

Chapter –IV

TRANSACTION AUDIT OBSERVATIONS

AUDIT PARAGRAPHS

4.1 Fraud/misappropriation/embezzlement/losses/overpayment

Rural Development Department (District Rural Development Agencies)

4.1.1 *Misappropriation of wheat under Sampoorna Grameen Rozgar Yojana*

Disregard of rules and failure to conduct physical verification by DRDA resulted in misappropriation of 19,907.77 qtls of wheat valuing Rs 1.19 crore.

To provide greater thrust to additional wage employment, infrastructural development and food security in the rural areas, Government of India (GOI) launched (September 2001) the *Sampoorna Grameen Rozgar Yojana* (SGRY) on cost sharing basis in the ratio of 75:25 between the Government of India and the State Government. As per the scheme, GOI was to provide foodgrains free of cost and 75 per cent of the cash component and the State Government was to distribute the foodgrains as part wages to the workers employed to create community and social assets and to bear the transport cost and other handling charges. The scheme was being implemented by the District Rural Development Agencies (DRDAs) through Block Development and Panchayat Officers (BDPOs) at the block level and Gram Panchayats (GPs) at the village level. In order to ensure effective safeguards against leakage of foodgrains, the implementing agencies were required to maintain the records relating to receipts, custody, issue and management of stores. Physical verification of stores was to be made at least once a year as required under the Financial Rules.

Test-check of records (June-November 2004) relating to five DRDAs and other implementing agencies¹ revealed that out of 81,669.45 quintals (qtls) of wheat allotted and lifted, 16 BDPOs had distributed 57,611.05 qtls of wheat as part wages to labourers against muster rolls for various works executed during 2001-04; 4,150.63 qtls of wheat were lying unutilised in the stores as closing

¹ DRDAs at Ambala, Kaithal, Karnal, Kurukshetra and Yamunanagar and Block Development and Panchayat Offices and Gram Panchayats in these districts.

balance as on 31 March 2004. The remaining 19,907.77 qtls of wheat valued at Rs 1.19² crore was misappropriated by the staff of 16 BDPOs³ by showing fictitious issue of wheat to GPs (15,046.35 qtls), pilferage in stores (1,821.58 qtls), issues against fictitious works (2,630.84 qtls) and pilferage in transit (409.00 qtls).

While confirming the facts, Chief Executive Officers (CEO)⁴ of DRDAs/BDPOs stated (June-December 2004) that necessary action would be taken against the officials responsible for misappropriation. The CEO, DRDA, Yamunanagar, while admitting the misappropriation, stated (July 2005) that 1,863.18 qtls wheat shown as fictitiously utilised had been recouped from the concerned GPs and the same had been subsequently utilised. The CEO, DRDA, Kaithal stated (May 2005) that 2,163.15 qtls wheat shown to have been misappropriated had already been utilised before 2003-04 and 100 qtls were lying in stock. He also supplied copies of muster rolls in support of utilisation of 426.25 qtls wheat in respect of Pundri Block. The reply was not acceptable because muster rolls supplied in support of his contention actually related to the year 2004-05 and works on which wheat was shown to have been consumed were completed prior to 2004-05. Hundred qtls of wheat stated to have been lying in stock was not found in stock register upto May 2005. The authenticity of the muster rolls now supplied in support of utilisation of 426.25 qtls (part of 912.54 qtls wheat misappropriated in Pundri Block) were doubtful as these were neither numbered nor issued with the approval of the competent authority.

Misappropriation of wheat was facilitated due to disregard of rules relating to issue and distribution of wheat. Before allowing issue of wheat, BDPOs should have thoroughly examined the relevant records including muster rolls to prevent fictitious issue of wheat. While submitting the periodical reports to higher authorities, implementing agencies did not furnish the correct stock position indicating the opening balance, receipts, issues and closing stock. Lack of proper monitoring and non-conducting of physical verification by DRDAs further aggravated the position and facilitated misappropriation. No legal action was taken against the officials responsible for misappropriation.

² 19,907.77 qtls at the rate Rs 600 per quintal = Rs 1,19,44,662.

³ BDPOs :Brara (1368.70 qtls), Sahazadpur (300.66 qtls) of Ambala district; Kaithal (2263.15 qtls), Pundri (912.54 qtls) of Kaithal district; Assandh (289.71 qtls); Karnal (2073.44 qtls), Nissing (645.82 qtls) of Karnal district; Babain (2072.81 qtls), Ladwa (1871.43 qtls), Pehowa (1896.33 qtls), Thanesar (4350.00 qtls) of Kurukshetra district; Bilaspur (93.00 qtls), Chhachrauli (102.00 qtls), Jagadhri (158.00 qtls), Mustafabad (1128.68 qtls) and Sadaura (381.50 qtls) of Yamunanagar district.

⁴ CEOs at Ambala (June 2004); Kaithal (November 2004); Karnal (December 2004); Yamunanagar (September 2004); and BDPOs Babain, Ladwa, Pehowa (September 2004) and Thanesar (August 2004) of district Kurukshetra.

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary, Rural Development Department, in April 2005; reply had not been received (August 2005).

4.2 Excess payment/wasteful/infructuous expenditure

Town and Country Planning Department (Haryana Urban Development Authority)

4.2.1 Unfruitful expenditure on construction of booths

Construction of booths without conducting survey by HUDA at a place not suitable for commercial activities rendered the expenditure of Rs 31 lakh unfruitful.

To boost the sale of commercial sites in Urban Estate, Yamunanagar, the Haryana Urban Development Authority (HUDA) decided to construct shopping booths in the district sub-centre at Gobindpuri.

Test-check of the records of the Estate Officer (EO), HUDA, Jagadhri (June 2004) and information collected subsequently (June–July 2005) revealed that HUDA, without conducting any survey to assess the public demand, constructed 72 booths in two phases. Though 20 booths constructed in July 1996 at a cost of Rs 9.91 lakh were not put to auction, yet 52 more booths were constructed at a cost of Rs 32.26 lakh in August 1998. Thereafter, 31 booths (10 out of 20 and 21 out of 52) were put to auction repeatedly in 34 auctions held between February 1999 and May 2005 and only 19 booths (five out of 20 and 14 out of 52) could be auctioned. The remaining 53 booths (including 41 booths not at all put to auction for the periods ranging between seven and nine years) remained unsold (May 2005) due to poor response in the auctions despite reducing their reserve price from Rs 5.50 lakh in November 2001 to Rs 4.51 lakh in July 2003.

The Estate Officer, HUDA, Jagadhri attributed (July 2004) the poor response to poor planning of HUDA in constructing the booths at a place not suitable for commercial activities, away from the main market and the bus stand and railway station besides fixation of higher reserve price, as compared to market price prevailing in the area. In the meeting held on 26 May 1999, the 'Price Fixation Committee' analysed that commercial sites were not being sold due to high reserve price and on its recommendations, the Chairman, HUDA accorded approval (July 1999) to devalue the reserve price upto 20 *per cent* i.e. at the rate of five *per cent* for each unsuccessful auction upto four successive auctions. As regards non-auction of 41 booths which had not been

put to auction at all, he intimated (June 2005) that the best sites, which can be sold at higher rates, were chosen first for auction. The reply was not convincing because out of 31 booths considered to be best sites, only 19 booths could be sold between February 1999 and May 2005. With the passage of time, the condition of these built up booths would also deteriorate.

Thus, construction of 20 booths without conducting any survey and without taking into cognizance the suitability of the site for commercial activities, further construction of 52 booths and fixation of higher reserve price rendered the expenditure of Rs 31⁵ lakh, incurred on construction of 53 booths unfruitful.

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary, Town and Country Planning Department in February/August 2005; reply had not been received (August 2005).

**Agriculture Department
(Haryana State Agricultural Marketing Board)**

4.2.2 Inadmissible payment of special pay

Haryana State Agricultural Marketing Board made inadmissible payment of Rs 46.17 lakh to employees on account of special pay in violation of Government instructions.

The State Government issued (February 1991) instructions to all Government Companies, Corporations, etc. including the Haryana State Agricultural Marketing Board (HSAMB) that special pay would be allowed only to incumbents of the posts of Personal Assistant (PA), Steno-typist and Drivers (for cars and jeeps only) from 1 March 1991 onwards. No post of any other category would carry any special pay in the public sector undertakings without the specific approval of the Finance Department. Incumbents who were drawing special pay as on 18 February 1991 were allowed to draw special pay but in future recruitments and promotions, special pay was to be discontinued. While reiterating these instructions in June 2001, Government directed all concerned undertakings to stop allowing special pay not covered under the said instructions.

Test-check of records (April 2003 – January 2005) of the Executive Engineers of 15 Divisions and 52 Market Committees (MCs) under the control of the HSAMB, Panchkula revealed that HSAMB allowed special pay to 1,164 employees (other than PAs, Steno-typists and Drivers) who were not drawing special pay as on 18 February 1991 and paid Rs 46.17 lakh to these officials

⁵ Rs 9.91 lakh x 15/20= Rs 7.43 lakh; Rs 32.26x38/52= Rs 23.57 lakh.

without any approval from the Government between April 1991 and December 2004.

The Financial Commissioner and Principal Secretary to Government Haryana, Agriculture Department clarified (February 2005) that Government did not allow special pay to any employee on recruitment/promotion after 18 February 1991 except those who were drawing special pay prior to this date. But it was revealed that HSAMB continued to allow special pay to ineligible employees. However, special pay was discontinued with effect from 1 April 2005 by HSAMB after this was pointed out in Audit but no action was initiated to recover the inadmissible amounts already paid to these employees (May 2005).

**Public Works Department
(Public Health Branch)**

4.2.3 Unfruitful expenditure on account of unutilised structures of water supply scheme

Due to improper planning for canal based scheme instead of tubewell based in the first instance, structures created under the canal based scheme were lying unutilised since May 2000; expenditure of Rs 55.22 lakh incurred on the scheme proved unfruitful.

The Haryana State Sanitary Board (HSSB) approved (June 1995) a canal based scheme for augmentation of water supply to Purkhas group of villages from 40 to 110 litre per capita per day (lpcd) for Rs 1.06 crore. The scheme involved construction of two storage and sedimentation tanks, four filter beds, two clear water tanks, head works pipe line, wire fencing, overhead service reservoir and distribution system, etc. The raw water was proposed from Shekhupura Minor (Minor) at RD 16,500 by increasing the outlet discharge from 1.16 cusecs to 2.82 cusecs after remodelling of the minor and inlet channel but prior sanction of the revised outlet was not obtained from the Irrigation Department.

Test-check of records (May 2004) of the Executive Engineer, Public Health Division II, (XEN) Sonipat revealed that the construction of the inlet channel, one storage and sedimentation tank, four filter beds, head works pipe line and wire fencing was completed (May 2000) at a cost of Rs 55.22 lakh. Even after remodelling of the minor by the Irrigation Department in 2001-02 the outlet of 2.82 cusecs of water was not sanctioned for the scheme by the Irrigation Department. On the demand of the *Gram Panchayat* for supply of drinking water through tubewells, the XEN proposed another estimate for Rs 19.35 lakh for supply of additional raw water through two shallow tubewells. HSSB approved (May 2001) the scheme and two shallow tubewells were

installed (August 2004) in the bed adjacent to Shekhupura Minor at a cost of Rs 11.66 lakh.

The XEN stated (December 2004) that the canal based scheme was floated initially as the underground water was not potable at that time. It was further stated that most of the time the minor did not contain sufficient water being located at the tail and thus, option was exercised for tubewell based scheme.

The reply was not tenable as the quality of water was got tested only in 1979 and not immediately before conception of the augmentation of water supply scheme in June 1995. Shallow tubewells installed in August 2004 could have been installed in the first instance instead of opting for canal based scheme in June 1995.

Thus, due to improper planning of a canal based scheme instead of a tubewell based in first instance, structures created under canal based scheme were lying unutilised since May 2000 and expenditure of Rs 55.22 lakh incurred on the scheme proved unfruitful.

The matter was demi officially reported to the Financial Commissioner and Secretary, Public Works Department, Public Health Branch in May 2005; reply had not been received (August 2005).

4.2.4 Extra expenditure due to non-availing of Central Excise Duty exemption

Central Excise Duty exemption, available on purchase of pipes for use in Water Works, was not availed of which resulted in an extra expenditure of Rs 86.01 lakh.

Government of India vide Central Excise Notification No.06/02-CE dated 01 March 2002 amended by Notification No. 47/2002-CE dated 06 September 2002, exempted all items of machinery and their components required for setting up of water treatment plants intended to make water fit for human or animal consumption, alongwith pipes needed for delivery of water from its source to the plant and from there to the storage facility, from the whole of the Central Excise Duty (CED) subject to the condition that a certificate issued by the concerned Collector/Deputy Commissioner/District Magistrate to the effect that such goods are needed for the intended use, is produced to the concerned Central Excise official.

Test-check of records (March 2005) of the Public Works Department, Public Health (Design and Planning) Division (PH), Sonipat and information collected subsequently from four⁶ PH Divisions revealed that Ductile Iron Pipes and Cast Iron Tyton Pipes valuing Rs 6.73 crore, including excise duty,

⁶ Bahadurgarh, Gohana, Gurgaon and Rohtak.

freight and inspection charges were purchased (September 2003-March 2004) for use in the water works, from two firms⁷ against supply orders placed between July and September 2003 by the Director, Supplies and Disposals (DS&D) Haryana.

Though the pipes purchased were used for the purpose specified in the exemption notification and thus qualified for exemption, the Department did not avail of the benefit. The required certificate for availing CED exemption was not obtained from the concerned Deputy Commissioners. Consequently, CED amounting to Rs 86.01 lakh had to be paid by the Department (November 2003 to August 2004), which could have been avoided.

The concerned Executive Engineers while admitting the facts stated (April 2005) that exemption could not be availed of by them because instructions regarding availment of said exemption were received from Engineer-in-Chief (EIC) Haryana only in July 2004. Thus, because of the delay in issuing instructions, the extra expenditure of Rs 86.01 lakh was incurred.

The matter was demi-officially reported to the Financial Commissioner and Secretary, Public Works Department, Public Health Branch in June 2005; reply had not been received (August 2005).

Transport Department

4.2.5 *Loss arising out of failure to obtain quarterly passes for payment of toll tax*

Failure of nine depots to obtain quarterly passes of toll tax resulted in loss of Rs 81.30 lakh.

Municipal Corporation, Delhi (Corporation) levied (December 1999) toll tax on vehicles entering Delhi. The daily and monthly rates of toll tax in respect of a bus were Rs 50 and Rs 1,000 respectively. Subsequently, the Corporation increased the rate of monthly tax to Rs 1200 and introduced (January 2001) quarterly passes at the concessional rate of Rs 3000. By obtaining a quarterly pass a bus owner would pay Rs 1,500 less tax per quarter per bus compared to daily rate. The Transport Commissioner advised (June 2002) all the depots to deposit toll tax taking into account the saving involved in quarterly deposit of toll tax instead of daily or monthly payment.

Test-check (February 2003-June 2005) of records of General Managers, Bhiwani, Yamunanager and Narnaul depots (depot) and information collected

⁷ M/s Electrosteel Castings limited, Kolkata and M/s Kapilansh Dhatu Udyog Private Limited, Nagpur.

subsequently from Faridabad, Gurgaon, Hisar, Karnal, Rohtak and Sonapat depots revealed that these depots, operating various routes through the toll point, did not avail of the saving by obtaining quarterly passes and continued to make payment on daily or monthly basis. Total toll tax paid at Delhi Toll Point worked out to Rs 3.04 crore for the period from January 2001 to June 2005. These depots could have saved an amount of Rs 81.30 lakh during this period by obtaining quarterly passes.

On this being pointed out (February 2003 and August 2005), the General Manager, Bhiwani Depot admitted the facts and stated (March 2005) that the depot started obtaining monthly passes from December 2004. Replies in respect of the remaining depots were awaited (August 2005).

Thus, failure of the depots to obtain quarterly passes resulted in avoidable loss of Rs 81.30 lakh.

The matter was demi-officially reported to the Transport Commissioner, Haryana in April/August 2005; reply had not been received (August 2005).

**Agriculture Department
(Chaudhary Charan Singh Haryana Agricultural University, Hisar)**

4.2.6 *Extra financial burden due to supply of power on lower rates in the University Campus*

Due to supply of power to residential consumers at lower rates against the higher rates paid to *Dakshin Haryana Bijli Vitran Nigam*, the Haryana Agricultural University, Hisar incurred extra expenditure of Rs 47.05 lakh.

Chaudhary Charan Singh Haryana Agricultural University, (HAU) Hisar has been drawing electricity for its new campus buildings and residential quarters from the Haryana State Electricity Board (HSEB), now renamed *Dakshin Haryana Bijli Vitran Nigam* (DHBVN) through single point bulk supply electricity connection since 1976. Initially, the⁸ bulk supply rates were economical as against domestic rates. But due to upward revision of rates from time to time the energy charges payable by bulk supply consumers became much higher than that of the domestic consumers.

Test-check of records of HAU, Hisar (November 2003) and information collected subsequently revealed that the HAU was issuing bills for power

⁸ Bulk supply rate 21.15 paise per unit, domestic supply are 21.75 paise per unit.

consumption to the staff residing in HAU campus at domestic supply rates⁹, though HAU was purchasing electricity at higher rates from DHBVN under bulk supply scheme. Because of the gap between the rates for bulk supply and domestic supply, HAU had suffered a loss of Rs 47.05 lakh during the years 1996-2005 (upto June 2004).

A mention of loss in bulk supply electricity scheme was earlier made in paragraph 6.17.10 (ii) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997 (Civil) Government of Haryana. Assurance was given by Financial Commissioner and Secretary to Government Haryana, Agriculture Department to Public Accounts Committee (PAC) in the meeting held on 19 January 2002 that HSEB had agreed to charge domestic supply rates for the residential areas. But, in fact, HSEB had not agreed to allow individual connections instead of single point bulk supply connection in the university campus as per their policy. DHBVN had not released or provided single point domestic connections nor raised separate bills for residential areas of the campus.

The Comptroller, HAU Hisar stated (March 2005) that DHBVN installed only one meter at source as per their policy and it was not possible to charge domestic rates unless they release connections to individual consumers. Due to the changed policy of the State Government/DHBVN, the loss being incurred was beyond the control of HAU. The fact remained that neither DHBVN had agreed to charge domestic rates for residential areas, nor HAU had recovered the electricity charges at higher rates from the residents of the campus (July 2005). HAU had to bear extra financial burden of Rs 47.05 lakh. Further, it was observed that Kurukshetra University, Kurukshetra (KU) had been realising electricity charges from all consumers (residential quarters, canteens and shops) at the rates at which these were being paid by them to the Vidyut Nigam, Haryana from February 2002. Had the HAU followed KU, it could have avoided recurring extra financial burden.

On this being pointed out (March 2005), the Government stated (July 2005) that on the basis of verbal assurance of HSEB/DHBVN, the then Financial Commissioner and Principal Secretary gave an assurance to the PAC (January 2002) that the Electricity Board had agreed to charge residential areas at domestic rates but no such document was available on record.

⁹ Date	Domestic supply rates (Rupees per unit)	Bulk supply rates (Rupees per unit)
01 July 1996	1 to 40 units	1.91
	Above 40 units	2.66
15 June 1998	1 to 40 units	1.91
	Above 40 units	3.06
01 August 2000	1 to 40 units	2.04
	Above 40 units	3.19
01 January 2001	1 to 40 units	2.73
	41 to 300 units	3.73
	Above 300 units	4.38
01 September 2001	As above	4.19

**Rural Development Department
(Chief Planning and Development Officer)**

4.2.7 Unfruitful expenditure on Old Age Homes

Expenditure of Rs 4.73 crore incurred on construction of 213 Old Age Homes remained unfruitful as no tangible benefits could be provided to aged persons.

Keeping in view the large population of aged persons and their biological, socio-economic and emotional needs, the State Government decided (September 2000) to set up Old Age Homes (Homes) in each village for the benefit of senior citizens. Each Home was to be provided with a well-ventilated and lighted big room/hall, kitchen, verandah and bathroom with provision of *cots, durries, murahs, charpais*, cooking arrangements etc. besides electric and water connections. These Homes were to be set up and run by Gram Panchayats (GPs) or Local Bodies (LBs). The initial funds for setting up the Homes were to be provided either by GPs/LBs from their own resources or got allocated from the concerned Member of Parliament (MP) under the Members of Parliament Local Area Development Scheme (MPLADS) or from willing donors. Priority was to be given to GPs having sound financial resources. Gram Panchayats/Local Bodies were responsible for running and maintaining the Homes and providing medical facilities and recreational facilities free of cost as also nutritional facility (refreshments by GP or through contribution from inmates).

Test-check of records (September 2004 – May 2005) of three¹⁰ Chief Planning and Development Officers (CPDOs) revealed that 213 Homes were partially constructed each with one room on village common land at a cost of Rs 4.73 crore during the years 2000-05 without providing basic amenities like kitchen, bathroom, electricity and water supply. The funds were provided under MPLADS. Medical, recreational, nutritional facilities were also not provided. Thus the expenditure of Rs 4.73 crore incurred on construction of Homes without providing basic amenities and facilities remained unfruitful as no tangible benefits could be provided to aged persons envisaged in the programme.

The Chief Planning and Development Officers stated (January–July 2005) that basic amenities and other facilities could not be provided due to scarcity of funds sanctioned by MPs under MPLADS and no efforts were made to get the Homes completed with the help of social organisations/NGOs or any other Department as there were no such instructions from the Government. Thus, in the absence of these amenities, the Homes were not being utilised. The

¹⁰ Ambala (157 Homes: Rs 388.37 lakh); Karnal (7 Homes: Rs 16.86 lakh); and Kurukshetra (49 Homes: Rs 68.25 lakh).

Financial Commissioner and Secretary to Government Haryana stated (May 2005) that the amounts recommended by the concerned MPs were not sufficient to provide the basic facilities and only one room could be constructed out of the funds allotted. Even the GPs did not have sufficient technical staff and necessary funds to provide the desired facilities. However, the amount incurred on construction of these Homes was not wasted because these were to be utilised by the GPs only. The reply was not tenable as while selecting villages for setting up of these Homes, priority was to be given to GPs having sound financial position. Further, there were already one to four *chaupals* in every village where these Homes were constructed and so, construction of these incomplete Homes had not served any useful purpose.

Finance Department

4.2.8 Overpayment of pensionary benefits

Failure of Treasury Officers/Banks in observing financial rules and orders resulted in overpayment of pensionary benefits amounting to Rs 55.94 lakh.

As the Punjab Treasury Rules/Financial Rules applicable to Haryana and the scheme for pension payment by Public Sector Banks, the Treasury Officers (TOs) and the Banks were responsible for ensuring the correctness of the payments made with reference to the records maintained by them before incorporating the transactions in their accounts. They were required to maintain a register in the prescribed form for keeping a comprehensive record of pension payments and each entry of monthly payment register was to be checked by the TO/Bank in token of having applied the required checks.

Inspection of 21 District Treasuries including sub-Treasuries conducted by the Accountant General (Accounts and Entitlement), Haryana and 24 branches of nationalised banks conducted by the Accountant General (Audit), Haryana during 2004-05 and information collected subsequently in respect of 49 branches of nationalised banks revealed an overpayment of Rs 55.94 lakh of pensionary benefits to 548 pensioners/family pensioners made during the period from March 1990 to July 2005 (as detailed in *Appendix XVIII*) due to failure on the part of TOs/Banks in observing the relevant rules and orders. Of this, overpayment of Rs 27.48 lakh related to excess payment of inadmissible merger of Dearness Relief in pension in respect of 262 pensioners/family pensioners and Rs 27.71 lakh related to excess payment of pension, family pension and commuted pension in respect of 256 pensioners. The remaining amount of Rs 0.75 lakh related to excess payment of dearness allowance and medical allowance in respect of 30 pensioners.

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary, Finance Department in August 2005; reply had not been received (August 2005).

4.3 Violation of contractual obligations/undue favour to contractors/avoidable expenditure

Public Works Department (Buildings and Roads Branch)

4.3.1 Avoidable Payment due to delay in demarcation of land

Failure in timely demarcation of land delayed the announcement of land compensation award and resulted in avoidable payment of Rs 60.43 lakh.

The Land Acquisition Act, 1894 provides that while determining the amount of compensation, the award shall, in addition to market value of the land, include the amount calculated at the rate of 12 *per cent* per annum on such market value for the period commencing on and from the date of the publication of notification in respect of such land to the date of award of the collector or the date of taking possession of the land, whichever is earlier.

Under Sections 4 and 6 of Land Acquisition Act, 1894, Haryana Government issued notifications on 13 August 2001 and 20 February 2002 respectively to acquire 361.57 *acres* of land for construction of Rohtak Bye Pass at National Highway-10 from Km 63.200 to 86.500. To settle objections received from various landowners, the Naib Tehsildar, Land Acquisition, Public Works Department (PWD) Buildings and Roads Branch (B&R), Rohtak asked (October 2001) the Executive Engineer, Provincial Division No.3, Rohtak (XEN) to give demarcation of land at site. But the XEN did not take any action in this regard inspite of repeated requests by the Land Acquisition Officer (LAO). The XEN conveyed the demarcation of land only in September 2003 and the LAO announced the award in December 2003. Out of Rs 7.54 crore deposited with the LAO, Bhiwani in March 2002 towards cost of land, Rs 6.88 crore were paid to land owners, the balance being left with the LAO.

Test-check of records (December 2004) of the XEN revealed that out of total amount of land compensation paid to land owners, Rs 98.90 lakh were on account of additional market value at the rate of 12 *per cent* per annum from the date of issue of notification under Section 4 of the Act to the date of announcement of award. Delay in announcement of land compensation award

occurred due to inordinate delay of two years (October 2001 to September 2003) in giving the demarcation of land at site by the XEN. The work of demarcation should have been completed atleast by the time by which the cost of land was deposited with LAO (March 2002).

The Engineer-in-Chief, Public Works Department, Buildings and Roads Branch stated (June 2005) that the work of demarcation of alignment of more than 16 kilometre was completed in a minimum possible time and work of award was also completed before it lapsed. The reply was not tenable as the demarcation of land was given in September 2003 whereas it should have been done atleast by the time by which the cost of land was deposited with LAO (March 2002). Had the demarcation of land been done in time, additional payment of Rs 60.43 lakh (April 2002 to September 2003) could have been avoided. No responsibility for delay in demarcation of land was fixed (May 2005).

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary, Public Works Department, Buildings and Roads Branch in February 2005; reply had not been received (August 2005).

**Public Works Department
(Public Health Branch)**

Technical Education Department

4.3.2 Avoidable expenditure due to non-maintenance of power factor and non-reduction of contract demand

Failure to maintain prescribed power factor and to get the sanctioned load enhanced coupled with improper assessment of actual demand and not initiating any action to get the contract demand reduced in accordance with consumption led to avoidable expenditure of Rs 86.75 lakh.

Dakshin Haryana Bijli Vitran Nigam (DHBVN) and Uttar Haryana Bijli Vitran Nigam (UHBVN) (previously Haryana State Electricity Board) issued instructions (June 1996 and January 1997) that every High Tension (HT) consumer should maintain the Monthly Average Power Factor (MAPF) at 90 *per cent*. If the consumer fails to maintain the prescribed power factor, DHBVN/UHBVN levies penalty equal to one *per cent* of energy charges for each *per cent* fall in power factor between 90 and 80 *per cent* and thereafter at two *per cent* for each *per cent* decrease in power factor. To maintain the prescribed power factor, adequate capacitors were required to be installed.

Similarly, if the consumption of electricity exceeds the sanctioned demand/load by more than five *per cent*, surcharge at 25 *per cent* of energy charges was also leviable. UHBVN revised (January 2001) the rate of energy charges to Rs 4.09 per unit of actual consumption subject to Monthly Minimum Charges (MMC) of Rs 200 per KVA or part thereof of the contract demand (CD) whichever is higher. The Finance Department, Haryana directed (January 2001) that all office establishments must get their loads re-assessed and connections classified in appropriate category so as to ensure that they are billed according to the most economical tariffs.

(a) The Executive Engineer, Public Health Division (XEN), Gurgaon had an HT connection since 1997 for operation of the main pumping station. The sanctioned load was 198.7 KW with 230 KVA contract demand.

Test-check of records of XEN, Gurgaon revealed (February 2005) that owing to failure to maintain the prescribed power factor, penalty of Rs 24.64 lakh was charged by DHBVN during April 2001 to February 2005. Further, against the sanctioned demand of 230 KVA, the actual demand ranged between 227 and 860 KVA during April 2001 to February 2005 and DHBVN levied surcharge amounting to Rs 27.92 lakh because of exceeding the sanctioned contract demand.

Thus, failure in maintaining the prescribed power factor and getting the sanctioned load enhanced led to avoidable expenditure of Rs 52.56 lakh on account of penalty and surcharge.

Executive Engineer stated (February 2005) that the load exceeded the sanctioned demand in emergent cases during rainy season and it would be maintained in future as per sanction. The reply was not tenable as the power factor should have been maintained by watching the functioning of the capacitor installed at the pumping station. Further, sanctioned load should have been got enhanced since the actual contract load exceeded the sanctioned load in 30 months (64 *per cent*) during the last 47 months upto February 2005.

(b) Similarly, test-check of records (February 2005) and information collected subsequently from Director – Principal, Chhottu Ram State College of Engineering, Murthal (Director), revealed that against the sanctioned contract demand of 470 KVA, the actual energy consumption was between 88.298 and 106.688 KVA between February 2001 and March 2005. Rupees 47 lakh (at the rate of Rs 94,000 as MMC) were paid against actual consumption of 4,64,068 units whereas on the basis of actual consumption, the electricity charges worked out to Rs 18.98 lakh¹¹ only.

Had the Director got CD reduced, Rs 28.02 lakh paid as MMC over and above the actual consumption could have been saved. Further, MAPF was also not

¹¹ 4,64,068 units at the rate of Rs 4.09 per unit.

maintained during July 2002 to March 2005 for which penalty of Rs 6.17 lakh was also paid.

Thus, because of failure to initiate any action to get the CD reduced in accordance with consumption and failure to maintain MAPF, the Director had to bear an avoidable expenditure of Rs 34.19 lakh.

The Director, stated (February 2005) that the electric load of 438.840 KW (CD 470 KVA) of the meter installed in workshop block was sanctioned by UHBVN authorities on the basis of load certified by the Public Works Department, Buildings and Roads Branch, Sonipat.

The Commissioner and Secretary to Government Haryana, Technical Education Department intimated (August 2005) that the Director requested (June 2005) the Executive Engineer, Electrical Division, Public Works Department, Buildings and Roads Branch, Karnal to maintain the required power factor and to get the electric load re-assessed at the earliest on the basis of actual consumption in order to avoid excess payment. Further progress was awaited.

The matter was demi-officially reported to the Financial Commissioner and Secretary, Public Works Department, Public Health Branch in May 2005; reply had not been received (August 2005).

Forest Department

4.3.3 *Delayed payment of land compensation led to avoidable payment of interest*

Delay in making payment of land compensation to landowners resulted in avoidable payment of interest of Rs 15.22 lakh.

According to the provisions of Land Acquisition Act, 1894 (Act), Land Acquisition Collector (LAC) was to pay interest on the enhanced compensation awarded by court at the rate of nine *per cent* for the first year and 15 *per cent per annum* for the subsequent years from the date on which the LAC took possession of the land to the date of payment in the court.

The State Government issued notification under Section 4 of the Act in April 1979 for acquisition of 2,343.2 *acres* of land in Yamunanagar district for plantation and prevention of soil erosion. The Land Acquisition Collector announced the award for Rs 20.07 lakh in August 1985 and possession of land was taken in November 1985. Against this award, the claimants filed an appeal with the Additional District Judge for enhancement of land compensation which was partially accepted (September 1987) and the land

compensation was enhanced. The land owners approached the Hon'ble Punjab and Haryana High Court in 1989 for further enhancement of land compensation. Hon'ble High Court enhanced (March 2000) the amount of land compensation to Rs 47.59 lakh.

Test-check of records (March 2003) of Divisional Forest Officer (DFO), Yamunanagar revealed that the Department filed a Letters Patent Appeal (LPA) in Hon'ble High Court against the judgement of March 2000 in February 2002, whereas LPA should have been filed upto 10 August 2000 (as mentioned in High Court's orders dated 06 May 2002). Thus, the LPA was dismissed (06 May 2002) being time barred as the same was filed after delay of 518 days. Finally, Rs 1.65 crore were paid (September 2002) as land compensation including interest of Rs 1.17 crore. Had the amount of land compensation been paid in August 2000, when the limited period for filing LPA expired, payment of interest of Rs 15.22 lakh¹² for the period from 11 August 2000 to September 2002 could have been avoided.

The Divisional Forest Officer, Yamunanagar stated (March 2003) that the amount could not be paid earlier due to non-receipt of sanction from the Finance Department. The reply was not tenable as the DFO applied for sanction of funds only in May 2002 after dismissal of LPA.

Thus, delay in making the payment of land compensation to land owners resulted in avoidable payment of interest of Rs 15.22 lakh.

The matter was demi-officially reported to the Commissioner and Secretary, Forest Department in May 2005; reply had not been received (August 2005).

Food and Supplies Department

4.3.4 Excess consumption of gunny bags

Failure to observe prescribed norms led to excess expenditure of Rs 1.11 crore due to excess consumption of 5.90 lakh gunny bags.

Wheat bags stored in open are prone to damage due to long storage and require replacement at the time of delivery of wheat to Food Corporation of India (FCI). The State Government had fixed (January 1987) norms for replacement of gunny bags at the rate of 1.5 per cent of total bags utilised for delivery of wheat to FCI in respect of wheat bags lying in the open where the plinth is proper, adequate crates are available and the stacks are properly covered with polythene covers.

¹² Amount of interest: Rs 47,58,820 X 778 / 365 X 15 / 100 = Rs 15,21,518 say Rs 15.22 lakh.

Test-check of records (November 2003 to October 2004) of District Food and Supplies Controllers, Hisar, Jind, Kaithal, Karnal, Kurukshetra and Sirsa revealed that they had delivered wheat to FCI in 92.56 lakh bags. Though the bags were kept on proper plinth and were properly covered, the DFSC allowed replacement of 7.29 lakh gunny bags during December 2001 to June 2004, whereas the Department was entitled to only 1.39 lakh (1.5 per cent) additional gunny bags to replace the damaged bags. This resulted in consumption of 5.90 lakh excess gunny bags.

Thus, due to non-observance of the prescribed norms, excess expenditure of Rs 1.11 crore¹³ was incurred on the excess consumption of 5.90 lakh gunny bags.

The matter was demi officially reported to the Financial Commissioner and Principal Secretary, Food and Supplies Department in July 2005; reply had not been received (August 2005).

4.4 Idle investments/idle establishment/blocking of funds

Rural Development Department (District Rural Development Agencies)

4.4.1 Advances from former Sarpanches not recovered/adjusted

Rs 21.81 lakh could not be recovered due to failure of DRDAs to take action against defaulting former Sarpanches .

The District Rural Development Agencies (DRDAs) were implementing various Centrally sponsored schemes such as *Jawahar Rozgar Yojana*, *Jawahar Gram Samridhi Yojana*, etc. through *Gram Panchayats* (GPs). On receipt of funds from the Government of India and the State Government, DRDAs released the funds to the concerned GPs for execution of various schemes. The GPs were required to furnish utilisation certificates to DRDAs.

According to the Haryana Panchayati Raj Act, 1994(Act), *Sarpanches*, within seven days prior to publication of election programme, were required to hand over the records, registers and other property as held by them to the *Panchayat* Officers or *Gram Sachivs* till the constitution of new GPs after election. Section 18 (3) of the Act lays down that if an ex-*Sarpanch* fails to hand over

¹³ Hisar (52,793 bags: Rs 10.09 lakh), Jind (65,190 bags: Rs 12.82 lakh), Kaithal (1,36,824 bags: Rs 28.27 lakh), Karnal (1,14,300 bags: Rs 19.24 lakh), Kurukshetra (1,86,770 bags: Rs 34.20 lakh) and Sirsa (33,840 bags: Rs 6.13 lakh).

the records and property, etc., the Panchayat officer shall apply to the jurisdictional Executive Magistrate for securing such records and property from the defaulters. The Executive Magistrate may, by a warrant, authorise any police officer to seize the said property and if a person willfully evades the handing over of property, he shall be punishable by the Judicial Magistrate with imprisonment upto six months or with fine or with both, under Section 18 (4) and (5) of the Act.

A mention about failure to recover advances from ex-*Sarpanches* was made in paragraph 6.4 of the Report of Comptroller and Auditor General of India for the year ended 31 March 1996 (Civil) Government of Haryana. The Public Accounts Committee (PAC) in its 50th Report (presented to Vidhan Sabha during March 2001) desired that intimation be sent to it after effecting full recovery of the outstanding amount of Rs 2.65 lakh from defaulters. The latest information (June 2005) was that Rs 1.74 lakh were still outstanding.

On expiry of the tenure of GPs elected in December 1994, elections of *Sarpanches* were held in March 2000. Test-check of records (July 2000 to March 2004) of 16 DRDAs revealed that ex-*Sarpanches* of 305 GPs had not handed over the unutilised amounts and advances of Rs 29.10 lakh drawn between January 1995 and March 2000 to *Panchayat* Officers or *Gram Sachivs* as required under the Act. Again no action was initiated against the defaulters repeating the same lapse as before.

The Financial Commissioner and Principal Secretary to Government Haryana, Rural Development Department while admitting the facts stated (August 2004/ April 2005) that efforts were being made to recover the outstanding amount from ex-*Sarpanches*. Special Secretary-cum-Director, Rural Development Department intimated (June 2005) that Rs 7.29 lakh¹⁴ (out of Rs 25.87 lakh) in respect of 14 DRDAs were recovered from ex-*Sarpanches* of 139 GPs. The Department should have approached the jurisdictional Executive Magistrates for seizure of wanting records and property and awarding punishment to defaulters as provided in the Act. Despite PAC's earlier recommendation in such cases, no action under Section 18(3), (4) and (5) of the Act had been taken to recover the balance of Rs 21.81 lakh¹⁵ from the ex-*Sarpanches* of 166 GPs.

¹⁴ Bhiwani (2 GPs) Rs 0.97 lakh, Fatehabad (9 GPs) Rs 0.15 lakh, Gurgaon (36 GPs) Rs 2.39 lakh, Hisar (5 GPs) Rs 0.29 lakh, Jhajjar (16 GPs) Rs 0.27 lakh, Jind (1 GP) Rs 0.02 lakh, Kaithal (7 GPs) Rs 0.46 lakh, Karnal (7 GPs) Rs 0.76 lakh, Kurukshetra (2 GPs) Rs 0.06 lakh, Narnaul (3 GPs) Rs 0.29 lakh, Panipat (15 GPs) Rs 0.45 lakh, Rewari (19 GPs) Rs 0.29 lakh, Sonipat (7 GPs) Rs 0.29 lakh, Yamunanagar (10 GPs) Rs 0.60 lakh.

¹⁵ Ambala (18 GPs) Rs 2.50 lakh, Bhiwani (25 GPs) Rs 2.58 lakh, Fatehabad (3 GPs) Rs 1.28 lakh, Gurgaon (38 GPs) Rs 4.77 lakh, Hisar (3 GPs) Rs 0.35 lakh, Jhajjar (1 GPs) Rs 0.10 lakh, Jind (8 GPs) Rs 1.13 lakh, Kaithal (6 GPs) Rs 0.87 lakh, Karnal (2 GPs) Rs 0.65 lakh, Kurukshetra (14 GPs) Rs 2.30 lakh, Narnaul (2 GPs) Rs 0.51 lakh, Panipat (18 GPs) Rs 1.45 lakh, Rewari (22 GPs) Rs 2.21 lakh, Rohtak (2 GPs) Rs 0.73 lakh, Yamunanagar (4 GPs) Rs 0.38 lakh.

Transport Department

4.4.2 Cranes worth Rs.4.03 crore lying idle

Cranes purchased for Rs 4.03 crore not only remained idle for want of the services of trained staff and the objective of speedier clearance of National Highways could not be achieved.

With the objective of enforcing discipline in the traffic and smooth running of vehicles on National Highways, speedier clearance of roads in case of accidents/breakdowns and speedier evacuation of any casualties to the nearest hospitals, State Government established (May 2000) 19 Traffic-Aid-Posts (TAP) on National Highways in Haryana under the control of the Senior Superintendent of Police (SSP) (Traffic), Haryana Highway Patrol and Road Safety at Karnal under the National Highway Accident Relief Service Scheme (NHARSS). To make the scheme more effective, the State Government requisitioned (June 2001) 19 Hydraulic Mobile cranes from the Government of India, which were for dedicated use on National Highways for speedy clearance of roads in case of accidents/breakdowns to maintain smooth traffic. The diversion of these cranes for any other purpose was not admissible.

Test-check of records (August 2004) of SSP (Traffic), Haryana Highway Patrol and Road Safety, Karnal, revealed that the SSP (Traffic) received 22 cranes valuing Rs 4.03 crore from the Ministry of Road Transport and Highways between March 2002 and March 2004 for evacuation of vehicles involved in accidents on National Highways. As per directions (July 2002 and March 2003), of the State Transport Controller (STC) Haryana, 14 cranes were diverted to different Haryana Roadways depots for their use. Eight Cranes retained by SSP (Traffic) could not be utilised since expert and trained staff were not available. Fourteen cranes transferred to Haryana Roadways depots were also not utilised for the purpose for which those were procured. The SSP (Traffic) sent a proposal to STC in September 2004 for providing the services of 66 drivers and 132 helpers for running of these cranes. But the services of drivers and helpers were not provided and as a result none of the cranes received from Government of India had been utilised so far (February 2005) for the purpose for which those were obtained.

Thus, the cranes purchased for Rs 4.03 crore remained idle for periods ranging from 9 to 33 months due to services of drivers/helpers not being available and diversion of 14 cranes to Haryana Roadways Depots. The objective of speedier clearance of National Highways, as envisaged in the scheme, could, thus, not be achieved.

The SSP (Traffic) admitted (March 2005) the facts and stated that the cranes would be put to proper use as and when the services of trained staff are made available by STC.

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary, Transport Department, in March 2005; reply had not been received (August 2005).

**Public Works Department
(Irrigation Branch)**

4.4.3 Idle investment on construction of staff quarters

Defective planning in construction of canal colony at Hathnikund resulted in idle investment of Rs 2.69 crore as the colony was lying unutilised since completion.

To provide residential facilities to the officials deployed for the construction and maintenance of Hathnikund Barrage (HKB), the Government of Haryana approved (November 1994) a scheme for construction of a canal colony at Hathnikund. The quarters were meant for the Executive Engineer (XEN) Sub-Divisional Officers (SDOs), class-III and class-IV employees. The work of construction of the canal colony comprising 101 houses (XEN's Bungalow-1, SDO's residences-4, class-III quarters-40 and class-IV quarters-56) started in July 1997 and was completed in May 1999 by spending Rs 2.69 crore.



Test-check of records (September 2004) of XEN, HKB Division I, Jagadhari, revealed that these quarters remained vacant since construction due to non-shifting of HKB Division I, Jagadhari to the site of HKB. Thirty nine quarters were allotted (April 2001) to employees but only two quarters were occupied

for watch and ward of the colony and rent of Rs three thousand was recovered for the period of occupancy. The case for transfer of colony was taken up by the Superintending Engineer, HKB Project with the Chief Engineer, Hydrel, Yamunanagar, but the same did not materialise, as there was no requirement of staff quarters. The Financial Commissioner and Principal Secretary to Government Haryana, Irrigation Department, directed (May 2003) the Engineer-in-Chief, Irrigation Department to fix responsibility for constructing these houses without requirement but no responsibility had been fixed so far (February 2005).

The Engineer-in-Chief, Public Works Department (Irrigation Branch), Haryana stated (March 2005) that due to curtailment of posts in the Department and closing of one Division in May 2004 the quarters were lying vacant. Now the proposal for transfer of the colony to Navodya Vidyalaya Samiti was under process. Thus, due to defective planning, the expenditure of Rs 2.69 crore incurred on the construction of canal colony proved to be an idle investment as the quarters are vacant (August 2005) despite passage of more than six years from construction.

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary, Public Works Department, Irrigation Branch, in March 2005; reply had not been received (August 2005).

Transport Department

4.4.4 Injudicious decision resulting in blocking of funds and loss of interest

Injudicious decision of Transport Department to deposit funds with HUDA in anticipation of construction work resulted in loss of interest amounting to Rs 16.37 lakh besides blockage of Rs 90 lakh.

The Haryana Urban Development Authority (HUDA) allotted (1984) 24.75 acres of land at Ballabgarh (Faridabad) to the Transport Department (Department) for construction of a new bus stand. Of this, eight acres were utilised for construction of the bus stand; the remaining 16.75 acres were under encroachment since allotment. The encroachment was removed in August 2001 except some patches. The Department decided (January 2002) to construct a modern workshop on this land through HUDA. The Department asked (August 2002) HUDA for preparation of drawings for approval by the Architecture Department. HUDA furnished a rough cost estimate of Rs 2.60 crore, which was approved by the Department in October 2002.

Test-check of records (September 2004) of the Transport Commissioner (TC) and information collected subsequently revealed that the Department

deposited Rs 10 lakh as seed money in March 2002 and a further a sum of Rs 80 lakh (October 2002: Rs 30 lakh, March 2003: Rs 50 lakh) with HUDA for construction of the workshop. The work was to be started after administrative approval by TC, finalisation of drawings by the Architecture Department and after obtaining possession of the land and demarcation by TC. The Government accorded administrative approval for construction of the workshop in January 2003, which was communicated to HUDA in June 2004 after a period of 17 months. HUDA did not start the construction work (May 2005) due to delay in demarcation and physical possession as some patches of land were still under encroachment and the drawings had not been approved by the Chief Architect. But Department deposited funds (March 2002-March 2003) on its own without any demand from HUDA which resulted in blocking of Rs 90 lakh.

The Department stated (October 2004/June 2005) that the matter was being pursued for appointment of local commissioner for the purpose of demarcation and expeditious execution of works. However, the Department could have avoided or deferred the deposit of funds pending demarcation of the land and commencement of the work.

Thus, injudicious decision to deposit funds with HUDA in anticipation of requirements resulted in blocking of Rs 90 lakh for periods ranging from 27 to 38 months. This also entailed loss of interest amounting to Rs 16.37 lakh calculated at borrowing rates.

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary, Transport Department, in July 2005; reply had not been received (August 2005).

4.5 Regulatory issues and others

Agriculture Department (Chaudhary Charan Singh Haryana Agricultural University, Hisar)

4.5.1 *Loss of interest due to unauthorized use of Provident Fund subscriptions*

Haryana Agricultural University, Hisar utilised Employees Provident Fund subscriptions to meet its financial requirements instead of depositing the money in the Bank and suffered interest loss of Rs 11.92 crore.

The Haryana and Punjab Agricultural Universities Act, 1970 (Act) envisages constitution of a Provident Fund (PF) for employees of the Chaudhary Charan

Singh, Haryana Agricultural University, Hisar (HAU). As per provisions of the Act the amount of monthly subscriptions deducted shall be passed on to the Comptroller of the HAU for further deposit in the Bank or investment as per investment policy of the Board of Management and the interest accrued shall be immediately credited to PF account. HAU shall pay interest on PF subscriptions and the amount of such interest shall be placed to the credit of each subscriber yearly.

Test-check of records of HAU (November 2003) revealed that contrary to the provision, PF subscriptions though recovered from the employees of the HAU amounting to Rs 24.42 crore were not deposited in the PF bank account during the period between January 2000 and March 2001; thereafter HAU started depositing the PF subscriptions in Banks. The amount was utilised by the HAU to meet its own financial requirements. Such utilization of employees PF subscriptions instead of depositing and investing the same was in gross violation of the provisions of the Act. Moreover, HAU suffered a loss of Rs 11.92 crore on account of interest (worked out on the term deposit Bank rates¹⁶) by not depositing the amount in the Bank (March 2005).

The HAU admitted the facts and stated (March 2005) that PF subscriptions could not be deposited with the Bank due to non-receipt of adequate grants from the year 1998-99 to meet their requirements. However, Rs 1.57 crore had been deposited (September 2004) in PF account. The reply was not tenable because diversion of funds of Employees PF subscription instead of depositing the same in the bank and not reinvesting the same as per investment policy of the Board of Management, was not only in gross violation of the Act and irregular/unauthorized, but also resulted in huge loss of interest. Had the amount been deposited in Bank, HAU would have earned interest of Rs 11.92 crore upto March 2005, notwithstanding the returns it would have fetched on prudent investment of the same as per investment policy.

Financial Commissioner and Principal Secretary to Government Haryana, Agriculture Department intimated (July 2005) that an amount of Rs 15 crore has been earmarked in the budget estimates for the year 2005-06 to meet the deficit of the University. As and when the funds from the State Government are received, the amount will be deposited in PF Account. Final action was awaited (August 2005).

¹⁶	Period	Rate of interest (<i>per cent, per annum</i>)
	Upto 31-03-2000	10.5
	01-04-2000 to 09-04-2000	10
	10-04-2000 to 31-08-2000	9.5
	01-09-2000 to 31-12-2000	10
	01-01-2001 to 21-01-2001	9
	22-01-2001 to 31-03-2001	10

**Public Works Department (Public Health Branch) and
Family Welfare Department**

4.5.2 Lack of response to Audit findings and observations resulting in erosion of accountability

After periodical inspection of the Government Departments, Accountant General (Audit) (AG) issues the Inspection Reports (IRs) to the heads of offices inspected, with a copy to the next higher authorities. The executive authorities are to rectify promptly the defects and omissions pointed out and report compliance to the AG within six weeks. A half-yearly report of IRs pending for more than six months is sent to the concerned Administrative Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

A review of IRs issued up to March 2005 to 43 divisions and 8 Superintending Engineer's offices (SEs) of the Public Works Department (PWD), Public Health Branch (PH), disclosed that 544 paragraphs of 211 IRs (as per *Appendix XIX*) remained outstanding at the end of June 2005. Of these, 33 IRs containing 36 paragraphs were more than 10 years old. Divisional Officers/SE's of 36 divisions and 7 circles failed to submit even the initial replies to 263 paras of 43 IRs issued during April 2004 to March 2005.

Similarly, a review of IRs issued upto March 2005 to 38 offices of Family Welfare Department disclosed that 580 paragraphs of 168 IRs (as per *Appendix XX*) remained outstanding at the end of June 2005. Of these, 47 IRs containing 92 paragraphs were more than five years old.

The Administrative Secretaries of these Departments who were informed of the position through half-yearly reports, failed to ensure prompt and timely action by the Departmental officers. Even serious irregularities such as loss due to theft, misappropriation and embezzlement amounting to Rs 78 lakh, recoverable amounts of Rs 54.27 crore from officers and contractors due to shortage of material, excess payments and other reasons in respect of PWD PH Branch as categorised in *Appendix XXI* remained unsettled as of June 2005.

The matter was demi officially reported to the Financial Commissioner and Principal Secretary, PWD PH Branch and Family Welfare Department, in July and August 2005; reply had not been received (August 2005).

Finance Department**4.5.3 Response of the Departments to Draft Audit Paragraphs**

Draft Paragraphs and Reviews are forwarded to the Secretaries of the concerned Administrative Departments through demi-official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. If replies are not received, the fact of non-receipt of replies from the Departments is invariably indicated at the end of each paragraph included in the Audit Report. Finance Department issued directions on 5 January 1982 to all Administrative Departments to send their response to the Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks.

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2005, 20 audit paragraphs and four reviews were issued to the Government, which included four draft paragraphs involving recovery of an amount of Rs 2.43 crore. Reply had not been received in respect of 16 audit paragraphs and all the four reviews as of August 2005.

Follow-up on Audit Reports

According to the instructions issued (October 1995) by the Finance Department and reiterated in March 1997 and July 2001, the Administrative Departments were to initiate, suo moto positive and concrete action on all Audit Paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether the cases are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the Legislature.

A review of the position regarding receipt of Action taken Notes (ATNs) on the paragraphs included in the ARs upto the period ending 31 March 2004 revealed that the ARs for the period 2000-04 were presented to State Legislature in March 2002, March 2003, February 2004, and March 2005 respectively. Of the 154 paragraphs and reviews of 31 Administrative Departments included in ARs 2000-04, 20 Administrative Departments had not submitted the ATNs on 75 paragraphs and reviews as per details given in the **Appendix XXII**. Six Administrative Departments, out of those who have submitted the ATNs have not taken any action to recover the amount of Rs 208.34 crore in respect of 11 paragraphs and reviews as per details given in the **Appendix XXIII**.