

CHAPTER-IV

AUDIT OF TRANSACTIONS

4.1 Excess payment/ wasteful/ infructuous expenditure

HOME DEPARTMENT (POLICE)

4.1.1 Excess payment

Excess payment of Rs 74.09 lakh was made on account of final payment of General Provident Fund to government employees due to defective maintenance of GPF pass books by the departmental officers and non-reconciliation of figures by the Department with those maintained by the Accountant General (Accounts and Entitlement).

The Government made it mandatory (June 1996, November 1999 and March 2005) to reconcile the subscribers' GPF pass books balances once every year and the entire GPF balances a year before the retirement of the subscribers, with the Accountant General (A&E) (AG) to rule out any overpayments at the time of final payment of GPF on retirement/ death. The Drawing and Disbursing Officers (DDOs) were also required to send by 30 September each year a list of officials due to retire within one year to the Office of AG to facilitate the expeditious settlement of final payment cases. This requirement was, however, made (February 2006) optional by the State Government which diluted the entire process of reconciliation. The AG's request to the Government (July 2006 and October 2006) for reconsideration of these orders yielded no result. The DDOs also did not submit the list of retiring employees to the AG.

As per GPF Rules, 1985 as amended from time to time, 90 *per cent* payment of GPF balances was to be made to the subscriber at the time of his superannuation by the DDO and the remaining 10 *per cent* by AG.

GPF accounts for the period 2005-08 of the Police Department maintained in the office of AG revealed that the DDOs did not carry out reconciliation of GPF balances shown in the subscribers' pass books with those shown in the books of AG. Scrutiny of the pass books revealed that 49 DDOs did not raise debits in the pass books for 68 withdrawals amounting to Rs 36.03 lakh¹ made by the subscribers from their GPF, seven DDOs brought forward Rs 6.24 lakh² in seven cases as opening balance in excess of closing balance of the previous year and three DDOs credited Rs 1.65 lakh³ subscriptions in three cases in subscribers' pass books which were found incorrect as per GPF ledgers maintained in AG. Due to these omissions, subscribers' pass books showed inflated balances against which 90 *per cent* payments were made to the subscribers. This resulted in excess payment of Rs 74.09 lakh in 78 cases which included interest and penal interest amounting to Rs 30.17 lakh recoverable from the subscribers as of April 2008.

On this being noticed, the AG asked (April 2005 to April 2008) the concerned

¹ During 1978-79 to 2007-08

² Between 1983-84 to 2004-05

³ Between 1986-87 to 2001-02

DDOs and the Director General of Police, UP to recover the excess amounts with interest under intimation to him. Recovery was, however, awaited as of November 2008. Action, if any, taken against the DDOs who were responsible for overpayments was also not intimated.

The matter was referred to the Government in June 2008; their reply had not been received. However, during discussion (November 2008), the Government stated that recoveries of excess payments would be made with interest and penalty as per report of the Accountant General.

IRRIGATION DEPARTMENT

4.1.2 Avoidable extra payment of interest

Delayed payment of decretal amount resulted in avoidable extra payment of Rs 3.22 crore as interest.

Financial Rules stipulate that money indisputably payable should never be left unpaid and it is very important to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date.

Scrutiny (July 2007) of the records of the Executive Engineer (EE), Quality Control Division, Bulandshahar revealed that an agreement was executed (July 1987) by the Superintending Engineer (SE), Upper Ganga Canal Modernisation Circle (WB), Bulandshahar for construction of lined canal from km 227 to 240 of Parallel Upper Ganga Canal with a firm¹. During the execution, certain dispute arose regarding settlement of claims, for which an Arbitrator² was appointed by the Chief Engineer, Upper Ganga Irrigation Modernisation Project, Aligarh. The Arbitrator awarded (January 1992) Rs 47.63 lakh in favour of the firm. The award was upheld (September 1993) by the Civil Judge, Bulandshahar which provided for payment of interest on the awarded amount at the rate of 6 *per cent* with effect from 18 January 1992 to 28 September 1993 and at the rate of 18 *per cent* thereafter up to the date of actual payment. The department filed a writ petition against the decision of Civil Judge in Allahabad High Court, in December 1993. The High Court also upheld (August 2004) the judgement of Civil Judge, Bulandshahar. The department filed a special leave petition (SLP) (5018/2005) against the judgement of the High Court in the Supreme Court, which was dismissed in May 2005. The department did not make the payment of the award to the firm though such payment was not stayed by any of the courts. The Government, sanctioned (March 2006) Rs 3.69 crore including interest of Rs 3.22 crore³, after a delay of about 13 years. The payments to the firm were made (March 2006) accordingly.

On being pointed out in audit (July 2007), the EE stated that efforts for allotment of funds in this regard were made continuously. The reply was not tenable as efforts for allotment of funds were made by the EE only in March 2006, after the dismissal of the SLP in the Supreme Court in May 2005. Moreover, payment of the award could have been arranged timely from the Contingency Fund of the State to avoid the payment of interest of Rs 3.22 crore.

¹ In Joint venture with M/s Rani Construction Private Limited & M/s Essar Construction Limited (firm).

² Chief Engineer, Irrigation Design Organisation, Roorkee.

³ 18.01.92 to 28.9.93 @ 6% Rs 0.05 crore; 12.10.93 to 02.5.05 @ 18% Rs 3.17 crore

Thus, failure on the part of the department in not taking appropriate timely action on payment of the award to the firm resulted in avoidable extra expenditure.

The matter was referred to the Government in February 2008; reply had not been received. The Government during discussion (November 2008), however, accepted the facts and figures.

4.1.3 Unfruitful expenditure

Construction work started on forest land without obtaining the approval of the Government of India under Forest Conservation Act, 1980 rendered the expenditure of Rs 58 lakh unfruitful.

The Forest Conservation Act, 1980 (Act) stipulates that in case the construction work involves forest land in some stretches, the work on even non-forest land/ reaches should not be started unless sanction for the use of forest land for non-forest purposes is obtained from the Government of India (GOI). Records of the Executive Engineer (EE), Sirsi Dam Division, Mirzapur and EE, Bundhi Division, Varanasi revealed incurring of unfruitful expenditure of Rs 58 lakh on execution of work on forest land without obtaining the approval of the GOI as discussed below:-

The records of the EE Sirsi Dam Division, Mirzapur (September 2007) revealed that administrative and technical sanction for Rs 40 lakh was accorded (June 2003) by Superintendent Engineer, Irrigation Works Circle, Mirzapur as deposit work, for the construction of a causeway at km 7 of the road linking Ambedkar village Silhata from Deori Fulyari link road. The causeway was being constructed on behalf of District Panchayat, Mirzapur. The District Panchayat, Mirzapur had, however, not obtained the permission for use of forest land measuring 0.10 hectare for the non-forest purpose. The Division, however, started the work on land which had not been duly made over by the Forest Department. Ten pillars and two abutments of the causeway were constructed between May 2003 to September 2003 at a cost of Rs 18 lakh. Further work on the slab and approach road was stopped (January 2004) due to objection raised by the Forest Department as the site was lying in reserve forest land and for which permission of GOI under the Act was not obtained. The works had not been resumed (June 2008).

Similarly, in the Bundhi Division Varanasi the construction of *Pucca Ghat* and flood protection works on the right bank of river Ganga at Ramnagar, Varanasi was sanctioned¹ (November 2004) at a cost of Rs 2.28 crore. Technical sanction was issued (March 2005) by Chief Engineer (Sone), Varanasi for Rs 1.89 crore. The construction of *Pucca Ghat* and flood protection works started in April 2006 could not be completed as its alignment entirely fell in reserve forest land. The work was got stopped (June 2006) by the Forest Department by which time an expenditure of Rs 40 lakh had been incurred on the work. The work had not been resumed (June 2008).

Thus, due to non-adherence of the provisions of the Act, the works had to be stopped midway, which not only deprived the road connectivity to the people of the village concerned and flood protection but also rendered the expenditure of Rs 58 lakh unfruitful.

¹ Vide G.O.No. 2975/NI-9-2004-915/2004 T.C.-1 dated 08.11.2004

The matter was referred to the Government (July 2008); reply had not been received. The Government during discussion (November 2008), however, accepted the facts and figures.

MEDICAL AND HEALTH DEPARTMENT

4.1.4 Unfruitful expenditure

An expenditure of Rs 5.50 crore under Uttar Pradesh Health System Development Project was rendered unfruitful due to non-implementation of IT applications.

Introduction

Uttar Pradesh Health System Development Project (UPHSDP) launched in July 2000 under World Bank Aided Project aimed at Policy reforms, management development and institutional strengthening to provide high quality, affordable, accountable, responsive and integrated health care in the state. Under UPHSDP, it was planned to develop four IT applications with a view to ensure access to information relating to health, drug distribution, financial and personal management. IT applications viz. Health Management Information System (HMIS), Drug Distribution Management System (DDMS), Financial Management Information System (FMIS) and Personal Information System (PIS) were targeted to be implemented by March 2003, October 2002, April 2002 and June 2002 respectively. UPHSDP spent Rs 5.50 crore on purchase of hardware, development of application software and hiring of programmers & operators for implementation of these four applications during January 2002 to August 2008.

Records at the Project Management Unit (PMU) and the Directorate of Medical and Health Services Lucknow, all the four pilot District Project Management Units (Banda, Budaun, Bahraich and Mainpuri), Chief Medical Officer, Allahabad and two Drug warehouses (Amausi in Lucknow district and Varanasi) were scrutinized during May 2008 to August 2008 with reference to the four IT applications. The audit findings are discussed in subsequent paragraphs.

Health Management Information System (HMIS)

Against the target for implementing by March 2003, HMIS application was developed in September 2005 by M/s Tata Consultancy Service (TCS) at a cost of Rs 74 lakh to obtain and communicate information on health care delivery at the State, region and district level. Initially it was implemented (September 2005) in 11 districts but due to lack of infrastructure and skilled manpower, the same could not be utilized at all. It was further upgraded (December 2007) into a web based application with the help of National Informatics Centre (NIC). HMIS implementation would have enabled the department to generate Management Information System (MIS) reports related to bed occupancy, number of admitted patients, pathology, radiology, deliveries, quality and effectiveness of services provided, waste management system, parameters of hospital efficiency, complaint details, status of equipment, etc. Audit observed that out of 14 modules under HMIS, only four modules, viz., Infrastructure, Hospital, Family Welfare and National Programmes were developed and implemented by December 2007 and

remaining 10 modules¹ were under development as of August 2008.

Further scrutiny revealed that only one module namely, 'National Programmes' out of four modules (stated to have been implemented) was functioning. Further, out of four utilities² under National Programmes, only one utility of "Leprosy Programme" was operational. Even "Leprosy Programme" data was erroneous and no reports could be generated. The facts were confirmed by Joint Director (Leprosy). Thus, HMIS could not be implemented even after a lapse of five years after the scheduled target date of implementation and incurring financial and managerial resources.

Drug Distribution Management System (DDMS)

DDMS was developed to computerise the procurement, supply, distribution and consumption of drugs at all levels of Department. It was a web-based application and all the units in the District were to be connected with District Hospital and all the District Hospitals with Directorate for monitoring at State level. M/s Broadline Computer System Pvt. Ltd., Chennai was engaged as a consultant (February 2002). The department paid Rs 10 lakh (February 2006) to the consultant against the agreement cost of Rs 28.95 lakh.

Scrutiny of records revealed that this software was to be implemented as a pilot in six drug warehouses³ but it was installed and tested only at three places viz. Central Medical Store Depot (CMSD) and Drug warehouses at Amausi (Lucknow) and Varanasi during August-September 2003. It could not be implemented at the remaining three places as skilled manpower to operate the computer systems was not available.

The DDMS application was, however, non-functional even in these three places since the date of implementation. In reply, the PMU accepted (August 2008) the facts and stated that interrupted supply of electricity, lack of security staff, paramedical staff and computer operators were the reasons for non-functioning of the system.

Financial Management Information System (FMIS)

Initially FMIS application was developed by M/s Proxix Softron Pvt. Ltd. Lucknow (December 2002) at the cost of Rs 18.18 lakh. Later on it was converted into a web-based application by NIC (December 2007). It was an application to monitor the budget allocation at the Directorate and expenditure/savings at the district level. It has six⁴ modules out of which two modules (Allotment – Object-wise and Expenditure) were non- operational. The sanction, DDO-wise Allotment, Surrender and Re-Appropriation were being utilised only by the Directorate and these were non-functional at district level. As the figure of expenditure and Object-wise allotments were not being captured, there was little utility of the four implemented modules at Directorate. Thus the purpose of budget monitoring could not be fulfilled. Department accepted the facts.

Personnel Information System (PIS)

The PIS was developed in-house by the Department for personal details of medical and paramedical staff of Allopathic, Homeopathic and Ayurvedic

¹ State Level Data, Special Information, Reproductive Health, Monthly Inventory Status, Institutional Infrastructure, Disease Surveillance, Drug Inventory, Vital Statistics, Health Camps and Masters.

² Malaria, T.B., Leprosy and Blindness control

³ CMSD , Drugware houses at Amausi (Lucknow) and Varanasi, Faizabad, Gorakhpur and Kanpur

⁴ Sanction, Allotment Object wise, Allotment DDO wise, Expenditure, Surrender and Re-Appropriation

departments of State Government. Subsequently, it was converted into a web-based application by NIC (December 2007).

Scrutiny revealed that out of the five modules¹, only three viz. Administrative, Hospital, and Medical staff (doctors) modules under Allopathic Medical System were functional. Homeopathic and Ayurvedic parts of the software were not operative. No consistency checks were provided in the application regarding date of joining with the date of relieving of doctors from one place to another place. The application was accepting the date of joining prior to date of relieving from previous place of posting. No validation controls were incorporated in the application in respect of date of birth, date of joining in the office, date of appointment, date of confirmation etc. as the application accepted dates irrespective of their sequence. Application accepted the null/blank values in the fields of seniority number, name, father's name and null values in the fields of cadre, category, district etc. which resulted into erroneous data in the system.

Conclusion

The UPHSDP and the Medical, Health and Family Welfare Department jointly failed to create appropriate infrastructure, IT awareness and proficiency, and effectively monitor and steer the implementation of IT applications during the project period (July 2000-December 2008). Consequently the critical project component of strengthening management performance and accountability *inter alia* through introduction of computerised MIS could not be achieved even after incurring an expenditure of Rs 5.50 crore within the extended project completion period. The reply of the Department/ Government was awaited (November 2008).

4.1.5 Unfruitful expenditure

Non-synchronization of completion of building of Community Health Centre with the sanction and posting of medical/ paramedical staff resulted in unfruitful expenditure of Rs 1.48 crore.

The completion of building of Community Health Centres (CHC) should be synchronized with the sanction of requisite medical and para medical staff and budgetary provision for equipment, furniture etc., so that the building could be made functional and patients benefited from the specialized medical facilities.

Records of the Chief Medical Officer (CMO), Ballia revealed (May 2007 and March 2008) that Government sanctioned Rs 1.60 crore (November 1997: Rs 1.13 crore and November 2005: Rs 0.47 crore) for construction of a CHC at Nagra, District Ballia. The construction work was assigned to Uttar Pradesh Avas Vikas Parishad, Varanasi which completed (May 2007) the building after incurring an expenditure of Rs 1.48 crore. The Department took over the building in May 2007. However, the DGMHS submitted a proposal to the Government only during 2006-07 and 2007-08 for sanction of requisite medical/ paramedical staff, equipment and furniture as well as recurring/ non-recurring expenses. The proposal was still pending with the Government.

Thus, due to non-synchronization of completion of building with sanction of

¹ Administrative, Hospital, Medical staff (Doctors), Paramedical staff and Inspection section

requisite medical and para medical staff and making budgetary provision for equipment and furniture etc., the expenditure of Rs 1.48 crore on construction of CHC remained unfruitful, besides depriving specialized medical benefits to the rural patients.

The matter was referred to the Government in April 2008; reply had not been received. However, the Government during discussion (December 2008) admitted the facts and figures and assured that the Government reply would be submitted very soon.

4.1.6 Unfruitful expenditure

Expenditure of Rs 1.28 crore on purchase of medical equipment was rendered unfruitful as these could not be put to use for want of trained medical/para medical staff.

The Government decided (March 2005) to provide five 2D Echo Colour Dopplers (Doppler) with auxiliary equipment including image printers etc. in four district hospitals¹ at Allahabad, Muzaffarnagar, Meerut and Lucknow at a cost of Rs 2.17 crore. These were purchased (October 2005 and November 2005) and installed (October 2005 and March 2006) in the hospitals. The Director General, Medical and Health Services, Lucknow (DGMHS) was to nominate doctors of these hospitals for the operational training of the equipment which was to be provided by the supplier immediately after their installation.

Records of four district hospitals revealed (March 2008) that three dopplers costing Rs 1.30 crore which were installed in two district hospitals (Lucknow: 2 and Muzaffarnagar: 1) were in use as the DGMHS nominated doctors of these hospitals for operational training. The remaining two echo colour dopplers costing Rs 87 lakh, one each in district hospital at Allahabad and Meerut were lying idle for over three years since their installation (October 2005 and November 2005) as the DGMHS had not nominated the doctors for the operational training.

The Government also decided (March 2005) to equip 29 District Hospitals (Female)² each with one piece of ultrasound machine and baby incubator (Lucknow: 2) at a total cost of Rs 2.42 crore³. The purchase orders for these were placed (March 2005) with two firms⁴ which supplied and installed the equipment during April 2005 to June 2005.

Records (January 2006) of Chief Medical Officer, District Hospital (Female), Ghaziabad and information collected (April-May 2008) from 28 District Hospitals (Female) revealed that the firm supplied (April to June 2005) 29 ultrasound machines and 30 baby incubators and installed these in the concerned hospitals. However, four ultrasound machines costing Rs 29.73 lakh in four District Hospitals (Female)⁵ and 19 baby incubators costing

¹ (i) Moti Lal Nehru District Hospital, Allahabad; (ii) PL Sharma District Hospital, Meerut; (iii) District Hospital, Muzaffar Nagar and (iv) Dr. Shyama Prasad Mukherjee District Hospital, Lucknow

² Agra, Aligarh, Azamgarh, Bijnaur, Bareilly, Balrampur, Ballia, Bulandshahar., Deoria, Etawah, Firozabad, Farrukhabad, Gautambudh Nagar, Ghaziabad, Hardoi, Hamirpur, Lucknow, Lalitpur, Mathura, Mau., Mirzapur, Meerut, Moradabad, Pilibhit, Rampur, Shahjahanpur, Saharanpur, Sitapur and Siddharth Nagar.

³ Ultrasound: Rs. 2.24 crore and Baby Incubator: Rs. 0.18crore.

⁴ M/s Larson & Toubro Ltd., Lucknow and M/s Meditrit Instruments, Mumbai

⁵ Ballia, Bijnaur, Lalitpur, Mirzapur.

Rs 10.78 lakh in 19 District Hospitals¹ were lying idle for want of trained medical and para medical staff to operate them.

Thus, DGMHS's failure to nominate doctors for training to operate the equipment purchased and equipping hospitals without ensuring availability of trained medical/ para medical staff rendered Rs 1.28 crore unfruitful for the last three years, besides depriving the patients of the intended benefits.

The matter was referred to the Government in June 2008. The reply had not been received (November 2008). However, during discussion (December 2008), the Government confirmed the facts and figures and assured that the Government reply would be furnished.

PUBLIC WORKS DEPARTMENT

4.1.7 Infertuous expenditure on strengthening of roads

The strengthening of the roads without providing base course of prescribed thickness resulted in infertuous expenditure of Rs 6.24 crore thereon.

The basic principle for strengthening of the roads stipulate that the Bituminous Macadam (BM) should be laid over the non-bituminous base only when the crust of the road is sufficient to sustain the traffic load. The overlay of the BM over the deficient crust is not sustainable in the long run. Keeping this in view, the Government issued (December 2003) instructions that a provision of 50 mm BM and Semi Dense Bituminous Concrete (SDBC) should be made only when non-bituminous crust was not less than 40 cm. The Government orders were on the lines of IRC guidelines wherein BM should be laid only when non-bituminous crust is not less than 37.5 cm even if the traffic² density was minimum and soil strength of the sub-grade was rich³.

i) Test check (September 2007) of records of the Executive Engineer (EE), Construction Division (CD)-II, Faizabad revealed that the Government accorded (August 2004) administrative approval and financial sanction for Rs 4.50 crore (revised to Rs 5.45 crore in October 2004) for widening and strengthening of 17.50 km of Milkypur Amaniganj road having the crust thickness of 15 cm. The strengthening in base course as per sanction was to be made by providing non bituminous compacted crust of 15 cm after its widening followed by surface dressing. Despite the provision of non-bituminous crust of 15 cm, thickness of the crust remained less than 40 cm. However, the EE prepared (October 2004) the detailed estimate for the overlay of 50 mm BM and 25 mm SDBC by deleting the provision of non bituminous compacted crust. The Chief Engineer, Faizabad Region (CE), in disregard to the technical requirements and the Government orders, accorded (November 2004) technical sanction to the detailed estimate for Rs 5.45 crore. The work was executed between December 2004 and July 2005 at a cost of Rs 5.45 crore. As the overlay of BM and SDBC was made on deficient crust thickness, the road got damaged shortly after its completion and expenditure of Rs 4.11 crore incurred on these overlay works was rendered wasteful.

¹ Azamgarh, Ballia, Bijnaur, Bareilly, Balrampur, Etawah, Farrukhabad, Gautambuddh Nagar, Ghaziabad, Hardoi, Hamirpur, Lalitpur, Mathura, Mirzapur, Mau, Pilibhit, Siddharth Nagar, Sitapur and Bulandsahar.

² one million standard axle

³ CBR value ranging between 7 per cent and 10 per cent

ii) Similarly, test check (September 2007 and October 2007) of the records of EEs of Construction and Provincial Divisions Ambedkar Nagar revealed that the Government accorded (August 2004) administrative approval and financial sanction for Rs 4.73 crore each for widening and strengthening of Tanda-Baskhari-Jalalpur-Surharpur Road (20 km) and Baskhari-Jahangirganj-Raje Sultanpur Road (20 Kms) with a provision of surface dressing by the premix carpet of 20 mm, first coat and second coat painting. However, the CE approved (June 2005) overlay of 50 mm BM and 25 mm SDBC in place of surface dressing ignoring the Government orders and the fact that the crust thickness of these roads was only 18-22 cm and 17 cm respectively. After incurring an expenditure of Rs 80.12 lakh on BM in six km of Tanda-Baskhari-Jalalpur-Surharpur Road between April 2006 and May 2006, the work was stopped due to inadequacy of the crust thickness. Similarly, after execution of BM and SDBC works in the stretch of 7 km of Baskhari-Jahangirganj-Raje Sultanpur Road at a cost of Rs1.33 crore, the work was stopped in March 2007 on the ground that the crust thickness of the road was deficient and unable to cater to the traffic needs and further expenditure on BM and SDBC works on the roads was not justifiable. Thus, the expenditure of Rs 2.13 crore on bituminous works on these two roads which had deficient crust thickness was rendered infructuous.

Thus, laying of BM and SDBC on these three roads having the deficient crust thickness in violation of the Government orders, led to infructuous expenditure of Rs 6.24 crore.

The matter was referred to the Government in April 2008; reply had not been received (November 2008).

SOCIAL WELFARE DEPARTMENT

4.1.8 Unfruitful expenditure

Non-appointment of teachers and other supporting staff for the residential school led to non-commencement of classes from III to XII, besides rendering expenditure of Rs 1.67 crore unfruitful.

With the objective of increasing literacy among Scheduled Castes, the Government decided (February 2003) to upgrade the existing school (classes I and II) up to class XII at village Nagla Hira Lal in District Etawah with the annual intake of 30 students belonging to Scheduled Castes in each class with free lodging, boarding, clothes and medicines. An amount of Rs 1.67 crore was sanctioned (February 2003) for construction of the building comprising classrooms, office and hostel for the school. The classes from III to XII were to commence from 2006-07.

Records (September 2006) of the District Social Welfare Officer (DSWO), Etawah revealed that the school building, constructed by the Uttar Pradesh Samaj Kalyan Nirman Nigam was taken over by the DSWO in November 2006. The post of the Principal, 16 lectures/ teachers and 12 other supporting staff were sanctioned by the Government in December 2005 to run the classes up to XII. No appointments were made against the sanctioned posts with the result the infrastructure created was not made use of.

In July 2008, the Government stated that the appointment of the staff would be made on contract basis as the service rules for their recruitment were not framed. The reply was not tenable as service rules existed for staff in the Education Department which could have been used. In November 2008, the

Government further stated that the notification for their appointment on contract basis had been issued (July 2008). However, the fact remained that the appointment of the staff even on contract basis had not taken place as of November 2008.

TRANSPORT DEPARTMENT

4.1.9 Unfruitful expenditure on purchase of a crane

Transfer of crane purchased at a cost of Rs 21.21 lakh to the SSP, Meerut by the Transport Commissioner rendered the expenditure unfruitful. Besides, the objective of its purchase remained unachieved.

Government of India, under National Highway Patrolling Scheme provided (September 1999) a financial assistance of Rs 21.21 lakh for one crane on the proposal (August 1999) of the Transport Commissioner to provide cranes in Varanasi, Lucknow, Agra and Banda zones to remove damaged vehicles on the National Highways.

Records of Transport Commissioner, Uttar Pradesh, Lucknow and Senior Superintendent of Police, Meerut (SSP) revealed (February and August 2008) that the Government sanctioned (March 2002) Rs 21.21 lakh for purchase of one 16 ton crane. The purchase order was placed (March 2002) with a firm¹ for the supply of the crane costing Rs 21.21 lakh. The firm supplied the crane in April 2002 entailing a warranty period of three years. The Transport Commissioner, Lucknow, instead of transferring it to the needy Varanasi, Lucknow, Banda or Agra zones, transferred it to the jurisdiction of SSP, Meerut which already had two such cranes in their possession. As a result, the crane remained unutilized even after six years of its purchase. Besides, no arrangement was also made for its maintenance during this prolonged period of six years to keep it in the working condition. SSP, Meerut stated (July 2008) that the crane was delivered without any demand. However, he did not take up the matter of the crane lying unutilized with the Transport Commissioner.

Thus, transfer of the crane to Meerut and laxity on the part of the SSP, Meerut to take action for transferring it to any other station rendered the entire expenditure of Rs 21.21 lakh unfruitful, besides non-achievement of the objective.

The Government, in reply stated (August 2008) that the matter would be investigated and responsibility fixed.

4.2 Idle investment/ idle establishment/ blocking of funds; delays in commissioning equipment; diversion/ mis-utilisation of funds

ARCHAEOLOGY DEPARTMENT

4.2.1 Blockage of fund

Due to incomplete construction of buildings for mini museums even after three years of their targeted date of completion, the expenditure of Rs 2.17 crore thereon was blocked up.

The Government, on the recommendation of Eleventh Finance Commission (EFC), sanctioned (October 2001 and March 2002) Rs 2.19 crore for

¹ Escorts Construction Equipment, Faridabad.

establishing five mini museums in four districts¹ of the State to protect the scattered archaeological remains. The mini museums were to be made functional by March 2005. The construction of building work was allotted to the UP Jal Nigam (agency) and the Director, Archaeology (Directorate) was responsible for making the mini museums functional.

Records (July 2007) of the Directorate revealed that Rs 2.19 crore for construction of five mini museums and the requisite land were made available to the agency during January 2002 and October 2003. The agency commenced the construction work between June 2002 and October 2003. However, after execution of 80 to 95 per cent of work and incurring an expenditure of Rs 2.17 crore up to April 2005, the executing agency placed (May 2005) an additional demand of Rs 35.52 lakh to the Director Archaeology (Director) for meeting the cost of additional items of work such as levelling of land, filling of earth, raising of plinth and increase in lead for transportation of earth, construction of tube wells in each museum and boundary walls etc. Accordingly, the Director made the demand for the amount from the Government from time to time since December 2005, which was pending (November 2008) resulting in the buildings remaining incomplete, thereby locking up of Rs 2.17 crore.

Thus, the objective of protecting the scattered archaeological remains by establishing mini museums remained unachieved even after lapse of three years of their targeted date despite an expenditure of Rs 2.17 crore on incomplete buildings.

In reply, the Government intimated (November 2008) that the action would be taken to take over the buildings after their inspections by the departmental committee. The reply was not acceptable as 5 to 20 per cent works were incomplete and the Government had not sanctioned the additional demand of Rs 35.52 lakh up to November 2008.

CIVIL AVIATION DEPARTMENT

4.2.2 Injudicious expenditure on upgradation and expansion of an airstrip

The decision of expansion and upgradation of the airstrip at Saifai rendered the expenditure Rs 48.04 crore injudicious due to underutilization of the airstrip.

The Expenditure Finance Committee approved (June 2004) the Government proposal to upgrade and expand the State Government owned airstrip at Saifai in District Etawah at a cost of Rs 44.68 crore to use it for operation of Boeing 737 aircraft and for its commercial use in future. The work included increasing the airstrip area, upgradation and construction of appropriate turning pad, apron, approach road, taxi-way, boundary wall and providing night landing facilities on the airstrip in the first phase. The Government released Rs. 51.76 crore² (Rs. 46.40 crore for the work and Rs.5.36 crore for the land) for the project during 2004-07. The second phase which comprised construction of terminal buildings and associated facilities was to be taken up later.

¹ . District Sonbhadra: Shiv Dwar and Maukalan; District Lalitpur: Siron Khurd; District Mahoba: Mahoba and District Mirzapur: Halia.

² 2004-05 : Rs 35.66 crore, 2005-06 : Rs 16 crore and 2006-07 : Rs 10 lakh

Scrutiny of records of the Director General, Civil Aviation, UP, Lucknow (DGCA) revealed (November 2007) that RITES Limited, a Government of India undertaking, was appointed (September 2004) as consultant for execution of the work comprising expansion of airstrip and associated facilities. The consultant conducted (May 2004) a feasibility study for expansion/ upgradation of the airstrip. Though the study report (DPR) did not establish the financial viability of the project, it suggested that efforts should be made to explore the feasibility of developing airport centric business and non-aeronautical activities to achieve long term operational viability of the airport as substantial capital outlays were involved in the initial stages.

The work of expansion and upgradation of the airstrip was completed (February 2007) at a cost of Rs 48.04 crore including Rs. 5.36 crore¹ paid to the District Magistrate, Etawah for acquisition of land. The upgraded airstrip was not used for the operation of Boeing 737 planes. Besides, no airport centric business and non-aeronautical activities like flying club, commercial complexes/shopping malls etc., had been developed, rendering the expenditure injudicious.

In reply, the Government intimated (July 2008) that the upgraded airstrip was fully functional although it did not have facility of air traffic control system and the second phase works were not required at the moment and would be required when regular scheduled/non scheduled flights are undertaken. The Government further stated that facilities for landing Boeing 737 were created to open the doors for air transportation in future.

The reply was not tenable as the facilities were created specifically for Boeing 737 type of aircrafts and were much beyond the requirement of the State aircrafts for which the airstrip/ runway was currently being used. In fact, the number of flights operating from the airstrip had come down from 156 (2005-06) to 35 (2007-08) after its upgradation.

HOME DEPARTMENT

4.2.3 Unproductive expenditure

Non-fabrication of water bowsers on 20 chassis purchased at a cost of Rs 1.51 crore rendered the expenditure un-productive.

With a view to replacing condemned water tenders in 70 districts and equipping with fire tenders², the Director General, Uttar Pradesh Fire Services, Lucknow (DGFS) proposed (2004-06) to the Government purchase of 85 chassis at a cost of Rs 5.57 crore for 83 fire stations in the State. These chassis were to be fabricated into fire tenders/ water bowsers. The proposals were made without laying a time frame for purchase of chassis, fabrication of bodies for fire tenders and eventually their commissioning. The Government released Rs 5.57 crore (2004-06) and the DGFS purchased them (July 2005 to January 2007) at a cost of Rs 5 crore.

Records of the DGFS, Lucknow revealed (March 2008) that out of 65, only 31 fire tenders were fabricated upto September 2008 and handed over to the fire stations and the fabrication work in respect of 34 was in progress as of

¹ 2004-05 : Rs 5.26 crore and 2006-07 : Rs 10 lakh


² water tanker equipped with fire fighting equipment mounted over chassis of vehicle after fabrication.

September 2008. For fabrication of water bowsers on remaining 20 chassis¹ purchased at a cost of Rs 1.51 crore, tenders were invited twice (December 2007 and April 2008) but could not be finalized as the tenders were not received as per the specifications and unreasonable rates offered by the firms. In July 2008, the DGFS decided to conduct a market survey for ascertaining the minimum market rate of fabrication. However, no action was taken. As a result, these chassis were lying idle in various fire stations for one to two years after their purchases as of November 2008.

Thus, non-fixing of time frame and consequent delay in finalization of tenders led to unproductive expenditure of Rs 1.51 crore. Besides, the objective of replacing the condemned water tenders remained unachieved.

The Department accepted (September 2008) that no time frame was fixed in the proposal. The Government, in reply, admitted (September 2008) the facts and figures.

Allahabad
The 17 February 2009


(AJIT KUMAR PATNAIK)
Principal Accountant General (Civil Audit)
Uttar Pradesh

Countersigned

New Delhi
The 18 February 2009


(VINOD RAI)
Comptroller and Auditor General of India

¹ Tata-ALPT-1613 TC/48: 19 Chassis each costing Rs 7,67,377 and Swaraz Mazada: 1 costing Rs 5,13,499