

Chapter 6

Compliance Audit Observations (Departments)

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Women and Child Development Department

6.1 Extra payment of premium to Life Insurance Corporation under “Aapki Beti Hamari Beti Scheme”

Lack of mechanism to identify and weed out duplicate beneficiaries under the scheme during the processing of applications for approval and sanctioning of funds resulted in grant of multiple benefits to 7,402 beneficiaries, which led to extra payment amounting to ₹ 15.54 crore to LIC.

With an aim to improve the child sex ratio in the State, the Government of Haryana (GOH) notified (August 2015) operational guidelines in respect of *Aapki Beti Hamari Beti* Scheme (ABHB). The scheme is being implemented in the State covering the first girl child born in the families belonging to Scheduled Castes and all Below Poverty Line and second/twin/multiple girls born on or after 22 January 2015 in any family in Haryana. The scheme further included (March 2017) all families whose third girl child was born on or after 24th August 2015 to receive the benefits.

Under the Scheme, all beneficiaries receive one-time grant of ₹ 21,000. The money is invested with Life Insurance Corporation of India (LIC) in the name of the beneficiary through her mother/father/guardian by the office of the District Programme Officer (DPO). LIC issues a membership certificate in favour of each beneficiary enrolled with them. The maturity value of the investment was payable after attaining 18 years of age. As per para 10 of the notification of August 2015, the benefit could be withdrawn at any stage, if it was found that the benefit was sanctioned incorrectly.

As per procedure adopted by the Department, the beneficiaries are required to submit applications through SARAL portal. The applications are forwarded to Women and Child Development Project Officer (WCDPO) for verification of eligibility and checking of duplicacy. After scrutiny of applications, the applications are forwarded to concerned DPO for approval, sanctioning and depositing the amount with LIC.

During scrutiny of records at DPO, Sonipat (October 2022) and WCDPO Julana, Jind (November 2022), Audit noticed that the Department had made payments of one-time grant of ₹ 21,000 to LIC multiple times for a number of beneficiaries under the ABHB scheme. Thereafter, LIC data of other districts was also called for from O/o Director General (DG), WCD. Scrutiny of the data revealed that the State enrolled 3,60,188 girl beneficiaries for the period from

January 2015 to July 2022 and paid a premium of ₹ 756.39 crore¹ (₹ 21,000 for each beneficiary) to LIC. On application of duplicate filter² (on name, date of birth, name of their father and mother) on the data, audit found that 7,723 beneficiaries (**Appendix 6.1**) were registered more than once (two/three/four/five/six and nine times). Thus, multiple LIC certificates in 8,238 cases were issued to these 7,723 beneficiaries resulting in excess payment of ₹ 17.30 crore³.

It was noticed that the processes of ABHB scheme were not automated. Functions such as making list of beneficiaries, drawing funds from treasury and sending the list to LIC were done manually. Hence, there was no mechanism at district level to identify and weed out duplicate beneficiaries during the processing of applications for approval and sanctioning of funds.

The Department, while admitting the facts, stated (July 2023) that it had recovered ₹ 2.09 crore in 836 cases from LIC and were making continuous efforts for the recovery of the balance amount. The Department further stated that instructions had been issued to improve the IT system and assured to fix responsibility on the concerned officers/ officials for the same. The Department further intimated (September 2024) that it had recovered ₹ 6.79 crore in 1,966 cases, however, no details of recovery were provided.

Thus, due to lack of mechanism to identify and weed out duplicate beneficiaries under the scheme during the processing of applications for approval and sanctioning of funds resulted in grant of multiple benefits to 7,402 beneficiaries, which led to extra payment amounting to ₹ 15.54 crore⁴ to LIC.

The matter was referred (March 2023) to the Government for reply/comments; their reply was awaited (January 2025).

Recommendation: *The State Government should take steps to recover the excess payments made under the Scheme and plug the loopholes in the portal to prevent duplication of beneficiaries in future.*

Irrigation and Water Resources Department

6.2 Unfruitful expenditure on non-functional restaurant

The construction of a restaurant near Hathnikund Barrage Rest House without a prior firm plan of its utilisation and involvement of Tourism Department led to unfruitful expenditure of ₹ 1.74 crore.

As per para 2.1 of the Haryana Tourism Policy, 2008, tourism was treated as a multi-sectoral activity with effective linkages and close co-ordination among

¹ 3,60,188 beneficiaries x ₹ 21,000 = ₹ 756.39 crore

² Using IDEA software

³ ₹ 17.30 crore = 8,238 cases x ₹ 21,000 in each case

⁴ 8,238 – 836 = 7,402 beneficiaries x ₹ 21,000 = ₹ 15.54 crore

various Departments and Corporations. As per policy, Haryana Tourism Department was the nodal department for finalization of proposals for development and promotion of tourist destinations. Further, para 4.7 of the policy states that the lease/auction of land *etc.* for the tourism projects will be executed by the Haryana Tourism Corporation (HTC), as an agent of the State Government.

With an objective to develop the Hathnikund Barrage as a tourist hub, the Additional Chief Secretary to Government of Haryana, Irrigation and Water Resources Department, administratively approved (February 2016) the Renovation and Beautification of the park including construction of a restaurant at Hathnikund Barrage (project) at a cost of ₹ 15 crore. The project had provisions for construction of a restaurant, children's park and open platform, food kiosk, open air theater-cum-performance platform, children's rain shower point, *etc.*

During scrutiny of records (September 2022) of the office of the Executive Engineer (EE), Water Services Division, Jagadhri, Audit noticed that as a part of this project, Chief Engineer, Yamuna Water Services (N), Panchkula approved (December 2017) an estimate amounting to ₹ 1.42 crore for the work titled "Construction of restaurant near Hathnikund Barrage Rest House on Jagadhri to Ponta Sahib Road" which was revised to ₹ 1.57 crore (January 2021). Subsequently, after the bidding process, the work was awarded (May/October 2018) to an agency for an agreement amount of ₹ 1.60 crore⁵ with a completion time limit of seven months. The agency completed (February 2020) the work with *ex-post facto* time extension for an amount of ₹ 1.54 crore.

Further scrutiny of records revealed that after a delay of approximately 21 months, the Department invited (November and December 2021) tenders twice to lease out the restaurant/bar at a minimum reserve price of ₹ one lakh per month and security deposit of ₹ 25 lakh but no agency came forward. After non-participation of any agency in the e-auction process, the EE concerned submitted a proposal (March 2022) for relaxation in the terms and conditions of the Detailed Notice for Inviting Tenders (DNIT) quoting minimum reserve price as ₹ 0.50 lakh per month and security amount of ₹ 10 lakh to the Superintendent Engineer (SE) concerned. The SE returned the same with the directions to contact the Tourism Department to take up the matter of leasing out restaurant/bar. The Department thereafter requested (March 2022) the Tourism Department to take over the work of leasing out the restaurant with the same terms and conditions on which tenders were previously issued. Meetings between both the Departments were conducted (March and April 2022) to resolve the issue of leasing out the restaurant. On

⁵ ₹ 1.60 crore = Construction of Restaurant - ₹ 1.42 crore (May 2018) + Electric work of Restaurant- ₹ 0.18 crore (October 2018)

behalf of the Tourism Department, HTC agreed (August 2022) to take over the work for leasing out of bar/restaurant at Hathnikund Barrage in due course of time, once the adventure activities started at the site, anticipating better participation of bidders for bar/ restaurant after that.

Audit further observed that though the civil work of the project had already been completed, the horticulture work was still to be executed (April 2023). As per Tourism Policy of the State, the Department was required to *ab initio* involve the Tourism Department/ HTC to implement the project (May 2018) which was done 46 months (March 2022) after the start of the project and 25 months after construction of the restaurant. Audit also observed that an amount of ₹ 0.20 crore had also been incurred from February 2020 to July 2022 on the watch and ward of the restaurant.

On being enquired, HTC confirmed (January 2023) that the Irrigation & Water Resources Department did not consult the Corporation before taking up the project. Further, the HTC intimated that before conducting the feasibility study for the assessment of the viability of licensing out of restaurant/bar to a private vendor, the process to license out adventure/water sport activities at Hathnikund Barrage would be done. HTC floated a tender to license out adventure/water sport activities at Hathnikund Barrage (August 2022) but did not receive any bid for the same and a revised tender was being prepared. The Engineer-in-Chief of Irrigation & Water Resources Department stated (May 2023) that the work of construction of the restaurant was completed in February 2020. However, the matter to lease out the restaurant/bar was still in process with the Tourism Department. On further enquiry (September 2024) about the updated status, Executive Engineer, Water Services Division, Jagadhri intimated (September 2024) that the restaurant/bar was still to be leased out.

Thus, construction of the restaurant without a prior firm plan of its utilisation and involving the Tourism Department rendered the expenditure of ₹ 1.74 crore⁶ incurred unfruitful, while the intended benefits from the investment could not be derived (September 2024).

The matter was referred (February 2023) to the Government for their reply/comments. The reply was awaited (January 2025).

Recommendation: The Department should ensure conducting a feasibility study before taking up such projects in future. The State Government should take effective steps to lease out the restaurant and ensure that the tourism hub is functional at the earliest.

⁶ ₹ 1.74 crore = ₹ 1.54 crore (expenditure on project) + ₹ 0.20 crore (expenditure on watch and ward of restaurant).

6.3 Avoidable expenditure due to late deposit of funds

Due to lackadaisical approach of the Department in making payment of compensation to the landowners, inordinate delay of 1,593 days occurred in payment of enhanced compensation which led to avoidable interest burden of ₹ 2.07 crore.

Rule 2.10 (a) of the Punjab Financial Rules, Volume-I, also applicable in Haryana, provides that every Government employee incurring or sanctioning expenditure from the revenues of the State should be guided by high standards of financial propriety. Rule 2.10 (a) (1) further provides that every Government employee is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of the expenditure of his own money. Further, as per Section 23 of the Land Acquisition Act, 1894, total compensation payable to the landowners for acquisition of land includes the market value of the land, interest amount at the rate of 12 *per cent* per annum from the date of notification under Section 4 (1) to the date of award under Section 11 and a sum of 30 *per cent* (solatium) on such market value.

In order to acquire 13.22 acre land for the purpose of digging drain in Bibipur Lake from Escape SYL, Narwana Branch Canal to Saraswati Drain Head from RD 0 to 52,700, the District Revenue Officer cum Land Acquisition Collector, Kurukshetra (DRO-cum-LAC) announced (21 September 2011) an award of ₹ 3.57 crore⁷ for paying land compensation to landowners.

Aggrieved by the award, the landowners filed (May 2014) a court case in the Court of Additional District Judge, Kurukshetra (ADJ) for enhancement of compensation. The ADJ awarded (29 April 2016) an enhanced compensation at the rate of ₹ 27.60 lakh per acre alongwith other statutory benefits. In addition, the Court also directed that the landowners were also entitled for payment of interest at the rate of nine *per cent* per annum on the compensation amount for the period of one year from the date of taking over the possession and at the rate of 15 *per cent* per annum from the date of expiry of such period of one year till the payment is made or deposited in the Court as per Section 28 of the Act.

In June 2016, the Legal Remembrancer (LR) opined that the case was fit for appeal and forwarded (10 June 2016) the proposal to Advocate General, Haryana for filing the Regular First Appeal (RFA) against the enhanced compensation within the limitation period (which was expiring on 29 July 2016). The Advocate General, Haryana also requested (14 June 2016) the

⁷ ₹ 356.90 lakh = Cost of land: ₹ 264.37 lakh (@ ₹ 20 lakh per acre) + Solatium: ₹ 79.31 lakh (30 *per cent* of ₹ 264.37 lakh) + Additional Amount: ₹ 12.21 lakh (by calculating interest @ 12 *per cent* on ₹ 264.37 lakh upto 20 September 2011).

Executive Engineer (EE), Water Services Division, Kurukshetra to depute an officer for filing the RFA within the limitation period. Since the Department did not take any action as per the above opinion/advice, the Advocate General, Haryana again requested (November 2016 and April 2018) the Executive Engineer (EE), Water Services Division, Kurukshetra for deputing an officer for condonation of the delay and obtaining a stay on operation of the order.

After a delay of 760 days⁸, RFA was filed (August 2018) by the Department in the Hon'ble Punjab and Haryana High Court for stay alongwith condonation of delay. The Hon'ble High Court dismissed (14 September 2018) the stay application and ordered the Department to release the enhanced compensation amount to the landowners.

Thereafter, no action was taken by the Department towards payment of enhanced compensation till 15 July 2019 when EE, Water Services Division, Kurukshetra submitted the proposal for payment of enhanced compensation to Superintending Engineer (SE), SYL Circle, Ambala after a delay of 302 days⁹ which was forwarded by SE to Engineer-in-Chief (EIC), Irrigation & Water Resources Department, Panchkula. However, EIC returned the case directing (30 July 2019) the Superintending Engineer to take opinion from the LR for filing SLP in the Hon'ble Supreme Court. Again, no action was taken till 29 June 2020 when EE Water Services Division, Kurukshetra, sought opinion from LR for filing of SLP after delay of 333 days¹⁰. This time, the LR did not find (21 August 2020) the case fit for filing of SLP. After a delay of 198 days¹¹, payment of ₹ 747.31 lakh¹² was made (31 March 2021) to the ADJ, Kurukshetra.

During scrutiny of records of the office of Executive Engineer, Water Services Division, Kurukshetra (under the control of office of SE, SYL Circle, Ambala) for the period from September 2019 to July 2022, Audit observed (November 2022) that after announcement of compensation award by the ADJ in April 2016, no enhanced compensation was paid and no action was taken to file an RFA against the enhanced compensation despite the opinions/advice regularly given by the LR/ Advocate General Haryana. There was inordinate delay of 1,593 (760 + 302 + 333 + 198) for filing the RFA, submission of proposal to the higher authority, taking opinion from LR and payment of compensation to the landowners. This resulted in avoidable payment of interest of ₹ 2.07 crore¹³ on the enhanced compensation to the landowners.

⁸ Delay of 760 days is worked out from 1 July 2016 to 31 July 2018.

⁹ Delay of 302 days is worked out from 15 September 2018 to 15 July 2019.

¹⁰ Delay of 333 days is worked out from 30 July 2019 to 29 June 2020.

¹¹ Delay of 198 days is worked out from 22 August 2020 to 8 March 2021.

¹² Enhanced compensation: ₹ 316.78 lakh + interest amount: ₹ 430.53 lakh

¹³ ₹ 207.38 lakh = ₹ 316.78 lakh (balance amount to be paid to landowners as per award dated 29 April 2016) * 15 per cent* 1593/365 days.

On being pointed out, the Department stated (June 2023) that the delay was not intentional and there were two pending cases with similar names¹⁴. The case in question was found fit for appeal by the LR and the other case was not found fit for appeal by the LR. The opinion of LR of not appealing was mistakenly considered for this case by the Departmental officers/officials. Further, there was no delay, rather it was the procedural time required for completing the formalities like assessing legal heir of one deceased beneficiary, taking opinion from LR and calculating the interest portion.

The reply is not acceptable as the departmental officers/officials did not perform their duties promptly with due care. Due to this lackadaisical approach of the Department towards filing of RFA, submission of proposal to higher authority, taking further opinion from LR and making payment of compensation to the landowners resulted in inordinate delay of 1,593 days in the final payment of enhanced compensation which led to avoidable interest burden of ₹ 2.07 crore.

The matter was referred (February 2023) to the Commissioner and Secretary, Irrigation and Water Resources Department, Government of Haryana for their reply/ comments. The reply was awaited (January 2025).

Recommendation: The State Government may consider fixing responsibility of concerned officials/ officers for inordinate delay in compensating the landowners.

Urban Estate Department

6.4 Excess payment of compensation to landowners for their acquired land

There was excess payment of compensation of ₹ 3.42 crore to landowners due to erroneous measurement of land published in the Award. The Department has failed to recover the overpaid amount along with the interest of ₹ 3.25 crore.

Section 9 (1) of the Land Acquisition Act, 1894 provides that the Collector¹⁵ shall cause public notice to be given at convenient places on or near the land to be taken, stating that the Government intends to take possession of the land, and that claims for compensation for all interests in such land may be made to him.

Section 13A of the Act provides for correction of clerical errors. The Collector

¹⁴ Case No. LAC 24 of 2014 titled Mahinder Singh vs State of Haryana (present case) and Case No. LAC 69 of 2015 titled Mahinder Singh vs State of Haryana (other case).

¹⁵ The “Collector” means the Collector of a district and includes a Deputy Commissioner and any officer specially appointed by the State Government to perform the functions of a Collector under the Act.

may, at any time but not later than six months from the date of the award, or where he has been required under Section 18 to make a reference to the Court, before the making of such reference, by order, correct any clerical or arithmetical mistakes in the award or errors arising therein. The Collector shall give immediate notice of any correction made in the award to all the persons interested. Where any excess amount is proved to have been paid to any person as a result of the correction made under sub section (1), the excess amount so paid shall be liable to be refunded and in the case of any default or refusal to pay, the same may be recovered as an arrear of land revenue.

During scrutiny of records (February 2023) in the office of Land Acquisition Officer, Gurugram it was noticed that notifications under Sections 4 and 6 of the Land Acquisition Act, 1894 were issued on 7 August 2013 and 31 July 2014 respectively for acquisition of land of 108.09 acres in the revenue estate of Shikohpur, Tehsil Manesar, Gurugram for development of roads of Sectors 75 to 80, Gurugram. Award under Section 11 was announced on 29 July 2016 with rate of ₹ 4.65 crore per acre for 106.54 acre.

As part of the acquisition, land measuring 2 Bigha 19 Biswa and 12 Biswansi (1.8625 acre) from Khewat No.197/263-264 was acquired as detailed below:

Sr. No.	Khasra No.	Rakba		
		Bigha	Biswa	Biswansi
1.	1744 min	0	3	2
2.	1745 min	0	13	10
3.	1746 min	1	2	0
4.	1764 min	1	1	0
	Total	2	19	12

However, there was only 10 Biswa land that existed in Khasra No.1746 min as per records (Jamabandi) of Revenue Department and as per data provided in the affidavits of two landowners. However, in the Award document, it was published as 1 Bigha, 2 Biswa, (total 22 Biswa). Due to this, excess payment in respect of 12 Biswa i.e. 0.375 acre (22 Biswa-10 Biswa) amounting to ₹ 3.42 crore was made to the landowners on 29 September 2016. From the documents available in the file, notices under Section 13A of the Act were found to be issued only on 22 January 2020. Thereafter, only one reminder notice was given on 12 September 2022 to these landowners for depositing the above excess amount with 15 *per cent* interest. No effective action was taken by the Department for recovery of the excess amount paid to the landowners after issue of above notices despite the landowners giving affidavit for refund of compensation along with interest within a week if any adverse claim for part of the land was proved in the eyes of law. Thus, an amount of ₹ 3.42 crore as extra compensation was paid to the landowners. In addition to this, the Department was liable to recover interest of ₹ 3.25 crore from 30 September 2016 to 31 January 2023 (till the date of audit) on overpaid amount of compensation which is as below:

(₹ in crore)

Name of Landowner	Share	Amount paid	Amount to be recovered	Interest @ 15 per cent
Sh. Ram Niwas	1/3	6.80	1.37	1.30
M/s Freeson Propbuild	1/6	3.40	0.68	0.65
M/s Girdhar Propbuild	1/3	6.80	1.37	1.30
Sh. Mahipal, Sh. Satpal, Ms. Mammi	1/6	2.72	These payments had been made correctly in March 2020.	
Total		19.72	3.42	3.25

The Land Acquisition Officer (LAO) Gurugram failed to provide documents as to when the irregularity came to notice, first notice was issued to landowners or status of recovery from landowners and correspondence with Deputy Commissioner regarding recovery of the above amount as land revenue under Section 13A of the Act.

Thus, the Department has failed to recover the excess compensation amounting to ₹ 3.42 crore and interest of ₹ 3.25 crore from the landowners.

The matter was referred to LAO, Gurugram (February 2023), Additional Chief Secretary, Urban Estate Department, Government of Haryana (March 2023) and Director General, Urban Estate Department (September 2024) for their reply/comments. Neither the LAO nor the Department furnished reply to the Audit observation (January 2025).

Recommendation: The Department may expeditiously recover the excess amount paid along with interest and also consider fixing responsibility of erring officials/officers for not taking appropriate action for recovery from landowners.

6.5 Avoidable payment of penal interest due to delay in payment of enhanced compensation

Delay in payment of enhanced compensation on the decision of the Court in Gurugram and Faridabad has led to avoidable levy of penal interest amounting to ₹ 83.04 crore.

Section 28 of the Land Acquisition Act, 1894 provides that interest at the rate of nine *per cent* per annum is payable for one year from the date on which possession was taken and interest at the rate of 15 *per cent* per annum shall be payable from the date of expiry of the said period of one year till the date of actual payment.

Further, Chief Administrator, Haryana Shehri Vikas Pradhikaran (HSVP) had also issued (3 December 2010) directions to all Land Acquisition Officers (LAOs) that the claim of enhanced compensation should be submitted within three months from the date of award of the court after observing all the legal formalities to avoid interest liability on delayed payment to the landowners.

Hon'ble Supreme Court of India in its decision dated 5 September 2017 in SLP Nos. 8024-8074/2017 related to 11 villages had directed to pay the amount within four months from the date of judgement.

During the test check of records (February 2023) of the office of the LAO, Urban Estate, Gurugram for the period January 2018 to November 2022, it was noticed that in 32 cases, payment of enhanced compensation had not been made to landowners within the scheduled time period i.e. within three months as per HSVP directions of December 2010. However, in nine cases, Hon'ble Supreme Court has given four months for making payments. The delay in payment of enhanced compensation to 32 landowners resulted in avoidable payment of penal interest amounting to ₹ 55.17 crore (*Appendix 6.2*).

Similarly, 135 cases of non-payment of enhanced compensation within three months of date of award of court as per HSVP instructions of December 2010 have been noticed during the test check of records (February 2023) of LAO, Faridabad which resulted in payment of penal interest amounting to ₹ 27.87 crore in these 135 cases (*Appendix 6.3*).

A few cases having significant delays, ranging between 32 months and 82 months, are detailed below:

(₹ in crore)

Sr. No.	Land Acquisition Case No.	Date of Decision of Court	Payment of interest up to	Delay from the date of decision after deducting prescribed 90/120 days' period	Principal Amount	Penal interest @ 15 per cent on delayed payment
Gurugram						
1.	1448/10	30 May 2018	30 September 2022	48 months	10.59	6.37
2.	1450/10	30 May 2018	30 September 2022	48 months	15.18	9.13
3.	540/10	30 May 2018	30 September 2022	52 months	5.11	3.31
4.	338/11	1 November 2019	30 September 2022	32 months	7.83	3.13
5.	341/11	1 November 2019	30 September 2022	32 months	6.39	2.56
Faridabad						
6.	62/14	18 March 2015	30 November 2021	77 months	0.78	0.75
7.	62/14	18 March 2015	09 June 2021	72 months	0.26	0.23
8.	98/15	06 April 2015	30 April 2022	82 months	0.91	0.93
9.	300/10	08 November 2017	30 April 2022	52 months	2.23	1.42
10.	187/10	13 February 2017	30 April 2022	60 months	0.06	0.04

The main reasons for delay in disbursement of payment noticed were due to delays in:

- Calculating the amount of enhanced compensation by the LAOs.
- Uploading the calculation alongwith details of landowners on the bank portal by the LAOs.
- Submission of cases by Zonal Administrator-cum-Additional Director, Urban Estates for approval of Chief Administrator, HSVP.
- Releasing the funds for payment to the bank by Chief Controller Finance, HSVP.

In respect of 3 cases¹⁶, LAO, Gurugram replied (June 2023) that payment was uploaded on the portal twice, but Chief Controller of Finance (CCF), HSVP had rejected the same twice (in December 2019 and in March 2022). Finally, payment could be made in June 2022 and October 2022.

The LAO's reply is only partly acceptable as there was delay on the part of LAO also; the LAO had uploaded the calculation for payment on the bank's portal after a delay of 15 to 27 months from the date of decision in these three cases.

During the exit conference (June 2023) with Additional Chief Secretary, Town and Country Planning Department, it was intimated that payments were delayed due to non-availability of funds with HSVP. Audit noticed that HSVP was availing Cash Credit Limit (CCL) from banks and as on 31 March 2023, CCL of ₹ 7,011.31 crore availed at interest rate of 7.30 to 7.75 per cent per annum was lying unutilised. HSVP could have decreased the interest liability by making payment of compensation bearing higher interest rates by utilising CCL on lower interest rates.

Thus, delay on the part of LAOs in uploading the payment details on the banks' portal, delay in submission of cases by Zonal Administrator-cum Director Urban Estates for approval of Chief Administrator and delay in releasing payment by CCF, HSVP led to avoidable payment of penal interest amounting to ₹ 83.04 crore in the test-checked cases.

Recommendation: The State Government may consider examining all the cases of penal interest payments to comprehensively evaluate the magnitude of irregularity and to formulate a robust mechanism for avoiding delays in payment of enhanced compensation.

Haryana Shehri Vikas Pradhikaran (HSVP)

6.6 Non-recovery of sewerage charges and application of incorrect tariff rates for water consumption

HSVP failed to recover ₹ 32.67 crore due to non-raising of sewerage bills (₹ 15.08 crore) and application of incorrect water tariff (₹ 17.59 crore) during April 2018 to March 2022.

Chief Administrator, Haryana Shehri Vikas Pradhikaran (HSVP), Panchkula vide notification (January 2018) revised water and sewerage tariff in areas under the jurisdiction of HSVP with effect from 1 January 2018.

During audit (October 2022) of the office of the Chief Information Technology Officer (CITO), HSVP, Panchkula, the data of water and sewerage billing

¹⁶ Kartar Kaur LAC No. 1448/2010, Kartar Kaur LAC No. 1450/2010 and Indira LAC No. 540/2020

system of all categories¹⁷ of consumers for the period April 2018 to March 2022 under the jurisdiction of HSVP was analysed.

Following irregularities were noticed during examination of the data in audit:

(i) Non-raising of sewerage bills

As per notification (January 2018), bills for sewerage (at the rate of 20 *per cent* on water charges) were to be raised along with water bills with all categories of consumers. Audit observed that in case of 45,138 consumers, HSVP did not raise sewerage bills as a part of water bills during April 2018 to March 2022. HSVP raised water bills of ₹ 75.43 crore to these 45,138 consumers during that period but had not raised sewerage bills of ₹ 15.08 crore¹⁸ resulting in non-recovery of sewerage charges to that extent.

On being pointed out by Audit, the Executive Engineer-cum-Nodal Officer, HSVP Division No. II, Panchkula stated (April 2023) that some consumers had taken water connections and occupied the houses after taking occupation certificate from the competent authority but did not take sewerage connection. Therefore, sewerage bills were not raised by HSVP. The Chief Administrator (HSVP) replied (June 2023) that instructions had been issued (May 2023) for issuing notices for disconnecting the sewer connection of defaulting consumers and getting them regularised after recovering penalty of ₹ 20,000 per connection¹⁹ and outstanding bills from January 2018 to date. Further, notices had been issued to the 27,584 defaulting consumers of HSVP. It was informed that the number of defaulting consumers who had not deposited the sewerage charges had been reduced to 34,214, of which 6,630 fell in the jurisdiction of the Municipal Corporation. On further enquiry about the updated status, Chief Engineer HSVP intimated (September 2024) that number of defaulting consumers is reduced to 23,149 and recovery from these defaulting consumers would be calculated at the time of regularisation of connections. The reply is not satisfactory as sewerage charges of ₹ 15.08 crore (20 *per cent* of the raised water bills of ₹ 75.43 crore) were recoverable as per notification, *ibid*, for the period April 2018 to March 2022. Moreover, since sewerage connection is a necessity for occupying a newly built house, it is not possible to obtain occupation certificate from the competent authority.

¹⁷ (i) Residential- plotted; (ii) Residential Group Housing Societies; (iii) Institutional; (iv) Industrial; (v) Commercial, *etc.*

¹⁸ ₹ 15.08 crore = ₹ 75.43 crore x 20 *per cent*.

¹⁹ Rate prescribed by the HSVP (June 2009) for compounding the violation of unauthorised sewerage connection.

(ii) Application of incorrect water tariff on bills

As per revised tariff rates applicable from April 2018, water bills for residential metered connection holder consumers were to be raised at rates as detailed in **Table 6.6.1**.

Table 6.6.1: Revised water tariff applicable with effect from 1 January 2018

Water consumption	Water Charges per KL (in ₹)	Applicable rates for monthly consumption
Up to 20 kilo litre (KL)	2.50	First 10 KL
	5.00	Above 10 KL and below 20 KL
Above 20 KL and up to 30 KL	8.00	Flat rate for total water consumption
Above 30 KL	10.00	

During analysis of data relating to bills generated for water charges, it was observed that bills in respect of 1,59,761 domestic consumers, where water consumption was more than 20 KL, were prepared by applying slab rates (at the rate of ₹ 2.50 for first 10 KL and ₹ five per KL for next 10 KL i.e above 10 KL & up to 20 KL) instead of applying flat rates at the rate of ₹ 8/₹ 10 per KL on total water consumption. Due to application of incorrect rates in generation of water bills, ₹ 17.59 crore²⁰ could not be recovered by the HSVP.

The Chief Administrator, HSVP replied (June 2023) that bills were being raised incorrectly as there was no inbuilt provision in the software to raise bills as per slab rates as indicated in the notification. Further, bills for arrears on account of incorrect application of slab rates will be raised in the billing cycle started w.e.f. 10 June 2023 and it was expected that recovery would be made without any delay.

Further, Chief Engineer, HSVP stated (September 2024) that the software has been updated to raise the bills as per slab rates in accordance with notification *ibid* with effect from April 2023.

Thus the slab rates were applied incorrectly for consumers having water consumption of more than 20 KL in a month resulting in non-recovery of revenue of ₹17.59 crore.

The matter was referred (4 May 2023) to Additional Chief Secretary, Town & Country Planning and Urban Estate Department, Government of Haryana for their reply/comments. Their reply was awaited (January 2025).

Recommendation: The State Government may consider introducing a robust, automated billing system to prevent discrepancies and ensuring timely recovery of dues.

²⁰ The figure of ₹ 17.59 crore was worked out by calculating differentiating amount at the rate of ₹ 8 and ₹ 10 for the water consumption more than 20 KL but less than 30 KL and more than 30 KL respectively. The annual increment as provided in the 2018 policy has not been taken into account while calculating the amount.

Public Health Engineering Department

6.7 Avoidable loss due to irregular denial of claim for extra work done

Irregular denial of claim for the extra work done resulted in arbitration award in favour of the agency which led to unnecessary litigation and consequently, resulted in an avoidable loss of ₹ 86.49 lakh to the State exchequer.

Paras 6.5.1 and 6.5.6 of the Haryana Public Works Department Code provide that the Divisional Officer of the division is responsible for the execution and management of all the works within his division.

Para 16.19 of the Code provides that the Engineer-in-Charge, with the approval of the competent authority, may order variations as per provisions of the contract. It *inter alia* enables the Engineer-in-Charge to increase or decrease the quantity of any work and change levels, lines, positions and dimensions of any part of the work. However, steps shall be taken to minimise the incidence and adverse effect of variations by preparing plans and specifications with good care and in sufficient detail and ground levels shown in the drawings should tally with those at the site.

A work titled “Providing Sewerage Scheme Hathin Town District Palwal - Design, construction, erection, testing & commissioning of Main Pumping Station, 4.5 MLD capacity Sewage Treatment Plant (STP) & Sullage carrier etc. at Hathin Town, District Palwal” was allotted (December 2011) to M/s Bansal Construction Co., Gurugram at an agreement amount of ₹ 4.38 crore with a completion time limit of 12 months i.e. up to December 2012. The agency started the work in December 2011 and completed it in December 2014.

During scrutiny of records (December 2021) in the office of the Superintending Engineer, Public Health Engineering Mewat Project Circle, Palwal (SE), it was noticed that as per the approved design, the depth of the Sewage Treatment Plant (STP) tank was 6.00 m. However, due to the level of the sewer line at 7.40 m, the tank was constructed to a depth of 7.40 m i.e. 1.40 m (7.40 m-6.00 m) below the approved design level. Accordingly, a claim for additional expenditure of ₹ 58 lakh (additional work done: ₹ 12 lakh, expenditure incurred on running of pumps/cost of fuel/maintenance, etc: ₹ 33 lakh and ₹ 13 lakh for price escalation of material due to prolongation of work) was preferred (April 2014) by the agency. The claim was denied (May 2016) by the Department after a lapse of two years (April 2014 to May 2016) on the ground that there was no provision for compensation in the contract agreement. Aggrieved by the denial of the claim, the agency moved (June 2016) the arbitration clause and was awarded (July 2018) ₹ 62.52 lakh²¹ by the arbitrator on the report submitted by the then Executive

²¹ ₹ 25.52 lakh on account of additional work done, ₹ 25 lakh on account of prolongation of work and ₹ 12 lakh for arbitration expenses.

Engineer (XEN). Accordingly, payment of award along with interest thereon amounting to ₹ 112.01 lakh (₹ 86.49 lakh as compensation for prolongation of work, arbitration expenses and interest + ₹ 25.52 lakh expenditure on additional work) was made (April 2022) to the agency.

On being pointed out (March 2022), the Superintending Engineer (SE) agreed (September 2022) that there was a difference in the depth of the tank between that mentioned in the approved design and as per actual site. As per the terms and conditions of the agreement, there is no provision for any compensation as claimed by the agency. The reply is not satisfactory as Clause 6 of the note in the Detailed notice for inviting tenders /contract agreement provides that the payment will be made for the actual work done by the contractor.

Further, the Engineer-in-Chief (June 2023) stated that during progress of work, it was seen that some additional work of excavation of Main Pumping Station tank was required as per site condition. It was also admitted by the Engineer-in-Chief that some additional work was got executed and as per Clause 6 of the note in the contract agreement, the contractor was to be paid for the actual work done by him.

Thus, irregular denial of claim by the Department for the extra work done resulted in arbitration award in favour of the agency and a loss of ₹ 86.49 lakh²² to the exchequer on account of interest, litigation cost and compensation to the agency.

The matter was referred (February 2023) to Additional Chief Secretary, Public Health Engineering Department, Government of Haryana for their reply/comments. Their reply was awaited (January 2025).

Recommendation: The State Government should ensure compliance of provisions of PWD Code and timely approval of competent authority in work variations to avoid loss in arbitration expenses.

²² ₹ 112.01 lakh (Payment made) - ₹ 25.52 lakh (admissible for additional work done).