

OVERVIEW

This Report of the Comptroller and Auditor General of India (C&AG) covers matters arising out of the Performance Audit and Compliance Audit of Government Departments, Autonomous Bodies and Public Sector Undertakings of the Government of Haryana. The Report contains three Performance Audits, one Subject Specific Compliance Audit and 11 paragraphs, involving money value of ₹ 1,557.06 crore.

Chapter 1: Introduction

As against the total budget outlay of ₹ 2,15,039 crore, the application of resources was ₹ 1,92,584 crore during 2021-22. The total expenditure¹ of the State increased by 25 *per cent* from ₹ 88,190 crore to ₹ 1,10,437 crore during the period 2017-18 to 2021-22 while revenue expenditure increased by 34 *per cent* from ₹ 73,257 crore to ₹ 98,425 crore and capital expenditure decreased by 18 *per cent* from ₹ 13,538 crore to ₹ 11,046 crore during the same period. Revenue expenditure constituted 82 to 93 *per cent* of the total expenditure while capital expenditure was six to 17 *per cent* during the period from 2017-18 to 2021-22.

(Paragraph 1.3)

During 2021-22, compliance audit of 950 departmental auditee units of 53 departments under Section 13, 23 auditee units of 37 PSUs under Section 19(1), Section 19(2) and 35 auditee units of 38 autonomous bodies under Sections 14, 19(2), 19(3) and 20(1) of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, was conducted by the office of the Principal Accountant General (Audit), Haryana as a field formation of the Comptroller and Auditor General of India.

(Paragraph 1.4)

Performance Audit

Chapter 2: Solid Waste Management in Urban Local Bodies

A Performance Audit on 'Solid Waste Management in Urban Local Bodies' covering period 2017-18 to 2021-22 was carried out to assess whether the management of municipal solid waste (MSW) was effective, efficient, and economical. Audit involved examination of the records relating to Solid Waste Management (SWM) in the Directorate of Urban Local Bodies (DULB), Haryana State Pollution Control Board (HSPCB) and 18 selected Urban Local Bodies (ULBs). Some of the significant findings and recommendations are as under:

- The State Government approved SWM policy and strategy with a delay of

¹ Total of Revenue Expenditure, Capital Expenditure and Loans and Advances Disbursed.

15 months and that too without consulting various stakeholders. Moreover, none of the 18-test checked ULBs had prepared any short-term or long-term plan. In the absence of these plans, planning and selection of infrastructure projects in ULBs was not based on needs analysis.

- It was noticed in audit that three test checked ULBs (Gurugram, Sonipat, and Shahabad) had not notified the SWM byelaws containing penal provisions for non-compliance of SWM Rules, 2016. The remaining 15-test checked ULBs notified byelaws with delays. The percentage of collection of user charges ranged between 0.37 and 3.38 *per cent* against the recurring expenditure incurred on SWM activities in 14 test checked ULBs during 2017-22. Moreover, none of the test checked ULBs revised the user charges in order to make the SWM function a self-sustaining activity.
- Segregation of waste at source and collection of all the ULBs in the State was reported as 70 *per cent* and 98 *per cent* respectively during 2021-22, however, Audit noticed in test checked ULBs that they did not maintain day/month wise data of waste collected. Audit could not verify the authenticity of data provided by the test checked ULBs as criteria/ procedure adopted for arriving at the reported figures was not provided to Audit. During 2017-22, the total waste generated was stated to be 103.58 lakh tons, against which 64.86 lakh tons waste (63 *per cent*) was dumped at dumpsites without any processing.
- During 2021-22, there were 77 dumpsites where ULBs were dumping waste without authorisation from HSPCB. Moreover, work of bioremediation in respect of 29 dumpsites was not awarded and 48.77 lakh MT (48 *per cent*) of legacy waste was lying unprocessed at dumpsite (April 2023).
- Even after lapse of more than seven years since notification of SWM Rules, 2016, Integrated Solid Waste Management Project could be operationalised only in one cluster (Sonipat-Panipat) so far (March 2023). Audit further observed that the waste to energy plant of Faridabad-Gurugram cluster could not be completed so far (October 2024) due to failure of the Concessionaire to clear/manage the waste piled up at Bandhwari landfill sites. DULB/ MC Gurugram had not imposed liquidated damages of ₹ 4.92 crore for delay in implementation of project from November 2021 to March 2022. Further, MC Gurugram and MC Faridabad had to bear an extra financial burden of ₹ 108.93 crore on account of payment of higher tipping/transportation charges due to non-implementation of the project as per schedule. NGT also imposed a penalty of ₹ 100 crore on MC Gurugram for non-bio-remediation of the legacy waste at Bandhwari site.

Recommendations:

- *The State Government and ULBs may devise suitable mechanism for collection of SWM user fees to bridge resource gaps and strive for self-sustenance of SWM activities.*
- *The State Government may direct ULBs for setting up of adequate numbers of sanitary landfill sites and bioremediation of remaining legacy waste in a time bound manner.*
- *HSPCB may take action against ULBs for disposal of waste without authorisation.*
- *The State Government may expedite implementation of Integrated Solid Waste Management projects in the remaining clusters and may ensure operationalisation of processing plants as per prescribed schedule of concession agreement.*

Chapter 3: Procurement, Storage and Delivery of wheat to Food Corporation of India

The Performance Audit on 'Procurement, Storage and Delivery of wheat to Food Corporation of India' was conducted from November 2022 to September 2023, covering the period from April 2017 to March 2022 (RMS 2017 to RMS 2021). During performance audit, records in the offices of Food, Civil Supplies and Consumer Affairs Department (FSD), Haryana State Agriculture Marketing Board (HSAMB) and other State Procuring Agencies (SPAs) were examined.

Eight districts, out of total 22 districts and *mandis* in these eight districts were selected for detailed examination. Some significant findings and recommendations are as under:

- It was observed in audit that the availability of basic facilities such as weighbridges, fire-fighting arrangements, kisan rest houses, canteens, etc. was not adequate in some test checked *mandis*. Due to non-availability of weighbridge in some *mandis*, avoidable expenditure of ₹ 2.93 crore was incurred by HAFED on transportation of wheat to weighbridges situated outside of *mandi*.
- The FSD had arranged funds for wheat procurement on higher interest rates resulting in extra burden of interest of ₹ 222.24 crore. Since timeline for activities involved in procurement process were not fixed, it resulted in delayed payment to farmers. Moreover, a large quantity of wheat remained stored unscientifically by hiring open plinths resulting in damage of wheat stock.
- The State Government paid commission to commission agents (*Arthiyas* at *mandis*) at the rate of ₹ 48.12 per quintal for the RMS 2020-21 while the

FCI fixed the commission at ₹ 46 per quintal resulting in loss of ₹ 14.27 crore to the SPAs. Further, due to non-inclusion of custody and maintenance charges for covered godowns in the PCS, loss of ₹ 90.30 crore occurred to SPAs. Moreover, final cost sheets for the RMSs 2018-19 onwards have not been finalised by the State Government.

Recommendations:

- *The State Government may ensure adequate arrangements in mandis to provide farmers with basic facilities such as weighbridges, kisan rest houses, firefighting stations, canteens and banks.*
- *The State Government may consider the viability of options for availing loans at competitive rates for wheat procurement operations.*
- *The State Government should expedite the finalisation of annual accounts related to food-grain procurement by the Food, Civil Supplies and Consumer Affairs Department for timely submission of claims to FCI.*

Chapter 4: Welfare of Building and Other Construction Workers

The Performance Audit on ‘Welfare of Building and Other Construction Workers’ was conducted covering the activities of the Building and Other Construction Workers Welfare Board (the Board) over the period of five years, from 2017-18 to 2021-22. Some significant findings and recommendations are as under:

- Though the Labour Cess collection during 2017-18 to 2022-23 was ₹ 2,153.11 crore, the Board utilised only ₹ 1,656.78 crore (29.83 *per cent*) of the total available funds (i.e. ₹ 5,553.71 crore) on implementation of the welfare schemes during 2017-18 to 2022-23. Moreover, the Board did not apply in time for tax exemption under Section 10 (46) of the Income Tax Act, resultantly there was an Income Tax liability of ₹ 713.25 crore.
- Audit noticed deficiencies in administrative issues such as non-preparation of annual reports, non-convening of meeting of State Advisory Committee and shortfall in Board meetings.
- A large number of construction works were not registered due to lack of coordination between the Labour Department and other work executing Departments as well between the authorities responsible for Building Plans. The establishments were not got registered, even after inspection and serving notices to the unregistered establishments.
- Due to awareness programme not being conducted regularly by the registration authority, the objective of the Board to provide benefits to the construction workers could not be achieved as workers were unaware of these schemes and they remained unregistered. Further, due to inaction of

the Department on pending applications potential beneficiaries also could not avail benefits of the welfare schemes.

- Instances of short collection of advance cess were noticed in Audit. Further, due to lack of reconciliation system, there were mismatches between the figures given by the Board and other Departments.
- The post-inspection process indicated inadequate scrutiny of compliance reports including absence of proper follow-up on these compliance reports. There was no correlation between number of benefits disbursed with the number of establishments registered. Moreover, the Board officials did not properly verify details given in applications and documents, leading to benefits being given to ineligible recipients.

Recommendations:

- *The Department/Board may coordinate with work executing departments and building plans approving authorities for registration of construction works and ensure adherence to the prescribed time-frame for registration of workers.*
- *The Board may regularly conduct awareness programmes for registration of workers and for spreading awareness about welfare schemes.*
- *The Department/Board may develop a mechanism to monitor establishment-wise accrual and receipt of cess.*
- *The Department/Board may devise a mechanism to ensure compliance, by the establishments, of the violations noticed during inspections and consider fixing responsibility of erring officials/officers for not taking appropriate action in respect of deviation noticed in inspection cases.*

Subject Specific Compliance Audit

Chapter 5: Enhancement and Variation in Scope of Works

The Subject Specific Audit titled ‘Enhancement and Variation in Scope of Works’ was conducted by test-check across nine Government Departments, Public Sector Undertakings and autonomous bodies where enhancement was more than 20 *per cent*. Some significant findings are as under:

- In 14 cases payment of ₹ 255.70 crore had been made against the agreement amount of ₹ 108.91 crore without getting the enhancement approved from the competent authority.
- Audit observed that enhancements occurred due to improper assessment of site conditions at the time of preparation of detailed estimates, addition of

new items/structure after allotment of the works, change in specifications after allotment of work, non-finalisation of scope of work before awarding to contractor and changes in specifications/additions due to demand of public representatives. In all the test checked cases, the works were got executed and payments were made without getting the revised estimates approved and without obtaining revised administrative approvals.

- In certain PHED divisions, the tender amount was initially kept less than ₹ one lakh to avoid e-tendering and was enhanced subsequently. It was noticed that five projects were lying incomplete after making payment of ₹ 178.13 crore against the contract price of ₹ 77.89 crore. In 13 cases there was time overrun between 4 to 45 months. Undue benefit of ₹ 73.73 crore was also granted to contractors by allowing higher rates, out of which ₹ 6.64 crore was recovered after pointed out by Audit. Moreover, retention money of ₹ 16.80 crore was refunded to two contractors before completion of work in violation of clauses of agreements.

Compliance Audit

Chapter 6: Compliance Audit Observations (Departments)

Lack of mechanism to identify and weed out duplicate beneficiaries of *Aapki Beti Hamari Beti* Scheme, in the Women and Child Development Department, during the processing of applications for approval and sanctioning of funds led to extra payment amounting to ₹ 15.54 crore to Life Insurance Corporation

(Paragraph 6.1)

The Irrigation and Water Resources Department has constructed a restaurant near Hathnikund Barrage Rest House without a prior firm plan of its utilisation leading to unfruitful expenditure of ₹ 1.74 crore

(Paragraph 6.2)

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

(Paragraph 6.3)

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

(Paragraph 6.4)

Delay in payment of enhanced compensation by Haryana Shehri Vikas Pradhikaran, as ordered by various Courts in Gurugram and Faridabad has led

to avoidable levy of penal interest amounting to ₹ 83.04 crore on enhanced compensation.

(Paragraph 6.5)

Haryana Shehri Vikas Pradhikaran 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.

(Paragraph 6.6)

Irregular denial of claim by Public Health Engineering Department for the extra work done led to unnecessary litigation and consequently, resulted in an avoidable loss of ₹ 86.49 lakh to the State exchequer.

(Paragraph 6.7)

Chapter 7: Compliance Audit Observations (State Public Sector Undertakings)

Haryana State Industrial and Infrastructure Development Corporation allotted a plot of approximately 179 acres land at Industrial Model Township, Sohna to a private company for manufacture of lithium-ion batteries. The Company did not include the proportionate enhancement compensation of ₹ 58.71 crore at the time of issue of regular letter of allotment in July 2020, as was required under clause 2.4 of Estate Management Procedures-2015. Consequently, the Company did not pass the enhancement cost to the allottee unit and it was under-charged by ₹ 9.76 crore on account of non-inclusion of land enhancement cost.

(Paragraph 7.1)

Lackadaisical approach by the Haryana State Industrial and Infrastructure Development Corporation in filing of Income Tax return led to avoidable payment of interest of ₹ 5.06 crore.

(Paragraph 7.2)

Faridabad Smart City Limited incurred wasteful expenditure of ₹ 1.34 crore due to faulty contract management and poor operation and maintenance of 10 e-toilets.

(Paragraph 7.3)

Haryana Tourism Corporation Limited incurred avoidable loss of ₹ 6.99 crore due to opening of retail liquor outlets without conducting any feasibility study.

(Paragraph 7.4)