

CHAPTER-IV

AUDIT OF TRANSACTIONS

Infructuous /wasteful expenditure and over payment

RURAL DEVELOPMENT DEPARTMENT

4.1 Unfruitful expenditure on installation of incinerator plant

Department's failure to get clear title of site and appoint an agency for operation and maintenance of incinerator resulted in unfruitful expenditure of Rs.25 lakh.

No work should commence on a site if title to same is not clear. Further, prior approval of GOI for use of forest land for non forest purposes is necessary under the Forest Conservation Act, 1980.

With a view to check pollution, the GOI sanctioned (June 2003) Rs.25 lakh for the installation of an incinerator plant at Govindghat under the Border Area Development Programme. The work was entrusted to the District Panchayati Raj Adhikari, Chamoli. The District Development Officer (DDO), Chamoli released Rs.5 lakh in February 2004 and Rs.20 lakh in March 2004 for the purpose.

Test check (September 2005) of the records of the DDO, Chamoli and further information collected (May 2006) revealed that the plant was completed in August 2005 but could not be made operational for want of an agency for operation and maintenance. Scrutiny further revealed that the plant was set up without getting the title of the land in favour of the Department and without obtaining prior approval from the GOI for using forest land for non-forest purposes as is required under the forest Conservation Act 1980.

On this being pointed out (September 2005), the DDO stated (September 2005) that since the land belonged to the Gram Sabha, permission of the GOI was not obtained. The Department further stated (August 2006) that the plant would be handed over to the Eco Development Committee, Govindghat by 15 September 2006 for operation and maintenance.

The reply is not tenable, since the Divisional Forest Officer, Nanda Devi National Park, Chamoli has intimated (May 2006) that the plant was installed on forest land for which prior permission from the GOI was necessary.

Thus, the expenditure of Rs. 25 lakh proved unfruitful as the purpose for which it was installed was defeated.

The matter was reported to the Government (March 2006); reply is awaited (November 2006).

PUBLIC WORKS DEPARTMENT

4.2 Unfruitful expenditure

Non adherence to the Forest Conservation Act led to unfruitful expenditure of Rs. 2.27 crore.

Forest Conservation Act, 1980 prohibits the use of any forest land for non-forest purposes unless prior approval of the GOI has been obtained. The State Government can propose dereservation of forest areas included in wildlife sanctuaries only after obtaining the approval of the Indian Wildlife Board.

Government of Uttaranchal accorded (June 2003) administrative approval and financial sanction of Rs.353.96 lakh for widening and improvement of the 14 km long Gaurikund-Kedarnath Paidal marg by two meters. The technical sanction for Rs.353.96 lakh was accorded (January 2004) by the Chief Engineer (Garhwal Kshetra) Public Works Department (PWD), Pauri Garhwal. The work was to be completed by the end of November 2006. The 14 km long road passed through 7 km. of a wildlife sanctuary (0.840 hectare) and the remaining 7 km involved civil forest land of 0.910 hectare.

Test check (October 2005) of the records of the Executive Engineer (EE), Construction Division, PWD, Ukhimath revealed that the Division started the work (January 2004) simultaneously in the entire stretch of 14 km which involved hill cutting in forest land for which the required approval of the GOI was not taken. As a result the work of hill cutting was stopped (February 2004) by the Forest Department.

Meanwhile an expenditure of Rs.227 lakh had been incurred (September 2005) on the above work as well as 12 other subsidiary works. The balance of Rs 126.87 lakh remained unutilized with the Division since February 2004.

On this being pointed out, the EE stated that the work was started on the directions of the Hon'ble Governor of Uttaranchal for completion well before the beginning of the tourist season (April 2005). It was also stated that the permission of the GOI was not considered essential as widening work was to be done on an existing road maintained by the Division. The EE subsequently approached (February 2005) the GOI for sanction of civil forest land but did not approach the Indian Wildlife Board for clearance of the sanctuary forest land. Approval of both the authorities is awaited (November 2006).

Had the Department observed the pre commencement formalities of obtaining approval of the Forest Department and GOI it could have avoided blocking of Rs.227 lakh.

The matter was reported to Government (February 2006); reply is awaited (November 2006).

Undue favour to contractors/avoidable excess expenditure**PUBLIC WORKS DEPARTMENT****4.3 Avoidable excess expenditure on motor road****Execution of Bituminous Macadam in excess of requirement resulted in avoidable excess expenditure of Rs. 2.92 crore.**

The State Government sanctioned Rs. 6.15 crore in March 2003 for improvement of Haldwani-Ramnagar motor road from km 28.100 to km 54.370. The financial sanction was revised to Rs. 8.94 crore in November 2003 due to change/expansion in the scope of work.

Test check (August 2005) of the records of the Executive Engineer (EE), Construction Division, PWD, Ramnagar revealed that a design was prepared (October 2002) by the Indian Institute of Technology (IIT), Roorkee. The design included corrections for undulations also. It provided for an overlay of 50 mm thick bituminous macadam (BM) except in km 34, 37 and 39 where an overlay of 75 mm thick BM (including 25 mm for Profile Corrective Course, (PCC) was to be provided followed by 25 mm of Semi Dense Bituminous Concrete (SDBC).

Further scrutiny revealed that instead of executing the design prepared by the IIT, a fresh design was obtained from a private agency (M/s Data Technosis, Lucknow) which provided for an overlay of 80-100 mm BM as PCC followed by a layer each of 50 mm BM and 25 mm SDBC on the entire length of the road. The detailed estimate prepared on the basis of this design was technically sanctioned (March 2004) by the Chief Engineer, PWD, Almora and work executed accordingly.

By ignoring the design of the IIT, Roorkee the Department laid 12,627 cu.m of BM as PCC in place of 525 cu.m (suggested by IIT) and incurred an avoidable extra expenditure of Rs. 2.92 crore[♦].

On this being pointed out (August 2005), the Department stated (November 2006) that the road had heavy undulations and the private agency had conducted a detailed survey for laying of PCC.

The reply is not tenable as IIT, Roorkee confirmed (December 2006) that the recommendations made in their report included corrections for undulations in the entire length of road (km 29 to 54) and that kms 34, 37 and 39 had more deflections, so extra layer was suggested in these three km only. It was further stated by IIT Roorkee that except for these three kms only 50 mm BM and 25 mm SDBC was sufficient.

The matter was referred to the Government (February 2006); reply is awaited (November 2006).

♦ Cost of 12627 Cu m @ Rs. 2417 per Cu m =	Rs. 305.19 lakh
Cost of 525 Cu m @ Rs. 2417 per Cu m =	Rs. 12.69 lakh
Difference	= Rs. 2.92 crore

Idle investment/idle establishment/blocking of funds/delay in commissioning equipments/diversions/misutilisation

RURAL DEVELOPMENT DEPARTMENT

4.4 Unfruitful expenditure on mobile dispensaries

Diversion of vehicles to purposes other than those intended led to unfruitful expenditure of Rs.28.14 lakh.

Border Area Development Programme (BADP) was launched and funded by the GOI to meet the special needs of the people living in remote border areas. Funds for outlay on medical facilities to the people and their livestock were released to the districts in the border areas during 2000-2001 and 2001-2002.

Scrutiny of records (March 2006) of the District Development Officer, Pithoragarh revealed that out of Rs.37.50 lakh released in March 2001 and September 2002 (Rs. 32.50 lakh and Rs. 5 lakh respectively), Rs.28.14 lakh was spent on purchase of 8 vehicles for use as mobile dispensaries for the Medical and Health and Veterinary Health Departments to provide medical facilities to the people and livestock in border areas.

The vehicles were, neither customized for use as mobile dispensaries nor used for community or livestock health and were instead used by the BDO for attending meetings, inspection of construction and afforestation sites and other general uses.

On this being pointed out (March 2006), no reply was given by the DDO. Thus the purpose of providing mobile health facilities to people and their livestock was defeated.

The matter was reported to the Government (June 2006); reply is awaited (November 2006).

DEPARTMENT OF TOURISM

4.5 Blocking up of funds and unfruitful expenditure

Non-execution of sale deed resulted in avoidable blocking up of investment of Rs. 5 crore besides unfruitful expenditure of Rs. 21.95 lakh.

No work should be commenced on land which has not been duly made over by the competent authority. Further, prior approval of GOI for use of forest land for non forest purposes is necessary under the Forest Conservation Act, 1980.

Test check (December 2005) of the records of the Director, Tourism Department, Dehradun revealed that Rs.5 crore was paid to Uttar Pradesh State Mining Corporation Limited (UPSMCL) in October 2000 for purchase of 54.35 acre of land situated at Hathi Paon, Mussoorie without execution of sale deed to establish legal possession of the land. The Tourism Department prepared the George

Everest Project for execution on the said land. An expenditure of Rs.21.95 lakh was incurred on consultancy for the project. The sale deed had neither been executed nor had the project received the approval of the Union Ministry of Environment and Forest (Ministry) till June 2006.

The matter was reported to the Government in March 2006. The Government stated (June 2006) that a demand for an additional Rs.10 crore (i.e. Rs.15 crore in all) had been made by the UPSMCL, which was considered to be unjustified and was referred to the GOI. As regards the expenditure of Rs. 21.95 lakh, it was stated that the amount has been spent on consultancy services for preparing the Master Plan and for making preparations to get the investor for the project and hence was not unfruitful.

The reply of the Government is not acceptable as the sale deed was not finalized even after the lapse of six years and incurring an expenditure of Rs. 5.22 crore (Rs. 5 crore + Rs. 21.95 lakh).

Thus the entire expenditure proved unfruitful as the purpose for which it was made was not achieved.

4.6 Non-realisation of lease rent

Lackadaisical approach of the Department resulted in non-realisation of lease rent of Rs. 1.23 crore.

Government approved (February 1977) transfer of tourist rest houses owned by it to the Garhwal and the Kumaon Mandal Vikas Nigams (GMVN and KMVN respectively) on lease in return for 25 per cent of the net profits earned by each of these rest houses.

Test check (December 2005) of the records of Director of Tourism, Uttaranchal, Dehradun revealed that a sum of Rs. 1.97 crore was due as lease rent from GMVN for 1983-84 to 2005-06. Similarly, a sum of Rs. 11.07 lakh was due and payable by KMVN for 2001-02 to 2005-06.

After this was pointed out in audit (December 2005) the Department asked GMVN to deposit the lease rent. Thus, at the instance of Audit GMVN deposited a sum of Rs. 36.96 lakh in September 2006, after adjusting Rs. 48.54 lakh which was due from the Department of Tourism, leaving a balance of Rs.1.12 crore unpaid. KMVN stated (December 2006) that action for depositing Rs. 11.07 lakh was being taken. Thus, a sum of Rs. 1.23 crore (GMVN Rs.112 lakh and KMVN Rs. 11.07 lakh) was still pending for recovery as lease rent.

The reply of the Department indicates that it did not take timely and effective action for realization of the lease rent till the matter was pointed out by Audit.

The matter was reported to Government (June 2006); reply is awaited (November 2006).

SPORTS AND YOUTH WELFARE DEPARTMENT

4.7 Blocking up of funds

Lackadaisical approach of the State Government and lack of planning resulted in blocking of Rs. 1.10 crore depriving the public of the State level sports complex facility.

On the request of the State Government, the GOI conveyed (31 March 2002) in principle, approval for the release of assistance of Rs. 3.66 crore for construction of a State level sports complex at Dehradun at an estimated cost of Rs. 5.80 crore. The conditions for approval *inter alia* provided that the State Government would spend at least 50 *per cent* of the cost of the project before seeking the release of Central assistance. The offer was valid for two years i.e. up to 31 March 2004.

Test check (June 2006) of records of the District Sports Officer, (DSO), Dehradun and further information collected (December 2006) revealed that the State Government sanctioned (March 2003) Rs. 1.10 crore for the construction of the sports complex. The amount was drawn from the Treasury (March 2003) by the DSO and transferred (April 2003) to the Uttar Pradesh Jal Nigam Construction and Design Services Dehradun (executing agency). The work was, however, not started during the two year stipulated period due to a dispute on the selected site which was pending at the level of the Lok Ayukta/Government.

On this being pointed out (June 2006) the DSO stated in his reply that the matter was pending with the Government. The executing agency, however, stated (December 2006) that the dispute was pending at the level of the Lok Ayukta and the work would be resumed only after the clearance of the dispute on the selected site.

On account of the State Government's failure to fulfil the preconditions of the sanction accorded by the GOI it was unable to avail Central assistance thereby depriving the people of Dehradun of a modern sports complex.

Thus the casual approach and lack of planning resulted into non-utilization and blocking of Rs.1.10 crore as it could not be used also for the purpose it was sanctioned.

The matter was reported to Government (November 2006); reply had not been received (December 2006).

IRRIGATION DEPARTMENT

4.8 Blocking up of funds and denial of medical facilities

Unjustified expenditure of Rs. 24 lakh due to non completion of construction of PHC.

The Director, Rehabilitation, New Tehri accorded (November 2002) administrative approval and financial sanction of Rs.75 lakh for construction of a ten bedded Primary Health Centre (PHC) at Lambgaon to provide medical

facilities to the public living in areas rendered inaccessible from New Tehri by the Tehri Dam. The Superintending Engineer (Rehabilitation), Tehri Dam Project, Dehradun accorded technical sanction of Rs.89.30 lakh in March 2004.

Test check (March 2006) of the records of the Executive Engineer (EE), Tehri Dam Division-22, New Tehri and further information collected (August 2006) revealed that the EE released (November 2002) Rs.20 lakh to the executing agency (Uttaranchal Peya Jal Sansadhan Vikas Evam Nirman Nigam Limited, New Tehri) to commence the work. The agency started work in November 2002 i.e. much before the Superintending Engineer (Rehabilitation), Tehri Dam accorded technical sanction in March 2004 and incurred an expenditure of Rs.24 lakh on site development and construction of a retaining wall. The work, however, was stopped (February 2004) on an announcement by the Chief Minister that the PHC was to be upgraded to a Community Health Centre (CHC). The District Magistrate, New Tehri stated (November 2004) that estimates of Rs.325 lakh for construction of CHC were sent to Government. These had not been sanctioned (August 2006).

Though the work on the PHC was stopped in February 2004 Government was yet to sanction the CHC. Thus due to non completion of the PHC, the public of that area was deprived of accessible medical facilities. As a result the expenditure of Rs. 24 lakh proved unjustified as the purpose for which it was incurred was defeated.

On this being pointed out (March 2006), the EE stated that the work could not be resumed as the matter was pending with the Government. The Government has not responded to the proposal even after two years. The developed site is likely to be damaged in the meanwhile due to rains and floods rendering the expenditure infructuous.

The matter was reported to Government (May 2006); reply is awaited (November 2006).

MEDICAL, HEALTH & FAMILY WELFARE DEPARTMENT

4.9 Unfruitful expenditure on Blood Bank

Failure to adequately strengthen the blood bank resulted in unfruitful expenditure of Rs. 21.57 lakh.

Government of Uttar Pradesh sanctioned (February 1997) Rs. 21.57 lakh for strengthening of the blood bank in the Suman District Hospital, Narendra Nagar, Tehri to provide blood to the patients at their convenience. Of this, Rs. 8.85 lakh was for the purchase of equipment and Rs. 12.72 lakh for the construction of a building for the blood bank.

Scrutiny of records (May 2006) of the Chief Medical Superintendent (CMS) of the Hospital revealed that the licence for the blood bank was issued under Rule 122 (G) of the Drug and Cosmetics, Rules, 1940 for the period from 13 October 1997 to 31 December 1998. The licence was not renewed after its expiry.

Further, during the validity period of the licence, an essential apparatus viz. an Enzyme linked Immunosorbent Assay (ELISA) reader, required for measuring antibody activity, including human immunodeficiency virus (HIV), was not available with the blood bank and was installed only in March 1999. Inspections carried out in February 2000 and May 2005 revealed that the layout of the building did not conform to the standards. There was a shortage of staff and the quantity of blood collected and distributed was insufficient. The blood bank could not thus achieve its intended objective.

On this being pointed out (May 2006), the CMS stated (July 2006) that due to non-achievement of the desired standards, the licence was not renewed by the Drug Controller, Uttaranchal. The latest proposal for renewal of licence was sent in July 2003, on which a decision is awaited (November 2006).

Thus, due to non-adherence to the standards required for the operation of a blood bank the expenditure of Rs. 21.57 lakh was rendered unfruitful.

The matter was reported to the Department/Government (June 2006); reply is awaited (November 2006).

Regulatory Issues and Other Points

EDUCATION DEPARTMENT

4.10 Non achievement of intended objective

Casual approach of the Department resulted in non-achievement of the objective of providing free text books despite expenditure of Rs.3.49 crore.

Government sanctioned (February 2004) Rs.3.50 crore for distribution of text books to students of Government/Government aided schools from classes 1 to 8 for the academic session of 2004-05 free of cost. The text books were to be printed by 15 June 2004. For achieving the above objective and to avoid delay in the printing and distribution of text books, the Government envisaged that an agreement be executed with the Government Press, Roorkee.

Test check (December 2005) of records of the Director of Education, Dehradun revealed that a sum of Rs.1.17 crore was provided to the Government Press in May 2004 without entering into any agreement with the press. Scrutiny further revealed that the text books were not printed before the start of the academic session and were made available to the district authorities for distribution from February - December 2004. The remaining amount of Rs.2.32 crore was also released in March 2005 to the press without verifying the availability of books to the students.

On this being pointed out (December 2005), the Directorate confirmed the facts and accepted that there were delays in the printing and distribution of books.

Non compliance with Government orders thus resulted in non achievement of the intended objective of providing free text books to the students of classes 1 to 8 for the academic session of 2004-05 even after incurring an expenditure of Rs.3.49 crore.

The matter was reported to the Government (May 2006); reply is awaited (November 2006).

RURAL DEVELOPMENT DEPARTMENT

4.11 Non remittance into treasury and unauthorized expenditure out of interest receipts

Interest of Rs. 17.69 lakh on bank deposits was not remitted into the treasury and Rs. 13.54 lakh was unauthorizedly spent by District Development Officer, Pithoragarh.

Interest earned on Government funds deposited in banks forms part of Government revenues and should, therefore, be deposited into the treasury. No expenditure can directly be incurred from this amount.

Test check (March 2006) of the records of the District Development Officer (DDO), Pithoragarh revealed that interest of Rs. 17.69 lakh earned during the period 2000-01 to 2005-06 on bank deposits of Rs. 1216.74 lakh were not remitted into the treasury. Instead, Rs. 13.54 lakh out of the above amount was spent for purchase of stationery, petrol, palki (palanquin) and repair of generator room, school building and BSNL tower etc.

On this being pointed out, the DDO stated (July 2006) that the interest was spent as per orders of the District Magistrate. The reply is not tenable as the interest formed part of the Consolidated Fund of the State and could not be spent without authorization from the State Legislature.

The matter was reported to the Government (June 2006); reply is awaited (November 2006).

PUBLIC WORKS DEPARTMENT

4.12 Substandard work

Deviation from specifications of the Indian Roads Congress resulted in substandard work of Rs. 26.57 lakh.

According to the specifications* of the Indian Roads Congress (IRC), adopted by the Ministry of Road, Transport and Highways, a wearing surface should be laid

* IRC: 37-2001

only after a binder course of Bituminous Macadam (BM) or Dense Bituminous Macadam (DBM) has been laid. The Government of Uttaranchal follows the IRC norms.

Scrutiny of records (March 2006) of Executive Engineer (EE), Construction Division, Public Works Department (PWD), Chamba, Tehri Garhwal revealed that the GOI sanctioned Rs.112.15 lakh (February 2004) for improvement and widening of Chamba-Jaul-Kuriyalgaon motor road (km 4.50) under the Central Road Fund. The work was to be completed by March 2005. Technical sanction for two coats (inter and top coats) of Water Bound Macadam (WBM) compacted to thicknesses of 10.80 cm and 8.00 cm respectively followed by a first coat painting and a 2.5 cm thick wearing surface semi dense bituminous concrete (SDBC) was accorded (February 2005) by Chief Engineer (Garhwal Region), PWD, Pauri-Garhwal for Rs.98.88 lakh. The technical sanction was contrary to the IRC specifications as no binder course was provided before laying the wearing surface of SDBC. An expenditure of Rs.26.57 lakh was incurred upto February 2006 on completing the work in 3.5 km.

On this being pointed out, the Division stated (March 2006) that the work was executed as per provisions of the technical sanction.

The reply is not tenable as laying of the wearing surface without a binder course resulted in the entire work of Rs.26.57 lakh being substandard. By compromising the IRC specification the contractual cost and quality have both been lowered.

The matter was reported to Government (May 2006); reply is awaited (November 2006).

4.13 Avoidable risk of ecological damage

Short recovery of lease of Rs. 4.49 crore and delay in compensatory afforestation and soil conservation work led to avoidable risk of ecological damage.

The GOI approved the diversion of 2900 ha. of forest land to Uttaranchal Forest Development Corporation (UFDC) (October 2002) for collection of minor minerals such as bajri, boulders and sand from river beds *in Haridwar District. The approval was subject to the condition that the UFDC would deposit Rs. 90.50 lakh every six months for a period of 10 years to enable the State Government to carry out compensatory afforestation and soil conservation and river training works to avoid damage to the river bed and contiguous areas. The compensatory afforestation was to be done on an equivalent area of degraded forest land.

Test check (April 2006) of the records of Divisional Forest Officer (DFO), Forest Division, Haridwar revealed that Government of Uttaranchal leased the land (November 2002) to UFDC for five years only. UFDC had deposited Rs. 1.84

* Yellow river Shyampur : 400 ha, Gnaga Shyampur : 600 ha. Ganga river Chiryapur : 600 ha, Rawasan-I : 300 ha, Kotawali : 200 ha, Rawasan-II : 300 ha, Ganga Bishanpur : 300 ha and Ganga Bhogpur : 200 ha.

crore only upto Jan 2006, ♦ though the total amount due was Rs. 6.33 crore. Of this, the DFO had utilized Rs. one crore only. Non receipt of the complete amount and its non utilisation for the intended purpose unduly delayed the regeneration of degraded forests. It also increased the risk of ecological damage to the river bed and contiguous areas due to erosion of the soil which was left exposed to the scouring action of the flood waters of the river during the monsoon season.

On this being pointed out, the Department stated (April 2006) that the UFDC was regularly being asked to deposit the remaining amount.

The failure of the Department to recover the due amount of Rs. 4.49 crore and to utilize it on the intended purpose has led to avoidable risk of ecological damage.

The matter was reported to Government (June 2006); reply is awaited (November 2006).

♦

Year	Due FDC	Received from FDC	Shortfall
2002-03	1.81	0.52	1.29
2003-04	1.81	0.65	1.16
2004-05	1.81	0.46	1.35
2005-06	0.90	0.21	0.69
	6.33	1.84	4.49

(Rs. in crore)