3 AUDIT OF TRANSACTIONS

- 3.1 Fraud and detection of fraud;
- 3.2 Non-compliance with rules and regulations;
- 3.3 Audit against propriety and cases of expenditure without adequate justification; and
- 3.4 Failure of oversight and administrative control

3 AUDIT OF TRANSACTIONS

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

3.1 Fraud and detection of fraud

Audit of financial transactions, test-checked in some departments of the Government and their field functionaries showed an instance of fraudulent payments. The case of fraudulent payments is discussed in the following paragraph:

HOME DEPARTMENT

3.1.1 Fraudulent disbursal of pay and arrears of pay of ₹ 21.93 lakh

Non-observance of duties and responsibilities by the Drawing and Disbursing Officer, as envisaged in financial rules, led to fraudulent disbursal of pay and pay arrears of ₹ 21.93 lakh.

As per Para 138 of the Financial Handbook Volume V, the Head of an Office is responsible for every item of pay and allowances, drawn on a bill signed by him or on his behalf, until paid to the person entitled to receive it and obtain receipt from him/her, duly stamped where necessary, on the office copy of the pay bill.

The previous transaction audit of the office of the Commandant, 6th Battalion, Provincial Armed Constabulary (PAC) , Meerut was conducted in December 2010. On 7 August 2013, two individual complaints regarding embezzlement of funds were received in this office. Accordingly, an intimation was sent (8 August 2013) to the Commandant for audit with effect from 19 August 2013 to 27 August 2013. Scrutiny of the records in audit revealed the following four instances of fraudulent disbursals:

- In October 2010, seven bills of 40 *per cent* pay arrear pertaining to the period January 2006 to October 2010 for ₹ 72.96 lakh were drawn and cheques were deposited into bank[1]. However, out of cheques for ₹ 72.96 lakh, cheques for ₹ 2.15 lakh pertaining to 12 employees were credited, two to four times in five bank accounts (***Appendix-3.1A***).

- In November 2010, the Government granted[2] pay parity to the cadres of head constables and constables and a bill of ₹ 63.53 lakh, towards pay arrears of 197 platoon commanders, head constables and constables, was sent to the

[1] State Bank of India, Main Branch, Meerut Cantonment, Meerut.
[2] No. 3699/six:–pu–1-10-148/2008 dated 28 November 2010.

treasury in July 2012. A cheque for equal amount was received from the treasury in the same month and sent to the bank with detailed advice in respect of 194 platoon commanders, head constables and constables, including one with fictitious name for crediting ₹ 0.97 lakh in the bank account[3] of another employee[4] working in the accounts branch of the battalion. In this way, though the amounts drawn and disbursed were same, the four names[5] were missing in the bank advice. As such, four addition/deletion of names were made by manipulating the bank advice.

- In March 2011, four bills amounting to ₹ 1.69 crore towards revised pay were drawn from the treasury and the cheques were deposited in a Bank[6] with detailed advice for credit in the respective bank accounts of the concerned employees. However, ₹ 2.73 lakh was credited twice in bank accounts of seven employees (***Appendix-3.1B***).

- During February 2011 to February 2012, pay and pay arrears amounting ₹ 17.05 lakh drawn in respect of 36 employees were deposited by crediting the amounts two to six times in nine bank accounts (***Appendix-3.1C)***.

Thus, ₹ 21.93 lakh was paid to the persons, not entitled to receive, due to non- observance of duties and responsibilities by the Drawing and Disbursing Officer as envisaged in the financial rules. This led to fraudulent disbursal of pay and pay arrears amounting to ₹ 21.93 lakh.

The Commandant, 6th Battalion, PAC, Meerut stated (August 2013) that the issue of exclusion of four names from the list of bank advice shall be investigated. It further stated that a case had been registered (August 18, 2013) with police against employees[7] working in accounts branch and an enquiry in the matter was in progress. Reply was not acceptable as action was taken by the department, only one day before commencement of audit (19 August 2013) and 10 days after receipt of intimation of commencement of audit though the incidence happened more than three year ago. The matter needs to be investigated further and suitable deterrent action be initiated against those responsible for fraudulent disbursals.

During discussion (November 2014), the Government accepted the facts and figures and stated that the unit had been instructed to apprise the current status of the case as well as criminal and departmental proceedings to audit.

3.2 Non-compliance with rules and regulations

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

[3] State Bank of India, Main Branch, Meerut Cantonment, Meerut.
[4] Shri Panth Ram.
[5] Three names missing and one fictitious name added.
[6] State Bank of India, Main Branch, Meerut Cantonment, Meerut.
[7] Mukesh Kumar, Manoj Kumar Sirohi, Naresh Kumar, Anju Kumari and Panth Ram.

REVENUE DEPARTMENT

3.2.1 Avoidable expenditure

Non-execution of agreements with insurance company to provide insurance coverage against the accidents to the farmers during 2010-14 led to avoidable expenditure/creation of liability of ₹ 301.36 crore, due to payment/creation of liability of accident claims by the Government itself.

With the objective to provide personal insurance coverage[8] to the farmers[9], the Government launched (2004-05) *Krishak Durghatna Beema Yojna.* Under the *Yojna,* an insurance premium was payable annually by the Government to the insurance company which was to pay the insured amount to farmers in the event of their deaths/ permanent disability *etc.*

Scrutiny of the records of the office of the District Magistrate, Pilibhit and information collected from the office of the Commissioner-cum-Secretary, Revenue Board, Lucknow revealed (March 2014) that the Government, in September 2009, invited tenders from the insurance companies for the period September 2009 to September 2010. The notice inviting tenders required the companies to deposit the earnest money with the tenders. However, the participating companies did not deposit it. As a result, the agreement was not executed. In October 2009, the Government relaxed the condition to deposit the earnest money and executed (November 2009) an agreement with the Oriental Insurance Company Limited (Company) according to which a premium of ₹ 54.60 crore was payable by the Government to the Company. Due to delay of two months in execution of the agreement, the period from 16 September 2009 to 18 November 2009 remained uninsured and hence the Government had to pay an amount of ₹ 14.20 crore as insurance claims to 1,482 beneficiaries/claimants against the budgetary provision of the same amount for payment of insurance premium. The Government also did not pay agreed premium balance of ₹ 5.47 crore (out of ₹ 54.60 crore), despite requests (July 2010 and October 2010) by the company, due to which the insurance company did not make payment of claims[10] for October 2010 and November 2010. As a result, the Government again paid the amount of ₹ 2.14 crore to the beneficiaries/claimants against the budgetary provision of insurance premium.

Scrutiny also revealed that the Government did not invite tenders from the insurance companies during 2010-14 except 2010-11 (November 2010) and 2012-13 (December 2012) which were also not finalised due to non-fulfillment of the terms and conditions by the tenderers. As a result, the Government made a provision of ₹ 563.68 crore[11] in the budget (2010-14)

[8] ₹ one lakh revised to ₹ five lakh with the effect from April 2012 in the event of death or permanent disablement, loss of two arms, two legs or two eyes or loss of one arm and one leg.
[9] Refer to those farmers (in the age group of 12 to 70 years) whose name appeared in the *khatauni* records of the Government as an owner of the agricultural land.
[10] 13 October 2010 to 18 November 2010.
[11] ₹ 1272.75 lakh + ₹ 7000.00 lakh + ₹ 7000.00 lakh + ₹ 41095.00 lakh = ₹ 56367.75 lakh i. e. ₹ 563.68 crore for the year 2010-11, 2011-12, 2012-13 and 2013-14 respectively.

and paid ₹ 562.35 crore[12] (out of ₹ 563.68 crore) as insurance claims to 14,317 beneficiaries/ claimants[13].

Further, scrutiny revealed that since the launching (2004-05) of the *Krishak Durghatna Beema Yojna,* upto 2009-10, the Government executed the agreements costing to ₹ 160.49 crore with the insurance companies against which ₹ 229.65 crore (***Appendix 3.2***) were paid to the beneficiaries/claimants under the scheme by the companies, resulting in savings of ₹ 69.16 crore to the Government exchequer.

Thus, due to laxity on the part of the Government for not entering into agreements with the insurance company during 2010-14, despite budgetary provision for payment of insurance premia, led to avoidable payment of claims/creation of liability of ₹ 301.36 crore[14], which could have been saved by entering into agreements as was done during the period 2004-05 to 2009-10.

During discussion (November 2014), the Government while accepting the audit observation, stated that the tender procedure for the year 2014-15 shall be completed soon.

IRRIGATION & WATER RESOURCES DEPARTMENT

3.2.2 Misutilisation of fund

A sum of ₹ 2.21 crore of land compensation was irregularly drawn and kept out of the Government account in the form of Bank Drafts and ₹ 2.03 crore was misutilised for payment of maintenance works in violation of financial rules.

Paragraphs 174 (10), 107 (v) and 108 of Uttar Pradesh Budget Manual provides that no money should be withdrawn from treasury unless it is required for immediate disbursement and it is the responsibility of the controlling officer to surrender appropriation or portions thereof which are not likely to be required during the year as soon as lapses or savings are foreseen.

For providing irrigation facility to 3141 hectare land in Lalitpur, the Government accorded (August 2008) administrative approval and financial sanction of ₹ 60.10 crore for construction of Jamrar Dam Project. The Government order specifically provided that sanctioned fund would be spent only on approved works of the project. In case of any deviation, Engineer-in-chief and concerned officers would be fully responsible.

Scrutiny of the records (December 2012) of the Executive Engineer, Irrigation Construction Division, Matatila, Lalitpur (EE) and information collected (May 2014) revealed that 929.865 hectare land was required for the project.

[12] ₹ 1,269.75 lakh + ₹ 6,984.00 lakh + ₹ 6,989.00 lakh + ₹ 40,991.75 lakh = ₹ 56,234.50 lakh i. e. ₹ 562.35 crore for the year 2010-11, 2011-12, 2012-13 and 2013-14, respectively.

[13] Represents the period of 2010-13.

[14] Payments made by Govt.: ₹ 562.35 crore +₹ 14.20 crore + ₹ 2.14 crore=₹ 578.69 crore + liabilities created during 2012-14: ₹ 377.87 crore = ₹ 956.56 crore - ₹ 655.20 crore (notional insurance premia to be paid had the Government entered into agreements with the companies.) = Avoidable extra burden/creation of liabilities: ₹ 301.36 crore.

Of this, the division acquired 259.946 hectare land upto April 2014 for ₹ 12.27 crore. For payment of land compensation to the farmers, 260 bank drafts for ₹ 2.21 crore were prepared during 2008-12 to acquire 89.437 hectare land. But, due to increase in the rate of the land (the rates were first revised in the month of June 2009 from ₹ 80,000/90,000 per acre to ₹ 1,00,000 per acre and further, in August 2010 it was raised to ₹ 130000 per acre), these bank drafts were not delivered to the farmers and were lying with the division as of April 2012. Under these circumstances, the amount of these bank drafts, after cancellation, should have been deposited under the relevant head in the Government account.

It was further noticed that EE, after cancellation of the old bank drafts between April and July 2012, made payment (April to July 2012) of ₹ 2.03 crore to contractors through fresh bank drafts for maintenance works executed through work orders in the year 2012-13, from the funds booked earlier (September 2008 to December 2011) as final expenditure for land compensation. The expenditure of ₹ 2.03 crore against a provision of ₹ 28.65 lakh for maintenance works in the entire project period was unauthorised. Thus, non-adherence to the financial rules led to irregular drawl of ₹ 2.21 crore from the treasury and misutilisation of ₹ 2.03 crore on maintenance work.

In reply, EE accepted (December 2012) the facts and stated that due to increase in the rate of land, bank drafts were cancelled and fresh bank drafts were subsequently prepared for making payment to the contractors for maintenance work. The fact remains that ₹ 2.03 crore was drawn and spent on maintenance works.

The Government, during discussion (November 2014), while accepting the facts and figures, stated that chargesheet has been prepared against the concerned officer and action would be taken by fixing the responsibility.

3.2.3 Loss to the Government

Non-adherence to the financial rules and the Government orders for levy of centage charges led to loss of ₹ 4.36 crore, till October 2014, to the Government.

Para 635 and 636 of Financial Hand Book Volume-VI stipulate provision of centage charges[15] on deposit works. The Government directed (February 1997 and January 2011)[16] to levy centage charges on the cost of work at the rate of 12.5 *per cent* including one *per cent* audit and accounts fee on deposit works carried out by Public Works Department/Irrigation Department for the works of non-government orgnisation(s) and local bodies.

Scrutiny of the records (October-November 2013) of the Executive Engineer, Irrigation Construction Division-II, Jhansi (EE) revealed that for supplying water to *Parichha* Thermal Power Station from *Parichha* reservoir, the

[15] In deposit works, amount chargeable as establishment, tools and plant and audit and account charges if any, is treated as percentages/ centage charges.
[16] No.A-2-87/Dus-97-17(4)-75 dated 27-02-97&Government order dated 25-01-2011.

Government accorded administrative sanction (August 2008) to a project for cement concrete (CC) lining of Gursahai Main Canal (GMC) at a cost of ₹ 34.90 crore. The project was financed by the Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) and the work was to be executed by three divisions (ICD-I, Jhansi: Km 0.000 to 16.000, ICD-II Jhansi: Km 16.000 to 34.500 & Jhansi Division Betwa Canal, Jhansi: Km 34.500 to 52.000) of the Irrigation department as deposit work. An amount of ₹ 34.90 crore was made available by the UPRVUNL to Irrigation department between June 2008 and May 2011. As per the financial rules and the Government orders, centage charge at the rate of 12.5 *per cent* on the total cost of work amounting to ₹ 4.36 crore should have been levied and recovered from UPRVUNL, being a commercial organization (a company of the State Government). Audit observed that in violation of the terms of the financial rules and the Government orders, centage charge of ₹ 4.36 crore was not levied on the works executed for UPRVUNL by the divisions. The work was incomplete due to pending approval for revision of project and an expenditure of ₹ 32.47 crore had been incurred on this project, without recovering the corresponding centage charges of ₹ 4.06 crore[17] till October 2014.

On this being pointed out in audit, EE stated (November 2013) that both the departments are under the Government and, therefore, provision for levy of centage charges was not made. The reply is not correct as the Government orders (February 1997 and January 2011) clearly stipulate that centage charges at the rate of 12.5 *per cent* should be levied on deposit works carried out by the Irrigation Department for the Commercial Departments. Since UPRVUNL is a company of the Government of Uttar Pradesh, centage charge should have been levied from it.

The Government, during discussion (November 2014), while accepting the facts and figures, stated that provision of centage charges would be made in the revised project. After enquiry, responsibility would be fixed for non-inclusion of centage charges.

3.2.4 Unfruitful expenditure of ₹ 87.08 crore

Construction of *Lakheri* Dam, without ensuring the availability of land, led to unfruitful expenditure of ₹ 87.08 crore.

Para 378 of Financial Hand Book Volume–VI stipulates that no work should commence on land which had not been duly handed over by the responsible civil officers.

Scrutiny of the records (October 2013) of the Executive Engineer, Irrigation Construction Division-V, Jhansi (EE) revealed that for providing irrigation to 1188 hectare under *Kharif* crops and 1980 hectare under *Rabi* crops, the Government accorded (March 2003) administrative sanction to the *Lakheri* Dam (Dam) Project (in Jhansi) for ₹ 20.37 crore. Due to increase in rates of labour and material and late start of work (November 2004), the project cost

[17] 12.5 per cent of ₹32.47crore = ₹4.06crore.

was revised (February 2006) to ₹ 66.52 crore which was further revised (September 2008) to ₹ 87.08 crore due to inclusion of new items of work, as per the detailed drawings, higher rates of labour and material and huge increase in cost of rehabilitation works. The construction of Dam was completed in March 2010, after incurring an expenditure of ₹ 87.08 crore.

However, due to non-availability of 37.248 hectare land, the people of two villages (*Budai and Revan*), to be submerged due to the construction of the Dam and the reservoir, were not rehabilitated till June 2014. The bank drafts of ₹ 59.60 lakh (drawn between August 2009 to April 2011), for payment of compensation of land/building, were still lying un-disbursed in the division due to non-availability of funds for registration fee as the revised project was pending (November 2014) for approval, though the amount of these bank drafts was booked as final expenditure (August 2009 to April 2011) under the project. Due to non-rehabilitation of the inhabitants of these two villages, Dam could not be filled up which had resulted in non-achievement of the objective as no irrigation was provided to the targeted land even after lapse of more than four years of its completion (March 2010). Thus, the expenditure of ₹ 87.08 crore, incurred on the construction of the Dam, remained unfruitful.

In reply, EE stated (October 2013 and March2014) that after the approval of the balance works of the project, these works would be completed which would make the project useful. Reply was not acceptable as the acquisition of land for rehabilitation of the affected villages was essential before commencing the construction of the Dam. Further, the project cost was revised twice but no steps were taken for rehabilitation of the affected villagers. Thus, the intended irrigation facility to the people could not be provided resulting in unfruitful expenditure of ₹ 87.08 crore.

The Government, during discussion (November 2014), while accepting the facts and figures, stated that benefit from the project would accrue after the balance work is completed after sanction of the revised project.

3.2.5 Loss to the Government

Non-execution of the agreement for the supply of water for non-irrigation purposes as envisaged in the water policy, led to loss of ₹ 42.28 crore to the Government.

While deciding the policy for supply of water for non-irrigation purposes, the Government of Uttar Pradesh fixed (April 1985) the rate of royalty at ₹ 50,000 per cusec per year and cost of water (October 1988) at ₹ 3.12 per thousand cubic feet. The rate of royalty was revised to ₹ 1,50,000 per cusec per year in May 1998[18] and further in July 2011[19] rate of royalty was increased to ₹ 6,00,000 and water cost to ₹ 12.48 per thousand cubic feet . It was specifically directed (April 1985) that for the recovery of water cost from the consumer, an agreement would be executed between the Irrigation Department (ID) and the user department/agency initially for a period of ten years. After

[18] OM No. 1192 dated 26-05-1998.
[19] OM No. 2953 dated 15-07-2011.

ten years, a new agreement would be constituted for further period of ten years.

Scrutiny of the records (September 2013) of the Executive Engineer, Head Works Division, Agra Canal, Okhla, New Delhi (EE) revealed that water for non-irrigation purpose was being supplied to Badarpur Thermal Power Station, New Delhi (BTPS) from Agra Canal since March 1989 till date. But, contrary to the directions of the Government, no agreement was executed between the ID and BTPS as of November 2014. Further, a dispute arose from the very beginning between ID and BTPS on the quantity of water supplied by ID and consumed by BTPS. In order to resolve the issue of quantity of water supplied and consumed, various studies[20] were conducted between July 1996 and December 2007. These studies differed in the quantity of water consumed by BTPS, which ranged between 48.60 cusecs and 246 cusecs. BTPS, however, accepted (March 2008) the consumption of 48.60 cusecs of water, assessed by Indian Institute of Technology (IIT), Roorkee and paid (March 2008) only ₹ 84.61 lakh as royalty for that quantity but did not pay the cost of water consumed. ID did not agree to the proposal. Thereafter, in a joint meeting (March 2011) between officers of ID and BTPS, the Principal Secretary (PS), ID constituted (March 2011) a committee of two Superintending Engineers (SE)[21] for measuring the actual discharge of water. On the basis of the measured discharge (15 March 2011 to 25 April 2011) by the committee and policy of the Government, PS, ordered (April 2011) to realise both the royalty and water cost from BTPS with interest at the rate of 12 *per cent* per year by assuming consumption as 59.02 cusec per year from the initial date of supply. The division raised a demand of ₹ 42.28 crore (November 2014), including ₹ 1.45 crore as balance royalty, ₹ 13.38 crore as balance water cost and remaining ₹ 27.45 crore as interest thereon for the period 1 March 1989 to 30 September 2014. However, BTPS did not accept the demand and reiterated that its consumption was 48.60 cusec. Thus, due to lack of any mutually agreed measurement mechanism for the quantity of water supplied and consumed, the Government had to suffer a loss of ₹ 42.28 crore upto November 2014 which would increase further till its realisation, as the agreement between ID and BTPS was yet to be executed for want of the approval (November 2014) of the Government.

On this being pointed out in audit, EE replied (September 2013) that water was being supplied as per policy and the process of execution of the agreement was in progress since 2002. But, due to dispute about the quantity of water supplied, it was not finalised. The reply confirms that ID did not enter into any agreement with BTPS, as envisaged in the Government policy (April 1985), before starting the supply of water to BTPS (March 1989). Further, it was also noticed that the agreement was moved only in December 2013 for approval of the Government after a gap of more than 24 years of the start of supply. This resulted in dispute over the quantity of water supplied and

[20] Conducted by Irrigation Research Institute (IRI),Roorkee in August 2006 (92.53 cusec); IIT, Kanpur in January 2006 (176 to 246 cusec); and IIT, Roorkee in November 2007 (48.60 cusec).
[21] SE, Investigation and Planning Circle VIII, Lucknow and SE, IIIrd Circle, Irrigation Works, Agra.

consequent non-realisation of royalty and water cost at the rates fixed by the Government from time to time.

Thus, non-adherence to the policy of the Government and non-execution of agreement even after lapse of 25 years from the date of start of the supply of water to BTPS by ID led to loss of ₹ 42.28 crore[22] to the Government in the form of unrealised royalty, water cost and interest accrued thereon till September 2014.

The Government, during discussion (November 2014), while accepting the facts and figures, stated that process of execution of the MOU/agreement was in progress.

3.2.6 Unfruitful expenditure of ₹ 1.59 crore

Commencement of work without ensuring adequate allotment of funds, led to unfruitful expenditure of ₹ 1.59 crore.

Uttar Pradesh Budget Manual Para 174(8) provides that expenditure incurred without allotment of adequate funds is a financial irregularity. Further, Financial Hand Book Volume-VI (FHB) para 375(a) stipulates that it is a fundamental rule that no work shall commence unless a properly detailed design and estimate has been sanctioned, allotment of funds made and orders for its commencement issued by the competent authority.

Scrutiny of the records (July 2013) of the Executive Engineer, Bansagar Canal Construction Division-9, Mirzapur (EE) revealed that the Government of Uttar Pradesh accorded (June 2009) administrative approval (AA) for 'Concrete lining of *Bhagwat* Distributary from Km 0.000 to 6.600 for ₹ 4.98 crore and financial sanction (FS) for only ₹ 50 lakh. The Chief Engineer (Ban Sagar), Irrigation Department, Uttar Pradesh accorded (February 2010) technical sanction (TS) to the project of concrete lining of *Bhagwat* Distributary for items of work.

It was noticed (July 2013) that the division purchased primer, Low Density Polyethylene film, sealing compound *etc.* for the project and spent ₹ 50 lakh during 2009-10. Further, the Superintending Engineer, Ban Sagar Canal Construction Circle -III, Mirzapur (SE) in order to complete the work at the earliest, divided the work of concrete lining in six parts and executed six[23] contracts for ₹ 5.69 crore in August-September 2009, over and above the AA&FS accorded for the project. But the work was not complete even after the lapse of more than three years which was scheduled to be commenced and completed in the month of August-September 2009 and February-March 2011 respectively. Out of 14 items of each work[24] scheduled to be executed through

[22] Including interest accrued ₹ 27.45 crore.
[23] Agreement No. 05,06,07,08,09 and 10/SE/2009-10.
[24] Lining of *Bhagwat* Dy (i) from Km 0.000 to Km 1.000 (Agreement no.10/SE/2009-10), (ii) Km 1.000 to Km 2.100 (Agreement no. 05/SE/09-10), (iii) Km 2.100 to Km 3.200 (Agreement no. 06/SE/09-10), (iv) km 3.200 to 4.300 (Agreement no. 07/SE/09-10), (v) Km 4.300 to Km 5.500 (Agreement no. 09/SE/09-10) & (vi) Km 5.500 to 6.600 (Agreement no. 08/SE/09-10).

these contracts, only one item[25] was executed at a cost of ₹ 1.14 crore by the contractors during August 2009 and September 2010. Due to non-allotment of funds on the project and non-payment of running bills, the contractors stopped the work and represented for the cancellation of contracts. Thereafter, the SE cancelled (March & May 2012)[26] all the six contracts. The Government accorded (May 2012) revised administrative approval for ₹ 6.38 crore and released (August 2012) ₹ 80 lakh for the project. The division paid ₹ 80 lakh (between November 2012 & March 2013) to the contractors against their running bills and liabilities of ₹ 29.07 lakh were still pending (October 2014). The work of lining of canal was incomplete (September 2014) and materials purchased in 2009-10 at a cost of ₹ 41.18 lakh for the project were also lying unused in store for more than five years. Further, a re-revised proposal of ₹ 7.87 crore forwarded (April 2013) by the division was pending for approval (June 2014) at the level of Engineer-in-Chief. Thus, commencement of work without ensuring adequate allotment of funds, in violation of financial rules and Budget Manual, led to unfruitful expenditure of ₹ 1.59 crore[27] (including liabilities of ₹ 29.07 lakh) on the project which remained incomplete (September 2014) even after the lapse of more than three years of scheduled date of completion (March 2011) of the contracts. It was further noticed that the work against the fresh agreements scheduled to be completed in December 2015 was not commenced as of September 2014. Besides, possibilities of utilization of the materials purchased at a cost of ₹ 41.18 lakh, about five years ago appears to be remote.

On this being pointed by the audit (July 2013), the EE replied (July 2013) that due to non-allotment of funds, the contractors stopped the work and it could not be completed. The reply confirms the contention of the audit that the work on the project was commenced in violation of financial rules without ensuring allotment of funds.

The Government, during discussion (November 2014), while accepting the facts and figures, stated that action is being taken to complete the work.

3.2.7 Loss to the Government

Inordinate delay in payment of land compensation resulted in loss of ₹ 1.21 crore to the Government as interest.

Paragraph 161 of Financial Hand Book Volume-V, Part-I stipulates that inevitable payments should not be left unpaid. It is not economical to postpone inevitable payment and it is important to ascertain, liquidate and record the payment of all actual obligations at the earliest.

Scrutiny of records (August 2012) of the Executive Engineer, Lucknow Division, Sharda Canal, Lucknow (EE) and further information collected (August 2013) revealed that for construction of "Gomti Nagar protection *bund*", land measuring 9.998 hectare and 4.488 hectare of villages *Jugauli* and

[25] Transported earth work in canal in filling including all lead and lift, manual compaction and dressing.
[26] Agreement No. 07, 08, 09 & 10 in March 2012 and Agreement No. 05 & 06 in May 2012.
[27] ₹ 50 lakh + ₹ 80 lakh + ₹ 29.07 lakh = ₹ 1.59 crore.

Jiyamau respectively was acquired (November 1985) by the division. The compensation for the acquired land of these villages was decided and award was declared (August 1990) by the Special Land Acquisition Officer (SLAO), *Sharda Sahayak Pariyojana*, Lucknow. The award along with solacium at the rate of 30 *per cent* included ₹ 29.57 lakh and ₹ 13.27 lakh respectively as land compensation for these villages. Interest at the rate of 15 *per cent* per year was payable for the delay in payment of compensation. The project was started in 1985 and completed in 2005. It was observed that in the approved project, a provision of ₹ 47.50 lakh was made for acquisition of land required for the project. However, despite the provision of fund for land compensation in the project and award by SLAO in August 1990, compensation for acquired land of these villages was not paid timely due to non-availability of funds. SLAO, while demanding the amount of land compensation, repeatedly reminded[28] the Government about the increasing interest burden due to delay in payment of compensation for acquisition of land. But, the Government sanctioned funds amounting to ₹ 1.88 crore on 3 August 2011. Accordingly, the division paid the amount of ₹ 1.88 crore to the SLAO on 30 August 2011. Consequently, there was a delay of 21 years in payment of compensation to the land owners from the date of declaration of award which included ₹ 1.49 crore as interest. Out of this , ₹ 1.21 crore paid as interest pertains to the period from the date of award till June 2011, which was otherwise avoidable. Thus, inordinate delay in payment of land compensation in violation of financial rules, resulted in loss of ₹ 1.21 crore to the Government.

On this being pointed out in audit, EE replied (August 2012) that funds for payment of land compensation were demanded many times but due to delay in allotment of funds, payment of interest was made. The reply is not acceptable because provision of land compensation had already been made in the project itself and it was the duty of the department to pay the land compensation accordingly as and when awarded, from the funds allotted for the project.

The Government, during discussion (November 2014), while accepting the facts and figures stated that delay was due to pending cases in various courts. But no details of the nature and present status of these court cases were furnished. The Government has been requested (November 2014) to furnish these information, which is still awaited.

3.2.8 Infructuous expenditure

Failure of the department and the Government to re-organise the divisions, as per norms, led to infructuous expenditure of ₹ 8.40 crore.

The Government revised (January 1996)[29] the norm relating to workload of construction divisions under Irrigation Department which envisaged that the workload of a construction division would be ₹ two crore per division per year. It was also stated in the said Government order that keeping in view the price index, the norms would be revised every two years.

[28] Letter No. 866 dated 04-08-2006, No.63 dated 29-12-2006.
[29] A-1-(1)/95-27-Si-8-15A/94 dated 02.01.1996.

Scrutiny of the records (January 2014) of Executive Engineer, Jarauli Pump Canal Construction Division-I (JPCCD-I), Fatehpur (EE) and further information collected (May 2014) from JPCCD-I and Executive Engineer, Jarauli Pump Canal Construction Division-II (JPCCD-II), Fatehpur revealed that the Government constituted (August 1998) these divisions for construction of Jarauli Pump Canal Project. The project was completed in June 2007 and the project completion report was sent to the Government in June 2007. Thereafter, no construction work was allotted and both the divisions were functioning for maintenance of only 4.7 km long feeder canal. We observed that Chief Engineer (Bansagar), Allahabad (CE) was regularly writing[30] to Engineer-in-Chief, Irrigation and the Government that, in view of the completion of the Jarauli Pump Canal Project, existence of these two divisions would not be justified for maintenance of merely 4.7 km long feeder canal. Accordingly, CE requested (January 2007) for re-organisation of these divisions in Government/public interest and to entrust the work of maintenance of feeder canal to the other two divisions[31] of Ramganga organisation established at Fatehpur. But no action was taken by the department and the Government in this regard. As a result, these two divisions carried out the maintenance work of ₹ 1.70 crore[32] only during 2008-14 (average ₹ 14.12 lakh[33] per division per year against the existing norm of ₹ two crore) while establishment[34] expenditure on these divisions, during this period, was ₹ 8.40 crore (₹ 3.83 crore for JPCCD-I + ₹ 4.57 crore for JPCCD-II). Thus, due to failure of the department as well as the Government in taking timely decision even after seven years of completion of the project, infructuous expenditure of ₹ 8.40 crore was incurred on these divisions.

On this being pointed out in audit, while submitting additional information the EE replied (May 2014) that the decision for re-organisation of divisions was pending since January 2007 at the higher level.

The Government, during discussion (November 2014), while accepting the facts and figures, stated that orders have been issued for dissolution of both the divisions. The fact remains that delay of more than seven years in taking the decision at Government level for dissolution of these divisions resulted in infructuous expenditure of ₹ 8.40 crore.

3.2.9 Extra expenditure

Increase in the cost of works and extra expenditure of ₹ 2.87 crore due to addition of VAT at the rate of five and 12.5 *per cent* instead of prescribed four *per cent* and unwarranted addition of VAT on the cost of carriage of boulders/split or cut stones.

Para 174 (15) (iii) of UP Budget Manual Chapter XV provides that payment in excess of amounts admissible under statute, contract or rule is a financial irregularity. Further, para 523 of UP Financial Hand Book Volume-VI also

[30] September 2010 and May 2012.
[31] Fatehpur Division Lower Ganga Canal, Fatehpur and Irrigation Division, Fatehpur.
[32] ₹ 0.82 crore (JPCCD-I) + ₹ 0.88 crore (JPCCD-II) = ₹ 1.70 crore.
[33] ₹ 81.86 lakh /6 = ₹ 13.64 lakh (JPCCD-I) and ₹ 87.59 lakh /6(JPCCD-II) = ₹ 14.60 lakh , Average = ₹ 13.64 + ₹ 14.60/ 2 = ₹ 14.12 lakh.
[34] Pay and allowances, travelling allowances, *etc.*

stipulates that to facilitate the preparation of estimates, as also to serve as a guide in setting rates in connection with contract agreements, a schedule of rates (SoR) for each kind of work, commonly executed, should be maintained in the circle and be kept updated. The SoR prevailing in the Saharanpur circle did not provide for including Value Added Tax (VAT) on the cost of carriage of the material from quarry to the site, as the VAT was already included in the cost of the material at quarry. Further, rate of VAT on boulders/split or cut stone was four *per cent* as per VAT Act, 2007.

Scrutiny of the records (September and November 2013) of the Executive Engineers, Drainage Division-I, Meerut (DD-I) and Irrigation Construction Division, Saharanpur (ICD) revealed the following discrepancies in the approved estimates[35] for flood protection works:

(A) In the analysis of rates for supply of boulder/split or cut stone, these divisions added VAT at the rate of five and 12.5 *per cent* instead of prescribed four *per cent* (***Appendix 3.3A***).

(B) Similarly, in the analysis of rates for supply of boulders, these divisions added VAT on the cost of carriage of boulders/split or cut stone against the prescribed norms/orders (***Appendix 3.3B***).

Thus, the rate of this item of work was inflated which increased the total cost of works by ₹ 2.87 crore[36]. Tenders were called and agreements were finalised on the basis of these inflated rates. Due to approval of higher rates for supply of boulders/split or cut stones, the Government had to incur extra expenditure of ₹ 2.87 crore on these works.

On this being pointed out in audit, ICD stated (November 2013) that no VAT was being charged on carriage now which itself reflected that the division had recognised its mistake and had corrected it. DD-I replied (September 2013) that VAT at the rate of 12.5 *per cent* was added as per VAT Act, 2007. Reply was not acceptable because VAT at the rate of four *per cent* was applicable on boulders/split or cut stones as per VAT Act, 2007 which was also evident from the fact that the division had added VAT at the rate of four *per cent* on these items in another work[37].

Thus, due to adoption of higher rates of VAT and addition of VAT on the cost of carriage by these divisions, the cost of works was increased which led to extra expenditure of ₹ 2.87 crore.

The Government, during discussion (November 2014), while accepting the facts and figures, stated that errors made during preparation of estimates would be identified and orders would be issued for bringing uniformity in them. The fact remains that higher rates of VAT and inadmissible VAT were included in the estimates which inflated the estimated cost of the works.

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[35] ICD: 34/CE/11-12, 38/SE/11-12, 32/CE/11-12, 44/CE/11-12 and 23/CE/12-13; DD-1: 40/CE/10-11 and 19/CE/10-11.
[36] ₹ 1.23 crore+ ₹ 1.64 crore (as per appendices 3.3A & 3.3B).
[37] T5/2009-10 dated: 22.3.2010 & contract no: 57, 59, 62, 64,105,124,130, 132,133, 135,136,143,144, 146,148, 149 &193/EE/2010-11, 27-45/AE/2011-12.

3.3 Audit against propriety and cases of expenditure without adequate justification

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

AGRICULTURE DEPARTMENT

3.3.1 Undue aid to the UP Seed Development Corporation

Undue aid of ₹ 11.99 crore was extended to the UP Seed Development Corporation due to payment of inadmissible distributor commission during 2011-14.

The retail prices of seeds for agriculture crops for sale to the farmers in the State are determined[38] by the UP Seed Development Corporation (Corporation).

Scrutiny of the records of the office of the Agriculture Directorate, Lucknow revealed (March 2014) that the Corporation, as per the Government Order (May 2003), is a nodal agency for supplying seeds for crops to the Agriculture Directorate, Lucknow for onward sale to the farmers in the State through the network of the stores at block level. Accordingly, during 2011-14, the Agriculture Directorate placed orders on the Corporation for supply of 14,48,765 quintals[39] of seeds for various crops. The Corporation supplied them and raised the bills of ₹ 626.33 crore with distributor commission of ₹ 11.99 crore, at the rate of 4.25 *per cent* of the *ex-plant* value. The Agriculture Directorate, in disregard to the fact that the seeds were distributed by the Agriculture Directorate itself to the farmers, paid the bills including distributor commission of ₹ 11.99 crore during 2011-14. The yearwise details of various seeds purchased (2011-14) and the amount of distributor commission paid to the Corporation are given in ***Appendix 3.4***.

Thus, the Corporation was extended undue aid of ₹ 11.99 crore during 2011-14 due to payments of inadmissible distributor commission on purchases of seeds.

In reply, the Government justified (November 2014) the payment of the distributor commission on the ground that Corporation bears expenditure on processing, tagging/packing of seeds, taking measures for storage losses and payment of interests on the loans taken by it from the commercial banks for purchase of seeds etc. The reply was not acceptable as the ex-plant value of

[38] Cost is determined by the Corporation by taking various factors such as price paid to the seed producers, seed processing charges *etc.* (*ex-plant* cost) and the administrative expenses which together constitute the cost price of the seeds for the Corporation. When the margin for risk, commission of the distributor and transport charges are added to the cost price, it constitutes the ex-storage depot cost.

[39] 2011-12: 6,84,864 quintals, 2012-13: 7,37,076.50 quintals and 2013-14: 26,824 quintals.

the seeds already includes these expenses. During discussion (November 2014), the Government reiterated the reply.

INFORMATION AND PUBLIC RELATIONS DEPARTMENT

3.3.2 Extra expenditure of ₹ 23.64 crore

Non-adoption of DAVP, Government of India's practice of providing 15 *per cent* discount for publication of departmental advertisements, led to extra expenditure of ₹ 23.64 crore.

Financial Hand-book Volume-V (part-I)[40] stipulates that every Government servant should exercise the same vigilance as a person of ordinary prudence would exercise while spending his own money.

While adopting norms of some other body/authority/agency, it is imperative that the provision which is advantageous to the Government should also be adopted.

The Government issued (December 2003) guidelines[41] for publication of departmental advertisements. As per the guidelines, advertisements of the departments may be published in newspapers through the Director, Information and Public Relations, Government of Uttar Pradesh, Lucknow (Directorate) at the rates prescribed by the Directorate of Advertising and Visual Publicity, Ministry of Information and Broadcasting, Government of India (DAVP). It was also provided that such newspapers, whose rates are approved by DAVP, Government of India (GoI), would be deemed to be empanelled with the Information Department of the State. But, the State Government did not accept the norm of 15 *per cent* discount provided by DAVP, GoI to ministries/departments, other client organisations for advertisements published through it.

Scrutiny of the records (May 2013) of the Directorate and further information collected (May 2014) revealed that advertisements of the Government departments of the State of Uttar Pradesh are published in the newspapers through the Directorate which ensures their publication either directly or through private agencies at the rates prescribed by the DAVP, GoI. Before publication of an advertisement, a release order with date of publication, name of newspaper, language, place, allotted space in square centimetre *etc.*, is directly issued to the newspaper publishing houses and private advertising agencies on its panel for the classified advertisement of the Government Departments. After publication of an advertisement, a bill is prepared by the concerned publishing house/agency and submitted to the Directorate. The bill is paid to the publishing house/agency at full DAVP rates without availing the discount at the rate of 15 *per cent*, the facility which DAVP itself provides to the Government Departments for publication of advertisements through it.

[40] Paragraph 169.
[41] Vide its order number 2130/19-1-2003-89/2001 dated 18 December 2003.

Scrutiny, further, revealed that during 2008-14, ₹ 157.60 crore[42] was paid by the Directorate to newspaper publishing houses and private advertising agencies for publication of classified departmental advertisements at full DAVP rates. The Directorate instead of negotiating with newspaper publishing houses, private advertising agencies to avail the discount of 15 *per cent* on the lines of DAVP, GoI, accepted the claims of publishing houses/private advertising agencies at full DAVP rates which resulted in extra expenditure of ₹ 23.64 crore[43].

Thus, by ignoring the DAVP norm of discount of 15 *per cent*, the payment at full DAVP rates by the directorate resulted in extra expenditure of ₹ 23.64 crore.

In reply, the Government stated (September 2014) that departmental advertisements were published through empanelled publishing houses/ agencies at the full DAVP rates, without deducting the 15 *per cent* discount which was in consonance with the guidelines approved by the State Government. It was also stated that unlike the DAVP which is a service providing agency to the Ministries/departments of Central Government, the State Government provides annual budget to the directorate for publication of departmental advertisements. As such, the comparison between DAVP and the directorate was not proper.

Reply was not acceptable as the directorate had empanelled the publishing houses/agencies on the lines of DAVP and also adopted DAVP rates for payment to the publishing houses/agencies without taking into consideration the discount of 15 *per cent* as per norm of DAVP. Further, DAVP charges 15 *per cent* commission, equal to the commission charged by the private advertising agencies from the clients as their revenue, which is subsequently passed on to the concerned Ministries/Departments. So, the State Government/Directorate should also have availed 15 *per cent* discount in lieu of its commission. This indicated non-adoption of practice of the Government of India resulting in extra expenditure of ₹ 23.64 crore.

During discussion (November 2014), the Government stated that action has been initiated to recognise/notify the Department as a service provider.

MEDICAL EDUCATION DEPARTMENT

3.3.3 Avoidable expenditure

An avoidable expenditure of ₹ 2.10 crore was incurred on 5,000 Kilowatt as demand charges which otherwise would have been only ₹ 53 lakh.

As per Chapter IX of the State Budget Manual, the Spending Officer is expected to exercise the same vigilance in respect of expenditure incurred

[42] ₹ 151.46 crore: Publishing houses and ₹ 6.14 crore: Private advertising agencies.
[43] 15 *per cent* of ₹ 157.60 (151.46 + 6.14) crore.

from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The Government sanctioned (August 2006) construction of the Government Medical College, Jalaun at Orai at an estimated and revised cost of ₹ 388.20 crore[44] and assigned (August 2006) the construction work to the Uttar Pradesh *Rajkiya Nirman Nigam* Limited (UPRNN) for completion by December 2009.

Scrutiny of the records of the Principal, Government Medical College, Jalaun (Orai) revealed (March 2013) that the Director General, Medical Education and Training (DGMET) released (2006-13) ₹ 331.83 crore to UPRNN. UPRNN commenced the work in September 2006 and by December 2009, only 70 *per cent* of the works were complete. The remaining 30 *per cent* was incomplete as the funds were not released by the Government during 2010-11 and 2011-12.

Scrutiny further revealed (March 2013) that an estimate of electric load of 7,142.32 Kilowatt was prepared by UPRNN, Kanpur for electricity supply in the Medical College and other buildings in the campus and submitted to the *Dakshinanchal Vidyut Vitran Nigam* Limited (DVVNL) for sanction (October 2008). The Managing Director, DVVNL, Jhansi sanctioned the electricity load of 5,000 Kilowatt in February 2009 and UPRNN deposited (February 2009) ₹ 1.49 crore with DVVNL Distribution Division, Jalaun. Since the construction work was incomplete and the Medical College was not operational, UPRNN requested (May 2009) the Executive Engineer, DVVNL, Orai to reduce the power load to 1,000 Kilowatt on the ground that 1,000 Kilowatt was sufficient. However, DVVNL, in disregard to the request, commenced (January 2010) the electricity supply to the Medical College and raised the bills for 5,000 Kilowatt. On further requests (September 2010 to June 2012) made by the Principal, Medical College, DVVNL agreed (October 2012) to reduce the load to 1,000 Kilowatt and asked the Principal to execute fresh agreement and submit necessary documents. However, the Principal did not take action to submit necessary documents and paid the demand charges of ₹ 2.63 crore (January 2010 to April 2013) for 5,000 Kilowatt which otherwise would have been ₹ 53 lakh for 1,000 Kilowatt.

Thus, due to delay in completion of the building of the medical college and the laxity on the part of the Principal, Medical College, expenditure of ₹ 2.10 crore during the period January 2010 to April 2013 was incurred as demand charges as against only ₹ 53 lakh admissible.

During discussion (November 2014), the Government admitted the facts & figures and the audit observation.

[44] Civil work: 299.56 crore, electrical work: ₹ 88.64 crore.

IRRIGATION & WATER RESOURCES DEPARTMENT

3.3.4 Wasteful expenditure

Construction of retaining wall without any justification led to wasteful expenditure of ₹ 17.17 crore.

Uttar Pradesh Budget Manual[45] provides that the expenditure should not be prima facie more than what the occasion demands. Every Government servant should exercise the same vigilance and care in respect of the expenditure from public moneys under his control as a person of ordinary prudence would exercise in respect of expenditure of his own money.

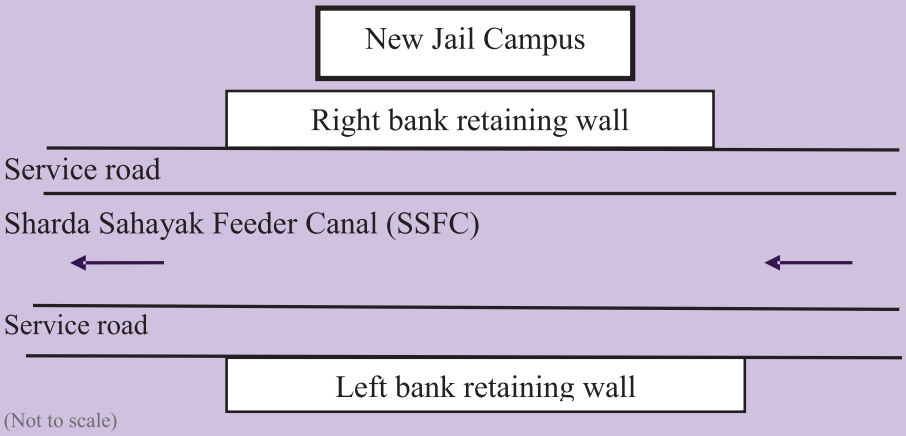
Scrutiny of the records (September/October 2013) of the Executive Engineer, Irrigation Division, Lucknow (EE) revealed that for protection of District Jail, *Adarsh Karagar* and *Nari Bandi Niketan* of Lucknow and their inmates situated on *Mohanlalganj-Gosaiganj* road, on the right bank of *Sharda Sahayak* Feeder Channel (SSFC) from breach of canal, the Principal Secretary, Home (PS) and Inspector General (IG), Jail Administration & Reform Services requested (October/December 2008) the Irrigation department(ID) for strengthening of the damaged right bank of SSFC. But, ID proposed (October 2009) construction of retaining wall from Km 161.400 to Km 164.200 on both the banks of the canal for ₹ 43.85 crore, instead of only right bank, as requested by PS and IG. The Expenditure Finance Committee approved (July 2010) the project for ₹ 43.51 crore. The State Government also accorded (November 2010) administrative and financial sanction to the project for the same amount. The Chief Engineer, Sharda Sahayak, Lucknow (CE) sanctioned (January 2011) the estimate of this work for ₹ 43.45 crore. The division took up the construction work of the retaining walls from Km 161.400 to km 164.200 on the right bank of the canal, in first phase, in 2010-11 and completed it in 2011-12 after spending ₹ 23.90 crore.

Subsequently, the Superintending Engineer, XIIth Circle, Irrigation Work, Lucknow executed two agreements[46] for the construction of the retaining wall on the left bank of the canal with scheduled dates of start and completion as 18 March 2013 and 17 August 2013 respectively. Both contracts/the works were completed (March 2014) with an expenditure of ₹ 17.17 crore[47] incurred against these agreements. We noticed that as per request of PS and IG the construction of retaining wall on the left bank of the canal was not required because the proposal was initiated on the ground of protection of District Jail, *Adarsh Karagar* and *Nari Bandi Niketan* on the right bank of the canal and their inmates from the breach of SSFC. Therefore, construction of retaining wall on the left bank was neither requested for by the user department nor required. Thus, the construction of retaining wall (as shown below) on the left bank of SSFC was unjustified which led to wasteful expenditure of ₹ 17.17crore.

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[45] Para 12 (iii) I.
[46] Agreement No.81 and 82/ SE-XII/2012-13 dated 18-03-13 from Km 162.580 to Km 163.390 and Km 163.390 to Km 164.200 respectively.
[47] ₹ 9.81 crore and ₹ 7.36 crore against agreement no. 81 and 82/SE-XII/12-13 respectively.

Diagrammatic representation of retaining walls



(Not to scale)

On this being pointed out in audit, EE replied (October 2013) that the proposal for work was made on the basis of decision taken in the meeting at the Government level and competent officers, which was necessary for the protection of the canal. Construction of the retaining wall only on the right bank would have left the canal unprotected on the left bank side. The reply was not acceptable because the project was taken up on the request of the jail department in order to protect the District Jail, *Adarsh Karagar* and *Nari Bandi Niketan* at Lucknow situated at right bank of the damaged SSFC, in the event of breach of right bank of canal. Thus, the proposal and execution of the construction of retaining wall on the left bank was against the principle of financial propriety which led to wasteful expenditure of ₹ 17.17 crore. Besides, the issue of strengthening of damaged canal was not accordingly resolved as requested by the IG.

The Government, during discussion (November 2014), while accepting the facts and figures stated that construction of retaining wall on the left bank was done due to technical reasons. The reply of the Government was not correct as the request made by the PS and IG was only for protection of right bank of damaged canal for reasons of security of the jail. The technical reasons, cited by the Government, have, however, been called for (November 2014), which were awaited as of December 2014.

PUBLIC WORKS DEPARTMENT

3.3.5 Unjustified expenditure

Unjustified expenditure of ₹ 1.64 crore on laying of extra Wet Mix Macadam in widening of a road.

Paragraph 318 of Financial Hand-Book Volume-VI stipulates that technical sanction of a work is a guarantee that proposals are structurally sound and the estimates are accurately calculated and are based on adequate data. Further, the Engineer-in-Chief, Public Works Department (PWD) Government of Uttar Pradesh directed (October 2007) that the thickness of the crust in

widened portion of a road should be equal to the existing crust in the carriageway of the road.

Scrutiny (August 2011) of the records and information collected (March 2013 and February 2014) from the office of the Executive Engineer, Provincial Division, PWD, Kanpur (EE) revealed that Government of India, Ministry of Road Transport and Highway (MoRTH) accorded (March 2010) administrative approval for widening and strengthening of *Kanpur-Hamirpur-Sagar* (KHS) road from km 3.500 to 7.450 (length 3.950 km), for ₹ 21.45 crore to ease traffic congestion during peak hours. The Chief Engineer, Kanpur Zone, PWD (CE) accorded technical sanction for the same amount in June 2010. For execution of the work, Superintending Engineer (SE), Kanpur circle, Kanpur, executed a Contract Bond No.14/SE-KV/2010-11 dated July 2010 with M/s Indian Infra Built Private Limited, Kanpur for ₹ 18.59 crore.

Audit observed that with the view to ease traffic congestion during peak hours and the industrial importance of Kanpur city, the existing carriageway of KHS road was to be widened from the existing 7 metre to 16 metre over the existing length of 3.950 km (Kms 3.500 to 7.450). Scrutiny revealed that as per the report of the detailed estimate and the crust design (attached with the detailed estimate), the existing crust thickness of the carriageway was 50 cm (45 cm Water Bound Macadam and 5 cm Bituminous Macadam). This was to be increased to 60 cm in the entire width with the provision of laying 20 cm Granular Sub-base and 30 cm Wet Mix Macadam (WMM) in the widened portion and provision of 7.50 cm Bituminous Macadam and 2.50 cm Semi-dense Bituminous Macadam for the entire width of 16 metre of the road.

Audit also observed that against the required quantity of 13,923.75 cum of WMM work, to be laid in the widened portion (10,665 cum) and (3,258.75 cum) below Inter-locking Cement Block Pavement (ICBP), the estimate was made for 24,588.75 cum by taking the double quantity (21,330 cum) of WMM in the widened portion of the road. Further, against the required quantity of 13,923.75[48] cum of WMM work, 21,993.365 cum of WMM was laid which included the erroneously inflated quantity of the widened portion. A sum of ₹ 1.64 crore[49] was paid (March 2014) to contractor for the excess quantity of 8,069.615[50] cum of WMM work against the actual required quantity of 13,923.75 cum.

In reply, Executive Engineer stated (June 2014) that due to typing error, the proposed quantity of WMM in the sanctioned detailed estimate was doubled while actual quantity should have been 10,665 cum and accordingly, the widening work was carried out. Reply was not acceptable because as per measurement book, execution and payment was made for excess quantity of 8069.615 cum of WMM in accordance with erroneous inflated provision made in the sanctioned detailed estimate and in the contract bond. This, resulted in unjustified expenditure of ₹ 1.64 crore.

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[48] 10,665 cum on widened portion + 3,258.75 cum on ICBP portion = 13,923.75 cum.

[49] 8,069.615 cum * ₹ 1,965 = ₹ 1,58,56,793.47 + ₹ 5,09,003.07 (3.21 *per cent* premium) = ₹ 1,63,65,796.54 i.e. ₹ 1.64 crore paid vide Bill no. 24/F, voucher no. 24 dated 07.3.2014.

[50] Executed and paid quantity of 21,993.365 cum (-) Required quantity of 13,923.75 cum = 8,069.615 cum.

The Government, during discussion (November 2014), accepted that the required quantity of WMM got doubled erroneously in the sanctioned detailed estimate and accountability would be fixed for excess provision/execution of the work after inquiry.

3.3.6 Excess expenditure

Provision of higher rate of tipper led to excess expenditure of ₹ 3.18 crore in widening and strengthening work of a road.

As per circular (September 2008) of Engineer-in-Chief (E-in-C), Public Works Department (PWD), Lucknow, rates of items are to be analysed as per the provisions given in Standard Data Book (SDB) published by Ministry of Road Transport & Highways (MoRTH) and for machinery, the price escalation of five *per cent* is admissible every year, by taking into account 2001-02 as the base year. SDB (2003) prescribed the rate of ₹ 1.74 per tonne/km for tipper[51] for the year 2001-02.

Scrutiny of the records (January 2013) of the Executive Engineer, Provincial Division, PWD, Sonebhadra (EE) revealed that the Government accorded (December 2008) administrative and financial sanction of ₹ 87.37 crore for widening and strengthening of *Lumbini-Duddhi* road from *Hinduari* (in Sonebhadra) to *Marihan* (in Mirzapur) (kms 343.00 to 387.50). The Chief Engineer, Varanasi Zone, PWD (CE) accorded (May 2009) technical sanction to the detailed estimate of the work. The Superintending Engineer, Mirzapur circle (SE) executed a contract bond[52] at a cost of ₹ 41.50 crore in January 2009 for execution of works.

It was observed that in the estimate, the rate of tipper to be used for laying Granular Sub Base (GSB), Wet Mix Macadam (WMM), Dense Bituminous Macadam (DBM) and Bituminous Concrete (BC) was provisioned at ₹ 3.35[53] per tonne/km in place of ₹ 1.74[54] per tonne/km for the same year as given in SDB (2003). Accordingly, the provision of usage rates of tipper for GSB, WMM, DBM and BC were also taken by the department as ₹ 240.53, ₹ 264.59, ₹ 277.54 and ₹ 283.35 per cubic metre (cum) in place of ₹ 130.74, ₹ 143.82, ₹ 150.86 and ₹ 154.01 per cum respectively. Thus, adoption of inflated usage rate of tipper in contravention of provisions contained in SDB (2003) and departmental circular (September 2008), led to excess expenditure of ₹ 3.18 crore on laying of these items as of September 2014 (***Appendix 3.5***).

On this being pointed out in audit, the EE replied (January 2013) that the usage rate of tipper was adopted according to E-in-C's circular (January 2006). The reply was not correct as the E-in-C's circular (January 2006),

[51] A machine used for transportation of soil, Granular Sub-base (GSB), Wet Mix Macadam (WMM), Mix of Dense Bituminous Macadam (DBM) and Mix of Bituminous Concrete (BC) etc.

[52] CB No. 69/SE-M.C./2008-09 dated 19.01.2009 with M/s Chhatra Shakti Construction Company at a cost of ₹ 41,49,97,878.00 (0.25 *per cent* below) against the estimated cost of ₹ 41,60,32,973.00 excluding the cost of bitumen.

[53] Rate of Tipper ₹ 3.35 x 29% escalation = ₹ 4.32.

[54] Rate of Tipper ₹ 1.74 x 35% escalation (taking base year 2001-02) = ₹ 2.35.

pertains to the usage rate of machineries for departmental works and not for the works for which item rates were analysed as per Standard Data Book of MoRTH. As such, the rates for GSB, WMM, DBM and BC which were analysed on the basis of Standard Data Book of MoRTH, the usage rate of tipper was to be adopted as per SDB (2003) and circular of E-in-C (September 2008).

During discussion (November 2014), while accepting the facts and figures, the Government accepted the audit observation and assured to take necessary action after inquiry.

3.3.7 Avoidable Expenditure of ₹ 5.54 crore

Excess calculation of Million Standard Axle by taking higher value of Vehicle Damage Factor led to avoidable expenditure of ₹ 5.54 crore.

The Indian Road Congress specification[55] provides that the designer should take the realistic values of Vehicle Damage Factor (VDF) after conducting axle load surveys. But, where sufficient information on axle loads is not available and the project size does not warrant conducting an axle load survey, the indicative values[56] of VDF, given in the specification, may be used. Further, Engineer-in-Chief, Public Works Department (PWD), UP issued (December 2005) and reiterated (September 2008) directions for adoption of Indian Road Congress specifications in framing the estimate for construction of a road.

Scrutiny (July 2013) of the records of Executive Engineer, Construction Division, PWD, Sonebhadra (EE) revealed that the Government accorded (March 2008) administrative and financial sanction of ₹ 22.38 crore for widening and strengthening of *Murdhwa-Myorpur-Bhabhni-Chapki-Bijpur* road[57] in district Sonebhadra. Technical sanction was accorded (May 2009) by the Chief Engineer, PWD, Varanasi Zone for the same amount. Four contract bonds[58] were executed (March 2008 to July 2008) by the Superintending Engineer, Mirzapur Circle, Mirzapur with M/s Chhatrashakti Construction Company, Ballia.

It was noticed that Commercial Vehicle Per Day (CVPD) of this road was 126 and California Bearing Ratio (CBR) value was seven *per cent.* For calculating Million Standard Axle (MSA), the division took the value of VDF as 3.5 without conducting the axle load survey, against the IRC provision which recommended that VDF should be taken 1.5 if CVPD is 0 to 150. On the basis of higher VDF of 3.5, the MSA was calculated as 1.97. Consequently, the crust was designed as 400[59] mm thick. Had the value of VDF been taken as 1.5, the MSA would have been one. Accordingly, the designed crust thickness

[55] IRC:37-2001.
[56] Vehicle Damage Factor of 1.5, 3.5 and 4.5 should be taken for initial traffic volume in terms of number of commercial vehicles per day if it is 0 to 150, 150 to 1500 and more than 1500 respectively.
[57] Chainage of 36.750 to 69.120 km.
[58] 42/SE/dated 29.03.2008 for ch. 36.750 to 45.000, 43/SE/dated 23.6.2008 for ch. 46.000 to 55.000, 47/SE/dated 28.6.2008 for ch. 56.000 to 65.000 and 49/SE dated 01.07.2008 for ch. 66.000 to 69.120, respectively.
[59] Granular Sub Base -150 mm, Water Bound Macadam- 150 mm, Bituminous Macadam-75 mm and Semi Dense Bituminous Concrete-25 mm.

would have been 375 mm, i.e., 150 mm GSB + 150 mm WBM in the widened portion and 75 mm WBM over the entire width[60] of the road along with bituminous layer of 20 mm PC[61].

Thus, designing of the crust thickness on the basis of higher computed value of MSA by taking VDF as 3.5 instead of 1.5, was in contravention of the provisions of IRC specification which envisaged that in absence of axle load survey the indicative value of VDF as 1.5 should have been adopted. As such, execution of widening and strengthening of the road with such faulty designing of crust led to an avoidable expenditure of ₹ 5.54 crore (***Appendix 3.6***) on account of laying the unnecessary[62] as well as costlier[63] bituminous layer.

In reply and during discussion, the Government while accepting facts and figures stated (November 2014) that initial traffic value of 126 CVPD was computed as 145 CVPD in the year of completion which was close to 150 CVPD and accordingly VDF was taken as 3.5 with the consideration of traffic of excessive over loaded commercial vehicles. Reply was not acceptable as actual axle load survey was not carried out as admitted (January 2014) by EE. So, the value of VDF should have been taken as 1.5 for designing of the crust in accordance with the IRC guidelines.

3.3.8 Loss to the Government

Injudicious adoption of price adjustment clause in standard bidding document led to loss of ₹ 2.13 crore to the Government.

Para 169 of the Financial Hand-book Volume-V (Part-I) stipulates that every Government servant should exercise the same vigilance in respect of expenditure incurred in connection with transactions of Government business as a person of ordinary prudence would exercise in spending his own money.

Scrutiny of the records (June 2013) of Executive Engineer, Construction Division, Public Works Department (PWD), Rampur (EE) revealed that the Government sanctioned (November 2010) the widening and strengthening of Bilaspur-Milak road from km. 0.000 to 33.125 for ₹ 35.50 crore under Inter-State Connectivity Scheme, under Central Road Fund. The Chief Engineer, Moradabad Zone, PWD (CE) accorded (November 2010) technical sanction to the detailed estimate for the same amount having no provision of price adjustment for increase in rates of labour, material *etc.* Superintending Engineer, Rampur circle, PWD, Rampur (SE) invited tenders (June 2010) and executed (November 2010) a contract bond[64] based on Standard Bidding Document (SBD) which included clause for price adjustment before the technical sanction of detailed estimate (November 2010) by CE. The work was completed (May 2012) and final payment was made (March 2013) to the

[60] With scraping the existing surface.
[61] Pre-mix carpet.
[62] Laying of 400 mm crust instead of required crust of 375 mm.
[63] Laying of 75 mm BM and 25 mm SDBC, instead of 20 mm Premix Carpet.
[64] CB No. 12/SE/2010-11 at a cost of ₹ 32,90,89,708.10 with M/s Mathiyan Construction Company Limited, Muzaffarnagar with stipulated date of commencement and completion as 22.11.2010 and 21.05.2012 respectively.

contractor for ₹ 31.94[65] crore for total value of work done. Further, a sum of ₹ 2.13[66] crore was also paid (January 2013) to the contractor as price adjustment for increase in the rates of labour, material etc. as per terms and conditions of the contract bond.

Further information collected (May 2014) from the office of Engineer-in-Chief, PWD, Lucknow and SE, Sitapur-Kheri circle revealed that two[67] other works of widening and strengthening were also sanctioned under Inter-State Connectivity Scheme. These two works were being executed through contract bonds[68], based on SBD, entered into by the SE, Sitapur-Kheri circle, Sitapur without the price adjustment clause. As such, it was evident that injudicious adoption of price adjustment clause in the contract by the SE, Rampur circle was in disregard to the established financial rule and the best interest of the Government which facilitated the undue aid of ₹ 2.13 crore[69] to the contractor as price adjustment.

On this being pointed out in audit, the EE stated (June 2013) that the payment of price adjustment was made as per the terms and conditions of the contract bond based on SBD, as the work was sanctioned under centrally sponsored Inter-State Connectivity Scheme. Reply was not acceptable as the execution of contract bond by SE, Rampur circle by including price adjustment clause was in disregard to the fundamental financial principles. Further, the price adjustment clause of SBD was not adopted in the contracts entered into by SE, Sitapur-Kheri circle, Sitapur for execution of the two other works sanctioned under the same scheme.

Thus, undue aid was provided to the contractor by injudicious adoption of price adjustment clause and non-adherence to the provisions of established financial rules which resulted in loss to the Government of ₹ 2.13 crore.

During discussion (November 2014), the Government, while accepting facts and figures, assured that necessary directions in the light of the audit objection were being issued for ensuring uniformity in terms and condition in execution of works under Centrally sponsored schemes.

3.3.9 Infructuous expenditure

Non-adoption of IRC specification led to infructuous expenditure of ₹ 2.98 crore.

Section 404.1.2 of Indian Road Congress (IRC) specification[70] stipulates that it is not desirable to lay water bound macadam (WBM) on an existing thin black topped surface without providing adequate drainage facility for water that would get accumulated at the interface of existing bituminous surface and water bound macadam. Further, section 404.3.1 provides that as far as

[65] 15/F bill vide voucher no. 76 dated 18.3.2013 for the value of ₹ 31,93,94,237.00.
[66] Vide voucher no. 72 dated 31.01.2013.
[67] Job No. ISC-UP-2011-009 for Sisaiya-Isanagar-Hasanpur-Katauli road (length 19.000 km) at a cost of ₹ 2,892.62 lakh and Job No. ISC-UP-2011-010 for Hargaon-Dateli-Piperjhila road (length 17.700 km) at a cost of ₹ 3,401.14 lakh.
[68] CB No.118/SE dated 24.12.2011 and CB No. 40/SE dated 30.4.2013.
[69] Between November 2010 and March 2012.
[70] Specifications for Road and Bridge Works (2001).

possible, laying water bound macadam course over an existing thick bituminous layer may be avoided since it will cause problems of internal drainage of the pavement at the interface of two courses.

Scrutiny of the records (January 2012 & September 2013) of the Executive Engineer, Provincial Division, Saharanpur (EE) revealed that the Government sanctioned (December 2010) the repair and strengthening of Muzaffarnagar-Saharanpur (MS) road from km. 17 to 59 (total 42.800 km) for ₹ 34.15 crore, under State Road Fund. Chief Engineer, Meerut Zone, PWD (CE) accorded (February 2011) technical sanction to the detailed estimate of this work. In contravention of IRC specifications, the sanctioned technical estimate, *inter alia*, included the overlaying[71] of 75 mm WBM in km 28 to km 59 over the existing bituminous layer of the road without providing adequate drainage facility. Superintending Engineer, Saharanpur circle, PWD (SE) executed a contract bond[72] for execution of works with stipulated date of commencement and completion as February 2011 and May 2012 respectively.

It was noticed that the contractor executed the work in seven[73] km stretch and completed the work upto Dense Bituminous Macadam (DBM) level. Expenditure of ₹ 2.98 crore was incurred on this work as of October 2014 (***Appendix 3.7***). During the course of execution, the bituminous layer laid over the 75 mm WBM and at some places even the WBM was damaged in this seven km stretch of the road. SE rescinded (October 2011) the bond of the contractor on the grounds of not providing work programme, non-achievement of milestone[74] as per contract bond, damage to executed works and non-adherence to the terms and conditions of the contract. Meanwhile, the matter was referred to the High Powered Technical Committee (HPTC) which noted (September 2011) that CE attributed the provision of granular layer over the existing bituminous layer as the main reason for damage to road in seven km stretch. In view of this, the old provision of 75 mm GSB over existing bituminous layer in 9.4 km stretch was rejected by HPTC and it decided to lay WMM, DBM and BC after scrapping the old bituminous surface. It was also decided (September 2011) that in the damaged stretch of seven km, after scrapping the previous bituminous layer, required non-bituminous thickness and laying of WBM/BM/DBM would be executed by contractor at his cost. But, as the contract bond was rescinded (October 2011) the damaged stretch was not rectified.

Thus, execution of works without either providing adequate drainage facility or scrapping of existing bituminous surface before laying the non-bituminous layer as per IRC specifications led to damage of road in seven km stretch amounting to an infructuous expenditure of ₹ 2.98 crore incurred on this work. It was accepted (September 2011) by CE and High Powered Technical Committee also.

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[71] The estimate included the provision of 75 mm Granular Sub Base (G-3), 50 mm Bituminous Macadam, 100 mm DBM and 40 mm Bituminous Concrete.

[72] 12/SE/2010-11 dated 23.02.2011 with M/s Godwin Engineers and Contractors Private Limited, Ghaziabad for ₹ 241012549.94 for chainage Km. 28 to 59.

[73] Km 43, 49, 50, 51, 52, 55 and 56.

[74] Failure to provide work-programme as required under contract bond and execution of work amounting to only ₹ 1.5 crore up-to 30.05.2011 instead of ₹ 6 crore as per milestone decided in the bond.

On this being pointed out in audit, EE replied (September 2013) that the provision of granular layer over the existing bituminous layer was made on the basis of design obtained (January 2011) from IIT, Roorkee. Reply was not acceptable as the department did not adopt the prescribed procedures for providing adequate drainage facility in accordance with the IRC specifications for execution of the construction of road as per design suggested by IIT, Roorkee. This had resulted in the infructuous expenditure of ₹ 2.98 crore due to non-adherence to IRC specifications as also pointed out by the High Powered Technical Committee.

During discussion (November 2014), Government, while accepting facts and figures, assured that pursuant to the audit objection suitable action would be initiated against the erring officers.

3.4 Failure of oversight and administrative control

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

HIGHER EDUCATION DEPARTMENT

3.4.1 Non-achievement of objective

The objective of commencing course in Dental Sciences for students was not achieved despite expenditure of ₹ 12.43 crore on the construction of the building (₹ 12.15 crore) and purchase of equipment (₹ 27.90 lakh) due to non-recognition of the course of Dental Sciences by DCI, New Delhi.

Recognition to the course of Dental Sciences by the Dental Council of India (DCI), New Delhi is pre-requisite for establishing a Dental College by a university. The Academic Council of the *Chatrapati Sahuji Maharaj* University, Kanpur (University), in the meeting held in May 2004 under chairmanship of the Vice Chancellor of the University, decided to establish a University College of Dental Sciences with intake capacity of 100 students in a four-storyed building, to be constructed in campus of the University at ₹ 13.10 crore (revised[75]). The construction works were assigned to UP *Rajkiya Nirman Nigam* Limited (UPRNN) for completion by November 2005[76].

Scrutiny of the records (July 2012) of the Registrar of the University and further information collected (between May 2013 and July 2014) revealed that the Registrar of the University applied (April 2004) to the Government of

[75] Original estimate: ₹ 3.83 crore (January 2004); First revision: ₹ 12.50 crore (July 2004) and third revision: ₹ 13.10 crore (February 2009).
[76] In terms of the Memorandum of Understanding signed between the University and UPRNN on 8 August 2001.

India for permission to establish College of Dental Sciences in the campus of the University and made ₹ 12.15 crore (out of ₹ 13.10 crore) available to UPRNN during 2004-06[77]. UPRNN commenced the construction works in July 2004. When the construction works were in progress, the University also purchased equipment at ₹ 27.90 lakh for the proposed College of Dental Sciences during[78] September 2004 and March 2006. In June 2006, the Inspectors of DCI, New Delhi visited the University for ascertaining the physical facilities like building and equipment and availability of teaching staff, their qualifications and experiences *etc.* The Inspectors observed deficiencies in dental chairs, faculties (Professors, Readers, Lecturers) *etc.* As a result, the Executive Committee of DCI, New Delhi asked the University to remove the deficiencies within five days. However, no action was taken to remove them. Nevertheless, the construction works continued and UPRNN completed the building at ₹ 12.91 crore. The Registrar of the University took over the possession of the building in November 2010. However, DCI, New Delhi did not grant the required recognition to the course of Dental Sciences and consequently it was not commenced as of May 2014.

Thus, the objective of commencing the course in Dental Sciences was not achieved even after more than eight years of the schedule of completion of the buildings despite spending ₹ 12.43 crore on the building (₹ 12.15 crore) and purchase of equipment (₹ 27.90 lakh) due to non-recognition of the course of Dental Sciences by DCI, New Delhi.

In reply, the University stated (May 2013) that the building was being utilised for Paramedical and Hospitality Management courses. Reply is not acceptable as the Paramedical course was already being held in another existing building prior to the construction of the building for Dental College and there was no proposal for running Hotel and Hospitality Management courses in this building. As such, the building constructed for Dental College was being utilised for purposes other than that authorised by the Academic Council of the University and the objective of the expenditure remained unfulfilled.

During discussion (December 2014), the Government accepted the facts and figures.

MEDICAL HEALTH AND FAMILY WELFARE DEPARTMENT

3.4.2 Unfruitful expenditure

Unfruitful expenditure of ₹ 1.30 crore was incurred on Trauma Centres at Etawah and Fatehpur as the centres were not established even after about four years of scheduled date of completion.

With a view to establish Trauma Centres[79], Government of India (GoI) launched Centrally Sponsored Scheme of Assistance for Capacity Building for Trauma Centre and provided financial assistance for manpower, building equipment, communication, legal assistance and data entry. Besides, an ambulance was also to be provided.

[77] June 2004 and December 2005.
[78] Represents the value of equipment for ₹ 12.31 lakh.
[79] Along the Golden Quadrilateral- North South and East West Corridors of National Highways during XI Five year Plan.

GoI released ₹ 1.30 crore for construction of the building in the premises of district hospitals at Etawah (₹ 65 lakh in January 2009) and Fatehpur (₹ 65 lakh in December 2008). The construction works were assigned to Uttar Pradesh Project Corporation Limited (UPPCL) for completion by May 2010 in Etawah and September 2010 in Fatehpur.

Scrutiny of the records of the office of the Chief Medical Superintendents (CMSs), District Hospitals (Male) at Etawah and Fatehpur revealed (Etawah: January 2014 and Fatehpur: December 2013) that ₹ 1.30 crore was made available[80] by CMSs to UPPCL for construction of building and other works. In Etawah, UPPCL commenced (November 2009) the work and completed it in July 2010. CMS, Etawah took possession of the completed building in October 2010. In March 2011, GoI made available the ambulance to CMS and after more than three years, released (October 2013) ₹ 2.45 crore for equipment *etc.* which was lying unspent (November 2014) in a saving bank account[81].

In Fatehpur, UPPCL commenced the work in January 2010, as the required land was not made available immediately. Consequently, the estimate of the building was revised (November 2011) by the Government to ₹ 1.01 crore. As of June 2014, the building construction works were lying incomplete after spending ₹ 65 lakh, as the difference amount (₹ 36 lakh) of the original and the revised estimates was not released by GoI due to the revision of the estimate without its required permission. In December 2012, GoI made available the ambulance to CMS and after one year, released (December 2013) ₹ 2.45 crore for equipment *etc.* which was lying unspent (November 2014) in a saving bank account[82].

Thus, unfruitful expenditure ₹ 1.30 crore was incurred on Trauma Centres at Etawah and Fatehpur as these centres were not established even after about four years. Besides, ₹ 4.90 crore remained parked (as of November 2014) in saving bank accounts for about one year.

During discussion (November 2014), the Government, while admitting the facts & figures and the audit observation, stated that the difference amount (₹ 36 lakh) has been sanctioned (August 2014). Fact remains that the Trauma Centres were not established even after about four years of scheduled date of completion.

3.4.3 Unfruitful expenditure

Due to lackadaisical approach of the Government, 100-bed hospital did not come up (November 2014) even after seven years of sanction, rendering ₹ 13.77 crore spent on its construction unfruitful.

In follow up to the Chief Minister's declaration (July 2006), the Government sanctioned (November 2006) ₹ 12.41 crore (revised)[83] for construction of 100 bed hospital in Sirauli Gousspur, Barabanki, comprising the main building, to

[80] Etawah (November 2009: ₹ 35 lakh and January 2010: ₹ 30 lakh) and Fatehpur (January 2010: ₹ 65 lakh).
[81] Account no. 27240100025515, Bank of Baroda in favour of CMS, Etawah.
[82] Account no. 05660100028671, Bank of Baroda in favour of CMS Fatehpur.
[83] Original estimate: ₹ 11.30 crore.

be constructed in the premises of the existing Community Health Centre (CHC), and residences for medical staff and a hostel for nurses on a piece of land to be made available by the Government. The construction works were assigned (October 2006) to UP *Rajkiya Nirman Nigam* (UPRNN) for completion in two phases[84].

Scrutiny of the records in the office of the Chief Medical Officer (CMO), Barabanki revealed (December 2013) that the Government released (2006-12) ₹ 11.80 crore[85] to UPRNN. UPRNN commenced the construction work of the main building in the premises of CHC in December 2006. In November 2009, when the construction works were in progress, the Director General, Medical and Health Services sent a proposal to the Government for purchase of equipment (cost: ₹ 2.28 crore) for the proposed hospital. In February 2010, the Government approved the proposal and sanctioned ₹ 2.08 crore[86]. CMO, Barabanki, placed (March 2010) the supply orders to the suppliers[87] for supply of various equipment. The equipment were supplied (March 2010) and ₹ 2.08 crore was paid (April 2010). In September 2010, UPRNN completed the construction work of the main building at ₹ 9.02 crore and CMO took over (March 2011) the possession. After five years of the sanction of 100-bed hospital, the Government made (March 2011) land available to UPRNN for construction of the residences for medical staff and a hostel for nurses. The land was not only two kilometer away from the main building but also inaccessible. UPRNN commenced the construction work of the residences for medical staff and a hostel for nurses in May 2011 and completed it in September 2013 at ₹ 2.67 crore. However, the 100-bed hospital was non-functional due to non-posting of medical and para medical staff and the equipment were lying dumped in stores even after four years of their purchases, as noticed in joint physical verification.

Thus, due to lackadaisical approach of the Government, the 100-bed hospital did not come up even after seven years (as of November 2014), rendering ₹ 13.77 crore spent on its construction unfruitful. Besides, the condition of the equipment, purchased four years ago, was likely to deteriorate.



Medical equipment in dumped condition
Date: 28.12.13

During discussion in November 2014, the Government admitted the facts & figures and audit observation.

[84] First phase: main building and second phase: residences for medical staff and a hostel for nurses.
[85] November 2006: ₹ 2.50 crore, September 2007: ₹ three crore, March 2008: ₹ 5.79 crore, March 2012: ₹ 20 lakh and November 2012: ₹ 29.93 lakh.
[86] Out of the proposal of ₹ 2.28 crore, the Government sanctioned ₹ 2.08 crore for CMO, Barabanki.
[87] Consort Laboratories, Lucknow; U.P. Industrial Co-operative Association Limited, Kanpur; Adhunik system, Kanpur; Raja Surgical, Lucknow; Sigma, Kanpur; Vinayak, Bareilly; Puri Surgical, Lucknow; Amit Enterprises, Lucknow; Oriental, Bareilly; and Pooja, Barabanki. As per available sale invoice numbers of equipment were:1502.

3.4.4 Injudicious decision

Not only the construction of the hospital building was incomplete (₹ 51.34 crore) even after over three years of scheduled date of completion, the decision for procurement of equipment (₹ 4.40 crore) without ensuring completion of the building in Faizabad district, was injudicious.

In follow up to the Chief Minister's declaration, the Government accorded (March 2008) administrative and financial sanction of ₹ 54.05 crore (revised)[88] for construction of 300 bed hospital building in Faizabad district and assigned (March 2008) the construction work to Uttar Pradesh *Rajkiya Nirman Nigam* (UPRNN) for completion by March 2011.

Scrutiny of the records in the office of the Chief Medical Superintendent (CMS), Faizabad revealed (November 2013) that the Government released ₹ 51.34 crore to UPRNN during 2008-14. In June 2008, UPRNN commenced the construction work. However, the construction work on the ward block was not commenced on the site earmarked for it due to local dispute. As a result, the outlay plan was revised and approved (May 2011) and a direction was issued to complete the construction work by March 2012. Despite the instruction, the work was incomplete as of November 2014.

In February 2010, the Government accorded administrative and financial sanction (₹ 6.19 crore) for purchase of equipment and released ₹ 5.81 crore. By this time (February 2010), 51 *per cent* of the construction works were complete. Without taking into account the fact that the building construction work was incomplete, CMS, Faizabad invited tender for purchase of equipment and placed (February and March 2010) the supply orders for equipment costing ₹ 4.40 crore. The equipment[89] and other items were supplied during March 2010 and ₹ 4.40 crore was paid (April 2010) to the suppliers. However, as the construction work of the hospital building was incomplete, the equipment were not installed and were lying in stores even after four years, as of June 2014. UPRNN had completed 80 *per cent* of the construction works at ₹ 51.34 crore (as of November2014).

Thus, not only the construction of the hospital building was incomplete (₹ 51.34 crore), even after over three years of scheduled date of completion, the decision of the Government for procurement of equipment (₹ 4.40 crore), without ensuring completion of the hospital building in Faizabad district, was injudicious.

During discussion in November 2014, the Government accepted the facts & figures and the audit observations.

[88] G.O. no. 412/5-1-08-5(7)/08 dated 28 March 2008 for ₹ 33.68 crore.
[89] There were two suppliers and number of items: 232 (equipment & others).

REVENUE DEPARTMENT

3.4.5 Unfruitful Expenditure

Due to non-sanction of revised estimate, a hostel for trainees was incomplete (October 2014) after five years of due date of its completion resulting in unfruitful expenditure of ₹ 4.16 crore. The objective of providing lodging facilities to the trainees has also been defeated.

With a view to provide lodging facilities to the trainees[90] of the Revenue Department, ₹ 4.16 crore was sanctioned (March 2008) for construction of a hostel[91] in the premises of the *Raja Todarmal Sarvekshan Evam Bhulekh Prashikshan Sansthan*, Hardoi (*Sansthan*) under a centrally sponsored scheme[92]. The construction works comprised hostel and residential buildings[93] and other works[94] including furnishing of the building. The construction works were assigned (March 2008) to UP *Jal Nigam* for completion by August 2009. The amount, ₹ 4.16 crore was drawn (March 2008) from the treasury at Lucknow and deposited (March 2008) in Personal Ledger Account (PLA) of the District Rural Development Agency, Lucknow.

Scrutiny of the records of the office of the District Magistrate, Hardoi revealed (January 2014) that the drawl of ₹ 4.16 crore from the aforesaid PLA was sanctioned (June 2008) by the Government of UP (GoUP) and the amount was made available (August 2008) to UP *Jal Nigam* for construction of the proposed hostel. UP Jal Nigam commenced the construction work in August 2008. However, due to slow pace of work, UP *Jal Nigam* completed the hostel and residential buildings in the premises of the *Sansthan* only in October 2012 at ₹ 4.16 crore. The remaining works (electric fittings, sanitary fittings, railing work, boundary wall, road, street lightening and furnishing of the building) were incomplete (October 2014). To complete the remaining work, UP *Jal Nigam* submitted (November 2012) a revised estimate of ₹ 8.60 crore to the GoUP which, however, was pending for sanction, as of October 2014, mainly on the ground that the revised estimate was twice the amount of original estimate and contained changes in the prescribed specifications (without justification) etc.

Thus, due to non-sanction of revised estimate, a hostel for the trainees in the premises of the *Sansthan* was incomplete as of October 2014 even after five years of due date of its completion, rendering ₹ 4.16 crore incurred on it unfruitful. Besides, the objective of providing lodging facilities to the trainees of the *Sansthan* was not achieved.

During discussion (November 2014), the Government assured that the reply shall be furnished at the earliest possible and effective action shall be taken to complete the work.

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[90] Revenue Inspectors, *Naib Tehsildars,* Officers etc. of the Revenue Department.
[91] 100 trainees.
[92] Strengthening of Revenue Administration and Updation of Land Record.
[93] One number residence of type-V and two number residences of type-III.
[94] Construction of roads, boundary wall and playground, street lights, electrification etc.

SPORTS DEPARTMENT

3.4.6 Unfruitful expenditure

Rupees 4.41 crore, spent on the construction of a swimming pool complex in the sports stadium of Siddharth Nagar, was rendered unfruitful due to improper planning, defeating the objective of providing swimming pool facilities to the targeted athletes.

With a view to provide swimming pool facilities to the people for developing talents in the field of swimming, the Government sanctioned (February 2009) ₹ 5.03 crore for construction of a swimming pool complex in the sports stadium of Siddharth Nagar. The construction works, comprising 11 works[95] were allotted (February 2009) to the Uttar Pradesh *Jal Nigam (Nigam)* for completion by June 2011.

Scrutiny of the records of the office of the District Sports Officer, Siddharth Nagar and further information collected revealed (December 2013 and March 2014 respectively) that the Government accorded (February 2009) administrative approval of ₹ 5.03 crore to the proposal (May 2008) made by the Director, Sports, Uttar Pradesh, Lucknow for construction of swimming pool complex at Siddharth Nagar. The Government made the site available to the Nigam in June 2009. In July 2009, the Director, accorded technical approval to the layout plan of the swimming pool complex for ₹ 5.27 crore. The Government released (2009-13) ₹ 5.03 crore[96] to the *Nigam*.

The *Nigam* commenced the construction works in June 2009. However, at the time of on-the-spot-inspection (July 2009), the Director, Sports observed that the existing athletic tracks in the stadium might be damaged due to the design of layout plan and accordingly instructed (August 2009) the *Nigam* to stop the construction work. The *Nigam* stopped (August 2009) the work but re-started it in December 2009 after the approval (December 2009) of the modified plan layout of the swimming pool complex as per the decision taken in the meeting held (November 2009) under the chairmanship of the Secretary, Sports. However, despite availability of funds, works were incomplete (November 2014), due to slow pace of work, even after more than three years of the schedule date of completion (June 2011). A sum of ₹ 4.41 crore had been spent by September 2013. In the meantime, the *Nigam* had submitted (December 2012) a revised estimate of ₹ 5.61 crore which was pending with the Director, Sports, Uttar Pradesh, Lucknow (November 2014) for approval. Thus, ₹ 4.41 crore, spent on the construction of a swimming pool complex in the sports stadium of Siddharth Nagar, was rendered unfruitful. Besides, the objective of providing swimming pool facilities to the athletes was not achieved.

[95] Swimming pool, learning pool, balancing tank, big pavilion, small pavilion, tubewell and pump house, plant room, rain harvesting, flood-lightning, installation of 50 KVA Gen set and site development.

[96] August 2009: ₹ 35.20 lakh, September 2010: ₹ 4.80 lakh, March 2010: ₹ 433.28 lakh and September 2012: ₹ 29.52 lakh.

In reply, the Government stated (July 2014) that the estimate shall not be revised and the work will be completed soon. However, during discussion (November 2014), the Government admitted the facts and figures and stated that work will be completed by March 2015 after approval of the revised estimate. Fact remains that the objective of providing swimming pool facilities to the targeted athletes was not achieved.

3.4.7 Improper planning

Due to improper planning of the truss roofing of VIP pavilion (estimated cost: ₹ 26.18 crore), the Green Park Stadium, Kanpur was deprived of the national/international day-night matches.

During 1999-2001, the Government built towers for floodlights at ₹ 6.56 crore to facilitate day-night national/international cricket matches in the Green Park Stadium, Kanpur.

In August 2009, the Government sanctioned ₹ 26.18 crore[97] for construction of a VIP pavilion with truss roofing[98] and assigned (July 2008) the construction works to the Uttar Pradesh Housing Development Board (UPHDB) for completion by December 2012.

Scrutiny of the records of the office of the Deputy Director (DD), Regional Sports Office, Kanpur revealed (May 2013) that ₹ 26.18 crore[99] was made available to UPHDB. UPHDB prepared the design of the truss roofing without considering the location of the aforesaid pavilion which would obstruct light from the existing flood light towers. Even before the technical approval was accorded, UPHDB commenced (March 2010) the construction works. As a result, during a day-night cricket match organised in the stadium in March 2013, the floodlights on the ground was obstructed by the truss roofing of the pavilion. In the meantime, DD, Regional Sports Office, Kanpur brought (March 2013) this issue to the notice of the Executive Engineer, UPHDB. The Executive Engineer, UPHDB intimated (April 2013) that the design of the truss roofing was approved (January 2010) by DD, Regional Sports Office, Kanpur and also that the construction works were supervised by the Sports Department and an officer nominated by the District Magistrate, Kanpur. However, the construction of the VIP pavilion with truss roofing continued and UPHDB completed it and handed over to the department in November 2013 at ₹ 26.18 crore.

Thus, the stadium was deprived of the national/international day-night matches and the revenue/earning for them due to improper design of the truss roof resulting in obstruction of light from the existing flood light towers.

In reply in May 2013, DD, Regional Sports, Kanpur stated that the action was being taken to shift the tower of the floodlights. However, in June 2014, DD,

[97] Revised in November 2012 due to cost escalation.
[98] Roofs made up of metals and tied very tightly so that they cannot move.
[99] 2009-10: ₹ 1.60 crore, 2010-11: ₹ 5.00 crore, 2011-12: ₹ 2.77 crore, 2012-13: ₹ 14.00 crore and 2013-14: ₹ 2.81 crore.

Regional Sports, Kanpur intimated that no estimate has been prepared as national/international day-night matches were not being organised.

During discussion (December 2014), the Government accepted the facts and figures and assured to look into the matter and to apprise the results to audit.

IRRIGATION & WATER RESOURCES DEPARTMENT

3.4.8 Unfruitful expenditure

Non-synchronization and commencement of construction work of Lower Rohini Dam without obtaining the Government of India's approval, under the Forest Conservation Act, led to unfruitful expenditure of ₹ 157.80 crore.

Para 4.4 of Chapter 4 of the Forest Conservation Act, 1980 (Act) stipulates that in case construction work involves forest land in some stretches, the work on even non-forest land should not be started unless sanction for the use of forest land for non-forest purposes is obtained from the Government of India (GoI). Para-378 of Financial Hand Book Volume-VI also provides that no work should be commenced on a land unless it has been duly made over by the responsible civil officers.

Scrutiny of the records (January 2014) of the Executive Engineer, Irrigation Construction Division-III, Lalitpur (EE) revealed that for providing irrigation facility to 1900 hectare agricultural land in Lalitpur district, the Government accorded (February 2008) administrative approval (AA) for construction of Lower Rohini Dam (Earthen Dam) on Rohini River in *Tahsil Mahroni* for ₹ 60.93 crore. The project was revised in June 2010 due to increase in quantum of work, rates of material and labour and inclusion of cost of rehabilitation work by Expenditure Finance Committee (EFC) to ₹ 174.26 crore. The administrative approval and financial sanction (FS) for the revised cost was accorded in May 2011 by the Government. The EFC, while according approval to the revised project, had directed that the project must be completed by March 2012.

It was observed that 693.14 hectares[100] land was required for the project including 32.315 hectares of forest land, for which permission from GoI was necessary, as envisaged in the Act. However, it was noticed that the construction work was started in 2008-09 without obtaining the requisite approval of GoI for use of forest land for non-forest purposes and acquisition of required land in violation of the provisions of the Act and financial rules. A sum of ₹ 157.80 crore was spent on the project till November 2014 while 238.96 hectare land which included 32.315 hectare of forest land, was yet to be acquired (November 2014). Even the proposal for transfer of Forest Land for non-forest purpose was sent to Social Forestry Division, Lalitpur belatedly i.e. in June 2010. The sanction for the use of forest land for non-forest purpose was not granted by the GoI till November 2014 and the project remained

[100] Submerged area:603.262 hectare, Canal: 82.704 hectare and Rehabilitation: 7.179 hectare.

incomplete even after the lapse of two years and 8 months from its scheduled date of completion rendering the expenditure of ₹ 157.80 crore[101] incurred till November 2014 unfruitful.

In reply, the division stated (November 2014) that proposal for transfer of forest land for non-forest purpose was sent to Social Forestry Division, Lalitpur in June 2010 which was in correspondence[102] stage and efforts were being made for transfer of land. The reply confirms that the work on the project was commenced in violation of the Act and financial rules which not only led to non-completion of the project on scheduled time but also rendered the expenditure of ₹ 157.80 crore unfruitful.

The Government, during discussion (November 2014), while accepting the facts and figures, stated that efforts were being made to acquire the forest land.

Thus, commencement of the work of Lower Rohini Dam Project without obtaining sanction for use of forest land from GoI and acquiring required land, was in violation of the Act and financial rules which had resulted in unfruitful expenditure of ₹ 157.80 crore as of November 2014.

MINOR IRRIGATION DEPARTMENT

3.4.9 Unfruitful Expenditure of ₹ 3.03 crore

Due to delay in ascertaining the feasibility of recharge pits, constructed under Bundelkhand Package, in Banda and Hamirpur districts, ₹ 3.03 crore spent on their construction during 2010-11 to 2012-13 was rendered unfruitful.

The Government of Uttar Pradesh (GoUP) vide order No. 1973/62-2-2010-2/2 (47)/ 08 T.C. *Laghu Sinchai Evam Gramin Abhiyantran Seva Anubhag*-2 Lucknow dated 11 May 2010 assigned the work of dugwell recharge in the wells, under Bundelkhand Package, to the Minor Irrigation Department, for which administrative and financial sanction of ₹ 300 crore was accorded (August 2010). The guidelines issued (May 2010) for Bundelkhand package specifically stated that dugwell recharge work would be carried out only on those wells which have been deepened/renovated. The scheme of construction of dugwell recharge was aimed at increasing the irrigation potential by improving the ground water situation.

Furthermore, the technical expert of National Rainfed Area Authority (NRAA) constituted under Planning Commission of India advised (November 2010) that in districts of Banda and Hamirpur with large alluvial plains, deepening of wells and recharge pits might not be useful because of danger of well collapse during deepening as well as its utility for irrigation as farmers were going for tube wells.

[101] Head Works ₹ 106.33 crore + Main Canal and branches ₹ 35.01 crore + Other Items ₹ 16.46 crore = ₹ 157.80 crore.
[102] Dated: 05.07.2010, 01.09.2010, 21.09.2010, 25.02.2011, 17.03.2012, 09.01.2014, 01.02.2014 & 03.02.2014.

Scrutiny of the records of the Executive Engineer (EE), Minor Irrigation Division (MI), Banda (March 2013) and EE, MI, Hamirpur (May 2014) revealed that against the provision of guidelines, 766 and 910 recharge pits were constructed between November 2010 and March 2013 after spending ₹ 1.67 crore and ₹ 1.36 crore respectively without ensuring deepening/ renovation of existing wells. As a result, there was no increase in irrigation potential.

On this being pointed out in audit, the EE, MI, Banda accepted that as deepening of wells was impractical, irrigation capacity did not increase and stated that recharge pits constructed in the first phase were completed to finalise the scheme and these were useful for storage of rain water and increasing the ground water level. The EE, MI, Hamirpur replied that the work of dugwell recharge and renovation/deepening of wells were separate works and utility of one did not depend on the other. Replies were not acceptable as the guidelines specifically provided that deepening/renovation of wells was a pre-requisite before carrying out the work of recharge pits. Further, the Government also directed (May 2012) that no recharge pits would be constructed in those districts where deepening work was not to be carried out which established that deepening of wells and construction of recharge pits were not separate works. Moreover, Evaluation study conducted by the State Planning Institute, Uttar Pradesh, Lucknow in 2013-14 also confirmed that there was no utility of these recharge pits.

Thus, non-adherence to the guidelines and delayed response of the Government on the recommendations of technical expert on construction of recharge pits in these two districts rendered the expenditure of ₹ 3.03 crore unfruitful.

The Government, during discussion (November 2014), while accepting the facts and figures, assured that necessary action would be taken.

PUBLIC WORKS DEPARTMENT

3.4.10 Unfruitful expenditure

Non-completion of Amethi By-Pass (ABP) road, even after eleven years of its sanction, rendered the expenditure of ₹ 2.02 crore unfruitful.

Paragraph 378 of Financial Hand-book Volume-VI stipulates that no work should be commenced on land which has not been duly made over by the responsible Civil Officer.

Scrutiny of the records (February/March 2013) and further information collected (March 2014) from the office of the Executive Engineer, Provincial Division, Public Works Department, Amethi (EE) revealed that for providing immediate relief from traffic congestion in Amethi town area, due to plying of heavy traffic, the Government accorded (August 2003) administrative and financial sanction of ₹ 2.42 crore from the State Contingency Fund for construction of 5.80 km long two-lane Amethi By-Pass (ABP) road.

The Chief Engineer, Faizabad Zone, Faizabad (CE) accorded (March 2004) technical sanction to the detailed estimate for ABP road for ₹ 2.42 crore, which contained the provision of 32 cm. crust thickness against the required thickness of 67 cm. A Contract Bond No. 06/SE FZB/03-04 for ₹ 2.68 crore was executed by Superintending Engineer, Faizabad Circle, Faizabad for the construction of ABP road with the stipulated completion schedule of September 2005.

Further scrutiny revealed that the work of ABP road commenced in March 2004 without ensuring the availability of required land for the length of 5.80 km. as the land pertaining to km. 2 to 5.80 only was available. However, the land, for the remaining stretch (km 0 to 2) was made available later in April 2006 i.e. after the stipulated date of completion of work. The contractor completed (March 2007) the construction of the stretch of 3.80 km and executed some earth work (1.60 km length) in part stretches in 0 to 2 km till March 2007. As the land for the remaining portion of the road from 0 to 2 km was made available only after the completion schedule, the contractor demanded revision of rates on the ground of increase in rates of material and labour. The department finalized the contract (July 2010) on the basis of work executed up-to March 2007. Expenditure of ₹ 2.02 crore was incurred on the incomplete construction of ABP road as of October 2014.

It was noticed that the partly constructed ABP road was extensively damaged due to provision of inadequate crust of 32 cm against the designed pavement crust of 67 cm. The fact of sub optimal thickness of the crust was also brought to the notice of the EE by the contractor during execution of work. However, a revised proposal of 67 cm crust for construction of remaining portion of km 0 to 2 including aggregate drain for the constructed portion, was sent (July 2011) to the High Level Technical Committee for approval, which was still (October 2014) awaited.

On this being pointed out in audit, EE stated (March 2013 and March 2014) that the revised estimate would be sent to the Government after the approval of High Level Technical Committee to the revised proposal. The reply was not acceptable as in contravention of financial rules, the work was taken up without ensuring the availability of required land. Further, construction of ABP road sanctioned under State Contingency Fund failed to serve the purpose of urgent relief from traffic congestion in Amethi town area as both the ends are yet to be connected (October 2014).

Thus, due to partial completion of ABP road in 3.80 km stretch against the sanctioned length of 5.80 km, that too with deficient crust thickness which led to premature damage to the road, the intended objective of providing relief from traffic congestion in Amethi town area was not achieved, rendering the expenditure of ₹ 2.02 crore, incurred on this road, unfruitful. Further, sanction of the work and providing funds from the Contingency Fund was also not justified, as the work was incomplete even after more than eleven years of sanction.

During discussion (November 2014), while accepting the facts and figures, the Government stated that the work remained incomplete due to non-acquisition of the required land before commencement of the work. The Government also assured to inquire into the matter and take required action to complete the work at the earliest.

3.4.11 Unfruitful expenditure of ₹ 5.24 crore

Construction of bridge, approach road and additional approach road without conducting hydrological study viz. behaviour of the Kho river, led to unfruitful expenditure of ₹ 5.24 crore.

According to Indian Road Congress (IRC) specification,[103] a reliable assessment of the flood discharge and of the corresponding water levels are the basics for a proper design of the bridge and its approaches. Scrutiny of the records (December 2013) of the Executive Engineer, Construction Division II, Public Works Department (PWD), Nazibabad, Bijnor (EE) revealed that the Government accorded (July 2008) administrative approval and financial sanction of ₹ 4.38 crore[104] for the construction of the bridge, approach road, additional approach road on the river Kho along *Sarangwala* village in district Bijnore. The Uttar Pradesh State Bridge Corporation (UPSBC) was responsible for construction of the bridge[105] for ₹ 3.36 crore and Construction Division II, PWD (Division) was to execute the work of approach road and additional approach road on both sides of the bridge for ₹ 1.02 crore. Chief Engineer, Moradabad Zone, Moradabad (CE) accorded technical sanction for the work of approach road and additional approach road in February 2010.

UPSBC[106] conducted the survey work of the bridge and proposed three[107] options for alignment of the bridge. The Site Selection Committee (SSC)[108] comprising members of UPSBC and PWD finalised (April 2009) one of the three proposed alignments for construction of bridge without assessing flood discharge/flood flow velocities, flood flow pattern and corresponding water levels of the river, in violation of IRC norms.

The construction of the bridge and approach roads was taken up by the UPSBC and the Construction Division II, PWD, Najibabad, Bijnore, respectively. But, when the construction of the bridge was under progress, due to flood (September 2010), the river changed its course towards left side (*Sarangwala* side) and damaged the works of approach roads executed towards both side. EE requested (December 2010) Civil Engineering Department of Indian Institute of Technology, Roorkee (IIT) to carry out hydrological study of the river. IIT Roorkee submitted (April 2011) its report to Construction Division II, PWD, Najibabad, Bijnore and recommended

[103] Paragraph 5.3.7 of IRC:SP: 54-2000.
[104] Cost of bridge: ₹ 3.36 crore and cost of approach road, additional approach road work: ₹ 1.02 crore.
[105] Length of bridge was 179.30 metre.
[106] Amroha unit.
[107] Option-1 : alignment of bridge is perpendicular along the course of river connecting both the side directly; Option-2: Alignment of bridge is in upstream where river eroding towards village Sarangwala; Option-3: Alignment of bridge is in downstream where the course of river spreads.
[108] Comprised three members-1. SE, Rampur circle, PWD, Rampur; 2. General Manager, Bareilly/Moradabad, UPSBC, Bareilly; and 3. Chief Project Manager (Design), UPSBC, Lucknow.

construction of guide bund and causeway to guide the river course back towards the bridge.

The department did not act promptly on the recommendations of IIT Roorkee. Meanwhile, UPSBC completed the construction of bridge in March 2012 for ₹ 4.34 crore and the division spent (March 2012) ₹ 90 lakh on construction of approach road/additional approach road. CE requested (October 2012) to Chief Engineer (Bridge), PWD, Lucknow for constituting High Power Committee to inspect the site and recommend measures to complete the work. Further, during the flood of 2013-14, the river again changed its course and was flowing 200-250 metre away from the constructed bridge. CE sent belatedly (March 2013) a revised estimate of ₹ 12.33 crore, incorporating the recommendations of IIT Roorkee, to UPSBC who forwarded (November 2013) it to E-in-C, PWD. The estimate of ₹ 12.42 crore as revised by UPSBC and re-revised for ₹ 12.65 crore by E-in-C, PWD was submitted (January 2014) to the Government and was pending for sanction as of October 2014.

It was evident that the alignment finalised by SSC was based on inadequate survey *viz.* without a reliable assessment of flood discharge and of the corresponding water levels *etc.* of the river Kho, which resulted in frequent changes in the course of the river. This led to unfruitful expenditure of ₹ 5.24 crore on the construction of bridge, approach road and additional approach road, as the constructed bridge was located in a dry place without any use to public.

On this being pointed out in audit (December 2013), EE stated that the work was started after joint study of UPSBC and PWD. The reply was not acceptable as the site for the construction of the bridge was finalised by SSC comprising UPSBC and PWD, without conducting the required assessment of flood discharge/flood flow velocities, flood flow pattern and the corresponding water levels of the river *i.e.* hydrological study.

During discussion (November 2014), while accepting the facts and figures, Government assured that the necessary action would be taken at the earliest to make the constructed bridge useful.

3.4.12 Unfruitful expenditure

Non-completion of construction of by-pass road alongwith the construction of a bridge with its approaches, even after a lapse of six years, due to non-synchronisation of these works, resulted in unfruitful expenditure of ₹ 121.34 crore.

As per Engineer-in-chief's directive (August 2005), the construction of bridge, approaches *etc.* may be synchronised in such a manner that the intended benefit is provided to the public, immediately after its completion.

Scrutiny of the records (January 2013) of Executive Engineer, Provincial Division, Banda (EE) and further information collected (May 2014) revealed

that with a view to divert the heavy traffic for relief from traffic congestion and prevent accidents[109] in Banda city, the Government sanctioned (October 2007) the construction of 16.500 km long two-lane by-pass road for ₹ 40.01 crore. The by-pass road was to emerge from km 209 of National Highway (NH) - 76 and was to terminate in *Banda-Naraini-Kalinjer* road after crossing the *Ken* river at km 2.680 of the proposed by-pass road. Chief Engineer, Jhansi Zone (CE) accorded (December 2007) technical sanction (TS) to the detailed estimate of the work. In view of traffic density in Banda city, Engineer-in-Chief decided (July 2008) to increase the two lane by-pass road to four lane by-pass road. Accordingly, the Government accorded (December 2008) revised sanction of ₹ 73.98 crore for 18.600 km length and CE accorded (February 2009) revised TS for the same amount. Superintending Engineer, Banda Circle (SE) executed two contract bonds[110] for execution of the work of by-pass road with the scheduled target of completion as July 2010.

Further, the Government sanctioned (August 2008) the construction of 479.80 metre long bridge over *Ken* river with 400 metre approach roads for ₹ 30.57 crore[111]. The works of approach roads and bridge were to be executed by Public Works Department and Uttar Pradesh Bridge Corporation Limited respectively. Two contract bonds[112] were executed (July 2010) by SE for construction of 200 metre long approach roads on each side of the proposed bridge.

Further scrutiny revealed that the construction work of bridge and approach roads was not synchronised with the construction work of by-pass road. Moreover, the required land for the construction of by-pass road was not acquired (300 metre) in km 17.800 to km 18.100. We observed that physical progress of the by-pass road was only 85 *per cent* in non-continuous chainages[113], of the total sanctioned length 18.600 km, as of October 2014, despite utilising the total sanctioned cost of ₹ 73.98 crore. Further, the progress of construction of bridge was 62 *per cent*[114] as of October 2014 even after incurring an expenditure of ₹ 39.55 crore, almost 74 *per cent* in excess against the sanctioned cost of ₹ 22.76 crore. The progress of construction of approach road on both sides of the bridge was also only 45 *per cent* even after incurring expenditure of ₹ 7.81 crore as of October 2014. Re-revision of the estimate of by-pass road was not proposed (October 2014), however, in the case of bridge (₹ 64.74 crore) and its approaches (₹ 14.11 crore), revised estimate was sent to the Government for approval in May 2014, the sanction of which is awaited as of October 2014. The construction work of bridge was stopped (since March 2012). Thus, the expenditure of ₹ 121.34 crore incurred

[109] Accidents by heavy vehicles: 78, Deaths: 59 and Injuries: 77 during the period 2010-11 to 2014-15 (up to August 2014).

[110] 20/SE/2007-08 dt 31-12-2007 (Date of commencement) at a cost of ₹ 34,24,80,091.00 and 03/SE/2008-09 dt 04-08-2009 (Date of commencement) at a cost of ₹ 21,43,29,796.00.

[111] ₹ 780.96 lakh for approach road on both sides and ₹ 2,276.30 lakh for the bridge work, on river Ken.

[112] 20/SE/2010-11 dt 01-07-2010 at a cost of ₹ 94,72,705.00 and 21/SE/2010-11 dt 01-07-2010 at a cost of ₹ 94,67,959.00.

[113] Work upto SDBC level – km 0.000 to 15.350, km 15.450 to 16.700; Culvert and Earth work level – km 15.350 to 15.450, 16.700 to 16.860, 16.860 to 16.960, 16.960 to 17.800 and km 18.100 to 18.600; No work has been carried out till date in the chainage km 17.800 to 18.100 for want of required land.

[114] Foundation work 40 *per cent* + sub-structure 09 *per cent* + super structure 13 *per cent* = 62 *per cent*.

on by-pass road (₹ 73.98 crore), bridge (₹ 39.55 crore) and approach roads (₹ 7.81 crore) was unfruitful as the by-pass road alongwith bridge and its approaches were lying incomplete even after four years from the scheduled date of completion. This resulted in non-achievement of intended objective of diverting the heavy traffic for relief from traffic congestion and preventing the accidents in Banda city.

During discussion (November 2014), while accepting facts and figures, the Government assured to expedite the acquisition of remaining land and coordination with Railway department for construction of level crossing/ Railway Over Bridge for early completion of by-pass road. The fact remains that due to non-completion of by-pass road, intended objective remained unachieved.



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ALLAHABAD
THE 21 JAN 2015

COUNTERSIGNED



(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

NEW DELHI
THE 23 JAN 2015