

Chapter –IV

TRANSACTION AUDIT OBSERVATIONS

AUDIT PARAGRAPHS

4.1 Infertuous/wasteful expenditure and overpayment

Town and Country Planning Department (Haryana Urban Development Authority)

4.1.1 Wasteful expenditure on acquisition of land falling in river

Due to acquisition of 402.75 acres of land falling in the river Ghaggar the entire expenditure of Rs 23.36 crore incurred on it was rendered wasteful.

To urbanise the area along State Highway beyond Ghaggar River, Haryana Urban Development Authority (HUDA), Panchkula acquired and took possession (17 June 1992) of 1,141.90 acres land after paying compensation of Rs 17.39 crore in June 1992.

Test-check of records (January 2004) of Estate Officer, HUDA, Panchkula revealed that the Chief Town Planner planned to float (1992-96) plots for Sectors 25, 26, 27 and 28 at Panchkula on the land measuring 739.15 acres. Remaining area of land (402.75 acres) was falling in river Ghaggar. As HUDA was aware of this fact before acquisition, the land though earmarked for these sectors could not be planned.

The land owners of these 1,141.90 acres, applied to the Land Acquisition Officer (LAO) in 1996 for referring the matter to the District Judge, Ambala for valuation of land under Section 18 of the Land Acquisition Act, 1894. District Judge decided (December 1998) the case in their favour and assessed the value of land as Rs 3.50 lakh per acre plus other statutory benefits. Taking into account all these statutory benefits, value of 1,141.90 acre land worked out to Rs 66.23 crore (1,141.90 x Rs 5.80¹ lakh per acre) and HUDA paid (1998-99) Rs 48.84 crore (Rs 66.23 crore less Rs 17.39 crore already paid) enhanced compensation to land owners. Thus, Rs 23.36 crore were paid for 402.75 acres land without any use.

¹ Cost of land:	Rs 3,50,000 per acre
Add 30 per cent compulsory acquisition charges:	Rs 1,05,000 per acre
Add 12 per cent per annum additional amount for 1,087 days:	Rs 1,25,079 per acre
Total:	<u>Rs 5,80,079</u> per acre

X 1,141.90 acre = Rs 66.23 crore.

The Estate Officer, HUDA Panchkula, while admitting the facts stated (January 2004) that the lapse on the part of official responsible for acquiring land in river *Ghaggar* was under investigation. Further developments were awaited (June 2004).

The draft paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Town and Country Planning Department in March 2004, but reply had not been received (August 2004).

**Public Works Department
(Buildings and Roads Branch)**

4.1.2 Overpayment to contractors

Non-implementation of Government's decision to recover the differential amount of sales tax resulted in overpayment to contractors and loss of Rs 47.82 lakh to Government.

A meeting of Superintending Engineers (SEs) and Executive Engineers (EEs) was held on 6 August 2001 under the Chairmanship of Financial Commissioner and Secretary to Government of Haryana, Public Works Department, Buildings and Roads Branch. It was decided at the meeting that where the contractors were arranging bitumen at their own level for works of Ministry of Rural Development and Housing Urban Development Corporation of India and were paying sales tax at concessional rate of four *per cent* instead of ten *per cent*, the difference of six *per cent* be recovered from the bills of the contractors. The concessional rate was payable on goods sold to Haryana Government for use and consumption subject to furnishing of declaration in Form B. This condition was required to be made clear to the agencies in advance and an undertaking to this effect was to be obtained from the lowest tenderers.

Test-check of records (October-December 2003) of three divisions² revealed that in seven works, the departmental rates prepared before calling tenders were inclusive of 10 *per cent* sales tax on cost of bitumen, but in six cases (five allotted by Engineer-in-Chief and one by SE) the condition of recovery of difference of sales tax was not incorporated in the contract agreements. The contractors purchased, 6,253.373 metric tonnes of bitumen valuing Rs 7.97 crore between March and November 2003 from three suppliers³ by paying sales tax at the concessional rate of four *per cent* but the recovery of Rs 47.82 lakh on account of difference of sales tax at the rate of six *per cent* was not made from them. In one case (allotted by EE) though the clause of

² Provincial Divisions No. II, Kurukshetra (three works), No. I, Ambala Cantt (two works) and No. I, Hisar (two works).

³ (i) Hindustan Petroleum Corporation Limited, (ii) Hindustan Coals Limited and (iii) Indian Oil Corporation Limited, Panipat.

recovery of difference of sales tax was incorporated, the recovery was not made.

The Engineer-in-Chief (EIC), while admitting the lapse stated (May 2004) that had this clause been included in tenders, the rates would have been higher by equivalent amount. He further, stated (July 2004) that the analysis of rates of bitumen with 10 *per cent* sales tax was only for the purpose of assessment and evaluation of tenders and all the SEs have been instructed to evaluate tender cases in future with four *per cent* sales tax on purchase of bitumen. The reply was not tenable as the tenderers quoted their rates only after taking into account the departmental evaluation. The rates approved and paid to the contractors were inclusive of 10 *per cent* sales tax, therefore, the excess amount paid on account of sales tax was to be recovered. Though, the instructions were issued for future evaluations, no action was taken to recover the excess amount already paid.

Thus, the failure of the EIC, SE and EE to implement the Government's decision for recovery of difference of sales tax led to overpayment to contractors and loss of Rs 47.82 lakh to the Government. No responsibility for the failure was fixed as of July 2004.

The draft paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, PWD, B&R Branch, in March 2004; but reply had not been received (August 2004).

Finance department (Inspection of Treasuries)

4.1.3 Overpayment of pensionary benefits

Failure of Treasury Officers/Bank Officers in observing established financial rules/orders resulted in overpayment of Rs 35.20 lakh of pensionary benefits.

As per provisions of Punjab Treasury Rules/Financial Rules applicable to Haryana and scheme for pension payment by Public Sector Banks, Treasury Officers (TOs) and Bank Officers 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 including pension payments. They were required to maintain a register in the prescribed *proforma* 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 Accountant General (Accounts and Entitlement), Haryana and 32 branches of nationalised banks conducted by Accountant General (Audit), Haryana during 2002-03 and 2003-04 revealed an overpayment of Rs 35.20 lakh of pensionary benefits to 324 pensioners/family pensioners (as detailed in *Appendix XX*) due to failure on the part of TOs/Bank Officers in observing rules/orders and their

correct interpretation. Of this, overpayment of Rs 33.23 lakh related to excess payment of pension/family pension/commuted pension in respect of 280 pensioners. Rupees 1.97 lakh related to excess payment of dearness allowance and medical allowance in respect of 44 pensioners.

Financial Commissioner and Principal Secretary to Government Haryana, Finance Department, admitted the facts and stated (July 2004) that the amount was being recovered from the concerned pensioners and family pensioners.

4.2 Violation of contractual obligations/undue favour to contractors

Public Works Department (Irrigation Branch)

4.2.1 Violation of contractual obligations/undue favour to contractor

Non-revision of rates as per terms and condition of contract agreement resulted in excess payment of Rs 30.01 lakh.

Chief Engineer, Hathni Kund Barrage, Irrigation Branch allotted (December 1998) the work of construction of Western Jamuna Canal Link Channel and its appurtenant works to M/s Larsen & Toubro Ltd., Chennai for Rs 28.37 crore. Agreement for the works provided that when the actual quantities of work executed exceeded or fell short by more than 25 per cent of any particular item and cost variation was more than 2 per cent of the contract price, the rates were to be revalued.

During audit (September 2003) of Hathni Kund Barrage, Division I, Jagadhari, it was noticed that there was a provision of 758 and 1938 cubic metres (cum) in the agreement for providing and laying in position first class brick work laid in cement sand mortar 1:3 (i) upto 1.5 metre height above the top of foundation concrete and (ii) beyond 1.5 metre height above the top of foundation concrete respectively. The rates approved for these items in the agreement were Rs 1,715 and Rs 1,755 per cum respectively. During execution, the quantities of work of these items increased to 4,754.374 cum (valuing Rs 81.53 lakh) and 5,179.269 cum (valuing Rs 90.90 lakh) respectively due to change in the drawings. Both these items exceeded the contractual limits of 2 per cent of contract price and were more than 25 per cent of the prescribed quantities. Further scrutiny revealed that while making payment the contractor was paid at full agreement rates instead of reducing/refixing the same as per provisions of agreement. This resulted in excess payment of Rs 30.01 lakh.

When this was pointed out (September 2003), the Executive Engineer, Hathni Kund Barrage Division I, Jagadhri stated (April/May 2004) that value of these items of work was less than 2 per cent of contract price and did not qualify for

refixation of rates. The reply was not tenable as value of both these items exceeded the contract price by 2.42 and 2.01 *per cent* respectively, which qualified for revaluation as per provisions in the contract agreement. The payment made to the contractor on actual executed quantities of work at originally approved rates instead of reduced rates uptill March 2002 was in violation of provisions contained in contract agreement, which resulted in excess payment of Rs 30.01 lakh being undue favour to contractor. No responsibility was fixed (April 2004).

The draft paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Haryana Government, Irrigation Branch in May 2004; but reply had not been received (August 2004).

4.3 Avoidable/excess/unfruitful expenditure

Town and Country Planning Department (Haryana Urban Development Authority)

4.3.1 Avoidable payment of interest on land compensation

Non-deposit of land compensation in the court led to avoidable payment of interest of Rs 28.47 lakh on delayed payment.

Section 31 of the Land Acquisition Act, 1894 (Act) provided that on making an award under Section 11 of the Act, the Collector should tender payment of compensation to the persons entitled thereto according to the award. If entitled persons did not consent to receive it, the collector was to deposit the amount of compensation in the court.

Test-check (September 2002) of records of Land Acquisition Officer (LAO), Urban Estates, Haryana, Panchkula, revealed that LAO on behalf of Haryana Urban Development Authority (HUDA) acquired (May 1992) 32.92 *acres* of land at Panipat for the compensation of Rs 82.61 lakh. The amount of compensation was withheld for the purpose of future adjustment towards the price of the industrial plots likely to be allotted to the land owners. As the allotment of industrial plots to the land owners did not materialise, LAO paid compensation of Rs 82.61 lakh to land owners in July 1996. Land owners filed a case (Civil Writ Petition No. 3064 of 1998) in High Court for payment of interest on delayed payment of compensation and the High Court directed the respondents (December 1998) to pay interest at the rate of nine *per cent* for first year and 15 *per cent* for the remaining period. HUDA filed 'Special Leave Petition' in the Supreme Court, which also upheld the decision of the High Court in November 2000. The LAO paid (September 2001) Rs 28.47 lakh as interest to land owners for the period from May 1992 to July 1996.

Thus, the decision of HUDA to withhold the amount of compensation instead of depositing it in the court as provided under Section 31 of the Act,

contravened the provisions of the Act and led to avoidable payment of interest of Rs 28.47 lakh on delayed payment.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Town and Country Planning Department in February 2004, but reply had not been received (August 2004).

Education Department

4.3.2 Unfruitful expenditure on idle staff

Non-providing of adequate science faculty in six upgraded schools not only defeated the objectives of upgradation but also rendered the payment of salary to the tune of Rs 55.86 lakh to skeleton idle staff, without science students, ungainful.

Government of Haryana upgraded various High Schools to Senior Secondary Schools as a part of its drive to improve the level of education. For Science stream, faculty in Physics, Chemistry, Biology, etc. and Laboratory Assistants (LAs) to assist the respective faculty in the laboratories were required to be posted.

Scrutiny of records (July-November 2003) of six⁴ Senior Secondary Schools in three districts (Fatehabad, Kaithal and Yamunanagar) revealed that required science faculty were not posted in these upgraded schools. Only one lecturer in Chemistry from November 1994 to December 2003 and one for Biology from April 1999 to December 2003 were posted in schools at Lalhari Kalan and Pundri respectively whereas one to three LAs were posted in each school during November 1994 to December 2003. Because of inadequate faculty, no student had ever opted for science subjects in these schools, which were upgraded between October 1991 and September 1997 and therefore, the skeleton staff that was posted also remained idle. Thus, due to non-posting of adequate faculty in science stream, not only the students were deprived of science education at senior secondary level but pay and allowances amounting to Rs 55.86 lakh paid to the LAs and two lecturers was also by and large rendered unfruitful.

The Principals of these schools, while admitting the facts, stated (December 2003 to January 2004) that no student had ever taken admission in science stream due to non-posting of the required faculty. The LAs posted in schools at Khizrabad, Lalhari Kalan and Pundri were only keeping the laboratory articles, while at Bhuthan Kalan and Kalawar schools the LAs were totally idle. However, the LAs at Guhla were deployed for teaching in middle classes without any sanction. The fact remained that the object of upgrading

⁴ Government Senior Secondary Schools at Bhuthan Kalan (Fatehabad), Guhla (Kaithal), Kalawar (Yamunanagar), Khizrabad (Yamunanagar), Lalhari Kalan (Yamunanagar) and Pundri (Kaithal).

the schools stood defeated, students were deprived of science education and salary paid to the skeleton idle staff was also ungainful.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Education Department in February 2004, but reply had not been received (August 2004).

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

4.3.3 Unfruitful expenditure on unutilised structures of water supply scheme

Additional structures constructed at a cost of Rs 46.38 lakh remained unutilised due to non-remodelling of carrier channel, etc.

Haryana State Sanitary Board (HSSB) approved (August 1992) a scheme for augmentation of water supply to Village Sadalpur from 45 to 110 litre per capita per day (lpcd) for Rs 45 lakh. Due to shortage of funds, the construction work was stopped in 1995 after spending Rs 8.15 lakh on minor works and purchase of material. In December 1998, the estimate was revised to Rs 75 lakh due to increase in scope of work. The estimates include Rs 15 lakh for remodelling of Adampur distributory/Chiberwal minor (carrier channels) besides provisions for construction of other structures such as high level tanks (HLT), clear water tanks (CWT), filter beds, remodelling of inlet channel, pumping machinery, etc. Remodelling of carrier channels for increasing the discharge from 0.85 to 2.88 cusecs was to be done by the Irrigation Branch for which Rs 15 lakh were required to be deposited by Public Health (PH) Branch.

During audit (August/September 2002) of PH Division I, Hisar it was noticed that the structures such as HLT, CWT, filter beds, inlet channel, etc. were constructed between April to November 1999 at a cost of Rs 46.38 lakh, but neither was the sanction for outlet of 2.88 cusecs water obtained from Irrigation Branch nor were Rs 15 lakh deposited for remodelling of carrier channels. Consequently, the carrier channels were not remodelled to accommodate the additional water required to operate the scheme. The machinery that was required was also not purchased.

Thus, due to non-remodelling of carrier channels for additional water coupled with department's failure to obtain the required sanction from Irrigation Branch and non-providing/installation of machinery as per provisions, the scheme could not yield desired results for supplying 110 lpcd water to the residents. The expenditure of Rs 46.38 lakh incurred on construction of additional structures, remained unfruitful.

Engineer-in-Chief, (PH) stated (January 2004) that the additional pumping machinery could not be purchased and Rs 15 lakh required for remodeling of channel could not be deposited due to non-receipt of funds from State

Government. The reply was not tenable, as the work should have not been started without the provision of sufficient funds and approval from Irrigation Branch for outlet discharge of 2.88 cusecs water. Thus the lack of proper planning by the department rendered the expenditure unfruitful.

The draft paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, PWD, PH Branch, in April 2004, but reply had not been received (August 2004).

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

4.3.4 Unfruitful expenditure on separate water works based on inflated population

Injudicious decision to construct separate water works based on inflated population projection resulted in extra burden of Rs 39.49 lakh on State exchequer.

Haryana State Sanitary Board (HSSB) approved (August 1992) an independent canal based water supply scheme for providing 70 litre per capita per day (lpcd) of water to village Kussar and Mehna Khera in Sirsa district for Rs 16.75 lakh with water works at Kussar. The scheme was completed (February 1995) except one storage and sedimentation tank, by spending Rs 30.36 lakh. Despite huge cost overrun (Rs 13.61 lakh), the scheme could supply only 40 lpcd water against the target of 70 lpcd. In November 1999 the HSSB approved the augmentation of this scheme for Rs 36.65 lakh on basis of population of 1999 to increase the supply upto 70 lpcd. The augmentation work started in February 2000 was completed in February 2001 at a cost of Rs 30.36 lakh and scheme was commissioned in March 2001 but the water supply could not be increased from 40 to 70 lpcd due to non-availability of sufficient power supply.

During audit (September 2003) of Public Health (PH) Division II, Sirsa, it was noticed that HSSB approved (May 2001) another independent scheme for village Mehna Khera for Rs 46.80 lakh, on the basis of inflated population of 1430 persons (taken in 2000 at the time of framing estimate) against actual 1209 persons (as per census 2001). The work against this estimate started in January 2002 was completed in September 2002 by spending Rs 39.49 lakh. The scheme was commissioned in September 2003.

Scrutiny further revealed that the structures constructed under augmentation of scheme at Kussar were sufficient to meet the requirements of both the villages and therefore, there was no necessity for separate independent scheme for village Mehna Khera which was conceived with inflated population projection. Thus, the expenditure of Rs 39.49 lakh incurred on the scheme was unjustified.

Engineer-in-Chief, PWD, PH Branch stated (February 2004) that practically it was not possible to provide the required 70 lpcd of water to the inhabitants of village Mehna Khera due to; (i) long distance of four Kilometres (KMs) from water works Kussar, (ii) reduction in pressure of water supply due to damages/puncturing of pipe line, (iii) non-availability of power and (iv) reduction in the capacity of the pumping machinery due to wear and tear. The reply was not tenable as the provision of pipeline to cover distance of four KMs was made while framing estimate for augmentation and accordingly, old pipeline to village Mehna Khara was replaced during February 2000 to February 2001. No evidence of reduction in pressure due to damages/puncturing, non-availability of power supply and reduction in the capacity of pumping machinery was on record.

Thus, the decision to provide separate water works based on inflated population resulted in extra burden of Rs 39.49 lakh on State exchequer, which could have been avoided.

The draft paragraph was demi-officially forwarded to the Commissioner and Secretary to Government Haryana, PWD, PH Branch, in April 2004; but reply had not been received (August 2004).

**Rural Development Department
(District Rural Development Agencies)**

4.3.5 Excess payment due to adoption of higher rate of assistance

Payment of assistance of Rs 20,000 per unit for conversion of *kutcha* houses to *pucca* houses in plain areas and Rs 22,000 in hilly areas, instead of Rs 10,000 as provided in the scheme, resulted in excess payment of Rs 16.07 crore to 16,047 beneficiaries.

Under Indira Awaas Yojana (IAY), a Centrally sponsored scheme, an assistance of Rs 20,000 per unit was given for construction of new houses in plain areas and Rs 22,000 in hilly areas to the families living below poverty line in rural areas. Conversion of unserviceable '*kutcha houses*' to semi *pucca/pucca* houses was also included in the scheme by Government of India (GOI) from April 1999 under which assistance of Rs 10,000 per unit was to be given. These benefits were also to be given under *Pradhan Mantri Gramodaya Yojana* (PMGY) launched by GOI in 2000-01.

Test-check of records (January – April 2004) of nine⁵ District Rural Development Agencies (DRDAs) revealed that during 1999-2004, 16,047⁶ beneficiaries (IAY: 15,030 and PMGY: 1017) having *kutcha* houses were

⁵ Ambala, Fatehabad, Gurgaon, Kaithal, Karnal, Panchkula, Panipat, Rewari and Rohtak.

⁶ Ambala: 3,834, Fatehabad: 1,257, Gurgaon: 2,291, Kaithal: 1,137, Karnal: 1,873, Panchkula: 519, Panipat: 2,008, Rewari: 1,787 and Rohtak: 1,341.

provided assistance of Rs 20,000 per beneficiary in plain areas and Rs 22,000 per beneficiary in hilly areas for conversion of *kutcha* houses to *pucca* houses against the prescribed limit of Rs 10,000 per unit which resulted in excess payment of Rs 16.07 crore.

The Additional Deputy Commissioners-cum-Chief Executive Officers (ADC-cum-CEO) of all the nine DRDAs admitted (February –July 2004) that the beneficiaries were granted Rs 20,000/Rs 22,000 each for conversion of their *kutcha* houses to *pucca* houses.

Thus, non-following of the guidelines of scheme properly resulted in excess payment of Rs 16.07 crore to 16,047 beneficiaries.

Financial Commissioner and Principal Secretary to Government Haryana, Rural Development Department stated (June 2004) that because of the flexibility given by GOI to utilise funds either for upgradation of *kutcha* houses or for new houses, Government instructed the DRDAs to utilise funds for new houses only from the year 2002-03. He further stated that Rs 20,000/Rs 22,000 were granted for construction of new houses only. Reply is not acceptable as GOI had not increased the limit of Rs 10,000 for upgradation of *kutcha* houses and the beneficiaries were granted Rs 20,000/Rs 22,000 each for conversion of their *kutcha* houses to *pucca* houses and not for construction of new houses as per the admission of concerned ADCs-cum-CEOs.

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

4.3.6 Unfruitful expenditure on water supply schemes

Structures of three water supply schemes, constructed by spending Rs 2.22 crore, remained unutilised, as availability of additional required raw water was not ensured before start of project.

Scrutiny of records of three Public Health (PH) Divisions⁷ revealed that Haryana State Sanitary Board approved augmentation of two water supply schemes to increase the water supply from 40 to 70 litre per capita per day (lpcd) and one new scheme to provide 40 lpcd water in desert prone area as the existing water supply to affected villages was inadequate. However, the additional structures constructed at a cost of Rs 2.22 crore without ensuring the availability of water from Irrigation branch, remained unutilised. This resulted in unfruitful expenditure of Rs 2.22 crore because of the failure in planning and utilising of these works, as discussed below:

➤ In PH division, Hansi, canal water was not reaching the existing water work site due to less discharge in Mor Minor (existing source). Therefore,

⁷ Public Health Divisions, Hansi (January 2004), Mohindergarh (February 2003) and Planning and Investigation Division, Charkhi Dadri (July 2003).

under the augmentation scheme for village Badala (Hisar) approved in April 1999 for Rs 56.50 lakh, the source was proposed to be changed to Sorkhi Minor with increased discharge of 1.14 cusecs against 0.50 cusecs. However, the work was started in February 2001 without ensuring the availability of additional raw water from the Irrigation Branch. The Executive Engineer (EE), PH, requested (April 1999) the EE, Water Service (WS) Division, Hansi to give his consent for 1.14 cusecs canal water required to operate the scheme who agreed (July 1999) to provide only 0.50 cusecs water as there was no provision for meeting the additional demand in existing channels. The EE, PH Division, Hansi again requested (March 2002) the EE, WS Division, Hansi to supply required water but he again did not agree (March 2002) and intimated that only 0.50 cusecs of water, which was already being supplied for the existing scheme from Mor Minor could be spared. Although, the scheme was completed in March 2003 by spending Rs 48.12 lakh, it could not be commissioned (June 2004) due to non-availability of required raw water from Irrigation Branch.

EIC, Public Health Branch stated (August 2004) that irrigation Branch sanctioned outlet of 0.50 cusecs only and allowed full requirement of water by providing extra pipe line. Reply is not tenable as the Superintending Engineer, Bhakra Water Services, Circle No. I, Hisar intimated (September 2004) that the outlet for 0.50 cusecs was sanctioned for six months and has not been regularised/extended. Secondly the scheme was already functioning with 0.50 cusecs, as such there was no necessity for construction of additional structures.

➤ Similarly, in PH Planning and Investigation Division, Charkhi Dadri, the augmentation scheme for village Gothra and Santokpur in Bhiwani district was approved (November 1997) for Rs 37.55 lakh. The raw water (discharge: 1.38 cusecs) to operate the scheme was proposed to be taken from Gothra Minor. On the request (July 1997) of EE, PH to sanction outlet of 1.38 cusecs from RD 34836 of Gothra Minor, the EE, Loharu WS Division, Charkhi Dadri informed (July 1997) that Loharu canal system is non-perennial. As the running period of the Gothra Minor was four to five days in a month and the demand for outlet was in tail (at RD 34836), regular supply of raw water could be made available only for four to five days in a month that too, subject to availability of water. Though the regular supply of raw water was not assured, the construction of water works at village Gothra was started (February 1998) and completed (March 2000) at a cost of Rs 52.55 lakh. The scheme, however, failed to provide 70 lpcd water to inhabitants as per provisions of the estimate.

The EIC, Public Health Branch, while admitting the facts, stated (August 2004) that due to less availability of water in the Loharu canal system and constraint in lifting/interrupted power supply, the water tanks could not be filled regularly and the supply is being maintained as per availability. Reply is not acceptable, as the scheme should have not been conceived without ensuring the availability of water.

➤ Again, in PH Division, Mohindergarh, construction of a canal based water supply scheme approved in August 1998 for providing 40 lpcd water to Akoda

group of five villages in Mohindergarh district was started in January 1999 without obtaining prior consent from Irrigation Branch to supply water. The EE, PH Division after starting construction, requested (May August, and November 2000) EE, WS, Division, Charkhi Dadri and EE, Mohindergarh Canal WS Division, Charkhi Dadri for sanction of outlet of raw water (2.17 cusecs) from Satnali Feeder, required to operate the scheme as per approved estimate. Both the EEs refused (June, September 2000 and January 2001) to sanction outlet, as it was not technically possible due to less supply of water in Satnali Feeder. The EE, PH again requested (February 2003) the EE, Irrigation for sanction of outlet connection for raw water but the approval was still awaited (June 2004). Although the scheme was completed in December 2003, the objective to supply canal water to the inhabitants still remains a distinct dream even after spending Rs 1.21 crore.

The EIC, PH Branch, stated (August 2004) that the outlet has been allowed by Irrigation Branch at desired RD of Satnali feeder and the scheme was commissioned in January 2004. The reply was not tenable as the outlet was sanctioned temporarily as intimated (September 2004) by the EE, Mohindergarh Canal Water Service Division, Charkhi Dadri. The release of permanent outlet for this water supply scheme was technically not possible due to less availability of water in the feeder.

The State Government should conceive such schemes only after ensuring the availability of raw water from Irrigation Department.

The draft paragraphs were demi-officially forwarded to the Commissioner and Secretary to Government Haryana, PWD, PH Branch in March and May 2004; but reply had not been received (August 2004).

Transport Department (Haryana Roadways)

4.3.7 Avoidable payment of compensation due to invalid driving licences

Failure to comply with the provisions of Motor Vehicle Act, resulted in avoidable payment of compensation of Rs 43.09 lakh.

The Motor Vehicle (MV) Act, 1988 provides that no owner or person incharge of MV shall permit any person to drive a motor vehicle unless he holds an effective driving licence issued to him authorising him to drive the vehicle. The insurance cover issued by Insurance Companies while insuring Haryana Roadways buses also provides that to claim reimbursement from insurer, the insured must ensure that the drivers of the buses had valid driving licenses at the time of accident. To comply with this condition, the State Transport Commissioner also directed (December 1997, January 1998, March, April and June 1999) all the General Managers (GMs) of the depots to ensure that all the drivers had a valid driving licenses.

Test-check (April – September 2003) of four⁸ depots revealed that drivers of seven buses that were involved in accidents between July 1999 and July 2002 were not having valid licence. The aggrieved parties filed 21 number of claims against Haryana Roadways with the Motor Accident Claims Tribunals who held (July 2000 to March 2003) the seven drivers of buses responsible for the accidents and awarded compensation of Rs 36.55 lakh along with interest. The payment of Rs 43.09 lakh including interest of Rs 6.54 lakh was made to the claimants between January 2002 and May 2003. However, the Insurance Companies could not be held liable to reimburse the amount of compensation as the driving licenses of these seven drivers were found invalid/fake.

When this was pointed out (December 2003), the Financial Commissioner and Principal Secretary to Government Haryana, Transport Department stated (November 2004) that disciplinary action had been taken against the defaulting drivers and all the GMs had already been instructed to ensure that valid driving licences were available with drivers. The reply was not satisfactory as the department failed to verify the genuineness of driving licences of drivers before their appointment and no action was taken against the officers, who had allowed the drivers to drive the buses without valid driving licenses, in violation of provisions contained in MV Act and also to recoup the loss.

Thus, failure of the Haryana Roadways to comply with the provisions of MV Act by ensuring that the drivers had valid driving licenses while driving resulted in avoidable loss of Rs 43.09 lakh.

Transport Department (Haryana Roadways)

4.3.8 Avoidable payment of special road tax

Three depots of Haryana Roadways paid special road tax to Rajasthan State without plying buses/ plying buses on shorter routes and paid penalty due to delayed payment resulting in extra burden of Rs 49.22 lakh on State exchequer.

Haryana Roadways operates its buses in Rajasthan territory under inter-state agreement. The payment of special road tax is made for each day as per provisions of the Rajasthan Motor Vehicles Taxation Act, 1951 at the rates notified⁹ by State Government from time to time, in advance every month on the basis of route permits obtained for scheduled kilometres. In case any

⁸ Chandigarh, Jind, Kaithal and Yamunanagar.

⁹ Rates notified with effect from 01-04-1998 by State Government.

Stage carriages of other States plying buses in Rajasthan	Rate of Tax per day
upto 40 Km, per day	Rs 50
40 Km to 80 Km, per day	Rs 150
80 Km to 160 Km, per day	Rs 300
160 Km to 240 Km, per day	Rs 400
240 Km to 400 KM, per day	Rs 500
Over 400 KM, per day	Rs 700

depot does not intend to operate any route permits(s), the payment of special road tax can be avoided by surrendering the route permit(s).

Test-check (July 2000 to September 2003) of records of Rewari, Hisar and Bhiwani Depots of Haryana Roadways revealed that in Rewari and Hisar depots the buses against four¹⁰ route permits (obtained for five years) were neither plied between April 1997 to November 2001 nor the route permits were surrendered. However, special road tax of Rs 20.34 lakh was paid against these route permits to Rajasthan Government. In Bhiwani and Hisar depots, the buses against the four¹¹ route permits were plied on shorter distance but the special tax was paid for the scheduled kilometres, which resulted in excess payment of Rs 16.29 lakh.

Scrutiny further revealed that in Hisar depot Rs 12.59 lakh were paid as penalty to District Transport Officers (Rajasthan) Churu (Rs 7.74 lakh) and Hanumangarh (Rs 4.85 lakh) in October 1999 and January 2003 respectively due to delay in making payment for the periods April 1997 to September 1999 and April 1997 to March 2002 respectively.

Thus, the payment of special road tax without plying buses, plying buses on shorter routes with tax for longer routes coupled with non-payment of tax on due dates and the failure of GMs in taking timely action had resulted in avoidable payment of Rs 49.22 lakh.

The Financial Commissioner and Principal Secretary to Government Haryana, Transport Department stated (November 2004) that keeping in view the public requirement and profitability of routes, only viable routes were operated in Rajasthan State, irrespective of the fact whether the routes were included in Inter-State agreement or not and there was no loss to the Government. The reply did not address the contention of the Audit that payment of taxes was also made for routes, which were not being operated. The department should have prudently taken step to restrict the outgo towards taxes by ensuring payment of taxes only for routes which they intended to operate.

Food and Supplies Department

4.3.9 Avoidable loss due to non-reimbursement of carry-over and storage charges

DFSC, Rewari did not follow the instructions of FCI to supply wheat directly to FCI depots thereby causing a loss of Rs 71.83 lakh to Government.

Food and Supplies Department procures wheat from *mandis* for delivery to Food Corporation of India (FCI). The Director, Food and Supplies (DF&S)

¹⁰ **Rewari Depot:** Rings-Delhi-Kotputli and Delhi-Sikkar-Neem Ka Thana.

Hisar Depot: Hisar-Suratgarh and Hisar-Bhadra via-Adampur.

¹¹ **Bhiwani Depot:** Delhi-Sadar Sahar Via Churu and Loharu-Chirawa via Jhunjhunu.

Hisar Depot: Hisar-Nokha via Mukam and Hisar Khatushamji via Sikar.

while circulating (March 2000) the wheat procurement policy for Rabi 2000-2001 directed all the District Food and Supplies Controllers (DFSCs) to deliver maximum stocks of wheat purchased from *mandis* directly to FCI depots to avoid double handling. DFSCs were required to get the godowns earmarked for delivery of wheat in consultation with District Managers (DM) of FCI of each procurement centre/*mandi*.

In April 2000, DM, FCI, Gurgaon gave a linkage plan to DFSC, Rewari for delivery of wheat stocks purchased during 2000-2001 directly from Rewari *mandi* to FCI depots at Narnaul/Faridabad. On 26 May 2000, the DM reminded the DFSC, Rewari to ensure the delivery of procured wheat by 30 June 2000 as per linkage plan. In June 2000, even two special trains were arranged by FCI to carry the wheat from Rewari but the DFSC, Rewari did not deliver the stock.

DFSC, Rewari purchased 0.73 lakh quintal wheat from Rewari *mandi* during April to June 2000 but delivered the wheat to FCI belatedly during July 2000 to March 2002. Carry-over and storage charges of Rs 71.83 lakh claimed during July 2000 to March 2002 by DFSC were not reimbursed by DM, FCI, Gurgaon due to non-implementation of linkage plan for delivery of procured wheat.

On this being pointed out (February 2003), Director and Joint Secretary, Food and Supplies Department stated (February 2004) that Depot Incharge, FCI, Rewari declined (April 2000) to accept delivery and advised to contact for space after 1 May 2000 Financial Commissioner and Principal Secretary to Government Haryana, Food and Supplies Department intimated (November 2004) that the matter regarding release of amount deducted had been taken up with Regional Manager, FCI. Final out-come was awaited. Reply was not tenable as DM, FCI had requested DFSC, Rewari on 26 May 2000 to deliver the entire stock by 30 June 2000 as per linkage plan but the department failed to deliver the stock.

Thus, failure of department to deliver wheat stocks as per linkage plan/ issued by DM, FCI, Gurgaon resulted in avoidable loss of Rs 71.83 lakh for which no responsibility was fixed.

Public Works Department (Irrigation Branch)

4.3.10 Unfruitful expenditure due to improper planning

Rupees 6.14 crore spent on construction/remodelling of channels failed to achieve the objectives of better irrigation facilities due to improper planning and delayed execution of work.

State Government approved (December 1997) a scheme for linking of Garanpura minor with Balawas distributory for Rs 3.54 crore on the demand of villagers to extend the irrigation facilities from Bhakra Canal (BC) system

as they were not getting irrigation facilities from existing Western Jamuna Canal (WJC) system, their area being at tail end of the system. The water from BC system was proposed to be released from Harita Minor (at RD 26,600) through Garanpura minor by linking it with Balawas distributory (at RD 18,180 L). The linkage scheme provided for remodeling of existing Harita Minor upto RD 26,600 and Garanpura Minor upto RD 46,800 for raising capacity from 13.25 to 80.92 cusecs. The scheme involved lifting of water and thus required construction of pump houses at RD 46,800, 51,050 and 57,300 of Garanpura Minor besides its extension from RD 46,800 to 57,600 and construction of head regulator, etc. The expenditure was to be met from National Bank for Agricultural and Rural Development (NABARD) aided Rural Infrastructure Development Fund (RIDF) Project and the work was to be completed by March 2001 (extended upto December 2003).

Test-check of records (July 2003) of Siwani Water Services Division, Bhiwani, revealed that the scheme was conceived (December 1997) without proper planning and without examining the feasibility of water and no provision was also made in the original estimate for construction of pump houses. Due to non-availability of water in Harita Minor, the off take point was changed (February 1999) to Siwani Feeder for assured supply of water during execution of the scheme, which not only increased the scope of work but also delayed the completion of work. As a result the project estimate sanctioned (January 1998) for Rs 3.54 crore was revised (January 2002) to Rs 7.76 crore for which the sanction was still awaited (April 2004).

Scrutiny further revealed that work for linking of two systems of irrigation scheduled to be completed by March 2001 was partially completed till December 2003. Although an expenditure of Rs 6.14 crore had been incurred, the pumps required for lifting of water at pump houses were not purchased and installed (April 2004) and NABARD aided RIDF project under which this scheme was sanctioned had since been closed in December 2003. Rupees 90 lakh would be required for purchase of pumps but no source for funding balance work of this project was available. Consequently, the scheme could not be commissioned.

Thus, improper planning in framing the scheme without examining its feasibility and delay in its execution rendered the expenditure of Rs 6.14 crore incurred so far as unfruitful as the channels constructed failed to achieve desired objective of better irrigation facilities.

The draft paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Haryana Government, Irrigation Branch in May 2004; but reply had not been received (August 2004).

**Education Department
(Haryana Prathmik Shiksha Pariyojna Parishad)**

4.3.11 Avoidable expenditure on printing of excess books

Providing of books to general category students free of cost in contravention of provisions and further getting the books printed in excess of actual requirement, resulted in avoidable expenditure of Rs 3.98 crore.

District Primary Education Programme (DPEP), a centrally sponsored scheme aimed at achieving universalisation of primary education, was introduced in seven¹² districts in the State. The programme provides free learning material to Schedule Castes (SCs)/Scheduled Tribes (STs) and girl students of Class-I to V in Project Districts. Subsequently, Government of India (GOI) also permitted (August 1998) to provide workbooks free of cost to general category students in Standard-I. Therefore, boys belonging to the general category studying in Class-II to V were not to be provided free text books.

Test-check of records (February 2004) of Haryana Prathmik Shiksha Pariyojna Parishad (HPSPP) revealed that learning material which was to be provided only to SCs/STs and girl students free of cost was also provided to boys of general category from Class-II to V in contravention of the provisions of the scheme. During 1999-2003, 12.18 lakh books valuing Rs 2.59 crore were provided to Class-II to V students of general category free of cost. Audit further observed that the books were got printed without assessing the actual requirement as even after distributing to ineligible students, 6.14 lakh books valuing Rs 1.39 crore still remained surplus.

State Project Director, HPSPP stated (September 2004) that the GOI had accorded approval in August 1998, for supply of books to all the students. Printed books were not more than the requirement as compared to enrolment and the balance was negligible. Reply was not tenable as the GOI's approval (August 1998) was for free supply of workbooks to students in Standard – I only whereas the text books were given to the general category students of Class-II to V free of cost and the books valuing Rs 1.39 crore were still lying undistributed.

Thus, printing of books in excess of actual requirement resulted in avoidable expenditure of Rs 3.98 crore.

The draft paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Education Department, in March 2004, but reply had not been received (August 2004).

¹² Bhiwani, Gurgaon, Hisar, Jind, Kaithal, Narnaul and Sirsa.

**Education Department
(Maharshi Dayanand University, Rohtak)**

4.3.12 Excess expenditure on construction of auditorium

Failure of the University in planning to supply steel for construction of auditorium despite availability of funds resulted in extra expenditure of Rs 30.27 lakh.

Vice-Chancellor, Maharshi Dayanand University (University), Rohtak administratively approved (March 1993) the 'construction of auditorium' for Rs 3.22 crore. The work was allotted (October 1993) to a contractor for Rs 2.79 crore with the condition to complete the work within a time limit of two years, which was subsequently extended (October, November 1995, July 1996 and December 1998) upto November 1995, May-December 1996 and March 1999 respectively due to unprecedented rains and floods, shortage of labour due to harvesting season and non-availability of building material, etc. Funds were to be managed by the University out of its receipts including grants-in-aid received from the State Government. Cement and steel was to be supplied by the University.

Test-check of records (August 2002) of the University revealed that after part completion of work valuing Rs 1.70 crore (upto roof level), the contractor stopped (March 1998) the work as the University could not supply 130 MT steel worth Rs 30 lakh for construction of roof though there was no shortage of funds with the University.

Meanwhile, the University again approached the contractor (November 2000) to resume the work but the issue could not be resolved upto January 2002 and the contractor did not agree to restart the work at original rates. After negotiations, he agreed (June 2002) to execute the balance work (RCC beam, column, brick work plastering and flooring, etc.) at higher rates. The balance work, assessed for Rs 1.75 crore was re-allotted (July 2002) to the same contractor with the condition to complete the work within 10 months from the date of receipt of structural steel at site, period extended (January 2004) upto 30 June 2004. The contractor had executed the work valuing Rs 1.37 crore upto March 2004. Execution of work at higher rates had resulted in an extra expenditure of Rs 30.27 lakh so far (March 2004).

Thus, due to failure of the University to supply the steel in time, despite availability of sufficient funds with it, the work could not be completed even after incurring huge expenditure of Rs 3.28 crore (Payment to contractor: Rs 1.70 crore + Rs 1.37 crore and departmental expenditure: Rs 0.21 crore) over a period of eleven years. Besides, University had also to incur extra expenditure of Rs 30.27 lakh due to higher rates upto March 2004. Excess expenditure would further increase on completion of work.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government of Haryana, Education Department in February 2004, but reply had not been received (August 2004).

**Transport Department
(Haryana Roadways)**

4.3.13 Avoidable expenditure due to non-insurance of buses

Non-insurance of buses resulted in avoidable expenditure of Rs 3.73 crore in 12 depots of Haryana Roadways on account of compensation.

The Commissioner and Secretary to Government of Haryana, Transport Department decided (January 1997) to insure all the Government vehicles. The Transport Commissioner, further, clarified (May 1997) that the concerned department should take decision at their own to insure the vehicles as a third party or comprehensive insurance. Subsequently, in a meeting of Commercial Officers (September 1997), under the Chairmanship of Transport Minister, all the General Managers (GMs) of Haryana Roadways (HR) were apprised about insurance coverage for the buses as was obtained by Faridabad depot from Oriental Insurance Company from 6 August 1997 to 5 August 1998. They were advised to get their buses also insured in consultation with the local insurance offices.

Scrutiny of records (April 2003 to April 2004) of 12¹³ HR depots revealed that the GMs did not make any effort to obtain even third party insurance of their buses till January 1999 - July 1999. Consequently, the department paid Rs 6.32 crore as compensation in 339 cases during October 1998 to July 2003 for buses, which met with accidents during January 1998 to July 1999. Of this amount, Rs 3.73 crore could have been avoided had the GMs of these depots got their buses insured by paying Rs 2.59 crore¹⁴ as insurance premium to Insurance Companies.

The Financial Commissioner and Principal Secretary to Government Haryana, Transport Department intimated (November 2004) that the loss worked out by audit was beyond the control of department as the Insurance Companies were not willing to insure buses due to high claim ratio. The reply was not tenable as the Faridabad Depot had already got their buses insured from Oriental Insurance Company and clear instructions had already been given to GMs in the meeting of commercial officers.

Thus, non-insurance of buses by GMs during January 1998 to July 1999 had resulted in avoidable payment of compensation and extra burden was computed to be of Rs 3.73 crore on State exchequer.

¹³ Ambala, Bhiwani, Chandigarh, Fatehabad, Gurgaon, Hisar, Jind, Kaithal, Karnal, Kurukshetra, Sirsa and Sonapat.

¹⁴ This amount has been worked out on the basis of highest insurance premium paid i.e. Rs 10,725 for 2,419 buses in 12 depots for the period June 1998 to June 1999.

4.4 Idle investment/idle establishment/blockage of funds

Health Department

4.4.1 Blockage of funds due to delay in setting up of Cobalt Therapy Unit

Delay in creating infrastructure for installation of Cobalt Therapy Unit and non-procurement of the equipment had not only led to blockage of funds of Rs 1.98 crore over a period of 3 years but also resulted in non-achievement of programme objectives.

In order to expand the facility of Cobalt Therapy for the patients suffering from Cancer, Government of India (GOI) sanctioned (23 March 2001) Rs 1.50 crore as grant-in-aid to the State Government for setting up of Cobalt Therapy Unit at General Hospital, Bhiwani under National Cancer Control Programme. The grant was to be utilised within a period of one year from the date of sanction failing which, the amount was to be refunded. The building to house the Cobalt Unit was to be constructed with the specification prescribed by *Bhabha Atomic Research Centre* (BARC) and the expenditure on staff, building and its recurring cost would be met by the State Government/Institution.

Scrutiny of records (May 2003) of Director General, Health Services, (DGHS) Haryana revealed that the demand draft for Rs 1.50 crore received from GOI in March 2001 by DGHS was sent (11 May 2001) to the Project Director who deposited the amount in fixed deposit account in July 2001. The Cobalt Therapy Unit at Bhiwani could not be set up as the department took a lot of time in preparation and finalisation of drawings of building required for its installation. It was only in March 2002, the DGHS sent the detailed specifications of the unit proposed to be procured and the blue print of installation site to BARC, Trombay for approval. The approval received in May 2003 was sent (May 2003) to Public Works Department, Buildings and Roads Branch for preparation of estimates. The Engineer-in-Chief sent (December 2003) the rough cost estimate of Rs 46.73 lakh to DGHS for administrative approval, which had not been accorded as of June 2004. No action had been taken even to procure the Cobalt Therapy equipment so far. Sanction of GOI to utilise the grant in subsequent years had also not been obtained as of June 2004.

The department stated (June 2004) that equipment of Cobalt Therapy could not be purchased till the revalidation of period to utilize the funds is received from GOI and administrative approval for construction of building is received from the State Government. The reply was not tenable as installation of Cobalt Therapy Unit was delayed due to delay in finalising the drawings/blue print, etc. The matter regarding revalidation was taken up with GOI only in June 2003 when the sanction to utilise the funds expired in March 2002.

Thus, delay in creating infrastructure for installation of Cobalt Therapy Unit and non-procurement of the equipment had not only led to blockage of funds of Rs 1.98 crore (Principal: Rs 1.50 crore plus interest computed upto September 2004 Rs 0.48 crore) over a period of 3 years but also resulted in non-achievement of the programme objectives.

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to Government Haryana, Health Department in March 2004, but reply had not been received (August 2004).

4.5 Regulatory issues and other points

Rural Development Department (District Rural Development Agencies)

4.5.1 Non-recovery of revolving fund

Revolving fund of Rs 2.73 crore advanced to 1,398 defunct DWCRA groups remained blocked for five years due to non-recovery by DRDAs.

Government of India (GOI) launched (1982) Development of Women and Children in Rural Areas (DWCRA) scheme with primary objective to provide opportunities of self-employment to the women members of rural families below poverty line. For this, a group of 10-15 members was to be formed to whom one time grant of Rs 15,000 to Rs 25,000 was to be provided as a revolving fund for carrying out viable economic activities. In the case of defunct groups, GOI decided (November 1991) that if it was not possible to revive a defunct group, the amount lying unutilised with the group was to be recovered and credited to DWCRA account. With the launching of Swarnjayanti Gram Swarozgar Yojana (SGSY) in April 1999, the unspent funds of DWCRA account were to be pooled under SGSY.

Test-check of records and information collected (September 2003 to June 2004) in respect of 13 District Rural Development Agencies (DRDAs) revealed that 3,301¹⁵ DWCRA groups were formed upto 31 March 1999. Of these, 1571¹⁶ groups, to whom revolving fund of Rs 3.06¹⁷ crore advanced

¹⁵ Ambala (134), Faridabad (230), Fatehabad (105), Gurgaon (549), Jhajjar (29), Kaithal (168), Kurukshetra (247), Panchkula (152), Panipat (244), Rewari (380), Rohtak (195), Sirsa (409) and Sonipat (459).

¹⁶ Ambala (112), Faridabad (26), Fatehabad (36), Gurgaon (168), Jhajjar (29), Kaithal (48), Kurukshetra (112), Panchkula (95), Panipat (17), Rewari (360), Rohtak (17), Sirsa (92) and Sonipat (459).

¹⁷ Ambala: Rs 24.10 lakh, Faridabad: Rs 6.50 lakh, Fatehabad: Rs 7 lakh, Gurgaon: Rs 30.60 lakh, Jhajjar: Rs 7.25 lakh, Kaithal: Rs 9.40 lakh, Kurukshetra: Rs 23.60 lakh, Panchkula: Rs 20.55 lakh, Panipat: Rs 4.05 lakh, Rewari: Rs 66.10 lakh, Rohtak: Rs 2.55 lakh, Sirsa: Rs 23 lakh and Sonipat: Rs 81.50 lakh.

during February 1989 to March 1999, were defunct and the amount of revolving fund was lying unspent with them. Though DRDA, Ambala and Panchkula recovered (1998-2004) Rs 33.14¹⁸ lakh from 173 defunct groups, no action had been taken by remaining 11 DRDAs to recover the unspent amount.

DRDAs' failure to recover the unspent amount of Rs 2.73 crore from 1,398 defunct groups for last five years may result in loss to Government with the passage of time.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Rural Development Department in December 2003, but reply had not been received (August 2004).

**Home Department
(Director General of Police)**

4.5.2 Drawal of funds in advance of requirement

Due to drawal of funds in advance of requirement, Rs 5.04 crore remained outside the Government Accounts for two years and resulted in a loss of interest of Rs 86.91 lakh.

Financial Rules provide that money should not be drawn from treasury unless required for immediate disbursement or had already been paid out of the permanent advance and that it is not permissible to draw advances from the treasury for the execution of work, the completion of which is likely to take a considerable time.

Test-check of records (April 2004) of Director General Of Police (DGP) revealed that the Financial Commissioner and Principal Secretary to Government Haryana, Home Department accorded sanction (March 2002) for Rs 5.04 crore for setting up a Wide Area Network (WAN) and purchase of equipments through approved source for various units in Police department, under the scheme "Modernisation of Police". DGP drew Rs 5.04 crore and deposited (April 2002) with Haryana State Electronics Development Corporation (HARTRON) for the purchase of WAN equipments as per conditions of the approved project.

DGP sent (June 2002) a draft tender notice for this purpose to HARTRON for publication and to take necessary action for setting up the project. However HARTRON invited tenders only in December 2002. The High Powered Purchase Committee (HPCC), after negotiations with the firm, decided (November 2003) to place the order on M/S HCL Info systems Limited for Rupees six crore and accordingly HARTRON placed the order in March 2004. As per supply order no payment was required to be made to the firm in

¹⁸ Ambala: 108 groups: Rs 18.99 lakh and Panchkula: 65 groups: Rs 14.15 lakh.

advance. Fifty *per cent* of the payment was to be made at the time of delivery of hardware at all sites, 30 *per cent* at the time of successful clearance of first acceptance test, 10 *per cent* at the time of second acceptance test and remaining 10 *per cent* at the time of satisfactory completion of three months of the final test.

The firm supplied equipments and accessories, etc. worth Rs 5.57¹⁹ crore and HARTRON paid Rs 2.69 crore only to the firm against above supply in April and May 2004. Balance payment was yet not due to the firm as no acceptance test of the equipment had been conducted by the firm as of July 2004. Remaining funds of Rs 2.35 crore were lying unutilized with HARTRON. Thus, the amount of Rs 2.69 crore was required to be drawn for payment to the firm only in April and May 2004. Evidently, the amount of Rs 5.04 crore was drawn in April 2002 without any immediate requirement only to avoid lapse of budget grant, which was contrary to Financial Rules. Drawal of funds in advance of requirement resulted in loss of interest of Rs 86.91 lakh as of July 2004.

Director General of Police stated (August 2004) that the entire amount was deposited with HARTRON in advance as per guidelines of the Information Technology Department and decision taken in the meeting of IT, PRISM. The purchase of equipments was delayed due to the completion of lengthy formalities at various levels. Department further stated that the acceptance test could only be conducted as and when the BSNL would provide the connectivity. However, the departmental reply did not justify the drawal of funds in advance of requirement contrary to Financial Rules of the State Government.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Home Department in May 2004, but reply had not been received (August 2004).

Public Works Department (Buildings and Roads Branch) and Industries Department

4.5.3 *Non-responsiveness 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, who are required to rectify promptly the defects and omissions pointed out and report their compliance to the AG within six weeks. A half-yearly report of pending IRs for more than six months is also sent to the concerned Administrative Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

¹⁹ April 2004: Rs 3.25 crore and May 2004: Rs 2.32 crore.

A review of IRs issued upto March 2004 of 57 divisions of Public Works Department (PWD), Buildings and Roads (B&R) Branch, disclosed that 761 paragraphs of 273 IRs (as per *Appendix XXI*) remained outstanding at the end of June 2004. Of these, 46 IRs containing 54 paragraphs were for more than 10 years old. Divisional Officers of 49 divisions have failed to submit even the initial replies for IRs issued during April 2003 to March 2004.

Similarly, a review of IRs issued upto March 2004 of 36 offices of Industries Department, disclosed that 262 paragraphs of 118 IRs (as per *Appendix XXII*) remained outstanding at the end of March 2004. Of these, 15 IRs containing 22 paragraphs were more than 10 years old.

The Administrative Secretaries of these departments who were informed of the position through half-yearly reports, also failed to ensure prompt and timely action by the departmental officers. Even serious irregularities such as recoverable amounts of Rs 48.85 crore from officers and contractors/agencies due to shortage of material, excess payments, works got completed on risk and cost of the defaulting agencies, etc., in respect of PWD, B&R Branch and Rs 21.65 crore in respect of Industries Department as categorised in *Appendix XXIII and XXIV* remained unsettled as of June 2004.

The Commissioner and Secretary to Government Haryana, Industries Department stated (August 2004) that the officials of the Industries Department have not committed any serious irregularity and efforts are being made to minimise the arrears of old objections. The reply was not tenable as no Audit Committee meetings were arranged to minimise the arrears of old objections.

The draft paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, PWD, B&R Branch and in June 2004; but reply had not been received (June 2004).

Finance department

4.5.4 Response of the departments to Draft Audit Paragraphs

Draft Paragraphs and Reviews are always 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. The fact of non-receipt of replies from the departments is invariably indicated at the end of each paragraph included in the Audit Reports. Finance Department also 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 2004, 23 audit paragraphs and six reviews were issued to the Government, which included three draft paragraphs involving recovery of an

amount of Rs 4.40 crore. Reply had not been received in respect of 15 audit paragraphs and five reviews as of August 2004.

4.5.5 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-motu* 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 corrective/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 2003 revealed that the ARs for the period 1999-2003 were presented to State Legislature in March 2001, March 2002, March 2003, and February 2004 respectively. Of the 164 paragraphs/reviews of 35 Administrative Departments included in ARs 1999-2003, 15 Administrative Departments had not submitted the remedial/corrective ATNs on 52 paragraphs /reviews as per details given in the **Appendix XXV**. Six Administrative Departments, out of those who have submitted the remedial/corrective ATNs have not taken any action to recover the amount of Rs 205.26 crore in respect of nine paragraphs/reviews as per details given in the **Appendix XXVI**.