

# **CHAPTER-III**

## **PERFORMANCE AUDITS**

## CHAPTER III

### PERFORMANCE AUDITS

*This Chapter contains three Performance Audits on ‘NABARD assisted Road Projects’, ‘Infrastructure Development in peripheral areas of Ahmedabad and Surat cities’, ‘IT Audit of Computerisation of land records’ and one long paragraph on ‘Providing Mid-Day Meal to Primary School Children’*

#### ROADS AND BUILDINGS DEPARTMENT

##### 3.1 NABARD assisted Road Projects

###### *Highlights*

*Total road length in Gujarat is 72,950 km; of which 19,518 km is State Highways, which includes 11,933 km single lane roads of rural area. NABARD provides finance to State Governments for completion of rural infrastructure development projects from RIDF. Government took up road works with financial assistance from RIDF for widening and strengthening rural roads leading to villages with population of 500 and over and for connecting villages with Agriculture Produce Marketing Committees. Review of these road works showed that control over expenditure against sanctions was inadequate. Due to late submission of claims, Government lost reimbursement of Rs 67.33 crore from NABARD. Norms for execution were not observed resulting in irregular expenditure of Rs 0.87 crore. Non-acceptance of tenders resulted in extra expenditure of Rs 2.78 crore. Deviation from the specifications of work resulted in avoidable expenditure of Rs 11.55 crore. Other important points noticed in audit are given below:*

**Execution of tack coat with richer specification resulted in avoidable expenditure of Rs 3.05 crore.**

**(Paragraph 3.1.10.2)**

**Unnecessary execution of tack coat and surface dressing resulted in avoidable expenditure of Rs 3.48 crore.**

**(Paragraph 3.1.10.3)**

**Excess consumption of mix material resulted in avoidable expenditure of Rs 1.34 crore.**

**(Paragraph 3.1.10.4)**

**Incorrect application/irregular payment of star rates in asphalt resulted in avoidable payment of Rs 3.91 crore.**

**(Paragraph 3.1.10.6)**

### **3.1.1 Introduction**

Total road length in Gujarat is 72,950 km; of which 19,518 km is State Highways. This includes 11,933 km of single lane rural roads, in addition, there are 12,233 km of Water Bound Macadam (WBM) roads which also connect rural areas with Agricultural Produce Marketing Centres (APMC).

Non availability of two lane 'all weather roads' restrict movement of rural people during bad weather and in absence of proper connectivity, socio-economic development of the rural areas gets adversely affected. It was therefore decided (January 2000) to widen and strengthen these rural roads.

National Bank for Agriculture and Rural Development (NABARD) provides finance to State Governments for completion of rural infrastructure development projects from Rural Infrastructure Development Fund (RIDF). Government decided (January 2000) to construct/strengthen rural roads by obtaining loan from RIDF. The project, when completed (March 2001, March 2003) would provide connectivity to 2,330 villages and indirect benefits to 1,870 villages.

### **3.1.2 Organisational set up**

Finance Department was the nodal agency for procurement of the loan and its repayment; Roads and Buildings Department was the implementing agency. The Chief Engineers (Gandhinagar) were responsible for works and were assisted by the Superintending Engineers (SE) and Executive Engineers (EE) at the Circle and Division levels respectively. EEs of both State as well as Panchayats executed the works.

### **3.1.3 Audit objectives**

The Performance Audit was conducted to assess whether –

- Government has made requisite budget provision;
- cost of the projects worked out was in conformity with provisions in manuals and guidelines;
- execution of works was in conformity with plans and estimates and are executed economically, efficiently and effectively; and
- timely reimbursement from NABARD has been obtained

### **3.1.4 Audit criteria**

The audit criteria considered for assessing the extent of achievement of audit objectives were as follows –

- Budget and accounts documents, financial targets;
- Rules and procedures governing financial management and obtaining reimbursement from NABARD;
- PWD manuals and other guidelines for execution of works;

- Physical targets and achievements in implementation of the road projects

### 3.1.5 Scope of Audit and Audit methodology

Records relating to 2000-07 maintained by the Government (Roads and Buildings Department) and 19<sup>1</sup> EEs (total 49 EEs) were test checked during February-June 2007. The evidence was gathered through (i) examination of documents viz. plans, estimates and project report; (ii) technical/price bid evaluation reports, schedule of price, running account/final bills and progress reports; (iii) inspection notes and project completion reports; and (iv) analysis of data collected by audit and interviews with the officials of the department.

### 3.1.6 Financial management

#### 3.1.6.1 Budget Estimates and expenditure

Budget estimates and expenditure during 2000-07 were as under –

Year	Budget Provision			Expenditure			Excess (+) Savings (-)		
	State	Panchayat	Total	State	Panchayat	Total	State	Panchayat	Total
2000-01	4.59	55.00	59.59	0.00	93.06	93.06	(-) 4.59	(+) 38.06	(+) 33.47
2001-02	3.90	75.12	79.02	1.16	63.16	64.32	(-) 2.74	(-) 11.96	(-) 14.70
2002-03	40.37	16.75	57.12	19.27	15.99	35.26	(-) 21.10	(-) 0.76	(-) 21.86
2003-04	40.37	40.50	80.87	34.99	61.10	96.09	(-) 5.38	(+) 20.60	(+) 15.22
2004-05	35.52	35.64	71.16	13.71	71.70	85.41	(-) 21.81	(+) 36.06	(+) 14.25
2005-06	37.84	38.00	75.84	33.33	23.62	56.95	(-) 4.51	(-) 14.38	(-) 18.89
2006-07	18.35	4.55	22.90	42.42	7.09	49.51	(+) 24.07	(+) 2.54	(+) 26.61
<b>Total</b>	<b>180.94</b>	<b>265.56</b>	<b>446.50</b>	<b>144.88</b>	<b>335.72</b>	<b>480.60</b>	<b>(-) 36.06</b>	<b>(+) 70.16</b>	<b>(+) 34.10</b>

**There was overall excess and saving of expenditure by Panchayat and State EEs respectively.**

As against overall budget provisions (2000-07) of Rs 446.50 crore, expenditure of Rs 480.60 crore was incurred. Except during 2006-07, there were persistent savings in respect of the expenditure of State EEs. Panchayat EEs incurred excess expenditure during four out of seven years and savings were effected during the remaining three years. Government did not furnish any reason for the excess/savings (June 2007).

#### 3.1.6.2 NABARD funding

NABARD provides loan to the extent of 90 *per cent* of the total project cost; State Government bears the rest. Agreement with NABARD provides for quarterly release of loan by way of reimbursement of expenditure. Each withdrawal would be treated as separate loan and was to be repaid in five equal annual instalments (after a moratorium period of two years); interest was to be paid in every quarter.

<sup>1</sup> State-12 Divisions (Ahmedabad, Amreli, Banaskantha (Palanpur), Bhavnagar, Jamnagar, Junagadh, Mehsana, Patan, Rajkot, Surendranagar Sabarkantha (Himatnagar), and Vadodara); Panchayats-7 Divisions (Banaskantha (Palanpur), Gandhinagar, Jamnagar, Mehsana, Rajkot, Sabarkantha (Himatnagar) and Surendranagar)

**Due to belated submission of claims, Government could not avail reimbursement of Rs 67.33 crore from NABARD.**

Against an outlay of Rs 514.06 crore for 1,230 road works (State 44 and Panchayats 1,186), NABARD sanctioned (August 1999 to March 2001) Rs 462.59 crore and the State Government was to bear the remaining Rs 51.47 crore. NABARD reimbursed (March 2007) Rs 365.19 crore against admissible expenditure of Rs 432.52 crore; remaining amount of Rs 67.33 crore was yet to be reimbursed due to delay in submission of claims. Government attributed procedural delays in routing claims through Finance Department for the delay in submission of claims.

### **3.1.7 Planning**

The scheme provides connectivity to (i) villages with population of 500 and more and (ii) villages with the APMC. As per agreement (August 1999, March 2001) with NABARD, road and bridge works were to be completed by March 2002 and September 2002 respectively; but due to the Gujarat earthquake (January 2001), period was extended upto December 2003, which was further extended till September 2007. A 'high power committee' constituted at Government level is responsible for reviewing (i) progress of work and (ii) reimbursement of expenditure from NABARD.

### **3.1.8 Targets and achievements**

Of the 44 works (662.57 km) undertaken by the State EEs, 42 works (612.77 km; Rs 136.32 crore) were completed and two works (Rs 8.56 crore) were in progress (June 2007).

Panchayat EEs have taken up 1,186 works (4,096.93 km); of which 1,130 works (3,892 km) have been completed (September 2007). Of the 56 works that remain, 43 works of Rs.7.38 crore have been dropped.

The scheme, originally scheduled for completion in March 2001 and March 2003 (extended till September 2007) was still under execution (September 2007).

### **3.1.9 Tendering**

#### **3.1.9.1 Extra expenditure due to re-invitation of tenders**

**Non acceptance of tenders on first invitation resulted in extra expenditure of Rs 2.78 crore.**

Four EEs (Amreli, Dangs, Jamnagar and Sabarkantha (Himatnagar)) invited tenders (July 2001-August 2002) for five works<sup>2</sup> (estimated cost Rs 13.53 crore) and lowest quotations aggregating to Rs 10.39 crore were received. However, Government did not accept any of them as the project period was due for completion and ordered re-invitation of tenders when extension for the project was received from NABARD. Thus, failure on the part of the Government to plan execution of work within the project period resulted in re-invitation in which lowest bidder quoted rates aggregating to

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<sup>2</sup> (i) Construction of bridge near village Charkhadia on Amreli-Savarkundla road (Amreli district); (ii) construction of bridge on Savarkundla-Ranghola road km 9/60 to 10/0 (Amreli district); (iii) Widening and strengthening of Bhanvad-Pachhatar-Nagka road km 6/0 to 18/0 (Jamnagar district); (iv) Widening and strengthening of Himatnagar-Ransan road km 0/0 to 19/0 (Sabarkantha district); (v) Widening and strengthening of Pimpri-Kalibel-Bhaskatari road km 0/0 to 28/6 (Dangs district)

Rs 13.17 crore, which were accepted; this resulted in extra expenditure of Rs 2.78 crore over the earlier bids.

Executive Engineer, Amreli stated (May 2007) that Government reserves the right to accept or reject the tenders. EE, Sabarkantha (Himatnagar) stated (March 2007) that Government rejected tender after due consideration. EE, Jamnagar stated that due to passage of time, cost of materials increased; hence cost cannot be compared.

The replies were not tenable; as rejection of tenders was due to failure of the Government to plan the work within the time life period of the scheme.

### ***3.1.9.2 Extra expenditure due to delayed acceptance of tenders***

Scrutiny of records of nine EEs<sup>3</sup> revealed that the tenders for 12 works invited (June-September 2001) were accepted by the Government between July 2004 and September 2005, while their original validity periods were upto January-October 2002. No specific reasons were available on record for delay in acceptance of tenders.

Conditions of contract provide for payment of star rate<sup>4</sup> for asphalt. Market rate of asphalt varied between Rs 9,717/MT (April 2002) and Rs 13,850/MT (March 2004); however, agencies purchased asphalt at Rs 13,198/MT and Rs 23,226/MT (March 2005 to October 2006). Thus, due to delay in award of contracts, agencies had to purchase asphalt at higher rates; consequently EEs made payments at star rates resulting in extra expenditure of Rs 6.24 crore.

Executive Engineers stated (March-June 2007) that delay was due to procedure involved for approving tender in NABARD projects; reply is not tenable as the concerned authorities were well aware of the provision of star-rate for asphalt in the tender; hence they should have organised their tender procedure to complete it within the normal time limit for avoiding the extra expenditure.

### ***3.1.10 Execution of works***

#### **3.1.10.1 Premature execution of work**

As per the norms, roads are generally due for renewal after a period of six years. Test-check of records of two EEs (Surendranagar and Vadodara) revealed that two works<sup>5</sup> were completed (2000-05) under Special Repair (SR) Programme incurring Rs 0.87 crore. However, these roads were again taken up (2002-06) under NABARD programme at a cost of Rs 11.77 crore; this

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<sup>3</sup> State R&B Division Ahmedabad, Amreli, Banaskantha (Palanpur), Jamnagar, Junagadh, Patan, Rajkot, Sabarkantha (Himatnagar) and Surendranagar

<sup>4</sup> Star rate means, difference between the rate taken into account in estimates and actual market rate at which contractor purchased the material. The star rate is paid or recovered from the agency depending upon the fluctuation of the rate of the specified material. Star rate can be paid in respect of the work executed during the original limit for completion of the work

<sup>5</sup> (i) Dhrangadhra Konth Sara road km 0/0-19/00 (EE, Surendranagar); (ii) Manglej Nareshwar Simli road km 0/0-26/60 (EE, Vadodara)

resulted in unfruitful expenditure of Rs 0.87 crore due to premature execution of works under NABARD scheme.

Executive Engineer, Surendranagar stated (March 2007) that during 2003-monsoon, road surface at certain lengths were damaged and therefore work was executed at those stretches only. EE, Vadodara stated (May 2007) that SR carried out in 2000-01 was of resurfacing of carriageway. Replies of the EEs were not tenable as execution of works overlapped for want of planning.

### 3.1.10.2 Avoidable expenditure on richer specification of tack coat

#### ▪ On existing bituminous surface

Execution of carpet with richer specification of tack coat resulted in avoidable expenditure of Rs 1.08 crore.

MORTH and IRC specifications provide that tack coat at the rate of 2.5 kg/10 sqmtr is to be applied before laying carpet in an existing bituminous road surface. Scrutiny of records of 17 divisional officers revealed that tack coat at the rate of 5 kg/10 sqmtr was carried out resulting in excess expenditure of Rs 1.08 crore.

Executive Engineers stated (June 2007) that tack coat was executed as per the estimates approved by the Government. The reply is not tenable in view of the specifications prescribed by MORTH.

#### ▪ On WBM surface

Execution of tack coat on WBM with richer specification resulted in avoidable expenditure of Rs 1.97 crore.

MORTH and IRC specifications also provide that tack coat at the rate of 4 kg/10 sqmtr be applied on non bituminous (WBM) surface by using bituminous emulsion. Scrutiny of records of seven divisions revealed that as against the above norm, 10 kg/10 sqmtr asphalt was utilised in tack coat as under –

(Rupees in lakh)

Sl. No.	Name of division	Number of packages	Area of road work done (Sqmtr)	Asphalt required (MT)	Asphalt used (MT)	Excess use of asphalt (MT)	Amount Involved
1	Banaskantha (Palanpur)	22	5,65,325	226.130	565.376	339.246	37.85
2	Gandhinagar	8	1,64,960	65.984	164.434	98.450	9.92
3	Mehsana	14	4,23,365	169.346	423.367	254.021	21.80
4	Jamnagar	22	7,99,347	319.738	800.556	480.818	41.56
5	Rajkot	23	7,32,875	293.150	731.358	438.208	51.99
6	Sabarkantha (Himatnagar)	12	2,70,862	108.344	260.669	152.325	13.71
7	Surendranagar	12	4,21,252	168.500	420.572	252.072	19.67
	<b>Total</b>	<b>113</b>	<b>33,77,986</b>	<b>1,351.192</b>	<b>3,366.332</b>	<b>2,015.140</b>	<b>196.50</b>

Thus, excess consumption of 2,015.140 MT asphalt resulted in avoidable expenditure of Rs 1.97 crore.

Executive Engineers stated (March-June 2007) that tack coat was executed as per the estimates approved by the Government. The reply is not tenable in view of the specifications prescribed by MORTH.

### 3.1.10.3 Execution of tack-coat/surface dressing between two crusts

Unnecessary execution of tack coat and surface dressing resulted in avoidable expenditure of Rs 3.48 crore.

Government instructions (June 1991) as well as specification of MORTH provide that application of tack coat is not required when one bituminous course is followed by another bituminous course.

Similarly, MORTH specifications provide that surface dressing being a wearing course, is to be laid at the top of the road; hence this was not required to be laid between two road crusts.

Scrutiny of records revealed that nine EEs<sup>6</sup>, while executing 23 works applied tack coat over Built-up Spray Grout (BUSG) before laying Bituminous Macadam (BM).

Similarly, scrutiny of records of 12<sup>7</sup> EEs revealed that surface dressing was executed between WBM and BUSG which was followed by BM and mix seal surface (MSS) at the top. Execution of tack coat and surface dressing between two road crusts resulted in avoidable expenditure of Rs 3.48 crore (Rs 69.31 lakh on tack coat; Rs 2.79 crore on surface dressing).

Executive Engineers stated (March-June 2007) that tack-coat/surface-dressing was executed as per estimates approved by the Government; replies are not tenable as they were not to be executed as per instructions of MORTH.

### 3.1.10.4 Excess consumption of mix materials

Excess consumption of mix material resulted in avoidable expenditure of Rs 1.34 crore.

According to MORTH specification, 0.27 CUM material would be required for laying MSS in 10 sqmtr area. During scrutiny of records, it was noticed that adoption of different formula by the EEs resulted in excess utilisation of 14,582.02 MT material costing Rs 1.34 crore (**Appendix XXVI**).

Executive Engineers stated (March-June 2007) that the formula was adopted as per existing pattern of the Government. The reply is not justified as it is contrary to the specification of MORTH.

### 3.1.10.5 Non-adherence to revised specification

The prevailing specification for Single Coat Surface Dressing prescribed by the Indian Road Congress was revised (November 2000) by MORTH.

Audit scrutiny of 12 EEs revealed that in 26 works (executed between January 2001 and March 2007), revised specification for single coat surface dressing was not followed, which resulted in avoidable expenditure of Rs 79.32 lakh on account of excess usage of asphalt (**Appendix XXVII**).

Executive Engineers stated (March-June 2007) that estimates were prepared as per sanctioned SOR and actual requirement of the road, as approved by the

<sup>6</sup> State R&B-Amreli, Bhavnagar, Junagadh, Mehsana, Surendranagar and Vadodara; Panchayat R&B-Jamnagar, Mehsana and Sabarkantha (Himatnagar)

<sup>7</sup> Ahmedabad, Amreli, Bhavnagar, Banaskantha (Palanpur), Jamnagar, Junagadh, Mehsana, Patan, Rajkot, Sabarkantha (Himatnagar), Surendranagar and Vadodara



Government. Reply is not acceptable in view of specifications revised by MORTH.

### 3.1.10.6 Payment of star rate

#### ▪ *Incorrect application of rate*

**Incorrect application of star rate resulted in avoidable payment of Rs 2.78 crore.**

While approving Draft Tender Papers (DTPs), Government directed (June-September 2001) that asphalt of 60/70 grade be used in road work instead of 80/100 grade. Government also directed to make necessary correction in the tenders. EEs were, therefore to incorporate rate of asphalt of 60/70 grade in the tender as the basic rate.

Scrutiny of records revealed that EEs had considered rate of asphalt at Rs 10,860/MT as prevailed in August 2000 for 80/100 grade in the bidding documents, while rate of 60/70 grade asphalt at the time of preparation of estimates (January to March 2001) was Rs 12,265/MT.

Thus, estimates were prepared with basic rate of Rs 12,265/MT; while star rate was applied with reference to Rs 10,860/MT, which resulted in extra expenditure of Rs 2.78 crore (**Appendix XXVIII**).

Executive Engineers stated (March-June 2007) that the Government had instructed to revise grade of asphalt and grade was changed in DTP accordingly. However, the star rate of asphalt, was considered at the rates prescribed in the estimates as per Government Circular (June 2001). Reply is not tenable as the Government had given the specific instruction to change the grade with all necessary correction.

#### ▪ *Irregular payment of star rate*

**Irregular payment of star rate of Rs 1.13 crore was given though agencies did not complete the work within the original stipulated period.**

Government instructions (November 1997, 1998 and June 2001) provide that if contractor fails to complete the work within the prescribed time limit, then no payment towards star rate of asphalt will be made/recovered from the contractor.

Test check of record of five EEs revealed that though the works were not completed within the original time limit; still, star rate difference on asphalt amounting to Rs 1.13 crore was paid (**Appendix XXIX**).

Executive Engineers stated (March-June 2007) that star rates were paid according to the spirit of the provision. Replies of the EEs are not tenable as no such payments could be made in case the works were not completed within the prescribed time limit.

### 3.1.10.7 Incomplete works

#### ▪ *Unfruitful expenditure on abandoned works*

The time limit for completion of individual work under NABARD project was 11 months. Scrutiny of records of EEs, Surendranagar, Jamnagar and Rajkot

revealed that seven works<sup>8</sup> were awarded between March 2000 and July 2004 with stipulated periods of completion between February 2001 and June 2005. However, agencies abandoned (June 2001 to June 2005) the works at WBM stage after incurring an expenditure of Rs 1.48 crore. No reasons for abandoning the works are available on records.

Executive Engineers terminated the contracts between May 2003 and August 2006 (26 to 72 months); but in one case contract was not terminated till date (June 2007). Fresh tenders were not invited by the EEs to complete the remaining works.

Government stated (October 2007) that tenders for three works (Jamnagar district) were fixed and would be completed shortly and that four works (Rajkot and Surendranagar districts) would be taken under other schemes. The fact remains that works are incomplete despite expenditure of Rs.1.48 crore.

▪ **Extra expenditure**

Three<sup>9</sup> EEs awarded (May-December 2001) eight<sup>10</sup> works at an aggregate cost of Rs 6.93 crore with a stipulated period of completion between November 2001 and November 2003. The agencies executed work valuing Rs 1.46 crore and abandoned (April 2001-April 2003) the works. After delay ranging between 26 and 48 months EEs terminated contracts (May 2003-January 2006). EEs awarded remaining works valued at Rs 5.47 crore (February 2004-December 2006) at a cost of Rs 8.37 crore. This resulted in extra expenditure of Rs 2.90 crore.

**3.1.10.8 Idle expenditure**

**Award of work without ensuring availability of land resulted in unfruitful expenditure of Rs 54.72 lakh.**

According to the provisions of Public Works Manual and Government instruction, work shall not be taken up unless land is acquired.

Test check of records of EE, Jamnagar Panchayat R&B Division revealed that work of construction of bridge across river Verdi was awarded (October 2001) to a contractor at a tendered cost of Rs 63.18 lakh to be completed by April 2003. However, the land for approach road was not acquired and the agency was relieved from the work (January 2006). Except approaches, agency completed work at Rs 54.72 lakh.

After acquisition of land, EE awarded the work to an agency at Rs 17.14 lakh (February 2007) to be completed by April 2007. The Government stated (October 2007) that the agency has since started the work and completed the work upto WBM stage.

<sup>8</sup> Surendranagar district: (i) RIDF V-Package 10 (Rs 24.86 lakh); (ii) RIDF V (Rs 17.52 lakh); Jamnagar district: (iii) RIDF V Package 14 (Rs 4.51 lakh); (iv) RIDF VI Package 1 (Rs 25.67 lakh); (v) RIDF VI Package 2 (Rs 29.90 lakh); (vi) RIDF VI Package 16 (Rs 7.80 lakh); Rajkot district: (vii) RIDF VI Package 11 (Rs 38.13 lakh)

<sup>9</sup> Rajkot, Mehsana and Gandhinagar

<sup>10</sup> Rajkot: (i) RIDF VI Package 20 (Rs 36.09 lakh); Mehsana (ii) RIDF VI (Rs 108.02 lakh); (iii) RIDF V Package 10 (Rs 12.32 lakh); (iv) RIDF V Package 12 (Rs 21.95 lakh); (v) RIDF V Package 18 (Rs 4.65 lakh); Gandhinagar: (vi) RIDF VI (Rs 7.28 lakh); (vii) RIDF VI (Rs 62.75 lakh); (viii) RIDF VI (Rs 36.48 lakh) (Total Rs 289.54 lakh)

Thus, award of work without acquisition of land resulted in idle expenditure of Rs 54.72 lakh as bridge without approaches could not be put to use after its completion in April 2004 till October 2007.

### **3.1.11 Supervision**

#### **3.1.11.1 Field visits**

For ensuring the quality control, regular site visits of EEs, SEs and Quality Control Officer were necessary. Scrutiny of records of 11 EEs<sup>11</sup>, revealed that work order books were not maintained by divisions and thus inspections carried out were not susceptible for verification. EEs stated (May-June 2007) that the officers visited site during the execution of work. However, none of EEs was able to furnish the inspection notes and details of visit.

#### **3.1.11.2 Quality control**

Government norms provide that material to be used in the works should be tested in a laboratory and results obtained before they are used.

Test check of the records of EEs of Ahmedabad and Patan divisions revealed that test results of the materials were obtained after execution of works<sup>12</sup>. The EEs made payment at part rate pending receipt of test result; this was duly noted by Quality Control Unit. Thus, EEs released payments without ascertaining the quality of the material utilised in the execution of work.

#### **3.1.11.3 Submission of audited accounts and utilisation certificates**

Agreement with NABARD provides that Government should furnish an audited statement of accounts in respect of projects financed under RIDF within 12 months<sup>13</sup> from the close of every financial year.

However, Government did not submit audited statements of accounts for 1999-2007 and project wise utilization certificates (UCs) to NABARD.

The department stated (July 2007) that audited statements of accounts would be obtained and furnished to NABARD. In absence of audited statement of accounts, project wise utilisation of funds was not susceptible for verification.

### **3.1.12 Monitoring and evaluation**

Terms of loan agreement with NABARD provide that a High Power Monitoring Committee should be constituted. However, information regarding the details of meetings held, recommendations of the Committee and action taken thereupon were not available with the Government.

**Government has no information on the functioning of High Power Monitoring Committee.**

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<sup>11</sup> EE, State R&B: Ahmedabad, Amreli, Banaskantha (Palanpur), Bhavnagar, Jamnagar, Patan, Rajkot and Vadodara; Panchayat R&B: Banaskantha (Palanpur), Gandhinagar, Rajkot

<sup>12</sup> Improvement and widening of Simaj Koth Gangad road km 0/0 to 22/0; Harij Loteshwar road km 0/0 to 17/500; Radhanpur Lodra Morwad Road km 0/0 to 25/0

<sup>13</sup> Or within such other period as NABARD may grant on specific requests made by the Government

### **3.1.13 Conclusion**

Of the 1,230 roads (4,759.50 km) taken up (2000-07) with NABARD financial assistance, 1,172 roads (4,504.77 km) were completed (September 2007). There were excesses and savings in the expenditure incurred by Panchayat and State Executive Engineers respectively. Norms for execution were not adhered to. Quotations were not accepted in time leading to extra expenditure. Usage of material was not as per specifications; richer specifications were also applied. Star rates were incorrectly paid resulting in loss to the Government.

### **3.1.14 Recommendations**

- Financial controls should be strengthened;
- Timely submission of reimbursement claims to NABARD should be ensured;
- Specification of MORTH and guidelines of the Government be adhered to while planning and executing works;

The matter was reported to the Government in July 2007; reply was not received (October 2007).

## URBAN DEVELOPMENT AND URBAN HOUSING DEPARTMENT

### 3.2 Infrastructure Development in peripheral areas of Ahmedabad and Surat cities

#### Highlights

*Ahmedabad Urban Development Authority and Surat Urban Development Authority were created under the provisions of Gujarat Town Planning and Urban Development Act, 1976 for providing primary infrastructure facilities like roads, water supply, drainage, housing, etc. in peripheral areas adjoining cities. There were flaws in the estimation of the project cost of Sardar Patel Ring Road. Some works were awarded without invitation of tenders and there was irregular payment of price escalation. Loan amount for water supply schemes were drawn before requirement. There was poor utilisation of the water supply infrastructure created.*

**AUDA paid Rs 11.97 crore towards price escalation without any obligation under the contract.**

**(Paragraphs 3.2.7.4, 3.2.8.1 and 3.2.9.2)**

**Water supply projects for 16 Village/Nagar Panchayats due to be completed in December 2003 could be completed for only nine panchayats as of March 2007.**

**(Paragraph 3.2.9.3)**

**Out of 1.80 lakh house connections envisaged, water supply was commenced to 3,262 households only.**

**(Paragraph 3.2.9.3)**

**AUDA irregularly adjusted Central assistance of Rs 1.30 crore for its own housing scheme.**

**(Paragraph 3.2.10.1)**

**Government of India and State Government did not release Rs 13.53 crore out of committed expenditure on water supply scheme of SUDA.**

**(Paragraph 3.2.11.2)**

**Due to failure of GWSSB to supply water as per agreement, water supply facility created at an expenditure of Rs 28.51 crore could not start functioning.**

**(Paragraph 3.2.11.3)**

#### 3.2.1 Introduction

Owing to rapid urbanisation, cities are prone to expand beyond their territorial limits; Urban Development Authorities are created under the Gujarat Town

Planning and Urban Development Act, 1976 for providing primary infrastructure facilities in peripheral areas adjoining the cities. Government, accordingly established (January 1978) Ahmedabad Urban Development Authority (AUDA) and Surat Urban Development Authority (SUDA) for carrying out developmental works in the notified peripheral areas of Ahmedabad and Surat cities.

### **3.2.2 Objectives of AUDA and SUDA**

The main objectives are:

- Preparation and execution of town planning schemes;
- Planning and implementation of infrastructural facilities and amenities; and
- Implementation of housing schemes for weaker sections of the society.

### **3.2.3 Organisational set up**

AUDA and SUDA are under the administrative control of the Urban Development and Urban Housing Department. The AUDA/SUDA are governed by the respective Boards headed by a Chairman. Member Secretary of the Board appointed by the Government is the Chief Executive Authority of the Urban Development Authority.

### **3.2.4 Scope and objectives of audit**

Records of AUDA and SUDA for the period 2002-07 relating to major activities like construction of roads, bridges, water supply, housing, drainage, etc. were test checked during February-July 2007. Objectives of the performance audit were to examine and assess –

- Availability of adequate funds for execution of works;
- Infrastructure works were planned as per requirement;
- Adequate amenities/utilities are available in areas within the jurisdiction of the Urban Development authority;
- Execution and maintenance of infrastructural works like roads, drainage, and public amenities like water supply, sewerage, etc. were as per norms;

### **3.2.5 Audit criteria**

- Funding pattern for different works
- Amenities/Utilities are provided as per mandate
- Specification of infrastructural works in Detailed Project Reports
- Amenities like water supply and drainage are created and maintained
- Housing schemes for weaker sections are completed as planned

### 3.2.6 Financial Management

The AUDA/SUDA generate their own funds through levy of taxes/fees/charges like toll tax etc. sales proceeds of land, flats, shops, etc. and loans from financial institutions; yearwise receipts and expenditure during 2002-07 of AUDA and SUDA were as under:-

(Rupees in crore)

Year	Receipts			Expenditure			Surplus (+) Deficit(-)
	Capital	Revenue	Total	Capital	Revenue	Total	
<b>Ahmedabad Urban Development Authority</b>							
2002-03	62.31	12.55	74.86	110.95	10.10	121.05	(-)46.19
2003-04	81.32	14.57	95.89	157.47	10.82	168.29	(-)72.40
2004-05	108.06	13.23	121.29	209.16	10.28	219.44	(-)98.15
2005-06	147.91	20.44	168.35	183.49	17.59	201.08	(-)32.73
2006-07	323.87	21.37	345.24	200.51	14.59	215.10	130.14
<b>Total</b>	<b>723.47</b>	<b>82.16</b>	<b>805.63</b>	<b>861.58</b>	<b>63.38</b>	<b>924.96</b>	<b>(-)119.33</b>
<b>Surat Urban Development Authority</b>							
2002-03	26.23	2.30	28.53	5.16	1.95	7.11	21.42
2003-04	12.79	2.63	15.42	3.75	1.97	5.72	9.70
2004-05	11.89	3.37	15.26	21.65	2.29	23.94	(-)8.68
2005-06	45.01	3.10	48.11	38.28	2.59	40.87	7.24
2006-07	86.88	3.34	90.22	44.66	2.90	47.56	42.66
<b>Total</b>	<b>182.80</b>	<b>14.74</b>	<b>197.54</b>	<b>113.50</b>	<b>11.70</b>	<b>125.20</b>	<b>72.34</b>

Ahmedabad Urban Development Authority met the deficit of Rs 119.33 crore out of borrowed funds.

### Audit findings

#### Ahmedabad Urban Development Authority

#### Infrastructure Development

#### 3.2.7 Sardar Patel Ring Road

Considering the increase in the urban population and expansion of the city, AUDA planned construction of a 60 metre wide and 76.313 kilometre long four lane ring road to facilitate traffic movement.

The ring road connects 19 roads of various categories like National Highways (NH), State Highways (SH) and Expressways. The ring road had rail crossings at five places and crosses the river Sabarmati at two locations. The ring road also serves as by-pass for Ahmedabad city for all the directions. The entire length of the ring road was divided into four sections and execution of a two lane road was taken up in the first phase.

First Phase of the project estimated to cost Rs 154.35 crore (July 2001) was revised to Rs 189.45 crore (July 2005). AUDA obtained loan of Rs 100 crore from nationalised banks.

### 3.2.7.1 Implementation

Execution of two-lane road works commenced in 2001 was due for completion in June 2003. It was actually completed in December 2006; the delay was attributed to delay in construction of rail over/under bridges and bridges across river Sabarmati.

### 3.2.7.2 Project estimation

The work of preparation of project reports and estimates was assigned (July 2000) to a consultant. The consultant submitted (July 2001) estimates amounting to Rs 154.35 crore for the work.

There were wide variations between the cost estimates prepared by the consultant and the rates quoted by the contractors on invitation of tenders. In 23 out of total 24 contracts awarded, the rates quoted by the contractors were below the estimates ranging from 10.64 *per cent* to 30.65 *per cent*. Thus, as against the aggregate estimated cost (EC) of Rs 167.55 crore put to tenders, bidders quoted at Rs 133.68 crore. Therefore the estimates prepared were unrealistic and based on inadequate market survey.

Though, overall rates quoted by the contractors were 20.21 *per cent* below EC put to tender, actual expenditure incurred (March 2007) was Rs 247.76 crore resulting in cost overrun of Rs 58.31 crore.

### 3.2.7.3 Tendering

- *Award of work without inviting tenders*

**Award of work without invitation of tenders resulted in avoidable expenditure of Rs 1.71 crore.**

Gujarat Public Works Department Manual provides that public tenders are to be invited for all works estimated to cost Rs 50,000 and above. In contravention to the above provision, two works<sup>14</sup> estimated to cost Rs 16.27 crore were awarded (December 2002) to an agency<sup>15</sup> at a cost of Rs 13 crore<sup>14</sup> without invitation of public tenders; both the works were awarded at 20.11 *per cent* below EC, being the rate quoted by the same agency in response to tenders invited in July 2002.

AUDA stated (June 2007) that due to urgency the work was awarded without invitation of tenders. However, letters of acceptance (LOA) for the works were issued (October 2002) and work orders to start the works were issued (December 2002) after a delay of nearly two months.

AUDA had also received (November 2002) quotation for similar road work below 30.65 *per cent* of the EC from the same agency. Thus, award of two works without invitation of tenders not only violated the codal provision, but also resulted in avoidable expenditure of Rs 1.71 crore. This also denied equal opportunity to all prospective contractors to compete for the works.

<sup>14</sup> (i) Construction of road from Ahmedabad-Gandhinagar highway to approach of Tragad under pass estimated to cost Rs 11.35 crore and awarded at Rs 9.07 crore (ii) construction of road from Ahmedabad-Dehgam junction to NH-8 at Ranasan estimated to cost Rs 4.92 crore and awarded at Rs 3.93 crore

<sup>15</sup> Narainsingh Gulabsinghji



▪ **Negotiations with second lowest agency**

**AUDA negotiated with second lowest agency and awarded work estimated to cost Rs 20.76 crore to it contrary to CVC guidelines.**

Chief Vigilance Commissioner (CVC) GOI put a ban (November 1998) on post tender negotiations except in the case of negotiation with the lowest tenderer. Further, the CVC clarified (August 2000) that if the first lowest tenderer backed out, there should be re-tendering in a transparent and fair manner.

AUDA invited (June 2002) tenders for five works, of which two works<sup>16</sup> estimated to cost Rs 20.76 crore; for both the works, an agency<sup>15</sup> who quoted at 19.91 per cent and 20.11 per cent below EC, stood the lowest tenderer. However, AUDA negotiated with another agency<sup>17</sup> who, stood second lowest in tendering. After negotiation, availing a savings of Rs 1.94 lakh, the work was awarded (July 2002) to second lowest agency at 20 per cent and 20.21 per cent below EC respectively.

When pointed out, AUDA stated (June 2007) that though the agency was the lowest in five tenders invited for works relating to the ring road, it was decided to distribute the works to more than one agency to ensure timely completion of the works. The reply is not acceptable; in case AUDA has reasons to believe that the lowest tenderer had no means to complete all five works simultaneously, retendering should have been resorted to.

**3.2.7.4 Irregular payment of price escalation**

**AUDA paid Rs 3.62 crore towards price escalation without any obligation under the agreement.**

The work of construction of three<sup>18</sup> bridges was awarded (October 2002, March 2003 and November 2003) to three agencies<sup>19</sup> at a tendered cost (TC) of Rs 28.37 crore against the EC of Rs 34.19 crore. There was no provision in the contract for payment of price escalation due to increase in the price of any of the specified material.

While the works were in progress, the agencies requested (March 2004) for payment of price escalation due to increase in cost of steel and cement. Despite there being no contractual obligation, AUDA accepted (April 2004) the request of agencies and paid Rs 3.62 crore towards price escalation.

AUDA stated (June 2007) that in the interest of completion of work at the earliest, decision was taken for making payment of price escalation. The reply of AUDA is not tenable as no payment could be made unless otherwise provided in the contract agreement.

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<sup>16</sup> (i) Construction of road link from NH-8 near Aslali to National Expressway junction near Ramol and (ii) construction of ring road from Expressway junction near Ramol to NH-59 junction near Odhav estimated to cost Rs 12.93 crore and Rs 7.83 crore respectively

<sup>17</sup> B&R Infra Techno (Private) Limited

<sup>18</sup> (i) Over bridge with approaches at Vatva Loco yard above Mumbai - Ahmedabad railway line (awarded at Rs 12.57 crore against the estimated cost of Rs 14.07 crore); (ii) bridge across river Sabarmati near Village Bhat (awarded at Rs 7.55 crore against the estimated cost of Rs 9.55 crore); (iii) bridge across river Sabarmati at Kamod (awarded at Rs 8.25 crore against the estimated cost of Rs 10.57 crore)

<sup>19</sup> (i) Ranjit Construction Company; (ii) Ajay Engineers; (iii) Rajkamal Infrastructure Private Limited

### 3.2.8 Under bridges across railway lines

#### 3.2.8.1 Award of work without invitation of tenders

Work of construction of a road under bridge (RUB) at Tragad<sup>20</sup> estimated to cost Rs 6.88 crore was awarded (January 2003) to Sugam Construction (Private) Limited (agency) at a tendered cost (TC) of Rs 6.88 crore without invitation of public tenders in lieu of deferment (August 2001) of work of construction of RUB at Nirnay Nagar awarded to the same contractor (July 2001) on account of litigation. Since the site conditions differ from work to work, cost for execution of work would vary; therefore, award of work without invitation of tenders on reason of deferment of work was irregular.

When pointed out, AUDA stated (May 2007) that the work was entrusted to the contractor as the deferred work was awarded after fulfilling the tendering procedure. The reply is not tenable in the absence of any provision for entrustment of work in such manner.

##### ▪ *Irregular payment of price escalation*

**AUDA paid Rs 1.45 crore towards price escalation without any provision in the agreement.**

The work of RUB at Tragad was awarded (January 2003) on the same terms and conditions as of RUB at Nirnay Nagar, except payment of price escalation.

However, AUDA accepted (October 2004) the request (July 2004) of the agency for payment of price escalation in terms with contract of RUB at Nirnay Nagar. Payment of Rs 1.45 crore was accordingly made towards price escalation upto completion stage of the work (July 2006).

AUDA stated (June 2007) that the price escalation clause was included subsequently with the approval (October 2004) of the Chairman. The reply of AUDA is not tenable for want of enabling provisions in the contract agreement.

##### ▪ *Avoidable payment on supervision charges*

**Award of work to an inexperienced agency resulted in avoidable payment of Rs 38.57 lakh towards supervision charges.**

While approving execution of RUB work, Tragad within railway premises by the agency appointed by AUDA, Railways imposed a condition that a site supervision consultant<sup>21</sup> should be appointed for overall planning and execution of the work. Accordingly, AUDA appointed (December 2004) RITES as consultant for site supervision on a monthly fees of Rs 2.50 lakh and paid fees of Rs 38.57 lakh till completion of work (July 2006); this was in addition to Rs 1.10 crore paid to Railways towards departmental charges.

Scrutiny of records (July 2005) revealed that Railways imposed the condition of supervision as the contractor was inexperienced in box pushing technique in railway embankment. Thus, award of work to an inexperienced contractor resulted in avoidable payment of Rs 38.57 lakh.

<sup>20</sup> Combined bridge across Ahmedabad-Delhi MG railway line at Tragad and across Ahmedabad-Gandhinagar BG railway line

<sup>21</sup> either RITES or IRCON or KRCL

AUDA stated (June 2007) that the work was to be supervised by the Railways, but the Railway authorities wrote (December 2004) for appointment of RITES for supervision work. The reply of AUDA was not tenable as there is no justification for payment for supervision consultant as well as departmental charges.

### 3.2.8.2 Toll tax collection

**Late creation of infrastructure for toll collection resulted in non-collection of Rs 64.72 lakh.**

State Government accorded (November 2005) permission for collection of toll tax in respect of three toll plazas; AUDA notified (December 2005) commencement of toll tax collection with effect from 6.00 AM of 1 January 2006 in the Gazette. However, actual toll tax collection commenced from 21 January 2006 on account of non creation of infrastructure for toll collection; delay in commencement of toll tax collection resulted in non-collection of Rs 64.72 lakh<sup>22</sup> (estimated).

When pointed out, AUDA stated (May 2007) that planning of construction of toll booths took time resulting in delay in commencement of collection. The reply is not tenable as AUDA could not establish necessary infrastructure in time to facilitate collection of toll tax.

## Water supply

### 3.2.9 Water transmission and supply scheme

With a view to provide safe, adequate and assured drinking water supply to the western part in AUDA area, a composite water supply transmission scheme based on Narmada canal water near Jaspur village was conceived for households in 35 Village/Nagar Panchayats (VPs/NPs) through individual network distribution system, implemented in two stages.

#### 3.2.9.1 Financing

The main trunk line work estimated to cost Rs 106 crore was entirely financed from AUDA's funds; detailed project report for distribution network estimated at Rs 140.33 crore for the 35 VPs/NPs was prepared for implementation under 'as and when'<sup>23</sup> programme of the Government. In respect of the distribution network, 75 per cent of the project cost was admissible from the Government as grant-in-aid and remaining 25 per cent of the cost was to be contributed by the beneficiary VP/NP as public participation.

AUDA obtained (December 2002) a loan of Rs 70 crore from HUDCO for the main trunk pipeline. As funds sought (May 2003 and December 2004) from Government for distribution network were not received, AUDA therefore obtained (January 2004) a loan of Rs 75 crore from HUDCO. Against total loan of Rs 145 crore sanctioned (December 2002 and January 2004), AUDA availed only Rs 45.86 crore (Rs 41.13 crore and Rs 4.73 crore) and the remaining amount (Rs 99.14 crore) was not drawn from HUDCO.

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<sup>22</sup> Based on actual collection during 21.1.2006 to 29.1.2006

<sup>23</sup> The project will be executed as and when funds are available with Government

**Borrowing of funds out of pace with the progress of works planned/executed resulted in loss of Rs 26.70 lakh**

AUDA drew Rs 41.13 crore (March 2003-May 2004) from HUDCO against the loan of Rs 70 crore for financing the work of main trunk line and credited it to a separate escrow Account. Due to slow progress of the work, Rs 49.76 crore<sup>24</sup> drawn (between April 2003 and July 2005) was invested in fixed deposit (on 12 occasions) for periods ranging between seven to 257 days. The rate of interest earned varied between 4.25 and 5.5 *per cent* per annum as against 7.9 *per cent* payable to HUDCO. Investing borrowed money in fixed deposit at lower rate of interest resulted in loss of Rs 26.70 lakh.

Since the borrowings of funds were not in pace with the works planned/executed, the loan amounts could not be utilised on drawal, which resulted in avoidable interest liability to AUDA.

### 3.2.9.2 Execution of works

#### ▪ *Irregular payment of price escalation*

Orders for 30 works<sup>25</sup> at a total tendered cost of Rs 53.88 crore respectively were awarded during February-March 2004 to be completed in eight months time. There was no clause in any of the agreements for payment of price escalation due to increase in the price of specified material utilised in execution of the work. However, on representation from the contractors, AUDA decided (October 2004) to pay price escalation for increase in cost of steel, cement and pipes utilised in the works; irregular payments of Rs 6.90 crore were made due on account of price escalation.

When irregular payment of price escalation was pointed out, AUDA did not give any reply; but merely furnished (May 2007) a copy of noting with orders of the Chairman sanctioning the payment.

#### ▪ *Unauthorised financial aid to contractor*

*Lump-sum* contract for construction of water treatment plant was awarded (October 2002) to an agency<sup>26</sup> at a tendered cost of Rs 19.75 crore. According to the schedule of payments, 65 *per cent* of contract value was payable after the material was brought to site; 15 *per cent* on erection; 15 *per cent* on testing/ commissioning and the balance five *per cent* after the defect liability period.

In the running account bill (RA Bill) paid (June 2004), on the request of the agency, the payment schedule was modified to pay 75 *per cent* of contract value on bringing the material to site; 10 *per cent* on erection; 10 *per cent* on testing and commissioning and the remaining five *per cent* after the defect liability period. Revision of the payment schedule resulted in unauthorised aid to the contractor to the extent of Rs 54 lakh.

When pointed out AUDA stated (May 2007) that payment was rescheduled on the recommendation of the project consultant and with the approval of

<sup>24</sup> Inclusive of unutilised balances in Escrow account and fresh amounts drawn

<sup>25</sup> 15 each for civil and pipeline for water distribution system

<sup>26</sup> Shriram Engineering Construction Company Limited

Chairman. The reply is not tenable as no payment was to be made outside the scope of agreement.

▪ **Irregular advance payment**

**AUDA made irregular advance payment of three crore rupees on work executed, but not measured.**

Gujarat Public Works Department Manual provides that advance payment up to 80 *per cent* of the work done, but not measured could be made to the contractor. This advance payment can be made only if a responsible officer (not below the rank of Sub-divisional Officer) certifies that not less than the quantity of work, for which payment is proposed, has actually been executed. Further, the work for which advance payment was made should be measured immediately and the amount adjusted in the next RA Bill.

Scrutiny of records revealed that advance payment of three crore rupees were made to an agency<sup>27</sup> (March 2005) entrusted with a work<sup>28</sup> without supporting details of works executed. The advance payment was adjusted in the subsequent RA Bill (December 2005).

When pointed out AUDA stated (May 2007) that payment was made on the recommendation of the project consultant and approval of Chairman. The reply is not tenable as payment is to be made as per the codal provisions.

▪ **Recovery of Liquidated Damages**

**AUDA had not recovered liquidated damages amounting to Rs 6.68 crore from two agencies.**

The work of construction of composite water supply scheme was awarded to an agency<sup>29</sup> at a tendered cost (TC) of Rs 56.85 crore (August 2002) for completion in 10 months. As the work was not completed even after extension of time limit (December 2003), AUDA, decided (September 2004) to levy liquidated damages (LD) at the rate of Rs 5.60 lakh *per day* of delay effective from 21 September 2004, subject to a ceiling of Rs 5.69 crore. The work remained incomplete as of March 2007.

Similarly, work for construction of water treatment plant was awarded to an agency<sup>30</sup> at TC of Rs 19.75 crore (October 2002) to be completed in 10 months period. Owing to non-completion of the work, AUDA decided (October 2004) to levy LD at the rate of Rs 9.87 lakh for every week of delay with effect from 22 October 2004. The LD recoverable upto the date of completion 22 February 2007 works out to Rs 98.75 lakh.

However, orders (September 2004 and October 2004) imposing penalty for non - completion of work within the specified time limit provides that the amount of LD be shown as recoverable from the contractor. At the same time, another order stipulated that AUDA might consider waiver of recovery, if the agencies could achieve the functional completion of schemes by December 2004. The agencies could not achieve functional completion of works by December 2004; however, LD was not recovered (March 2007).

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<sup>27</sup> Nicco Backbone Joint Venture

<sup>28</sup> Construction of composite water supply project for urban agglomeration around Ahmedabad City for Western AUDA

<sup>29</sup> Nicco Backbone Joint Venture

<sup>30</sup> Shriram Engineering Construction Company Limited

When an order (October 2004) for recovery of LD (for delay in completion of work) was already in existence for implementation, another order in a different proceedings (for levy of penalty) modifying the scope of the former order was not justified. Hence, issue of overlapping orders resulted in non-recovery of LD of Rs 6.68 crore from two agencies.

### 3.2.9.3 Completion and utilisation of the scheme

#### ▪ *Delay in completion of the scheme*

**Water supply schemes for 16 VPs/NPs due to be completed in December 2003 could be completed only for 9 VPs/NPs (by March 2007).**

The work for supplying water to 16 VPs/NPs was due for completion in December 2003.

The work of water treatment plant, estimated to cost Rs 20.25 crore, awarded in October 2002 was due for completion in July 2003; this was, however, delayed for more than three years and was completed in February 2007 at a cost of Rs 18.45 crore. Work of main trunk line estimated to cost Rs 57.43 crore commenced in August 2002 and the stipulated date for completion was in June 2003; this was actually completed in March 2007. Civil works (EC Rs 29.38 crore); pipeline works (EC Rs 35.00 crore) and electrical-mechanical works (EC Rs 20.71 crore) for distribution system started in February-March 2004 were due for completion in eight months. As of March 2007, distribution network was completed only in nine VPs/NPs and works in the remaining seven VPs/NPs were in progress.

AUDA attributed (May 2007) delay in completion of scheme to (i) change in location of overhead tank; (ii) delay in land acquisition under Town Planning Schemes and for water treatment plant; (iii) delay in obtaining permission for crossing of rail, National/State Highways, etc. and (iv) delay in obtaining administrative approval from the State Government.

The reasons advanced for delay are not tenable as land for water treatment plant was obtained in November 2002 and administrative approval from the State Government was received in December 2003; since the requirement of rail/road crossing was known from the date of formulation of the scheme, action to obtain necessary permission from the concerned authorities should have been initiated well in advance.

#### ▪ *Utilisation of water supply scheme*

**There was only 22 per cent utilisation of infrastructure created; out of 1.80 lakh house connections envisaged; water was supplied to only 3,262 households.**

The scheme envisaged supply of potable water to 1.80 lakh residential units in 16 VPs/NPs from January 2004. But, work was completed in only one village and water supply commenced to 3,262 residential units (August 2005).

Work in other eight VPs/NPs was completed during 2006-07; but AUDA had not started water supply to any of the VPs/NPs. AUDA stated (May 2007) that water supply could not be given as the number of applications received for house connections were not sufficient to run the pumping stations.

Of the 16 VPs/NPs, 14 were merged (July 2006) with Ahmedabad Municipal Corporation (AMC). Applications for water supply from 7,335 residential

units were received (March 2007) in 10 VPs/NPs as against the estimated 1,79,715 units in 16 VPs/NPs.

As a result, water supply connections were given to only 3,262 residential units in one village; in respect of the remaining 4,073 applications from nine VPs/NPs, Rs 1.67 crore collected earlier (towards connection charges) were refunded to the respective applicants as the demand was inadequate to start the water supply system.

The water treatment plant having an installed capacity to treat 275 MLD of water was treating only 60 MLD of water (22 per cent) as of March 2007. Similarly, the water transmission main trunk line (expenditure incurred upto March 2007 Rs 63.05 crore) laid with an installed capacity of 400 MLD water and projected utilisation capacity of 275 MLD of water was actually transmitting only 60 MLD (22 per cent) water as of March 2007. Thus there was low utilisation of the capacity created resulting in unfruitful expenditure.

### 3.2.9.4 Revenue realisation

**AUDA did not recover anything out of Rs 3.28 crore spent during 2005-07 for operation and maintenance of the water supply scheme.**

Annual operation and maintenance expenditure on the scheme for the individual VPs/NPs was assessed at Rs 8.15 crore from the year 2004 and recovery of water charges was envisaged from the residential units on yearly basis.

Water supply started to one village only (August 2005). AUDA decided (July 2005) not to recover any water charge and supplied water free of cost upto March 2006. Further, no tariff for water charges was fixed from April 2006 onwards.

On being pointed out, AUDA stated (May 2007) that in view of merger of certain VPs/NPs with AMC, work of water distribution was handed over to AMC (November 2006); hence, water charges were not recovered. The reply is not tenable as AUDA continued to bear (March 2007) cost of operation and maintenance of the scheme.

Thus, AUDA did not recover anything towards an expenditure of Rs 3.28 crore<sup>31</sup> incurred during 2005-07 towards operation and maintenance of the water supply scheme.

## **Housing for weaker sections**

### 3.2.10 Valmiki Ambedkar Awas Yojana for slum dwellers

GOI announced (August 2001) Valmiki Ambedkar Awas Yojana (VAMBAY) which seeks to ameliorate the housing problems of slum dwellers living below poverty line. Expenditure on VAMBAY was to be financed by the Government of India (GOI) as subsidy with matching contribution from the

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<sup>31</sup> Rs 1.21 crore during 2005-06 and Rs 2.07 crore during 2006-07

State Government. Target to construct 2,176 houses at a cost of Rs 11.66 crore was assigned (March 2002) to AUDA.

### 3.2.10.1 Implementation of yojana

Valmiki Ambedkar Awas Yojana was formally launched in December 2001 and AUDA received GOI subsidy of Rs 5.44 crore for the year 2001-02 (April-May 2002).

- *Irregular adjustment of Central assistance*

**Out of Central assistance, AUDA irregularly adjusted Rs 1.30 crore for own housing scheme.**

Scrutiny of records revealed that for the same target group, AUDA had already planned construction of 520 houses from its own resources before launching of VAMBAY. AUDA had also spent Rs 1.30 crore on this project before GOI introduced VAMBAY. After VAMBAY was launched, AUDA adjusted the expenditure incurred by it from the subsidy received from GOI towards VAMBAY.

- *Progress of work*

In respect of 312 houses, work order for commencement of construction was issued in February 2004 after a delay of nearly two years from the receipt of subsidy from GOI. In respect of 1,380 houses to be constructed between August 2000 and October 2003, there were delays ranging from 16 months to 26 months in completion of construction.

- *Loss due to rejection of lowest tender*

Tenders for the work of construction of houses under VAMBAY at Sardarnagar (Part-I) estimated to cost Rs 3.38 crore were invited in September 2002. Of the five quotations received, lowest tender standing at Rs 2.86 crore (15.49 per cent below estimated cost) was rejected on the ground of unworkable rates and the tender of the second lowest bidder at Rs 3.17 crore (6.30 per cent below estimated cost) was accepted.

A tender accepted (February 2001) by AUDA for construction of 164 houses under VAMBAY at Vastrapur was 18.09 per cent below estimated cost. The lowest tenderer also informed (October 2002) AUDA that it was already executing work for other Government agencies at 15 per cent below the estimated cost. Hence, reason for rejection of the lowest tender on the ground of unworkable rates is not tenable, the excess expenditure involved is Rs 31.12 lakh.

### 3.2.10.2 Delay in handing over possession of houses

AUDA completed construction of 1,504 houses between October 2004 and September 2005. However, possession had not been handed over to the beneficiaries till May 2006.



AUDA stated (July 2007) that delay in handing over possession was due to delay in verification of eligibility of the applicants. The reply of AUDA is not justifiable as such verification should have been completed by the time construction of houses was finished.

### 3.2.10.3 Irregular allotment of houses

**In contravention of the guidelines, 996 out of 1,493 units were allotted in the name of male members alone.**

Guidelines of VAMBAY provide that allotment of dwelling unit should be in the name of the female member of the household or in the joint names of the husband and wife. However, houses cannot be allotted in the single name of the male member. Review of allotments made in February 2005 revealed that out of 1,493 houses allotted, 996 were in the sole name of male members, which was irregular.

AUDA stated (July 2007) that the requirement would be followed henceforth.

## Surat Urban Development Authority

### Water supply

#### 3.2.11 Water supply project for Pal-Palanpor and Vesu areas

##### 3.2.11.1 Project formulation

To provide safe and adequate water supply facilities at Pal-Palanpor and Vesu urban settlements, SUDA took up the construction of a water supply distribution system for these areas. According to the Detailed Project Report, filtered water from Variav head works of Variav Regional Water Supply Scheme (RWS) of Gujarat Water Supply and Sewerage Board (GWSSB) was to be conveyed to the sump proposed at individual settlements of Pal-Palanpor and Vesu areas, wherefrom water was to be pumped directly into the distribution network system in each settlement. Accordingly, SUDA entered into an agreement (May 2004) with GWSSB for supply of 55 MLD of water from Variav RWS.

##### 3.2.11.2 Financing

**Government of India and State Government did not release Rs 13.53 crore out of committed expenditure.**

Government of India approved the project under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Gujarat Urban Development Mission (GUDM) at a total cost of Rs 29.14 crore<sup>32</sup>. According to the funding pattern of JNNURM, 50 per cent of the project cost was to be borne by GOI, 20 per cent by the State Government and the remaining 30 per cent by the urban local body out of its own resources. The details of share of project cost, amount actually received and commitment pending as of March 2007 were as under –

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<sup>32</sup> Rs 9.95 crore for Pal-Palanpor and Rs 19.19 crore for Vesu areas

(Rupees in crore)

Serial No.	Due from	Committed amount	Released upto March 2007	Amount pending for release
1	Government of India	14.57	3.64	10.93
2	State Government	5.83	3.23	2.60
3	SUDA	8.74	21.64	(-)12.90
	<b>Total</b>	<b>29.14</b>	<b>28.51</b>	<b>0.63</b>

As against total expenditure of Rs 28.51 crore (March 2007), SUDA received only Rs 6.87 crore<sup>33</sup> and the commitments pending for release from GOI and State Government were to the tune of Rs 13.53 crore<sup>34</sup> (March 2007). SUDA stated (May 2007) that as fund was received through Surat Municipal Corporation, it was taking up the matter with Central/State Government for release of funds.

### 3.2.11.3 Utilisation of the facility created

**Due to failure of GWSSB to supply water as per agreement, water supply facility created at an expenditure of Rs 28.51 crore could not start functioning.**

Surat Urban Development Authority completed (October 2005) construction of the sump at a cost of Rs 5.88 crore, distribution network (October 2005) at Rs 14.56 crore and electrical-mechanical works (November 2005) at Rs 2.96 crore. Despite Variav RWS being inaugurated (May 2006), water supply to SUDA had not started as of May 2007. GWSSB did not furnish any reason for non supply of water to SUDA for activating Pal-Palanpor and Vesu Water Supply Project.

Thus, due to non supply of water by GWSSB, the benefit of providing safe, adequate and assured supply of drinking water to the 1.78 lakh people of Pal-Palanpor and Vesu area could not commence though the project was commissioned (November 2005). An expenditure of Rs 28.51 crore incurred (March 2007) on the project therefore, has not borne fruit as yet.

### 3.2.11.4 Avoidable payments on minimum charges for power supply

For distribution of water with equitable pressure and direct pumping from the sump to the distribution system, two head works for Vesu area and one head work for Pal-Palanpor area was provided. On the assumption that water would be supplied by GWSSB by November 2005, SUDA obtained two 175 KVA and one 275 KVA power supply connections (November 2005).

Since GWSSB did not supply water, there was no power consumption and the electricity supplying company at the request of SUDA did not start minimum billing for power consumption upto March 2006. Thereafter, from April 2006, company started billing SUDA for the minimum charges. SUDA paid Rs 18.10 lakh during 2006-07 as minimum electricity charges without consumption of any electricity resulting in avoidable expenditure.

<sup>33</sup> Rs 3.64 crore from GOI and Rs 3.23 crore from the State Government

<sup>34</sup> Rs 10.93 crore from GOI and Rs 2.60 crore from State Government

## **Housing for weaker sections**

### **3.2.12 Vesu-Bhestan Housing projects**

SUDA constructed 483 houses at Vesu (March 2000) and 1,032 houses at Bhestan (November 2001) at a cost of Rs 2.41 crore and Rs 6.56 crore respectively for allotment to economically weaker section (EWS). Government released (January 2002) subsidy at the rate of Rs 5,000 *per* house to SUDA. On allotment, the balance amount of cost of construction was recoverable from the beneficiaries in equated monthly installments (EMI).

#### **3.2.12.1 Non-capitalisation of interest**

For financing these projects, SUDA obtained loans of Rs 1.69 crore (August 1999) and Rs 3.10 crore (January 2001) from HUDCO at interest rate of 10 *per cent*. During the period from 2000-06, SUDA paid interest aggregating Rs 1.96 crore to HUDCO on the loans, which was debited to income and expenditure account as 'contingencies and other expenditure' of SUDA.

As per provision in the Gujarat Town Planning and Urban Development Rules, 1979, interest paid on loan should be capitalised and included in the capital cost of the project. Failure to include the interest paid, in the cost of construction for recovery from the beneficiaries resulted in loss of Rs 1.96 crore to SUDA.

When pointed out, SUDA stated (May 2007) that the loans were availed to generate funds, but were utilised for the development programme as a whole and hence not capitalised towards the specific project. The reply is not tenable as the loans were taken for the project.

#### **3.2.13 Conclusion**

The consultant appointed for preparation of plan and estimates for Sardar Patel Ring Road did not prepare correct estimates. Work order was issued without invitation of tenders; in another case, work was awarded to the second lowest agency. Price escalation was paid outside the scope of agreement. Completion of Water Supply Scheme in AUDA area was delayed; there was only negligible utility of the facility created. Water charges from the beneficiaries were not levied. AUDA irregularly adjusted Central assistance received for VAMBAY towards its own housing scheme and dwelling units under the scheme were allotted in the name of male members only in contravention of guidelines. Central/State finances as per norms of JNNURM were not given to SUDA. GWSSB did not supply water to SUDA as agreed upon resulting in non-utilisation of facility created.

**3.2.14 Recommendations**

- Payments to the executing agencies should be regulated in accordance with codal provisions and agreement
- Utility of the facility created should be ascertained well in advance
- Allotment of houses constructed for weaker sections should be done as per scheme guidelines
- Funds as per norms should be released to the implementing agencies

The matter was reported to the Government in July 2007; reply was not received (October 2007).

## REVENUE DEPARTMENT

### 3.3 IT Audit of Computerisation of land records

#### Highlights

There were major deficiencies in input, access, operation and security controls. Duties as defined to various functionaries were exercised by others. Absence of proper access controls exposed the system to the risk of unauthorized use.

(Paragraphs 3.3.9 and 3.3.10)

Digitization of cadastral map in 131 villages at an expenditure of Rs 98.56 lakh could not yield any fruitful result.

(Paragraph 3.3.11)

Computers procured were utilised for other purposes; additional computers and hardware were provided at Sub-Divisional Magistrates (SDM) and District Data Centre (DDC) offices.

(Paragraph 3.3.12.1)

Scanners purchased for e-Dhara kendras at an expenditure of Rs 17.01 lakh remained unutilised. In addition to the provision as per guidelines, 26 servers at a cost of Rs 34.91 lakh were purchased for taluka offices.

(Paragraph 3.3.12.2)

#### 3.3.1 Introduction

To overcome the inherent problems in the manual system of maintenance and updating of land records, Government of India (GOI) introduced (1988-89) a cent *per cent* Centrally Sponsored Scheme (CSS) of Computerisation of Land Records (CLR). The work commenced in 1990 in Gujarat. Government of Gujarat (GOG) set up a CLR Cell (since renamed as State Monitoring Cell (SMC)) in the Revenue Department. After completion of Pilot Project in Gandhinagar district, GOG handed over (1998) the work to National Informatics Centre (NIC) to take up the scheme for all 225 *talukas* of the State.

#### 3.3.2 Organisational set-up

Principal Secretary, Revenue Department is the State-level implementing authority. Collectors, Additional/Deputy/Assistant Collectors are designated as Nodal Officers in their respective districts. In manual/computerised system, Sub-Divisional Magistrates (SDMs) are supervisory officers for the *talukas* under their jurisdiction. *Mamlatdars*, overall administrators for land records for their *talukas*, are responsible for maintenance of records in his jurisdiction. Deputy *Mamlatdars* are designated as the administrators for e-Dhara Kendra where Record of Rights (RoR) – *Hakka Patrak*, is issued and on-line mutation

workflow is done. Collector, Gandhinagar is the Nodal Officer for procurement of Hardware and Software on the recommendations of the Steering Committee.

### **3.3.3 Objectives of the scheme**

- To facilitate easy maintenance and updating of changes which occur in the land data base such as changes due to creation of irrigation facilities, natural calamities, consolidation of land holdings or on account of legal changes like transfer of ownership, partition, land acquisition, lease etc.
- Computerization of ownership and plot-wise details for issue of timely and accurate copy of the Record of Rights to the land owners.
- Creation of 'land information system' and database for effective land reforms, revenue administration and development planning at the grass root level.

### **3.3.4 Audit objectives**

- To evaluate extent of computerisation of land records in the State;
- To assess efficacy of data capture, updation, maintenance, security and validation;
- To assess efficacy in procurement of hardware/software and its utilisation; and
- ensure effective utilisation of computerised database for land reforms administration and development works.

### **3.3.5 Audit Methodology**

Computer Assisted Audit Techniques (Interactive Data Extraction and Analysis (IDEA)/Structured Query Language (SQL) and MS-ACCESS) were used for data extraction and analysis.

### **3.3.6 Audit coverage**

Records of Revenue Department, Settlement Commissioner and Director of Land Records (DLR) and 10 districts<sup>35</sup> (20 taluka offices out of 225, 10 SDM out of 54, one District Inspector of Land Records) were test checked (February 2007 to June 2007) covering the period from 2001-07.

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<sup>35</sup> Ahmedabad, Amreli, Anand, Banaskantha, Junagadh, Jamnagar, Kachchh, Rajkot, Surat and Vadodara

## Audit findings

### 3.3.7 Documentation

On conversion of 'agricultural land' into non-agricultural land, the system was not removing/withholding details of farmers, type of land, irrigation facilities and crops, etc.

In the manual system, the *Mamlatdar* was responsible for the up-to-date maintenance of RoR and 'Register of Mutation' in respect of lands in all villages within his jurisdiction.

Based on the outcomes of pilot study, it was decided to computerise village form 7/12, Form 8a and Form 6 (*Hak Patrak*) or Mutation Register. GOG decided (1998) to hand over the project to NIC for system study, software development, implementation and all technical support including training for CLR scheme. The software package for computerisation of land records known as "BHULEKH" was developed by the NIC in UNIX platform. Neither User Requirement Specifications (URS) were obtained by the NIC nor had NIC done proper system study/analysis. Further, the NIC did not prepare System Requirement Specifications (SRS) report for software for acceptance by the department after its evaluation. Not assessing the users requirements resulted into some of the important provisions of the Land Records management not getting provided for in the system as on conversion of 'agricultural land' into 'non agricultural land', system should remove/withhold all details such as name of farmers, type of land, irrigation facilities, crop, etc. from the RoR. However, sample RoRs, in respect of agricultural land, converted into non-agricultural land revealed that all these details are still persisting in RoRs.

### 3.3.8 Change Management Control

Changes/amendments to the package (system) need to be properly authorised, tested, accepted and documented. These procedures were not followed and no changes were documented. Even, history of the different versions of the different Modules of the system issued by NIC was not maintained and SMC was not having any record for the changes in the system made by the NIC, when the amended versions were released. It was observed that changes for removing 'bugs' or for any other requirement to improve the functionality were directly made by the NIC at the request of the end-users. No records were kept of these changes and different versions of the modules were in use in various e-Dhara kendras.

### 3.3.9 Input controls

Irrelevant and incorrect data being fed in the system due to lack of data validation coupled with inadequate and ineffective input controls.

The objective of **Input control** is to ensure that the procedures and controls guarantee that (i) the data received for processing are genuine, complete, not previously processed, accurate and properly authorised and (ii) data are entered accurately and without duplication. **Data validation** is a process for checking transaction data for any errors or omissions and to ensure the completeness and correctness of input. Lack of such data validation checks in the Software coupled with inadequate and ineffective input controls like supervisions, etc. resulted in irrelevant and incorrect data being fed in the system; thus putting a question mark on the reliability of the data. Some findings arrived at by analyzing the data are illustrated below.

- In 1740 cases, name and address of the applicants for RoR were recorded as ‘*talati sah mantri*’, ‘*talati cum mantri*’ or ‘*tcm*’ ‘*talatishree*’ etc.
- In 16 cases, addresses of the applicants were left blank and in two cases, applications were found without applicants’ name and address. Thus, there was no foolproof mechanism to upload the correct data in the system; as a result, the RoR issued would also be incorrect/incomplete.
- All the mutations were required to be supported with the attachments provided on this behalf; the applications were also to be verified by the supervisory level officers. However, review of the database revealed that in 69 cases, the applications were found without attachments and in 82 cases, applications were found not verified; in one case, the application was found verified by operator who had no privilege for verifying the applications. Thus, accuracy of the mutation and consequently correctness of the RoR could not be ensured.
- RoR could be issued after the applicant registering either of survey number, *khata* number or the mutation number. However in 70 cases, no such details were found captured by the system.
- Besides other things, the RoR was to contain crop area and details of the crop. In 647 cases, the crop area was found ‘nil’ while the details of crops were given.
- Out of total records of 3,37,222 (*Bhuj taluka*), farmers’ name were not found recorded in 83 cases.
- In the case of caste, there were five codes, viz. ‘0’ to ‘5’. No description was given in table for the code ‘0’; still, in 5,135 records, caste codes were shown as ‘0’. Similarly, code ‘6’, which did not exist, was found recorded in the table.
- In two *talukas*, updation of data of crop plantation was made only up to 2004-05 (*Kamrej*) and 2005-06 (*Ahmedabad*). It was also revealed that data fed in ‘*REVYR*’ (Revenue Year) are not reliable as these were consisting of data (Revenue Year) like ‘-01’, ‘-1’, ‘001-0002’ etc. As a result the farmers would not get the correct information with seasonal crop updation.

Thus incompleteness in database exposed the risk of generation of incorrect RoRs.

### 3.3.10 Information System securities

#### 3.3.10.1 Segregation of duties

**Duties of Talatis, Circle Officers and Mamlatdars were performed by Data Entry Operators at e-Dhara Kendras.**

The *Talatis*, Circle Officer and *Mamlatdar* were provided with the different levels of authorisations viz. entry and maintenance, supervision and approval of entry respectively. However, it was noticed in the test-checked *e-dhara Kendra* that the functions of these authorities was being performed by the Data Entry Operator. No *talati* was posted in any of the *e-Dhara Kendra* for consulting revenue matters. This affected the distribution of duties and powers



according to the hierarchy in an organization, which made the system vulnerable to risks and manipulation.

### **3.3.10.2 Physical Access Controls**

No guidelines or policy was framed to restrict unauthorised persons from physical access to the IT Systems. No record in support of the access to the system was also maintained to ensure access by the authorized users. Absence of such controls increases the risk of unauthorised persons altering/taking information as well as theft of physical assets.

### **3.3.10.3 Logical Access Controls**

- The Government could not adopt/frame any guideline for standard password policy. No record was maintained for having details of creating/deleting (with date) login-ids on transfer of *e-Dhara* Deputy *Mamlatdars* (EDM), operators etc. No provision was made for Menu/Sub-Menu wise permission/roles/restrictions.
- Login-id of ‘District Information Officer (DIO)’ was found being used for issuing RoR, giving authentication and for routine works; the id was for exclusive usage by the DIO, NIC only, who was to render technical support.
- ‘Admin Module’ was to be accessed by the *Mamlatdar* only. However, in the test checked *e-Dhara* kendras, thumb impression of EDM were configured for accessing ‘Admin Module’. It was also observed that *e-Dhara Kendras* functioned beyond working hours and on holidays. In some *e-Dhara Kendras*, login-id of EDM was also used by all the operators. Thus, there was no control to restrict the unauthorised access to the system.
- As per the Operational Manual EDM or in-charge EDM is empowered to give authentication for the working in *e-Dhara Kendra*. However, finger data for un-authorized users viz., operators (10 cases), *talatis* (four cases); District Information Officer (two cases) were also captured by the system and in some cases finger data were found deleted;
- Gaps were found in the users-ids; similarly duplicate user-ids were found used; more than one user-id was created for an operator with different privileges.

### **3.3.10.4 Generation of log files**

The log file was found not capturing all details of operations carried out. In 29 cases, users who performed operations on the system were not found in the main table for users and similarly in 995 cases, users were also given privilege of authentication. Moreover, in seven cases, the years of operation were shown “2040” and in 12,834 cases (out of 1,65,627 data), the ‘user code’ was left blank.

This implies that the log-files were never reviewed for remedial action.

Cadastral maps of 131 villages (Anand district) digitised were lying unused.

### 3.3.11 Digitisation of Cadastral Maps and Tippans

A cent per cent Centrally sponsored pilot projects for Digitization of Cadastral Maps and *tippans* was implemented (1998-99) in two districts (*Anand* and *Sabarkantha*) by the Settlement Commissioner and DLR with the objective of providing computerised *tippans* to the villagers and creating cadastral map by mosaicing the *tippans*. The work covering eight *talukas*<sup>36</sup> was assigned to two agencies<sup>37</sup>. The agencies were paid in all Rs 98.56 lakh<sup>38</sup>.

Scrutiny of records of DLR, Anand revealed that cadastral maps of 131 villages of Anand District were digitized and firm delivered final CD, but it was lying un-utilised and was not even installed in any of the three talukas of the district; instead hard copy of the computerised *tippans* was being used. Thus, Rs 98.56 lakh spent on digitization of cadastral map could not yield any fruitful result.

### 3.3.12 Other points of interest

#### 3.3.12.1 Procurement of Hardware

GOI released (December 2003) Rs 1.40 crore to equip 35 SDM offices. However, all 54 SDM offices were equipped with hardware/software for creating sub-division level centre against the GOI's order for 35 SDM offices. In eight cases, these computer systems were used for "other office work".

Further, as per revised guidelines only one client without any laser printer was to be procured for each SDM office. However, against the specified items two additional clients with one laser printer were provided to each SDM office and thus excess expenditure of Rs 76.04 lakh was incurred.

Each District Data Centre (DDC) was to be equipped with one server, three clients and one laser printer as per the revised guidelines. However, two additional clients and one additional printer were purchased for each DDC and thereby excess expenditure of Rs 24.09 lakh was incurred.

#### 3.3.12.2 Hardware for e-Dhara kendras

Scanners were purchased and supplied to all the 225 e-Dhara kendras at the cost of Rs 17.01 lakh. These scanners were to be used for scanning old VF-6 maintained by the *talatis* and for scanning documents created during the online mutation work flow. The scanners were not used in any of the 225 e-Dhara kendras as the Software 'Scan Module' could not be developed by the NIC which resulted in unfruitful expenditure Rs 17.01 lakh.

As per revised guidelines, two Clients, one Scanner, one eight port hub/switch and one Laser Printer were purchased on the recommendation of the Steering Committee for each taluka. However, in addition to the above, 26 Servers (Rs 34.91 lakh) were purchased to replace the server of 26 talukas which were provided in the first phase of CLR. Thus 26 servers were procured without approval of GOI.

<sup>36</sup> Three *talukas* (131 villages) of Anand district and five *talukas* (408 villages) of *Sabarkantha* district

<sup>37</sup> *Visionlab* Private Limited, Hyderabad (1999-2003)-Anand district; *Geotech Datamatrix* Private Ltd., Gujarat (2000-01), *Sbarkantha* district

<sup>38</sup> *Visionlab* Private Limited, Hyderabad-Rs 49.22 lakh; *Geotech Datamatrix* Private Ltd., Gujarat-Rs 49.34 lakh

### **3.3.12.3 Site preparation etc.**

Government of India released (December 2003) Rs 20.00 lakh as one time grant for set-up of State Level Monitoring Cell at State H.Q. Out of this Rs 10.00 lakh was granted for set-up of Video Conferencing Room at H.Q. for effective monitoring of CLR scheme at various level.

Out of Rs 20.00 lakh, Rs 0.80 lakh and Rs 0.50 lakh were sanctioned for site preparation and for purchase of furniture respectively for SMC at Revenue Department. However, it was observed that above items were not purchased and site was not constructed. Thus SMC was deprived of the basic infrastructure as per GOI guidelines for monitoring and evaluation of the operationalisation of the scheme at State level.

### **3.3.12.4 Diversion of Servers**

On the recommendation of Steering Committee, one Server, five clients, one Laser Printer, one LAN Switch, one UPS, one CD Writer, and two Bio-metrics were purchased for SMC Cell. The dead stock register revealed that the Server was issued (January 2005) to the System Manager who was deputed by Gujarat Informatics Limited (a Government of Gujarat undertaking) on contract basis for providing technical support. The Server was being used as stand-alone PC by the System Manager.

**Server purchased for SMC Cell was issued to the System Manager from Gujarat Informatics Limited.**

### **3.3.12.5 Creation of Video Conferencing Room**

Out of Rs 20.00 lakh, Rs 10.00 lakh was granted for set-up of video conference room at Revenue Department for effective monitoring of CLR at various levels. Necessary equipments (TV, Projector, Screen VC Set, Laptop) costing Rs 3.40 lakh were purchased. Rs 3.87 lakh was placed at the disposal of Nodal Officer (Collector, Gandhinagar) for civil and electric work. It was seen that these equipments were still lying idle and were not put to install as the site had not been prepared even after lapse of three years since the grants was released.

### **3.3.13 Conclusion**

There were various deficiencies in the system developed. Duties defined to various functionaries were not exercised. Access controls were not secured; consequently authenticity of data could not be ensured. The system was not secured from manipulation. There was no disaster management plan in existence.

### **3.3.14 Recommendations**

- Correctness of the captured data should be ensured;
- Foolproof control system should be ensured;
- Updation of data may be carried out as per schedule;
- Provisions for continuity in business, following any disaster, should be made.

The matter was reported to Government (August 2007); reply was not received (October 2007).

## EDUCATION DEPARTMENT

### 3.4 Providing Mid-Day Meal to Primary School Children

#### 3.4.1 Introduction

A scheme for 'providing Mid-Day Meal to Primary School Children' (MDM) was launched (November 1984) by the Government of Gujarat (GOG). MDM was merged (1995) with the 'National Programme for Nutritional Support to Primary Education' (NPNSPE) introduced by the Government of India (GOI). Under NPNSPE, GOI provides assistance<sup>39</sup> in respect of children of Class I to V in specified categories<sup>40</sup> of primary schools. GOG bears expenditure for other items and for children of Class VI and VII. Hot cooked food at prescribed scale<sup>41</sup> is served to the children in the School.

#### 3.4.2 Organisational set up

Secretary, Education Department was responsible for implementation of MDM and was assisted by Commissioner (MDM), Collectors and Deputy Collectors (MDM) at district-level and Mamlatdars at taluka-level. An organiser, assisted by a cook and helper, runs the MDM Centres at primary schools.

Gujarat State Civil Supplies Corporation (GSCSC) was the nodal agency for supply of food-grains, pulses and edible-oil; supplies were made through Fair Price Shops (FPSs).

Government outsourced (May 2006) implementation of MDM in certain areas of Ahmedabad Municipal Corporation to an NGO and two talukas of Valsad district.

#### 3.4.3 Audit objectives

Objectives of the Performance Audit were to examine whether –

- Funds were made available and utilised for providing MDM
- Ingredients as per norms were utilised in the meals;
- Infrastructure for implementation of MDM existed as per norms; and
- Effective system for monitoring was in place

<sup>39</sup> (i) 100 gm free food-grain *per child per school-day* and cooking cost at one rupee (increased to Rs 1.50 from June 2006) *per child per day*; (ii) reimbursement of transportation charges, subject to the prescribed limit

<sup>40</sup> Schools run by State Government and Local Bodies (including Government-aided Schools); children studying in Education Guarantee Scheme (EGC) Centres and Alternative and Innovative Education (AIE) Centres

<sup>41</sup> Total 180 gm consisting of wheat (50 gm), rice (50 gm), pulses (20 gm), edible oil (10 gm), vegetable and condiments (50 gm) *per child per school-day* throughout the year

### 3.4.4 Audit coverage

Records of Commissioner (MDM), eight (out of 25) Deputy Collectors (MDM), 29 (out of 225) Mamlatdars and two Municipal Corporations<sup>42</sup> covering the period 2002-07 were test checked during November 2006 to June 2007.

## Audit findings

### 3.4.5 Financial management

#### 3.4.5.1 Funding

In addition to free supply of food-grains, GOI reimburses transportation cost of food-grains. Planning Commission directed (December 2003) that a minimum 15 per cent 'additional Central assistance' (ACA) under Pradhan Mantri Gramodaya Yojana (PMGY) from 2004-05 be earmarked for meeting cooking costs. Under revised NPNSPE-2004, GOI provided additional assistance to the State Governments.

#### 3.4.5.2 Budget Estimates and expenditure

Budget Estimates (BEs), grants released and expenditure incurred during 2002-07 were as under –

**(Rupees in crore)**

Year	Budget Estimates	Funds made available			Expenditure	Excess (+) <sup>43</sup> Savings (-)
		GOI	State	Total		
2002-03	88.82	0.00	88.74	88.74	87.75	(-) 1.07
2003-04	153.00	0.00	152.90	152.90	152.82	(-) 0.18
2004-05	179.26	48.04	131.37	179.41	179.41	(+) 0.15
2005-06	191.37	72.89	146.87	219.76	206.18	(+) 14.81
2006-07	266.98	138.70	147.98	286.68	277.01	(+) 10.03
<b>Total</b>	<b>879.43</b>	<b>259.63</b>	<b>667.86</b>	<b>927.49</b>	<b>903.17</b>	<b>(+) 23.74</b>

As against BEs of Rs 879.43 crore, funds allotted were Rs 927.49 crore, thereby allotting Rs 48.06 crore in excess. As the expenditure was Rs 903.17 crore; actual excess requirement was Rs 23.74 crore only leaving an unspent balance of Rs 24.32 crore.

#### 3.4.5.3 Non-release of Central assistance

General Administration Department placed (July 2004) Rs.10.68 crore at the disposal of Secretary, Education Department (ED) towards ACA to meet cooking cost; this amount was to be released to the Commissioner (MDM) by 31 March 2005. However, Secretary, ED did not release the amount for which no reason was found on record.

<sup>42</sup> Ahmedabad and Rajkot

<sup>43</sup> Excess/Savings figures are with reference to Budget Estimates

### 3.4.6 Implementation

#### 3.4.6.1 Inadequacy of ingredients

**There was short supply of pulses (21 per cent) and oil (18 per cent) during 2002-07.**

Audit scrutiny of the records of Commissioner (MDM) revealed that quantity of pulses and edible oil to be supplied as per norms<sup>44</sup> were 6.40 lakh quintals and 21.34 lakh tins<sup>45</sup> respectively during 2002-07. Against this, the actual supplies were 5.06 lakh quintals of pulses and 17.40 lakh tins of oil; hence there was short supply of 1.34 lakh quintals of pulses (21 per cent) and 3.94 lakh tins of oil (18 per cent). Commissioner (MDM) did not furnish any reply for short-supply of ingredients.

#### 3.4.6.2 Uninterrupted supply of meals

**Meals were not served for 101 and 46 School-days during 2002-03 and 2003-04 respectively.**

Meals were to be provided to the children on all school-days. Audit scrutiny revealed that meals were not provided for 101 and 46 school-days during 2002-03 and 2003-04 respectively in all the schools. Commissioner (MDM) attributed shortage of food-grain and non-availability of grants as the reasons for deficiency. Reasons furnished by the Commissioner are not convincing in view of the fact that (i) as against allotment of food grain (for Class I to V) of 6.52 lakh quintal and 6.01 lakh quintal during 2002-03 and 2003-04 respectively, the State Government lifted only 2.76 lakh quintals and 3.95 lakh quintals of food grain during those years and (ii) the funds provided were not completely spent during the years and if additional funds were required necessary demand should have been made to the Government.

#### 3.4.6.3 Functioning of Non Governmental Organisation

**There were shortcomings in the functioning of NGO engaged at Ahmedabad Municipal Corporation area.**

Audit scrutiny on the implementation through outsourcing at Ahmedabad Municipal Corporation (AMC) area revealed that –

- Centralised kitchen was not inspected by any independent agency; in the absence of which hygienic maintenance of kitchen could not be verified;
- There were press reports (June 2006) regarding presence of worms in the meals supplied by the NGO; of the 15 samples sent by Health Branch of AMC for laboratory testing (between 24 and 28 June 2006), four were found to be unsatisfactory on testing;
- On inspection of four containers and nine jars (7 July 2006), Deputy Commissioner, AMC, noticed that in respect of two menus, as against the prescribed weight of 300 gm cooked food fixed by AMC, the weight in filled containers were 40 gm/110 gm; and
- The NGO did not adhere to the menus prescribed; food was not supplied in insulated/double layered containers as directed by the Chief Secretary.

<sup>44</sup> Worked out on the basis of the number of average beneficiaries, MDM days and norms of utilisation per student per day (20 gm pulses and 10 gm edible oil)

<sup>45</sup> One tin contains approximately 15 kg edible oil

Except instructions from time to time to follow the norms, Commissioner (MDM) did not take any punitive action against the defaulting NGO. Commissioner (MDM) stated (July 2007) that no complaint on quality/quantity was received during the last five years; this is contrary to the facts as brought out above.

#### **3.4.6.4 Micronutrient supplementation**

**Micronutrient supplementation and de-worming not done.**

Guidelines of NPNSPE provide that MDM be utilised for appropriate interventions relating to micronutrient supplementation and de-worming<sup>46</sup> depending upon common deficiencies found among the children in the area.

Government was required to give detailed guidelines and technical advice for the purpose; Schools were to obtain medicines from the nearby Primary Health Centre/Government Hospital out of the funds of appropriate scheme of Health Department/School Health Programme. However, micronutrient supplementation and de-worming was not being done in the schools.

#### **3.4.6.5 Unviable rates**

Director of Evaluation<sup>47</sup>, GOG recommended (March 1999) review of financial ceilings due to rise in price of ingredients. The cost of inputs of Rs 1.75 (October 1999) was reworked at Rs 3.40 (March 2006); but the reworked rate did not include increase in the cost of vegetables and condiments (55 paise) fixed in March 1999. Thus, the cost of inputs was not reworked correctly and the exercise was deficient to that extent.

#### **3.4.7 Stores management – general**

##### **3.4.7.1 Weights and measures**

A mention was made in paragraph 4.1.9(V) of the Report of the Comptroller and Auditor General of India (Audit Report) for the year ended 31 March 1987 and in paragraph 3.1.14 in the Audit Report for the year ended 31 March 1999 regarding non supply of weights and measures to MDM centres. It was observed that weights and measures were made available in the MDM centres of Municipal Corporation areas only (December 2006).

Government had not taken any decision (December 2006) for supply of weights and measures to the MDM centres of towns and villages; in the absence of which utilisation of ingredients as per norms of the scheme could not be ensured.

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<sup>46</sup> By six monthly dose for de-worming, Vitamin-A supplementation, administration of weekly iron and folic acid supplement and other appropriate supplementation

<sup>47</sup> Is an independent officer responsible for evaluation of any scheme of any Department

### 3.4.8 Amenities and infrastructure

#### 3.4.8.1 Potable water/utensils

Availability of potable water and utensils at MDM centers was not ensured

Out of 29,809 MDM centres, potable water was not available (March 2007) in 3,103 centres (11 *per cent*).

Further, there was shortage of cooking utensils at the MDM centres (September 2006). In the absence of required utensils, hygienic supply of meal to the children could not be ensured.

#### 3.4.8.2 Kitchen sheds

For hygienic preparation and handling of food, kitchen sheds were to be constructed at every MDM centre. As against the requirement of 30,231 kitchen-sheds in the State, only 15,378 were available (March 2007) leaving a shortage of 14,853 (49 *per cent*). Construction of 2,651 kitchen sheds were stated to be in progress (December 2006) and 3,669 were under consideration under NPNSPE.

### 3.4.9 Monitoring

#### 3.4.9.1 Steering-cum-Monitoring Committees

Shortfall of meetings of the SMC ranged between 59 and 100 *per cent*.

Guidelines of NPNSPE provide establishing Steering-cum-Monitoring Committees (SMCs) to oversee the management and monitoring of the programme. SMCs are to be established at National, State, district and block levels to guide various implementing agencies, assess the impact and take remedial measures and mobilize community support.

The SMCs at State level is required to meet at least once in every six months. The district and block level SMCs are to meet at least once in every quarter. During 2004-07 (upto October 2006) shortfall in meetings was 100 *per cent* (State level); ranged between 72 and 76 *per cent* (district level) and 59 and 65 *per cent* (taluka level).

#### 3.4.9.2 Inspection

To ensure quality and quantity of meal served, Government prescribed (1985) inspection of MDM Centres by various officers<sup>48</sup> at different intervals. Scrutiny of the records of Commissioner (MDM) revealed shortfall in inspections ranging from 40 to 66 *per cent* (2002-07).

#### 3.4.9.3 Evaluation of impact parameters

Guidelines of NPNSPE provides for monitoring of (i) nutritional status, (ii) attendance status and (iii) retention/completion status annually by appropriate institutions selected by the State Government/district nodal

<sup>48</sup> Deputy Collector (MDM) (20 inspections every month); Deputy Primary Education Officer (25 inspections every month); Mamlatdars (10 inspections every month); Deputy Mamlatdar-Inspection (20 inspections every month); Deputy Mamlatdar-Administration (10 inspections every month); Taluka Education Inspection (MDM) (as per Taluka Inspection Programme)



agency/district-level SMC by conducting sample studies. Guidelines/Modalities in this regard were yet to be finalised by State Government/State level SMC.

Audit scrutiny revealed that GOG had neither appointed any institution to monitor the programme nor prescribed guidelines for the purpose. Commissioner (MDM) stated (March 2007) that the matter was under process.

#### ***3.4.10 Conclusion***

Uninterrupted supply of meals was not ensured. There were deficiencies of ingredients and outsourced kitchen service did not function satisfactorily as there were instances of supply/serving of unhygienic food and less quantity than prescribed. Micronutrient supplementation and de-worming was not being done in the schools. Many MDM Centres lacked potable water and adequate utensils. Meetings of Steering-cum-Monitoring Committees were grossly inadequate.

#### ***3.4.11 Recommendations***

- Supply of meals as per norms should be ensured
- Functioning of outsourced kitchen services should be closely monitored, to ensure quality and quantity of delivery;
- Adequate amenities and infrastructure may be provided at all the Centres;
- Micronutrient supplementation and de-worming through nearby Primary Health Centre/Government Hospital be provided;
- Monitoring of MDM by SMCs should be strengthened.

The matter was reported to the Government (August 2007); reply was not received (October 2007).