

CHAPTER III

PERFORMANCE AUDITS

This Chapter contains three Performance Audits on ‘Sujalam Suphalam Yojana’, ‘Tribal Development Programme under Gujarat Pattern’ and ‘IT Audit of Employment Exchange Management System’.

NARMADA, WATER RESOURCES, WATER SUPPLY AND KALPSAR DEPARTMENT

3.1 Sujalam Suphalam Yojana

Highlights

Government launched Sujalam Suphalam Yojana for water resources management, watershed development, creation of irrigation infrastructure and drinking water supply. Government did not obtain Central finance of Rs.4,317.61 crore as anticipated. The project commenced in September 2004 and targeted to complete by December 2005 was not completed. The Spreading Canal targeted to complete by December 2005 at cost of Rs.458.50 crore has not been completed despite expenditure of Rs.911 crore. There were cases of non-achievement of physical targets, delay in execution of works. As against target of 32 drinking water supply schemes for providing water to 4,904 villages and 34 towns, only six schemes were completed and only 2,524 villages and 19 towns were covered till March 2008. A review of these projects disclosed that the progress of these projects was hampered mainly due to large number of contracts awarded to individual contractors, delay in land acquisition and in obtaining permission from Forest, Railway and Road authorities. In many cases, estimates were unrealistic resulting in contractors enjoying huge unintended and undue benefits.

Execution of work of Sujalam Suphalam Spreading Canal without public participation led to additional burden of Rs.55.73 crore on the exchequer

(Paragraph 3.1.8.1)

Due to incorrect fixation of unit rate avoidable liability of Rs.21.01 crore was created

(Paragraph 3.1.8.3)

Ignoring the decision to award one contract to a contractor, 102 contracts involving Rs.396.30 crore were awarded to 16 contractors

(Paragraph 3.1.9.3)

Excavated hard rock of Rs.66.01 crore was not accounted for

(Paragraph 3.1.13)

Due to non-completion of four pumping stations, expenditure of Rs.255.70 crore on Hathmati-Guhai Pipeline Project became idle investment

(Paragraph 3.1.15.3)

Pumping operations were not carried out from Piyaj-Dharoi Pipeline project constructed at a cost of Rs.266.47 crore rendering the expenditure unfruitful since November 2004

(Paragraph 3.1.15.3)

Non-synchronisation of work of 54 check dams with the work of Narmada branch canal resulted in blocking up of Government fund of Rs.33.52 crore

(Paragraph 3.1.15.3)

3,256 check dams constructed at a cost of Rs.97.35 crore during 2004-08 were damaged to the extent of Rs.20.03 crore during monsoon

(Paragraph 3.1.15.10)

Four group water supply schemes covering 123 villages, completed between May 2005 and July 2006 at a cost of Rs.37.25 crore were not accepted by Village Panchayats due to availability of water from other sources

(Paragraph 3.1.16.4)

Excess payment of Rs.8.93 crore was made for price variation of steel plates/HR coils

(Paragraph 3.1.16.5)

3.1.1 Introduction

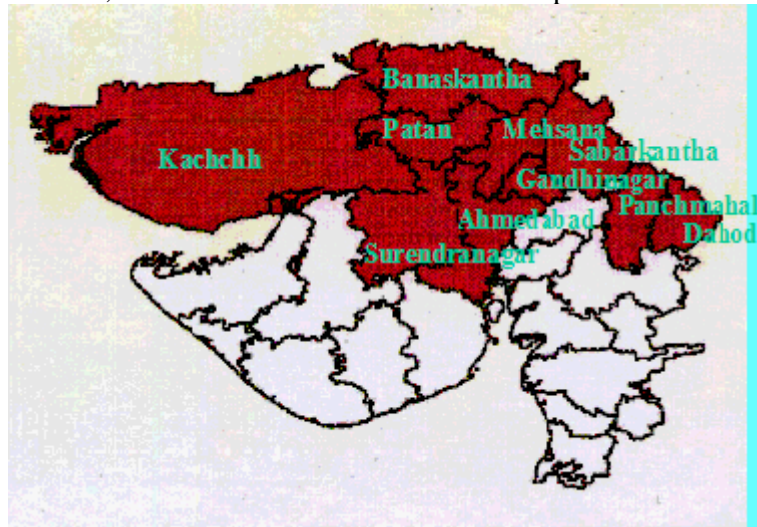
Gujarat is a water deficient State. Out of its four distinct regions¹, only South Gujarat gets sufficient rainfall. Remaining regions face repeated droughts and perpetual scarcity of water due to erratic/scanty rainfall. The long coastline of about 1,600 km and two huge gulfs compound water problem due to salinity ingress. These areas also face problems of excess fluoride, nitrate contamination and brackishness. Over 8,250 habitations/villages suffer from poor quality of water; 6,000 villages face acute water scarcity.

To meet with water deficiency of these regions, Government adopted a multi-pronged strategy of macro and micro level management. Accordingly,

¹ South Gujarat, Central Gujarat, North Gujarat and Saurashtra and Kachchh

Government launched (March 2004) Sujalam Suphalam Yojana (SSY) for water resource management, watershed development, creation of infrastructure for irrigation and drinking water supply in 10 worst affected districts². The Key components of SSY were (i) irrigation and watershed works³, and (ii) bulk water transmission and distribution network for domestic water supply. Government earmarked Rs.6,237.33 crore for completing the projects by December 2005.

Implementation of the works relating to Lift Irrigation (estimated cost Rs.1,936 crore) by Gujarat Water Resources Development Corporation (GWRDC) a company registered under the Companies Act, 1956, functioning under the Water Resources Department is not covered under this Report and balance of Rs.4,301.33 crore is covered under this report.



(Picture 1: Map of Districts covered under SSY)

3.1.2 Organisational set up

Narmada, Water Resources, Water Supply and Kalpasar Department (NWRWSD) was responsible for the implementation of SSY. Principal Secretary, Water Resources (WR) Department implemented irrigation and watershed development components. He was assisted by seven Chief Engineers and Additional Secretary⁴ (CEs) and Superintending Engineers (SEs). Executive Engineers (EEs) were responsible for execution of works.

Secretary, Water Supply (WS) Department implemented bulk water transmission and distribution network for domestic water supply component through Gujarat Water Supply and Sewerage Board (GWSSB) and Gujarat Water Infrastructure Limited (GWIL).

² Ahmedabad, Banaskantha, Dahod, Gandhinagar, Kachchh, Mehsana, Panchmahals, Patan, Sabarkantha and Surendranagar

³ (i) Sujalam Suphalam Spreading Canal (SSSC) from river Mahi to river Banas; (ii) laying of pipeline for lifting water from Narmada Main Canal to different dams in north Gujarat; (iii) construction of dams on 21 rivers' tributaries that cross SSSC; (iv) construction of 107 check dams across 17 rivers in Surendranagar district to store Narmada flood water; (v) construction of Bandharas and tidal regulators in Kachchh region; (vi) construction of Panam and Kadana high level canals

⁴ Quality Control, Mechanical, Central Gujarat, North Gujarat, Saurashtra, South Gujarat and Panchayat

3.1.3.1 Scope of Audit

The Performance Audit covers the expenditure of Rs.3,944.45 crore incurred by Government on Irrigation and Watershed projects⁵ (Rs.2,404.94 crore) and Water Supply Schemes (Rs.1,539.51 crore).

Records relating to conception, planning and implementation of SSY, for the period 2004-08 were test checked at Water Resources and Water Supply Department, GWSSB and GWIL and their field offices.

3.1.3.2 Audit Methodology

Performance Audit (PA) was carried out by preparing audit guidelines, collecting and analyzing statistical data/specifications, undertaking site inspections and conducting discussions with officers of implementing and monitoring departments/bodies. Physical evidences were obtained in the shape of replies to audit queries, copies of documents, maps, etc. Entry conference and Exit conference were held in March 2008 and September 2008 respectively with Principal Secretary (WR).

3.1.4 Audit objectives

The broad objectives of PA were to ascertain whether –

- Project formulation and planning were comprehensive, detailed and accurate;
- Financial management was effective in implementation of projects;
- Evaluation of quality implementation in execution of the projects and
- Monitoring and evaluation was effective so as to achieve the objectives of the project.

3.1.5 Audit criteria

To achieve the audit objectives, following audit criteria were adopted –

- Examination of policy documents, planning and site survey records;
- Examination of Budget and fund management directions and procedures;
- Appraisal of implementation of schemes and contract management guidelines and procedures and procurement systems; and
- Appraisal of monitoring and evaluation mechanism as required under the extant orders.

⁵ Sujalam Suphalam Spreading Canal, Check dams, Bandharas , Lift Irrigation, Check dams in Surendranagar District, Panam High Level Canal, Deepening of ponds etc.

Audit Findings

3.1.6 Financial management

3.1.6.1 Funding pattern

Government did not obtain Central assistance of Rs.4,317.61 crore (69 per cent) out of total estimated cost of Rs.6,237.33 crore

The original cost of SSY was estimated (February 2004) as Rs.6,237.33 crore. Source of funding and sector wise allocation originally planned was as under –
(Rupees in crore)

Sl. No.	Sources of fund	Irrigation Component	Drinking Water Component	Total
1	Existing RIDF ⁶	0.0	360.37	360.37
2	ARWSP ⁷	0.0	33.57	33.57
3	State Budget	494.00	67.75	561.75
4	Tribal Area Plan	217.00	219.66	436.66
5	BADP ⁸	192.00	120.37	312.37
6	Rural Development Programme	165.00	0.0	165.00
7	LNJPNF ⁹	3,173.00	1,144.61	4,317.61
8	Construction of Khet Talavadi ¹⁰	50.0	0.0	50.00
	Total	4,291.00¹¹	1,946.33	6,237.33

Out of the estimated cost of Rs.6,237.33 crore, Rs.4,677.98 crore (75 per cent) was to be obtained as soft loan (LNJPNF Rs.4,317.61 crore (69 per cent); RIDF Rs.360.37 crore (six per cent)). Remaining Rs.1,559.35 crore was to be met from the State budget. Accordingly, it was decided (April 2004) in a meeting headed by the Chief Secretary, to allocate Rs.1,000 crore by diverting 12 per cent of the Rs.8,100 crore Annual Plan Funds for 2004-05. However, Government could not obtain Central assistance from LNJPNF as the same was not created by Government of India and hence, entire expenditure was met from State budget and loan obtained from National Bank for Agriculture and Rural Development (NABARD).

3.1.6.2 Grant released and expenditure there-against

The status of Grant released and expenditure there-against was as under:

(Rupees in crore)			
Year	Grant released	Expenditure incurred	Excess(+) Saving(-)
Water Resources Department			
2004-05	248.56	248.56	0.00
2005-06	547.83	547.83	0.00
2006-07	731.90	731.90	0.00
2007-08	887.51	876.65	(-)10.86
Total	2,415.80	2,404.94	(-)10.86

⁶ Rural Infrastructure Development Fund established by NABARD

⁷ Accelerated Rural Water Supply Programme

⁸ Border Area Development Programme

⁹ Lok Nayak Jai Prakash Narayan Fund proposed to be created by Central Government for water conservation

¹⁰ Field pond constructed by individual farmers within their farm

¹¹ Inclusive of work pertaining to GWRDC

Water Supply Department			
2004-05	340.00	346.68	(+)6.68
2005-06	436.67	488.02	(+)51.35
2006-07	526.82	448.15	(-)78.67
2007-08	414.19	256.66	(-)157.53
Total	1,717.68	1,539.51	(-)178.17
Grand Total	4,133.48	3,944.45	(-)189.03

As against Rs.4,301.33 crore¹² targeted for spending, only Rs.1,573.06 crore (37 per cent) were provided during 2004-06. Even at the end of 2007-08 grants allotted were only Rs.4,133.48 crore (96 per cent). Thus, the SSY was implemented without ensuring availability of adequate fund in accordance with the financial and physical targets fixed for each component.

3.1.6.3 Outstanding Water Charges

In respect of eight water supply schemes maintained by GWSSB, revenue collection was poor and an amount of Rs.10.70 crore was outstanding as of March 2008 as against the amount billed for Rs.12.01 crore.

3.1.7 Physical projections and achievements

The Sujalam Suphalam Spreading Canal (SSSC) commenced in September 2004 was targeted to complete by December 2005. However, as of March 2008, out of earthwork of 613.04 lakh CUM, 593.24 lakh CUM (97 per cent) was completed. As against 636 structures, only 398 (63 per cent) were completed, 238 (37 per cent) structures were still to be completed. Thus SSSC targeted to complete by December 2005 at a cost of Rs.458.50 crore remained incomplete even after lapse of 31 months despite expenditure of Rs.911 crore.

The GWSSB approved 32¹³ Water Supply Schemes (WSS) at a cost of Rs.1,946.33 crore which were intended to cover population of 1.57 crore in 4,904 villages and 34 towns in 10 districts by December 2005. Out of this, six schemes were completed, 16 schemes were ongoing\partially completed, five schemes were not commenced. Remaining five¹⁴ schemes were dropped as the work relating to laying of irrigation pipelines (source) was not started by Water Resources Department as of March 2008 and only 2,524 (51 per cent) villages and 19 towns (56 per cent) were covered. The GWSSB attributed (June 2008) non-commencement of remaining WSSs to execution of schemes according to available budget provision. Status of WSSs taken up under SSY as of March 2008 is given in **Appendix - XXV**.

3.1.8 Project formulation and planning

To develop irrigation potential and drinking water facilities for the targeted population by December 2005, Government launched SSY. Various ongoing schemes¹⁵ related to irrigation and drinking water were also included in the SSY to ensure their implementation on top priority.

¹² Total outlay Rs.6,237.33 crore minus Rs.1,936 crore (Outlay for GWRDC)

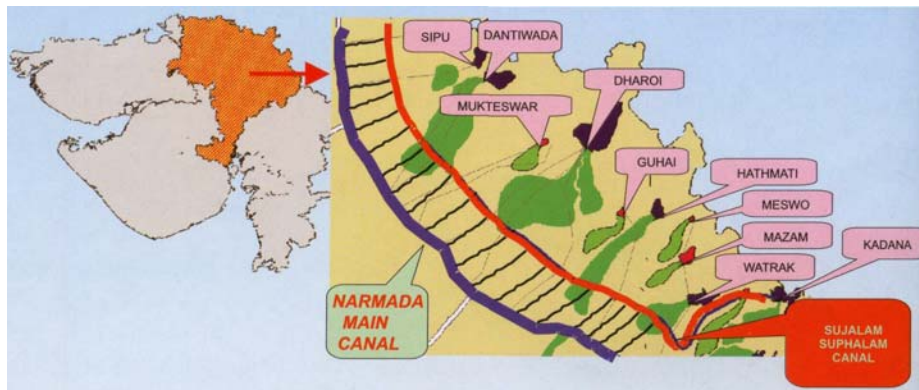
¹³ Including 6 ongoing schemes taken up prior to introduction of SSY

¹⁴ Works were estimated to cost Rs.134.40 crore to benefit population of 20.36 lakh (937 villages and four towns);

¹⁵ construction of Check dams and Bandharas, deepening of pond, water supply schemes, etc.

- ***Sujalam Suphalam Spreading Canal***

Government accorded (February 2004) Administrative Approval (AA) and Overall Technical Sanction (OTS) for Rs.458.50 crore for construction of 337 km long¹⁶ Sujalam Suphalam Spreading Canal (SSSC)¹⁷ to carry 700 Million Cubic Meter (MCM) flood water to supply to 21 dry rivers and hundreds of ponds. Canal alignment was approved (April 2004) by a Committee of experts; and the work was assigned to nine EEs¹⁸. Subsequently, the length of the canal was truncated (October 2006) to 332¹⁹ km.



Picture 2: Map of Sujalam Suphalam Spreading Canal

3.1.8.1 Execution of the works without public participation

Execution of work without public participation resulted in extra burden of Rs.55.73 crore on Government

Finance Department accorded (March 2004) approval for distributing the earthwork for the SSSC amongst villages after fixing district wise unit rates through tender process so as to execute the work through public participation. It was also proposed to get the work executed through *Sampoorna Gramin Rojgar Yojana (SGRY)*, wherever possible. However, the works were executed through contractors without a provision for public participation, reasons for which were not on record. Thus, considering 20 *per cent* public participation on the earthwork of SSSC, as in the case of check dams, additional burden on the exchequer worked out to Rs.55.73 crore²⁰.

3.1.8.2 Inadequate survey

The SEs and EEs implementing SSSC were instructed (May 2004) to ensure that estimates were prepared on the basis of adequate and accurate survey and sub-surface strata investigation through trial pits. Scrutiny revealed that survey was inadequate as item-wise quantities were assessed based on the geological information available from surrounding open wells, open pits, etc. which

¹⁶ From Kadana dam (Panchmahals district) on river Mahi to river Banas (Banaskantha district)

¹⁷ Discharge - 2000 cusec (56.64 m³/s for canal and 3000 cusec (85 m³/s for structures, bed width - 12 m, inner side slope - 1.5 : 1, bed gradient - 1 : 10,000, FSD - 4.25 m and free board - 0.75 m.

¹⁸ Kadana Division 1-0 to 27.69 km; Watrak Project Canal Division, Modasa-27.69 to 74 km; SSSC Division 1, Himatnagar-74 to 119 km; Ahmedabad Irrigation Division, Ahmedabad-119 to 158.970 km; SSSC Division 1, Mehsana-158.970 to 228.420 km; SSSC Division-2, Visnagar-228.420 to 274.340 km; Dharoi Division, Visnagar, Irrigation Division, Deesa and Sipu Division, Palanpur-274.340 to 337.320 km

¹⁹ Terminating at Rel River

²⁰ 20 *per cent* of Rs.278.66 crore (aggregate estimated cost of earthwork)

could be collected visually. Moreover, during execution, the number of structures to be constructed had increased from 380 to 636²¹. Inadequate survey led to preparation of unrealistic estimates and non-inclusion of value of 256 structure and excess quantity of earth work in the original cost estimates. Thus, work taken up without adequate survey could not adhere to the time frame fixed and construction of SSSC was still in progress even after spending Rs.911 crore (March 2008).

3.1.8.3 Avoidable liability due to incorrect fixation of unit rates

Incorrect mode of fixation of unit rate resulted in avoidable liability of Rs.21.01 crore

As per the evaluation methodology, lowest of the following was to be considered as Unit Rate –

- Average of rates of above/below 25 per cent of Schedule of Rates (SOR);
- Average of rate of SOR and up to 25 per cent below SOR;
- Item-wise lowest rates received at any Division level; and
- Item-wise unit rate received in Circles of Common Soil Strata²²

Scrutiny of records revealed that in Ahmedabad and Kherva (Mehsana) Circles, lower rates in respect of four items were ignored while fixing unit rate which resulted in avoidable liability of Rs.21.01 crore as detailed in **Appendix - XXVI**.

Government replied (September 2008) that the rates of lowest quotation were absolutely low and hence not considered for unit rate. The reply was not tenable as award of the work to these agencies, ignoring lowest quoted rates for fixation of unit rate, resulted in avoidable liability of Rs.21.01 crore to the Government.

3.1.9 Implementation of projects

3.1.9.1 Allotment of work without land acquisition and statutory formalities

As per Government instructions, works were to be awarded only after taking over possession of land and completing the formalities for land acquisition (including forest area), railway/road/canal crossing. However, in two Divisions²³, the process of land acquisition in respect of 14 works SSSC was not completed before the award of work.

The position (on the due date of completion) in respect of 22 WSSs were as follows –

²¹ Major River crossing -21, State Highway crossing 27, National Highway Crossing 2, Bridges on other roads 256, Railway crossing 7 and other Cross Drainage works 323

²² Type of soil, murrom, rock etc. - Kadana river to Sabarmati river and Sabarmati river to Banas river area – Common rates were applicable to Irrigation Project Circles (i) Kadana, Ahmedabad and Himatnagar and (ii) Gandhinagar, Patan Palanpur, and Kherva (Mehsana)

²³ Ahmedabad -10, Mehsana 4

Item	Total	Completed	Pending (June 2006)
	Numbers		
Land acquisition	125	64	61
Railway/NH/SH/Canal Crossing	713	482	231
Forest permission	18	10	8
Total	856	556	300

Progress of the works was hindered due to non-completion of required formalities.

Government stated (September 2008) that, if the works were allotted after completing the formalities, it would have resulted in delay in completion of the project besides increase in the project cost. The contention of the Government was not tenable as the projects were not completed even after lapse of about three years.

3.1.9.2 Defective estimation

As the projects were to be completed by December 2005, it required preparation of accurate estimates so that deviations are bare minimum. Incorrect estimation is fraught with the risk of contractors benefiting for quantities in excess of 30 per cent, payment for which was to be made as per current Schedule of Rates (SOR) besides delaying the completion of the projects. Audit scrutiny revealed the following illustrative cases of defective estimation.

- *Sujalam Suphalam Yojana*

To overcome time and cost over runs of the projects and to develop the irrigation potential without delay for the targeted population, Government decided (February 2004) to take up the SSSC and award the works in slices, group of slices and packages (value of work – Rs.one crore, Rs.three crore, Rs.five crore respectively) depending on the capacity of the contractor. The advantage of this arrangement was that there would not be any scope for extension of time limit, deviation of quantities, revision of estimates etc, as the agencies were to complete the work at accepted unit rates²⁴ finalized through tender process.

However, scrutiny revealed that, in 80 contracts out of 330 contracts, excess quantity of works (ranging from Rs.0.28 lakh to Rs.3.78 crore) aggregating to Rs.46.21 crore were necessitated due to variation in length of canal, revision of designs subsequent to award of contract, difference in soil strata, etc, of which 48 cases (Rs.20.22 crore) were not approved by Government (March 2008). Reasons for the same were not available on record.

²⁴ 1(a) Excavation up to 7.5 mt.- Rs.29.90 per CUM, 1(b) 7.5 to 13 mt. – Rs.34.90 per CUM and 1(c)13 to 20 mt. - Rs.39.90 per CUM, 2(a) Earthwork up to 3 mt.- Rs.24.90 per CUM and 2(b) 3 to 6 mt. - Rs. 30.90 per CUM, 3) Compaction - Rs. 5.90 per CUM, 4) Excavation in Soft Rock – Rs.59.90 per CUM and 5) Excavation in Hard Rock – Rs.129.90 per CUM.

- **Water Supply Schemes**

In WS Department, the projects were implemented on turnkey basis. In 12 WSSs, implemented by seven Divisions²⁵ excess/extra items aggregating Rs.25.12 crore (value ranging from Rs.15 lakh to Rs.7.51 crore) were executed due to modification in the estimate subsequent to award of contract.

According to the terms of agreement for turnkey projects, material brought to site as per estimates are to be accepted and paid. Scrutiny of the final bills of two projects²⁶ awarded (July 2004, November 2004) by the EE, GWSSB, Palanpur on turnkey basis to a contractor²⁷ and completed (June 2006, August 2006) revealed that EEs made payment of Rs.93 lakh and Rs.34 lakh respectively on material brought to the site, but not consumed in the works. Thus, defective estimation resulted in avoidable payment of Rs.1.27 crore.

- **Bandharas**

With the objectives to prevent salinity ingress, recharge ground water, strengthening water resource infrastructure and reducing the ground water depletion in the over exploited regions, Government accorded AA (January 2006) and TS (March 2006) for construction of 44 Bandharas²⁸ at cost of Rs.165 crore. Of this, 22 Bandharas were completed and 22 were in progress (March 2008). Out of the total expenditure of Rs.116.26 crore, Rs.52.03 crore was met by diverting the fund received under 12th Finance Commission which was specifically meant for maintenance and repairs of existing assets.

The work of Budiya Bandhara at Abdasa taluka (Kachchh district) was awarded (November 2006) by Water Resources Investigation Division, Bhuj to a contractor at his tendered cost of Rs.3.23 crore to be completed in one year. However, the work was completed in October 2007 at total cost of Rs.4.58 crore.

Audit scrutiny revealed that the contractor had executed excess quantities/extra item of Rs.1.35 crore due to incorrect preparation of estimates. For execution of work in excess of 30 *per cent* of the estimated quantities, rates as per current SOR were payable. The incorrect estimation resulted in avoidable expenditure of Rs.25.86 lakh²⁹.

²⁵ Ahmedabad (A1, A2, A3,A4)-Rs.5.92 crore, Bhuj (K2)-Rs.0.15 crore, Deesa (BK 4) -Rs.0.18 crore, GWIL (K1) Rs.7.51 crore, Gandhinagar (M1 Part II) Rs.1.80 crore, (G1) Rs.0.72 crore, (G3) Rs.0.49 crore, Himatnagar (SK1) Rs.6.35 crore, Mehsana (M2) Rs.2.00 crore. Total Rs.25.12 crore

²⁶ (i) Design, Build, Supply and Distribution Network Scheme (BK 1)-Palanpur and (ii) Distribution Net work Emergency Water Supply Scheme under Sujalam Suphalam Yojana (BK 4) Taluka- Tharad & Vav - Deesa

²⁷ Nagarjuna Construction Co. Ltd., Hyderabad

²⁸ A solid ungated wall with crest level above high tide level.

²⁹ Item Nos. 3,5,6,7,15(c) and 17 -Rs.1.40 lakh, Rs.0.54 lakh, Rs.0.96 lakh, Rs.3.89 lakh, Rs.18.54 lakh and Rs.,0.53 lakh.

3.1.9.3 Award of work

- **Multiple contracts awarded to contractors**

According to Clause 23.0 (5) of tender documents for the work of SSSC, one bidder was to be awarded only one slice/group of slices/package depending on the capacity of the contractor to ensure that there would not be any scope for extension of time limit and the contractors could complete the work within the stipulated time.

However, in contravention of this clause, up to seven packages of canal earth work costing Rs.35.49 crore were awarded to certain contractors either in same Division or in different Divisions. Out of 84 contracts valuing Rs.278.66 crore, 54 contracts valuing Rs.233.87 crore were awarded to 12 contractors and in respect of structures, out of 246 packages valuing Rs.545.55 crore, 48 packages (cost Rs.162.43 crore) were awarded to 11 contractors. In all, 102³⁰ contracts involving Rs.396.30 crore were awarded to 16 contractors as brought out in **Appendix - XXVII**.

In WS Department, out of 22 contracts (Rs.1,309.69 crore), 15 contracts³¹ (Rs.631.26 crore) were awarded (2003-05) to a single Contractor³². Out of this only four works valuing Rs.73.80 crore were completed as of March 2008.

Though the contractors were qualified for one project each, none of these agencies could complete the work within the stipulated time (between March 2004 and March 2008). Thus, awarding of large number of projects also contributed to the inordinate delay in completion of the SSY.

3.1.9.4 Excess expenditure due to delay in finalization of tender

- **Water supply schemes**

Contract for distribution network for Mehsana district WSS (M2) was awarded (March 2004) to an agency³³ at tendered cost of Rs.95.46 crore. The work was completed (January 2007) and payment of Rs.86.99 crore was made (June 2008). Final Bill was yet to be paid.

Scrutiny revealed that tenders were first invited in July 2002 and lowest offer of Rs.74.72 crore was forwarded (December 2002) to Government. However, tender was not finalized meanwhile the validity period expired (January 2003). Agency also refused (February 2003) to extend validity period. Reasons for delay in finalization of the tender were not available on record.

Accordingly, tenders were re-invited (October 2003) and lowest offer of Rs.95.52 crore (against revised estimated cost of Rs.88.39 crore) of the same agency was accepted. The work was completed (January 2007). Thus,

³⁰ seven common contractors – upto 13 packages valuing Rs.49.07 crore

³¹ GWSSB -Ahmedabad -3 (Rs.175.39 crore), Bhuj – 3 (Rs.54.06 crore) , Gandhinagar – 2 (Rs.48.57 crore) Himatnagar – 1 (Rs.96.74 crore), Mehsana – 1 (32.45 crore) Palanpur -2, (Rs.25.92 crore), Patan 1 (Rs.50.60 crore) and GWIL, Gandhinagar – 2 (Rs.147.53 crore)

³² IVRCL Infrastructure, Hyderabad

³³ Larsen & Toubro Ltd. Ahmedabad

non-finalization of tenders within the validity period resulted in avoidable expenditure of Rs.eight crore³⁴.

3.1.10 Delay in completion of works

Time frame prescribed for completion of any work is the essence of a contract. Contractors are required to adhere strictly to the time schedule. Progress of the work should be commensurate with the time allotment.

Scrutiny revealed that out of 330 contracts for SSSC works, 219 contracts involving estimated cost of Rs.637.86 crore and all the 22 works of WSSs were delayed by nine to 30 months.

The authorities allowed time extensions usually on the grounds of heavy rain, standing crops, flooding of borrow area, non shifting of pipelines, and electric/telephone lines, non obtaining permission from other departments, etc.

The extension of time limit on these grounds was injudicious, as the above reasons were foreseeable and could have been taken into account by the department/contractors at the time of entering into agreements/while working out the time duration. The delay in completion of works defeated the objective of completing the work by December 2005 besides depriving the public of irrigation facilities.

Moreover, due to non completion/delay in completion of projects, GWSSB had to incur avoidable expenditure of Rs.8.34 crore during 2005-08 for supplying water through tankers, etc. to the beneficiary villages which also defeated the purpose of payment of compensation paid to land owners for standing crops. Three Divisions³⁵ paid (2003-08) crop compensation of Rs.34.94 lakh. Details of payment of crop compensation made by other Divisions were not furnished, though called for (July 2008).

3.1.11 Undue financial aid to contractor

According to the agreement, liquidated damages (LD) at 0.1 *per cent* of tendered cost per day subject to maximum of 10 *per cent* of the estimated cost is leviable, if the contractor fails to complete the work within the stipulated date of completion. The amount of LD is refundable, if the competent authorities extend the time limit for completion of work.

In Surendranagar Division, LD of Rs.6.22 crore recovered (between October 2004 and June 2005) from the RA bills of the contractor executing the WSS- S 1, were refunded (July 2005) though the proposal for extension of time limit was pending approval by the competent authorities. This resulted in undue financial aid to contractor.

³⁴ first offer 1.07 *per cent* below, second offer 7.98 *per cent* above estimated cost. Difference 9.05 *per cent* of Rs.88.39 crore

³⁵ Gandhinagar, Kachchh, Surendranagar

3.1.12 Dumping site not provided

The unit rate for execution of SSSC was arrived at considering the lead of 2 km for dumping the excavated material. In the pre-bid meeting (May 2004), it was decided that the dumping area shall be identified and given to the contractor while awarding the work. Distance shall be considered as 'Crow Fly' distance. However, scrutiny at three Divisions³⁶ revealed that the Divisions had not provided dumping site, as there was no wasteland/Revenue Kharaba in nearby vicinity of SSSC. In the absence of dumping site, the contractors disposed/ dumped all the excavated material on the side of canal, road gutters, forest wasteland and private land. In Dharoi Canal Division No. 3, Visnagar extra lead charges of Rs.96.12 lakh (lead up to 5 Km) were paid to the Contractors.

3.1.13 Non maintenance of 'Road Metal Return'

Excavated hard rock valuing Rs.66.01 crore was not accounted for by three Executive Engineers

The EEs were required to maintain records of usable rubble, etc. However, three EEs³⁷ who had together made payment (2005-2007) of Rs.81.27 crore to contractors for excavation of 77.66 lakh CUM of hard rock had not maintained Road Metal Return (RMR), in the absence of which correctness of quantity excavated was not susceptible for verification. Further, the hard rock being a valuable material, its account should have been maintained so as to use in other road works, etc. At prevailing issue rate of Rs.85 per CUM³⁸, total cost of Hard Rock which was not accounted for by these EEs worked out to Rs.66.01 crore. Divisional Officer, Kadana Division attributed non-maintenance of RMR to non-availability of dumping site.

In SSSC Division No.1 Himatnagar, 1.56 lakh CUM hard rock (value Rs.1.32 crore) excavated at a cost of Rs.2.03 crore during construction of SSSC was used by the contractors for construction of temporary service roads of SSSC though there was no provision for using hard rock for the same. However, the Division had not recovered the cost of hard rock used.

3.1.14 Non recovery of Central Excise duty exemption from contractors

Government of India decided (September 2002) to exempt from payment of Central Excise Duty (CED) on all items of machinery required for setting up of water treatment plants and pipes from its source to plant and to storage subject to submission of Project Authority Certificate (PAC) by Collector/District Magistrate/Deputy Commissioner of the district in which the project is to be set up. Since the exemption involved substantial reduction in the cost of pipes and other components, the Divisional Officers should have issued PACs with a provision to pass on the benefit to Government so as to safeguard the interest of Government.

³⁶ Ahmedabad, Kadana and Visnagar

³⁷ SSSC Division No.1 Himatnagar , 14.63 lakh CUM, Kadana 26.57 lakh CUM, Modasa 36.46 lakh CUM

³⁸ Rate as per Schedule of Rate 2005-06

Without availing any benefit, Executive Engineers issued Excise Duty Exemption certificates amounting to Rs.50.34 crore to contractors

Tenders in respect of Piyaj-Dharoi Pipeline Project and Hathmati-Guhari Pipeline Project were invited by Drainage Division, Gandhinagar and Water Resources Investigation Division, Himatnagar before the issue of exemption notification. However, the Divisional Officers issued (2004-07) PACs without a provision to pass on the benefit of CED³⁹ exemption (Rs.50.34 crore⁴⁰) to Government.

Similarly, in WS Department, tenders for WSSs were invited (August 2002) before the issue of exemption notification. However, except GWIL and two Divisions⁴¹, all the Divisions of GWSSB involved in implementation of 19 WSSs had issued PACs without a provision to pass on the benefit of CED to Government. Some illustrative cases are given below-

(in running meters)

Name of Division	MS pipe	PVC pipe	HDPE pipe	DI pipe	AC pipe
Himatnagar	59,441	5,58,827	30,762	12,529	67,000
Deesa	0	3,63,997	59,519	83,597	0
Ahmedabad	1,17,650	45,000	17,500	0	0
Gandhinagar	10,767	1,96,092	29,075	22,158	72,232
Patan	55,175	1,65,915	0	0	47,060
Surendranagar	0	4,94,609	58,850	1,84,418	5,06,650
	65,942	8,65,616	87,925	2,06,616	6,25,942
Total	3,08,975	26,90,056	2,83,631	5,09,318	13,18,884

Since the value of pipes vary depending on the type, diameter, thickness, etc. and actual value of pipes were not furnished by GWSSB though called for (July 2008), audit could not quantify the exact amount of CED exemption available on these pipes.

Thus, Divisional Officers erred in getting PACs issued by the Collector. This defeated the objective of the Government to minimize the expenditure on water supply schemes by providing exemption to its components.

In response, GWSSB stated (June 2008) that the Chairman and Managing Director had opined (March 2004) that, when the tenders were floated (August 2002) CED exemption was not announced which came into force (September 2002) before tenders were opened. The Board had asked all the concerned parties to quote the rates taking exemption scheme into consideration. This was uniformly applied for the WSSs in the State. Therefore, it was believed that the parties quoted their rates accordingly.

The reply was not tenable, as the tenders for the schemes were invited (August 2002) before the issue of exemption notification which involved substantial reduction in the cost of pipes and other components, the Board had merely asked the participant bidders, to quote their prices taking this exemption scheme into consideration while the bids were already submitted to

³⁹ Excise duty 16.32 per cent applicable on pipes

⁴⁰ 2150 mm dia, 12 mm thickness - (0.63978 MT/Mtr x 2,45,000 meter (total length) x 19680 (value per meter) x 0.1632 (Rate of Excise)

⁴¹ PH Divisions I and II, Bhuj, Kachchh

the Board. Thus, the prices quoted were without taking into consideration the excise exemption scheme as evident from the letter issued (December 2002) by the Chief Engineer, Zone II, Ahmedabad wherein the CE had asked the contractors to offer discount on quoted rates on account of CED exemption. Further, in Divisions I and II, Kachchh, and in GWIL, CED at 16.32 *per cent* and four⁴² *per cent* respectively, on the value of pipes for which PACs were issued, was being recovered from the contractors.

3.1.15 Works execution

3.1.15.1 Execution of works at higher rates due to Deficient agreements

The terms of a contract agreement should be precise and definite without ambiguity or misconstruction therein. Scrutiny revealed that the agreements with the contractors were executed on the basis of estimated quantity. Since the work was to be executed at unit rates, a provision could have been made in the agreement for mandatory completion of the entire length of canal work awarded to each contractor at unit rate, so as to safeguard the interest of Government. This was not done.

Further, Clause 23.0 (6) of tender documents provided that, if a bidder fails to maintain the progress, the work was to be withdrawn immediately and awarded to another bidder preferably the next lowest bidder at the risk and cost of failed bidder. However, this provision was not operated and the failed bidders were either allowed to continue the work by granting extension of time limit or relieved with a choice to stop the work or to execute the work at higher rates⁴³. This defeated the purpose of fixing the unit rates.

In two Divisions⁴⁴, eight contractors were relieved after executing the estimated quantity of earthwork⁴⁵. Remaining works were awarded (April 2007) to 13 contractors at higher rates resulting in avoidable expenditure of Rs.2.79 crore. Of the 13 contracts, in two cases⁴⁶, the original contractors were allowed by Government to execute the remaining quantity of work at higher rates.

In Dharoi Canal Division No.3, Visnagar, the contracts for earthwork of SSSC⁴⁷ were awarded (October, November 2004) to two contractors (estimated quantity – 17.22 lakh CUM and 17.60 lakh CUM as against actual quantity of 20.23 lakh CUM and 19.89 lakh CUM). After executing 15.58 lakh CUM and 18.59 lakh CUM valuing Rs.5.69 crore and Rs.5.33 crore at unit rate, the contractors were relieved (December 2007). Remaining quantities of 4.65 lakh CUM and 1.30 lakh CUM (total 5.95 lakh CUM) of work were got

⁴² CED applicable for pipes 16 *per cent* minus 12 *per cent* CED on MS plates (input) paid by the contractor.

⁴³ Excavation Rs.45 to Rs.250, Earthwork Rs.50 to Rs.75, Compaction - Rs.7 to Rs.13, Excavation in Soft Rock – Rs.105 to Rs.125 and Excavation in Hard Rock – Rs.170 to Rs.225.

⁴⁴ Kadana Rs.0.90 crore and Modasa Rs.1.89 crore

⁴⁵ SSSC chainage between 0.0 Km to 27.0 km

⁴⁶ Kadana Division- Shashin Construction; Modasa Division B A Patel

⁴⁷ Chainage 176.475 to 188.925 and 202.175 to 216.555

executed departmentally⁴⁸ at a cost of Rs.2.57 crore and Rs.72 lakh respectively. This resulted in avoidable expenditure of Rs.1.55 crore⁴⁹.

Government stated (September 2008) that the remaining work was carried out departmentally to avoid further delay in completion of the work. The contention of the Government was not tenable as a provision for mandatory completion of the entire length of canal work was not made in the agreement.

3.1.15.2 Belated award of work resulting in avoidable expenditure

The work of construction of SSSC on upside and down side of Banas syphon⁵⁰ was awarded to a contractor⁵¹ at his tendered cost of Rs.2.92 crore. The work order was issued in June 2007 for completion by September 2007.

Scrutiny revealed that as against unit rate fixed by Government, rates of Rs.60, Rs.35 and Rs.10 were accepted (June 2007) for excavation, earthwork and compaction respectively which were higher than the unit rate fixed for the same work. Reasons for not taking up this work along with other works of SSSC were not furnished, though called for. Had this work been taken up along with other works of SSSC (2004-05) and executed at unit rates, expenditure of Rs.80.90 lakh on the estimated quantity could have been avoided as shown below-

Item	Rate adopted (Rupees per CUM)	Unit rate (Rupees per CUM)	Rate difference (Rupees per CUM)	Estimated quantity (CUM)	Avoidable expenditure (Rupees in lakh)
Excavation	60	29.90	30.10	2,44,063	73.46
Earthwork	35	24.90	10.10	52,418	5.29
Compaction	10	5.90	4.10	52,418	2.15
Total					80.90

3.1.15.3 Unfruitful expenditure

- **Hathmati-Guhai Pipeline Project**

Non-synchronization of pumping station work along with pipeline resulted in idle investment of Rs.255.70 crore

To provide drinking water and irrigation facility to North Gujarat Region, the Chief Engineer, NWRWSKD accorded AA (November 2001 –Rs.311 Crore and revised October 2004 – Rs.333.37 crore) and TS for Rs.332.62 crore (November 2004) for Hathmati - Guhai Pipeline Project. The work of laying of pipeline executed through Drainage Division, Gandhinagar and Water Resources Investigation Division, Himatnagar, commenced in February 2005 was completed in February 2007 and March 2007 as against stipulated date of February 2006, at a cost of Rs.255.70 crore⁵². However, the work of four pumping stations⁵³ which was to be completed by August 2006, was not

⁴⁸ Irrigation Mechanical Division No.3, Gandhinagar

⁴⁹ Average departmental rate – Rs.55 per CUM; average contractors' rate Rs.29 per CUM; therefore excess cost for departmental execution - Rs.55 – Rs.29 = Rs.26; 5.95 lakh CUM *Rs.26 = Rs.154.70 lakh

⁵⁰ Between chainage 276.970 and 277.670 and chainage 278.960 and 280.810

⁵¹ M/s. Kishor Project Pvt. Ltd., Rajkot

⁵² Drainage Division, Gandhinagar – Rs.152.90 crore, Water Resources Investigation Division, Himatnagar – Rs.102.80 crore

⁵³ Fatehpur, Khed, Jalundra and Labhor (Total estimated cost Rs.42.37 crore- 66.11 per cent completed)

completed (March 2008). Expenditure of Rs.28.01 crore was incurred on these pumping stations. Thus, non-synchronization of pipeline work with pumping station works resulted in idle investment of Rs.255.70 crore on pipeline work. Besides, the intended benefits⁵⁴ remained unachieved.

The Government attributed (September 2008) the delay to heavy rainfall in 2006 and 2007. This was not tenable as execution period was fixed taking into account the monsoon period and both works should have been taken up simultaneously.

- ***Piyaj-Dharoi Pipeline Project.***

No pumping operation was carried out on Piyaj-Dharoi pipeline constructed at a cost of Rs.266.47 crore

Government accorded AA (November 2001 –Rs.311 crore -revised October 2004 – Rs.333.37 crore) and TS for Rs.170.20 crore (July 2002) for Piyaj - Dharoi Pipeline Project. The work involving laying of pipeline⁵⁵ and three pumping stations⁵⁶ commenced in December 2002 and was scheduled to be completed by December 2003 was completed in November 2004 at total cost of Rs.266.47 crore. However, the project failed to pump water into the Dharoi dam till March 2008 rendering the expenditure Rs.266.47 crore unfruitful. Reasons were not available on record and were also not furnished by concerned Divisional Officers, though called for (April 2008).

- ***Check dams constructed in Surendranagar district***

Non-synchronization of check dams work with Narmada branch canal work resulted in blocking of Government fund of Rs.33.52 crore

Government accorded (August 2004) AA for Rs.84.88 crore for construction of 107 check dams on big rivers of Surendranagar District. Accordingly 28 packages⁵⁷ have been approved for execution of work. Out of 107 check dams, 72 check dams were planned to be filled in by surplus flood water of Narmada river through six branch canals⁵⁸ of Narmada Canal, construction of two⁵⁹ of which were completed (March 2008). Scrutiny revealed that out of 100 check dams completed, 54 check dams constructed at a cost of Rs.33.52 crore were falling under the command area of Narmada project resulting in overlapping of the command areas. Since the location of the check dams was already covered under the Narmada project and the check dams are intended to store rain water, the basic purpose of the check dam is defeated.

Further, the work of canals from which the check dams were proposed to be filled in was expected to be completed by 2010 which indicated that the check dams were constructed without proper planning. Further, due to non-synchronization of check dams work with Narmada branch canal work resulted in blocking up of Government fund of Rs.33.52 crore.

⁵⁴ Saving in power subsidy – Rs.36 crore per annum, increase in agriculture production – Rs.14.70 crore per annum, Saving in expenditure towards scarcity relief work – Rs.12.08 crore per annum

⁵⁵ Estimated to cost Rs.207.45 crore and actual cost Rs.240.02 crore

⁵⁶ Piyaj, Lodra and Rampura (Total estimated cost Rs.34.79 crore actual cost Rs.26.45 crore)

⁵⁷ 3 to 5 check dams in each package

⁵⁸ Botad, Dhrangadhra, Limbdi, Malia, Morbi and Vallabhipur

⁵⁹ Malia and Vallabhipur

- **Balaram Water Resources Project**

Government accorded AA (January 1999) and TS (October 2004) for Rs.8.07 crore for construction of earthen dam, masonry dam, spill way and head regulator of Balaram water resources project to provide irrigation facilities to 483 ha of land in three villages⁶⁰ of Palanpur district. The project also included construction of main canal and branch canal estimated to cost Rs.1.17 crore.

Scrutiny revealed that the above work was completed (June 2007) at a cost of Rs.9.98 crore. However, work of main canal and branch canal was not taken up, as nine km canal length was falling in Forest land, of which 2.5 km was under Wildlife Sanctuary. The proposal for acquisition of forest land was submitted (January 2008) to forest authorities. Thus, no fruitful purpose was served out of expenditure of Rs.9.98 crore; besides depriving the irrigation facility to the targeted population.

3.1.15.4 Excess payment to the contractor

In the work of Sabarmati canal syphon, cross regulator and canal earth work across river Sabarmati at chainage 159.30 km⁶¹ awarded (February 2005) to a contractor at his tendered cost of Rs.27.81 crore, dewatering charges beyond one crore rupees was to be borne by the contractor. However, it was noticed that the contractor was paid (March 2007) dewatering charges of Rs.2.22 crore. This resulted in overpayment of Rs.1.22 crore to the contractor.

3.1.15.5 Wasteful expenditure on account of poor planning

Change of scope of work resulted in wasteful expenditure of Rs.2.09 crore

Construction of canal earthwork and providing cohesive non-swelling (CNS) lining at chainage 247.805 km across river Saraswati was carried out (April, June 2007) departmentally⁶² at the cost of Rs.1.59 crore. The lining work was damaged during the 2007-monsoon and was repaired (October 2007) at an expenditure of Rs.50 lakh. The Committee of Experts reviewed (October 2007 and February 2008) the work and recommended that the earthwork may be replaced by Syphon⁶³. Accordingly, matter was taken up (April 2008) with Central Design Organization (CDO) to provide drawing for canal syphon. Thus, poor planning resulted in wasteful expenditure of Rs.2.09 crore (Rs.1.59 crore+ Rs.50 lakh) on CNS work.

3.1.15.6 Excess expenditure due to modification of the scope of work

Modification of the scope of work resulted in excess expenditure of Rs.5.68 crore

Chief Engineer, Zone 2, Ahmedabad accorded (February 2003) AA and TS for the Water Supply Scheme (M 1 Part II)⁶⁴ execution by Gandhinagar Division. The work commenced (September 2003) by the contracted agency⁶⁵ at tendered cost of Rs.32.54 crore with the time limit of one year. The work was

⁶⁰ Dabheli, Vadadi and Rampura (Vadia)

⁶¹ Sujalam Suphalam Division No.1, Kherva (Mehsana)

⁶² Sujalam Suphalam Division No. 2, Visnagar

⁶³ A concrete structure built below the river bed to carry water across the river

⁶⁴ Transmission and Distribution pipeline network for two talukas in Mehsana District

⁶⁵ IVRCL Infrastructure & Projects Ltd. Hyderabad.

completed (February 2007) with an overall saving of Rs.9.38 crore; and the final bill (Rs.23.16 crore) was paid in November 2007.

Scrutiny revealed that as per original estimate, water was to be lifted from Narmada main canal. Subsequently, GWSSB decided (October 2006) to lift 36 cusec water by tapping the existing Piyaj-Dharoi Pipeline which was laid (2002-05) by Water Resources Department, to carry 200 cusec water to Dharoi dam, by sharing the cost and maintenance and repair (M&R) charges. This curtailed the scope of laying of MS pipeline by 17.50 km with consequent saving of Rs.12.12 crore. As against this, GWSSB paid (between July 2005 and January 2007) their proportionate share of Rs.16.80 crore (18 per cent) and advance M&R charges of Rs.1 crore to Water Resources Department. This resulted in excess expenditure of Rs.5.68 crore on the project besides the liability of proportionate M&R charges of Piyaj-Dharoi Pipeline which is about Rs.34 lakh per year.

3.1.15.7 Abandoned work

The work of construction of Canal Syphon across river Khari (Mehsana-chainage 210.300 km) was awarded (April 2005) to a contractor at his tendered cost of Rs.3.25 crore with time limit of 6 months. Scrutiny revealed that after executing the work to the extent of Rs.1.21 crore (37 per cent), the contractor abandoned the work (July 2007), reason for which was not on record. Looking to the slow progress of work, the CE had instructed (January 2006) SE to relieve the contractor and re-invite tenders for the remaining work. The Division⁶⁶ had also submitted (March 2006) the proposal to the SE for termination of contract. However, neither the contract was terminated nor has the work been completed so far (June 2008).

Government stated (September 2008) that, action was being initiated against the contractor as per conditions of contract.

3.1.15.8 Non commencement of works

i) For constructing State Highway Road Bridge (SHRB) at chainage 246.585, one EE⁶⁷ deposited (March 2007 to March 2008) Rs.1.11 crore with Roads and Buildings (R&B) Division, Patan. Scrutiny revealed that Technical Sanction for bridge had not been accorded by CE, R&B Department (April 2008), and the work was not commenced. Non completion of SHRB work would further delay the completion of SSSC.

ii) Work orders were issued by the Division⁶⁸ to four contractors during May 2007 (three) and July 2007 (one) to strengthen the canal earthwork damaged during monsoon, the work of providing special treatment for earthwork using non-woven geofabric, rubble stone pitching in slope and cement concrete lining in side of SSSC Chainage 121.960 to 122.635, at an estimated cost of Rs.91.45 lakh each,. However, these works were not commenced till March 2008 due to non-availability of material, water logging

⁶⁶ Sujalam Suphalam Division 1, Kherva (Mehsana)

⁶⁷ Sujalam Suphalam Division No.2, Visnagar

⁶⁸ Ahmedabad Irrigation Division, Ahmedabad

and silting problems etc. These problems could have been taken into account while finalizing the tender.

3.1.15.9 Damages to SSSC during monsoon

In four Divisions⁶⁹ earthwork and structures constructed during 2004-06 at the cost of Rs.4.19 crore were damaged during monsoon in 2006-07. Department incurred expenditure of Rs.2.71 crore for repairs.



Picture 3: Structures in SSSC damaged during monsoon

3.1.15.10 Check dams

To conserve water, 10,971 Check dams (total cost-Rs.352.73 crore) were constructed under SSY during 2005-08 with Government contribution and public participation of either in the form of cash or labour, through Prayojaks⁷⁰. The rate of contribution was 60 per cent and 40 per cent respectively for Government and public up to March 2005, and 80 per cent and 20 per cent thereafter.

In Kachchh Irrigation Division, 144 check dams (cost Rs.5.28 crore) were constructed during 2003-06. Scrutiny revealed that as against 60 per cent contribution (Rs.4.22 crore) payable after quality check, Government paid Rs.2.07 crore. The payment ranged from 10 per cent to 55 per cent of the cost of check dam, though there was no provision in the agreement for such restriction. Further, 70 check dams (49 per cent) for which Rs.77.94 lakh was paid by Government, were found (2006-07) to be substandard by quality control division of the Department.

In 14 test checked Divisions⁷¹ 7,789 check dams (total cost Rs.232.69 crore) were constructed during 2004-08. During monsoon in 2006-07 and 2007-08, 3,256 (42 per cent) check dams constructed at a cost of Rs.97.35 crore⁷² were

⁶⁹ Irrigation Divisions, Ahmedabad, SSSC Division No. 1, Himatnagar, Sujalam Suphalam Division No. 1 Kherva (Mehsana) and Sujalam Suphalam Division No. 2 Visnagar

⁷⁰ Organiser for construction of check dams

⁷¹ (1) Project Construction Division No. 4 Rajkot, (2) Kachchh Irrigation Construction, Division, Bhuji, (3) Irrigation Division, Himatnagar, (4) Dharoi Canal Division No. 3, Visnagar, (5) Dharoi Headworks Division, Dharoi Colony, (6) Sipu Project Division, Palanpur (7) Project Construction Division, Himatnagar, (8) Kadana Division 1, Diwada Colony, (9) Machhanala Irrigation Division, Diwada Colony, (10) Watrak Irrigation Division, Modasa, (11) Ahmedabad Irrigation Division, Ahmedabad, (12) Kachchh Irrigation Division, Bhuji, (13) Deesa Irrigation Division, Deesa, (14) Salinity Control Division, Bhuji

⁷² Average cost Rs.2.99 lakh x 3256

damaged to the extent of Rs.20.03 crore. Government incurred expenditure of Rs.9.36 crore for repairing 1,788 check dams, though as per the agreement, maintenance and repairs were to be carried out by prayojaks. Remaining 1,468 check dams were yet to be repaired (March 2008).

3.1.15.11 Foreclosure of pond deepening work

During 2007-08, in six Divisions⁷³, 139 agreements (Rs.23.06 crore) were entered into for pond deepening work. Scrutiny revealed that all the work orders were issued during May/June 2007 and as per instructions of Government (July 2007), all the works were terminated before completion, due to monsoon with saving of Rs.7.03 crore (30 per cent). Award of the work during monsoon period, makes it difficult for the work done to be measured and thus, the possibility of contractors benefiting from incorrect measurement due to filling of water in the pond can not be ruled out.

3.1.16 Other points

3.1.16.1 Irregular inclusion of vehicles, computers, etc. in the estimate of turnkey project

Vehicles, computers, etc. which are part of the regular establishment infrastructure were to be procured/purchased through competitive bids, by following the prescribed norms and by obtaining fund under the respective heads of account.

Scrutiny of estimates in three Divisions⁷⁴ revealed that the above items were included in the estimate of the WSSs, as shown in **Appendix - XXVIII**, for use by the Department's representative during the period of execution of work. This resulted in inflation of the project cost by Rs.1.06 crore, besides the Division had to accept these items at rates offered by the agencies.

3.1.16.2 Avoidable expenditure due to adoption of uniform rate

In Bhuj Division, while preparing the estimate for WSS-K2, uniform rate of Rs.94 per CUM was adopted for the excavation which was the average rate of soft soil (Rs.30 per CUM), hard soil (Rs.50 per CUM), soft rock (Rs.84 per CUM) and hard rock (Rs.209 per CUM). Audit scrutiny revealed that quantity of soft soil excavation was more in and that of hard rock was less. If separate rates had been adopted as against a uniform rate, expenditure of rupees⁷⁵ three crore could have been avoided.

⁷³ (1)Project Construction Division-3, Himatnagar, (2) Himatnagar Irrigation Division, Himatnagar, (3) Dharoi Headworks Division, Dharoi Colony, (4) Irrigation Division, Deesa (5) Irrigation Project Division, Modasa, (6) Machhannala Irrigation Division, Diwada Colony

⁷⁴ Ahmedabad, Kachchh, Palanpur

⁷⁵

Item	Quantity Cum	Rate Rs./Cum	Rate actually paid	Excess(+) Savings(-)	Amount
Soft Soil	4,92,360	30	94	(-)64	3,15,11,040
Hard Soil	1,71,990	50	94	(-)44	75,67,560
Soft Rock	85,995	84	94	(-)10	8,59,950
Hard Rock	85,995	209	94	(+)115	98,89,425
Total					3,00,49,125

Divisional Officer stated (July 2008) that the average rate was derived on assumption basis of strata to be met with during execution. This indicated that adequate survey and investigation was not carried out before preparation of estimates.

3.1.16.3 Water supply schemes not accepted by villagers

As per Administrative and Financial Regulation of GWSSB, completed WSSs should be accepted by the Village Panchayats/Urban Local Bodies.

Scrutiny revealed that four WSSs⁷⁶ were completed (December 2004, July 2006) at a cost of Rs.198.54 crore. Out of 628 villages targeted, 324 (52 per cent) villages had refused to accept WSSs for which reasons were not available; this indicated that adequate survey was not carried out regarding demand for water by the villagers.

3.1.16.4 Idle investment of water supply project

In Palanpur Division, four group water supply schemes⁷⁷ covering 123 villages, were completed between May 2005 and July 2006 at a cost of Rs.37.25 crore. However, none of the Village Panchayats had accepted the water from the scheme, due to availability of water from other sources, which resulted in idle investment of Rs.37.25 crore.

3.1.16.5 Excess payment of Price variation

As per Volume III of tendered document containing technical/work specifications (Civil), price variation for steel plates/HR coil brought by the contractor and consumed in the work was to be calculated according to the given formula⁷⁸.

i) In Ahmedabad Circle, four works of design, build and operate contracts of distribution network for Ahmedabad water supply schemes were awarded (between July and September 2004) in four packages to two contractors⁷⁹ for completion in 12 months. The agencies were paid (October 2004 to September 2005) price escalation of Rs.11.84 crore⁸⁰ on 21,378.33 MT⁸¹ of steel plates/HR coils brought by the contractor and consumed in the work. Scrutiny revealed that while working out the amount of price escalation, the Division considered price index for steel for the month as 201.6 corresponding to April 2004 as against 235.1 prevailing in June 2004, the month in which draft tender papers (DTPs) were approved considering

⁷⁶ Palanpur 2, Mehsana 2

⁷⁷ Palanpur-Vadgam Juth- Rs.17.53 crore, Vadgam Mokeshwar Juth – Rs.9.42 crore, Malan Juth – Rs.4.93 crore and Virampur Juth – Rs.5.37 crore (BK 2)

⁷⁸ $A=Bx(C1/C0-1) \times D$ where A = difference of amount payable or recoverable, B=star rate of steel plate (Rs.24,000), C1= quarterly average corresponding index for the quarter under consideration as published in monthly bulletin of Reserve Bank of India, C0=Price index for steel for the month in which DTPs are approved and D=quantity of steel brought by the contractor on site of work and consumed in the work during the quarter

⁷⁹ Packages A-1 (estimated cost (EC):Rs.45.52 crore), A-3 – (EC: Rs.58.98 crore) and A4 (EC Rs.69.91 crore, -M/s. IVRCL Infrastructure Projects Ltd., Hyderabad and Package A 2 (EC:Rs.94.23 crore), -M/s. Nagarjun Construction Company Ltd., Ahmedabad.

⁸⁰ A1- Rs.2.98 crore, A2-Rs.3.59 crore, A3-Rs.2.45 crore and A4- Rs.2.82 crore

⁸¹ A1-4928.12 MT, A2-6702.25 MT, A3-4710.99 MT and A4-5036.97 MT

which the admissible amount of price escalation was Rs.2.91 crore. Thus, adoption of incorrect price index resulted in excess payment of price escalation of Rs.8.93 crore.

ii) In GWIL, the work of NC-23 SSY NABARD aided NMC Halol-Goghamba-Jambughoda Panchmahal-Bulk water transmission pipe-line was awarded to M/s. IVRCL Infrastructure Ltd. at tendered cost of Rs.35.17 crore. Work order was issued in November 2005 for completion by August 2006. Scrutiny revealed that while calculating the amount of price escalation, star rate for MS plates was taken as Rs.24,000, SAIL Rates prevailing April 2004 instead that of Rs.26,500 prevailing on April 2005, the month in which DTPs were approved. Due to adoption of incorrect rate, the contractor was benefited by an amount of Rs.84.98 lakh on 3,399.229 MT of MS Plates.

iii) Clause for price variation in the agreement was applicable only to HR Coil and MS plates, star rates for which were fixed at Rs.24,000 and Rs.24,500 respectively. However, GWIL made irregular payment (June 2005 and October 2005) of price variation of Rs.1.88 crore for 8,256 MT of MS pipes purchased by the contractor⁸² for executing the work of WSS (K1)⁸³.

3.1.16.6 Unfruitful expenditure on Third Party Inspection

As per the provisions of the agreement, the execution of projects was subject to Third Party Inspection (TPI). For this purpose, GWSSB appointed TPI agencies at agreed sum for the term of concerned contracts. Scrutiny revealed that after completion of the agreed term, the TPI agencies abandoned the work though the projects were not completed and remaining parts of works were executed without TPI. This defeated the very purpose of appointment of TPI agencies. In respect of three schemes, unfruitful expenditure on TPI worked out to Rs.2.07 crore as shown in **Appendix - XXIX**.

3.1.16.7 Issue of Tender Notice before approval of Draft Tender Papers

According to Government instructions (May 1998), tender notices were not be issued before approval of DTPs by the competent authority. In contravention of instructions, tender notices for the works under SSY were issued in April 2004 while the DTPs were approved in May 2004. The Divisional Officers stated (February 2008-June 2008) that this was done as per the instructions of Government.

3.1.16.8 Non-renewal of validity of performance bond

Tender agreement provides that for works estimated to cost over Rs.15 lakh, the contractor shall have to give Performance Bond in the form of Bank Guarantee (BG) from a Scheduled Bank. Further, Gujarat Public Works Departmental (GPWD) Manual provides that where value of works exceeds Rs.50 lakh, BG should have a validity period of one year beyond the due date of completion of work.

⁸² M/s. IVRCL Infrastructure & Projects Ltd.

⁸³ Water supply scheme from Kukma-Khirasara and Kakkadbhit-Mandvi (Tender KNC 22) under Sujalam Suphalam Drinking Water Supply

However, in six Divisions⁸⁴, validity period of BG furnished in lieu of performance bond valuing Rs.8.30 crore, in 77 cases, was not extended to cover the delayed period of works. Thus, the Divisional Officers failed to ensure the interest of the Government.

Government stated (September 2008) that, all the performance bonds were being renewed as per the requirement.

3.1.17 Monitoring and Evaluation

No monitoring mechanism was evolved by the Government to monitor various works taken up under SSY to ensure that the contractors execute the work according to the agreed terms and conditions.

Evaluation of the projects taken up under SSY and benefit derived therefrom was not carried out either by Government agencies or by outside agencies.

3.1.18 Conclusion

Government could not get Central assistance as envisaged at the time of formulation of scheme. The main objective of construction of SSSC to provide availability of water to the drought prone districts was not achieved even after three years from the stipulated date of completion. Works were hampered due to delay in land acquisition. The works also got delayed due to delay in non-maintenance of required progress by the contractors. Tendering process was not aimed to ensure economy to Government. Avoidable expenditure was incurred due to application of uniform rate for various items.

Excavated material was not accounted for. Due to non completion of pump houses, completed project could not be put to use. Pumping operation was not carried out from completed project also. Work orders were issued without ensuring availability of forest land. Completed water supply projects were not accepted by the local bodies. There was no monitoring mechanism to ensure that the contractors execute the work according to the agreed terms and conditions.

3.1.19 Recommendations

Based on the Performance Audit, the following recommendations are made-

- Projects may be taken up after conducting feasibility study and after obtaining commitment of funds from the outside funding agencies;
- Availability of funds for the remaining works may be ensured;
- Due process of tendering may be adopted;
- Contracts may be awarded only after ensuring competence of agency;

⁸⁴ Ahmedabad 10, Himatnagar 13, Kadana 15, Kherva (Mehsana) 1, Modasa 36 and Palanpur 2

- Works on hand may be completed early and remaining works may be taken up on priority;
- Liability of the contractors may be enforced; and
- Projects already completed may be put to use immediately.

The matter was reported to Government in August 2008. Reply received (September 2008) from Secretary, Water Resources has been incorporated suitably, whereas no reply was received from Secretary, Water Supply.

SOCIAL JUSTICE AND EMPOWERMENT DEPARTMENT

3.2 Tribal Development Programme under Gujarat Pattern

Highlights

To involve local tribals in the process of formulation, planning and execution of works according to their local needs and conditions, a scheme of Gujarat Pattern was introduced in September 1999 by setting aside approximately Rs.200 crore every year from the grant of Tribal Area Sub-plan. Review of the implementation of the scheme revealed that grants amounting to Rs.1.51 crore lapsed due to delayed submission of bills. Construction of Sainik School at village Kherancha could not be taken up due to delay in Administrative Approval; non-allotment of land resulted in non-establishment of two Eklavya Model Schools. Out of sanction for 46 lift irrigation schemes (Rs.7.29 crore), only 13 (Rs.1.95 crore) were functional. Expenditure outside ST area was incurred. Claim of Rs.9.05 lakh accepted was fraudulent. Monitoring Committees did not meet as scheduled.

Budget allocation of Rs.1.51 crore lapsed due to non-drawal of amount from treasury before the end of the financial year

(Paragraph 3.2.7.1)

Construction work of Sainik School building was not taken up for want of Administrative Approval; budget allotment of Rs.7.06 crore lapsed

(Paragraph 3.2.9.1)

Non allotment of land resulted in non construction of two Eklavya Model Schools and blocking of Rs.2.50 crore

(Paragraph 3.2.9.3)

Rs.41.96 lakh was spent on construction of mid-day meal kitchen sheds in non-tribal areas; utensils were not purchased despite release of funds

(Paragraphs 3.2.10.1 and 3.2.10.3)

Fifteen lift irrigation schemes constructed at costs aggregating Rs.2.92 crore were lying idle

(Paragraphs 3.2.11.3)

Rs.2.56 crore was spent on resolving problem of low voltage of electricity which was not permissible under the scheme

(Paragraph 3.2.15)

Fraudulent claim of Rs.9.05 lakh by one NGO was paid without the execution of the work

(Paragraph 3.2.18.1)

Shortfall in meeting of the monitoring committees ranged between 50 to 88 per cent

(Paragraph 3.2.19)

3.2.1 Introduction

The Schedule Tribes (ST) population of 74.81 lakh in the State of Gujarat, accounts for 14.76 *per cent* of the total population of 5.07 crore (2001 census). For earning their livelihood, most of the ST families are, to a large extent, dependent on agriculture, forest produce or are engaged as agricultural labour.

The incidence of poverty amongst them is alarming and more than half of the ST families are living below poverty line. The literacy rate amongst them is very low (48 *per cent*). Further, 82 *per cent* of ST population in the State is concentrated and spread over 11⁸⁵ Districts of the State, declared as Integrated Tribal Development Project (ITDP) areas. There are 12 ITDPs⁸⁶ in the State.

For the development of these ITDP areas, Government has been implementing Tribal Areas Sub-Plan (TASP) since 1975-76; mainly for infrastructure development.

With a view to involve local STs in the process of formulation, planning and execution of departmental programme suited to the local conditions and requirements, Government launched (September 1999) a new scheme *viz*, 'Gujarat Pattern'. Under the scheme approximately Rs.200 crore is set aside every year out of the grant of TASP as special provision or discretionary fund and placed at the disposal of the Tribal Development Department to frame programmes/execute works through District Adijati Vikas Mandals (DAVMs) and Taluka Tribal Development Committees⁸⁷ (TTDCs).

Of the funds so set aside, 80 *per cent* (95 *per cent* during 2004-07) is allocated, in proportion to ST population, to the ITDPs for programmes/works to be formulated and implemented by district level officers and remaining five to 20 *per cent* is retained by Government for selection of works/programmes relating to inter district projects.

3.2.2 Organisational set up

The Secretary to Government, Social Justice and Empowerment (Tribal Development) Department is in charge of implementing the Tribal Development Programme at the Government level. Commissioner, Tribal

⁸⁵ Banaskantha, Bharuch, Dahod, Dangs, Narmada, Navsari, Panchmahals, Sabarkantha, Surat, Vadodara and Valsad

⁸⁶ Ahwa, Bharuch, Chhotaudepur, Dahod, Godhra, Khedbrahma, Mandvi, Palanpur, Rajpipla, Songadh, Valsad and Vandsa.

⁸⁷ DAVM and TTDC consist of Government officials, elected representatives and eminent people nominated by the Government from all walks of the tribal societies/non-Government organisations (NGOs)

Development Department (CTD) is responsible for implementation, supervision and co-ordination of the scheme at State level and Project Administrator (PA) of the ITDP area to implement the scheme at district level. Various line departments are the implementing agencies for the programmes/works at district level. Organisational chart is given as **Appendix-XXX**.

3.2.3 Objectives of the Scheme

The main objectives of the scheme were as under –

- Planning according to local needs and conditions in the tribal area;
- Decentralization of power upto taluka/village level;
- Ensure participation of people in the development process; and
- Transparency in administration.

3.2.4 Audit objectives

The Performance Audit was conducted to assess whether –

- Activities undertaken were as per approved plan, rules and regulation;
- Works were executed within time and put to use expeditiously;
- Assets created were properly used, managed and maintained; and
- Intended objectives were achieved.

3.2.5 Audit criteria

- Government Resolutions (September 1999 and December 2001) for implementation of the scheme;
- Guidelines issued (June 2002) for selection of works for Decentralized District Planning Programme;
- Release of funds in proportion to ST population in the ITDPs; and
- Utilization of the released funds within the permissible period.

3.2.6 Audit methodology and coverage

The activities undertaken and records maintained by Secretary, Tribal Development Department, CTD and by six⁸⁸ out of twelve PAs (2003-08) were test checked between January and May 2008. Selection of PAs for test check was made based on amount of expenditure incurred during 2003-08. Wherever necessary, records maintained by the line departments/ implementing agencies were also test checked. Entry and exit meeting was

⁸⁸ Chhotaudepur, Dahod, Godhra,, Mandvi, Songadh and Vandsa

held with the Secretary, Tribal Development Department at Gandhinagar on 15 March 2008 and 4 September 2008 respectively.

Audit findings

3.2.7 Financial Management

Details of budget provision, grant released and expenditure incurred during the period 2003-04 to 2007-08 were as under –

(Rupees in crore)

Year	Budget Provision	Grant released by Government	Expenditure
2003-04	208.90	191.31	190.58
2004-05	175.99	176.21	175.80
2005-06	262.50	262.56	261.23
2006-07	264.10	271.27	271.26
2007-08	410.18	407.49	407.40
Total	1,321.67	1,308.84	1,306.27

The figures of expenditure booked do not reflect the expenditure actually incurred on the works by the implementing agencies as the grant released by PA to implementing agencies was booked as expenditure. It was seen in the test checked ITDP that only physical progress of works was watched by PAs and there was no system in place to watch the actual expenditure incurred by the implementing agencies.

3.2.7.1 Lapse of budget grant

Delayed submission of bills by the implementing agencies resulted in lapse of budget allocation of Rs.1.51 crore

According to the Gujarat Financial Rules, funds released are to be drawn before the end of the financial year. The 26 implementing agencies, to whom funds were allotted (2004-07) by PAs (Dahod, Mandvi, and Songadh), delayed re-submission of bills to the Treasury Officers. These bills had been returned with various remarks, such as amount cannot be credited to PLA of Taluka Development Officer, Drawing and Disbursing Officer can not draw amount for crediting to his own PLA etc. This resulted in lapse of budget allocation of Rs.1.51 crore. Non-drawal of funds allotted resulted in denial of benefits to the beneficiaries to that extent.

3.2.7.2 Failure to refund savings

Government orders (September 1999) provide that savings available on completion of works should be credited to Government account at the end of the financial year. In five⁸⁹ ITDPs, savings of Rs.2.96 crore available (2000-06) with implementing agencies in respect of works completed were not refunded at the end of the respective financial years. Failure to refund savings resulted in blocking of Government money with implementing agencies. PAs

⁸⁹ Chhotaudepur, Dahod, Mandvi, Songadh and Vansda

stated (February-April 2008) that implementing agencies would be directed to refund the amounts.

3.2.8 Programme management

The programme covers various sectors like Agriculture, Animal Husbandry, Water Supply, Dairy Development, Education, Housing, Minor Irrigation, Road Development, Energy Development, Health, Rural Development etc. The works are approved by the DAVM and the selection criteria of works are as per guidelines of decentralized districts planning programme. The responsibility to coordinate progress of the programme/works under various sectors, release of funds and their utilization and to compile and provide feedback rests with the PAs.

The details of works approved and completed during the period 2003-08 were as under –

Year	Works approved	Works completed during the financial year					Total	In progress	Cancelled/ not started
		2003-04	2004-05	2005-06	2006-07	2007-08			
2003-04	17,431	4,573	9,372	2,695	707	47	17,394	00	37
2004-05	16,879		6,089	7,040	3,202	457	16,788	48	43
2005-06	23,653			8,092	12,028	2,921	23,041	573	39
2006-07	18,020				5,574	8,808	14,382	3,455	183
2007-08	13,165					3,964	3,964	6,894	2,307
Total	89,148	4,573	15,461	17,827	21,511	16,197	75,569	10,970	2,609

Important points noticed in implementation/execution and utilization of the project/works are brought out in the succeeding paragraphs.

Education

3.2.9 Activities

To accelerate development in education, works like setting up of schools, construction of classrooms/compound-walls in primary schools, providing physical education, etc., were envisaged under this sector. An expenditure of Rs.110.14 crore was incurred during 2003-08 under the sector.

3.2.9.1 Failure to establish Sainik School at village Kherancha

With a view to provide quality education and also to make ST students competent to secure higher posts in the Defence Services, Government decided (February 2002) to establish a Sainik School at village Kherancha (Sabarkantha district). Government released Rs.2.75 crore (2001-03 and 2004-05) to Education Department and sanctioned but not released Rs.4.31 crore (2003-08) for construction of school building under Gujarat Pattern/TASP.

Roads and Building (R&B) Department prepared Plans and Estimates for Rs.6.24 crore for construction of school building and submitted (December 2004) it to the Education Department for Administrative Approval (AA). However, Education Department accorded (August 2005) AA for Rs.18.35 lakh only as budget provision made during 2005-06 was for that amount; as a result, R&B Department did not proceed with construction.

Delay in sanction of estimates resulted in lapse of grant of Rs.7.06 crore

Revised Plans and Estimates were again submitted (April 2007) by R & B Department for Rs.8.25 crore to Tribal Development Department and AA was accorded (March 2008); the work was at tendering stage (May 2008). Delay in issue of AA resulted in the Budget provisions of Rs.7.06 crore lapsing and increased estimated cost from Rs.6.24 crore to Rs.8.25 crore.

**Sainik School
functioned with
make-shift
arrangement and
without facilities**

In the absence of its own building, the Sainik school was started (2004-05) with make-shift arrangement in the Government Boys' Hostel, Bhiloda and utilised as classrooms-cum-residential hostel. There was no separate library, reading room, laboratory, staff room, office room or Principal's office. Despite lack of infrastructure, the pass percentage of students in the annual examination was between 90 *per cent* and 100 *per cent*. Subsequently, a temporary structure with galvanized tin sheets was constructed (July 2006) at a cost of Rs.39.93 lakh and the school shifted to the new premises (2007-08). Thus, failure to issue AA resulted in lapsing of the budget allotment of Rs.7.06 crore and students being deprived of a regular school building.

3.2.9.2 Delay in construction of classrooms

Government instructions (December 2001) provide that works sanctioned should be completed within three years from the year of sanction and thereafter, no liability would be accepted.

For construction of 329 classrooms for primary schools in ITDP, PA, Dahod released Rs.5.90 crore (2004-06) to the District Primary Education Officer, Dahod. As against 329 classrooms (100 and 229 classrooms by March 2007 and March 2008 respectively), only 149 were completed and work of the remaining 180 classrooms was in progress (March 2008).

Delay was attributed (April 2008) by the DPEO to be due to delay in deciding as to whether Education or Road and Buildings Branch of the District Panchayat would execute the work. As per sanction orders, construction of classrooms was to be undertaken by R & B Branch but to have uniformity in quality and specification in standards as per Sarva Siksha Abhiyan, it was finally decided (July 2006) to get the classroom constructed by the Education Branch of the District Panchayat.

Delay in construction of classrooms deprived the ST students of additional classrooms.

3.2.9.3 Failure to establish Eklavya Model School

**Non allotment of land
for establishment of
two Eklavya Model
Schools resulted in
blocking of Rs.2.50
crore**

For establishment of Eklavya Model Schools, one each at Ambaji (Banaskantha district) and Kevadia (Narmada district), Tribal Development Department sanctioned (March 2007) Rs.2.50 crore to Gujarat State Tribal Development Residential Educational Institution Society, Gandhinagar (Society). The work was to be completed within 12 months from the date of sanction.

Scrutiny of records revealed that no expenditure was incurred and the entire amount of Rs.2.50 crore was lying unutilized in the Bank Account of the

Society. Member Secretary of the Society stated (May 2008) that possession of land at Ambaji was obtained only in the month of January 2008 and at Kevadia, land was yet to be obtained; hence, no expenditure could be incurred. At Ambaji, Government land demanded in November 2006 was allotted by Collector, Palanpur free of cost in January 2007. The land was however, found not suitable for construction of school. Alternative land was allotted in January 2008 and preparation of plans and estimates was in progress (March 2008). At Kevadia, the land selected was in possession of Sardar Sarovar Narmada Nigam. SSNNL agreed to allot the land but the transfer price could not be decided (March 2008). Thus, in both the cases funds were released before ensuring the availability of suitable land resulting in blocking of funds amounting to Rs.2.50 crore for more than one year besides denial of education facilities to the beneficiaries.

3.2.10 Supply of mid-day meal to primary school children

3.2.10.1 Irregular expenditure

80 kitchen sheds at a cost of Rs.41.96 lakh were constructed in non-tribal area

Project Administrator, Godhra accorded AA (2004-06) for construction of 214 kitchen sheds in mid-day-meal (MDM) centres of the primary schools of ITDP, Godhra and released (between October 2004 and March 2006) grant of Rs.1.11 crore to the Deputy Collector, MDM, Godhra. The sanction orders of PA provides that the kitchen sheds were to be constructed in MDM centres of Primary Schools of villages having more than 60 *per cent* ST population.

Scrutiny of records, however, revealed that out of the 214 kitchen sheds, 80 kitchen sheds (cost Rs.41.96 lakh) were constructed in villages where ST population varied between zero and ten *per cent* in 39 cases, 10 and 30 *per cent* in 21 cases, 30 and 50 *per cent* in 13 cases and between 50 and 60 *per cent* in 7 cases. It is apparent that there was poor monitoring by PA, Godhra. This resulted in irregular expenditure of Rs.41.96 lakh. PA, Godhra agreed (May 2008) to take up the matter with the Deputy Collector, MDM, Godhra for regularization.

3.2.10.2 Awarding work without invitation of tenders

The Gujarat Public Works Department Manual requires that public tenders be invited for all works estimated to cost Rs.50,000 and above.

Administrative Approval for construction of 53 kitchen sheds for MDM centres was accorded by the PA, Vansda and grant of Rs.33.37 lakh was released (2004-06) to Taluka Development Officer, Vansda. It was noticed in audit that work of construction of all the kitchen sheds was assigned (December 2004 and April 2006) at the estimated cost of Rs.33.37 lakh to a non-Governmental Organization, Anard Foundation, Kaparada without inviting public tenders.

Project Administrator, Vansda stated (February 2008) that matter would be taken up with Taluka Development Officer, Vansda.

3.2.10.3 Failure to purchase cooking utensils

Disagreement between GRIMCO and Commissioner, MDM resulted in non-purchase of utensils for MDM centres

There was a requirement of about 1.59 lakh cooking utensils valued at Rs.12.76 crore in various MDM centres in the State⁹⁰. To ease this shortage, Rs.60 lakh was sanctioned (September 2003) from the Bal Nidhi Fund⁹¹ and Rs.25 lakh (March 2004) from Gujarat Pattern.

To have uniformity in utensils, reduce advertisement expenditure and speed up the purchase, it was decided by Commissioner of MDM (May 2003) to have centralized purchase through Gujarat Rural Industries Marketing Corporation Limited (GRIMCO), Gandhinagar. Accordingly, Rs.40 lakh was paid (December 2003 and March 2004) as advance to GRIMCO.

GRIMCO invited (August 2004) quotations for purchase of utensils, but due to high rates received, it was decided (September 2005) to go for retendering. Tenders re-invited (February 2006) were forwarded (March 2006) to the Commissioner, MDM, Gandhinagar for approval.

While GRIMCO had finalized tender through its Tender Acceptance Committee, Commissioner, MDM insisted (April 2006) on finalization of the tender through the Secretariat Purchase Committee. GRIMCO intimated (June 2006) its intention to opt out of the purchase. The final decision had not been taken (March 2008).

Thus, tenders could not be accepted within validity period due to disagreement between GRIMCO and the Commissioner, MDM and the amount of Rs.40 lakh was refunded (July 2008) by GRIMCO and was lying unutilized with Commissioner, MDM.

Thus, despite funds being made available (December 2003 and March 2004) utensils could not be purchased (July 2008) and MDM programme continued to suffer with the shortage of this basic necessity and the objective of providing fund to ease the shortage of utensils was not fulfilled.

Water resources and irrigation

3.2.11 Activities

Under this sector, works of minor irrigation, check-dams, percolation tanks, bandharas, tube wells and lift irrigation schemes were to be undertaken to provide irrigation facilities to the STs.

3.2.11.1 Awarding works without invitation of tenders

As per decision of the Minister, works costing Rs.2.49 crore were awarded without invitation of tenders

Project Administrator, Mandvi accorded AA (2006-07) for construction of 21 check dams at a cost of Rs.2.49 crore; the funds were released to the Executive Engineer (EE), Gujarat Water Supply and Sewerage Board, Surat (Rs.1.91 crore for 15 check dams) and EE, Water Resources Investigation Division, Surat (Rs.0.58 crore for six check dams).

⁹⁰ Requirement for tribal areas was 0.77 lakh utensils

⁹¹ The Gujarat Children Fund

Scrutiny of records (February 2008) revealed that in contravention of the provisions of Gujarat Public Works Manual (GPW Manual), concerned EEs awarded (between October 2006 and March 2007) without inviting public tenders, the work of 21 check-dams to six NGOs at the estimated cost.

When non-observance of the provisions of GPW Manual was pointed out, the EEs stated (February 2008) that as per the decision of the Minister, the works were awarded without invitation of public tenders on the ground that process of invitation of tenders consumed more time resulting in delay in completion of works. The action of the EEs was not correct, as Minister is not empowered to take a decision overlooking the provisions of the Manual.

3.2.11.2 Non-execution of works

Project Administrator, Chhotaudepur released (2001-04) Rs.66.02 lakh to the EE, Panchayat Irrigation Division, Vadodara for construction of 11 check dams.

None of the 11 works were taken up due to (i) the work already being executed under other schemes (two works; Rs.13.32 lakh) indicating lack of co-ordination, (ii) people's protest (two works; Rs.11.56 lakh) and (iii) non commencement of works by the contractors (seven works; Rs.41.14 lakh) as the rate quoted between 21 and 41 *per cent* below SOR were unviable.

Due to non-execution of works, entire amount of Rs.66.02 lakh remained unutilized and was refunded (March 2007) by EE after three to five years. The non-execution of the works resulted in denial of irrigation facilities to the beneficiaries.

3.2.11.3 Poor planning and monitoring of lift irrigation schemes

Out of Rs.7.29 crore allotted to GWRDC for 46 Lift Irrigation Schemes, 15 Schemes (Rs.2.92 crore) were not functioning

With a view to provide irrigation facility to ST farmers in ITDP, Godhra, PA, Godhra accorded AA for 29 lift irrigation schemes between the financial years 1999 and 2004 at an aggregated cost of Rs.5.18 crore and grant was released to the Gujarat Water Resources Development Corporation Limited (GWRDC). Of this, work of two lift irrigation schemes sanctioned in the year 2000-2001 was not started as permission to lift water from State owned canal was not granted by the Irrigation Division. However, the grant of Rs.32.22 lakh released (March 2001) for these two schemes was not refunded and was lying with GWRDC.

Of the 27 lift irrigation schemes already constructed, only 12 schemes (Rs.1.93 crore) were functioning and remaining 15 schemes constructed at a cost of Rs.2.92 crore were lying idle as of March 2008⁹².

Despite dismal performance of the schemes constructed in earlier years, PA Godhra sanctioned and released grants of Rs.2.11 crore for further 17 schemes during 2005-08 to GWRDC in the respective years. Of these, only one scheme

⁹² Due to (i) non-availability of water (five schemes; Rs.1crore), (ii) want of electrification (three schemes; Rs.53.14 lakh), (iii) damages due to rain/flood (three schemes; Rs.49.31 lakh), (iv) non-acceptance by user farmers (two schemes; Rs.62.37 lakh) and (v) frequent theft/technical faults (two schemes; Rs.26.68 lakh)

(Rs.2.00 lakh) was completed and one scheme (Rs.17.83 lakh) was in progress; works in respect of remaining 15 schemes (Rs.1.91 crore) was not started (March 2008) due to (i) proposal pending with PA for additional fund (four schemes) (ii) farmers not willing to have scheme (seven schemes) and (iii) tender acceptance procedure was in progress (four schemes).

The above position indicated lack of planning and monitoring of the progress of works leading to sanction and release of additional funds for subsequent years. PA, Godhra, stated (May 2008) that investigation orders have been issued against implementing agency.

3.2.11.4 Blocking up of Government money

On the recommendations of the Members of the Legislative Assembly, PA, Chhotaudepur, accorded AA (January 2003 and February 2004) for drilling 13 bore wells for irrigation purpose in Chhotaudepur and Jetpur-pavi talukas in ITDP Chhotaudepur; Rs.43.52 lakh was released in January 2003 without obtaining report of the geologist tests and further Rs.7.11 lakh in February 2004 to GWRDC.

GWRDC successfully drilled one bore well (Rs.3.99 lakh); however, this could not be put to use (March 2008) as a co-operative society of user farmers was not formed.

Work of drilling of the remaining 12 bore wells was not taken up due to negative report (August 2003) from the Geologist; GWRDC refunded the unutilized balance (Rs.46.64 lakh) only in September 2007 resulting in blocking the amount for four years.

Project Administrator attributed (March 2008) delay in refunding money to non reconciliation of accounts. The reply of the PA was not tenable, as less than 10 *per cent* of the fund had been utilized and the delay of four years for reconciliation of accounts was not justified.

Health and Medical Services

3.2.12 Activities

Under Health and Medical Services, (i) construction of buildings, compound walls for Primary Health Centres (PHCs), additional wards and operation theaters, (ii) electrification and drinking water supply to PHCs, (iii) purchase of ambulance van and hospital equipments and (iv) family welfare programmes were taken up.

3.2.12.1 Delay in completion of Public Health Centres

Project Administrator, Dahod accorded AA for Rs.1.39 crore (2005-06) for construction of one building each for PHC in seven villages of ITDP Dahod. Grant of Rs.1.24 crore was released (between December 2005 and March 2006) to Chief District Health Officer, District Panchayat, Dahod.

As against seven, only four PHCs were functional (March 2008). In respect of two PHCs (Rs.35.30 lakh), though the civil work was completed (June 2007 and September 2007), possession could not be handed over, as work of electrification was not completed (March 2008). In respect of one PHC (Rs.17.60 lakh), work order was issued (February 2008) after a lapse of two years due to non-acquisition of land.

Similarly, AA for Rs.58.60 lakh was accorded by PA, Dahod (2006-07) for construction of three other PHC buildings for which Rs.46.20 lakh was released (December 2006). Civil work was in progress in respect of one PHC and work could not be commenced (March 2008) in respect of the other two PHCs (Rs.30.85 lakh) as the land allotted was under encroachment. This could have been avoided had the non-encumbrance been ensured before acquisition of land.

Non-completion of the works deprived the beneficiaries of medical facilities.

3.2.12.2 Failure to purchase Colour Doppler

For diagnosis of cardiac disease with modern technique, Director, Medical Services, Gandhinagar accorded (October 2004) Technical Sanction for Rs.20 lakh for purchase of one Colour Doppler machine to be installed at Civil Hospital, Dahod. PA, Dahod accorded AA and released Rs.20 lakh (March 2006) to the Chief District Medical Officer (CDMO), Dahod. However, amount could not be drawn from the Treasury, as the Treasury Officer objected to the Drawing Officer drawing the grant in aid by way of a cheque in his own favour and credit to his own PLA. The grant lapsed as the CDMO could not respond to the objection till 31 March 2006.

Project Administrator, Dahod again sanctioned (January 2007) Rs.20 lakh and the amount was credited in the Personal Ledger Account (PLA) of CDMO. Colour Doppler machine could not, however, be purchased (March 2008) as acceptance of tender for purchase was not finalized by the Chief Medical Store Organization, Gandhinagar for reasons not on record.

Thus, in spite of money being made available twice, benefit of the diagnostic facility could not be provided to the ST population.

3.2.12.3 Diversion of Scheme funds outside tribal area

The expenditure from the grant of Gujarat Pattern can be incurred exclusively in areas notified as tribal areas.

Project Administrator, Mandvi however, released (2004-05) Rs.17.35 lakh to Medical Superintendent, New Civil Hospital Surat for purchase of Radiology Colour Doppler. The amount was apportioned as grants released to various tribal talukas/pockets/clusters falling under the jurisdiction of PA, Mandvi. Since Surat city is not notified as tribal area, incurring expenditure of Rs.17.35 lakh from the grant was irregular. PA, Mandvi stated (February 2008) that fund was released as work was sanctioned by DAVM.

Colour Doppler was installed at New Civil Hospital, Surat city, which is not a tribal area

3.2.12.4 Irregular expenditure

The scheme of Gujarat Pattern permits incurring expenditure on construction of new hospital buildings and purchase of new hospital equipments. However, expenditure on purchase of medicines and repairs of buildings, being recurring expenditure, was not permissible under the Scheme.

It was, however, seen that PAs Mandvi and Songadh released Rs.83.76 lakh (2003-04 to 2006-07) for purchase of medicines to various PHCs. Similarly, PA, Chhotaudepur released (2004-07) Rs.25.88 lakh for repairing of hospital buildings and staff quarters. Incurring such expenditure was irregular.

3.2.12.5 Non-utilization of grant

Rs.2.87 crore allotted for Chiranjivi Yojana remained unspent with Chief District Health Officer, Dahod due to operation of similar schemes of Central Government

Chief District Health Officer (CDHO), Dahod submitted (July 2006) proposal for sanction of Rs.89.75 lakh for implementation of Chiranjivi Yojana⁹³ in Dahod district. PA, Dahod accorded AA (October 2006) and released Rs.30 lakh to CDHO.

Even though the entire amount was lying unutilized (March 2007), CDHO submitted proposals for sanction of Rs.4.49 crore for the same scheme for 2007-08, which was also approved (July 2007) by the PA and Rs.3.06 crore was released.

As against Rs.3.36 crore released (2006-08), expenditure incurred was only Rs.49.06 lakh, leaving unutilized balance of Rs.2.87 crore (March 2008).

CDHO, Dahod stated (April 2008) that as sufficient grant was received from Central Government for this purpose under Reproductive and Child Health Programme of NRHM, no expenditure was incurred from the grant of Gujarat Pattern. The reply is not tenable as CDHO, Dahod should have refunded the amount, if there was no requirement. Further, if sufficient fund was available from Central Government CDHO should have not demanded fund from Gujarat Pattern.

Road works

3.2.13. Activities

Under this sector, village approach roads, link roads connecting two or more villages, village internal roads, missing culverts, minor bridges, minor work of cross drainage etc were envisaged.

⁹³ Scheme for providing financial assistance to private maternity homes for rendering free maternity services to tribal women

3.2.13.1 Irregular expenditure on State Highways

In contravention of the guidelines, Project Administrator, Chhotaudepur released Rs.1.41 crore for State Highway works

Guidelines already existed for selection of works under Decentralized District Planning Programme. Government orders (September 1999) provide that for selection of works under Gujarat Pattern, the guidelines issued for Decentralized District Planning Programme should be followed. As per the guidelines, only rural road works can be taken up.

The PA, Chhotaudepur released (2004-07) grant of Rs.1.41 crore to the EE, District Roads and Building Division, Vadodara for the six works of improvement, widening and special repairs to State Highways, which was in contravention of the guidelines.

PA stated (March 2008) that permission to execute State Highway works was accorded looking to its importance. The reply was not tenable, as inadmissible works were executed.

3.2.13.2 Splitting up of works

Government orders (December 2001) provide that individual road work of maximum amount of Rs.30 lakh can be taken up under Gujarat Pattern.

Executive Engineer, District Roads and Buildings Division, Vadodara accorded Technical Sanction (May 2007) for Rs.50 lakh for strengthening Modasar-Malarani-Kwant Road and proposal was submitted for release of grant from the Gujarat Pattern. The PA, Chhotaudepur split-up the work into two parts and issued separate AAs each of Rs.25 lakh and released the grant of Rs.50 lakh (January 2008).

On being pointed out that individual works upto a maximum amount of only Rs.30 lakh could be taken up, PA Chhotaudepur accepted (March 2008) the audit observation and stated that the work was split-up, as approval was accorded by DAVM for Rs.50 lakh.

Water supply projects

3.2.14 Activities

The sector under water supply envisages the provision of safe drinking water through village/regional water supply schemes, drilling of bore well and installation of hand pumps and stand posts etc, in rural area.

3.2.14.1 Execution of water supply schemes

- **ITDP Chhotaudepur**

Out of 40 water supply works sanctioned at Rs.1.84 crore, only 17 (Rs.42.31 lakh) could be completed

For providing safe drinking water to the STs of Chhotaudepur, 40 drinking water supply works were sanctioned (2005-07) and Rs.1.84 crore was placed at the disposal (2005-07) of the EE, Gujarat Water Supply and Sewerage Board (GWSSB), Vadodara. Of the 40 works, only 17 water supply works (Rs.42.31 lakh) were completed and put to use (March 2008). For the

remaining, (i) the civil works, pump house and pipe line were completed for three works (Rs.17.67 lakh), but water sources were not available, as in two cases possession of source well was yet to be obtained from GWRDC/private person and in one case bore well failed; (ii) civil works were completed in respect of ten works (Rs.62.04 lakh), but electrification work was pending; (iii) eight works (Rs.46.51 lakh) were in progress and (iv) two works (Rs.5.09 lakh) were yet to be taken-up (March 2008).

Thus, the poor progress of works and poor planning deprived the inhabitants in the respective areas of safe drinking water.

- **ITDP Godhra**

Project Administrator, Godhra released (2005-06) Rs.69.26 lakh to EE, GWSSB, Godhra for execution of 14 water supply schemes. Of the 14 works, only two works (Rs.7.46 lakh) were completed and five works (Rs.36.36 lakh) were in progress (March 2008).

In the remaining seven, work had not started as of March 2008 due to non-availability of water sources; however, unutilized amount of Rs.25.44 lakh was not refunded. Thus, the beneficiaries are deprived of drinking water.

Other sectors

3.2.15 Rural Electrification

Guidelines of Gujarat Pattern permits to take up new electrification in the rural areas. But the problem of low voltage was to be resolved by the electricity supply company, work of voltage up-gradation was not permitted under the scheme.

It was noticed that PAs of Chhotaudepur, Mandvi and Vandsa had released grants aggregating Rs.2.56 crore (2003-07) to Electricity Companies⁹⁴ for rectifying low voltage. PAs stated (February 2008) that grant was released as per approval accorded by DAVM. Since, only new works of electrification and not the work of rectifying low voltage was permissible under the scheme, this resulted in irregular expenditure of Rs.2.56 crore.

3.2.16 Rural Development

Guidelines of the Scheme do not permit release of grant for commercial purpose. Contrary to the guidelines, PA, Chhotaudepur accorded AA (June 2003) for Rs.9.18 lakh for construction of two shopping centres at Chhotaudepur and Zoz village on cost sharing basis of 90 *per cent* by Government and 10 *per cent* by the respective Gram/Taluka Panchayat and grant was released in June 2003. The work was completed between June and October 2004 at a cost of Rs.9.11 lakh.

⁹⁴ (i) Gujarat Electricity Board, (ii) Madhya Gujarat Vij Company Ltd. and (iii) Dakshin Gujarat Vij Company Ltd.

Three Project Administrators released Rs.2.56 crore to Electricity Companies for rectifying low voltage

While the shopping centre at village Zoz was allotted in June 2007, shopping centre constructed at a cost of Rs.4.53 lakh at Chhotaudepur could not be allotted (March 2008) as it was constructed on residential plot and permission to convert it for commercial purpose was not received. Thus, funds were utilized on inadmissible works of construction of shopping centres.

3.2.17 Self- Employment Generation

For providing self-employment to the unemployed ST youth, provision was made under component of Labour and Employment, Village and Small Industries and Welfare of ST for providing financial assistance for the purchase of shops, cabins, grain grinding mills, mandap service and loud speakers, instruments/toolkits for small business, computers etc. Under the scheme financial assistance of Rs.3,000 was payable to a ST person with annual income upto Rs.11,000 on application to Taluka Development Officer with requisite⁹⁵ supporting documents for self-employment.

Grants aggregating to Rs.98.83 lakh were released (2004-07) by PA, Godhra to Taluka Development Officers of all the nine talukas of ITDP, Godhra. However, expenditure of Rs.15.09 lakh only was incurred leaving an unspent balance of Rs.83.74 lakh as detailed in the following table.

(Rupees in lakh)			
Year	Grant Released	Expenditure incurred	Un-utilized balance
2004-05	35.56	13.76	21.80
2005-06	39.00	1.18	37.82
2006-07	24.27	0.15	24.12
Total	98.83	15.09	83.74

When pointed out, PA, Godhra stated (June 2007) that in spite of efforts, the beneficiaries were not forthcoming and were also not able to furnish necessary documents as evidence. The fact remains that the objective of providing self employment to ST youths was not achieved.

3.2.18 Other points of interest

3.2.18.1 Fraudulent claim

On the basis of fraudulent claim of Rs.13 lakh, Rs.9.05 lakh was released to an NGO

Superintending Engineer, Panchayat Irrigation Circle, Vadodara accorded Technical Sanction (March 2001) for Rs.16.40 lakh for construction of a check dam at village Batkwada in Panchmahals district. On the recommendation of a Member of Parliament, PA Godhra accorded AA (February 2004) for Rs.13.94 lakh in favour of an NGO⁹⁶ on cost sharing basis of 85 per cent (Rs.13.94 lakh) by Government and 15 per cent (Rs.2.46 lakh) by NGO. The work was to be executed within three months under the technical supervision of EE, Minor Irrigation Division, Godhra.

⁹⁵ Such as ownership of premises, permission from municipality, proof of purchase of equipments, proof of technical capability, proof of availability of infrastructure, proof of income, proof of caste etc.

⁹⁶ Jeevan Vikas Mandal, Diwada Colony

The NGO submitted (March 2004) a certificate of EE stating that work of Rs.13 lakh was executed and PA released (March 2004) Rs.9.05 lakh. On receipt of a request (November 2004) from NGO for extension of time limit upto March 2005, site of work was inspected by PA who found that no work was executed and fraudulent claim of Rs.13 lakh was submitted. Police complaint was filed (November 2004) at Godhra Police Station against NGO and EE. PA, Godhra stated (May 2008) that police investigation was in progress.

3.2.18.2 Purchase of nonpermissible items

According to the guidelines of the scheme, expenditure on purchase of office equipments/furniture was not permissible from the Gujarat Pattern.

In five⁹⁷ ITDPs, grants of Rs.21.92 lakh were released (2004-07) to various offices for purchase of office equipments like computer, printer, fax, photocopier, etc, which were not permissible. PAs stated (February, April 2008) that grants were released as purchases were approved by DAVM.

3.2.18.3 Execution of works outside ITDP areas

As per Government order of September 1999, funds earmarked under Gujarat Pattern were to be used only in the villages/areas notified as ITDP area.

It was seen that PA, Chhotaudepur released (2006-08) grant of Rs.29.52 lakh for various works⁹⁸ to six villages of Vadeli and Bhatpura pockets of Sankheda Taluka, which were not notified as tribal villages. PA stated that works were executed outside project areas as approved by the DAVM.

3.2.19 Lack of monitoring and control

There was shortfall ranging between 50 and 88 per cent in meeting of monitoring committees

Government constituted (July 1998) DAVM in each ITDP under the Chairmanship of the Guardian Minister of the district. As per orders, progress of the works sanctioned under Gujarat Pattern should be monitored by DAVM by holding quarterly meeting in each financial year.

Government also constituted (September 1999) District Adijati Development Executive Committees under the Chairmanship of District Collector which was required to meet every month to monitor progress of works sanctioned.

Details of meetings to be held and that actually held in the selected ITDPs during the period 2003-08 were as under –

Authority	Meetings to be held	Meetings actually held					
		Chhotaudepur	Dahod	Godhra	Mandvi	Songadh	Vansda
DAVM	20	9	8	9	5	7	11
Executive Committee	60	17	19	30	28	28	7

⁹⁷ Chhotaudepur, Dahod, Mandvi, Songadh and Vansda

⁹⁸ (i) Road work, (ii) Check dam, (iii) Lake improvement work, (iv) Waste weir work, (v) Electrification work and (vi) Approach road work

The shortfall in the meetings ranged between 50 *per cent* and 88 *per cent* and only general instructions for expediting the execution of works were issued during the meetings.

3.2.20 Conclusion

There are no separate defined guidelines for selection of works under Gujarat Pattern. Savings available with implementing agencies were not refunded in time. There was delay in execution of works. Many works were not executed and works completed were not put to use. Works were irregularly awarded to NGOs without invitation of tenders; fraudulent claim of an NGO was paid.

3.2.21 Short comings of the scheme

There was no system -

- (i) to ensure that sanctioned grants did not lapse,
- (ii) for proper monitoring of progress of works,
- (iii) to recall unspent balances with implementing agencies, and
- (iv) to check admissibility of works approved by DAVM.

3.2.22 Recommendations

- Grants should not be allowed to lapse; unspent balances with implementing agencies should be called back;
- Construction of schools and hospitals should be expedited;
- There should be no expenditure outside ST area;
- Police investigation on fraudulent payments should be got expedited; and the system reviewed to prevent such frauds; and
- Monitoring mechanism should be revamped.

The matter was reported to Government (July 2008); reply has not been received (August 2008).

LABOUR AND EMPLOYMENT DEPARTMENT

3.3 IT Audit of Employment Exchange Management System

3.3.1 Introduction

Labour and Employment Department (LED) looks after labour related services and enforces various labour laws through its functionaries. There are 37 Employment Exchanges⁹⁹ (EEs) under the Directorate of Employment & Training (DET) under LED where 8.89 lakh job seekers were registered (May 2008). The computerisation of the EEs was done with the objectives of improving the efficiency of the EEs, speedy collection of data from the employers to provide opportunities to the job seekers and employers with the desired skilled manpower. The software EEMS (Employment Exchange Management System) was developed in 2002 by National Informatics Centre (NIC), Gandhinagar which was an SQL based application. During 2004-05, the department decided to develop a system called 'Total Solution Provider' (TSP) for integrating the activities of functionaries of LED and its district level offices. The project was completed in January 2006 and EEMS was integrated with TSP.

3.3.2 Organisational set-up

Additional Chief Secretary, LED is the administrative head and in case of Employment Exchanges, EEMS was monitored by Director of Employment and Training (DET) through its four Regional Offices¹⁰⁰ headed by Assistant Directors and 37 Employment Exchanges (EEs) headed by Employment Officers.

3.3.3 Audit objectives

The audit objectives were to evaluate:

- the efficiency and effectiveness of the system in achieving the stated objectives;
- the completeness and correctness of data captured in the system in respect of registration of candidates, placement, etc.
- correct generation of employment statistics,
- the adequacy of security controls to ensure the integrity of data.

3.3.4 Audit Criteria

The applications package developed and implemented for the EEs was evaluated with respect to the National Employment Service Manual. Planning of computerisation, methodology of development of the application packages,

⁹⁹ District Employment Exchange (DEE)-25, Universities Employment Information & Guidance Bureau (UEB)-07, Town Employment Exchanges (TEE)-05

¹⁰⁰ Ahmedabad, Rajkot, Surat and Vadodara

data management and monitoring were also examined keeping in view the best practices of IT governance.

3.3.5 Audit methodology and Scope

IT Audit Review for the period 2004-08 was conducted during April-June 2008; covering eight districts¹⁰¹ (out of 25 districts). Scrutiny of records and information furnished by the Directorate and eight test checked units in respect of the computerisation and the data available in the computerised system was done during April-June 2008.

Audit findings

3.3.6 Planning and Implementation

3.3.6.1 Absence of documentation

There was no agreement or Memorandum of Understanding between the DET and the developer, NIC. Normal software development methodologies like framing the URS, SRS, User Manual, etc. were not adopted. Resultantly, DET did not possess any documentation relating to the system.

3.3.6.2 Dependency on manual system

Monthly statistical reports (Directorate and employment statistics) viz. E.S. 1.1 (consolidated), D.S 1.1 (education wise), D.S. 1.5 (category wise) and D.S. 1.10 (sector and category wise) generated by the system should have been uniform as regards the total number of registrants amongst various categories. However there were discrepancies among the monthly statistical reports generated for fresh registration, live registrants, placements and submission (**Appendix-XXXI**) reflecting its incorrectness. Resultantly, the EEs depended upon the manual system and maintained manual registers to submit monthly statistical reports to Director General, Employment and Training (DGET), New Delhi and DET, Gandhinagar.

3.3.6.3 Non operation of placement Module

The details of the candidates placed with employers are to be transferred from Live Register (LR) to Dead Register (DR). It was seen that placement data was not entered in the system and placement registers were manually maintained for reporting data to DET.

3.3.6.4 Non-capturing of details of bookings notified by the employer

The system has in-built provision to capture bookings notification (requirement of desired skilled manpower) by employer. However, after a booking was notified, it was being processed manually and reported to

¹⁰¹ Ahmedabad, Anand, Gandhinagar, Kachchh, , Nadiad, Rajkot, Surat and Vadodara

employer through submission letter, which is manually prepared and not generated by the system.

3.3.7 Analytical Review of Data

Analysis of the databases of candidates' registrations revealed cases of inconsistent data as reported below:

3.3.7.1 Registration before the age of 14 years

Applicants above age of 14 years are eligible for registration. It was seen that in 353 cases of the computerised database, candidates were registered even before attaining the age of 14 years. This was possible either because of wrong data entry or registration of ineligible candidates; which could have been avoided by way of having an IT control in the system over the age of candidates of registrants. Prevalence of a large number of ineligible registrants in the database may render the database as unreliable.

3.3.7.2 Non-updation of codes as per National Classification of Occupation

The education/occupation of the job seeker was given a unique code as per National Classification of Occupation (NCO) Code, 1968 (of 5 digits) at the time of registration. The NCO 1968 codes were replaced with NCO 2004 of 6 digits. Ministry of Labour and Employment issued orders (October 2005) to update these codes by March 2006 and give new NCO 2004 code to fresh registrants from April 2006. It was however seen that NCO codes of registrants, who were registered before April 2006 were not updated.

3.3.7.3 Generation of incorrect 'due date' for renewal of registration

National Employment Service Manual provides that registration is valid for three years from the month of registration. The registrants are allowed to renew their registration on any working day during the period of three months of renewal period namely the month in which renewal falls due and following two months. It was observed (June 2008) from analysis of databases of four DEEs¹⁰² that in 58 cases out of 3,97,606 cases, the due dates of renewal were wrongly generated by the system which was falling between the years 2012 and 2014 which were beyond the prescribed renewal period.

3.3.8 Inadequacies in grant of access privileges

Privilege to users for using various functions was granted by using codes but description of these codes was not found in the database. In absence of description, audit could not ascertain what privileges were granted to the users. Further, it was observed that an individual was having multiple user codes with different privileges. Also, there were cases of users which were not made inactive after their transfer or retirement.

¹⁰² Ahmedabad, Amreli, Junagadh and Mehsana

3.3.9 Conclusion

Lack of various controls in the system has made the information derived from the system unreliable. Incomplete roll out of modules for implementation led to incomplete databases and underperformance of the application itself. The databases were also incomplete as all the relevant data was not entered, specifically in cases of bookings notifications by the prospective employers and data in placement module. Further, lack of data integrity, reliability and incompleteness of data available with the Employment Exchanges led to inconsistent information being generated by EEMS.

3.3.10 Recommendations

- Business Rules should be comprehensively mapped so that data are correctly processed and reports generated by the system are reliable;
- Dependencies on the manual process should be eliminated;
- The system security and audit trails should be strengthened for ensuring data security and integrity.

The matter was reported to Government (July 2008); reply has not been received (August 2008).