

**Chapter-2**  
**Compliance Audit Observations**  
**Relating to Departments**  
**(Excluding Departments of Revenue**  
**Sector and PSUs)**



## CHAPTER-2

### COMPLIANCE AUDIT OBSERVATIONS RELATING TO DEPARTMENTS (Excluding Departments of Revenue Sector and PSUs)

#### DEPARTMENT OF TRANSPORT

##### 2.1 Unfruitful expenditure of ₹ 2.98 crore and unresolved dispute of ₹ 1.74 crore between the Department and the contractor

*Poor financial management and lack of accountability resulted in unfruitful expenditure of ₹ 2.98 crore<sup>1</sup> on abandoned work and unresolved dispute pertaining to contractor's outstanding dues even after 69 months of termination of the contract.*

Transport Department of Government of Uttarakhand is responsible for providing state run bus service within Uttarakhand, adjoining states, union territories and covering over 3,50,000 kilometers catering to the travel needs of over 1,00,000 people every day. Department is also responsible for monitoring of related capital projects, better financial management and accountability system at government level.

Scrutiny of records of the office of Transport Commissioner (Commissioner), Dehradun (July 2020) revealed that the Government decided (January 2008) to set up an Inter-State Bus Terminal (ISBT) in Haldwani city. Accordingly, the Commissioner awarded (June 2016) the contract of setting up of the said ISBT to a firm on Engineering Procurement and Construction (EPC) mode. In compliance of the said contract, the Commissioner provided (September 2016) mobilization advance of ₹ 7.60 crore to the contracting firm against Bank Guarantee (BG) of equal amount. Even as work relating to setting up of ISBT was in progress, it came to the notice of the Commissioner on 29 December 2017 that BG amounting to ₹ two crore had expired nineteen days earlier, on 10 December 2017. The Commissioner accordingly issued 'Notice to Correct' to the contracting firm whereby the said firm was asked to submit re-validated BG within seven days i.e. by 04 January 2018. Since the contracting firm did not respond to the 'Notice to Correct', the Commissioner conveyed (04 January 2018) to the contractor that the said contract shall stand terminated on the expiry of 14 days i.e 18 January 2018. Without waiting for the expiry of the said 14 days notice period, the Commissioner recovered ₹ 5.60 crore from the firm by invoking the available BG. In this process, the Commissioner did not realize that ₹ two crore of outstanding mobilization advance and applicable interest on the outstanding advance was pending against the contractor.

On this being pointed out, the Government, in its reply, stated that the decision to terminate the said contract was taken as the contractor had failed to comply with contract conditions and had also failed to respond to the termination notice. Further, a designated Committee had assessed the contractor's liability towards the Government as ₹ 3.11 crore (₹ 2.00 crore towards unadjusted mobilization advance and ₹ 1.11 crore

<sup>1</sup> For land acquisition ₹ 0.83 crore, for consultancy ₹ 0.77 crore and for site grading ₹ 1.38 crore.

towards interest on outstanding mobilization advance) and ₹ 1.38 crore as Government's liability towards the contractor for work done and not paid. Still the Government had decided to shift the project to another location<sup>2</sup>.

However, the Government did not recover outstanding mobilization advance with interest and discharge liabilities under the contract even after 69 months of the termination of the contract. Further, no action to write off financial loss of ₹ 2.98 crore (₹ 0.83 crore towards acquisition of forest land, ₹ 0.77 crore for consultancy and ₹ 1.38 crore towards work done and abandoned) had been taken in terms of Para 81 of Budget Manual, provision of G.O. No. 466/xxx (2)2005 dated 05 March 2005 and Rule-82 (3) of Financial Handbook (Vol. V- part 1).

Thus, poor financial management and lack of accountability resulted in unfruitful expenditure of ₹ 2.98 crore<sup>3</sup> on the abandoned work and an unresolved dispute pertaining to contractor's liabilities towards Government and Government's liabilities towards the contractor even after 69 months of termination of the contract. The project scheduled to be completed in January 2018 was yet to be taken up as of October 2022.

## **DEPARTMENT OF INFORMATION AND PUBLIC RELATIONS**

### **2.2 Unfruitful expenditure of ₹ 10.79 crore on communication media**

*A project for creation of communication media to showcase developments in and around Kedarnath post disaster in 2013 was undertaken at a cost of ₹ 10.79 crore without following due process of administrative and financial procedures. The whole expenditure remained unfruitful.*

Uttarakhand Procurement Rules {Rule 3 (1)} provide for ensuring transparency, competitiveness, and fairness in all procurement procedures to secure best value for money. Rule 10 (1) provides that procurement of estimated value of ₹ 25.00 lakh and above should be made by inviting tenders in at least two widely circulated National Newspapers.

Uttarakhand State Disaster Management Authority (USDMA) has the responsibility for laying down policies and plans for disaster management in the State. While Department of Information and Public Relations (DIPR) plays the role of a bridge to establish coordination between the state government and the public by disseminating information to the public through various media about the public welfare activities carried out by the State Government through various programmes, schemes, and decisions. In addition, the department undertakes the task of disseminating detailed and authentic information about the policies, resolutions, commitments, and achievements of the government to the public through films, exhibitions, songs and plays and various promotional publications.

As per Uttarakhand Procurement Rules 2008 (para 33-e), for works which require a high degree of technical skill, the competent authority may select contractors by

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<sup>2</sup> Government order no. 698, dt 19 December 2018.

<sup>3</sup> For land repatriation ₹ 0.83 crore, for consultancy ₹ 0.77 crore and for site grading ₹ 1.38 crore.

following the Request for Qualification (RFQ) / Expression of Interest (EoI) route with the objective to short-list contractors, who will be asked to submit financial bids in the Request for Proposal (RFP) stage. The objective is to identify credible bidders who have the requisite technical and financial competence for undertaking the projects.

Para 47 of Chapter VII of Budget Manual further provides that expenditure involved on a new scheme in the adoption of a new policy, provision of a new facility or any substantial alteration in character or extent of an existing facility will normally be treated as constituting 'new expenditure'. The Finance Department is required to examine and advise on all schemes of 'new expenditure' for which it is proposed to make provision in the budget.

Government order dated 05 June 2007 envisages that all such schemes/projects in which the entire expenditure is to be borne by the State Government or any part of the proposal involving annual recurring expenditure of ₹ 50.00 lakh or non-recurring expenditure of ₹ 5.00 crore or more on any one unit, should invariably be placed before the Expenditure Finance Committee (EFC) for approval. In addition, issues like Project Objectives, target beneficiaries, legal framework, environmental impact assessment, time frame, risk analysis, financial and economic analysis, etc. must be examined by the departmental committee before presenting the proposal to the EFC.

During the audit of Directorate of Information and Public Relations, Dehradun (DIPR) in February 2022, Audit observed that, the State Government decided (January 2015) to create communication media (12 episodes of 44 minutes each) on the massive relief and reconstruction works being undertaken to restore Sri Kedarnath ji to its original grandeur. The said episodes were also to include glimpses of religious mythology, religion, people, rich culture, and cuisine of Uttarakhand. To enhance the viewership of the communication, it was also desired to include popular personalities as credible proponents in formats of the project. Accordingly, State Disaster Management Authority (SDMA) under the Department of Disaster Management entered into a contract (April 2015) with a firm, M/s Kailasha Entertainment Private Limited, for production of a TV series of 12 episodes at an estimated cost of ₹ 9.48 crore plus service tax. After completion of the production, the master copy was made available to DIPR by SDMA in July 2017, but the serial had not been telecasted through any mass media till May 2023 i.e., even after almost eight years after the award of work and almost six years after completion of the work. As per the schedule of payment agreed, ₹ 10.79 crore<sup>4</sup> was paid to the firm till January 2020.

On further review, Audit observed as under:

- An inter-departmental committee observed (May 2016) that the Project costing around ₹ 10 crore was publicized in only one newspaper as against the requirement of two national newspapers; only two firms had participated in the technical bid

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<sup>4</sup> An amount of ₹ 7.54 crore (70 Per cent of the contract amount, ₹ 6.64 crore + service tax of ₹ 0.90 crore) paid by the Disaster Management Authority and the balance amount of ₹ 3.25 crore was paid by the Information Department.

against which one bid was rejected. Thus, only one firm participated in the financial bid stage; there was no evidence of any Government Order by which the project had been sanctioned; there was also no evidence that SDMA had been delegated powers to implement a project of that value at its level; Terms of Reference (ToR) or Request for Proposal (RFP), required as per Procurement Rules 2008, had not been prepared before tendering of the scheme. The above-mentioned lapses were brought to the notice of the Cabinet in June 2016. The outcome, however, was not known.

- A new scheme/work/project estimated to cost around ₹ 10 crore would constitute 'New Expenditure' under provisions of the Uttarakhand Budget Manual. Accordingly, detailed justification, as envisaged in para 49, Chapter VII of Uttarakhand Budget Manual, should have been prepared. However, records made available did not indicate that this was done.
- Scrutiny of records revealed that the said proposal/project was not vetted by the Expenditure Finance Committee which was required under the Government Order of June 2007.
- As per Government Accounting<sup>5</sup> norms, all expenditure incurred directly for the relief of distress shall be debited to Major Head- 2245. Expenditure incurred indirectly due to any natural calamity shall be debited to the appropriate functional major head. However, SDMA charged expenditure of ₹ 7.54 crore on the creating said communication media to the function 'disaster' (Major Head- 2245) which amounted to misclassification of fund.
- After two years of awarding work (April 2015), the Government realized that SDMA has no core competence and expertise in the said area and decided (May 2017) to transfer the said work to DIPR along with liability with regard to editing, telecasting and payment of unpaid amount of ₹ 3.26 crore etc. This indicated taking up of a project without due diligence, competency, and risk mitigation.

On this being pointed out, the Government in its reply (June 2023), stated that the committee constituted at the Government level in September 2019 for evaluation and quality testing of the serial decided to make certain editing in some episodes and to get the serial tested by different language experts. The committee also directed that the serial should be broadcasted only after all the episodes of the serial were finally tested. In the course of time, works related to the revitalization and infrastructure development of Kedarnath Dham had been carried out which created a new image of Kedarnath. It was further stated that since the shoot of the serial took place prior to the creation of this new image and telecasting the said serial may adversely affect the tourists, so the serial was not aired. On the issue of violation of financial rules, Government was silent in its reply.

The reply is not acceptable as the Department of Disaster Management did not follow due process laid down in financial rules in sanctioning of the project. Also, the

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<sup>5</sup> Note 1 of Major Head 2245 in List of Major Minor Head of Accounts.

Government took two years to realise that SDMA did not have core competence and expertise in the said area and transferred the work to DIPR. Further, after receiving master copy in 2017, Government took two more years to constitute the committee for evaluation and quality testing of the serial. Finally, both the Departments jointly could not make use of communication media, created at a cost of ₹ 10.79 crore, even after almost eight years after the award of work and almost six years after completion of the work. Records made available did not indicate the presence of a concrete action plan to make use of the said investment in future.

Thus, non-compliance with financial rules and inordinate delay by the Department in telecasting the serial led to unfruitful expenditure of ₹ 10.79 crore.

## DISASTER MANAGEMENT DEPARTMENT

### 2.3 Subject Specific Compliance Audit on Uttarakhand Disaster Recovery Project- Additional Financing

#### 2.3.1 Introduction

In June 2013, Uttarakhand was severely affected by a devastating natural disaster in the shape of heavy rain and flash flood resulting in widespread destruction/heavy losses to physical infrastructure, agriculture, human & animal lives besides a significant impact on livelihood, tourism, and public services. The recovery from the disaster was supported by the Government of India (GoI), the Asian Development Bank, the World Bank, Civil Societies, and other donors.

For recovery from the 2013 disaster, the World Bank financed “Uttarakhand Disaster Recovery Project (UDRP<sup>6</sup>)” was implemented in the State from February 2014 to June 2019. The Government of Uttarakhand (GoU) obtained (March 2019) a fresh loan of US\$ 96 million (₹ 672 crore) from the World Bank through GoI in the name of UDRP-Additional Financing (AF) for execution of uncovered works of parent project (UDRP). The scheduled closing date of UDRP-AF was 31 March 2022 which has been extended twice up to 30 September 2023 mainly due to Covid 19 pandemic.

#### 2.3.2 Scope of the programme

The project cost of UDRP-AF is US\$ 120 million (₹ 840 crore)<sup>7</sup> and its scope constitutes following activities/components:

**a) Bridges, Road protection and River-bank protection US\$ 88 million (₹ 616 crore)**

*(UDRP Component- Rural Road Connectivity)*

- i. Reconstruction of 64 bridges-damaged/collapsed;
- ii. Road protection (Slope) works to reduce the risk of landslides in about 15 selected critical slopes to protect and improve connectivity; and

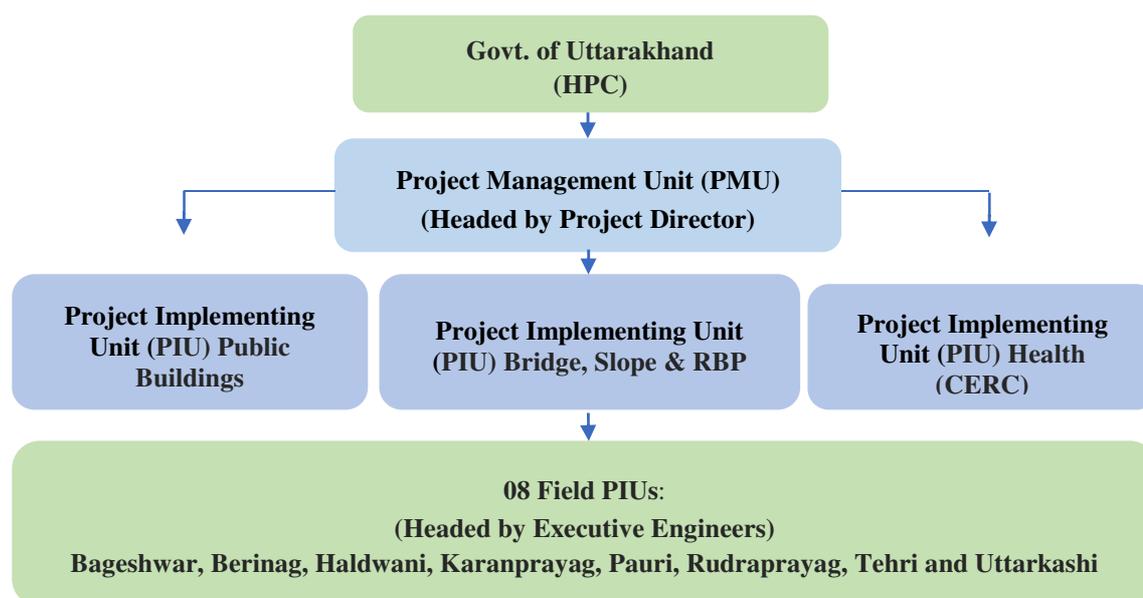
<sup>6</sup> Credit of US\$ 250 million (P146653, Cr. 5313 IN) was approved on 25 October 2013 and was effective from 07 February 2014.

<sup>7</sup> Loan US\$ 96 million (₹ 672 crore) and State's share: US\$ 24 million (₹ 168 crore) [Conversion Rate: 70 INR per US\$].

- iii. Riverbank protection (RBP) in five (05) critical stretches to reduce the risk of riverbank erosion and resulting loss of connectivity.
- b) **Training facility for State Disaster Relief Force (SDRF)** US\$ 20 million (₹ 140 crore)  
(UDRP Component: TACBDRM<sup>8</sup>)  
**Phase-I:** Construction of buildings (Admin & Training blocks, Multipurpose-hall, Residential quarters, Dispensary, Barrack, Stores etc.) along with allied services.  
**Phase-II:** Infrastructure development for imparting training to SDRF personnel with outdoor training activities.
- c) **Contingency Emergency Response Component (CERC)**  
As per the enabling provisions of the loan agreement signed for UDRP-AF, this component can be activated with request of borrower at any time during the project implementation period for meeting out emergency expenditure.
- d) **Implementation Support** US\$ 12 million (₹ 84 crore)  
This component is to support the operating costs of the Project, including the operation of the Project Management Unit (PMU) and the respective Project Implementing Units (PIUs). The institutional capacity of the existing delivery mechanism established by the State with the Bank's support during UDRP remained part of AF.

### 2.3.3 Organisational set-up

A High-Powered Committee (HPC) under the chairmanship of the Chief Secretary was constituted to grant approvals and review the progress of UDRP-AF works. The programme was led by the Project Director, UDRP-AF who is also the Secretary, Disaster Management Department, GoU. The Organisational set-up for implementation of UDRP-AF is as per the *flow-chart* given below:



<sup>8</sup> Technical Assistance & Capacity Building for Disaster Risk Management.

The staff for PIU & F-PIU (Bridge, Slope & RBP) was taken on deputation basis from Public Works Department (PWD), Irrigation Department; and for PIU (Public Building) was taken from the BRIDCUL (Bridge Ropeway Tunnel & Infrastructure Development Corporation of Uttarakhand) on deputation basis. CERC by PIU (Health) was implemented with the help of experts of the Health & Family Welfare Department, GoU. Additional staff had also been recruited to enhance the capacity of the PIUs/FPIUs for managing the work.

#### **2.3.4 Scope and Coverage of Audit**

In the recent past, two Performance Audits<sup>9</sup> relating to June 2013 disaster in Uttarakhand were conducted. This Subject Specific Compliance Audit (SSCA) of UDRP (AF) Works was taken-up as these additional works were not covered earlier. For this purpose, records of the PMU, all three PIUs and four Field PIUs<sup>10</sup> (out of total eight) pertaining to the entire project implementation period of UDRP-AF (April 2019 to June 2022) were test checked with sample size of 67<sup>11</sup> works/packages. The field audit was conducted during May to September 2022.

Before commencement of the SSCA, the audit objectives, criteria, methodology and timelines were discussed with the Additional Secretary, Department of Disaster Management, GoU and officers of the UDRP-AF in an Entry Conference (28 March 2022). The audit findings were also discussed in an Exit Conference (22 March 2023) and replies of the Government/ UDRP-AF have been incorporated in the report.

#### **2.3.5 Audit Objectives**

The objectives of this SSCA were to ascertain whether:

- Prescribed procedure for planning and project clearance of reconstruction works was duly followed by the PMU/PIUs;
- The overall management and execution of the works by the PIUs/FPIUs were economical, efficient and effective;
- The management of allocated funds at each level was capable to ensure optimum utilization and timely completion of the works.

#### **2.3.6 Audit Criteria**

The audit was conducted with reference to the following criteria:

- Terms and conditions of the agreement signed with the World Bank for UDRP-AF and provisions of the Project Implementation Manuals/ Appraisal Documents;
- Technical specifications and norms required to be followed by the working agency for estimation, sanctioning and execution of the works;
- World Bank Procurement Rules, Uttarakhand Procurement Rules and other State Financial Rules applicable to management of funds & execution of works; and
- Orders, notifications, directions issued by the GoU/HPC in this regard.

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<sup>9</sup> (1)-Immediate Response, Relief and Restoration activities through the CAG's Audit Report No. 02 of 2015, and (2)-Reconstruction of Infrastructure Post 2013 Disaster in Uttarakhand through the CAG's Audit Report No. 02 of 2018.

<sup>10</sup> Field-PIU: Bageshwar, Rudraprayag, Tehri and Uttarkashi.

<sup>11</sup> Thirty-eight (38) Bridges, five Slopes, five Riverbank Protection, nine Consultancy Contracts, two Public Buildings and eight packages of CERC.

## Audit findings

The audit findings are broadly enumerated in the following categories:

### 2.3.7 Overall status and coverage of works

The UDRP-AF is a time bound programme scheduled to be completed by September 2023 (extended) with total outlay of US\$ 120 million (₹ 840 crore). However, it was informed by the PMU, UDRP-AF (May 2023) that the scope of the programme had been revised from ₹ 840.00 crore to ₹ 887.36 crore due to fluctuation in exchange rate of US dollar (\$).

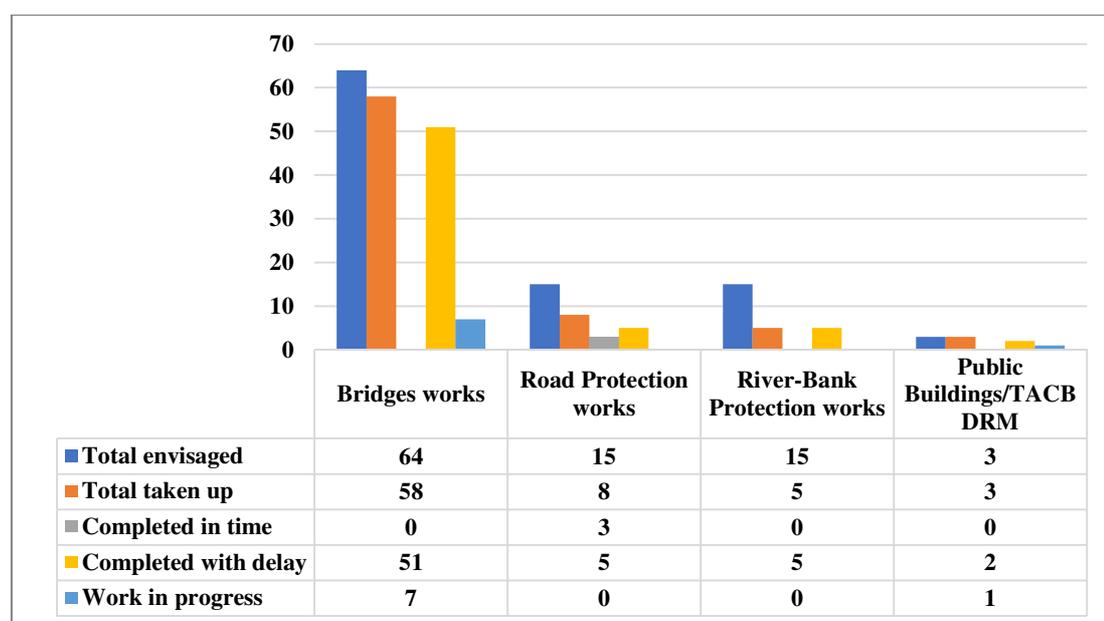
The component-wise status of the works/other activities (financial and physical position) sanctioned by the HPC are given in **Table-2.3.1** and details of total works envisaged, out of this total works taken up, completed in time and completed with delay as well as the number of works still in progress are given in **Chart-2.3.1** below:

**Table-2.3.1: Financial and Physical Position as on 31 March 2023**

Sl. No.	Components of UDRP-AF	Sanctioned works/packages		Financial Progress	Physical Progress		
		No.	Cost (₹ in Cr.)	Expenditure (₹ in Cr.)	Completed works	Works in progress	Percentage of completed works
1-	Bridges works	58	335.95	312.10	51	07	87.93
2-	Road Protection works	08	35.09	30.81	08	-	100
3-	River-Bank Protection works <sup>12</sup>	05	59.20	57.33	05	-	100
4-	Public Buildings/ TACBDRM	03	209.01	152.25	02	01	66.67
5-	CERC Packages	08	125.96	99.70	08	-	100
6-	Consultancy Contracts	10	122.15	112.90	04	06	-
7-	Implement Support	-			-	-	
<b>Total</b>		<b>92</b>	<b>887.36</b>	<b>765.09</b>	<b>78</b>	<b>14</b>	

Source: Information provided by the UDRP-AF (May 2023).

**Chart-2.3.1: Details of Total Works envisaged, Works Taken Up, Completed in Time, Completed with Delay and Works Still in Progress (in Numbers)**



<sup>12</sup> An amount of ₹ 51.10 crore pertaining to UDRP-AF works was booked under parent project UDRP because mobilization of at least 30 per cent new works was required for obtaining of sanction of the AF from the World Bank which has been excluded from the figures of sanctioned amount/expenditure incurred.

The shortcomings relating to overall coverage of UDRP-AF works and outlay are discussed in succeeding paragraphs:

### 2.3.7.1 Short-coverage of identified projects

Under TACBDRM component of parent project (UDRP), River Morphology Studies of four River (Bhagirathi, Mandakini, Alaknanda and Kali) Basins were carried out to analyse and identify critical protective infrastructure needed for riverbank strengthening. On the basis of this, a total of 15 vulnerable locations were identified for RBP. Similarly, 15 critical Slopes and 64 Bridge works were identified and included in the UDRP-AF to protect public infrastructure/improve the road connectivity.

However, works pertaining to only five RBP (in two rivers)<sup>13</sup>, eight Slope protection and reconstruction/restoration of 58 Bridges were taken-up and rest of the identified works (10-RBP, 7-Slope Protection and 6-Bridges) were rendered out of coverage of the UDRP-AF. Therefore, these identified but uncovered sites (24 per cent) of riverbank/slopes and bridges remained prone to disaster and the intended objective of protecting public infrastructure in these critical locations and improving of road connectivity remained unachieved.

The PMU while accepting the facts stated (August 2022) that due to occurrence of Covid-19 pandemic, CERC component was activated and some of the program fund was diverted to purchase medical equipment. This has resulted in curtailment of these identified works. Reply was not acceptable as no proposal for coverage of these works was found submitted to the High-Powered Committee (HPC). Further, the works had already been selected and sanctioned by the time CERC was activated in May 2020, so CERC could not have been the reason for not taking up the other identified works.

### 2.3.7.2 Partial implementation of SDRF component

The State Government nominated (June 2016) BRIDCUL as the implementing agency for creation of Training Facility at Jollygrant, Dehradun for State Disaster Response Force (SDRF) and hired (November 2016) an Architectural and Design consultancy firm (M/s Archquake Designer) for the project under State Plan. Subsequently, the SDRF Training Facility was planned to be completed in UDRP-AF in two phases at a cost of US\$ 20 million (as shown in the box). This facility was planned to be established for capacity building and imparting training to approximately 1500 SDRF personnel in a year as well as to develop a training resource center for other Organizations/ Stakeholders to provide refresher courses, knowledge update modules in modern techniques and equipment in the field of Disaster Management.

<b>Phase-I:</b> Construction of Buildings & allied services	<b>11 million US\$</b> (₹ 77.00 crore)
<b>Phase-II:</b> Training Infrastructure & Activities	<b>09 million US\$</b> (₹ 63.00 Crore)

<sup>13</sup> Alaknanda (four locations) and Mandakini (one location).

Audit found that the consultancy firm had submitted detailed project reports (DPRs) for Phase-I works in 2018 but DPRs for Phase-II had not been finalized/handed over yet (June 2022) to BRIDCUL for implementation. Resultantly, only the works of Phase-I were being implemented and entire Phase-II of the SDRF Training Facility costing ₹ 63.00 crore could not commence under UDRP-AF, as of March 2023. As such, the core objective of this component of imparting training and capacity building to approximately 1500 SDRF personnel in a year and establishment of a training resource center for others, was yet (March 2023) to be achieved.

The PIU-Public Building while accepting the fact stated (April 2023) that the outdoor training facilities for SDRF Campus at Jolly Grant has not been dropped and it is proposed to be constructed through new upcoming World Bank project which is in pipeline.

### **2.3.7.3 Works and activities covered out of scope**

The AF from the World Bank was taken for those specific activities/works which could not be carried out under the UDRP and thus included in the UDRP-AF. The UDRP-AF loan agreement and other documents signed by the State Government with the World Bank also did not provide any leverage for inclusion/coverage of other works/activities under the programme except cost of CERC to be activated during the project implementation period in an emergency, being integral part of the UDRP-AF. However, Audit found that the cost of below mentioned works/ activities amounting to ₹ 75.81 crore was charged irregularly to the UDRP-AF:

- In PIU Public Building, there are two active contracts (Work and DSC) costing ₹ 73.40 crore for construction of USDMA Building at IT Park, Dehradun with due approval of HPC with up-to-date payment of ₹ 30.64 crore<sup>14</sup> (July 2022). Audit found that although this work was among the incomplete projects of UDRP, yet it was not included in the scope of UDRP-AF. However, its cost of ₹ 73.40 crore was being charged to the UDRP-AF.

The PIU in its reply regarding inclusion of the work under AF stated (August 2022) that it has been mentioned in the project appraisal document that the UDRP-AF will finance both the new activities and the remaining activities of parent project that continued beyond the closing date.

However, no specific mentioned outlay is available in the UDRP-AF for this work despite restructuring the programme in December 2021. It is worthwhile to mention here that a request for inclusion of this USDMA building work under AF was made (July 2018) by the State Government to the World Bank but the World Bank directed to seek the concurrence of the GoI, which was not granted.

- Provision<sup>15</sup> of UDRP-AF Project Agreement clearly says that the project implementing entity shall ensure that the expenditure on land acquisition and any compensation, resettlement and rehabilitation assistance or payments to displaced persons in accordance with the provision of the applicable resettlement action plans

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<sup>14</sup> ₹ 30.45 crore for construction work in progress and ₹ 0.19 crore for payment to the DSC.

<sup>15</sup> Clause-7 of Section-1C of Schedule.

has to be financed by the entity through its own resources. Contrary to this, Audit found that the PIU (Bridge, Slopes & RBP) transferred (August 2021) a sum of ₹ 1.37 crore to seven FPIUs for making payment to the project affected families towards livelihood subsistence grant and one-time assistance for women headed households, which was disbursed to the beneficiaries concerned, accordingly. The PMU while accepting the fact stated (April 2023) that the compensation amount was distributed with prior approval of the HPC. Reply was not acceptable as such cost was to be borne by the State Government from its own resources as per above referred provision of the UDRP-AF Project Agreement.

- In FPIU-Bageshwar, Audit found that a payment of ₹ 1.04 crore was made from the project account of UDRP-AF to a contractor<sup>16</sup> in respect of construction of two motor roads<sup>17</sup> of district Almora even as these works were not sanctioned under the UDRP-AF. In reply, it was stated (April 2023) by PMU that the expenditure incurred had been reimbursed by the World Bank since it pertains to the parent project (UDRP) which was closed in June 2019. However, the funding under UDRP-AF was for earmarked works which did not include the above work.

#### **2.3.7.4 Delay in completion of works**

Provision of UDRP-AF Operational Manual (Para-4 of Chapter-4) provides that the civil works will be implemented by the respective implementing agencies at the district level under the immediate supervision of FPIUs, District Magistrate and overall supervision/ monitoring of PIU at State level. Besides, dedicated consultancy firms (refer *paragraph-2.3.9.3*) were hired under the programme for supervision of each category of UDRP-AF works for overall project management at site and execution of works as per technical specifications, co-ordination among client/contractors/other stakeholders and to assist the contractors in preparing the work programme within stipulated time and ensure timely completion of the works.

Audit scrutiny showed that despite hiring of dedicated consultancy firms and incurring expenditure of ₹ 51.60 crore<sup>18</sup> on them, the entire monitoring and supervision mechanism of UDRP-AF could not ensure timely completion of the works as only three works (SL-5, 6 & 9) had been completed (04 *per cent*) in time. As on 30 June 2022, there was a delay up to six months in the completion of 24 works (33 *per cent*) and delay of 06 to 24 months in the completion of 18 works (25 *per cent*), with the remaining 28 works (38 *per cent*) being still in progress with substantial delay (*Appendix-2.3.1*). Since the works were hampered due to Covid-19 pandemic, time extensions were granted to the contractors by the PIUs. Even after taking into consideration the time extensions granted by HPC, there was delay of more than six months in almost 63 *per cent* of the works which were either completed or were still in progress. The delay not only hampered the delivery of works to the public but also contributed to escalating the project implementation cost (*refer paragraph-2.3.7.7*).

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<sup>16</sup> M/s Technical Consultant & Construction Associates.

<sup>17</sup> Vishwanath-Jaskot Motor Road and Dhaura-Ratankhan Motor Road.

<sup>18</sup> Expenditure on supervision consultancy was as on 31 March 2022.

Besides, possibility of completion of construction of two bridges and a public building costing ₹ 82.35 crore even within extended time of UDRP-AF was remote due to very slow progress (*Appendix-2.3.2*). As reimbursement would not be admissible after closure of the programme as communicated by the World Bank in their approval (March 2023) for extension of closing date, there was a significant possibility of the responsibility of completion of these works being shifted to the State Government. Audit observed that the slow progress was attributed by the contractors to their weak financial position. The UDRP authorities have recently decided to open a triparty escrow account (June 2022) for two bridge works (BR-69 & 85) to accelerate the progress of works by making direct payment to the material supplier.

The PMU while accepting the facts informed (April 2023) that the project work was hampered mainly due to Covid-19 Pandemic. Considering this fact, the GoI and World Bank granted extension for the project initially up to March 2023 and further extension was granted up September 2023. They also added that all the incomplete works are scheduled to be completed within this extended time period.

#### **2.3.7.5 Lack of timely and full procurement of medical equipment**

CERC was activated (May 2020) with allocation of US\$ 10 million<sup>19</sup> (₹ 70 crore) for the implementation of various effective measures to prevent the spread of Covid-19 and immediate up-gradation of health infrastructure by procurement of various medical equipment/machines for State Health Department. Subsequently (June 2021), the allocation was enhanced up to US\$ 16.28 million (₹ 113.96 crore). However, Audit noticed that:

- Despite having emergent component, the procurement of around 93 *per cent* medical equipment/machines under CERC was completed by the PIU in 10 to 15 months (*Appendix-2.3.3*) after approval by HPC. Resultantly, it could not provide the intended and immediate support to the health infrastructure of the State during Covid-19 pandemic.
- The PIU could not procure three MRI machines costing ₹ 39.00 crore during the entire COVID period because the contract for supply of the same was awarded very late (October 2022) and supply/installation of the machines was made/carried out in May 2023.
- The HPC approved (May 2020) a proposal of hiring 62 Lab-technicians for 31 laboratories (two technicians for each lab) on contractual basis<sup>20</sup>. Against this, the PIU was able to hire only 9 to 16 technicians<sup>21</sup> for eight laboratories only. For the remaining 23 laboratories, no technicians were provided.

Due to the above-mentioned prolonged process, the intended objective of upgradation of health infrastructure for handling the Covid-19 pandemic by activating CERC from the UDRP-AF project was affected.

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<sup>19</sup> Within the project cost of US\$ 120 million.

<sup>20</sup> Initially for one year but extended up to two years due to second wave of Covid-19.

<sup>21</sup> One to two technicians for each month from December 2020 to March 2022.

The PMU, while accepting the observations informed (April 2023) that procurement of health equipment was the responsibility of experts of the Health Department who were also engaged in the duties of Covid-19 pandemic during its peak time. Moreover, members of procurement committee also got infected by Covid-19, due to which, it was difficult for them to spare sufficient time for procurement under CERC.

#### **2.3.7.6 Excess preparation of DPRs**

In the C&AG's Audit Report No. 02 for the year 2018 (Para-3.2.1.3), audit highlighted that 36 Detailed Project Reports (DPRs) of bridges prepared under UDRP remained unutilised, to which, the department had assured that these DPRs will be utilised under additional funding from the World Bank.

Audit scrutiny (July 2022) of records of the PIU (Bridge, Slope & RBP), Dehradun showed that considering the scope of UDRP-AF, a total of 64 DPRs for bridge works were required and 36 DPRs prepared under UDRP were available for utilisation under UDRP-AF. Despite the availability of previous DPRs, a total of 83 new DPRs were again prepared by the PIU through Design & Supervision Consultancy (DSC) firms hired for this purpose at a cost of ₹ 10.17 crore. However, only 51 new (out of 83) and 07 old (out of 36 previously available) DPRs could be put to use in UDRP-AF with reference to 58 number of bridge works sanctioned by the HPC. Accordingly, 32 new DPRs prepared under UDRP-AF at a cost of ₹ 4.27 crore could not have been gainfully utilised due to preparation of the DPRs by the PIU, in excess of the requirement.

In reply, the PIU stated that these DPRs could not be utilised as there was reduction in scope of number of works due to activation of the CERC and the unutilised DPRs have been handed over to the PWD for execution of works under other source of funding as and when funds are available. The reply had to be seen in light of the fact that even the previous assurance from the Department about utilising the 36 excess DPRs prepared and available, was only partially fulfilled.

#### **2.3.7.7 High cost of project implementation**

Out of UDRP-AF outlay of US\$ 120 million (₹ 840 crore), 10 *per cent* funds (US\$ 12 million/ ₹ 84 crore) were allocated/earmarked for implementation support of the project as described in **Paragraph-2.3.2 (d)**. However, till the end of March 2022 an amount of ₹ 97.23 crore had been spent on project implementation, which was 16 *per cent* higher than the original sanction. As such, the entire earmarked funds of this component had already been exhausted by March 2022 and it was likely to further increase substantially by the end of September 2023.

The higher implementation cost of programme coupled with activation of CERC and coverage of out-of-scope works (as described in previous *paragraphs*) resulted in short coverage of the planned works as overall outlay of UDRP-AF remained the same (US\$ 120 million).

#### **2.3.8 Estimation and clearances of works**

The deficiencies relating to estimation and clearances of UDRP-AF works are discussed as follows:

### 2.3.8.1 Extra cost of works by use of inflated rates

Every government agency of Uttarakhand Government dealing with execution of works prepares works estimates based on applicable Schedule of Rates (SoR). For this purpose, Uttarakhand PWD notifies item-wise SoR for each Block/District every year for the Road & Bridges works along with a specific Office Memorandum for allowing additional overhead charges<sup>22</sup> for bridge works (Minor<sup>23</sup> Bridge-10 *per cent*, Major Bridge-15 *per cent* and Rehabilitation of Bridge-20 *per cent*). However, Delhi Schedule of Rates (DSR) is being applied for Building works and for those items which are not available in the PWD-SoR.

In the following sanctioned DPRs/estimates, inflated/erroneous SoR was found to be applied:

- a) Out of 58 bridge works totally sanctioned, 32 were Motor Bridges of Steel Truss while 26 were Suspension Bridge/RCC (Reinforced Cement Concrete) Bridges. Audit scrutiny of sanctioned estimates of the 32 Motor Bridges at PIU (Bridge, Slope & RBP), Dehradun showed that estimation/sanctions for two items of Steel Truss material of these bridges were made/accorded with use of inflated<sup>24</sup> additional overhead charges which resulted in increase in sanctioned cost of the works by ₹ 5.17 crore, as per details given in **Appendix-2.3.4 (a) & (b)**.

In reply, it was stated (April 2023) by the PMU that these additional overhead charges (in addition to 15 *per cent* for bridges) were for the contractor's profit (10 *per cent*) and applicable taxes (06 *per cent*) in accordance with the MORTH SoR data book and PWD-OM dated 15 September 2017. However, the reply was misleading as provisions in the annual PWD-SoR for bridge work are based on the same MORTH SoR data book which clearly showed that overhead charges for these two components are 12.5 *per cent* and 01 *per cent* additional for Labour Cess. Accordingly, total admissible overhead charges for the minor and major bridges are 23.5 *per cent* and 28.5 *per cent* respectively, as calculated by audit.

- b) In all five RBP works, a total of 17,048 cum quantity was estimated/sanctioned for Hand Packed Stone (HPS) filling behind the protection walls. Of which, the rates approved<sup>25</sup> for four RBP works were based on PWD-SoR (Misc. Item: 12-10 @ of ₹ 710.30/cum<sup>26</sup>) whereas rate approved for RBP-Maithana (Chamoli) was based on DSR (Item-2.25 @ of ₹125.75/cum).

Audit found that the same PWD-SoR was initially applied for estimation of the RBP-Maithana but this rate was rectified by the Technical Audit Committee (TAC) at Government level (September 2019) for ₹ 125.75/cum based on DSR (Item No.-2.25) on the ground that there is provision of excavation of 21,788 cum

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<sup>22</sup> For meeting the excess cost of labour, transportation, launching and erecting of bridges.

<sup>23</sup> Minor Bridge is a bridge having a total length (span) of up to 60 metre and above 60 metre span is Major Bridge.

<sup>24</sup> Total 27.5 *per cent* to 34 *per cent* Overhead Charges were charged for estimation of these two items against required norms of 23.5 *per cent* for Minor Bridges and 28.5 *per cent* for Major Bridges.

<sup>25</sup> ₹ 688.60/cum, ₹ 669.70/cum, and ₹ 772.20/cum respectively.

<sup>26</sup> PWD-SoR (Misc. Item: 12-10) effective from May 2019.

BoQ<sup>27</sup> for foundations, out of which, 4,365 cum<sup>28</sup> can easily be obtained as material available at site. This would in turn curtail the cost of this item by ₹ 28.34 lakh.

Accordingly, as all works were to be executed in Riverbeds, Audit opined that the rate of ₹ 125.75/cum based on DSR could have been similarly considered in the other four works and the availability of boulders could have been assessed for utilizing them for execution of the HPS filling in each of these four works. However, neither the DSCs responsible for preparation/proof checking of DPRs nor the UDRP Authorities while approving the estimates identified these omissions of estimation.

### **2.3.8.2 Excess length of works**

In below mentioned two cases, Audit found that the works were sanctioned for extra lengths which was avoidable:

- Provision of Rule-318 of the Financial Hand Book (Volume-VI) relating to Technical Sanction (TS) provides that properly detailed estimate must be prepared for sanction by competent authority and it must be obtained before work is commenced. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound and the estimates are accurately calculated and based on adequate data.

Provisions of sanctioned DPR/TS (November 2018) of RBP Banswada (Rudraprayag) showed that the work of protection wall was to be executed in 380 metre length and 8.20m height of RRM (Random Rubble Masonry) with CC foundation/aprons at a cost of ₹ 7.38 crore. However, audit scrutiny (May 2022) of records of this work showed the protection wall from chainage 120 to 190 (70m) was constructed with Gabion wall with just 02 metre height as existing ground level at this place was found to be 04 metre above from the riverbed. Further, very large size boulders also existed at the site for the protection of site. Therefore, the inclusion/sanctioning of provision (RRM wall/CC work for 8.20 metre height) for this 70 metre length of RBP under the project costing ₹ 1.36 crore (*Pro-rata* basis) was erroneous and indicative of improper survey of site by the authorities while sanctioning of DPR/TS. Further, Audit also found that this change in scope of work does not bear approval of the HPC which was essential in such cases.

It was replied (April 2023) by the PIU that the scope of work was changed due to change in site condition over the period as data collection/site survey for this work was done during the year 2015-16 and DPR was finalised in 2017-18 whereas construction was started in January 2020, which is normal in case of hilly rivers. The reply was not acceptable on grounds of changing tendency of hilly rivers which therefore necessitated a fresh site survey before granting of TS, to ascertain the latest site condition, towards accurately calculating the estimates. However, in the instant

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<sup>27</sup> Subsequently changed to 23,195 cum while granting TS.

<sup>28</sup> Actual BoQ approved in the TS was 3,823 cum.

case, while the site survey was conducted during 2015-16, the sanction was accorded in 2018-19, indicating a three year gap.

- As per Standing Orders of the State PWD (November 1989 & February 2013), competent authority for selection of site/determination of span for bridge works is a team of SE, EE in-charge of the work and they may take necessary help of geological surveyor if required.

Scrutiny of records of FPIU-Uttarkashi showed that a 36 metre span Steel Truss Bridle Bridge over Jalkur River on Sem Bhardar Gajna Bridle Road in district Uttarkashi was sanctioned at a cost of ₹ 1.67 crore. Audit found (September 2022) that suitable site/ span for this bridge was determined (April 2019) as 30 metre by a team of the competent authority and accordingly mentioned in the report (June 2019) of the geological surveyor. However, the DPR for this bridge was prepared (October 2019) for 36 metre span by the consultant (DSC) and accordingly sanctioned, with execution also being for a span of 36 metres. While there was an inherent contradiction between the report of the geological surveyor and the DPR, audit further noticed that these documents pertaining to site selection/span were attached to the sanctioned DPR, with the DPR itself indicating the span at certain places as 30m.

No proper justification was provided by the PIU/PMU when the issue was raised in audit.

### **2.3.8.3 Extra sanctioned cost of road works**

Road network for the SDRF Campus at Doiwala, Dehradun was designed/sanctioned for construction with 450 mm thick layers<sup>29</sup> of sub-base, based course and Cement Concrete (based on IRC-SP-58).

Audit observed that higher specification<sup>30</sup> meant for 450 Commercial Vehicle Per Day (CVPD) was adopted for designing/ sanctioning of these roads whereas its projected traffic census for 20 years was just above 50 CVPD. The adoption of higher specifications resulted in extra thickness of 95 mm costing ₹ 1.10 crore [Appendix-2.3.5(a)] against the up to date (25<sup>th</sup> running bill of July 2022) roads constructed (19,314.45sqm) at a total cost of ₹ 4.78 crore.

Similarly, the pavement thickness for reconstruction of affected / damaged portions of five road protections works (slopes) was kept on higher side (15 cm PCC)<sup>31</sup> than norm (IRC-SP-62) which resulted in extra sanctioned cost of ₹ 45.26 lakh to the works [Appendix-2.3.5(b)].

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<sup>29</sup> 150 mm GSB (G-1), 100 mm DLCC (Dry Lean Cementitious Concrete), and 200 mm M-30 CC (Cement Concrete).

<sup>30</sup> Roads having less than 450 CVPD is to be designed with IRC-SP-62 (Specification-4.7) with composition of various layers of 355mm thickness maximum.

<sup>31</sup> CC pavement for these roads were provisioned in two layers (15 cm of M-15 and 17 cm to 20 cm of M-30) over required thickness of GSB and WBM. However, according to Specification-4.6. to 4.8 of the IRC (SP:62-2014), the single CC layer of M-30 layer provisioned by considering Traffic Category and Uttarakhand Zone was sufficient.

In reply, it was stated by the PIUs that the pavement designs for these road works are as per IRC-SP-58 Specification. However, documents made available to Audit or the response from the PIUs could not justify the adoption of higher specifications, which resulted in extra sanctioned cost of ₹ 1.55 crore.

### **2.3.9 Procurement and award of contracts**

Provision of Chapter-4 of the Operation Manual of UDRP-AF stipulates that all contracts (goods, works and services) of small value and procurement will be done through National Competitive Bidding (NCB) procedures using the Government e-procurement portal. For the consultancy services, the Request for Expressions of Interest (REOI) will be open to international firms as well. Accordingly, overall procurements of the 92 works/packages were made (refer **Table-2.3.1**) by the PIUs under the UDRP-AF.

The discrepancies noticed during evaluation of these procurement activities at the respective PIUs are given as below:

#### **2.3.9.1 Abnormal delay in finalisation of tenders and award of contracts**

As per notice inviting tenders (NIT) issued, tenders for all UDRP-AF works were to be finalised within maximum validity period of 120 days and contracts were to be signed within 21 days from the date of issue of letter of acceptance (LoA) to contractors. In this context, fundamental principles [Rule-3(12)] of the Uttarakhand Procurement Rule (UPR)-2017 provide that extension of bid validity must be discouraged and resorted to only in exceptional circumstances.

Audit scrutiny (July 2022) of the tendering process of UDRP-AF works at PIU (Bridge, Slope & RBP) showed that tenders in respect of 25 (34 *per cent*) works were not finalized within the stipulated period of 120 days (delays up to 329 days) due to issuance of number of corrigenda<sup>32</sup> after NITs. Audit further noticed that contracts in respect of 59 (81 *per cent*) works were not signed within 21 days (delays up to 137 days) from issuance of the LoA (**Appendix-2.3.6**). The PIU, therefore, could not finalize the tenders within the maximum prescribed period which not only delayed the completion of works but also resulted in increase in implementation cost of the projects (**refer paragraphs-2.3.7.1 & 2.3.7.7**).

PMU replied (April 2023) that the timelines of NIT issued are not binding as it was also mentioned in the tender documents (ITB Clause-18.2) that in exceptional circumstances the employer may request bidder to extend the period of validity of their bids which was duly done in every case. The reply does not address the issue of corrigenda, which were responsible for delayed finalization of tenders.

#### **2.3.9.2 Hiring of consultancies**

Operation Manual (Section-13 of Chapter-4) of UDRP-AF provides that additional technical support consultants (DSC/CSC/PCC)<sup>33</sup> can be contracted under UDRP-AF to provide support to the PIUs/PMU, for carrying out surveys, designs, assessments, third

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<sup>32</sup> For amendments in Bid Documents, Specifications & deadlines for submission/opening of bids.

<sup>33</sup> Design & Supervision Consultants (DSCs), Construction Supervision Consultancies (CSCs), Proof Checking Consultancies (PCCs).

party quality impact, monitoring, and legal support and finance, as necessary. Accordingly, two PIUs hired seven national/international consultants/ firms on Quality and Cost Base Selection (QCBS) bidding process having 80 *per cent* weightage for technical bid and 20 *per cent* weightage for financial bids.

Audit scrutiny of these consultancy contracts revealed the following discrepancies.

- The World Bank Procurement Regulations have the provision of negotiations in the contracts. According to it, in international competitive procurement subject to prior review, the Bank may agree to the Borrower's use of negotiations before final award of contract. From records made available, Audit found that no such efforts of negotiation were made in case of three major consultancy contracts, with considerable differences in remuneration being charged for personnel providing the same services (**Appendix-2.3.7**). Thus, the difference in cost could have been reduced if rationalised negotiation had been made by the PIU before finalizing these contracts.
- The DSC contract for Bridge works (with M/s TPF Getinsa Eurostudios SL) was signed for 18 months initially which includes payment of remuneration and reimbursable charges for Team Leader (TL) office in two parts lump-sum for DPR preparation during first six month and time bases for Supervision work during remaining 12 months. Audit noticed that the PIU made full payment for both the components (LS component and payment under time bases component) to the firm for the period from December 2018 to May 2019. Accordingly, there was dual payment of remuneration of TL and reimbursable charges of his office amounting to ₹ 29.21 lakh to the firm.

The DSC Slopes (M/s CCEE) charged remuneration of ₹ 2.00 lakh per month for a key-expert (Structural Engineer/Bridge Design Engineer) and the DSC Bridges (M/s TPF Getinsa) charged ₹ 4.00 lakh per month for the same key-expert<sup>34</sup>.

### 2.3.9.3 Denial of economical bid for supply of Ambulances

As a part of effective measures to prevent the spread of Covid-19, the PIU (CERC) procured<sup>35</sup> 100 Basic Life Support (BLS) and 40 Advanced Life Support (ALS) Ambulances from a Jaipur based firm (M/s Kamal Coach Works) at a cost of ₹ 36.96 crore which were handed over (between January and March 2021) to the Health Department for management and operation.

Audit found that although tender invitation (June 2020) for this procurement was combined for total 140 Ambulances but rates for the BLS and ALS Ambulances were invited separately in the bids. Total four bids were received wherein lowest bid for 100 BLS Ambulances was offered by M/s Sarvottam Appliances (₹ 18.25 crore + GST) and for 40 ALS Ambulance was offered by M/s Kamal Coach Works (₹ 9.95 crore + GST). However, M/s Sarvottam Appliances offered bids for

<sup>34</sup> However, after award of contract, the expert was replaced by another person but the same contractual amount was paid.

<sup>35</sup> Agreement no.-02/PIU-Health/CERC/UDRP-AF/2020 dt. 09 October 2020 with M/s Kamal Coach Works (P) Ltd. Jaipur.

40 ALS as ₹ 10.90 crore + GST and M/s Kamal Coach Works for 100 BLS as ₹ 18.93 crore + GST. Accordingly, the contracts for supply of BLS and ALS Ambulances should have been given to the lowest bidders separately, but it was not done by the PIU and single contract for supply of total 140 Ambulances was given to M/s Kamal Coach Works being overall lowest bid.

It was replied (August 2022) by the PIU that evaluation of all items was made together as one package as per bid documents. However, it was found by audit that there was no obligation to consider financial bids for both the supplies (ALS and BLS) together and PIU was free to consider it separately in the interest of saving public money. As such, the denial of economical bid received for 100 BLS Ambulances resulted in extra cost of ₹ 87.04 lakh<sup>36</sup> to the project which clearly indicates undue favouritism to the firm.

#### **2.3.9.4 Undue aid to a bidder by non-forfeiting of bid security**

In tendering process of three bridges (BR-37, 55 & 60), bids of single contractor<sup>37</sup> were found lowest with due deposit of required bid security of ₹ 26.82 lakh. At a later stage, the PIU received (02 December 2019) a complaint and found that this contractor concealed its commitment of ongoing works in his technical bid proposal. Therefore, the work of BR-55 was put on retendering being single bid and the two other works were awarded to second lowest bidders of the original tender.

Audit found that although this contractor was debarred by the PIU from participation in subsequent biddings of UDRP-AF works it did not forfeit his bid security as was required as per norms. Hence, undue aid of ₹ 26.82 lakh was extended to him by the PIU.

#### **2.3.10 Execution of works**

The deficiencies relating to execution of works are discussed as follows:

##### **2.3.10.1 Construction of Girder Bridges instead of Suspension Bridges**

As per prevailing policy (July 2017) of State Government, bridge works costing above ₹ 10.00 crore are executed under Engineering Procurement & Construction (EPC)<sup>38</sup> Mode. Accordingly, five UDRP-AF bridge works having estimated/sanctioned cost of ₹ 63.20 crore were awarded under EPC Mode at a cost of ₹ 67.05 crore. Of these, two bridges (BR-66 & BR-100) were RCC Motor Bridge (₹ 18.46 crore) and Bridle Arch Steel Truss Bridge (₹ 10.94 crore) respectively and the rest three (BR-86, 87 & 88) were Bridle Suspension Bridges (₹ 37.65 crore).

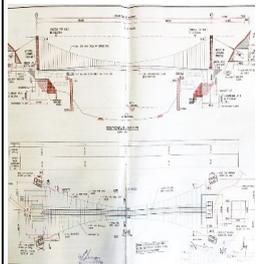
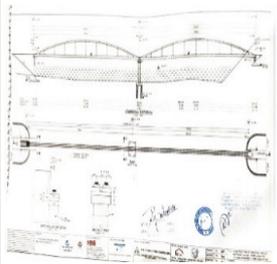
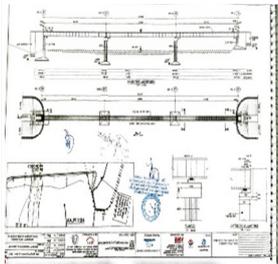
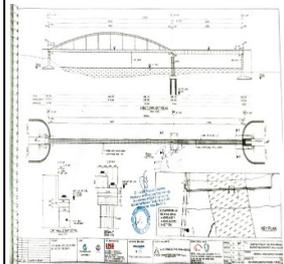
Audit scrutiny of these EPC works at PIU (Bridge, Slope & RBP), Dehradun and FPIU-Bageshwar (two Bridges) showed that the RCC Motor Bridge and Bridle Arch

<sup>36</sup> Difference of bids= ₹ 68.00 lakh plus 28 Per cent GST.

<sup>37</sup> M/s D.S. Construction, Muzaffarnagar, UP.

<sup>38</sup> For EPC contracts, RFB (request for bid) is invited against which a lump-sum amount is quoted by the contractors for the whole work and payment is made in percentage weightage as per defined milestones of the contract. In this mode, the contractor is to under-take design, construction, manufacturing, supply, installation and commissioning of work based on latest IRC/IS codes for the scope of work given by the client in RFB.

Steel Truss Bridge were being executed in accordance with their sanctions/ contracts but construction of three Suspension Bridges awarded to a single contractor<sup>39</sup> (₹ 37.65 crore) was being carried out as Steel Girder/Arch Bridges as per replaced designs given below:

Original design	Adopted design for construction of BR- 86, 87 and 88, respectively		
			

In reply, it was stated by the PIU that the EPC contract provides the contractor to submit his cost-effective competitive bids based on his design keeping in view the mandated work requirement.

Reply is not acceptable as the mandate was for construction of Suspension Bridges. However, if the construction of Steel Arch/Girder Bridges at these three places was acceptable to the UDRP-AF authorities then their estimation/sanction/tendering should have been made/obtained accordingly.

### 2.3.10.2 Excess consumption of steel material in bridge works

Provision of Rule-383 of the Financial Handbook (Vol-VI) provides that where important structural alterations are contemplated in a work, though not necessarily involving an increased outlay, a revised estimate should be submitted for technical sanction (TS) of the original sanctioning authority.

In UDRP-AF, DPRs of bridge works were prepared by DSC (M/s TPF Gentinsa Equostudios) and their proof checking was carried out by Proof Checking Consultancy (PCC: M/s SOWIL Limited) hired for these purposes. Thereafter, TS for each work was accorded by the competent authority of PIU (Bridge, Slope & RBP), UDRP-AF, Dehradun.

Audit observed in the below mentioned cases of Steel Truss Bridges pertaining to FPIU-Tehri and Uttarkashi that there was significant increase in consumption of material without occurrence of any redesigning/revised TS of the bridges:

- In seven bridges, 1,148.64 MT Steel Truss were consumed against sanctioned quantity of 1,061.344 MT. This was despite the fact that 10 *per cent* extra quantity of Steel Truss was already taken in the sanctioned DPR/TS.
- In 13 bridges, total 1,59,710 Nos. 20 mm *dia* High Strength Friction Grip Bolts were consumed against sanctioned quantity of 57,768 Nos.

It was replied (September 2022) by the PIU that the increase in steel material/bolts was due to use of higher sections and providing of extra splice joints in the bridges. However, as ascertained from records produced to Audit, the increased consumption

<sup>39</sup> M/s V.K. Gupta and Associates, Panchkula, Haryana.

was not accompanied by revised approval of designs/TS of the works.

#### **2.3.10.3 Unjustified use of Steel Bars (Sariya) for SDRF Buildings**

For construction of the SDRF Training Facility at Jollygrant Dehradun, all buildings were sanctioned with RCC (Reinforced Cement Concrete) frame structure by consideration of earthquake Zone-IV area. A total of 368.94-MT Steel TMT Bars (for reinforcement) was estimated/sanctioned to be used in 3,816 cum RCC work up to Plinth level and 1,159.58-MT Steel Bars were to be used in 6,815.46 cum RCC work above the Plinth level. Later on, a variation for work was approved (May 2021) for use of 433.98-MT Steel Bars for 4,537.84 cum RCC work up to Plinth level and 1,309.99-MT Steel Bars for 9,201.52 cum RCC work above the Plinth level.

Audit found that use of steel bars for the RCC work above Plinth level (till payment of 25<sup>th</sup> Running Bill) was very high as entire sanctioned quantity (1,309.99-MT) of steel Bars was used for the construction of only 6,801.35 cum RCC work (74 per cent).

In reply, it was stated by the PIU that in first variation an arithmetical error occurred in computation of quantities of RCC M-25 work for above the plinth level (6,871.78 cum should be instead of 9,201.52 cum) which are in saving and it will be reduced in the final variation. However, neither were the documents pertaining to the said arithmetical error furnished to audit nor was the justification acceptable because if the final BoQ of the RCC M-25 work (6,871.78 cum) remained almost at par with the originally sanctioned (6,815.46 cum) then the use of steel bars for it also should have been consonantly around 1,160 MT, which however, was not the case.

#### **2.3.10.4 Partial execution of revised scope of Riverbank Protection works**

Out of total five Riverbank Protection (RBP) works of UDRP-AF, the scope of two RBP works (Kothiyalsain & Birahi) was changed by the HPC (August/September 2019) on the suggestion of the World Bank Mission during their field visit (June 2019) that the grade of concrete for protection of lower 03 m part of the retaining wall should be M-30 in place of M-20 (as per design provided), as big boulders are likely to roll in and hit the retaining wall. The exposed parts of foundation block and apron block protection of the wall should also be additionally strengthened by a 50 cm protective cover made of M-30 grade RCC Facia, by which, the structure would be significantly safer against abrasion by rolling debris. Accordingly, an extra item of RCC M-30 Facia was approved (February 2020) by the competent authority for both works at the rate of ₹ 9,417 per cum.

Audit found (May 2022) that the contracts for these RBP works were awarded in November 2018 and construction was completed in March 2021. Hence, the RCC M-30 Facia work at each level (up to 03 m height wall, foundation and apron) was found executed partially as per details given in **Appendix-2.3.8**. The short/ partial execution of RCC M-30 Facia work for both RBP works would not serve the purpose of extra protection to the walls, foundation and apron block. The intended objective of providing extra protection to the works, therefore, remained unachieved even after incurring of

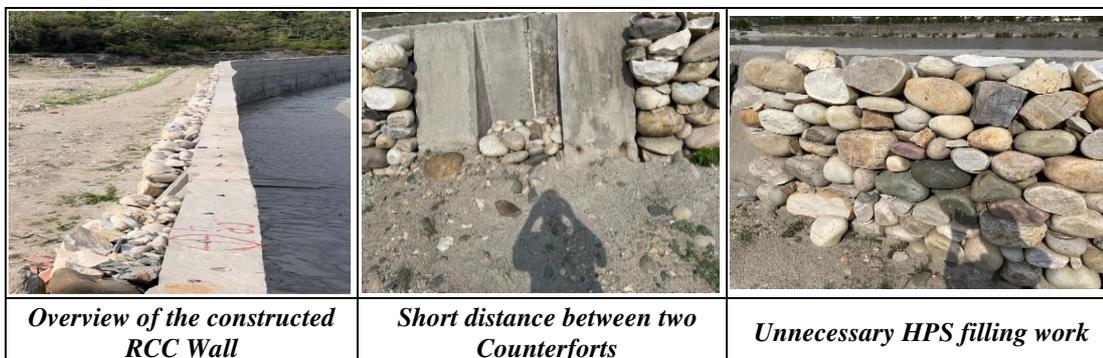
extra expenditure of ₹ 94.42 lakh<sup>40</sup> due to differential rates of RCC (M-30 & M-20).

In reply, the PIU while accepting the fact of partial execution of M-30 Facia work (September 2022) stated that some part of work had already been executed with original scope of work (M-20) till receipt of the HPC approval. Thus, partial execution of M-30 Facial work would not serve the intended purpose of extra protection for the RBPs.

#### 2.3.10.5 Avoidable extra Counterforts for RCC Wall of Devli-Jakhni Riverbank Protection

An RCC (Reinforced Cement Concrete) cantilever wall (with counterfort) was approved (April 2018) for protection of the Devli and Jakhni villages affected by erosion of Alaknanda River. Under this Devli-Jakhni RBP work, 726 RM RCC wall was to be constructed with 203 Counterforts<sup>41</sup> (0.60m thick & 12m length/height) behind the wall at every 03 metre distance with use of 1,746.70 cum RCC material. However, 240 Counterforts were found constructed (in average distance of 2.425m) with use of 2,520.20 cum material without any change in the sanctioned length and design of the wall.

It was replied by the PIU that there was unsymmetrical distribution of counterfort in each panel as per approved drawing which was corrected during execution. Reply was not acceptable because it was found during a joint inspection of this RBP site (May 2022) by audit with the representatives of FPIU-Rudraprayag that some counterforts were constructed at very short distance (one metre) and there was no symmetry of equal distance between two counterforts (as shown in photographs below).



#### 2.3.10.6 Over payment to contractors

In FPIU-Uttarkashi, Audit found that there was duplicity in record measurement of an item of a bridge<sup>42</sup> which resulted in an overpayment of ₹ 10.54 lakh to the contractor. Further, there was also duplicity in consumption/record measurement of 5.98 MT Steel costing ₹ 6.61 lakh in another bridge (BR-58) work but bill for the same had not been raised by the contractor as on date of audit. Similarly, it was found in the case of a bridge of FPIU-Tehri that measurements for accessories of a non-schedule item costing

<sup>40</sup> Kothiyalsain: ₹ 36.79 lakh {(₹ 9,417 - ₹ 6,200) x 1,143.636 cum} and Birhi: ₹ 57.63 lakh {(₹ 9,417 - ₹ 6,300 x 1,848.79 cum)}.

<sup>41</sup> Counterfort in a retaining wall is constructed inside at a particular distance to provide extra support to the wall.

<sup>42</sup> Chequer Plate (7.91 MT) in 70m Span Steel Truss Bridle Bridge (BR-81) over Kamal River at Bingsi-Chaini.

₹ 7.72 lakh were recorded/ paid separately despite the fact that the accessories were already measured/ counted and paid to the contractor with main scheduled item of work. Further, Clause-37 of the signed Contract (GCC) provides that if the final quantity of work done differs from the quantity in the bill of quantities (BoQ) for a particular item by more than 25 per cent, provided the change exceeds 01 per cent of the initial contract price, the project manager shall adjust the rate to allow for the change. Audit found that the quantities of two items (PCC in Foundation and its HYSD Bars) in a Bridge work (BR-32) were changed substantially, for which, price adjustments were carried out by FPIU-Bageshwar but its calculation was wrong which resulted in over payment of ₹ 1.47 lakh to the contractor.

On these being pointed out in audit, the overpayments of ₹ 19.73 lakh<sup>43</sup> were accepted by the FPIUs and they assured about recovery of overpayments as well as not releasing payment of ₹ 6.61 lakh for excess measured quantity. The PMU in its reply, reported (April 2023) full recovery of the overpayments from the contractors.

### 2.3.11 Management of funds and contracts

Provisions of UDRP-AF, Operational Manual (Chapter-5: Financial Management), terms & conditions contained in Government orders (for releasing of funds to the PMU) and contracts signed between project authorities and contractors, were the guiding principles for management of funds and contracts under this programme. However, actual management of funds/contracts at various levels of programme implementation was found inadequate, as discussed in succeeding paragraphs:

#### 2.3.11.1 Excess estimation, demand and withdrawal of funds

The funds for implementation of this programme are provided by the GoU<sup>44</sup> through a personal ledger account (PLA) of USDMA as per demands raised by the PMU (UDRP-AF). The funds withdrawn from the PLA are kept in the Bank Accounts of PMU/PIUs/ FPIUs.

Details of budget demanded, approved by the State Government and fund released there-against are given in **Table-2.3.2**.

**Table-2.3.2: Position of Budget Demand, Approval and Release**

Year	BE/demands raised by the PMU		Budget approved by the State Govt.		Funds released	
	Admin	Project	Admin	Project (per cent)	Admin	Project (per cent)
2018-19	20	200	20	150 (75)	8	30 (20)
2019-20	Not Available		10	250	5	120 (48)
2020-21	15	435	15	300 (69)	13	155 (52)
2021-22	20	480	20	350 (73)	15	335 (96)

Audit observed that yearly budget estimates (BE) submitted by PMU to the GoU through USDMA for approval of annual outlay for the programme were unrealistic/ inflated (as shown in **Table-2.3.2**). The actual outlay approved by the State Legislature for the FY 2018-19 to 2021-22 was not in consonance with the demands

<sup>43</sup> FPIU- Uttarkashi (₹ 10.54 lakh), Bageshwar (₹ 1.47 lakh) and Tehri (₹ 7.72 lakh).

<sup>44</sup> Reimbursement of admissible funds to the State Government from the World Bank is made based on actual utilisation through settlements of the Reserve Bank of India.

raised whereas the actual funds released by the GoU against the approved outlay were much less due to slow utilisation of funds. Moreover, the PMU had withdrawn funds from the PLA without assessing actual requirements of programme implementation resulting in significant unspent balances in the bank accounts of the PMU/PIUs/FPIUs which were ₹ 5.97 crore/ ₹ 33.31 crore/ ₹ 21.32 crore and ₹ 50.99 crore at end of March 2019 to March 2022, respectively.

The PMU stated that the unspent balances are inclusive of retention money (₹ 25.86 crore) deducted from the contractors' bills.

It is evident that the entire unspent balance did not comprise retention money only. Hence, it was incumbent on the project authorities to utilise the funds (apart from retention money) for project purposes.

### **2.3.11.2 No liquidated damages on contractors for delay in completion of works**

Time is the essence in management of contracts and delivery of works, therefore, a provision was included in the UDRP-AF contracts that the contractor shall pay liquidated damages (LD)<sup>45</sup> to the employer on daily basis after breaching the target date of completion of work or any other milestones given.

Audit observed that in many cases the contractors were frequently granted extension of time (EoT) by the HPC without LD on account of Covid-19 pandemic, monsoon season and intermittent rains. Since the Covid-19 pandemic situation was unpredictable, EoT for the same without LD was justified. But granting of EoTs for monsoon season and intermittent rains without LD was an undue aid to the contractors because these weather conditions are inbuilt in overall time limit of the contract as is clearly mentioned in the time to time GOs issued<sup>46</sup> by the State Government. Thus, the contractors are supposed to plan/mobilize their resources for the works in such a manner so that the works are completed within prescribed time including considering of seasonal weather hindrances.

A calculation made by audit in this regard (by excluding the EoTs for Covid-19 period) showed that LD amounting to ₹ 3.52 crore [*Appendix-2.3.9(a)*] was required to be imposed/recovered in case of 24 bridge works and 05 RBP works which was not imposed/recovered from the contractors.

Similarly, the construction of USDMA and SDRF Buildings had been delayed by more than seven months and more than two years respectively from the scheduled completion and delivery of medical equipment was delayed by the suppliers substantially (*refer paragraph-2.3.7.5*), for which, the contractors were liable for imposition of LD amounting to ₹ 14.55 crore [*Appendix-2.3.9(b)*] but no LD was imposed/recovered by the PIUs as per T&C of the contracts. This was despite the fact that the contractors of SDRF and USDMA Buildings had been granted a total of 11 EoTs by HPC, of which, 08 EoTs were granted with a condition that any additional time taken by contractor after this EoT shall be subject to imposition of LD as per applicable clause of the contract. Even as the contractor of USDMA building had been paid price escalation of

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<sup>45</sup> Subject to maximum of 10 *per cent* of the contract price.

<sup>46</sup> No.5362/III(2)/21-75(Samanya) 2000TC dated 09 November 2021 & No.1197/III07-75 (Samanya)/2000 dated 24 February 2014.

₹ 2.15 crore as per provision of contract, in contrast, the authorities did not penalise any contractor for delay in completion of works.

### **2.3.11.3 No penalty for not providing insurance coverage**

Provision (GCC-13.1 read with PCC) of contracts signed for various works provides that the contractor shall provide, in the joint names of the Employer and the Contractor, insurance cover from the start of work to the end of the defect liability period. In case the contractor does not ensure/provide the insurance as per provisions, the Employer shall deduct the amount from the contractor's payments and shall ensure the compliances. In such case, a penalty of ₹ 2.00 lakh/ ₹ 5.00 lakh<sup>47</sup> will also be imposed on the contractor for non-compliance of the insurance provisions.

Test check of records pertaining to insurance coverage at four FPIUs showed that they neither deducted the insurance premium nor imposed the required penalty of ₹ 83.00 lakh in 37 cases (*Appendix-2.3.10*) wherein the required insurance policies had expired and it was not renewed by the contractors for the intermittent period or till the end of defect liability period of the work.

In addition to above, it was also found that three Ambulances got damaged in road accidents<sup>48</sup> during their operation by the Health Department but their insurance claims were denied by the Insurance firm (New India Insurance Co. Ltd.) due to a vital mistake of the PIU as registrations of the procured vehicles were made in the name of Health Department whereas the insurance policies were in the PIU's name.

### **2.3.11.4 Fraudulent claims regarding paid royalty**

Rule-70(1) of the Uttarakhand Minor Minerals (Avoidance) Rules, 2001 provides that the holder of a mining lease or permit or a person authorised by him in this behalf shall issue a pass in Form-J or MM-11 to every person carrying consignment of minor mineral by any mode of transport. Accordingly, in case of use of minor mineral in construction works, every contractor has to submit necessary documents of paid royalty and carrying consignment of the minor mineral to the site of work along with their payment certificates/bills for executed works. In absence of these documents, applicable royalty and contribution towards District Mineral Funds thereupon is deducted from the contractors' bills for remittance into treasury.

Audit found cases of irregular exemptions of royalty granted to the tune of ₹ 11.66 lakh<sup>49</sup> on duplicate copies of e-forms/inadmissible receipts of paid royalty and transit passes submitted by the contractors. Of these, three FPIUs (Bageshwar, Tehri & Uttarkashi) reported (April 2023) recovery of a sum of ₹ 7.15 lakh and rest of the offices assured recovery of applicable royalty amount from the concerned contractors.

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<sup>47</sup> Penalty of ₹ 5.00 lakh in case of RBP (No.-02, 04 & 05) and ₹ 2.00 lakh for others.

<sup>48</sup> Vehicle No.- UK-07/GA-3127 (31 August 2021), UK-07/GA-3124 (16 May 2021) & UK-07/GA-3117 (12 June 2021).

<sup>49</sup> Rudraprayag (₹ 3.39 lakh), Bageshwar (₹ 4.76 lakh), Uttarkashi (₹ 0.97 lakh), Tehri (₹ 1.42 lakh), & PIU-PB (₹ 1.12 lakh).

### **2.3.12 Supervision and Monitoring**

Broadly, three-tier internal project monitoring and supervision mechanism has been provided for the UDRP-AF which comprises the HPC at apex level and the PMU/PIU at State level supported by technical/ subject specific experts (departmental/ contractual), and Field PIUs at district/ ground level supported by departmental technical officers and dedicated teams of the supervision consultancies for each category of works. In addition to this, the World Bank mission/teams regularly monitor the programme implementation and visit periodically the State and the site of works as per their charter.

Audit noticed that the supervision and monitoring activities of the program/works by the HPC and the World Bank mission/teams were well documented by the Minutes of Meetings held and Aid Memoire issued, respectively. But the documentation of inspections/supervision of the works carried out by the departmental technical authorities<sup>50</sup> and experts was absent in records produced to Audit. The other shortcomings of supervision and monitoring of the programme are as follows:

#### **2.3.12.1 Ineffective internal audit**

Provision (Chapter-4) of the UDRP-AF Operational Manual provides that an Internal Audit Unit of PMU (by hiring a CA firm) will be responsible for the internal procurement audit of all PIUs/FPIUs engaged in procurement (works, goods & consultancy services) periodically. The internal auditors will also express a professional opinion on the effectiveness of the overall project management and non-compliance/ deviations of the provisions of the project appraisal documents and operation/ technical/ procurement/ financial management manuals. Accordingly, a CA firm<sup>51</sup> was hired by the PMU for internal audit of the project.

Examination of the quarterly Audit Reports issued by the CA firm showed that only a few minor issues of short-deductions of taxes/royalty/securities/advances were raised/reported and no issue was addressed to the core objective of internal audit to express a professional opinion on the effectiveness of the overall project management and non-compliance or deviations of the UDRP-AF provisions. Thus, the internal audit was found ineffective in respect of overall project management. Despite this, the CA firm was not directed by the PMU to improve its Audit Reports.

The PMU while accepting the audit observation informed (April 2023) that the CA firm has been directed to be more careful on overall project management as suggested by audit and to make improvement in future reports.

#### **2.3.12.2 Inadequate supervision by Social and Environmental experts**

As per provision of UDRP-AF, Operational Manual (Chapeter-6), concurrent internal environmental/social monitoring is to be carried out by work consultants whereas

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<sup>50</sup> Chief Engineer, Superintending Engineers, Executive Engineers, Assistant Engineers and other subject specific experts.

<sup>51</sup> M/s Anshul Agrawal & Co. was hired (March 2020) for 24 months till March 2022 at a cost of ₹ 25.00 lakh but the contract has been extended till March 2023 with additional payment of ₹ 6.67 lakh.

experts hired by PMU have to undertake quarterly environmental and social monitoring of sub-projects for ensuring safeguards/compliance.

It was found during audit of PMU that six dedicated experts<sup>52</sup> were hired for ensuring environmental and social safeguards/compliances but they did not monitor works/sub-projects in the desired manner<sup>53</sup>. Out of total 73 construction sites<sup>54</sup> of the project, only 38 construction sites were visited by the social experts and 67 construction sites were visited by the Environmental experts. Three sites of bridges (BR-62, 64 & 96) were never visited by any of them. Further, out of 73 construction sites only four sites of Dehradun were visited more than four times by these experts during the entire project implementation period.

### **2.3.13 Conclusion**

The UDRP-AF authorities could not execute the UDRP-AF program in a planned manner as 23 identified works of bridges, road/riverbank protections and SDRF (Phase-II) training facility were not taken up whereas programme funds of ₹ 75.81 crore were utilised for out-of-scope works. The estimation/approval of works was found deficient as 43 works (out of total 74) were overestimated, faulty designs were adopted, excessive DPRs were prepared, and Steel Truss Bridges were being constructed against sanctioned Suspension Bridges, which could have been avoided with due diligence.

The programme delivery mechanism was lacking on almost all fronts as persistent delays were noticed in finalisation of tenders/award of contracts and there was lack of timely procurement of medical equipment under CERC during Covid-19 pandemic. The completion of 96 *per cent* of works was delayed and possibility of completion of construction of two bridges and a public building costing ₹ 82.35 crore even within extended time of UDRP-AF was remote due to very slow progress. Thus, the responsibility of completion of these works may be shifted to the State Government as reimbursement would not be admissible after closure of the program.

There were instances of overpayment, undue advantage to the contractors, and unjustified consumption of excess materials for works, which requires action to prevent the recurrence of such instances.

### **2.3.14 Recommendations**

*The State Government may consider:*

- *Setting up a mechanism for independent technical examination of the cost Estimates/DPRs, post sanction and award of tender;*
- *Fixing responsibility of departmental authorities for faulty DPRs and undue advantage to the contractors which have led to extra burden on the exchequer.*

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<sup>52</sup> One Social Community Development/Gender Specialist (SCDGS), two Social/Gender Officers, one Environment/ Resettlement Specialist, and two Environment Officers.

<sup>53</sup> At least 5 visits for every work considering the minimum 15 months construction period.

<sup>54</sup> Sites of 58 Bridge, 08 Slopes, 05 RBP and 02 Public Building.

**SKILL DEVELOPMENT AND EMPLOYMENT DEPARTMENT  
GOVERNMENT OF UTTARAKHAND**

**2.4 Subject Specific Compliance Audit on Pradhan Mantri Kaushal Vikas Yojana 2.0 (PMKVY 2.0)**

**2.4.1 Introduction**

Pradhan Mantri Kaushal Vikas Yojana 2.0 (PMKVY 2.0) was launched by the Ministry of Skill Development and Entrepreneurship (MSDE), Government of India (GoI) in July 2015. The aim of the scheme was to provide skilled training and employment to school/college dropouts and unemployed youth. This scheme was fully financed by GoI. The scheme has two components (i) Centrally Sponsored Centrally Managed (CSCM) (75 per cent) implemented by National Skill Development Corporation (NSDC) and (ii) Centrally Sponsored State Managed (CSSM) (25 per cent) implemented by Uttarakhand Skill Development Mission<sup>55</sup> (UKSDM). The subject specific compliance audit of PMKVY 2.0 highlights the shortcomings in planning, management, implementation, and monitoring of CSSM component in Uttarakhand State.

The CSSM component of PMKVY 2.0 was implemented in the state from April 2017 to March 2022. Secretary, Skill Development and Employment Department, Uttarakhand is the Chairman of the Mission. Project Director, Uttarakhand Skill Development Society (USDS) as Executive Officer is responsible for administration and implementation of the scheme.

To provide skill training, UKSDM empanelled 98 Training Partners (TPs) to provide trainings for 103 job roles spread across 25 sectors. The TPs were allocated targets to provide skill training to youth through their own designated Training Centres (TCs). After completion of the training, the candidates were required to be assessed and certified by the respective Sectoral Skill Councils (SSCs), a representative of autonomous industry. Training Partners (TPs) were also responsible to provide gainful employment to at least 50 per cent of successfully trained candidates within three months of completion of training. After achievement of above mentioned milestones, TPs were to be paid in three tranches<sup>56</sup>. TPs and SSCs are also required to enter/update real-time data of enrolled/ trained/ assessed/ certified/ placed candidates on the GoI portals<sup>57</sup>, which is to be monitored and verified by the State Government authorities.

**2.4.2 Audit Scope & objectives**

Audit has covered the component CSSM for the period of 2017-22 and examined the records of UKSDM. 20 TPs were selected (**Appendix-2.4.1**) for detailed scrutiny based on maximum number of enrolled candidates and payments made. Out of total 17,749 candidates shown placed by 98 TPs, 12,775 candidates (71.98 per cent) were shown placed by these 20 TPs. Telephonic and physical verification of employed

<sup>55</sup> Society registered in the year 2013 under the Registration Act 1860.

<sup>56</sup> On commencement of training 30 per cent, on successful certification of trainees 50 per cent, on placements of certified trainees 20 per cent.

<sup>57</sup> Skill Development Management System portal (SDMS) & Skill India Portal (SIP)

candidates and employer organisation located in Udham Singh Nagar and Haridwar district were also conducted<sup>58</sup>.

The objective of audit was to analyse, whether the implementation of the scheme was carried out as per the scheme guidelines and the outcome of providing sustainable employment to trained youth was achieved.

### 2.4.3 Audit Criteria

The audit was conducted with reference to the following criteria:

- Guidelines and operation manual of the scheme;
- Circulars issued by central government from time to time for the implementation of scheme;
- GoI portal, SDMS and SIP (Skill India Portal) and
- Physical and telephonic survey of employed candidates and employer organizations.

### 2.4.4 Receipt and utilization of funds

Ministry of Skill Development and Entrepreneurship (MSDE) sanctioned ₹ 74.26 crore (April 2017) to train 48,236 candidates under PMKVY 2.0 CSSM in Uttarakhand. However, the sanctioned amount was reduced to ₹ 61.99 crore (May 2019) when UKSDM could not achieve the training targets provided for the year 2017-18. UKSDM received entire revised sanctioned amount of ₹ 61.99 crore by May 2019 against which ₹ 60.18 crore<sup>59</sup> (97 per cent) had been utilized by May 2022. Details of financial and physical achievement of the scheme are given in **Table-2.4.1**.

**Table-2.4.1: Financial and physical achievement of the scheme**

(₹ in crore)						
Year	Receipt	Expenditure	Candidates enrolled	Candidates Trained	Candidates certified	Candidates Placed
2017-18	20.32	0.63	270	270	252	55
2018-19	0	12.55	13,251	13,098	10,891	5,673
2019-20	14.70	21.36	19,463	19,290	16,143	6,231
2020-21	15	15.31	15,285	15,277	12,008	5,748
2021-22	11.97	2.51	120	60	59	42
2022-23	0	7.82	0	0	0	0
<b>Total</b>	<b>61.99</b>	<b>60.18</b>	<b>48,389</b>	<b>47,995</b>	<b>39,353</b>	<b>17,749 (45.10)</b>

Note: Figure in parenthesis are percentage of total placed candidates against total certified candidates.

### Audit Findings

The audit findings are broadly enumerated in following paragraphs:

#### 2.4.5 Financial Management

The total training cost was calculated by multiplying total targets and average training costs per trainee. Along with this payout support was also to be provided to the candidates. Few instances of poor financial management are enumerated below:

<sup>58</sup> Telephonic verification of 502 and physical verification of 104 placed candidates.

<sup>59</sup> Payment to TPs for first & second trenches, payment to SSC and administrative expenditure.

#### 2.4.5.1 Creation of financial liability

MSDE released ₹ 20.32 crore as first instalment to train 13,200 candidates in 2017-18 and instructed that the training targets will be revised based on the performance of the year 2017-18. It was observed that the Mission did not achieve the target for the year 2017-18 and could train only 270 candidates by spending ₹ 0.63 crore. Accordingly, MSDE revised the financial sanction to ₹ 61.99 crore in May 2019 and instructed the Mission to revise its training targets as per revised sanction. However, the Mission did not revise its training targets and fixed the target (July 2019) of 34,750 candidates<sup>60</sup> to be trained in the next three years (2019-20 to 2021-22) as per original sanctioned amount, in anticipation of obtaining full amount. Due to this, the cost of training had increased from ₹ 61.99 crore to ₹ 80.80 crore and TPs were paid only for first and second tranche by spending ₹ 60.18 crore and third tranche amount could not be paid despite claiming successful placement of 17,749 candidates. Also, the candidates remained deprived of payout support as discussed in *Paragraph-2.4.6.2*.

The Government, in its reply, stated that Government of India had assured to release the extra fund. Reply of the government had to be seen in light of the fact that no such written assurance of GoI was found during audit.

#### 2.4.5.2 Undue benefits to Training Partners

During scrutiny, instances of undue benefits extended to Training Partners (TPs) were noticed as discussed below:

- 1. Excess payment of ₹ 2.34 crore:** Base cost for the training of candidates has been categorised in three categories<sup>61</sup>, according to the level of capital expenditure and operational expenditure for imparting training in a course. Audit scrutiny revealed that out of 20 selected TPs, 16 TPs were paid at higher rate of the first category for first and second tranches while the training was listed in second/third category. This resulted in excess payment of ₹ 2.34 crore. (*Appendix-2.4.2*).

The department in its reply stated that the payment to TPs were made as per first category rates because these courses are listed in first category in the GoI portal<sup>62</sup>. Reply is not acceptable because the category of only five training courses was upgraded to first category in 2022, however rest of the 14 training courses were still lying in category second/third and payments were made in the year 2020 as per first category.

- 2. Non recovery of ₹ 1.61 crore:** As per para 1.7.2 of the guidelines, the amount disbursed to the TP against dropped/ failed candidates in the first tranche shall be adjusted in the subsequent tranches. Scrutiny of records revealed that more than 90 per cent candidates of 130 batches<sup>63</sup> were dropped/had failed/were non-certified.

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<sup>60</sup> Till 2017-18 and 2018-19: 13,521 candidates were already enrolled.

<sup>61</sup> Category I @ ₹ 46.70, Category II @ ₹ 40.00 and Category III @ ₹ 33.40.

<sup>62</sup> www.skilindia.gov.in.

<sup>63</sup> 54 Batches of SDMS portal & 76 Batches of SIP Portal.

Thus, mission was required to adjust/ recover the first tranche amount of ₹ 1.61 crore (**Appendix-2.4.3**) from the concerned TPs, which was not done.

While accepting the fact, the Department replied that email was sent to all TPs, who were paid for first tranche but have not claimed for second tranche, to explain their position, after which legal action will be taken accordingly.

- 3. Diversion of Funds ₹ 25.73 lakh:** Training Partner, Skill Pro Technologies Pvt. Ltd and NIACE Foundation were paid ₹ 18.77 lakh and ₹ 6.96 lakh to provide training on General Housekeeping cum Domestic Cook and Data Entry Operator respectively. Audit found that entry of these job rolls against the said TPs was not found in PMKVY data on the portal.

The Government in its reply stated that the said batches were operated in the Employment Linked Skill Training Programme (ELSTP)<sup>64</sup>.

Thus, the reply indicated that the amount of ₹ 25.73 lakh had been diverted from PMKVY scheme (Centrally Sponsored) to ELSTP scheme (State Sponsored).

#### **2.4.6 Compliance of guidelines, rules, and instructions**

The following irregularities were found in compliance of guidelines, rules and instructions given by MSDE from time to time:

##### **2.4.6.1 Payment without Aadhaar validation of candidates and trainer**

As per clause 6.4 of Operational Manual for States, AEBAS (Aadhaar Enabled Biometric Attendance System) was a non-negotiable part of CSSM and an integral part of PMKVY 2.0. Accordingly, Aadhaar enabled biometric devices for capturing attendance data of trainees and trainers were mandatory at all TCs. Further, as per clause 1.4.2 of guidelines, the disbursement of training costs to TPs will be linked to Aadhaar validation of candidates and trainer.

Despite repeated requests, no record for installation of Aadhaar enabled biometric attendance system at TCs and biometric attendance of candidates / trainers was provided to audit. Thus, in the absence of data of biometric attendance of candidates/ trainers, veracity of trainings could not be established. This was further ingrained with beneficiary survey, as broadly discussed in **Paragraph-2.4.8**, where it was found that beneficiary candidates denied receiving any training/ certificate/ placement. Thus, without Aadhaar validation of candidates and trainers, TPs were paid ₹ 53.59 crore (May 2022) as training costs.

##### **2.4.6.2 Financial assistance to candidates**

To encourage youth to undertake training and facilitate their skilling, guidelines mandated different types of monetary and non-monetary assistance. Audit observed that no such assistance was provided to the candidates during 2017-2022 as discussed below:

- 1. Monetary reward not paid on successful certification:** As per Circular No. B-12012/1/2017-SNP dated 10 August 2018 issued by MSDE, a payout of ₹ 500 was to be paid to each successful certified candidate as monetary reward.

<sup>64</sup> ELSTP is a State funded skill development scheme launched in 2020-21.

However, no such reward was given to any of the 39,353 successfully certified candidates. This resulted in non-payment of monetary reward amounting to ₹ 1.97 crore to the eligible candidates.

- 2. Conveyance support:** As per para 1.7.5 of guidelines, upon successful completion and certification of non-residential skill training programs, all female candidates and Persons with Disability (PWD) were to be provided conveyance support as per prescribed rates<sup>65</sup>. Audit observed that conveyance support was not provided to any of the 22,314 female candidates (including one PWD). This resulted in non-payment of monthly conveyance support amounting to ₹ 2.23 crore<sup>66</sup> to the eligible candidates.
- 3. Post placement support:** As per para 5.8 of guidelines, post placement support would be provided to the newly skilled candidates at the rate of ₹ 1,500 per month<sup>67</sup> to get settled into their new jobs/vocations. Audit found that post placement support was not provided to any of the 16,489 placed candidates. This resulted in non-payment of post placement support amounting to ₹ 3.79 crore<sup>68</sup> to the eligible candidates.
- 4. Induction Kits and Handbooks:** As per Para 6.5 of Operation manual, States may devise a suitable and efficient process of supplying the induction kits along with Handbook to the Training Centers (TCs) for each enrolled candidate. However, out of total 48,389 enrolled candidates, Induction Kits were provided to only 7,525 candidates and Handbooks were provided to only 8,504 candidates.

The Department in its reply stated that instructions to provide monetary reward through DBT were received in 2018, by the time all the targets had been allocated and the verification of all enrolled candidates was impossible at that time. Moreover, no extra budget was made available by GoI to provide post placement and conveyance support to the candidates.

The reply was misleading as 72 per cent target (34,750 candidates) was allocated in July 2019 and the average training cost per candidate was inclusive of all the payouts to be provided to the candidates.

#### **2.4.6.3 Signing of contract/agreement with Training Partner**

As per Para 3.2 of Operational Manual for States, Post empanelment, a contract/ agreement may be signed between State Skill Development Mission and the respective Training Partner. However, no such agreement was signed with any empanelled TPs by the Mission. The Mission accepted that MoU was not signed with any of the TP, and it will be taken care of during the implementation of other ongoing schemes.

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<sup>65</sup> Training Centre within the District of Domicile ₹ 1,000 Per month, Training Centre outside the District of Domicile: ₹ 1,500 Per month.

<sup>66</sup> Amount calculated on the basis of candidates within district of domicile only as clear information of outside the district was not available.

<sup>67</sup> Placement within District of Domicile (Male-one month, female-two months), Placement outside District of Domicile (Male-two months, female-three months).

<sup>68</sup> Amount calculated on the basis of candidates within district of domicile 7,707 male candidates ₹ 1.16 crore & 8,782 female candidate ₹ 2.63 crore, as information outside of district was not available.

#### **2.4.7 Irregularities found in placement**

According to para 5.5 of guidelines, placement of the candidates is the primary responsibility of TPs and state authorities should ensure proper tracking and reporting of the placements. Under the scheme, 17,749 candidates (36.68 per cent) were claimed to have been placed against 48,389 enrolled candidates. Audit found serious irregularities in placement of candidates as discussed below:

##### **2.4.7.1 Submission of forged documents of placement**

Para 5.6 of PMKVY guidelines stipulates that valid proof<sup>69</sup> of placement of a candidate should be submitted to State authorities by the TPs on quarterly basis and it was the responsibility of State authorities to verify these documents, only after which the third tranche amount should be paid.

Scrutiny of records revealed serious discrepancies in the documents provided as a proof of placement by three TPs<sup>70</sup> i.e., in the bank statements of candidates there was not only absence of chronology of dates of transactions, but also same transaction numbers, same dates and same amount of money shown withdrawn in respect of different candidates, dates of transactions being invalid and in different formats, identical signatures on salary slips of different employees, different bank name in the bank statement and salary slip of a candidate, besides same account number for many candidates (*Appendix-2.4.4*). On this being pointed out, the Government accepted the fact and stated that records have been tampered by the said three TPs as pointed out by Audit. Accordingly, they have been debarred by the Secretary, Skill Development and Employment Department and verification of placement of candidates by other TPs had been started.

##### **Placement linked third tranche payment**

Third tranche payment was important to monitor the entire process of training at later stage because first and second tranche process were related to TPs only. However, in third tranche, documents of an employer were also to be linked, and documents for proof of employment cannot be forged.

The Mission had shown placement of 17,749 candidates in CSSM of PMKVY 2.0 scheme, but the third tranche was not paid to any TP till 31 March 2022. Audit noticed that in other skill training schemes of the mission like Employment linked skill Training Program (ELSTP), 3,431 candidates were placed and in Uttarakhand work force Development Project (UKWDP), 10,632 candidates were placed but third tranche payment was not made in any of these scheme.

##### **2.4.7.2 False information of Placement organisation**

Physical verification of employer organisation in two districts viz. U.S. Nagar and Haridwar was conducted by audit. In US Nagar district, the TP viz. Technopak Advisors Pvt. Ltd. claimed placement of 92 candidates in four different

<sup>69</sup> Appointment letter, salary slip issued by the employer and Salary payment proof in form of bank account statement or passbook entries etc.

<sup>70</sup> Technopak Advisors Pvt. Ltd., G D Goenka University, NIACE Foundation.

organizations<sup>71</sup>. However, none of these companies were found at the mentioned address. Similarly, in Haridwar district, TP Technopak Advisors Pvt. Ltd. & De Unique Educational Society claimed the placement of 278 candidates in seven different organizations<sup>72</sup>. During physical verification, though five of the organisations were found at the mentioned addresses but they denied the appointment of any candidates in their organization by the said TPs. Two companies were not found at the mentioned address.

Proper tracking of placement was the responsibility of UKSDM but the Mission neither ensured timely submission of complete documents for proof of placement by all the TPs, nor verified the documents submitted by the TPs.

On this being pointed out by Audit, the Government had not given specific reply on false information furnished by the TPs about employer organization.

#### **2.4.7.3 Zero/Nil Placements**

Para 5.4.6 of the guidelines states that the TP may be asked to discontinue the training in a particular job role if the placement is less than 50 *per cent* over the period of a year. Audit noticed that out of 98 TPs, 31 TPs had not provided even a single placement for the entire five-year duration of scheme (**Appendix-2.4.5**), despite that, the Mission did not take cognizance of the poor performance of these TPs. These TPs were paid total ₹ 3.89 crore for training of 5,610 candidates.

The Government in its reply accepted that lack of placement in Pradhan Mantri Kaushal Vikas Yojna is a major problem, for which the Central Government as well as State Government together are determined to make necessary changes in selection of Training Partners and training implementation with the aim of ensuring placement in future.

#### **2.4.8 MIS data of training/certification/ placement**

As per Chapter-8 of Operation Manual, States may use Management Information System (MIS) portal of National Skill Development Corporation (NSDC) or its own MIS to manage/ monitor the full training cycle of candidates. During the period of implementation of the scheme, the UKSDM has used MIS portal of NSDC, named Skill Development Management System (SDMS) from April 2017 and its new version Skill India Portal (SIP) from July 2019 onwards.

The calculation and payment of funds to Training Partners (TPs) and Sectoral Skill Councils (SSCs) was to be done based on data uploaded on the portals by the respective TPs and SSCs. The data includes details about trainings and placements managed by TPs and assessment/ certification made by SSCs.

Scrutiny of MIS data revealed many discrepancies as discussed below, which created suspicion over authenticity of the data uploaded on the portal:

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<sup>71</sup> EssKay Beauty Resources Pvt. Ltd. Jaspur (23 candidates), Bharat Electronics, Jaspur (23 candidates), Bansal Pathology Center Kashipur (22 candidates) and Dr. S.K. Arora Health Care Kashipur (24 candidates).

<sup>72</sup> Alpana Hotel (57 candidates), Hotel King (67 candidates), Hotel Vinayak (45 candidates), Looks Unisex Saloon (21 candidates), Max city Hospital, Manglaur (24 candidates), Max city Hospital, Udghalheri (24 candidates), Tailorn ladies Boutique (40 candidates).

- ✓ Total 511 candidates who failed or remained absent during the assessment were shown as placed by 41 TPs.
- ✓ Training for job role 'Plumbing' was given to 107 candidates at the Training Center 'Apex Computer Institute' which is a computer center.
- ✓ The same mobile number was used for more than one candidate at the time of enrolment.

Above instances indicate manipulation in the MIS data. Despite posting of MIS manager in UKSDM, no such discrepancies were investigated. To verify the authenticity of data entered by the TPs, audit conducted a telephonic survey of 502 candidates and physical verifications of 104 candidates claimed to have been placed in various companies. The survey revealed that:

- In telephonic survey 59 candidates (12 *per cent*) and in physical verification 16 candidates (15 *per cent*) denied attending any training under PMKVY scheme.
- In telephonic survey 121 candidates (24 *per cent*) and in physical verification 21 candidates (20 *per cent*) denied sitting in any assessment test.
- In telephonic survey 280 candidates (56 *per cent*) and in physical verification 84 candidates (81 *per cent*) denied getting any certificate on completion of assessment.
- In telephonic survey 495 candidates (99 *per cent*) and in physical verification all 104 candidates denied getting any placement/jobs.

UKSDM paid total ₹ 24.23 crore as the first tranche and ₹ 29.36 crore as second tranche to the TPs and ₹ 5.55 crore to SSCs without verifying the MIS figures which was in contravention of the rules. Contrary to the guidelines, mandated controls and checks such as Biometric attendance, full videography of assessment etc., were not in place/carried out to minimize the risk of fraud and full payment of first and second tranches was made. The Government stated that when the matter came into notice, service of an independent system developer had been taken to strengthen the security, and verification and approval of data in the portal. In future, the Mission will ensure that one of its representatives will be presented at the training center on the assessment date and full videography of batch assessment will also be ensured.

#### **2.4.9 Weak internal control system**

An effective internal control system provides reasonable assurance regarding compliance of rules, protects against fraud, abuse, & mismanagement and ensures availability of reliable financial and managerial information to higher authorities. Audit found that internal control system of the UKSDM was very weak and inadequate. A few cases highlighting the weak internal control system are as below:

##### **2.4.9.1 Lapses in Monitoring**

Para 10 of Operation Manual states that entire responsibility of implementation and monitoring of CSSM component lies with State government authority i.e., UKSDM. Due to ineffective discharge of responsibility by them, scheme was not operated as per the guidelines which resulted in irregularities like false data, fabricated training and placement as discussed above.

State authority did not issue checklists, conduct inspection and internal audit and did not institute a system of reports/ returns and its review which would have helped in detection of irregularities.

On this being pointed out by Audit, the Government had not replied.

**Misstatements by Sectoral Skill Councils (SSCs)**

The scheme guidelines clearly stipulate that it is the responsibility of SSC to ensure that only authentic and eligible trainees are assessed. SSC is to monitor the cases that indicate indulgence in unethical practices and in case of any issue/discrepancy, SSC is to immediately report the same to State Government for appropriate action. Also, appropriate financial penalty may be imposed on the SSCs, if SSCs were found involved in malpractices.

As elaborated in **Paragraph-2.4.8** above, 39,353 candidates were shown successfully certified and their assessment fees were claimed by SSCs, however some of the candidates did not attend any training and assessment. If the mission would have verified the claims of SSCs, it would have brought instances of malpractices at SSCs as well as TPs, to the notice of the Govt.

Thus, the weak monitoring mechanism of the mission not only enabled TPs to violate guidelines and inflate expenditure by providing fabricated documents but also affected the outcome of the scheme.

**2.4.9.2 Absence of Grievance redressal mechanism**

As per para 1.4.12 of the guidelines, an effective grievance redressal mechanism should be put in place and helpline numbers were to be provided on the website. However, Audit found that no such grievance redressal mechanism existed in the system. Moreover, records of complaints received, and their disposal were also not being kept by the mission. The telephonic assessment and physical verification of the placed candidates also revealed that candidates were unaware of any helpline number or any other mechanism to register their complaints.

The Government replied (March 2024) that now a Grievance and Complaint Redressal Committee under the chairmanship of PD, UKSDM had been formed<sup>73</sup> for disposal of complaints received from time to time.

**CM Helpline**

Audit checked the CM Helpline portal, where grievances related to any of the state department can be registered and found ten complaints related to PMKVY scheme in which candidates had complained about not receiving certificates and employment. Further, all the complaints related to blacklisted TPs, Technopak Advisors Pvt. Ltd. were shown as resolved by the District Employment Officer himself, without bringing the matter into notice of UKSDM, a nodal agency for overall implementation and monitoring of this scheme.

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<sup>73</sup> Through letter no. 241/USDS/C&CRC/382, dated 14 June 2023.

#### 2.4.10 Conclusion

The PMKVY 2.0 scheme was launched with the objective of providing skill/employment-oriented training to unemployed youth and school/ college dropout students. Audit noticed several deficiencies and absence of effective monitoring mechanism at all stages of implementation of scheme i.e., conducting of training, assessment and placement of candidates. On one hand, undue benefits were extended to TPs, on the other hand, candidates were denied financial assistance to which they were eligible. Due to weak oversight of the Mission, Training Partners submitted false MIS data and forged documents related to placement. The Mission did not verify the claims of TPs and SSCs, while many placements were found fake in physical verification by audit. The serious irregularities observed in placement of candidates also indicates that insufficient checks were exercised by the Mission during empanelment of Training Partners. Thus, implementation of PMKVY (CSSM) in Uttarakhand was mired with several internal control weaknesses and serious irregularities.

#### 2.4.11 Recommendations

*The State Government may consider:*

- i. Standard Operating Procedures may be adhered to and effective monitoring mechanism needs to be in place to provide skilled training and employments to unemployed youth;*
- ii. Checklists, conduct of inspections and internal audit, system of reports/ returns and its review may be enforced which will help in detection of irregularities;*
- iii. The claims of training, certification and placement submitted by all Training Partners and SSCs may be investigated to ensure their authenticity and strict action may be taken in respect of bogus claims.*

### TOURISM DEPARTMENT

#### 2.5 Subject Specific Compliance Audit on Infrastructure Development under Central Schemes of PRASHAD and Swadesh Darshan

##### 2.5.1 Introduction

Uttarakhand has a rich cultural, religious, and natural heritage which provides a huge potential for the development of tourism and job creation. There is a great scope and need to develop tourist destinations to attract tourists. In 2014-15, the Ministry of Tourism (MoT) launched two flagship schemes namely PRASHAD<sup>74</sup> Scheme with the objective of integrated development of identified pilgrimage and heritage destinations, and Swadesh Darshan Scheme (SDS) to develop theme-based tourist circuits<sup>75</sup>. Both schemes were fully financed by the Government of India.

<sup>74</sup> National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive.

<sup>75</sup> Tourist circuit is defined as a route having at least three major tourist destinations which are distant and apart. Circuit should have well defined entry and exit point so that a tourist who enters should get motivated to visit most of the places identified in the circuit.

### 2.5.2 Organization and Scope of Audit

The Secretary, Department of Tourism is the administrative head of the Department of Tourism. The Department executes its policies through Statutory Board, viz, Uttarakhand Tourism Development Board (UTDB). The Secretary of the Department is also the ex-officio Chief Executive Officer of the UTDB. Further, at field level there are District Tourism Development Officers (DTDO) for implementation of various schemes/ programmes of the department at the district level. The Department transfers its assets created under various schemes to Kumaon Mandal Vikas Nigam (KMVN), Garhwal Mandal Vikas Nigam (GMVN) and private parties on Public-Private Partnership (PPP) mode, as the case may be. The Department engaged various agencies like KMVN, Uttar Pradesh Rajkiya Nirman Nigam (UPRNN), National Projects Construction Corporation (NPCC) for implementation/ construction.

The Subject Specific Compliance Audit (SSCA) on Infrastructure Development under Central Schemes of PRASHAD and SDS was conducted during May 2022 to October 2022. 'Heritage Circuit' under SDS and 'Integrated Development of Kedarnath' and 'Integrated Development of Badrinath' under the PRASHAD scheme were selected for scrutiny. Records of the UTDB, UPRNN, KMVN, and NPCC were examined. Information was also collected from the DTDOs of the concerned districts. Apart from the above, joint physical inspections of the infrastructure created under the schemes were also carried out.

### 2.5.3 Status of the Schemes

Details and status of the schemes are given in **Table-2.5.1** below:

**Table-2.5.1: Status of the schemes**

Name of the Project	Sanctioned <sup>76</sup> cost	Fund released	Expenditure	No. of Works		Status
				sanctioned <sup>77</sup>	taken up	
<b>Heritage Circuit (SDS)</b>	76.32	67.62	68.91	68	67	Completed
<b>Kedarnath (PRASHAD)</b>	34.77	34.77	34.77	71	63 <sup>78</sup>	Completed
<b>Badrinath (PRASHAD) phase I<sup>79</sup></b>	20.31	20.79	12.49	12	12	Under progress
<b>Total</b>	<b>131.40</b>	<b>123.18</b>	<b>116.17</b>	<b>151</b>	<b>142</b>	

Source: UTDB.

### 2.5.4 Audit objectives

SSCA on Infrastructure Development under Central Schemes of PRASHAD and SDS was undertaken to ascertain whether:

<sup>76</sup> Revised sanctioned cost of the schemes.

<sup>77</sup> As per original sanction.

<sup>78</sup> Nine out of 71 components were dropped, and one new component was added under the project.

<sup>79</sup> State Government (SG) prepared a master plan to develop Badrinath Dham as a Smart Spiritual Hill Town and the development plan has been proposed in two phases. Accordingly, original sanction was revised into two phases in March 2022. The first phase of the revised sanction is covered in this SSCA.

- i. The components were identified, prioritized and planned as per the scheme design and objectives;
- ii. The projects were executed in an efficient, effective and coordinated manner, so as to achieve integrated development of infrastructure; and
- iii. A proper system for Operation & Maintenance of facilities developed under the scheme had been put in place by the Department.

### 2.5.5 Audit criteria

The main sources of audit criteria were:

- Scheme guidelines/instructions/circulars issued by the MoT;
- Instructions/circulars issued by the State Government/implementing agency;
- Conditions of the Sanction;
- CPWD/PWD Works Manual;
- Uttarakhand Procurement Rules 2008 (amended from time to time);
- Financial Handbook Volume VI, Government of Uttarakhand.

## Audit Findings

### 2.5.6 Planning

It was observed by Audit that there were many deficiencies at the planning stage and the same are discussed below: -

#### 2.5.6.1 Site selection/ land related issues

As per the scheme guidelines, the implementing agency was to ensure that the land to be used for the project must be free from all encumbrances.

Audit observed that due to non-availability of land and other issues related to site clearance, No Objection Certificate (NOC) from specified Authorities, etc, 10 out of 68 components of Heritage Circuit and 22 out of 71 components of Kedarnath Project, costing ₹ 50.33 crores were either dropped or their location/ scope was changed (*Appendix-2.5.1*). The summarized position is given in **Table-2.5.2** below.

**Table-2.5.2: Summary of components dropped or their location / scope was changed**

(₹ in lakh)

Name of Scheme	Particulars	No. of components	Cost
Heritage Circuit	Dropped cases	1	267.74
	Change in location	3	1,461.29
	Change in scope	6	932.69
<b>Total</b>		<b>10</b>	<b>2,661.72</b>
Kedarnath project	Dropped cases	9	69.07
	Change in location	10	1,368.24
	Change in scope	3	933.76
<b>Total</b>		<b>22</b>	<b>2,371.07</b>
<b>Grand total</b>		<b>32</b>	<b>5,032.79</b>

Source: Extracted from the records of the department.

The Government replied that government land was available at the time of submission of the DPR but at the time of execution, there were issues regarding the clearance of

lands. The reply confirms that due diligence was not ensured while conceiving the project/ finalizing DPR and that the Project Authorities submitted questionable declarations about the availability of encumbrance free lands.

Audit further noticed that expenditure incurred (₹ 3.94 crore) on five components of Heritage Circuit remained unfruitful due to wrong site selection. Hence the objective for which they were constructed remained unachieved, as detailed in **Table-2.5.3** below.

**Table-2.5.3: Wrong site selection**

(₹ in lakh)

Name of component	Cost	Reason causes unfruitfulness	Reply	Rebuttal
<b>Rest shelter at Baijnath</b>	21.93	Constructed within Tourist Rest House (TRH), Baijnath premises and so would only cater to guests of TRH.	Govt. stated that the said facility gives an unhindered view of Baijnath Mandir to all including public.	Reply is not acceptable as many visitors who are not TRH guests would be hesitant to use the said facility.
<b>Entrance gate at Devidhura</b>	13.99	Gate was not constructed on any road leading to the Bagwal mela ground.	Govt. stated that an entrance gate has been constructed at the place from where pilgrims walk to Mandir premises.	Reply is not acceptable as outsiders /non local residents cannot use it to access Mandir premises
<b>Viewpoint near Eco log hut at Baijnath</b>	13.42	Constructed at the level below the Eco log hut which made it more a sitting place than a viewpoint. Further it could cater to only TRH guests.	Govt. stated that the construction of viewpoint at a lower level was necessary as whole range of Himalaya is visible from there.	Reply is not acceptable as a better view of the Himalayan range is available from the Eco log hut itself which is at a slightly higher elevation.
<b>Eco log hut &amp; Admin block at Katarmal</b>	322.66	Constructed at an unfeasible location as discussed in <i>Case Study- 1 below</i>		
<b>Entrance gate at Baijnath</b>	22.10	The gate was constructed approximately five km away from the temple discussed in <i>Case Study -2 below</i>		

**Case Study-1: Unfruitful expenditure of ₹ 3.23 crore at Katarmal**

An Eco-log hut and Admin block were constructed near Katarmal Sun Temple after incurring an expenditure of ₹ 3.23 crore as a part of Heritage Circuit.

During joint physical inspection of the site (August 2022), it was observed by Audit that infrastructure was lying idle and inoperative since construction (April 2020) and was bereft of any furnishings of bed, furniture, kitchen, dining area etc. Incidentally, a Tourist Rest House (TRH) of the tourism department already existed at the same site (adjacent to eco-log huts) from 2005, which was also lying idle for the past 16 years. Thus, due to wrong site selection, the expenditure incurred (₹ 3.23 crore) on the construction of Eco log hut at Katarmal remained unfruitful.

The Govt. replied that expenditure is fruitful since Katarmal Temple is a world-famous Temple and owing to that facilities were created under Swadesh Darshan. Further, the land of the tourism department was also available there. The

reply had to be seen in light of the fact that the newly created infrastructure (Eco log hut) and earlier created infrastructure (TRH) were lying idle since inception.

### Case Study-2 : Baijnath Entrance Gate

Under Heritage Circuit, an entrance gate at a cost of ₹ 22.10 lakh was to be constructed at Baijnath. However, the said gate was constructed around five kilometers ahead of the site.

The Govt. replied that though, the government land was available at the time of submission of DPR, the gate could not be constructed at the original site due to issues relating to clearance of land.



**Kausani Road**



### 2.5.6.2 Delay in getting No Objection Certificate from the Archaeological Survey of India

As per the scheme guidelines, projects should be proposed on such land which is free from all encumbrances and for which all necessary clearances would be obtained in due course of time, to ensure timely completion of the proposed projects.

Three<sup>80</sup> out of four selected destinations<sup>81</sup> of the Heritage Circuit were around protected monuments which required NOC from ASI, before execution.

Audit noticed that the work of the Heritage Circuit got delayed beyond targeted timelines in the sanction order due to delayed receipt of NOCs<sup>82</sup> from ASI. Further, the department was constrained to reduce<sup>83</sup> the proposed scope of work amounting to ₹ 1.09 crore in Jageshwar (**Appendix-2.5.2**). These developments show that the proposals were submitted under SDS without ensuring necessary clearances.

The Govt. while accepting the fact<sup>84</sup> stated that same mistake would not be repeated in future.

<sup>80</sup> Baijnath, Katarmal and Jageshwar

<sup>81</sup> Baijnath, Katarmal, Devidhura and Jageshwar.

<sup>82</sup> October 2017 for Baijnath; July 2018 for Katarmal and August 2018 for Jageshwar site.

<sup>83</sup> After objections were raised by ASI

<sup>84</sup> Stated that had the NOC been obtained at the time of DPR submission there would not have been curtailment in proposed works

### 2.5.6.3 Cost escalation due to lack of proper ground survey

Scrutiny of records relating to the project “Integrated Development of Badrinath” revealed that the drawings were revised (March 2019) after the sanction of the project/DPR due to actual site conditions. This revision in drawings led to increase in the quantity of material and cost escalation by ₹ 8.44 crore of two components ‘Parking’ and ‘Pilgrimage Facilitation Centre (PFC) with Q Complex’<sup>85</sup>, as detailed in **Table-2.5.4**.

**Table-2.5.4: Details of cost escalation**

(₹ in lakh)					
Name of component	Particulars	Original cost	Revised cost	Change in cost	Cost increase in per cent
PFC with Q complex	Cost of work as per BoQ 2nd Lower Ground Floor	215.07	648.13	433.06	200
	Cost of work as per BoQ 1st Lower Ground Floor	192.74	331.26	138.52	71
	<b>Total (A)</b>	<b>407.81</b>	<b>979.39</b>	<b>571.58</b>	<b>140</b>
Parking	Cost of work as per BoQ Lower Ground Level	268.39	536.76	268.37	100
	Cost of work as per BoQ Ground Level	29.04	32.97	3.93	13
	<b>Total (B)</b>	<b>297.43</b>	<b>569.73</b>	<b>272.3</b>	<b>92</b>
	<b>Total (A+B)</b>	<b>705.24</b>	<b>1,549.12</b>	<b>843.88</b>	<b>120</b>

(Source: Extracted from records of NPCC & UTDB).

Thus, the DPR for the said project was prepared without proper ground survey. The Govt. stated that the DPR was prepared by the consultant after the survey of the site, but later on the drawings were revised after other facts came to notice (excessive snowfall etc.). The reply of UTDB itself substantiates the audit observation that a proper site survey (including topography of the site and heavy snowfall conditions) was not conducted before the preparation of DPR. This resulted into revision of the drawings which increased the cost of works by 70 to 200 per cent rendering an expenditure of ₹ 6.40 crore partially unfruitful, as discussed in **Case Study-3**.

#### **Case Study-3: Pilgrimage Facilitation Center with Q Complex at Badrinath**

To facilitate pilgrims coming to Badrinath, ‘Pilgrimage Facilitation Centre with Q Complex’ costing ₹ 10.90 crore, was sanctioned by MoT in April 2018. As per the DPR & drawings prepared by the consultant, a four-storey building of 4,865 sqm was to be constructed. Provisions of Dining area, Kitchen, waiting hall, help desk, fixed waiting chairs, cloak lockers, lifts, solar photo voltaic power generation system, solar water heating system, digital generator set, token queue area, etc. were included in the sanctioned DPR for pilgrims’ facilities.



<sup>85</sup> A building (named as Pilgrimage Facilitation Centre with Q complex in the sanction) was proposed for crowd management like virtual Que System and Dynamic Crowd Management with one way entry system for Darshans. The building was also proposed to avoid long hours of standing queues for Darshan

Audit observed that due to revision of drawings by the consultant, the cost of construction of the complex increased by 70-200 per cent and to prevent cost escalation, the revised estimates were prepared (costing ₹ 10.16 crore) for only two floors and all the above mentioned pilgrim facilities were not covered.

Moreover, the sanction for revised estimates was obtained from MoT by providing erroneous details of total area as 3,712.57 sqm while actual constructed area was 2,343 sqm.

As of March 2023, the infrastructure was still under construction and an expenditure of ₹ 6.40 crore had already been incurred. In the absence of proper space and pilgrim facilities, it would not be feasible to utilise the building as a 'Pilgrimage Facilitation Centre' rendering expenditure of ₹ 6.40 crore partially unfruitful.

The Govt. in its reply admitted that the revised sanction of the work was for 2,343 square metre area while 3,712.57 sqm area was wrongly reported. Regarding dropping of the items, it was stated that 'Pilgrimage Facilitation Centre' would be built under the proposed tourist management center in phase II of the Badrinath Project. So, the facilities were dropped from this building. On being asked about the purpose/plan of using the building, it was stated that the building will not be used as Q Complex and Facilitation Center. It was further stated that for its usage a plan has been made. However, no such plan was shared with the audit to confirm the fact.

#### 2.5.6.4 Deficiency in Operation and Management Plans

Details of arrangements made for the operation and management (O&M) of assets created under the Swadesh Darshan/ PRASHAD Schemes were to be submitted as an O&M Plan, while sending the proposal/ project to MoT. As per the O&M Plan, the states will be responsible for sustainable O&M of identified/developed projects under the scheme and will have necessary arrangements/agreements with public/private agencies for the same. Based on this O&M Plan, the MoT was to approve the projects.

Audit observed that the Department's O&M Plans were deficient, as detailed below:

- (A) No O&M Plan was submitted for the Kedarnath project.
- (B) A component was dropped after citing difficulty in its O&M (refer to *Case Study-4*)
- (C) It was found that almost all major components constructed under Heritage Circuit, Badrinath and Kedarnath project remained inoperative for 30 to

#### Case Study - 4

##### **Light & Sound Show in Baijnath**

A component "Light & Sound Show" at Baijnath costing ₹ 6.19 crore was proposed by UTDB and approved by MoT in September 2016. However, after 20 months of its approval, UTDB requested MoT to drop the component citing doubts about its successful operation and the possibility of non-maintenance. This indicates the casual approach of the department while proposing components without due diligence.

The Govt. while accepting the facts, stated that at the time of execution it was thought that problems will occur in its operation and maintenance. Therefore, the component was dropped. Thus, the reply the substantiated audit observation.

64 months after their construction. Some of the instances are also discussed in the subsequent **Paragraph 2.5.6.5**.

In response to the audit observation, the Govt. replied that handing over of assets for O&M is under process.

### 2.5.6.5 Utilisation of created infrastructure

Assets created under a scheme should be operated and maintained properly so that the intended objectives are fulfilled. Audit observed that due to wrong site selection and absence of proper O&M, 16 components under the Heritage Circuit costing ₹ 14.41 crore and 10 components costing ₹ 8.94 crore in the Kedarnath & Badrinath Project under PRASHAD remained un-utilized despite a significant lapse of time since their completion. The component-wise details of Heritage Circuit and Kedarnath and Badrinath Projects remaining in-operative are given in **Tables-2.5.5** and **2.5.6**.

**Table-2.5.5: Details of un-utilized and inoperative components of Heritage Circuit**

(₹ in lakh)

Scheme	Destination	Name of Component	Expenditure	Date of completion	Inoperative period as of July 2023 (in months)
Heritage Circuit under SDS	Jageshwar	Wayside amenities	131.03	October 2019	45
		Parking at Dandeshwar	127.90	July 2019	48
		Café	39.34	April 2020	39
		Toilet block	61.14	December 2018	55
	Katarmal	Open air theatre	33.84	April 2018	63
		Interpretation centre	175.23	November 2019	44
		Toilet block	24.34	April 2020	39
	Bajjnath	Mediation centre and Art gallery	123.70	June 2020	37
		Construction of Ghat (110 mtrs)	165.00	November 2019	44
		Interpretation centre	92.03	June 2020	37
	Devidhura	Amphitheatre	72.99	February 2020	41
	Wrong site selection at five locations	394.10	<i>Detailed in table 2.5.3</i>		
<b>Total of SDS</b>		<b>16 components</b>	<b>1,440.64</b>		

Source: Joint Physical Inspection.

**Table-2.5.6: Details of un-utilized and inoperative components under PRASHAD scheme**

(₹ in lakh)

Scheme	Destination	Name of Components	Expenditure	Date of completion	Inoperative period as of July 2023 (in months)
Kedarnath under PRASHAD	Augustmuni	Souvenir Shop	76.79	March 2019	52
		Interpretation Centre	11.45	March 2019	52
		Toilet Block	12.56	March 2018	64
	Rudraprayag	Jim Corbett Memorial	90.45	January 2021	30
		Interpretation Centre	194.26	March 2018	64
		Hardware component	255.00	March 2019	52
	Guptkashi,	Solid Waste Management	67.54	September 2018	58
	Ukhimath	Interpretation Centre	14.80	July 2019	48

Scheme	Destination	Name of Components	Expenditure	Date of completion	Inoperative period as of July 2023 (in months)
Badrinath	Badrinath	Solid Waste Management	147.50	October 2020	33
		Pious Waste Management	24.00	October 2020	33
<b>Total of PRASHAD</b>		<b>10 components</b>	<b>894.35</b>		

(Source: Joint Physical Inspection).

The Department stated (August 2023) that the operation of created infrastructure is underway. The reply of the department is self-explanatory that the infrastructure remained unutilised for 30 to 64 months. Some of the shortcomings mentioned in **Table-2.5.6** above are enumerated in subsequent paragraphs.

#### **2.5.6.6 Assets created by incurring expenditure of ₹ 2.39 crore for Solid Waste Management remained unutilised**

Two components of solid waste management were sanctioned under PRASHAD, one at Badrinath (under the Badrinath project costing ₹ 147.50 lakh) and another at Guptkashi (under the Kedarnath project costing ₹ 86.12 lakh). Besides that, one pious waste management component was also sanctioned for Badrinath (₹ 24.00 lakh).

Audit observed that both components of Badrinath and a major part of the component sanctioned for Guptkashi were inoperative. It is discussed in **Case Study-5**.

#### **Case study- 5**

##### **Assets worth ₹ 2.39 crore for Solid Waste Management remained unutilized**

Four vehicles<sup>86</sup> were procured (September 2018) under the Solid Waste Management component of Guptkashi under the PRASHAD scheme. During joint physical inspection (October 2022), the vehicles were found lying idle without any registration number in Ukhimath Parking. Rust was found on wheel nut bolts of vehicles indicating that the vehicles were inoperative for a long time. Three dumper placer containers procured with these vehicles were also lying unused. Further, 50 steel dustbins with stands procured under the component were lying unutilized in store for more than four years. Thus, the expenditure of ₹ 67.54 lakh<sup>87</sup> on procurement of the above items remained unfruitful.

<sup>86</sup> Jet cleaning vehicle, Sewer suction vehicle, Hydro garbage vehicle and JCB loader.

<sup>87</sup> Four vehicles costing ₹ 59.23 lakh, three dumper placer containers costing ₹3.75 lakh and 50 steel dustbins costing ₹ 4.56 lakh.

	
<p align="center"><b>Vehicle procured under SWM</b></p>	<p align="center"><b>Steel dustbin procured under SWM lying unutilised in the store</b></p>
<p>Similarly, under the Solid waste management and pious waste management components sanctioned in Badrinath under the PRASHAD scheme, solid waste machine (₹ 147.50 lakh) and pious waste machine (₹ 24.00 lakh) were procured in October 2020. On joint physical inspection (September 2022), it was observed that none of the machines were operational since procurement. Thus, machines worth ₹ 171.50 lakh remained idle for the last two years.</p>	 <p align="center"><b>Pious waste machines procured under Badrinath SWM</b></p>

The Govt. stated that the trial of the solid waste and pious waste management component of 'Integrated Development of Badrinath' had been carried out and handing over of same was under process. Similarly, solid waste management component of 'Integrated Development of Kedarnath had been handed over to District Panchayat, Rudraprayag and Nagar Panchayat, Ukhimath for operation and maintenance in June 2018 and October 2018, respectively.

However, the above mentioned assets of Badrinath were laying idle for the last two years due to their non-handing over for operation, while those at Kedarnath were found lying unutilized even after four years of handing over to user organizations during joint physical inspection in October 2022.

#### **2.5.6.7 Delay in taking over of constructed infrastructure**

Audit observed that UTDB did not take over the completed infrastructure (Table- 2.5.5 & 2.5.6) despite requests by executing agencies in January 2019 and afterwards. Thus, the infrastructure remained inoperative. In the absence of utilization, wear and tear of several components of the infrastructure was noticed during joint physical inspection. Finally, infrastructure created under the Heritage Circuit at Jageshwar, Katarmal & Baijnath was handed over to KMVN in September 2022 and

that of Devidhura to Ma Barahi Devi Mandir Samiti in July 2022. Audit found that the transfer of assets in respect of Devidhura was done without any Terms & Conditions (T&C) of O&M and revenue sharing arrangements.

The Govt. stated that due to lack of interest by private parties in operating the created assets, it was decided to hand over the assets created at Baijnath, Jageshwar & Katarmal to KMVN for operation. Department in its latest reply (August 2023), stated that even KMVN had shown its inability to operate the Katarmal property. So, the proposal to operate Katarmal and other in-operative properties through District Tourism Development Committees was in progress. The reply indicated that the department had delayed the taking over of completed infrastructure.

### 2.5.6.8 Inoperative basic facilities

The main objective of PRASHAD & Heritage Circuits (SDS) was the development of infrastructure facilities including basic ones like interpretation centres, toilets, etc. for the tourists. Further, as per the O&M Plan/undertakings, the State Government was responsible for their sustainable O&M (*refer to Paragraph-2.5.6.4*).

Audit noticed that most of the toilets, interpretation centres and buildings constructed under the above schemes were unutilized either due to lack of O&M plan or due to ineffective plans, as detailed below.

- i. Interpretation Centers are required for providing site-specific information to the tourists. Five Interpretation/Information Centres costing ₹ 4.88 crore were constructed at different locations under Heritage Circuit and Kedarnath Project. However, during joint physical inspection (August & October 2022), all the Interpretation centres were found inoperative and locked as detailed in **Table-2.5.7** below:

**Table-2.5.7: Details of in-operative interpretation centres**

(₹ in lakh)

Sl. No.	Destination	Cost	Month of completion	Inoperative since (in month as of July 2023)	Reply of Govt. regarding operation of Interpretation centre	Results of Joint Physical Inspection	
<b>Heritage circuit</b>							
1	Katarmal	175.23	November 2019	44	Baijnath & Katarmal are being operated by KMVN	All the Interpretation centers were found non-operational during joint physical inspection.	
2	Baijnath	92.03	June 2020	37			
<b>Total</b>		<b>267.26</b>					
<b>Kedarnath Project</b>							
1	Augustmuni	11.45	March 2019	52	provided to GMVN		
2	Ukhimath	14.80	July 2019	48	provided to Nagar Panchayat, Ukhimath		
3	Rudraprayag	194.26	March 2018	64	provided to Industries Department		
<b>Total</b>		<b>220.51</b>					
<b>Grand Total</b>		<b>487.77</b>					

Source: Based on joint physical inspection.

- ii. Clean, accessible, and functional toilets constitute a basic amenity, especially for female tourists. During joint physical inspection (August & October 2022) it was found that only four<sup>88</sup> out of eleven toilet blocks of Heritage Circuit and Kedarnath

<sup>88</sup> Three toilet blocks at Devidhura and one at Jageshwar.

Project were operational. Further, as per the latest information (August 2023) given by the department, out of seven non-operational toilet blocks four were still non-operational as detailed in **Table-2.5.8** below:

**Table-2.5.8: Details of in-operative Toilets**

Sl. No.	Destination	No of toilet blocks	Expenditure (₹ lakh)	Date of completion	Inoperative as of July 2023 ( in months)
<b>Heritage circuit</b>					
1	Jageshwar	2	61.14	December 2018	51
2	Katarmal	1	24.34	April 2020	34
<b>Total</b>		<b>3</b>	<b>85.48</b>		
<b>Kedarnath Project</b>					
3	Augustmuni	1	12.56	March 2018	64
<b>Total</b>		<b>1</b>	<b>12.56</b>		
<b>Grand Total</b>		<b>4</b>	<b>98.04</b>		

Source: Based on joint physical inspection.

On being pointed out by Audit, the Department stated that O&M of the toilet block near the Parking at Jageshwar and the Toilet block in Katarmal through the District Tourism Development Committee was under progress. Toilet block at Augustmuni was being operated with parking. The reply is not acceptable as during joint physical inspection, the toilet block was found inoperative / occupied for other purposes as shown in photographs below.



*Kedarnath project, Augustmuni: Gent's Toilet was used for storage purposes*



*Kedarnath project, Augustmuni: ladies s Toilet was used for kitchen purposes*

Thus, it can be concluded that the Department had failed to utilize the infrastructure created at a cost of ₹ 5.73 crore<sup>89</sup>. Further, toilets costing ₹ 0.13 crore built at Augustmuni, were not being used for intended purposes.

## 2.5.7 Execution

### 2.5.7.1 Delay in Completion of Projects

As per the sanction order of MoT, all projects were to be completed within 24 months from the date of sanction/ release of funds. Audit observed that none of the test checked projects were completed within the stipulated time. The details are given in **Table-2.5.9**.

<sup>89</sup> ₹ 4.88 crore (Interpretation/Information center) + ₹ 0.85 crore (toilet blocks at Jageshwar & Katarmal).

**Table-2.5.9: Status of Projects as of July 2023**

Name of Scheme	Date of sanction	Date of Completion		Total delay in months	Reason for delay
		Schedule	Actual		
Heritage Circuit	26.09.2016	25.09.2018	19.11.2020	25	Objection of ASI
Kedarnath Project	22.03.2016	21.03.2018	30.06.2021	39	Non-clearance of land
Badrinath Project	April 2018	September 2020 (24 months from fund release)	Under Progress	34 <sup>90</sup>	Unfavourable weather conditions, land issues, etc.

Source: UTDB.

The Govt. stated that the projects got delayed due to delays in obtaining NOC from ASI and other land related issues.

### 2.5.7.2 Non-compliance of Financial Rules

Financial Rules envisage that “Technical Sanction” (TS) must be obtained before the commencement of the work<sup>91</sup>. Further, as per the Uttarakhand Procurement Rules 2008/2017 (as amended) the award of work costing above ₹ 3.00 lakh/₹ 2.50 lakh should be given after following the procedure of open tendering. Further, as per the Government order dated 20 September 2012, a Memorandum of Understanding (MoU) had to be executed with the executing agencies for carrying out various construction works of government departments. The status of compliance against the above Rules is given in **Table-2.5.10**.

**Table-2.5.10: Compliance of rules**

(₹ in crore)

Name of Scheme	Name of executing agency	Cost of project	Status of		
			Technical Sanction	Tendering process	Memorandum of Understanding
Heritage Circuit	KMVN	76.32	Obtained	Followed	Not executed
Kedarnath Project	UPRNN	34.77	Not obtained	Not followed	Not executed
Badrinath Project	NPCC	20.31	Not obtained	Followed	Executed

Above table indicates that TS was not obtained by UPRNN and NPCC. Further, UPRNN did not invite tenders and works were executed on work order basis. The UTDB had not executed MoU with KMVN and UPRNN.

On being pointed out, the UPRNN stated that obtaining TS was under process, while NPCC did not give a proper reply. Regarding the tendering process, UPRNN replied that they have followed the directions of the Government of Uttarakhand (GoU) order dated 04 March 2014, which stated that outside State agencies would follow their own departmental rules. Regarding MoU, the Govt. accepted the audit observation. The reply of UPRNN is, however, not acceptable as the State Government’s Procurement Rules were statutory in nature and had an overriding effect over government orders/instructions.

### 2.5.7.3 Non-refund of interest earned - ₹ 2.33 crore

As per General Financial Rules 2017 {Rule 230(8)}, all interest or other earnings against the grant should mandatorily be remitted to the Consolidated Fund of India.

<sup>90</sup> Up to July 2023.

<sup>91</sup> As per para no. 318 of Financial Handbook volume VI.

Audit noticed that an amount of ₹ 2.21 crore was earned as interest (up to March 2022) on the schemes' (Swadesh Darshan and PRASHAD) fund, deposited in the bank accounts of the said schemes. Out of ₹ 2.21 crore, only ₹ 1.15 crore was remitted to the Consolidated Fund of India and the remaining ₹ 1.06 crore was deposited in the State treasury. Further, an amount of ₹ 1.27 crore<sup>92</sup> earned as interest by executing agencies on Scheme funds was lying with them. Thus, non-deposition of interest in the Consolidated Fund of India (amounting to ₹ 2.33 crore<sup>93</sup>) was in contravention of financial rules.

While accepting the fact it was stated by the Govt. that the process to refund the interest deposited in the State treasury to the GoI was in progress and directions have been issued to the executing agencies for refunding the interest earned.

#### **2.5.7.4 Inadmissible expenditure of ₹ 2.37 crore**

The scheme guidelines clearly mention that the scheme fund should be utilized only for the works sanctioned under the scheme.

Audit observed that an inadmissible expenditure of ₹ 2.37 crore was incurred in connection with "Heritage Circuit" as detailed below:

- KMVN spent ₹ 1.01 crore of the funds, on renovation and upgradation of Tourist Rest House (TRH) Baijnath and TRH Jageshwar, which were not part of the sanction.
- The executing agency KMVN, in contravention of the conditions of sanction, spent ₹ 1.36 crore on the salary of its employees.

The Government in its reply stated that renovation and upgradation of TRH Baijnath and Jageshwar had been executed from the sanctioned funds to make the scheme more useful. Further, centage charges<sup>94</sup> are provided to the executing agencies for the salary of the employees but, in the heritage circuit, centage charges were not paid to KMVN that is why it was charged as a contingency.

The reply is not acceptable because centage charges were to be borne by the State Government and the scheme fund should have been used for the purpose for which it was sanctioned.

#### **2.5.7.5 Undue benefit of ₹ 11.18 lakh to contractor**

As per the schedule of rates, RCC works below the plinth level and above the plinth level were ₹ 6,230.20 per cum and ₹ 7,074.30 per cum, respectively.

Audit observed that for the Parking in Baijnath under "Heritage Circuit", the executing agency KMVN, made payment to the contractor at the higher rate of ₹ 7,074.30 per

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<sup>92</sup> ₹ 37.70 lakh at UPRNN (executing agency of Kedarnath Project) and ₹ 89.63 lakh at NPCC (executing agency of Badrinath Project).

<sup>93</sup> Total interest earned ₹ 3.48 crore (₹ 2.21 crore by the Department and ₹ 1.27 crore by the executing agencies), out of this only ₹ 1.15 crore was remitted to the consolidated fund of India.

<sup>94</sup> As per precedence when one government department executes work of other government department it is being paid certain percentage of the total project cost as supervision, architectural and other charges for execution of the work.

cum for 1,026.68 cum RCC works of below plinth level. Thus, an undue benefit of ₹ 11.18 lakh<sup>95</sup> was given to the contractor by KMVN.

KMVN stated that an amount of ₹ 11.18 lakh had been recovered. But no documentary evidence for the same had been provided.

#### **2.5.7.6 Lack of Monitoring Mechanism**

As per the scheme guidelines of SDS and Sanction Orders of both the schemes, the State was to form a Monitoring Committee for the timely implementation of projects and to monitor physical and financial progress.

Audit observed that:

- State Level Monitoring Committee was formed (August 2019) 46 months after sanction of the first project<sup>96</sup> (for both PRASHAD and SDS). Further, no meetings were held by the said committee as of March 2022. Thus, the State Level Monitoring Committee did not fulfil its purpose.
- Lack of effective mechanism for monitoring the utilization of capital assets within the Department resulted in non-operation and non-maintenance of assets after construction.

On being pointed out by Audit, it was stated that the operation of the assets lay solely with the agency to whom the property had been provided for O&M. Further, constructed assets under the above schemes are being monitored through departmental meetings. However, documentation regarding the departmental meetings was not furnished to Audit.

Thus, delay in the formation of the Monitoring Committee, non-holding of meetings and the absence of any post-construction monitoring mechanism shows lack of effective monitoring mechanism in the department.

#### **2.5.8 Conclusion**

Many shortcomings were observed in planning of the projects. DPRs/ proposals were to be submitted after due deliberations such as after site surveys, ensuring encumbrance-free land and obtaining NOC from concerned agencies, which were not followed. Instances of cost escalation and unfruitful expenditure at Badrinath were observed due to lack of proper site surveys. A significant portion of the constructed infrastructure, including basic public amenities like toilet blocks, etc., were not taken over for a long period thus remaining unutilized. All the above mentioned deficiencies affected fulfilment of the objectives of the scheme.

#### **2.5.9 Recommendations**

*The State Government may consider:*

- *DPR, being the crucial part of any project, may be prepared based on actual site surveys, consultations, and necessary clearances from concerned stakeholders;*

<sup>95</sup> Including Hight index ₹ 2.42 lakh, Labour cess ₹ 0.11 lakh and subtracting discount of ₹ 0.02 lakh.

<sup>96</sup> Kedarnath Project under PRASHAD.

- *The site should be selected based on requirement, for which a database, on tourist influx, the survey of tourist facilities, and complaints/inputs from tourists may be prepared;*
- *Proper and successful Operation and Maintenance of infrastructure is the basis for the fulfilment of the objective of the scheme. Thus, proper O&M of created infrastructure may be ensured by the Department.*

## URBAN DEVELOPMENT DEPARTMENT

### 2.6 Expenditure of ₹ 8.06 crore on engagement of consultant

*The Department did not invite tenders and made payment to the consultant in contravention of rules resulting in irregular expenditure of ₹ 8.06 crore*

As per Rule 3 (1) and 3 (2) of Uttarakhand Procurement Rules, 2017, in all procurement procedures, transparency, competitiveness and fairness must be ensured, to secure best value for money. All procurements shall be made through tenders, unless exempted under these rules or under specific orders. Further, as per Rule 55 (2) of the said Rules, where the estimated cost of the work/service is above ₹ 15.00 lakh, an 'Expression of Interest' should be published in at least one national newspaper and the website of the Department/Organization.

The Uttarakhand Urban Sector Development Agency (UUSDA) is the Implementing Agency for all sub-project components of the Externally Aided Projects and State funded projects under Urban Development Department (UDD), Government of Uttarakhand (GoU).

During audit (February 2022) of the Programme Director, Uttarakhand Urban Sector Development Investment Programme (UUSDIP), it was observed that the Government of India entered into a loan agreement<sup>97</sup> (January 2013) with Asian Development Bank (ADB) for purposes of financing projects<sup>98</sup> under UUSDIP in the State of Uttarakhand. The said project required engagement of a consultant for Design & Supervision Consultancy (DSC) work. For this, the implementing agency UUSDA signed an agreement with the consultant<sup>99</sup> in July 2016 for DSC work, which was scheduled to be completed by July 2018.

Meanwhile, a new loan<sup>100</sup> for Urban Infrastructure Development was approved (March 2018), in principle, by the Government of India. This loan was approved against an externally aided project of water supply and sanitation/drainage sponsored by ADB. Since this was a new loan, it required fresh tender for the engagement of a consultant. However, UUSDA decided (May 2018) to utilise the services of the existing DSC<sup>101</sup>

<sup>97</sup> Loan Number 2797-IND.

<sup>98</sup> The project shall consist of: (a) Water Supply and Sewerage Infrastructure Improvement (b) Improvement of Operations and Maintenance of the Water Supply System in Nainital (c) Enhanced Project Planning, Management, Implementation and Transparency.

<sup>99</sup> M/s Tata Consulting Engineers Ltd. in JV with RODIC Consultants Pvt. Ltd.

<sup>100</sup> Loan Number 4148-IND was approved in-principle in March-2018. The agreement was entered into by the Government of India with ADB in December 2021.

<sup>101</sup> M/s Tata Consulting Engineers Ltd. in JV with RODIC consultants Pvt. Ltd.

for works under a new loan agreement, which indicated denial of opportunity to identify a new consultant.

The Department took three years to complete the tendering process and entered into a new agreement in April 2021 for engaging a new DSC. The old agreement was extended five times<sup>102</sup> between May 2018 to April 2021. An amount of ₹ 8.06 crore was paid to the said consultant during 2020-21 for work against the new loan.

Thus, a payment of ₹ 8.06 crore was made to the existing consultant engaged for the new loan agreement also without inviting tenders, which was irregular and in violation of Rules.

On this being pointed out, the Government replied (September 2023) that the process of procurement of new DSC had been started timely in 2018. Since it was necessary to complete the preparatory work timely for starting the works under the new loan agreement, the then DSC was given the extension of time for preparation of DPR and other related works, as suggested by ADB.

The reply is not acceptable as the agency did not float fresh tender under new loan agreement for selecting new DSC and gave extension to the old contractor five times covering a period of three years. The work under the new loan was carried out by the DSC already engaged, which was contrary to the Uttarakhand Procurement Rules.

## **2.7 Excess Expenditure of ₹ 75.49 lakh due to irregular purchase**

Uttarakhand Procurement Rules 2017 (clause 7 of chapter 1) provide that goods and items, which are identified as common user items and are needed on recurring basis by various Departments and agencies of the Government, shall be purchased on rate contracts concluded by the designated Central Purchase Organization of the State Government or Administrative Departments of the State Government. All details of such Rate Contracts should be kept on the website of the department/Government. The department/organization shall ensure that the rate contract prices do not exceed either market prices or the prices quoted in other similar rate contracts in other organizations and such rate contracts may ordinarily be concluded for one year at a time.

The Rule (clause 3 of chapter 1) further provides that efforts shall be made to bulk the demands as far as practicable so as to get advantage of lower rates and a demand shall not be split to bring down the value of procurement nor divided into small quantities to make piecemeal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand. It has also been provided (clause 35 of chapter 2) that all the departments should use E-procurement for purchase of goods/material and services for more than ₹ 2.5 lakh.

Scrutiny of records (August 2021) of Nagar Nigam, Rishikesh (NNR) revealed that Lime Powder, Bleaching Powder and Malathion Powder, which are frequently used in sanitation works, worth ₹ 1.01 crore, were purchased in a piecemeal manner during the year 2020-21 from a single vendor<sup>103</sup> on the basis of one-time quotation. Besides, no

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<sup>102</sup> January 2019, April 2019, January 2020, September 2020, and April 2021.

<sup>103</sup> M/s Himalayan Electrical & Civil Engineering works Rishikesh.

efforts were made to get advantage of lower rates and to procure the material through GeM portal.

Further, scrutiny revealed that NNR procured the said material at a price which was three to five times higher than the price available on GeM portal<sup>104</sup> resulting in an excess expenditure of ₹ 75.49 lakh, the details of which are given in **Table-2.7.1**.

**Table-2.7.1: Detail of excess expenditure**

(₹ in lakh)

Material	Piecemeal purchases during the year 20-21	Quantity (In Qntl)	Purchase Rate NN Rishikesh (per Qntl)	Value of material procured	GEM Rate (per qtl)	Value of material as per GEM Portal	Excess Expenditure
(1)	(2)	(3)	(4)	(5)=(3)*(4)	(6)	(7)=(3)*(6)	(8)=(5)-(7)
Lime Powder	22	1,455	0.035	50.93	0.009	13.10	37.83
Bleaching Powder	11	445	0.0588	26.17	0.01099	4.89	21.28
Malathion Powder	11	445	0.0548	24.39	0.018	8.01	16.38
<b>Total</b>				<b>101.49</b>		<b>26.00</b>	<b>75.49</b>

Further, it was also observed that in the year 2019-20, lime powder was being procured by NNR from other firms on quotation basis at the rate of ₹ 418.00 per quintal, and during 2020-21 lime powder was purchased at ₹ 3,500.00 per quintal which was more than eight times higher in comparison to the rates of 2019-20. Moreover, during 2020-21 in the neighboring Nagar Nigam Dehradun, lime powder and bleaching powder were purchased at ₹ 483 and ₹ 3,158 per quintal respectively.

In addition to this, audit scrutiny revealed that the said purchases were made in violation of Rule 123 of the Uttarakhand (Uttar Pradesh Municipal Corporation Act 1959) Amendment Act, 2017<sup>105</sup> as material worth ₹ 1.01 crore was purchased without proposal/approval of the Nagar Nigam Board.

On this being pointed out, the Government replied (November 2023) that due to Covid in March 2020, the process of granting administrative approval for purchasing from the GeM portal could not be completed. In order to protect public interest, the department had purchased the material not in pieces but following the prescribed procedure from where resources were available. Instructions were given to the supplier to apply lowest rates among rates given by the supplier and market/government rates.

The reply was not tenable because the department, without following the prescribed procedure, procured the material from a single source supplier at a price higher than that indicated on the GeM portal and made irregular purchases in piecemeal basis which shows that the Department did not comply with the Rules and did not implement a transparent, competitive and effective procurement process, which resulted in excess expenditure of ₹ 75.49 lakh.

<sup>104</sup> As of August 2021, Malathion ₹ 18.00 per kg.

<sup>105</sup> Applicable to the Urban Development Units of the State of Uttarakhand.

## 2.8 Subject Specific Compliance Audit on Management and Execution of Kumbh Mela works

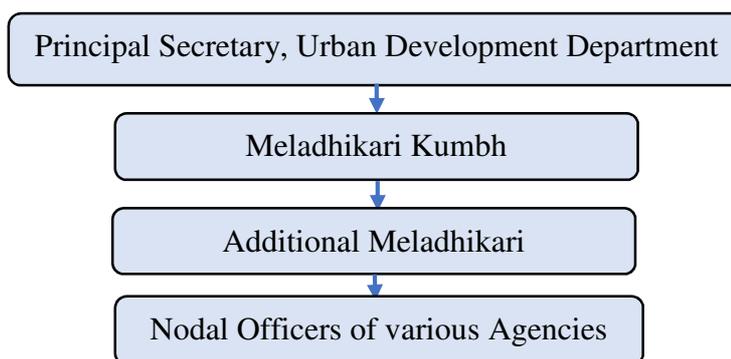
### 2.8.1 Introduction

The Kumbh Mela, which possesses deep religious significance to Hindus, is organized every 12 years in rotation across four cities viz. Haridwar (Uttarakhand), Prayagraj (Uttar Pradesh), Nasik (Maharashtra) and Ujjain (Madhya Pradesh). Every Kumbh Mela witnesses a large congregation of pilgrims. Thus, a number of initiatives are required to be taken to improve/create infrastructure, provide services and connectivity for its successful execution.

Kumbh Mela, 2021 was held at Haridwar from 01 April 2021 to 30 April 2021 on the banks of the river Ganga. For better administrative control and to provide better services to the pilgrims, the Kumbh Mela area was divided into 23 sectors falling in four districts<sup>106</sup> of the State. The infrastructure works and other services were undertaken by various State Government offices/local bodies under 19 Nodal Departments/ Offices<sup>107</sup>. The audit was conducted from November 2021 to January 2022 wherein records and other relevant documents relating to Kumbh Mela were scrutinized/analysed. The expenditure incurred against the grants allotted by the Urban Development Department of the State to the Meladhikari and the expenditure incurred from the funds allotted from Chief Minister's Discretionary Fund were covered under audit.

#### 2.8.1.1 Organizational set-up

The Urban Development Department (UDD) was the nodal Department for organising Kumbh Mela and the administrative Department for Mela Administration. The State Government appointed (June 2019) Kumbh Meladhikari to act as Chief Executive Officer of Mela Administration Office. Meladhikari, Medical Health was also nominated with the objective of ensuring complete health care of the pilgrims/ devotees and citizens visiting the Kumbh Mela. The organizational set up for Mela Administration of Kumbh Mela is given below:



#### 2.8.1.2 Establishment of Meladhikari Office

The Kumbh Mela is organised as per the provisions of the United Provinces Mela Act, 1938 (Mela Act). The State Government initiates planning for Kumbh Mela three-four

<sup>106</sup> Haridwar, Dehradun, Tehri and Pauri.

<sup>107</sup> PWD, Irrigation, RWD, Nagar Nigam, Health, Meladhishtan, Peyjal, Jal Sansthan, Electricity, Transport, Homeguards, Information, Home, Forest, DSO, Dairy, PRD, Culture, Tourism.

years before its commencement by appointing a District Magistrate level officer as Meladhikari whose powers and responsibilities have been ensured in the Act. For organising Kumbh Mela 2021, the State Government appointed District Magistrate, Haridwar as Meladhikari in June 2019.

### 2.8.1.3 Financial Management

For effective management and administration of the Mela which includes providing and creating permanent or temporary infrastructure/ services, renovation and connectivity to facilitate pilgrims and visitors, funds are allotted by the Centre as well as State Government. Against the total allotment of ₹ 819.80 crore (Central share ₹ 700 crore and State share ₹ 119.80<sup>108</sup> crore) for Kumbh Mela 2021, an amount of ₹ 806.15 crore was released to the Meladhikari. The Meladhikari further released ₹ 586.93 crore (73 per cent) to the executing agencies up to December 2021. The details of funds allotted and released to various departments have been shown in **Table-2.8.1**.

**Table-2.8.1: Detail of the funds allotted and released (up to December 2021)**

(₹ in crore)

Sl. No.	Department	No. of works	Sanctioned Amount	Funds released by State Government to Meladhikari	Funds released by Meladhikari to the executing agencies	Closing Balance
1	Public Works Department	107	226.02	225.63	189.25	36.38
2	Irrigation Department	38	181.39	179.84	146.70	33.14
3	Rural Works Department	18	23.45	23.45	20.34	3.11
4	Nagar Nigam	12	54.92	51.10	23.01	28.09
5	Mela Health	21	76.14	70.10	27.77	42.33
6	Mela Adhishthan	15	61.71	57.64	23.42	34.22
7	Peyjal	37	61.63	61.20	51.82	9.38
8	Jal Sansthan	15	23.73	22.58	16.67	5.91
9	Energy Department	23	59.27	44.92	28.58	16.34
10	Transport Department	4	6.57	6.57	4.36	2.21
11	Home-guards	2	7.75	7.75	6.97	0.78
12	Information department	3	5.33	5.33	2.86	2.47
13	Home Department	10	71.25	39.69	36.05	3.64
14	Forest Department	4	1.38	1.38	1.19	0.19
15	Food Supply Department	3	4.09	4.09	3.91	0.18
16	Dairy Department	1	0.35	0.35	0.27	0.08
17	P.R.D.	1	1.80	1.80	1.44	0.36
18	Culture Department	1	0.41	0.41	0.03	0.38
19	Tourist Department	1	2.32	2.32	2.28	0.04
<b>Total</b>		<b>316</b>	<b>869.51</b>	<b>806.15</b>	<b>586.92</b>	<b>219.23</b>

Source: Mela Adhikari.

From the above table it is evident that an amount of ₹ 219.23 crore (27 per cent) was still lying unutilised at the Meladhikari level as of December 2021.

The shortcomings noticed during audit are discussed in succeeding paragraphs-

## 2.8.2 Kumbh Mela Adhishthan

### 2.8.2.1 Parking of Funds in PLA/bank accounts

No public servant can withhold public money beyond the closing of a financial year except in PLAs which are operated under certain conditions. To facilitate this, the State Government instructed (September 2009) closing of all existing bank accounts and prohibited opening of bank accounts without special permission from Finance

<sup>108</sup> The amount of ₹ 119.80 crore included ₹ 52.05 lakh which pertained to last Kumbh Mela.

Department. Besides, the interest accrued on the bank accounts opened was required to be deposited in the Treasury immediately. Audit noticed that significant quantum of Kumbh Mela funds were being blocked in bank accounts. Scrutiny of PLA accounts revealed that 13 projects to be executed were cancelled and an amount of ₹ 36.99 crore, placed at the disposal of these projects, was not refunded to the State Government, resulting in parking of funds.

On this being pointed out, the Government, in its reply, stated (August 2023) that the amount lying in PLA had been transferred in March 2023 to the relevant head of State Government. The Government's reply is, however, silent on the delay in refunding the unspent amount once the projects for which funds had been released were cancelled. Further, the said action had been taken after blocking funds for more than 20 months. Records indicating action taken to refund unspent amounts to the Government of India, were not available.

### **2.8.2.2 Submission of incomplete Utilization certificates**

As per financial rules, any work is deemed to be completed only when the concerned executing agency sends the completion certificate and utilization certificate (UC) of the expenditure incurred against the amount received for that work to the competent authority.

Audit noticed that Meladhikari submitted utilisation certificates to the tune of ₹ 362.19 crore (released in the year 2019-20) to the UDD, which in turn forwarded the same to the Central Government as of February 2021. Cross verification with relevant documents revealed that the Meladhikari had released an amount of ₹ 345.87 crore to the executing agencies till that date. Thus, utilisation certificates issued were not based on actual expenditure incurred which clearly pointed out incomplete reporting by the Meladhikari to UDD as well as to the Central Government.

On this being pointed out, the Department stated (May 2023) that the UCs were sent to the Government/Government of India by the Mela Adhishthan based on the released amount. Further, the Government stated (August 2023) in its reply that instructions were issued (June 2023) to the Mela Adhikari to send the report to the Government with utilisation certificates after the reconciliation of funds released and expenditure therefrom.

### **2.8.3 Health & Family Welfare**

#### **2.8.3.1 Undue benefit to vendor in procurement of Magnetic Resonance Imaging (MRI) machine costing ₹ 9.50 crore**

To procure MRI machine in the Mela Hospital, an E-tender was floated (December 2020) by Meladhikari, Health.

During scrutiny of records, it was found that M/s Boston Ivy Healthcare Solutions, Private Limited, Mumbai was declared successful in the tendering process and

#### **Physical inspection of Mela Hospital, Haridwar (January 2022)**

Audit found that the facility of MRI was not available to the public due to non-deployment of radiologist even after the completion of Kumbh Mela (April 2021). The Medical Superintendent stated that a proposal would be sent to the Director General, Medical Health and Family Welfare, Uttarakhand for operational purposes.

purchase order for the said MRI machine was issued (February 2021) to the vendor for an amount of ₹ 8.92 crore (including GST). As per conditions of contract, if the supplier fails to deliver any or all the equipment or to perform services within the period specified in the contract, the purchaser shall deduct 0.5 *per cent* per week subject to maximum deduction of 10 *per cent* of the contract as liquidated damages.

Audit found that the company did not supply the MRI machine within the stipulated period (March 2021) and supply of the machine was made in October 2021. The machine could not be utilised for the purpose it was purchased which affected the objective of the said procurement. As per the conditions of the contract, the vendor was to be charged ₹ 89.20 lakh<sup>109</sup> as Liquidated Damages (LD) due to delay of 201 days (28 weeks) in supply, but Meladhikari, Health did not impose any LD on delayed supply, resulting in undue benefit to the vendor.

On this being pointed out, the Government stated (August 2023) that MRI machine had been purchased from State funds and not from Kumbh Mela Funds. However, purchase of MRI machine from State Government funds does not absolve Meladhikari- Health from his duty of imposing Liquidated Damages on delayed supply, when there were adequate provisions in the Contract in this regard.

#### **2.8.3.2 COVID testing during Kumbh Mela**

Scrutiny of records of Meladhikari, Health revealed that the State Government had arranged for free testing of Covid-19 for pilgrims/devotees attending Kumbh Mela without latest<sup>110</sup> negative RT-PCR test reports. Accordingly, the State Government directed Meladhikari, Medical Health to engage private laboratories for conducting maximum Covid-19 tests. Scrutiny of records revealed that 2,51,457 covid tests had been conducted during Kumbh Mela by the 10 empaneled laboratories. The deficiencies, noticed during audit, are discussed in succeeding paragraphs.

##### **(a) Irregularities in the selection process of private laboratories**

Uttarakhand Procurement Rules 2017{Rule 25 (e)} provide that the competent authority may decide to select the contractors by following the Expression of Interest/Request for Qualification (EOI/RFQ) route for the works which would require a high degree of technical skill and or involve complex or innovative technology. Under this methodology, eligible and prospective bidders are shortlisted. Further, to ensure a fair and transparent system of evaluation, the competent authority shall constitute a Committee which shall also include experts familiar with similar type of projects/technology.

Scrutiny of records revealed the following deficiencies in empanelling laboratories:

- No Committee was constituted for selection of laboratories to be empaneled. Instead, the Meladhikari himself selected/empanelled private labs.
- Observance of three major criteria set for shortlisting in the expression of interest viz (i) Certificate of integrity and non-blacklisting of the lab on a stamp paper of ₹ 100 (ii) Registration of lab under ICMR/Uttarakhand and

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<sup>109</sup> 0.5 *per cent* per week subject to a maximum deduction of 10 *per cent* of the contract price.

<sup>110</sup> 72 hours prior to the date of visit.

(iii) Declaration of daily testing capacity of the lab, was not ensured. These are highlighted in **Case Study 1**.

**Case Study-1**

- One of the empanelled Service providers “Max Corporate Services, New Delhi” had no lab of its own but was selected without assessing the authenticity of documents submitted by the said service provider. The service provider in his application form declared that the firm is authorized for RAT<sup>111</sup> and RT-PCR<sup>112</sup> testing and is recognized by the National Accreditation Board for Testing and Calibration Laboratories (NABL) and approved by the Indian Council of Medical Research (ICMR). However, audit found that instead of conducting tests, the firm had signed MOU with other firms for carrying out these tests (March 2021). Thus, incorrect information and false declaration was given by the service provider. Further, four labs submitted deficient documents<sup>113</sup> and did not fulfil the required parameters<sup>114</sup> but were empanelled by the Meladhikari.
- In the selection of labs, the last date of submission of application (as per EOI), was 15 January 2021. It was found that six private labs out of fifteen labs had applied in March and April 2021 and were authorized for testing.

On this being pointed out, the Chief Medical officer, Haridwar, while accepting the audit observations, stated that erstwhile Mela Officer (Health) had been suspended because of the irregularities conducted. The reply confirms that there was an irregular selection of the said firm for conducting RAT/RT-PCR testing.

**(b) Public health hazard due to delayed allotment of login IDs of ICMR portal**

According to the guidelines of ICMR, it was mandatory for all the labs to upload the Covid-19 test report in the ICMR database and report it to the state/district level authorities so that proper monitoring and contact tracing of patients could be done.

Audit noticed that request to the Chief Medical Officer (CMO) to generate the login ID in respect of five private labs was delayed by 3 to 25 days. The details are given in **Table-2.8.2**.

**Table-2.8.2: Details of RAT and RT-PCR test**

Name of lab	Start date of Testing	Issue date of login ID	Delay	Total tests done		Test conducted before issuance of login ID	
				RAT	RT-PCR	RAT	RT-PCR
Novus Path, Haridwar	09.03.2021	03.04.2021	25	51459	11808	16,190	4,631
DNA Path, Dehradun	03.04.2021	06.04.2021	03	19804	2894	761	0
Ficci Imaging, New Delhi	01.04.2021	05.04.2021	04	1426	5086	0	43
Max Corporate, New Delhi	01.04.2021	09.04.2021	08	118239	5782	31,907	800
Preferred Path, Roorkee	31.03.2021	06.04.2021	06	4260	696	142	32
<b>Total</b>				<b>1,95,188</b>	<b>26,266</b>	<b>49,000</b>	<b>5,506</b>

<sup>111</sup> Rapid Antigen Test.

<sup>112</sup> Reverse Transcription–Polymerase Chain Reaction.

<sup>113</sup> i. Dr. Remedy's Lab, Hyderabad: Affidavit on stamp paper along with application and proof of lab capability was not provided, ii. Anjali Lab, Haryana: No desired records with the application, iii. Hemo Genomic Pvt Ltd, Bangalore: Affidavit was not attached with the application and iv. Max Corporate Service, New Delhi: The application was not accompanied by the certificate of registration of the lab in ICMR/Uttarakhand, but the authorization letters of the other two labs (Dr. Lalchandani and Nalwa) were attached with it.

<sup>114</sup> (i) Certificate of integrity and non-blacklisting of the lab on a stamp paper of ₹ 100 (ii) Registration of lab under ICMR/Uttarakhand and (iii) Declaration of daily testing capacity of the lab.

Audit found that labs failed to upload timely the results of tests on ICMR portal, which included 43 covid positive cases. Further, no details were made available by two out of five labs.

On being pointed out, the Chief Medical Officer, Haridwar stated that all laboratories, except Max Corporate, had been registered in time but could not upload the report timely due to the extra workload. It was further stated that physical (offline) Reports were made available timely on the basis of which persons with positive (Covid) test were provided treatment.

The reply is not acceptable as there was no documentary evidence with regard to the claim of registration and timely treatment to Covid positive patients.

**(c) Suspicious/Irregular testing by laboratories**

During Kumbh Mela, testing<sup>115</sup> of 2,51,457 persons<sup>116</sup> was conducted by ten private labs empaneled by Meladhikari Health. Meladhikari Health could provide data of six labs covering 1,18,605 (47 per cent) persons<sup>117</sup> only. During Audit it was noticed that:

- Testing results of private labs and government labs differed for the same time period. For example, positive cases of RAT testing of six private labs ranged from 0.3 per cent to 6.5 per cent as compared to government labs where it was 7.7 per cent.
- The Secretary, Health directed (28 December 2020) concerned in charge to verify soft copy of the entire database related to RAT/ RT-PCR testing and daily registration register showing details of mobile numbers, identity cards and Aadhaar cards of the persons tested. However, these records were not available in the office of Meladhikari, Health. Thus, the authenticity of the tests could not be analysed. Payment of ₹ 341.20 lakh was made against total amount of ₹ 949.94 lakh claimed without any verification. The possibility of the concerned labs getting benefitted due to neglect of pre-payment verification by the Meladhikari, Health could not be ruled out.
- Entry of 448 persons (RAT: 378<sup>118</sup> and RT-PCR: 70<sup>119</sup>) was found in duplicate and an amount of ₹ 1.69 lakh<sup>120</sup> was claimed for the same, against which an amount of ₹ 0.66 lakh had been paid to two pathological laboratories<sup>121</sup>.

**Table-2.8.3: Bogus testing details**

Name of the Lab	RAT	RT-PCR
Ahuja Pathology, Dehradun	227	11
Novus Path, Haridwar	94	-
Preferred Path, Roorkee	1	-
<b>Total</b>	<b>322</b>	<b>11</b>

- On analysis and validation of testing data of the empanelled private labs provided by the Meladhikari-Health and the testing data of the same labs empanelled by the CMO during the Kumbh Mela period, Audit found that testing details of 333 persons of the same Specimen Referral Form (SRF)-ID (RAT: 322 and RT-PCR: 11) were claimed/

<sup>115</sup> RAT: 2,07,179 and RT-PCR: 44,278.

<sup>116</sup> Novus: 63,267, DNA: 22,698, Ficci: 6,512, Star: 1,933, Hindustan: 758, Max Corporate: 1,24,021, Preferred: 4,956, Ahuja: 19,100, Focus: 6,651 and Coro: 1,561.

<sup>117</sup> Novus: 63,267, DNA: 22,698, Star: 1,933, Preferred: 4,956, Ahuja: 19,100 and Focus: 6,651.

<sup>118</sup> Duplicate cases 56 and Bogus cases 322.

<sup>119</sup> Duplicate cases 59 and bogus cases 11.

<sup>120</sup> RAT @354 &RT-PCR @500 each.

<sup>121</sup> DNA and Novas path labs.

included in both the offices (Meladhikari-Health and CMO, Haridwar). The details are given in **Table-2.8.3** alongside. This indicates fake testing details included in both the offices without testing, which was a serious deficiency.

In addition to the above, five private labs claimed testing of 105 persons twice (RAT: 48 and RT-PCR:

**Table-2.8.4: Details of duplicate tests**

57). While Novus and Preferred Labs claimed RAT/RT-PCR testing by quoting the same SRF IDs twice in bills. Further, four private labs claimed

Name of the Lab	Duplicate SRF IDs		Duplicacy in names		Duplicacy in ICMR IDs	
	RAT	RT-PCR	RAT	RT-PCR	RAT	RT-PCR
Ahuja Pathology, Dehradun	-	-	2	22	-	-
DNA Path, Dehradun	-	-	23	14	2	-
Focus Imaging, New Delhi	-	-	-	-	3	-
Novus Path Lab, Haridwar	-	1	13	21	1	1
Preferred Path Lab, Roorkee	1	-	2	-	1	-
Star Imaging, New Delhi	-	-	8	-	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>48</b>	<b>57</b>	<b>7</b>	<b>1</b>

double Covid testing of eight persons (RAT: 07 and RTPCR: 01) with the same ICMR ID. The details are given in **Table-2.8.4** alongside.

On this being pointed out, the Government informed (August 2023) that erstwhile Meladhikari-Health had been suspended for irregularities in Covid testing.

#### **2.8.4 Irrigation Department**

The Irrigation department was allotted 31 works<sup>122</sup> to facilitate the pilgrims during Kumbh Mela 2021 to create permanent/temporary infrastructure which included permanent and temporary Road works and repairing/extension of Ghats. The observations pointed out during audit have been discussed below:

##### **2.8.4.1 Irregular award of work**

During the audit of Irrigation Division (ID) Haridwar, it was observed that an amount of ₹ 23.49 crore was sanctioned (September 2019) for the construction of Dhanauri-Sidkul link road on the right bank of the upper Ganga canal causeway. For timely completion of the work, E-tenders were invited for different reaches of the road and six agreements were entered into to carry out the said work.

During the evaluation of technical bid of one of the contracts<sup>123</sup>, the condition pertaining to submission of bid forms<sup>124</sup> had not been fulfilled by one of the bidders<sup>125</sup>. The said bidder, who should have been disqualified, was declared successful and the work was awarded to him. Thus, due to non-compliance of provisions of procurement rules, undue favour was extended to the contractor.

On being pointed out, the Government replied that the concerned Superintendent Engineer has been suspended.

##### **2.8.4.2 Undue favour to the contractor**

Para 3.16 - Volume-VI of the Uttarakhand Delegation of Financial Powers 2018, provides financial limits for entering into agreement by an authority. In addition, while

<sup>122</sup> Haridwar Division- 22, Narendranagar Division- 08 and Roorkee Division- 01 work.

<sup>123</sup> Contract No. 22/SE/2019-20 dated 19 December 2019 for ₹ 1.03 crore.

<sup>124</sup> Forms pertaining to Declaration and warranty.

<sup>125</sup> M/s Kumar Construction.

finalising the tender, all directions that are given in FHB (Vol-6) Chapter 14, FHB (Vol-5) Part 1 Appendix and Uttarakhand Procurement Rules, 2017 are to be observed/followed by the authority. Rule-369 of FHB (Vol-6) also provided that no individual contractor may receive a second contract in connection with the same work or estimate while the first is still in force, if the total sum of his contracts exceeds the powers of acceptance of the authority concerned.

Audit of the Irrigation Division, Roorkee revealed that to carry out widening and beautification work of Gang Nahar Kavand patti Road (from Jatwara Bridge to Mohammadpur Powerhouse) in district Haridwar (chainage km 6.260 to 51.910), two contracts worth ₹ 116.44 lakh<sup>126</sup> were signed by the Executive engineer with the same contractor at the same time (September 2019)<sup>127</sup> which was in violation of financial rules. Besides, there was a violation of financial powers as the maximum limit of the Executive Engineer to enter into a contract was ₹ 75.00 lakh only.

On this being pointed out, the Government replied that the objection was accepted by the department and it was intimated that after taking ex-post facto approval, it will be conveyed to the audit team and the government.

#### **2.8.4.3 Irregular selection of consultant**

Uttarakhand Procurement Rules 2017 (Rule 59) provide that Single source selection of consultants should ordinarily be avoided as it does not provide the benefits of competition, lacks transparency in selection and could encourage unacceptable practices. However, under some special circumstances, if it may become necessary to select a particular consultant, where adequate circumstances and justification is there to nominate such firm/consultant in the context of the overall interest of the concerned department/organization, full justification for single source selection should be recorded and approval of the Competent Authority should be obtained before resorting to such single source selection. For single source selection above ₹ 25.00 lakh, approval of the Administrative Department and concurrence of the Finance Department is necessary.

Scrutiny of records of Irrigation Division, Haridwar revealed that an agreement was signed in July 2019, between SE, Irrigation works circle, Haridwar and the Director, School of Planning and Architecture (SPA), New Delhi. As per the agreement, SPA was to prepare the comprehensive Landscaping Design of Astha Path at Haridwar and had to execute its development. During scrutiny it was observed that Secretary, Irrigation Department had given the instructions to appoint SPA, New Delhi as consultant but no justification for such single source selection was available in records. The consultant had been paid an amount of ₹ 26.00 lakh (excluding GST of 18 per cent), hence approval of the Administrative Department and concurrence of the Finance Department was necessary but no such approval or the consent of the finance department was sought.

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<sup>126</sup> Contract No. 07/EE/2019-20 (Job No. 02) ₹ 58.58 lakh, Contract No. 08/EE/2019-20 (Job No. 03) ₹ 57.85 lakh.

<sup>127</sup> Start and end dates of job no. 02 was 11 October 2019 and 10 February 2020 and job no. 03 was 19 November 2019 and 18 March 2020 respectively.

On this being pointed out, the Government replied that due to lack of knowledge of the said rules, consent of the financial department was not obtained, and will be followed in future.

It was self-evident from the reply of the department that the consultant was irregularly selected by the department without following the prescribed procedure.

#### **2.8.4.4 Diversion and Irregular Expenditure of ₹ 34.77 lakh on ghat works**

For repair work of Ghats<sup>128</sup> in Har ki paidi area, administrative approval for an amount of ₹ 45.51 lakh was accorded by the Kumbh Mela empowered Committee as per orders<sup>129</sup> issued (March 2021) by the Uttarakhand Government. However, no budget was released for this work by Mela Administration as financial sanction was not accorded by the Government of Uttarakhand.

It was further noticed that an amount of ₹ 34.77 lakh was incurred on the aforesaid work as additional items of work under a Contract (No. 14/SE/2020-21) pertaining to some other work worth ₹ 414.74 lakh by Irrigation division Haridwar.

On this being pointed out, the Government replied that said work has been done without the permission of the Mela Administration<sup>130</sup> and expected from the Meladhikari Haridwar that the adjusted amount of ₹ 34.77 lakh should be recovered immediately from the concerned department.

It was self-evident from the reply of the department that irregular expenditure of ₹ 34.77 lakh was incurred on Ghat works.

#### **2.8.4.5 Additional works of ₹ 173.70 lakh carried out without approval of Mela Administration**

As per the instructions of Kumbh Meladhikari (letter no. 437/KM/Technical Cell/2020-21 dated 22 June 2020), the design/drawing of the work should not be changed without the permission and approval of the Mela Administration and no attempt should be made to spend the savings elsewhere on any other item. Further, as per the Chief Engineer's letter no. 1,571 dated 20 May 2020, if, during site inspection, any partial modification is required in the approved drawing, a proper proposal should be prepared and approved by the competent authority as per rules.

Under Kumbh Mela 2021, an administrative and financial approval of ₹ 1,280.10 lakh was received from the government in August 2019 for the construction and strengthening work of the remaining Astha path in Muni-Ki-Reti area on the right bank of river Ganga in Narendranagar.

It was found that an additional landscaping work worth ₹ 173.70 lakh was carried out in the chainage 00 to 680 metres from saving of above sanctioned amount, by making changes in the approved drawing & design. Approval for this was not obtained from the Mela administration.

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<sup>128</sup> M.S. Angle, chain, huk, Tile, stone, railing, C.C. repair etc.

<sup>129</sup> Order No.668/IV-3/2020-04(02)/2021.

<sup>130</sup> Mela Administration was empowered to release budget to executing department, give technical sanction and monitor works.

On this being pointed out, the Government replied that the Chief Engineer of the concerned department has been directed to take post facto approval from the Meladhikari administration.

Thus, additional works of ₹ 173.70 lakh were carried out without prior approval/sanction.

## **2.8.5 Public Works Department**

### **2.8.5.1 Splitting of work and execution of work without sanction**

Uttarakhand Procurement Rules, 2017, (Chapter-I, Para 27) provide that a group of works which form one project shall be considered one work, and technical, administrative and financial approval from the competent authority should be taken as one work. The work should not be split just to avoid the procedure of getting the approval of the higher authority. It further provides (Chapter-II, Para 40) that no work shall be commenced, or liability incurred until administrative/ financial sanction have been received and funds to cover the expenditure have been provided by the competent authority.

Audit of records of the Executive Engineer (EE), Provincial Division (PD), Public Works Department (PWD), Haridwar revealed that an irregular sanction was accorded by the concerned authorities for 14 additional works (**Appendix-2.8.1**) costing ₹ 22.54 crore, of tentage/ barricading arrangement, temporary shelters and fire watch towers to be executed for Kumbh-2021. The sanction was accorded (March 2021) irregularly by the authorities<sup>131</sup> by splitting works within their delegated financial powers of ₹ 2.00 crore. However, financial/technical sanctions for the main works (₹ 7.81 crore) were issued (January 2021) properly (as group of works) from the level of competent authorities (the State Government and the Chief Engineer-PWD, respectively). Further, eight works costing ₹ 2.93 crore (**Appendix-2.8.2**) were also executed by two divisions<sup>132</sup> without having any financial sanction for the works.

On being pointed out, the Government replied that approval for these works was given by the State's Empowered Committee on 15 March 2021. However, documents indicating such approval were not made available during audit (February 2022) or during the Exit Conference.

### **2.8.5.2 Faulty planning**

During audit of Provincial Division, Public Works Department, Haridwar, it was noticed that the work related to construction and dismantling of two bridges was sanctioned for an amount of ₹ 14.08 crore and ₹ 4.36 crore respectively. In response, single tender for each work was received wherein the rates quoted and accepted by the department were higher by 27.33 per cent and 26.23 per cent respectively as compared to the departmental rates (**Appendix-2.8.3(A) and 3(B)**). A bridge is designed after taking into consideration various factors like geology of the surrounding area, the quantum of traffic expected, weather conditions, hydraulic data etc. and accordingly these factors have an influence in deciding the span of a bridge. After finalization of

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<sup>131</sup> Meladhikari and Executive Engineer/Superintending Engineer.

<sup>132</sup> PD, Haridwar (Sl. no. 1 to 7) and CD, Laksar (Sl. no. 8).

design of the bridge and approval of detailed project report/ estimate, there is least scope of change in quantities of items of work.

Scrutiny of records revealed that the department reduced the quantity (September 2020) specified in the estimate so that the overall cost of the project does not escalate. The reduction of the quantity clearly indicates that there was an overestimation in the project report of the bridge.

On this being pointed out, the Government informed (August 2023) that the observation raised is accepted by the department, therefore, the Secretary-PWD has been requested to take necessary action at his level.

#### 2.8.5.3 Short receipt of Steel to Stock from a temporary bridge worth ₹ 1.04 crore

The construction work of three temporary bridges was sanctioned (April & May 2020) at a cost of ₹ 21.72 crore. Out of these three bridges, a bridge<sup>133</sup> on River Ganga was constructed with 1,114.203 MT Steel (1,051.23 MT Steel was issued to the contractor<sup>134</sup> from divisional Store and balance 62.973 MT was directly procured by the contractor). As per the conditions of the contract, the bridge was to be dismantled after completion of the event and the entire quantity of steel material was to be deposited back to the Divisional Store.

Audit scrutiny showed that after completion of the event, the bridge was dismantled and only 974.223 MT Steel was deposited by the contractor against required total quantity of 1,114.203 MT Steel material issued/purchased for this work. Therefore, there was short recovery of 139.98 MT Steel costing ₹ 1.04 crore<sup>135</sup> from the contractor.

On this being pointed out, the Government informed (August 2023) that 27.773 MT Steel was not recovered from the site, cost of which (₹ 24.07 lakh) had been recovered from the contractor. However, partial recovery is not acceptable as 139.98 MT Steel was short recovered.

#### 2.8.5.4 Avoidable cost escalation of ₹ 5.52 crore for construction of temporary roads

Works relating to construction of 61.264 km temporary roads for various Kumbh Mela Sectors at Haridwar, costing ₹ 10.23 crore (with GST), were assigned to Construction Division (CD), PWD, Laksar under various sanctions accorded in March 2021.

The road length of 61.264 km was partly provisioned with Granular sub-base (GSB) material and the rest with Water Bound Macadam (WBM) as detailed in **Table-2.8.5**.

**Table-2.8.5: Cost difference between GSB and WBM**

Material used	Road length	Quantity (in cum)	Rate per cum	Total amount as per Estimate (without GST) (₹ in lakh)
GSB	10.74 km	11,814.00	656.70	77.58
<b>Total expenditure on GSB</b>				<b>77.58</b>
WBM II	50.524 km	21,253.49	1,914.80	406.96
WBM III	50.524 km	21,212.71	2,000.00	424.25
<b>Total expenditure on WBM</b>				<b>831.21 (Appendix-2.8.4)</b>

<sup>133</sup> Connecting the Gauri Shankar Island (*Taapu*) with Bairagi Camp.

<sup>134</sup> Under contract No.-21/SE-CC/2020-21 dated 12 October 2020.

<sup>135</sup> 139.98 MT @ ₹ 73,987.10 per MT.

There was no specific reason for provisioning different material in different lengths. Since laying WBM is almost three times costlier as compared to GSB, an excess expenditure of ₹ 5.52 crore<sup>136</sup> could have been avoided if the complete length would have been provisioned with GSB.

“The Division/State Government in its replies stated that the use of GSB for construction of temporary roads under the original work was not successful and WBM works had to be carried out at later stage over GSB at many places. It was also added that only 10-12 days’ time was given by the Mela Administration for execution of these additional road works, therefore, the department had no other option but to allow use of WBM as these materials are easily procured from local quarries/ crushers whereas use of locally available GSB material would take extra time for collection and grading. The reply was not acceptable as failure of GSB work could only be attributed to substandard execution of work by contractors, since use of both types of materials (GSB or WBM) are permissible under the technical norms (Specification No- 401 and 404) of Indian Road Congress for Road and Bridge works.

Thus, the use of costly material resulted in escalation of cost of works by ₹ 5.52 crore which was avoidable with proper planning/exercise of economical option and monitoring of execution of the works effectively.

#### **2.8.5.5 Charging of irregular expenditure (₹ 1.12 crore) on a Kumbh Mela work**

Road cutting charges are recovered by PWD on its roads in lieu of damages caused to any road/(s) being cut or dug by other user agencies for execution of their works. The respective territorial division of PWD carried out restoration work of damages from road cutting charges obtained from user agencies.

Under Kumbh Mela 2021, a work of renewal of Old Delhi Nitipass Road (including few other roads) in Haridwar City was sanctioned to the PD (PWD), Haridwar at a cost of ₹ 9.46 crore (October 2020). As per the sanctioned estimate of this work, existing Interlocking Cement Blocks (Tiles) placed on the shoulders of the road in 12,746.70 sqm were to be removed and reinstalled. But 90 *per cent* of existing Interlocking Tiles were found damaged at the time of execution of work due to laying of cables on roadside by UPCL, Reliance and other agencies. Resultantly only 1,475.34 sqm of existing Tiles were reused. The cables were laid by these agencies after permissions (NOCs) were issued by the Division (2020 & 2021) and after obtaining the required road cutting charges.

Audit found that PWD executed work of 14,570.56 sqm with new interlocking tiles as an extra work at a cost of ₹ 111.68 lakh<sup>137</sup> and the entire expenditure was charged to the work of Kumbh Mela 2021. This was irregular as this expenditure should have been charged to the fund of road cutting charges obtained from the concerned agencies. Specific reply was not given by the division/State Government for charging of this expenditure to the Kumbh Mela fund”.

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<sup>136</sup> 21,253.49 cum x ₹ 1,258.10 (₹ 1,914.80-₹ 656.70) = ₹ 267.39 lakh; 21,212.71 cum x ₹ 1,343.30 (₹ 2,000-₹656.70) = ₹ 284.95 lakh, Total = ₹ 552.34 lakh.

<sup>137</sup> [(14570.56 sqm x ₹ 690.90/sqm) x 99.05 *per cent*]+12 *per cent* GST = ₹ 1,11,67,705.14 or say ₹ 111.68 lakh.

#### **2.8.5.6 Short recovery of compensation of ₹ 1.87 crore for delay in execution of works**

Specific provision is included in every contract for liquidated damages (LD) to be imposed upon the contractor for delay in completion of work. In this connection, it was clearly directed (October 2019) by the EnC (PWD), Uttarakhand that computation of compensation/LD for the unjustified time shall be made as per specified rates of contract signed<sup>138</sup> subject to maximum ceiling of 10 *per cent* of the cost price.

However, it was found in case of 10 contracts of Kumbh Mela works at the PD (PWD), Haridwar that compensation/LD for delay in execution of works on contractors was imposed on discretionary basis by the competent authorities. This resulted in loss of ₹ 1.87 crore (**Appendix-2.8.5**) to the exchequer and undue benefit to the contractors to that extent.

On this being pointed out, the Government informed (August 2023) that the works were delayed due to delayed availability of sites and unsuitable weather conditions for execution of bitumen works, therefore, LD for the same was not appropriate.

The reply was not justified because the LD for any unjustified delay determined by the competent authorities of the department (on the part of contractor) should be in accordance with the provisions of the contracts signed and not on discretionary basis as observed in these cases.

#### **2.8.6 Police**

##### **2.8.6.1 Crowd Management and Crime Control**

Since crowd management and crime control are important aspects in large gatherings like Kumbh Mela, the Inspector General (IG) Police, Kumbh Mela proposed installation of Police Surveillance System (PSS) which would include CCTV cameras, automatic number plate recognition cameras, display boards and a public address system as its main components.

It was decided (February 2021) to install Police Surveillance System (PSS) consisting of CCTV cameras, automatic number plate recognition cameras, display boards and a public address system with use of artificial intelligence. This was a pioneering initiative in the use of state of art technology (artificial intelligence). It was found that PSS was set up in April 2021 at a cost of ₹ 9.12 crore. However, the shortcomings noticed in the set of PSS are discussed in succeeding paragraphs:

##### **(a) Deficient Operation of PSS**

The proposal for PSS included 310 cameras with various intelligent capabilities, five variable message display systems and an internet protocol based Public Address System. Scrutiny of records and logbooks of these cameras revealed a number of deficiencies as detailed in **Table-2.8.6**.

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<sup>138</sup> Clause-4 of GPW-9 or Clause- 46 of GCC.

**Table-2.8.6: Deficiencies in operation of PSS**

Issue	Observation
<b>Inadequate instruments/ set up</b>	The target of installation of 310 cameras was not achieved at the start of Kumbh Mela. The installation was at a very slow pace and finally the target was achieved at the end of Kumbh Mela (30 April 2021). (208 cameras on 05 April 2021, 271 on 20 April 2021 and 310 including 10 automatic number plate recognition cameras on 30 April 2021).
<b>Non-functioning of installed cameras</b>	All the installed cameras were not always functional. The percentage of non-functional cameras during mela period ranged from five to 51 <i>per cent</i> . Further, PSS lost access to all the installed cameras on 15 April 2021 from 04 PM to 05 PM due to breakdown of wires and disruption of the power system. The lack of a backup system highlights poor planning for such a significant event. Audit analysed the functioning of these cameras after the Kumbh Mela (May 2021 to January 2022) and found that the percentage of non-functional cameras had increased up to 55 <i>per cent</i> .
<b>Exposure of connectivity lines</b>	The PSS was an important tool of surveillance and hence, its connectivity lines should have been underground so that miscreants were not able to stop the system in any circumstances. Initially the proposal was for laying underground fiber cable wiring for the PSS which was turned down by the department.

On this being pointed out, the Government accepted (August 2023) the audit objections.

**(b) Lack of adequate training**

As the PSS was an advanced technology system, adequate training for its operation was required. It was noticed that no technical staff was posted in the control room and 12 workstations were being operated in shifts through nine temporarily appointed persons. These persons had been provided nominal training. It was also noticed that no report/return was being prepared in relation to the said system and incomplete information was available in the records.

On this being pointed out, the Government stated (August 2023) that the personnel working in PSS have been doing surveillance work for the last 10 years and the work of CCTV surveillance has been done efficiently by all the police personnel. The reply of the Government had to be seen in light of the fact that, during scrutiny of records of PSS, it was found that shortage of training programs and personnel deputed in PSS resulted in incomplete maintenance of records/data relating to PSS.

**2.8.7 Urban Local Bodies**

**2.8.7.1 Procurement of vehicles without prior assessment**

Funds to the tune of ₹ 18.71 crore were allotted to Nagar Nigam (NN), Haridwar and Nagar Palika Parishad (NPP), Shivalik Nagar, Haridwar by Meladhikari for various works to be executed for Kumbh Mela 2021.

During scrutiny of relevant records of the said Urban Local Bodies (ULBs), it was noticed that all the vehicles for consolidation and transportation of wastage in Kumbh Mela 2021 were not procured before the commencement of Kumbh Mela. It was found that the supply of these vehicles was made in piecemeal basis during the period of Kumbh Mela and one street loader was supplied even after the Kumbh Mela had concluded. The details of the vehicles purchased for Kumbh Mela 2021 but not utilized are shown in **Table-2.8.7**.

Table-2.8.7: Details of the vehicles purchased and their status of use

Sl. No.	Name of vehicle purchased	Qty. (in nos.)	Date of Supply	Amount (₹ in lakh)	Status of use
<b>NN Haridwar</b>					
1.	Nala Cleaning Machine with Tractor	04	20.04.2021	43.56	Due to technical fault in the machine, the vehicle could not be used in the Kumbh Mela
2.	Street Loader	01	20.05.2021	14.40	The vehicle was supplied after the completion of Kumbh Mela.
3.	Back Hoe Loader	01	12.04.2021	22.88	Not used
4.	E-Rickshaw	58	10.03.2021 to 19.04.2021	80.33	E-Rickshaws could not be used due to non-availability of driver
<b>NPP Shivalik Nagar, Haridwar</b>					
1.	E-Rickshaw	09	06.04.2021 to 21.04.2021	17.86	Not used in Kumbh Mela.
2.	Mini Tipper	05	08.04.2021	38.10	Not used in Kumbh Mela.
<b>Total</b>				<b>217.13</b>	

The above table clearly indicates that the ULBs purchased the vehicles to the tune of ₹ 217.13 lakh which were not utilized during Kumbh Mela. This possibly indicates procurement of vehicles to utilize available funds.

It was further noticed that expenditure of ₹ 17.86 lakh was incurred on purchase of E-Rickshaw by diverting ₹ 16.20 lakh from the scheme for provision of manpower for Solid Waste Management. No sanction/ approval was taken in this regard.

The four Nala Cleaning Machines with Tractor were received in April 2021. However, the supplied machines could not be used in Kumbh Mela 2021 as the size of the bucket used in the machine was not as per the requirements. On review of bidding documents, Audit found that the tender/ supply order did not mention required specifications. Further, no technical inspection of the machine was carried out which led to the procurement of items without use. Hence, the four machines costing ₹ 43.56 lakh remained idle.

On being pointed out, the audited entity, while accepting the audit observations, stated that the vehicles/machines could not be used during Kumbh Mela 2021.

### 2.8.8 Recommendations

*The State Government may consider:*

- (i) *The timely procurement and installation of equipment related to health and security for such events of mass gatherings;*
- (ii) *Optimal utilisations of procured vehicles.*

