reply (May 2022), the Government stated that the work was of non-standardised nature and thus approval from TBRL was required, due to which delay occurred in commencement of work. The cost of work increased due to changes in specifications as advised by TBRL. Government further stated that UPRNN had been asked to furnish MoU for execution of work at the earliest.

The reply is not tenable, as the necessary consultation from TBRL should have been obtained before preparation and approval of estimates and before release of funds to UPRNN. In addition, the Government took more than five years to approve the revised estimates, leading to the closure of the project between January 2016 and November 2020.

²⁰ ₹ 2.50 crore and ₹ 1.48 crore in October 2020 and September 2021 respectively.

Irrigation and Water Resources Department

2.5 Irregular payment on purchase of excavators

Irrigation and Water Resources Department, Sharda Canal Division, Lucknow made irregular payment of Centage amounting to ₹ 91.09 lakh to Uttar Pradesh Project Corporation Limited for the supply of five amphibious hydraulic excavators.

As per the Uttar Pradesh Government Order (March 2006²¹), no centage charges will be paid to the State Government's construction agencies on works other than construction works, such as furnishing, furniture and other bought out items.

Scrutiny of records (March 2019) of the Executive Engineer, Sharda Canal Division, Lucknow (Division) revealed that for smooth functioning of Gomti River front and allied works, the State Government accorded permission²² (December 2015) for execution of Memorandum of Understanding (MoU) with Uttar Pradesh Project Corporation Limited, Lucknow (UPPCL) for purchase of five amphibious hydraulic excavators (AHEs). The administrative and financial sanction for 'Project of supply, management and operation of AHE' was accorded by the Government (March 2016) at a cost of ₹ 19.76 crore. Accordingly, MoU²³ was signed (March 2016) with UPPCL and Sharda Canal Division paid (March 2016) ₹19.23 crore²⁴ to UPPCL which included payment for the supply and commissioning of five AHEs (₹ 13.25 crore), their operation charges (₹ 2.70 crore) and maintenance charges (₹ 1.88 crore) for three years, Centage charge (₹ 1.23 crore²⁵) and labour cess (₹ 0.17 crore).

Further scrutiny revealed:

- As centage charges was not payable on bought out items, the payment of Centage charge of ₹ 91.09 lakh²⁶ to UPPCL for the supply and commissioning of five AHEs was irregular.
- Labour cess was also not deposited to Uttar Pradesh Building and Other Construction Workers Welfare Board despite its payment to UPPCL in March 2016. On being point out in Audit, UPPCL returned (July 2022) ₹ 13.25 lakh to the Division on account of labour cess.

In reply, the Government stated (August 2022) that MoU was executed with UPPCL after approval of the State Government and the Centage charge was paid as the work was inclusive of operation and maintenance.

The reply was not tenable, as the audit observation does not pertain to Centage charge on operation and maintenance of AHEs, rather it pertains to the Centage

²¹ GoUP order no. E-8-303/10-06-89/2004 dated 2 March 2006.

²² The permission was granted on the basis of recommendation of Engineer-in-chief, Irrigation and Water Resources Department.

²³ No.01/S.E. 12th Circle, IW/Dated 30 March 2016.

²⁴ Voucher no. 611 H dated 30.3.2016.

²⁵ Centage charges of ₹ 91.09 lakh on supply of excavators and ₹ 31.44 lakh on maintenance and operation of excavators for three years.

²⁶ @ 6.875 per cent of cost of five Amphibious Hydraulic Excavators (₹13.25 crore).

charges paid on the cost of five AHEs for which Centage charge was not admissible. Thus, Sharda Canal Division made an irregular payment of Centage charge of ₹ 91.09 lakh to UPPCL against the supply of five AHEs.

2.6 Excess payment to the contractor

In violation of the conditions of the contract, Irrigation and Water Resources Department, Flood Division, Bareilly made an excess payment of ₹ 33.66 crore to a contractor for dewatering charges in the works of Ramganga Barrage.

Paragraph 367 of Financial Handbook Volume-VI stipulates that engineers and their subordinates are responsible for ensuring that the terms of contract are strictly enforced.

Irrigation and Water Resources Department executed (October 2011) a contract bond²⁷ for construction of Ramganga Barrage and allied works with a contractor at a cost of ₹ 187.09 crore with scheduled date of start and completion of the work as October 2011 and October 2014 respectively. The scheduled completion date was extended in phases upto June 2019. The work was yet to be completed (July 2022). The work was being executed by the Flood Division, Bareilly.

The contract provided²⁸ for ‘dewatering of foundation’ work for which payment was to be made on the basis of electricity consumption measured in kilo watt hour (KWH). As per contract, 20 lakh KWH was to be paid at full tendered rates (₹ 39 per KWH) and thereafter, the tariff rate per KWH of UPSEB²⁹ was payable. However, in case dewatering had to be carried out after due date of completion on account of reason beyond the control of the contractor, the payment for dewatering would be made at tendered rates above the limit of 20 lakh KWH. The contract further provided that the payment in any working season was to be made at the full tendered rate for the first six lakh KWH and the payment for the consumption of power in excess thereof will be made at the tariff rate per KWH of UPSEB at that period.

Scrutiny of the records (January-February 2020) of Executive Engineer, Flood Division, Bareilly (EE) revealed that the Division made payment for dewatering of foundation at the full tender rate of ₹ 39 per KWH for entire power consumed (122.36 lakh KWH) during fourth and fifth working seasons³⁰ in the extended period of contract. Audit further noticed that keeping in view the increase in volume of dewatering work, the payment was made at full tender rate as per instructions (March 2016) of the Chief Engineer (East Ganga). However, this was in violation of conditions of agreement which specifically provided for payment at the full tendered rate for the first six lakh KWH and the remaining electric consumption for dewatering of foundation was to be paid at the tariff rate per KWH of UPSEB in any working Season. Failure of the Department to regulate payment as per the

²⁷ Agreement no.5/SE/2011-12

²⁸ Clauses 20.060 (d) and (e) of the Contract.

²⁹ Uttar Pradesh State Electricity Board.

³⁰ 21.14 lakh KWH power consumed was yet to be paid (July 2022) pending decision on the rate.

terms of the contract resulted in excess payment of ₹ 33.66 crore³¹ to the contractor on account of payment of 110.36 lakh KWH³² at full tendered rate.

In reply, State Government stated (August 2022) that there was increase in the quantity of dewatering due to change in design during execution of the work and the contractor was to be paid at full tendered rate during the extended period of contract in view of directions of the Chief Engineer (East Ganga) as per clause 20.06(d) of the contract.

Reply was not acceptable, since the clause 20.060 (e) of the contract specifically provided to regulate payment of power consumption on 'dewatering of foundation' on season basis, which was an overriding condition³³ of the contract and as such, it was applicable for dewatering done in the extended period of contract. The Department should investigate the matter and take disciplinary action against the delinquent Chief Engineer and other responsible officers.

2.7 Unauthorised aid to the contractor

In contravention of the provisions of the agreement, Rapti Canal Construction Division-2 paid interest free machinery advance of ₹ 20 crore to a contractor, which also led to loss of interest of ₹ 5.14 crore to the State Government.

Paragraph 367 of Financial Handbook Volume VI, *inter alia*, stipulates that engineers and their subordinates are responsible that the terms of contracts are strictly enforced and that no act is done tending to nullify or vitiate a contract.

Audit noticed that an agreement was executed (April 2013) by Superintending Engineer, Rapti Nahar Nirman Mandal-2, Basti (SE) with a contractor for ₹ 360.89 crore for 'Construction of Rapti main canal and its distribution system between Km. 80.000 to 114.000'. Clause 4 (a) of General Conditions of the Contract provided that an advance for new plant and machinery (T&P advance) required for the work and brought to site by the contractor would be given if requested by the contractor. The maximum of such advance would be 10 per cent of the contract amount and limited to 90 per cent of the price of such new plant and equipment paid by the contractor for which contractor would produce satisfactory evidence. The condition further stipulated that no advance for plant and equipment would be granted after six months from the date of notice to proceed with the work. Further under Clause 3 of General Conditions of the Contract, T&P advance was admissible during the first ¼th period for completion work.

³¹ The payment was made at the rate of tendered rate ₹ 39 per KWH instead of Uttar Pradesh Power Corporation Limited tariff of ₹ 8.50/KWH for LMV-9 consumer connection during 2017-18 (the last payment for dewatering was made in September 2017).

³² Power consumed in fourth and fifth working season (122.36 lakh KWH) minus payment allowed on full tendered rate (12 lakh KWH)

³³ Notwithstanding anything stipulated to the contrary effect in the contract, the payment for dewatering of foundation shall be governed by the following condition: during the working seasons (October to June), the payment for the first six lakh KWH consumption of power shall be at the full tendered rate for this item, as given in the scheduled of quantities and bids and the payment for the consumption of power in excess thereof will be made at the tariff rate per KWH of UPSEB at that period. {Clause 20.060 (e)}.

Scrutiny of records (April 2021) of Executive Engineer, Rapti Canal Construction Division-2, Tulsipur, Balrampur (EE) revealed that the contractor was notified³⁴ 19 April 2013 as the date to start for execution of work under the agreement 'Construction of Rapti main canal and its distribution system between Km. 80.000 to 114.000'. In October 2014, the contractor applied for T&P advance of ₹ 36.63 crore and in compliance of directions (November 2014) of Chief Engineer (Saryu Pariyojana-2), EE sanctioned (January 2015) ₹ 20 crore to contractor for the purchase of new tools and plant. Thus, T&P advance was granted to the contractor even though the contractor had applied for it after more than 17 months of date of start of work³⁵. Further, the advance should have been given for new plant and equipment purchased by the contractor. However, the copy of invoices provided (October 2021) by EE in support of purchase of machinery by the contractor revealed that these invoices pertained to machinery purchased by the contractor during period between March 2010 and November 2013. As such, the payment of interest free machinery advance of ₹ 20 crore resulted in unauthorised aid to the contractor.

In reply, State Government stated (August 2022) that the requirement of new machinery was felt in the year 2014 due to a new concrete work 'under reamed piles' and therefore, the contractor requested for machinery advance by relaxing the terms of the contract. The contractor was granted machinery advance in the interest of work in view of directions of CE. Government further stated that machinery advance paid to the contractor had since been recovered.

Reply was not acceptable as the machinery advance was paid after six months from the date of commencement of work which was in violation of the terms of the contract. Further, there was no evidence on record that the contractor purchased new machinery in/after the year 2014 when the said requirement for new machinery was felt. Thus, failure of the Department to ensure compliance of conditions of contract not only resulted in unauthorised financial aid to the contractor but loss of ₹ 5.14 crore to the Government on interest³⁶.

2.8 Unfruitful expenditure on musical fountain

Failure to install Musical fountain imported on the basis of incomplete cost estimate for Gomati Riverfront Development Project resulted in unfruitful expenditure of ₹49.59 crore.

(i) Paragraph 13.2 (5) of the Uttar Pradesh Procurement Manual (Procurement of Goods) 2016 provides that where the department feels that the goods of the required quality, specifications, *etc.*, may not be available in the country and/or it is also necessary to look for suitable competitive offers from abroad, the department may send copies of the tender notice to the Indian Embassies abroad as well as to the Foreign Embassies in India requesting

³⁴ Vide letter dated 19.04.2013 issued by Superintending Engineer Rapti Canal Construction Circle-2, Basti.

³⁵ The work was to be completed in 30 months.

³⁶ Calculated till adjustment of advance on the basis of average interest rate of Outstanding public debt of that period, i.e., calculated at the interest rate of 8.19, 7.79, 8.34, 7.99, 8.06 and 7.83 *per cent per annum* incurred by the State Government on Public Debt in the years 2014-15, 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 respectively.

them to give wide publicity of the requirement in those countries for global tender enquire. The Manual further provided that ordinarily, minimum four weeks/30 days' time may be allowed for submission of bids where the department also contemplates obtaining bids from abroad.

Scrutiny of the records of Executive Engineer, Lucknow Division Sharda Canal, Lucknow (August 2017 and March 2019) revealed that the Government of Uttar Pradesh decided (April 2016) to install a 'musical fountain water show of international standard at the bank of Gomati River' as a part of Riverfront Development Project. The Expenditure Finance Committee (EFC) approved (April 2015) an amount of ₹ 45.00 crore for musical fountain water show on the ground that such fountains are not manufactured in India and would have to be procured from a foreign company. Superintending Engineer, Seventh Circle, Irrigation Works, Lucknow (SE) requested (8 July 2016) Department of Information and Public Relations to publish a 'global quotation' for procurement of 'musical fountain water show of international standards' in two national English and Hindi newspapers each. The request of SE was received in Department of Information and Public Relations on 18 July 2016 and notice inviting quotation was published in four newspapers on 21 and 22 July 2016.

Audit noticed that though the tender was termed as 'global quotation', Department did not follow the procedure for global tender enquiry under Paragraph 13.2 (5) of the Uttar Pradesh Procurement Manual (Procurement of Goods) 2016. Tender enquiry should have been sent to the Indian Embassies abroad as well as to the Foreign Embassies in India. But, tender was published only in newspapers. Further, only 16 days was given for submission of quotation as against prescribed minimum four weeks. As a result, bidding process lacked competition and only two firms participated in the process. Out of these bids, Department adjudged the quotation of Euro 55,95,000 (equivalent to ₹ 41.43 crore) from M/s Aquatique Show, a foreign firm, as the lowest and another quotation of ₹ 51.26 crore from M/s Premier World Technology Limited, Kolkata as 2nd lowest. The Department awarded contract to M/s Aquatique Show. However, the Department failed to take into account the custom duty payable on supply from M/s Aquatique Show and taxes applicable on the quotation of M/s Premier World Technology Limited while comparing the two bids. In the absence of these, the comparability of two bids could not be vouched.

Thus, there was professional failure in inviting and finalising bids for musical fountain which should be reviewed by the State Government from vigilance angle.

(ii) Paragraph 318 of Financial Hand Book Vol. VI of Uttar Pradesh (FHB) stipulates that technical sanction of a work is a guarantee that the proposals are structurally sound and the estimates are accurately calculated and based on adequate data.

Scrutiny further revealed that Technical sanction of ₹ 44.69 crore for the design and supply of musical fountain was issued (August 2016) without

including the cost of associated civil/electrical works and without making provision for payment of custom duty on import of the fountain.

The Chief Engineer (Sharda Sahayak) Lucknow (CE) issued (September 2016) the supply order to the M/s Aquatique Show for purchase and designing of the musical fountain at the cost of Euro 55.95 lakh (equivalent to ₹ 41.43 crore) and as per agreement, the show of musical fountain was to be launched in January 2017. An amount of Euro 50.36 lakh (equivalent to ₹ 37 crore) was paid³⁷ to the firm for supply of the musical fountain and the remaining 10 per cent was payable after commissioning of the fountain. Department also incurred custom duty and other charges of ₹ 12.59 crore on the procurement of musical fountain equipment. Thus, total expenditure of ₹ 49.59 crore incurred on musical fountain exceeded the EFC approved cost of ₹ 45.00 crore. However, the associated civil/electrical works were yet to be executed and their estimated cost had still not been worked out. The musical fountain equipment was lying uninstalled as of July 2022, i.e., for more than five years.

In reply, State Government stated (August 2022) that at present Gomati River Project is under investigation of CBI/ED and installation of musical fountain was proposed after completion of such investigation.

The fact remained that the prescribed procedure for tender enquiry and bid evaluation was not followed for purchase of musical fountain for Gomati Riverfront Development Project, besides cost estimate for the musical fountain was prepared/approved without providing for associated electrical/civil work due to which it could not be installed, thereby, resulting in unfruitful expenditure of ₹ 49.59 crore.

2.9 Unfruitful expenditure on restoration of syphon at Kichha-Paha feeder canal

Irrigation and Water Resources Department incurred unfruitful expenditure of ₹ 2.70 crore on restoration of syphon at Kichha-Paha feeder canal due to formulation of the project without survey.

Paragraph 318 of Financial Handbook, Volume VI (FHB), *inter alia*, provides that technical sanction of a work is a guarantee that the proposals are structurally sound and the estimates are accurately calculated and based on adequate data. Paragraph 174 (16) of UP Budget Manual considers any uneconomical or apparently wasteful expenditure due to the inception of works without conducting proper preliminary surveys as financial irregularity.

Audit noticed that a 6.1 km long Kichha-Paha (KP) feeder originating from the right bank of the Kichha barrage located on the Gaula river in Udham Singh Nagar, Uttarakhand provided irrigation facility through canals in Udham Singh Nagar and Bareilly districts. A syphon constructed on the *Hansia Nala* at km 1.20 of KP feeder was damaged by the flood (September 1993). Therefore, Ruhelkhand Canal Division, Bareilly proposed (August 2013) a project for reconstruction of the syphon and other allied

³⁷ Euro 22.38 lakh in September 2016 and Euro 27.98 lakh in December 2016.

works³⁸ for which the State Government accorded administrative and financial approval (August 2014) of ₹ 2.70 crore.

Scrutiny of records (February 2020) of Executive Engineer, Ruhelkhand Canal Division, Bareilly (EE) revealed that technical sanction (TS) to the project was accorded (February 2014) by the Chief Engineer (Sharda), Irrigation Department, Uttar Pradesh, Lucknow (CE). The works were executed during 2014-17 incurring expenditure of ₹ 2.70 crore up to March 2017.

Audit noticed that to divert the water into KP feeder, the water level at the barrage was to be maintain at 203.00 meter. However, on completion of the project (March 2017) when efforts were made to operationalise the KP Feeder, it was noticed by the Department that the farms situated on the right bank upstream of the barrage started flooding even at 202.35 metre water level at the barrage. As a result, the KP feeder could not be operationalised due to the opposition of the affected farmers³⁹.

Audit further noticed from the records of the Division that river had changed its course during the last about 20 years, i.e., between 1993 and 2013 when the KP feeders was not in operation due to damaged syphon. However, Department did not take into account this factor and no survey was conducted before according Technical Sanction to the project. As a result of failure of the Department in adequate formulation of project, KP feeder could not be operationalised even after incurring expenditure of ₹ 2.70 crore on construction of syphon and other allied works.

In reply, EE accepted (February 2020) that no survey for the work was done as KP Feeder syphon on *Hansia Nala* was reconstructed at the place of the earlier structure. EE also accepted that the feeder was inoperative as the low lying catchment area upstream of the barrage would submerge if water is released in the Feeder. The State Government further stated (August 2022) that it was not appropriate to call the restoration of syphon as unfruitful expenditure because whenever there would be opportunity to run canal the utility of syphon will always be there.

The fact remained that the reconstruction of KP feeder works were carried out without adequate survey which led to unfruitful expenditure of ₹ 2.70 crore, as irrigation facility could not be restored in KP feeder despite completion of project in March 2017. Responsibility needs to be fixed for the same.

³⁸ Construction of 200 metre long guide bunds on both sides of *nala* upstream of syphon, Jungle/Silt clearance, repair of gates and strengthening of the sides of the canal and service road.

³⁹ A report prepared by an Assistant Engineer of the Division indicated that since the level of agricultural land ranged between 202.10 metre and 202.75 metre above sea level; filling of KP feeder upto 203.30 metre would submerge the agricultural land of farmers.

Medical Education Department

2.10 Loss of interest

Operation of current accounts instead of saving bank accounts by Baba Raghav Das Medical College, Gorakhpur, against the government order, resulted in loss of interest of ₹ 1.62 crore.

The Finance Department, Government of Uttar Pradesh issued (March 2012) instructions to all Departments that keeping Government funds in bank/ post office after its withdrawal from treasury by Departments/Public Sector Undertakings/ Local Bodies was not in accordance with the provisions of Treasury Rules and Financial Handbook and directed that in cases where bank accounts of the Departments/ Institutions, etc. had been opened with the specific approval of the State government, then action should be taken to open savings bank account in place of current account.

Scrutiny of records (January-February 2020) of the Principal, Baba Raghav Das (BRD) Medical College, Gorakhpur revealed that out of 11 bank accounts being operated by the BRD Medical College, four current accounts⁴⁰ were being operated in State Bank of India (SBI) and seven other accounts were operated as savings accounts. As a result, no interest was received on the balances of funds ranging between ₹ 1.01 lakh and ₹ 15.42 crore on those days during the period when they were kept in these current accounts during April 2016 to November 2020. This resulted in loss of interest of ₹ 1.62 crore (*Appendix-2.2*) calculated at the rate of interest applicable from time to time on saving bank account.

The Principal, BRD Medical College accepted (July 2022) the facts & figures and stated that sweep mode had been implemented (November 2020) in these current accounts on expressing inability by the Bank to convert these current accounts into saving bank accounts and now there was no loss of interest on these accounts.

The fact remained that the failure of the Government to monitor and BRD Medical College to take timely action for opening saving bank account in place of four current accounts resulted in loss of revenue of ₹ 1.62 crore to the State government as of July 2022.

The matter was reported to the Government (June 2021); reply was awaited (October 2022).

⁴⁰ (i) State bank of India, Current Account No.-10346036304 Name- Principal BRD Medical College, Gorakhpur, opened on 18.10.2003 (ii) State bank of India, Current Account No.- 10346036393 Name- Upper Mahanideshak CSPK, BRD Medical College, Gorakhpur, opened on 18.10.2003 (iii) State bank of India, Current Account No.- 10346036064 Name- BRD Medical College, Gorakhpur, opened on 18.10.2003 (iv) State bank of India, Current Account No.-30825556762 Name-Rajya Arogya Nidhi (CM Swasthya Surakhsha Kosh) BRD Medical College, Gorakhpur, opened on 21.02.2009.

Medical Health and Family Welfare Department

2.11 Avoidable payment of ₹ 3.25 Crore

Avoidable payment of ₹ 3.25 crore was made on account of interest, damages and employees contribution imposed by Employees' Provident Fund Organisation due to belated remittance of Employees' Provident Fund contributions by the District Health Societies.

The Employees' Provident Funds Scheme, 1952 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (EPF Act) provide that employer shall deduct the employee's contribution from his wages and pay the same to the Employees' Provident Fund Organisation (EPFO) along with employer's contribution, failing which the employer shall be liable to pay interest and damages from the due date till the date of its actual payment. Further, if any amount is in arrear, recovery would be made from the employer and such recovery shall not be deducted⁴¹ from the wages of the employees concerned.

Under the provision of Section 16 of the EPF Act, Government of India had exempted (May 2010) certain establishments⁴² from operation of the EPF Act up to 31st March 2015, which included District Health Societies (DHS) under National Health Mission (NHM). GoI did not extend the exemption to these establishments, hence, all such establishment came under the purview of EPF Act with effect from 1 April 2015. Further, GoI notified⁴³ (December 2016) that employer shall not be required to pay the employee's contribution if the same has not been deducted from the wages of the employees till 30th June 2017.

During the audit of the records of the offices of the Chief Medical Officers (CMOs) of seven districts⁴⁴, all of whom are ex-officio secretary of DHS, it was found that EPF contributions were not deposited timely from April 2015 onwards (*Appendix-2.3*), due to which CMOs had to pay interest and damages amounting to ₹ 2.31 crore u/s 7-Q and 14-B of the EPF Act. In case of DHS Varanasi, employees' contribution amounting to ₹ 94.27 lakh was also recovered by EPFO. Audit noticed that delays in depositing EPF contribution were due to delay at the level of State Project Management Unit (NHM) in issuing (November/December 2016) directions to CMOs for payment of EPF contribution in respect of contractual employees. SPMU released (March 2017) fund to CMOs for depositing EPF contribution, besides there were delays at the level of CMOs in depositing EPF contribution within prescribed time.

⁴¹ Chapter V, Paragraph 32 of the EPF Scheme: 'Where deduction of EPF contribution has not been made on account of an accidental mistake or a clerical error, such deduction may, with the consent in writing of the Inspector, be made from the subsequent wages.'

⁴² Wholly financed by Grant-in-Aid received from the Central Government or/and State Government or State Governments or partly by Central Government & partly by one or more State Governments.

⁴³ This was a special scheme – 'Employee's Enrolment Campaign, 2017' which was in force during 1.1.2017 to 31.3.2017. This scheme was further extended to additional three months from 1.4.2017.

⁴⁴ CMO, Ghaziabad (May 2019), CMO, Barabanki, (August 2019), CMO, Kannauj (August 2019), CMO, Varanasi (November 2019/February 2022), CMO, Mirzapur (December 2019), CMO, Jhansi (February 2020) and CMO, Sonbhadra (March 2020).

Thus, due to belated compliance of the provisions of the EPF Act by SPMU and lackadaisical approach of CMOs in depositing EPF contribution, avoidable payment of ₹ 3.25 crore was incurred towards EPF employees' contribution, interest and damages amounting to ₹ 3.52 crore was created. Responsibility should be fixed for the delay in depositing the EPF contribution and loss to the Government.

The matter was referred to the Government (January 2022); reply was awaited (October 2022).

2.12 Excess payment due to erroneous pay fixation

Chief Medical Officers/Chief Medical Superintendents of 21 districts erroneous fixed higher pay of 175 Medical Officers consequent upon implementation of Seventh Pay Commission, resulting in excess payment of ₹ 2.59 crore. On being pointed out in Audit, four CMOs recovered ₹ 20.64 lakh from 12 Medical Officers.

Government of Uttar Pradesh issued instructions⁴⁵ (December 2016) regarding pay fixation in revised pay matrix due to implementation of seventh pay commission. As per Para 5(1)(B)(1) of the above instruction, in the case of medical officers in respect of whom Non Practicing Allowance (NPA) was admissible, the existing basic pay was to be multiplied by 2.57 and the figure so arrived at would be added to by an amount equivalent to Dearness Allowance on the pre-revised NPA. The figure so arrived at was to be located in that Level in the Pay Matrix and if such an identical figure corresponded to any Cell in the applicable Level of the Pay Matrix, the same would be the pay, and if no such Cell was available in the applicable Level, the pay would be fixed at the immediate next higher Cell in that applicable Level of the Pay Matrix. The pay so fixed shall be added by the pre-revised NPA until NPA is revised. However, according to Para 6 of above instructions, the pay of employees appointed by direct recruitment on or after 1 January 2016 shall be fixed at the minimum of the applicable level in the revised pay matrix, applicable to the post to which such employees are appointed. Finance Controller (FC), Medical and Health Services also clarified (January 2020) that pay fixation of those medical officers, appointed by direct recruitment on or after 1 January 2016 was to be fixed at the minimum of applicable pay level and in addition, applicable NPA would be paid separately.

Scrutiny of records of 22 Chief Medical Officers (CMOs)/Chief Medical Superintendents (CMSs)⁴⁶ of 21 districts conducted during May 2019 to March 2020 revealed that pay was fixed as basic pay ₹ 61,300⁴⁷ of medical officers appointed on or after 01 January 2016 as per Para 5(1)(B)(i) of above instructions, while the Para 5(1)(B)(i) was applicable for medical officers

⁴⁵ G.O.-67/2016/ve.- aa-1447/10-04(m)/2016 dated 22.12.2016.

⁴⁶ CMO Firozabad, CMO Kanpur Dehat, CMO Baghpat, CMO Pilibhit, CMO Amethi, CMO Pratapgarh, CMO Muzaffarnagar, CMO Varanasi, CMO Shahjahanpur, CMO Mahoba, CMO Mirzapur, CMO Kanpur Nagar, CMO Lalitpur, CMO Ayodhya, CMO Aligarh, CMO Mau, CMO Kushinagar, CMO Jhansi, CMO kaushambi, CMO Ghazipur, CMS Babu Mohan Singh, District Hospital, Deoria and SIC, Divisional District Hospital, Jhansi.

⁴⁷ ₹ 21,000 (Basic Pay)*2.57 multiplying factor+ ₹ 6,563 {DA@125% on NPA (@25% of basic pay)}= ₹ 60533 or ₹ 60550, amount of next higher cell ₹ 61300.

appointed prior to 01 January 2016. Pay of such medical officers, appointed by direct recruitment on or after 01 January 2016 was to be fixed as ₹ 56,100, i.e., at the minimum of applicable level of revised pay matrix (amount of first cell of applicable level) as per Para 6 of above instructions and as per clarification of FC. Thus, the basic pay of medical officers appointed on or after 01 January 2016 was erroneously fixed by ₹ 5,200 more. Consequently, an excess pay of ₹ 2.59 crore⁴⁸ was paid by the Department (*Appendix-2.4*) which also had cascading effect on payment of NPA, increment and dearness allowance paid to these medical officers.

On being pointed out by audit, four CMOs⁴⁹ had recovered ₹ 20.64 lakh from 12 Medical Officers. CMO, Ghazipur had also directed Medical Officers for recovery of excess disbursed pay.

The matter was referred to the Government (February 2022), reply is awaited (October 2022).

Prisons Administration and Reform Services Department

2.13 Unfruitful expenditure on incomplete boundary wall of Jail

Due to lackadaisical approach at the project formulation and appraisal stage and failure of department to ensure timely completion of work, the construction of boundary wall of District Jail Mirzapur remained incomplete even after 11 years of its sanction and the expenditure of ₹ 1.42 crore on its construction was rendered unfruitful.

State Government accorded (February 2011) administrative and financial approval of ₹ 1.42 crore for construction of 461.10 metre long new main boundary wall outside the existing main boundary wall of District Jail, Mirzapur and nominated Uttar Pradesh Rajkiya Nirman Nigam (UPRNN) as executing agency (EA). As per the said Government Order, the Inspector General, Prisons Administration and Reform Services (IG) was responsible to ensure that the timeline and quality of construction would be adhered to by the EA. The construction work was to be completed by 30 June 2011. The entire sanctioned amount was released in two instalments of ₹ 71 lakh each in February 2011 and March 2013.

Scrutiny of the records (August 2018) of Office of the Superintendent, District Jail, Mirzapur (SDJ) revealed that the construction work was commenced in March 2011. During execution of work, it was noticed that eight Type-I residential quarters were coming in alignment of new main boundary wall and therefore, in the meeting (August 2011) chaired by the IG, it was decided to revise the layout plan for the construction of wall. Accordingly, EA was requested (August 2011) to submit revised estimates and layout plan within a week so that these could be sent to the Government for approval. However, EA took more than two years to submit (October 2013) the layout plan and revised estimate of ₹ 2.39 crore. The revised layout plan provided for a

⁴⁸ Excess on account of basic pay, except excess on amount of increment and dearness allowance.

⁴⁹ CMO Varanasi, Aligarh, Lalitpur and Kaushambi.

turning wall into a parabolic shape due to presence of residential buildings in the alignment of the new wall which also involved increase in the scope of work⁵⁰. The revised estimates remained pending with the office of IG, Prisons Administration and Reform Services. Meanwhile, EA submitted (July 2014) another revised estimates of ₹ 2.53 crore, which was returned to EA in November 2014 with certain observations⁵¹. EA submitted (December 2016) another revised estimate of ₹ 2.58 crore, which was returned (January 2017) to EA by Additional Director General of Police, Prisons Administration and Reform Services on the ground that the EA delayed the submission by two years' delay.

In March 2018, a review meeting was held under the chairmanship of the Chief Secretary, Uttar Pradesh wherein EA was directed to fix a timeline to ensure the completion of work, reconcile the released amount vis-à-vis required funds. EA was also asked to inform how much amount would be borne by EA from its own sources. However, neither the department nor EA took any appropriate action to complete the work. As a result, despite release/utilisation of entire sanctioned amount of ₹ 1.42 crore, the physical progress of the work was only 60 *per cent* and the work was stopped since May 2019.

Thus, the construction of a boundary wall outside the District Jail, Mirzapur, which was supposed to be completed by June 2011, i.e., within four months of administrative and financial sanction (February 2011), remained incomplete even after 11 years of its sanction due to lackadaisical approach of EA as well as Department and an expenditure of ₹ 1.42 crore was rendered unfruitful.

In reply, the Government stated (December 2021) that the second instalment was embezzled by certain officers/officials of EA and the case was being investigated by a Special Investigation Team. Government further stated that several officers/officials of EA had been dismissed, action for recovery was taken and the remaining work would be completed after release of funds by EA.

The reply was not tenable, as the department as well as EA did not exercise due diligence while preparing the original estimate/layout plan for the construction work of new boundary wall. This necessitated revision of layout plan for construction of boundary wall and the revised layout plan as well as revised estimate was yet to be approved.

⁵⁰ Partition wall of 3 meter height and 35.50 meter in length, New pipe line of 231.52 meter, demolition of old boundary wall in some parts and shifting of 6 electric poles.

⁵¹ The revised layout plan was not duly signed by Jail Superintendent, Mirzapur & DIG Jail, Allahabad Zone, schedule of rates (SoR) of PWD, Lucknow was applied in the revised estimate instead of SoR of PWD, Mirzapur, the revised estimate was not approved by GM (Technical) UPRNN, etc.

Social Welfare Department

2.14 Excess payment of centage charges

Excess payment of ₹ two crore was made to executing agency by Social Welfare department in violation of Government orders for admissibility of centage charges.

Government order⁵² (GO) of Uttar Pradesh stipulates that when Government works are carried out as deposit works by Public Sector Undertakings, Corporations or Other Construction Agencies/Autonomous Bodies, centage charges will be admissible to these executing agencies at the rate of 12.5 *per cent* on the cost of works arrived at after deducting five *per cent* from the total cost of works.

Scrutiny of records of Director, Social Welfare (DSW) April 2021 revealed that Financial Approval of ₹ 80.84 crore was accorded in March 2018⁵³ for installation of Solar Power Plant, Solar Water heating System, UV water purifier, LED streets lights, LED Bulb and Inverter Point in 96 *Rajkiya Ashram Paddhati Vidyalayas* (RAPV⁵⁴) run by Social Welfare Department. The total amount of ₹ 80.84 crore was released (March 2018) based on preliminary estimate of ₹ 84.21 lakh per RAPV to Uttar Pradesh State Construction and Infrastructure Development Corporation Limited (UPSIDCO). Meanwhile the Government decided (June 2019) to split the above work in two parts. Five items⁵⁵ costing ₹ 41.97 crore was allotted (June 2019) to UPSIDCO and remaining one item⁵⁶ costing ₹ 38.87 crore was allotted to Uttar Pradesh New & Renewable Energy Development Agency (UPNEDA). Technical sanction of ₹ 41.97 crore for works to be carried out by UPSIDCO was accorded (June 2019) by Chief Engineer, UPSIDCO. UPSIDCO completed the work in 92 out of 96 RAPV by June 2022 and work was under progress in the remaining RAPV. Since the total amount of sanctioned work was released to UPSIDCO, the funds for the cost of work allotted to UPNEDA (₹ 38.87 crore) had to be given to UPNEDA, against which only ₹ 21.87 crore was provided (June 2022) by UPSIDCO.

Further, scrutiny of records revealed that UPSIDCO had not adhered the provisions of centage charges and made an erroneous estimate on basis of which work was sanctioned. In the estimate UPSIDCO included 12.5 *per cent* centage charge on the total cost without deducting 5 *per cent* of work cost. Due to erroneous calculations in the estimate the work cost of one RAPV was increased computed as ₹ 43.72 lakh instead of ₹ 41.64 lakh, which resulted in excess payment of ₹ two crore (96 RAPV x ₹ 2.08 lakh) to UPSIDCO (*Appendix-2.5*).

⁵² No. A-2-1606/das-2014-17(4)/75 Dated 11Nov 2014

⁵³ GO No.103/2018/998/26-3-2018 Dated 31-03-2018

⁵⁴ RAPVs were being run by the Social Welfare Department to provide excellent residential education free of cost to the poor and talented students of rural and urban areas belonging to Scheduled Castes and Scheduled Tribes/nomads in the State.

⁵⁵ Solar Water Heating System, UV purifier, LED streetlights, LED Bulb and Inverter Point

⁵⁶ Solar Power Plant

In the reply (May 2022), the State Government stated that out of three works, rates for two works⁵⁷ were not available in UPPWD Schedule of Rates, therefore, the preliminary estimate was prepared by UPSIDCO on market survey basis and centage charge was charged at the rate of 12.5 *per cent* without deducting five *per cent* of total cost of work which was approved by Social Welfare Department.

Reply was not acceptable, since Government Orders cited above clearly specified applicability of centage charge at the rate of 12.5 *per cent* on the cost arrived after deducting of five *per cent* of work cost. Therefore, levy of centage charges without deducting five *per cent* of work cost was irregular.

Technical Education Department

2.15 Avoidable payment on arrears of house tax

Laxity of Madan Mohan Malviya University of Technology Gorakhpur in payment of house tax to Nagar Nigam Gorakhpur resulted in avoidable payment of ₹ 3.08 crore on account of interest on arrears of house tax.

Section 84 of the Chapter VIII of Municipal Corporation Act, 2000 (Act) provides the power to Municipal Corporation to impose taxes on building and land at such rate as State Government may from time to time specified by notification. The taxes shall be assessed and collected in accordance to the provision of the Act and by-laws made thereafter. Section 121 of the Act also provides that if tax or fees is not paid within one month of the due date, an interest at the rate of one *per cent* shall be charged for every calendar month or part thereof.

Scrutiny of records (January 2021) of Madan Mohan Malviya University of Technology, Gorakhpur (MMMUT) revealed that the house tax ranged between ₹ 6.41 lakh to ₹ 15.39 lakh per annum on MMMUT building⁵⁸ was levied every year by Nagar Nigam (NN), Gorakhpur since March 1999 to March 2021. The NN, Gorakhpur also levied interest on outstanding house tax at the simple interest rate of one per cent per month. Further, scrutiny revealed that arrear of house tax of ₹ 1.50 crore and interest on the arrear amount of ₹ 1.66 crore was pending on MMMUT upto 31st March 2015, which clearly indicated that MMMUT did not pay the house tax dues regularly to the NN Gorakhpur. However, MMMUT paid the partial amount of interest ₹ 2.40 crore⁵⁹ from April 2015 to September 2020, but did not make full payment of dues. Finally, MMMUT paid full and final amount of ₹ 3.10 crore⁶⁰ in March 2021 which resulted in avoidable payment of interest of ₹ 3.08 crore⁶¹ from March 2015 to March 2021 including previous balances due to delayed payment of house tax.

⁵⁷ Water Heater System and Installation of Water Purifier.

⁵⁸ Building No. 97, Mahadev Jharkhandi, Tukda no. 2, Zone no.1, Madan Mohan Malviya University of Technology, Gorakhpur.

⁵⁹ ₹ 50.50 lakh during 2015-16, ₹ 40.00 lakh during 2016-17, ₹ 40.00 lakh during 2017-18, ₹ 50.00 lakh during 2018-19, ₹ 40.00 lakh during 2019-20 and ₹ 20.00 lakh during 2020-21.

⁶⁰ Principal amount ₹ 2.42 crore and remaining interest amount ₹ 0.68 crore.

⁶¹ ₹ 2.40 crore paid during April 2015 to September 2020 and ₹ 0.68 crore in March 2021.

The MMMUT, in its reply (August 2021) stated that repeated request⁶² (since March 2015) had been made by the Registrar, MMMUT to the Technical Education Department for the full payment of outstanding house tax as a special sanction or waive off the house tax in the interest of student/public, but the Government neither released the budget nor replied the letters. However, in reply, the State Government stated (January 2022) that MMMUT was given clear directions (September 2008 and March 2011) that there was no provision of separate grant for payment of house tax dues of the institute, nor can any exemption be given from payment of house tax. Government further stated that MMMUT unnecessarily filed a court case⁶³/made unnecessary communications with the Government and delayed the payment of house tax despite availability of fund. This led to increased liability on house tax for which MMMUT administration was prima facie responsible. In this context, a committee has been constituted to fix responsibility.

The fact remained that laxity of MMMUT in payment of house tax and lack of coordination between State Government and MMMUT in the matter resulted in the avoidable interest payment of ₹ 3.08 crore on arrears of house tax during the years 2015-16 to 2020-21.

Urban Development Department

2.16 Avoidable payment

Failure of Nagar Palika Parishad to comply statutory responsibilities under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 regarding deductions of Employees' Provident Funds contributions and timely payment to the Fund resulted in avoidable payment of ₹ 1.49 crore towards employees' contribution, interest and damages.

The Employees' Provident Funds (EPF) Scheme, 1952 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (EPF Act) provide that employer shall deduct the employee's contribution from his wages and pay the same to the Employees' Provident Fund Organization (EPFO) along with employer's contribution, failing which the employer shall be liable to pay interest and damages from the due date till the date of its actual payment. EPF Scheme further stipulates⁶⁴ that it shall be the responsibility of the principal employer to pay both the contribution in respect of the employees directly employed by him and also in respect of the employees employed by or through a contractor. The amount of employees' contribution shall be recoverable by means of deduction from the wages, provided that no such deduction may be made from any wages other than that which is paid in respect of the period or part of the period in respect of which the contribution is payable, *i.e.*, if the employee's contribution is not deducted in time, the employer will be liable to pay both the contributions.

⁶² July 2015, July 2016, October 2016, January 2017 and December 2018.

⁶³ MMMUT filed (December 2015) a case in the District Court, Gorakhpur against the demand of NN Gorakhpur for house tax on MMMUT properties. The court case was dismissed (February 2021) due to absence of both parties.

⁶⁴ Paragraph 33 of the Scheme.

In January 2011, the Government of India notified that the provisions of the EPF Act would also apply to Municipal Councils. The Government of Uttar Pradesh (GoUP) directed (April 2011) the Director, Local Bodies to make available the details of every employee to the Regional Office of Employees' Provident Fund Organisation (EPFO) to cover them under the Scheme.

Scrutiny of the records (December 2019) of Executive Officer, Nagar Palika Parishad, Maunath Bhanjan, Mau (NPP) and further information collected (October 2020) therefrom revealed that EPFO⁶⁵ allotted (February 2012) the Establishment Code to NPP and directed to deposit EPF contributions of 209 employees. However, NPP neither deducted employees' contribution from contractual employees nor deposited the EPF contributions despite pursuance⁶⁶ by EPFO. As a result, EPFO passed an order (September 2015) under the EPF Act for payment of EPF contributions of ₹ 87.88 lakh for the period January 2011 to November 2014 within ten days. However, NPP failed to pay the ordered sum in stipulated time and subsequently, EPFO recovered (July 2016) ₹ 87.88 lakh from the bank account⁶⁷ of NPP. EPFO further asked (September 2016) NPP for payment of ₹ 1.08 crore on account of interest and damages for belated payments of EPF contribution⁶⁸ which was also recovered (September 2018) by EPFO from the bank accounts⁶⁹ of NPP. Thus, inaction of NPP to ensure deduction of EPF contribution and timely payment to EPFO resulted in avoidable payment of ₹1.49 crore⁷⁰ on account of payment of employees' contribution, interest and damages.

On being pointed out in audit, NPP stated (December 2019) that EPF contribution could not be paid to EPFO due to lack of funds and financial condition of NPP. NPP further stated (July 2022) that EPF contributions had been paid for the period from January 2019 to June 2022 and necessary action being done for payment of EPF contributions for the remaining months between April 2015 to December 2018. However, NPP did not provide action taken with reference to payment of EPF contributions for the period December 2014 to March 2015.

Reply was not acceptable, as NPP failed to comply the statutory liability to ensure deductions of EPF contributions from eligible employees and timely payment of the contributions to EPFO which led to avoidable payment of ₹1.49 crore. Further, NPP had not yet paid the EPF contribution for the period December 2014 to December 2018, which not only created further liability towards interest but also deprived the eligible employees of the intended benefits under the EPF Act.

The matter was reported to the Government (February 2021); reply was awaited (October 2022).

⁶⁵ Varanasi sub regional office of EPFO.

⁶⁶ Letter dated 10.12.2013 and summon dated 06.01.2015

⁶⁷ Saving bank account no. 34872050592 of State Bank of India

⁶⁸ Interest amounting to ₹37.01 lakhs under Section 7Q and damages amounting to ₹ 71.22 lakhs under Section 14B

⁶⁹ Saving bank account nos. 06242191058840 and 06242191057263 of Oriental Bank of Commerce

⁷⁰ Employees' contribution of ₹41.18 lakh (which was not recovered from employees), interest of ₹ 37.01 lakh and damages of ₹ 71.22 lakh.

Vocational Education and Skill Development Department & Minority Welfare and Waqf Department

2.17 Unfruitful expenditure

Expenditure of ₹ five crore incurred on construction of ITI Kithore, Meerut remained unfruitful due to lackadaisical approach in preparing the detailed estimates and delay of more than seven years in sanctioning of revised estimates by the State Government.

Ministry of Minority Affairs, Government of India (MoMA) approved (September 2014) a Government Industrial Training Institute (ITI) at Kithore in Machara block, Meerut district under Multi-sectoral Development Programme (MsDP⁷¹) at a cost of ₹ 9.37 crore (Central share of ₹ 5.00 crore for construction works and State share of ₹ 4.37 crore for procurement of equipment and furniture). As per MsDP guidelines, any proposal relating to escalation in cost of the sanctioned project, for any reason whatsoever would not be considered and the State Government would make up the shortfall, in all such cases. MsDP guidelines further required that the trades under ITIs would be affiliated to National Council for Vocational Training (NCVT).

MoMA released grants-in-aid in two equal instalments of ₹ 2.50 crore each to the Government of Uttar Pradesh (GoUP) in September 2014 and February 2016. GoUP released the fund to Director, Minority Welfare, Uttar Pradesh (DMW) in two equal instalments of ₹ 2.50 crore in December 2014 and August 2016 with the conditions that work would be completed within three months of the released amount, Memorandum of Understanding (MoU) would be executed with the executive agency and no additional amount to the approved cost would be sanctioned. In addition, Principal Secretary, Vocational Education and Skill Development Department (VESDD) was requested to take action for utilisation of ITI building.

Scrutiny of records (March 2021) and information collected (December 2021 and May 2022) from Principal, ITI Saket-Meerut revealed that Construction and Design Services, Uttar Pradesh Jal Nigam was nominated (December 2014) as executing agency and undated Memorandum of Understandings (MoU) were executed in two parts⁷² for construction of ITI at Kithore. The first instalment of ₹ 2.50 crore was released by DMW to the executing agency in December 2014 and the land was provided to the executing agency in March 2015. The work for construction of ITI building was started in March 2015 and the utilisation certificate of the first instalment (₹ 2.50 crore) was submitted in November 2015. However, the second instalment (₹ 2.50 crore) was released to the executing agency in September 2016 after nine months due

⁷¹ MsDP was a Centrally Sponsored Scheme which aimed at improving the socio-economic condition of minorities and reducing imbalances in identified minority concentration areas by providing better infrastructure for education, skill development, health, sanitation, etc.

⁷² First MoU was signed after release of first instalment of ₹ 2.50 crore in December 2014 and second MoU was signed after release of second instalment of ₹ 2.50 crore in August 2016.

to which progress in work remained slow⁷³ between December 2015 to September 2016.

Audit further noticed that even before commencement of work, the executing agency prepared (February 2015) a detailed estimate of ₹ 12.18 crore citing that (i) the previous estimates of ₹ 9.37 crore for project was sanctioned (September 2014) on Public Works Department's old Scheduled of Rates of October 2011, and (ii) extra provision of ₹ 66.99 lakh was required for earth filling due to low lying land of the proposed work site. However, despite being aware of the fact that the sanctioned estimate was insufficient to complete the proposed work, the executing agency proceeded with the work and technical sanction (TS) was accorded (March 2015) for the cost of ₹ 9.37 crore. As per conditions of the TS, work should be planned to the extent of sanctioned cost of ₹ five crore for building work in such a way that the work done can be useful in relation to the amount spent and approval of revised estimate should be obtained through client department to get the enhanced estimated cost of ₹ 2.81 crore. Subsequently, the executing agency prepared and submitted a revised estimate of ₹ 12.76 crore in February 2018 to District Minority Welfare Officer, Meerut for its approval from the GoUP. Further revised estimates were also submitted (July 2019 and March 2021). Meanwhile, the entire amount of ₹ five crore released for the civil work was utilised by March 2018 and only 82 *per cent* of work⁷⁴ could be completed. The work was stopped for the last four years, as the revised estimates submitted by the executing agency to the Minority Welfare and Waqf Department was not sanctioned (May 2022).

In reply, State Government stated (February 2022) that the construction work of ITI building could not be completed as the estimates of building was based on Public Works Department's SoR 2011 though the scheme was sanctioned in the year 2014-15. Moreover, the land provided for the ITI building was low lying due to which there was increase in the costs of earth filling, foundation of buildings and boundary wall. Therefore, the executing agency prepared (March 2015) revised estimates of ₹ 12.38 crore out of which technical sanction was accorded for ₹ 9.37 crore and the revised estimates was forwarded to the Government for approval. The work of main building and one workshop had been completed out of released fund of ₹ five crore and the physical progress of work was 82 *per cent*. However, expenditure of ₹ 5.00 crore was not unfruitful, rather the construction work could not be completed with the released fund due to above circumstances. The incomplete work would be completed after approval of the increased cost of the work.

The reply of State Government did not specify the reason due to which revised estimates could not be sanctioned despite being aware of inadequacy of

⁷³ Progress of work during December 2015 to January 2016 was 50 *per cent*, February 2016 to May 2016 was 57 *per cent* and June 2016 to September 2016 was 58 *per cent*.

⁷⁴ The work of main building, one workshop and over-head tank was completed with some deficiency and the work of one workshop, boundary-wall, two residence building (Type-1) and one residence (Type III) with one main gate and external development works were not completed.

the originally sanctioned estimates for ITI at Kithore, Meerut. Besides, there was lackadaisical approach in preparing the detailed project report for construction of ITI, Kithore due to which the low lying land and consequent requirement for earth filling was not visualised. As a result of preparing incorrect detailed project report and delay of more than seven years in sanctioning revised estimates, the construction work of ITI, Kithore was stopped since March 2018 and expenditure of ₹ five crore incurred on incomplete construction remained unfruitful.



(BIJAY KUMAR MOHANTY)
Principal Accountant General (Audit-I)
Uttar Pradesh

PRAYAGRAJ
THE **30 JAN 2023**

COUNTERSIGNED



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

NEW DELHI
THE **- 2 FEB 2023**