SUPREME AUDIT INSTITUTION OF INDIA

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Report of the
Comptroller and Auditor General of India

Information System Audits

Government of Haryana

Report No. 3 of 2026

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TABLE OF CONTENTS

APPENDICES

PREFACE

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Haryana under Article 151 of the Constitution of India.

The Report presents results arising from Information System Audits of e-Procurement Project and License Management, Liquor Production and Distribution System in Excise Department of the Government of Haryana.

The audit observations were shared with the concerned Departments through draft paragraphs and draft reports. The replies furnished by the Government/ Departments have been duly incorporated in the relevant chapters.

The instances mentioned in this Report are those which came to notice in the course of Information System audit during the period 2022-23 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2022-23 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report includes Information System (IS) Audits of e-Procurement Project and License Management, Liquor Production and Distribution System in Excise Department.

1. Chapter-I

Information System Audit of e-Procurement Project

The audit was undertaken to assess whether the e-Procurement system was effectively implemented and efficiently utilised to achieve its objectives of promoting competition, transparency, and accountability.

Significant findings

The implementation of the system was deficient due to non-execution of agreement with National Informatics Centre (NIC), ineffective functioning of Project Monitoring Unit (PMU), absence of critical functions/modules, inadequate monitoring, and insufficient training to the users as some of the activities were either not performed or performed offline, defeating the objectives of e-Procurement.

(Paragraphs 1.7.1 to 1.7.4 and 1.7.6)

The tendering process was found to be deficient as instances of inadequate bid publicity, insufficient time allowed for bid submission, non utilisation of tender-cum-auction functionality, lack of linkage between re-invited and original tenders, nomination of duplicate users for tender processing were noticed. Further, the system design was weak as business rules were not mapped regarding extension of time, duration of time for keeping the bid open, time given for grievance redressal, issue of corrigenda, etc. The system also lacked controls to prevent irregular practices such as extensions of tenders for short durations decryption of bids on different dates and out of sequence opening of bids.

(Paragraphs 1.8.2.1, 1.8.2.2, 1.8.2.4, 1.8.2.7, 1.8.3.1 to 1.8.3.3 and 1.8.4.7)

Instances indicative of collusive bidding and bid rigging were observed thereby undermining the fairness and competitiveness of the tendering process. Multiple bids were found to have been submitted from the same (Internet Protocol) IP address/procuring entity computers, within a close time interval suggesting manipulation or lack of adequate system control.

(Paragraphs 1.9, 1.9.1 and 1.9.3)

The effectiveness of the system was undermined by significant data integrity and Management Information System (MIS) deficiencies. Key issues noticed included non updation of tender stages, not uploading of evaluation summaries, anomalies in user data & profile management, and inconsistencies in award value & tender status etc. on the portal.

(Paragraphs 1.10.1, 1.10.1(iii), 1.10.5 and 1.10.7)

Non-compliance with financial rules were observed in respect of fees and earnest money deposit (EMD) as amounts were not transferred/adjusted properly, refunded erroneously or not-refunded. Instances were also noticed regarding short or excess charging of fee, non-reconciliation, and non charging/non remittance of Goods and Services Tax (GST) to the Government.

(Paragraphs 1.11.3, 1.11.5.1 to 1.11.5.2)

The system was prone to vulnerability related to user activity as audit found incomplete logs, actions performed without login and non-sequential login time stamp, raising concerns about data reliability. Discrepancies were also noticed in role creation and segregation of duties and absence of defined password policy.

(Paragraphs 1.12.2 to 1.12.4, 1.12.6 and 1.12.9)

Recommendations

The State Government may consider:

- *Entering into a formal agreement with NIC and also strengthening the PMU.*
- *Inclusion of indent management, catalogue management and contract management modules in the portal for covering the complete process of procurement in online mode.*
- *To impress upon the Tender Inviting Authorities (TIAs) for timely updation of tender stages and uploading of relevant documents on the portal. Training to the users may also be provided for efficient utilisation of the portal.*
- *Reconciliation of pool account periodically and monitor settlement of the failed transactions/pending fee of bidders.*
- *To incorporate functionalities for grievances redressal, technical and financial evaluation through system, negotiations, bid validity extension, deciding L-1 on receiving identical rates, issue of award of contract*

through system, real time alert generation for potential collusion/cartelization/bid rigging during tender/bid evaluation.

- *Monitoring action taken by NIC for issues related to incomplete logs, invalid data, missing controls for fields and to get the business rules mapped in the system.*

2. Chapter-II

Information System Audit of License Management, Liquor Production and Distribution System in Excise Department

The IS audit was conducted to assess whether the license management, liquor production and distribution modules of the Information Technology (IT) system implemented by the Excise Department complied with the provisions of the Excise Act, State Excise Policies, relevant rules and the System Requirements Specification (SRS); whether adequate application controls, including input, process and output controls were adequately embedded in the system and robust arrangements for Business Continuity Plan (BCP), Disaster Recovery Plan (DRP) and IS security were in place. The IS Audit covered the policy years 2015-16 to 2022-23, with analysis of data (pertaining to the period from December 2015 to June 2023) by using Computer Assisted Audit Techniques (CAAT) such as Interactive Data Extraction and Analysis (IDEA) and Tableau.

Significant findings

Due to absence of end-to-end functionality to process all types of license in the system, complete audit trails of user actions for licenses granted/renewed for other than retail vends could not be reviewed/monitored. As a result, the improvement in service delivery efficiency envisaged under the computerisation project could not be measured.

(Paragraph 2.8.1)

The IT system was not designed to capture critical details for bar licenses such as hotel star ratings, additional operational points, permitted hours and extended timings. Consequently, the system could not validate applicable license fee or detect discrepancies between payable and paid amounts, leading to reliance on manual registers.

(Paragraph 2.8.3)

The system lacked controls to ensure adherence to timelines prescribed under the Right to Service Act (RTSA) for grant of temporary licenses, resulting in delays, pendency of applications and approvals even after scheduled events. Absence of escalation mechanisms undermined efficient service delivery.

(Paragraph 2.8.9.1)

Inadequate validation checks allowed grant of temporary licenses for unregistered commercial venues as well as approval of licenses after events had concluded. System deficiencies also resulted in assignment of license numbers to pending or rejected applications, increasing the risk of unauthorised liquor service.

(Paragraph 2.8.9.2)

Production processes at manufacturing units were not automated and critical records relating to Extra Neutral Alcohol (ENA) usage, production and wastage were maintained manually, increasing vulnerability to errors, manipulation, and misreporting. Further, permits and passes for movement of ENA were issued manually outside the IT system, and the handling of large quantities of ENA without automated controls or audit trails heightened the risk of diversion, misreporting, and consequent revenue loss.

(Paragraphs 2.9.1 to 2.9.2)

The system had not captured chemical examination report details of liquor batches, enabling dispatch of liquor prior to receipt of test results and thereby weakening quality assurance and regulatory oversight. No functionality existed to capture hologram serial numbers and map them with excise passes which limited the ability of enforcement agencies to verify authenticity of liquor in transit and increased the risk of diversion and counterfeit supply.

(Paragraphs 2.9.3 to 2.9.4)

Inadequate system validations and weak process controls led to short computation and realisation of bottling fee and export duty, causing a revenue loss of ₹ 2.41 crore and ₹ 22.26 lakh, respectively.

{Paragraph 2.9.6 (a)}

In the absence of validation checks and non-capture of bottling wastage data, the system allowed excess bottling wastage beyond permissible limits without levy of excise duty.

{Paragraph 2.9.6 (c)}

Historical information of the Ex-Distillery Price values of previous policy years was not retained in the system to verify correctness of the excise duty charged.

(Paragraph 2.10.1)

Absence of adequate process controls in the system and allowing the licensees to self-categorise the liquor supply as basic quota or additional quota resulted into short levy and realisation of additional excise duty (AED) amounting to ₹ 10.37 crore.

(Paragraph 2.10.2)

Absence of adequate validation checks in the system to restrict the overall supply of liquor against original/revalidated permits resulted in excess supply of 56,87,810 Proof Litre (PL) of liquor thereby resulting in excise dues to the tune of ₹ 6.93 crore.

(Paragraph 2.10.3)

Passes were issued against cancelled or rejected permits, leading to non-levy of excise duty amounting to ₹ 33.19 lakh.

(Paragraph 2.10.6.4)

Inadequate policy enforcement and weak system controls in wholesale operations led to multiple irregularities, as inadmissible allowance of breakage was extended to wholesale licensees despite the absence of policy provisions during certain years, creating the risk of misclassification of shortages as breakage and diversion of liquor. Non-updation of liquor stock received by wholesale in the system in a timely manner, resulting in misleading stock balances and ineffective monitoring by excise authorities. Large quantities of liquor were issued on the last day of policy years, including approvals granted after working hours, raising concerns regarding potential evasion of transfer fee.

(Paragraphs 2.10.7.1 to 2.10.7.3)

Automated computation of stock transfer fee and differential excise duty was absent, resulting in manual errors and short levy of excise dues amounting to ₹ 0.82 crore. Further, neither the system computed penalties for short lifting of prescribed quotas by L-1BF and L-2BF licensees, leading to non-levy of penalties amounting to ₹ 17.27 crore, nor did it provide functionality to compute interest on delayed payments, necessitating error-prone and inconsistent manual calculations.

(Paragraphs 2.10.8.1 to 2.10.8.3)

Inspection processes were also not automated, resulting into short levy of minimum penalties amounting to ₹ 12.46 crore. No functionality existed to capture Export Verification Certificates (EVCs) for exported liquor. Absence of EVC tracking prevented assurance that exported liquor reached intended destinations.

(Paragraphs 2.10.8.5 & 2.10.8.8)

The system allowed set-off of excise levies in excess of funds available in licensees' corpus accounts, resulting in excess utilisation of ₹ 38.81 crore. Duplicate use of treasury challans was permitted, resulting in excess credit of ₹ 1.54 crore to licensees and consequent revenue loss. Benefit of ₹ 2.05 crore was extended against challans pending in e-GRAS, allowing utilisation of amounts not actually credited to the treasury. Excess credit of ₹ 12.19 crore exceeding actual treasury remittances was allowed due to weak validation controls, leading to improper set-off of excise liabilities. Challans pertaining to heads of account other than State Excise were accepted, enabling incorrect credit of ₹ 5.22 crore to licensees' corpus.

{Paragraphs 2.11.1(d), (e),(f),(g)& (h)}

Mandatory training of departmental technical personnel was not conducted, resulting in continued dependence on the system integrator; further, the Department failed to prepare a BCP and DRP in line with State guidelines, and did not furnish evidence of mandatory security audits or cyber security assessments, thereby exposing critical data and application security to significant operational and cyber risks.

(Paragraphs 2.11.2 to 2.11.4)

Recommendations

The Government may consider to:

- *Introduce functionalities/complete automation of*
  - (i) *the licensing process for all categories of liquor licenses issued by the department;*
  - (ii) *timely remission of participation fees and EMD into the government account;*
  - (iii) *approval workflows for the dispatch of ENA and other liquor-related permits/passes;*
  - (iv) *calculation of penalties for short lifting, stock transfer fee, inspection appeals, etc.*
- *Develop a centralised digital repository of blacklisted liquor licensees for real-time access during license issuance and introducing geo-tagging of liquor outlets to monitor policy compliance and enhance field-level tracking.*
- *Incorporate modules for digital maintenance of mandatory registers and ensure linking of chemical analysis results with dispatch permissions.*

- *Fix logic flaws causing erroneous levy calculations (e.g., bottling fees, export duty) to avoid revenue loss, retaining of historical records and establish robust logging system to prevent missing/altered transaction data.*

- *Preparation and maintenance of system documentation and manual including training manual and drawing up an IT security policy, DR and BCP.*

Chapter 1

Information System Audit of e-Procurement Project

Chapter 1

Finance Department

Information System Audit of e-Procurement Project

1.1 Introduction

The State Government introduced (June 2009) electronic procurement (e-Procurement) project by using the Government e-Procurement system of National Informatics Centre (GePNIC) portal with the stated aim of maintaining uniformity in the procurement processes, enhancing efficiency and transparency in procurement systems. The State Government extended (January 2015) the e-Procurement system to all the organisations. The uniform threshold limit for use of e-Procurement portal was fixed (June 2016) at ₹ one lakh (without splitting of order). The State Government also used (between May 2014 and May 2019) another e-Procurement portal developed by an agency M/s Nextenders India Private Limited. The procuring department/agencies were required to make all the purchases by using any of the portals. Later, the State Government discontinued (May 2019) the portal developed by M/s Nextenders India Private Limited and instructed all the departments to use GePNIC.

Previously, the IT audit of e-Procurement system was included in Report of C&AG on Social, General and Economic Sectors (Non-PSUs) of Government of Haryana for the year ended 31 March 2018 (Report No. 3 of 2019).

The e-Procurement portal has seven modules (i) Indent management (ii) Vendor management (iii) e-tendering (iv) e-payment (v) e-auction (vi) Catalogue management and (vii) Contract management.

The workflow of the GePNIC software is depicted below:

The process up to bid opening is conducted online, while bid evaluation and document verification are done manually. Final results of evaluation are updated in the system.

NIC provided (June 2023) GePNIC data dump through Directorate of Supplies & Disposals (DSD), Haryana. As per the data dump, 162 organisations[1] had published 2.46 lakh tenders valuing ₹ 2.12 lakh crore during 2018-23; out of which 82,923 tenders valuing ₹ 0.51 lakh crore were awarded/allotted and 1.05 lakh tenders were either incomplete or not updated on portal. Year-wise details of tenders is given in ***Table 1.1***.

Table 1.1: Statement showing year wise details of tenders and their status

Year	Year-wise details of tenders and their status					(₹ in crore)
	Total tenders	Tender amount (₹ in crore)	Cancelled/ re-tendered	Published tender (pending at various stages)	Awarded tenders	Tender value of awarded tenders
2018-19	22,091	10,501	2,663	19,239	189	171
2019-20	56,603	51,270	10,110	35,762	10,731	4,929
2020-21	49,109	32,681	12,590	13,933	22,586	14,365
2021-22	58,659	48,965	14,368	17,238	27,053	19,842
2022-23	59,852	69,189	19,005	18,483	22,364	11,945
Total	**2,46,314**	**2,12,606**	**58,736**	**1,04,655**	**82,923**	**51,252**

1.2 Organisational set-up

The DSD, Haryana, acts as the nodal agency to ensure compliance and efficient e-procurement operations, under the administrative control of Finance Department. NIC manages technical implementation of the e-Procurement project in the state.

1.3 Audit Objectives

The IS Audit of e-Procurement project had the following objectives:

- Whether the e-Procurement system has been effectively implemented and efficiently utilised to achieve its objectives of promoting competition, transparency, and accountability;
- Whether the completeness, integrity, and reliability of data in the system was maintained along with ensuring adequate controls and mapping of business rules into the system; and
- Follow up/Compliance with the issues raised in the IT Audit of e-Procurement system and issues on transfer of legacy data published in the Report of C&AG on Social, General and Economic Sectors (Non-PSUs) of Government of Haryana (GoH) for the year ended 31 March 2018 (Report No.3 of 2019).

1.4 Audit Scope and Methodology

The IS audit of e-Procurement project, covering the period from 2018 to 2023, was conducted to assess its effectiveness. The audit was conducted by covering

[1] Departments, Boards, corporations, companies, autonomous bodies, etc.

331 tenders of 26 selected TIAs from 10 organisations ***(Appendix 1.1)***, alongwith scrutiny of documents and related computer operations. Further, 33 tenders were also selected based on analysis report prepared by Centre for Data Management & Analytics (CDMA), O/o the C&AG of India. The audit objectives, criteria, and scope of audit were discussed with the Additional Chief Secretary to the Government of Haryana, Finance Department in an entry conference held in July 2023. The data of e-Procurement portal was analysed by using Computer Aided Audit Tools such as "PostgreSQL, Tableau and IDEA". Preliminary observations as a result of field audit were issued to DSD and TIAs, and their replies, wherever received, were incorporated in the report. Audit observations were also discussed with DSD, NIC and concerned departments in an Exit conference held in June 2025.

1.5 Audit Criteria

Audit criteria used for conducting of this performance audit were:

- Punjab Financial Rules (as applicable in Haryana state) and amended up to 30 June 2015;
- Manual of DSD, guidelines/instructions on procurement of stores;
- Haryana Public Works Department (PWD) Code;
- Rules, guidelines, instructions and policies i.e., the IT Act, 2000, National e-Governance policies and standards, ISO 27001, etc.

1.6 Acknowledgement

Audit acknowledges the overall cooperation extended by the State Government, DSD, NIC and the selected TIAs while conducting the Audit.

Audit Findings

The audit findings are grouped into seven parts i.e. Project management; Tendering process and controls; Collusive Bidding; Data quality and MIS reporting reliability; deficiencies regarding compliance related to Financial rules; Security and Risk management and Follow up action on previous Audit Report as detailed in the succeeding paragraphs:

1.7 Project management

The implementation of the system was deficient due to non-execution of agreement with National Informatics Centre, ineffective functioning of project monitoring unit, absence of critical functions/modules, inadequate monitoring, and insufficient training to the users as some of the activities were either not performed or performed offline, defeating the objectives of e-Procurement.

A robust governance framework is essential to mitigate risks, prevent errors and irregularities, and promote compliance with organizational policies, manage funds efficiently and regulatory requirements. This section examines the governance framework and oversight mechanisms in place for e-procurement portal.

1.7.1 Non-execution of Agreement with National Informatics Centre

Audit noticed that NIC was providing services to GoH since 2009 and NIC was responsible for customizing the portal to meet the specific requirements of the State. GoH paid ₹ 5.09 crore to NIC during 2018-19 to 2021-22 for using the system but no formal agreement was executed between GoH and NIC.

Audit further observed that multiple requests were made by GoH to NIC for portal customizations to suit State's requirements but some of the major customisation requests were not implemented as details given in ***Table 1.2***, alongwith their impact.

Table 1.2: Major customisation not implemented and their impact

Sr. No.	Customisation related to	Date of request	Impact
1.	Not refunding tender document fee and services fee of bidders	January and June 2020	Erroneous refund ₹ 19.71 crore (refer paragraph 7.5.1).
2.	e-Procurement application be made cross browser compatible	May 2021	Difficulties to users in accessing the portal fraught with the risk of inadequate competition.
3.	A panel on the portal for uploading notifications for information of users	May 2021	Information/ notifications could not be disseminated to users.
4.	Various deficiencies in previous portal (haryanaeprocurement.gov.in) pointed out by CAG in its reports	May 2021	Deficiencies such as absence of controls regarding bid publicity period, publishing corrigendum at fag end, grievance redressal time, missing logs etc. were still persisting in the e-Procurement portal as discussed in paragraphs 1.8.2.4, 1.8.2.7, 1.8.4.7, 1.12.8 and 1.12.9 of this report. These deficiencies were agreed to be corrected by the department while submitting its reply to the PAC for IT Audit of e-Procurement system published in the Report of C&AG on Social, General and Economic Sectors (Non-PSUs) of Government of Haryana (GoH) for the year ended 31 March 2018 (No. 3 of 2019). However, the deficiency still persists in the system indicating inaction by the management.

As no formal agreement was entered, the GoH could not enforce the implementation of these customisations despite incurring an expenditure of ₹ 5.09 crore. Further, impacts as detailed above could have otherwise been prevented.

DSD accepted (June 2025) the observation in the Exit meeting.

1.7.2 Deficiencies in the functioning of the Project Monitoring Unit

NIC submitted (March 2019) the project proposal for GePNIC to DSD which provided for the creation of a PMU to drive the project, including handling of all issues. The PMU was to be manned by four to six team members to guide the officials, including handling issues, regarding sharing of performance report, failure report and exception reports with department, monitoring of any deviation from standard service processes/conditions. A helpdesk was also envisaged to be setup for providing audio visual tools for technical aid, providing support to users through phone or email, recording and making monthly status report for the issues raised by users.

Audit noticed that DSD constituted (June 2020) a selection committee for determining the structure of the PMU and hiring of PMU staff but no further action was taken in this regard. Resultantly, PMU and helpdesk wing were functioning with a single staff recruited based on the recommendations of the NIC. A total of 2,038 TIAs and 74,551 users were registered on the portal, which was being managed by a single staff member. Due to inadequate deployment of staff, PMU and helpdesk were unable to fulfil their intended functions of monitoring the performance of system, tracking the failure report, exception report, providing audio-visual tools and maintaining the records related to issues reported by the departments. In absence of the records related to issues reported by users, audit was unable to assess the nature and status of reported issues or measuring the timeliness of resolutions.

DSD accepted (June 2025) the observation and stated that it will expand the PMU to resolve the identified deficiencies.

1.7.3 Non-monitoring of the implementation of the portal

Though e-Procurement through GePNIC was extended (February 2014) to all the procuring entities of the state and a threshold limit of ₹ one lakh was fixed (June 2016) for the same, yet there was no mechanism in the DSD/TIAs to capture the actual status of the adoption of the portal and cases of non-compliance.

To ascertain the extent of implementation of e-Procurement system, Audit requisitioned the details of procuring entities and user departments which were required to switch over to GePNIC. However, the requisitioned information was not provided by the nodal department. As per e-Procurement portal, 907 out of 2,038 registered TIAs had not published any tender during 2018-19 to 2022-23. A test check of records of the month of March for each selected year in selected TIAs, revealed that purchases of ₹ 2.29 crore by the five[2] TIAs were made without using the portal. This indicated that e-Procurement portal was not scrupulously used by the TIAs.

One of the TIAs, PWD (B&R) PD, Rewari stated (July 2025) that works were executed through quotation as per delegated powers. However, no comments were offered on the issue of not using the portal for tendering.

DSD accepted (June 2025) the observation and stated that it would monitor implementation of the instructions issued in May 2019 to the organisations/ entities for migration to GePNIC.

1.7.4 Non-availability of modules

Data analysis revealed that indent management, catalogue management and contract management modules were not part of the portal. Due to this, activities related to indent management and contract management modules were carried out in offline mode and activities related to catalogue management module was not carried out.

These gaps weaken the procurement oversight, hinders decision-making, reduce transparency and efficiency, thereby, impacting the overall system performance. Moreover, due to absence of functionality of issuing supply/work order through the system, EMD was either lying in pool account or facing significant refund delays as discussed in *Paragraph 1.11.4*. The inclusion of these modules in the e-Procurement system was also pointed out previously in Report of C&AG on Social, General and Economic Sectors (Non-PSUs) of Government of Haryana for the year ended 31 March 2018 (Report No. 3 of 2019-Para No. 3.9.8), however, the same has not been assured in the current system even after lapse of six years.

DSD accepted (June 2025) the observation and stated that the matter would be taken up at the higher level as well as with the NIC authorities.

1.7.5 Inadequate implementation of Government e-Marketplace (GeM)

GoH adopted (July 2017) the Government e-Marketplace (GeM) for the State and directed (April 2019) all procuring entities to ensure that all the existing Vendors/Suppliers were registered on the GeM. Further, procurement of Goods, Services available on GeM up to an outlay of ₹ one crore was to be done through GeM.

[2] HPHC, Panchkula: ₹ 58.04 lakh, MC, Karnal: ₹ 90.48 lakh, PWD (B&R) PD, Rewari: ₹ 2.2 lakh, SE Ops UHBVN, Karnal: ₹ 14.89 lakh, CE, MM, UHBVN, Panchkula: ₹ 63.36 lakh.

Audit noticed the following shortcomings in the implementation of the instructions issued for use of GeM in the state:

- Procurement amounting to ₹ 5.28 crore[3] was made through e-Procurement portal instead of GeM portal without recording any reason for the same. Additionally, the GePNIC portal does not capture reasons for such procurements.
- Only four Departments/Agencies ensured the registration of existing vendors/suppliers providing goods/stores/services on GeM. However, 453 vendors/suppliers under these entities remain unregistered.
- Four State agencies[4] procured goods and services intended to be procured through the GeM via market quotations. However, no reasons were recorded on files for bypassing the GeM. Furthermore, the State lacks a centralised mechanism to capture procurements made outside the designated systems (etenders.hry.nic.in or GeM).
- The annual Procurement Plan has not been projected on GeM since 2021-22.
- DSD had identified 10[5] highest selling items in the state, 50 *per cent* of whose procurement was to be made through GeM even if the procurement outlay exceeded the prescribed limit of ₹ one crore. This list was to be reviewed periodically. However, DSD, being nodal department, had neither reviewed the list nor developed any mechanism to monitor the compliance.

DSD stated (May 2025) that from May 2023 purchases of 10 best-selling items up to ₹ five crore can be made entirely through GeM. However, DSD did not offer any comment on the issue of not conducting periodic review of 10 best-selling items.

1.7.6 Inefficient utilisation of portal due to inadequate training

To ensure smooth transition to GePNIC, GoH approved (May 2019) a proposal to conduct the initial two to four rounds of training programs by NIC alongwith the responsibility for providing further training to departmental users and bidders by DSD.

3 (i) Haryana Police Housing Corporation: 11 tenders, ₹ 3.74 crore, (ii) Electrical Division, HSVP, Panchkula: 3 tenders, ₹ 13 lakh and (iii) Municipal Corporation, Karnal: 27 tenders, ₹ 1.41 crore.

4 (i) Haryana Police Housing Corporation: ₹ 58.04 lakh, (ii) MC, Karnal: ₹ 90.48 lakh (iii) SE operation Karnal: ₹ 14.89 lakh (iv) PWD (B&R) division Rewari: ₹ 2.2 lakh.

5 HDPE/PP bags, Utility vehicles, Cars, Buses, Tractors, Ambulances, Desktop/ Computer/PC/Laptops, Multifunctional machines, Office furniture, Air conditioner/ Drinking water cooler.

Audit noticed that there were 74,551 users[6] on the portal as of May 2023 but training was imparted to only 463 (0.62 *per cent*) departmental users up to June 2019. No training was arranged thereafter. Lack of training contributed to issues, such as incomplete tender status, non-adjustment of EMD/fee, non-linkage of re-invitation of tenders etc. which have been highlighted in this Audit. Effective training of departmental users could have been helpful in resolving technical problems faced by prospective bidders in bid submission and encouraged increased bidder participation.

DSD stated (May 2025 & June 2025) that it had requested NIC to provide periodic training to the departmental users and assured that it will expand PMU to resolve the identified deficiencies.

1.7.7 Absence of documents relating to Change Management, Business Continuity and Disaster Recovery

Change management policy, BCP, and DRP were essential to ensure that system changes were made in a controlled and secured manner. However, the nodal department did not furnish the above documents. As such, audit could not confirm whether changes were properly authorised, tested and implemented. Further, the adequacy of system changes and preparedness for operational continuity could not be assured.

In the exit meeting (June 2025) DSD assured that the documents/ records would be provided to Audit. However, the same were awaited (December 2025).

1.8 Tendering process and controls

The tendering process was found to be deficient as instances of inadequate bid publicity, insufficient time allowed for bid submission, non utilisation of tender-cum-auction functionality, lack of linkage between re-invited and original tenders, nomination of duplicate users for tender processing were noticed. Further, the system design was weak as business rules were not mapped regarding extension of time, duration of time for keeping the bid open, time given for grievance redressal, issue of corrigenda, etc. The system also lacked controls to prevent irregular practices such as extensions of tenders for short durations decryption of bids on different dates and out of sequence opening of bids.

1.8.1 Registration of users

The user registration module is first step for all stakeholders in the system and is critical to ensuring the authenticity and accountability of users participating in tender activities. Audit scrutiny revealed following observations in respect of registration of users.

6 6,424 Departmental users and 68,127 bidders.

a) Non-Capturing of user details

Analysis of database revealed that 68,127 bidders and 6,424 departmental users were registered on the portal as of May 2023 but mandatory fields such as company registration number for 7,604 bidders, company name for 683 users, state name for 7,662 users, postal code for 7,604 users, Permanent Account Number (PAN) number for 57 users were not captured on the portal. Therefore, the information of mandatory fields were missing in these cases.

b) Registration of users with similar credentials

Audit found that on 9,425 mobile numbers multiple users (23,711) were registered whereas on 4,764 e-mail address multiple users (12,649) were registered. It was further noticed that on 3,138 mobiles and e-mail IDs had multiple users (7,162) registered. Further, nine users were registered with the mobile number having length less than 10 digits and 561 users were registered with invalid mobile numbers[7], indicating inconsistencies in data validation. Furthermore, 37 duplicate departmental users were with same name, mobile number, email Id and 23 of these duplicate departmental users were created in same units whereas remaining 14 were created in different units. This flaw facilitated 529 tenders being opened by a single user based on two distinct IDs as highlighted in *Paragraph 1.8.3.1*.

c) Registration of users with same Permanent Account Number/incorrect Permanent Account Number

Data analysis revealed that 235 users had filled wrong PAN (mandatory field). Further, on 9,512 PANs multiple users (24,520) were registered indicating identity duplication and one PAN number (AESTG2458A) was used for 577 users. On the other hand, 29 users were registered with multiple PANs. In these cases, User ID assigned by the system to these users were same but their PANs were different.

d) Registration of users with same Goods and Services Tax Identification Number

Goods and Services Tax Identification Number (GSTIN) was available for only 12,575 out of 68,127 registered bidders leading to absence of GSTIN for 55,552 bidders (81.54 *per cent*) and 494 GSTIN had multiple bidders (1043) indicating identity duplication.

NIC replied (December 2024) that based on audit recommendation, the pattern verification in the PAN for new registration has been implemented and online checking of PAN/GSTIN integration with GSTIN was under progress. Older records would also be verified once the integration was completed. Outcome was awaited (December 2025).

[7] All the digits were the same or the digits were in increasing order.

Thus, validation in respect of above issues was missing in the system which is required to be enforced. Due to the absence of control, multiple bids by the same user in a tender could not be restricted and risk of sharing of alert messages with other unintended users registered with the same mobile number/email existed.

NIC further stated (December 2024) that it was a business requirement to create multiple login accounts with the same mobile number or email. The users could be from the same company at different locations or different departments participating for the tenders of different TIAs.

However, it was noticed that the system does not restrict creation of multiple users with same details (mobile number, e-mail ID, PAN, GSTIN) even for users of different companies. Moreover, no reply was provided in relation to capturing invalid mobile numbers/PAN.

DSD accepted the observation and stated (May 2025) that it had requested NIC to do the needful and enforce required validations on the mandatory fields. Final action in this regard was awaited (December 2025).

1.8.2 Invitation of tenders

1.8.2.1 Non-utilisation of 'tender cum auction' functionality

TIAs were required to choose appropriate 'form of contract' out of 21 different options in the drop-down at the time of creating a tender on the portal. Tender cum auction was a combination of both 'tender and auction' and to be used for price discovery through auction system.

Data analysis revealed that the TIAs chose 'auction' option instead of 'tender-cum-auction' in 377 tenders for auction of shops/ advertisement rights/ disposal of stock and stores. The same was corroborated during test check of four tenders[8]. Though the TIAs were required to opt for auctioning the item under real time bidding for maximisation of rate, the TIA opted for fixed price and sold to the H1 bidder, thereby risking sub-optimal price realisation.

DSD accepted the observation during exit meeting (June 2025) and stated that instruction had been issued to the respective TIAs.

1.8.2.2 Non-linking of re-invited tenders with original tenders

The system contains functionality to keep a link of all tenders which are re-invited with their penultimate tenders for having a trail of re-invited tenders with original tender. The system, thus, keeps a link between a tender and its re-tender by assigning the next sequential number to the re-tender, e.g., a tender

[8] (i) 2018_HRY_72907_1, (ii) 2021_HRY_161187_1, (iii) 2022_HBC_209308_1, (iv) 2022_HBC_243291_1.

floated in 2022 by a corporation (HBC) with serial number 211548 and published for the 'third time' would have Tender ID: 2022_HBC_211548_3.

Audit noticed that 14,750 tenders were re-called but floated as a fresh tender as TIAs failed to link re-invited tender with its previous tender on the portal. As a result, no audit trail existed in the database regarding linking of such recalled/ re-tendered tenders making it difficult to track tendering history. Moreover, publishing of a fresh tender in place of re-tender was more time consuming as it involved re-input of all the details of the tender by the TIA, whereas in re-tender only limited details were to be filled in/attached.

During test check of the records of 26 TIAs, audit noticed that 61 test checked tenders were re-tendered by 16 TIAs, but procedure for linking the re-tender with previous tender was not followed. Five TIAs[9] noted the observation for future compliance. Reply of PWD PD-1, Sirsa that retendering could not be done after expiry of bid submission time, and PWD (B&R) PD, Rewari (July 2025) that proper procedure was adopted for recalling the tenders were not relevant to the issue raised in audit. Remaining nine TIAs[10] did not furnish any comment. An illustrative case of non-linking of the re-tender with initial tender, as noticed during audit is discussed below:

- Municipal Corporation, Gurugram awarded (May 2020) three tenders[11] of Maintenance of Tubewells and Boosting Stations for ₹ 123.24 lakh to an agency against the estimated cost of ₹ 54.37 lakh, which was 119 to 134 *per cent* above the estimated price. Data analysis showed that these tenders were re-tendered (April 2020) as their earlier tenders[12] were rejected by TIA (March 2020) even though the rates received were ₹ 34.47 lakh against the estimated cost of ₹ 54.37 lakh which were 31 to 42 *per cent* below the estimated rates. This resulted in acceptance of tender during re-tendering at price higher by ₹ 88.77 lakh (₹ 123.24 lakh *less* ₹ 34.47 lakh). It is pertinent to mention that in subsequent years, similar works were awarded (April-July 2022) at 26 *per cent* to 50 *per cent* below the Detailed

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9 1. Public Health Engineering Division, Mandi Dabwali, Sirsa; 2. General Manager, Haryana Forest Development Corporation Limited, Kurukshetra; 3. GWI Public Health Engineering Division, Rewari; 4. Vice-Chancellor, Pandit Bhagwat Dayal Sharma University of Health Sciences, Rohtak; and 5. Haryana Police Housing Corporation Limited.

10 1. Director, Medical Education & Research, Haryana, Panchkula; 2. Municipal Corporation, Gurugram; 3. Municipal Corporation, Karnal; 4. Municipal Council, Charkhi Dadri; 5. Executive Engineer, Division-V, HSVP, Gurugram; 6. Executive Engineer, Electrical Division, HSVP, Panchkula; 7. Executive Engineer, Division-I, HSVP, Faridabad; 8. Executive Engineer, Division-III, HSVP, Faridabad and 9. Public Health Engineering Division No. 1, Ambala.

11 2020_HRY_125821_1, 2020_HRY_125822_1 and 2020_HRY_125823_1.

12 2020_HRY_123500_1, 2020_HRY_122943_1 and 2020_HRY_123525_1.

Notice Inviting Tender (DNIT) amount, indicating that linking of re-invited tenders could have provided critical insights to the approving authority. This needs to be examined by the appropriate authorities to rule out any non-bonafide process adopted in the retendering done in April 2020.

The absence of linkage of re-invited tenders with the original tenders led to acceptance of tenders at a higher rate, disregarding lower bids received in previous attempts. A robust mechanism ensuring mandatory linking of re-invited tenders is essential for improved accountability and cost-effectiveness. Further, ensuring mandatory linkage of re-invited tender will ensure accurate MIS for the purpose of decision making.

1.8.2.3 Missing input controls for some critical date fields

During the tender creation process, the system requires the entry of multiple date fields including document sale start date, clarification end date, pre-bid meeting date, tender publication date, bid submission deadline, and bid opening date. These dates serve as critical triggers for various actions and milestones in the tender lifecycle. However, data analysis revealed six[13] distinct types of anomalies in the date fields, attributed to the absence of input controls. Consequently, these anomalies led to actions being performed out of sequence, potentially disrupting the tender process, and undermining the fairness and transparency of the procurement process. Lack of adequate input controls, thus compromised the system's ability to ensure a structured tender management process.

1.8.2.4 Inadequate time for bid submission

As per the data dump, the state published 2.18 lakh works, 15,726 goods and 12,930 service tenders during 2018-23. Data analysis revealed that the prescribed timelines for bid submission, as per rule 6.5(ii) of the Manual of DSD[14] and PWD instructions[15], were not followed in a significant number of cases:

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[13] (i) Tender document sale start date after seek clarification start date- 38 cases; (ii) Document sale start date after seek clarification end date- 3 cases; (iii) Tender document sale start date after pre-bid meeting date- 12 cases; (iv). Bid submission closing date after bid opening date- 6 cases; (v) Bid opening date before tender document sale end date- 6 cases; (vi) Bid submission date after bid opening date- 8 cases.

[14] Minimum 30 days for open tenders and two weeks for short term/ special tenders.

[15] Seven days for works valuing up to ₹ five lakh alongwith two days for circulation of notice and two weeks for works exceeding ₹ five lakh alongwith seven days for publication of appropriate advertisement in newspaper.

- **Goods tenders:** Prescribed time of 30 days was not given in 13,334 (84.79 *per cent*) of total 15,726 tenders.
- **Works tenders:** Prescribed time of seven[16] to 14[17] days was not given in 1.28 lakh (58.83 *per cent*) of the total 2.18 lakh tenders; In three tenders, valuing ₹ 81.56 lakh the time granted was as low as 20-25 minutes, during which the all bids were also submitted from the same IP address.
- **Services tenders:** Though no specific time limit was prescribed for tenders related to procurement of services, less than seven days were given in 3,887 (30.06 *per cent*) of the total 12,930 tenders.

Scrutiny of selected tenders also revealed that adequate time was not provided for bid submission in 57 tenders ***(Appendix 1.2)*** valuing ₹ 136.96 crore in nine TIAs without recording any reason.

Absence of business rules mapping in the system on the prescribed timeline led to grant of insufficient time to bidders, which in turn resulted in restricted competition, and compromised transparency & effectiveness in the tendering process.

DSD stated (May 2025) that it had issued (May 2025) common instructions to all departments to give time as per extant rules. However, the reply may be viewed considering that the rules regarding bid submission were already in effect/ existence.

1.8.2.5 Inviting limited tenders without framing rules

Punjab Financial Rules (PFR) 2015 (as applicable to Haryana) laid down rules for purchase of store items using limited tender system for immediate requirements. Financial powers in this regard were to be framed by the Government from time to time.

Data analysis revealed that out of 15,726 tenders for goods, 173 tenders were invited on limited basis, however, the financial limit up to which tenders for goods could be invited through limited mode was not prescribed. In absence of any prescribed financial limit, rules could also not be prescribed in the system. Similarly, 61 tenders for works and 20 tenders for services were invited on limited basis without regard to any prescribed financial limit. Test check of tenders revealed as under:

[16] 29,449 out of total 83,346 tender having tender value up to ₹ five lakh.

[17] 98,596 out of total 1,34,312 tender having tender more than ₹ five lakh.

- In 152 limited tenders for goods, five or less than five suppliers participated in the tender in violation of the PFR, which mandated receipt of quotation from at least six bidders. This indicated non mapping of the existing provisions for Limited Tenders in the System.

- In 64 out of above 152 tenders, contracts were awarded based on five or less than five bids.

- Only 625 out of 2,470 invited bidders submitted their bids for 173 tenders indicating poor participation.

Audit observed that most of the limited tenders invited by TIAs were for works/ procurement of routine nature which was not in accordance with the rules *ibid*.

Further, during test check, it was noticed that in case of one tender valuing ₹ 40.45 lakh for maintenance of office building, invited by "Electric Division HUDA, Panchkula as limited tender, bids were invited from three bidders. From the three invited bidders, two bidders participated in the tender. Urgency of work, if any, was not recorded in the file.

DSD stated (May 2025) that the State had done all procurements as per the rules and instructions of the State. Reply was not acceptable as PFR, 2015 provided for procurement of only store items through limited tenders, while limited tenders were called for works and routine nature of procurements also.

1.8.2.6 Splitting of work while inviting tenders

Para No. 13.20.3 of state PWD code stipulates that the splitting up of work at the time of calling tenders should not be resorted to with the intention of evading the operation of any prescribed limit; any such action constitutes financial impropriety on the part of the officer.

During scrutiny of records in selected units, audit observed following cases of splitting of works:

- Divisional Forest Officer (DFO), Nuh published 11 different tenders on the same day for one work, i.e., rehabilitation of Arawali with estimated DNIT amount of ₹ 15.1 lakh each. Their DNITs were got technically approved at the level of DFO, Nuh.

- Executive Engineer, Panchayati Raj Institution (PRI), Nuh, published six different tenders for identical works on the same day with estimated DNIT amount ₹ 9.76 lakh in each case.

- Municipal Corporation, Faridabad, published three different tenders on the same day for similar nature of work.

- PHED, Tosham published 31 tenders[18] of similar nature on the same day for its three subdivisions with DNIT below ₹10 lakh each.
- During 2021-22 and 2022-23, the annual estimate for felling of trees in districts were available in advance with Haryana Forest Development Corporation (HFDC). HFDC first issued tenders for Kurukshetra and Kaithal for ₹ 80 lakh (i.e. limit of delegated powers of CCF) and upon completion of work, further issued tenders for ₹ 80 lakh. Accordingly in two years, a total of four[19] (Kurukshetra) and five[20] (Kaithal) tenders were issued for similar works by splitting into two/three tenders.

These tenders could have been consolidated into a single tender instead of floating as multiple tenders. Splitting of work deprived the department of the inherent benefits of competitive bidding in the tendering process, as it discouraged the participation of agencies capable of executing high-value works.

Accepting the audit observation, HFDC stated (September 2024) that in future one time approval for the whole financial would be obtained from competent authority. Presently the e-Procurement portal does not have functionality for preparation and approval of estimates, which could facilitate identification and avoiding of splitting of works. However, functionality of flagging such instances may be incorporated in the portal to generate alerts based on data filled at the time of tender creation, like tender amount, publishing date, and title of the work.

Accepting the audit observation DSD stated (May 2025) that it was due to lack of knowledge of users about the portal. It has requested (May 2025) the NIC to arrange periodic trainings for the users.

1.8.2.7 Limited period allowed post corrigenda and bid extensions after deadline

The last date for bid submission and bid opening for a tender are established when the tender is published on the portal. After publishing, TIAs may upload corrigenda if needed. The State Government instructed (April 2019) TIAs to upload corrigenda well in advance or recall the tender with correct information. Audit noticed that business rules regarding the period for keeping tenders open after issuing corrigenda were neither prescribed nor enforced in the system. Data analysis revealed that a total of 15,065 corrigenda (excluding time

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18 (i) Bawani Khera 13 tenders; (ii) Kairu 10 tenders; (iii) Tosham 8 tenders.

19 (i) 2021_HBC_172898_2, (ii) 2021_HBC_198216_1, (iii) 2022_HBC_214519_1, (iv) 2022_HBC_244523_1.

20 (i) 2021_HBC_159129_1, (ii) 2021_HBC_172931_2, (iii) 2021_HBC_198206_1, (iv) 2022_HBC_214520_1, (v) 2022_HBC_240335_1.

extensions) were issued for 12,741 tenders, all before the scheduled tender opening date. However, in 898 cases corrigenda were released less than a day before bid submission of which 58 corrigenda were issued in last hour of bid submission, 1,182 corrigenda within 1-2 days, 3,541 corrigenda within 2-5 days, and the remaining 9,444 corrigenda were issued more than five days prior to bid submission. In 5,621 cases (37.31 *per cent*), corrigenda were issued without giving sufficient time for bidders to respond, thereby reducing competition and compromising transparency. Thus the business rules regarding time period for keeping the tender open after issue of corrigenda were neither prescribed nor enforced in the system.

Further, data analysis revealed that corrigenda for time extension were issued in 31,248 tenders, of these in 943 cases bid submission time was extended after lapse of tender submission date that too for less than 24 hours. 7,558 tenders were extended up to five days. Notably, for 3,553 tenders, bid submission deadlines were extended before the initial deadline lapsed, whereas for 4,005 tenders extensions occurred after the deadline had passed a critical point since bid visibility becomes available to the organization after the deadline. Out of 31,248 tenders, in 24,590 tenders bids were received after time extension for bid submission.

Short-term extensions occurred more frequently after the initial deadline, some lasting as briefly as two minutes, raising suspicions of unfair practices.

Out of 943 corrigenda extending bid submission by up to one day, 833 (88 *per cent*) were issued by six key departments, with the Urban Local Bodies Department alone accounting for 541 (57 *per cent*) corrigenda.

A pattern suggests possible collusion between officials and contractors, leading to tenders being awarded at higher rates.

- 228 tenders had no initial bids, but bidders suddenly became active post-extension, submitting one to seven bids, with 166 cases showing bids from the same IP address.
- 370 tenders had only one initial bid, but post-extension, 329 tenders received one to six new bids, and in 172 cases, earlier bidders revised their bids. 76 tenders showed all bids from the same IP address.
- 345 tenders had multiple initial bids, but in 74 cases, only revisions were made, and in 20 tenders, all bidders resubmitted their bids from the same IP address.

Suspicious patterns emerged suggesting possible collusion between officials and contractors to manipulate tender outcomes. Specifically, 228 tenders had no initial bids but saw bidder activity post-extension, with multiple bids from the same IP addresses in many cases. Similarly, tenders with one or multiple initial bids received numerous new bids or revisions post-extension, often originating from the same IP addresses. Extending bid submission deadlines after they have lapsed allows officials to view bid counts, raising serious concerns about fairness and manipulation.

DSD stated (May 2025) that 28 high-value tenders were selected for examination, and the Urban Local Bodies Department had been requested to investigate suspicious extensions. However, during the exit meeting (June 2025), DSD indicated the matter pertained to TIAs and that responses would be furnished by them. This reply was deemed unacceptable since DSD could arrange controls to prevent such irregularities. The final outcome of the examination is awaited.

1.8.3 Tender Opening

1.8.3.1 Nomination of duplicate users for tender opening

Minimum two distinct users were required as bid openers on the portal. Data analysis revealed that 24 departmental users had registered themselves twice and obtained two distinct user IDs by making slight changes in their particulars such as names. The system accepted the users with same mobile numbers as different users which reflects lack of validation controls in the system.

It was further noticed that these 24 users having duplicate IDs were nominated as distinct bid openers in 2,438 tenders valuing ₹ 1,388 crore with their both IDs and 529 out of 2,438 tenders were opened by these 24 users with their duplicate IDs to bypass the requirement of two distinct users. During test check of TIAs it was noticed that in one TIA i.e. PHED GWI Rewari, one user was registered with two IDs i.e. 33,570 and 51,647. These users were also nominated separately for opening 220 tenders.

The duplicity of user IDs undermine the fairness and transparency of the tendering process effectively violating the procurement norms. This resulted in multiple tenders being opened by a single user. Absence of validation control regarding creation of duplicate user and their nomination for a single tender resulted in opening of tenders by single user and violation of business rule in this regard.

During the exit meeting (June 2025) DSD accepted the audit observation.

1.8.3.2 Opening bids of same packets with long delay

NIT specify designated tender opening dates and times which are essential for a fair and efficient procurement process. Data analysis revealed that there were delays in opening bids within the same packet (both technical and financial), ranging from one day to over three days in 2,378 packets across, 2,363 tenders. Such delays may affect decision-making, and compromise transparency in the tendering process.

The system lacks adequate controls because it does not automatically open the bids within a packet; instead the bids are opened by the user.

DSD stated (May 2025) that delay in packet opening might be due to non-availability or busy schedule of the officer concerned. The reply is not acceptable because the necessity of opening tenders at specified date and time as per requirement of tender documents indicated that tender opening once started should have been carried out till completion.

1.8.3.3 Non-ensuring sequence while opening packets of bid

While opening the tenders, the different packets received from bidders were to be opened in following sequence.

Fee → **Prequalification** → **Technical** → **Financial**

Each packet was to be opened sequentially, with all bids in a packet decrypted before moving to the next packet. As such, the system should ensure that subsequent packet was not opened until all bids in the previous packet were opened.

Data analysis revealed that, in 10 bids, of eight tenders, documents of the next packet with more than one packet were opened without opening their previous packet documents. Further, 16 bidders were rejected financially in seven tenders without opening their financial bids and six bidders were rejected technically in five tenders without opening their technical packets. Out of above mentioned seven tenders, three tenders valuing ₹ 42.95 lakh had been awarded, while remaining four tenders were yet to be awarded.

Thus, the system failed to prevent the user from rejecting a bid before opening its bid related to a particular packet where bids of other bidders for the same packet had been opened. Further, it suggested a lack of control over system's ability to ensure the sequence of opening bids.

DSD accepted (May 2025) that the system required improvement to fix the issue and stated that it had requested (May 2025) NIC to upgrade the necessary hardware/infrastructure to ensure consistency of data.

1.8.3.4 Irregularities related to bid documentation

(a) Acceptance of bids by system without mandatory documents upload

Data analysis revealed that though one or more mandatory documents such as "documents as per DNIT", 'fee payment details', and 'enlistment certificate' were not uploaded on the portal in 12 cases yet the system accepted these bids. Further, these bids were subsequently declared qualified during the technical evaluation of the tenders. The irregularity was corroborated during test check of records related to two tenders[21].

DSD stated (May 2025) that it had issued (May 2025) instructions to all the departments to upload necessary documents like DNIT, fee payment details etc. while uploading tender on the portal. Reply is not appropriate as the issue was related to system deficiency which remained unaddressed.

(b) Physical submission of documents undermining the concept of e-bidding

The GePNIC was launched with the objectives to transform public sector purchase activity from labour intensive paper based to efficient e-Procurement process.

Audit, however, observed that 233 bids were rejected due to non-submission of physical copy of tender documents. Further, in all the 14 tenders in four test check divisions of HSVP[22], the bidders were required to submit their tender documents online as well as physically. As a result, tenders of three TIAs[23] showed that bids were rejected on this basis. Physical submission of documents by bidder defeats the objective of using e-Procurement portal.

During exit meeting (June 2025) DSD stated that specific replies would be furnished by TIAs. However, their reply was awaited (December 2025).

1.8.3.5 Not opening financial bids of eligible bidders

Data analysis revealed that there were 330 technically qualified bids in 77 tenders, valuing ₹ 22.23 crore, where all 77 financial packets were decrypted and opened. However, out of these, only 167 financial bids were decrypted whereas 163 financial bids were not decrypted. Audit found that 32 tenders were cancelled/re-tendered, 44 were lying published and one tender was awarded on the portal. Decision for cancelling the tenders by opening only some of the financial bids was irregular. Test check of three tenders valuing ₹ 53.74 lakh corroborated the fact that financial bids were not being decrypted despite decryption of financial packets.

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21 (i) 2020_HBC_128882_1 and (ii) 2022_HRY_230659_7.

22 Haryana Shehri Vikas Pradhikaran.

23 1. Executive Engineer, Electrical Division, HSVP, Panchkula; 2. Executive Engineer, Division-V, HSVP, Gurugram; and 3. Executive Engineer, Division-I, HSVP, Faridabad.

It shows that the system lacked appropriate controls leading to (a) awarding the contract without opening the financial bids of all the bidders, and (b) cancelling/ keeping under process the tenders after opening the financial bids of selective bidders. Thus, in absence of controls in the system it failed to automate the process of opening of all eligible bids within a packet and allows manual intervention while opening of bids within a packet.

DSD stated (May 2025) that it had directed (May 2025) NIC to enforce validation controls in technical and financial opening of bids.

1.8.3.6 Missing email/message alerts for key tender events

Alerts at every stage of the tender process were required to be sent to users via email/Short Message Service (SMS) on their registered mobile numbers and email addresses to ensure transparency, timely communication, and accountability in the e-Procurement process.

Data analysis revealed gaps in the notification system as email alerts were not sent to the relevant users for critical events such as user account blocking (in 95.1 *per cent* of cases), account unblocking (80.3 *per cent*), and rejection of tender evaluation (39.8 *per cent*). Similarly, SMS alerts were not triggered for important events, like evaluation rejection (39.8 *per cent*) and AoC, etc.

Further, it was observed that no SMS alerts were sent to bidders for some crucial events like issuance of corrigendum, intimation for blocking and unblocking of user, intimation for cancellation/re-tendering of tender, rejected-AoC status, etc., though e-mails were sent for these events. This leaves the departments susceptible to low participation.

DSD accepted the audit observation and stated (May 2025) that it had requested (May 2025) NIC to fix the issue.

1.8.3.7 Incorrect award details on the portal

Test check of records related to 20 tenders revealed that in 12 tenders valuing ₹ 1.87 crore, the bidders to whom contract were shown as awarded on the portal, were different from the ones to whom the contracts were actually awarded. It indicates that incorrect data/information of AoC of contracts was uploaded by the department, defeating the objective of bringing transparency of the e-Procurement System. It was also observed that due to incorrect uploading/ updation, the EMDs of successful bidders to whom tender was awarded were refunded, while those of the rejected bidders were erroneously transferred to the Department’s account.

It also led to generation of unreliable reports as they reflect incorrect information regarding successful bidders.

DSD stated (May 2025) that it was due to lack of knowledge of users about the portal and it had requested (May 2025) NIC to arrange periodic trainings for users.

1.8.4 Evaluation of Bids and award of tenders

1.8.4.1 Unjustified rejection of bids on technical grounds after opening the financial bids

During the processing of tender finalisation, technical bid should be opened and evaluated first. Thereafter, the financial bids of only technically qualified bidders should be opened. Further, if it becomes evident during the technical evaluation that only one bidder remains, the acceptability of that bid should be determined before opening the financial bids. Therefore, mere presence of a single bid should not be a reason for cancellation once the financial bids have been opened.

However, following deficiencies were noticed during data analysis:

- Financial bids for 109 bids in 79 tenders valuing ₹ 111.58 crore were opened although these bids were later stated to be rejected on technical grounds. Further, 22 out of these 109 rejected bids were L-1 after opening the financial bids.
- Similarly, financial bids for 135 tenders were opened where the tenders were stated to be cancelled due to the participation of a single bidder.

Cancelling the tenders on technical grounds/single bid basis after opening of financial bids was not appropriate as technical suitability and participation level (single bidder participation) precedes the financial opening of bid. Technical/ financial evaluation through the system (instead of evaluating manually and then uploading the reasons on the system) could have avoided rejection of bids on unjustified grounds.

DSD accepted the observation and stated (May 2025) that it was due to lack of knowledge of users about the portal and NIC has been requested (May 2025) to arrange periodic trainings for users.

Attributing such lapses to user ignorance highlights inadequate oversight by DSD. As the nodal agency, it was DSD's responsibility to ensure proper training and compliance with standard procedures to maintain the integrity of the tendering process.

1.8.4.2 Irregularities in award of tenders

(a) Awarding contracts to blacklisted firms

- Data analysis revealed that, four blacklisted bidders[24] participated in 170 tenders across various MC offices and 19 tenders with estimated cost of ₹ 2.06 crore had been awarded to one of them. Additionally, complete details of 47 tenders wherein these blacklisted bidders

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[24] (i) M/s Mukesh Kumar Contractor, (ii) The Swachh Haryana Coop L/c multipurpose Society ltd, (iii) The Rohini Coop L&C Society Ltd. (iv) Sandeep Kumar Contractor.

participated had not been uploaded on the portal by the concerned offices. This indicated lapse in monitoring and transparency.

- Similarly, two blacklisted bidders[25] participated in the tenders during their blacklisting period. Though, no tender was awarded to them yet one of them qualified during technical evaluation and its financial bid was opened.

This also indicates lack of awareness of the tender evaluation committee about blacklisting, as the information was not mapped on the portal, allowing the bidder to qualify.

Participation of blacklisted bidders despite there being a provision in the portal for blacklisting/blocking bidders indicates a failure in updating and communicating blacklisting status, leading to non-compliant bidders being considered for contract awards.

(b) Award of tenders on single bid

As per para 13.18.1 (g) of Haryana PWD code, "single tender shall normally not be considered unless there are special circumstances to do so. If special circumstances are not present, tender shall be recalled. If re-tendering again results in a single tender, its acceptance may be considered with proper justification and reasons."

Data analysis revealed that single financial bids were opened in case of 6,895 tenders (excluding re-invited tenders), and these tenders were awarded to the single bidder.

Further, scrutiny of 16 test[26] checked tenders in five[27] out of 26 TIAs, revealed that nine tenders valuing ₹ 2.62 crore were awarded on single tender basis without recording the reasons for awarding the tenders on single bid.

Audit found that the system did not have functionality to capture the specific reasons for awarding the tender based on single bid. As such, the System was deficient to the extent that the approval of competent authority for awarding tender on single bid was not being taken through the system.

25 (i) Gramin Vikas Trust, (ii) Radical Crop Science Pvt. Ltd.

26 (i) 2020_HBC_123043_1 (ii) 2019_HBC_102655_1 (iii) 2020_HBC_139465_1 (iv) 2020_HBC_138414_1 (v) 2022_HBC_221651_2 (vi) 2019_HRY_109637_1 (vii) 2019_HRY_109638_1 (viii) 2022_HRY_203416_1 ix) 2020_HRY_153868_1 (x) 2022_HRY_247624_1(xi) 2023_HRY_254557_1 (xii) 2021_HRY_164864_1 (xiii) 2021_HRY_165454_1 (xiv) 2022_HRY_206002_1 (xv) 2021_HRY_165083_1 (xvi) 2022_HRY_245617_1.

27 (i) HFDC Kurukshetra (ii) HSVP Electrical Division, Panchkula (iii) MC Gurugram (iv) MC Karnal and (v) State Election Commission.

TIA, State Election Commission stated (April 2024) that retender was not feasible due to shortage of time. However, the TIA did not offer any comments on absence of functionality in the system to capture specific reasons for awarding the contract on single bid basis.

(c) Five tenders were allotted in PHED 1, Ambala, at a price higher than the lowest price bid received against them. In four tenders, the reason provided was data entry error but one tender[28] was awarded at a price higher than the lowest bid price. Audit analysis revealed that the financial bid of L1 bidder was not considered, though he was technically qualified. This resulted in award of work at ₹ 31.75 lakh against L1 amount of ₹ 29.42 lakh.

(d) Three tenders[29] in HFDC, Kurukshetra were awarded at a price higher than the lowest price bid received there against which resulted in bid acceptance at higher price by ₹ 9.39 lakh. Audit analysis revealed that the irregularity occurred due to incorrect technical/financial evaluation, which was done manually.

Thus, offline processing of financial evaluation undermined the use of the e-Procurement portal.

DSD stated in the Exit meeting (June 2025) that specific reply would be submitted by TIAs. However, the same was awaited (December 2025).

1.8.4.3 Absence of bid values submitted by bidders in the database

Data analysis revealed that the portal could not read bids in some of the tenders; detailed as given below:

(i) Financial packets in 9,174 tenders[30] were opened and their bids were financially decrypted, but the Bill of Quantities (BoQ) files submitted by bidders could not be read by the system and their financial bid values were not available in the database. Thus, system could not generate comparative BoQ in these cases and as a result, BoQ was prepared manually and audit could not ensure integrity and precision of the financial evaluation in these cases.

During the test check of 121 tenders, audit observed that the system was unable to read the BoQs uploaded by bidders because, during tender creation, the TIAs uploaded the BoQs under 'additional documents' instead of the designated BoQ section or in pdf/ non-standard template rather than the required format/template. For instance, in PHED, Dabwali the system did not work out the comparative statement correctly and the same had to be worked out manually. Further, scrutiny revealed that some items in BoQ were regarding

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28 2021_HRY_ 181953_1.

29 (i) 2022_HBC_216732_1, (ii) 2022_HBC_226226_1, (iii) 2021_HBC_173993_6.

30 Excluding 717 tenders related to rate contract or empanelment.

sale of old material which were added by the system instead of deducting the same, resulting in inflated amount. The function required to be rectified in the BoQ template.

(ii) 15,677 bids across 7,539 tenders were financially opened, but their bid values were missing from the database, whereas, for 15,971 financially opened bids within the same 7,539 tenders, bid values were available in the database. This indicates that while the system successfully read some bids but it failed to read others.

In the above mentioned 16,713[31] tenders, bidders whose bid value was not captured in the database, were not included in the comparative statement generated by the system. Therefore, either the comparative statements were not generated by the system or the generated statements did not have rates of all the bidders whose financial bids were opened. It undermines the functionality of the system to generate reliable and fair financial comparative statements.

System should have functionality to validate the BoQ and a feature could be added in the system to prevent uploading the BoQs under additional documents at the time of creating a tender.

DSD accepted the audit observation and stated (May 2025) that reply sought from NIC was awaited.

1.8.4.4 Discrepancy in Mandatory Uploading of Evaluation Summaries

Data-analysis revealed that mandatory technical evaluation summary of 85 cases valuing ₹ 2.07 crore and financial evaluation summary of 57 tenders valuing ₹ 47.36 crore was not uploaded by the concerned TIAs. Despite this the system allowed them to go to next tender stage of 'Award of Contract (AoC)'. Processing a stage of tender without uploading documents relating to earlier stage indicated lack of system control. Consequently, the objective of transparency in procurement process was also compromised.

DSD accepted the observation in the exit meeting (June 2025) and instructed NIC to clarify about existence of control in place.

1.8.4.5 Ambiguity in calling financial bids leading to rejection of bidders

Scrutiny of records at the O/o General Manager, HFDC, Kurukshetra revealed that a proforma of financial bid was attached in DNIT for submission of item wise rates under two columns, i.e., name of items and rates. However, instructions to fill 'BoQ' sheet only on the portal were not impressed upon while uploading the instructions.

As there was no clarity on this account, it was observed in case of two tenders, one of the bidders submitted financial rates in this proforma and attached it with the

[31] 9,174 tenders with non-readable BoQ files+ 7,539 tenders with missing bid values.

technical packet as the bidders had to fill all the details required in DNIT and sign every page for the compliance of technical eligibility. As a result, its financial quotes were revealed at the time of technical evaluation leading to disqualification of bidders.

Further, examination of records of these two cases[32] revealed that tender was cancelled and decided to be recalled in one case, while in other case, the bidder was rejected and HFDC did not go for re-tendering.

Targeted training should have been implemented to resolve the ambiguities, avoid hampering competition and reduce unnecessary disqualifications.

HFDC accepted (September 2024) the observation and assured for future compliance.

1.8.4.6 Non-determination of L1 bidder for identical bids

Data analysis revealed that the portal lacked a provision to determine the L-1 bidder in cases where multiple bidders ranging from 2 to 35 quoted identical rates and the system shows these bidders as L-1 and required manual intervention for further decision.

It was further observed that same rates were quoted by multiple bidders in 1,335 tenders (valuing ₹ 695.07 crore) of which 848 tenders (valuing ₹ 499.95 crore) were awarded/allotted, 89 tenders (valuing ₹ 72.13 crore) were cancelled/ retendered while the details of the remaining 398 tenders (valuing ₹ 122.99 crore) were not updated/details not available on the portal. Further in case of 196 (valuing ₹ 30.50 crore) out of these 1,335 tenders IP address of the bidders was also same.

The absence of a provision to determine the L-1 bidder in cases of identical bids leads to manual intervention, making the process prone to delays, inefficiencies and potential bias. As the system was not designed to obtain negotiated rates online, the risk of subjectivity in deciding L-1 for identical bids increased since the same was carried out manually. Audit observed that no business rules regarding action to be taken in case of receipt of identical L-1 was included in the bid documents leading to use of discretion in taking decision by the TIAs and thereby compromising the transparency in tender finalisation.

NIC replied (December 2024) that tie breaker module was available in GePNIC system and it could be enabled for state portal based on request from the nodal/implementing agency. DSD accepted (June 2025) the observation and stated that it had requested (May 2025) NIC to enable the module for the State of Haryana.

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32 (i) 2022_HBC_212235_2, and (ii) 2022_HBC_216732_1.

1.8.4.7 Inadequate time for representation

As per the Grievance Redressal Instructions (2016), bidders must be given five days to submit representations regarding technical evaluation after receiving an intimation, and a final decision must be made within the next five days. Financial bids should only be opened after this 10-day grievance period.

Data analysis revealed that financial bids of 15,222 tenders were opened before the lapse of five days even though one or more bids were technically rejected. In these cases, the financial bids were opened within a timeframe ranging from three minutes to five days after the technical bids were opened. A test check of 26 TIAs revealed that in 10 TIAs, bidders were not given sufficient time to contest technical rejections in 32 cases ***(Appendix 1.3)***. Five bidders were disqualified due to self-attestation not done or illegible documents, while four bidders were rejected on incorrect grounds. This lack of due diligence hindered fair competition in the tendering process.

Controls related to the prescribed timeline between technical and financial opening were not mapped in the system which led to opening of financial bids in these tenders without giving appropriate time to bidders. Moreover, the functionality of grievance redressal through the system was also not available.

DSD stated (May 2025) that it had issued (May 2025) common instructions to the departments in this regard.

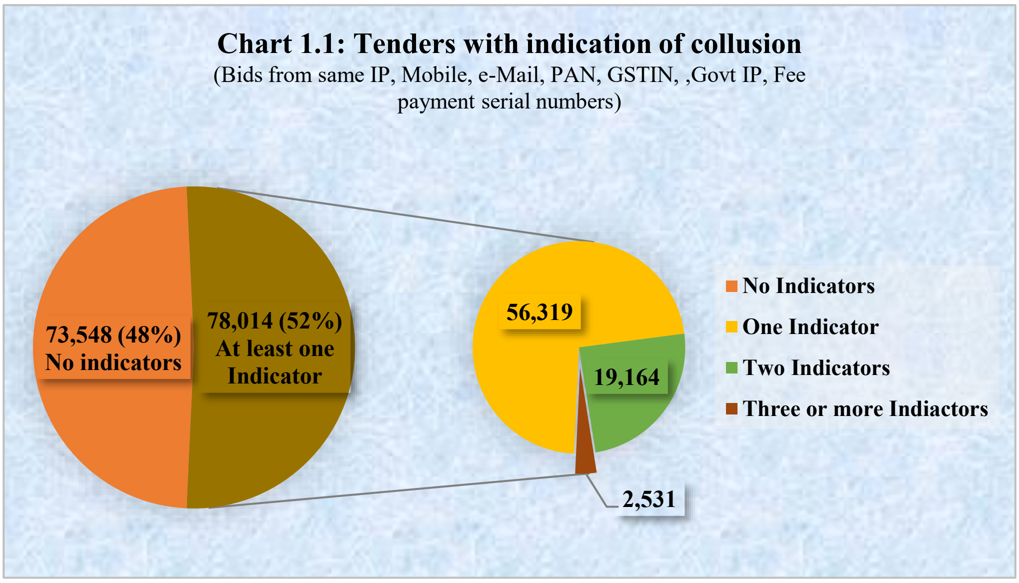
Reply is not convincing because the rules specifying timeline for representation were already in existence, and their mapping in the system was required to be ensured.

1.9 Collusive bidding and cartelisation in tendering

Instances indicative of collusive bidding and bid rigging were observed thereby undermining the fairness and competitiveness of the tendering process. Multiple bids were found to have been submitted from the same Internet Protocol address, procuring entity computers, within a close time interval suggesting possible manipulation or lack of adequate system control.

Analysis of data and scrutiny of test checked cases revealed several patterns of bidding indicative of bid rigging and cartelisation viz., bid submission from procuring entity computer, different bidders placing bids for a tender from the same IP address and consecutive EMD instrument numbers. Further, at least one pattern indicating collusive bidding was noticed in 78,014 out of the total

1,51,562 published/expired tenders (52 *per cent*) as depicted in the Chart 1.1 below:



Following shortcomings noticed:

1.9.1 Inconsistent bidding patterns noticed from Internet Protocol address

DSD informed (October 2017 and April 2021) TIAs about warning signs of collusion/bid rigging by the firms in tendering process and action to be taken thereagainst; bids coming from same IP address was one of the warning signs of collusion/bid rigging. In case such a scenario is observed, action as provided in the rules i.e. forfeiture of EMD/blacklisting of firms, etc., as provided in the DNIT may be taken against the concerned firm(s). Such cases are discussed in the following paragraphs.

- Audit analysed 1,51,562 tenders and noticed that multiple bids or all the bids within a tender were submitted from the same IP address as detailed in ***Table 1.3***.

Table 1.3: Analysis of multiple bids

Total Number of Tenders	1,51,562	
	Multiple bids from the same IP address	**All bids submitted from the same IP address**
No. of bids in tenders from same IP addresses	47,660	17,260
Percentage of tenders where bids received from same IP addresses	31%	11%
Range of bids from same IP addresses	2 to 21	2 to 6
No. of Awarded Tenders	27,303	10,037
No. of Tenders awarded to the same bidder who submitted bid from the same IP address	19,142 **(valuing ₹ 6,492.85 crore)**	10,037 **(valuing ₹ 1,678.83 crore)**

Further analysis revealed that all the bids for 10,037 tenders out of 17,260 tenders were submitted from same IP address in a time span between two minutes to 15 days and in 4,698 (47 *per cent*) of these 10,037 tenders, all bids were submitted from the same IP address within a time gap of 30 minutes.

During the test check of records in selected units, 10 cases in six TIAs[33] of suspected collusion were observed as detailed in ***Appendix 1.4***.

DSD accepted the issue and stated (May 2025) that this was due to lack of knowledge of bidders about submitting bids as they submitted bids from internet cafes. Further, it had requested NIC to provide IP addresses of all participating bidders while downloading technical documents of the tenders. Reply is not tenable as details of IP addresses were visible to the TIAs at the time of downloading the technical documents. In the exit meeting (June 2025) DSD accepted to explore the possibility with NIC to implement a pop-up/ alert window mechanism for tender exhibiting similar points on login of TIAs indicating collusive bidding.

1.9.2 Submission of Bids from the departmental user's Internet Protocol address

Audit found that 68,390 bids for 45,720 tenders were submitted from the same IP address from where the Government department's user (employees) logged in during the period of bid submission and number of such bids per IP address ranged from one to 20. Further, 21,166 bids in 14,473 tenders were submitted from the IP address of TIA to which the tenders belonged.

Granting bidders access to the department systems breaches conduct protocols and compromises data security, requiring immediate corrective action.

DSD stated (May 2025) that it had issued (May 2025) instructions to all the departments that no bidder shall submit their bids from the same/departmental IPs.

1.9.3 Multiple bids from same mobile number, e-mail, Goods and Services Tax Identification Number, Permanent Account Number

Audit noticed that multiple bids with same mobile number, email id, GSTIN, PAN were submitted against tenders as discussed in succeeding ***Table 1.4***.

33 1. PHED Div II, Hisar, 2. HFDC, Kurukshetra, 3. MC, Karnal, 4. GWI PHED, Rewari, 5. MC, Faridabad and 6. PHED Narnaul.

Table 1.4: Detail regarding submission of Bids from same mobile/e-mail

	Multiple Bids from Same Mobile		**Multiple Bids from Same e-mail ID**		**Multiple Bids from Same Mobile number and e-mail ID**	
	More than one Bid from bidders having same Mobile No.	**All Bids from Same Mobile Number**	**More than one bid from same e-Mail ID**	**All Bids from Same e-Mail ID**	**More than one Bids from same Mobile Number and E-mail ID**	**All Bids from Same E-mail ID and Mobile No.**
Number of tenders	3,893	861	2,304	619	720	124
Range of Bids in a tender	2 to 10	2 to 6	2 to 11	2 to 5	2 to 10	2 to 3

- Audit also noticed that demand draft number of three bidders were in sequence.
- Association indicators like attestation of documents submitted by bidders from same notary on the same day, attestation of financial records from the same CA, documents filled in with same handwriting etc. were found in 10 tenders.
- Multiple bids were submitted by nine bidders in eight tenders by creating multiple user IDs using same GSTIN and number of bids ranged from two to eight per tender. Further, three out of total eight tenders were awarded to the same bidder who submitted multiple bids.
- Similarly, two to eight bids for 228 tenders were submitted by users having same PAN of which 95 tenders were awarded. Further, 72 out of 95 tenders were awarded to the same bidder from having same PAN in multiple bids submitted.

During test check of 57 tenders valuing ₹ 442.20 crore, two to eight bidders were found having the same mobile number or e-mail, indicating association among bidders. In 18 tenders valuing ₹ 4.11 crore, bidders had the same address, while in 10 tenders valuing ₹ 220.69 crore, bidders had similar address. In 17 tenders valuing ₹ 269.43 crore, bidders had relation amongst themselves (i.e., father-son, mother-son, same person etc.). During the test check of 11 tenders, where more than one bidder had same PAN in a tender, it was found that the bidders had same name or address in eight tenders.

Four TIAs[34] accepted (December 2023-September 2024) the observation.

Thus, multiple bids for a tender from users having the same mobile number and/or e-mail ID, and other indicators pointed to the possibility of collusive bidding. Additionally, the absence of validation controls for GSTIN/ PAN led to registration of more than one user with the same GSTIN/ PAN and allowed

[34] (i) HFDC, Kurukshetra, (ii) CE (MM), UHBVNL Panchkula, (iii) PHED (GWI), Rewari and (iv) PWD (PD-1), Sirsa.

submission of multiple bids. However, system did not provide any alert in this regard.

The observation regarding multiple registrations of vendors was also highlighted in the Para 3.9.5.2 of the Report of the CAG's on Social, General and Economic Sectors(Non-PSUs) for the year ended 31 March 2018, Government of Haryana to which the nodal department had assured that the functionality would be incorporated in near future. The recurrence of identical lapses indicate lack of institutional commitment to remediating critical control gaps to prevent collusive bidding.

On being pointed out by audit, NIC replied (December 2024) that it was a business requirement to create multiple login accounts with the same mobile number or email as the users could be from the same company at different locations or different departments participating for the tenders of different TIAs.

Reply is not tenable as it was noticed that in 11 tenders of five TIAs[35], bidders registered with same mobile numbers/e-mail address submitted bids for the same tender though they were not the users of the same company. Moreover, the system does not generate any alert in this regard to the concerned TIA at the time of tender opening.

DSD stated (May 2025) that it had issued (May 2025) instructions to all the departments to ensure that same bidder did not participate in the tender using different login Ids and to verify this during bidder's document verification process.

However, a system-based control was imperative to identify and restrict duplicate participations, ensuring consistency and integrity in the bidding process.

1.9.4 Indication of collusive bidding from the earnest money deposit fee payment details

Offline payment of EMD were accepted up to June 2020 till online deposit of EMD feature was added in the portal. The offline payment could be in the form of cheques, demand draft (DD) or small savings (SS) and details of the offline payments such as DD/cheque/SS number and date of issuance thereof were filled on the portal manually at the time of submitting bids.

Audit noticed that two to 35 bidders for 6,490 tenders submitted cheques/ DD/ SS issued on same date and numbers having close proximity to one another in a single tender. Further, consecutive cheque/ DD/ SS numbers issued on the same date were submitted by the different bidders for the same tender in 3,017 tenders. In these cases the system should have prompted the bid opener a warning regarding adopting caution while evaluating the bid, but no such warning was possibly due to absence of such mechanism in the system.

35 (i) HFDC, Kurukshetra, (ii) CE (MM), UHBVNL Panchkula, (iii) PHED (GWI), Rewari and (iv) PWD (PD-1), Sirsa (v) MC Karnal.

Audit observed that bids for 4,230 out of these 6,490 tenders were submitted from the same IP address. Further, in 1,660 tenders, bids submitted in each tender were from the same IP address, moreover, difference in the serial number of cheque/ DD/ SS submitted by all the bidders in a bid were within a range of one to nine and were issued on the same date by the same bank.

It indicates that the bidders submitted bids for tender in a collusive manner and vitiated the competition. However, in none of the case the system prompted the bid opener to adopt caution while evaluating the bids for avoiding possibility of bid rigging/cartelisation.

DSD stated (May 2025) that all the transactions of fees were in online mode since December 2019. The fact, however, is that the cases pointed out are related to the period prior to December 2019 when offline payments were permitted. Moreover, the issue of absence of system-generated alerts in cases of suspected collusive bidding remained unaddressed.

Thus, the above-mentioned bidding patterns indicate collusion between the procuring entity and the bidders. It also points to failure on the part of the officials involved in the evaluation and approval of the tenders which derails the Government's efforts to improve the procurement system by increasing participation, reducing costs and enhancing transparency.

Further, the pattern noticed in audit indicated system failure to prevent registration of different users with identical credentials. Moreover, indicators of collusive bidding, i.e., bid from same IP address, fee payment details, etc., were not matched by the NIC system while opening the bids, to suggest the TIAs of potential collusion.

1.10 Data quality and Management Information System reporting reliability

The effectiveness of the system was undermined by significant data integrity and Management Information System deficiencies. Key issues noticed included non-updation of tender stages, not uploading of evaluation summaries, anomalies in user data & profile management, and inconsistencies in award value & tender status etc. on the portal.

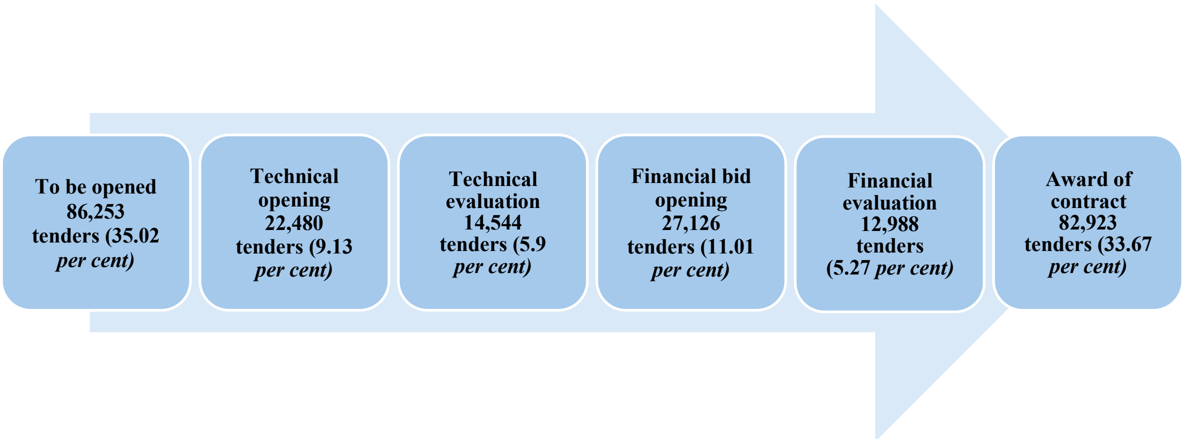
Accurate and reliable data is crucial for informed decision-making in e-procurement. The quality of data and the reliability of MIS reports are essential for stakeholders to monitor procurement performance. This section evaluates the data quality and MIS reporting reliability in the e-procurement system to ensure that the information generated is accurate, complete, and supports effective procurement decision-making.

1.10.1 Utilisation of portal for updation of status

The tender process on the portal progresses through six sequential stages[36] and TIAs were required to update each stage of the tender on the portal. AoC to the successful bidder was one of the indicators for the complete and effective use of the portal.

Audit noticed that only 82,923 (33.67 *per cent*) out of the 2,46,314 tenders reached the AoC stage on the portal. The details of tenders through six different stages are depicted in Chart 1.2 below:

Chart 1.2: Details of tenders at various stages of processing on the portal
(percentage of total tenders)



As depicted in the flow diagram above, a significant number of tenders remained incomplete at various stages. Audit observed that TIAs failed to update the e-Procurement portal, resulting in discrepancies between the portal data and the actual status of tenders. Scrutiny of 331 test-checked tenders revealed that in case of 41 tenders the updation on portal was not carried out.

Audit further observed that after downloading of bid documents and system generated price bid comparative statements, the tenders were processed manually, and the corresponding stages were not updated on the portal, defeating the objective of adopting portal, i.e. to provide online solution to conduct all stages of a procurement process.

DSD accepted the audit observation and stated (May 2025) that it had issued (May 2025) instructions to all the Departments to upload orders of their competent authorities regarding completion of different stages of tenders on the portal within 15 days.

The deficiencies regarding non-updation of tender status are discussed in succeeding paragraphs.

36 (i) 'To be Opened,' (ii) 'bid opened_1,' (iii) 'evaluated technical,' (iv) 'bid opened_2,' (v) 'evaluated financial,' and (vi) 'AoC'.

i) Tenders Lying Published (Under Progress Category)

Data analysis revealed that 98,035 (39.80 *per cent*) of 2,46,314 tenders were under progress category for a period ranging from four to 61 months[37] which indicate that full information of these tenders was not uploaded on the portal by the concerned department/unit. As a result, actual status of these tenders could not be ascertained from the portal, thereby, undermining transparency of the tendering process. Moreover, EMDs of ₹ 84.92 crore of the participating bidders, whose status was not updated on the portal, remained in the pool account and did not get transferred into the Department's account or refunded to concerned bidders (as discussed in **Paragraph 1.11.4**).

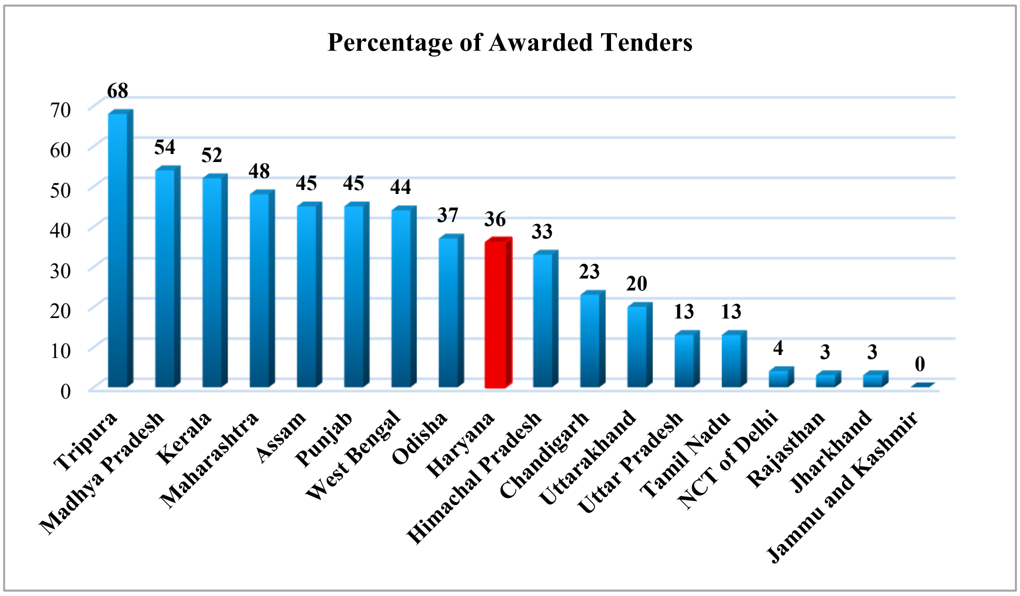
Test check of 42 tenders ***(Appendix 1.5)*** of selected eighteen TIAs revealed that 41 tenders were finalized in the physical files but were still showing as 'published' on the portal.

DSD accepted the observation in the exit meeting (June 2025).

ii) Updation of status of published tenders

A comparison of tenders published vis-à-vis updation of their AoC status in the e-Procurement portal by GoH and 18 other State Governments who published more than 10,000 tenders during 2018-23 was carried out using the data available on the e-Procurement dashboard as of February 2025. The outcome of the comparison is depicted in Chart 1.3 below:

Chart 1.3: State wise comparison of Percentage of awarded tenders



It could be seen from the above that out of 18 states, Haryana stood at the ninth

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[37] To exclude recent tenders, only those tenders had been considered where the last date for bid submission was prior to 01 January 2023, allowing a reasonable time of four months (upto 03 May 2023, i.e the date up to which the data dump was obtained), for finalisation of tender.

position as it had updated only 36.30 *per cent* of the tenders published on the e-Procurement portal, though 15 years had passed since its implementation.

DSD accepted the audit observation and stated (May 2025) that it will endeavour to improve State ranking by taking necessary steps like organising workshops, awareness program for e-Procurement to encourage TIAs for enhancing efficiency and effectiveness in procurement system.

iii) Non-Uploading of Documents

To enhance the transparency of the tendering process and to communicate the reasons for rejection to the unsuccessful bidders, five documents[38] were required to be uploaded on the portal by the TIAs against six stages of the tender.

Audit noticed that TIAs failed to upload the required documents for tenders as detailed in ***Table 1.5***.

Table 1.5: Statement showing details of non-uploading of documents

Type of tender[39]	Title	No. of the tenders where packet opened	No. of tenders for which opening document not uploaded	No. of tender for which evaluation summary not uploaded
More than one packets	Technical	1,55,420	62,232 (40 *per cent*)	21,127 (14 *per cent*)
	Financial	1,31,071	55,413 (42 *per cent*)	38,156 (29 *per cent*)
Single packets	Technical	10,411	4,002 (38 *per cent)*	7,144 (68 *per cent)*
	Financial			7,420 (71 *per cent*)

Scrutiny of 331 test checked tender files also showed that TIAs had either not uploaded any document or uploaded irrelevant documents on the portal for 11 *per cent* to 72 *per cent* tenders as given in ***Table 1.6***.

Table 1.6: Statement showing cases of TIAs which did not upload any document or uploaded irrelevant document

Particulars/Stage	Technical opening summary	Technical evaluation summary	Financial opening summary	Financial evaluation summary	AoC document
A. Total no. of tenders where summary documents were to be uploaded	325	317	293	240	200
B. No. of tenders where irrelevant documents or no documents uploaded	233	220	33	158	92
Percentage of B to A	**72**	**69**	**11**	**66**	**46**

The failure to upload required or relevant documentation on the portal hindered transparency and competitiveness in procurement process as the stakeholders were unable to monitor tender progress or ascertain justification for rejection of bids/award of tender.

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38 (i) Technical Opening, (ii) Technical Evaluation, (iii) Financial Opening, (iv) Financial Evaluation and (v) Award of Contract.

39 A single packet tender includes all documents in one envelope for simultaneous evaluation, while a multiple packets tender separates technical and financial bids, assessing technical qualifications first before considering costs.

DSD accepted the observation in the exit meeting (June 2025).

1.10.2 Non-updation of tender stage on the portal by the system

A tender progresses through six[40] stages on the portal. Each stage updates sequentially as the department opens the bids, evaluates technical and financial details, and finalizes the award. After uploading the detail of award of the tender its stage finally updates to "AoC". Data analysis revealed that tender stages were not updated by the system as detailed below:

- There were 10,453 tenders which were opened but their stage remained to be depicted as "To be opened".
- Financial packets of 8,500 tenders of multiple packet tenders, were opened but their tender stage on the portal was shown as "evaluated technical" instead of "bid_opened_2".

Thus, the correct stage of the tenders was not updated by the system in these cases providing incorrect information to the users about packets opened in a tender. It also resulted into non-availability of documents uploaded by the bidders on the front end, non-generation of BoQ results in non-availability of the same for other bidders for verification. Absence of these documents undermines the transparency and effectiveness of the system. During the test check of selected tenders, similar deficiencies were noticed in three tenders[41] of three TIAs.

DSD accepted the observation in the exit meeting (June 2025).

1.10.3 Inordinate delay in processing of tenders

Reduction in tender processing time was one of the main objectives of the e-Procurement system. Further, tenders should be finalized within the bid validity period and their status should be updated on the portal to ensure efficiency. Audit, however, observed that the actual time taken for processing 98,035 tenders could not be verified as their updation was pending on the portal.

Data analysis of 82,923 tenders, where status was uploaded on the portal, revealed that time taken for tender processing ranged up to 56 months as detailed in the ***Table 1.7***.

Table 1.7: Time taken in processing of tenders

Sr. No.	Time taken (from Tender Opening to AoC)	Number of Tenders
1	Up to 4 months	66,712
2	4 to 12 months	13,348
3	12 months to two years	2,373
4	More than two years	490
Total		**82,923**

40 (i) 'To be Opened', (ii) 'bid opened_1', (iii) 'evaluated technical', (iv) 'bid opened_2', (v) 'evaluated financial', and (vi) 'AoC'.

41 2023_HRY_270198_1 (PHED (GWI), Rewari), 2021_HBC_177125_1 (HSVP, Div. III, Faridabad) and 2022_HRY_241402_1 (PHED I, Ambala).

Further, scrutiny of 33 test checked tenders ***(Appendix 1.6)*** in 11 TIAs showed that 16 tenders (48.48 *per cent*) were awarded after their bid validity and 17 tenders were awarded within their bid validity period but their award details were uploaded on the portal after expiry of bid validity.

Audit further observed that functionality regarding the extension of bid validity was not available on portal as a result this activity was carried out manually. Moreover, the e-Procurement system lacked flagging mechanism to highlight instances of inordinate delays in tender processing.

Data analysis further revealed that 25,152 (30 *per cent of awarded tenders*) tenders were awarded after the lapse of initial bid validity. These delays led to EMD remaining blocked up with department and resultantly bidder disengagement, and reduced competition, ultimately affecting the efficiency and effectiveness of public procurement as 158 tenders had to be cancelled or awarded to bidders due to refusal of L-1 bidder to extend the bid validity. Out of 158 tenders, three tenders[42] were test-checked and it was observed that in two cases, the bidder refused to extend the validity and in one case, the tender was cancelled due to expiry of bid validity period.

DSD stated (May & June 2025) that instructions have been issued making it mandatory for all TIAs for uploading the completion of tenders stages (Technical Opening/ Technical Evaluation/ Financial Opening/ Financial Evaluation/AoC)/ Cancellation or Retendering etc.) on the portal within 15 days and assured to explore possibility for making provision for uploading of completion of tender stages within timeframe, on portal with NIC. The reply, however, does not address the measures to be taken to ensure finalization of tenders within the bid validity period, which could be ensured by mapping business rules, giving alerts for finalisation of tenders within bid validity period and incorporating provision of bid extension in the system.

1.10.4 Dissemination of information regarding awarded high value contracts

GoH directed (August 2021) all its departments, boards, corporation and authorities to publish all tenders above ₹ five crore on the websites of TIAs and DSD. Audit, however, observed that 562 tenders (each above ₹ five crore) valuing ₹ 13,385.97 crore were not published on the websites leading to inadequate publicity and non-compliance with Government directions. During field audit, non-posting of details about tenders having value more than

42 (i) 2020_HRY_ 118625_1, (ii) 2021_HRY_ 173858_1 and (iii) 2020_HRY_ 149475_1.

₹ five crore on the website of TIAs and DSD was noticed in case of six TIAs[43]. Two[44] out of these six TIAs noted the observation for future compliance. Response from the remaining four TIAs was awaited (December 2025).

1.10.5 Inconsistencies and anomalies in user data and profile management

Data analysis of blocked user data showed multiple inconsistencies in the system, as detailed below:

- While one table in database indicated 566 blocked users, another table listed 826 such users, revealing a difference of 260 blocked users.
- Fields in the database related to 'blocked by', 'blocked reason', 'unblocked by' and 'unblocked reason' were blank in 642, 727, 510 and 663 records respectively.
- Status of 33 blocked users in *'gep_user'* and *'gep_user_block_history'* tables did not match showing discrepancies in the present user status.

These indicated absence of controls to ensure data integrity, data accuracy and reliability.

DSD accepted the observation and stated (May 2025) that it had requested (May 2025) NIC to fix the issue to ensure managing the data of blocked users in uniform manner. However, final action was awaited.

- Date of retirement was not being captured in the system which allowed retired users to remain active, leading to unauthorized access, system control gaps, and transparency issues in the procurement process. 812 departmental users aged above 58 years were active on the portal and 101 users were already above 58 years at the time of registration on the portal with ages ranging from above 58 years to above 71 years. 92 such users created 3,240 tenders and 170 such users were nominated for opening 12,199 tenders.
- A test check of 26 TIAs revealed that in 14 TIAs[45], 38 users had exceeded the retirement age and were no longer in service, yet their

43 1.Public Health Engineering Division, Mandi Dabwali, Sirsa; 2.PWD, Provincial Division No. 1, Sirsa; 3.Public Health Engineering Division No. 1, Ambala; 4.Public Health Engineering Division No. 2, Hisar; 5.Municipal Corporation, Gurugram; and 6.Municipal Corporation, Karnal.

44 1.Public Health Engineering Division, Mandi Dabwali, Sirsa; and 2.PWD, Provincial Division No. 1, Sirsa.

45 1.Director General State Transport Haryana, Chandigarh; 2.Haryana Police Housing Corporation Limited ; 3.Executive Engineer, Division-I, HSVP, Faridabad; 4.Executive Engineer, Division-III, HSVP, Faridabad; 5.Executive Engineer, Division-V, HSVP, Gurugram; 6.Executive Engineer, Electrical Division, HSVP, Panchkula; 7.Municipal Council, Charkhi Dadri; 8.Municipal Corporation, Gurugram; 9.Municipal Corporation, Sonepat; 10.Public Health Engineering Division No. 1, Ambala; 11.GWI Public Health Engineering Division, Rewari; 12.Public Health Engineering Division No. 2, Hisar; 13.PWD, Mechanical Division, Hisar; and 14.State Election Commissioner Haryana, Panchkula.

accounts that remained active in the system. Additionally, tenders were created using these accounts post-retirement, and these users were also nominated for tender openings, highlighting gaps in system control and oversight.

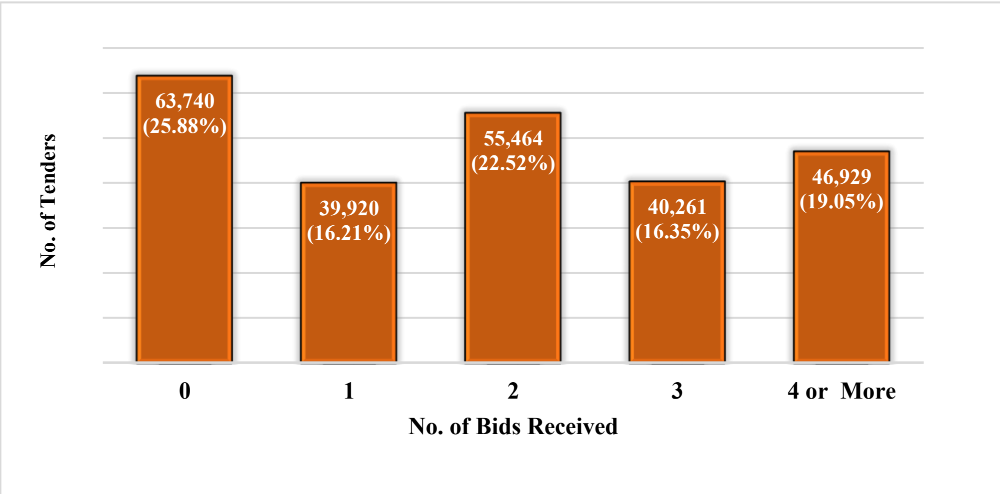
It shows that required controls were not present in the system for the age field and these users were not deactivated by departments on their attaining the retirement age (58 years), which may lead to a potential risk of unauthorised use by retired employees.

DSD accepted (June 2025) the audit observation.

1.10.6 Inadequate level of competition

Fostering a more competitive bidding was one of the primary objectives of e-Procurement system. Data analysis of 2,46,314 tenders revealed that the number of bids received for tenders ranged from zero bid to 256 bids as depicted in the Chart 1.4 below.

Chart 1.4: Number of bids received for each tender



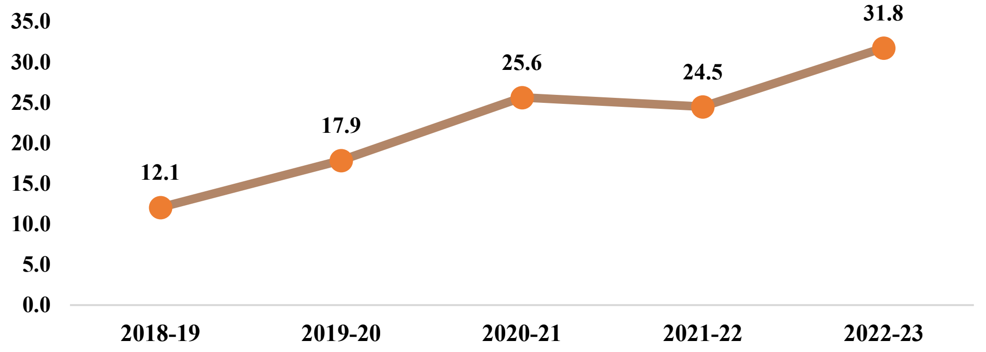
Analysis of e-Procurement portal data revealed that out of 1,82,574 tenders which received valid bids, 95,384 (52 *per cent*) tenders received only one or two bids, indicating poor bidder participation and low competition in the state's tendering process.

As per the MIS reports of the portal, Haryana ranked 24th out of 28 states in terms of the average number of bids received per tender during the period 2018-23. Average bids in the 28 states ranged from 1.66 to 6.03 per tender. Average bids per tender in Haryana was 1.86 which was lower than the overall average (2.77) of 28 states.

Ratio of "cancelled" or "re-invited" tenders is one of the parameters indicating the effectiveness of utilisation of e-Procurement. Data analysis revealed that

58,736[46] (24.85 *per cent*) out of total 2,46,314 tenders were cancelled/re-tendered. Percentage of cancelled/re-tendered tenders had increased over the years during 2018-23 as depicted in Chart 1.5 below:

Chart 1.5: Percentage of cancelled/re-invited tenders to the total published tenders



DSD stated (May 2025) that it had issued instructions to the departments to publish the tenders in public domain within seven days prior to date of start of bidding and give 30 days/14 days for bid submission so that maximum eligible bidders could participate.

The reply is not convincing as the provisions regarding publishing of tenders in public domain well before date of start of bidding to ensure fair participation in tender, were already included in the DSD's procurement manual.

1.10.7 Data inconsistencies and system deficiencies related to award values and tender status

A bid progresses through multiple stages in the tendering process, with the database capturing the latest status. After the financial packet is opened and accepted, bids move to the AoC stage, where they are either marked as "accepted-AoC" if awarded or "rejected-AoC" if not. Ideally, the awarded value should only be recorded for accepted bids. However, data analysis revealed several inconsistencies:

- 39 bids marked as "rejected-AoC" contained an awarded value, and six bids with the status "accepted-finance" appeared in the AoC records with an awarded value, indicating potential errors in data recording.
- 62 tenders had been awarded but still had the status was marked as 'published'. Additionally, awarded value was recorded for seven of these tenders. It shows that status of tender could not be updated by the system leading to data inconsistencies.

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46 In case of 27,724 tenders, no bid was received and in case of 13957 tenders one bid was received.

- The recorded award value for 31,402 (38 *per cent*) out of 82,923 AoCs differed from the contract value under different tables in the database, indicating data inconsistencies. During test check of 26 TIAs, 20 cases pertaining to four TIAs[47] were noticed where award value and contract value was not matching due to incorrect data being entered by the TIAs. This shows deficiency in validation controls in the system regarding these two fields which was required to be rectified.

DSD accepted the observation and stated (May 2025) that it had requested NIC to improve the system and issued general instructions to departments to address these issues. However, final corrective actions were awaited (December 2025).

1.10.8 Deficiencies in the contract data

Data analysis revealed several deficiencies leading to inaccuracies in contract data as detailed below, which could have potential decision risk as incorrect data may lead to poor decisions. A tender value of zero was incorrectly entered for 8,071 contracts out of 2,33,316 contracts, despite such values being applicable only to rate and empanelment contracts.

- Similarly, the awarded value was incorrectly recorded as zero in 111 tenders, one in 739 tenders, and between two and 1,000 in 3,127 tenders, excluding rate and empanelment contracts, leading to discrepancies in financial records.
- 12,651 tenders were wrongly categorised under goods, services, or works category amongst themselves.
- 306 'rate contract' and 157 empanelment tenders were recorded as ‘tenders’, though separate category i.e. ‘rate contract’ or ‘empanelment’ was available.
- Date of uploading of mandatory technical/financial bid documents by the bidders were after the bid submission date in 3,886 cases of which in 1,115 cases were actually awarded.

These deficiencies resulted in inaccurate MIS reporting and untimely uploading of records/documents underscores lack of internal/ necessary controls.

DSD stated (May 2025) that it had requested (May 2025) NIC to arrange monthly sessions for users regarding new features on the portal.

[47] 1. Director General State Transport Haryana, Chandigarh; 2. Director, Medical Education & Research, Haryana, Panchkula; 3. Haryana Police Housing Corporation Limited; and 4.Executive Engineer, Electrical Division, HSVP, Panchkula.

1.10.9 Restricted public access to tender documents

The portal allows the public to view tender statuses and access various reports, including opening summaries, evaluation summaries, BoQ comparative charts, and AoC details, ensuring transparency. However, tender documents containing the scope and work details were only available for viewing and downloading from the publish date until the document download/sale end date.

This restriction prevents the public and interested bidders from tracking projects or comparing outcomes with tender specifications. Since these documents become non-sensitive once published, limiting access undermined the portal's core objective of transparency. A truly transparent system should ensure unrestricted public access to such non-sensitive information.

DSD accepted the observation and stated (May 2025) that it had requested (May 2025) NIC to modify the portal to enable permanent access to tender documents.

1.11 Compliance related to Financial rules in the system

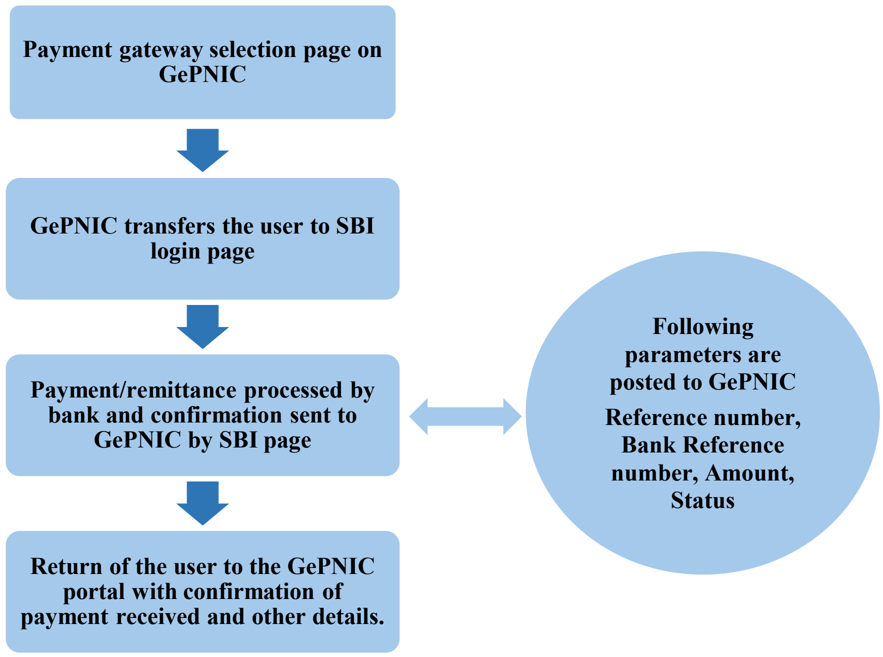
Non-compliance with financial rules were observed in respect of fees and earnest money deposit as amounts were not transferred/ adjusted properly, refunded erroneously or not-refunded. Instances were also noticed regarding short or excess charging of fee, non-reconciliation and non-charging/non-remittance of Goods and Services Tax to the Government.

Audit examination revealed significant irregularities and discrepancies in the financial transactions related to e-procurement. Specifically, audit noted non-reconciliation of pool accounts, irregularities in the collection of GST, and discrepancies in the refund of amounts to bidders. These lapses indicate a lack of effective internal controls and oversight, potentially leading to financial losses and undermining the integrity of the e-procurement process was discussed below:

1.11.1 Non-reconciliation of the pool account

The following flow chart (Chart 1.6) depicts the synchronisation of banking portal receiving and remitting all type of payments through GePNIC:

Chart 1.6: Synchronisation of banking portal



As per agreement between DSD and nodal bank maintaining the Pool Account, a monthly report of transactions in a specified format was to be provided by the nodal bank to DSD for reconciliation purpose. Audit, however, noticed that such report was neither provided by the nodal bank nor demanded by DSD. Further, manual reconciliation of the pool account was not conducted by DSD. A comparison of bank statement with portal data during January 2019 to August 2022 revealed that the difference between total withdrawals as per bank and total withdrawal as per portal was aggregating ₹ 127.45 crore[48]. Similarly, the difference between total deposits as per bank and total deposits as per portal was aggregating ₹ 41.54 crore[49] Interest amounting ₹ 22.46 crore was credited to the pool account during 2019-23 and was required to be transferred to the Government, however, it remained parked in the pool account.

Further, analysis of transaction data provided by the bank for the pool account revealed that during the refund process for some transactions, the amount was first transferred to nine intermediate accounts rather than directly transferring to the intended account. Thus, the validity of these transfers could not be ascertained by audit as the fund was transferred to an intermediate account instead of directly transferring to the intended account.

48 ₹ 3,361.51 crore (Bank) – ₹ 3,234.06 crore (Portal).

49 ₹ 3,619.16 crore (Bank) – ₹ 3,577.62 crore (Portal).

Further, the process for refund and settlement of fee amounting to ₹ 83.39 crore and ₹ 6.73 crore, respectively were initiated by the portal but transactions failed or no response was received from the bank. Thus, the system failed to point out the final fate of transactions where no response was received. Refund of fee of ₹ 83.39 crore was still due to be made to bidders from pool account, with the pendency of these cases ranging from one month to 30 months (as of May 2023).

Absence of a system for reconciliation of the pool account on portal and further non-reconciliation of the same by DSD through offline led to unexplained differences of ₹127.45 crore in withdrawals and ₹41.54 crore in deposits. In the absence of such reconciliations, the unauthorised/unintended withdrawal, if any, may remain undetected and indicate poor internal control in the organisation i.e. DSD.

DSD accepted the observation in the exit meeting (June 2025).

1.11.2 Non-reconciliation of service fee received through offline mode

Online payment provision was added in the system in February 2019 for accepting the fees (Tender Document fee, E-service fee, and EMD) from the bidders and all the TIAs were to be synchronised with the online system of payment up to December 2019. Till the synchronisation of TIAs with the online payment, service fee of ₹ 6.53 crore[50] was charged in offline mode but reconciliation and transfer thereof to the Society of IT Initiative Fund for e-Governance (IT society) was not done. As a result, the accuracy of transfers could not be ascertained by audit.

During test check of two tenders[51] at MC Sonepat, it was observed that the service fee of ₹ 33,040[52] was received (August, September 2019) through offline mode but was not credited to the IT Society.

Thus, non- reconciliation/transfer of funds of ₹ 6.53 crore resulted in lack of transparency in fund management.

DSD accepted (June 2025) the observation and stated that it had requested (May 2025) the IT society to do the needful and provide requisite information regarding offline fees received by it.

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50 Of all the payments i.e. EMD, Tender fees and Service Fee, only service fee was to be deposited with the Society of IT Initiative Fund.

51 2019_HRY_93283_1, 2019_HRY_100900_1.

52 1180 x 28 bidders.

1.11.3 Irregularities related to levy, collection and remittance of Goods and Services Tax (GST)

Sale of tender document and e-service are classified as supply of services and liable to be taxed at the rate of 18 *per cent*. The irregularities related to compliance of the GST Act, 2017 as noticed during audit are detailed below:

- The portal contains no provision for generating tax invoices despite being mandatory under section 31 of the GST Act, 2017 leading to statutory violation.
- Though GST amounting to ₹ 6.68 crore[53] was collected from the bidders on the e-service fee, yet the records related to onward remittance of GST to Government were not furnished to audit, in absence of which it could not be verified whether the amount had been deposited with the Government.
- Tender document fee amounting to ₹ 79.34 crore was collected on the portal but there was no clarity regarding the GST component. As such, GST amounting to ₹ 12.1 crore was liable to be paid to the Government considering the tender document fee inclusive of GST. However, no record related to the onward remittance of GST to the Government was furnished to audit.

As the records related by DSD/TIA GST remittance were not produced, the risk of possible of tax evasion, as pointed out above, could not be ruled out.

As the system lacks necessary provisions to capture and monitor GST collections and remittances, it undermines compliance with statutory requirements and increases the risk of tax evasion and resultant financial liabilities.

DSD accepted the observation in the exit meeting (June 2025).

1.11.4 Parking of funds due to non-updation of portal

Every bidder is required to submit EMD along with submission of bid which gets refunded to the unsuccessful bidder once the information about rejection (technically/ financially) of the bid is posted on portal. Audit observed that due to non-updation of the portal by the TIAs, funds of ₹ 84.92 crore remained parked in the pool account. The details are as follows:

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53 ₹ 6.68 crore (3,71,125 bids * ₹ 180 per bid GST calculated @18% of ₹ 1,000 processing fee) [3,31,030 bids where EMD were transferred to Departments + 40,095 offline EMD bids].

- Opening summary of 1,059 tenders was not uploaded on the portal by the TIAs. As a result, EMD amounting to ₹ 13.17 crore of 1,671 bidders remained parked in the pool account.
- Status of 8,378 tenders were not updated on the portal to indicate rejected or selected bidders. As a result, EMD amounting to ₹ 71.75 crore of 13,105 bidders was also lying parked in the pool account. PWD (Mechanical Division), Hisar and Public Health Engineering Department (PHED) (GWI), Rewari accepted (September-October 2024) the observation and adjusted the EMD whereas PWD (PD-1), Sirsa stated (August 2024) that EMD was not lying in pool account. Audit, however, verified that the EMD was still available in pool account.
- Status of 2,027 tenders was depicted as "to be opened". As a result, tender document fee and e-service fee aggregating to ₹ 87.85 lakh of 3,585 bidders in these tenders was still lying in the pool account for a period from five to 46 months.
- Refund of EMD of ₹ 20.03 lakh for 57 invalid bids[54] was not initiated by the portal. Reasons thereof were also not recorded on the portal.
- EMD to 1,95,483 out of 2,32,140 unsuccessful bidders was refunded within 90 days of tender opening whereas EMD amounting to ₹ 520.26 crore of the remaining 36,657 bidders were refunded after 90 days to more than two years.
- EMD of ₹ 249.24 crore for 24,324 successful bidders was transferred to respective department with a delay beyond 90 days.

Audit observed that the delays were primarily due to manual tender evaluation, which in turn caused a lag in updating the corresponding details on the portal. Thus, the reliance on manual processes, rather than system-generated workflows, led to delayed stage updation, which in turn resulted in parking of funds due to delayed/non-refund of EMD.

DSD stated (May 2025) that it had issued (May 2025) instructions to all departments regarding uploading of technical opening/technical evaluation/ financial opening/ financial evaluation/AoC/ cancellation/ retendering etc.

The reply does not address the audit observation regarding reliance on manual process due to which the funds could not be transferred.

54 Where proper documents were not attached, final submission not executed, etc.

1.11.5 Management of earnest money deposit, tender document fee and e-service fee

As per tender documents, the bidders were required to pay tender fee, e-service fee, and EMD at the time of submission of the bid.

EMD was refundable to rejected bidders whereas tender document fee and e-service fee were non-refundable. The tender fee and e-service fee were to be transferred to the TIAs/department's bank account and Society of IT initiative fund for e-Governance account (IT society), respectively after opening of the tender and uploading of the opening summary on the portal. GoH decided (January 2019) for SBI as the onboarded bank for GePNIC portal and a savings account as a pool account was opened for temporary parking of all the fees initially.

The process for initiating the refund of EMD to the rejected bidders starts immediately upon updation of status of their rejection at any level of evaluation. EMD of successful bidder(s) to whom tender is awarded gets deposited into department/TIAs' bank account as soon as the details of AoC is updated on the portal.

Audit noticed several irregularities related to management of EMD/tender document/e-service fee as detailed in succeeding paragraphs:

1.11.5.1 Loss due to erroneous refund

Audit noticed that non-refundable tender document/e-service fee amounting to ₹ 19.71 crore[55] of 51,250 bidders was refunded by the portal due to non-enforcement of controls in the portal as detailed in ***Table 1.8***.

Table 1.8: Details showing refund of tender/e-servicing fee

Type of refund	Number of tenders	Number of bids	Refunded amount (₹ in crore)	Failed amount (₹ in crore)	Reasons/ responsibility
Without opening tender	11,354	17,429	5.59	0.09	The system did not have functionality to restrict the refund in case of tenders cancelled without opening.
After opening tender	7,618	20,599	8.85	0.13	The system did not have functionality to restrict the refund to bidders in case of tenders cancelled/retendered after tender opening.
For invalid bids	11,252	13,222	5.27	0.23	The system did not have functionality to restrict the refund in case of invalid bids.
Total	**30,224**	**51,250**	**19.71**	**0.46**	

The system did not have the required controls to ensure that tender fee/e-service fee are retained and are not refunded. Thus, non-enforcement of controls in the

55 Transactions for refund of ₹ 0.46 crore out of total initiated Refund of ₹ 20.17 crore were failed and remained in the pool account as of 2 May 2023.

portal or prescribing controls at incorrect point of transaction resulted in loss of ₹ 19.71 crore, despite DSD's requests to NIC thrice between January 2020 to June 2020 to enforce such controls.

DSD accepted the observation in the exit meeting (June 2025).

1.11.5.2 Non/short/excess charge of e-service fee

DSD directed (June 2019) all departments, boards, corporation, federations, and registrars under the State Government to charge ₹ 1,000 as e-service fee for participation from each bidder to cover the cost of maintaining and operating the portal. Audit observed that corresponding provisions were not incorporated in the portal and TIAs also failed to charge e-service fee from 4,456 bidders in 1,707 tenders leading to non-recovery of ₹ 52.58 lakh. Further, in 121 tenders, TIAs entered e-service fee ranging between ₹ 11 and ₹ 750, resulting in short receipt of ₹ 1.98 lakh.

Audit also noticed that TIAs charged e-service fee ranging from ₹ 1,188 to ₹ 11,800 from 532 bidders which was more than the prescribed fee of ₹ 1,180[56] resulting in excessive charging of services fee amounting to ₹ 5.63 lakh. The non/short/excess charging of e-service fee highlights non-mapping of business rules in the portal.

DSD accepted the audit observation and stated (May 2025) that it had asked (May 2025) NIC to fix the e-service fee at ₹ 1,000, so that no tender is published in future without the prescribed fee.

1.11.5.3 Discrepancies in charged tender document fee

As per DNIT, the tender documents fee was to be charged from all the bidders except the firms registered as Micro, Small and Medium Enterprises (MSME) in the state. Further, no tender fee was to be charged from bidders who chose to submit bids again on tender being re-called on account of single tender being received, or if single bidder qualifies on first call.

Data analysis revealed that business rules regarding tender fee were not mapped in the portal and tender document fee was set as ₹ zero in 2,536 tenders, ₹ one in 289 tenders and from ₹ two to ₹ 10 in 19 tenders irrespective of bidder/tender type. Further, tender fee of ₹ 24.50 lakh (two *per cent* of tender value) was set on the higher side for one tender[57].

Thus, due to non-mapping of the required business rules, incorrect charges were applied in 2,845 tenders, and ₹ 24.50 lakh fee in a tender was disproportionately

56 Fee: ₹ 1,000 + GST: ₹ 180 (18 *per cent* of ₹ 1,000).
57 Tender No. 2020_HRY_153037_10.

claimed from bidders. It may be noticed that DSD, failed to raise formal request for changes to the software as per its role envisaged vide GoH order dated 27 October 2016.

DSD accepted the observation in the exit meeting (June 2025).

1.11.5.4 Absence of functionality for calculating the earnest money deposit/ Tender fee

When bidders participate in a tender, they need to pay the tender fee and EMD according to their eligibility, but the system does not calculate the tender fee or EMD on the basis of their eligibility for exemption.

Data analysis revealed that 701 bidders in 590 tenders were rejected due to submission of less or no tender fee/EMD. Five bidders[58] in four[59] tenders were test checked and it was observed that the bids were rejected due to insufficient fee which should have been calculated by the system.

Further, the audit of selected units revealed that four units[60] undercharged tender document fees by ₹ 6.38 lakh due to non-mapping of rules for calculating fees based on tender value, indicating lapses in compliance and revenue loss.

It was observed that Government of Haryana has issued instructions to provide relaxations to Haryana-based MSMEs, Khadi Village Industry, and Labour & Construction societies regarding payments towards tender fees and EMDs. Additionally, the bidders registered on Haryana Engineering Works Portal (HEWP) were also eligible for exemptions in EMDs, provided they fulfil other eligibility criteria. However, the business rules for EMD and tender fee were not mapped in the system as it did not calculate EMD and tender fee for the bidders based on their eligibility for relaxation and the bidders had discretion in claiming the relaxation even if they were not eligible.

DSD accepted the observation and stated (May 2025) that the matter would be taken up at the higher level as well as with NIC authorities.

1.11.6 Irregular forfeiture or retention of earnest money deposit

As per para 13.8.2 of Haryana PWD Code, the EMD of bidder shall be forfeited if the bidder withdraws bid during bid validity period, refuses to sign the contract after issuance of the letter of acceptance, or fails to furnish the performance security. However, a test check of records revealed that above provision of Haryana PWD code was not complied with in the following cases:

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[58] (i) M/S A B Constructions, (ii) M/s Shyam Sunder Govt. Contractor, (iii) Dynamic Edge Solution, (iv) Jupiter Electronics and Telecom Systems and (v) S & M Industrial Valves limited.

[59] (i) 2022_HRY_214471_1, (ii) 2022_HRY_226761_1, (iii) 2022_HBC_238147_1 and (iv) 2021_HBC_199740_1.

[60] (i) PHED Ambala Division-1 (₹3.01 lakh), (ii) PHED Division-2 Hisar (₹14,000), (iii) PHED Mandi Dabwali (₹55,000), and (iv) MC Karnal (₹2.68 lakh).

(i) Five bidders[61] requested the TIAs not to consider their bid. However, their EMD amounting to ₹ 1.98 lakh ***(Appendix 1.7)*** was refunded due to a lack of process on the portal to record the withdrawal of bids after bid opening. HFDC, Kurukshetra accepted (September 2024) the observation and recovered EMD of ₹ 20,000.

(ii) In PWD (B&R), PD Rewari 17 tenders ***(Appendix 1.8)*** were shown as awarded to L1 and L2 bidders simultaneously on the portal, and thus EMD of both the bidders were retained by the department. However, on scrutiny of physical files, it was found that tenders was awarded to L1 bidder. As such, EMD of L2 bidders amounting to ₹ 35.27 lakh was to be refunded but was retained. PWD (B&R), PD Rewari stated (July 2025) that EMD of L2 was retained as per requirement of bid documents, so that it might be called for negotiation in case of failure of L1 to start the work. The reply was not tenable as the bid documents prescribed that EMD of unsuccessful bidders should be returned within 45 days.

The system did not ensure withdrawal of bids by bidders, the award of tenders and issue of AoC through system and these activities were performed outside the GePNIC resulting in above lapses. This undermines confidence in the e-tendering system and discourages competition.

DSD stated (May 2025) that provision for forfeiting EMD of bidders is available on the portal and also stated that matter of examining the 17 tenders has been taken with the PWD department. However, it stated during exit meeting (June 2025) that the matter pertained to TIAs.

The reply is not convincing as DSD, being the nodal agency, was responsible for ensuring end-to-end processing within the portal to prevent such lapses. Further the reply from TIA (PWD department) was awaited (December 2025).

1.11.7 Discrepancies in amount refunded to bidders

The system lacks essential controls to validate receipt and refund transactions, resulting in inconsistent and unauthorized refunds. These deficiencies point to weak financial controls and increase the risk of revenue leakage and misreporting. Data analysis revealed discrepancies in the remitted amounts and fees paid by bidders as detailed below:

- In 36 bids, while only ₹ 0.42 lakh was received as tender document/ e-service fee, ₹18.54 lakh was depicted as remitted/refunded with excess

[61] Radha Krishan Enterprises (2022_HBC_249732_1), Prakash Pump Engineers (2021_HRY_172826_1), Sh. Sandeep Kumar Contractor (2022_HRY_221420_1 and 2022_HRY_221422_1), Sudesh Cooperative Labour Construction Society Ltd. Sonepat (2023_HRY_252639) and Kalater Singh (2020_HRY_142688_1).

remittance of ₹18.12 lakh. Moreover, though tender document/e-service fee amounting to ₹ 15,140 in 10 cases and EMD amounting to ₹ 3.36 lakh in five cases were not credited in the pool account yet the amounts were refunded to the bidders.

The identified irregularities of ₹ 21.63 lakh, indicated potential revenue leakage and mismanagement due to absence of processing controls in the system to ensure consistent transactions and related alerts.

DSD stated (May 2025) that it had sought information from the bank and the same was awaited (December 2025).

1.12 Security and risk management

The system was prone to vulnerability related to user activity as audit found incomplete logs, actions performed without login and non-sequential login time stamp, raising concerns about data reliability. Discrepancies were also noticed in role creation and segregation of duties and absence of defined password policy.

1.12.1 Absence/unauthorised use of digital signature on documents

Digital signature certificates (DSCs), issued by certifying authorities, authenticate electronic records as mandated by the IT Act, 2000. Section 5 of the Act provides legal recognition to DSC and as per section 66 C of *ibid* Act, using DSC of any other person was illegal. On the e-tendering portal, both departments and bidders must use DSCs.

Audit observed that documents uploaded by the bidders and DNIT, corrigendum uploaded by department had no embedded DSC in absence of which authenticity of the document was not established. NIC replied (December 2024) that signed files were stored on the server. The reply is not tenable as authenticity of signed documents could not be independently verified in audit, except through the database, which restricted transparency and ease of verification. Audit found multiple inconsistencies relating to usage of 'digital signature certificates' which are detailed below:

(i) Data analysis revealed that 16 users in 49 tenders uploaded documents with expired DSC which indicates that validation controls for this field were not enforced strictly. NIC replied (December 2024) that the issue might have occurred due to a user importing two certificates into a single token, with the system retrieving data based on the alias name from the certificates and assured that the issue would be resolved in a future release.

(ii) 138 Departmental users captured on the portal were different from the name appearing on the DSCs mapped with these users. These users were nominated in 6,181 tenders for bid opening. It shows that validation controls were missing in the system to match the user's name as per the system and as given in DSCs. In these cases, authenticity of the documents uploaded by these users could not be ascertained, which undermined the purpose of using DSC.

During test check of selected TIAs, it was observed that in HSVP -I Faridabad, in 395 tenders a user (S*r*e*t S*n*h) nominated for bid opening used DSC of a different person (S*r*s* R*t*i), due to incorrect mapping of IDs. Further, in PHED Ambala, the user (B*l*n*e* S*n*h) ID (62,729) was wrongly created in the name of employee's father. Similar discrepancy was noticed in offices of PWD (B&R), Circle Rewari, Executive Engineer (Electrical Division), Panchkula, Executive Engineer Division-3, Faridabad.

DSD accepted (May 2025) that the system needed improvement to fix the issue and further stated that it had requested (May 2025) NIC to upgrade the necessary hardware/infrastructure to ensure consistency of data. However, status of fixing the issue by placing necessary validation controls was awaited.

As the DSC embedded documents are legally acceptable as per the IT Act and not embedding the same on document may be prone to legality issues. Further, in case of disputes regarding terms and conditions of the tender, the same cannot be resolved unless the authenticity of documents are accepted by the bidder himself.

1.12.2 Unauthorised actions and data integrity related to users' roles

Every user is required to be mapped to a specific role within the system's access control framework. However, data analysis revealed the following irregularities:

- There were 16 roles available in the system whereas sequential IDs in the database were up to 17 as ID number 15 was missing in the table.
- No roles were assigned to seven users, of which five were departmental users and two were bidders.
- One user accessed and decrypted the packets of 27 tenders without being assigned any role. Three users published eight tenders without having the required roles. One user awarded a tender on the system despite not having the required role for awarding tenders. This indicated that users performed the actions without the necessary authorisation.
- User details were missing for 9,204 instances of role assignments, which pertained to bidders. Without this identifying information, user attribution could not be verified, thereby undermining the integrity of the data.

DSD accepted the observation in the exit meeting (June 2025).

1.12.3 Absence of password policy

Clause 3.1.1.2 of the password policy of the Ministry of Electronics and Information Technology (MeitY) requires that all user-level passwords should be changed at least once every three months.

Data analysis revealed that 75,892 out of 79,775 users changed their passwords after more than 90 days. Additionally, 31,218 of these users logged into the system after 90 days without being prompted to change their passwords, as the system lacked this functionality. Notably, one user has been using the same password for 11 years. This is contrary to MeitY guidelines, thereby posing a risk of unauthorised access.

NIC replied (December 2024) that GePNIC has provision to enforce password change at regular period. Reply was not tenable as data analysis contradicted this assertion.

DSD accepted the observation and stated (May 2025) that it had requested (May 2025) NIC to enforce the requisite controls for password in the portal as per MeitY guidelines.

1.12.4 Non-segregation of duties

According to ISO 27001 control 10.1.3, as referred to in section 2.3 of the Guidelines for Compliance to Quality Requirements of e-Procurement systems issued by Standardization Testing and Quality Certification (STQC) Directorate, the duties and areas of responsibility should be segregated to minimize the risk of unauthorized or unintentional modification or misuse of the organization's assets.

Data analysis revealed that multiple roles were assigned to 6,373 departmental users as detailed below:

Number of roles assigned	Nil	1	2	3	4	5	6	7	8
Number of users	5	46	68	17	19	161	4,957	1,095	56

Assigning multiple roles of different and important nature to a single user was in contravention to the rules laid down in STQC for segregation of duties. Further, it was noticed that key roles of tender evaluation, tender acceptance, were assigned to the single user or to the users having no or limited administrative authority[62].

Assigning multiple roles to a single user and crucial roles to individuals with limited administrative authority undermines the purpose of role mapping and accountability. Moreover, the system does not have functionality to assign the roles as per the delegation of powers of authorities.

[62] Clerk, Head clerk, Accountant, Junior Accountant, Junior Engineer, Pharmacist, steno typist, Forest Guard, Peon, etc. and roles of Nodal officer were also assigned to users having designations clerk, Accountant, Junior Engineer etc.

DSD stated (May 2025) that roles were only assigned as per forms filled by the departments/TIAs in which DSD/NIC had no role.

The reply is not convincing because ensuring effective utilization of the portal through proper instructions and segregation of duties falls within DSD's purview.

1.12.5 Actions Performed Without Login and Anomalies in File Hash Integrity

Data analysis uncovered critical system vulnerabilities related to user activity logging and data integrity during document uploads:

- It was found that for 4,487 actions[63] carried out by 1,686 users (including both departmental personnel and bidders) there were no corresponding entries in the login history table This absence of login records raises serious concerns about the reliability and integrity of the system's audit trail. The lack of proper logging means the system cannot conclusively prove whether these actions were performed by authenticated users or potentially without any login, compromising accountability and traceability. Such gaps undermine system security and raise the possibility of unauthorized activities.

NIC explained (December 2024) that these discrepancies resulted from the portal's non-responsiveness, causing log records to be distributed across multiple tables depending on the nature of logout and end-of-day processes. NIC assured that a solution was being planned to address these logging inconsistencies.

DSD accepted the observation and stated (May 2025) that it had formally requested NIC to implement necessary system provisions to prevent such lapses from recurring in the future. Despite these assurances, final remedial actions were still awaited.

- Hash functions play a critical role in cryptography by securing transactions and verifying the integrity and authenticity of data. In the tender portal, when bidders upload documents, the system generates a unique hash value for each file name combined with the upload timestamp, ensuring that the file's authenticity can be validated and protected against tampering. However, data analysis revealed alarming anomalies: there were 56,239 instances where files with identical names had different hash values, and 15 cases where documents uploaded on

[63] Tender creation: 309, tender publishing: 200 corrigendum creation: 134, corrigendum publishing: 1,587, creating bid: 184, bid submission: 1,216, packet decryption: 290, bid decryption: 567.

the same date exhibited mismatched hashes. Such discrepancies undermine assurance in the system's data integrity, suggesting that files presumed to be the same were not identical, or that the system failed to generate consistent hashes. This indicates a lack of proper integration and authenticity verification within the system for uploaded documents.

NIC stated (December 2024) that hash values were generated specifically for the BoQ files to verify uploaded data during bid submission, and that stored hash values were matched against the hash embedded in the BoQ file's custom properties. However, this explanation was not satisfactory, as discrepancies in hash values were observed not only in BoQ files but also in various other documents uploaded by bidders, indicating broader system inconsistencies.

DSD accepted the observation and stated (May 2025) that it had requested NIC to enforce appropriate validation mechanisms in the application to eliminate such inconsistencies and ensure uniform hash generation and verification.

These issues highlight significant gaps in both user authentication tracking and document integrity verification within the tendering system. The absence of reliable login logs and inconsistent hashing of uploaded files compromise the system's transparency which may lead to unauthorized access, data leakage, inability to trace user accountability and bid tampering.

1.12.6 Anomaly related to login timestamp

The database records user login details, assigning sequential IDs where each new login should receive an ID higher by one than the previous user.

Data analysis revealed that 15.66 lakh out of 39.39 lakh login IDs (40 *per cent*) were not in order, with later logins receiving lower IDs (i.e., lower sequence number). This suggests either incorrect login timestamps or non-sequential login ID generation. Such inconsistencies hinder accurate event tracking and raise concerns about data integrity.

NIC replied (December 2024) that GePNIC uses database sequence generator for the primary key. The sequence gets incremented even if a transaction is a failure or rollback.

Reply of NIC was not acceptable as the login timestamp of a lower ID should always be earlier than that of a higher ID, which was not the case in the observed discrepancies.

DSD accepted (June 2025) the audit observation.

1.12.7 Absence of auto logout feature

The auto logout feature enhances web security by preventing unauthorised access when users forget to log out or leave devices unattended.

Data analysis revealed that 30.25 lakh logins were made by users in the portal out of which 2.04 lakh logins remained active for one to 81 days indicating absence of auto logout feature and a potential security concern. Such long sessions put the user data on risk as well as increase the chances of unauthorised access. Data analysis further revealed 47 instances where the recorded login time occurred after the logout time. This discrepancy raises serious concerns about data integrity and highlights the lack of effective validation controls, undermining the reliability and security of the system. This shows poor state of system design.

DSD accepted the observation and stated (May 2025) that it had requested (May 2025) NIC to enforce necessary validations.

1.12.8 Missing row IDs in various tables

Actions performed on the front end of the portal generates data which gets stored in different tables of the database. Values in some of the columns were generated in a sequence by the system itself called 'ID/row ID'. These 'row IDs' were used as primary keys which was essential for ensuring database integrity, efficiency and reliability. System-generated values (row IDs) must be continuous without any gaps or missing entries. It was crucial to ensure that there are no omissions in these values to maintain data integrity. Every generated value should be accounted for and sequentially complete.

Data analysis revealed missing row IDs in 34 critical tables, with table-wise total gaps ranging from 1 to 4,53,523 rows, which indicate missing records or deletion of data, raising concerns about the integrity and completeness of the dataset which may impact the reliability and validity of management decisions.

NIC stated (December 2024) that missing row of IDs were on account of incomplete/rolled back/inconclusive transaction due to network issues or user cancelling the operation. The reply was not tenable as it did not fully address the possibility of intentional or unintentional data manipulation. If transactions were indeed incomplete or cancelled, proper logging mechanisms should ensure that such instances are systematically recorded and do not leave unexplained gaps in row IDs. Additionally, if network issues frequently disrupt transactions, it indicated need for system improvement to ensure data integrity, consistency and to prevent potential misuse.

DSD accepted (May 2025) that the system needed improvement to fix the issue and stated that it had requested (May 2025) NIC to upgrade the necessary hardware/infrastructure to ensure consistency of data.

1.12.9 Missing data logs for tenders

Each tender was assigned a unique ID based on four fields: year, entity type, tender serial number, and publication sequence e.g. a tender floated in 2022 by a corporation (HBC) with serial number 211548 and published for the third time would have the Tender ID: 2022_HBC_211548_3. The system assigns a sequential number in the fourth field, starting from one, increasing with each re-tender.

Data analysis revealed that there were multiple tenders in the database that differed in only 4th field cases despite being published on the same date without these being re-tenders. Further, 154 tenders were missing, where higher sequential numbers existed, but previous numbers were absent from the database.

Thus, there is a need for system improvement to ensure data integrity, consistency and potential misuse.

DSD accepted the observation and stated (May 2025) that the system needed improvement to fix the issue, for which it had requested (May 2025) NIC to upgrade the necessary hardware/infrastructure to ensure consistency of data.

1.13 Follow up action on previous audit report

PAC directed the State Government to constitute a committee to examine the issues/points raised in IT Audit of e-Procurement system (Para 3 of Report of C&AG on Social, General and Economic Sectors (Non-PSUs), GoH for the year ended 31 March 2018) within 90 days, however, it observed (December 2022) that full compliance with its recommendations was still to be made. Thereafter, GoH constituted (December 2022) a Committee which submitted (August 2023) its Report to GoH wherein it was directed to take appropriate action on the recommendation of the Committee and send the Action Taken Report to the Government by September 2023. The matter was still under consideration and final outcome was awaited (May 2025).

DSD in its reply (May 2025) stated that all relevant departments, boards and corporation have been requested to take action as per the recommendations of the committee. It was further stated that the report approved by State Government was submitted to Secretary, Vidhan Sabha, Haryana in October 2023, and any further action will be taken as per the orders of the Government. The above chronology indicates that inspite of seven years and directives of PAC and Government no concrete follow up of the Report *ibid* on

IT audit on e-Procurement was noticeable and the IT system continued to be plagued with serious deficiencies.

1.14 Conclusion

The implementation of the system was deficient due to non-execution of agreement with NIC, ineffective functioning of PMU, absence of critical functions/modules, inadequate monitoring, and insufficient training to the users as some of the activities were either not performed or performed offline, defeating the objectives of e-Procurement.

The state ranked 24th in terms of the average numbers of bids received per tender and stood at the ninth position in updation of the tender status. The tendering process was found to be deficient as instances of inadequate bid publicity, insufficient time allowed for bid submission, non utilisation of tender-cum-auction functionality, lack of linkage between re-invited and original tenders, nomination of duplicate users for tender processing were noticed. Further, the system design was weak as business rules were not mapped regarding extension of time, duration of time for keeping the bid open, time given for grievance redressal, issue of corrigenda, etc. The system also lacked controls to prevent irregular practices such as extensions of tenders for short durations decryption of bids on different dates and out of sequence opening of bids.

Instances indicative of collusive bidding and bid rigging were observed thereby undermining the fairness and competitiveness of the tendering process. Multiple bids were found to have been submitted from the same IP address, procuring entity computers, within a close time interval suggesting possible manipulation or lack of adequate system control.

The effectiveness of e-procurement system was hampered by underutilisation of key features, and data inaccuracies. Major issues included like non-utilisation of tender-cum-auction functionality, lack of linkage between re-invited and original tenders, delays in tender processing, retention of funds due to non-updation of the portal, and incorrect recording of award details.

The effectiveness of the system was undermined by significant data integrity and MIS deficiencies. Key issues noticed included non updation of tender stages, not uploading of evaluation summaries, anomalies in user data & profile management, and inconsistencies in award value & tender status, etc. on the portal.

Non-compliance with financial rules were observed in respect of fees and EMD as amounts were not transferred/ adjusted properly, refunded erroneously or not refunded. Instances were also noticed regarding short or excess charging of fee, non-reconciliation and non-charging/non-remittance of GST to the Government.

The system was prone to vulnerability related to user activity as audit found incomplete logs, actions performed without login and non-sequential login time stamp, raising concerns about data reliability. Discrepancies were also noticed in role creation and segregation of duties and absence of defined password policy.

Thus, these irregularities hindered the Government's efforts to promote bidder participation, reduce costs, and ensure transparency in procurement process.

1.15 Recommendations

It is recommended that the State Government may consider:

1. *Entering into a formal agreement with NIC and also strengthening the PMU.*
2. *Inclusion of indent management, catalogue management and contract management modules in the portal for covering the complete process of procurement in online mode.*
3. *To impress upon the TIAs for timely updation of tender stages and uploading of relevant documents on the portal. Training to the users may also be provided for efficient utilisation of the portal.*
4. *Reconciliation of pool account periodically and monitor settlement of the failed transactions/pending fee of bidders.*
5. *Incorporate functionalities for grievances redressal, technical and financial evaluation through system, negotiations, bid validity extension, deciding L-1 on receiving identical rates, issue of AoC through system, real time alert generation for potential collusion/ cartelization/bid rigging during tender/bid evaluation.*
6. *Monitoring action taken by NIC for issues related to incomplete logs, invalid data, missing controls for fields and to get the business rules mapped in the system.*
7. *Ensuring compliance to the irregularities pointed out in previous audit report.*

Chapter 2

Information System Audit of License Management, Liquor Production and Distribution System in Excise Department

Chapter 2

Information System Audit of License Management, Liquor Production and Distribution System in Excise Department

2.1 Introduction

The Excise and Taxation Department regulates import, export, transport, manufacture, sale and possession of intoxicating liquor[1]. It also controls prices and levies excise duties on alcohol. Excise revenue is an important source of revenue of the State Government. The excise revenue comprised 15.36 *per cent* of own tax revenue of the Government of Haryana during the year 2022-23. Excise revenue is mainly derived from fee for grant of license of various vends, excise duty, bottling fee, import/export duty etc. and also fines for confiscation of illicit liquor.

The Haryana Liquor License Rules of 1970 (HLL Rules) empower the Government to frame an excise policy prescribing the procedure and fixation of reserve price and license fee for grant of retail and wholesale vends selling Indian Made Foreign Liquor (IMFL)/Country Liquor (CL). The State Excise Policies for the years 2016-17 to 2022-23 were designed to achieve several key objectives such as breaking up monopolistic cartels, broadening trade by facilitating the entry of new, modestly resourced players, establishing a transparent system for allotting retail outlets, preventing leakage and pilferage, optimizing revenue, promoting legitimate and responsible drinking and providing good quality liquor at reasonable prices. The policy aims to safeguard the interests of four main stakeholders: the State Government, distillers and brewers, wholesale and retail licensees, and consumers.

2.2 Organisational setup

The Additional Chief Secretary (ACS)/Principal Secretary (PS) to the Government of Haryana, Excise and Taxation Department is the administrative head at Government level and the Excise and Taxation Commissioner (ETC) is the head of the Department. The ETC is assisted by the Collector (Excise) at headquarters and Deputy Excise and Taxation Commissioners {DETCs (Excise)}, Excise and Taxation Officers (ETOs)/Assistant Excise and Taxation Officers (AETOs), Inspectors and other allied staff for proper administration of State Excise Acts/Rules at district level field offices.

[1] Intoxicating liquor means spirits, wine, beer, cider and any fermented, distilled or spirituous liquor with an alcohol content exceeding 1.2 *per cent* by volume.

2.3 Background of Information Technology System

In April 2012, the Department published a tender document for selection of a System Integrator (SI) for implementation of Commercial Taxes e-Governance in the Department of Excise and Taxation, Haryana. This system was envisaged to serve stakeholders associated with Value Added Tax (VAT), Excise, Luxury Tax, Entertainment Tax and Passenger & Goods Tax (PGT).

The Department, in its tender document, envisaged to automate the processes of all the wings under its jurisdiction. Functional requirements for each of the envisaged modules were also included in this document. The Department commissioned an external agency (M/s Ernst & Young LLP) to prepare an "As-Is Process and Procedure Document" and "To-Be Process and Procedure Document" to define the existing processes and systems prevailing in the Department and to propose/suggest revised business processes, including process flows in the applications and linkages between the applications. Besides this, the department had also prepared a System Requirement Specification (SRS) document defining details of business requirements with process maps and process description of the modules to be developed for the solution.

Department with stated objectives to improve compliance, effectiveness in collections, efficient service delivery, ease and reduced cost of compliance for the stakeholder, transparency in operations, reduction in discretionary approach to assessments & decisions and in formulation of policies in tune with the economic and market trends selected M/s Wipro Limited (SI) in January 2014 to set up the Haryana e-Commercial Tax (H-eCT) application solution. In relation to functions of excise wing, department in its RFP document envisaged to implement various modules such as Registration, License Management, Permit & Pass Management, Payment, Taxpayer ledger, Refunds, Regulation of MUs, Arrears & Recoveries, Objection & Appeals, Record Management, Internal Audit, Monitoring & Inspection, Mailing Solution, Document Management etc. to achieve the intended objectives. A payment of ₹ 104.86 crore was made to SI and system was declared go live on August 2018.

2.4 Audit Objectives

The IS audit of license management, liquor production and distribution system in excise department was carried out to assess whether:

1. the license management, liquor production, and distribution modules of the IT System implemented by the Department complied with the provisions of the Excise Act, Excise policies, relevant rules, and the System Requirements Specification (SRS);

2. application Controls including Input, Process, and Output Controls were adequately embedded in the system; and

3. Robust Business Continuity Plan (BCP), Disaster Recovery Plan (DRP) and IS Security were in place.

2.5 Audit Scope and Methodology

IS audit covered the period from policy years 2015-16 to 2022-23 and data from December 2015 to June 2023 was analysed by using Computer Assisted Audit Techniques (CAATs-IDEA, Tableau) to assess the adequacy of input, output, and process controls present in the system. The audit examination focused on functionalities related to the automation of licensing, liquor production and liquor distribution workflows implemented through various modules of H-eCT. Receipt data available in the e-GRAS system of Treasury and Accounts Department, Haryana was also used to validate the payment details. An entry conference was held on 25 May 2023 with the Principal Secretary Department of Excise and Taxation, Government of Haryana, in which the objectives, audit criteria and scope and methodology of audit were discussed. Walkthrough was carried out in Audit to examine the User Screen Interface of the modules designed for License Management, Liquor Production and Liquor Distribution System for the functionalities as envisaged under the To-Be Process and Procedure Document, SRS document and Functional Requirement Specifications (FRS) Nine[2] districts were selected to substantiate the findings through data analysis and assess the impact of non-automated functionalities. Audit was taken up between May 2023 and August 2024.

An exit conference was held on 06 March 2025 with Principal Secretary, Department of Excise and Taxation, Government of Haryana. The replies submitted by the Department (May 2025) have been suitably incorporated in the Report.

2.6 Audit criteria

The IS audit was conducted with reference to the provisions made under the following Acts, Rules and instructions:

- Punjab Excise Act, 1914 (as applicable to the State of Haryana)
- Punjab Distilleries Rules, 1932 (as applicable to the State of Haryana)
- Punjab Excise Liquor Definition Rules, 1954 (as applicable to the State of Haryana)

[2] DETCs: Ambala, Faridabad, Gurugram (East), Gurugram (West), Hisar, Jagadhri (including distillery), Karnal, Panipat (including distillery) and Sonipat.

- Punjab Breweries Rules, 1956 (as applicable to the State of Haryana)
- Punjab Excise Bonded Warehouse Rules, 1957 (as applicable to the State of Haryana)
- Haryana Liquor License Rules, 1970
- Haryana Restaurant (Consumption of Liquor) Rules, 1988
- State Excise policies of 2016-17 to 2022-23
- Functional Requirements Specification/SRS documents and good IT practices
- User Manuals, agreements, work orders and other directions issued to the software developer/ implementing agency.

2.7 Acknowledgement and Constraints

Audit acknowledges the co-operation extended by the officials of Excise and Taxation Department, development team and field offices in providing necessary information and records to audit and for furnishing replies to the audit observations. However, audit also faced a few constraints as documentation of the development process, implementation process and change management process carried out during implementation of the IT system including System Design Document (SDD), Data Dictionary, Entity Relationship Diagram (ER Diagram) and User Acceptance Test cases (UATs), rights to access the system were not made available.

Audit Findings

The audit findings are detailed under the following categories:

- License Management
- Liquor Production
- Liquor Distribution
- Other IT control issues

2.8 License Management

The department in its Request for Proposal (RFP) document had envisaged to automate the licensing process in on-line mode for different types of licenses granted by the department. It was also envisaged that renewal and cancellation/surrender of licenses would also be processed through automated system. The system was also expected to keep track of the license application at each level to enhance the transparency.

Audit findings related to License Management module are as below:

2.8.1 Absence of functionality for processing of application for grant of license

Under the provisions of the HLL Rules, the department issues various licenses for the manufacturing and trading of intoxicants to distilleries, breweries, wineries, bottling plants, bars, and wholesale/retail liquor vendors. As part of the automation initiative, the SI in the SRS document designed a process flow to be configured in the proposed system for automation of licensing process for grant of new licenses as well as their renewals.

During walkthrough exercise with departmental users to assess the functionalities embedded in the system, it was observed that the process of granting of licenses to retail vends was being carried out through the IT system for each policy year. However, in case of distilleries, breweries, wineries, bottlers, bars and wholesale licensees, the process for grant and renewal of license was done manually. Thereafter, the license details were entered into the IT system.

In absence of end-to-end functionality to process all types of licenses in the system, trails for actions performed by different users at each level of licensing process till the grant of new/renewal of license including payment of prescribed fees cannot be reviewed/monitored and extent of improvement in service delivery efficiency achieved, as one of the objectives of the computerisation project, could not be measured.

The Department admitted the facts (May 2025) and stated that efforts would be made to process all types of licenses through the online system from the next policy year.

2.8.2 Absence of functionality for remission of participation fee/earnest money deposit into Government account

Functional requirement for payment module included in the RFP document revealed that System should provide challan generation facility through online portal as well as client executable utility.

The bidding process for liquor vends involves the following steps:

- **Vendor Registration:** Applicants register with the department.
- **Payment submission:** Upon approval, applicants upload demand drafts (DDs) details for participation fees and EMDs after which the system generates an acknowledgement.

- **Verification and Bidding:** The Excise authority verifies the DDs and approves the application, thereby allowing participation in the bidding.
- **Refund and Remission:** Unutilised DDs refunded to remitters are flagged as "Y" in the database and DDs retained for successful bidders are remitted into the treasury.

Walkthrough of the front-end process and analysis of data revealed that functionality for generating treasury challans for remittance of participation fee and EMD into treasury was not embedded in the system. The amount was remitted into treasury by generating challans directly from e-GRAS portal, bypassing the departmental application. Legacy data related to these challans was also not captured in the system. Owing to this process flow gap, timeliness and completeness of remission of participation fee and EMD into the treasury could not be reconciled.

The Department admitted the facts and stated (May 2025) that system would be modified to incorporate the appropriate functionality to minimise the chances of manual error.

2.8.3 Deficient design to capture complete details for bar licenses

Paras 9.8.3 and 9.8.8 of annual excise policies provided fee rates prescribed for L-4/5 (bar) licensees based on the star ratings of hotels. The policy also permits for operation of additional points for hotels, pubs, and bars, subject to payment of additional fee. The policy also specify the hours of sale for bars and pubs, with facility to extend operating hours on payment of an extra fee.

Scrutiny of the database and walkthrough of the application processes revealed that the system was not designed to capture the star ratings of hotels for issuance of bar licenses. It also lacked functionality to record details of additional operational points, operational timings and extended operational hours for bars. As a result, the system can neither validate the applicable license fee based on hotel ratings, additional points, or extended operational hours, nor can it point out discrepancies between the payable amount and the actual payments made. During visit to field units, it was observed that manual registers being maintained/used to keep track of the license fee.

The Department admitted the facts and stated (May 2025) that system lacks functionality to capture other critical details about the bar licensees and assured that complete automation of all excise processes would be got done from the new System Integrator (SI).

2.8.4 Absence of utility to create a repository for blacklisted vendors

The annual excise policies are designed to protect the state exchequer by ensuring that applicants for liquor licenses do not have outstanding dues under various Acts under the jurisdiction of Excise Department. Furthermore, these policies stipulate that successful bidders who fail to deposit the initial five *per cent* of the bid amount on the day of allotment as security, their bids shall be cancelled and EMD be forfeited. Such bidder shall be blacklisted for five years The system would document the credentials, including any blacklist status or convictions, of applicants.

Scrutiny of the database and functionalities available within the IT application revealed that no database table was dedicated to capture the details of blacklisted or tax defaulter vendors.

The absence of centralised repository of blacklisted vendors increases the risk of participation of defaulters in the bidding process, potentially may lead to revenue risk and violation of excise polices.

The Department admitted the facts and stated (May 2025) that SI has been asked to provide appropriate functionality.

2.8.5 Historical information for renewable licenses

As per the provisions of the HLL Rules, two types of licenses are issued by the Department for each policy year (i) renewable[3] (ii) fresh.

Scrutiny of licensees' master data maintained in the database revealed that the license validity date was updated after each renewal, but historical information about the license details for preceding policy years was not maintained in the system.

Thus, absence of historical information made it impossible to determine when and by whom the licenses were renewed in previous policy years. It was also unclear whether the licenses were renewed within their validity period, if any delays occurred or if licenses were obtained/issued in the intervening period.

The Department stated (May 2025) that historical information was being maintained outside the system, however, the new SI has been directed to incorporate the provisions in the system for retention of historical information.

[3] All licenses other than for retail and wholesale vends.

2.8.6 Absence of functionality to capture and process the documents furnished by retail licensees

As per process given in the "As-is Process Document", every successful allottee must submit the prescribed documents, including valid proof of identity with a photograph duly attested by a Notary public or Gazetted officer, photocopy of the PAN card, an affidavit for no default in payment under any of the acts of the Department, two sets of surety bond (Form M-75) on non-judicial stamp paper signed by two solvent persons whose solvency equals the license fee of the allotted vend, along with their passport-size photograph. The solvency certificate certified by the Tehsildar that the licensee's immovable property cannot be transferred or sold without clearance from the Excise Department. The documents furnished by the licensee shall be verified by the excise authorities prior to the grant of license. Failure to furnish these documents or providing false affidavits can lead to cancellation of license.

A walkthrough exercise showed that no functionality was embedded in the system to upload documents and verification prior to grant of license. The entire process of maintenance of these documents and verification thereof was being done manually.

In the absence of relevant functionality in the system, deficient documentation could neither be restricted nor document examination process undertaken by the excise authorities at district level be checked for correctness by higher authorities to safeguard the state exchequer in case of any payment default by the licensee.

The Department admitted the facts and stated (May 2025) that the functionality for submission of other documents by successful allottee was not available in the system. However, the new SI has been appointed by the department with the goal of complete automation of all excise processes in future.

2.8.7 Non-availability of Geographic Information System (GIS)-coordinates of vends/sub-vends in the System

The state excise policy for the years 2018-19 to 2022-23, as outlined in paragraphs 1.2.1, 1.2.2, 1.3.6, and 9.5.2.3, stipulates the following provisions for the establishment of liquor shops:-

(i) No vend/sub-vend can be established at a distance of less than 150 meters from the main gate of a recognised school/college/main bus stand and a place of worship.

(ii) No license shall be granted to a shop (a) that is visible or directly accessible from a National/State Highway or (b) that is situated within a distance of 500 meters from the outer edge of the NH/SH/service lane along the highway on the areas falling outside the municipal limit.

(iii) There shall be a minimum distance of 2.5 kms between the sub-vend and vend/sub-vend of any other licensee in case of a rural area.

(iv) No L-1BF shop[4] shall be allowed to be located within a distance of 10 kms from any customs bonded warehouse.

The policies also provide that DETC (Excise) shall upload the Geographic Information System (GIS) coordinates of all L-2/L-14A[5] vends, sub-vends and Tavern located in its district on the web portal of the Department to monitor adherence to the above-mentioned provisions of excise policies.

Scrutiny of the data revealed that information regarding GIS co-ordinates in respect of location of vends/sub-vends/tavern was not available in the Licensee or Zone master tables of the database. This was also validated during the walk-through exercise that no functionality was available in the application to capture the GIS co-ordinates to record the location of vends/sub-vends.

Thus, non-availability of location data hinders enforcement of minimum distance criteria, risking policy non-compliance.

The Department stated (May 2025) that this provision would be implemented in the new system.

2.8.8 Capturing of Invalid/Blank Permanent Account Numbers

Para 1.2.1 of "To be Process Document" mandates the inclusion of permanent account numbers (PAN) for licensees within the system. The inclusion of PAN is crucial for the identification of ownership of vends. The Excise Department's License Management system is vital for regulating the sale and distribution of liquor.

Scrutiny of licensee data revealed that since implementation of the application (April 2015), 20,731 licenses were granted by the department. However, adequate input controls were not present in the system for furnishing of PAN details mandatorily while applying and granting the excise license. Analysis of the data further revealed that in the case of 6,646 licenses granted, system had allowed either to leave the PAN column blank or to capture PAN number not having a standard length of 10 alphanumeric characters. The IT system of

4 L-1BF: Wholesale license for the trade of IFL.

5 L-14A: Retail Vend of CL and L-2 : Retail Vend of IMFL.

Excise Department consistently failed to ensure that valid PAN numbers are entered for licensees.

Inadequate input controls over PAN, a unique identifier, limit the Department's ability to identify and restrict tax defaulter entities from participating in the bidding process.

The Department stated (May 2025) that validation check on the field related to PAN was incorporated from the policy year 2023-24. Reply of the department was not admissible as the database had licensee transaction with blank/invalid PAN even in the policy year 2023-24.

2.8.9 Grant of temporary licenses (L-12A)

Rule 24 of the HLL Rules, provides that the following categories shall apply for the grant of L-12A license:

1. Banquet halls, Farmhouses, Community centres, Public parks/ places of Haryana Sahari Vikas Pradhikaran, Dharamshalas holding functions, get-togethers, and marriage parties.

2. Hotels, Restaurants, and Clubs for serving liquor outside their licensed premises on a temporary basis for hosting a function on a specific day.

3. Individuals to serve liquor at a private place for a day.

Following irregularities were noticed during the data analysis of temporary licenses:

2.8.9.1 Non-adherence to Right to Service Act (RTSA) timeline

As per the provisions of the RTSA, a temporary license was to be granted within 30 working days from the receipt of application on the department's web-portal.

During analysis of the temporary license data pertaining to the period December 2015 to July 2023, 17,157 temporary licenses were approved/rejected by the competent authority, of which 619 licenses were approved/rejected after the permissible time limit. The delay ranged from one to 1,599[6] days. There was no functionality in the system to ensure adherence/monitoring of timelines prescribed under the Act *ibid*.

6 Excluding Saturdays, Sundays and State holidays.

Further, analysis of the temporary license applications revealed that 5,452 out of 46,414 applications received on portal up to March 2023 were pending for disposal till June 2023. The pendency period for these applications ranged between 91 and 2,760 days. In these cases, fee amounting to ₹ 3.74 crore was paid into the treasury.

The absence of this escalation matrix functionality hindered timely disposal of temporary license, undermining the project's objective of efficient service delivery.

The Department stated (May 2025) that there is no mechanism for prompting the excise officials regarding pendency of such applications, however, new SI had been directed to make desired modifications in the system and possibilities for incorporating the escalation matrix in such cases would be explored to deal with the delayed applications.

2.8.9.2 Non-existence of validation checks

As per excise policies for 2020-21 to 2022-23, all commercial venues i.e. Banquet halls and Hotels with party halls/lawns should be mandatorily registered with the Excise Department by paying the prescribed registration fee.

Analysis of the department's website for applying the L-12A licenses revealed that on selecting the venue category as "Commercial" a drop-down list of registered commercial venues pops up for selection by the applicant. This list also contains "others" as an option, which allows the applicant to enter the venue's address of his choice.

Analysis of data from December 2015 to July 2023 revealed that 10,522 temporary licenses (L-12A) were approved on the portal by competent authorities, out of which, for 8,010 licenses, the venue category "others" was selected instead of a specific venue name, making it impossible for the system to identify whether any license was issued to the commercial venue for holding these events. In the absence of a specific venue name and license number, it cannot be ensured that the particular commercial venue was registered with the department. Out of remaining 2,512 licenses approved for 86 venues, 69 venues lacked valid registrations, yet 2,149 temporary licenses were issued for functions held at these places.

Thus, due to absence of adequate validation checks in the system to verify the registration status of commercial venue, grant of temporary licenses for serving liquor at unregistered commercial venues could not be restricted as per the excise policy provisions.

(ii) Analysis of data related to temporary licenses also revealed that in 1,787 out of 46,414 permit requests received between December 2015 and June 2023, the approval/rejection was granted after the scheduled event. Approval or rejection of applications after the event indicates a potential risk of unauthorized serving of liquor.

(iii) Analysis of temporary license data with prescribed process flow revealed that in 23 pending/rejected transactions, license number was assigned indicating towards the absence of adequate validation checks in the system.

The Department stated (May 2025) that "Other" option is available for holding functions at venues like offices or at private places that are not self-owned and such places were not required to be registered, however, fee of higher category i.e. commercial venues was charged. Reply was not admissible as, in the case of holding functions privately, the applicant had the option of selecting the category as "Private Venue" instead of "Commercial Venue". It is required that under the "Commercial Venue" category list of only commercial venues should have been available to verify the registration of such venues by the system. However, the Department has assured that necessary steps would be taken to rectify this.

Further in case of action taken on applications after the event, the department admitted the facts and stated (May 2025) that necessary instructions have been issued (March 2025) to the field offices for timely disposal of such applications. Moreover, SI had also been instructed to improve the functionality and for assignment of license number to pending rejected application, department stated that SI has been instructed to take necessary action to this technical glitch.

2.8.10 Users' Credential details missing in the master table

As per prescribed process flow, the applicant logs in to the excise portal with his login credentials provided at the time of sign up process and fills the requisite details alongwith details of DDs. The applicant had to furnish on account of participation fee and EMD prior to submission of the application to the concerned DETC. Once the application process is approved by the DETC, the applicant becomes eligible for submission of tender application. On the day of tender submission, the applicant logs-in the system and submit the tender application after furnishing the bid details. It is mandatory for every individual willing to participate in the liquor vend bidding process to register on department's portal.

Scrutiny of the data revealed that requisite details of an individual who participated in the bidding process were missing from the master table. Missing user credentials in the master table is a serious issue as it can also be possible due to deletion of record from the backend without leaving any trail of actions and creates a risk of a user succeeding in the bidding process without registration on the portal.

The Department admitted the facts and stated (May 2025) that the said user had participated in the bidding process, however, reasons for missing user credentials were not furnished.

2.9 Liquor Production

Liquor production in the State is regulated by the provisions contained in the Punjab Excise Act 1914, Punjab Distillery Rules 1932, Punjab Breweries Rules 1956, Annual Excise policies and amendments/instructions issued by the Government from time to time.

As per the provisions contained in the Punjab Distillery Rules, 1932, Excise staff posted at Manufacturing Unit (MU) is responsible for ensuring adherence to the prescribed rules by the MUs under their jurisdiction.

Audit findings related to Liquor Production are given below:

2.9.1 Non-automation of liquor production process

Excise Inspector (EI) oversees liquor production, measurement of Extra Neutral Alcohol (ENA), transferring ENA to blending VATS[7], transferring manufactured liquor to Holding tanks for bottling purposes and securing storage units with excise locks tagged with tickets at Manufacturing Units (MUs).

As per departmental instructions issued in April 2022, all the distilleries/bottling plants were to install mass flow meters on the pipelines between the stills and the spirit receivers as well as between the spirit storage tanks, blending VAT and loading point in order to measure the mass flow of spirit passing through such pipeline accurately. The Licensee was required to install an Infotech system to record the readings of the mass flow meters capable of communicating the readings to the IT system of the department for preparation of register in Form D-30, maintained by the officer-in-charge of the distillery. Department in its To-be Process document envisaged to capture the day-to-day entries in the system to automate the preparation of D-13B, D-14A and D-9 registers to keep track of spirit issued for bottling, bottles filled with quantities filled therein and balance quantity of spirit in hand besides wastage; daily total of bottled spirit stored, issued and balance at stocks; and inspector's diary containing details about spirit in vessels, locks put on/off, serial number of the ticket used on locks respectively. It was also envisaged to maintain detailed audit trail to detect any abnormal deviation in production volume, opening and closing stock and prevention of information from tampering. Digitisation of

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7 "VATs" refers to a large, open-topped vessel, like a large tank or tub, used for holding, blending and sometimes fermenting liquids, particularly in the production of spirits like whisky.

information related to opening and closing of VATS locks will also help to monitor the operational hours of the distillery.

Scrutiny of records of two MUs revealed that the liquor production process, including details of VAT lock operations and bottling activities (opening balance, production, sale, and closing balance), was maintained manually as these functionalities were not automated by the department.

Thus, due to lack of automation, manual processes remained vulnerable to errors and manipulation in quantity of ENA used, liquor produced and wastage reported at various stages of production cycle, highlighting the urgent need for a fully integrated digital system to enhance efficiency.

The Department admitted the facts and stated (May 2025) that due to technical reasons distillery module could not be implemented successfully, however, new vendor has been selected now to ensure complete automation of the processes.

2.9.2 Non-automation of issuance of permit/pass for supply of Extra Neutral Alcohol

To ensure the lawful and controlled utilisation of ENA, the Haryana Excise Department mandates that individuals and enterprises involved in the production, distribution, and trade of ENA must obtain appropriate permits.

During the walk-through exercise of the process flow meant for distilleries (performed at Haryana Organics Distillery, Samalkha), it was found that permits for the movement of ENA to bottling plants, distilleries, and outside the State were not being regulated through the IT system. Excise permits for inward supply and passes for outward supply of ENA were prepared and issued manually, although an online provision for permit applications was available, as evidenced by 16 test entries found in the database for the period between 2016-17 and 2020-21.

Test check of sale invoices revealed that M/S Haryana Organics, Samalkha had sold 7,28,32,195 PL[8] of ENA in the State for manufacturing of CL/IMFL during the years 2018-19 to 2022-23 but permits and passes of this quantity were issued manually outside the system.

[8] 2,11,03,003 Bulk Litre (2,11,03,003*1.68=3,54,53,045 Proof Litre (PL)) of ENA to bottling Plant of M/S United Spirits Limited and 2,22,49,494 BL (2,22,49,494*1.68= 3,73,79,150 PL) to different distilleries.

Thus, manual issuance of permits and passes for large quantities of ENA outside the system increases the risk of unauthorized diversion, misreporting, and potential revenue loss due to lack of automated controls and audit trail.

2.9.3 Non-automation of functionality to capture liquor chemical examination reports

The H-eCT IT system was implemented to automate the functions of the Excise Department under applicable Acts and Rules. As per Rule 17 of the Punjab Distilleries Rules (applicable to Haryana), distilleries are required to permit sampling of materials used in spirit production to ensure liquor is fit for human consumption. In the state of Haryana, prior to dispatch from MUs, samples from each batch are sent to the chemical examiner for quality testing. Scrutiny of system data and entry forms revealed that the IT application lacked a design to capture details of samples sent for testing and the results received from the chemical examiner.

In absence of this information in the application, adequate validation checks could not be enforced in the system to prevent the approval of passes (for dispatch) in respect of batches for which either the chemical examiner's reports was not received or where the results of the chemical examination were not in confirmation to the specified parameters.

Scrutiny of records of M/s Haryana Distillery Limited, Yamunanagar, and Haryana Organics, Samalkha, (for the period from 2016-17 to 2022-23) revealed that in 44 batches, liquor was dispatched before receipt of chemical examination reports. The reports were received one and 581 days after the dispatch passes were issued. In the absence of system functionality to capture chemical test results, validation checks could not be enforced to restrict the issuance of passes until the results of the internal/external chemical analysis were received.

The Department stated (May 2025) that as per Punjab Distillery Rules, it was not mandatory that sample from each batch for chemical examination should be drawn. However, samples taken from each batch were tested in-house by the distilleries and got tested by the Government examiner acting as an additional check which usually gets delayed. However, department assured that this issue would be addressed in new software.

Reply is not admissible as Department's reliance on in-house testing by distilleries and delayed verification by the Government examiner highlights a lapse in regulatory control and allowing the manufacturer to self-certify its own product creates an inherent conflict of interest and undermines the credibility of quality checks.

2.9.4 Absence of functionality to capture hologram serials for mapping with liquor stock approved for supply

Security labels (holograms) are mandated on liquor bottles to prevent counterfeiting, ensure authenticity, and curb illegal sales. Each hologram carries information like serial number, pack type, and liquor type.

Further, to mitigate the risk of illegal liquor supply, departmental enforcement teams and police staff were tasked with monitoring liquor movement by checking the excise pass carried during movement of liquor. During walkthrough and analysis of database, audit observed that after bottling, hologram-affixed bottles are approved by excise authorities, but the system lacks functionality to capture hologram serial numbers and their mapping with excise passes. Consequently, Form L-34 does not record hologram details of the stock in transit. To enhance regulatory control, prevent illicit activities, and strengthen enforcement, it is crucial to design and implement a system that integrates hologram tracking with the excise pass, enabling real-time verification of liquor authenticity during transit.

Department stated (May 2025) that capturing hologram details on passes was not feasible and cited implementation of a QR/barcode-based track and trace system.

The fact, however, remains that holograms are still in use and absence of hologram details on excise passes makes it difficult for enforcement staff to effectively verify the genuineness of liquor supply/pose risk of liquor diversion /circulation of counterfeit products.

2.9.5 Process for issuance and use of hologram by L-1BF licensees not automated

Analysis of the manual record maintained by DETC(Excise) Ambala revealed that 44,70,082 holograms were issued to L-1BF licensee during the policy year 2022-23 and as per data, the licensee had supplied 19,87,869 bottles of liquor leaving balance of 24,82,213 un-utilised holograms, however, no such entry was made in the records.

Lack of automation in IFL hologram created variations between issued and utilised holograms and prevented tracking of unutilised holograms, posing a risk of misreporting and diversion. The Department admitted the facts and stated (May 2025) that the process for issuance of holograms and their usage was not automated and was being maintained manually.

2.9.6 Liquor bottling, dispatch and export

Annual excise policies issued by the Government of Haryana prescribe rates of bottling fees for bottling of IMFL by distilleries, bottling of their own brands by bottling plants and bottling of beer by breweries. Similarly, annual excise policies also prescribe rates of export duty to be levied on the liquor stock exported outside the State by the MUs situated in the State.

After bottling of liquor, the licensee submits batches of liquor on the excise portal for approval by the Excise Authorities posted at the MUs. Before the final submission of the transaction, the system computes and stores the value of the bottling fee payable in stock table of the database and a parallel entry is also populated in the payment table for setting off the liability from the available corpus of the concerned licensee.

Audit observation noticed during the scrutiny of the bottling data are as follows:

(a) Short computation/realisation of bottling fee

The development team informed that during submission of batches of bottled liquor for approval of the excise authorities, the system calculates the bottling fee and records it in the system and a corresponding entry is created to adjust the payable amount from the licensee's available corpus.

Analysis of the data (for the period from 2016-17 to 2022-23) revealed that the system had computed excise levies amounting to ₹ 4.14 crore on account of bottling fee payable for 37,25,330 Proof litre (PL)/Bulk litre (BL) of liquor bottled against 591 Finished Goods (FG) transactions whereas as per the prescribed rates, ₹ 5 crore were payable for approved stock, resulting in less computation of ₹ 0.86 crore by the system.

Simultaneously, as per information available in the table containing details of stocks approved, it was found that 69,385 FG transactions for IMFL and beer were approved by the excise authorities on the excise portal. Analysis of the payable bottling fee recorded in the respective table with the values recorded as actually set-off from the available corpus of the licensees, variation in bottling fee payable and actually set-off was noticed for 133 transactions. In these transactions, bottling fee amounting to ₹ 2.48 crore was computed as payable, however, liability of only ₹ 0.07 crore was recorded for setting off from the corpus available with the licensees. Thus, absence of adequate process controls resulted in short realisation of bottling fee of ₹ 2.41 crore.

The Department admitted the facts and stated (May 2025) that ₹ 40.12 lakh had already been recovered/adjusted. Further, in respect of short realisation of bottling fee an amount of ₹ 7.32 lakh had been recovered/adjusted out of ₹ 2.41 crore.

(b) Non-compliance of Excise Policy by Packaging Country Liquor in Pet bottles

As per good IT practices, it was expected that IT applications should have in-built controls which automatically check that data input is accurate and valid.

As per Para 2.13.11 of the Excise Policy for the policy years 2021-22 and 2022-23, the bottles to be used for bottling of country spirit of 50-degree proof[9] must be made of 'pucca glass' (glass bottles) or PET bottles manufactured on fully automatic machines. However, for CL of 65 degree proof, such as Metro Liquor and Indian Made Foreign Spirit of 75 degree proof, only 'pucca glass' bottles were permitted.

Analysis of the data revealed that liquor stock bottled by the MUs and approved by the excise authorities, 14 batches containing 42,120 PL of CL of 65 degree proof strength were bottled in PET bottles in contravention of the aforementioned instructions mandating the use of glass bottles. These batches included pack types of 180 ml, 375 ml, and 750 ml totalling 7,200 boxes of liquor.

This indicates that adequate checks in accordance with the excise policy guidelines were not embedded in the system to restrict the use of pet bottles for CL for strength above 50 degree proof.

The Department admitted the facts and stated (May 2025) that SI had been directed to provide adequate validation checks in the system.

(c) Allowance of bottling wastage

Rule 101 of the Punjab Distillery Rules allows a wastage of 1.5 *per cent* for bottling operations of both CL and IMFL. Monthly wastage calculations permit distilleries to offset lower wastage in one month against higher wastage in another. Further, Rule 101(4) provides that duty shall be charged at the rate applicable to particular kind of spirit.

Analysis of data from the table containing date-wise details of bottled liquor and wastage claims revealed that during the years 2015-16 to 2022-23, excess wastage of 91.17 lakh PL/BL beyond the permissible limit was approved by excise authorities. As per prescribed rates, excise duty amounting to ₹ 42.19 crore was leviable on the excessive wastage allowed. Further, scrutiny

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[9] Alcohol proof is a measurement of the amount of alcohol in a beverage. It is usually double the percentage of alcohol by volume.

of the payment details table revealed that no payment transactions was found on account of excess wastage ***(Appendix 2.1)*** allowed for IMFL, CL and Beer.

Scrutiny of D-13B registers maintained at the excise office (at Distillery in Jagadhri) revealed that the volume of bottling wastage recorded in the manual registers was not being captured in the IT system.

Thus, in absence of adequate validation checks in the system, neither allowance of bottling wastage in excess of the permissible limits was restricted by the system nor excise duty on excessive wastage was levied by the system.

The Department while admitting the facts stated (May 2025) that functionality for levy of excise duty on the excess wastage would be considered in the new software being developed by the new SI and assured that recovery of excise levies payable for excess wastage already allowed would be effected.

(d) Approval of excise pass for dispatches of liquor after the prescribed timings

As per the provisions contained in the Punjab Distillery Rules, the Government issues instruction for fixation of timings for liquor dispatches from the distilleries/breweries/bottling plants situated in the State. For the Policy Year upto 2021-22 the said timing was fixed from 0900 hrs to 1700 hrs, and from 2022-23 onwards it was fixed from 0900 hrs to 1900 hrs.

During analysis of pass details since policy year 2017-18 to 2022-23, it was found that 610,93,922 PL (584,51,041 PL intra-state and 26,42,881 PL inter-state) of the total liquor was dispatched beyond the prescribed dispatch timings through 30,719 passes (comprising 29,902 intra-state and 817 inter-state passes). Similarly in case of breweries and bottling plants, it was revealed that 7,82,89,819 BL of this liquor (3,94,57,174 BL intra-state and 3,88,32,645 BL inter-state) was dispatched beyond the prescribed timings through 10,189 passes (comprising 5,458 intra-state and 4,731 inter-state passes). These passes were approved by excise authorities after the permissible dispatch hours.

Test check of 833 entries made in the gate pass register maintained at M/s Haryana Organics, Samalkha, Panipat, (for the period between 2020-21 and 2023-24) confirmed that in 153 cases, dispatches for liquor supply were made after the permissible timings. Analysis of data also revealed that these transactions did not capture time stamps for pass validity or the date and time details when the liquor supply was received by the recipient licensee.

Absence of system controls to restrict approval of passes beyond permissible hours and lack of timestamp records increases the risk of unauthorised liquor movement, possible diversion, revenue leakage and misuse of excise passes without accountability. Thus, owing to the absence of process controls in the system, approval of passes beyond the permissible hours could not be restricted by the system.

The Department admitted the facts and stated (May 2025) that no process controls were present in the system and it had ensured that no dispatches would be made after the prescribed timings.

(e) Missing stock register entries for bottled liquor

Discussions with the development team revealed that batch no. wise, brand wise and pack type wise details of FG stocks of liquor bottles are captured in the "Stock Register" table by distilleries and forwarded to the Excise authorities deputed in distillery for their approval. On grant of approval, liquor bottles are packed into boxes and dispatched. Each transaction in the table is identified by the automated sequential numerical values stored in the "Stock Register ID" column. Analysis of this column revealed that 90[10] transactions were missing for the years 2015-16 to 2018-19.

The missing transactions raises concerns about the possibility of unauthorised deletions or alterations and with the associated risk of diversion of liquor and revenue loss.

The Department stated (May 2025) that in case of failure in submission of any transaction, ID assigned to failed transaction was not re-used and new ID was generated to next attempt leading to gaps. The reply was not admissible as the absence of audit trail for failed transactions and gaps in IDs indicate a lack of system controls and raises concerns over data integrity.

(f) Lack of controls over batch details information

During process flow demonstrated at a MU, it was noticed that liquor prepared in a blending VAT is assigned with a distinct batch number and liquor bottled therefrom is approved by the excise authorities. Details of bottled liquor are captured in the stock table. After receipt of stock approval, details of batch numbers are captured in the table designed to hold the details of passes. The information in both tables helps excise authorities monitor that the batch-wise quantity of liquor dispatched from the distillery matches the quantity approved by excise staff.

[10] 2015-16: 29, 2016-17: 34, 2017-18: 19 and 2018-19: 8.

Analysis of the data/information available in the Pass details and Stock register tables revealed that the system allows capturing multiple batch numbers in one transaction for a composite quantity which shows lack of inadequate input control to verify the discrepancies. Absence of these controls creates a risk of excess/ short supply of liquor to vendors with reference to liquor actually produced in a batch.

The Department admitted the facts and stated (May 2025) that there was no mechanism to capture batchwise quantitative details of liquor issued through a pass from the distillery, however, this utility would be created.

(g) Short computation of export duty

Development team, while describing the data flow designed for processing of export consignment, explained that the system itself computes export fee payable based on the export duty rates captured in the master table. This export duty, computed for volume of liquor, was to be set off from the corpus money available in the licensee's ledger.

Analysis of data revealed that since the policy year 2015, 64,303 passes were approved for export of 3,862.08 lakh PL/BL of liquor.

Analysis of export duty payable against these pass transactions with "Amount_Due" information available in the Payment table revealed that in case of 858 transactions created for exporting liquor to other States/Union Territories within country, export duty amounting to ₹ 55.29 lakh was payable, however, as per payment information available in the database, a sum of ₹ 33.03 lakh was set-off from the corpus of respective licensees on account of export duty. Absence of adequate process controls over computation of export duty resulted into short realisation of export duty amounting to ₹ 22.26 lakh.

The Department admitted the facts and stated (May 2025) that an amount of ₹ 1.03 lakh had already been recovered and the remaining cases would be examined.

2.10 Liquor Distribution

Movement of liquor in the State of Haryana is regulated under the provisions of Punjab Liquor Permit and Pass Rules, 1932. "Permit (Form L-32)" means a no objection statement issued by the Collector of the destination district or an officer authorised in this behalf for import and transport of liquor but does not empower the authorised person for its removal from the place of issue. This term is also used for permits authorising possession of liquor exceeding the limit of retail sale. Further "Pass (Form L-34)" is the document which actually authorises the removal of liquor.

As per RFP, liquor transfer requires a permit issued by the destination excise office and a pass from the source excise office, both applied through digital filing with e-payment. The system links permit and pass for quota monitoring, tracks utilization and collection of various types of excise levies.

Audit findings related to Liquor Distribution module are as follows:

2.10.1 Missing information for historical Ex-Distillery Price (EDP)

The State Government in each policy year fix EDP for CL and different brands of IMFL supplied by the MUs or wholesale licensees of the MUs not situated in the State. Excise duty payable on sale of liquor is determined based on EDP fixed. As per good IT practices, historical information updated for each transaction shall be maintained in an IT system.

Data analysis of the information maintained in the brand master table revealed that the EDP of the previous policy year is replaced by EDP fixed for the current year. However, no historical information was found in the database for EDP fixed for previous years in order to verify the correctness of excise duty charged for different types of brands of IMFL.

Unauthorised overwriting of historical EDP values without audit trail may result in incorrect excise duty charges, leading to revenue loss and hindering verification of accuracy of calculation/payment of EDP.

The Department admitted the facts and stated (May 2025) that historical information of EDP for previous years was not being retained and efforts would be made to upgrade the existing system to keep the historical information about EDP for each policy year.

2.10.2 Short Computation of additional excise duty (AED)

As per paragraph 3.4.1 of the Excise Policy for the years 2016-17 to 2022-23, licensees of retail outlets of (L-14A and L-2) are entitled to lift an additional quota of liquor up to 50 *per cent* of the annual basic quota prescribed in Excise Arrangement circulated prior to publishing the notice of liquor vend auction. Basic quota of the retail licensees was further bifurcated to quarterly quota slabs and any quantity of liquor lifted in a quarter beyond the basic quota limit was termed as additional quota. The retail licensees had to pay AED as per prescribed rates on the volume of liquor lifted in excess of the prescribed quota of CL and IMFL.

During walk through exercise of the functionalities embedded at front end of the application, it was observed that a radio button option was made available to the licensee to select the requested liquor supply under the category of "Basic Quota" or "Additional Quota" In case of liquor quantity exceeded the basic quota limit, system should have capability to determine the levy of AED on quantity of liquor falling under additional quota category.

Analysis of data (for the period from 2016-17 to 2022-23) revealed that 125 CL retail licensees lifted 2,555,137 PL beyond their quarterly basic quota, incurring an AED of ₹ 11.31 crore, but only ₹ 6.36 crore was recorded as paid. Similarly, 243 IMFL licensees lifted 55,27,254 PL beyond their quota, with ₹ 29.70 crore due but only ₹ 24.28 crore was levied.

Thus, absence of adequate process controls in the system and allowing the licensees to self-categorise the liquor supply as basic quota or additional quota resulted into short levy and realisation of AED amounting to ₹ 10.37 crore.

The Department stated (May 2025) that AED was levied on additional quota lifted by the licensees as reported in the MIS report.

The reply was not admissible as the system lacks functionality for auto determination of the liquor lifted in excess of the basis quota as "additional quota" The Department further stated that database level checks were implemented to enforce data integrity from 2023 and onwards. However, no UAT report were furnished by the Department to verify the same in Audit.

2.10.3 Approval of passes for quantity in excess of the quantity approved in permits

As per the liquor movement process, a licensee must pay applicable excise levies before submitting a permit application. Each permit has fixed validity, within which the approved liquor must be procured. If the supply is not fully lifted, the licensee may seek revalidation of the permit multiple times until the approved quantity is obtained. No additional excise levies are required for revalidated permits, as payment is made with the original application.

Analysis of data revealed that in 2,414 permits, the volume of liquor approved in the original permit (62,09,589 PL/BL of liquor) was lower than the quantity actually lifted (1,18,97,399 PL/BL of liquor) by the licensees through passes issued against original/revalidated permits. The absence of adequate validation checks in the system to restrict the overall supply of liquor against original/revalidated permits resulted in excess supply of 56,87,810 PL of liquor.

This resulted in a short levy of excise dues to the tune of ₹ 6.93 crore in respect of 789 out of these 2,414 permits.

The Department stated (May 2025) that random checking of the pointed out transactions was done and in none of the cases, supply of liquor in excess of the quantity mentioned in permits was noticed. The reply was not admissible as in all the cases, the quantity lifted through excise passes was more than the quantity approved in permits. Moreover, the department did not provide any documentary evidence in support of its claim.

2.10.4 Outward supply in excess of the available quantity

In the State of Haryana, L-1B and L-1B1 licenses are issued for wholesale trade of IMFL and beer/wine respectively to the MUs situated in the State and L-1AB license is granted for wholesale trade issued to other brands of repute with low sale volumes or reputed brands owned by non-distillers having no distillery license in India. These licenses were renewed annually and stock balance at the end of a policy year was carried forward to the next policy year.

During analysis of the information regarding quantity of liquor received and supplied by the aforementioned types of licensees for the period upto June 2023, instances were noticed where quantity of liquor supplied by 21 licensees was more than the liquor stock available with them, resulting into negative balance of quantity in their ledgers at the end of policy year.

Thus, due to the absence of adequate processing checks, the system could not restrict the quantum of supply to the extent the liquor stock was available with the licensee. Absence of these controls may also lead to supply of liquor without payment of excise levies and loss of revenue to the exchequer.

The Department stated (May 2025) that the issue arose due to technical glitch. Further, it was stated that the current system lacks mechanism to limit supply on the licensee’s available stock, however, the system would be updated.

2.10.5 Difference between the quantity supplied by the supplier and quantity taken in the stock by the licensee

The data table containing details related to passes, capture quantity of liquor supplied by a supplier licensee and quantity of liquor received in stock by the recipient licensee. The Quota lifted by a licensee is determined based on the liquor taken into stock by him/her.

Analysis of the pass details revealed that in 2,793 pass transactions liquor quantity claimed to be supplied by supplier licensee was not in consonance with liquor quantity claimed by the recipient licensee in its stock as detailed below:

- In 2,731 passes, suppliers reported 71,49,522 PL/BL of liquor, but recipients recorded only 31,89,609 PL/BL of liquor, leading to an under-recording of 39,59,913 PL/BL of liquor.

- In 62 passes, suppliers reported 33,780 PL/BL of liquor, while recipients recorded 1,15,074 PL/BL of liquor, resulting in an excess credit of 81,294 PL/BL of liquor.

Thus, in absence of adequate processing controls, system did not restrict processing transactions even when there was mis-match between the quantities of liquor reported by the supplier and recipient licensees. This discrepancy can lead to inaccurate stock reporting, misstatement in MIS and revenue loss besides possible risk of unauthorised diversion and inaccurate stock inflation.

The Department stated (May 2025) that stock was updated only after physical verification of consignment received and it could not be rectified/edited. Reply was not admissible as there existed a difference in quantity supplied and quantity taken in stock by the recipient licensee.

2.10.6 Creation and Management of Permits for liquor distribution

As per prescribed process flow, the Licensee online submits its permit request to the destination excise authorities after the payment excise levies. On the basis of approved permit request, the recipient applies for pass request to the source excise authorities and after approval of pass request the liquor is authorised to be transported to the recipient licensee.

Audit findings related to permit transactions are as below:

2.10.6.1 Missing permit transactions

Data Table designed to hold permit transactions records information from creation of permit request to approval/rejection of the permit request. Each transaction in the table is assigned with a system generated sequential number to derive an assurance that data is complete. Excise levies i.e. excise duty, permit fee, AED etc. are levied on the basis of transactions populated in this table.

Analysis of values available in the column containing system generated sequential number in the permit transaction table for the period April 2016 to May 2023 revealed that 89,285 transactions were missing. However, information regarding these missing permit transactions was not available in the database.

The missing transactions raise concerns about unauthorised deletions or alterations and poor control over transaction logging with the risk of unauthorised liquor diversion not being ruled out.

The Department stated (May 2025) that in case of failure in submission of any permit application, ID assigned to failed application is discarded and new ID is generated for the next attempt leading to gaps, however, in the new system necessary measures would be taken to ensure all the successful and unsuccessful permit application attempts are appropriately logged in the database.

The department needs to investigate all the cases pointed out by audit to ensure that all irregularities are identified and corrective action is taken to safeguard revenue and control over liquor stock.

2.10.6.2 Time taken for finalisation of permit applications

The Department, in its RFP document, aimed to improve service delivery efficiency for departmental stakeholders by automating functions performed by departmental users. Further, the State Government notified (December 2020) timeline of three working days for grant of permit under the RTSA.

(i) Scrutiny of data revealed that 28,18,519 transactions were captured in permit details data table of which 26,69,137 transactions were either approved or rejected by the authorities. Analysis of approved/rejected transactions revealed that 19,11,297 regular permits were created by the users between policy years 2016-17 and 2022-23. Further, analysis of these permits revealed that 18,85,767 permits were either approved or rejected within seven days of their creation. However, in remaining 25,530 permits time taken to approve/reject these permits ranged between eight to 1,522 days.

(ii) Analysis of the permit transactions data revealed that out of 74,833 permit cancellation requests submitted by licensees, 221 requests initiated between January 2016 and May 2023 were pending up to July 2023.

(iii) Similarly, 2,060 permit applications received between December 2015 to March 2023 were pending for decision up to July 2023.

Audit noticed that no escalation matrix was available in the system to deal with permit applications not finalised within the prescribed timeline to achieve the objective of improvement in service delivery efficiency as envisaged in the RFP document.

The Department admitted the facts and stated (May 2025) that the absence of an automated escalation mechanism in the current system contributed to this delay. However, this issue would be effectively addressed in the new system through automation and real time monitoring.

2.10.6.3 Variable validity period assigned to permits

Analysis of the master data table containing details of validity to be assigned to each type of permit revealed that maximum validity of 7 to15 days and 3 to 15 days was fixed for inter and intra district respectively. However, for import permits no validity was prescribed. Analysis of the permit transactions revealed that maximum validity assigned to permit approved during the policy years from 2015-16 to 2022-23 ranged between 62 to 741 days, 56 to 378 days and 40 to 62 days respectively for intra-district, inter-district and import permits against maximum validity of 15 days given in the master table as detailed in ***Appendix 2.2***.

Absence of adequate input validation controls over assigning the validity of permit resulted into assignment of validity beyond the period values given in the master table.

The Department admitted the facts and stated (May 2025) that variable validity to permits were assigned due to absence of system enforced validation checks within current workflow. However, enhanced validation mechanism has now been implemented to ensure that the permit validity aligned with the provisions of excise policies. Reply is not tenable as User Acceptance Testing reports have not been submitted in support of the reply.

2.10.6.4 Issuance of passes against cancelled permits

As per the permit process flow, a permit request submitted by a licensee can be rejected either by Excise Inspector (EI) or Additional Excise & Taxation Officer (AETO) prior to its approval. The System also facilitates the licensee to submit a request for cancellation of the permit already approved by the AETO. Different codes were assigned in the database for permit requests rejected prior to their approval and permit requests cancelled against the cancellation request made by the licensee.

Analysis of the data available up to July 2023 revealed that 28,19,000 permit transaction requests were submitted on the departmental portal by the excise licensees. Analysis of these permits further revealed that 74,478 transactions were rejected/cancelled by the excise authorities.

Further, analysis of these rejected /cancelled permits with approved pass transactions revealed that passes were issued against 310 cancelled/ rejected permit transactions for supply of 4,37,402 PL/BL liquor, of which 296 transactions, permits were cancelled/ rejected after the passes were issued and in remaining 14 transactions, passes were issued against the cancelled/ rejected permit resulting in non-levy of excise duty of ₹ 33.19 lakh.

Issuance of passes against cancelled/rejected permits led to non-levy of excise duty, exposing the department to revenue loss and hinders liquor movement tracking.

The Department admitted the facts and stated (May 2025) that due to absence of validation controls, these approved permits were cancelled after issuance of passes and efforts would be made to recover the outstanding amount.

2.10.6.5 Transactions related to permit not compliant with prescribed process flow

During analysis of the data, it was found that in the following permit transactions processed were not compliant with the prescribed process flow:-

(i) As per the prescribed process flow, permit number is assigned to each request on its approval. In case of 464 rejected permit transactions, permit number was assigned. The Department while admitting the facts stated (May 2025) that all the necessary checks have been now implemented to prevent generation of permit number in case of rejection. The department, however, did not provide User Acceptance Testing in support of the reply.

(ii) During the development process of the IT system it was envisaged that uniqueness of permit and pass numbers would be ensured.

- Analysis of the data revealed that in 30 transactions same permit numbers were assigned for the different licensees.
- Similarly for nine acknowledgement numbers assigned to permit requests, 18 different permit numbers were assigned.

The Department while admitting the facts stated (May 2025) that these issues occurred due to some technical error and all the necessary checks have now been implemented by SI to prevent these issues. However, the Department did not furnish User Acceptance Testing reports in support of its claim.

(iii) As per information available in the database, 641 permit were issued prior to their creation. The Department stated (May 2025) that these issues occurred due to technical error.

(iv) 75 permits approved in favour of 51 licensees after the expiry of validity period of respective licenses. The Department stated (May 2025) that these issues occurred due to some technical error and all the necessary checks have now been implemented by SI to prevent these issues. Reply is not tenable as UAT reports have not been submitted in support of the reply.

(v) In 1,648 transactions[11], validity period of the approved passes was beyond the currency of respective policy year. The Department stated (May 2025) that these issues occurred due to technical errors.

[11] Number of passes: 2016-17: 72; 2017-18: 1,380; 2018-19: 47; 2019-20: 1; 2020-21: 125; 2021-22: 2 and 2022-23: 21.

2.10.7 Pass applications

2.10.7.1 Inadmissible allowance of breakage to wholesale

As per para number 12.5A of Excise policy 2022, the breakage allowance for in-storage and in-transit losses to the wholesale vends for various types of liquor shall be allowed upto the extent of norms prescribed in annual excise policies. However, between the policy years 2016 and 2021, no such provision was made in the policies.

Analysis of the data of Pass table for the policy years 2016 to 2022, revealed that pass requests submitted by licensees claiming breakage of liquor bottles was allowed in the system. In these cases, breakage for liquor volume of 1,09,61,428 PL/BL was allowed to the different types of licensees as mentioned below:

Year	2016	2017	2018	2019	2020	2021	2022	Total
Total	6,71,601	10,59,948	9,40,892	11,80,310	45,03,158	25,88,373	17,146	1,09,61,428

Thus, in absence of adequate validation controls in the system, inadmissible breakage allowance could not be restricted. There is possible risk of under-reporting by misclassifying of liquor shortages as breakage by wholesale licensees and diversion of liquor.

The Department stated (May 2025) that the breakage was admissible as per rule 16 (iii) and 16 (iv) of the Punjab Liquor Permit and Pass Rules 1932. Reply was not admissible since as per rule 16(iii), the wastage allowance was prescribed for spirit conveyed in wooden or metallic vessels and as per rule 16(iv), no scale of wastage was prescribed for bottled spirit. All the pointed out cases were related to breakage of bottled spirits which was not provided in the extant rules.

2.10.7.2 Liquor stock not updated

Analysis of the data of Pass table revealed that stock of 194,12,484 PL/BL of liquor received by wholesale licensees of CL/IMFL was not updated in their accounts. This quantity was issued through 4,551 passes during the policy years from 2016 to 2022. Pendency of stock updation in 3,327 out of 4,551 passes ranged between 11 and 337 days from the date of issuance of passes to the close of the respective excise policy year.

Due to non-updation of liquor stock by wholesale licensees, the actual stock received and available was not reflected accurately. Their FG stock report showed mis-leading/inaccurate information to the Excise Authorities during physical inspections of the licensees' premises. Further, disposal of non-updated stock could not be monitored by the Excise Authorities.

The Department admitted the facts and stated (May 2025) that the process to introduce the escalation matrix to avoid abnormal delay in stock updation would be initiated.

2.10.7.3 Issuance of liquor at the last day of policy years

Analysis of data for the policy years 2016-17 to 2022-23 revealed that 6,731 passes were approved in favour of retail licensees on the last day of the policy year for lifting 1,21,41,304 PL/BL of liquor. Analysis of these passes further revealed that the quantity of liquor lifted by 370 licenses on the last day of the policy year was more than ten *per cent* of the annual quota, which is also more than the last month's quota (eight *per cent*) of the licensee. These outliers underscore the possibility of the quantity being lifted on the last day of the policy year and evasion of the payment of transfer fee by wholesale licensees on stock that remained unsold with them in the respective policy year.

Further, analysis of these passes revealed that 1,289 out of 6,731 passes were approved after official working hours. The timeline of these passes approved after 18.00 hours was as follows:

Sr. No.	Time period	Number of passes approved	Liquor quantity approved in passes
1	18.00 hours to 19.59 hours	808	16,49,997
2	20.00 hours to 22.00 hours	353	7,68,153
3	22.00 hours to 23.00 hours	52	1,17,106
4	23.00 hours to 23.59 hours	76	1,58,240
	Total passes/liquor approved after 18.00 hours	**1,289**	**26,93,496**

The large movement of liquor from wholesale to retail vends in the closing hours of the last day of the excise year raises concerns about its actual disposal and indicates a possible risk of attempt to evade transfer fees in the succeeding policy year.

The Department stated (May 2025) that in the absence of any specific clause and restriction in the excise policies, the licensee was free to apply the passes even on the last day and even after 6 PM. The reply was not admissible as issuance of high number of passes on the last day of policy year or after official working hours raises serious concern about procedural proprietary which suggests potential misuse to avoid transfer fee. Last-hour liquor lifting raises doubts about its transportation and sale, highlighting the need for stricter controls and real-time monitoring to ensure transparency and compliance.

2.10.7.4 Passes issued during COVID lockdown

Though liquor vending was closed during the lockdown period analysis of the pass details of data pass table revealed that 167 passes containing 923 pass transactions were approved during the currency of the lockdown enforced to curb the spread of the pandemic. This included 54 passes approved on account of breakage of liquor bottles.

Timely changes were not made in the system in accordance with the instructions issued by the Government to restrict the processing of permit/passes during the COVID lockdown.

The Department admitted the facts and stated (May 2025) that charge-sheets were issued to the concerned excise officers/officials.

2.10.7.5 Absence of validation checks in the system to restrict the issuance of passes

As per para 9.1.3 of Haryana Excise policy 2022-23, the license fee of L-1B for the policy year 2022-23 was structured as follows:

- ₹ 30 lakh for a new license or if the annual sale from L-1B in the policy year 2021-22 (12 June 2021 to 11 June 2022) was 25 lakh PL or less.
- ₹ 60 lakh if the annual sale in 2021-22 was more than 25 lakh PL but not exceeding 50 lakh PL.
- ₹ 110 lakh if the annual sale in 2021-22 was more than 50 lakh PL but not exceeding 100 lakh PL.
- ₹ 150 lakh if the annual sale in 2021-22 was more than 100 lakh PL.

Additionally, the policy stipulated that if an L-1B licensee’s sales in 2022-23 exceeded a prescribed threshold, they would be required to pay the differential amount corresponding to the next higher category.

Analysis of licensee detail data revealed that A Ltd. was granted an L-1B license for 2022-23. However, license fee payment details were not found in the payment records. Further examination of the permit and pass data indicates that the licensee sold 29,47,322 PL of IMFL during the excise year and initial threshold of 25 lakh PL was surpassed on 25 April 2023. As a result, the licensee was liable to pay an additional license fee of ₹ 30 lakh for further supply of liquor.

Upon inquiry, it was found that the licensee had initially paid ₹ 30 lakh on 26 May 2022 along with its license renewal application and subsequently paid the additional ₹ 30 lakh on 18 May 2023. However, an analysis of the pass data revealed that the system neither prompted for payment of additional license fee nor restricted the issuance of passes between 26 April 2023 and 17 May 2023 for 1,52,842 PL of liquor without payment of additional license fee.

Lack of automated prompts for enhanced payments increase the risk of allowing undue authorization of lifting of liquor with possible revenue loss to the state exchequer.

The Department admitted the facts and stated (May 2025) that there was no check in system to restrict issuance of passes in such cases and the same had been embedded in system w.e.f. 2023. The reply is not admissible as no UAT report was furnished showing incorporation of relevant checks in the system.

2.10.7.6 Transactions related to pass not compliant with prescribed process flow

During analysis of the data, it was found that in the following pass transactions processed were not compliant with the prescribed process flow:-

(i) Analysis of the pass transaction data revealed that same pass numbers were assigned/captured against 31,407 approved permits requests. The frequency of same pass number for one permit number ranged between two and 987.

(ii) Vehicle number is a crucial field to be published on the Pass document to check and curb the illegal transportation of liquor. Analysis of the data revealed that in nine pass transactions vehicle number was not captured. The Department stated (May 2025) that these transactions were quota conversion passes and vehicle number was not mandatory in these cases. The reply was not admissible as these passes were regular passes and not for quota conversion as claimed by the department. Further, the Department stated that necessary checks had been incorporated on vehicle number field since 2023, however, no UAT report was provided to audit.

(iii) Five passes were approved in the next excise policy year against the permits created in the preceding policy year. The Department stated (May 2025) that as per the current functionality of the system there was no validation check present in the system to prevent approval/rejection of pass or permit post the Excise Policy year.

(iv) In case of 16 pass transactions approval was granted before the request for creation of pass. The Department stated (May 2025) that in these cases approval date was after their creation. However, checks had been implemented in the system to enforce data integrity since 2023 onwards. Reply was not admissible as data analysis revealed contradictory facts i.e. pass issue dates were earlier than pass creation dates.

2.10.8 Non Automation/deficient design of functionality

The department in its scope of work envisaged to automate the functions performed by it under the various Acts/Rules applicable to the department. Automation of departmental functions by deploying different functionalities in accordance with the organisation's business rules is important as it minimizes manual intervention, thereby reducing errors and saving time. It ensures consistency, accuracy, and efficiency in operations while improving transparency and accountability. Automated processes also strengthen internal controls, enable better monitoring, and support timely decision-making, ultimately leading to enhanced governance and overall organizational performance.

Audit findings regarding non automation or deficient functionalities are given below:

2.10.8.1 Absence of functionality for Computation of Stock Transfer Fee and differential excise duty

As per annual excise policies, at the termination of the contract for a particular year, the outgoing licensees can transfer their remaining liquor stock to incoming licensees, after paying prescribed transfer rates for different types of liquor. Annual excise policies further provide that in case the excise duty rates in the succeeding policy years are enhanced, a difference in excise duty rates would also be charged on the quantity of liquor transferred.

Analysis of departmental data showed that these transfers were recorded in the system under permit/pass numbers starting with "P0." However, field records revealed that stock transfer fees and differential excise duty were manually calculated, as no functionality to do so was available in the system.

Test check of physical records for liquor stock transferred from outgoing licensee of preceding policy year to the new licensee at DETC (Excise) Fatehabad (2018-19) and Gurugram (West) (2022-23) field offices, revealed that in three cases, excise levies amounting to ₹ 48.23 lakh were manually computed whereas ₹ 1.30 crore was actually due as per policy rates.

Thus, absence of process automation to compute transfer fee and differential excise duty resulted in short levy of excise dues amounting to ₹ 0.82 crore.

The Department admitted the facts and stated (May 2025) that in one case of DETC (EX) Fatehabad, property of the licensee had been attached and active efforts were underway to recover the pending dues. In another case, DETC (EX), Gurugram (West) stated that an amount of ₹ 52.31 lakh had been recovered.

2.10.8.2 Absence of functionality to calculate penalty payable on short lifting of prescribed liquor quota

In the annual excise policies, a schedule of quota to be lifted by retail licensees in each quarter is prescribed. Failure to lift its prescribed quota attracts a penalty at rates prescribed in the excise policy of the respective excise year. Department in its FRS included that the system should on a periodic basis compute the interest and penalty due against a taxpayer based on amounts outstanding and post it to the taxpayer's ledger.

Analysis of the data related to quarterly quota granted to L-1BF and L-2BF[12] licensees and liquor stock lifted revealed following deficiencies:

(a) Non levy of penalty for liquor quota short lifted by L-1BF Licensee

Para 9.5.4 of Haryana Excise Policy approved for the policy year 2020-21 and 2021-22, prescribed a 'minimum quota' of whisky, Beer and wine segment of IFL (BIO) for each L-1BF of the State as detailed below:

Type of Liquor	2021	2020
	(Quota, in cases)	
Whiskey, Scotch, Rum, Vodka, Gin, Brandy etc.	18,000	10,000
Beer	4,500	7,000
Wine, Cider, Liqueur etc.	7,500	3,000

Provisions of policies provided levy of penalty at the rate of ₹ 3,000 per case in case licensee failed to lift the minimum prescribed quota of whisky/wine and ₹ 1,500 per case in case of Beer. Provisions of the policies also provided that the quota prescribed for the wine and whisky segment could be clubbed, at the request of the licensee, for determination of the quota lifted.

Analysis of the data related to liquor stock lifted by the L-1BF licensees revealed that in the policy year 2020-21 and 2021-22 four licensees were assigned a quota of 19,462 cases of IFL (Beer), however, these licensees had lifted only 13,426 cases against the prescribed quota causing short lifting of quota of 6,036 cases. Similarly, five licensees during the policy year 2021-22 lifted a short quota of 37,833 cases of IFL (Whiskey &Wine) by lifting 79,857 cases against the minimum quota of 1,17,690 cases. As per penalty provisions contained in the excise policies, the penalty of ₹ 11.35 crore in case

12 Retail license of Imported Foreign Liquor.

of IFL (Whiskey &Wine) and ₹ 0.90 crore in case of IFL (Beer) was leviable on account of short lifting of prescribed quota which was not done.

The Department admitted the facts and stated (May 2025) that an amount of ₹ 0.25 crore had been recovered. Further, the matter regarding recovery of ₹ 6.59 crore was pending with court and recovery proceedings was initiated to recover the balance amount. Department also accepted that the functionality for calculation of short quota penalty for IFL was not embedded in the system and new SI would now be instructed to develop the functionality.

(b) Non-levy of penalty on L-2BF for short lifting of Imported Foreign Liquor quota

As per Excise Policy 2020-21, L-2BF licenses were mandatory for certain IMFL retail outlets at a fixed price based on vend potential. These licensees had a minimum IFL (BIO) quota (Whiskey, Beer, Wine) and were subject to penalties for short lifting i.e. ₹ 5,000 per case for Whiskey/Wine and ₹ 2,000 per case for Beer. Wine and Whiskey quotas could be interchanged without extra fees. Excise Policy 2022 assigned a total IFL (BIO) quota per L-2BF, with the same penalty provisions.

Analysis of data revealed that in 2020-21 and 2021-22, licensees of 151 Zones had lifted 33,733 boxes of IFL Whiskey and Wine against the fixed quota of 42,226 boxes. Similarly, in the case of IFL Beer, the licensees of 131 zones lifted 11,373 boxes of IFL beer against the fixed quota of 17,066 boxes during the policy years 2020-21 and 2021-22. Resultantly, licensees had short lifted 8,493 and 5,693 cases of IFL (Whiskey/Wine) and IFL Beer respectively. As per penalty provisions contained in the respective excise policies, penalty amounting to ₹ 5.38 crore (8,493 cases @ ₹ 5,000 per case plus 5,693 cases @ ₹ 2,000 per case) was leviable in these cases.

For 2022-23, two licensees lifted 34,311 IFL (BIO) boxes against a quota of 36,557. In these cases, a penalty of ₹ 44.92 lakh (2246 x 2000) was leviable.

Thus, due to non-provisioning of appropriate functionality in the system for computation, levy and recovery of penalty on account of short lifting of quota by L-2BF licensees, penalty amounting to ₹ 5.83 crore could not be levied.

The Department admitted the facts and stated (May 2025) that functionality for calculating short lifting penalty for L-2BF would be developed and implemented in IT system. Department further stated that recovery of ₹ 1.80 lakh had been made and efforts were being made to recover the pending dues.

2.10.8.3 Absence of functionality for computation of interest

FRS published in the RFP document contain a requirement that the system should be capable of computation of interest on arrear amounts due on the basis of penalty rules.

Analysis of the data and functionalities demonstrated by the development team revealed that functionality for computation of interest on delayed payment of licensee fee was not embedded in the system. In the absence of the functionality, the department calculates this interest manually and recovers/adjust the interest due at the end of the Policy year. The manual process of interest computation may lead to miscalculation of interest.

The Department admitted the facts and stated (May 2025) that it is envisaged that all excise processes would be automated in future by new SI.

2.10.8.4 Absence of functionality to automate appeal process

Para 2.3 of SRS document envisaged that the detailed process maps and process description of the Appeal module was to be got developed and implemented by the department to automate the Appeal process followed by the licensees.

Scrutiny of the data revealed that data related to objections and appeals filed by the licensee was not available in the database. The absence of the data related to appeal cases, precludes effective monitoring and addressing of excessive finalisation delays.

The Department admitted the facts and stated (May 2025) that it is envisaged that all excise processes would be automated in future by new SI.

2.10.8.5 Absence of functionality to automate the inspection process

Annual excise policies provides that departmental authorities shall conduct inspection of the premises of the liquor licensees to detect any breach of applicable codal provisions and to curb the illegal sale/possession of the liquor.

During walk through exercise to assess the extent of functionalities available in the system and analysis of database tables, it was noticed that functionalities to automate the inspection process envisaged in the SRS document were not embedded in the system.

Effects of non-automations of the inspection process are as under:

(i) Short levy of minimum penalty

Scrutiny of the physical record of breach[13] cases maintained by test-checked field units revealed that amount of penalty was computed by the HO manually. No functionality was embedded in the system to capture the granular details reported by the inspecting officer in order to automate the computation of the penalty. Scrutiny of the breach cases detected during the physical verification of premises of wholesale licensees by excise authorities for the policy year

[13] Violation of Excise policy norms noticed during the physical verification by the Excise Authorities at the premise of the Licensees.

2018-19 to 2022-23 revealed that in 13 cases pertaining to DETC (Excise) Fatehabad, Gurugram (East) and Panipat, penalty amounting to ₹ 19.24 crore was leviable in accordance with the norms prescribed on account of shortage of liquor (CL & IMFL) stock. However, in these cases penalty of only ₹ 8.70 crore was levied. It was also noticed that norms to calculate penalty in case of unaccounted quantity of beer, wine or RTB other than IFL detected during the inspection of licensees' premises were not included in the annual excise policies.

Thus, absence of functionality to automate the inspection and penalty computation process resulted in short levy of minimum penalty of ₹ 10.54 crore.

The Department admitted the facts and stated (May 2025) that online module was not available in the system to automate inspection and penalty calculation. Further, it was also stated that the breach cases were decided by the Collector under section 36 C of the Excise Act, 1914 as a quasi-judicial authority and penalty was not prescribed in the excise policies before 2022-23. Reply was not admissible as penalty norms were prescribed in Para No 4.7 and 5.6 of Excise Policy for the year 2021-22 onwards.

(ii) Non-levy of penalty for pending breach case

As per para 4.7 and 5.6 of the Haryana Excise Policy 2019-20, in case any L-13/L-1 licensee respectively, is found to be indulging in the illegal or clandestine sale of liquor in order to avoid AED, the amount becoming due on account of penalty etc. towards such L-13/L-1 licensee shall also be recoverable from the security deposits of the retail outlets (L-14A/L-2) of the said licensee. Para 3.4.1 of the policy provided that AED @ ₹ 23 per PL for CL and ₹ 51 per PL in case of IMFL was chargeable.

Scrutiny of the records of DETC Fatehabad revealed that physical verification of premises of L-1 and L-13 was conducted during the Covid period by a team constituted in response to the directions of Collector (Excise). The breach cases noticed during these inspections were forwarded to Collector (Excise) for levy of penalty. Records revealed that in two cases penalty in accordance with the provisions of Punjab Excise (Haryana Amendment 2020) Act, was levied. As per the FG report of the licensee, there was a balance stock of 1,62,000 PL, 2,307.231 PL and 8,078.20 BL for CL, IMFL and Wine respectively, as on 6 May 2020 but as per the reports of the inspection team, no physical stock was available at premises of the L-1 and L-13 licensee. This breach case involved a penalty of ₹ 1.92 crore which was not levied, as per details given below:

Sr. No.	Type of Liquor	Stock found short (in PL)	AED per PL (in ₹)	Minimum penalty as per provisions ibid (five times of AED)	Penalty leviable (in ₹)
	(a)	(b)	(c)	(d) = {(c) x 5}	(e) = {(b) x (d)}
1	IMFL	2,307.23	51	255	5,88,343
2	CL	1,62,000	23	115	1,86,30,000
Total					**1,92,18,343**

The Department admitted the facts and stated (May 2025) that the case had been sent to the Collector (Excise) in February 2025 and recovery proceedings would be initiated accordingly.

2.10.8.6 Absence of functionality to capture process for grant of tavern license and non-levy of mandatory "Anumat Kaksh" fee

Scrutiny of data and walkthrough exercise of functionalities available in the system revealed that no functionality was embedded at the front end of the application to submit an online application for the grant of tavern to retail licensees in urban and sub-urban areas/ processing by excise authorities. In the absence of an automated process, trail of actions performed by departmental users to detect processing delays of these applications cannot be monitored. Further, correctness of the applicable fee levied and collected in accordance with the rates prescribed in respective annual excise policies cannot be assessed.

As per para 1.4.3 of Haryana Excise policy for the year 2018-19, all licensees of the urban zones were required to deposit an extra license fee at the rate of 0.8 *per cent* of the license fee of the zone, subject to a minimum of ₹ four lakh for operating up to two *Anumat Kaksh* in their respective zones. Similarly, the licensees of the sub-urban zones were required to deposit an extra license fee @0.4 *per cent* of the license fee of the zone, subject to a minimum of ₹ two lakh for operating up to one *Anumat Kaksh* in their respective zones.

As per para 1.4.3 of Haryana Excise policies for the year 2019-20, the fee structures for *Anumat Kaksh* in urban zone and sub-urban zone were as follows:

Sr. No.	Fee for *Anumat Kaksh* in Urban Zones		Fee for *Anumat Kaksh* in Sub-Urban Zones		Nature of license fee
	License fee (percentage license fee of the zone)	Permissible Number of *Anumat Kaksh* in a zone	License fee (percentage license fee of the zone)	Permissible Number of *Anumat Kaksh* in a zone	
1	0.8	2	0.4	1	Mandatory
2	1.4	3	0.8	2	Optional
3	1.6	6	1.2	3	Optional

Scrutiny of records of the office of DETC (Excise), Fatehabad for the years 2018-19 to 2019-20 revealed that mandatory *Anumat Kaksh* fee amounting to ₹ 19.43 lakh was not realised from seven Sub Urban zones (2018-19: 4 and 2019-20: 3).

On being pointed out, the DETC (Excise) Fatehabad stated that out of seven zones, an amount of ₹ 7.87 lakh in respect of three zones was adjusted by the department from the security and efforts would be made to recover the outstanding amount of ₹ 11.56 lakh. Further, in regard to availability of functionality, the Department stated (May 2025) that functionality to receive/grant of the *tavern* applications/licenses was enabled in the year 2021. Reply is not admissible as no UAT in this regard was provided by the Department.

2.10.8.7 Non-automation of movement of liquor from vend to sub vend

As per annual excise policies published by the department since the policy year 2015, there is a provision for the allotment of license for sub-vend. During the analysis of Permit and Pass tables from the dump data and process flow available at front end of the application, it was found that functionality was not designed in the system to capture details about the liquor movement from vend to sub-vend and resultantly no information was available in the system to track the liquor supplied from vend to sub-vend.

In absence of any centralised information regarding liquor movement from vend to sub-vend, any instance of unauthorised movement of liquor cannot be monitored effectively.

The Department stated (May 2025) that the functionality for movement of liquor from vend to sub-vend has been developed by the department and is in testing phase.

2.10.8.8 Absence of functionality to track the supply of exported liquor and Export Verification Certificates (EVCs)

Excise Duty on export sale is imposed by the competent authority of the importing State. The exporter has to obtain acknowledgement for receipt of stock in the importing State in the shape of EVC from the Excise Authority of the importing State. The EVC is to be submitted to the Excise Officer-in-Charge of the concerned exporting unit and ensures complete quantity of liquor received.

Analysis of the data of Export passes revealed that 60,903 passes were approved by the excise authorities for export of 3,815.83 lakh PL/BL of liquor (BEER, IMFL, IFL, CL) outside the State during the policy years 2016-17 to 2022-23. However, no EVC was captured in the system due to a lack of such functionality in the application.

Analysis of information captured in the column "Received_Flag" showed that in 57,019 out of 60,903 transactions, value "N[14]" was captured, which indicates that the stock of 3815.76 lakh PL/BL (as stock of .07 lakh PL/BL was captured as "Y") was either not received by the importing State/licensee or the information was not updated in the system. Without EVCs updation, the system cannot provide assurance regarding actual delivery of the exported liquor in terms of its quantity. This gap increases the chance of discrepancies, misreporting, or potential diversion of stock.

The Department admitted the facts and stated (May 2025) that due to manual nature of EVC verification, the "received_flag" was not updated. Now the department has been working on updation of these entries.

2.10.8.9 Deficient form design for liquor stock transfer details

Annual excise policies provides that an outgoing licensee can transfer its undisposed stock of liquor to the incoming licensee subject to payment of the prescribed stock transfer fee. A retail licensee can transfer its balance stock intra-district, however, a wholesaler can transfer its left-over stock intra-district as well as inter-district. In case of inter-district transfer of stock, the licensee was required to pay the stock transfer fee at higher rates in comparison to stock transfer fee leviable on intra-district transfer.

Scrutiny of the data Pass Details and Permit Details tables revealed that during the policy years 2018-2023, a total of 349,89,981 PL/BL of liquor/beer stock was allowed as stock transfer from the outgoing licensees of the preceding policy years.

In these stock transfer transactions, details of suppliers from whom the stock was transferred were not found in the database, as provisions at the front end were not available to record the details of the transferor. Owing to the lack of supplier details in the system it was not possible to verify whether the entire undisposed stock was legitimately transferred by the outgoing licensees.

The Department admitted the facts (May 2025) that details of outgoing licensees were not captured in the system.

2.11 Other Information Technology control issues

2.11.1 Deficient payment module in the Information Technology system

During description of the process flow at the front end and data flow at backend of the application, it was disclosed by the development team that all the transactions related to payments made by the excise licensees and excise

[14] In the data table value "Y" represents exported liquor received and value "N" represents exported liquor not received.

levies payable on account of excise duty, permit fee, import fee, export fee, etc. were populated in the data table containing details of payment in the database. The payments made by the licensees either at designated banks or using e-payment method were subsequently validated by the system from the e-GRAS portal of the Treasury and Accounts Department Haryana through an Application Programming Interface (API).

Audit findings regarding deficient payment module are given below:

(a) Missing payment transactions

The development team, during discussion on data structure about the data table structure containing payment details, disclosed that each row in the table is represented by system generated sequential number.

During analysis of the data related to payment details captured from April 2016 to May 2023 in the database, it was noticed that 2,61,050 transactions were missing.

The missing transactions undermine data integrity, thereby raising concerns about unauthorised deletions or alterations and poor control over transaction logging. Missing payment transactions indicates risk of permits being generated without realization of excise dues, leading to possible financial irregularities and revenue leakage.

The Department while admitting that 10 *per cent* of the transactions were missing stated (May 2025) that in case of failure in submission of any transaction, ID assigned to failed transaction is not re-used and new ID is generated. The reply was not admissible as the absence of audit trail for the failed transactions and gaps in IDs indicates lack of system controls and raises concerns over data integrity.

(b) Historical information for payment transactions modified

Scrutiny of payment details revealed that in only 8,76,102 out of 22,80,846 modified date was populated. However, no historical information about the nature of changes made to existing information was available in the database.

In absence of maintenance of historical information, unauthorised editing of payment transactions cannot be ruled out.

The Department stated (May 2025) that historical information for edited/modified payment transactions was not being maintained.

(c) Critical information left blank

(i) Analysis of the payment details (December 2015 to June 2023) revealed that the transaction creation date in 3,621 transactions for payment amount of ₹ 789.16 crore was left blank.

(ii) In 64 out of 2,81,530 payment transactions recorded in data table containing details on account of payment made into treasury, the payment date column was left blank. An amount of ₹ 4.90 crore was paid by the licensees through these 64 transactions. In the absence of a payment date, any delay with reference to the payment schedule cannot be ascertained.

The absence of adequate input validation controls has resulted in critical data omissions in the payment details, undermining the integrity, completeness and reliability of payment records.

The Department stated (May 2025) that there was no revenue loss. Reply is not admissible as in absence of payment date, any delay with reference to payment schedule cannot be determined.

(d) Transactions accepted without availability of funds

System facilitates the excise licensees to remit an advance amount as miscellaneous fee (corpus) to set-off the amount of excise levies[15] payable. Any transaction request, attracting excise levy, made by the excise licensee can only be successfully submitted in the system when the funds to set-off such levies are available in the corpus of the licensee.

Analysis of the licensee-wise data related to corpus amount and dues set-off from it on account of excise levies by the respective licensees revealed that in case of 939 licensees, the amount payable on account of excise levies (₹ 377.51 crore) was more than the amount successfully paid as miscellaneous fee (₹ 338.70 crore). In the absence of adequate validation controls in the system, excise levies amounting to ₹ 38.81 crore were set off in excess of the advance amount available in the corpus of these licensees, and the system had not restricted the submission of related transactions.

The Department stated (May 2025) that currently system does not allow submission of permit requests without availability of funds in corpus. Further, department claimed that out of ₹ 38.81 crore amount of ₹ 21.76 crore recovered/reconciled and recovery status in respect of balance amount of ₹ 17.05 crore would be updated. However, in absence of granular data of the recovery amount the contention of the department remains unverifiable.

(e) Multiple use of same challan

As per the process laid down by the State Government, each payment made to the Consolidated Fund of the State is to be remitted in the respective district treasury or cyber treasury by generating an e-challan. Treasury challans

[15] Excise Duty, Permit Fee, Bottling Fee, Assessment Fee, Import Fee, Export Fee, Additional Excise Duty, Covid Cess, Retail Permit Fee, Brand Registration Fees, Label Registration Fees etc.

generated on the e-GRAS portal assigned a Government Revenue Number (GRN) to maintain the uniqueness of each challan.

Analysis of payment transactions available for the period December 2015 to June 2023 revealed that the system had not restricted the repeated (ranging between two and eleven times) processing of 68 challans for 152 payment transactions. An amount of ₹ 2.79 crore was credited to the ledger of 52 licensees as miscellaneous fee, to set-off the dues arisen on account of excise levies, against the actual amount of ₹ 1.25 crore deposited to State exchequer through these challans. Thus, due to the absence of adequate input validation checks on the GRN column, system could not restrict the acceptance of duplicate GRN, resulting in excess credit of ₹ 1.54 crore to the licensees causing loss of revenue to the Government.

The Department stated (May 2025) that recovery/reconciliation of ₹ 0.96 crore out of ₹ 1.54 crore had been made and efforts were being made to recover the balance amount of ₹ 0.58 crore.

(f) Grant of benefit against pending challans

Analysis of the payment details available in the departmental database with e-GRAS data obtained from the Treasuries & Accounts Department revealed that the payment status of 121 GRNs in the departmental database was shown as “Successful”, however, as per e-GRAS database, payment status was shown as “Pending”. Further analysis of these transactions revealed that ₹ 2.05 crore was credited to ledgers of 31 licensees as Miscellaneous fee. This erroneous update of payment status in the departmental database led to utilisation of this amount towards setting off liability arisen on account of excise levies payable by these licensees.

The Department admitted the facts and stated (May 2025) that ₹ 1.41 crore had been recovered/adjusted out of the total recoverable amount of ₹ 2.05 crore and efforts were being made to recover the remaining ₹ 0.64 crore.

(g) Allowance of credit more than the amount remitted into treasury

Analysis of the payment data (December 2015 to June 2023) revealed that ₹ 16.37 crore was credited to the ledgers of 18 licensees against 79 challans for setting off their excise levy liabilities. However, a cross-verification of these challans with the values recorded in the e-GRAS database showed an actual recorded value of only ₹ 4.18 crore. This lack of adequate controls in the payment validation process through the e-GRAS portal resulted in an excess credit of ₹ 12.19 crore to the ledgers of these licensees, allowing them to incorrectly offset their excise liabilities.

The Department admitted the facts and stated (May 2025) that in DETC (Excise) Panchkula, excess amount were credited to the Licensees' corpus but remained unutilised. The reply was not tenable no corpus report was provided to verify non-utilisation of the amount.

Further, the claim of Department in case of DETC (Excise) Panchkula that no excess credit was given was incorrect, as ₹ 7.08 lakh was credited against a ₹ 5,000 fee received on account of temporary license fees. In DETC (Excise) Sonipat, ₹ 2.85 crore excess credit was acknowledged for one licensee of which ₹ 1.31 crore was recovered. No details were provided for the remaining ₹ 1.54 crore. In DETC (Excise) Faridabad, ₹ 3.50 crore out of ₹ 6.56 crore excess credit was claimed as received, but ₹ 2.30 crore of that could not be substantiated due to lack of supporting documents. Department further stated that efforts to recover the remaining ₹ 3.06 crore was under process under Land Revenue Act.

(h) Acceptance of challans for amount credited under other head of accounts

In the list of major and minor heads of account of Union and States, different major heads are prescribed according to the functions of the Government. As per the list of major and minor heads of account, major head "0039-Excise Duties" is assigned for remittance of all the receipts of the excise wing of the department.

Analysis of the data of IT system in relation to deposits received and corresponding information available on the e-GRAS portal revealed that the system implemented in the department had not restricted the acceptance of 34 challan transactions pertaining to major heads other than[16] "0039-Excise Duties". An amount of ₹ 5.22 crore was credited to the advance corpus of 31 licensees through these 34 challans, enabling the licensees to set off their liabilities arisen on account of excise levies. Payment received through these challans was on account of unrelated reasons i.e. HSSC Application Fee, Surcharge on Sales Tax, Payment of Road Tax, etc. Thus, owing to inadequate validation checks, system had not restricted the processing of challans meant for remission of dues under the major heads other than "0039-State Excise".

The Department stated (May 2025) that adequate validation checks has been incorporated in the system from 2023 to restrict the acceptance of challan credited under other head of accounts. Further, it was also stated that recovery/re-conciliation for ₹ 39.41 lakh has been verified. However, recovery/re-conciliation of ₹ 23.28 lakh could not be admitted as these

[16] 0029-₹ 1.08 lakh; 0030-₹ 1.02 lakh; 0040-₹ 137.60 lakh; 0041-₹ 67.88 lakh; 0051-₹ 291.20 lakh; 0055-₹ 8.10 lakh and in four cases invalid GRN mentioned for ₹ 15.25 lakh.

amounts were already utilised towards creation of corpus and payment of security fees. However for the remaining amount of ₹ 4.59 crore, the departmental reply was silent.

(i) Partial use of payment module

A comparative analysis of the payment data for 2021-22 revealed that the actual receipt reported in budget document was ₹ 7,933.42 crore under Major Head 0039-State Excise, whereas only ₹ 6,915.54 crore was recorded in the department's IT system as per payment data table which shows that payments were remitted directly to the state exchequer through treasury challans generated from the e-GRAS portal instead of being processed through the department's IT system payment module. This indicates the partial use of payment module of the IT system. Payment of License dues could not be effectively reconciled in the absence of complete utilisation of payment module.

The Department admitted the facts and assured (May 2025) that functionality to capture all type of payments would be incorporated in the new IT system.

2.11.2 Capacity Building-Non-compliance with training requirements

As per Section-IV (Scope of work) included in RFP document, the selected bidder had to provide training to six types of user groups (i) Executive leadership; (ii) Departmental employees from record keeper and above; (iii) Training for trainers; (iv) Reporting users; (v) Administrator and (vi) all staff members. Under User Group No. 5, the department had to nominate staff to handle the technical aspects.

During audit, it was observed that the training/refresher courses necessary for the key technology personnel had not been provided as specified in the contract. Owing to adequate lack of training, the department continuously remained dependent on SI for database, network and server management besides troubleshooting.

The Department in its reply (May 2025), stated that extensive training had been provided. However, details regarding personnels trained to handle the tasks such as Database management, Network and server management, Troubleshooting etc. was not provided.

2.11.3 Business Continuity Plan, Disaster Recovery Plan and Information Technology Security

In the State of Haryana, the Information Security Management Office (ISMO) was created by the Apex IT Committee of the state to address the issues of information/cyber security. ISMO had published a Data Backup & Recovery Management Policy laying down processes and procedures to be followed for data backup and recovery management of the electronically stored information by the organization dealing/handling the IT Systems implemented in the State of Haryana for timely resumption of services in case of any disaster. Policy also provides that backup frequency must be defined depending on the criticality of the available information, and backup shall be tested regularly to ensure that information can be restored and to identify the restoration constraints.

Audit observed that business continuity and disaster recovery plan prescribing procedures to be followed to safeguard the information available in the IT system was not prepared by the department. In the absence of a document recovery plan, critical departmental data remains vulnerable to loss or corruption of data during system failure or hardware malfunction.

The Department in its reply (May 2025), stated that a DC/DR drill is conducted on quarterly basis and business continuity plan submitted by SI is followed. However, the BCP/DRP plan prepared by department in accordance with the policy guidelines *ibid* was not provided. Neither any record maintained for the drills conducted under BCP/DRP nor details of any shortcomings noticed during such drills was made available to audit.

2.11.4 Security Audit/Cyber Security

To address the issues of information/cyber security in the State of Haryana, as per the Application Security Audit Policy of ISMO, every application within Haryana State domain would be required to be audited by ISMO or through Indian Computer Emergency Response Team (CERT-In) empanelled information security auditing organisation before Public Hosting.

Audit sought details of the security audit conducted by the department. However, no details were made available to Audit.

Department in its reply (May 2025), stated that comprehensive security audit was conducted prior to go-live (2018) of the application. However, copy of security audit report and any subsequent audits conducted during the six years since go-live was not made available to the audit.

2.12 Conclusion

The H-eCT system implemented at an expense of ₹ 104.86 crore was plagued by service deficiencies such as non-provision of critical functionalities, inadequate controls to protect financial interests of the Government and deficient reporting to prevent risks of misreporting/diversion, etc. The department could not exercise proper supervision/ guidance over the IT implementation. The system was not fully aligned with the established objectives of transparency, efficiency, and accountability as defined by the

State's excise policies and IT system's requirements. Due to absence of end-to-end functionality to process all types of license in the system, complete audit trails of user actions for licenses granted/renewed for other than retail vends could not be reviewed/monitored. As a result, the improvement in service delivery efficiency envisaged under the computerisation project could not be measured. The seamless process was not designed for remission of money received in the form of participation fees and EMD into government account. Facility was not designed to create a repository of blacklisted liquor licensees for review by departmental authorities prior to grant of license. Absence of geo-tagging of liquor vends reduces the ability to ensure compliance to provisions contained in excise policies. The system lacks functionality to automate the licensing process for all types of liquor licenses issued by the department.

Functionalities were also not found in the system to facilitate digitisation of various types of registers prescribed by the department to keep track of the liquor production process and for recording the chemical examination results in respect of liquor samples sent to designated laboratories so as to ensure that liquor was dispatched only after receipt of examination reports.

The process for computation of penalty on account of stock transfer fee, short lifting of liquor quota, inspection/appeal, etc. remained manual in the absence of automated functionalities. Weak application controls in the system lead to erroneous calculation of excise levies like bottling fees, export duty, AED, etc. resulting in financial loss to state exchequer. There was absence of functionality to map hologram series with batch wise liquor stock approved.

The process for approval of permits/passes for dispatch of ENA was not automated. Inadequate controls failed to restrict the movement of liquor quantity through excise passes in excess of the quantity approved in respective permits and approval of excise passes against cancelled permits.

Absence of adequate validation controls in the payment module led to acceptance of same GRN for treasury challans at multiple times, acceptance of treasury challans having value different than recorded at e-GRAS portal, allowance of credit against challans with pending status at e-GRAS portal. Missing records in critical transaction tables, other inconsistencies in transaction data and lack of historical information compromise the reliability of the system. Similarly, the absence of any documentation of retention policy/training also increased dependency on the developer. The Department did not have BCP/DRPs in case of system failures or security breaches.

2.13 Recommendations

The Government may consider to:

1. *Introduce functionalities/ complete automation of*

   (i) *the licensing process for all categories of liquor licenses issued by the department;*

   (ii) *timely remission of participation fees and EMD into the government account;*

   (iii) *approval workflows for the dispatch of ENA and other liquor-related permits/passes;*

   (iv) *calculation of penalties for short lifting, stock transfer fee, inspection appeals, etc.*

2. *Develop a centralised digital repository of blacklisted liquor licensees for real-time access during license issuance and introducing geo-tagging of liquor outlets to monitor policy compliance and enhance field-level tracking.*

3. *Incorporate modules for digital maintenance of mandatory registers and ensure linking of chemical analysis results with dispatch permissions.*

4. *Fix logic flaws causing erroneous levy calculations (e.g., bottling fees, export duty) to avoid revenue loss, retaining of historical records and establish robust logging system to prevent missing/altered transaction data.*

5. *Preparation and maintenance of system documentation and manual including training manual and drawing up an IT security policy, DRP and BCP.*

6. *The Department, learning from the shortcomings in the IT system implemented by the SI may consider the following in any new IT system being envisaged:-*

   (i) the user requirement specifications may include all the government rules and regulations related to State excise/ excise policies and be fully mapped with the FRS. Go-live of any new system may only be given after full user acceptance testing with fully documented sign-off procedures.

   (ii) The department, for any new IT system, may constitute a Post Implementation Review Committee comprising departmental officers to assess whether the IT system fully incorporates all

functionalities mandated by departmental business rules. The committee should also ensure that UATs for all functionalities were duly conducted and approved by the department.

(iii) For any serious flaw in the new IT system such as non-provision of required functionalities, inadequate input/processing controls, insufficient MIS and DSS capabilities, red-flagging/timely alert generation, deficient cyber security etc. joint responsibility of the SI and the concerned department officials may be assigned to enforce accountability.

Chandigarh **(ASHUTOSH SHARMA)**
Date: 23 July 2026 **Principal Accountant General (Audit), Haryana**

Countersigned

New Delhi **(K. SANJAY MURTHY)**
Date: 05 August 2026 **Comptroller and Auditor General of India**

Appendices

Appendix 1.1

(Reference: Paragraph 1.4; Page 3)

List of selected departments and tender inviting agencies during IS audit

Sr. No.	Department name	Sr. No.	Selected TIAs name
1	**Urban Local Bodies**	1	MC Gurugram
		2	MC Sonepat
		3	MC Karnal
		4	MC Charkhi Dadri
2	**Public Works (B&R) Department**	5	EE Mechanical Hisar
		6	EE PD Rewari
		7	SE Rewari
		8	EE PD-1 Sirsa
3	**Public Health & Engineering Department (PHED)**	9	Rewari (GWI) PHED
		10	Mandi Dabwali PHED
		11	Ambala PHED
		12	Hisar PHED No. 2
4	**Uttar Haryana Bijli Vitran Nigam Limited**	13	SE OP Karnal SEC 12
		14	MM (material management) Sector 14 Panchkula
		15	XEN P II (part of MM)
		16	XEN TRW Transfer Repair Workshop Ambala Dhulkot
5	**Haryana Shehri Vikas Pradhikaran**	17	Gurgaon Division V
		18	Division Elect Panchkula
		19	Faridabad Division I
		20	Faridabad Division III
6	**Haryana Police Housing Corporation**	21	Haryana Police Housing Corporation
7	**Directorate of Medical Education & Research**	22	General Branch UHSR
		23	Directorate Medical Education & Research
8	**Haryana Transport Department**	24	Haryana Transport
9	**Haryana Forest Development Corporation Limited**	25	HFDCL, Kurukshetra
10	**State Election Commission Haryana**	26	State Election Commission Haryana

Appendix 1.2

(Reference: Paragraph 1.8.2.4; Page 13)

Statement showing less time given for Bid submission

Sr. No.	TIA Name	Work item ref no	Tender value	Bid submission Opening date	Bid submission closing date	Time given for bid submission (in Days and Hours)
1	HFDC, Kurukshetra	2019_HBC_102655_1	32,00,000	07 September 2019, 18:00	13 September 2019, 09:00	5 Days and 15 Hours
2	HFDC, Kurukshetra	2020_HBC_123043_1	50,00,000	09 March 2020, 17:45	16 March 2020, 17:00	6 Days and 23 Hours
3	HFDC, Kurukshetra	2020_HBC_124966_2	60,00,000	14 May 2020, 09:10	20 May 2020, 17:00	6 Days and 08 Hours
4	HFDC, Kurukshetra	2020_HBC_129445_1	25,00,000	23 May 2020, 13:10	28 May 2020, 17:00	5 Days and 4 Hours
5	HFDC, Kurukshetra	2021_HBC_172898_2	80,00,000	01 June 2021, 09:10	07 June 2021, 09:00	6 Days
6	HFDC, Kurukshetra	2021_HBC_172931_2	80,00,000	01 June 2021, 09:10	07 June 2021, 09:00	6 Days
7	HFDC, Kurukshetra	2021_HBC_172937_1	80,00,000	26 May 2021, 09:00	31 May 2021, 10:30	5 Days and 2 Hours
8	HFDC, Kurukshetra	2021_HBC_172939_5	19,00,000	19 July 2021, 18:40	26 July 2021, 17:00	6 Days and 22 Hours
9	HFDC, Kurukshetra	2021_HBC_197247_1	5,50,000	24 November 2021, 15:40	29 November 2021, 17:00	5 Days and 01 Hour
10	HFDC, Kurukshetra	2022_HBC_211300_3	25,00,000	22 March 2022, 18:10	28 March 2022, 10:00	5 Days and 16 Hours
11	Division Elect., HSVP, Panchkula	2019_HBC_77149_1	3,40,000	06 March 2019, 17:00	13 March 2019, 10:00	6 Days and 17 Hours
12	Division Elect., HSVP, Panchkula	2021_HBC_155391_1	31,40,000	06 January 2021, 17:00	13 January 2021, 10:00	6 Days and 17 Hours
13	Division Elect., HSVP, Panchkula	2021_HBC_155429_1	2,00,000	06 January 2021, 17:00	13 January 2021, 10:00	6 Days and 17 Hours
14	Division Elect., HSVP, Panchkula	2021_HBC_183368_1	6,18,90,000	13 August 2021, 11:00	19 August 2021, 10:00	5 Days and 23 Hours
15	Division Ambala, PHED	2022_HRY_209896_1	19,69,604	28 February 2022, 17:30	07 March 2022, 15:00	6 Days and 22 Hours
16	Division Ambala, PHED	2022_HRY_226526_1	16,74,659	20 June 2022, 16:10	27 June 2022, 15:00	6 Days and 23 Hours
17	Division Ambala, PHED	2022_HRY_229167_1	20,99,870	07 July 2022, 17:50	14 July 2022, 15:00	6 Days and 21 Hours
18	Division Ambala, PHED	2023_HRY_255248_1	32,52,822	24 January 2023, 17:50	31 January 2023, 15:00	6 Days and 21 Hours
19	Division Ambala, PHED	2023_HRY_263827_1	41,52,568	09 March 2023, 10:20	15 March 2023, 15:00	6 Days and 05 Hours
20	Division 2, PHED, Hisar	2021_HRY_180518_1	1,68,28,000	22 July 2021, 15:00	28 July 2021, 14:00	5 Days and 23 Hours
21	Division 2, PHED, Hisar	2021_HRY_196041_2	1,64,28,000	01 December 2021, 18:00	07 December 2021, 14:00	5 Days and 20 Hours
22	Division 2, PHED, Hisar	2021_HRY_198120_1	2,70,17,000	01 December 2021, 18:00	07 December 2021, 14:00	5 Days and 20 Hours
23	Division 2, PHED, Hisar	2021_HRY_201808_2	2,00,77,000	04 January 2022, 18:00	10 January 2022, 14:00	5 Days and 20 Hours
24	Division 2, PHED, Hisar	2022_HRY_207066_1	6,22,46,000	08 February 2022, 18:00	14 February 2022, 14:00	5 Days and 20 Hours
25	Division 2, PHED, Hisar	2022_HRY_207431_1	6,05,72,000	09 February 2022, 18:00	15 February 2022, 14:00	5 Days and 20 Hours
26	Division 2, PHED, Hisar	2022_HRY_210030_1	4,06,09,384	02 March 2022, 18:00	09 March 2022, 14:00	6 Days and 20 Hours
27	Division Mandi Dabwali, PHED	2019_HRY_83392_1	1,16,97,393	29 June 2019, 15:00	08 July 2019, 15:00	8 Days
28	Division Mandi Dabwali, PHED	2019_HRY_85888_1	1,08,09,834	11 July 2019, 15:15	22 July 2019, 15:00	11 Days
29	Division Mandi Dabwali, PHED	2019_HRY_94274_1	3,10,47,235	14 August 2019, 18:10	26 August 2019, 15:00	11 Days and 21 Hours
30	Division Mandi Dabwali, PHED	2019_HRY_95955_1	1,07,52,341	20 August 2019, 16:45	30 August 2019, 15:00	9 Days and 22 Hours
31	Division Mandi Dabwali, PHED	2019_HRY_97096_1	1,90,92,237	23 August 2019, 15:10	02 September 2019, 15:00	10 Days
32	Division Mandi Dabwali, PHED	2021_HRY_174914_3	4,26,06,348	02 August 2021, 17:00	12 August 2021, 15:00	9 Days and 22 Hours
33	Division Mandi Dabwali, PHED	2021_HRY_195008_1	1,43,09,890	10 November 2021, 15:00	22 November 2021, 15:00	12 Days
34	Division Mandi Dabwali, PHED	2022_HRY_215440_3	1,83,57,295	07 May 2022, 15:00	17 May 2022, 15:00	10 Days
35	Division Mandi Dabwali, PHED	2022_HRY_231659_3	61,92,17,403	14 October 2022, 13:00	26 October 2022, 13:00	12 Days

Sr. No.	TIA Name	Work item ref no	Tender value	Bid submission Opening date	Bid submission closing date	Time given for bid submission (in Days and Hours)
36	Mechanical Division, PWD (B &R), Hisar	2019_HRY_82154_1	6,38,000	25 June 2019, 10:00	01 July 2019, 17:00	6 Days and 07 Hours
37	Mechanical Division, PWD (B &R), Hisar	2020_HRY_147729_1	5,78,000	17 October 2020, 09:00	30 October 2020, 17:00	13 Days and 08 Hours
38	Mechanical Division, PWD (B &R), Hisar	2021_HRY_160784_2	14,72,000	17 March 2021, 10:00	24 March 2021, 17:00	7 Days and 07 Hours
39	Mechanical Division, PWD (B &R), Hisar	2022_HRY_205542_1	5,19,654	28 January 2022, 10:00	03 February 2022, 17:00	6 Days and 7 Hours
40	Mechanical Division, PWD (B &R), Hisar	2022_HRY_205696_1	40,52,000	28 January 2022, 12:00	03 February 2022, 17:00	6 Days and 05 Hours
41	Mechanical Division, PWD (B &R), Hisar	2022_HRY_211299_1	8,27,000	10 March 2022, 10:00	21 March 2022, 17:00	11 Days and 07 Hours
42	Mechanical Division, PWD (B &R), Hisar	2022_HRY_216302_1	3,60,000	09 April 2022, 10:00	15 April 2022, 17:00	6 Days and 07 Hours
43	Mechanical Division, PWD (B &R), Hisar	2022_HRY_220286_1	4,01,578	10 May 2022, 10:00	16 May 2022, 17:00	6 Days and 07 Hours
44	Mechanical Division, PWD (B &R), Hisar	2022_HRY_233575_1	8,96,015	10 August 2022, 17:00	16 August 2022, 17:00	6 Days
45	MC Charkhi Dadri	2018_HRY_71474_3	7,80,000	27 October 2018, 17:00	02 November 2018, 17:00	6 Days
46	MC Charkhi Dadri	2018_HRY_71475_10	27,90,000	27 October 2018, 17:00	02 November 2018, 17:00	6 Days
47	MC Charkhi Dadri	2020_HRY_127740_1	5,66,000	06 May 2020, 14:00	12 May 2020, 14:00	6 Days
48	MC Charkhi Dadri	2022_HRY_242129_1	24,25,334	04 October 2022, 18:00	10 October 2022, 17:00	5 Days and 23 Hours
49	MC Gurugram	2019_HRY_85281_1	33,02,931	08 July 2019, 09:10	13 July 2019, 17:00	5 Days 08 Hours
50	MC Gurugram	2019_HRY_94101_1	46,29,504	14 August 2019, 09:10	19 August 2019, 12:00	5 Days and 03 Hours
51	MC Gurugram	2021_HRY_181301_1	16,00,00,000	28 July 2021, 10:55	03 August 2021, 17:00	6 Days and 06 Hours
52	MC Gurugram	2022_HRY_234618_1	41,30,526	18 August 2022, 09:00	24 August 2022, 12:00	6 Days and 03 Hours
53	MC Gurugram	2022_HRY_245412_1	24,78,270	12 November 2022, 12:00	18 November 2022, 12:00	6 Days
54	MC Karnal	2019_HRY_103931_1	2,39,00,000	12 September 2019, 17:00	19 September 2019, 15:00	6 Days and 22 Hours
55	MC Karnal	2020_HRY_138655_2	54,00,000	07 August 2020, 09:00	13 August 2020, 17:00	6 Days and 08 Hours
56	MC Karnal	2021_HRY_182028_1	24,62,000	03 August 2021, 09:00	09 August 2021, 17:00	6 Days and 08 Hours
57	MC Karnal	2022_HRY_236506_1	10,00,000	27 August 2022, 15:00	01 September 2022, 17:00	5 Days and 02 Hours

Appendix 1.3

(Reference: Paragraph 1.8.4.7; Page 26)

Tenders where bidders were technically rejected but financial packets opened before the prescribed time

Sr. No.	TIA Name	Tender ID	Remarks
1	PHED Div I Ambala	2021_HRY_157349_1	Arbitrary rejection
2		2020_HRY_152811_1	Arbitrary rejection
3		2021_HRY_180588_1	Arbitrary rejection
4		2021_HRY_180603_1	Arbitrary rejection
5		2021_HRY_164654_1	Enlistment document was expired.
6		2021_HRY_179986_1	Enlistment document was expired.
7	Mechanical Division, PW (B&R), Hisar	2021_HRY_160784_2	No justification for opening the financial bids before prescribed time was found on record.
8		2020_HRY_147729_1	
9	PD, PW (B&R) Rewari	2019_HRY_79230_1	No justification for opening the financial bids before prescribed time was found on record.
10		2019_HRY_79189_1	
11		2019_HRY_79230_1	
12		2019_HRY_98921_1	
13		2019_HRY_98958_1	
14	DIV I, HSVP, Faridabad	2018_HBC_63769_1	No justification for opening the financial bids before prescribed time was found on record.
15		2022_HBC_243941_1	
16		2018_HBC_71857_1	
17	HFDC, Kurukshetra	2020_HBC_129445_1	Documents not duly attested from notary.
18		2021_HBC_172937_1	EPF/ ESI No. illegible.
19		2022_HBC_244523_1	Not properly signed & stamped. Documents illegible.
20		2022_HBC_246866_1	Documents not self-attested.
21	MC Charkhi Dadri	2018_HRY_68352_1	No justification for opening the financial bids before prescribed time was found on record.
22		2018_HRY_68352_2	
23	MC Gurugram	2019_HRY_80908_2	No justification for opening the financial bids before prescribed time was found on record.
24		2019_HRY_79739_2	
25		2019_HRY_110256_1	
26		2021_HRY_168726_1	
27	MC Karnal	2021_HRY_164864_1	No justification for opening the financial bids before prescribed time was found on record.
		2021_HRY_165454_1	
28		2019_HRY_108777_1	Affidavit not signed.
29		2019_HRY_109638_1	Bidder was not eligible for participation. Hence, rejected.
31	MC Sonepat	2021_HRY_179157_3	No justification for opening the financial bids before prescribed time was found on record.
32		2021_HRY_188632_1	

Appendix 1.4

(Reference: Paragraph 1.9.1; Page 28)

List of cases showing suspected collusion

Sr. No.	Name of TIA	No. of tenders	Description of irregularity	Audit remarks
1	**PHED, Div. II, Hisar**	33	Only same two bidders[1] submitted bids in 33 tenders with close timings.	30 out of these 33 tenders, were awarded to either of the two.
2		22	Two bidders[2] submitted bids from same IP address in 22 tenders with close timings.	15 out of these 22 tenders, were awarded to either of the two.
3	**HFDC Kurukshetra**	9	Three bidders[3] participated from the same IP address in 9 tenders with close timings.	Eight out of nine tenders were awarded to one of these bidders. Tender in Kurukshetra district were awarded to one bidder whereas tender in Kaithal district were awarded to another one.
5	**MC Karnal**	30	Two bidders[4] participated from the same IP address in 30 tenders with close timings of which 25 were awarded.	16 out of 25 were awarded to either of the two.
6		12	Two bidders[5] participated from the same IP address in 12 tenders with close timings.	11 out of out of these 12 tenders were awarded to one bidder i.e. The Darba Kalan Shila Coop L/C Society Limited. indicating the other bidder participated as a supportive bidder
7	**GWI PHED Rewari**	32	Two bidders[6] participated from the same IP address in 32 tenders with close timings.	29 out of 32 tenders were awarded to either of the two bidders. Moreover, in 27 tenders only these two bidders participated in tenders. The rates at which these were awarded were higher up to 69 *per cent* than the DNIT rates.
8		17	Two bidders[7] participated from the same IP address and in 17 tenders with close timings of which 12 tenders were awarded.	Three out of 12 were awarded to either of the two. Tenders were awarded up to 39 *per cent* higher than the tender estimated value.
9	**MC, Faridabad**	202	Two bidders[8] participated in 202 tenders mostly from the same IP address with close timings. During test check of selected tender files 2022_HRY_238912_1 and 2022_HRY_239374_1 no other similarity in documents of the bidders was found.	67 out of 202 tenders were awarded these two bidders.
10	**PHED, Narnaul**	585	Two bidders[9] submitted bids together in 103 tenders and no other bidder participated. In all these cases, Bidder ID 26756 consistently quoted higher rates than bidder ID 26780. Analysis of entire data further showed that these two bidders submitted bids together in 585 tenders and they were only participant in 525 tenders in entire Haryana. Financial bids were opened in 567 tenders out of which bidder ID 26780 quoted rates lower in 562 tenders whereas bidder ID 26756 quoted rates lower in five tenders only.	Out of 585 tenders in Haryana by these bidders, 290 tenders awarded to ID 26780 and 04 tenders to ID 26756. Further, the login IDs of both bidders displayed notable similarities. The login ID of Goyal Construction Company was jbcc164@gmail.com, where the acronym "JBCC" suggests a reference to Jai Bharat Construction Company. Conversely, the login ID of Jai Bharat Construction Company was ggoyalkrishan@yahoo.co**m**, which contains the keyword "Goyal."

1 Murari Lal And Spider Industrial Security Services(P) Ltd.

2 Murari Lal and Pawan Kumar Contractor.

3 Sharma Trading Company Pala Ram, Mahender Trading Company and The Forest Cooperative Labour And Construction Society Ltd Didwara.

4 Sh. Vikas Sharma and Sh. Rudar Mani Sharma Contractor.

5 The Sirsa Bansivat Co Operative L C Society Ltd. and The Darba Kalan Shila Coop L/C Society Ltd.

6 Dhareshwar Borewell Narnaul and Ravi Kumar Contractor.

7 Moti Ram and The Krinki Kherli Co.OP L and C Society.

8 Praveen Kumar Contr and M.L. Enterprises.

9 Jai Bharat Construction Company (Bidder ID 26780) and Goyal Construction Company bidder ID 26756.

Appendix 1.5

(Reference: Paragraph 1.10.1 (i); Page 33)

Status of tenders as per physical files which were under process as per portal

Sr. No.	Name of the TIA	Tender ID	Actual Date of AOC/ Tender Status
1	Division no. 1, PHED, Ambala	2022_HRY_246001_1	14 December 2022
2		2022_HRY_248347_1	21 December 2022
3	GWI, PHED, Rewari	2022_HRY_246667_1	15 May 2023
4	Division II, PHED, Hisar	2021_HRY_177075_1	19 July 2021
5	Mechanical Division, PW (B&R), Hisar	2019_HRY_82154_1	30 July 2019
6		2021_HRY_160784_2	09 June 2021
7	PW (B&R), Rewari Circle	2019_HRY_94743_1	17 September 2019
8	PD Division, PW (B&R), Rewari	2019_HRY_79189_1	29 August 2019
9		2023_HRY_266086_1	28 August 2023
10		2019_HRY_93946_1	25 November 2019
11		2019_HRY_79230_1	02 August 2019
12		2019_HRY_98921_1	17 September 2019
13		2019_HRY_98958_1	24 February 2020
14		2019_HRY_92113_1	14 September 2019
15	PD Division, PW (B&R), Sirsa	2019_HRY_79451_1	02 August 2019
16		2019_HRY_79454_1	19 August 2019 (Found updated during audit)
17	Division I, HSVP, Faridabad	2018_HBC_63769_1	07 June 2018
18		2018_HBC_67889_1	20 August 2018
19		2018_HBC_72121_1	12 December 2018
20	Division V, HSVP, Gurugram	2019_HBC_92149_1	20 September 2019
21	Division III, HSVP, Faridabad	2019_HBC_74418_1	14 June 2019
22		2021_HBC_182409_1	21 September 2021
23		2022_HBC_243941_1	23 December 2022
24	DMER, Panchkula	2022_HRY_244763_1	Tender cancelled (Found updated during audit)
25		2022_HRY_244790_1	
26		2021_HRY_171168_1	14 July 2021
27		2022_HRY_225788_1	28 July 2022
28		2021_HRY_196877_1	(Tender not finalised)
29	University of Health Sciences, Rohtak	2021_HRY_192207_1	18 November 2021
30	MC Charkhi Dadri	2019_HRY_76833_1	04 December 2019
31		2019_HRY_76580_1	11 September 2019
32	MC Karnal	2022_HRY_236510_1	19 October 2022
33	MC Sonepat	2019_HRY_93283_1	24 February 2020
34		2019_HRY_100900_1	07 February 2020
35	XEN TRW, Dhulkot UHBVN	2019_HBC_89564_1	25 October 2019
36		2020_HBC_129310_1	17 August 2020
37		2022_HBC_240358_1	23 January 2023
38	SE (Op), UHBVN, Karnal	2019_HBC_112955_1	12 May 2020
39		2020_HBC_117338_1	05 March 2020
40		2022_HBC_211548_3	01 August 2022
41	DGST Haryana, Chandigarh	2020_HRY_153960_1	29 September 2021
42		2018_HRY_71814_1	14 November 2022

Appendix 1.6

(Reference: Paragraph 1.10.3; Page 36)

Statement showing award of contract after expiry of bid validity or updating on portal with delay

Sr. No.	Name of TIA	Tender ID	Bid valid up to	AOC/Contract date as per Portal	Actual date of AOC as per physical files	Remarks
1	DMER, Panchkula	2020_HRY_138302_1	24 November 2020	25 June 2021	22 February 2021	Awarded after bid validity
2		2021_HRY_157241_1	09 May 2021	18 May 2021	05 May 2021	Awarded within bid validity but updated late on portal
3		2021_HRY_171897_1	15 August 2021	23 November 2021	14 July 2021	
4		2021_HRY_181587_1	14 November 2021	10 August 2022	26 August 2021	
5	Haryana Police Housing Corporation Limited	2019_HBC_104064_1	30 December 2019	17 March 2020	19 March 2020	Awarded after bid validity
6		2020_HBC_124214_1	20 July 2020	21 August 2020	14 September 2020	
7		2020_HBC_127646_1	17 August 2020	03 February 2021	09 February 2021	
8		2020_HBC_138686_3	05 January 2021	20 December 2022	27 October 2020	Awarded within bid validity but updated late on portal
9		2021_HBC_157289_1	28 April 2021	20 December 2022	12 February 2021	
10	GWI Division, PHED, Rewari	2022_HRY_250402_1	26 April 2023	04 May 2023	04 May 2023	Awarded after bid validity
11		2020_HRY_153680_1	07 January 2021	30 December 2021	30 December 2021	
12		2023_HRY_255816_1	08 March 2023	13 April 2023	12 April 2023	
13		2023_HRY_252282_1	11 March 2023	18 March 2023	27 January 2023	Awarded within bid validity but updated late on portal
14	Electrical Division, HSVP, Panchkula	2020_HBC_123384_1	19 April 2020	12 September 2020	03 June 2020	Awarded after bid validity
15		2022_HBC_231057_1	08 September 2022	28 September 2022	22 September 2022	
16		2021_HBC_163503_1	25 April 2021	11 May 2021	05 April 2021	Awarded within bid validity but updated late on portal
17		2023_HBC_259415_1	30 March 2023	13 April 2023	03 March 2023	
18	Division-III, HSVP, Faridabad	2022_HBC_224771_1	15 September 2022	24 November 2022	19 September 2022	Awarded after bid validity
19	Division-I, HSVP, Faridabad	2021_HBC_195240_1	16 February 2022	09 September 2022	15 December 2021	Awarded within bid validity but updated late on portal
20		2022_HBC_220756_1	17 August 2022	16 November 2022	16 June 2022	
21		2022_HBC_224631_1	13 September 2022	03 October 2022	30-09-2022	Awarded after bid validity
22	PD 1, PW(B&R), Sirsa	2021_HRY_169622_1	15 September 2021	23 July 2022	19 August 2021	Awarded within bid validity but updated late on portal
23		2021_HRY_170438_1	15 September 2021	15 February 2022	19 August 2021	
24		2020_HRY_141730_2	14 January 2021	08 June 2021	17 May 2021	Awarded after bid validity
25	Municipal Council, Charkhi Dadri	2020_HRY_127740_1	11 June 2020	02 September 2020	15 May 2020	Awarded within bid validity but updated late on portal
26	MC Karnal	2022_HRY_245180_1	08 April 2023	13 April 2023	11 January 2023	Awarded within bid validity but updated late on portal
27		2019_HRY_103931_1	16 February 2020	04 March 2020	21 November 2019	
28		2022_HRY_236506_1	31 December 2022	31 December 2022	11 November 2022	
29	MC Sonepat	2020_HRY_124138_1	28 August 2020	23 June 2021	23 June 2021	Awarded after bid validity
30		2019_HRY_99753_1	08 January 2020	04 August 2020	04 August 2020	
31	MC Gurugram	2019_HRY_99200_1	04 December 2019	09 November 2020	11 September 2019	Awarded within bid validity but updated late on portal
32		2019_HRY_110256_1	08 March 2020	31 May 2019	15 May 2020	Awarded after bid validity
33		2019_HRY_110257_1	08 March 2020	16 March 2020	16 March 2020	

Appendix 1.7

(Reference: Paragraph 1.11.6; Page 49)

Detail of bidders withdrew their bids after last date of bid submission but their EMDs not forfeited

Sr. No.	Name of TIA	Tender Number	Name of the Bidder	EMD amount refunded (in ₹)
1	HFDCL, Kurukshetra	2022_HBC_249732_1	Radha Krishan Enterprises	20,000
2	MC, Gurugram	2021_HRY_172826_1	Prakash Pump Engineers	24,250
3	MC Karnal	2022_HRY_221420_1, 2022_HRY_221422_1	Sandeep Kumar Contractor	1,19,640
4	MC, Sonipat	2023_HRY_252639	Sudesh Cooperative Labour Construction Society Limited. Sonepat	25,000
5	PHED, Ambala	2020_HRY_142688_1	Kalater Singh	8,962

Appendix 1.8

(Reference: Paragraph 1.11.6; Page 49)

Statement showing instances where EMD of Multiple Bidders retained

Sr. No.	TIA Name	Tender ID	Bidder Name	EMD paid (in ₹)
1	Provincial Division, PWD (B and R), Rewari	2020_HRY_119294_1	Hari Singh contractor	8,827
			S.S. Infrastructure	8,827
2		2020_HRY_119399_1	R.S Enterprises	25,000
			Suresh Kumar Yadav, Contractor	25,000
3		2020_HRY_121155_1	Deepay Yadav Engineers and Contractor	60,000
			Nirmal Enterprises	60,000
4		2020_HRY_128264_1	Hari Singh contractor	10,000
			Deepak Kumar Contractor	10,000
5		2020_HRY_131863_1	The Basti Ram Co Operative Labour and Construction Society Limited	7,000
			M/s Shree Laxmi Trading Company	14,000
6		2020_HRY_138138_1	Suresh Kumar Yadav, Contractor	30,000
			Deepay Yadav Engineers and Contractor	30,000
7		2020_HRY_138341_1	Deepay Yadav Engineers and Contractor	97,000
			The Basti Ram Co Operative Labour And Construction Society Limited	49,000
8		2020_HRY_138852_1	Sandeep Yadav, Contractor	45,000
			Deepay Yadav Engineers and Contractor	45,000
9		2020_HRY_138854_1	Krishan Kumar, Contractor	41,000
			Deepay Yadav Engineers and Contractor	41,000
10		2020_HRY_139863_1	Priti construction	5,000
			Sahil	5,000
11		2020_HRY_141254_1	Narender Kumar Contractor	26,000
			Upender Contractor	26,000
12		2020_HRY_142259_1	The Basti Ram Co Operative Labour And Construction Society Limited	51,000
			Sunil Kumar	1,01,000
13		2020_HRY_146655_1	M/s Shree Laxmi Trading Company	18,000
			Narender Kumar Contractor	18,000
14		2020_HRY_146660_1	Mukesh Raj Contractor	32,000
			Sahil	32,000
15		2020_HRY_152538_1	Pawan	20,740
			SD Construction Company	20,740
16		2021_HRY_156562_1	Mukesh Raj Contractor	17,320
			Parveen Contractor	17,320
17		2021_HRY_195361_1	Vikas Hooda	12,65,000
			Rajesh	12,65,000
Total				**35,26,774**

Appendix 2.1

(Reference: Paragraph 2.9.6 (c); Page 77)

Statement showing year-wise/licensee wise bottling wastage allowed in excess of the prescribed norms

Policy Year	License Number	Type of Liquor	Qty in BL	Qty in PL	Wastage allowed	Wastage allowed (In *per cent*)	Allowable wastage as per norms	Excess wastage allowed
2015-2016	013L1500080	BEER	5,51,803.20	0.00	76,626.00	12.19	9,426.44	67,199.56
2015-2016	020L1500001	IMFL	8,14,886.28	6,11,164.71	21,450.00	3.39	9,489.22	11,960.78
2016-2017	011L1500029	IMFL	17,100.00	12,825.00	1,011.00	7.31	207.54	803.46
2016-2017	011L1500030	IMFL	4,31,041.68	3,23,281.26	57,780.00	15.16	5,715.92	52,064.08
2016-2017	011L1500031	IMFL	4,85,200.08	3,63,900.06	31,595.00	7.99	5,932.43	25,662.57
2016-2017	011L1500085	IMFL	6,885.00	5,163.75	600.00	10.41	86.46	513.54
2016-2017	013L1500080	BEER	10,44,193.80	0.00	1,84,653.00	15.03	18,432.70	1,66,220.30
2016-2017	020L1500001	IMFL	32,56,431.12	24,42,323.34	1,03,848.00	4.08	38,192.57	65,655.43
2017-2018	011L1500030	IMFL	4,54,439.52	3,40,829.64	22,029.00	6.07	5,442.88	16,586.12
2017-2018	011L1500031	IMFL	8,34,296.76	6,25,722.57	93,338.00	12.98	10,785.91	82,552.09
2017-2018	012L1700246	IMFL	9,072.00	6,804.00	1,512.00	18.18	124.74	1,387.26
2017-2018	020L1500001	IMFL	39,53,967.12	29,65,475.34	97,383.00	3.18	45,942.88	51,440.12
2018-2019	011L1500030	IMFL	18,80,069.40	14,10,052.05	77,040.00	5.18	22,306.38	54,733.62
2018-2019	011L1500031	IMFL	18,84,626.64	14,13,469.98	87,077.00	5.80	22,508.20	64,568.80
2018-2019	011L1500084	IMFL	1,05,45,559.80	79,09,169.85	7,56,125.00	8.73	1,29,979.42	6,26,145.58
2018-2019	020L1500001	IMFL	42,94,185.48	32,20,639.11	1,55,441.00	4.60	50,641.20	1,04,799.80
2019-2020	011L1500030	IMFL	33,78,854.68	25,33,344.15	59,583.00	2.30	38,893.91	20,689.09
2019-2020	011L1500031	IMFL	2,66,580.00	1,99,935.00	13,069.00	6.14	3,195.06	9,873.94
2019-2020	011L1500084	IMFL	99,70,282.44	74,77,711.83	2,04,080.00	2.66	1,15,226.88	88,853.12
2019-2020	020L1500001	IMFL	24,86,942.28	18,65,206.71	82,111.00	4.22	29,209.77	52,901.23
2019-2020	098L1500002	IMFL	63.00	47.25	6.00	11.27	0.80	5.20
2020-2021	011L1500030	IMFL	43,19,663.28	32,38,445.97	83,822.00	2.52	49,834.02	33,987.98
2020-2021	011L1500031	IMFL	13,65,400.80	10,24,050.60	67,605.00	6.19	16,374.83	51,230.17
2020-2021	011L1500084	IMFL	1,92,79,495.56	1,44,59,621.67	3,18,657.00	2.16	2,21,674.18	96,982.82
2020-2021	020L1500001	IMFL	27,64,279.44	20,73,209.58	89,775.00	4.15	32,444.77	57,330.23
2020-2021	400383M8087	IMFL	432.00	324.00	10.00	2.99	5.01	4.99
2021-2022	011L1500030	IMFL	55,81,398.84	41,85,278.42	96,424.00	2.25	64,225.54	32,198.46
2021-2022	011L1500031	IMFL	6,99,887.16	5,24,915.37	22,107.00	4.04	8,205.34	13,901.66
2021-2022	020L1500001	IMFL	16,97,406.84	12,73,055.13	43,491.00	3.30	19,748.19	23,742.81
2021-2022	023L2104757	IMFL	3,54,827.52	2,61,450.18	7,210.00	2.68	4,029.90	3,180.10
2021-2022	026L1801286	IMFL	2,13,761.52	1,60,321.14	7,514.00	4.48	2,517.53	4,996.47
2022-2023	011L1500030	IMFL	32,05,506.24	24,03,307.61	62,990.00	2.55	36,994.46	25,995.54
2022-2023	011L1500031	IMFL	2,12,083.56	1,59,058.44	7,820.00	4.69	2,503.18	5,316.82
2022-2023	020L1500001	IMFL	20,99,028.60	15,74,271.45	59,464.00	3.64	24,506.03	34,957.97
2022-2023	023L2104757	IMFL	31,65,747.48	22,91,434.52	1,45,624.00	5.98	36,555.88	1,09,068.12
2022-2023	026L1801286	IMFL	1,49,307.48	1,11,980.61	2,734.00	2.38	1,720.72	1,013.28
2015-2016	011L1500031	CL	60,19,110.00	30,09,555.00	3,03,070.00	9.15	49,689.38	2,53,381.00
2015-2016	011L1500032	CL	17,17,218.00	8,58,609.00	74,964.00	8.03	14,003.60	60,960.00
2015-2016	020L1500001	CL	74,93,328.00	37,46,664.00	1,20,238.00	3.11	58,003.53	62,234.00
2016-2017	011L1500029	CL	86,37,660.00	43,18,830.00	1,98,578.00	4.40	67,761.12	1,30,817.00
2016-2017	011L1500030	CL	1,56,99,447.00	78,49,723.50	2,87,556.00	3.53	1,22,059.19	1,65,497.00
2016-2017	011L1500031	CL	1,62,72,999.00	81,36,499.50	10,49,068.00	11.42	1,37,783.51	9,11,284.00
2016-2017	011L1500032	CL	67,02,381.00	33,51,190.50	3,22,155.00	8.77	55,100.18	2,67,055.00
2016-2017	020L1500001	CL	2,34,34,497.00	1,17,17,248.50	3,44,906.00	2.86	1,80,932.32	1,63,974.00
2017-2018	011L1500029	CL	89,76,825.00	44,88,412.50	2,22,312.00	4.72	70,660.87	1,51,651.00

Policy Year	License Number	Type of Liquor	Qty in BL	Qty in PL	Wastage allowed	Wastage allowed (In *per cent*)	Allowable wastage as per norms	Excess wastage allowed
2017-2018	011L1500030	CL	1,38,86,370.00	69,43,185.00	4,57,794.00	6.19	1,11,014.69	3,46,779.00
2017-2018	011L1500031	CL	1,66,29,066.00	83,14,533.00	3,39,487.00	3.92	1,29,810.30	2,09,677.00
2017-2018	011L1500032	CL	70,93,944.00	35,46,972.00	91,460.00	2.51	54,576.48	36,884.00
2017-2018	012L1700248	CL	20,38,050.00	10,19,025.00	47,652.00	4.47	16,000.16	31,652.00
2018-2019	011L1500029	CL	1,02,68,388.00	51,34,194.00	3,67,831.00	6.69	82,530.38	2,85,301.00
2018-2019	011L1500030	CL	1,50,53,715.00	75,26,857.50	3,95,786.00	5.00	1,18,839.65	2,76,946.00
2018-2019	011L1500031	CL	1,56,05,532.00	78,02,766.00	4,25,957.00	5.18	1,23,430.85	3,02,526.00
2018-2019	011L1500032	CL	74,98,809.00	37,49,404.50	1,76,084.00	4.49	58,882.33	1,17,202.00
2018-2019	011L1801446	CL	4,40,100.00	2,20,050.00	6,871.00	3.03	3,403.82	3,467.00
2018-2019	012L1700248	CL	21,43,350.00	10,71,675.00	59,415.00	5.25	16,966.35	42,449.00
2018-2019	023L1801235	CL	13,74,210.00	6,87,105.00	46,394.00	6.33	11,002.49	35,392.00
2018-2019	028L1700561	CL	45,48,051.00	22,74,025.50	90,200.00	3.82	35,463.38	54,737.00
2019-2020	011L1500029	CL	61,47,414.00	30,73,707.00	2,42,348.00	7.31	49,740.83	1,92,607.00
2019-2020	011L1500030	CL	1,13,43,600.00	56,71,800.00	2,50,073.00	4.22	88,828.10	1,61,245.00
2019-2020	011L1500031	CL	1,60,77,330.00	80,47,539.90	4,35,922.00	5.14	1,27,251.93	3,08,670.00
2019-2020	011L1500032	CL	62,75,511.00	31,37,755.50	1,55,163.00	4.71	49,393.78	1,05,769.00
2019-2020	011L1801446	CL	37,21,545.00	18,61,976.70	44,641.00	2.34	28,599.27	16,042.00
2019-2020	012L1700248	CL	58,25,988.00	29,12,994.00	1,37,227.00	4.50	45,753.32	91,474.00
2019-2020	020L1500001	CL	2,06,74,899.00	1,03,37,449.50	1,64,708.00	1.57	1,57,532.36	7,176.00
2019-2020	023L1801235	CL	17,36,262.00	8,69,649.75	55,157.00	5.96	13,872.10	41,285.00
2020-2021	011L1500029	CL	58,03,821.00	29,01,910.50	1,24,862.00	4.13	45,401.59	79,460.00
2020-2021	011L1500030	CL	1,50,15,591.00	75,07,795.50	1,64,629.00	2.15	1,15,086.37	49,543.00
2020-2021	011L1500031	CL	3,35,97,468.00	1,72,34,183.25	6,72,351.00	3.75	2,68,598.01	4,03,753.00
2020-2021	011L1500032	CL	1,61,38,872.00	81,09,842.85	2,06,064.00	2.48	1,24,738.60	81,325.00
2020-2021	020L1500001	CL	4,00,04,811.00	2,00,02,405.50	9,25,146.00	4.42	3,13,913.27	6,11,233.00
2020-2021	023L1609463	CL	1,60,86,627.00	80,59,504.05	1,59,732.00	1.94	1,23,288.54	36,443.00
2021-2022	011L1500029	CL	50,14,260.00	25,07,130.00	66,939.00	2.60	38,611.04	28,328.00
2021-2022	011L1500031	CL	2,89,56,564.00	1,44,78,282.00	3,44,413.00	2.32	2,22,340.43	1,22,073.00
2021-2022	011L1500032	CL	1,86,94,665.00	93,47,332.50	1,75,539.00	1.84	1,42,843.07	32,696.00
2021-2022	023L1609463	CL	92,95,326.00	46,47,663.00	3,68,096.00	7.34	75,236.39	2,92,860.00
2022-2023	011L1500029	CL	51,36,228.00	25,68,114.00	1,36,947.00	5.06	40,575.92	96,371.00
2022-2023	011L1500030	CL	1,29,56,670.00	64,78,335.00	1,63,407.00	2.46	99,626.13	63,781.00
2022-2023	023L1609463	CL	1,58,15,196.00	79,07,598.00	4,51,849.00	5.41	1,25,391.71	3,26,457.00
		Total	**57,75,26,404.60**	**31,08,97,283.79**	**1,40,14,595.00**		**48,97,618.23**	**91,16,979.11**

Appendix 2.2

(Reference: Paragraph 2.10.6.3; Page 85)

Permit Type with validity prescribed in master table

Year	Intra district (3-15 days)	Inter-district (7-15 days)	Import outside State (not prescribed)
	Permit validity allowed (in days)		
2015-16	1-741	1-378	1-57
2016-17	1-384	1-95	1-62
2017-18	1-734	1-78	1-60
2018-19	1-366	1-370	1-58
2019-20	1-65	1-60	1-41
2020-21	1-66	1-56	1-51
2021-22	1-66	1-58	1-41
2022-23	1-62	1-65	1-40

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