

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

SECTION – A AUDIT REVIEW

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CHAPTER - VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

Section – A – Audit Review

Rural Development Department

6.1 Rural Housing Schemes

Highlights

The aim of Indira Awaas Yojana (IAY) was to help construction/upgradation of dwelling units by members of scheduled castes/scheduled tribes, freed bonded labourers and also other than SC/ST rural poor below poverty line by providing them grants-in-aid. A large number of ineligible families were included in below poverty line (BPL) lists by liberalising eligibility criteria. Only about 8 per cent of the BPL families were covered in 5 years. Inflated figures of expenditure and physical performance were reported to Government of India to avoid deduction in release of funds. Houses were constructed departmentally and material was purchased by the implementing agencies on behalf of beneficiaries without their consent and in violation of the provisions of the scheme. A large number of houses were allotted to ineligible families. The progress of the Rural Housing Schemes launched in 1999-2000 was very slow. Monitoring aspect for the effective implementation of the schemes was weak. The important points detected in audit were as under:

Inflated figures of expenditure to the extent of Rs 1.70 crore under Indira Awaas Yojana and Rs 0.28 crore under Pradhan Mantri Gramodaya Yojana were reported to Government of India (GOI).

(Paragraph 6.1.5(i) and 6.1.14(a)(ii))

Deduction of Rs 2.62 crore was made under IAY by GOI while releasing subsequent instalments during 1997-2002 due to excess carry over of balances and late submission of proposals by DRDAs.

(Paragraph 6.1.5 (ii))

By liberalising the eligibility criteria 1,573 ineligible families in three districts were allotted houses constructed at a cost of Rs 2.91 crore.

(Paragraph 6.1.6)

Though clearly envisaged in the scheme, 28 and 22 per cent of houses constructed were not provided with smokeless *chullahs* and sanitary latrines respectively.

(Paragraph 6.1.8 (ii))

Instead of giving cash assistance, building material was purchased by the implementing agencies and supplied to the beneficiaries without their consent.

(Paragraph 6.1.10 (i))

Contrary to the provisions of the scheme, in 3 of the 5 test checked districts, unskilled labour was engaged for construction of houses on payment of Rs 46.17 lakh.

(Paragraph 6.1.10 (ii))

In test checked districts, 936 houses, on which expenditure of Rs 1.79 crore was incurred, were allotted to ineligible persons.

(Paragraph 6.1.11(i))

In test checked districts, unspent balances of Rs 1.07 crore were retained by the implementing agencies instead of refunding to DRDAs. In contravention of the provisions of the scheme, the formal titles of the constructed houses ranging between 53 and 65 per cent were made only in the names of male members in five test checked districts.

(Paragraph 6.1.12(a)&(b))

Against the allocation of Rs 1.98 crore under Credit-cum-Subsidy Scheme for Rural Housing, only Rs 90.44 lakh (46 per cent) was released due to failure of the DRDAs to send proposals for release of second instalment.

(Paragraph 6.1.13 (i))

Monitoring at State, district and at block levels was weak.

(Paragraph 6.1.15)

6.1.1 Introduction

Indira Awaas Yojana (IAY) was launched by the Government of India (GOI) in 1985-86 as a sub-scheme of the Rural Landless Employment Guarantee Programme (RLEGP) for providing houses to the scheduled castes, scheduled tribes and freed bonded labourers living below poverty line (BPL) and was also extended to BPL families of other than scheduled castes/scheduled tribes in rural areas with effect from 1993-94. Further, it was made an independent scheme from 1 January 1996 and the benefit of the scheme was also extended to widows or next of kin of defence personnel, para-military forces killed in action, ex-servicemen/retired members of para-military forces and disabled persons. Conversion of un-serviceable *kucha* houses to semi-*pucca/pucca* houses in rural areas was also included within the scope of the scheme from April 1999.

GOI also launched following housing schemes during 1999-2000 to cover the untouched areas needing immediate attention in the Rural Housing Sector:

- (a) Credit-cum-Subsidy Scheme for Rural Housing;
- (b) Samagra Awaas Yojana;
- (c) Setting up of Rural Building Centres;
- (d) Innovative Stream for Rural Housing and Habitat Development; and
- (e) Pradhan Mantri Gramodaya Yojana (Gramin Awaas) (launched in 2000-2001).

6.1.2 Organisational set up

The Joint Secretary-cum-Director, Rural Development Department, Haryana was the head of the department and was responsible for overall monitoring of the Rural Housing Schemes. He was assisted by a Project Economist and two Research Officers. At district level, District Rural Development Agencies (DRDAs) functioning in each district under the chairmanship of Deputy Commissioner (DC) of the district concerned and Additional Deputy Commissioner (ADC) as Chief Executive Officer (CEO) were responsible for implementation of the scheme. The schemes were implemented through Block Development and *Panchayat* Officers (BDPOs). In the district, ADC-cum-CEO was assisted by a Project Economist, Assistant Programme Officers and an Accounts Officer. Each DRDA had a Governing Body to review the progress of works under various schemes and approve plans at district level, which was to meet once in a quarter.

6.1.3 Audit coverage

Records relating to Rural Housing Schemes for the period 1997-2002 were test checked in the offices of the Joint Secretary-cum-Director of Rural Development Department and 5¹ districts (out of 19) and 33 blocks (out of 114) during December 2001 to March 2002. Out of total expenditure of Rs 92.57 crore², Rs 32.10 crore were test checked. Significant audit findings are discussed in the succeeding paragraphs.

6.1.4 Funding pattern

The Indira Awaas Yojana is a Centrally sponsored scheme funded on cost-sharing basis between GOI and the State Government in the ratio of 80:20, changed to 75:25 from April 1999. The ratio was similar for Credit-cum-subsidy scheme for Rural Housing. Pradhan Mantri Gramodaya Yojana (Gramin Awaas), Smagra Awaas Yojana, Innovative Stream for Rural Housing and Habitat Development and Setting up of Rural Building Centres are 100 per cent Centrally sponsored schemes.

Indira Awaas Yojana

6.1.5 Funds released and expenditure

(i) Details of release of funds by GOI and the State Government and expenditure were as under:

Year	Opening balance	Funds released by		Miscellaneous receipts	Total funds available	Expenditure ³ incurred	Balance
		GOI	State Government				
1997-98	181.75	809.25 ⁴	192.21	5.60	1,188.81	972.34	216.47
1998-99	216.47	1,949.39 ⁵	468.38	10.85	2,645.09	2,206.01	439.08
1999-2000	439.08	1,163.61 ⁶	267.63	20.84	1,891.16	1,706.10	185.06
2000-2001	185.06	1,518.85 ⁷	628.36	28.73	2,361.00	2,244.41	116.59
2001-2002	116.59	1,183.36 ⁸	405.11 ⁹	29.67	1,734.73	1,677.19	57.54
Total		6,624.46	1,961.69	95.69		8,806.05	

¹ Faridabad, Hisar, Kurukshetra, Sonipat and Yamunanagar.

² IAY: Rs 88.06 crore, Pradhan Mantri Gramodaya Yojana: Rs 3.33 crore, Credit cum Subsidy scheme: Rs 0.91 crore and Samgra Awaas Yojana; 0.27 crore.

³ Expenditure figures are on the basis of progress reports submitted by the State Government to GOI.

⁴ It includes Rs 23.81 lakh and Rs 68.61 lakh released by GOI during 1996-97.

⁵ It includes Rs 41.72 lakh released during 1997-98.

⁶ It includes Rs 127.58 lakh released during 1998-99.

⁷ It includes Rs 411.89 lakh released during 1999-2000.

⁸ It includes Rs 44.97 lakh released during 2000-01.

⁹ It includes Rs 3.62 lakh released during 2000-01.

Inflated figures of expenditure reported to GOI

It was observed in test checked districts that against an unspent balance of Rs 1.71 crore, only Rs 0.96 lakh was shown at the close of financial year 2001-2002 in the progress reports submitted to GOI. As intimated (March 2002) by ADC, Sonipat, figures of expenditure were inflated since grants were released at the close of the financial year and to avoid cut in the second/subsequent release of grant by GOI.

(ii) The table below indicates the deduction imposed by GOI in release of grant, delay in release of funds by the State Government, delay in release of funds to the implementing agencies and release of fund at the fag end of the year:

Deduction imposed by GOI		Delay in release of funds by the State Government	Delay in release of funds to implementing agencies	Release of funds at the close of the year
Period:	1997-2002	<p>1. As provided under the scheme the State Government was required to release its share to DRDAs within one month of receipt of GOI share but there was a delay of more than one to eight months. The delay in release of State share was attributed by Joint Secretary-cum-Director Rural Development to shortage of funds with the State Government.</p> <p>2. In one specific case while the GOI released its share of Rs 68.61 lakh on 31 March 1997 the State Government released this amount to DRDAs only on 27 March 1998 i.e. after a delay of about one year.</p>	<p>In 5 test checked districts, the funds received from GOI and State Government were in turn released by DRDAs to the implementing agencies after a delay of one to eight months, which resulted in non-implementation of scheme and as a consequence of which the GOI deducted the grant to the extent of under-utilisation from subsequent releases.</p> <p>The late release of funds was attributed by DRDAs to time taken in completion of process of selection of beneficiaries.</p>	<p>Out of total funds released during 1997-2002, funds to the extent of Rs 27.63 crore and Rs 10.05 crore respectively were released by GOI and the State Government during the last quarter of respective financial year. Of this, Rs 9.72 crore and Rs 7.86 crore were released in the month of March by GOI and the State Government respectively.</p>
Reasons	(Rs in crore)			
(i) On account of excess carry over of balances.	1.37			
(ii) Late submission of proposals to GOI	1.25			
Total	2.62			
Impact of delay	1,693 families were deprived of the benefit.			
Departmental reply	The Joint-Secretary-cum-Director, Rural Development, Haryana intimated (April 2002) that the matter for restoration of cut imposed by GOI was taken up without success and none could be held responsible.			

6.1.6 Survey and identification of beneficiaries

The GOI guidelines (April 1997) for the Ninth Five Year Plan period had excluded from the scope of BPL families, those families having more than 2 hectare of land, *pucca* house, annual income exceeding Rs 24,300, having any of the consumer durables/farm implements like TV, fridge, ceiling fan, motor cycle/scooter, three wheeler, tractor, power tiller or combined thresher harvester. In contravention of these guidelines, the State Government directed (December 1997) the DRDAs to prepare BPL families list including even those having *pucca* house or a ceiling fan or both but were otherwise poor. This resulted in extending the benefit to 5.03 lakh families (revised to 6.39 lakh families, consequent upon revised survey in 1999-2000) against 2.70 lakh families originally found eligible under the scheme.

Liberalised eligibility criteria fixed by the State Government led to avoidable expenditure

In test checked districts of Hisar, Sonipat and Yamunanagar, 1,573 ineligible families were allotted houses under IAY during 1998-2002 under relaxed instructions constructed at a cost of Rs 2.91 crore which led to extension of benefit to ineligible families at the cost of eligible ones. In the

absence of bunch codes in Faridabad and Kurukshetra districts in BPL lists, the houses allotted under the scheme to ineligible persons if any, could not be detected in audit.

6.1.7 Non-preparation of annual action plans

DRDAs did not prepare annual action plans

Annual Action Plans had to be prepared and got approved from the Deputy Commissioner (Chairman of DRDA) before the commencement of the financial year. These plans were based on reports received from *Gram Sabhas*, *Gram Panchayats* and from people's representatives, etc. In four¹⁰ test checked districts, no annual action plan was prepared and funds were released on the basis of *ad-hoc* proposals received from them.

The Joint Secretary-cum-Director, Rural Development Department, Haryana denied (April 2002) the need for preparation of annual action plans at the State/District level. This contention was at variance with the guidelines.

6.1.8 Physical performance

(i) The targets fixed for construction of new houses and upgradation of *kucha* houses and achievements thereagainst were as under:

Year	New construction				Upgradation			
	Target	Houses completed/ allotted	Houses under progress	Houses allotted to SC	Target	Houses completed/ allotted	Houses under progress	Houses allotted to SC
(In numbers)								
1997-98	4,943	4,505	1,231	3,031	The Scheme came in being from 1999-2000.			
1998-99	10,690	10,043	2,605	6,589				
1999-2000	8,744 ¹¹	8,020	1,421	5,209	3,123	1,828	291	1,143
2000-01	6,244	9,126	627	6,108	3,122	4,206	293	2,772
2001-02	6,113	6,547	637	4,305	3,056	3,292	168	2,027
Total	36,734	38,241	637	25,242	9,301	9,326	168	5,942

It was seen in audit that the department could exceed the targets by utilizing unspent balance of previous years and miscellaneous receipts and because of receipt of additional funds of Rs 3.72 crore (GOI: Rs 2.96 crore and State Government Rs 0.76 crore), without targets being revised correspondingly.

Proper record of construction of houses not maintained

In the absence of records regarding date of commencement of construction/completion of the house of each beneficiary, the actual construction could not be verified in audit.

In test checked districts, it was noticed that the funds for construction/upgradation of houses were released in the last week of each financial year by

¹⁰ Faridabad, Hisar, Kurukshetra and Sonapat districts.

¹¹ Includes 2500 houses as per Government of India letter no H-11018/6/2000-RH/225 dated 30 March 2000, for which special additional grant for Rs 3.75 crore was received for flood affected BPL families.

the DRDAs, but the houses were shown as completed/or under construction in the physical progress reports of the respective financial years sent to GOI, as indicated below:

Name of DRDA	Houses	1997-98	1998-99	1999-2000	2000-2001	2001-2002
		(Number of houses)				
Faridabad	For which funds released	115	104	216 96 (UG ¹²)	80 (UG)	-
	Shown in progress	-	-	-	1 (UG)	-
	Shown as completed	115	104	216 96 (UG)	79 (UG)	-
Hisar	For which funds released	-	-	-	176 193 (UG)	-
	Shown in progress	-	-	-	71 23 (UG)	-
	Shown as completed	-	-	-	105 170(UG)	-
Kurukshetra	For which funds released	54	-	62 (UG)	2	-
	Shown in progress	-	-	41 (UG)	-	-
	Shown as completed	54	-	21 (UG)	2	-
Sonipat	For which funds released	-	194	-	-	-
	Shown in progress	-	70	-	-	-
	Shown as completed	-	124	-	-	-
Yamunanagar	For which funds released	-	-	-	-	101 50 (UG)
	Shown in progress	-	-	-	-	-
	Shown as completed	-	-	-	-	101 50 (UG)
Total	For which funds released	169	298	216 158 (UG)	178 273 (UG)	101 50 (UG)
	Shown in progress	-	70	41 (UG)	71 24 (UG)	- -
	Shown as completed	169	228	216 117 (UG)	107 249 (UG)	101 50 (UG)

In all the districts, actual construction/upgradation of the houses continued beyond the period indicated in above years.

Non-providing of smokeless *chullahs* and sanitary latrines

(ii) Each dwelling unit was to be provided with a smokeless *chullah* and sanitary latrine for healthy environment. Scrutiny of records revealed that 28 per cent and 22 per cent of total houses constructed under the scheme during 1997-2002 were not provided with smokeless *chullahs* and sanitary latrines respectively as detailed below:

Year	Number of houses completed	Number of houses without smokeless <i>chullahs</i>	Percentage	Number of houses without sanitary latrines	Percentage
1997-1998	4,505	1,706	38	1,691	38
1998-1999	10,043	3,816	38	3,478	35
1999-2000	8,020	2,238	28	2,214	28
2000-2001	9,126	1,823	20	949	10
2001-2002	6,547	1,163	18	189	3
Total	38,241	10,746	28	8,521	22

¹²

UG : Upgradation

Similarly, 42 *per cent* and 35 *per cent* of the total houses upgraded during 1999-2002 were not provided with smokeless *chullahs* and sanitary latrines respectively.

Low coverage of SC families

(iii) The scheme envisaged that 60 *per cent* of funds was to be utilized for SC/ST families. However, only 47 *per cent* of the expenditure was incurred in Faridabad district during 1997-2002 and 53 *per cent* in Sonipat district during 1998-2001 for SC/ST families.

Only 8 *per cent* BPL families covered in 5 years

(iv) Of the total 6.39 lakh families (as per BPL lists revised in 1999-2000), only 50,379 families or about 8 *per cent* of the families were covered under Rural Housing Schemes (IAY and *Gramin Awaas*) during 1997-2002.

6.1.9 Non-observance of prescribed procedure for selection of beneficiaries

Selection of beneficiaries was not made at the beginning of the financial year and in test checked districts the beneficiaries were selected only on receipt of funds from the Central/State Governments which adversely affected the progress of the scheme as this resulted in funds not being utilised in time by the implementing agencies.

Besides, in contravention of the scheme, the selection of beneficiaries was not got done through the *Gram Sabha* in Yamunanagar district before release of funds. The ADC, Yamunanagar stated (April 2002) that the BPL lists were prepared with the consent of concerned *Gram Sabha* after conducting survey and the beneficiaries were selected from these BPL lists. The reply was not tenable as the selection of beneficiaries was required to be got done through the concerned *Gram Sabha* before release of funds.

6.1.10 Execution of work through NGOs/Government department and unauthorised purchase of material

The scheme envisaged that the houses were to be constructed by the beneficiaries themselves. However, Government departments or organizations were to provide technical assistance or arrange for supply of construction materials, if the beneficiaries so desired. Test-check of records revealed:

Purchase of material on behalf of beneficiaries without their consent

(i) A study report by GOI in 1999-2000 brought out that the houses were departmentally constructed in Kurukshetra and Hisar districts and all material was provided by the DRDAs without involving the beneficiaries. In the districts test checked also the implementing agencies, instead of giving cash assistance of Rs 20,000 for new construction and Rs 10,000 for upgradation to the beneficiaries, purchased construction material i.e. cement, steel, doors, bricks, etc. without the consent of beneficiaries and showed these as handed over to the beneficiaries in the stock registers.

The ADCs, Sonipat and Yamunanagar stated (March-April 2002) that this procedure was resorted to maintain uniformity and low cost. The reply was not acceptable as departmental supply of material could only be allowed when the beneficiary so desired.

Engagement of unskilled labourers in contravention of scheme

(ii) In Hisar, Kurukshetra and Yamunanagar districts, muster rolls for engaging unskilled labour were prepared and wages of Rs 46.17 lakh were paid by BDPOs for construction against the provisions of the scheme.

6.1.11 Allotment of houses to ineligible families

Allotment of houses to persons not covered in BPL lists

(i) 936 houses, constructed at a cost of Rs 1.79 crore, were allotted to ineligible persons not included in BPL lists as detailed below:

		Faridabad	Hisar	Kurukshetra	Sonipat	Total
1998-99	No. of Families	305	7	40	80	432
	Expenditure (Rs in lakh)	57.24	1.41	7.41	15.64	81.70
1999-2000	No. of Families	124	9	24	31	188
	Expenditure (Rs in lakh)	24.80	1.79	3.84	5.49	35.92
2000-2001	No. of Families	82	34	12	35	163
	Expenditure (Rs in lakh)	16.18	6.69	2.12	6.95	31.94
2001-2002	No. of Families	96	49	1	7	153
	Expenditure (Rs in lakh)	18.47	9.78	0.20	1.39	29.84
Total	No. of Families	607	99	77	153	936
	Expenditure (Rs in lakh)	116.69	19.67	13.57	29.47	179.40

Allotment in respect of 1,431 beneficiaries involving expenditure of Rs 2.86 crore could not be verified in audit due to absence of records and cross references in the sanction orders.

(ii) On receipt of complaints about allotment of houses to 19 ineligible persons in Faridabad and Yamunanagar districts, ADCs directed (between August 2000 and May 2001) the BDPOs to recover Rs 3.20 lakh from these ineligible persons and fix responsibility. Rs 1.33 lakh had been recovered from 12 persons, but no action was taken against the defaulting officials as of May 2002.

6.1.12 Other irregularities

(a) *Non-refund of unspent balances*

Unspent balances retained by implementing agencies

28 implementing agencies did not release full assistance in the form of construction material to 4,362 beneficiaries and funds to the tune of

Rs 1.07 crore thereagainst were kept by them. Neither the amount had been returned to DRDAs nor the poor families were helped fully.

(b) Allotment of houses in the name of male members

The dwelling unit was to be allotted in the name of female member of the beneficiary household. Alternatively, it could be allotted in the name of both husband and wife. In test checked districts, the number of houses allotted in the name of male members alone were as under:

District	1997-98		1998-99		1999-2000		2000-01		2001-02	
	Total allottees	Male allottees	Total allottees	Male allottees	Total allottees	Male allottees	Total allottees	Male allottees	Total allottees	Male allottees
Faridabad	305	191	626	323	519	113	543	152	471	309
Hisar	360	111	987	744	414	163	743	518	420	158
Kurukshetra	188	72	410	300	396	255	361	301	358	59
Sonipat	174	120	698	152	346	178	843	570	314	226
Yamunanagar	269	191	681	512	859	715	878	650	743	646
Total	1,296	685	3,402	2,031	2,534	1,424	3,368	2,191	2,306	1,398
Percentage		53		60		56		65		61

In 53 to 65 per cent of the cases the formal titles of the constructed houses were made in the name of male members, which was in violation of the provisions of the scheme. Reasons for this deviation were awaited from the department.

(c) Non-maintenance of inventory of houses

The implementing agencies were required to maintain details i.e. date of start and completion of construction of the dwelling unit, name of the village and block in which the house was located; name, address, occupation and category of beneficiaries, etc. But no such records were maintained in any of the districts and actual number of houses constructed could not be verified in audit.

(d) Non-display of IAY Board and Logo

The DRDAs were required to ensure that for each house constructed, a display board was fixed indicating the IAY Logo, year of construction, name of beneficiary, etc. This had not been done.

6.1.13 Credit-cum-Subsidy scheme for Rural Housing

The scheme provided credit-cum-subsidy to such households in rural areas who were below poverty line or having an annual income of up to Rs 32,000 and not covered under *Indira Awaas Yojana*.

Under this scheme, a loan of Rs 40,000 was to be given by the authorised banks for construction of a house, against which Rs 10,000 was to be released by Government as subsidy.

(i) Slow implementation of the scheme

During 1999-2002 against the allocation of Rs 1.98 crore, only Rs 90.44 lakh (1999-2000 : Rs 49.49 lakh, 2000-2001 Rs 31.91 lakh and 2001-2002: Rs 9.04 lakh) were released to DRDAs. Of this, Rs 90.42 lakh were spent. Due to slow implementation of the scheme and failure of DRDAs to send proposals, GOI did not release further funds.

(ii) Physical performance

The targets for construction of houses fixed by GOI and number of houses constructed were as under:

Year	Number of houses		
	Target	Houses completed	Houses under construction
1999-2000	990	26	4
2000-01	-	312	66
2001-02	354	400	29
Total	1,344	738	29

The low achievement was attributed to non-grant of loans by the banks because of difficulty faced in mortgaging of land in the *Lal-Doras*¹³ of the villages.

Subsidy of Rs 90.42 lakh was released by DRDAs to banks during 1999-2002. As per norms, 904 houses were to be constructed but only 767 houses (i.e. 738 houses completed and 29 houses under progress) were taken up as per physical reports. Thus, the physical performance was disproportionate to the expenditure incurred.

Low coverage of SC families

(iii) The scheme envisaged that 60 *per cent* of funds allocated under the scheme were to be utilised towards financing the construction of houses for SC/ST families. But only 41 and 31 *per cent* of the expenditure was incurred on release of subsidy for financing the construction of houses to SC/ST families during 2000-2001 and 2001-2002 respectively.

(iv) Non-verification of assets

In the 5 test checked districts, subsidy of Rs 36.30 lakh was released to 363 beneficiaries for construction of houses. But utilisation certificates and creation of assets by 15 (4 *per cent*) beneficiaries were only received from banks or verified by the DRDAs. In the absence of UCs, chances of misutilisation of subsidy could not be ruled out.

The ADC, Yamunanagar stated (March 2002) that the utilisation certificates would be furnished by the banks after recovery of the loan. The reply was not tenable as UCs were required to be submitted after construction of the houses.

¹³ Demarcation of land situated within the village *abadi* for which neither the land record of individuals nor title deeds are maintained.

6.1.14 Other rural housing schemes

The following other rural housing schemes were launched by GOI within a portfolio of objectives.

- (i) Pradhan Mantri Gramodaya Yojana (Gramin Awaas) launched from the year 2000-2001 with emphasis on extending facilities on drinking water and sanitation,
- (ii) Samagra Awaas Yojana implemented from the year 1999-2000 with the aim of improving the quality of life of the people and overall habitant in the rural areas and
- (iii) Setting up of Rural Building Centers from the year 1999-2000 with the aim of transfer of technology from 'lab to land', production of cost effective building material for sale and providing training.

The following irregularities were noticed in implementation of these rural housing schemes.

(a) Pradhan Mantri Gramodya Yojana (Gramin Awaas)

- (i) It was observed that out of Rs 251.70 lakh allocated and released by GOI during 2000-2001, the State Government released only Rs 125.85 lakh to DRDAs. DRDAs in turn could utilise only Rs 100.94 lakh, leaving a balance of Rs 24.91 lakh. Similarly, during 2001-2002 against allocation and release of Rs 187.90 lakh by GOI, the State Government released Rs 219.80 lakh (including the balance of Rs 125.85 lakh available out of last year's released funds by GOI) and DRDAs spent Rs 231.93 lakh. Thus, out of Rs 439.60 lakh released by GOI, the State Government released only Rs 345.65 lakh to DRDAs who could utilise Rs 332.87 lakh leaving a balance of Rs 12.96 lakh, including miscellaneous receipt of Rs 0.18 lakh.
- (ii) It was observed in test checked districts that the utilisation certificates/progress reports for the period 2000-2002 were inflated to the extent of Rs 27.73 lakh UCs/progress reports were furnished to GOI for Rs 126.12 lakh against the actual expenditure of only Rs 98.39 lakh.
- (iii) No targets for construction/upgradation of houses were fixed. However, 1237 and 236 houses were reported to have been completed and under completion respectively during 2000-02. Similarly, upgradation in respect of 640 houses was shown as completed and 43 houses in progress. Test-check, however, revealed that in Faridabad and Yamunanagar districts, though 32 and 38 houses were shown as completed and 24 and 30 houses as upgraded during 2000-2001 respectively, there was neither any house constructed nor any upgraded in Faridabad district as no amount was found to have been spent. Similarly, in Yamunanagar district though Rs 4.75 lakh worth of material was found to have been purchased, it was not possible to construct 38 houses and upgrade 30 houses with this material.

(iv) Each dwelling unit was to be provided with a smokeless *chullah* and sanitary latrine for healthy environment. Scrutiny of the records revealed that 31 per cent and 22 per cent of the houses constructed and 40 per cent and 31 per cent of the houses upgraded during the years 2000-2001 and 2001-2002 were not provided with smokeless *chullahs* and sanitary latrines respectively as required in the scheme.

(v) In Sonipat and Yamunanagar districts, 34 families not eligible under the scheme were found to have been allotted houses costing Rs 5.70 lakh, resulting in irregular expenditure.

(vi) In four¹⁴ test checked districts, it was found that 76 out of 115 houses allotted in 2000-2001 and 172 out of 285 houses allotted in 2001-2002 were found to have been allotted in the names of male members instead of female members or joint names as envisaged in the scheme.

(b) Samagra Awaas Yojana

One block each in Gurgaon and Rohtak districts were selected as pilots for the implementation of the scheme.

It was observed that against Rs 25 lakh released by GOI in 1999-2000 for Sampla block, the DRDA, Rohtak, spent Rs 27.23 lakh during 2000-2002, the excess having been met by collection from the community. No grant was found to have been released for the block in Gurgaon district.

(c) Setting up of Rural Building Centres

The GOI sanctioned (January 2000) one rural building centre to be set up in Gurgaon district with the project cost of Rs 15 lakh, out of which Rs 4.50 lakh were to be contributed by the promoter. Rs 4.20 lakh were released as first instalment (March 2001) to DRDA, Gurgaon by HUDCO but the building centre could not be set up as of March 2002 due to encroachment of land by the villagers.

6.1.15 Monitoring

Poor monitoring of schemes at State, district and block levels

The State Government nominated (November 1994) the Divisional Commissioners as Area Officers who were required to visit the districts once in a quarter and submit comprehensive reports to the Government. Against 380 quarterly reports required to be submitted during last 5 years, only 11 reports were submitted to Government.

The State level coordination committee was constituted for monitoring the programme every quarter but it met only twice in August 1998 and August 2001 in the last five years.

¹⁴ Faridabad, Hisar, Sonipat and Yamunanagar.

Governing bodies of the DRDAs constituted at district level to monitor the programme of all the schemes implemented by Rural Development Department were also required to hold their meetings quarterly. However, in Sonipat district, only 3 and 2 meetings were held during 2000-2001 and 2001-2002 respectively. Similarly, in Yamunanagar district, 3, 2 and 2 meetings were held during 1997-98, 1998-99 and 1999-2000 respectively.

As per instructions (June 1997) of the State Government, Block Level Vigilance and Monitoring Committees (BLVMC) were to be constituted to supervise, exercise vigilance and monitor the implementation of schemes but no such committee was constituted in any district except Sonipat. In Sonipat also details of meetings held were not made available to audit.

In Kurukshetra and Yamunanagar districts, officials/officers were deputed for monitoring of the schemes through field visits and were required to submit weekly/monthly reports but no such report was submitted. In Faridabad, Hisar and Sonipat districts the details of the officials/officers deputed for monitoring of the schemes and reports submitted by them were not made available to audit.

6.1.16 Evaluation

Follow up remedial actions on issues brought out in evaluation study not taken up

The concurrent evaluation study of IAY pertaining to the period 1985-86 to 1998-99 was got conducted during 1998-99 by GOI from Socio-Economic Research, Training and Development Association (SERTDA) with a view to evaluate the implementation, impact and reach. The study report brought out that 40 *per cent* of the construction work was done by contractors/voluntary organizations/Government agencies. The practice was against the guidelines as self labour in construction was the objective of the scheme. 93 and 72 *per cent* of the houses constructed were not provided fuel efficient *chullahs* and sanitary latrines respectively.

43 *per cent* of the constructed houses had less than 20 metres plinth area whereas the plinth area of dwelling unit should not be less than 20 metres.

The formal title of 64 *per cent* of constructed houses was in the name of male members.

The maximum technical assistance was to made available at village level but only 11 *per cent* cost effective technology was made available at village level.

Though the report was submitted by SERTDA in February 2000, the State Government circulated the main points to DRDAs only in September 2001 for taking remedial corrective measures, but no action was taken for these lapses. No further follow up action plan was prepared by Government.

6.1.17 Conclusion

The State Government identified 5.03 lakh BPL families during 1997-98 (revised to 6.39 lakh families in 1999-2000) by liberalizing the eligibility criteria, whereas 2.70 lakh families were originally found eligible as per criteria fixed by GOI. About 8 *per cent* of the BPL families only were covered in five years. In test checked districts 2,528 ineligible families were extended the benefit under the schemes at the cost of more deserving families. Material was purchased by the implementing agencies without the consent of the beneficiaries instead of providing cash assistance as envisaged in the scheme. Unskilled labour was to be contributed by the beneficiaries themselves but in 3 districts test checked, unskilled labour was engaged by the implementing agencies for construction of houses. In Faridabad and Sonipat districts the expenditure on providing benefits to the SC/ST families was 47 and 53 *per cent* respectively, against the requirement of minimum of 60 *per cent*. Progress under rural housing schemes launched during 1999-2001 was not satisfactory. Monitoring of the programmes was weak. Remedial measures were not taken to remove the defects brought out in the evaluation study conducted by GOI.

These points were referred to the Government in June 2002; reply had not been received (August 2002).

CHAPTER-VI

SECTION – B **AUDIT PARAGRAPHS**

Section – B – Audit Paragraphs

6.2 General

(a) Financial assistance to autonomous bodies

During 2001-2002, the Government provided financial assistance of Rs 668.46 crore to various autonomous bodies and others. Details as per Paragraph 1.6.4 (Page 10)

(b) Delay in furnishing utilisation certificates

2,666 utilisation certificates are due from these bodies in respect of grants-in-aid of Rs 1,161.05 crore paid during 1991-92 to 2000-2001. But only 1,405 utilisation certificates for Rs 673.84 crore were furnished to AG by 30 June 2002 and 1,261 certificates for Rs 487.21 crore were in arrears. Department-wise and age-wise break-up of outstanding utilisation certificates were as under:

Department	Upto 1997-98		1998-99		1999-2000		2000-2001	
	Number of certificates	Amount	Number of certificates	Amount	Number of certificates	Amount	Number of certificates	Amount
	(Rupees in crore)							
Education	-	-	-	-	-	-	6	32.82
Medical	41	5.98	2	0.19	-	-	5	0.08
Agriculture	1	0.01	-	-	-	-	13	64.27
Development and Panchayat	1	0.12	6	0.26	42	4.27	33	9.53
Rural Employment	-	-	-	-	4	0.13	13	1.54
Economical and Statistical Organisation	-	-	-	-	1	0.33	28	6.40
Tourism	-	-	-	-	-	-	2	0.42
Social Security and Welfare	44	9.52	43	5.11	37	17.74	60	10.49
Sports	-	-	-	-	9	0.16	2	0.84
Public Health	47	138.82	17	32.32	5	3.64	165	43.67
Science and Technology	1	0.01	-	-	1	0.05	6	0.22
Art and Culture	-	-	-	-	-	-	3	0.04
Non-Conventional Sources of Energy	2	0.04	-	-	-	-	6	0.20
Ecology and Environment	3	0.13	4	0.17	3	0.09	1	0.06
Urban Development	80	4.83	22	6.31	190	11.52	250	20.94
Technical Education	-	-	-	-	-	-	1	1.89
Irrigation	-	-	2	1.0	2	1.20	17	41.27
Civil Aviation	-	-	-	-	-	-	1	0.01
Village and Small Scale Industries	-	-	3	0.39	14	2.97	14	3.11
Revenue	4	0.64	1	0.51	-	-	3	0.95
Total	224	160.10	100	46.26	308	42.10	629	238.75

(c) Delay in submission of accounts

The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature as of June 2002 was as under:

Sr. No.	Name of the body	Year for which accounts due	Year upto which accounts submitted	Year upto which Audit Report issued	Year upto which Audit Report submitted to State Legislature	Reasons for non-finalisation of Audit Reports
1.	Haryana Khadi and Village Industries (Board), Manimajra, Chandigarh	2001-2002	2000-2001	1999-2000	1996-97	Separate Audit Report (SAR) for the year 2000-2001 is under process for issue to Government
2.	Haryana Labour Welfare Board, Chandigarh	2001-2002	2000-2001	2000-2001	1999-2000	-
3.	Haryana Urban Development Authority, Panchkula	2000-2001 2001-2002	1999-2000	1999-2000	1989-90	-
4.	Haryana Housing Board, Panchkula	2001-2002	2000-2001	2000-2001	1998-99	-
5.	Haryana State Agricultural Marketing Board, Panchkula	2001-2002	2000-2001	1999-2000	Not yet submitted	-
6.	Haryana Prathmik Shiksha Pariyojna Parishad, Chandigarh	2000-2001 2001-2002	1999-2000	1999-2000	1995-96	Entrustment of Audit from 2000-2001 and onwards is awaited
7.	Mewat Development Agency, Nuh, (Gurgaon)	2000-2001 2001-2002	1999-2000	1999-2000	Not applicable	-
8.	Haryana State Legal Service Authority, Chandigarh	1996-1997 1997-1998 1998-1999 1999-2000 2000-2001	-	-	-	Accounts not submitted since 1996-97
9.	Haryana Urdu Akademi, Panchkula	1996-1997 1997-1998 1998-1999 1999-2000 2000-2001	-	-	-	- ¹

The audit of accounts of the following bodies had been entrusted to the Comptroller and Auditor General of India for a period of 5 years as detailed below:

Sr. No.	Name of body	Period of entrustment
1.	Haryana Khadi and Village Industries Board, Manimajra, Chandigarh	1997-98 to 2001-2002
2.	Haryana Labour Welfare Board, Chandigarh	1998-99 to 2002-2003
3.	Haryana Urban Development Authority, Panchkula	1997-98 to 2001-2002
4.	Haryana Housing Board, Panchkula	1999-2000 to 2003-2004
5.	Haryana State Agricultural Marketing Board, Panchkula	2000-2001 to 2004-2005
6.	Haryana Prathmik Shiksha Pariyojna Parishad, Chandigarh	1995-96 to 1999-2000
7.	Mewat Development Board, Nuh (Gurgaon)	2000-2001 to 2004-2005
8.	Haryana State Legal Service Authority, Chandigarh	1996-97 to 2000-2001
9.	Haryana Urdu Akademi, Panchkula	1996-97 to 2000-2001

¹ Audit of Autonomous body at Sr.No. 9 entrusted in June 2002.

(d) Audit arrangements

The audit of local bodies (*Zila Parishad, Nagar Palikas, Town Area/Notified Area committees*), educational institutions, *Panchayati Raj* institutions and others was conducted by the Director, Local Audit, Haryana, Chandigarh. Audit of co-operative societies is conducted by the Registrar, Co-operative Societies, Haryana, Chandigarh.

One hundred sixty five bodies/authorities, accounts of which were received for 2000-2001 attracted audit by Comptroller and Auditor General of India. Of these 83 bodies/authorities, audit of which was due, were audited during 2001-2002.

Two hundred and sixteen annual accounts of 97 bodies/authorities for 2001-2002 and earlier years had not been received as of September 2002 by the Accountant General (Audit). The details are given in *Appendix-XVII*. Of these bodies/authorities, Municipal Committee, Bhiwani and Rohtak did not submit accounts for 8 years, Municipal Committee, Karnal, Bahadurgarh, Narnaul and Faridabad for 6 years, Municipal Committee, Hisar, Gurgaon and Jagadhari for 5 years and Municipal Committee, Palwal, Sonipat, Charkhi Dadri, Rewari, Panipat, Barwala and Yamunanagar for 4 years.

(e) Non-furnishing of Accounts of utilisation of grants

Out of 336 autonomous bodies to whom various Government departments released grant-in-aid as detailed below during 2001-2002, 74 did not render the accounts for the utilisation of grants to the concerned departments as of July 2002. Social Justice and Empowerment Department had no information in respect of 27 units regarding maintenance of cash book as there was no such check by the department. Animal Husbandry Department had not received utilisation certificates for Rs 72.50 lakh out of Rs 371 lakh released as grant.

Sr. No.	Department	Total number of bodies	Did not render the accounts/ year of accounts	Did not render accounts in prescribed format	Did not utilise 50% of grants given in a year	Which diverted/ misutilised the funds (including grants released by GOI)/amount diverted/ misutilised	Defaulted repayment of loans/ amount overdue	Which did not maintain cash book/ maintained irregularly	Which did not invest its surplus funds/retained huge balance in cash chest/average amount of surplus funds	Any other interesting point noticed from the audit of accounts
1	2	3	4	5	6	7	8	9	10	11
1.	Medical	11	Nil	Nil	Fully utilised	Nil	Nil	-NIL	Nil	Nil
2.	Technical Education	7	-	Nil	Fully utilised	Nil	NIL	-	NIL	-
3.	Social Justice and Empowerment	56	Nil	Nil	Fully utilised	NIL	NIL	27	NA ²	NIL
4.	Housing	1	1	Nil	NIL	NIL	NIL	-	NIL	NIL
5.	Agriculture	1	1	Nil	NIL	NIL	NIL	NIL	NIL	Nil
6.	Sports	68	NIL	Nil	Fully utilised	NIL	NIL	-	NIL	NIL
7.	Urban Development	68	68	Nil	NA	NA	NA	-	NA	NIL
8.	Rural Development	19	Nil	Nil	Fully utilised	NA	NIL	-	NIL	NIL
9.	Education	99	Nil	Nil	Fully utilised	NIL	NIL	-	-	NIL
10.	Science and Technology	2	Nil	Nil	Fully utilised	Nil	Nil	-	Nil	-
11.	Animal Husbandry	4	4	Nil	NA	NA	NA	NA	NA	Nil
	Total	336	74					27		

**Animal Husbandry Department
(Haryana Live Stock Development Board)**

6.3 Non-recovery of lease money

Due to non-recovery of lease money, Live Stock Development Board was deprived of revenue of Rs 7.47 crore

The Government of Haryana accorded (July 1968) approval for leasing 14,850 *acres* of land out of Government Live Stock Farm land to the Government of India (GOI) for setting up the Central Sheep Breeding Farm and Central Seed Farm at Hisar. The State Government initially leased out (August 1968) 6,477 *acres* of land for Central Sheep Breeding Farm and 6,704 *acres* of land for Central Seed Farm (reduced to 6,692 *acres* in August 1996), at the rate of Re 1 per *acre* per annum for a period of 20 years. The lease was extended upto 31 July 1991 at the revised rate (August 1988) of Rs 500 per *acre* per annum, which was further enhanced to Rs 1,000 per *acre* per annum thereafter (August 1991).

Scrutiny of records of Live Stock Development Board (Board) revealed (October 2001) that Central Sheep Breeding Farm had paid enhanced lease money while the Central Seed Farm had paid only Rs 0.80 lakh as against Rs 7.48 crore due for the period August 1988 to March 2001. As a result, Rs 7.47 crore remained unrecovered. No action had been taken to recover the lease money.

The matter was referred to the Government in January 2002 and March 2002; reply had not been received (August 2002).

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

6.4 Development of *Mandis* by the Haryana State Agricultural Marketing Board

6.4.1 Introduction

Haryana Government had set up Haryana State Agricultural Marketing Board (Board) in August 1969 within the ambit of Punjab Agriculture Produce Markets Act, 1961 (PAPM Act, 1961) for the development of *Mandis* and to exercise superintendence and control over the market committees to protect the interest of the farmers and also to provide market facilities and civil amenities to them in the *Mandis*. The Board constituted (1972) a construction cell for the execution of various developmental works for the *Mandis*.

The Board is headed by a full time Chairman and the Chief Administrator (CA) is the executive head and Controlling Officer, who is assisted by a Controller, Finance and Accounts, a Chief Engineer and a Chief Marketing and Enforcement Officer. The Executive Officer-cum-Secretary is the head of the Market Committee (MC), who is assisted by an Assistant Secretary, *Mandi* Supervisors and Auction Recorders, etc. and the Construction Divisions are headed by the Executive Engineers and assisted by Sub-Divisional Officers/Junior Engineers.

Against the budget provision of Rs 168.45 crore, Rs 125.86 crore (75 per cent) were spent on development of *Mandis* during 1997-2002. It was also noticed (April 2002) in audit that out of saving of Rs 42.59 crore, Rs 26.85 crore were diverted towards construction/ repair of link roads.

Records of the Board, 36 (out of 105) MCs and 7 connected Construction Divisions (out of 20) were test checked for the period 1997-2002 during November 2001 to April 2002. Important audit findings were as follows:

6.4.2 Land acquisition/purchase

Irregularity/deficiency	Gist of the irregularity
<p>Extra expenditure due to non-depositing of cost of land within two years of issue of notifications under Land Acquisition Act</p>	<p>Notifications under Sections 4 and 6 of Land Acquisition Act, 1894 (Act) were issued in May 1990 and May 1991 for acquiring 32 <i>acres</i> of land for development of New Grain/Vegetable Market at Charkhi Dadri. The District Revenue Officer-cum-Land Acquisition Officer (LAO) asked (April 1993) the Executive Officer-cum-Secretary, MC to deposit Rs 36 lakh to enable him to announce the award. The amount was not deposited. Resultantly the award could not be announced (May 1993) under the Act <i>ibid</i> within two years. The acquisition procedure had to be abandoned and restarted in April 1998. Final award for 26 <i>acres</i> 4 <i>kanals</i> and 13 <i>marlas</i> land for Rs 1.55 crore was announced in September 1999.</p> <p>Due to failure of the Board to deposit Rs 36 lakh extra expenditure of Rs 1.19 crore was incurred.</p>
<p>Cost of land of Rs 1.14 crore pending against HUDA and 6 <i>acres</i> land not transferred by HUDA to Market Comm`ittee, Jhajjar</p>	<p>On creation of new district of Jhajjar, the Government decided (July 1997) to construct Mini Secretariat at Marketing Committee's land. Accordingly, 12 <i>acres</i> of land was transferred to HUDA in September 1997. In lieu thereof, HUDA was to transfer 6 <i>acres</i> of land adjoining the New Grain Market (NGM) and pay the cost of remaining 6 <i>acres</i> of land. HUDA had neither transferred 6 <i>acres</i> of land nor paid the cost of remaining 6 <i>acres</i> of land, assessed at Rs 1.14 crore. The Board had not pursued the matter with HUDA and development of NGM was delayed.</p>
<p>Extra expenditure due to delay in depositing cost of land</p>	<p>(a) HUDA offered (February 2001) 13 <i>acres</i> 7 <i>kanals</i> and 6 <i>marlas</i> of land at the rate of Rs 1,453 per square yard for development of New Cotton Market, Sirsa and asked the MC to deposit 25 per cent of the total cost by 31 March 2001. But the MC, Sirsa did not deposit the amount and requested allotment at the rate of Rs 900 per square yard (collectorate rate of the area). In October 2001, HUDA revised the rates to Rs 1,603 per square yard and demanded the deposit by 31 March 2002. Considering that the collectorate rates were not applicable in the case of HUDA</p>

Irregularity/deficiency	Gist of the irregularity
	land, the Board issued sanction for Rs 11.22 crore (October 2001) to MC, Sirsa at revised rate of Rs 1,603 per square yard and cost of infrastructure of Rs 35.21 lakh. The delay in according sanction in the first instance resulted in extra expenditure of Rs 1.01 crore.
	(b) The Land Acquisition Collector (LAC), Hisar demanded Rs 1.86 crore (February 1999) towards payment of compensation to the land owners for acquisition of land for development of New Grain/Vegetable/Fodder Market at Uklana (Hisar). The Market Committee failed to deposit the amount due to shortage of funds and requested the Board (April 1999) for a loan. The Board showed its inability (July 1999) to sanction the loan as the matter regarding selection of site was pending with the Cabinet Sub Committee. However, ultimately in December 1999, the Board sanctioned Rs 1.86 crore initially and Rs 2.10 crore subsequently as by then amount due for payment to landowners including interest swelled to Rs 2.10 crore. The market committee accordingly deposited the amount with the LAC and the award was announced on 7 June 2000. Thus delayed release of funds by ten months by the Board, resulted in extra expenditure of Rs 0.24 crore.

6.4.3 Non-operational Mandis

Irregularity/deficiency	Gist of the irregularity
Wasteful expenditure on development of Sub Market Yards without assessing demand	Five ³ Sub Market Yards (SMY)/New Grain Market developed at a cost of Rs 5.51 crore could not be sold for the last 6 to 14 years. According to the respective Executive Officer-cum-Secretaries (January-March 2002) the demand for SMYs was seasonal and the dealers stayed away because of high reserve price.
Development of Mandi without making provisions for shops of bigger size	Allottees of auctioned plots can do the business only with a licence of Category II which is allotted to the dealers having shops of bigger size. 93 acres 2 kanals 10 marlas of land at a cost of Rs 30.04 lakh was acquired (1976) at Rohtak for developing Grain, Vegetable and Fodder Markets. Fodder Market was developed in 3.65 acres of land at a cost of Rs 15.56 lakh and 48 booth plots of size 12'x27.5' were carved out. Out of these, 22 booth plots were auctioned in March 1990. None had constructed shops on the allotted sites on the plea that licence of Category II were not granted to them. The Executive Officer-cum-Secretary, MC, Rohtak stated (December 2001) that as per policy of the Board, bigger size plots of size 20'x50' were necessary for granting the licence. Thus development of Mandis without making provision for big shops led to unfruitful expenditure and the Board had failed to convert these 48 plots to lesser number of plots of required size for issue of licence of Category II.

³ SMY Gumthala Garhu, (Pehowa), Odhan (Kalanwali), Aurnauli (Cheeka), Kaul (Dhand) and Additional NGM Hansi.

Irregularity/deficiency	Gist of the irregularity
Due to high rate of market fee in Chandigarh, the Panchkula Mandi could not be made fully functional	Proportionate cost of land and development of New Vegetable Market (NVM) Panchkula, developed in February 1995 was Rs 6.33 crore. Of the 57 shop-cum-flats and 22 booth plots carved out in NVM, only 13 shop-cum-flats and 6 booth plots were auctioned for Rs 5.43 crore during December 1997. The allottees of these plots had not deposited any instalment except initial amount of 25 per cent (Rs 1.36 crore) with the result that the NVM could not be made functional. NVM functioned barely for two-three months since its inception as the nearer Mandi at Chandigarh was merely at a distance of 7 km where market fee was 1 per cent as compared to 2 per cent in Panchkula besides contribution of 2 per cent to be made to Haryana Rural Development Fund. Thus, the dealers of Panchkula could not compete with the dealers of Chandigarh Mandi. This indicated that the plan was <i>ab initio</i> unfeasible.

6.4.4 Other points of interest

Irregularity/deficiency	Gist of the irregularity
Development of Sub-Market Yards (SMYs) in water-logged areas	MCs, Kalanwali (Sirsa) and Sirsa developed (1981-89) Sub-Market Yards (SMY) at villages Baragudha and Nathusari Chopta respectively at a cost of Rs 1.17 crore (Kalanwali : Rs 0.78 crore and Sirsa : Rs 0.39 crore). Of 181 plots (Kalanwali : 50 and Sirsa : 131) carved out, 33 plots (Kalanwali : 15 and Sirsa : 18) were auctioned. As the area was highly water-logged, the bidders, after depositing 25 per cent (Kalanwali: Rs 2.55 lakh and Sirsa: Rs 21.83 lakh) of the bid amount, neither paid any subsequent instalments nor constructed their shops (January 2002). Failure to carry soil test before developing the area resulted in wasteful expenditure of Rs 1.17 crore.
Development of vegetable market without adequate demand	New Vegetable Market (NVM), Taraori was developed at a cost of Rs 71.90 lakh (including cost of land Rs 5.98 lakh) adjoining the New Grain Market (NGM) during 1994-95. 49 shop plots and 48 booth plots were carved out of the land without assessing the actual requirement though there were only 15 dealers carrying the business of vegetable in the old Mandi. In May 1994, MC, Taraori proposed to convert and sell 49 plots to <i>kacha arhtias</i> dealing in grain. But this proposal was not considered and no shop plots were sold by the Board to <i>kacha arhtias</i> . 44 plots carved out for shops remained unsold and the Mandi could not be made functional (April 2002). The old vegetable Mandi was also not denotified, which affected development of NVM.
Failure to provide basic amenities held up the functioning of Mandis	(a) The Board acquired land measuring 27 acres (April 1988) at a cost of Rs 58.98 lakh, for setting up of New Grain/Vegetable/Fodder Market (NVM) at Dabuwa (Faridabad) and Rs 83.39 lakh was spent on the development of infrastructure of the Mandi. Of the 259 plots earmarked by the Market Committee, 20 plots were sold in February 1990 through auction. The allottees of 20 plots had neither constructed their shops nor paid the full price of the plots along with interest and filed appeal (January 2002) with the Board for exemption of interest on balance amount on the plea that basic amenities like water supply, sewerage and drainage facilities were not provided. Further, allottees of 52 booth sites which were sold in November 2000, had not constructed any booth as of April 2002.

Irregularity/deficiency	Gist of the irregularity
	<p>In February 1994, temporary business of vegetable market was shifted on the orders of CA of the Board to NVM and 42 dealers were allowed to carry on their business on the platforms of NVM without charging any rent.</p> <p>Failure to provide basic amenities like water supply, drainage and sewerage before auction of plots, had resulted in the <i>Mandi</i> not being made functional for the last 14 years, though it was developed at a cost of Rs 1.42 crore. Providing platform to fruit dealers without charging any rent led to recurring loss of revenue to the Board.</p>
	<p>(b) The Board auctioned (January 1999) 90 shop/booth sites in New Grain Market (NGM) at village Nigdhu (Karnal) with the assurance to the allottees that ultra modern facilities of all types would be provided in the NGM.</p> <p>But without water supply and sewerage facilities, etc., 60 out of 90 allottees filed (December 1999) a suit against the MC and requested for rescheduling the payment of instalments after these facilities were provided. The court vide its order dated 7 June 2000 accepted the plea and re-scheduled the instalments without interest. Similarly, another 27 allottees also filed suits (24 cases in July 2000 and 3 cases in October 2000) which were decided on these lines.</p> <p>This resulted in loss of Rs 1.06 crore on account of interest though the facilities were estimated to cost only Rs 41.95 lakh.</p>
<p>Undue benefit to allottees</p>	<p>The Market Committee, Pehowa sold 20 booth plots by open auction during June 1993.</p> <p>The allottees filed civil suit (28 November 1996) in the court of Additional Civil Judge, Pehowa against recovery of instalments and interest as possession letters were not issued in their favour. The court decided (November 1999) and awarded relief of interest and penal interest for the period from the date of auction (15 June 1993) to the date of issue of allotment letter (9 February 1994). On appeal of the allottees in the Court of District and Session Judge, against the judgment/decree for charging interest on balance cost of plots till the date of handing over possession, the Chief Administrator of the Board, without waiting for the verdict of the court, directed (30 August 2000) the Market Committee to accept the balance cost of the plots in three instalments starting from October 2000 along with interest at 12.5 <i>per cent</i> from the date of construction of shops. As per terms of allotment, no separate letter of possession was required to be issued and interest was to be charged from the date of issue of allotment letter which was also considered by the Court while deciding the case in November 1999. Injudicious and hasty decision of the Chief Administrator in favour of the allottees resulted in loss of interest of Rs 45.75 lakh.</p>
<p>Non-recovery of Rs 16.01 crore from allottees</p>	<p>325 allottees of six <i>mandis</i>⁴ did not deposit subsequent instalments after paying the initial amount of 25 <i>per cent</i> of the cost of plots. The Board and the MCs neither took any effective steps to recover the outstanding dues of Rs 16.01 crore for the last 3 to 19 years nor initiated any proceedings for resumption of these plots.</p>
<p>Non-recovery of extension fee for not constructing the</p>	<p>The Board made it imperative (August 1987) upon all the plot holders to complete the construction of shops/booths within a period of two years from the date of allotment, failing which</p>

⁴ Piply (Kurukshetra), Mallekan (Sirsa), Panchkula, Mohna (Ballabgarh), Sector-16 Faridabad and Rohtak.

Irregularity/deficiency	Gist of the irregularity
shops/booths within two years of allotment	extension fee was to be charged from the allottees and also the plots were liable to be resumed and deposits forfeited. Scrutiny of records revealed that in 3 MCs (Kunjapura, Panipat and Palwal), 414 plots were allotted by the Colonisation Department and MCs during 1971-72 to 1991-92. Of these 127 allottees had neither constructed the buildings nor applied for extension in time as of April 2002. As verified by audit neither the extension fee of Rs 47.40 lakh was recovered as of December 2001, nor any action to resume the plots was initiated.
Non-recovery of maintenance of water supply and sewerage charges	Of 36 test checked MCs, 18 MCs had paid during 1997-2002 Rs 1.64 crore maintenance, water and electricity charges of tube wells to the Public Health Department. Out of these 18, only two MCs i.e. Ladwa and Rohtak were recovering the water supply and sewerage charges at the rate fixed by Public Health Department. However, at the instance of audit the Board constituted a sub-committee (June 2001) for imposition and collection of water and sewerage charges from the allottees.

These points were referred to the Government in June 2002; reply had not been received (July 2002).

6.5 Avoidable extra expenditure on packed bitumen

Uneconomical purchase of packed bitumen by HSAMB led to extra expenditure of Rs 1.44 crore

State financial rules provide that all the purchases should be made in a most economical manner, in accordance with the definite requirement of the public service.

Test-check of records of Executive Engineers (EEs), 6⁵ out of 18 Construction Divisions, Haryana State Agricultural Marketing Board (HSAMB) (November 2001 to May 2002) revealed that for construction, special repairs and annual repairs of link roads, the EEs purchased 9,460.04⁶ metric tonnes (MT) of packed bitumen at the rates ranging between Rs 11,599 to Rs 14,624 per MT from various refineries at Panipat and Mathura⁷. The rates of packed bitumen were higher by Rs 1,978 per MT for supply received from Panipat and by Rs 2,221 per MT for supply from Mathura than the rates of Rs 9,621 per MT and Rs 12,403 per MT respectively of bulk bitumen, though there was no difference in quality. This had resulted in excess expenditure of Rs 1.44 crore (Rs 1.88 crore less cost of empty drums Rs 0.44 crore).

The EE, HSAMB Ambala, while admitting the facts, stated (February 2002) that for bulk bitumen pits were required to be dug for storage and in that event efficiency of bitumen was prone to loss on account of atmospheric effects,

⁵ Ambala, Gurgaon, Kurukshetra, Panchkula, Sonipat and Yamunanagar.

⁶ Ambala: 1882.40 MT, Gurgaon: 1076.05 MT, Kurukshetra: 2824.16 MT, Panchkula: 1042.90 MT, Sonipat: 1233.18 MT and Yamunanagar: 1401.35 MT.

⁷ Indian Oil Corporation, Panipat and Mathura and Hindustan Petroleum Corporation, Panipat.

dust and other foreign particles and rehandling of pits also involved heavy expenditure. EEs, HSAMB, Panchkula and Gurgaon stated (January - February 2002) that there were also lot of chances of adulteration and pilferage during storage of bulk bitumen. The replies of EEs were not tenable as the bulk bitumen was being simultaneously purchased, handled and used by them during the same period on similar works and no extra expenditure was involved as bulk bitumen was directly shifted to site of work and handed over to the contractor. The replies of EEs, Kurukshetra, Sonipat and Yamunanagar were awaited (July 2002).

Thus, uneconomical purchase of packed bitumen by HSAMB led to extra expenditure of Rs 1.44 crore.

The matter was referred to the Government in January 2002; reply had not been received (August 2002).

**Housing Department
(Housing Board Haryana)**

6.6 Blocking of funds due to improper planning

Construction of shops, booths and houses in the absence of norms and without conducting proper survey resulted in blocking of funds of Rs 57.03 lakh

According to the provisions of Haryana Housing Board Act, 1971, Housing Board Haryana (the Board) may undertake housing schemes as it may consider necessary for allotment to the public and for any class of inhabitants, industries, institutions, office, co-operative societies, etc.

Test-check of the records of the Chief Administrator of the Board revealed (October 2000) that the Board had constructed 130⁸ shops and booths at a cost of Rs 72.88 lakh in 6 housing colonies during March 1991 to December 1998. Of these, the Board could allot 35 shops and booths through auction as of October 2001. Remaining 95 shops and booths (Ambala: 27, Bhiwani: 44, Jind: 2, Shahbad: 7 and Narnaul: 15) constructed at a cost of Rs 52.86 lakh could not be allotted due to poor response in the auction as the bidders were of the view that location of shops and booths was not good and their reserve price was high. It was only during May and July 2002 that 51 shops and booths (Ambala: 24, Bhiwani: 21 and Shahbad: 6) were auctioned and the balance 44⁹ shops and booths constructed at a cost of Rs 20.48 lakh were yet to be auctioned. It indicated that business potential of these shops and booths was not properly assessed before construction.

⁸ Ambala (Sector-8 and Sector-10): 41, Bhiwani: 44, Jind: 6, Shahbad: 10 and Narnaul: 29.

⁹ Ambala (Sector 8): 3, Bhiwani: 23, Jind: 2, Shahbad: 1 and Narnaul: 15.

Besides, 20 houses (MIG: 13, HIG: 7) constructed at a cost of Rs 36.55 lakh (February 1998) in Sector 15, Sonipat were also lying unallotted (March 2002) as the allottees surrendered the houses for which no reasons were on record.

Thus, construction of shops and booths/houses without conducting proper survey of demand, not only rendered the expenditure of Rs 57.03 lakh as unfruitful but also the funds had remained blocked over a period of 4-10 years.

The matter was referred to the Government in April 2002; reply had not been received (August 2002).

**Rural Development Department
(District Rural Development Agency)**

6.7 Swaranjayanti Gram Swarozgar Yojana

Swaranjayanti Gram Swarozgar Yojana (SGSY) aimed at covering all aspects of self employment and organising the poor into self help groups, imparting training, extending credit, providing technology, infrastructure and marketing, was introduced by GOI on 1 April 1999 after restructuring the Self Employment Programmes. The scheme focused on the vulnerable groups among rural poor and envisaged establishing micro-enterprises with emphasis on group approach. The scheme also envisaged assisting the poor families below poverty line (BPL) so as to bring at least 30 *per cent* of them above poverty line over a period of five years during 1999-2004. SGSY, a Centrally sponsored scheme, is funded by the Government of India (GOI) and the State Government in the ratio of 75:25.

The implementation of the scheme at State level was with the Director-cum-Joint Secretary, Rural Development Department. Over all charge was with State Level Co-ordination Committee (SLCC) for rural development programmes, which was responsible for planning/implementation and monitoring of scheme. The scheme was implemented under the guidance and monitoring of DRDAs at districts level, which in turn implemented the same through Block Development and Panchayat Officers (BDPOs) and block level SGSY Committees.

Rs 58.50 crore was spent during 1999-2002 against the availability of funds of Rs.58.68 crore. Test-check of records of 5¹⁰ out of 19 districts and 35 out of 114 blocks in the State covering an expenditure of Rs.18.49 crore revealed the following:

¹⁰ Bhiwani, Gurgaon, Kaithal, Panipat and Sirsa.

6.7.1 Delay in release of State share

Government of India (GOI) share of 75 *per cent* was released directly to DRDAs. However, the State share of 25 *per cent* was released with delays ranging between 27 and 249 days during the period 1999-2002.

6.7.2 Short release of funds by GOI due to excess carry over of previous balance by DRDA

As per the provision of the scheme, the DRDA-wise opening balances of the subsequent years were not to exceed 15 *per cent* (20 *per cent* for the year 1999-2000) of the allocation of the earlier years, failing which the Central share equal to such excess was to be deducted from the second instalment. Since the closing balance of DRDA, Gurgaon for the year 1999-2000 exceeded the prescribed limit, GOI imposed a cut of Rs 30.54 lakh, thus depriving coverage of 407 poor families.

6.7.3 Low coverage of swarozgaris

For the coverage of 30 *per cent* of BPL families in the next five years under the scheme, the State Government neither prepared the perspective plans for the five years nor prescribed annual targets towards achieving this objective. It was also noticed in audit that against the target of coverage of 1.15 lakh families (18 *per cent*) out of 6.39 lakh BPL families in the State, only 0.57 lakh families (9 *per cent*) could be covered up to March 2002.

6.7.4 Formation of Self Help Groups (SHGs)

(i) Formation of SHGs not successful

The scheme emphasized on group approach in the form of organising the rural poor into Self Help Groups (SHGs). SHGs in existence for 6 months with potential of being a viable group could enter second stage and become entitled for receiving Revolving Fund (RF). The SHG was further subjected to another grading test after six months from the date of receipt of RF, based on its effective functioning and capacity of taking up an economic activity for higher level of investments. It was observed that out of 4,044 SHGs formed during 1999-2002, only 583 groups took up the second stage activities. Further, Rs 10 lakh was released to 100 groups, which did not fulfill the conditions like staying in existence for six months as viable groups.

(ii) Irregular release of subsidy of Rs.50.75 lakh to old DWCRA groups

Though the scheme provided for release of subsidy only upto 1999-2000 to SHGs (DWCRA) formed by NABARD/other banks and thereafter to new

groups formed under SGSY, DRDA, Sirsa had released a subsidy of Rs 50.75 lakh to old DWCRA groups in 2000-2001 also.

(iii) Non-grading of SHGs

A suitable agency to be selected by DRDA was to grade SHGs with a view to identify their weaknesses and help develop them into good groups. This exercise was necessary till such time all the groups attained good grades. However, no such grading exercise was done in any of the test checked districts resulting in 92 *per cent* of SHGs in these districts becoming dysfunctional.

(iv) Non involvement of NGOs in group formation

It was noticed that no NGO was involved at the grass root level in helping group formation in the test checked districts.

6.7.5 Training to *swarozgaris*

The scheme envisaged skill development through well-designed courses for imparting training to the beneficiaries, who were sanctioned loans. Out of the total allocation of Rs.13.58 crore, 10 *per cent* of the funds were earmarked as SGSY Training Fund. It was, however, seen that only Rs 29.41 lakh (2.17 *per cent*) was spent in test checked districts on training of 6,638 *swarozgaris* during 1999-2002.

6.7.6 Other important activities not taken up under scheme

(i) Cluster approach meant for facilitating greater control over the progress of the programme including setting up of infrastructure, raw material, distribution, technology transfer as well as quality control was not found to have been followed in test checked districts.

(ii) Marketing support including marketing intelligence, development of markets, consultancy services as well as institutional arrangement for marketing of goods including exports aimed towards providing the market for goods produced by *swarozgaris* was not found to have been provided in the test checked districts.

(iii) DRDAs failed to devise any mechanism to ensure that the Block SGSY Committees were able to find out that the schemes were giving the intended income to *swarozgaris* and they were repaying the loans taken from the banks. In the absence of such mechanism no remedial measures could be taken to improve the performance of *swarozgaris* by solving their problems.

(iv) Neither the State Government/Semi-Government organizations nor NGOs proposed any special project to support poverty reduction efforts for which the Ministry has set apart 15 per cent of funds under the SGSY.

6.7.7 Diversion of funds

(i) The funds released under the scheme were not to be utilized in activities like purchase of furniture, vehicles, construction of buildings, salaries, etc. However, it was seen that Rs 1.32 crore was spent by four DRDAs viz. Bhiwani, Panipat, Sirsa and Kaithal during 1999-2002 on activities like constructions of Veterinary Aid Centre and staff quarters, purchase of vehicles, milk cooling tanks and equipment. DRDA, Bhiwani justified construction of Veterinary Aid Centre and staff quarters on the ground that the cattle purchased by *swarozgaris* needed veterinary aid. Reply was not tenable as the construction of Veterinary Aid Centres and staff quarters was the responsibility of the line department/State Government.

(ii) Funds were not to be spent on purchase of computers, multimedia projectors and machinery from the infrastructure development fund meant for the skill development of *swarozgaris*. It was seen that Gurgaon-Rohtak Co-operative Milk Producers Union Limited, Ballabgarh, DRDAs, Kaithal and Gurgaon had procured 10 computers, one multimedia projector along with accessories worth Rs 19.69 lakh during 1999-2000 out of infrastructure fund on the ground that these were required for administering the scheme. The plea was not tenable as these purchases were not directly related to skill development of *swarozgaris*.

6.7.8 Delay in finalisation of loan cases

Under the scheme, banks were to finalise loans to the beneficiaries within 15 days. However, in test checked districts, 6,029 loan cases were pending for periods ranging from 1 to 6 months. 35 cases were pending for more than six months for want of sanctions.

6.7.9 Physical verification of assets not conducted

To ensure follow up of projects by DRDAs the scheme envisaged annual physical verification of assets on campaign basis at the end of every year and the results of such verifications were required to be incorporated in the annual plan for the next year. It was observed that in test checked districts, though 18,891 families including SHGs were provided subsidy/term credit for purchase of income generating assets during 1999-2002, no verification of assets was done as of March 2002.

These points were referred to the Government in June 2002; reply had not been received (August 2002).

6.8 Reclamation work not taken up for 2½ years

Rs 4.01 crore sanctioned by GOI for reclamation of water logged and saline land in Bhiwani and Jhajjar districts remained unutilised for 2½ years for want of State share

Government of India (GOI) accorded (November 1998) approval for reclamation of water logged and saline area of Bhiwani and Jhajjar districts at a cost of Rs 9.16 crore (Rs 4.58 crore for each district) for the development of 1,600 hectares (800 hectares in each district) during the period 1998-2001 to be implemented by Agriculture Department. The financial pattern of assistance for these projects was 60:30:10 between GOI, State and beneficiary farmers. Since the proposal of the projects was submitted to GOI by the DRDAs and their implementation was to be monitored by them, GOI released (November 1998) first instalment of Rs 3.01 crore to DRDAs, Bhiwani and Jhajjar (Bhiwani: Rs 2.04 crore and Jhajjar: Rs 0.97 crore). Further, GOI directed that these funds be placed at the disposal of Agriculture Department within 15 days from the date of receipt of amount for implementation of the projects with the stipulation that further instalment would be released on receipt of satisfactory progress reports along with funds utilisation certificate. Since the funds released in first instalment for Jhajjar district were inadequate, GOI released (March 2000) the second instalment of Rs 1 crore to DRDA, Jhajjar. However, no share was made available for these projects by the State Government and the beneficiaries.

Test-check of records (January and August 2001) of DRDAs Bhiwani and Jhajjar revealed that DRDAs kept the amounts in their saving bank accounts instead of transferring the funds to Agriculture Department. However, after prolonged correspondence, discussions and meetings between DRDAs, Rural Development Department and Agriculture Department regarding release of matching State share by Agriculture Department, it resolved (25 January 2000) that Agriculture Department would implement the scheme and funds received from GOI would be transferred to Director of Agriculture and Agriculture Department would also arrange matching share of the State out of its own budget.

Thereafter, Rs 4.01 crore was sent to Agriculture Department by DRDAs, Bhiwani and Jhajjar (Rs 2.04 crore in April 2000 and Rs 1.97 crore in June 2000) through cheques which could be credited to Agriculture Department in April 2001 due to delay in opening the Personal Ledger Account. Interest of Rs 37.97 lakh earned on the GOI grant was also transferred (May 2002). However, the project had not been started as of June 2002.

Thus, no work of reclamation had been executed during November 1998 to June 2002 and Rs 4.01 crore remained unutilised for a period of 2½ years for want of State share of contribution.

The matter was referred to the Government in January 2002, no reply had been received (August 2002).

6.9 Idle wages

DRDA Fatehabad paid Rs 25.41 lakh as idle wages as the services of surplus staff could not be utilised elsewhere

Integrated Rural Development Programme (IRDP) provided for new staffing pattern for District Rural Development Agencies (DRDAs) since 1978-79, with provision that a part of IRDP allocations could also be utilised for meeting expenditure on administrative infrastructure at DRDA level. Government of India launched (August 1979) Training of Rural Youth for Self Employment (TRYSEM), a Centrally sponsored scheme, as a component of IRDP. As per the scheme, DRDA was to set up Training-cum-Production Centres (TPCs) and obtain services of skilled persons on contract basis and charge the same to TRYSEM. From April 1999, a new programme known as *Swarnjayanti Gram Swarozgar Yojana* (SGSY) had been launched and IRDP and TRYSEM had been merged with it. For administrative expenditure of DRDA including SGSY, a new scheme namely 'DRDA Administration' was launched in April 1999.

Test-check of records of DRDA, Fatehabad revealed (February 2002) that DRDA had employed the staff for TPC on regular basis instead of on contract basis. With the merger of TRYSEM in SGSY scheme, staff (3 instructors; 2 helpers; 1 chowkidar and 1 driver) employed on regular basis for TPCs was rendered surplus since April 1999. Under new staffing pattern, there was no post of instructors and helpers and posts of chowkidar and driver in DRDA had already been filled in. As a result, payment of Rs 17.89 lakh on account of idle wages had to be made for the period April 1999 to January 2002.

In addition, there were three drivers against the sanctioned post of one driver. Two drivers were also rendered idle since April 1998 as there was only one vehicle. Rs 7.52 lakh had been paid as pay and allowances to these two drivers during April 1998 to January 2002.

DRDA, Fatehabad, while admitting the facts, stated (April 2002) that there was no technical work in DRDA for TRYSEM technical staff. Hence their services could not be utilised for technical purposes and the staff remained idle since April 1999.

The matter was referred to the Government in April 2002; reply had not been received (August 2002).

**Town and Country Planning Department
(Haryana Urban Development Authority)**

6.10 Non-recovery of external development charges

HUDA had been deprived of external development charges of Rs 40.55 crore due to inaction of staff in getting the agreements executed in time from allottees

As per instructions issued by Haryana Urban Development Authority (HUDA) in August 1996, external development charges (EDCs) in respect of released land¹¹ and for change of land use, were to be fixed every year by adding 10 *per cent* compound interest for fresh cases while old cases were to be updated by adding simple interest at the rate of 10 *per cent*. The rate valid upto 31 December 1995 was the basis on which the additions were to be calculated.

In respect of new cases, 10 *per cent* EDCs were to be recovered with the application, 40 *per cent* before execution of agreement and remaining 50 *per cent* either in lumpsum within 120 days from the date of approval communication without interest or in 4 equal annual instalments with 15 *per cent* simple interest. In respect of old cases, 25 *per cent* EDCs were to be recovered within 30 days from the date of communication and balance 75 *per cent* either in lumpsum within 120 days without interest or in 4 equal annual instalments with 15 *per cent* simple interest per annum. Penal interest at the rate of 18 *per cent* per annum was chargeable on delayed payments in respect of all such cases. The Chief Administrator (CA), HUDA also decided (August 1998) that no such charges for water supply were recoverable from the industrial units who made their own arrangements for water supply.

Test-check of records of 17 Estate Officers (EOs) of HUDA conducted between November 1999 and July 2002 revealed that in the case of 13 EOs¹² where the released land was in possession of 770 persons/firms, recoverable dues had accumulated to Rs 40.55 crore as of March 2002. Records also indicated that HUDA had taken no action to get the agreements executed with the parties concerned due to which action to recover the due amounts, as arrear of land revenue, could not be taken.

Thus, due to inaction on the part of officers/officials of HUDA in getting the agreements executed in time, HUDA had been deprived of revenue of Rs 40.55 crore as of March 2002.

The matter was referred to Government in January 2002; reply had not been received (August 2002).

¹¹ Land exempted from acquisition and retained with the owner.

¹² Ambala, Bahadurgarh, Faridabad, Gurgaon, Hisar, Jagadhari, Karnal, Kurukshetra, Panchkula, Panipat, Rewari, Rohtak and Sonipat.

6.11 Loss of revenue

Loss of revenue amounting to Rs 81.34 lakh due to delay in adopting the revised rates of tender forms

Haryana Urban Development Authority (HUDA) followed State Public Works Department's (PWD) rules, regulations, accounting procedure, charges of tender forms, 1988 Edition of Schedule of Rates and revised premiums thereon, etc. for execution of works.

Scrutiny of records of Executive Engineers of 13¹³ divisions revealed that though HUDA has been following the revised premiums of Haryana Schedule of Rates (1988 Edition), from the dates from which these were being followed by Haryana PWD, the cost of tender forms which was revised by Haryana PWD from March 1997 was not revised by it from the same date.

At the instance of audit (December 2000), the Chief Administrator (CA), HUDA, Panchkula revised the rates of tender forms on the PWD pattern from 27 April 2001 and circulated the same to all the concerned officers/officials of HUDA for compliance. Thus, due to delay in adoption of revised rates of tender forms from the date from which Haryana PWD revised it in March 1997 HUDA lost revenue of Rs 81.34 lakh for the period from 27 March 1997 to 31 March 2001 in the 13 divisions test checked. The loss would be much more if all the divisions are taken into account.

The matter was referred to the Government in December 2001, reply had not been received (August 2002).

6.12 Avoidable payment of interest

Haryana Urban Development Authority paid extra interest of Rs 2.23 crore due to delay in making payment to land owners

As per provisions of Land Acquisition Act, 1894, Land Acquisition Collector (LAC) was to pay interest on enhanced compensation awarded by court at the rate of 9 *per cent* for the first year and 15 *per cent* per annum for the subsequent years from the date on which collector took possession of the land to the date of payment.

Scrutiny of records of LACs for Haryana Urban Development Authority at Gurgaon and Hisar revealed (November 2000) that in 271¹⁴ cases, courts

¹³ Construction Division No. I, II and III Gurgaon, Electrical Division, Gurgaon, Horticulture Division, Gurgaon Construction Division Rewari, Construction Division, Rohtak, Construction Division No.I Faridabad, Construction Division No. I, II, III Panchkula, Electrical Division, Panchkula and Horticulture Division Panchkula.

¹⁴ High Court: 31 Case (27 March 1998); 12 Case (3 June 1999) and 76 Cases (23 September 1999); District Judge, Hisar: 72 Case (2 February 1998); Additional

enhanced the amount of compensation (during 1997 to 1999) awarded by LACs. The delay in payment of enhanced compensation ranged between 80 and 568 days. Due to this delay HUDA paid extra interest of Rs 2.23 crore.

On being pointed out in audit (December 2000 and March 2001) LAC, Hisar admitted (January 2002) the delay and attributed it to late receipt of advice of Legal Remembrancer (LR), Haryana, late receipt of funds from HUDA and shortage of revenue staff.

In fact there was a considerable delay of more than 9 months in respect of 72 cases pertaining to LAC, Hisar itself. This included delay in taking advice of LR (142 days), in raising demand to HUDA (44 days) and in depositing amount in the court (104 days) even after the decision of the court for enhanced compensation.

Thus, delay in making payment of enhanced compensation had occurred due to delay in legal and financial formalities, with the result HUDA had to bear extra liability of Rs 2.23 crore towards interest payments for the period of delay.

The matter was referred to the Government in December 2001, reply had not been received (August 2002).