

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 Loss to Government

Transfer of 501.922 acre land to the New Okhla Industrial Development Authority without realising its full value led to a loss of ₹ 2,632.19 crore.

As per the State Financial Rules¹ all Government land and immovable property should ordinarily be sold through the Revenue Department.

Scrutiny of records of Executive Engineer (EE), Head Works Division, Agra Nahar, Okhla revealed (March 2010) that the Government, instead of transferring 317.63 acre spare land located in South Delhi² to New Okhla Industrial Development Authority (Authority) through the Revenue Department, decided (July 2008) to transfer the land directly on payment, for development purposes and issued notification (October 2008). The Government also directed (January 2009) to complete all the requisite legal formalities including realisation of full cost of land at the prevailing circle rate by the Irrigation Department before the registration and transfer of possession of the land in favour of the Authority. Scrutiny also revealed that in addition to the aforesaid land, the Principal Secretary, Irrigation Department also ordered (January 2009) to transfer 184.292 acre³ land located in Gautam Buddha Nagar directly to the Authority.

The EE transferred⁴ and allowed possession of the land (501.922 acre) during January 2009 to May 2009, to the Authority without recovering full value of

¹ Paragraph 371 of Financial Handbook (FHB) Vol.VI.

² Villages: Aali, Jasola, Jaitpur, Madanpur, Okhla and Saidabad.

³ 20.77 acre of Village-Nayabans + 135.65 acre land of Noida main nala + 27.872 acre of 2.5 km bundh situated in doaba of Hindon and Yamuna = 184.292 acre (as per actual measurement informed by EE dated 16-05-2011).

⁴ 260.67 acre on 15.01.2009, 56.96 acre on 03.02.2009, 20.77 acre on 20.03.2009 and 163.522 acre on 29.5.2009.

the land from the Authority as directed, and raised demand for ₹ 150 crore as advance as against total value of the land of ₹ 2,697.19 crore⁵ worked out in audit on the basis of prevailing circle rate. The Authority paid (March 2009) only ₹ 65 crore. Moreover, the value of the land transferred had not yet been ascertained by the Department, as of November 2011.

The EE, shifting the responsibility of transfer of lands to the Government, stated (March 2010) that the decisions to transfer the land was taken at the Government level. It also stated that the valuation of the land was yet to be finalised. The reply was not acceptable as the Government order for realising full value of land before transfer of the possession of land was not observed.

During discussion (November 2011), while admitting the facts the Government stated that the land would be registered in favour of the Authority after realising full value in ten years. The reply was not acceptable as the fact remained that the land was transferred without realising full value.

Thus, due to transfer of 501.922 acre land belonging to the Department without realising full value at the prevailing circle rates led to loss of ₹ 2,632.19⁶ crore to the Government.

MEDICAL EDUCATION DEPARTMENT

3.1.2 Unlawful demolition/construction

Chhatrapati Sahuji Maharaj Medical University, Lucknow demolished a heritage building in Lucknow and on the same site constructed a new one at ₹ 28.30 crore in disregard of the Ancient Monuments and Archeological Sites and Remains Act, 1958.

The Ancient Monuments and Archaeological Sites and Remains Act, 1958 and rules framed thereunder not only prohibit the demolition of the building which was declared heritage by the Archaeological Survey of India (ASI) but also mandated to obtain the “No Objection Certificate” from it prior to construction or re-construction or repair or renovation of such building or structures which are located in prohibited and regulated areas.

Scrutiny of the records of Chhatrapati Sahuji Maharaj Medical University, Lucknow revealed (January 2011) that the University owned a building which was falling under the heritage zone⁷ declared (1920) by the ASI. The building was also situated within the regulated area of the Conserved Monument of Imam Bara Asaf-ud-daulah⁸, Lucknow in terms of the Act, *ibid*. However, the University proposed to the Government (September 2007) for demolition of heritage building and to construct a new building in its place at ₹ 29.11 crore.

⁵ Cost of 184.292 acre of land has been computed on the basis of present prevailing circle rates ranging between ₹ 2500 to ₹ 13200 per sqm in Gautam Budh Nagar w.e.f. 8/2010. Further, the cost of 317.63 acre of land has been calculated in accordance with the notification dated 04.02.2011 of Revenue Department, Govt. of National Capital Territory of Delhi ranging between ₹ 13800 to ₹ 32200 per sqm.

⁶ Principal Amount ₹ 2632.19 crore = ₹ 2697.19crore - ₹ 65 crore.

⁷ Built in 1914, on the pattern of Awadh architecture and was declared heritage zone in November-December 1920 by ASI,

⁸ Built in 1783 and declared heritage zone in November-December 1920, by ASI,

The Government, in disregard of aforesaid rules and regulations, accorded (March 2008) administrative approval and financial sanction to the proposal. The works of demolition and construction were assigned to the *Uttar Pradesh Rajkiya Nirman Nigam Limited* (UPRNN), which demolished the building⁹ and constructed a new one at ₹ 28.30 crore (as of March 2011). Scrutiny also revealed that the demolition and construction were carried out despite the request (May 2008) made by the Superintending Engineer, ASI to preserve the archaeological feature of the building and to get prior approval for alteration of internal structure. Moreover, four other buildings were also under construction (May 2011) without obtaining the requisite “No Objection Certificate” from the ASI. Thus, not only the demolition of the heritage building but also the construction of a new one at ₹ 28.30 crore did not conform to the rules, regulation.

In reply, the University accepted (January 2011) the facts and stated that it would be avoided in future. The reply was not acceptable as the fact remained that the heritage building was demolished in violation of the extant Act and rules. The Government accepted (November 2011) the facts.

PUBLIC WORKS DEPARTMENT

3.1.3 Excess expenditure

An excess expenditure of ₹ 2.02 crore was incurred by the Provincial Division and Construction Division, Deoria in construction of cement concrete roads in disregard to approved specifications and norms.

As per the detailed guidelines issued (July 2008) by the Government for construction of Cement Concrete roads, covered drains under *Dr. Ambedkar Gram Sabha Vikas Yojna 2008-09*, the administrative departments/executing agencies were to adopt specifications scrupulously, consumption norms of material as well as standard drawings and designs for execution of works. The model estimate in the guidelines was based on standard designs and drawings, consumption norms and the unit rates and was approved by the State Planning Institute¹⁰. However, a committee headed by the Principal Secretary, *Panchayati Raj* was empowered to decide on policy matters and *Zila Panchayat Anushravan Koshthak* (Government Level) was empowered to take decisions on technical matters under the guidelines. The executing agencies were not competent to deviate/ change model estimate without prior approval of the Government.

Scrutiny of the records of Executive Engineer (EE), Provincial Division and EE, Construction Division, PWD, Deoria and further information collected revealed (April 2010) that concerned EEs accorded technical sanction to estimates for the works¹¹ of Cement Concrete roads and covered drains by

⁹ Salvage value ₹14.69 lakh (as on 30 March 2008) after demolition.

¹⁰ Working as planning department of the Government.

¹¹ Executive Engineer, Provincial Division, PWD, Deoria: 15 work and Construction Division, PWD, Deoria: 20 work.

making changes in their designs and consumption norms and thereby violated the guidelines which resulted in an extra expenditure of ₹ 2.02 crore as discussed below:

- Under the scheme, Cement Concrete roads were to be constructed by providing the base of lean concrete containing the composition of cement, fine sand and brick ballast in the ratio of 1:6:12 respectively. In both the divisions, the constituent of brick ballast in lean concrete in road works was replaced by costlier stone ballast. Deviation from the approved specifications led to excess expenditure of ₹ 1.32 crore as detailed in (*Appendix-3.1*).
- As per approved design and drawings, drains were to be covered with RCC¹² cover of 60 cm width and 5 cm thickness and the consumption of mild steel (iron work) in RCC cover was allowed at the rate of one *per cent* of the cubical quantity¹³ of RCC cover. However, deviating from these norms, provision for RCC drain cover was made for 7.5 cm thickness in both the divisions. The increase in the thickness of the drain cover led to excess expenditure of ₹ 0.70 crore (including cost of the Mild Steel) as detailed in (*Appendix -3.2*).

Thus, deviations from the approved specifications and consumption norms led to an excess expenditure of ₹ 2.02 crore.

In reply, the Chief Engineer (CE), PWD Headquarters, Lucknow stated (August 2010) that Superintending Engineer (SE) was competent to change the material and quantity as per condition of the site. The reply was not acceptable as the cases of inevitable modifications of norms should have been referred by the executing agencies to the Government with full justification, to obtain permission for deviations from the norms.

While admitting the facts and figures, the Government, during discussion, stated (November 2011) that works with deviation were executed due to site conditions and to provide structural soundness. The reply is not acceptable as model estimate was approved by the State Planning Institute and CE/SE was not the competent authority to deviate/change the model specifications.

3.1.4 Violation of specifications

Non-adherence to specifications resulted in not only sub-standard works worth ₹ 2.50 crore but also avoidable expenditure of ₹ 2.82 crore on renewal works of village roads.

As per the instruction issued (July 1998) by the Engineer-in-Chief (E-in-C), Public Work Department, Lucknow, all the construction works were to be executed in accordance with the norms/specifications of Ministry of Road

¹² Reinforce cement concrete.

¹³ One cum of RCC work required 78.5 kg. mild steel.

Transport and Highways (MORTH) and also of the Department. However, the following deviations from the specifications were noticed in audit.

- In terms of the standard specifications (June 1974 and February 1984) of the Department and also the specifications of MORTH, the soling coat of a road pavement should be provided with stone ballast of appropriate size (i.e. 45-90 mm). Bricks on the edge are not the approved material for use in the soling coat because the crushing strength of brick (140 Kg/Square centimeter) is less as compared to that of stone ballast (650 Kg/ Square centimeter).

Scrutiny of records of Executive Engineer (EE), Provincial Division, Balrampur revealed (May 2010) that the Government sanctioned (June 2008) ₹ 11.39 crore for the widening and strengthening of Utraulla-Faizabad-Allahabad road (State Highway). The required crust in the widened portion was achieved by laying old dismantled bricks on edge (BOE) in the soling coat in place of stone ballast of appropriate size, as prescribed in the specifications, in Kms 4, 7, 11, 15 and 17. Thus, the work in the widened portion so executed was below to the specified norms as the strength was less than that required to sustain the axle load of the commercial vehicles. Further, the work of strengthening over a weak soling in the widened portion was also bound to suffer adversely due to pavement distortion, rendering total works costing ₹ 2.50 crore substandard as detailed in *Appendix 3.3*.

In reply, the EE stated (May 2010) that it would be of sufficient strength as the widened portion would remain outside of the main carriageway. The reply was incorrect because the widened portion is also a part of the main carriageway. This was also corroborated by Central Road Research Institute, New Delhi, by stating that the use of bricks in soling coat would certainly affect the performance of the pavement in the long run because the soling layer would not have sufficient strength.

- In terms of the E-in-C's circular (June 2007), the same material¹⁴ as was used in second coat (P₂) of two coat surface dressing (painting) should be used for renewal of village roads.

Test check of records of the EE, Provincial Division, Sitapur revealed (November 2010) that contrary to the aforesaid instruction, the renewal of 34 village roads {(Total 2,87,676 square meter area (sqm))}, was done with premix carpeting with seal coat (PC/Seal coat) which was of higher specifications. An expenditure of ₹ 4.50 crore (*Appendix 3.4*) during 2009-10 instead of ₹ 1.68 crore (admissible at the rate of ₹ 58.50 per sqm) according to P₂ specification, was incurred. Thus, an expenditure amounting to ₹ 2.82 crore was incurred using higher and costlier specification in renewal work of village roads, which otherwise could have been avoided.

¹⁴ 80/100 Penetration Grade Bitumen and 13mm nominal size pre-coated grit.

The EE stated (November 2010) that renewal of village roads with PC/Seal coat was done as per circular of E-in-C (August 2007). Justifying the PC/Seal coat works, E-in-C also stated that damage to the surface of roads every year was a regular feature as these were in flood prone area. The reply was incorrect as the above circular was for construction of only new village roads and was not applicable to the renewal works. Further, in the adjoining (Lakhimpur Kheri) district of the same circle, P₂ specification has been adopted for renewal of village roads during the same period.

During discussion (November 2011), the Government while admitting the facts and figures stated that by using old dismantled bricks the money was saved without compromising the quality of work, in the former case. The reply was not acceptable as quality of work could not be assured without adherence of the prescribed specifications. However, no justification was furnished in respect of the other case.

3.1.5 Extra payment to contractors

Extra payment of ₹ 1.89 crore was made to contractors by the Chief Engineer, Allahabad Zone due to non updation of Schedule of Rates.

As per State Financial Rules¹⁵, Schedule of Rates¹⁶ (SoRs) for each circle should be updated in April/ May each year after market surveys and taking into account the prevailing rates, taxes and duties. The Superintending Engineers are responsible for updation of the SoRs.

The Government revised (June 2004) the transit fee from ₹ five to ₹ 38 per Metric Ton on timber wood and other forest produces including lime-stone, 'laterite' rocks etc. Accordingly, rates of stone ballast/stone grits, inclusive of transit fee at the prevailing rates, were approved for SoRs of Allahabad and Pratapgarh Circles of the Department for the period up to November 2009. In March 2010, the Government waived off levy of the transit fee on forest produce.

Scrutiny of records of the office of the Chief Engineer (CE), Allahabad Zone, Allahabad revealed (March 2011) that although the transit fee was waived off in March 2010, the concomitant reduction on that account was not effected in the SoRs of these two circles till March 2011. As a result, the estimates sanctioned after March 2010 continued to include the element of transit fee. Scrutiny of vouchers, relating to works sanctioned during 2010-11, revealed that stone grit¹⁷ were used in various works in the Allahabad and Pratapgarh circles and payments on that account were made inclusive of transit fee. This had resulted in extra payment of ₹ 1.89 crore to the contractors as detailed in the (*Appendix 3.5*).

¹⁵ Paragraph 264 and 523 of Financial Hand Book Volume VI.

¹⁶ Work estimates are prepared on the basis of Schedule of Rates. Their updating is essentially required for fair and realistic assessment of the cost of works. Further, the cost of road materials such as stone ballast and stone grit include forest tax/ transit fee in addition to cost of digging, breaking of stone, royalty and loading.

¹⁷ Stone grit from Dalla quarry situated in Mirzapur district.

The CE while admitting the facts, stated (November 2011) that rates in the SoRs were inclusive of transit fee and assured to recover the excess payment of ₹ 1.89 crore from the contractors. The recovery was, however, awaited (March 2012). The Government, during discussion (November 2011), accepted the facts.

3.1.6 Undue aid to the contractors

Payment of secured advances, in violation of the contract conditions, led to undue aid of ₹ 94.17 crore to the contractors and undue benefit of ₹ 2.23 crore as interest.

In the light of judgment¹⁸ (July 2006) of Hon'ble High Court, Allahabad, Lucknow Bench, the Government modified (January 2007) the existing tender procedure to bring transparency in the tendering process and introduced Model Bid Documents¹⁹ (MBDs) and directed the Engineer-in-Chief, Public Works Department (PWD) to ensure its compliance scrupulously throughout the State. The document provided, *inter-alia* that the contractor would be eligible to receive mobilization and equipment advance against production of unconditional Bank Guarantee of any Scheduled Bank and subject to submission of invoices for purchase of machineries to be put into use on works relating to the contracts.

Scrutiny of records (February and March 2011) of Executive Engineer (EE), Construction Division-I and Provincial Division of PWD, Lucknow and further information collected (May to July 2011) from 13 other divisions²⁰ revealed that undue aid of ₹ 94.17 crore was provided to contractors as secured advance²¹ without any provision in the MBD. The secured advances were recovered after the period ranging from one to 14 months. Further, the State Government paid interest of ₹ 2.23 crore on ₹ 94.17 crore, calculated at the average rate of 7.53 *per cent* for the year 2009-10, the rate at which the State Government went in for commercial borrowings during 2008-09, 2009-10 and 2010-11 (*Appendix 3.6*). The avoidable interest outgo was particularly significant as 96 *per cent* of the State's borrowing during 2009-10 were spent on debt servicing of loans taken by it during the past years. Thus, the secured advances facilitated the contractors to carry out the works awarded to them by utilising the secured advances. This was irregular as the contractors were liable to execute the works awarded from their own resources and payments were to be made only after the execution of works to the entire satisfaction of the concerned authorities.

¹⁸ In the case of Chandrika Prasad Nishad Vs State of Uttar Pradesh and others.

¹⁹ With the intention to check the interference of criminals, anti social elements and Mafia in the works of State Government.

²⁰ EEs, PDs Agra, Bulandshahar, Fatehpur, Jaunpur, Lakhimpur Kheri; EE, CD Deoria; EE, CD(B&R) Gorakhpur; EEs, CD-I, Agra, Gorakhpur, Muzaffernagar, Pilibhit; and EEs, CD-II Fatehpur & Lucknow.

²¹ Secured Advance is given on the security of material of imperishable nature brought to the site against a formal agreement.

Thus, on one hand violation of the contract conditions by making payment of secured advances to the contractors resulted in undue aid of ₹ 94.17 crore and on the other hand undue benefit of ₹ 2.23 crore in the form of interest to them.

The EE stated (March 2011) that payments of secured advances were made under the provision of financial rules²². The replies were incorrect as the contract documents were legal binding on both the parties. Thus, the payment of secured advances to the contractors without any provision in the MBD was irregular. During discussion (November 2011), the Government accepted the facts.

URBAN DEVELOPMENT DEPARTMENT

3.1.7 Wasteful expenditure

Failure to obtain requisite prior permission from the National Highways Authority of India for construction of a road and a flyover in Rampur district rendered expenditure of ₹ 1.34 crore on preparation of draft project report wasteful.

Obtaining prior permission from the National Highways Authority of India (NHAI) for taking up any construction on its site was a pre requisite since January 2003.

With a view to implement the development works²³ under the Urban Infrastructure Development Scheme for Small and Medium Towns, the Government assigned (August 2006) the job of preparing Draft Project Reports (DPRs) to the Regional Centre for Urban and Environmental Studies (RCUES), Lucknow for a road and a flyover in Rampur (project cost: ₹ 89.58 crore).

Scrutiny of records of the Director, Local Bodies, UP Lucknow and information collected subsequently revealed (November 2009) that the Director assigned the job of preparing draft project reports to RCUES without ascertaining the status of the land on which the road and a flyover in Rampur district was to be constructed and paid (November 2006 and May 2007) ₹ 1.34 crore²⁴ to it. RCUES prepared the DPR and submitted to the Government. The State Level Sanctioning Committee (SLSC) also accorded approval (September 2006). However, the work on the project could not commence as the works on the same alignment of flyover and bypass road were also proposed by NHAI. This rendered the expenditure of ₹ 1.34 crore on preparation of draft project reports wasteful.

In reply, the Government stated (June 2011) that project was sanctioned by State Level Sanctioning Committee²⁵ (SLSC) in September 2006 in view of

²² Paragraph 456 of FHB Volume VI.

²³ Urban renewal including widening of narrows roads, renewal of sewerage/drainage/solid waste disposal systems and water supply.

²⁴ November 2006: ₹ 67.18 lakh and May 2007: ₹ 67.19 lakh.

²⁵ Committee comprising of representative of Central Government and State Government under the Chairmanship of Chief Secretary, Government of UP.

staging of Common Wealth Games, 2010. The reply was not acceptable. There was disconnect between the Government and NHA and the Government did not approach it for required prior permission before assigning the job of preparing the draft project reports.

During discussion (November 2011), the Government stated that when DPR was prepared the project of NHA was not conceived and assured to clarify the exact position of ownership of the site within a fortnight. However, the clarification was awaited (March 2012).

3.2 Audit against propriety and cases of expenditure without adequate justification

Authorisation of expenditure from public funds is 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 detected instances of impropriety and extra expenditure.

AGRICULTURE DEPARTMENT

3.2.1 Unfruitful expenditure

Laser Land Levelers (LLs), purchased at a cost of ₹ 2.49 crore, without assessing their feasibility, were lying idle, rendering the expenditure incurred thereon unfruitful. Besides, the objective of ensuring appropriate and minimum use of water in irrigating the agriculture fields was also not achieved.

Planning entails assessment of requirements after comprehensive and credible surveys.

With a view to ensuring appropriate and minimum use of water in irrigating the agriculture fields, the Government sanctioned (March 2009) ₹ 2.94 crore for purchase of 99 Laser Land Levelers under *Kushal Jal Prabandhan Yojna*. These levelers were to be used in tractors for leveling farmers' agriculture land on demand and on payment of hire charges of ₹ 400 per hour. Scrutiny of records of the Director, Agriculture, Lucknow in July 2009 and further information collected from 17 *Bhoomi Sanrakshan Adhikari*²⁶ (BSAs) and nine District Agriculture Officers²⁷(DAOs) during April 2011 revealed that the Director, Agriculture, Lucknow purchased (March 2009) 84 levelers for use by the farmers in 70 districts and 15 for Government Agriculture Farms at a total cost of ₹ 2.49 crore²⁸ without assessing their feasibility and supplied 84 LLLs (March 2009 to July 2009) to the BSAs of 70 districts. However, all the

²⁶ Banda, Bareilly, Bijnore, Chitrakoot, Deoria, Etawah, Fatehpur, Gautam Buddha Nagar, Ghazipur, Jalaun, Kushinagar, Lucknow, Mau, Meerut, Sant Kabir Nagar, Siddharthnagar and Varanasi.

²⁷ Allahabad, Basti, Ghazipur, Mahoba, Mau, Siddharthnagar, Sonbhadra, Sultanpur and Varanasi.

²⁸ At the rate of ₹ 2.97 lakh each.

levelers received in 17 test checked BSAs were lying idle due to non-availability of tractors. Scrutiny also revealed that the Director, Agriculture ordered (July 2009) the BSAs to transfer all levelers to the Government Agriculture Farms under charge of the DAOs of the concerned districts for utilisation at farms and by the farmers. The levelers were accordingly transferred between July 2009 and February 2010. However, records of nine test checked DAOs revealed that the levelers were neither used at Government farms nor by the farmers despite availability of tractors. Further, since there was no demand from the farmers, the department reduced (June 2010) the hire charges from ₹ 400 per hour to ₹ 40 per hour, however, despite reduction in the hire charges, the utilisation of LLLs could not be ensured.

The concerned DAOs stated (April 2011) that the levelers were lying idle as there was no demand from the farmers. During discussion (November 2011), the Government stated that the objective of the levelers was to improve the agriculture system by encouraging and awakening farmers to use them. The reply was not acceptable as the fact remained that purchase of levelers without assessing their feasibility rendered an expenditure of ₹ 2.49 crore on procurement of levelers unfruitful for almost three years. Besides, the intended objective of appropriate and minimum use of water in irrigating the agriculture fields could also not be achieved.

DAIRY DEVELOPMENT DEPARTMENT

3.2.2 Unfruitful expenditure

Due to inadequate planning, the expenditure of ₹ 1.55 crore on purchase of Bulk Milk Coolers by *Dugdh Utpadak Sahkari Sangh Bulandshahr* and Meerut for supplying quality and clean milk was rendered unfruitful.

The Government of India (GoI) accorded (October 2003) administrative approval for centrally sponsored scheme for strengthening of infrastructure for Quality and Clean Milk Production. The funding pattern under the scheme was in the ratio of 75: 25 for purchase of Bulk Milk Coolers (BMCs) between GoI and the respective Dairy Cooperative Society/Union. GoI approved (November 2005) the project submitted by *Pradeshik Cooperative Dairy Federation*, Lucknow (PCDF) for installation of 16 and 15 BMCs of 1,000 litre per day (lpd) each chilling capacity for Dairy Cooperative Societies (Societies) for supply of 31,000 lpd to *Dugdh Utpadak Sahkari Sangh (DUSS)* of Bulandshahr and Meerut respectively. PCDF, however, issued (November 2006) letter of intent for supply, installation, testing and commissioning of BMCs of 2,000 lpd²⁹ instead of 1,000 lpd³⁰ to get BMCs of double capacity with low operation cost³¹. Accordingly, DUSS, Bulandshahr and Meerut

²⁹ At unit price of ₹ 6.73 lakh along with accessories and Diesel Generator set.

³⁰ At unit price of ₹ 5.79 lakh along with accessories and Diesel Generator set.

³¹ ₹ 0.46 per kg and ₹ 0.36 per kg milk for BMC of 1,000 lpd and 2,000 lpd respectively.

purchased (December 2006) 31 BMCs at a cost of ₹ 2.09 crore³². Besides, DUSS Bulandshahr purchased three³³ more BMCs of 2000 lpd and one BMC of 3,000 lpd for ₹ 11.69 lakh in November 2007 under the State scheme (August 2007). Thus, total 35 BMCs with 71,000 lpd capacity at a cost of ₹ 2.41 crore were procured.

Scrutiny of records (May 2010 and April 2011) of DUSS, Bulandshahr and Meerut revealed that only 11 out of 35 BMCs of Meerut were running at their capacity (*Appendix 3.7*). The required quantity of milk for fourteen³⁴ BMCs was not available while for eight³⁵ BMCs of Bulandshahr, the availability of milk was very low (ranging between 21 and 317 lpd instead of 2,000 lpd). One BMC was lying unutilised in store and the BMC of capacity of 3,000 lpd was transferred (July 2009) to *Jyotiba Phule Nagar district* (Amroha). The total availability of milk to DUSS Bulandshahr and Meerut was 1,065 lpd and 20,053 lpd respectively which was only three and 67 per cent of the capacity of BMCs procured (*Appendix 3.8*). Thus, due to inadequate planning, expenditure of ₹ 1.55 crore³⁶, incurred on purchase of 23 BMCs, was rendered unfruitful.

DUSS, Bulandshahr attributed (April 2011) poor availability of milk to the delayed payment of the cost of milk to the societies and purchase of milk by private traders at higher rates³⁷. DUSS, Meerut stated (April 2011) that of the BMCs installed at four societies, two societies were closed due to local politics, one due to flood and one refused to supply milk without stating any reason.

During discussion (November 2011), the Government admitted the facts but did not explain the strategy to increase milk availability to use the BMCs optimally.

ANIMAL HUSBANDRY DEPARTMENT

3.2.3 Unfruitful expenditure

The academic session of college of Animal Industries and Business Management in Mathura district could not be commenced even after four years due to non-completion of the building on account of substandard works, rendering the expenditure of ₹ 1.01 crore incurred on the construction of the building unfruitful.

The Government sanctioned (March 2004) ₹ 1.68 crore against the revised (January 2008) estimate of ₹ two crore, for construction of college buildings of Animal Industries and Business Management, *Pandit Deen Dayal*

³² ₹ 6.73 x 31 = ₹ 2.09 crore.

³³ Two BMCs in November 2007 and one BMC in September 2008 at unit cost of ₹ 6.68 lakh.

³⁴ Chingrawati, Chitsaun, Daulatpur Khurd, Dhakrauli, Ghansurpur, Jainpur, Mahmudpur, Muradpur, Naglakat, Naya Boss of Bulandshahr and Khatki, Kunheira, Jaisinghpur, Meewa of Meerut.

³⁵ Aurangabad, Bhailai, Charaura, Dhakrauli, Lohra, Moharsa, Saidpur, Sarangpur.

³⁶ 20 x 6.73 + 3 x 6.68 = ₹ 1.55 crore.

³⁷ Milk rate provided by private traders was ₹ 29 to 31 per litre and rate of NOIDA Dairy were ₹ 25 per litre.

Upadhayay Pashu Chikitsa Vigyan Vishwavidyalaya Evam Go Anusandhan Sansthan (Sansthan) Mathura for commencement of academic session from April 2008. The Sansthan entered (June 2004) into a Memorandum of Understanding (MoU) with *Uttar Pradesh Rajkiya Nirman Nigam Limited* (UPRNN) for the construction of the building. As per MoU, the Vice-Chancellor of the Sansthan, or a committee constituted by him, would oversee the progress of works and the construction in accordance with the drawings and specifications provided in the estimate. In the event of defect or variations, UPRNN was to rectify the same at its own cost within 30 days of receipt of the intimation in writing. The MoU also enjoined that a penalty of ₹ 1,000 per day would be charged in the event of works not being completed without any valid reasons within the stipulated time.

Scrutiny of records of Sansthan revealed (June 2010) that UPRNN commenced the work in January 2004 and completed 60 *per cent* of the work at a cost of ₹ 1.01 crore. In November 2005, the committee found that the work was substandard and the pace of work was slow. As a result, the work was stopped in August 2006. After four years, in August 2010 the Sansthan imposed penalty³⁸ of ₹ 20.02 lakh on UPRNN. Scrutiny also revealed that consequent to the request made by UPRNN, the technical cell of Aligarh Muslim University carried out (December 2010) inspection of the works and confirmed sub standard works and workmanship, non-compliance to specifications etc. In April 2011, UPRNN Delhi Zone, New Delhi released ₹ 20.70 lakh to UPRNN, Mathura to rectify the defects. However, the building was lying incomplete as of February 2012 after incurring an expenditure of ₹ 1.01 crore and consequently the academic session could not be commenced even after four years of the target date, rendering the entire expenditure unfruitful.

In reply, the Sansthan (May 2011) admitted that the academic session could not be commenced from April 2008 due to execution of substandard works by UPRNN.

During discussion (November 2011), the Government admitted the facts and stated that building would be completed by May 2012 and academic session would be commenced in 2012-13.

HIGHER EDUCATION DEPARTMENT

3.2.4 Wasteful expenditure

Appointment of lecturers of physical education and sports without introducing the required curriculum resulted in wasteful expenditure of ₹ 6.54 crore defeating the objective of participation of youth of the State in National and International sports events.

The State Government decided (June 2004) that unless physical education and sports are included as a subject in the curricula at degree level in the State,

³⁸ Ten *per cent* of the estimated cost of ₹ 200.18 lakh.

the desired level of results from participants in National and International sports events would not be achieved. Further, it was felt that this would reduce the growing tension among youth. The Government directed (June 2004) the Director, Higher Education that a curriculum should be prepared in consultation with Director of Sports for approval by the competent authorities of universities within one month and the same should be incorporated in their rules and regulations. The Government also decided (June 2004) that every college would select five out of 20 sports³⁹ and all students (except physically handicapped) were to select one of these. The students were required to clear the examination (written and practical) latest by the third year of the degree course. There were 1156 degree colleges⁴⁰ in the State at the time of issue of the order.

To achieve the intended objective Government created (February and March 2005) 266 and 111 temporary posts of lecturers of physical education and sports for the Government aided and Government colleges respectively. Lecturers for Government aided colleges had to be selected through Uttar Pradesh Higher Education Service Commission. The selection process was completed in September 2006.

Test check of the records of Regional Higher Education Officer, Lucknow (August 2010) and District Inspector of Schools, Ghazipur (September 2010) revealed that 14 lecturers appointed in November 2006 (Lucknow: 13 and Ghazipur: one) for the purpose, did not take any class as neither the required curriculum was introduced nor any student opted for physical education and sports subject. A sum of ₹ 1.46 crore had already been spent on the pay and allowances of these lecturers till March 2011. In reply to an audit query, the Regional Higher Education Officer, Lucknow stated (December 2010) that universities had not prepared the curriculum for physical education and therefore, the subject could not be introduced but the lecturers were assigned the work of conducting sports activities as well as cooperating in the administrative work of the colleges.

Further, information collected (November 2011) revealed that except Bareilly and Meerut Universities the scheme was not implemented in the colleges of the State and a sum of ₹ 6.54 crore⁴¹ was spent up to March 2011 on account of pay and allowances and other dues of the lecturers.

This led to wasteful expenditure of ₹ 6.54 crore on the pay and allowances and other dues of lecturers for want of required curriculum. Besides, the intended objective of more participation of youth of the State in National and International sports events and reducing tension among youth could also not be achieved.

³⁹ Archery, Athletics, Badminton, Basket Ball, Boxing, Chess, Cricket, Fencing, Football, Gymnastics, Hand ball, Hockey, Judo, Kabaddi, Kho-kho, Lawn tennis, Shooting, Swimming and Diving, Table tennis, and Volley Ball.

⁴⁰ Government colleges : 111, Government Aided colleges :345 and Self Financed colleges: 700

⁴¹ Inclusive of ₹ 1.46 crore.

During discussion (November 2011), the Government admitted the facts and assured that rest of the universities would commence the course from the year 2012-13.

HOUSING AND URBAN PLANNING DEPARTMENT

3.2.5 Infertuous expenditure

In violation of the orders of the Supreme Court, Ghaziabad Development Authority placed orders for supply of electrical items worth ₹ 15.92 crore for development of site proposed for construction of houses resulting in the items lying unused for about two years.

Under the priority schemes of Chief Minister of Uttar Pradesh, Ghaziabad Development Authority (GDA), Ghaziabad proposed (December 2007) construction of 3168 two-room four-storey houses under “*Koyal Enclave Awasiya Yojana*” (Scheme) for urban Economically Weaker Sections (EWS). The scheme was to be developed in 90 acres⁴² near Bhopura Gram in Ghaziabad. GDA incurred ₹ 71 lakh on publicity and printing of brochures for the scheme. Pursuant to filing of a case⁴³ in the Hon’ble Supreme Court of India, the apex court ordered to maintain *Status quo* in respect of the land of petitioners (12.88 acres), falling within the land earmarked for the scheme. Due to the stay order of the Supreme Court and stated agitation by the farmers for compensation the construction and development works, both civil and electrical, had not started (May 2011).

Scrutiny of records (January 2010 and March 2011) of GDA revealed that despite the stay order (16 March 2009) of the Apex Court, GDA executed (21 April 2009) two agreements⁴⁴ for ₹ 22.57 crore with a local firm⁴⁵ for supply and construction of 33/11 KV Line, 33/11 KV sub-station, 11 KV Feeder, LT sub-station, LT Line network and street lights for the scheme. GDA had made (December 2009) payment of ₹15.92 crore⁴⁶ to the contractors against the supply of electrical items under the agreements. Audit scrutiny revealed (April 2011) that all the electrical items were lying unused. Thus, despite the orders of the Hon’ble Supreme Court to maintain the *Status quo*, GDA placed orders for electrical items rendering the expenditure of ₹ 15.92 crore on supplied items infertuous. Besides, the expenditure incurred on publicity and printing of brochures was also wasteful.

On being pointed out, GDA stated (April 2011) that the electrical items were not used and works were not started due to the orders of the Supreme Court and agitation of farmers. It was further stated that a proposal to transfer these

⁴² Part of 167.413 acres of land transferred by the Special Land Acquisition Officer, Ghaziabad in May 1991 to GDA for Kshetriya Awasiya Yojana at Gram Bhopura, Loni, Ghaziabad.

⁴³ Special Leave Petition (Civil) (No. 24669/08) of Petitioners Sri Raghubar Dayal & Others versus State of U.P. & Others dated 16 March 2009.

⁴⁴ Agreement no. 656 dated 21/04/2009 for ₹12.06 crore and Agreement no. 657 dated 21/04/2009 for ₹ 10.51 crore.

⁴⁵ M/s. Anil Kumar & Co., Purana Navyug Market, Ghaziabad.

⁴⁶ Expenditure against Agreement no. 657 through 5th Running bill dated 10/12/2009 – ₹ 6.13 crore . Expenditure against Agreement no. 656 through 7th Running bill dated 10/12/2009 - ₹ 9.79 crore Total ₹ 15.92 crore.

electrical items to other schemes was under consideration. The reply was not justified as GDA executed the agreements for supply of the electrical items, after the order of the Supreme Court.

During discussion (October 2011), the Government admitted the facts and instructed GDA to provide the utilisation details of electrical items to audit. However, the details were awaited (March 2012).

IRRIGATION DEPARTMENT

3.2.6 Excess payment

Excess payment of ₹ 3.48 crore was made to the contractor due to preparation of estimate by allowing inadmissible Schedule of Rates.

Financial rules⁴⁷ provide that to facilitate the preparation of estimates, as also to serve as a guide in deciding rates in connection with contract agreements, a Schedule of Rate (SoR) for each kind of work commonly executed should be maintained in the division and kept up-to-date. It should be prepared on the basis of the rates prevailing in each locality and necessary analysis of the rates for each description of work and for the varying conditions thereof should, so far as may be practicable, be recorded. The rates entered in estimates should generally agree with the SoRs but where, for any cause the latter are not considered sufficient, the deviation should be explained in detail in the report on the estimate.

Scrutiny of records (March 2011) of the Executive Engineer (EE), Irrigation Construction Division (ICD), Mauranipur, Jhansi revealed that the construction of spillway and earthen embankment was taken up under 'Pahari dam modernisation project' at 75 metre downstream of existing dam situated in *Tehsil* Mauranipur of Jhansi district. SoR of Jhansi Circle is applicable at this site. An estimate of ₹ 96.30 crore for the project was sanctioned (February 2009) by the Chief Engineer (Betwa Project), Jhansi and an agreement⁴⁸ was executed (February 2009) by the Superintending Engineer, Irrigation Construction Circle, Mahoba for the project.

Scrutiny further revealed that while preparing the estimate of the above work the SoR applicable to Chitrakoot Dham revenue circle, Banda was taken into account instead of the SoR applicable for Jhansi Circle, under which the site of work was located. Total 59 items were sanctioned in the estimate, out of which rates of 41 items were higher than the rates of Jhansi circle, which had resulted an overestimation of work by ₹ 4.16 crore.

Resultantly, an excess payment of ₹ 3.48 crore on nine items under the agreements was made to the contractor as of June 2011 (*Appendix 3.9*).

On being pointed out (March 2011) in audit, the EE replied that the work of 'Pahari dam project' was being executed on river 'Dhasan' which is situated on

⁴⁷ Paragraph 523 of FHB Vol. VI.

⁴⁸ 01/SE/2008-09 at a cost of ₹ 90.84 crore.

the borders of Jhansi and Banda Circles. In the estimate the rates for material were taken from the SoR of Jhansi Circle but the rates for labour component were taken from the SoR of Banda Circle as the labour was engaged from Banda Circle. The reply was not acceptable as the rates included in the estimate were approved for completed item of works and not for labour and material separately. Further, the rates included in the estimate should be of SoR of the concerned circle and not of the other circle.

Thus, an excess payment of ₹ 3.48 crore was made to the contractor due to adoption of higher SoR of other circle.

During discussion (November 2011), the Government admitted the facts and assured to constitute an enquiry in the case.

3.2.7 Avoidable expenditure

Non-adherence to original alignment for the construction of Algin-Charsari bund led to avoidable expenditure of ₹ 8.98 crore.

The Government accorded (January 2005) administrative sanction for construction of Algin-Charsari Bund at a cost of ₹ 14.58 crore on the left bank of river Ghagra to provide protection from flood to the people of Gonda, Bahraich and Barabanki districts. The project was approved by Ganga Flood Control Commission (GFCC), Patna (January 2005). The Chief Engineer (CE), Sharda Sahayak approved the alignment (September 2005) of Algin-Charsari Bund (km 0.000 to km 44.800) and sanctioned (December 2005) an estimate of ₹ 11.36 crore for earth work.

Scrutiny of records (March 2011) of Executive Engineer (EE), Flood Works Division, Gonda, revealed that the alignment of the Bund (km 0.000 to km 44.800) was changed⁴⁹ (April 2006) and the length was increased by 7.600 km (km 0.000 to km 52.400) by CE without approval of GFCC⁵⁰, Patna (August 2011). In the changed alignment, the bund at km 10 to km 20 was projected towards the river as a result the bund became vulnerable and was damaged at km 15.350 which scoured (August 2010) from km 14.945 to km 16.500 due to floods. It was further noticed that the division incurred an expenditure of ₹ 8.15 crore on flood protection works at km 10 to km 20 and started the construction of a ring bund costing ₹ 1.39 crore for protection from flood and further damage to the bund. The work was left incomplete after incurring an expenditure of ₹ 83.11 lakh (March 2011). A committee constituted in September 2010, headed by Engineer-in-chief (Planning and design) U.P., Lucknow to look into the reasons behind the damage of the bund also opined (December 2010) to execute the work between km 10 to km 20 of the bund as per the original alignment after acquiring the required land. Thus, non-

⁴⁹ The matter regarding deviation from the original alignment was reported in Inspection Report in 2007-08.

⁵⁰ Technical sanction was sought in May 2011 from GFCC, authorised to award technical sanction for the projects costing more than ₹ 7.50 crore.

adherence to approved alignment resulted in avoidable expenditure of ₹ 8.98 crore including ₹ 83.11 lakh on the incomplete ring bund.

On being pointed out in audit (March 2011), EE replied that the change in the alignment of the bund was done due to demands of public representatives and all the works were executed as per technical parameters. The reply was not correct as the change of alignment was not approved.

During discussion (November 2011), the Government accepted the facts and stated that the disciplinary proceedings against the erring officers was under progress.

3.2.8 Idle investment on pumping machinery

Purchase of pumps, electric motors and accessories, not synchronised with the completion of electric distribution system and construction of sub-station rendered the investment of ₹ 2.65 crore idle.

As per Financial Rules⁵¹ of the Government, purchase of store material far in advance should be avoided. Further, in a project constituting electrical, mechanical and civil works, it is required that the purchase of pumps, motors and electrical appliances should be synchronised with the construction of sub-station and its distribution system and civil works to ensure their commissioning in a time bound manner.

The Government accorded (January 2008) administrative approval and financial sanction for the *Chaudhari Charan Singh Tanda Pump Canal Renovation Project* at a cost of ₹ 9.76 crore to increase water discharge capacity of Tanda Pump Nahar from 300 to 450 cusecs with the scheduled date of completion by March 2010. The Technical Sanction for the revised project for the mechanical and electrical works was accorded in September 2009 for ₹ 8.62 crore. In the revised project, ₹ 4.77 crore and ₹ 3.85 crore were sanctioned for electrical and mechanical works, respectively. Besides, the civil works of ₹ 5.03 crore was to be carried out by the Irrigation Division, Tanda, Ambedkar Nagar by March 2010.

Scrutiny of records of the Executive Engineer, Lift Irrigation Division, Faizabad (Division) and further information collected revealed (June 2010 and April 2011) that a sum of ₹ 3.41 crore⁵² was provided to the Executive Engineer, Electrical Work's Division, *Madhyanchal Vidyut Vitran Nigam Limited*, Faizabad against the revised estimate of ₹ 2.77 crore during 2007-09 for the construction of 33 KV independent distribution system from Akbarpur to Mahripur without assigning any specific time-schedule for completion of work. The division procured six pumps/motors⁵³ and accessories between February 2008 to March 2010 at a cost of ₹ 2.65 crore without synchronising

⁵¹ Paragraph 179 of FH B VI.

⁵² EE LID Faizabad ₹ 42.50 lakh and EE, ID Ambedkar Nagar ₹ 298.42 lakh.

⁵³ 04 end suction centrifugal pumps and 02 horizontal split caging centrifugal pumps along with 3.3 KV HT motors.

the procurement with the pace of the construction of sub-station and independent distribution system. Due to lack of coordination among the executing agencies, the pumps, motors and accessories were lying uninstalled. This resulted in investment of ₹ 2.65 crore on the procurement of pumps /machinery items idle (August 2011).

The division replied (August 2011) that the construction of sub-station and electric distribution system was completed (June-July 2011) and 33 KV electrical line energised in July 2011. The firm had been requested for installation and commissioning of pumps, motors and accessories.

Thus, it was evident that pumps, motors and accessories procured during February 2008 to March 2010 could not be installed and commissioned even after lapse of 20 to 45 months of their receipts which had resulted in idle expenditure of ₹ 2.65 crore. Besides, the objective to increase water discharge capacity from 300 to 450 cusec remained unachieved.

During discussion (November 2011), the Government while accepting the facts stated that pumps and motors were not yet utilised due to non-commissioning.

JAIL ADMINISTRATION AND REFORMS DEPARTMENT

3.2.9 Unfruitful expenditure due to non-completion/delayed completion of jails

Failure of the department to release funds timely and finalise the scope of work before its entrustment led to non-completion/delayed completion of buildings for jails in six districts, despite revisions of completion schedules two times and cost escalation ranging between 23 and 145 per cent defeating the prime objective of de-congesting the existing jails.

To de-congest the existing jails, the State Government (Government) sanctioned (between March 2003 and March 2006) ₹ 68.50 crore for construction of five jail buildings in five newly created districts⁵⁴ under a centrally sponsored scheme⁵⁵. The cost, under the scheme, was to be shared in the ratio of 75 and 25 by the Governments of India (GoI) and the State. In addition to above, the construction of jail building in Maharajganj, sanctioned in May 1998 for ₹ 9.93 crore (₹ 50 lakh was released with the sanction) by the State Government, was also included under the scheme in November 2005 to accommodate 3240 additional prisoners in six district jails. The Government nominated *Uttar Pradesh Rajkiya Nirman Nigam* (UPRNN) as the executing agency with completion schedules between March 2007 and November 2008 (*Appendix 3.10*). The Director General, Jail Administration and Reforms Services, Lucknow (DG) was to monitor the quality and completion of works.

⁵⁴ Bagpat, Balrampur, Kannauj, Kaushambi and Sonbhadra.

⁵⁵ Modernization of Prisons (2002-07).

Scrutiny of records (September 2010) of DG and information collected (April 2011) revealed that the original estimates were subsequently revised⁵⁶ due to addition and alteration to the works between March 2006 and February 2011. Cost escalations ranged between 23 and 145 *per cent*. The schedules of completion were also extended up to September 2011, two to four years beyond the original schedule. The Government released ₹ 125.66 crore up to March 2011 to UPRNN against the expenditure of ₹ 115.83 crore. The physical progress of the construction of all the buildings ranged between 85 and 95 *per cent* as of March 2011 (**Appendix 3.10**). Thus, despite revision of costs and schedules of completion, the buildings were yet to be completed to make six jails functional and to reduce congestion⁵⁷ in the existing jails as of March 2011.

On being pointed out in audit DG (jails) stated (February 2011) that the jail buildings could not be completed due to delay in release of funds and increase in scope of the works. The reply was not acceptable as DG himself was responsible to arrange for timely release of funds. The Government in the revised sanctions stated that in future no cost increase will be admissible for the completion of projects and final date of completion was fixed as March and September 2011. Incidentally, the funds released were more than expenditure incurred (March 2011) and the scope of work was required to be finalized before the award of work.

The Government accepted (November 2011) the facts and stated that the construction work of jails at Balrampur, Kanauj and Maharajganj were completed and jails at Kanauj and Maharajganj were functional.

The fact, however, remained that two jails (Kannauj and Maharajganj) were made functional in 2011 with shortages of 70 and 66 *per cent* of the required staff respectively including Superintendent of Jail, Deputy Jailers and Wardens. Four jails (Bagpat, Balrampur, Kaushambi and Sonbhadra) after incurring an expenditure of ₹ 68.79 crore, could not be made functional as of November 2011 and the objective of decongesting the existing jails was defeated.

PUBLIC WORKS DEPARTMENT

3.2.10 Infertuous expenditure

Execution of work against the defective technical sanction rendered the expenditure of ₹ 7.58 crore infertuous.

As per paragraph 4.2.1.6 Indian Road Congress (IRC) guidelines⁵⁸, the thickness of non bituminous crust should be in consonance with the nature/quality of ultimate pavement for the full design life, even in the event

⁵⁶ Twice for Bagpat, Kannauj, Kaushambi, Maharajganj and Sonbhadra districts and once for Balrampur district.

⁵⁷ 11833 to 13352 prisoners were kept in the six jails during 2008-11 against the capacity of 5839 to 6236 prisoners.

⁵⁸ IRC-37/2001.

of construction of a road under stage construction⁵⁹. The bituminous works of richer specifications are, therefore, not admissible unless thickness of non-bituminous crust is adequate to bear the projected traffic load.

The Government sanctioned (May 2008) ₹ 7.38 crore for widening (from 5.50 to 7.00 m) and strengthening of *Raya-Mant Marg* (Other District Road) which was subsequently revised (January 2009) to ₹ 11.37 crore due to increase in quantities, rates and extra provisions⁶⁰. Chief Engineer, Agra accorded technical sanctions to the estimates (original as well as revised) in September 2008 and May 2009 for ₹ 7.38 crore and ₹ 10.32 crore for "kms 0.0 to 10, km 11 and km 12 (800 meter), total 11.800 km", respectively with the specifications in the estimates in contravention to the IRC guidelines. Superintending Engineer, Agra Circle, Agra executed (September 2008) a contract bond⁶¹ for 10 km at ₹ 4.55 crore at 19.5 *per cent* above the departmental rate with a sole bidder⁶² after inviting tenders on short term notice with the schedule of completion as December 2009. Extra items in km 1 to 12 (800 meter) were also sanctioned (June and July 2009) by Chief Engineer for ₹ 2.65 crore.

Scrutiny of records of Executive Engineer (EE), Construction Division I, Mathura revealed (January 2011) that the work (commenced in September 2008) was not executed in accordance with technical parameters and IRC specifications. The required crust, based on Traffic Census (Commercial Vehicles: 2480 and Passenger Car Units: 12428), CBR⁶³ of 5.5 *per cent* and designed life of 10 years, was calculated as 64.47 cm as per the provisions of IRC 37-2001. However, contrary to the pavement design of 64.47 cm, crust of only 45 cm was given under stage construction by providing non-bituminous crust of 15 cm (two coats of Grade III of 7.5 cm each) followed by 7.5 cm of Bituminous Macadam (BM) and 2.5 cm of Semi-Dense Bituminous Concrete (SDBC) on existing crust of 20 cm.

The overlay of BM - 7.5 cm and SDBC - 2.5 cm on a crust of 35 cm against the required crust of 55 cm⁶⁴ was in contravention to prescribed specification, as a result the road was damaged badly (June 2010) causing inconvenience to public. The work was still incomplete as of June 2011. Thus, the execution of work on defective pavement design rendered the expenditure of ₹ 7.58 crore (March 2011) infructuous.

The EE, Construction Division-I, Mathura stated that the execution of work was done as per the direction of higher authorities and in accordance with the technical sanction accorded by the competent authority. The reply was not

⁵⁹ When construction of road is to be made in stages.

⁶⁰ Road furniture, Retro reflective shine boards, Culverts etc.

⁶¹ 65/SE Agra Circle/2008-09 dated 30.09.2008.

⁶² M/s Apex Constructions, Mathura.

⁶³ California Bearing Ratio.

⁶⁴ $64.47 \text{ cm} - 10 \text{ cm} (7.5 + 2.5) = 54.47 \text{ cm}$ i.e. 55 cm.

tenable as the technical sanction itself was not in accordance with the IRC's guidelines and the road was damaged within one year of commencement of the work.

Thus, defective sanction of estimate by allowing costlier bituminous works on inadequate non-bituminous crust thickness resulted in infructuous expenditure of ₹ 7.58 crore and premature damage to the road.

During discussion (November 2011), the Government admitted the facts and stated that an enquiry was in progress and action for recovery would be taken accordingly.

3.2.11 Excess payment on suspected consumption

Adoption of different norms for material in construction of same nature of works resulted in excess payment of ₹ 1.63 crore.

Technical sanction⁶⁵ to an estimate means that the proposals are structurally sound and the estimates are accurately calculated and based on adequate and reliable data. Per cubic metre requirement of loose quantity of stone ballast of the same quarry for the same type of work should always be same.

Scrutiny of records and information collected (October 2009 and July 2011 respectively) from the Executive Engineer, Construction Division-I, Unnao, revealed that the Government sanctioned (June 2008) widening and strengthening of two stretches of *Sandila-Rasoolabad-Chakalvansi* road⁶⁶ and *Safipur-Miyaganj* road⁶⁷ in District Unnao. The Chief Engineer (CE), Central Zone, Lucknow accorded (June 2008) technical sanctions to the estimates taking the consumption norms of 1.29 cum loose quantity of stone ballast per cum in Water Bound Macadam (WBM) works. The stone ballast was taken from Kabrai quarry situated in Mahoba district.

The two contract bonds for *Sandila-Rasoolabad-Chakalvansi* road and one for *Safipur-Miyaganj* road were executed (July 2008) with the same contractor for WBM work, which were executed accordingly. However, in other two roads⁶⁸, the CE accorded the technical sanctions by taking consumption norms of 1.21 cum of loose quantity of stone ballast per cum in WBM work⁶⁹ of the same quarry. This resulted in excess consumption of 0.08 cum⁷⁰ loose quantity of stone ballast for every cubic meter compacted quantity of WBM with extra expenditure of ₹ 1.63 crore (*Appendix 3.11*). Moreover, possibility

⁶⁵ Paragraph 318 of FHB Vol VI.

⁶⁶ Km 31 to 46 (CB-18/SE-Unnao circle/08-09/dated 05-07-2008) at 10.01 per cent above departmental rate. Date of commencement: 05.07.2008. Date of completion : 02.06.2010. Km 47 to 59 (CB-16/SE-Unnao circle/08-09/dated 05-07-2008) at 5 per cent above departmental rate. Date of commencement: 05.07.2008. Date of completion: 27.10.2009.

⁶⁷ Km 0.00 to 15.35 (CB-17/SE-Unnao circle/08-09/dated 05-07-2008) at 5 per cent above departmental rate. Date of commencement: 05.07.2008. Date of completion: 03.04.2010.

⁶⁸ WBM work of widening and strengthening of Achalganj-Gangaganjghat Road Administrative and financial sanction (AFS) 11/2007 and Nawabganj-Jaitipur-Lakhanapur Link Road.

⁶⁹ Adopted same norms for all the layers- WBM I, II and III instead of different norms prescribed Ministry of Roads, Transport and Highways.

⁷⁰ Difference of loose quantity is 1.29 cum – 1.21 cum

of suspected consumption of 0.08 cubic meter loose quantity of stone ballast per cubic meter compacted quantity of WBM work can not be ruled out.

The Superintending Engineer informed (December 2009) that the standardization of loose quantity of quarry materials for each quarry was under consideration.

During discussion (November 2011), the Government admitted the facts.

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.

HOUSING AND URBAN PLANNING DEVELOPMENT

3.3.1 Loss of ₹ 79.93 crore due to non-realisation of the cost of land

Cost of land allotted for housing schemes was not realised even after lapse of 11 to 19 years.

Budget Manual⁷¹ provides that any substantial amount due for realisation against another Government, local body or other outside party should not be allowed to remain outstanding for a long time.

The Government decided (January 1987) to transfer land⁷² to Central and State Government Undertakings, Development Authorities, Housing and Development Boards, Local Bodies, *Harijan Evam Nirbal Warg Awas Nigam* and registered co-operative housing societies at two thirds of the circle rates.

Scrutiny of records (May 2008) of the Competent Authority, Urban Land Ceiling, Kanpur and information collected (April 2011) revealed that Urban Land Ceiling, Kanpur transferred 12.55 lakh square metre land⁷³ of village *Bara Sirohi*, Kanpur to Kanpur Development Authority (KDA) for *Jawahar Puram Awas Yojna* (First and Second Phase) for development and sale to private parties. The amount of ₹ 0.68 crore for the first phase was incorrectly computed by Urban Land Ceiling, Kanpur at the rate of ₹ one plus *solacium* (i.e. ₹ 11.99) per square metre, instead of prevailing circle rate. The total cost of the land worked out to ₹ 81.43 crore (First phase: ₹ 26.55 crore and second phase: ₹ 54.88 crore) at the prevailing circle rates⁷⁴ fixed by District

⁷¹ Paragraph 174 (12) of the Chapter XV.

⁷² Acquired under section 23 of the Urban Land (Maximum Ceiling and Regulation) Act, 1976.

⁷³ 5.69 lakh square metre in July 1991 and 6.86 lakh square metre in 1999.

⁷⁴ Two third of ₹ 700 per square metre and ₹ 1200 per square metre effective for the periods April 1991 to March 1993 and April 1997 to March 1999 respectively.

Magistrate, Kanpur. The Government ordered (October 2002 and October 2005) KDA to deposit only ₹ 55.36 crore⁷⁵.

KDA deposited only ₹ 1.50 crore (July 1995: ₹ 0.20 crore and September 2009: ₹ 1.30 crore) against the total dues of ₹ 81.43 crore. The balance amount of ₹ 79.93 crore was yet to be realised as of October 2011.

Besides, KDA had also not shown the amount as liability in its balance sheet as of March 2010. Thus, the Government failed to recover the balance amount from KDA even after 11 to 19 years of handing over of land for phase I and II which had resulted in non realisation of Government dues of ₹ 79.93 crore.

The Urban Land Ceiling, Kanpur stated (April 2011) that the matter had been referred to the Government for realization of the balance amount. The Government accepted (October 2011) the facts.

Thus, due to inaction on the part of the Government, ₹ 79.93 crore remained unrealized for 11 to 19 years.

3.3.2 Wasteful expenditure

Defective planning and dilapidated condition of houses within four to eight years of construction, resulted in not only failure of the scheme, but also wasteful expenditure of ₹ 3.79 crore.

With a view to provide shelter to persons with annual income of not more than ₹ 11,850 and with no house of their own, Lucknow Development Authority, (LDA) approved (August 2000) construction of 2,000 houses built in 19.5 square metre area each at a unit cost of ₹ 40,500 at Gram Devpur Para under the *Devpur Para Ashrayheen Yojana* (Scheme). The Lucknow Nagar Nigam provided (August 2000) 1,33,661 square metre (13.862 hectare) of agricultural land⁷⁶ free of cost to LDA for construction of these houses. The Government of Uttar Pradesh changed (April 2001) the land use to residential on the recommendation of LDA, which proposed to utilise only 98,883 square metre of land⁷⁷ for the Scheme. The estimated cost for construction of houses and development works⁷⁸ in the scheme was ₹ 3.15 crore. To ensure speedy completion, the work was divided into four packages of five hundred houses each at estimated cost of ₹ 65.06 lakh each package and short term (seven days) tenders were called for on 13 September 2000. LDA awarded (October 2000) the construction work to four contractors⁷⁹ with completion schedule by July 2001. Due to limited work place, low lying land and comparatively more construction cost, the number of houses of one group was reduced to 468 in place of 500 houses. The constructions were delayed and

⁷⁵ For first phase: ₹ 0.48 crore and second phase: ₹ 54.88 crore.

⁷⁶ Khasra No.2131, 2205, 2746, 2855 and 2599 valuing ₹ 2.36 crore in August 2000.

⁷⁷ Khasra No.2746 having area of 98,883 square metres and remaining 34778 sq. meter of land with present value of ₹ 13.01 crore was not utilised.

⁷⁸ Road (Kharanja), drains and park.

⁷⁹ M/s. A.K. Tripathi, M/s. A.K. Bajpai, M/s. Veeru Construction, M/s. Gyan Prakash Tiwari.

completed up to December 2005. LDA incurred ₹ 3.79 crore⁸⁰ on construction of 1,968 houses including development works. It allotted only 1,640 houses⁸¹ during November 2001 and September 2002. Of the total allottees, 130 had taken refund of registration fee and only 47 signed the agreement and took possession. However, only one allottee deposited the full amount but the lease deed was not signed due to non-submission of lease plan by the executing division.

Scrutiny of records (October 2009) of LDA and information collected (May 2011) revealed that the possession of the houses were not taken by 1463 allottees as the houses were constructed without bathroom/toilets⁸² and kitchen. Besides, basic amenities of sewer and drainage were also not provided and the houses were located far from the city. The Vice-Chairman, LDA (VC) inspected (July 2007) the scheme and found that 34 houses were completely damaged and front and rear walls of 250 houses had collapsed. As the houses were in dilapidated condition and not worth living due to non-taking by allottees and lack of proper maintenance, LDA's Board decided (August 2009) to demolish the houses. VC again inspected the houses (03 March 2011) and found that 66 houses had collapsed, 507 were damaged and remaining 1,395 were partially damaged. The VC again proposed (11 May 2011) the demolition of all the 1,968 houses as the houses were in dilapidated condition.



Houses built under Devpur Para Ashrayheen Yojana by LDA, Lucknow

⁸⁰ ₹ 3.07 crore on construction of houses and ₹ 0.72 crore on related development works.

⁸¹ Incomplete and unfinished 328 houses were not allotted.

⁸² A common community toilet (*Shulabh Sauchalay*) was constructed and hand pumps (India Mark-II) were provided for drinking water purposes.

On being pointed out in audit (May 2011), the Secretary, LDA stated that the houses were fit for residential purposes and some buildings were repairable. The reply was not correct as LDA had already recommended (August 2009 and May 2011) demolition of the houses. Further, not only the houses built did not serve the objectives of the scheme these became inhabitable and unsafe within four to eight years of their construction. The Government accepted (October 2011) the facts.

Thus, due to defective planning and dilapidation of houses within four to eight years of construction, the scheme failed to attain its objectives rendering the entire expenditure of ₹ 3.79 crore wasteful. The matter needs investigation to fix the responsibility for substandard works.

IRRIGATION DEPARTMENT

3.3.3 Rupees 1.28 crore were spent for unintended purposes leading to misappropriation

Non-observance of codal provision of Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) led payment to contractors of ₹ 1.28 crore for unintended purposes.

Guidelines of Mahatma Gandhi National Rural Employment Guarantee Scheme, September 2005, (MNREGS) stipulates that funds allocated under the Scheme should not be used for purposes other than those stipulated under any circumstances and engagement of contractors and machinery are not allowed. The objective of the scheme is to enhance livelihood security in rural areas by providing at least 100 days guaranteed Wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

With a view to generate employment for 2,33,850 persondays Chief Development Officer (CDO) Maharajganj sanctioned ₹ 2.72 crore (March 2008) for increasing the capacity of 23 drains and ₹ 55.40 lakh (April 2008) for restoring Wasulah Guide Bundh under the Scheme. The CDO released 75 *per cent* of the sanctioned amount of ₹ 2.46 crore⁸³ (March and April 2008), for both the projects to generate 1,75,540 persondays employment and the rest 25 *per cent* amount was to be released after utilisation of first installment.⁸⁴

Scrutiny of records (August 2010) of Executive Engineer (EE) Irrigation Division-II Mahrajganj and subsequent information collected (May 2011) revealed that out of ₹ 2.46 crore received, only ₹ 90.45 lakh was spent on the proposed work under MNREGS which generated only 66,831 persondays of employment and ₹ 27.41 lakh was refunded (February 2009) to the CDO as further work on this Project was not needed. Further scrutiny revealed that in

⁸³ ₹ 2.04 crore for restoration of drains and ₹ 0.42 crore for Wasulah Guide Bundh.

⁸⁴ The balance 25 *per cent* was not released.

violation of the provisions of the Scheme, the balance amount of ₹ 1.28⁸⁵ crore, intended for generating employment of 1,08,709⁸⁶ persondays under the scheme, was paid to the contractors to clear the liabilities (*Appendix 3.12*) of other works executed during 2007-10 through agreements/work orders by the then EE. Thus, the funds received under MNREGS were misappropriated and used for unintended purposes and generation of employment for 1,08,709 persondays was not achieved. This added to the overall shortfall in achievement of target by the district ranging between 68 and 83 *per cent* of persondays to be generated during 2007-10.

While accepting the facts EE replied that ₹ 1.28 crore was paid to contractors to clear the liabilities of other works executed in previous years from the amount received under MNREGS.

The Government accepted (November 2011) the facts regarding the misappropriation of MNREGS fund.

3.3.4 Misutilisation of Government revenues

Misutilisation of ₹ 2.24 crore relating to trade tax, income tax and royalty deducted from the contractors' bills for the clearance of liabilities.

The UP Budget Manual⁸⁷ and Financial rules⁸⁸ provide that an allotment should be appropriated only for the objects for which it is sanctioned. Diversion of funds allotted through Cash Credit Limit (CCL) without the authorisation of competent authority is to be treated as financial irregularity and dealt with accordingly. In order to ensure that the codal provisions are strictly followed, the State Government imposed a further restriction (August 2004) that deductions made on account of trade tax, income tax and royalty from the bills of the contractors of a particular work have to be remitted into the treasury under proper head of account immediately against the allotment of CCL for that work placed at the disposal of the Drawing and Disbursing Officer (DDO). DDOs were also made responsible for excess payments on account of levy of interest as well as penalty due to delay in remittance of the income/trade tax recovered.

Scrutiny of the records of the Executive Engineer (EE), Flood Works Division, Gonda revealed (March 2011) that CCL meant for remitting the amount of deductions of ₹ 2.24 crore⁸⁹ from the contractors' bills during 2009-10 on account of trade tax, income tax and royalty into the treasury was misutilised for clearance of liabilities⁹⁰ created due to execution of works in absence of budget allotment in previous years. EE incurred expenditure over

⁸⁵ ₹ 2.46 crore (₹ 204.00 lakh + ₹ 41.55 lakh) - ₹ 1.18 crore (₹ 90.45 lakh + ₹ 27.41 lakh) = ₹ 1.28 crore.

⁸⁶ 1,75,540 - 66,831 = 1,08,709

⁸⁷ Chapter XV, Para 174 (8)

⁸⁸ Paragraph 315 of FHB Vol-VI

⁸⁹ Trade Tax- ₹ 1.72 crore, Income Tax- ₹ 0.43 crore and Royalty- ₹ 0.09 crore.

⁹⁰ Out of total liability amounting to ₹ 3.11 crore, a sum of ₹ 2.24 crore was paid from deductions on account of trade tax, income tax and royalty.

and above the allotment utilizing this amount and did not remit ₹ 2.24 crore to the proper head of accounts as of March 2011. However, ₹ 20 lakh from the CCL of 2010-11 was remitted into treasury towards tax liabilities of 2009-10.

On being pointed out EE replied (March 2011) that the amount was utilised for the payment of necessary works carried out during the flood. The reply was in violation of the instant rule as the utilisation of amount deducted from contractors' bill on account of trade tax, income tax and royalty for payment of liabilities was not only unauthorised but also created an additional liability of ₹ 2.24 crore and paved the way for imposition of penalty⁹¹ of ₹ three crore by Trade Tax Department.

Further, the Superintending Engineer, Investigation & Planning (Flood) Circle, Lucknow rejected (November 2010) the demand of budget made by the Chief Engineer (Saryu-I), Irrigation Department, Faizabad for the payment of above remittances into treasury with the remarks that no budget could be allotted for the purpose. As per provisions of UP Budget Manual, excess expenditure should be regularised on the basis of the recommendation of the Committee on Public Accounts, by presenting to the Legislative Assembly demands for excess grants as required under Article 205 (1) (b) of the constitution.

Thus, the CCL of ₹ 2.24 crore was misutilised for clearance of the liabilities of previous years and an additional liability to that extent was created for which no budgetary allotments had been made. Payment of ₹ 20 lakh from the CCL of 2010-11 towards tax liabilities of 2009-10 was also irregular.

The Government accepted (November 2011) the facts and stated that departmental action was being initiated against the concerned EE and action will be taken to deposit the amounts in respective heads of accounts at the earliest.

MEDICAL AND HEALTH DEPARTMENT

3.3.5 Infertuous expenditure

Non-obtaining of No Objection Certificate from Bhabha Atomic Research Centre resulted in non-commissioning of the cancer unit valuing ₹ 5.99 crore.

To check and treat the widespread cases of oral cancer, caused due to use of tobacco, in Mainpuri and neighboring districts, the Chief Minister, Uttar Pradesh during budget speech announced (March 2004) establishment of a cancer unit at District Hospital, Mainpuri. The purchase committee headed by Principal Secretary, Medical and Health Services recommended (March 2005) purchase of Linear Accelerator, Brachytherapy and Treatment Planning

⁹¹ Trade Tax Department imposed penalty of ₹ three crore. Penalty related to income tax and royalty was not available.

System (TPS) for ₹ 5.43 crore⁹² from M/s Siemens Limited, New Delhi, M/s Nucletron B V, Chennai and T S G Integrations, New Delhi respectively. Accordingly, Director General, Medical and Health Services (DG, M&HS) placed (March 2005) supply orders and entered into (March 2005) an agreement with M/s Siemens Limited, New Delhi for turnkey site preparation work for installation of Linear Accelerator/ Brachytherapy/TPS for ₹ 1.17 crore with completion schedule by March 2006. Before starting the operation of cancer unit, a No Objection Certificate (NOC) was to be obtained from Bhabha Atomic Research Centre (BARC) for commissioning and supply of radioactive material required for operation of the unit. The Government sanctioned (February 2008) eight posts⁹³ in regular time scale and five posts⁹⁴ on contract basis for making the unit functional.

Scrutiny of records (June 2010) of Chief Medical Superintendent (CMS), District Hospital Mainpuri and information collected (April 2011) revealed that equipment worth ₹ 5.55 crore⁹⁵ were supplied (May 2006) and ₹ 0.44 crore were spent (October 2006) on works for 11 KV feeder. The works related to the agreement were completed⁹⁶ in 2007-08. DG, M&HS requested (August 2006 and January 2007) the Director General, Medical Education, Lucknow to provide specialists and technicians from Sarojini Naidu Medical Collage, Agra for commissioning and operation of the unit. Further, in view of non-availability of personnel and necessary equipment (Dosimeter- an essential component for operation of the unit) DG, M&HS requested (May 2007) the Principal Secretary to transfer the cancer unit to the Sarojini Naidu Medical College, Agra to make it operational. But the unit could not be made operational as of November 2011, rendering the expenditure of ₹ 5.99 crore infructuous.

On being pointed out CMS, Mainpuri stated (April 2011) that NOC was not given by BARC due to non-availability of specialists and dosimeter. The NOC was to be given by BARC only after receipt of a report from a Radio Medical Physicist on the facility created at the cancer unit. Further, the cancer unit building had also not been handed over (May-2011) to CMS Mainpuri as NOC was not obtained from BARC. Thus, due to failure on the part of the Department to provide personnel, essential equipment and faulty planning, the unit could not be made operational even after lapse of three years of supply of equipment and completion of the work on turn-key basis. Further, the patients of the Mainpuri and neighboring districts were denied essential medical facilities in the nearby area, defeating the very objective for setting-up the cancer unit at Mainpuri.

⁹² Linear Accelerator: ₹ 4.23 crore, Brachytherapy: ₹ 0.71 crore and Treatment Planning System: ₹0.49 crore.

⁹³ Two Radiotherapist/Medical Officer, two Radio Physicists, two Radiotherapy Technicians: and two Nurses.

⁹⁴ One Computer Operator/Record Keeper, two Ward Boys, and two Safai Staff.

⁹⁵ Linear Accelerator: ₹ 4.35 crore, Brachytherapy: ₹ 0.71 crore and Treatment Planning System: ₹ 0.49 crore

⁹⁶ Exact month of completion was not made available though called for.

The Government accepted (November 2011) the facts and stated that due to non creation of posts for operating the unit, NOC was not issued by BARC. It is thus, evident that due to failure on the part of the Government in providing requisite facilities expenditure worth ₹ 5.99 crore incurred on procurement of cancer unit became infructuous.

3.3.6 Infructuous expenditure

Infructuous expenditure of ₹ 23.22 crore on civil works and loss of ₹ 5.20 crore due to non recovery of liquidated damages.

To provide health services by super specialists to the people of Basti and Poorvanchal, the Government of Uttar Pradesh sanctioned (March 1991) a 500-bed hospital at Kailly, Basti. The hospital was named (April 1991) after the Organization of Petroleum Exporting Countries (OPEC) as OPEC had to share the expenditure⁹⁷ with the State Government. The original sanctioned (March 1991) cost of ₹ 21.68 crore, revised to ₹ 45.95 crore in November 1997, was further revised to ₹ 52.04 crore in August 2005. The civil works were awarded to *Uttar Pradesh Rajkiya Nirman Nigam* (UPRNN). As per the bond executed with UPRNN by the Directorate of Medical and Health Services, UP, Lucknow (Directorate), the civil works were to be completed within 36 months of the commencement (September 1991) of the work with damages⁹⁸ for delay in completion⁹⁹. Date of completion of civil work was revised to March 2001 and again to March 2007. The first phase (100 bed wards/hospital) and second phase (200 bed wards/hospital) were made functional in 1997 and 1998 respectively. The posts of medical, para-medical and other employees for the first two phases were sanctioned in October 1997 and March 1998 respectively and the proposal for the medical, para-medical and other staff for the third phase (200 bed wards/hospital) was sent to the Directorate in December 2003. Of the total sanctioned cost of ₹ 52.04 crore, ₹ 46.95 crore were released up to March 2001 and the balance ₹ 5.09 crore was released in 2005-06. The State Government sanctioned (November 2006) ₹ 2.47 crore for procurement of equipment for third phase (200-bed-wards/hospital) of the 500 bed hospital.

UPRNN handed over (January 2010) the civil works¹⁰⁰, carried out for at a cost of ₹ 21.68 crore, for the third phase to the Director and Chief Medical Superintendent, OPEC hospital, Kailly, Basti, after 34 months of the revised schedule of completion.

Scrutiny of records of the Director OPEC revealed (January 2009 and April/ May 2011) that in violation of the provision contained in paragraph 179 of Financial Handbook (FHB) Vol. VI, equipment worth ₹ 1.99 crore were

⁹⁷ Fifty per cent on civil works; 70 per cent on equipment, furniture etc; and 50 per cent on drawings and designs.

⁹⁸ At the rate of 0.50 per cent per week subject to a maximum of 10 per cent of the total project cost.

⁹⁹ The original completion schedule of March 2001 was revised to March 2007 in August 2005.

¹⁰⁰ Buildings sewage treatment plant, administrative block, nurses' hostel, outdoor patient department block, one block each of Type I, II & IV houses etc. were not handed over as of May 2011 by UPRNN.

purchased between December 2006 and March 2007 and ₹ 0.48 crore were transferred to Central Medicine Store Department, Lucknow (CMSD) for supply of equipment prior to completion of civil works. The equipment valuing ₹ 1.06 crore were neither installed nor CMSD supplied the equipment to OPEC Hospital (May 2011). No posts of medical, para-medical and other employees had been sanctioned/created (May 2011). Thus, the expenditure of ₹ 21.68 crore on civil works and ₹ 1.06 crore on the idle equipment and ₹ 0.48 crore on equipment yet to be received from CMSD were rendered infructuous. Further, the leviable liquidated damages of ₹ 5.20 crore (limited to 10 per cent of total cost of the project) was not recovered (June 2011).

On being pointed out in audit Director OPEC Hospital replied (April 2011) that the 200-bed-wards/hospital of third phase could not be made functional as medical, para-medical and other employees were not posted. It was also stated that equipment worth ₹ 0.93 crore out of ₹ 1.99 crore were being utilised in already functional 300 bed wards/hospital while the remaining equipment worth ₹ 1.06 crore were lying unused.

As such, the objective of setting up of a 500 bed hospital to provide health services by super specialists to the poor people of Basti and Poorvanchal was yet to be fully achieved even after expiry of more than 20 years of its sanction (March 1991). Besides, ₹ 21.68 crore paid to UPRNN (up to March 2006) for civil works and ₹ 1.54 (1.06+0.48) crore spent on equipment for the third phase 200 bed wards/hospital could not be gainfully utilised and ₹ 5.20 crore recoverable on account of liquidated damages was yet to be levied.

The Government accepted (November 2011) the facts and stated that action for recovery of losses caused due to delay in completion of civil works by UPRNN would be taken urgently. However, it was silent about utilization of the equipment and posting of medical and para medical staff.

PUBLIC WORKS DEPARTMENT

3.3.7 Wasteful expenditure

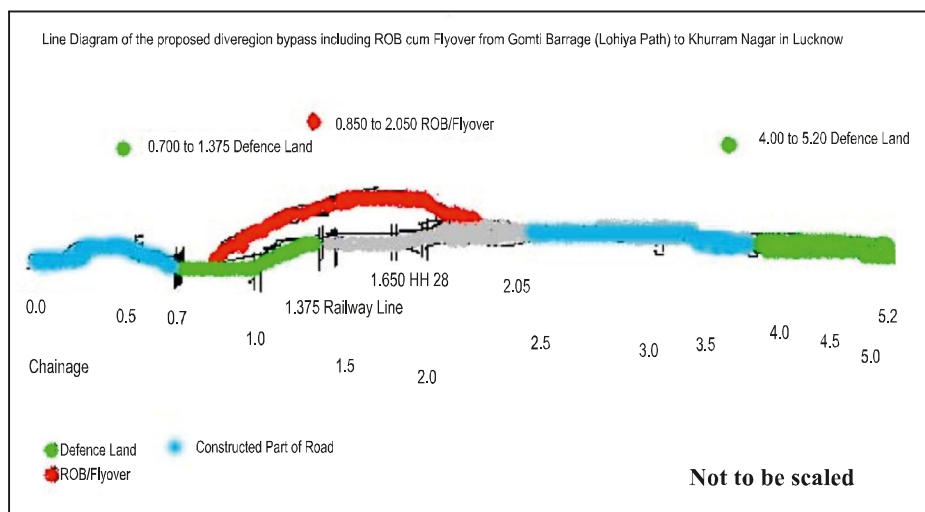
Commencement of work without acquiring the required land, rendered an expenditure of ₹ 23.18 crore wasteful.

Paragraph 378 of FHB Volume VI provides that no work should commence on a land unless it has been handed over by a responsible Government officer. So far as land earmarked for military purposes in the cantonment area is concerned, the proposal for its occupation should be made to the cantonment authorities in an appropriate manner for onward submission and approval of the Government of India as envisaged in paragraph 374 *ibid*.

The Government approved (February 2009) the departmental proposal to construct a six-lane ring road (5.200 km) from Gomti Barrage of Lohia Path to

Khurram Nagar in Lucknow city comprising construction of road (chainage km 0.00 to km 0.850 and km 2.050 to km 5.200) and a Railway Over Bridge (ROB) cum Fly Over (Chainage km 0.850 to km 2.050). The administrative approval and financial sanction of ₹ 32.45 crore for construction of road was accorded in February 2009. The construction of road in the proposed alignment was to provide an alternative route to divert the traffic of Indira Nagar, Munsipulia and Polytechnic crossing in Lucknow city by reducing the distance by three km and to ease road congestion in the aforesaid area. The alignment of the road was finalised through the left embankment of the Kukrail Nala without ensuring availability of dispute free land for the proposed construction, its legal possession and ownership. Chief Engineer (CE), Lucknow Zone accorded (February 2009) technical sanction (₹ 32.45 crore) to the detailed estimate.

Scrutiny of records of the Executive Engineer, Construction Division-I, Public Works Department (PWD) Lucknow revealed (February 2011) that the road work from chainage km 0.00 to km 0.850 km and chainage 2.050 km to 5.020 km was awarded to the contractor (February 2009) at a cost of ₹ 31.45 crore with the stipulated date of completion by November 2009, without taking over the defence land (from km 0.700 to km 1.375 and km 4.000 to km 5.200). An expenditure of ₹ 23.18 crore had been incurred as of March 2011 on the construction of the road between chainage km 0.000 to km 0.725 and chainage km 2.050 to km 4.000 on two sides of the ROB, respectively. However, the EE reported (June 2009) that the work in subsequent reach was stopped by Army as the proposed construction was falling within their firing range. Audit also noticed that a proposal (June 2010) to settle the issue by exchange of land contiguous to Army land did not materialise as of February 2011. The status of constructed part of road is shown in the diagram.



On being pointed out in audit, the Department stated (May 2011) that alignment of road was approved and work was commenced keeping in view the general perception that land of the rivers and drains belonged to the State Government. It was further stated that one end of the constructed road had been connected to the existing main road and on the remaining portion old road was available for transport.

The reply was not correct as financial rules do not permit commencement of work on general perception and without having clear title and legal possession of the land. Besides, 'No Objection Certificate' was also not obtained from the Defence Authorities. Further, construction of road in a small segment did not serve the purpose of diversion of traffic through a shorter route and reduction of traffic congestion as both the ends are yet to be connected (March 2011). Thus, lack of proper planning in executing the work rendered an expenditure of ₹ 23.18 crore wasteful as of March 2011.

The Government accepted (November 2011) the facts and stated that efforts were being made to take over the land from the Army.

PANCHAYATI RAJ DEPARTMENT

3.3.8 Wasteful expenditure

Taking up the construction of a complex without prior consultation of the competent authority and surrender of funds midway rendered the expenditure of ₹ 4.45 crore on the incomplete complex wasteful.

To organize social, cultural and literary programmes and seminars/meetings in Ambedkarnagar district, the Government of Uttar Pradesh (GoUP) announced (February 2005) construction of Lohia Bhawan with provisions for guest house¹⁰¹, air-conditioned auditorium, library building, and statue of late Shri Ram Manohar Lohia and parking on the land¹⁰² owned by State Civil Aviation Department. The Government approved (November 2005) ₹ 6.52 crore against the estimate (January 2005) of *Uttar Pradesh Rajkiya Nirman Nigam* (UPRNN) received in January 2005 and sanctioned (November 2005) ₹ two crore with the condition to start the work after the approval of layout and map by the competent authority. After the approval of layout and map of the building (January 2006), the work was started in January 2006 with completion schedule of March 2007. The Government further sanctioned (March 2006) ₹ 4.52 crore and ordered to keep the amount in Personal Ledger Account (PLA) of *Zila Panchayat*, Lucknow. It was to be released only after the utilisation of ₹ two crore sanctioned in November 2005.

Scrutiny of records of the Director, *Panchayati Raj*, Lucknow and District *Panchayati Raj* Officer (DPRO), Ambedkarnagar revealed (February 2011)

¹⁰¹ Three VIP suites and 15 general suites.

¹⁰² 1.361 hectare land in front of air strip for which the Civil Aviation Department issued No Objection Certificate in February 2005.

that the department released (August 2006) ₹ 2.45 crore to UPRNN after obtaining Utilisation Certificates (UCs) for ₹ two crore (June 2006) leaving ₹ 2.07 crore in PLA. Subsequently, the team of Civil Aviation Department raised objection (November 2006) about the height of the buildings and asked to demolish the overhead tank. In view of the decision taken (February 2007) by the Government in consultation with the Civil Aviation Department, UPRNN revised (April 2007) the layout plan and completed 70 *per cent* of the work up to December 2008. UPRNN furnished (December 2008) the UC for ₹ 4.45 crore¹⁰³ and requested (December 2008) DPRO, Ambedkarnagar to release ₹ 2.07 crore lying in PLA to complete the residual work. The Panchayati Raj Department extended the completion schedule up to December 2009 but instead of releasing the balance amount of ₹ 2.07 crore, lying in PLA, deposited (December 2009) the same into treasury pursuant to the order (September 2009) of Finance Department GoUP (the order stated that funds lying in PLA should be utilised by September 2009 or remitted into treasury) after one year of receiving UC for ₹ 4.45 crore. Thus, although UPRNN had submitted the UC for ₹ 4.45 crore in December 2008 and requested DPRO, Ambedkarnagar to release the balance amount of ₹ 2.07 crore in the same month but the funds were not released till December 2009 and were deposited into the treasury by the *Panchayati Raj* Department.



Auditorium



Overhead tank at Ground Level

Thus, preparation of estimates and sanction of the project without adhering to the norms of the Civil Aviation Department, failure of the executing agency to complete the works by due date and remittance of ₹ 2.07 crore by the Department into treasury (December 2009) led to the work remaining incomplete.

The Government replied (July 2011) that Hon'ble Chief Minister had cancelled (May 2007) all the incomplete announcements of the earlier Government. It was further stated (November 2011) that to complete the work a proposal for the provision of the balance amount would be sent. Further, Government was requested to intimate the status of proposal for the provision

¹⁰³ 2005-06 : ₹ 0.69 crore, 2006-07: ₹ 1.22 crore, 2007-08 : ₹ 0.73 crore and 2008-09 : ₹ 1.81 crore

of balance funds to complete the work but, no reply was furnished (February 2012).

Thus, the expenditure of ₹ 4.45 crore incurred on the complex proved wasteful, as the intended objective of construction of Lohia Bhawan were not being met even after lapse of four years of original schedule of completion.

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 Unauthorised and unfruitful expenditure

Execution of construction works of Rapti Link Channel (RLC) in violation of the orders of the Government led to unauthorised and unfruitful expenditure of ₹ 2.21 crore.

Mention was made in paragraph 3.1.7.4 in the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 2008 regarding irregular expenditure of ₹ 93.84 crore incurred on Rapti System. The objective of 21.400 km long Rapti Link Channel (RLC) was to feed Rapti Main Canal from Saryu Main Canal under Saryu Canal Project of which 1.185 km¹⁰⁴ channel has been left to be constructed. Despite orders issued by the Government in 1999 and 2002 for stopping the work of Rapti system, the department incurred ₹ 93.84 crore on Rapti System as of July 2008.

Scrutiny of records (June 2010 and May 2011) of Executive Engineer (EE), Saryu Nahar Division-IV, Bahraich revealed that in violation of the orders of the Government (February 2003) the Executive Engineer (EE) executed six agreements (February 2009) for the construction of RLC from Km 2.880 to 3.990 in District Bahraich at a cost of ₹ 2.09 crore. An expenditure of ₹ 2.21 crore was incurred on the said works from the funds allotted for Saryu Canal Project (SCP) (Phase-I and II) between 2008 and 2011. Works of RLC was neither approved by Expenditure Finance Committee (EFC) nor administrative and financial sanctions for the work was accorded by the Government. Thus, execution of works of RLC was not only in violation of the Government order but also the expenditure on it was unfruitful as RLC was still incomplete (November 2011).

¹⁰⁴ Km 9.700 to 10.060 = 0.360 km, 11.375 to 12.200 = 0.825 km, total 1.185 kms.

On being pointed out in audit EE replied (June 2010) that in the sanctioned project there was a provision for completion of incomplete works and the work was executed as per the sanctioned project. The reply was not correct as the Government had ordered to stop the work of RLC. Thus, the construction work of RLC in violation of the Government order resulted in unauthorised and unfruitful expenditure of ₹ 2.21 crore.

The Government accepted (November 2011) the facts and admitted that the construction of RLC at km 9.700 to km 10.060 (360 metre), km 11.375 to km 12.200 (825 metre) and construction of super passage is still incomplete.

3.5 Fraud and detection of fraud

Audit of financial transactions, test checked in one department of the Government and their field functionaries showed instance of fraudulent payments as discussed in the following paragraph:

PUBLIC WORKS DEPARTMENT

3.5.1 Fraudulent drawal of pay and allowances

Failure to verify the genuineness of the transfer order by the Executive Engineer, Construction Division, Bridges and Roads, Gorakhpur, as ordered by the Engineer-in-Chief, Public Works Department, not only facilitated the joining of two fake employees but also resulted in fraudulent drawal of salaries of ₹ 3.73 lakh.

Engineer-in-Chief (E-in-C), Public Works Department ordered (July 2004) all the Zonal Chief Engineers to direct all the Executive Engineers (EEs) under their jurisdiction to verify the transfer orders relating to Group D employees (Peon, Beldar, Mate, Chawkidar, Work Agent, etc.) with the office of E-in-C before allowing them to join on transfer basis. The E-in-C also ordered that concerned EEs would be responsible if they allowed the fake employees to join their offices without verification of the genuineness of transfer orders.

Scrutiny of records (June 2011) of the Executive Engineer, Construction Division, Bridges and Roads, Gorakhpur revealed that on the basis of fake transfer orders issued (May 2009 and November 2009) by the office of E-in-C two fake employees¹⁰⁵ reported to Construction Division, Bridges and Roads, Gorakhpur for joining on the basis of last pay certificates (LPCs) issued by Executive Engineer, Provincial Division, Unnao and Executive Engineer, Temporary Division (PMGSY), Kannauj (September 2009 and January 2010). The Executive Engineer, Construction Division, Bridges and Roads, Gorakhpur violating the departmental orders, did not verify the transfer orders and LPCs with the office of E-in-C and allowed two fake employees to join his office on 25.09.2009 and 11.01.2010 respectively. After elapse of 20 months (September 2009 to April 2011) and 16 months (January 2010 to

¹⁰⁵ Shri Satish Kumar Tiwari, Mate and Shri Anjani Kumar Singh, Mate

April 2011) respectively from their joining office, Executive Engineer (Provincial Division), PWD Gorakhpur, informed (May 2011) the Executive Engineer, Construction Division, Bridges and Roads, Gorakhpur that both transfer orders might be fake and need to be verified by the divisions from which these orders had been issued.

Taking cognizance of the matter, a verification of genuineness of the matter was conducted (May 2011) in Kannauj and Unnao Divisions. In reply (May 2011), the Executive Engineer, Provincial Division, Unnao and Executive Engineer, Temporary Division (PMGSY), Kannauj stated that both the employees were neither posted in their divisions nor any LPC was issued. By this time, both the fake employees were paid ₹ 3.73 lakh¹⁰⁶ by the Executive Engineer, Construction Division, Bridges and Roads, Gorakhpur on account of pay and allowances.

In reply, Executive Engineer, Construction Division, Bridges and Roads, Gorakhpur stated that First Information Report had been lodged (June 2011) against the fake employees and the payment of pay and allowances had been stopped from May 2011.

Thus, due to failure to take cognizance of the E-in-C's instruction to verify the genuineness of the transfer orders relating to Group D employees prior to their joining, two fake employees were allowed to join the office of the Executive Engineer, Construction Division, Bridges and Roads, Gorakhpur. This facilitated fraudulent drawal of pay and allowances of ₹ 3.73 lakh.

During discussion (November 2011), the Government admitted the facts and stated that the departmental inquiry was pending and case was sub judice in the Court of Law. The Government further stated that action would be taken accordingly.

¹⁰⁶ Shri Satish Kumar.Tiwari during the period of September 2009 to April 2011; ₹ 2.18 lakh and Shri Anjani kumar Singh January 2010 to April 2011; ₹ 1.55 lakh = ₹ 3.73 lakh