

Chapter 3

Audit of Transactions

Audit of transactions of the Government departments, their field formations as well as that of the autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

3.1 Non-compliance with rules and regulations

For sound financial administration and financial control it is essential that expenditure conforms to financial rules, regulations and orders passed by the competent authority. This not only prevents irregularities, misappropriation and frauds, but helps in maintaining good financial discipline. Some of the audit findings on non-compliance with rules and regulations are hereunder.

IRRIGATION DEPARTMENT

3.1.1 Locking up of funds by purchase of material in advance

Due to purchase of cement concrete tiles in advance and in excess of requirement, ₹ 5.15 crore remained locked up for two years.

Financial Rules¹ of the Government stipulate that purchase of store material in advance or in excess of the requirement should be avoided.

As per the execution plan of Madhya Ganga Canal Construction Project (Stage-II) sanctioned (July 2007) by the Government, the work was to be executed in accordance with the following schedule:

- I. Acquisition/purchase of required land in the first year.
- II. Earth work, etc., in construction of canal from second to fourth year.
- III. Laying of compressed cement concrete tiles on slope and cement concrete lining on the bed after first two phases of the work.

Scrutiny of records of the Executive Engineer (EE), Madhya Ganga Canal Construction Division-6, Meerut (MGCC-6) and EE, Madhya Ganga Canal Construction Division-15 (MGCC-15), Moradabad revealed (February 2009 and November 2009) that the Chief Engineer (CE) Madhya Ganga, Aligarh sanctioned (January 2008) an estimate² for manufacturing of 15 lakh cement concrete tiles at a cost of ₹ 3.21 crore for the main canal stage-II. The Superintending Engineer, Barrage Construction Circle, Agra (renamed as

¹ Paragraph 179 of Financial Hand Book Volume-VI

² Size 300x300x40 mm

MGCC Circle, Moradabad) signed (February 2008) an agreement³ with a Bulandshahar based firm based on a short term tender basis.

The work of construction of the canal from km 49.940 to 52.040 was initially entrusted to MGCC Division-6, Meerut which paid ₹ 3.08 crore (April 2008) to the firm for manufacturing 15 lakh tiles. The Chief Engineer sanctioned (July 2008) manufacture of 10 lakh tiles more on the same project even before approving the estimate. The estimate was revised (August 2008) from ₹ 3.21 crore to ₹ 5.39 crore for manufacturing 10 lakh tiles more, under the same agreement.

The firm completed manufacturing of 10 lakh more tiles also in November 2008. An amount of ₹ 5.15 crore was paid (March 2009) to the firm for 25 lakh tiles. Acquisition of land and canal construction work on the above reach was negligible as of May 2010 and tiles were required only after completion of these stages of work. As of March 2010, only 9.55 hectares of land had been acquired against the requirement of 135 hectares. Besides, the earthwork was executed to the extent of 0.25 *per cent* of the estimated quantity. Thus, inviting the tenders on short term basis for manufacture of 25 lakh tiles was in violation of the financial rules. All these tiles were lying at site. Thus, non-adherence to the financial rules and the execution plan of the project resulted in locking up of ₹ 5.15 crore.

The Principal Secretary, during discussions (December 2010), accepted the observation and stated that cement concrete tiles were manufactured in advance at a lesser cost for meeting out future requirement in time. The reply is not tenable as there was no justification for procurement of huge number of tiles by inviting short term tenders before completion of first two stages of the execution plan. Neither the required land was acquired nor the earth work completed, thereby resulting in locking of funds in the form of accumulated material.

3.1.2 Avoidable expenditure on widening of a road

Widening of a road by providing costlier overlay of Bituminous Macadam on the base course in violation of IRC specification resulted in avoidable expenditure of ₹ 3.68 crore.

The Indian Road Congress (IRC) specifications provide that bituminous macadam (BM) should be laid only when non-bituminous crust is not less than 37.5 cm.

Scrutiny of records of Executive Engineer, Head Works Division, Agra Canal, Okhla revealed (February 2010) that the division had taken up the work of widening of the existing 3.5 metre service road to 7.5 metre on the common bank of Hindon Cut Canal and Parallel Hindon Cut Canal between km 0.085 to km 7.950. The technical sanction (TS) to the work was accorded (February 2009/ March 2009) by the Chief Engineer, Ganga, Meerut (km 0.085 to

³ No. 02/S.E./2007-08 for ₹ 3.12 crore

km7.50) and by the Superintending Engineer, IIIrd Circle, Agra (km 7.50 to km 7.950) at a total cost of ₹ 8.98 crore.

Audit observed that TS was not in accordance with the IRC 37 specification of 2001 which stipulated that for laying bituminous macadam (BM) over water bound macadam (WBM), the minimum crust thickness of WBM should be 37.5 cm and for the roads having WBM crust thickness less than 37.5 cm, the bituminous work should be done by providing Premix Carpet (PC) with seal coat. In TS, provision was made for BM and bituminous concrete (BC) over 31.5 cm crust thickness of WBM in violation of IRC. Accordingly, in the instant case, bituminous work should have been done by PC with seal coat and not by providing BM and BC. Records further revealed, that BM and BC over 0.59 lakh square metre surface area of WBM was executed at a cost of ₹ 4.99 crore which could have been done through PC with seal coat at a cost of ₹ 1.31 crore⁴ only. Thus, an avoidable expenditure of ₹ 3.68 crore was incurred on construction of road.

On this being pointed out, the Engineer-in-Chief, Irrigation department stated (June 2010) that the road having California Bearing Ratio of *10 per cent* and traffic density of four Million Standard Axle, required a total pavement thickness of 405 mm which was obtained by laying 50 mm BM and 40 mm BC over it. The reply is not based on facts as the aforesaid IRC specification clearly stipulated that for California Bearing Ratio of *nine per cent* and *10 per cent*, provision of bituminous surface is to be made only when minimum crust thickness of base course (WBM) is 37.5 cm. For less than 37.5 cm thickness of base course only PC with seal coat is to be provided.

Thus, overlay of costlier BM and BC instead of PC with seal coat in violation of IRC specification led to an avoidable expenditure of ₹ 3.68 crore. Besides, sustainability of road in the long run was also suspect as pavement thickness was deficient.

The Principal Secretary, during discussions (December 2010), accepted the audit observation without furnishing justification for laying BM and BC over deficient crust thickness of base course.

3.1.3 Unfruitful expenditure on incomplete roads

Non-observance of financial rules rendered the expenditure of ₹ 1.69 crore unfruitful on incomplete metalled roads of Kunwarpur and Pandeypur distributaries.

Financial rules⁵ provide that no work should be commenced without administrative approval, financial sanction and allotment of funds by the competent authority.

⁴ ₹ 27 lakh: 58,987.5 sqm tack coat @ ₹ 45.95 per sqm; ₹ 69 lakh: 58,987.5 sqm PC @ ₹ 116.51 per sqm; ₹ 35 lakh: 58,987.5 sqm seal coat @ ₹ 59.76 per sqm

⁵ Paragraph 375 of Financial Hand Book Volume-VI

The service roads of Kunwarpur and Pandeypur distributaries⁶ were being used by the nearby villagers. As the condition of the roads deteriorates during the rainy season, pre monsoon maintenance of roads becomes essential. The Chief Engineer (CE) Sharda Sahayak, Lucknow and Superintending Engineer (SE) 18th Circle Irrigation Works, Allahabad, sanctioned the estimates of ₹ 3.13 crore and ₹ 66.73 lakh (March 2006) respectively for construction of metalled service roads of these distributaries. CE released (March 2006) ₹ 1.80 crore against the estimates of both works without the administrative approval and financial sanction.

Records of Executive Engineer (EE) Irrigation Division, Jaunpur revealed (April 2008) that the length of metalled roads of Kunwarpur and Pandeypur distributaries was 23 km and 5 km respectively. CE/SE accorded approval for execution of works in 28 chainages each of one km (23 for Kunwarpur and 5 for Pandeypur) for completing the work in the same financial year. For these works, 28 agreements were executed (February 2006) by the EE on short term tender notice for construction of the metalled roads for completion by May 2006. An amount of ₹ 1.73 crore was paid (March 2006) to the contractors for the earth work and collection of material. The material supplied by the contractors was lying unutilised at different sites and work held up since March 2006. No further funds were released for the work as administrative approval and financial sanction were not given. EE, in reply to the audit query, admitted (July 2010) that the earth work on both the roads was required to be executed again as more than four years had elapsed. Further, misuse of material worth ₹ 1.56 crore lying at the site also cannot be ruled out.

Commencement of the work on these service roads without administrative approval and financial sanction, led to their closure half-way rendering the expenditure unfruitful.

The Principal Secretary, during discussions (December 2010), admitted the facts and stated that necessary action will be taken against the erring officials. It was also stated that administrative approval and financial sanction will be issued.

PUBLIC WORKS DEPARTMENT

3.1.4 Misappropriation of bitumen

Slackness of the internal control system facilitated misappropriation of bitumen costing ₹ 1.75 crore.

Bitumen is procured from the Indian Oil Refineries against advance payments made to them. As per Financial Rules⁷, all transactions, including supplies are required to be recorded in daily transaction register (Form 8) immediately after their receipts in chronological order and the register closed every month

⁶ Reaches from km 0.00 to km 23.00 and km 00.00 to km 5.00 respectively in district Jaunpur

⁷ Paragraphs 195 to 208 of Financial Handbook Vol-VI

after depicting opening balance, receipt, and issues during the month and closing balance under the supervision of the Junior Engineer in charge of the store. The primary responsibility for compliance with the prescribed procedure for ensuring correctness of these accounts devolves upon the Divisional Officer. Further, with a view to prevent irregularities in procurement of bitumen, the Engineer-in-Chief, Public Works Department issued (January 2006) directions to fix the duties and responsibilities at the receiving end. The instructions provided, *inter alia*, that the Assistant Engineer of the concerned division would be responsible to accept the delivery of the bitumen only after verifying the seal of the tanker, acknowledging the receipt under dated signature and affixing the stamp with his name and designation. This apart, the Divisional Officer is responsible for ensuring monthly reconciliation of the actual receipts with the supplier firm (Oil Refineries) for detection of shortages or any kind of pilferage/misappropriation in transit and suitably report such cases promptly to the higher authorities and the supplier firm.

Records of the Executive Engineer Provincial Division PWD, Jaunpur revealed (March 2010- April 2010) that Indian Oil Corporation (IOC) Mathura supplied 10688.350 MT of bitumen costing ₹ 33.09 crore through 728 invoices to the division during the period from April 2006 to November 2009. Of this, 627.920 MT bitumen valued at ₹ 1.75 crore (43 invoices) had not been accounted for in the divisional stock. Records further revealed that the Junior Engineers did not account for 515.340 MT bitumen (35 invoices) costing ₹ 1.41 crore received by them in the stock accounts. The remaining quantity of 112.580 MT (cost ₹ 0.34 crore) of bitumen had not been received in the division and was evidently misappropriated. Also, the Divisional Officer did not ensure reconciliation of monthly receipts of the bitumen in the divisional stock account with the IOC during the intervening period to ascertain the position of actual supply, shortage, etc in disregard to the departmental instructions. Thus, slackness at all the levels of responsibility facilitated misappropriation of bitumen costing ₹ 1.75 crore.

The Secretary, during discussions (November 2010), accepted the facts and stated that disciplinary action had been contemplated against the erring officers.

3.1.5 Undue benefit to contractors

Non-adherence to the model bid document by the Superintending Engineers led to extension of undue benefit of ₹ 1.51 crore to the contractors.

The Government introduced (January 2007) the model bid documents to bring transparency in tendering process and directed the Engineer-in-Chief, District Magistrates and all Zonal Chief Engineers to adopt it scrupulously. The model bid document provided, *inter alia*, that contractor shall procure bitumen from Indian Oil refineries and shall produce the original consignee receipt certificate issued by these companies at the time of claiming the payment.

It was observed that instead of adopting the model bid documents, the Superintending Engineers, Agra and Faizabad changed the standard terms and conditions at their level. Non-adoption of model bid documents and inclusion of ambiguous conditions in the contract regarding procurement of bitumen paved the way for extension of undue benefit of ₹ 1.51 crore to the contractors, as discussed in the succeeding paragraphs:

- Scrutiny (September 2009) of the records of the Executive Engineer (EE), Construction Division-I (Taj Trapezium), Public Works department (PWD), Agra revealed that the Government sanctioned (February 2008 and March 2008) ₹ 60.39 crore for construction of a bypass and widening and strengthening of three other roads (length 78.35 Km) as detailed in *Appendix 3.1*. The Superintending Engineer (SE), Agra Circle, Agra executed (March 2008) four agreements at the rates ranging from 9.85 *per cent* to 14.50 *per cent* above the estimated cost as detailed in *Appendix-3.2*. Apart from not following the standard terms and conditions of the model bid document and agreeing to departmental supply of bitumen, it was not made clear in the agreement that the premium would be admissible only after adjusting the cost of the bitumen. Payments were made by allowing premium on total value of work done including cost of bitumen. Thus, non-adherence to the Government orders coupled with failure in making the terms and conditions clear to safeguard the Government interest led to extension of undue benefit of ₹ 1.31 crore to the contractors as detailed in *Appendix-3.3*.
- Records of the Executive Engineer, Construction Division-II, PWD, Sultanpur revealed (September 2009) that the Government accorded (June 2008) administrative approval and financial sanction of ₹ 14.98 crore for strengthening of 21.20 kms of Sultanpur-Raebareli road (km 50 to km 71.20). SE, Faizabad Circle, PWD, Faizabad executed (November 2008) the contract bond⁸ at 5.50 *per cent* above the estimated cost. A condition was included in the agreement that the bitumen could be issued to the contractor departmentally at the rates mentioned in Schedule C⁹ of the contract, subject to its availability in the departmental store. Thus, neither terms and conditions were made clear nor model bid documents were adopted as discussed in the preceding paragraph. Payments were made by allowing the premium on total cost of the work as if the contractor used the bitumen from his own resources. Thus, the contractor availed of the benefit amounting to ₹ 19.86 lakh on supply of departmental bitumen as detailed in *Appendix-3.4*.

⁸ Contract Bond No 34 SE/FC/08-09 dated 5 November 2008

⁹ Bulk bitumen 80/100 grade: ₹ 37,963 per MT; bulk bitumen 60/70 grade: ₹ 38,970 per MT; CRMB 55 grade: ₹ 41,337 per MT, packed emulsion (MS) : ₹ 39,361 per MT and packed bitumen (SS) ₹ 39058 per MT

The Government, during discussions (November 2010), admitted the facts in both the cases and stated that directions were issued to the E-in-C, PWD to devise clarity in terms and conditions of the contracts to avoid undue benefit by either side in future.

3.1.6 Excess payment on cartage

Provision of double lead in the estimate for cartage of wet mix/ hot mix material from the Hot Mix Plant to the site of work and award of works accordingly, resulted in excess payment of ₹ 1.92 crore.

According to standard data book for analysis of rates issued by the Ministry of Road Transport and Highways (MORTH), the rates for carriage of material such as wet mix/hot mix material from the Plant to the site of work, include the component of *to* and *fro* journeys and therefore, computation of rates is done on the basis of one way distance only. It was observed that this norm was not adopted and cartage charges of material were approved by the Zonal Chief Engineers by doubling the lead in respect of following two test checked cases.

- Records of the Executive Engineer, Provincial Division, PWD, Faizabad revealed (December 2009) that the Government sanctioned ₹ 44.63 crore for widening and strengthening of three roads¹⁰ in Faizabad district. The Chief Engineer, Faizabad Zone, PWD, Faizabad accorded (February 2009) technical sanction for the equivalent amount. The Superintending Engineer, Faizabad Circle, PWD entered into (February 2009) three contract bonds¹¹ with a contractor for execution of these works. The average distance from the Hot Mix Plant to work sites (lead) for cartage of non-bituminous and bituminous mix was taken as 50 km (2x25 km) in the detailed estimate against the actual lead of 25 km only. The excess lead of 25 km resulted in excess payment of ₹ 1.29 crore. (*Appendix-3.5*).
- Records (June 2009) of the Executive Engineer, Provincial Division (PD), PWD, Kanpur Nagar revealed that the Government sanctioned (February 2008) ₹ 20.04 crore for widening and strengthening of Ramaipur-Sarh Jahanabad road from km one to km 30. The Chief Engineer, Kanpur Zone, PWD, Kanpur accorded (February 2008) technical sanction for the same amount. The contract bond (CB) was executed (March 2008) for ₹ 18.87 crore by the Superintending Engineer, Kanpur Circle, PWD, Kanpur. The estimation of rates for cartage of the mix material for overlay of Wet Mix Macadam (WMM), Bituminous Macadam (BM) and Semi Dense Bituminous Concrete

¹⁰ Choudah Kosee Parikrama: length 27 km and sanctioned cost ₹ 18.58 crore, Punch Kosee Parikrama: length-11.50 km and sanctioned cost ₹ 7.09 crore; Sahadatganj-Naya Ghat: length 12.40 km and sanctioned cost ₹ 18.96 crore

¹¹ Choudah Kosee Parikrama Marg :contract bond no. 46/SE/ dated 27 February 2009 for ₹ 18.43 crore; Punch Kosee Parikrama Marg :contract bond no. 45/SE/dated 27 February 2009 for ₹ 7.01.crore and Sahadatganj-Naya Ghat Marg: contract bond no. 47/ SE/ dated 27 February 2009 for ₹ 18.59.crore

(SDBC) was made by doubling the actual lead of 45 km (2x45) instead of providing it for one way distance (45 km) and the work awarded (March 2008) to the contractor at 21 *per cent* above the departmental rates. The computation of cartage charges by doubling the lead led to excess payment of ₹ 62.66 lakh (*Appendix-3.6*).

The Secretary, during discussions (November 2010), stated that double lead was given to cover *to* and *fro* journeys, which was in consonance with instructions of the MORTH. The reply is not tenable as the lead covers the distance of return journey of the empty tippers as per standard data book of MORTH.

Thus, failure in complying with the extant norms resulted in excess payment of ₹ 1.92 crore to the contractors at the cost of the State exchequer.

3.1.7 Avoidable extra expenditure due to non-adherence to the norms

Approval to inadmissible items in the estimates by the Zonal Chief Engineers led to extra expenditure of ₹ 1.19 crore on construction of two roads.

As per instructions (April 2005) of the Engineer in Chief (E-in-C), 20 mm premix carpet (PC) was to be laid after priming the top of non-bituminous base of various categories of roads in the State. E-in-C further clarified (June 2007) that the first coat painting before laying over the bituminous crust on a road having width of two lane (seven metre) or more should be avoided. CEs Azamgarh and Faizabad zones approved first coat painting in violation of norms in the technical sanctions resulting in avoidable expenditure of ₹ 1.19 crore, as detailed below.

Scrutiny of records of Executive Engineers (EE), Construction Division (CD) and CD II Jaunpur revealed (June 2009) that the Government accorded (April 2006) administrative approval and financial sanction of ₹ 19.51 crore for widening and strengthening of Lucknow Manjhi-ghat State highway from km 205.90 to km 255.60. The Chief Engineer (CE), Azamgarh Zone accorded (July 2006) technical sanction for the amount by allowing first coat painting after the primer coat in addition to the PC with seal coat through 60 contract bonds during the period from July 2006 and March 2009. Out of these, the works of first coat painting followed by PC with seal coat were executed through seven contract bonds. The excess expenditure of ₹ 29.67 lakh (*Appendix-3.7*) on first coat painting through these bonds could have been avoided. EE CD II Jaunpur executed 14 contract bonds¹² for widening and strengthening of the remaining portion of road and completed these between July 2007 and July 2008 at a cost of ₹ 3.55 crore. This included the expenditure of ₹ 70.82 lakh (*Appendix-3.8*) on first coat painting which was avoidable.

¹² Agreement with the contractors for execution of work

Similarly, CE Faizabad Zone accorded (December 2008) technical sanction of ₹ 11.22 crore for widening and strengthening of Amethi-Kakawa Athaya - Parshadepur road from km 0.400 to km 10.400 for execution by EE Construction Division II Sultanpur under the Central Road Fund scheme. The work comprised, *inter alia*, widening of carriageway from 3.50 metre to seven metre and thereafter, strengthening by providing two layers of non-bituminous crust followed by first coat painting, bituminous macadam and semi dense bituminous concrete. The provision of the first coat painting was in violation of the instruction of E-in-C. Records of the Division revealed (September 2009) that SE Faizabad Circle, Faizabad executed (January 2009) a contract bond for widening and strengthening of this road. The payment was made to the contractor for a total value of work done amounting to ₹ 3.05 crore including the cost of first coat painting ₹ 18.62 lakh,¹³ which was avoidable.

Thus, approval of estimates by allowing the provision of the inadmissible items by the CEs resulted in avoidable extra expenditure of ₹ 1.19 crore.

The Secretary, during discussions (November 2010), stated that provision of primer coat and first coat surface dressing was made in CD & CD-II Jaunpur as per E-in-C's circular of April-2005 and works executed accordingly. For the work pertaining to CD-II Sultanpur, it was stated that first coat painting was essential due to non-availability of diversion on the road. Reply is not tenable as there was no provision of first coat painting before laying PC with seal coat as per E-in-C's circular of April 2005. The justification for laying first coat painting on a two lane road on the ground of non-availability of diversion is also incorrect as the need for diversion arises only when traffic is to be diverted at a particular point and not in the entire stretch of the road.

RURAL ENGINEERING SERVICES

3.1.8 Extra expenditure on cement concrete roads and drains

Execution of works in disregard to the Government instructions resulted in extra expenditure of ₹ 11.20 crore on construction of cement concrete roads and drains.

The Government issued (July 2008) detailed guidelines for execution of works for construction of Cement Concrete (CC) roads and covered drains under Dr. Ambedkar Gram Sabha Vikas Yojna 2008-09. The guidelines laid down, *inter alia*, specifications along with consumption norms of material as well as standard drawings and design for execution of works. The model estimate was based on standard designs and drawings, consumption norms and the unit rates which were approved by the State Planning Institute¹⁴. The administrative departments/ executing agencies were to adopt it scrupulously in execution of works.

¹³ ₹ 16.40 lakh: 14,993.30 square metre @ ₹ 109.40 per square metre and ₹ 2.22 lakh (13.5 per cent above the departmental rate as per contract)

¹⁴ Working as planning department of the Government

Scrutiny of the records (October-2009 to December-2009) of five divisions¹⁵ under the charge of Superintending Engineer (SE), Rural Engineering Services (RES), Lucknow and three more divisions¹⁶ under SE, RES, Moradabad revealed that despite the orders of adopting approved designs and specifications under the Yojana, SE/EE accorded technical sanction to estimates of CC roads and covered drains by making changes in their designs and consumption norms. As a result of deviation from the norms and designs approved by the Government, an extra expenditure of ₹ 11.20 crore was incurred on these works as discussed below:

- As per approved design and guidelines, covered drains were to be constructed by providing the base of lean concrete¹⁷ of 7.5 cm thickness in the entire width of 80 cm. In four divisions¹⁸, 10 cm thick lean concrete was laid in the drains instead of 7.5 cm as per the approved design. The excess thickness of lean concrete (2.5 cm) in the base of drains led to the extra expenditure of ₹ 79.43 lakh as detailed in **Appendix-3.9**.
- As per approved norms, Plain Cement Concrete (PCC) of 2.5 cm thickness in width of 25 cm was to be provided in drain portion. However, deviating from approved norms, 5 cm thick PCC was laid by two divisions.¹⁹ The construction of drain by increasing the quantity of PCC works led to an extra expenditure of ₹ 46.99 lakh as detailed in **Appendix-3.10**. Besides, the work in RES, Moradabad division was executed by using *brick padanja (flat bricks)* instead of PCC, which resulted in extra expenditure of ₹ 55.71 lakh as detailed in **Appendix-3.11**.
- As per approved design and guidelines, CC roads were to be constructed by providing the base of lean concrete (LC) with the composition of cement, fine sand and brick ballast in ratio of 1:6:12. Contrary to these norms, three²⁰ divisions laid LC cement, fine sand and brick ballast in the ratio of 1:5:10. Use of costlier specifications of LC in the work led to an extra expenditure of ₹ 2.57 crore as detailed in **Appendix-3.12**.
- As per the approved design and drawing, drains were to be covered with RCC cover of 5 cm thickness and mild steel (iron work). In RCC cover mild steel was admissible @one per cent²¹ of the cubical quantity of RCC work. However, all the divisions, except RES Moradabad constructed RCC cover in the thickness of 7.5 cm to 10 cm

¹⁵ Executive Engineer, RES, Hardoi, Lakhimpur Kheri, Raebareli, Sitapur and Unnao

¹⁶ Executive Engineer, RES, Bijnore, Moradabad, Rampur

¹⁷ Containing composition of cement, fine sand and brick ballast in ratio 1:6:12

¹⁸ Executive Engineer, RES, Hardoi, Lakhimpur Kheri, Sitapur and Unnao

¹⁹ RES, Lakhimpur Kheri and Unnao

²⁰ RES, Bijnore, Moradabad, Rampur

²¹ One cubic metre of mild steel: 78.5 quintal

in violation of the prescribed norms. Increase in the thickness of the drain covers, resulted in increase in the quantity of RCC work and the consumption of mild steel beyond the approved norms. This resulted in an extra expenditure of ₹ 6.82 crore (including the cost of Mild Steel) as detailed in *Appendix-3.13 & 3.14*.

The Principal Secretary during discussions (November 2010), stated that works were executed in deviation of approved specifications due to the site conditions. The reply is not tenable as there was no scope for any deviation from the model drawings and norms approved by the Planning department and vetted by the PWD. Moreover, RES is bound to follow the specifications of the PWD in road works under the State Road Development Policy, 1998 and deviations from the model specifications due to site conditions were to be got approved by the Planning Department.

3.2 Audit against propriety and cases of expenditure without adequate justification

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce financial order and strict economy at every step. Audit has detected instances of impropriety and extra expenditure.

FOREST DEPARTMENT

3.2.1 Irregular expenditure on plantation drive

Implementation of the special plantation drive in Bundelkhand region in a hurried manner without proper planning rendered the expenditure of ₹ 40.10 crore thereon irregular.

In a follow up to the Chief Minister's declaration (June 2008), the Bundelkhand Special Plantation Drive-2008 was launched (July 2008) in seven districts of the the Bundelkhand which envisaged plantation of ten crore plants. The Government accordingly ordered (July 2008) district magistrates of the seven districts to ensure plantation by eight departments/agencies²² against the targets fixed for them within three days. The Government ordered (July 2008) all the Divisional Forest Offices of the State to send saplings to Bundelkhand region within two days by arranging transport, the charges for which were to be reimbursed by seven Divisional Forest Officers of Bundelkhand region.

Records of the concerned divisions of the Bundelkhand region revealed (June 2009) that 57 divisions despatched the saplings to the divisions in

²² Forest department: 4.50 crore plants; Gram Panchayats: 1.20 crore plants; Horticulture department: 1.30 crore; PWD: 0.50 crore; Irrigation department: 0.50 crore plants; Power department: 0.50 crore plants; local bodies/development authorities: 0.50 crore plants; People's participation-one crore plants

Bundelkhand which reimbursed ₹ 40.10 crore between September 2008 to March 2009 to the sending divisions. The item-wise detail of the amount reimbursed is given in *Appendix-3.15*. As per forestry norms, plantation requires five years (two and half years before plantation and two and half years for maintenance). The activity should have started in January 2006 for completing the plantation in July 2008. In the special plantation drive, neither these forestry norms were observed nor, was the required approval of the Government of India (GOI) for deviation from the working plan obtained.

The transportation was undertaken without entering into any agreement with the transporters. The approval to rates, was accorded by the Government (September 2008), after the completion of transportation, which vitiated the financial propriety. Besides, payment of detention charges of ₹ 1.52 crore to the transporters due to delay in unloading of saplings from the trucks reflected defective planning. Further, the claims of advances given to their employees by the sending divisions for meeting contingent charges amounting to ₹ 0.85 crore were reimbursed by the recipient divisions without getting the details of actual expenditure incurred.

The matter was referred (July 2009) to the Government and the Principal Chief Conservator of Forests. In reply, the Principal Secretary stated that plantation drive for 10 crore plants was launched due to heavy pre monsoon rains. No reply regarding payment of detention charges, non-adjustment of advances given to employees and non-execution of agreements with the transporters was furnished.

The reply is not tenable as the plantation drive could have been started only after proper planning and not in a manner that violated forestry norms. Moreover, approval of GOI for deviation from Working Plan had also not been obtained. The expenditure on the plantation drive was, therefore, irregular.

IRRIGATION DEPARTMENT

3.2.2 Avoidable extra payment due to delay in payment of decretal amount

Delayed payment of decretal amount resulted in avoidable extra payment of ₹ 1.87 crore, as interest, to a construction company.

Financial rules²³ stipulate that inevitable payments should not be left unpaid. It is not economical to postpone inevitable payment and it is very important to ascertain, liquidate and record the payment of all actual obligations at the earliest.

Records of the Executive Engineer, Irrigation Division, Lucknow revealed (November 2009) that the Superintending Engineer, 12th Circle Irrigation

²³ Paragraph 161 of Financial Hand Book Volume-V, Part-I

Works, Lucknow entered into an agreement²⁴ with M/S Hindustan Construction Company for construction of an aqueduct on River Gomti in Lucknow district. During the course of execution of work (June 1974 to April 1978) the Company demanded (March 1978) an extra payment of ₹ 1.07 crore according to the increased price as per Clause 9.74 of the agreement. The Chief Engineer constituted (July 1980) a committee to examine the extra claim demanded by the Company. The committee recommended (September 1982) a payment of ₹ 1.07 crore to the Company and in turn the Engineer-in-Chief, Irrigation department, U.P. Lucknow (department) sent the proposal to the Government (September 1982). However, no decision was taken in this regard.

Due to non-payment of claim of ₹ 1.07 crore, the Company requested (May 1984) the Government that the matter may be referred to the arbitrators. The arbitrators awarded (September 2002) ₹ 3.51 crore (including cost) in favour of the Company. The department filed (November 2002) a suit in the Court of Civil Judge (Sr. Division), Lucknow against the award of the arbitrators. The Court decided (May 2007) that an amount of ₹ 4.50 crore (along with interest) be paid to the Company. The department filed (July 2007) a special appeal in the High Court which also decided (May 2008) in favour of the Company and directed the department to deposit the amount of award in the Court within a period of three months. However, the department filed (April 2009) a Special Leave Petition in the Supreme Court against the Judgment of High Court, which was also dismissed (July 2009). The department, after allotment of the funds by the Government, deposited (October 2009) ₹ 5.38 crore²⁵ including interest of ₹ 1.87 crore on the delayed payment.

The Principal Secretary, during discussions (December 2010), confirmed the observation and stated that the payment was unavoidable and was made in the interest of the State. The reply is not tenable as the department not only ignored the recommendation of the committee constituted by the Chief Engineer, but also failed to deposit the amount awarded by the arbitrators in the court to prevent interest liability.

JAIL ADMINISTRATION AND REFORMS DEPARTMENT

3.2.3 Wasteful expenditure on a medium security jail

Lack of planning led to wasteful expenditure of ₹ four crore on an incomplete structure of a medium security jail in Lucknow district. Besides, neither the medium security jail nor the demolished jail training institute was established.

The Government has been shifting prisons located amidst densely populated

²⁴ No. 04/SE/73-74 dated 14 June 1974

²⁵ Arbitration award (26 September 2002): ₹ 338.16 lakh (Principal amount: ₹ 107 lakh, Interest: ₹ 231.16 lakh), cost ₹ 12.44 lakh and interest for 1700 days (@ 6%): ₹ 94.50 lakh upto 22 May 2007 and interest for 801 days (@ 12.5%): ₹ 92.76 lakh

areas since 1995. Prisons in nine districts²⁶ were planned (September 2006) to be shifted from the existing locations. As of September 2007, there was no plan to shift three prisons and the Jail Training Institute²⁷ located inside the premise of 78.94 hectares in Lucknow district.

With a view to detaining hard core criminals, the Government decided (March 2006) to construct a medium security jail²⁸ (estimated cost: ₹ 5.60 crore²⁹) in the aforesaid premises. An amount of ₹ four crore³⁰ was released to UP Rajkiya Nirman Nigam (UPRNN) and the construction started in October 2006.

Records of the Director General, Jail Administration and Reforms, Lucknow (DG) further revealed (August 2009) that after 18 months of the decision to construct the medium security jail, the Government decided (October 2007) to shift the training institute and three prisons from the existing premises to a new location in Mohanlalganj *tehsil* of Lucknow district. The ongoing construction work of medium security jail was stopped (October 2007) after incurring an expenditure of ₹ four crore. A Committee was constituted³¹ (August 2009) by the Government under the chairmanship of the Managing Director, UPRNN to ascertain the Net Present Value (NPV) of the existing prisons and the training institute. The Committee assessed (August 2009) NPV at ₹ 40.07 crore and recommended (August 2009) demolition of the existing three prisons and the training institute as historical memorials and parks, etc., had been developed around it, thereby raising security issues. The order for demolition was issued (August 2009) by the Government and UPRNN demolished these, including the incomplete medium security jail incurring an expenditure of ₹ 6.43 crore on their demolition. The vacant land was transferred to the Avas Vikas Parishad under Housing Department for development of an eco-park. The three prisons were constructed at the new locations. However, neither the medium security jail nor the training institute was constructed (November 2010).

Thus, constructing a medium security jail and subsequently demolishing it after incurring an expenditure of ₹ four crore, on the ground that the prisons were located in a densely populated area, indicated lack of planning, rendering the expenditure wasteful.

DG stated (August 2010) that construction of the medium security jail commenced in October 2006 and there was no plan at that time for shifting the existing jails. Reply was not tenable as construction of a medium security

²⁶ Azamgarh, Badaun, Bareilly, Jaunpur, Moradabad, Muzaffarnagar, Rampur, Shajahanpur and Varanasi

²⁷ Adarsh Jail, District Jail, Naribandi Niketan, Sampurnanand Jail Training Institute

²⁸ Four barracks of 30 prisoners capacity, five barracks each of twelve prisoners capacity, etc.

²⁹ Under Centrally Sponsored Scheme of Jail Modernization (2002-07)

³⁰ ₹ two crore each in March 2006 and June 2006

³¹ In March 2008, Government formulated a policy stipulating that the structures built by different departments could be demolished under recommendations of a Technical Committee after ascertaining their NPVs. A decision on demolition was to be taken at appropriate level depending upon the NPVs of the structures and their age

jail was not prudent when the Government had been shifting prisons located amidst densely populated areas since 1995.

The matter was referred (July 2010) to the Government; reply had not been received (February 2010).

MINOR IRRIGATION DEPARTMENT

3.2.4 Idle investment on a rotary rig

Direct Circulatory Rotary rig machine and auxiliary equipment procured at a cost of ₹ 1.03 crore were lying idle for want of operating staff.

The deep boring scheme in the State was to provide private irrigation facility to the cultivators by extracting ground water through deep boring by Direct Circulatory Rotary (DCR) rig machine in areas where irrigation facility could not be provided due to depletion of ground water. The Executive Engineer (EE), Minor Irrigation Division, Varanasi proposed (May 2008) purchase of one heavy DCR rig machine for 45 deep borings in Varanasi Division during 2008-09. The Chief Engineer (CE), Minor Irrigation department (MID) UP Lucknow, placed a supply order (September 2008) with a Mehsana based firm for supply of DCR rig Machine at a cost of ₹ 1.03 crore. The machine was received (January 2009) in Division.

Records of the division revealed (February 2010) that the posts of staff required for operation of the heavy rig machine and auxiliary equipment in Varanasi Division had been abolished and reallocated (July 2008) to another Division by the CE, MID. As a result, the rig could not be put to any operation after its receipt in the division. Meanwhile, the division bored 38 Deep Bore Tube Wells at a cost of ₹ 35.50 lakh during 2009-10 (up to January 2010) through private contractors.

On this being pointed out, EE admitted that the DCR rig machine along with auxiliary equipments could not be made operational due to non-availability of required operating staff. It was also stated that the demand for sanction of required operating staff was placed with CE, MID several times during the period from June 2009 to March 2010.

The Principal Secretary, during discussions (December 2010), stated that two borings were done in 2009-10 and target of 20 borings is likely to be achieved by engaging staff from neighbouring divisions in 2010-11. The reply is not tenable as EE M I Division, Varanasi had requested CE MID, Lucknow (February 2010) to post a driller, rig mechanic and welder only. As operation of rig was not possible merely by two Air Compressor-cum-Truck Drivers and helping staff, the machine was still non-operational (December 2010).

URBAN DEVELOPMENT DEPARTMENT

3.2.5 Unfruitful expenditure on construction of dwelling units

An expenditure of ₹ 54.80 lakh on construction of 274 dwelling units under VAMBAY was rendered unfruitful due to non-identification of slum dwellers. With the start of another *Avas Yojna* providing dwelling units free of cost, allotment of these units appeared bleak.

With a view to rehabilitating slum dwellers, GOI launched (2001-02) Valmiki Ambedkar Malin Basti Avas Yojna (VAMBAY) for construction of dwelling units, with a cost ceiling of ₹ 40,000. Fifty *per cent* of construction cost was to borne by the construction agency which was recoverable from slum dwellers and GOI was to provide the remaining amount as subsidy. As per the scheme guidelines³², identified slum dwellers' participation in construction was to be ensured.

Scrutiny of records of the State Urban Development Agency, Lucknow revealed (February 2008 and March 2008) that construction of 455 dwelling units was sanctioned (2002-03) under the scheme at a cost of ₹ 1.82 crore, without identification of the beneficiaries. The construction was to be done by Bareilly Development Authority (200 units), Bareilly Nagar Nigam (200 units) and District Urban Development Agency, Kaushambi (55 units). A subsidy of ₹ 96 lakh³³ was released (2002-03) and construction of these dwelling units was completed by January 2006 at a cost of ₹ 1.82 crore, without ensuring the participation of the beneficiaries in the construction process. However, before the beneficiaries could be identified and allotted these units, the State Government launched (July 2008) *Manayavar Kanshiram Ji Shahri Garib Avas Yojna* providing dwelling units free of cost. As a result, only 181 out of 455 dwelling units were allotted and the remaining 274 were lying unallotted (July 2010). The slum dwellers for 199 units³⁴ had not been identified even after a period of four years of construction and 75 identified slum dwellers³⁵ declined to bear 50 *per cent* (₹ 20,000) cost of construction.

Thus, non-identification of slum dwellers by the department and not involving them in the construction process led to non-allotment of dwelling units constructed under VAMBAY rendering the expenditure of ₹ 54.80 lakh (proportionate cost) on 274 units unfruitful. With the start of another *Avas Yojna* in July 2008 providing dwelling units free of cost, allotment of VAMBAY units appeared bleak.

³² The beneficiaries should, as far as possible, be involved in the construction of the houses. To this end the beneficiaries may make their own arrangements for construction material, engage skilled workmen and also contribute family labour

³³ Bareilly Development Authority: ₹ 40 lakh, Nagar Nigam Bareilly: ₹45 lakh and District Urban Development Agency, Kaushambi: ₹ 11 lakh

³⁴ Bareilly Development Authority: 59; Bareilly Nagar Nigam: 85; District Urban Development Agency, Kaushambi: 55

³⁵ Bareilly Nagar Nigam

The Secretary, during discussions (October 2010), confirmed the facts and figures and assured allotment of 274 units in a month. The details of allotments, if any made were not furnished even as of February 2011.

3.3 Failure of oversight/ governance

The Government has an obligation to improve the quality of life of the people for which it works towards fulfillment of certain goals in the area of health, education, development and upgradation of infrastructure and public services etc. However, Audit noticed instances where funds released by Government for creating public assets for the benefit of the community remained unutilised/ blocked and/or proved unfruitful/ unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few cases have been discussed below.

AGRICULTURE DEPARTMENT

3.3.1 Non-operation of the revolving fund due to non-approval of its rules

Due to non-approval of its rules, the revolving fund was not operated upon to achieve its objectives of carrying out agriculture related works.

The Uttar Pradesh Council of Agriculture Research (Council) received ₹ 10 crore³⁶ from the *Mandi Parishad* for creating a revolving fund with a corpus of ₹ 10 crore. The interest earned on the corpus was to be utilised to carry out agricultural related works like strengthening the agricultural research work and statistical database, etc., after the rules of the fund were approved by the Government.

Scrutiny of records of the Council revealed (December 2008) that it invested ₹ 10 crore in fixed deposits of banks for varying periods during preceding eight years. Interest of ₹ 5.93 crore was earned up to March 2009. This amount, together with principal amount of ₹ 10 crore, was re-invested in fixed deposits at interest rates ranging between 9 per cent and 9.25 per cent to mature at ₹ 19.09 crore between February 2010 and November 2011. In November 2006, the Council, with a view to operate the revolving fund, submitted draft rules to the Government for approval, which was awaited (January 2011) even after four years of its submission. Consequently, the accumulated interest was not utilized for the intended purpose.

The Secretary of the Council stated (March 2010) that action is being taken for approval of the rules from the Cabinet. The reply is not tenable as the Council submitted (November 2006) the rules after four years of receiving the funds and did not pursue it effectively. The Principal Secretary, during discussions (October 2010), confirmed the facts and figures and assured that the rules would be approved by the competent authority by March 2011.

³⁶ August 1997: ₹ 10 lakh and October 2002 ₹ 9.90 crore

HORTICULTURE DEPARTMENT

3.3.2 Wasteful expenditure due to cancellation of a project half-way

Due to cancellation of the project half-way by the Government, an expenditure of ₹ 2.76 crore on the development of a park in Mainpuri district was rendered wasteful.

The department, in a follow up to the Chief Minister's declaration (June 2005) to develop a park³⁷ in Mainpuri district for providing clean environment to the people, sanctioned (October 2005) Rupees three crore against the estimated cost of ₹ 3.81 crore. The work on the park comprised mainly irrigation system, glass house nursery, culverts and car parking, etc. The amount was released³⁸ to the UP Rajkiya Nirman Nigam Limited (UPRNNL) for completion of the work by March 2007.

Scrutiny of records of the District Horticulture Officer, Mainpuri revealed (November 2009) that UPRNNL spent ₹ 2.76 crore, which included ₹ 63.52 lakh on works like irrigation system, decorative high gates provided in the approved estimate and ₹ 68.83 lakh on works like canteen, statue, monument base, etc., not provided in the estimate. UPRNNL also spent ₹ 36.75 lakh on earth and horticulture works, in excess. Records also revealed that the plantation (cost: ₹ 35.08 lakh) was lying un-irrigated (since 2008) as electric supply was disconnected for non-payment of dues and there was no alternative arrangement for irrigation, though ₹ 24 lakh were lying with UPRNNL.

To complete the work and regularize the items of work not provided in the estimate, UPRNNL submitted (September 2008) a revised estimate of ₹ 4.75 crore to the Government. The revised estimate was, however, not approved. The Government, in reply, stated (September 2010) that all the incomplete projects which were taken up in pursuance of the Chief Minister's declaration had been cancelled.

Thus, non-approval of the revised estimates by the Government rendered the expenditure of ₹ 2.76 crore incurred on development of a park wasteful.

The Principal Secretary, during discussions (November 2010), without spelling out the reasons for cancellation of the project prematurely, stated that action would be taken against UPRNNL for executing works without approval.

³⁷ 3.727 hectare land of an existing Government Nursery

³⁸ Rupees 1.50 crore each in December 2005 and March 2006

IRRIGATION DEPARTMENT

3.3.3 Unfruitful expenditure on an Afflux Bund

Due to inadequate planning, an expenditure of ₹ 2.43 crore on construction of an incomplete Afflux Bund was rendered unfruitful.

Saryu Canal Project was sanctioned by the Government in 1982. The project envisaged construction of Afflux Bund on both the banks of Saryu river. The bund was to protect the Saryu Barrage and the Siphon from the afflux created during floods due to narrowing of the river bed by construction of the Barrage.

Scrutiny of records of the Executive Engineer (EE), Saryu Canal Division I, Bahraich revealed (July 2009) that the alignment of Left Afflux Bund included 155.983 acre of forest land which was not handed over to the Irrigation department. Consequently, the Left Afflux Bund remained incomplete after construction of 1.400 km of Bund (March 1988). An expenditure of ₹ 31.07 lakh was incurred on this portion of bund. After a long gap of 17 years the Chief Engineer (CE), Saryu Project-I, Faizabad, directed (January 2005) to revise the alignment from 1.400 km onwards and approved the revised alignment (February 2005). The estimate for the revised alignment of Left Afflux Bund (km 1.400 to 10.400) was approved (May 2007) by the CE. The revised alignment also needed acquisition of land from the farmers/ locals affected by the submergence of this area due to construction of the bund. The estimate, however, did not take into account the rehabilitation of displaced people.

The construction of Afflux Bund after 500 metre (km 1.400 to 1.900) had to be stopped (June 2007) due to strong resentment by the farmers. The work had not been resumed (December 2010). Consequently, the expenditure of ₹ 2.12 crore incurred on the construction of 500 metre bund between March 2005 and July 2009 proved unfruitful due to non-provisioning of rehabilitation measures in the project.

On this being pointed out, the EE stated (July 2009) that rehabilitation of affected farmers of submerged area was to be done by the district administration and was not included in the project. The reply of the department is not tenable as rehabilitation of farmers of submerged area should have been provided by the Government in the project. As a result, the construction of Afflux Bund could not be completed rendering the expenditure of ₹ 2.43 crore thereon unfruitful.

The Principal Secretary, during discussions (December 2010), while accepting the facts and figures, stated that 75 per cent land had been acquired and remaining 25 per cent land will be acquired soon. The work is likely to be completed by the end of the financial year (March 2011). However, no evidence for acquisition of said land was furnished to audit. The fact remained

that the project remained incomplete for about 23 years incurring an expenditure of ₹ 2.43 crore during the period.

3.3.4 Wasteful expenditure on construction of a weir

An expenditure of ₹ 2.24 crore on construction of Rohin weir was rendered wasteful due to non-adherence to the technical instructions of Indian Institute of Technology, Roorkee.

Administrative and financial sanction to the construction of a new weir in place of a damaged weir, upstream Rohin River, in the district Maharajganj at a cost of ₹ 4.37 crore was accorded (October 2007) by the Government. The proposed length of new weir was 46 metre. Technical sanction to the work was accorded by the Chief Engineer (Gandak) (CE) in January 2008. An agreement for ₹ 4.90 crore for the work was executed by the Superintending Engineer (Gandak) Irrigation Works Circle-I, Gorakhpur (SE) with a Gorakhpur based firm in February 2008. The drawings of the work were provided to the contractor in March 2008. The date of completion of work as per the agreement was 10 August 2008.

Rohin weir was designed (March 2008) by the Alternate Hydro Energy Centre, IIT Roorkee (AHEC) for 1000 cumecs discharge. The drawings were approved by the CE. The sequence of construction of various parts of the structure was such that the deepest foundation was to be constructed first so that there was no risk of undermining the structure. AHEC also instructed (March 2008) that sheet piles should be driven before concreting.

Scrutiny of records of the Executive Engineer, Irrigation Division-I Maharajganj revealed (September 2009) that the firm started the construction work in February 2008. It executed 880.38 cum of the concrete work by May 2008 without sheet piling. The sheet piles were supplied by the supplier at the site only in June 2008. In the absence of sheet piling in the river bed, the foundation material on the floor was displaced during the floods of 12/13 August 2008, tilting the left side abutment and one pier. In due course, two other adjoining piers also got tilted and the weir under construction was completely damaged. This rendered the expenditure of ₹ 2.24 crore wasteful.

On this being pointed out, the Executive Engineer admitted (September 2009) that the weir was constructed without observing the sequence of construction as given by AHEC. The damage to the weir could have been avoided by adhering to the technical instructions of AHEC.

The Principal Secretary, during discussions (December 2010), accepted the observation and stated that enquiry against the erring officers is in progress and necessary action would be taken against them.

JAIL ADMINISTRATION AND REFORMS DEPARTMENT

3.3.5 Inconsistency in site selection leading to unfruitful expenditure

Due to inconsistency in site selection for a prison in Ambedkarnagar, the Government did not get full value of ₹ 10 crore for 14 years rendering thereby the expenditure unfruitful apart from the delay in construction of the prison.

Principles of financial discipline and management³⁹ provide that the State should get full value out of money spent and the controlling officers be guided by this while taking action involving Government money.

With a view to establishing a prison in Ambedkarnagar district, the department purchased (November 1997) land (51.65 acre) and building⁴⁰ of a sick State Spinning Mill, Ambedkarnagar⁴¹ at a cost of ₹ 10 crore from the Uttar Pradesh State Spinning Company.

Records of the Director General, Jail Administration and Reforms, Lucknow (DG) revealed (August 2009) that even prior to the purchase, land and buildings of the aforesaid mill were utilized by District Magistrate, Senior Superintendent of Police and other police officers as their residences and offices. After the purchase, a Committee under chairmanship of the Commissioner, Faizabad Division, was constituted to submit a report on construction of the prison. In May 2000, the Committee observed that dismantling of the building was not feasible as it would entail additional expenditure of ₹ six crore and after evaluating various options recommended, that the land was suitable for prison on the grounds of public and administrative convenience provided ten acres of land adjacent to the mill was also acquired. In March 2001, DG after site inspection, found the premises unsuitable. Thereafter, in June 2007, the Senior Superintendent, District Jail, Faizabad, after site inspection of the above premises, recommended construction of a prison on the same piece of land. Meanwhile, the land and the building of the mill which continued to be occupied by DM, SSP, etc., was ultimately transferred to the department in February 2008, after a lapse of 11 years of its purchase. The Government also accorded (February 2010) administrative approval to the estimates for construction and released (February 2010) ₹ five crore to the construction agency⁴². The estimate for dismantling the old building had, however, not been prepared as of November 2010.

Thus, due to inconsistency in site selection, the Government did not get value for the expenditure of ₹ 10 crore incurred by it, for a period of 14 years as of

³⁹ Chapter XIX of State Budget Manual

⁴⁰ infrastructure of the mill purchased comprised of a godown, a staff colony

⁴¹ State Government undertaking

⁴² UP Rajkiya Nirman Nigam Limited

January 2011, rendering the expenditure unfruitful. Construction of a jail in this newly created district was also delayed.

The Special Secretary, in its reply, stated (August 2010) that physical possession of the land has been given to the construction agency. The reply is not tenable as the land and buildings were still used (September 2010) as earlier, even after seven months of the sanction of estimates and release of funds.

**RURAL DEVELOPMENT DEPARTMENT
SOCIAL WELFARE DEPARTMENT**

3.3.6 Inadequate implementation of water conservation schemes in Bundelkhand region

Non-sanctioning of the projects coupled with District Development Officers inaction to frame projects for water conservation, the mission of ensuring drinking water security in Bundelkhand region under GOI schemes suffered despite availability of ₹ 14.15 crore.

With a view to ensuring drinking water security, GOI launched Prime Minister Gramodaya Yojna, Special Component Plan and Accelerated Rural Water Supply Programme with a component of drinking water in seven districts⁴³ of the Bundelkhand region. As per guidelines of these schemes, a minimum of 25 *per cent* of allocation⁴⁴ for the component was to be spent on projects for water conservation, etc⁴⁵, in water deficient areas.

The Government released (2005-10) ₹ 12.31 crore to the district magistrates of these districts under the aforesaid programmes. The District Development Officer (DDO) was the nodal agency at the district level and the concerned district magistrates and chief development officers were responsible for fund utilization for achieving the envisaged objectives.

Records of DDOs of the Bundelkhand region revealed (December 2008 and December 2010) that only 11 *per cent* (₹ 12.31 crore) against the aforesaid minimum of 25 *per cent* (₹ 27.56 crore) of allocation for drinking water component, was released (2005-10) to the districts by the Government. Against ₹ 17.95 crore⁴⁶ available, DDOs spent ₹ 3.80 crore only on projects for water conservation, etc., leaving ₹ 14.15 crore unspent at the close of March 2010. Underutilization of funds in Banda, Chitrakoot, Hamirpur and Lalitpur districts was due to DDOs not submitting the project proposals to the Government. In remaining Jalaun, Mahoba and Jhansi districts, DDOs submitted the proposals⁴⁷ which were not approved by the Government. Out

⁴³ Banda, Chitrakoot, Hamirpur, Jalaun, Jhansi, Lalitpur and Mahoba

⁴⁴ During 2005-09 and 20 *per cent* during 2009-10

⁴⁵ Rain water harvesting, ground water recharge and sustainability of drinking water resources

⁴⁶ Includes ₹ 5.64 crore lying unspent at the beginning of 2005-06

⁴⁷ Banda: Roof top in every *naya panchayat* and junior high school (2009-10); Chitrakoot: Digging of ponds (2008-09), Hamirpur: Digging of ponds and construction of check dams (2006-07), Jhansi: Digging of ponds

of the unspent balance, ₹ 13.37 crore were deposited (January 2009 to October 2010) by the DDOs under the receipt head, as instructed (August 2008) by the Government and the remaining ₹ 78 lakh was lying with the DDOs.

Thus, due to the Government not releasing funds for drinking water projects coupled with DDOs' inaction to formulate proposals, the mission of providing drinking water in Bundelkhand region was not achieved to the prescribed level. Besides, the amount shown as having been spent in the books of accounts was deposited under the receipt head which not only vitiated the position of actuals but also inflated the Government receipts for the year 2009-10.

The Secretary, during discussions (November 2010), accepted the facts and figures but did not furnish any specific reply to the points raised in the paragraph.

WOMEN WELFARE AND CHILD DEVELOPMENT DEPARTMENT

3.3.7 Unfruitful expenditure on incomplete buildings

Due to lack of coordination and monitoring, 125 buildings constructed at a cost of ₹ 1.12 crore were incomplete rendering the expenditure thereon unfruitful and the work on 227 buildings had not been taken up even after three years of their sanction.

With a view to providing pre-schooling and nutrition, etc., to the children and adolescent girls in a separate building in primary school premises, the Government sanctioned ₹ 75 crore⁴⁸ (October 2006) for construction of 5,000 buildings⁴⁹ for *Anganwadi* centres in rural areas of the 70 districts of the State. The Director, Child Development and Nutrition, Lucknow (Director) transferred ₹ 74.23 crore (October 2006 and January 2008) to the Village Fund accounts held in banks, jointly operated by the *Gram pradhan* and *Mukhya Sevika* for completion of the buildings within three months.

Scrutiny of records of the Directorate, Child Development and Nutrition, Lucknow revealed (June 2009) that out of 5000 buildings, 4,648 were completed (cost: ₹ 69.72 crore) and made functional by November 2010. 125 buildings were incomplete because of lack of coordination between *Gram pradhan* and *Mukhya Sevika*. An expenditure of ₹ 1.12 crore was incurred on these incomplete buildings. The construction work on the remaining 227 for which ₹ 2.63 crore⁵⁰ were transferred to the Village Fund, could not be taken up due to DPOs' inaction, non-identification of centres for scheduled caste areas, local disputes and lack of interest by *Gram Pradhans*. Out of ₹ 2.63

and silt clearance (2006-07), Jalaun: Digging of ponds and silt clearance (2007-08), Lalitpur: Roof tops and Mahoba: Construction of check dams (2005-06)

⁴⁸ At the rate of ₹ 1.50 lakh *per cent* to be released in two installments of ₹ 75,000 each

⁴⁹ Comprising a room, store/kitchen, verandah and toilet

⁵⁰ ₹77.25 lakh was released as first installment to Basti (69) and Unnao (34) and ₹ 186 lakh of first and second installments to Aligarh (1), Badaun (26) Bagpat: (4), Etah (67), Jalaun (6), Saharanpur (2), and Sonebhadra (18)

crore, ₹ 1.82 crore in respect of 173 buildings were refunded (March 2009) into the treasuries and balance of ₹ 81 lakh in respect of 54 buildings was lying in the Village Fund accounts (November 2010).

Thus, due to lack of coordination between *Gram pradhans* and *Mukhya Sevikas*, 125 buildings remained incomplete rendering the expenditure of ₹ 1.12 crore unfruitful. Besides, 227 buildings were not constructed even after over three years of their sanction.

The Principal Secretary, during discussions (November 2010), admitting lack of coordination between *Gram pradhans* and *Mukhya Sevikas* stated that the incomplete buildings would be completed and ₹ 81 lakh refunded into Government account. The fact remained that lack of coordination between the *Gram Pradhans* and *Mukhya Sevikas* and lax monitoring by the DPOs resulted in the expenditure of ₹ 1.12 crore remaining unfruitful for about three years.

YOUTH WELFARE DEPARTMENT

3.3.8 Unfruitful expenditure on construction of stadia and purchase of sports material

Due to delay in handing over of stadia to the department coupled with non-appointment of trainers, etc., an expenditure of ₹ 18.31 crore on 50 stadia and purchase of sports material was rendered unfruitful.

With a view to providing training to the outstanding sports persons in rural areas to enable them to compete at the national level, Government launched (May 1995) the scheme of establishing stadia⁵¹ in rural areas. During 2004-09, Government sanctioned ₹ 18.13 crore for construction of 50 mini stadia, each on three acre land, in 26 districts⁵². The construction was assigned to three agencies⁵³ for completion within six months of release of funds.

Scrutiny of records of the Director General, *Prantiya Rakshak Dal/ Vikas Dal Evam Yuva Kalyan*, Lucknow (DG) revealed (January 2010) that the agencies completed 50 mini stadia between January 2006 and November 2009 at a cost of ₹ 18.13 crore. Of these, 31 stadia were handed over to the department during 2006-09⁵⁴. The remaining 19 stadia had not been handed over (November 2010) to the department mainly due to non-availability of inventory and non-completion of minor works like boundary wall, electrification, etc. The department also incurred an expenditure of ₹ 18.27 lakh on purchase of sports material⁵⁵ during 2006-07. Records also revealed

⁵¹ Consisting of gymnasium hall, athletic tracks, sports field etc.

⁵² Sonebhadra (2), Gonda (1), Kanpur Dehat (1), Meerut (2) Raebareilly (3), Hardoi (4), Mau (3), Unnao (3), Barabanki (3), Firozabad (3), Lucknow (1), Kaushambi (2), Kanpur Nagar(1), Azamgarh(1), Etah (2), Faizabad (2), Bulandshahar (2), Bareilly (1), Kheri (1), Baharaich (2), Mainpuri (1), Shahajahanpur (1), Banda (1), Ghazipur (6), Ballia (1), Ghaziabad (1)

⁵³ Construction and Design Services, Jal Nigam; Paesfed and UP Project Corporation Limited

⁵⁴ 2006-07: 3 stadia; 2007-08: 4 stadia, 2008-09: 8 stadia and 2009-10: 16

⁵⁵ for 29 stadia

that DG had submitted (September 2002) a proposal to the Government for appointment of trainers, ground men and watchmen to make these stadia functional. These posts had, however, not been sanctioned (November 2010).

Thus, due to delay in handing over of the stadia to the department coupled with non-appointment of trainers, ground men and watchmen, an expenditure of ₹ 18.13 crore on construction of 50 stadia and ₹ 18.27 lakh on purchase of sport material was rendered unfruitful.

The Principal Secretary, during discussions (November 2010), stated that there was no provision for creation of posts at the time of approval of the scheme by the Planning Department. Consequently, the sports activities were being organized by the Regional Youth Welfare Officer and the physical trainer at block level. The replies were not tenable as none of the 21 out of 31 stadia handed over by the agencies in seven districts⁵⁶ test checked were functional during 2006-10 as there were no trainers, etc., to train the local youths.

3.3.9 Non-appointment of warden/assistant warden leading to unfruitful expenditure

Due to non-appointment of warden/ assistant warden, an expenditure of ₹ 1.39 crore on construction of a youth hostel in Lucknow district was rendered unfruitful.

With a view to providing hostel facilities to the youth on educational tours, the State Government and the Government of India (GOI) decided (March 1988) to construct a youth hostel in Lucknow district. The State Government was to provide a fully developed plot of 2-3 acres land free of cost and constitute a hostel management committee to manage the hostel. GOI was to meet the construction cost and appoint the warden/ assistant warden. The expenditure on honorarium and conveyance of the warden/assistant warden was to be borne by GOI.

Scrutiny of records of the Director General, *Prantiya Rakshak Dal/Vikas Dal Evam Yuva Kalyan*, Lucknow (DG) revealed (January 2010) that the Government provided (August 1998) the requisite plot to the designated construction agency⁵⁷ after a delay of ten years. The agency completed the building at a cost of ₹ 1.37 crore⁵⁸ and handed over it in February 2007. The Government, after three years of handing over of the hostel to it, constituted (December 2010) a hostel management committee under the chairmanship of DG and recommended to GOI a name for appointment as warden/ assistant warden. The appointment had not been made till date as the Resident Commissioner of Uttar Pradesh informed (2009) that the recruitment rules of

⁵⁶ Firozabad: 3, Ghazipur: 5, Hardoi: 4, Khiri: 1, Rae Bareilly 3, Sonbhadra: 2 and Unnao: 3

⁵⁷ Rajkiya Nirman Nigam

⁵⁸ It includes ₹ 36.62 lakh incurred by the State Government on approach road and sewerage, etc.

warden/assistant warden were being amended and that the appointment will be made after notification of the rules. Meanwhile, the hostel continued to be non-functional (December 2010). The Government, instead of evolving a strategy to make the hostel functional spent ₹ 1.88 lakh on the watch and ward of the building.

Thus, an expenditure of ₹ 1.39 crore on construction of a youth hostel was rendered unfruitful. Besides, the objective of providing hostel facilities to the youth on educational tours in Lucknow district was not realized even after four years of handing over of the hostel building.

The Principal Secretary, during discussions (November 2010), stated that the warden/ assistant warden would be appointed after amendment to the recruitment rules by the GOI. This is not tenable as the Government did not come out with a clear strategy during the intervening period to make the hostel functional, indicating not only lack of coordination between the State Government and the GOI but also lackadaisical attitude of the State Government.

3.4 Persistent and pervasive irregularities

An irregularity is considered persistent if it occurs year after year. It becomes pervasive when it is prevailing in the entire system. Recurrence of irregularities, despite being pointed out in earlier audits is not only indicative of non-seriousness on the part of the executive but is also an indication of lack of effective monitoring. This in turn encourages willful deviations from observance of rules and regulations and results in weakening of the administrative structure. The case reported in audit about persistent irregularities has been discussed below.

IRRIGATION DEPARTMENT

3.4.1 Drawal of funds and their retention outside the Government account

Rupees 3.79 crore were irregularly drawn from time to time and retained outside the Government account for one to six years entailing avoidable interest burden of ₹ 32 lakh at the borrowing rate of the Government for the respective years.

Drawal of funds and retaining them as bank drafts outside the Government Account was brought out at paragraphs 4.5.4, 4.5.6 and 3.1.1, in the Audit Reports for the years 2005-06, 2006-07 and 2008-09 respectively. This irregular practice continued even during 2009-10 as discussed below.

Records of six divisions⁵⁹ revealed that the Executive Engineers (EEs) withdrew ₹ 3.79 crore (**Appendix-3.16**) from the treasuries during 2004-05 to 2009-10 for payment of land compensation to land owners. The amount was retained in the shape of 1,222 bank drafts (BDs) of which 171 BDs amounting to ₹ 1.45 crore pertained to financial year 2009-10. Drawal of funds without immediate requirement and their retention outside the Government account for one to six years, besides being in violation of financial rules, entailed avoidable interest burden of ₹ 32 lakh (**Appendix-3.17**) at the borrowing rate of the Government for the year concerned.

The Principal Secretary, during discussions (December 2010), stated that in three divisions compensation has been given to farmers and land has been acquired and action is being taken in respect of remaining three divisions. In addition, he stated that erring officers responsible for withdrawal of Government money from treasuries without immediate requirement are being identified. The reply is not acceptable as drawal of money from the treasuries without immediate requirement and its retention for periods ranging from one to six years outside the Government Account was in contravention of financial rules and violative of financial discipline.

⁵⁹ EE ID -II, Maharajganj, EE MDCD Hamirpur, EE MGCC, Div-5 Bijnore, EE ICD Matatila, Lalitpur, EE SNK-II Gonda, EE MGCC-15 Moradabad