

Chapter-2

Performance Audit

CHAPTER 2

PERFORMANCE AUDIT

Secondary Education Department

2.1 Working of Secondary Education Department

Secondary Education is a crucial stage in the educational hierarchy as it prepares the students for higher education and also for gainful employment later. The main objective of the Secondary Education Department is to provide quality education at secondary level.

Some of the significant findings are enumerated below:

There were substantial savings ranging between ₹ 56.23 crore and ₹ 542.51 crore under Plan and between ₹ 67.50 crore and ₹ 606.40 crore under Non-Plan during 2009-14. Funds amounting to ₹ 8.87 crore were parked outside the Government Account.

(Paragraphs 2.1.7 and 2.1.7.1)

Undue favour was extended to the service provider of maintenance of information and communication technology laboratories by making extra payment of ₹ 1.06 crore in violation of contract agreement. The functioning of ICT laboratories established by a service provider was rated as poor by 102 out of 123 schools from whom feedback was obtained.

(Paragraph 2.1.8.1)

Vouchers in support of expenditure of ₹ 39.75 lakh as having been incurred were not available with District Education Officer, Kaithal and non-receipt of material for ₹ 4.99 lakh by DEO, Nuh which may amount to misappropriation/embezzlement of Government money.

(Paragraph 2.1.8.3)

The pass percentage of students of Class XII and X had declined sharply from 89.33 to 71.16 and from 79.58 to 49.78 respectively. The fee structure of private recognised schools was not monitored by the department.

(Paragraphs 2.1.9.1 and 2.1.9.2)

Out of 91 upgraded schools in test-checked districts, 55 schools were not fulfilling the prescribed norms of classrooms, number of students, area of the schools premises, etc. As against 37,236 sanctioned posts in the cadres of Principals, Headmasters and Lecturers, the actual strength was 10,979.

(Paragraphs 2.1.9.3 and 2.1.10.1)

2.1.1 Introduction

Secondary Education is a crucial stage in the educational hierarchy as it prepares the students for higher education. With the rapid changes in scientific and technological world, it had become essential that schools leavers acquire a higher level of knowledge and skills than what they were provided in the eight years of elementary education. The main objective of Secondary Education Department was to provide quality education at secondary level.

2.1.2 Organisational set-up

The Additional Chief Secretary to Government of Haryana (ACS), Education Department is the administrative head of the Department and responsible for implementation of education policy and discharging administrative functions of the Department. The Director General (DG), Secondary Education Department is the head of the department. There are 21 District Education Officers (DEOs) in the State. As of December 2013, there were 1,444 High schools¹ and 1,729 Senior Secondary Schools² in the State. State Council of Education Research and Training (SCERT), Gurgaon and 27 District Institutes of Educational Training (DIET)/Government Elementary Teachers Training Institute (GETTI) are providing training to teachers.

2.1.3 Audit objectives

The main objectives of audit were to assess whether:

- effective planning and programme management to fulfill the objectives of the department exists;
- financial management of the department was carried out efficiently;
- schemes for improving the educational standards of students were implemented properly;
- manpower management was efficient; and
- an effective internal control system was in place.

¹ Boys: 872, Girls: 201, Co-education: 371

² Boys: 1048, Girls: 292, Co-education: 389

2.1.4 Scope of Audit and methodology

Records relating to the functioning of the department for the years 2009-14 were test-checked in the office of the DG, Secondary Education Department and field offices of seven³ out of 21 districts during February-July 2014. The districts were selected using Probability Proportionate to Size Without Replacement (PPSWOR) method. An entry conference was held with the Additional Chief Secretary, Education Department in March 2014 wherein the audit objectives, audit criteria and scope of audit were discussed.

The audit findings were discussed in the 'Exit Conference' held in November 2014 with the Director and Additional Secretary (D&AS), Department of Secondary Education (DSE). The replies of the Department and deliberations of the 'Exit Conference' have been suitably incorporated in the report.

2.1.5 Audit criteria

Audit criteria were derived from the following sources:

- Punjab Budget Manual, Punjab Financial Rules and Punjab Treasury Rules.
- Guidelines of various schemes and instructions issued by Government from time to time.
- Annual Action Plans including targets fixed for various activities.
- Procedures prescribed for monitoring at various levels.

2.1.6 Planning

In order to develop human resources at the secondary school stage, the Department planned its activities with reference to Eleventh and Twelfth Five Year Plans for achievement of its goal and objectives. The department had been releasing huge funds for construction of buildings in the schools, providing science laboratories without looking into the actual demand of the institutions as funds were lying unutilised in the institutions due to non-availability of space as discussed in paragraph 2.1.7.1. Further, schools were upgraded without verifying the prescribed norms for their upgradation as discussed in paragraph 2.1.9.3. Thus, the planning of the Department was not done after getting feedback from field offices and demand of the society.

The D&AS, DSE while admitting the facts stated (November 2014) that feedback was obtained from field offices in some areas and it was very difficult to obtain

³ (i) Hisar, (ii) Kaithal, (iii) Karnal, (iv) Kurukshetra, (v) Mewat, (vi) Rohtak and (vii) Yamuna Nager

feedback/conduct survey from all the schools and assured that in future efforts would be made to make the planning process more comprehensive and participative.

2.1.7 Financial management and budgetary control

Funds are provided to the department under major Head 2202 General Education (Plan and Non-Plan) for implementation of Centrally Sponsored and State Schemes. The position of funds received and utilisation thereagainst during the last five years was as under:

(₹ in crore)

Year	Original Budget Estimate		Revised Estimate		Expenditure		Savings (-) w.r.t Original Budget Estimate (percentage)	
	Plan	Non Plan	Plan	Non Plan	Plan	Non Plan	Plan	Non Plan
2009-10	331.64	1485.65	337.65	1339.74	275.41	1307.30	(-) 56.23 (16.96)	(-) 178.35 (12.00)
2010-11	411.57	1591.09	503.74	1590.84	326.01	1514.83	(-) 85.56 (20.79)	(-) 76.26 (4.79)
2011-12	887.30	1574.95	560.48	1571.46	344.79	1507.45	(-) 542.51 (61.14)	(-) 67.50 (4.29)
2012-13	741.76	1667.70	497.27	1166.76	324.51	1061.30	(-) 417.25 (56.25)	(-) 606.40 (36.36)
2013-14	834.16	1336.29	814.10	1126.55	504.67	1062.77	(-) 329.49 (39.50)	(-) 273.52 (20.47)
Total	3206.43	7655.68	2713.24	6795.35	1775.39	6453.65		

Source: Detailed Appropriation Accounts.

As is evident from above, there were substantial savings during 2009-14 with reference to original budget. Scrutiny of the records disclosed that savings were mainly due to non-implementation of schemes, less/non-release of funds by Government of India (GOI), non-finalisation of supply orders, sanction of funds at the fag end of the year, remaining the posts vacant, etc. It was further observed that budget proposals were made at directorate level without obtaining feedback from all the field offices. Thus, the budget was not prepared on realistic basis and implementation of schemes, purchase of material, etc. was not done properly.

The D&AS, DSE while admitting the facts stated (November 2014) that savings were mainly due to non-implementation of schemes, non-release of funds by GOI, non-finalisation of supply orders and sanction of funds issued by Finance Department at the end of the year, delayed receipt of Central share from GOI.

2.1.7.1 Funds lying unutilised

Paragraph 2.10 (b) (5) of the Punjab Financial Rules, as applicable to Haryana, provides that no money should be withdrawn from the treasury unless it is required for immediate disbursement. Further, the Finance Department had banned (March 2011) drawing of money from the Consolidated Fund and keeping the same outside the Government Account in any shape. Test-check of records showed that the funds were drawn from the treasury without immediate requirement and were kept in bank accounts as discussed below:

- District Education Officers in the test-checked districts had drawn funds from the treasury in advance of requirement and kept the same in bank accounts. Funds amounting to ₹ 8.87 crore including interest were lying in bank accounts as on 31 March 2014. It was also observed that out of these, four accounts which had ₹ 1.32 crore were current accounts and no interest was being earned on these accounts.
- Funds of ₹ 10 crore were placed (2008-09) at the disposal of the Department under head 2204-Sports and Youth Welfare for purchase of sports material (₹ 4.20 crore) and development of play grounds (₹ 5.80 crore). As there was ban for withdrawal of money after 15 March, the Finance Department allowed (March 2009) to withdraw money subject to the condition that the amount would be drawn only against supply orders already placed. Supply orders were placed for ₹ 4.20 crore in March 2009 and the amount was also drawn from the treasury (March 2009). The Directorate issued sanctions also for the balance amount of ₹ 5.80 crore to the DEOs with the directions that guidelines to utilise the money would be sent later on. This was in violation of the Finance Department instruction (March 2009). Thereafter, the DSE issued (May 2010) instructions to the field offices to refund the money to directorate. Out of ₹ 5.80 crore, a sum of ₹ 4.35 crore was drawn by 15 DEOs. Of which only ₹ 0.62 crore was spent by seven DEOs, ₹ 3.51 crore was refunded between May 2010 and November 2013 and ₹ 0.22 crore was still lying with DEOs.
- The DSE released (March 2011) ₹ three crore to the field offices for the development and promotion of sports with the directions that the funds would be equally distributed among 174 Senior Secondary/High Schools where block level Rajiv Gandhi Sports Complexes had been completed or were being constructed. Out of ₹ three crore released to field offices, an amount of ₹ 2.63 crore was spent on sports activities and a sum of ₹ 0.37⁴ crore was still lying with DEOs, Ambala, Gurgaon, Hisar, Sirsa and Yamuna Nagar.
- Funds of ₹ 26.93 lakh released for construction of classrooms were lying with three⁵ schools as there was no space for construction of classrooms.

The D&AS, DSE while admitting the facts stated (November 2014) that the steps would be taken by the Department to avoid such type of irregularities in future.

⁴ Ambala: ₹ 8.62 lakh, Gurgaon: ₹ 2.17 lakh, Hisar: ₹ 18.97 lakh, Sirsa: ₹ 1.72 lakh and Yamuna Nagar: ₹ 5.17 lakh

⁵ GSSS, Barsat (Karnal): ₹ 7.41 lakh, GHS, Sukhpura (Rohtak): ₹ 9.35 lakh and GHS, Kansala (Rohtak): ₹ 10.17 lakh

2.1.8 Implementation of schemes

The Department is implementing 46 plan and 13 non-plan schemes (*Appendix 2.1*) relating to Information and Communication Technology, e-Governance and Computerisation of Secondary Education, Computer Literacy and Studies in Schools, Research and Training, Scholarship schemes, Assistance to Non-Government Schools, etc. The Department incurred total expenditure of ₹ 8,229.04 crore for the period 2009-14. Thirty four (8 Plan and 26 Non-Plan) schemes involving an expenditure of ₹ 7032.05 crore were test-checked. The important audit points are discussed below:

2.1.8.1 Information and Communication Technology

Information and Communication Technology (ICT) in schools was launched in December 2004 and revised in 2010 to provide opportunities to secondary stage students to build their capacity on ICT skills and make them learn through computer aided learning process. As against the budget provision of ₹ 162.59⁶ crore, an expenditure of ₹ 125.16⁷ crore was incurred on the implementation of the scheme during 2009-14.

Irregularities in agreement for providing computer education services

- **Establishment and maintenance of information and communication technology laboratories**

Comprehensive Computer Education Project (CCEP) envisaged the appointment of a private partner on build own operate/build own operate transfer basis for supply, installation and maintenance of IT infrastructure including laboratory supporting staff in 213 Government Senior Secondary Schools across the State.

The DSE issued (May 2009) Request for Proposal (RFP) which subsequently became the integral part of the agreement. Letter of intent was issued (April 2010) by the DSE for entering into Memorandum of Understanding for implementation of CCEP. Accordingly, an agreement was made (May 2010) between the Government and the successful bidder i.e. Everon Education Limited, Chennai. Scrutiny of records showed the following:

➤ As per clause 1 of schedule 1 of the agreement, no payment was to be made before commissioning of 90 *per cent* of laboratories. It was observed that the Department started making payment from 24 September 2010, although 90 *per cent* of the laboratories were made functional only on 2 December 2010 as 90 *per cent* laboratory attendants were provided by this date. As such, the service provider was eligible for payment from 2 December 2010 only. The payment

⁶ Information and Communication Technology (ICT): ₹ 8 crore and Computer literacy and Studies in School: ₹ 154.59 crore

⁷ Information and Communication Technology (ICT): ₹ 5.58 crore and Computer literacy and Studies in School: ₹ 119.58 crore

made to the service provider of ₹ 1.06⁸ crore from 24 September 2010 to 1 December 2010 was, thus, irregular as 90 *per cent* of the laboratory attendants were provided only by 2 December 2010. The Department extended undue favour to the service provider.

➤ As per clause 2 (b) (iv) of Section 1 of RFP, the Department was to engage an agency for verification and monitoring the project, conducting project impact assessment and organising stakeholder interactions during project implementation. It was observed that the Department had not engaged any agency for monitoring, impact assessment, etc. of the project. As such, proper monitoring as envisaged in the project was not done to ensure successful implementation of the project.

The D&AS, DSE stated (November 2014) that the department was monitoring the project itself and did not consider to engage outside agency for the purpose. The reply was not convincing as no records in support of reply was produced to audit. Further, the functioning of the ICT laboratories was very poor/unsatisfactory as discussed in succeeding paragraph. Had the department engaged the monitoring agency, functioning of ICT laboratories could have been improved.

• ***Poor/unsatisfactory functioning of ICT laboratories***

Feedback from the schools was obtained by Audit on random basis regarding functioning of ICT laboratories and quality of services provided. The details of feedback from 32 out of 72 schools in respect of Everon Education Limited and 123 out of 847 schools in respect of Core Project and Technologies Limited in test-checked districts are given in **Appendix 2.2**. Briefly the position is as under:

- The services provided by Everon Education Limited were rated as poor by three schools and average by 14 schools out of 32 test-checked.
- The services provided by Core Project and Technologies Limited were poor in 102 of the 123 test-checked schools.
- Laboratory apparatus were not in working condition in 84 schools where services were provided by Core Project and Technologies Limited out of 123 test-checked.
- Consumables were not provided in 121 schools and internet connections were not working in 107 schools where services were provided by Core Project and Technologies Limited out of 123 test-checked.

The D&AS, DSE while admitting the facts stated (November 2014) that suitable instructions had been issued to the service providers pointing out the deficiencies in the services and failure to discharge the contractual liabilities with the directions to take remedial measures.

⁸ Total payment released for the period from 24 September 2010 to 23 December 2010 (91 days): ₹ 1.40 crore. Amount due (2 December 2010 to 23 December 2010): ₹ 0.34 crore and excess payment for the period from 24 September 2010 to 1 December 2010 (69 days): ₹ 1.06 crore

- **Non-provision of IT laboratories in Government Schools**

There were 1,444 Government High Schools (GHS) and 1,729 Government Senior Secondary Schools (GSSS) in the State. The computer facility was to be provided in all the GHSs and GSSSs in the State. The Government had established 3,330 laboratories in 3,104 High Schools and Senior Secondary Schools in the State between November 2009 and September 2011. It was noticed that though the work of establishment of IT laboratories had been completed in October 2011 in the State, this facility had not since been provided in 69 schools. The Department had not made any plan to provide the facility in these schools. Thus, the students of these schools were deprived of the facility of computer education.

The D&AS, DSE stated (November 2014) that these schools were upgraded subsequently during 2011-13 from Government Middle Schools to Government High Schools/Senior Secondary Schools and facility of computer education could not be provided due to non-approval by GOI and State Government. However, it was assured that suitable action would be taken for providing facility of computer education in future. The fact, however, remains that the students of these schools were deprived of the facility of computer education.

2.1.8.2 Opening of Government Model Schools

Opening of Government Model Schools scheme aims to provide quality education to talented rural children through setting up model schools at block level. In Haryana, 213 Government Senior Secondary Schools were upgraded as Model Schools. Under the scheme, the grants were provided for creation of infrastructure, development of stadiums, providing fans/duel desks, etc. The information regarding release of funds and expenditure thereagainst for the implementation of schemes was not available with the Directorate. A sum of ₹ 19.67 crore was sanctioned for development of infrastructure, construction of stadiums and purchase of fans and desks in test-checked districts. Scrutiny of records of schools in test-checked districts showed the following shortcomings:

➤ In 20 schools, funds amounting to ₹ 2.91 crore provided for creation of infrastructure were lying unutilised. It was observed that neither the schools refunded the unspent grants nor the Department monitored the utilisation of funds. As a result of this, the funds remained blocked with the schools.

The D&AS, DSE while admitting the facts stated (November 2014) that the reasons for non-utilisation of funds would be investigated.

➤ Against the sanction of ₹ 1.32 crore for stadium, a sum of ₹ 0.87 crore was released as first installment to test-checked DEOs. It was observed that none of the schools had constructed stadiums. It was further observed that DEO, Yamuna Nagar spent the entire amount of ₹ 0.12 crore on purchase of sports material instead of spending on construction of stadium which was against the sanction orders.

➤ Records relating to grants of ₹ 57.40 lakh for creation of infrastructure were neither available with the concerned schools nor with the concerned DEOs. As such, it could not be verified as to whether the payments were actually made

and expenditure was incurred by the DDOs. The details are given below:

(₹ in lakh)

Name of the DDO	Particulars	Amount	Remarks
GSSS, Ladwa (Kurukshetra)	Muster rolls for construction works	6.35	Not found attached with the records
GSSS, Kurukshetra	Muster roll for the work done in the month of August 2011, September 2011, January 2012 and February 2012.	0.69	Not found attached with the records
GGSSS, Rohtak	Grant for infrastructure	8.00	Principal stated that records were taken away by the State vigilance Department
GMSSS, Tauru (Mewat)	Construction of Room, Laboratory, Library, DTH Room etc.	42.36	Records not available in the school
Total		57.40	

Source: Information provided by Department

The D&AS, DSE while admitting the facts stated (November 2014) that non-availability of records with concerned schools/DEOs was a serious irregularity and explanation had been called for from the concerned DEOs/Principals. The department should take immediate action to find out the facts and take appropriate action.

2.1.8.3 Scheme for establishment of Government Model Sanskriti Schools

The State Government declared 20 schools in the State as Model Sanskriti Schools. These schools were basically on the lines of Model Schools with better facilities to be run on society mode. Lump-sum-grant of ₹ 50 lakh for providing infrastructure and ₹ five lakh for providing Science Museum was released by the Government in March 2007. The grants were received by DEOs and kept in the bank accounts. The purchases were made on the recommendations of District Purchase Committees headed by the Additional Deputy Commissioners (ADCs). Test check of records in the selected districts showed the following points:

➤ DEO, Kurukshetra placed (September 2007) purchase order for supply of material for GMSSS, Ismailabad for ₹ 10.42 lakh. The material was inspected by the ADC, Kurukshetra along with other members of the committee and reported (October 2007) to DSE that the material was purchased without giving any detailed specification, size, make, etc. and the material was of sub-standard quality. The DEO was asked (January 2008) to explain his position and the Principal was asked for not using the material till further orders. Inquiry report was finalised in June 2012. The DSE ordered (January 2013) that no disciplinary action can be taken against the DEO at such a belated stage and ordered that the material may be inspected and if the same were found satisfactory, payment may be released to the firm. The department released the payment (May 2014) to the agency in settlement of the claim petition filed by the agency in the District Court, Ambala. Audit observed that the department took a long time of seven years in inquiring the matter and the delay became the rationale for not taking disciplinary action. Further, entire material remained in store and had got damaged with the passage of time and vagaries of weather. Had the department followed up on the inspection report of October 2007, the loss could have been avoided and accountability fixed.

The D&AS, DSE while admitting the facts stated (November 2014) that delay in inquiry was a lapse on the part of the department and preventive measures would be taken to avoid such an eventuality in future.

➤ **Suspected embezzlement**

DEO, Kaithal was provided funds to the extent of ₹ 3.75 crore as grant for science material, development of Model Schools and Model Sanskriti Schools during 2007-09. The funds were kept in two bank accounts (HDFC and Axis Bank). A sum of ₹ 3.90 crore including interest and other deposits was available in these bank accounts. A cash book regarding transactions of HDFC Bank was maintained but no cash book was maintained for transactions of Axis Bank.

Scrutiny of the records and entries of bank statements of these two banks accounts showed that vouchers in support of expenditure of ₹ 39.75 lakh as having been incurred were not available with the DEO office. Further, scrutiny of records disclosed that entries made in the cash book were not verified by the competent authority. Out of this amount, an amount of ₹ 21.86 lakh was drawn from HDFC bank. However, it was observed that no entries for these withdrawals were made in the cash book. This may tantamount to misappropriation of funds of ₹ 39.75 lakh.

On this being pointed out, a sum of ₹ 39.05 lakh was deposited in Bank Accounts but no action had been taken by the department for recovery of balance amount. The D&AS, DSE while admitting the facts stated (November 2014) that an inquiry had been initiated in the matter and outcome thereof would be intimated to Audit.

Similarly, a sum of ₹ five lakh was drawn by DEO, Nuh in December 2007 for setting up of science Museum at Government Model Senior Secondary School (GMSSS), Saroli (Nuh) and deposited the same in Syndicate Bank. A bank draft was prepared by the DEO, Nuh on 11 January 2010 for ₹ 4.99 lakh in favour of Shri Shyam Enterprises, Panchkula for supply of floor darries of superfine quality. Scrutiny of the records showed that three bills amounting to ₹ 4.99 lakh were neither passed for payment by the DDO nor approved by any of the members of the purchase committee. No stock entries were made in the stock register of DEO, Nuh. Further, Principal of the school also confirmed (July 2014) that no material was received from Shri Shyam Enterprises, Panchkula. This may tantamount to suspected embezzlement of ₹ five lakh.

The D&AS, DSE while admitting the facts stated (November 2014) that explanation had been called for from the concerned DEO and outcome thereof would be intimated to Audit.

2.1.8.4 Scheme of Aarohi Schools

Aarohi schools were established in 2010 under the Centrally sponsored scheme in 36 educationally backward blocks in the State. The aim of the scheme was to develop students who are aware, socially responsible, creative, clear thinking and capable of contributing positively to the society. The schools had been established

in society mode under Haryana Prathmik Shiksha Pariyojna Parshad (HPSPP). For construction work, the funds had been placed at the disposal of the HPSPP. The schools were made functional in the buildings of Government Schools. An expenditure of ₹ 53.52 crore was incurred on establishment of these schools during 2010-14. Scrutiny of records of schools showed as under:

- Out of 36 school buildings, as of October 2014 only 10 had been completed and made functional and nine school buildings had also been completed but yet to be made functional for want of water and electricity connections, boundary wall, etc. Construction work of 17 school buildings was in progress, of which the work of 10 was behind the scheduled date of completion by two to 30 months.
- Shortage of teachers was noticed in Aarohi Schools at Mundheta and Nagina where only one (Hindi PGT) and two (one Principal and one Biology PGT) posts had been filled up against the sanctioned strength of 20 and 17 respectively.
- DEO, Mewat drew (December 2012) an amount of ₹ 17.87 lakh for procurement of furniture and sent the draft (January 2013) to Forest Development Corporation, Kurukshetra instead of Forest Department, Jagadhri. The Corporation returned (January 2013) the same as the amount did not pertain to his office. Thereafter, the department requested (13 February 2013) to the bank to deposit the amount in Forest Department's account but due to quoting of wrong account number the amount could not be transferred in Forest Department's account. Since then the funds were lying in bank account and no purchases had been made (October 2014).

The D&AS, DSE while admitting the facts stated (November 2014) that the problem of shortage of teachers would be sorted out very soon and DEO, Mewat had been directed to utilise the allocated fund for purchase of furniture immediately.

2.1.8.5 Implementation of State Policy on safety measures in schools

The State Policy on Safety measures in Government, private (aided and unaided) schools was framed in December 2009. As a part of the policy, the Department took an initiative to remove the High Tension (HT) lines crossing over the Government schools in the State. In the meeting chaired by the Chief Minister (March 2013), the electricity companies were ordered to remove the HT Lines crossing over 158 schools at their own cost. Scrutiny of records of test-checked districts showed that HT lines were removed only from five⁹ schools out of 13¹⁰ schools where the HT lines were crossing over the schools. Information regarding removal of HT lines over the schools was not available in respect of rest of the test-checked districts although HT lines were crossing over 36¹¹ schools in

⁹ Hisar: 2 schools and Kurukshetra: 3 schools

¹⁰ Hisar: 7 schools and Kurukshetra: 6 schools

¹¹ Kaithal: 19 schools, Karnal: 6 schools, Rohtak: 4 schools and Yamuna nagar: 7 schools

these districts. Thus, the DSE and concerned DEOs had not monitored the removal of HT lines over the schools to ensure safety in schools.

The D&AS, DSE while admitting the facts assured (November 2014) that the high tension wire running over the schools would be removed on priority basis.

2.1.8.6 Establishment of Satya Bharti Schools

Bharti Foundation, New Delhi approached (June 2007 to January 2009) Panchayat Department for allotment of Panchayat land for establishment of Satya Bharti Schools in 83 villages¹². The foundation was committed to provide employment to the local inhabitants on whose land the schools were situated; free education, free uniform, free books, free mid-day meal, etc., to the children. The land was allotted by Government for opening of schools in 83 villages. The foundation set up schools at 46 places¹³ and the land allotted for 37 schools was surrendered by the foundation. These schools were not fulfilling the conditions of recognition and were functioning on the basis of provisional recognition.

Haryana School Education Rules 2003 provided for the norms for proper facilities such as classrooms, library, laboratory for computers, toilets, etc in schools. Out of 46 schools, 32 were inspected by the committees constituted under District Elementary Education Officers. The committee pointed out (March 2014) that the classrooms were less than the norms in all the 32 schools. There was lack of provision in 32 schools for library, laboratory for computers, etc. Toilets were not built in all the 32 schools inspected by the committees as per norms. Further, whether the staff appointed was adequately qualified or not was not on record in respect of three schools. As such, the objective of establishing Satya Bharti Schools was not fully achieved.

The D&AS, DSE stated (November 2014) that provisional recognition of 15 schools had been granted subject to the condition that school management would construct boundary wall by March 2015 and in the remaining 31 schools, additional classrooms were under construction as committed to the Government by the management. The fact remains that monitoring to ensure compliance of Haryana School Education Rules 2003 for establishment of schools was not ensured.

2.1.9 Academic activities

2.1.9.1 Declining pass percentage of students

The pass percentage of students in the Government Senior Secondary Schools and Government High Schools had declined sharply during 2009-14 (*Appendix 2.3*). Analysis of data of the appendix showed that pass percentage of students in Government Senior Secondary Schools and Government High Schools had declined sharply in the State from 89.33 to 71.16 and from 79.58 to

¹² Ambala:6, Jhajjar:11, Kaithal:25, Kurukshetra:17, Mohindergarh:10 and Rewari:14

¹³ Jhajjar:3, Kaithal:14, Kurukshetra:11, Mohindergarh:10 and Rewari:8

49.78 respectively. The result of Faridabad district was lowest i.e. 38.09 *per cent* in 2013 in Senior Secondary Schools. Similarly, among the High Schools, result of Faridabad district was also lowest i.e 25.89 *per cent* in 2013.

Poor pass percentage indicates poor quality of education in Senior Secondary Schools and High Schools.

The DEOs of five¹⁴ districts attributed (June-July 2014) the low pass percentage to assigning of duties to teachers other than teaching, shortage of teachers, policy of the Government of not retaining the students up-to class VIII. Thus, there is a need to look into these problems to improve the standard of education in Government Schools. The D&AS, DSE stated (November 2014) that various initiatives for improvement of quality of education was being taken to improve the pass percentage and better outcome would be achieved in next one-two years.

2.1.9.2 Fees charged by the private schools

Haryana School Education Rules 2003 (Rule 158) provide that the fees and funds to be charged from the pupils shall be notified by every recognised school. Further, the Manager of every recognised school shall submit the details of minimum facilities being provided and the maximum fee charged in form VI. He shall before the commencement of each academic session, file with the Education Department a full statement of fees and all types of funds levied by such school with justification during the ensuing academic session.

Scrutiny of the records of the Directorate for the period 2009-14 showed that neither the management of the private recognised schools were submitting the required information to the Department nor the Directorate was insisting on the submission of information in this regard. As such, the Department was not monitoring the fees structure of private recognised schools and it could not be ensured in audit that these schools were charging fees as per norms.

The D&AS, DSE stated during the exit conference (November 2014) that a fee committee headed by a retired judge of Punjab and Haryana High Court had been constituted in this regard.

2.1.9.3 Up-gradation of schools

According to the criteria prescribed in Education Rules 2003 for upgrading Middle School to High School and High School to Senior Secondary School, at least 150 students should be on roll in classes VI to VIII and IX to X classes respectively. Two acre land for High school and Senior Secondary School was required. 10 and 12 rooms for upgradation of Middle to High school and High to Senior Secondary Schools respectively were also required. The State Government

¹⁴ (i) Hisar, (ii) Kaithal, (iii) Karnal, (iv) Kurukshetra and (v) Mewat

upgraded 282¹⁵ schools to High Schools and Senior Secondary Schools during the years 2009-14.

Scrutiny of infrastructure data in the test checked districts showed that 55 schools out of 91 upgraded schools were not fulfilling the prescribed norms but the Department had up-graded the schools (*Appendix 2.4*).

The D&AS, DSE while admitting the facts stated (November 2014) that corrective action would be taken very soon.

2.1.10 Human resource development

2.1.10.1 Vacancies in teaching cadres

As against 37,236 sanctioned posts in the cadre of Principals, Headmasters and Lecturers, the actual strength as on March 2014 was 10,979 while 26,257 (70.52 per cent) posts were lying vacant as detailed below:

Teaching cadre	Sanctioned	Filled in	Vacant	Percentage
Principals	1755	1466	289	16.47
Head Masters	1500	426	1074	71.60
Lecturers	33981	9087	24894	73.26
Total	37236	10979	26257	

Source: Data generated from Education Department website

Though 2,981 guest lecturer were appointed and 176 Principals/Headmasters/lecturers had been re-employed, there was still a gap of 23,100 posts.

The D&AS, DSE while admitting the facts stated (November 2014) that promotion process and direct recruitment process in various cadres of teachers was in progress to fill up the vacancies.

2.1.10.2 Delay in issuing posting orders resulted in the idle wages

A large number of appointments of lecturers to the different streams were made by the Government in 2013-14. The appointment letters were issued to the candidates between 14 December 2013 and 18 January 2014 through website of the Department and in compliance to the same, the newly appointed lecturers joined in the office of the DEOs concerned. It was noticed during test check that the posting orders of these lecturers in schools concerned were issued only on 27 January 2014 though there were existing vacancies in the cadre. Accordingly, the duties were actually undertaken by them after a gap of 9 to 44 days and during this period the lectures remained idle resulting in payment of salary amounting to ₹ 16.02 crore to 3,586 lecturers without any work (*Appendix 2.5*).

¹⁵ Middle to High Schools: 43 (2009-10: 3, 2011-12: 28, 2013-14: 12), Middle to Senior Secondary School: 26 (2012-13: 4, 2013-14: 22); High to Senior Secondary: 213 (2009-10: 27, 2011-12: 5, 2012-13: 87, 2013-14: 94)

The D&AS, DSE stated (November 2014) that necessary instructions in this regard had been issued. It was also assured during the exit conference that the compliance would be ensured in future.

2.1.10.3 Teachers training

The SCERT, Gurgaon established in 1979 was providing in-service training to teachers. The institute was established to bring about overall qualitative improvement in different echelons of school education. The institution aims to acquaint teachers with innovations brought out in the sphere of school education through continuous training sessions, workshops and other measures. District Institutes of Education Training (DIET) were established for imparting training to teachers.

Test check of records of DIETs in the selected districts showed as under:

- Hostel of DIET, Kaithal was being used as office premises for the DEO/BEO office. Thus, the purpose of constructing hostel was not served.
- Hostel of DIET, Palwal (District Kurukshetra) was not functional as there was no occupant. The Principal intimated that the institute was situated in remote areas as such there were no occupants.

2.1.11 Internal control

Internal control provides reasonable assurance to the Management about the compliance of applicable rules and regulations. The internal control in the department was inadequate for implementation of the schemes, monitoring of construction works, etc.

- Though there was an audit cell comprising of a Chief Accounts Officer, two Accounts Officers, two Section Officers, two Junior Auditors and one Section officer in each district but audit staff was mainly engaged with the routine work of the Department. Internal audit was not being conducted.
- Rule 15.16 of Punjab Financial Rules as applicable to Haryana provided that a physical verification of all stores should be done at least once in every year by the Head of the Department or any other officer authorised by him/her. In computer branch of the DSE, it was noticed that the stock registers prior to September 2009 were not available with the Directorate. Computer hardware and allied items prior to September 2009 had not been carried forward in new stock register. Physical verification of computer hardware and other allied items had not been conducted since April 2009.
- The DG, as head of the department, was responsible for monitoring the implementation of programmes, schemes and other activities of the Department. Monthly progress reports from the institutions were required to be called and consolidated for being used as management tool and remedial measures were required to be taken where there was deficiency. It was observed that monitoring system was not in existence.

The D&AS, DSE while admitting the facts stated (November 2014) that effective internal control system, internal audit system and monitoring system would be established in the Department in future.

2.1.12 Conclusion

There was inadequate budgetary control leading to deficient implementation of schemes. The Department extended undue favour to a service provider by making payment in violation of contract agreement. The functioning of ICT laboratories was poor. Vouchers in support of expenditure as having been incurred were not available with District Education Officer, Kaithal, which may be a case of embezzlement of Government money. The pass percentage had declined sharply. The management of human resources was inadequate. The Department was not monitoring the fee structure of private recognised schools. Schools were upgraded without verifying the prescribed norms for their upgradation. There was substantial shortage in the cadres of Principals, Headmasters and Lecturers. Internal control in the department was inadequate.

2.1.13 Recommendations

The Government may consider:

- (i) to put a system in place to ensure that the funds are not drawn from treasury without requirement;
- (ii) taking adequate steps to ensure that payments were made to service providers strictly as per terms and conditions of agreement;
- (iii) detailed investigation of suspected embezzlement and take follow up action;
- (iv) filling up the vacant posts of Principals, Headmasters, Lecturers, etc and avoiding assignment of duties to teachers other than teaching
- (v) strengthening of internal control system - internal audit, physical verification of stores, monitoring implementation of programmes, schemes, etc.

Health Department

2.2 National Rural Health Mission

The National Rural Health Mission (NRHM) was launched in April 2005 with a view to provide accessible, affordable and quality health care to the rural population especially to the poor and vulnerable sections of the population. The strategy of the NRHM is to bridge gaps in healthcare facilities and facilitate de-centralised planning in the health sector. Some of the significant findings are enumerated below:

Baseline survey at village level and the facility survey of CHCs and PHCs was not conducted upto 2013-14 to facilitate preparation of perspective plan for the entire Mission period.

(Paragraph 2.2.6)

Against the requirement of 125 Community Health Centres (CHCs), 501 Primary Health Centres (PHCs) and 3006 Sub-Centres (SCs), 112 CHCs, 485 PHCs and 2,630 SCs were available in the State besides shortage of medical and paramedical staff ranging between 7 and 30 per cent.

(Paragraphs 2.2.8.1 and 2.2.9)

There was shortage of essential drugs in test-checked General Hospitals, CHCs and PHCs during 2010-14. Drug kits were not provided to 4,800 out of 16,800 Accredited Social Health Activists in the State. No guidelines were framed by the Department to deal with cases where a firm has been blacklisted by another Corporation/State.

(Paragraphs 2.2.10.1 to 2.2.10.3)

A large number of registered pregnant women did not show up for antenatal check-ups at the time of first trimester. There were cases of substantial delays/non-payment of incentives under Janani Suraksha Yojna.

(Paragraph 2.2.11.1)

As against the target of conducting 7.14 lakh cataract operations, 6.42 lakh cataract operations were performed during 2009-14. Against the detection of 1,22,966 students with refractive errors, only 44,320 students were provided spectacles.

(Paragraph 2.2.12)

2.2.1 Introduction

The National Rural Health Mission (NRHM) was launched in April 2005 with a view to provide accessible, affordable and quality health care to the rural

population especially to poor and the vulnerable sections of the population. The strategy of the NRHM is to bridge the gaps in healthcare facilities, facilitate decentralised planning in the health sector, provide an overarching umbrella to the existing programmes of health and family welfare.

2.2.2 Organisational set-up

The NRHM functions under the overall guidance of the State Health Mission (SHM) headed by the Chief Minister. The activities under the Mission are carried out through the State Health Society (SHS). The governing body of the society is headed by the Chief Secretary of the State. Its Executive Committee is headed by the Additional Chief Secretary to Government of Haryana, Health Department. A State Programme Management Support Unit (SPMSU) headed by Mission Director acts as the Secretariat to SHS.

At the district level, every district has a District Health and Family Welfare Society (DHFWS) headed by the Deputy Commissioner and its Executive Committee is headed by the Civil Surgeon. Sub-Centres (SCs), Primary Health Centres (PHCs) and Community Health Centres (CHCs) deliver health services in rural areas.

2.2.3 Audit objectives

The main objectives of the performance audit were to ascertain whether:

- planning, monitoring and evaluation procedures of the Mission were adequate;
- financial management was effective;
- the Mission achieved the targets for providing physical infrastructure, upgradation of facilities to Indian Public Health Standards and increasing availability of manpower at different levels;
- the systems of procurement of equipment, drugs and services were cost effective and efficient; and
- targets fixed in respect of reproductive and child healthcare, immunization and disease control programmes were achieved and internal control structure was adequate.

2.2.4 Audit scope and methodology

The performance audit was conducted during October 2013 to June 2014 covering the period 2009-14 by test check of the records of State Health Society (SHS), District Health and Family Welfare Societies including those of CHCs, PHCs and

Sub-Centres (SCs) of eight districts¹. The selection of seven out of 21 districts was made by using Probability Proportionate to Size Without Replacement (PPSWOR) method. Mewat district was selected on the suggestion of the Department as it was a backward district. Physical verification of health centres was conducted during audit and deficiencies noticed have also been brought out in the Report. The scheme was reviewed earlier also and incorporated in the Report of Comptroller and Auditor General of India for the year ended 31 March 2009 (Civil) Government of Haryana and was discussed by Public Accounts Committee during 2013-14. The findings of the Report were kept in view while conducting the audit.

An entry conference was held on 25 April 2014 with the Additional Chief Secretary to Government of Haryana (ACS), Health Department wherein audit objectives, audit criteria and scope of audit were discussed. The audit findings were discussed in the 'Exit Conference' held in November 2014 with the ACS, Health Department. The replies of the Department and deliberations of the 'Exit Conference' have been suitably incorporated in the report.

2.2.5 Audit criteria

Provisions of the following documents were used as audit criteria:

- GOI guidelines on the scheme and instructions issued from time to time.
- Indian Public Health Standards (IPHS).
- State Programme Implementation Plans (PIP) approved by GOI.
- Punjab Financial Rules and Punjab Treasury Rules as applicable to Haryana.

Audit findings

2.2.6 Planning

As per Mission guidelines, NRHM was to conduct a base line survey of households and health facilities by 2008 for preparation of perspective plan for the period 2005-14 and also to prepare Village Health Action Plans (VHAPs) and Block Health Action Plans (BHAPs) for further consolidation into District Health Action Plan (DHAP). Five *per cent* of total layout of NRHM was required to be provided to voluntary organizations and NGOs for involvement in Mission activities.

¹ (i) Yamuna Nagar, (ii) Sirsa, (iii) Fatehabad, (iv) Bhiwani, (v) Narnaul, (vi) Palwal, (vii) Ambala and (viii) Mewat

During audit, it was noticed that no baseline and health facilities survey was conducted. DHAPs were prepared without preparation of VHAPs and BHAPs. It was further noticed that in six out of eight test-checked districts, involvement of NGOs for implementation of NRHM was confined to the activities relating to the National Programme for Control of Blindness. Allotment of funds to NGOs was less than five *per cent* (ranging between Nil and 3.82 *per cent*) in test-checked districts.

Further, the Mission envisaged an inter-sectoral convergence approach to health care by seeking to synergise women and child development, hygiene and sanitation, public works and panchayati raj institutions in planning and execution. No inputs from other social sectors e.g. women and child development, education, hygiene and sanitation were ever obtained. During joint physical verification, it was noticed that approach road to six² SCs in Narnaul District was in a very bad condition. No approach road was even available in respect of two³ SCs. This problem could have been resolved with proper interaction and convergence with concerned departments.

The ACS during the exit conference stated that the data of National Family Health Survey was used for planning. The fact remains that no survey was conducted.

As regards non-preparation of VHAPs and BHAPs, it was stated that there was no budget provision for this purpose but DAPs were prepared in consultation with field functionaries. The ACS during the exit conference stated that involvement of village level and block level functionaries was not practically possible. The fact remains that VHAPs and BHAPs were not prepared.

As regards convergence with other social sectors, it was stated that Ministers of other departments i.e. women and child development department, education, panchyati raj, rural department, etc. were on board of State Health Mission where their valuable inputs were taken in detail. Despite the concerned Ministers being on the Board of the Mission, ground level convergence and co-ordination leading to effective implementation of the scheme/ activities was not evident as brought out subsequently in paragraphs 2.2.8.3 and 2.2.8.5.

2.2.7 Financial management

NRHM funds were to be shared between the Centre and State Government in the ratio of 85:15 and 75:25 during 2009-12 and 2012-14 respectively.

The position of opening balance, funds received from GOI, expenditure incurred thereagainst and closing balance for the period 2009-14 is given in Table 2.2.1.

² (i) Nava, (ii) Jerpur, (iii) Nangal Dargu, (iv) Ganwari Jat, (v) Chek malikpur and (vi) Dhani Bhathoti

³ (i) Meghot Kalan and (ii) Bhungraka

Table 2.2.1: Details showing availability of funds and expenditure thereagainst
(₹ in crore)

Year	Opening balance	Funds received from GOI	State share	Total	Expenditure incurred	Closing balance	Percentage of closing balance to total availability of funds
2009-10	156.16	135.68*	25.15	316.99	274.19	42.80	14
2010-11	42.80	219.69	32.14	294.63	293.55	1.08	Nil
2011-12	1.08	297.35	42.56	340.99	294.21	46.78	14
2012-13	46.78	292.22**	96.38	435.38	367.99	67.39	15
2013-14	67.39	314.41**	101.64	483.44	468.27	15.17	03

Note: *: Apart from above, ₹ 70.49 crore received from GOI for infrastructure maintenance in 2009-10 was also spent.

****:** Grant of ₹ 6.05 crore and ₹ 1.53 crore were also received as grants in kind during 2012-13 and 2013-14 respectively.

As may be seen, there were closing balances at the close of each year (except 2010-11) which indicated that implementation of the scheme was slow. Due to slow implementation of schemes, there were shortage of CHCs, PHCs and SCs, lack of infrastructural facilities in CHCs and PHCs as discussed in paragraph 2.2.8.

The Mission Director stated (November 2014) that closing balance of each financial year was used in the first quarter of the next financial year for ongoing activities as the funds were received in June every year. Thus, a proper system needs to be evolved for obtaining funds at the beginning of each year for speedy implementation of scheme.

Further, scrutiny of the records showed that the State Government had short released its share by ₹ 28.44 crore during 2009-14. The Mission Director stated (November 2014) that State Finance Department had been requested for release of arrear of State share during the financial year 2014-15.

2.2.7.1 Non-receipt of Utilisation Certificates

- Village Health Sanitation Nutrition Committee (VHSNC) gets an untied grant of upto Rs. 10,000 on annual basis. An amount of ₹ 15.29 crore was booked as expenditure during 2009-13 without getting any UCs from VHSNC. It was observed that Mission Director, NRHM had issued (April 2009) instructions to book the amount released to VHSNC as expenditure without getting any utilisation certificates or necessary documents from them. The instructions of Mission Director, NRHM were in contravention of the guidelines. It was further observed that no control mechanism was evolved to ensure that untied grants were being utilised on the envisaged activities. In the absence of this, the chances of misutilisation of funds cannot be ruled out.

The ACS stated during the exit conference that the practice of booking of the expenditure without getting UCs had been stopped from 2011-12. On being

pointed out by Audit that the practice had not been stopped, the ACS assured that the instructions would be reiterated.

- To address the gender inequity and promote awareness against female feticide, best performing village having either highest sex ratio or greater percentage of increase in sex ratio was to be given award of ₹ one lakh and ₹ five lakh for best performing village in the State. Award of ₹ 25,000 was also introduced for the second best village in the district from 2012-13. The money was to be spent on further Information, Education and Communication (IEC) for Pre Natal Diagnostic Technique (PNDT) activities.

An amount of ₹ 17.75 lakh was given as award by DHFWS to 16 Panchayats under the scheme during 2010-13 in seven test-checked districts. No utilisation certificates (UCs) were available with the concerned DHFWSs. The department had also not evolved any system to ensure that expenditure was incurred by the concerned Sarpanches on the IEC for PNDT activities.

The Mission Director stated (November 2014) that UCs for ₹ 5.25 lakh have been obtained and for balance amount UCs were being collected. The fact remains that proper utilisation of the award money for a substantial amount could not be ensured.

2.2.8 Infrastructure

NRHM aimed to bridge gaps in the existing capacity of the rural health infrastructure by establishing functional health facilities through revitalisation of existing physical infrastructure such as health centre buildings and fresh construction or renovation wherever required. The Mission also sought to upgrade available facilities to Indian Public Health Standards (IPHS) for different levels of health centres.

2.2.8.1 Shortage of CHCs, PHCs and SCs

As per IPHS for every 80,000 to 1,20,000 population, there should be a CHC, for a population of 20,000 to 30,000 there should be a PHC and for population of every 5,000, there should be one Sub-centre.

Scrutiny of the records of the Mission Directorate showed that there was shortage of infrastructure in terms of CHCs, PHCs and SCs as per details given in Table 2.2.2.

Table 2.2.2: Details of shortage of CHCs, PHCs and SCs

Category	Requirement	Available	Shortage	Percentage of shortage
CHC	125	112	13	10
PHC	501	485	16	3
SC	3006	2630	376	13

Source: Programme implementation plan 2012-13

As is evident from the above, there was shortage of CHCs to the extent of 10 *per cent*, PHCs to the extent of three *per cent* and SCs to the extent of 13 *per cent*.

The ACS stated during exit conference that IPHS norms were inspirational and served as guiding standards and further stated that the Department had been making continuous endeavors to achieve the goals laid down in IPHS.

2.2.8.2 Construction of CHCs, PHCs and SCs

To bridge the gap, the NRHM had set a target of construction of 22 new CHCs, 78 new PHCs and 282 new SCs in the State targeted to be completed during 2013-14. It was observed that the targets of construction of these centres had not been achieved (November 2014) as per details given in Table 2.2.3.

Table 2.2.3: Details of target and achievement of construction of CHCs, PHCs and SCs

Category	Target	Achievement	Percentage	In progress	Works not started
	(In numbers)				
CHC	22	19	86	03	0
PHC	78	71	91	06	1
SC	282 ⁴	202	82	32	11 ⁵
Total	382	292		41	12

Source: Information provided by SHS

The Public Works Department (Buildings and Roads) was the executing agency for the execution of works of Health Department. As per information available with the Mission Director, NRHM, as against the administrative approvals of ₹ 332.66 crore, the total expenditure was ₹ 170 crore upto October 2013. Scrutiny of the records indicated the following:

- Though the target date of completion of works was indicated, the actual date of completion was not specified in any of the cases. In the absence of this, it was not possible to ascertain the time overrun. From the available data in the test checked districts, audit observed that nine⁶ works were completed at a cost of ₹ 9.76 crore as against the estimated cost of ₹ 8.15 crore resulting in cost overrun of ₹ 1.61 crore i.e. increase by 20 *per cent*. In case of PHC, Haodali, cost overrun was to the extent of 64 *per cent*. There was no evidence on record to indicate monitoring or analysis by the Health Department of the time and cost overruns by the executing agencies.
- Though the administrative approval for construction of CHC, Mulana was accorded in September 2011, tendering process for allotment of work had not yet been started (January 2014). The administrative approvals for construction of PHC, Bama (Kurukshetra district) and PHC, Guryani (Rewari District) were

⁴ Out of these, 37 withdrawn.

⁵ Out of these 9 SC were not required to be constructed as buildings were existing in District Kurukshetra.

⁶ (i) CHC, Beri, (ii) PHCs, Haodali and (iii) Bidhlan, (iv) SCs, Landa, (v) Chang, (vi) Nangal, (vii) Karewari, (viii) Rohna and (ix) Bhandri

accorded August 2009 and September 2008 respectively but the construction could not be started due to non-availability of land/ dispute of land. Similarly, buildings of SCs could not be started due to land disputes and non-availability of land. The department had not made any efforts to get the alternate sites.

The Mission Director stated (November 2014) that construction of CHC, Mulana could not be taken up due to cost escalation from ₹ 1.71 crore to ₹ 6.58 crore. As regards PHC, Bama, it was stated that the land for construction of PHC had now been released by the Director, Development and Panchayat Department and permission of the construction of PHC, Guryani had been obtained from Environment and Forest Ministry, GOI to remove trees. The fact, however, remains that there were substantial delays in getting the land released.

2.2.8.3 Improper-functioning of PHCs/Sub-Centres

A total of 29 SCs were completed between September 2009 and April 2012 at a cost of ₹ 3.99 crore in Fatehabad and Sirsa districts but these SCs were not functioning properly (January 2014) as only one Auxiliary Nurse Midwife (ANM) was provided against the norm of three ANMs. It was further observed that the manpower was not sanctioned by the Director General, Health Services (DGHS). Similarly, buildings of two⁷ PHCs in Bhiwani district were completed in July 2013 at a cost of ₹ 2.20 crore but these had not been handed over to the Health Department for want of various facilities i.e. doors, windows, water supply, boundary walls, etc (October 2014).

During joint physical verification, it was noticed (August 2014) that staff quarters and doctors' residences of PHCs, Rohi and Badopur in Fatehabad and SC, Natar under CHC, Madhosinghana in Sirsa district were in bad condition and were lying abandoned. The boundary wall of PHC, Sehlang was also in broken condition.

The ACS stated during the exit conference that the matter would be looked into and corrective steps would be taken soon.

2.2.8.4 Lack of infrastructural facilities in CHCs and PHCs

As per IPHS, the CHCs and PHCs should have services e.g. waiting room, labour room, operation theatre, clinic room, emergency services, separate units for male and females etc. During audit it was noticed that there was inadequate infrastructure in CHCs and PHCs in test-checked districts as per details given in ***Appendix 2.6***. Major inadequacy was in respect of operation theatres, emergency/casualty services and separate units for male and female in PHCs as out of 129 PHCs, these facilities were not available in 93 (72 per cent), 69 (53 per cent) and 40 (31 per cent) PHCs respectively.

The ACS stated during the exit conference that the data of infrastructure in CHC/PHC had been prepared as per the norms which were idealistic and did not

⁷

Balkara and Santhokhpura

reflect the requirement at ground level. Thus, the fact remains that funds were released on the basis of prescribed norms.

2.2.8.5 Lack of basic amenities in Sub-Centres

During physical inspection of SCs in selected districts, it was noticed that the SCs as per details given in Table 2.2.4 were functioning without basic amenities like water, electricity, toilets, etc.

Table 2.2.4: Details of SCs functioning without basic amenities

Name of the district	Number of sub-centres functioning without basic amenities				
	Water supply	Water storage	Electricity	Availability of bathroom, toilet	Condemned/poor condition of buildings
Narnaul	20	17	24	6	6
Palwal	12	10	8	7	4

Source: Data provided by DHFWS concerned

The ACS took a serious note of the issue of lack of basic facilities in SCs during the exit conference and directed the departmental officers to take immediate steps to resolve the problems.

2.2.8.6 Non-availability of health services

As per IPHS, the basic health care services such as blood storage, new born care, inpatient, X-rays, ultra sound, etc., required to be provided in the health centres, were not available in CHCs and PHCs test-checked as per details given in **Appendix 2.7**. Major shortage was in CHCs in respect of blood storage (89 per cent), X-rays (41 per cent), ultra sound (100 per cent), ECG (52 per cent), internal examination of gynecology (55 per cent) and pediatric services (75 per cent). Similarly, there was shortage of services in PHCs in respect of blood storage (89 per cent), X-rays (92 per cent), ultra sound (100 per cent), ECG (95 per cent), obstetric services (75 per cent), emergency services (66 per cent), tubectomy/vasecotomy (90 per cent), internal gynecological examination (76 per cent) and pediatric services (83 per cent).

The ACS stated during the exit conference that the Department was continuously striving towards the goal of providing these facilities.

2.2.8.7 Lack of proper planning for dental treatment

Programme Implementation Plans envisaged that dental doctors along with dental equipments and dental units should be made available in all CHCs and PHCs in the State. Records of test checked districts showed that in three PHCs, doctors were available but dental chairs were not available. In five CHCs and 15 PHCs, dental chairs were available but doctors were not available. In one CHC and 12 PHCs, neither doctors nor dental chairs were available.

Apart from above, dental X-Ray machines were not available in any of the CHCs/PHCs in test-checked districts. Thus, the rural population was deprived of facilities of dental treatment.

The Mission Director stated (November 2014) that doctors would be posted against vacancies and tender for purchase of new X-ray machines has already been floated by the Director, Supplies and Disposal.

2.2.9 Human resource

The Mission aimed to increase the availability of manpower as the quality and efficiency of medical care largely depends upon the availability of human resources. As such, the Health Department was to fill up the existing vacancies. It was observed that there was overall 14 *per cent* shortage of medical/paramedical staff. Further, the shortage of SMOs, MOs and Lady Medical Officers was 10, 22 and 84 *per cent* respectively whereas shortage of para-medical staff ranged between 7 and 30 *per cent*.

The matter regarding shortage of medical/para-medical staff was also brought out in the Report of Comptroller and Auditor General of India for the year ended 31 March 2009 (Civil) Government of Haryana and the Public Accounts Committee recommended that recruitment of the para medical staff be made as early as possible. Despite PAC's recommendations, the position remained the same as is evident from above.

The Mission Director stated (November 2014) that there was shortage of medical staff and para-medical staff and that this was ongoing process and efforts were being made to mitigate the shortage.

2.2.9.1 Accredited Social Health Activists

The community based health workers, Accredited Social Health Activist (ASHA) have pivotal role for health related demands for vulnerable sections of the population especially women and children who find it difficult to access public health services. It was envisaged by the State that these health linked health workers and community mobilizers would be indentified in a phased manner. It was noticed that target of identification of ASHA workers was not achieved as achievement of targets fluctuated between 86 and 98 *per cent* during 2009-14. In 2013-14, it was 93 *per cent*.

Shortage of ASHAs deprived the community of the information on determinants of health such as nutrition, basic sanitation and hygienic practices apart from counselling to women on birth preparedness, importance of safe delivery, breast-feeding, etc.

The Mission Director stated (November 2014) that enrollment of ASHAs was a continuous process and that there was significant improvement in the enrollment of ASHA i.e 96 *per cent* of targets in 2014-15. The fact, however, remains that shortage of ASHAs deprived the community of services in earlier years and was yet to be fully achieved.

2.2.9.2 Non-payment of incentives to para-medical staff in difficult areas

It was considered important in the Project Implementation Plans to ensure that right number of manpower in a right mix are available at the right place at the right time with the right skills with motivation to deliver the desired level of services to the patients. With a view to provide appropriate manpower in Mewat area (difficult area), a strategy to increase salary by giving incentives to doctors and paramedical staff was adopted under NRHM.

It was noticed that special incentive to doctors was given but this incentive was not provided to para medical staff during 2012-14. It was observed that Civil Surgeon, Mewat had requested the Mission Director in June 2013 and 2014 for providing budget of ₹ 48 lakh for making payment of incentive money to para-medical staff but the Mission Director had not provided the budget so far (June 2014).

Thus, the strategy adopted to attract staff to work in difficult areas had not been implemented properly with the result that there remained acute shortage of para medical staff as there were only 67 para-medical staff in position as against the sanctioned strength of 314 in Mewat District.

The ACS stated (November 2014) during exit conference that the incentive to paramedical staff was not given on the apprehension of raising of similar demand from other staff. The reply was not tenable as incentive was to be given to para-medical staff as a part of strategy to provide appropriate manpower in Mewat area, a difficult area.

2.2.9.3 Non-deduction Employee's State Insurance Contributions

Section 1(5) of the Employee's State Insurance Act, 1948 provides that any establishment employing 20 or more persons were covered under the Act. An employee covered under the scheme has to contribute 1.75 *per cent* of the wages whereas the employer's contribution is 4.75 *per cent* of the wages payable to an employee. Scrutiny of records of the State Health Society (SHS) and test-checked District Health and Family Welfare Societies (DHFWSs) showed that though the societies were established in April 2005 and covered under Section 1(5) of the Employee's State Insurance Act, 1948, their employees had not been covered under the scheme.

The Mission Director stated (November 2014) that a clarification had been sought about the applicability of ESI Act on NRHM from ESI Commissioner, New Delhi. Further developments were awaited (January 2015).

2.2.10 Procurement system

2.2.10.1 Partial availability of essential drugs

Under the scheme, concept of Essential Medicines List (EML) was started in an organized manner in 2009 by the Health Department for providing a guide for the procurement of medicines and to promote their rational use. The EML was

revised in 2010 for GH, CHC and PHC which contained 627, 246 and 186 medicines respectively. The drug policy was revised in July 2013 and implemented from July 2013 under which 703, 251 and 178 medicines for GH, CHC and PHC respectively were considered essential.

In test-checked districts, record regarding availability of essential drugs in General Hospitals, 35 CHCs and 94 PHCs was checked. It was observed that there was shortage of essential drugs in all the GHs, CHCs and PHCs during 2010-14 as per details given in **Appendix 2.8**. The availability of essential drugs was partial i.e. between 13 and 96 *per cent* and thus the policy to supply essential medicines to all was not fully implemented.

The ACS stated during the exit conference that a new centralised procurement policy had been implemented w.e.f 1 July 2013 and a procurement corporation (Haryana Medical Services Corporation) had been set up to carry out the procurement of medicines for NRHM and the problem of short supply of essential drugs would be addressed.

2.2.10.2 Provision of drug kits for ASHAs

Each ASHA is supposed to be provided with a primary medical care for minor ailments. A provision was made to provide a drug kit containing generic AYUSH and allopathic formulations for common ailments. Provisions were made for the procurement of 19,000 drug kits in Programme Implementation Plans during 2010-13.

Test check of the records showed that no drug kit was purchased up to 31 March 2012. Only 12000 ASHA Kits were procured in 2012-13. Thus, drug kits were not provided to ASHAs during 2009-12. There were 16,800 ASHAs in the State during 2013-14, against which 12,000 kits were provided. Thus, 4,800 ASHAs were working without drug kits. Although budget provision of ₹ 55 lakh was made in 2013-14, only ₹ 1.82 lakh (3.3 *per cent*) was spent. As a result of this, effective services to rural population through ASHAs could not be provided to the rural population.

The Mission Director stated (November 2014) that 10,000 drug kits would be procured to meet the shortfall.

2.2.10.3 Procurement of Absorbent Cotton Wool from a black listed firm

Drugs and Cosmetics Act, 1940 and the rules made thereunder provides that regular and random testing of drugs will be undertaken from Government/ Government approved laboratories at the time of supply and at any time during the shelf life or whenever any defect is noticed. If a major defect is found in the standard of a medicine/ medicines, use of that medicine is required to be stopped immediately and the firm which had supplied substandard medicine should be blacklisted/ debarred.

Scrutiny of records of SHS showed that M/s Jind Surgical, Hansi Road, Jind a supplier of Absorbent Cotton Wool was blacklisted by the Tamil Nadu Medical Services Corporation on 13 October 2011 for the period from 9 November 2011 to 8 November 2016. However, scrutiny of records of SHS and test-checked DHFWSs showed that Absorbent Cotton wool worth ₹ 1.08 crore was purchased between November 2011 and May 2013 from this supplier i.e. after the date of blacklisting of the firm. No guidelines were framed to deal with cases where a firm has been blacklisted by another Corporation/State.

The Mission Director stated (November 2014) that the purchases were made on rate contract basis entered into by Director General, Supplies and Disposal. The reply was not convincing as the Health Department should have framed guidelines to deal with cases where a firm has been blacklisted by another Corporation/State. The ACS assured during the exit conference that a system of obtaining affidavit from suppliers about their non-blacklisting would be introduced.

2.2.10.4 Dispensing adulterated/spurious medicines to the patients

Medicines worth ₹ 10.21 lakh procured between March 2010 and September 2013 by the DHFWSs, Bhiwani, Ambala, Mewat, Narnaul and SHS Panchkula were declared adulterated/spurious by Government Analyst. Out of these, adulterated/spurious medicines worth ₹ 6.57 lakh were dispensed to the patients and ₹ 3.64 lakh worth were lying abandoned in a warehouse at Ambala (August 2014).

On further scrutiny of the stock of the medicines, it was noticed (August 2014) that report of sample was received by DHFWS, Mewat and Central Store, Ambala after a period ranging between 305 and 575 days of drawal of samples. Thus, there were substantial delays in conveying results of samples in districts. Had the results of tests been conveyed earlier, dispensing of spurious/adulterated medicines could have been avoided. Further, as per terms and conditions of supply orders, the firm is bound to replace the entire batch of such medicines or make full payment of entire batch, even if the entire or part of supply has been consumed but neither the medicines had been replaced nor recovery of amount of the entire batch had been made.

The Mission Director stated (November 2014) that the firm was directed to replace the supply of the medicine in question as per terms and conditions of rate contract.

2.2.11 Family Welfare, Reproductive and Child Health

The Mission objectives included reduction in child and maternal mortality, population stabilisation, gender and demographic balance, universal access to public services for food and nutrition, sanitation and hygiene, public health care services with emphasis on women's and children's health and universal immunisation. Physical targets in respect of family planning, routine immunisation, pulse polio immunisation, etc. were fixed.

2.2.11.1 Maternal health

➤ Registration and check-up

Early detection of complications during pregnancy by antenatal check-ups is important for preventing maternal mortality and morbidity. Registration of pregnant women in first trimester, quality check-up, identification of high risk cases and their timely referral to higher facilities and follow-up is very important for maternal health. The status of total number of pregnant women registered and total number of pregnant women registered at the time of first trimester is given in **Appendix 2.9**. Analysis of the data showed that only 44 to 51 *per cent* pregnant women were registered at the time of first trimester.

The Mission Director stated (November 2014) that the registration at the level of first trimester was increasing though at slow pace and to accelerate this department had started identification, referral and management of high risk pregnant cases.

➤ Iron Folic Acid administration

Anaemia is considered as leading cause of maternal mortality and is an aggravating factor to haemorrhage, sepsis, toxemia, etc. Prophylaxis against nutritional anaemia in a pregnant woman requires a daily dose of Iron Folic Acid (IFA) tablets for a period of 100 days. Scrutiny of the records showed that the percentage of pregnant women given tetanus toxoid dosage was between 87 and 88 while 65 to 88 *per cent* pregnant women were provided IFA tablets for prophylaxis against nutritional anaemia during 2009-14.

The Mission Director stated (November 2014) that corrective action was being taken for the improvement in anemia in pregnant women and significant improvement in anemia in pregnant ladies was expected by the end of 2014.

➤ Institutional delivery care

To encourage institutional delivery, the Janani Suraksha Yojana provided all rural BPL pregnant women a cash assistance of ₹ 700. The target of institutional deliveries of 70 *per cent* during 2009-10 and 80 *per cent* during 2010-14 of the total deliveries was achieved as it was 70 *per cent* in 2009-10 and 82 to 85 *per cent* during 2010-14.

➤ Delayed/non-payment under Janani Suraksha Yojna

The Janani Suraksh Yojna (JSY) launched in April 2005 aims at reducing maternal and neo-natal mortality by encouraging and increasing institutional deliveries. Under the scheme, assistance to BPL women of all categories for deliveries at home or institutions is given. The scheme is also applicable for non-BPL, SC/ST women but only for child births at a Government Institution or accredited private institutions. Cash incentive is given to the mother during her post-partum period in order to ensure her a good diet and care. An incentive of

₹ 600 in urban areas and ₹ 700 in rural areas for institutional deliveries were to be provided while the incentive of ₹ 500 was to be provided for home deliveries both in urban and rural areas.

As per scheme guidelines, the amount of incentive was required to be paid within five days of the delivery date. Test-check of records of 7,027 JSY beneficiaries in selected districts showed that an amount of ₹ 30.80 lakh was paid to the 4,632 beneficiaries after a delay ranging between 38 and 2,721 days and an amount of ₹ 16.38 lakh was yet to be paid to the 2,395 beneficiaries even after lapse of time ranging between 49 and 1,309 days during 2011-12 to 2013-14.

The scheme was intended for health benefit for the mother at the time of delivery. Making payment after years of delivery defeated the very purpose of the scheme.

The Mission Director stated (November 2014) that this was mainly because of delay in the documentation process and non-opening of bank accounts by the beneficiaries as money is paid through cheque. Further, the incentive money was very less and process of documentation was cumbersome. The ACS stated during the exit conference that process of documentation would be completed during the ante-natal period by service providers in future to ensure timely payment of incentives.

2.2.11.2 Performance of various family planning methods

To reduce Total Fertility Rate, an increased access to utilisation of family planning services is one of the objectives of the NRHM. Targets and achievements of various components of family welfare planning for the period 2009-14 are given in *Appendix 2.10*.

An analysis of the data of appendix showed that the achievements of targets in respect of all the methods had decreased during 2009-13. It decreased in respect of vasectomy from 39 to 27 *per cent*, tubectomy from 81 to 79 *per cent*, IUD from 81 to 73 *per cent*, CC Users from 77 to 62 *per cent* and OP Users from 108 to 96 *per cent*.

The Mission Director stated (November 2014) that percentage achievement was not a parameter to see the progress and improvement of family planning programme. As regards achievements of OP Users and CC Pieces, it was stated that supply of the oral contraceptives and condom pieces by GOI was irregular and in insufficient quantity. The reply was not tenable as the targets were fixed by the department itself and the supply of contraceptives should be ensured to achieve the targets.

2.2.11.3 Immunization and child Health

The immunization of children against six preventable diseases, namely tuberculosis, diphtheria, pertussis, tetanus, polio and measles has been the corner stone of routine immunization not only under Universal Immunization Programme but also under NRHM. It was noticed that there was shortfall in

achievement of targets of immunization of Measles (6 to 17 *per cent*), DPT (8 to 93 *per cent*), OPV (9 to 28 *per cent*) and F1⁶ (6 to 17 *per cent*) during 2011-14.

For secondary immunisation, children in age group of 5 to 6 years were required to be administered DT (Diphtheria and Tetanus) and two doses of Tetanus Toxiod (TT) at the age of 10 and 16 years respectively. The shortfall in targets in the secondary immunisation ranged from 9 to 43 *per cent* for DT, 8 to 48 *per cent* for TT (10) and 25 to 57 *per cent* for TT (16).

The Mission Director stated (November 2014) that ANMs and ASHAs were being motivated to mobilize every unvaccinated child to provide them timely immunization services.

2.2.12 National Disease Control Programme

- ***National Vector Borne Disease Control Programme***

National Vector Borne Disease Control Programme (NVBDGP) aims to control vector borne diseases by reducing mortality and morbidity due to malaria, dengue, chikungunia and Japanese encephalitis, etc. in endemic areas. Audit noticed that dengue cases increased from 125 in 2009 to 1770 in 2013.

- **Revised National Tuberculosis Control Programme**

The year-wise target for sputum examination is fixed under Revised National Tuberculosis Control Programme (RNTCP).

Audit observed that although the overall target of treatment of New Sputum Cases was achieved, the achievements of target of sputum examination ranged between 90 and 99 *per cent* and cases of new smear positive cases increased from 13,387 in 2010 to 14,170 in 2013.

- **National Leprosy Elimination Programme**

The National Leprosy Elimination programme (NLEP) aimed to eliminate leprosy by the end of Eleventh plan i.e. by 2005. The State had achieved the target i.e. less than one case per 10,000 population. However, number of people affected with leprosy in the State had increased from 365 in 2009-10 to 561 in 2013-14.

- **National Programme for Control of Blindness**

The National Programme for Control of Blindness (NPCB) aimed to reduce prevalence of blindness cases to 0.3 *per cent* by 2020 through increased cataract surgery, school eye screening and free distribution of spectacles.

- ***Cataract operation performance***

As per guidelines, the ratio of cataract operation in Government and private sectors was required to be maintained in the ratio of 1:1.

It was noticed that against the target of conducting 7.14 lakh cataract operations, 6.42 lakh cataract operations were performed during 2009-14. Out of these 28 *per cent* were performed in Government sectors, 27 *per cent* by NGOs while 45 *per cent* were performed by private practitioners. The operation by private practitioners and NGOs were predominantly carried out in camps, where data on the rate of success and follow up was not available.

The Mission Director stated (November 2014) that training was provided to Government Eye Surgeons for advanced eye care facilities and as a result of this, there was improvement in conducting cataract surgery in Government Sector.

➤ ***Refractive error and free distribution of spectacles***

The programme envisaged free distribution of spectacles to the students having refractive errors. During 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14, 14,992, 9,233, 9,487, 7,476 and 3,231 spectacles were issued respectively against the total detection of 29,097, 20,652, 15,037, 43,414 and 14,766 cases of refractive errors. Thus, spectacles were provided to 44,320 students against the detection of 1,22,966 students with refractive errors. Thus, only 36 *per cent* of students with refractive error were provided spectacles.

In three⁸ test-checked districts, 5,072 students were identified with refractive error during 2011-14 but free spectacles were not provided. Only 138 students were provided free spectacles, out of 644 students detected with refractive errors in Palwal district during 2011-14.

The Mission Director stated (November 2014) that spectacles would be provided free of cost to all the students having refractive error in future.

2.2.13 Impact assessment

As per Mission Guidelines, high infant mortality rate, maternal mortality rate and total fertility rate were to be checked. The achievement of these key health indicators to assess the performance of the health services at the start of 2009-10 and up to the end of the year 2013-14 are given in Table 2.2.5.

Table 2.2.5: Details of achievement of health indicators

Name of health indicator	Position for the year 2009-10	Position for the year 2013-14	GOI Target for 2011-12	GOI Target for 2012-17
Infant Mortality Ratio (per 1000 live births)	48	42	30	25
Maternal Mortality Ratio (per one lakh live births)	153	146	100	100
Total Fertility Rate	2.3	2.3	2.1	2.1

Source: Data supplied by SHS.

⁸ (i) Sirsa, (ii) Fatehabad and (iii) Mewat

Although, there was improvement in key health indicators from 2009-10 to the 2013-14, the achievement of the State was far behind the targets set by GOI. Audit observed that it was due to lack of infrastructure, shortage of staff, etc as discussed in the Paragraphs 2.2.8 and 2.2.9.

2.2.14 Internal control

Internal control provides reasonable assurance to the Management about the compliance of applicable rules and regulations. The internal control in the department was inadequate as utilization certificates were not obtained from VHSNCs. There was lack of monitoring over the construction activities, health services, facility of dental treatment, etc. The department had also not monitored the availability of essential drugs in health centres as also the provisioning of drug kits for ASHAs. Weak internal controls were also evident in delays in conveying test results of drugs, leading to dispensing of adulterated/spurious medicines.

2.2.15 Conclusion

Household survey at village level and facility survey of CHCs and PHCs was not conducted. Non-conducting of household survey and facility survey impaired the planning process of the mission as the health care needs of the rural population and deficiencies in the facilities in the health institutions could not be identified and addressed in the planning process. State Government's release of its share was short. The number of CHCs, PHCs and SCs was less than the norms. There was shortage of Medical Officers, para-medical staff, essential drugs and drug kits for ASHAs. No guidelines were framed by the Department to deal with cases where a firm has been blacklisted by another Corporation/State. A large number of registered pregnant women did not show up for antenatal check-ups. There were cases of substantial delays/non-payment of incentives under Janani Suraksha Yojna. Target of conducting cataract operations were not achieved. Only 36 per cent of students with refractive errors were provided spectacles. The State was behind in achievement of GOI targets with regard to infant mortality rate and maternal mortality rate. The internal control mechanism in the department was weak.

2.2.16 Recommendations

The Government may consider:

- (i) preparation of perspective plan of each district after conducting household and facility survey;
- (ii) establishment of new CHCs, PHCs and SCs as per IPHS norms and providing of proper health facilities at all the health centres as per IPHS;

- (iii) filling up of post of doctors and para-medical staff as per IPHS;
- (iv) framing guidelines to deal with the case where the vendor is a blacklisted firm; and
- (v) strengthening of internal control system for obtaining utilisation certificates, watching construction activities, providing facilities, conveying test results of drugs, etc.

**Town and Country Planning and Urban Estates Departments
(Haryana Urban Development Authority)**

2.3 Development of Urban Estates

The State Legislature enacted the Haryana Urban Development Authority Act 1977 to promote and secure development of urban areas in a systematic and planned way with the power to acquire, sell and dispose of property, both movable and immovable. Performance audit of the Development of Urban Estates brought out the following significant deficiencies:

Planning of National Capital Region was not done in consonance with Regional Plan of National Capital Regional Planning Board.

(Paragraph 2.3.6.1)

Delay in referring the cases of landowners to courts by Land Acquisition Officers resulted in extra payment of interest of ₹ 3.17 crore. Further, delay in making payment of land enhanced compensation led to extra payment of interest of ₹ 4.67 crore.

(Paragraphs 2.3.7.1 and 2.3.7.2)

A sum of ₹ 2.46 crore on development of auto market in Gurgaon, ₹ 19.52 crore on execution of five sewer and storm water drains and ₹ 1.90 crore on execution of four road works was rendered infructuous/ remained blocked due to poor implementation of works.

(Paragraph 2.3.8.1, Paragraph 2.3.8.5 and Paragraph 2.3.8.7)

2,563 houses constructed at a cost of ₹ 93.88 crore without proper survey under 'Ashiana Scheme' for economically weaker sections remained unallotted due to non-availability of eligible persons.

(Paragraph 2.3.9.1)

Lack of transparency and consistency in development of Commercial areas by colonizers was noticed in processing applications of colonizers, deciding the compactness of the area to be developed, development of internal roads, fixing area norms for setting up commercial colonies, assessing financial adequacy, interpretation of Development Plan, and transfer of licenses etc. Resultantly, the possibility of extending undue benefit to particular applicants cannot be ruled out. Five developers earned profit of ₹ 215.21 crore over cost of ₹ 52.26 crore on sale of land without completing the projects.

(Paragraph 2.3.10.1)

Inadequate monitoring by the Department over advertisement of colonizers for floating housing schemes led to an unauthorized collection of ₹ 55 crore from applicants by a colonizer.

(Paragraph 2.3.10.2)

2.3.1 Introduction

The State Legislature enacted the Haryana Urban Development Authority Act 1977 and gave mandate to the Haryana Urban Development Authority (HUDA) to promote and secure development of urban areas in a systematic and planned way with the power to acquire, sell and dispose of property, both movable and immovable. For this purpose, land is acquired in accordance with the provisions of the Land Acquisition (LA) Act 1894.

As the resources of HUDA had reduced and development of sectors had become costly and time consuming due to litigation, the State Government decided (March 2000) to assign a greater role to the private sector also for urban development. The Director General (DG), Town and Country Planning Department (TCPD) grants licences in terms of Section 3 of the Haryana Development and Regulation of Urban Areas Act 1975 and Rules made thereunder.

2.3.2. Organisational set-up

The Additional Chief Secretary to Government of Haryana, Town and Country Planning and Urban Estates Departments is the administrative head at the Government level. The Urban Estates Department (UED) is responsible for acquisition of land for HUDA. The DG, TCPD is the nodal officer for integrated planned urban development in the State. There are five¹ Land Acquisition Officers (LAOs) and 18 Estate Offices in the State.

In order to meet the requirement of different users, TCPD was granting licences to private developers to develop residential and commercial colonies in urban areas under the provisions of the Haryana Development and Regulations of Urban Areas Act, 1975. Private land is purchased by the developers themselves directly from the landowners. If such land falls in the HUDA Sectors then HUDA is responsible for external development works such as sewerage, roads, electricity etc. after obtaining External Development Charges (EDC) from such developers. All the development activities within the licenced area of private land are carried out by the developers themselves.

¹ Faridabad, Gurgaon, Hisar, Panchkula and Rohtak.

2.3.3 Audit objectives

Audit was taken up to ascertain whether:

- planning for carrying out various developmental activities was effective;
- the acquisition of land was done in an economic and effective manner;
- developmental and maintenance activities were carried out in an economic, effective and efficient manner;
- policy for allotment of plots and buildings was strictly adhered to;
- licences were granted to developers in a proper manner and developers were discharging their statutory obligations; and
- internal control mechanism was in place.

2.3.4. Audit scope and methodology

Performance audit was conducted during February-July 2014 covering the period 2009-14. Three² circles of HUDA, three³ out of five Land Acquisition Officers (LAO's), six⁴ out of 18 Estate offices along with Directorates of Urban Estates and TCPD were selected by adopting Probability Proportional to Size with Replacement method (PPSWR) for conducting audit. An entry conference was held on 22 April 2014 with the Additional Chief Secretary to Government of Haryana (ACS), TCPD in which audit scope, audit objectives and methodology were discussed. The audit findings were discussed in the 'Exit Conference' held in February 2015 with the Additional Chief Secretary to Government of Haryana, TCPD. Replies of the Government have also been received (except Paragraph 2.3.10.1). Replies of the Department and deliberations of Exit Conference have been suitably factored in the Report.

2.3.5 Audit criteria

The audit criteria were drawn from the following sources;

- Master Development Plans of various towns and cities.
- Land Acquisition Act, 1894 and standing orders of Revenue Department.
- Provisions of HUDA Act 1977.
- Allotment and lease policies of HUDA.
- Haryana Development and Regulations of Urban Area Act 1975 and Rules made thereunder.

² Rohtak, Faridabad and Gurgaon

³ Rohtak, Faridabad and Gurgaon

⁴ Estate Offices, 1 and 2, Gurgaon, Bahadurgarh, Rohtak, Faridabad and Rewari

Audit findings

2.3.6 Planning

2.3.6.1 *Planning not done in consonance with the Regional Plan of NCRPB*

For development of the National Capital Region (NCR) in a planned manner, National Capital Region Planning Board (NCRPB) Act 1985 was enacted. As per Section 17 of the Act, each participating State had to prepare a Sub-Regional Plan for the sub-region within that State. Further, as per Section 19 of the Act, each participating State had to refer such Plan to the Board to enable the Board to ensure that such Plan was in conformity with the Regional Plan. The State was required to finalize the Sub-Regional Plan after ensuring that it was in conformity with the Regional Plan.

Regional Plan 2021 for NCR was notified by NCRPB in September 2005. Audit noticed that the Sub Regional Plan for Haryana had been notified only in May 2014 without addressing the issues relating to land use, inclusion of Master Development Plan of some towns not falling in the NCR, Geo Referenced district forest mapping, delineation of Natural Conservation Zone (NCZ) etc. raised by NCRPB and Ministry of Environment, Forests and Climate Change.

During Exit Conference, the ACS stated that a meeting was held on 30 January 2015 where observations of NCRPB, Ministry of Environment, Forests and Climate Change were discussed and concerns of the NCRPB and MoEFC were addressed. However, from the minutes of the meeting held in January 2015 it is evident that though issues relating to NCZ have been addressed but its implementation within the time frame specified by State Government needs to be watched. The Government has committed that till such time the NCZ is delineated, no licenses/change of land use would be granted in the area falling within NCZ as shown in Regional Plan 2021 notified in 2005.

2.3.6.2 *Non-assessment of achievement of urbanisation*

As per Section 5(7) and 25(2) (b) of Punjab Scheduled Roads and Controlled Area Restrictions of Unregulated Development Act 1963 as applicable to Haryana, periodic Final Development Plans of each major city were being prepared by TCPD wherein specific area proposed to be urbanized was being mentioned in order to cater to the projected population of the city.

Scrutiny of records showed that a macro picture of the State showing total land to be urbanized /developed and actually developed by the colonizers during 2009-14 in consonance with Final Development Plan was not available with TCPD to assess the achievements.

Audit is of the opinion that the Department should properly monitor the development plans of the State showing total land to be urbanized and land

actually developed on a regular/periodic basis which would facilitate mid course corrections whenever required.

During Exit Conference, the ACS accepted the audit recommendation.

2.3.7 Land acquisition

Land is acquired in the State for urban development by UED. After the acquisition of land, it is handed over to HUDA for further development into urban estates. During the period 2009-14, 14504 acres was acquired by UED for HUDA and compensation of ₹ 9388 crore was paid.

Cases of extra expenditure incurred in land acquisition are discussed below:

2.3.7.1 Extra payment of interest due to delay in referring the cases to Courts

Section 18 of the Land Acquisition (LA) Act 1894 envisages that any person who has not accepted the award may give a written application to the Collector. The Collector is required to refer the matter to the Court for resolving the dispute. Undue delay in making reference to Courts results in payment of interest at 15 *per cent* per annum to the landowners on the enhancement awarded by the Reference Courts for the delayed period also.

In the review meeting held by DG, TCPD in August 2010, it was observed that in a large⁵ number of cases (2857), references filed by landowners were not being sent to the courts in time with the result that the State exchequer had to bear heavy financial loss. It was decided that financial loss caused to the State exchequer should be recovered from the delinquent officers.

CA, HUDA directed (August 2010) all the HUDA Administrators to depute a team of two officers to calculate the financial loss caused to the State exchequer in respect of all the references which were pending for more than 3 years and recover it from the LAOs and Assistant District Attorneys who had been posted since pendency of these references. However, no action was taken by LAOs against the delinquent officials despite instructions of UED. This was only a one time exercise which was not even followed properly. No database regarding the cases where there was dispute indicating nature of dispute and making references to the Court was maintained by LAOs. As such, the control mechanism was very weak. Scrutiny of records further showed as under:

- While according sanction during July 2012 to September 2013 for payment of ₹ 79.88 crore for enhancement compensation in five awards, the Administrator intimated LAO, Panchkula, that HUDA had paid extra interest of ₹ 2.46 crore due to delay in making reference to courts. No action was, however, taken against the delinquent officials by HUDA (January 2015).

⁵ Faridabad: 345; Gurgaon: 250; Hisar: 438 and Rohtak: 1824

- In LAO, Gurgaon, 48 out of 57 reference petitions involved in award No. 66 dated 23 December 2009 were test checked. Delay in sending the references to reference Courts ranged between 77 and 306 days resulting in loss of ₹ 70.84 lakh to the State exchequer.

During Exit Conference, the ACS agreed with the audit observations. He, however, stated that there were certain staff constraints in monitoring these cases but they would certainly take action, wherever required.

2.3.7.2 Delay in payment of enhanced land compensation

As per Section 28 of the Act, the LAO was required to pay interest on the enhanced compensation awarded by the Courts at the rate of 9 *per cent* for the first year and 15 *per cent* per annum for the subsequent years, from the date on which the Collector had taken possession of the land to the date of payment.

There was inordinate delay in making payments of enhanced land compensation awarded by Courts. In LAOs, Faridabad and Gurgaon, there was delay ranging between 3 and 31 months in making payments after the decision of Court. This resulted in extra payment of interest of ₹ 4.67 crore.

Audit observed that the delay in making payment to land owners was mainly due to delay in working out the amount by LAO offices and forwarding the demand for funds to HUDA.

During Exit Conference, the ACS agreed with the audit observations. He, however, stated that there were certain staff constraints in monitoring these cases but they would certainly take action, wherever required.

2.3.8. Development of Urban Estates by HUDA

For the development of urban estates, HUDA undertakes the execution of works relating to construction of roads, buildings, water supply, sewerage system, storm water drainage system and development of parks, providing street lights, etc. HUDA incurred an expenditure of ₹ 4360.42 crore on development works as against the budget provision of ₹ 4280 crore during 2009-13. Position of land acquired since inception, land developed/land utilized and land lying undeveloped as on 31 March 2014 was as given in Table 2.3.2.

Table 2.3.2: Position of land acquired since inception and land developed/land utilized

Name of Zone	Total land acquired	Total land utilized/ planned	Total land unutilized/ Unplanned
	(In acres)		
Faridabad	15463.72	15463.72	Nil
Gurgaon	18165.74	15966.63	2199.11
Hisar	10145.96	8149.49	1996.47
Panchkula	18362.09	14646.55	3715.54
Rohtak	18901.70	16493.55	2408.15
Total	81039.21	70719.94	10319.27

Source: Figures provided by the Department

It was observed that after preparation of layout plans, the land was shown as developed whereas it should be considered as developed only when essential services such as water supply, sewerage, roads, amenities, etc. are provided. As is evident from the above table, total land unutilised under Faridabad had been shown as nil whereas 9.31 acre land was under encroachment in Faridabad Town. Thus, the information supplied by HUDA was not showing the correct picture. There was no monitoring mechanism to assess that land was actually developed as per layout plan within the prescribed time schedule.

During Exit Conference, the ACS stated that HUDA treats the land as developed when the basic amenities, such as internal water supply, approach road, electrification and street light are provided in the particular area. He, however, noted the audit observation and agreed that there was need to segregate and maintain the data in a form which lends itself to proper monitoring.

Scrutiny of records showed the following deficiencies in development activities:

2.3.8.1 Infertuous expenditure on development of auto market

In order to avoid haphazard growth of auto shops, an auto market was planned on 39.85 acre land in Sector 10, Gurgaon. Rough cost estimate of ₹ 2.70 crore for construction of roads and development of parking place in auto market was approved (August 2002) by the CA, HUDA.



Area of auto market used as dumping ground

A sum of ₹ 2.46 crore was spent on disposal of garbage, earth work, providing water supply, sewerage facilities, etc. in the auto market upto September 2006. The auto market had not been made functional. During physical verification by audit along with staff of HUDA, it was observed that the site was not in use and had been used as a dumping ground by the people. No time schedule was fixed for development of land after acquisition. As a result of this, entire expenditure incurred on development of auto market was rendered infertuous.

During Exit Conference, the ACS noted the audit observations and stated that instructions had been issued that where land had been acquired and developed partially or fully, allotment should be done on priority and action was being taken for allotment of shops, etc.

2.3.8.2 Non development of acquired land

For the development of Transport Nagar in the revenue estate of village Umri (Kurukshetra), land measuring 69.55 acres was acquired in October 2005. Audit observed that even after nine years of acquisition of land, the Transport Nagar had

not been developed due to resistance of local people (February 2015). As such, the objective of acquisition of the land had not been achieved. Physical verification by Audit showed that the site was encroached upon by squatters.

The Department stated (January 2015) that land owners whose land had been acquired have been forcibly preventing HUDA from taking up developmental activities. Even police force had to be used for evacuation of unauthorized occupants in 2007 and 2013. FIR had been lodged against the encroachers in October, 2013. The Department further contended that CWPs have been filed in the year 2013 by some of the land owners. The status quo has been granted by Hon'ble Punjab and Haryana High Court in July 2014. The fact remains that the Department had lodged the FIR as late as 2013 although intensity of problem was clearly evident by 2007 and the acquired land could not be developed (February 2015) for the intended purpose.



Encroached Land of Transport Nagar

2.3.8.3 Abnormal rates allowed to a contractor

There were abnormal variation in rates in allotment of similar works relating to construction of roads in Rohtak between June 2009 and May 2011. In the case of allotment of a work relating to 60 metre wide road in Sector 7 and 37, Rohtak at 17.28 *per cent* above ceiling rates (CR), the CA, HUDA observed (February 2009) that the rates were on a higher side and possibility of pooling by contractors cannot be ruled out. The Chief Engineer directed (March 2009) the Superintending Engineer, HUDA Circle, Rohtak to re-invite tenders and also to intimate all the registered contractors of CPWD based at Delhi and DDA about the tenders to explore the possibility of lower rates.

The tender notice was sent by the Executive Engineer, Division 1 Rohtak to District Public Relation Officer for publication but the Chief Electoral officer advised (March 2009) the deferring of the publication due to elections. Though financial implication in the allotment work was to the extent of ₹ 4 crore and the work was not of urgent nature, the publication of tender was not deferred and the work was allotted (June 2009) at 17.28 *per cent* above CR.

Audit observed that after allotment of this work, a consolidated tender for ₹ 38.64 crore relating to similar works of construction of sector roads in Rohtak was invited and work was allotted (August 2009) at 10.11 *per cent* below CR. Thus, allotment of work in June 2009 at 17.28 *per cent* above CR to M/s Mahashiv Promotors Private Limited without exploring the possibility of lower rates was not prudent and resulted in extra expenditure of ₹ 4.18 crore.

During Exit Conference, the Chief Engineer HUDA reiterated that retendering was not done due to imposition of Code of Conduct linked to the elections. He further stated that the rates were competitive and were approved by the competent

authority. The fact remains that despite negotiations, rates were on the higher side which is corroborated by the observations of CA, HUDA made in February 2009 and subsequent allotment of similar works in August 2009 at 10.11 *per cent* below CR.

2.3.8.4 Execution of works not in the ambit of HUDA

As per the HUDA Act, amenities like roads, water supply, street lighting, sewerage, drainage, parks, open spaces, play fields, landscaping and clubs are to be provided to the plot holders in the sectors developed by HUDA. Scrutiny of records of selected divisions showed that certain works were executed by HUDA from its own fund in the areas falling under the jurisdiction of Municipal Committees/Corporations. Instances of such cases are tabulated below:

Sr. No.	Name of Work	Expenditure (₹ in lakh)	Nature of Irregularity
1	Construction of Town Park, Jhajjar Road, Rohtak	93.85	The Park was not situated in the areas developed by HUDA hence it was not a fit charge on the funds of HUDA.
2	Development of Dushera Ground Park at Mall Godam Road, Palwal	54.48	The title of the land was not clear as the land at which park was to be developed was a Shamilat land. The Shamshan Bhoomi Sudhar Samiti filed a writ petition in High Court. The Hon'ble High Court ordered (22 April 2009) to maintain status quo of the land. The work had been lying abandoned for the past five years.
3	Development of Deen Bandhu Chhotu Ram Smarak Parisar, Garhi Sampla, Rohtak	874.15	Smarak Parisar was not situated in the areas developed by HUDA hence it was not a fit charge on the funds of HUDA.
Total		1022.48	

The Department stated (January 2015) that expenditure on the parks was done out of interest income as per decision taken in 99th meeting of Authority held on 4 June 2007. Regarding Sir Chotu Ram Samarak, it was stated that decision to construct the Samarak by HUDA at its own cost was taken in a meeting held under the Chairmanship of the CM in October 2004.

During Exit Conference, the ACS noted the audit observation and stated that action would be taken to streamline the procedure relating to invocation of Section 21 (2) (d) of the HUDA Act to ensure that discretionary power vested with the State Government was not misused.

2.3.8.5 Sewer and storm water drainage works

Sewer and storm water drainage works in the Sectors falling under the jurisdiction of HUDA are executed by HUDA. Analysis of these works in the test checked districts revealed as under:

• **Execution of works without proper survey/clear title of land**

Para 15.1.4 of PWD code provides that the land/site on which construction is to take place should be in the possession of the Department concerned or must have received permission of the Department in charge of land. Further, Para 15.2.1 provides that execution of works may require certain clearances, relocation of the utilities and securing of permits. Audit observed that in five cases, ₹ 19.52 crore spent on sewer works were rendered infructuous due to non-adherence of codal provisions as detailed below:

Urban Estate	Date of allotment/ Scheduled date of completion	Expenditure (₹ in lakh)	Remarks
Construction of storm water drainage in residential Sector 1, Pataudi	30 March 2011/ 31 December 2011	132.09	A portion of land in which a drain was to be laid belonged to Nagar Parishad, Pataudi. The Nagar Parishad did not allow the laying of the sewer and storm drainage because houses were in the alignment of sewer. The scheme was formulated without proper survey and obtaining clearance from Nagar Parishad.
Providing Master Sewerage, Leg No V, Gurgaon	30 March 2012/ 30 September 2012	1130.69	The agency has laid sewer pipe line in 90 per cent area. But it could not be laid in remaining portion as permission from GOI for crossing the IOC pipeline had not been obtained which was pre-requisite for starting the work. Thus, the work was started without proper survey and sorting out land disputes.
Providing Master Sewer, Part V, Sonapat	16 August 2012/ 15 January 2013	204.98	The sewers have been laid in some stretches and were lying incomplete due to litigations and local hindrances. The land for Sewage Treatment Plant and 24 metre wide strip along drain No 8 for laying sewer from Sector to STP was not acquired. As such, the scheme was formulated without proper survey about the availability of land.
Providing Sewerage in Rajiv Gandhi Education City, Phase I, Sonapat	27 February 2009/ 26 February 2010	253.16	The sewer had not been made functional as there were hindrances i.e. crossing of IOC pipeline, panchayat land, stay granted by Courts in a stretch of 1.03 km. Further, STP had not been constructed to connect the sewer lines.
Augmentation of existing Master Sewerage System, Leg No. III, Gurgaon	15 February 2011/ 14 August 2011	231.00	After laying 1550 metre sewer, it was observed that laying of sewer in 570 metre length was not possible due to non-availability of space along Hingiri Public School and Electric sub-station near Pataudi on Sector 10 A/37 Road in a length of 475 metre. This situation was not envisaged while preparing the DNIT. It was proposed that remaining work would be executed by method of Cured in Placed Pipe Technology (CIPP) which did not require excavation. In Principle approval was granted by Administrator on 24 October 2011 but tenders for work were opened in May 2014. Further, developments were awaited. Thus, works were started without proper survey.
	Total	1951.92	

The Department stated (January 2015) that certain omissions did take place and taking cognizance of these ACS, TCPD had directed to take action against delinquent officials. Efforts were being made to complete these works.

- **Loss of agreement documents**

Work of providing, lowering, cutting and jointing of SW pipe, construction of RCC manholes and other works contingent thereto in Sector 2-10, Sonapat was allotted (December 2007) to a contractor. The estimated cost of the work was ₹ 3.80 crore and was to be completed within eight months from the date of allotment.

The firm did not start the work till 29 January 2008. Penalty of ₹ 34.18 lakh was imposed (March 2008) due to delay in executing the work. Thereafter, risk and cost proceedings were also initiated (17 April 2008). Tenders were invited (18 July 2008) and work was allotted to another contractor. A sum of ₹ 2.19 crore was recoverable as risk and cost from the contractor. The case was sent to the Chief Engineer along with original agreements. However, the agreements were lost in the office of Chief Engineer with the result that division was not able to present its case before the Arbitrator. No action had been taken against the officials in whose custody these agreements were lost.

The Department stated (January 2015) that disciplinary action was being taken against the person responsible for the custody of these agreements.

- **Defective execution of sewer work in Faridabad**

To cater to the requirements of sectors 75 to 89, Faridabad, plan for laying Master sewerage system was framed (November 1991) with an estimated cost of ₹ 56 crore to be set up near village Badshahpur. Since the area was being developed by private developers, the internal sewer was to be laid by developers and Master sewer joining all the internal sewers was to be laid by HUDA.

Tenders for the work along with defect liability period of three years after completion of work were invited and the work was allotted (March 2012) to M/s KK Spun with the estimated cost of ₹ 38.95 crore to be completed within 18 months. It was observed that there was lack of co-ordination between DTP and HUDA. While giving NOC to the developers, DTP neither enquired from the concerned division regarding depth of Master sewer being laid by HUDA nor ensured that the developers were maintaining levels of internal sewers in their areas in conformity with the level of Master sewer being laid by HUDA.

After start of the work, in a meeting held with the representatives of a private developer, it was observed that invert level of the internal sewer laid by the developer did not join the HUDA sewer by gravity due to mismatch between the levels of sewers of developers and HUDA. Since it was not feasible to adjust the invert levels of master sewer being laid by HUDA at that stage, it was decided that sewerage planning for Sector 75-77 may be separated from that of Sector 80-89. Depth of sewer was changed for sectors 75 to 77 and a separate STP was proposed for these sectors. Further, there were hindrances on 2,615 metre of land on which sewer was to be laid. Due to lack of co-ordination, not only did the project get delayed but the expenditure also increased.

As of August 2014, expenditure of ₹ 30.83 crore had been incurred. The work scheduled to be completed by September 2013 was still incomplete (January 2015).

During Exit Conference, the CA, HUDA stated that it would be ensured that cost of two STPs was within the cost of a single STP. However, this needs to be watched till final completion of work and final booking of expenditure.

2.3.8.6 Water supply works in Gurgaon

With a view to augment water supply in Gurgaon, a rough cost estimate of ₹ 140.92 crore was prepared by HUDA Division 3, Gurgaon for works at Chandu Budhera. The project included construction of raw water collection system, water treatment plant/clear water collection and transmission system, permanent dewatering system, supply and erection of transformer, designing and supplying and erection of complete Supervisory Control and Data Acquisition (SCADA) System and telemetry system for entire water works.

The work was allotted (4 December 2009) to M/S Pratibha-SMC JV at an estimated cost of ₹ 132 crore to be completed within 24 months. As per DNIT, storage and sedimentary tank (S&S tank) of the size of 335Mx280M was to be constructed. The tank was not constructed properly with the result that the capacity of the tank stood reduced by 69825 KLs. The Chief Engineer-I directed (31 October 2011 and 31 May 2013) SE-1 to fix responsibility of defaulting officers and initiate action for recovery of financial losses caused to HUDA due to reduced capacity of tank. It was observed that even after three years, action had neither been taken against the contractor nor against the officials/officers responsible for construction of undersize tank. Even the loss had not been worked out.

It was observed that the work of SCADA system and erection of 66 KVA transformers scheduled to be completed by 4 December 2011 was not completed as on date. Meanwhile, the plant is being run at 50 *per cent* capacity even after an expenditure of ₹ 134.46 crore as of March 2014 resulting in supply of less water.

During Exit Conference, the CA, HUDA stated that penalty of ₹ 2.75 crore has been recovered from the contractor. CA further stated that though the plant was running at 50 *per cent* capacity, it was sufficient to meet the present requirement. The fact remains that the objective for which this huge investment has been made should be monitored to ensure its logical conclusion with complete return on the investment made.

2.3.8.7 Development of roads

- **Non-adherence of codal provision**

The PWD code and instructions issued from time to time by the Chief Administrator, HUDA *inter-alia* envisage that no tender was to be invited unless the site of the work was clear from all encumbrances. Further, Ministry of

Environment, Government of India directed that where forest land falls in the alignment of any development work, the same should not be started unless prior approval of the Ministry/Forest Department was obtained. Test check of records showed that funds invested in the development of roads by HUDA were lying blocked as either the title of land on full stretch was not with HUDA or permissions from other Departments were not obtained. Some of such cases are discussed below:

Urban Estate	Date of allotment/ scheduled date of completion	Expenditure (₹ in crore)	Remarks
Construction of Northern Peripheral Road from Dwarka to Kherki Daula (NH 8), Gurgaon	April 2011/ March 2012	62.63	Out of 18 km stretch, clear land in possession of HUDA was only for 15.602 KM. The road could not be completed as land falling in alignment was in the possession of residents of unauthorised colonies which was not acquired. HUDA has not framed any policy to rehabilitate such persons so far. Further, at various stretches, road was lying incomplete due to non acquisition of land, non-shifting of transmission lines and non-obtaining of approval from Ministry of Environment/ Forest Department.
Seven works for construction of 75 metre and 60 metre wide master road between Sector 81 to 95 and outer road, Gurgaon	Between March 2011 and April 2012/ Between June 2011 to January 2013	112.74	The roads were lying incomplete as the site was not clear and title of land on which these roads were to be constructed was not with HUDA. As per Physical progress report, out of 38.61 KM, 8.95 KM road was still to be constructed (August 2014).
Construction of 45 metre wide outer road of Sector 60 and 64, Sonapat	6 January 2011/ 5 September 2011	7.27	Out of 3.07 Kms of road, contractor had not constructed 0.56 Kms of road as the area on which road was to be constructed was lying in the area for which licence for developing the land had been granted by TCPD to TDI.
Construction of 30 metre wide Master road between Sector 59/60, 64/59 and 60, Sonapat	24 October 2011/ 23 June 2012	7.31	Out of 3.87 Km of road, contractor would not be able to construct 1.30 Km of road as a stretch of 1.23 Km on which road was to be constructed was lying in the area for which licence for developing the land had been granted by TCPD to TDI. Further, area in which 70 metre road was to be constructed had not been acquired.
Total		189.95	

The Department stated (January 2015) that certain omissions did take place and taking cognizance of these, ACS, TCPD had directed to take action against delinquent officials and that efforts were being made to complete these works.

• **Loss due to wrong demarcation of land for road**

Sector 57 Part-1, Gurgaon was floated by HUDA in March 2004. Demarcation plan of this sector was approved by the CA in October 2004. The internal development work was allotted in June 2007 to M/s Larsen and Toubro Limited to be completed at a cost of ₹ 45.90 crore within 18 months.

While executing development works, road in front of plot no 1093 to 1103 was laid wrongly as a result of which, the depth of above mentioned plots was reduced to 13 metres from 18 metres which resulted in revision of demarcation plan in this block. The SE, HUDA circle 1 stated (19 February 2013) that there would be huge loss to the Department by dismantling and re-laying already laid services and could also invite litigation. Thus, eleven plots (no 1093 to 1103) remained abandoned due to wrong demarcation of land of the area, resulting in loss of

₹ 3.35⁶ crore. Audit observed that survey of the site was not properly done before allotment of work to contractor resulting in preparation of incorrect drawing and lay out plan.

The Administrator directed (February 2013) to fix the responsibility of erring official for wrong laying of the road but no action had been initiated so far (August 2014).

During Exit Conference, CA, HUDA stated that this issue would need to be revisited to determine whether the problem was due to encroachment or due to wrong demarcation and action would be taken thereafter.

2.3.8.8 Non-development of land for commercial complexes

HUDA constructed new buildings for development of Commercial Complexes on behalf of Government at some places from its resources. To meet such expenditure, Government provided land free of cost on which old buildings existed. Scrutiny of records in test-checked cases showed that sites were not developed as commercial complexes as discussed below:

➤ In the High Powered meeting held on 13 September 1996, it was decided to shift District Jail, Gurgaon to village Bhondsi. The construction cost was to be borne by HUDA and in return HUDA was allowed to plan and develop the existing site of District Jail into a commercial complex.



Site of Old Jail Complex being used as dumping ground

Scrutiny of records showed that the construction work of the Modern Jail in village Bhondsi was completed in 2003 at a cost of ₹ 33.33 crore and the jail had started functioning.

It was observed that HUDA had developed open space of the Jail area under phase I but area of built up jail after shifting of inmates to New Jail Complex under phase II had not been developed into commercial complex. The site was being used as dumping ground by the Municipal Corporation.

During Exit Conference, CA, HUDA stated that auctioning of sites had commenced and that remaining sites would be auctioned in a phased manner. The fact remains that site of old Jail complex acquired under phase II had not been developed into commercial complex even after 12 years of shifting of inmates of Jail to New Complex.

➤ An area of 18 acre 5 kanal and 15 marla of old ITI building, Rohtak was transferred (July 2007) to HUDA for development of commercial complex in lieu

⁶ 11 plots X 167.22 sq. mtr X at the rate ₹ 18200 per sq. mtr = ₹ 3.35 crore

of expenditure to be incurred on the construction of new ITI building. The work of construction of ITI building was completed in 2012 at a cost of ₹ 65.81 crore.

The drawing of shopping centre at old ITI was approved by CA in August 2012 and foundation stone was laid in March 2013. The land had not been developed with the result that revenue could not be earned as of November 2014.

The Department stated (January 2015) that out of 18 acre 5 kanal and 15 marla land transferred in July 2007, physical possession of 11 acre 3 kanal land was given in March 2013 and possession of the remaining 7 acres of land had not been given to HUDA so far and that the development works of the area were in progress. The fact remains that the site of old ITI Building had not been developed into commercial complex though the new ITI building was completed in 2012.

During Exit Conference, CA, HUDA stated that planning of this work has commenced and their aim would be to ensure that there was good return from the investment.

2.3.9. Allotment of plots by HUDA

2.3.9.1 Allotment of flats for EWS category under Ashiana Scheme

With a view to provide hygienic living space with basic amenities to slum dwellers, HUDA approved (December 2006) the Ashiana project under the 'Integrated Housing and Slum Dwellers Programme (IHSDP)'. Under the scheme, HUDA was to construct low cost dwelling units in various urban estates. Preference was to be given to encroachers of Government/ HUDA land who had approached the courts for regularization of long existing *jhuggi/jhopri* colonies and providing alternative shelter before eviction. The Chief Engineer, HUDA issued instructions in September 2009 to all the Administrators of HUDA to identify the beneficiaries in consultation with District Urban Development Authority under the scheme in their jurisdiction.

Scrutiny of the records of Faridabad and Gurgaon Urban Estates showed that the eligible persons were not identified before starting the construction work with the result that 2563 units remained unallotted though the construction of these houses was completed between October and November 2010, as detailed in **Table 2.3.3**.

Table 2.3.3: Details of constructions of houses

Name of Urban Estate	Cost of construction (₹ in crore)	Number of units constructed	Scheduled date of completion	Actual date of completion	Number of units remained unallotted	Amount blocked (₹ in crore)
Faridabad	112.60	3080	November 2009	November 2010	2003	73.23
Gurgaon	20.65	560	October 2009	October 2010	560	20.65
Total	133.25	3640			2563	93.88

Source: Data supplied by divisions concerned

Apart from above, 528 more houses were constructed in Gurgaon under the scheme at a cost of ₹ 18.78 crore. But the contingent work (9 *per cent*) remained incomplete due to dispute between HUDA and landowners.

In Faridabad, survey was conducted for 4,189 persons but only 1,077 were found eligible. Similarly, in respect of Gurgaon, 204 applications were received but none of the applicants were found to be eligible. Thus, the dwelling units were constructed without proper survey and assessment of eligible persons as per criteria fixed by HUDA in February 2010.

During Exit Conference, the ACS expressed his concern about the issue and stated they were making efforts to ensure that there was proper utilisation of these flats within GOI guidelines so that money spent on these houses is not wasted. The fact remains that the eligible persons were not properly identified before starting the construction work.

2.3.9.2 Irregularities in allotment of plots under reserve categories

In order to ensure allotment opportunity for affordable houses to different strata of society including persons belonging to under privileged sections of Society, a reservation policy was formulated (January 1987) by HUDA. Terms and Conditions governing the allotment of plots under reserve categories *inter alia* lay down that the allottee shall submit an affidavit certifying that he had never been allotted a plot under reserved category in any urban estate in Haryana in his own name or in the name of his spouse or in the name of his dependent family members.

The CA, HUDA constituted (October 2013) a committee headed by Administrator, HUDA (Headquarters) to scrutinize allotment under reserved category. By cross linking the centralized digitized data pertaining to allottees, it was found out that 402 allottees had obtained allotment of more than one plot under various reserved categories by submitting false affidavits. HUDA had lodged FIRs against these allottees.

Apart from the above, scrutiny of records by Audit (August 2014) showed that 32 allottees of reserved categories, under Estate Office-II, Gurgaon and EO-Panchkula had availed of the benefit of the reservation more than once by submitting false affidavits which were not detected by the concerned Estate Offices. The fraud committed by allottees by giving false affidavits remained unnoticed because despite having centralised database, no mechanism had been evolved to scrutinize the applications at Head office and photographs of the allottees were not appended in the allottee files though this was the requirement.

The Department stated (January 2015) that action against 32 cases pointed out by audit have been initiated. As audit has detected these cases manually on test-check basis, the Department should do a complete check of all cases using the digitized data available with it to rule out any other possibility of double allotment.

During Exit Conference, the ACS agreed with the audit observations and also the recommendations of audit to do a complete check of all the cases so as to rule out any other possibility of double allotment.

2.3.10. Issues related to private colonizers

In order to avoid haphazard development around the cities, the Government under Section 4 of Punjab Scheduled Roads and Controlled Areas Restriction of Unregulated Development Act, 1963, (as also applicable to Haryana), declares any area outside the limits of municipal town or any other area which in its opinion, has the potential for building, industrial, commercial, institutional or recreational activities, to be a controlled area. Thereafter, Development Plans for the areas declared as 'controlled area' indicating areas reserved for major land uses such as residential, industrial, commercial etc. are prepared under Rule 8 of Punjab Scheduled Roads and Controlled Areas Restriction of Unregulated Development Rules, 1965. For HUDA, land is acquired by State Government. The private developers purchase the land from the landowners and DG, TCPD grants licenses to them in terms of Section 3 of the Haryana Development and Regulation of Urban Areas Act, 1975. During the period 2006-14, the Department issued 1003⁷ licenses to colonizers in the State, of these 225⁸ license files were scrutinised.

In addition, as a test check of procedures relating to grant of licenses to developers in Sector 83 for developing commercial areas in the 50 *per cent* area earmarked for them were examined. The results are discussed in the succeeding paragraphs:

2.3.10.1 Development of Commercial areas by colonizers in Sector 83, Gurgaon

Development Plan of controlled areas of Gurgaon-Manesar was notified in February 2007. As per Sectoral plan of Sector 83 approved on 23 May 2007, Sector area⁹ was 518.20 acres, out of which, area under commercial belt was indicated as 126.80 acres. As per Para VII of Development Plan-2021, private developers were permitted to develop to the extent of 50 *per cent* of the commercial belt as per layout plan approved by competent authority, after obtaining licenses. Balance 50 *per cent* was to be developed exclusively by the Government or a Government undertaking or by public authority approved by the

⁷ 2006-07: 104, 2007-08: 197, 2008-09: 139, 2009-10: 112, 2010-11: 109, 2011-12: 119, 2012-13: 116 and 2013-14: 107

⁸ 2006-07: 39, 2007-08: 39, 2008-09: 28, 2009-10: 24, 2010-11: 21, 2011-12: 21, 2012-13: 30 and 2013-14: 23

⁹ Sector Area or Colony Area shall mean the area of the Sector or of Colony as bounded within the major road system shown on the drawing in the case of Sector and on the approved layout plan of the Colony in the case of colony excluding the land under major roads and their adjoining green belts, if any, and the area unfit for building development within the sector or the colony as the case may be.

Government. Nine firms had applied for 14 commercial licenses as of March 2008.

Procedures and policies to grant licenses to developers in the 50 *per cent* area earmarked for them were examined to ensure transparency in the process of grant of licenses and to safeguard the interest of the Government and its agencies. Important findings noticed are discussed in the succeeding paragraphs:

(i) Procedure for inviting applications from private developers

There was lack of transparency in entertaining applications from the developers for grant of licenses for commercial colonies. Presently, interested parties apply for licenses and these are examined on 'first come first serve basis' till the threshold limit of area earmarked for private developers is exhausted. It was observed that one of the firms M/s Piccadily Hotels Pvt Ltd applied for grant of license for developing commercial colony on 30 January 2007 whereas the development plan of Gurgaon-Manesar was notified on 5 February 2007. There was no laid down procedure for advertising the area in which licenses for commercial colonies would be granted to the private developers, last date for submission of applications, total area for which licenses are to be granted, etc. This information is not even hosted on the Web site of the Department. The information as to whether threshold limit for obtaining licenses by private developers had been exhausted or not, is not made available to public.

(ii) Compactness of the area to be developed

Government agencies were a major stakeholder in the development of 50 *per cent* area earmarked for them. It was observed that the manner in which Government agencies would be able to acquire their share of 50 *per cent* in a compact form were not envisaged. The developers had applied for licences at different locations in the commercial zone with result that the 50 *per cent* area earmarked for Government agencies and private developers was scattered. This concern was also expressed by the officers of the Department while appraising the applications of private developers but was not addressed. Under this situation, area might not be susceptible to being developed by the Government or its agencies in a planned manner.

(iii) Development of internal circulating and approach roads

Under Rule 5 and Rule 11 of Haryana Development and Regulation of Urban Area Rules, 1976, the private developer is responsible for metalling of roads, footpaths, street lighting in colonies and their maintenance for a period of five years from the date of issue of completion certificate. The external development works are carried out by Government or any other local authority.

It was observed that while granting licenses to developers in Sector 83, Gurgaon, area owned by developer but falling under 24 metre circulating road was also covered on the condition that the applicant would construct the circulating road passing through their site at their own cost and area under road shall be

transferred free of cost to the Government. The manner in which the alignment and continuity of such roads would be done has not been envisaged.

Further, as per existing practice, the commercial sites should be approachable through internal roads. In the case of M/s Skylight Hospitality Pvt Ltd, the site was not approachable. The Department, however, decided (March 2008) to waive off this condition on the ground that approach would be taken by licensee through the plotted colony of Onkareshwar Properties Pvt Ltd and Mark Buildtech Pvt Ltd in collaboration with Vatika Landbase Pvt Ltd.

DTP (HQ) brought out (17 March 2008) that Department had been considering approach road for existing colonies for grant of additional licenses and there were no precedents where approach was to be given through the plotted colony of another licensed colony. Though there were no specific guidelines or earlier precedents in this regard, permission was granted in the instant case.

(iv) Area norms for setting-up of commercial colony

Policy guidelines for area norms for setting up of commercial colonies were framed in December 2006. As per these guidelines, in Hyper Potential Zone, minimum area norm for setting up of commercial colony was two acres. Gurgaon has been declared as a Hyper Potential Zone. It was observed that projects were sanctioned in Sector 83, Gurgaon for area measuring less than 2 acres on the rationale that if applied land was contiguous with the already licensed area, then area of both the contiguous plots is to be taken into account. For example, A & D Estates Pvt Ltd applied for 1 acre land and the License (file no. 1866) was granted on the rationale that it was contiguous to the site for which application for grant of license had already been submitted.

Further, there were no clearly laid down norms regarding assessment of two acres and whether this was inclusive of roads and green belt. Thus, while appraising the license of M/s Skylight Hospitality Pvt Ltd, it was observed that out of 3.531 acre applied area, 0.83 acres fell in residential zone and 1.35 acres fell in the 24 metre internal circulation plan road. After excluding these areas, net area for commercial licence remained 1.351 acres. The colonizer was assessed to have fulfilled the minimum area requirement of 2 acres.

Further, as per Final Development Plan of Gurgaon- Manesar 2021, area falling under roads was not to be calculated towards net planned area and only benefit towards Floor Area Ratio (FAR) was to be given for transferring the land falling under roads. While this principle was applied in twelve¹⁰ cases, the net area indicated against each of these applicants was after deducting area under sector roads, etc., whole area including the area falling under roads has been indicated in

¹⁰ Piccadilly Hotels Pvt Ltd (license file no 1260 and 1271), A&D Estates Pvt Ltd (License file no 1220, 1220-A, 1620, 1620-A), Uppal Housing Pvt Ltd (License file no 1643), S.V. Housing Pvt Ltd (License file no 1802), Trishul Industries (License file no 1841), Mark Buildtech Pvt Ltd (License file no 1869), Seriatim Land and Housing Pvt Ltd (License file no 1355 A) and DLF Universal Ltd (License file no 1708-B).

respect of M/s Skylight Hospitality Pvt Ltd. It was not clear as to why such a distinction had been made in respect of M/s Skylight Hospitality Pvt Ltd.

(v) Procedure for assessing financial adequacy

On receipt of application for grant of license from the developers, matters relating to title of the land, capacity to develop a colony, layout of colony, percentage of area available for commercial colony, seniority of the applicant, etc. had to be examined by TCPD. It was observed that there were no specific laid down parameters to ascertain the capital adequacy and robustness of the firms applying for licenses.

In respect of Sector 83, Gurgaon, 9 firms had applied for 14 commercial licenses as on March 2008. The financial capacity of applicants was assessed by TCPD on the basis of balance sheet of the company (3 cases)¹¹, on bank statements (1 case)¹², on promoter's turnover (1 case)¹³, on the basis of being an associate/subsidiary of another licence holder (5 cases)¹⁴, on the grant of an earlier license (2 cases)¹⁵, and on the assurance of financial and technical support from a company other than applicant firm (1 case)¹⁶. In one case¹⁷, it was mentioned that the applicant has not submitted any documents in respect of financial capacity except the name of the Director alone was mentioned.

It would be seen from the above that no uniform criteria/benchmarks were applied for assessment of financial adequacy with the result that appraisal was *ad hoc* and varied from case to case.

Lack of specific criteria for assessing the financial adequacy was partially addressed through instructions issued on 2 April 2012 specifying that at the time of submission of application for grant of license, the paid up capital of the company (collaborator or otherwise) should be equivalent to scrutiny fee plus conversion charges plus 25 *per cent* of license fee and IDC (rounded off to multiple of next one crore) of applied area. Remaining amount of 75 *per cent* of applicable license fee could be inducted as capital after grant of Letter of Intent under Rule 10 but, before the issuance of license. A more comprehensive and robust mechanism whereby financial adequacy of the licensees could be assessed through analysis of various financial statements of the companies needs to be evolved.

¹¹ M/s Picaddily Hotels Pvt Ltd (2 licenses), M/s Mark Buildtech Pvt Ltd (1 license)

¹² M/s Seriatim Land and Housing Pvt Ltd (1 license)

¹³ Trishul Industries (1 license)

¹⁴ M/s A & D Estates Private Limited (5 licenses)

¹⁵ M/s Sun star Builders Private Limited and M/s Witness Construction Private Limited in collaboration with M/s DLF Retail Developers Limited (1 license), M/s Botil Oil Tools India Private Limited in collaboration with M/s Uppal Housing Pvt Ltd (1 license)

¹⁶ S.V. Housing Pvt Ltd (1 license)

¹⁷ M/s Skylight Hospitality Pvt Ltd (1 license)

(vi) Inconsistencies and changes in the data pertaining to Sector 83

As per approval of drawing of sector 83 accorded on 23 May 2007, total sector area was 518.20 acres of which area under commercial belt was 126.80 acres. As per drawings approved on 31 December 2007, total sector area was 511.45 acres of which area under commercial belt was 124.98 acres. This drawing was superceded by drawing approved on 21 October 2008 in which total sector area was shown as 502.80 acres and under commercial belt was 126.90 acres. The application of M/s A&D Estates Pvt Ltd was appraised using drawing approved on 31 December 2007. The Application of M/s Skylight Hospitality Pvt Ltd was appraised using drawing approved on 21 October 2008 whereas the application had been received on 10 March 2008.

Audit could not find any evidence from records justifying the decrease in total sector area from 518.20 to 511.45 acres. The District Town Planner, Gurgaon informed (4 January 2008) the Director, TCPD that alignment of the NH-8 passing through the revenue estate of village Shikohpur and village Lakhnaula was factually incorrect and was proposed to be incorporated in the Sectoral Plan of 81-83, which led to revision of drawing in October 2008.

From the drawing of Sector 83, Gurgaon approved on 21 October 2008, it was noticed that though total sector area decreased from 518.20 acres to 502.80 acres as the area under commercial belt first decreased from 126.80 acres to 124.98 acres and then increased from 124.98 acres to 126.90 acres. Changes in area figures while assessing applications, casts doubts about the reliability of data and transparency in process.

(vii) Interpretation of provisions of Development Plan

Total commercial area of the sector 83, Gurgaon was 126.80 acres, out of which 63.40 acres was to be given to private developers. As of 31 March 2008, there were 14 applications of which M/s Skylight Hospitality Pvt Ltd was at Sr. No. 14.

Scrutiny of records showed that if the application of M/s Skylight Hospitality Pvt Ltd was to be considered, an area of 71.202 acres was to be given to private developers for commercial purposes, which was 8.712 acres in excess of permissible limit of 63.40 acres.

While appraising the case of M/s Skylight Hospitality Pvt Ltd, it was stated by DTP (HQ) that the application could not be considered by way of calculations being made to determine the area available for consideration of license. It was argued that out of applied area of 71.202 acres, an area measuring 9.223 acres comes under road and green belt. This area had not been counted towards commercial area for grant of license. Therefore, this area was required to be accounted for in the commercial area which would then become 72.623¹⁸ acres. Based on this, the application of M/S Skylight Hospitality Pvt Ltd was considered (March 2008) for grant of commercial license for 2.701 acres. It was further

¹⁸ 63.40+9.223 acres

stated by the Department that in case the application of M/s Skylight Hospitality Pvt Ltd was considered on the basis of this rationale, the same would be made applicable to all cases. Thus, M/s A&D Estates Pvt Ltd who had applied earlier also got the benefit of this rationale. Thereafter, two more firms viz. M/s Orris Infrastructure Pvt Ltd and M/s DLF Universal Ltd also applied on 22 September 2011 and 9 January 2012 respectively. M/s DLF Universal Ltd was granted the license on 6 September 2012, while the other application was under process.

As per Para 4 of the Development Plan, the area under green belt and sector road shall not be included under net planned area. Area under commercial belt and residential areas were, as such, inclusive of area under internal circulating roads and service roads. However, TCPD has again added back area under 24 metre circulating road and service roads while computing net area falling under commercial belt. The decision to add back area falling under internal circulating roads and green belt while considering the case of M/s Skylight Hospitality Pvt Ltd, although the 50 *per cent* limit, as per earlier method of computation had already been exhausted, was not as per existing practice. Thus, in the absence of clearly spelt out procedures for computing area availability, lack of clarity and consistency, the possibility of extending undue benefit to particular applicants cannot be ruled out.

(viii) Consolidation vis à vis urbanisation

Section 30 of the East Punjab Holdings (Consolidation and Prevention of Fragmentation) Act, 1948 inter alia lays down that during the pendency of the consolidation proceedings, no landowner or tenant shall have the power to transfer or otherwise deal with any portion of his original holding which affects the rights of any other landowner without the sanction of Consolidation Officer.

While declaring villages under Controlled Area for the purpose of urbanisation, TCPD did not ascertain that consolidation of the said area was in progress.

Consolidation of land measuring 2331 acres of village Shikohpur of Gurgaon District was notified in October 1985. The scheme was finally published on 27 November 2004. While the consolidation of land was in progress, TCPD notified (5 February 2007) this village as part of the urbanisable area. Following this, the consolidation of village Shikohpur was de-notified on 14 March 2008 on the grounds that the village was unfit for consolidation; the villagers were not co-operating as most of the area of the village had come under NCR.

Audit observed that despite the area being under consolidation, transactions of sale/transfer continued in village Shikohpur between 2004 and 2008 and a total of 1,117 mutations were sanctioned.

Based on an affidavit filed in Hon'ble Court in CWP No 13278 of 2008 by the Consolidation Department, the village of Shikohpur was again notified (August 2011) for consolidation. It was observed that the Court was never informed of the fact by the Consolidation Department that out of total 2333 acres

of land falling in village Shikohpur, 1954 acres had been declared urbanized as per Development Plan 2021 published by TCPD in February 2007. Further, it was observed that land transactions continued as 132 sale deeds and 359 mutations were sanctioned between 2011 and October 2012 in village Shikohpur.

It was observed that land was purchased by M/s Skylight Hospitality Pvt Ltd (12 February 2008) when the work of consolidation was in progress and was sold (18 September 2012) when consolidation was re-notified in August 2011.

As per decision of the Director General, Department of Consolidation, the mutation of land transaction between 'M/s Skylight Hospitality Pvt Ltd and M/s DLF Universal Ltd was cancelled (15 October 2012) as the permission of Consolidation officer under Section 30 of the Act was not taken (15 October 2012). However, following the report submitted (December 2012) by three member Committee constituted by the State Government to look into the cancellation order, the order of cancellation of mutation was not implemented.

Further, TCPD has written (February 2014) to Director General, Consolidation to confirm the ownership status of licensed land of M/s Skylight Hospitality Pvt Ltd so as to enable the Department to proceed with the renewal of license. The matter was taken up by audit with Department of Consolidation and TCPD for confirmation/clarification of facts and eliciting their comments; their reply was awaited.

It would be seen from the above that there were unresolved issues between TCPD and Department of Consolidation in the matter of land use. These issues need to be resolved.

(ix) Profits on sale of land

Licenses are granted to developers for development of colonies¹⁹. Invariably, after grant of license for setting up of commercial colony, the value of land increases. Rule 3 of Haryana Development and Regulation of Urban Areas Rules, 1976 (the then extant provisions), inter alia lays down that application for license can be made by owner of land. As per Rule 17 of the Haryana Development and Regulation of Urban Areas Rules, 1976 (the then extant provisions), the colonizer shall not transfer the license granted to him under Rule 12 to any other person without the prior approval of the Director.

As per the bilateral agreement, firms were required to set up commercial colonies on the land and derive maximum net profit of 15 *per cent* of the total project cost after making provisions of statutory taxes and net profit beyond 15 *per cent* was to be deposited with Government within two months of the completion of project period. The firms were also required to submit a certificate to the Director within thirty days of the full and final completion of the project from a Chartered Accountant that the overall net profits (after making provisions for the payment of

¹⁹ "Colony" means an area of land divided or proposed to be divided into plots or flats for residential, commercial, industrial, cyber city or cyber park purposes or for the construction of flats in the form of group housing or for the construction of integrated commercial complexes according to Section 2 of Haryana Development and Regulation of Urban Areas Act, 1975 (the then extant provisions).

taxes) have not exceeded 15 *per cent* of the total project cost of the scheme. Thus, as per the agreement, net profit beyond 15 *per cent* of the total cost has to be deposited with the Government in completed projects. To maintain consistency, this should have also been applied in the cases of sale of land by developers without completing the project.

Five²⁰ licensees sold the land for ₹ 267.47 crore which they had purchased for ₹ 52.26 crore and earned a profit of ₹ 215.21 crore in such transactions (*Appendix 2.11*), while the Government was deprived of its share of net profit. In two cases (M/s Sun Star Builders Pvt Ltd and M/s Witness Construction Pvt Ltd; and M/s Botil Oil Tools India Pvt Ltd, formerly known as M/s Baker Oil Tools (Bharat) Pvt Ltd.), the land was sold at 303 times and 880 times the original cost of the land respectively to their collaborators/developers within few months of grant of license. M/s Uppal Housing Pvt Ltd sold the land to its subsidiary company M/s Saumya Realtech Pvt Ltd at ₹ 69.50 crore in March 2013. In the case of M/s Skylight Hospitality Pvt Ltd, the land was sold to its collaborator (M/s DLF Universal Limited) at 7.73 times the original cost after the in-principle approval for transfer of license was granted (April 2012).

Thus, the department neither at the time of granting in-principle approval nor at the time of formal approval for transfer of licenses ensured that net profit beyond 15 *per cent* of the total cost accrues to public exchequer. This enabled the developers to earn huge profit merely by selling the land while the Government had to forgo sizeable amount.

In view of the above observations, Audit recommends that procedures for entertaining applications for developing commercial colonies, criteria for determining area norms, timelines for completion of projects, etc. need to be clearly spelt out. There is an urgent need to make the whole process more transparent and clear. Further, licenses should only be allotted to genuine developers after a careful and proper scrutiny of the applications. A proper mechanism needs to be placed to ensure that in cases where land has been sold without completion of the project, net profit beyond 15 *per cent* of the total cost on such sale should be deposited with the Government.

Other issues pertaining to Colonizers

Scrutiny of 225²¹ license files revealed as under:

2.3.10.2 Inadequate control over colonizers

A licence (No. 32) was granted (April 2012) to the M/s Identity Build-Tech Private Limited to develop Group Housing Colony on a land measuring 11.70 acres in Sector 103 Gurgaon. As per conditions of the licence, advertisement for

²⁰ (i) M/s Skylight Hospitality Pvt Ltd, (ii) M/s Sun Star Builders Pvt Ltd and M/s Witness Construction Pvt Ltd, (iii) M/s Botil Oil Tools India Private Limited, (iv) M/s Uppal Housing Pvt Ltd and (v) M/s Mark Buildtech Pvt Ltd.

²¹ 2006-07: 39, 2007-08: 39, 2008-09: 28, 2009-10: 24, 2010-11: 21, 2011-12: 21, 2012-13: 30 and 2013-14: 23

sale of plots/flats was not to be given before approval of the Building Plan. The DG, TCPD issued (May 2011) instructions to all Senior Town Planners in the State to check the advertisements regarding sale of plots/flats in licenced residential, commercial, industrial and I.T colonies as to whether those were being issued as per instructions of the Department. It was also mentioned that if any advertisement was given in contravention of the instructions of the Department, the cases of such defaulting colonizers may be brought to the notice of the Department for initiating action to suspend the operation of their licences. The colonizer pre-launched the project in April 2012 and issued receipts for booking of flats to about 400 customers by collecting ₹ 55 crore though the Building Plans were approved in April 2013. Share purchase agreement was executed on 18 December 2012 between Era Landmarks Ltd, Identity Build-Tech Pvt Ltd and Ansal Housing & Construction Pvt Ltd for purchase of 100 *per cent* shareholdings of Identity Build-Tech Private Limited. It was not disclosed by the Identity Build-Tech Private Limited that it had collected ₹ 55 crore from the prospective buyers. Neither the amount had been refunded nor had flats/plots been given to prospective buyers.

Audit observed that though the District Town Planner (DTP) was required to check regularly the advertisement regarding sale of plots/flats in licenced colonies, yet the DTP had not taken cognizance of the advertisement given by the colonizer in April 2012.

The Department stated (January 2015) that no advertisement published in any newspaper had come to the notice of the Department on which DTP (Enforcement), Gurgaon could have taken action against the colonizer. The ACS, TCPD had suo moto taken cognizance of the news item which appeared in Times of India on 4th July 2014 for taking action against the colonizer. It had also been stated that instructions of DG, TCPD issued in May 2011 were not related to pre-launching of the project or violation of terms and conditions of licence. The reply was not convincing because the instructions of DG, TCPD of May 2011 specifically stated that a regular check on such advertisements given by colonizers should be maintained and if these were not being issued as per instructions of the Department, then report of such defaulting colonizers may be sent to Headquarters for initiating action to suspend the operation of their licences. Hence, monitoring of such advertisements and taking prompt action on them, including the advertisement of April 2012 was the responsibility of the Department.

It was further stated that criminal proceedings had been launched and the colonizer had informed that they were offering plots to allottees or making refund to those who were seeking refund.

Audit is of the opinion that the Department should put in place a more effective system to avoid the occurrence of such irregularities such as advertising the sale without the approval of the building plans and transfer of share holding of the licensee company in favour of other companies without the permission of the Department, as provided under the rules.

During Exit Conference, DG, TCPD stated that the issue related to changes in shareholding pattern, transfer of rights, change in developers etc. was important. He stated that the Department had already finalized a policy in this regard which would also be put on their web site.

2.3.10.3 Grant of permission to develop housing colony on the acquired land

As per provision of the Haryana Development and Regulation of Urban Area Act, 1975, there should be clear title of the land in name of the owner who intends to set up a colony on that land.

M/s Parsavnath Developers Limited applied (May 2007) for licence to develop a group housing colony on land measuring 118.188 acre in the village Bohar Sector 33 and 33-A, Rohtak and the licence was granted in May 2010 which was valid upto May 2014. Out of this, land measuring 14.15 acres had already been acquired by the Government for setting up Industrial Model Town (IMT) vide award No.4 and 5 announced in July - August 2009 well before issuance of licence to M/s Parsavnath Developers Limited and possession of this land was handed over to Haryana State Industrial Development Corporation (HSIDC) on the date of announcement of awards.

The Department could not ascertain the ownership of the land and issued the licence even for the land which was under the possession of the HSIDC which put a stop to the development activities of M/s Parsavnath Developers Limited. The land remained undeveloped as neither the developer nor HSIDC was in a position to develop the land.

During Exit Conference, the DG, TCPD agreed with the audit observation and stated that 14.15 acre of land under HSIDC possession had been de-licensed.

2.3.10.4 Non-revalidation of bank guarantees

Rule 11 of the Haryana Development and Regulation of Urban Area Rules, 1976 provides that colonizers are required to furnish bank guarantees equivalent to 25 *per cent* of the estimated cost of development works. In the event of breach of any agreement by the colonizers, the DG may cancel the licences granted to them and the bank guarantees in that event are required to be forfeited.

Audit scrutiny of bank guarantee registers in the Directorate of TCPD showed that validity period of nine bank guarantees amounting to ₹10.54 crore though expired between December 2009 and June 2014, were not got revalidated from the colonizers (July 2014) as system to watch the re-validation of Bank Guarantees was not in place.

The Department stated (January 2015) that notices had been issued to the concerned colonizers for revalidation of Bank Guarantees and that fresh bank guarantees for ₹ 73.59 lakh had been submitted in October 2014 by Ansal Properties, Gurgaon. It was further stated that the licence of M/s Snow Temp

Engineering Company was cancelled on 6 February 2013 due to non-revalidation of bank guarantee.

Reply was not convincing as the whole purpose of taking bank guarantees was to safeguard the financial interest of the Government and the same should have been encashed in case of violation of any of the terms and conditions for which the bank guarantee was obtained. In the instant case, the bank guarantee was not encashed though the company had not deposited EDC/IDC despite repeated reminders and even though the license of the company had expired on 24 January 2010, the validity of the B.Gs was up to 25 December 2009 with a claim period up to 25 June 2010. Had the Department taken prompt action by encashing the bank guarantee, ₹ 4.60 crore could have been realized. Apart from this, Audit is of the opinion that proper system should be put in place to watch the validation of bank guarantees.

During Exit Conference, the ACS stated that they would make efforts to ensure that revalidations are done on a real time basis.

2.3.10.5 Non-completion of low cost/ affordable housing colonies

State Government made (May 2009) a policy to provide dwelling units, which were affordable to the people who belong to lower and middle income categories. As per policy, (amendment made in August 2009) the developer/ licensee would be given a maximum period of six months after the grant of licensee to get the building plan approved, failing which licence would be cancelled and licence fee forfeited. Further, the licensees under this scheme would be given a maximum time of three years for completion of the project and offer possession of units to the eligible applicants. The period was extendable by a maximum period of one year subject to the payment of penalty at the rate of five *per cent* of the external development charges.

Licence No 83 was issued in October 2010 to M/s DLF SEZ Holding Limited, Gurgaon for the construction of low cost/affordable housing projects for 10.056 acre area under Revenue Estate, Village Hayatpur, Sector 93, Gurgaon. It was noticed that the developer had neither got the building plans approved within six months of the grant of licence nor had started the work (July 2014) but the Department had not cancelled the licence nor forfeited the amount of licence fee so far.

The Department stated (January 2015) that it had initiated the process of delicensing on the request of the colonizer and after delicensing, licence fees along with conversion charges, IDC (along with interest) and interest on EDC would be forfeited.

2.3.10.6 Non-renewal of licences

Rule 13 of the Haryana Development and Regulation of Urban Area Rules, 1976 provides for renewal of licence in cases where the colonizer fails to complete the development work in the colonies. The colonizer is required to apply for renewal

along-with renewal fee at the rate of 10 *per cent* of the fee prescribed for issuance of licence in cases where completion certificates had not been issued and at 2.5 *per cent* of the prescribed fee in cases where part completion certificate had been issued.

A mention was made in Para 3.16 (v) regarding, “Non-renewal of licences” in the report of Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil)-Government of Haryana. This type of irregularity was pointed out vide Para No. 4.3.10 (a) in the report of Comptroller and Auditor General of India for the year ended 31 March, 2012. The Public Accounts Committee while discussing the Para in March 2007 recommended that the Department should have evolved its own effective and speedy system to know the date of renewal of licences and the amount to be recovered on this account.

Audit further noticed that licences of 20 colonizers in Gurgaon, Faridabad, Jhajjar, Sonipat, Panipat and Kaithal were not renewed between December 2006 and March 2014, though development works²² for colonies were incomplete. The delay in renewal ranged from 1 to 5 years. Due to non-renewal of these licences, renewal fee amounting to ₹ 19.28 crore remained unrecovered.

The Department stated (January 2015) that 13 colonizers had deposited the renewal licence fees amounting to ₹ 6.62 crore and for rest of the cases, notices had been issued and action had been initiated for cancelation of licensees. Further, Audit scrutiny showed that though the renewal licence fees had been deposited, formal orders of their renewal had not been issued. Moreover, Department has not evolved a system to keep a check about the date of renewal of licenses and the amount to be recovered on this account as per recommendation of the PAC in March 2007.

2.3.10.7 Short recovery of renewal licence fee

Rates of licence fee were revised vide notification dated 6 August 2013 and revised rates were effective from 1 June 2012. Scrutiny of records showed that in six cases of five developers, renewal fee was charged at pre-revised rates resulting in less charging of renewal fee amounting to ₹ 44.41 lakh.

During Exit Conference, the ACS stated that recovery has been effected in full along with interest. Audit is of the opinion that the Department should re-check all the cases of renewals of licence fees to ensure recovery of the correct amount.

²² Internal development work- Metalling of road and Paving of Footpaths, Turfing and Plantation with trees of open spaces, street lighting, adequate and wholesome water supply, sewers and drains.

External development works- Water supply, sewerage drains, sewage and storm water, roads, electrical work, solid waste management and disposal slaughter houses, colleges, hospitals stadium/ sports complex, fire stations, grid sub-station, etc.

2.3.10.8 Non-approval of building plans

In order to achieve the objectives of regulating the development of urbanised sector in a harmonious effective and speedy manner, Haryana Development and Regulation of Urban Area Act 1975 provides that basic amenities like sewer, road, water supply and electricity should be provided within two or four years as per terms and conditions specified in the licences.

Scrutiny of the records showed that in seven cases, building plans were not approved even after six to seven years of the issue of licences though the building plans were required to be got approved from the Department within three months. It was further observed that the colonizers had not even prepared the service plans/estimates and zoning plans. This shows that proper control mechanism was not put in place by the Department to watch the timely completion of projects by private colonizers.

The Department stated (January 2015) that building plan had not been approved due to outstanding dues against the licensees in five cases, court case was pending in one case and proceedings of cancellation of licence were under process in one case. The fact remains that the development activities in the urban sector were being delayed and the issues leading to this delay need to be addressed by the Department.

2.3.10.9 Time schedule for completion of projects as a whole

Rule 12 of Haryana Development and Regulation of Urban Area Rules, 1976 provides that the development works in the colonies should be completed within two years and a certificate of completion be obtained under Rule 16 from TCPD. No time frame has, however, been prescribed for completion of projects as whole and handing over to Government for maintenance.

Audit made an observation regarding non-completion of development works, in the Report of Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2012 vide Para 4.3.10 (c). Despite being pointed out by Audit, no timeframe for completion of projects as a whole has so far been prescribed in the rules. Developers were taking benefit of this gap in the rules and not discharging their liabilities relating to completion of projects in a timely manner.

2.3.10.10 Non-submission of accounts statements

Rule 27 *ibid* further provides that the colonizer shall intimate the account number and full particulars of the Scheduled Bank wherein thirty *per cent* of the amount realised by him from the plot holders for meeting the cost of internal development works in the colony had been deposited. Further, as per Rule 28, the colonizer shall intimate in form AC on the fifth day of each month the amount realised by him from each of plot holders and the amount deposited by him in the scheduled bank during the preceding month.

Scrutiny of the licence files of colonizers showed that in seven cases licensees did not deposit 30 *per cent* amount realised (₹ 81.85 crore) from plot holders in separate Bank Accounts in compliance of the Rule 27 *ibid*. It was noticed that the Department had not taken any action against the colonizers concerned for non-compliance of above mentioned Rules. As such, the Department was not monitoring this aspect to ensure utilisation of funds by colonizers on internal development works.

The Department stated (January 2015) that colonizers have opened their account in respective banks accounts but did not deposit the money collected from plot/flat holders in designated account, however, it has been established from the statements certified by the Chartered Accountant that more than 30 *per cent* expenditure had been incurred on Internal Development Works (IDW). The fact remains that there was a deviation from the laid down procedure. Further, apart from seven cases listed by Audit, the Department should examine all such cases to rule out the possibility of non-compliance of the condition of depositing 30 *per cent* of amount realized from plot holders in a separate bank account.

During Exit Conference, the ACS noted the audit concern of deviation from procedure and stated that they would take necessary measures to ensure that money recovered from plot users was spent towards internal development works.

2.3.10.11 Non-recovery of EDC/IDC

As per section 3 (3) of Haryana Development and Regulation of Urban Area Act, 1975 and Rule 11 (C) of Rules made thereunder, applicant shall undertake to pay proportionate EDCs. The charges should be paid within thirty days from the date of grant of licence or in eight equal quarterly installments along with interest. Section 3-A of the Act further provides that any colonizer to whom a licence has been given, shall deposit Infrastructure Development Charge (IDC) in two equal installments. The first installment shall be deposited within 60 days and second installment within six month from the date of grant of the licence.

Scrutiny of records showed that in seven cases, an amount of ₹ 373.86 crore on accounts of EDC and IDC was pending for recovery for three to six years.

The Department stated (January 2015) that notices had been issued for payment of EDC/IDC to the colonizers and action for revocation of bank guarantees/cancellation of licensees had been initiated.

2.3.11. Internal controls and monitoring

Internal control provides reasonable assurance to the Management about the compliance of applicable rules and regulations. A review of internal control of HUDA showed that the internal control was not commensurate with the nature and magnitude of transactions. Comprehensive data bank or Assets Register showing details of land, date of planning, date of completion of development, date

of utilisation/allotment, date of final disposal of developed land was not maintained by the CA, HUDA in a centralized manner.

Test check showed that before commencement of all works, it was not ensured that land was free from encumbrances. Though most of the hindrances could have been anticipated by the engineering staff before start of the work, clearance from concerned Departments, wherever required, were not taken before commencing the work. Despite having centralised database, mechanism had not been evolved to scrutinise the cases to watch that benefit of reservation is not availed of more than once.

Similarly, in TCPD, bank guarantees furnished by the private developers were not being got revalidated after their expiry as a system to watch the revalidation of bank guarantees was not put in place. In the absence of any monitoring mechanism, though development works of the colonies were incomplete, the developers were carrying on their business without getting the licenses renewed.

2.3.12. Conclusion

Issues raised by National Capital Planning Board, especially relating to delineation of NCZ are yet to be fully implemented. Delays in referring cases to courts and in payment of enhanced land compensation resulted in extra payment. Non- functioning of the Auto market in Gurgaon rendered the investment on its development wasteful. Sewer and storm drainage works were executed by HUDA without proper survey or obtaining clear title of the land resulting in non completion of five works. Investment in the development of roads by HUDA without having title to land and requisite permissions was lying blocked. Expenditure on providing affordable housing under the Ashiana Scheme, without proper identification of eligible persons resulted in flats remaining unallotted to date. There were irregularities in allotment of plots under reserve categories. There was a lack of transparency and consistency in the procedures to grant licences to private colonizers. Five developers earned profit over cost on sale of land without completion of the projects. Internal Control system was inadequate as reflected in non revalidation of bank guarantees, non renewal of licences, and short recovery of renewal licence fees etc. as also in an unauthorized collection from applicants by a colonizer.

2.3.13. Recommendations

The Government may consider:

- (i) ensuring the consonance of Sub Regional Plan with the Regional Plan of National Capital Regional Planning Board, monitoring the development plans of the State on a regular basis and segregating data relating to planned land and utilized land;

- (ii) evolving a system for referring the cases of landowners to courts in a timely manner and making prompt payment of enhanced land compensation;
- (iii) ensuring that codal provisions are adhered to before execution of works for proper coordination between implementing agencies and timely completion of works;
- (iv) identifying beneficiaries correctly for affordable housing schemes and improving their system of plot allotment to reserve categories;
- (v) defining specific criteria for entertaining applications for developing commercial colonies, determining area norms, assessing financial capacity, timelines for completion of projects, etc. and putting in place suitable mechanism to collect net profit beyond 15 *per cent* of the total cost where sale of land has taken place without completing the project; and
- (vi) strengthening the control systems to enable proper monitoring of bank guarantees, renewals, short recoveries etc. and also to avoid cases of unauthorized collection from applicants and providing facilities in licensed areas in a time bound manner.