



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
(Economic Sector-Non-Public Sector Undertakings)**

for the year ended 31 March 2013

The Report has been laid on the table of the State Legislature Assembly on 01-07-2014



**Government of Uttar Pradesh
Report No. 4 of 2014**

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Comptroller and Auditor General of India
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Table of contents

	Particulars	Reference to	
		Paragraph (s)	Page (s)
	Preface		iii
Chapter-I			
	Introduction	1	1-5
	About this Report	1.1	1
	Auditee profile	1.2	1-2
	Authority for audit	1.3	2
	Organisational structure of the office of the Accountant General (Economic and Revenue Sector), Uttar Pradesh	1.4	2
	Planning and conduct of Audit	1.5	2
	Recoveries at the instance of Audit	1.6	3
	Significant Audit Observations	1.7	3-4
	Responsiveness of Government to Audit	1.8	4-5
Chapter-II			
	Review of the performance of Compensatory Afforestation in Uttar Pradesh	2.1	7-22
	Executive Summary	--	7-8
	Introduction	2.1.1-2.1.3	8-10
	Audit Objectives	2.1.4	10
	Audit Criteria	2.1.5	10
	Scope of Audit and Audit Methodology	2.1.6	10-11
	Audit Findings	2.1.7-2.1.28	11-21
	Compensatory Afforestation Fund of the State	2.1.8	11
	Diversion of forest land and Compensatory Afforestation	2.1.9-2.1.12	11-13
	Collection of Compensatory Afforestation Funds	2.1.13-2.1.19	13-17
	Utilisation of Compensatory Afforestation Funds	2.1.20-2.1.25	17-20
	Monitoring Mechanism	2.1.26 to 2.1.27	20-21
	Status of Accounts and Audit of State CAMPA	2.1.28	21
	Conclusion	2.1.29	21
	Recommendations	2.1.30	21-22
	Review of Construction of Memorials	2.2	23-52
	Executive Summary	--	23-24
	Introduction	2.2.1-2.2.3	24-26
	Audit Objectives	2.2.4	26
	Audit scope and methodology	2.2.5	26-27
	Audit criteria	2.2.6	27
	Audit findings	2.2.7-2.2.40	27-51
	Financial Management	2.2.8-2.2.12	27-30
	Planning	2.2.13-2.2.17	30-33
	Execution of the projects	2.2.18-2.2.37	33-48
	Environment related issues	2.2.38-2.2.39	48-51
	Monitoring and evaluation	2.2.40	51
	Conclusion	2.2.41	51
	Recommendations	2.2.42	51-52
Chapter-III			
	Compliance Audit	3	53-69
	Forest Department		
	Short recovery of transit fee	3.1	53-54
	Loss due to non-sale of roots of the trees	3.2	54-55
	Short levy of royalty due to delay in prescription of volume factor	3.3	55-56
	Infrastructure and Industrial Development Department		
	Construction of Yamuna Expressway	3.4	56-65

	Particulars	Reference to	
		Paragraph (s)	Page (s)
Chapter-III			
Housing and Urban Planning Department			
	Non-deduction of Building and Other Construction Workers' Welfare Cess	3.5	66-67
	Systemic failure to ensure compliance of Government Orders	3.6	67-69
Appendices			
1.	Statement showing details of outstanding Inspection Reports and paragraphs	1.8.2	71
2.	Statement showing details of amount collected by the Divisions	2.1.13	72
3.	Statement showing delay in remittance of funds by the Divisions to UP State CAMPA	2.1.15	73
4.	Statement showing delay in remittance of funds by UP State CAMPA to Ad-hoc CAMPA	2.1.15	74
5.	Statement showing details of amount of Compensatory Afforestation utilised by Awadh Forest Division without approval of Annual Plan of Operations	2.1.16	75
6.	Statement showing cost of land equivalent to 10 meter strip	2.1.18	76
7.	Statement showing excess recovery of Net Present Value	2.1.19	77
8.	Statement showing allocation of funds without linkage to funds collected	2.1.21	78
9.	Statement showing Department wise sanctioned cost and Executing Agency wise allocation of funds	2.2.3	79
10.	Statement showing receipt and sanctions of Estimates by the PFAD/EFC	2.2.9	80
11.	Statement showing excess payment to contractors due to non-observance of rates approved by the EA	2.2.11	81
12.	Statement showing details of excess expenditure due to undue favour to contractors	2.2.11	82
13.	Statement showing excess expenditure due to variation in rates of purchase of plants	2.2.11	83
14.	Statement showing details of excess VAT paid	2.2.12	84
15.	Statement showing details of consultancy agreements entered by the EA, agreed fee and payment thereon	2.2.13 and 2.2.14	85
16.	Statement showing excess payment to consultants on repetitive works	2.2.14	86
17.	Statement showing dismantling of structures and expenditure incurred thereon	2.2.19	87
18.	Statement showing deficiencies noticed in analysis of rates done by the EA	2.2.21	88-89
19.	Statement showing rates approved by the EA vis-à-vis rates analysed by audit for various items of stone works	2.2.21	90
20.	Statement showing excess expenditure incurred due to finalisation of higher rates	2.2.21	91-93
21.	Statement showing excess expenditure due to non-differentiation in the rates of different features	2.2.22	94
22.	Statement showing extra expenditure incurred due payment to BPRIP at rates higher than approved by the EA	2.2.31	95
23.	Statement showing excess expenditure due to non-execution of work at lower rates	2.2.31	96
24.	Statement showing variations in the prices of a few plants	2.2.33	97
25.	Statement showing details of the committees formed for supervision and monitoring	2.2.40	98
26.	Statement showing short recovery of transit fee during the period 2005-06 to 2007-08	3.1	99
27.	Statement showing short levy of royalty on eucalyptus trees	3.3	100-101
28.	Statement showing short deduction of Cess	3.5	102
29.	Glossary of abbreviations	--	103-104

Preface

This Report for the year ended March 2013 has been prepared for submission to the Governor of Uttar Pradesh under Article 151 of the Constitution.

The Report contains significant results of the performance audit and compliance audit of the Departments of the Government of Uttar Pradesh under the Economic Sector.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2012-13 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to period subsequent to 2012-13 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.

CHAPTER–I

Introduction

CHAPTER-I

Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance reviews and compliance audit of the transactions of the Departments including Autonomous Bodies in the Economic Sector. Audit findings in respect of State Public Sector Undertakings are reported separately through the Audit Report (Public Sector Undertakings).

The primary purpose of this Report is to bring to the notice of the State Legislature, important results of audit. Auditing Standards require that the materiality level of reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take the corrective action as also to frame policies and directives that lead to improved financial management of the organisations, thus contributing to better governance.

Compliance audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules and regulations and various orders and instructions issued by the competent authorities are being complied with.

Performance review is an independent assessment or examination of the extent to which an organisation, programme or scheme operates economically, efficiently and effectively.

This Chapter provides the auditee profile, the planning and conduct of audit and responsiveness of Government to Audit. Chapter-II of this Report deals with the findings of performance reviews and Chapter-III deals with compliance audit in various departments and autonomous bodies.

1.2 Auditee profile

There are 18 Departments at the Secretariat level, headed by Chief Secretary/ Principal Secretaries/Secretaries who are assisted by Special Secretaries, Deputy Secretaries, Directors and other subordinate officers and 73 Autonomous Bodies in the Economic Sector which are under the audit jurisdiction of the Accountant General (Economic and Revenue Sector Audit), Uttar Pradesh, Lucknow.

The comparative position of expenditure of the Government during 2012-13 and in the preceding two years is given in **Table 1.1**.

Table 1.1: Comparative position of expenditure for the period 2010-13

(₹ in crore)

Particular	2010-11			2011-12			2012-13		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
General services	987.34	47,031.83	48,019.17	601.73	52,345.19	52,946.92	787.54	59,119.18	59,906.72
Social services	15,829.56	23,737.14	39,566.70	17,609.59	29,781.35	47,390.94	21,064.75	32,235.57	53,300.32
Economic services	4,222.63	11,502.40	15,725.03	4,404.60	13,887.61	18,292.21	4,025.62	17,311.74	21,337.36
Grants-in-aid		4,364.71	4,364.71	---	5,255.10	5,255.10	--	6,179.24	6,179.24
Total (1)	21,039.53	86,636.08	1,07,675.61	22,615.92	1,01,269.25	1,23,885.17	25,877.91	1,14,845.73	1,40,723.64
Capital Outlay (2)	19,581.08	691.72	20,272.80	20,735.10	838.86	21,573.96	22,608.51	1,225.78	23,834.29
Loans and Advances disbursed (3)	617.28	350.94	968.22	414.48	561.09	975.57	383.75	619.49	1,003.24

(₹ in crore)

Particular	2010-11			2011-12			2012-13		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
Payment of Public Debt (4)	---	7,383.08	7,383.08	---	8,287.61	8,287.61	--	8,909.04	8,909.04
Total disbursement out of Consolidated Fund (1+2+3+4)	41,237.89	95,061.82	1,36,299.71	43,765.50	1,10,956.81	1,54,722.31	48,870.17	1,25,600.04	1,74,470.21
Contingency Fund	---	39.90	39.90	---	309.64	309.64	--	262.45	262.45
Public Account disbursements	---	1,17,472.99	1,17,472.99	---	1,30,970.76	1,30,970.76	--	1,29,471.51	1,29,471.51
Total	41,237.89	2,12,574.71	2,53,812.60	43,765.50	2,42,237.21	2,86,002.71	48,870.17	2,55,334.00	3,04,204.17

1.3 Authority for audit

Authority for audit by the Comptroller and Auditor General of India is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). The Accountant General (Economic and Revenue Sector Audit), Uttar Pradesh conducted audit of the Departments of Government of Uttar Pradesh and Autonomous Bodies under Section 13, 14, 15, 19 and 20 of the DPC Act. The principles and methodology for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the Comptroller and Auditor General of India.

1.4 Organisational structure of the office of the Accountant General (Economic and Revenue Sector Audit), Uttar Pradesh

Under the directions of the Comptroller and Auditor General of India, the Accountant General (Economic and Revenue Sector Audit), Uttar Pradesh, conducts audit of Departments, Autonomous Bodies and Public Sector Undertakings under the Economic and Revenue Sector. For conducting the audit of Departments, Autonomous Bodies and Public Sector Undertakings under the Economic Sector, the Accountant General (Economic and Revenue Sector Audit), Uttar Pradesh, is assisted by three Deputy Accountant Generals.

1.5 Planning and conduct of Audit

Audit process commences with the assessment of risk of various Departments and Autonomous Bodies based on expenditure, criticality/complexity of activities, level of delegated financial powers, assessment of internal control and the concerns of stakeholders. Previous audit findings are also considered in this exercise.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the head of the Unit/Department. The Units are requested to furnish replies to the audit findings within one month of receipt of the Inspection Report. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Report.

During 2012-13, 492 party-days were used to carry out audit of 52 Units out of 498 Units of various Departments/Autonomous Bodies. The audit plan covered those Units which were vulnerable to significant risk, as per the assessment.

1.6 Recoveries at the instance of Audit

As a result of audit during the year 2012-13, recovery of ₹ 9.70 crore was accepted by the audited entities for effecting recoveries against which an amount of ₹ 7.60 crore was recovered.

1.7 Significant Audit Observations

This Report contains the results of two performance audits and six compliance audit paragraphs. The significant audit observations are discussed below:

1.7.1 Review of the performance of Compensatory Afforestation in Uttar Pradesh

The UP State CAMPA failed to receive equivalent non-forest land against forest land diverted for non-forest purposes. Forest land was diverted for non-forest purposes without approval of the Government of India. Fund collected from user agencies for compensatory afforestation and Net Present Value was not remitted to Ad-hoc CAMPA timely. Instead of remitting the entire fund to Ad-hoc CAMPA, divisions incurred expenditure out of the fund collected without approval of Annual Plan of Operations. Net Present Value was not/ excess recovered in some cases. 46.49 per cent of the funds received for compensatory afforestation remained unutilised. Proper monitoring and evaluation system was not evolved.

1.7.2 Review of Construction of Memorials

Audit of construction of four memorials at Lucknow and one memorial at Noida revealed various irregularities in the execution of projects. Deficient planning such as frequent additions and revisions, changes in drawings and designs and consequent re-execution led to hike in the outlay of the project. Dismantling of pre-existing structures was done without proper approvals. There was lack of proper documentation regarding recovery from dismantled materials. Deficiencies in appointment of consultants, lacunae in the consultancy agreements and non-observance of the conditions thereof resulted in excess payments. Higher rates were decided due to deficiencies in obtaining competitive rates and incorrect analysis of rates. The Administrative Departments failed to monitor and supervise the work of the Executing Agency with the result that the gross irregularities committed by the Executing Agency remained unchecked and extra/infructuous expenditure was incurred. The environmental aspects were also not adequately adhered to as per the provisions of the relevant Acts.

1.7.3 Compliance audit of transactions

- The Forest Department short recovered transit fee of ₹ 639.77 crore due to lack of co-ordination and absence of proper system to monitor the movement of forest produce.

(Paragraph 3.1)

- The Forest Department was deprived of revenue of ₹ 36.13 lakh due to non-sale of roots of the trees.

(Paragraph 3.2)

- The Forest Department short levied royalty of ₹ 27.37 lakh on eucalyptus trees of diameters above 45 cm due to non-revision of volume factor simultaneously with the increase in felling cycle, for trees of diameter above 45 cm.

(Paragraph 3.3)

- Lack of due diligence in relinquishment of equity on the part of IIDD/Government was against the concept of Public Private Partnership mode of investment. Allotment of land parcels at four sites at acquisition cost and exemption of stamp duty proved undue benefit to the Concessionaire. Further, lack of due diligence on the part of IIDD/Government to fix the toll at rates to meet only the O&M cost led to undue benefit to the Concessionaire in the form of toll collections, over and above the already satisfactory IRR of 26 per cent.

(Paragraphs 3.4.10 to 3.4.13)

- The Ghaziabad Development Authority and Kanpur Development Authority failed to deduct Cess amounting to ₹ 3.35 crore from the bills of the contractors.

(Paragraph 3.5)

- The Ghaziabad Development Authority, Kanpur Development Authority and Agra Development Authority failed to take concrete steps to develop a system to ensure compliance of the Government Orders regarding reservation and concession in fee to children of families below poverty line.

(Paragraph 3.6)

1.8 Responsiveness of Government to Audit

1.8.1 Lack of response to the draft performance audit reports and compliance audit paragraphs

The draft performance audit report and compliance audit paragraphs are forwarded to the Principal Secretaries/Secretaries of the concerned Departments drawing their attention to the audit findings and requesting them to send their responses within six weeks. It is brought to their personal attention that in view of likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India which are placed before the Legislature, it would be desirable to include their comments in the matter. They are also advised to have meetings with the Accountant General to discuss the performance audit reports/compliance audit paragraphs proposed for inclusion in the Audit Report.

During May 2013 to September 2013, two draft performance reviews and six compliance audit paragraphs were forwarded to the concerned Principal Secretaries/Secretaries of the Departments demi-officially. The responses in respect of one draft performance review and one compliance audit paragraph were received and have been suitably incorporated in the Audit Report. The responses in respect of one draft performance review and five compliance audit paragraphs, however, were not received.

1.8.2 Outstanding Inspection Reports

The Accountant General (Economic and Revenue Sector Audit), Uttar Pradesh arranges to conduct periodical audit inspections of the Government departments and autonomous bodies under the Economic Sector. These inspections are followed up with Inspections Reports (IRs). A copy of each of the paragraphs on the irregularities noticed during test check of records is sent to the next higher authorities and the Government so as to facilitate monitoring of the audit observations and its settlement. The Heads of offices and the next higher authorities are required to comply with the audit observations and rectify the defects promptly and report their compliance to the office of the

Accountant General (Economic and Revenue Sector Audit), Uttar Pradesh. As of September 2013, 1,420 IRs containing 4,637 paragraphs were pending settlement. Of these, 539 IRs containing 1,366 audit observations were outstanding for more than five years. Details of outstanding IRs and paragraphs are detailed in **Appendix-1**.

CHAPTER-II

Performance Audit

CHAPTER-II

2.1 Review of the performance of Compensatory Afforestation in Uttar Pradesh

Executive summary

Section 2 (ii) of the Forest (Conservation) Act, 1980 provides that no State Government or other authority shall make, except with the prior approval of the Central Government any order directing that any forest land or any portion thereof may be used for any non-forest purpose. Forest land is usually diverted for non-forest purposes to facilitate developmental activities and whenever forest land is to be diverted for non-forest purposes, conditions such as providing equivalent non-forest land for compensatory afforestation and funds for raising compensatory afforestation are to be imposed.

The Supreme Court of India directed (October 2002) that a Compensatory Afforestation Fund shall be created in which all the monies received from the user agencies shall be deposited. The Supreme Court of India later observed (May 2006) that the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) had still not become operational and ordered the constitution of an ad-hoc body (known as 'Ad-hoc CAMPA'), till CAMPA became operational. The Government of Uttar Pradesh established (August 2010) the Uttar Pradesh Compensatory Afforestation Fund Management and Planning Authority (UP State CAMPA) to promote conservation, protection, regeneration and management of existing natural forests and wildlife and compensatory afforestation in the State.

Major audit findings are discussed below:

Diversion of forest land and Compensatory Afforestation

Non-forest land measuring 8,790.18 hectare valuing ₹ 615.31 crore was not received from user agencies in respect of forest land diverted for non-forest purposes.

The Government should ensure that equivalent non-forest land is received in all eligible cases of diversion of forest land.

(Paragraph 2.1.9)

Forest land measuring 438.936 hectares was used for non-forest purposes by user agencies without approval of the Government of India (GoI).

The Government should ensure that forest land is not diverted for non-forest purposes without prior approval of GoI and recovery of applicable charges.

(Paragraph 2.1.10)

Collection of Compensatory Afforestation Funds

The funds remitted by the UP State CAMPA to Ad-hoc CAMPA were not reconciled resulting in difference of ₹ 58.58 crore.

(Paragraph 2.1.14)

The UP State CAMPA remitted revenue collected from user agencies to Ad-hoc CAMPA with delay ranging between one and 394 days. Similarly, Divisions of the Forest Department which collected the funds from user agencies remitted the money with delay ranging between one and 805 days.

The Government should ensure that funds collected from user agencies are remitted to the Ad-hoc CAMPA timely.

(Paragraph 2.1.15)

A sum of ₹ 16.23 crore realised as premium of land from user agencies was not remitted to Ad-hoc CAMPA and was irregularly treated as revenue receipt of the State.

(Paragraph 2.1.17)

Demand of ₹ 54.11 crore for cost of land equivalent to 10 meter strip was not raised to National Highways Authority of India.

(Paragraph 2.1.18)

Net Present Value amounting to ₹ 3.01 crore was not recovered from a user agency and excess Net Present Value of ₹ 80.58 lakh was recovered from user agencies due to wrong classification of diverted forest land.

The Government should ensure that the amount of net present value is recovered from user agencies as per guidelines/norms.

(Paragraph 2.1.19)

Utilisation of Compensatory Afforestation funds

The UP State CAMPA utilised only 53.51 per cent of the total amount released by Ad-hoc CAMPA leading to accumulation of ₹ 52.50 crore with the UP State CAMPA.

(Paragraph 2.1.20)

Monitoring Mechanism

No independent system of monitoring and evaluation was evolved by the UP State CAMPA.

The Government should ensure that proper monitoring and evaluation system is evolved to implement the scheme of afforestation approved under CAMPA.

(Paragraph 2.1.27)

Introduction

2.1.1 Section 2 (ii) of the Forest (Conservation) Act, 1980 provides that no State Government or other authority shall make, except with the prior approval of the Central Government any order directing that any forest land or any portion thereof may be used for any non-forest purpose. Forest land is usually diverted for non-forest purposes¹ to facilitate developmental activities like construction of power projects, irrigation projects, roads, railways, schools, hospitals, rural electrification, telecommunication, drinking water facilities, mining etc.

As per clause 4.2 of the Guidelines issued for implementation of the Forest (Conservation) Act, 1980 (Act), forestry clearance for diversion of forest land will be given in two stages. In the first stage, the proposal shall be agreed to in

¹ "Non-forest purpose" means the breaking up or clearing of any forest land or portion thereof for- (a) the cultivation of tea, coffee, spices, rubber, palms, oil-bearing plants, horticultural crops or medicinal plants; (b) any purpose other than reforestation; but does not include any work relating or ancillary to conservation, development and management of forests and wildlife, namely, the establishment of check-posts, fire lines, wireless communications and construction of fencing, bridges and culverts, dams, waterholes, trench marks, boundary marks, pipelines or other like purposes (explanation to Section 2 of Forest (Conservation) Act, 1980).

principle in which usually the conditions relating to transfer, mutation and declaration of Reserve Forest/Protected Forest under the Indian Forest Act, 1927 of equivalent non-forest land for compensatory afforestation and funds for raising compensatory afforestation thereof are stipulated and after receipt of compliance report from the State Government in respect of the stipulated conditions, formal approval under the Act shall be issued.

The Supreme Court of India directed (October 2002) that a 'Compensatory Afforestation Fund' (CAF) shall be created in which all the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value of forest land, catchment area treatment plan funds, etc. shall be deposited. Such funds were to be used for artificial regeneration (plantation), assisted natural regeneration, protection of forests and other related activities.

Formation of Ad-hoc CAMPA

2.1.2 The Government of India (GoI) constituted² (April 2004) the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) for management of money collected towards compensatory afforestation, net present value, etc.

In May 2006, the Supreme Court of India observed that CAMPA had still not become operational and ordered the constitution of an ad-hoc body (known as 'Ad-hoc CAMPA'), till CAMPA became operational. After constitution of the Ad-hoc CAMPA all the monies collected from 30 October 2002 by the State Governments and the Union Territories were to be transferred to the Ad-hoc CAMPA.

Formation of State CAMPA

2.1.3 The GoI framed (July 2009) 'The Guidelines on State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA)' for establishing CAMPAs in the States/ Union Territories and putting in place a funding mechanism for enhancing forest and tree cover and conservation and management of wildlife by utilising funds received towards Compensatory Afforestation, Net Present Value (NPV), etc. currently available with the Ad-hoc CAMPA. The guidelines were approved (July 2009) by the Supreme Court of India and circulated (July 2009) by the GoI to all States/Union Territories.

As per the guidelines, State CAMPA was mandated to promote:

- conservation, protection, regeneration and management of existing natural forests;
- conservation, protection and management of wildlife and its habitat within and outside protected areas including the consolidation of the protected areas;
- compensatory afforestation; and
- environmental services, research, training and capacity building.

In compliance to the aforesaid guidelines, the Government of Uttar Pradesh (GoUP) established (August 2010) the 'Uttar Pradesh Compensatory Afforestation Fund Management and Planning Authority' (UP State CAMPA)³.

² Order No.5-1/98-FC dated the 23 April, 2004, published in the Gazette of India Extraordinary vide S. O. 525(E)
³ Registered as a Society under the Societies Registration Act, 1860.

The State CAMPAs function through a three-tier committee hierarchy comprising of the Governing Body, the Steering Committee and the Executive Committee.

The review of the performance of compensatory afforestation in Uttar Pradesh was conducted to review the compliance of the concerned Acts, Rules and guidelines by the GoUP as well as by the UP State CAMPA.

Audit Objectives

2.1.4 The objectives of this review of the performance of compensatory afforestation in Uttar Pradesh were to examine:

- whether the diversion of forest land for non-forest purposes was permitted as per extant laws and all conditions in this regard were complied with;
- whether measures taken for conservation, afforestation and preservation of forest lands consequent to diversion of portions of these lands for non-forest purposes was as per provisions of extant legislations, rules and judgments/orders of the Supreme Court of India; and
- whether the collection, utilisation, monitoring, accounting and arrangements for safeguarding of Compensatory Afforestation Funds was in compliance with applicable legislations, rules and judgments/orders of the Supreme Court of India.

Audit Criteria

2.1.5 The review of the performance of compensatory afforestation in Uttar Pradesh was benchmarked against the criteria derived from the following sources:

- Indian Forest Act, 1927
- Wild Life (Protection) Act, 1972
- Forest (Conservation) Act, 1980 as amended up to 1988.
- Forest (Conservation) Rules, 2003 as amended up to 2004.
- The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006.
- Various Guidelines and orders issued by the GoI as per directives of Supreme Court of India.

Scope of Audit and Audit Methodology

2.1.6 This review of the performance of compensatory afforestation in Uttar Pradesh was conducted covering the period of six years from 2006-07 to 2011-12⁴. We covered 39 Forest Divisions out of 79 Forest Divisions where funds were released by the UP State CAMPA along with the headquarters of UP State CAMPA.

We explained the audit objectives to the Department during an 'Entry Conference' held on 4 December 2012. An Exit Conference with the Principal Secretary of the Forest Department, Principal Chief Conservator of Forests and Chief Conservator of Forests/Chief Executive Officer of UP State CAMPA was held on 4 September 2013. The replies and views of the UP

⁴ As per the orders of the Supreme Court of India, money was to be deposited with Ad-hoc CAMPA from May 2006, hence, the period was covered from 2006-07.

State CAMPA/Government have been duly considered while finalising the review of the performance of compensatory afforestation in Uttar Pradesh.

Audit Findings

2.1.7 The audit findings that emerged as a result of the review of the performance of compensatory afforestation in Uttar Pradesh have been discussed in the succeeding paragraphs:

Compensatory Afforestation Fund of the State

Irregular formation of UP State CAMPA

2.1.8 The UP State CAMPA was registered (August 2010) as a society under the Societies Registration Act, 1860. In the fourth meeting of the National CAMPA Advisory Council, it was decided (January 2012) that State CAMPAs should not work as Societies registered under the Societies Registration Act and wherever States have registered the State CAMPAs as Societies, they should disband these so as to conform to the State CAMPA Guidelines and further release of fund to such States would be subject to their disbanding of these societies.

We noticed that despite the decision taken by the National CAMPA Advisory Council to disband the State CAMPAs registered as societies, the UP State CAMPA is still functioning as a society. However, it was noticed that funds are being released by Ad-hoc CAMPA to the UP State CAMPA regularly.

The UP State CAMPA stated (August 2013) that it is nowhere mentioned in the State CAMPA Guidelines that State CAMPA should not be registered as a society. It further stated that after the decision of the National CAMPA Advisory Council; a proposal⁵ was sent to the GoI to constitute the UP State CAMPA under Section 3 (3) of Environment (Protection) Act, 1986. During Exit Conference the Government stated that in absence of clear-cut directions from Ad-hoc CAMPA there were difficulties regarding the legal status of the Authority.

Thus, in absence of clear-cut directions from Ad-hoc CAMPA to the States regarding the form in which the State CAMPAs are to be registered, the UP State CAMPA continues to function as a society.

Diversion of forest land and Compensatory Afforestation

Non-receipt of non-forest land in lieu of diverted forest land

2.1.9 Clause 3.2 of the Guidelines issued for implementation of the Forest (Conservation) Act, 1980 stipulates that Compensatory Afforestation shall be undertaken over equivalent area of non-forest land.

As per information made available by the Nodal Officer of the Forest Department, 40,969.35 hectare forest land was diverted for non-forest purposes up to September 2013. According to the Guidelines issued for implementation of the Forest (Conservation) Act, 1980, non-forest land measuring 14,025.24⁶ hectare was receivable after excluding exempted

⁵ No. 498 dated 19 February 2013.

⁶ (A) Total forest land diverted for non-forest purposes ----- 40,969.35 hectare
 Less: Exempted categories for which equivalent land was not required to be received-
 (i) Projects up to one hectare ----- 222.20 hectare
 (ii) Firing range ----- 25,885.64 hectare
 (iii) Transmission lines up to 220 KV ----- 328.694 hectare
 (iv) Optical Fibre cable ----- 15.519 hectare
 (v) Link roads and other utilities ----- 181.7932 hectare
 (vi) Central Government Departments ----- 310.2563 hectare
 (B) Total exempted categories ----- 26,944.11 hectare
 (C) Non-forest land receivable in lieu of forest land diverted (A-B) ----- 14,025.24 hectare

categories, but against this only 5,235.06 hectare land was received. Thus, 8,790.18 hectare of non-forest land (62.67 per cent of the receivable non-forest land) was not received. The value of non-forest land not received works out to ₹ 615.31 crore⁷.

The UP State CAMPA stated (August 2013) that in view of the Guidelines it is not mandatory to receive non-forest land in lieu of forest land diverted in all cases. It further stated that only 5,662.04 hectare land was required to be received in lieu of the forest land diverted for non-forest purposes.

The reply is not acceptable as Clause 3.2 (vi) to (ix) of the Guidelines issued for implementation of the Forest (Conservation) Act, 1980 specify the circumstances under which providing equivalent non-forest land is exempted⁸ and audit has calculated the receivable non-forest land of 14,025.24 hectare after taking into consideration all such exemptions. Besides, the details of calculation of 5,662.04 hectare of land to be received in lieu of forest land diverted for non-forest purposes was still awaited, though called for (April 2014).

Use of forest land for non-forest purposes without approval from GoI

2.1.10 Section 2 (ii) of the Forest (Conservation) Act, 1980 (Act) provides that no State Government or other authority shall make, except with the prior approval of the Central Government, any order directing that any forest land or any portion thereof may be used for any non-forest purpose.

Some instances where forest land was used for non-forest purposes without approval of the GoI are discussed below:

- Irrigation Department of the State executed work on four irrigation projects⁹ on 70.836 hectare forest land without obtaining approval of the GoI. The *ex-post-facto* approval of the GoI to the proposal sent between February 2006 and July 2008 was awaited as of September 2013.

While accepting the facts, the UP State CAMPA stated (August 2013) that the Irrigation Department has been asked to submit the proposals with commitment of penal provisions. However, the proposal was awaited as of August 2013.

- Forest land measuring 368.10 hectare was used by Irrigation Department of the State for construction of Shahjad Dam during 1974-75 to 1991-92 without approval of the GoI. As the Forest (Conservation) Act, 1980 came into force before completion of the project, proposal for *ex-post-facto* approval for diversion of forest land was sent by GoUP in July 2000 against which first stage approval was granted by GoI in June 2001. The final approval of the project is still awaited.

Moreover, against the demand (April 2002) of ₹ 43.11 crore¹⁰ the Irrigation Department had deposited (January 2005) ₹ 2.10 crore only and a sum of ₹ 41.01 crore still remained unrecovered as of September 2013.

⁷ Calculated on the basis of latest available circle rate of ₹ 7.00 lakh per hectare in Sonebhadra district in respect of agricultural land, which is lowest rate from amongst categories of land for which circle rates are finalised.

⁸ Clearing of naturally grown trees to reuse it for reforestation; Proposals involving land up to one hectare; Underground mining below three meters; Renewal of mining lease for the area already broken/used for mining, dumping or overburden etc.; Central Government/Central Government Undertaking Projects; Extraction of minor minerals from river beds; Construction of link roads, small water works, minor irrigation works, school building, dispensaries, hospitals, tiny rural industrial sheds; Laying of transmission lines up to 220 kV; Mulberry plantation; Laying of telephone/ optical fibre lines and Field firing ranges.

⁹ Thana minor – 2.155 hectare, Sunaori Rajbaha – 0.287 hectare, Pawa Rajbaha – 1.200 hectare and Utari Dam – 67.194 hectare.

¹⁰ Compensatory Afforestation - ₹ 2.31 crore, Penal Compensatory Afforestation - ₹ 6.93 crore and Net Present Value - ₹ 33.87 crore.

While accepting the audit observation the UP State CAMPA stated (August 2013) that the GoI has already given in-principle approval for the project with penal provisions of the Act and the Irrigation Department has been asked to comply with the conditions in the in-principle approval.

Grant of mining lease in violation of rules

2.1.11 Clause 4.16 of the Guidelines issued for implementation of the Forest (Conservation) Act, 1980 provides that the approval under the Forest (Conservation) Act, 1980 for diversion of forest land for grant/ renewal of mining leases shall normally be granted for a period co-terminus with the period of mining lease proposed to be granted under Mines and Minerals (Development and Regulation) Act, 1957 or rules framed thereunder but not exceeding 30 years.

We during audit of Forest Division, Renukoot noticed that in contravention to the aforesaid Guidelines, approval for mining lease to Northern Coalfields Limited, Dudhi Chua and Kharia was granted by GoI for a period of 40 years (4 January 1991 to 3 January 2031).

The UP State CAMPA stated (August 2013) that the Government has issued the letter of approval after due consideration, hence, the question of violation does not arise. It further stated that the proponent has to pay the lease rent accordingly for 40 years.

The reply is not acceptable as grant of approval for mining lease in excess of 30 years was against the Guidelines.

Construction of approach roads for road side commercial establishments in the State without obtaining approval for diversion

2.1.12 As per Section 2 (ii) of the Forest (Conservation) Act, 1980, no forest land can be used for non-forest purposes except with the approval of the GoI. The Forest Advisory Committee of GoI noticed (August 2012) that approach roads are being constructed for petrol pumps, hotels and other commercial establishments alongside the protected forest area without the permission of GoI and directed the State Governments to submit proposals for *ex-post-facto* approval of such cases under Forest (Conservation) Act, 1980.

We noticed that despite the directions of the Forest Advisory Committee of GoI, no action has been taken to identify the cases which may require *ex-post facto* approval by the GoI as of August 2013.

While accepting the audit observation, the UP State CAMPA stated (August 2013) that the Divisional Forest Officers have been instructed (October 2012) to follow the circular.

Collection of Compensatory Afforestation Funds

2.1.13 The Divisions covered in audit¹¹ collected an amount of ₹ 427.31 crore¹² during the period 2002-2012 as detailed in **Appendix-2**. The deficiencies noticed in collection of compensatory afforestation funds are discussed in the succeeding paragraphs:

¹¹ 39 Forest Divisions out of 79 Forest Divisions.

¹² Compensatory Afforestation - ₹ 122.92 crore, Net Present Value - ₹ 237.64 crore, Additional Compensatory Afforestation - ₹ 0.70 crore, Penal Compensatory Afforestation - ₹ 0.40 crore, Catchment Area Treatment - ₹ 0.35 crore and others - ₹ 65.29 crore.

Non-reconciliation of funds transferred by UP State CAMPA to Ad-hoc CAMPA

2.1.14 The UP State CAMPA collected a sum of ₹ 584.52 crore¹³ from user agencies up to March 2012 which was remitted to the Ad-hoc CAMPA from time to time. The accounts of Ad-hoc CAMPA, however, showed receipt of ₹ 643.10 crore.

We noticed that despite the directions of Ad-hoc CAMPA issued in 2006 and 2007 regarding maintaining proper records of receipts and periodic reconciliation, no such reconciliation was done resulting in difference of ₹ 58.58 crore¹⁴ in the status of funds reported as received by Ad-hoc CAMPA and claimed to have been transferred by the UP State CAMPA.

Thus, un-reconciled difference between the amounts claimed to have been transferred by UP State CAMPA and the amount reported as received by the Ad-hoc CAMPA is indicative of laxity in the financial controls.

The UP State CAMPA agreed (August 2013) that reconciliation of funds remitted to Ad-hoc CAMPA for the year 2006-07 only has been done up to January 2013 and the date of next reconciliation has been sought from Ad-hoc CAMPA.

Delay in transfer of funds to Ad-hoc CAMPA

2.1.15 In May 2006, while directing the creation of Ad-hoc CAMPA, the Supreme Court of India directed that it was to be ensured that all the revenue realised on behalf of CAMPA and lying with various officials of the State Government were transferred to the bank account(s) to be operated by the Ad-hoc CAMPA.

We noticed that there were delays in remittance of the funds from Divisions to UP State CAMPA and also from UP State CAMPA to Ad-hoc CAMPA as discussed below:

- The Divisions of the Forest Department remitted ₹ 109.45 crore, collected from 32 user agencies in 238 cases, to the UP State CAMPA with delay¹⁵ ranging between one and 805 days (**Appendix-3**).
- The UP State CAMPA remitted ₹ 130.47 crore, collected from 41 user agencies in 419 cases (received from the Divisions), to Ad-hoc CAMPA with delay¹⁶ ranging between one and 394 days (**Appendix-4**).

No reasons for delay in remission of funds were furnished.

Funds not remitted to Ad-hoc CAMPA

2.1.16 According to the orders (October 2002 and May 2006) of the Supreme Court of India, all monies collected by the State Governments and the Union Territories from the user agencies towards compensatory afforestation, net present value of forest land, etc., with effect from 30 October 2002, were to be transferred to the Ad-hoc CAMPA. The Ad-hoc CAMPA releases the funds to the State CAMPAs for afforestation works on the basis of Annual Plan of

¹³ Compensatory Afforestation - ₹ 147.50 crore, Net Present Value - ₹ 356.09 crore and Wildlife and Others - ₹ 80.93 crore.

¹⁴ Receipt as per accounts of Ad-hoc CAMPA: ₹ 643.10 crore less Amount remitted to Ad-hoc CAMPA by UP State CAMPA: ₹ 584.52 crore = ₹ 58.58 crore

¹⁵ The cases covered are of transfers after formation of Ad-hoc CAMPA in May 2006. The delays reported here have been calculated after allowing a period of 14 days to arrange for transfer.

¹⁶ The cases covered are of transfers after formation of Ad-hoc CAMPA in May 2006. The delays reported here have been calculated after allowing a period of 14 days to arrange for transfer.

Operations (APOs) approved by the Steering Committee of the State CAMPA. Thereafter, the State CAMPAs carry out compensatory afforestation as per the site specific schemes approved in the APOs.

We, during audit of State CAMPA noticed that Awadh Forest Division collected a sum of ₹ 81 lakh between November 2004 and June 2006 from user agencies in respect of four projects but instead of remitting the same to Ad-hoc CAMPA, spent a sum of ₹ 12.69 lakh and remitted balance amount of ₹ 68.31 lakh only to the Ad-hoc CAMPA (**Appendix-5**). Non-remittance of compensatory afforestation funds of ₹ 12.69 lakh to the Ad-hoc CAMPA and utilisation of the same for other purposes without approval of APO was irregular.

The UP State CAMPA stated (August 2013) that since there were no guidelines for depositing the money with Ad-hoc CAMPA till May 2006, the amount was spent towards on-going projects of afforestation.

The reply is not acceptable as in view of specific orders of the Supreme Court of India of October 2002 and May 2006, all monies collected towards compensatory afforestation, net present value etc., with effect from 30 October 2002, were to be transferred to the Ad-hoc CAMPA. Moreover, other Divisions test checked in audit, had remitted all monies collected towards compensatory afforestation.

Non-deposit of premium with Ad-hoc CAMPA

2.1.17 The approval letters¹⁷ of GoI for diversion of forest land for non-forest purposes *inter-alia* provides that the user agencies were required to comply with any additional condition imposed by the concerned State Governments. The GoUP while approving the diversion of forest land imposed an additional condition (in some cases) that the user agencies shall pay premium at the prevailing circle rate¹⁸ of the respective Districts for the land being diverted along with lease rent. As premium at the prevailing circle rate is also recovered against additional condition in respect of forest land diverted for non-forest purposes, it should also be remitted to the Ad-hoc CAMPA.

We noticed that premium of ₹ 16.23 crore realised during June 2006 to June 2011 in six cases¹⁹ was not remitted to the Ad-hoc CAMPA and the same was irregularly retained by the GoUP under revenue head.

The UP State CAMPA stated (August 2013) that the conditions requiring premium and lease rent are not governed by Forest (Conservation) Act, 1980 rather these are State conditions imposed by the GoUP vide circular no. 6450/14-3-930/17 dated 2 July 1979; hence, retaining the revenue receipt is not an irregular act.

We do not agree with the reply as all monies collected from user agencies in lieu of diversion of forest land for non-forest purposes has to be remitted to the Ad-hoc CAMPA.

Loss due to inaction

2.1.18 While according approvals for diversion of forest land for construction/widening of National Highways by the National Highways Authority of India (NHAI), the GoUP imposes an additional condition that the

¹⁷ Six in number in respect of cases test checked in audit.

¹⁸ Fixed by the District Collector.

¹⁹ Five cases in Renukoot- ₹ 13.93 crore and one case in Kaimoor- ₹ 2.30 crore.

NHAI shall make available 10 meter wide strip of land along the Highway and pay for the cost of plantation on this strip.

Further, in view of difficulties in providing land in populated areas and markets along the highways, the GoUP vide its order (November 2005) relaxed the aforesaid condition and provided that area equivalent to the 10 meter strip may be made available in the same district elsewhere. The GoUP vide its order (December 2007) further relaxed the aforesaid condition and provided that the NHAI shall pay the market price of land equivalent to the 10 meter strip along with the cost of plantation. The GoUP vide its order (November 2009) further waived the condition and provided that apart from land or its cost made available by NHAI up to 14 January 2009, no additional demand in this respect shall be raised.

We noticed that despite the Government Order of December 2007, no demand in 15 cases (**Appendix-6**), wherein approval was accorded during the period November 2004 to June 2007, for the cost of land equivalent to the 10 meter strip amounting to ₹ 54.11 crore was raised to NHAI. The projects were completed in the year 2009-10 and in view of the Government Order of November 2009 no demand can be raised now. Thus, due to inaction on the part of concerned Divisions, the UP State CAMPA was deprived of revenue of ₹ 54.11 crore (**Appendix-6**) in respect of 652.31 hectare land involved in the projects.

The UP State CAMPA stated (August 2013) that the Government Order of November 2009 waived the condition for providing 10 meter wide strip of land/equivalent money by the user agency, hence, there was no reason to realise money for compensatory afforestation.

The reply is not acceptable as the land was made available to NHAI prior to the issue of Government Order of November 2009 and the concerned Divisions had failed to raise the demand of funds to NHAI as per the Government Order of December 2007 for 23 months (December 2007 to October 2009) which had resulted in loss of revenue to the extent of ₹ 54.11 crore.

Recovery of Net Present Value

2.1.19 Net Present Value (NPV) represents the loss of value of forest resources to the stakeholders or the users as at the time of diversion of forest land for non-forest use. The Supreme Court of India in its order dated 29 October 2002 directed that NPV should be recovered at the rate of ₹ 5.80 lakh per hectare to ₹ 9.20 lakh per hectare of forest land depending upon the canopy density of the land²⁰. In March 2008, the Supreme Court of India revised the rates of NPV which ranged between ₹ 4.38 lakh per hectare and ₹ 10.43 lakh per hectare depending on various factors.

We noticed instances of non/excess recovery of NPV which are discussed below:

- Lalitpur Forest Division did not recover NPV of ₹ 3.01 crore²¹ from the user agency²² in case of diversion of forest land for Jakhlaun Pump Canal for which in-principle approval of GoI was accorded in February 2001 but final approval was still awaited.

²⁰ For canopy density below 0.1 - ₹ 5.80 lakh per hectare, for canopy density 0.1 to 0.4 - ₹ 7.50 lakh per hectare and for canopy density above 0.4 - ₹ 9.20 lakh per hectare.

²¹ 32.718 hectare x ₹ 9.20 lakh = ₹ 3.01 crore.

²² Irrigation Department of the State.

The UP State CAMPA while confirming the audit observation stated (August 2013) that the user agency has been requested to deposit NPV at the rate of ₹ 9.20 lakh per hectare.

- Three Forest Divisions²³ recovered (March 2006 to April 2008) excess NPV of ₹ 80.58 lakh from user agencies²⁴ due to incorrect classification of diverted forest land (**Appendix-7**).

UP State CAMPA stated (August 2013) that the range of ₹ 5.50 lakh per hectare to ₹ 9.20 lakh per hectare was specified as a broad spectrum and as a matter of abundant precaution, NPV at the highest rate was realised.

The reply is not acceptable as the criteria of canopy density for calculating NPV was prescribed in October 2002 itself, hence, the correct amount of Net Present Value to be recovered could have been calculated considering the applicable rates for the concerned canopy density.

Utilisation of Compensatory Afforestation Funds

Accumulation of funds with UP State CAMPA

2.1.20 All monies collected by State Governments and Union Territories towards compensatory afforestation, net present value, etc. are remitted to the Ad-hoc CAMPA. The Ad-hoc CAMPA then releases the funds to the State CAMPAs for afforestation works on the basis of approved Annual Plan of Operations (APOs). Thereafter, the State CAMPAs carry out compensatory afforestation as per the site specific schemes approved in the APOs.

The details of funds remitted by the UP State CAMPA to Ad-hoc CAMPA, funds released by Ad-hoc CAMPA to UP State CAMPA and expenditure incurred there against by UP State CAMPA during the period 2006-07 to 2012-13 are given in table below:

Table 2.1: Details of remittances of funds

Year	(₹ in crore)			
	Amount remitted to Ad-hoc CAMPA	Amount received by UP State CAMPA from Ad-hoc CAMPA	Expenditure incurred by UP State CAMPA	Accumulation of funds with UP State CAMPA
2006-07	303.37	Nil	Nil	Nil
2007-08	91.21	Nil	Nil	Nil
2008-09	35.97	Nil	Nil	Nil
2009-10	16.90	Nil	Nil	Nil
2010-11	95.23	47.10	38.62	8.48
2011-12	41.84	35.35	21.81	13.54
2012-13	36.64	30.48	Nil	30.48
Total	621.16	112.93	60.43	52.50

(Source: Information furnished by UP State CAMPA)

As is evident from the table above that the UP State CAMPA utilised only ₹ 60.43 crore (53.51 per cent) out of ₹ 112.93 crore released by Ad-hoc CAMPA leading to accumulation of ₹ 52.50 crore (46.49 per cent) with the UP State CAMPA resulting in non-execution of compensatory afforestation works envisaged in the APOs.

The UP State CAMPA stated (August 2013) that money against APOs for the years 2009-10 and 2010-11 were released by Ad-hoc CAMPA in March 2011 and February 2012 and then the money was released to the Divisions to execute the APO. The reply is not acceptable as the money released in March 2011 and February 2012 remained unutilised till March 2013.

²³ Bahraich, Najibabad and Barabanki.

²⁴ Indian Railways, Power Grid Corporation of India Limited and Ministry of Road Transport and Highways.

Funding of Annual Plan of Operations

2.1.21 The Ad-hoc CAMPAs release fund to State CAMPAs on the basis of approved Annual Plan of Operations (APOs). Clause 12 (2) of the State CAMPAs Guidelines provides that after receipt of money, the State CAMPAs shall accomplish the afforestation for which money is deposited in the Compensatory Afforestation Fund, within a period of one year or two growing seasons after project completion, as may be appropriate.

We noticed that UP State CAMPAs allocated (2009-10 to 2010-11) compensatory afforestation funds without linkage to funds collected and deposited in the Compensatory Afforestation Fund by the Divisions (**Appendix-8**). For example, Fatehpur Division and Firozabad Division were allocated ₹ 96.84 lakh and ₹ 49 lakh respectively as against their total receipt from compensatory afforestation of ₹ 5.09 lakh and ₹ 29.17 lakh respectively. However, seven districts²⁵ were allocated funds amounting to less than five *per cent* of their total receipts from compensatory afforestation (**Appendix-8**). This indicates that the funds were allocated by the UP State CAMPAs without considering the actual receipt for the compensatory afforestation by the respective Divisions.

The UP State CAMPAs stated (August 2013) that allocation of compensatory afforestation fund depends upon the diversion of forest land in certain district and thereupon availability of non-forest/degraded forest land in that district in lieu of the diverted forest land. Hence, allocation of fund has no correlation with the availability of total funds.

We do not accept the reply as funds collected from a Division indicate the extent of forest land diverted and therefore require compensatory afforestation to that extent for which allocation of funds should be made in proportion to the funds collected. Therefore, the allocation of funds made was not in line with Clause 12 (2) of the State CAMPAs Guidelines.

Thus, the UP State CAMPAs did not exercise due diligence while allocation of funds in which one major criteria was extent of diverted forest land.

Excess expenditure on afforestation

2.1.22 Faizabad Division procured (February 2012) 17,207 Reinforced Cement Concrete (RCC) pillars at the rate of ₹ 281 per piece whereas as per approved estimate only ₹ 242.69 per piece was admissible. Thus, the Division incurred extra expenditure of ₹ 6.59 lakh²⁶.

The UP State CAMPAs stated (August 2013) that the model rate for RCC pillars was decided long back in November 2007.

The reply is not acceptable as no revised estimate was submitted for approval before executing the work on rates higher than approved.

Non-compliance of Supreme Court's order for execution of work

2.1.23 As per the orders (July 2009) of the Supreme Court of India, the broad guidelines adopted by the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) are to be followed while carrying out work with the funds received from Ad-hoc CAMPAs and the work is to be allotted mostly to rural unemployed people maintaining the minimum wages level. Guidelines of MNREGA provided that work was to be given to rural people having job cards and payment was to be made directly into their bank accounts.

²⁵ Bulandshahar Forest Division, Kaimoor Wildlife Division, Meerut Forest Division, , Mirzapur Forest Division Renukoot Forest Division, Saharanpur Forest Division and Shahjahanpur Forest Division.

²⁶ $17,207 \times (281.00 - 242.69) = ₹ 6.59 \text{ lakh.}$

We noticed that all Forest Divisions, test checked in audit, made cash payments to the labourers through muster roll. Besides, the payments were made at the rate of ₹ 100 per day instead of at the prescribed rate of ₹ 120 per day (up to March 2011) and ₹ 125 per day (since April 2012).

The UP State CAMPA stated (August 2013) that payment was made as per the process laid down in Financial Handbook Volume-VII which allows payment to the labourers through muster rolls and the rates have been revised with effect from April 2013. The fact remains that cash payments at lower rates were made to the labourers in contravention to the Guidelines of MNREGA which stipulates that payments should be made through banks at prescribed rates.

Discrepancy in utilisation certificates

2.1.24 The UP State CAMPA released (September 2011) a sum of ₹ 70.05 lakh for installation of 300 solar lights at the rate of ₹ 23,351 per light to various Divisions.

We noticed that the Divisions purchased the solar lights from Non-conventional Energy Development Agency (NEDA) at subsidised rates of ₹ 16,251 per light (Total Cost - ₹ 23,351 per light less subsidy - ₹ 7,100 per light) but submitted Utilisation Certificates (UCs) for expenditure at the rate of ₹ 23,351 per light instead of at the rate of ₹ 16,251 per light. Thus, ₹ 7,100 per light was irregularly shown as utilised.

During Exit conference, the Government stated that in some cases the UCs have been revised. The fact remains that UCs submitted were not based on the actual amount utilised.

Loss of interest due to late opening of interest bearing bank accounts

2.1.25 According to Clause 10.3 of the State CAMPA Guidelines issued by GoI in July 2009, the monies received in the State CAMPA shall be kept in interest-bearing account(s) in nationalised bank(s) and periodically withdrawn for the works as per the APOs approved by the Steering Committee. Further, Clause 16 (3) of State CAMPA Guidelines provides that the State CAMPA shall maintain proper accounts and other relevant records and prepare an annual statement of accounts.

We noticed that while disbursing funds to the Forest Divisions, the UP State CAMPA did not issue instructions to this effect and released (25 March 2011) a sum of ₹ 6.01 crore²⁷ for execution of works approved under APO 2009-10. These Divisions, instead of opening an interest bearing savings bank account in a nationalised bank, kept the money in Government account under 'Forest Deposit' (Account Head – 8443). The divisions however, transferred the money in savings bank account in a nationalised Bank in August 2011. Thus, delay in opening of interest bearing account resulted in loss of interest amounting to ₹ 14.20 lakh²⁸.

We further observed that UP State CAMPA released ₹ 6.70 crore to Basti Forest Division on 25 March 2011 which was kept in Government account under 'Forest Deposit' (Account Head – 8443) instead of in a separate savings bank account. Further expenditure was made through the normal treasury system. As the funds were not kept in a separate bank account and separate

²⁷ Awadh Forest Division - ₹ 2.12 crore, Gorakhpur Forest Division - ₹ 2.40 crore and Faizabad Forest Division - ₹ 1.49 crore.

²⁸ Calculated at the rate of 7 per cent being the interest rate on savings bank account with auto sweep facility

cash book was not maintained, the entire amount remained out of account of UP State CAMPA.

The UP State CAMPA stated (August 2013) that the GoUP directed to open interest bearing account in July 2011.

The reply confirms that State CAMPA Guidelines of July 2009 were implemented after a lapse of two years resulting in loss of interest of ₹ 14.20 lakh.

Monitoring Mechanism

Inadequate monitoring and supervision

2.1.26 As per Clause 14 of State CAMPA Guidelines, the Governing body headed by the Chief Minister of the State was to lay down the broad policy framework for the functioning of the State level CAMPA and review its working from time to time. The Steering Committee headed by the Chief Secretary was to approve the APOs and monitor the progress of utilisation of funds released by the State CAMPA and it was to meet at least once in six months. The Executive Committee headed by the Principal Chief Conservator of Forests (PCCF) was to prepare the APOs, take all steps for giving effect to State CAMPA and overreaching objectives and core principles and to supervise the works being implemented in the State out of the funds released from State CAMPA.

We noticed that two meetings of Governing Body, four meetings²⁹ of the Steering Committee and ten meetings of the Executive Committee were held during the period August 2010 to date (August 2013). Thus, the meetings of these bodies of the State CAMPA were not being held at prescribed intervals (once in six month in case of Steering Committee) due to which preparation of APOs, supervision of utilisation of funds and progress of projects being run out of the CAMPA fund etc. could not be monitored as per the State CAMPA Guidelines.

The UP State CAMPA did not furnish any specific reply and only confirmed the factual position in its reply (August 2013).

Absence of monitoring and evaluation system

2.1.27 Clause 17 (1) of the State CAMPA Guidelines provides that, an independent system for concurrent monitoring and evaluation be evolved and implemented to ensure effective and proper utilisation of funds.

We during audit of the UP State CAMPA noticed that no independent system of concurrent monitoring and evaluation has been evolved by it till date (February 2014). Although a sum of ₹ 35 lakh and ₹ 65 lakh was earmarked during 2010-11 and 2011-12 respectively for monitoring and evaluation, no expenditure was incurred by the UP State CAMPA for the purpose till date (February 2014)³⁰.

Thus, lack of proper monitoring and evaluation system contributed to non-detection of irregularities pointed out *supra* and hence, no mid-course corrective action was taken.

²⁹ As against six meetings required to be held.

³⁰ As per information made available to audit, no amount was allocated during 2012-13 as the amount allocated during 2010-11 and 2011-12 was not utilised.

The UP State CAMPA without giving details of the system adopted, stated (August 2013) that evaluation has to be done after three years of plantation and hence, the money will be utilised in subsequent years.

The reply is not acceptable as norms of evaluation, after three years, as quoted above by UP State CAMPA, are for plantation work only and not for other related works being carried out by the UP State CAMPA. Moreover concurrent monitoring and evaluation was to be done for proper utilisation of funds.

Status of Accounts and Audit of State CAMPA

Absence of an appropriate and effective accounting process

2.1.28 As per Clause 16 (3) of State CAMPA Guidelines, State CAMPA would maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Accountant General concerned.

We noticed that the State CAMPA did not approach the Accountant General for consultation to prescribe a format of accounts. A uniform format of accounts was prescribed by the office of the Comptroller and Auditor General of India for the State/Union Territory CAMPA in May 2012³¹ which was yet to be implemented.

The UP State CAMPA stated (August 2013) that it has been constituted under the Societies Registration Act, 1860 hence the bylaws of the society were made applicable.

The reply is evasive as the Societies Registration Act in no way impedes evolving an appropriate and effective accounting process for maintenance of accounts and other relevant records.

Conclusion

2.1.29 The UP State CAMPA failed to receive equivalent non-forest land against forest land diverted for non-forest purposes. Forest land was diverted for non-forest purposes without approval of the Government of India. Fund collected from user agencies for compensatory afforestation and Net Present Value was not remitted to Ad-hoc CAMPA timely. Instead of remitting the entire fund to Ad-hoc CAMPA, divisions incurred expenditure out of the fund collected without approval of Annual Plan of Operations. Net Present Value was not/excess recovered in some cases. 46.49 per cent of the funds received for compensatory afforestation remained unutilised. Proper monitoring and evaluation system was not evolved.

Recommendations

2.1.30 The Government should ensure that:

- *Equivalent non-forest land is received in all eligible cases of diversion of forest land for non-forest purposes;*
- *Forest land is not diverted for non-forest purposes without prior approval of GoI and recovery of applicable charges;*

³¹ The same was communicated to the UP State CAMPA by the Accountant General (Economic and Revenue Sector Audit) Uttar Pradesh in June 2012.

- *The amount of compensatory afforestation and net present value is recovered from user agencies as per guidelines/norms;*
- *Funds collected from user agencies are remitted to the Ad-hoc CAMPA timely;*
- *Proper monitoring and evaluation system is evolved to implement the scheme of afforestation approved under CAMPA.*

2.2 Review of Construction of Memorials

Executive Summary

The Government of Uttar Pradesh sanctioned construction of four memorials at Lucknow (Dr. Bhim Rao Ambedkar Samajik Parivartan Sthal, Manyavar Shri Kanshiram Ji Smarak Sthal, Bauddh Vihar Shanti Upvan and Eco park and Manyavar Shri Kanshiram Ji Green (Eco) Garden) and the New Okhla Industrial Development Authority sanctioned construction of one memorial at Noida (Rashtriya Dalit Prerna Sthal and Green Garden). Uttar Pradesh Rajkiya Nirman Nigam Limited was the main Executing Agency (EA) for construction of these memorials and was allocated 98.61 *per cent* of the total financial outlay of ₹ 4,558.01 crore.

Major audit findings are discussed below:

Financial management

Expenditure Finance Committee did not examine the necessity and expediency aspects of the projects.

The original sanctioned outlay of ₹ 943.73 crore for these projects was finally revised to ₹ 4,558.01 crore with hikes ranging from 192 to 986 *per cent*.

Excess expenditure of ₹ 10.53 crore was incurred by the EA due to imprudent financial management.

EA made excess/avoidable payment of taxes of ₹ 4.05 crore and failed to deduct VAT at source of ₹ 3.64 crore.

We recommend that the Government and its executing agencies should exercise proper financial and administrative controls in all projects.

(Paragraphs 2.2.9 to 2.2.12)

Planning

Selection of consultants for comprehensive Consultancy and Architectural Services was not made through competitive bidding.

Excess payment of ₹ 2.31 crore was made to the consultants due to payment at higher rates for repetitive works and incorrect calculation of project.

The projects were never conceived as a whole resulting in additions of new works of ₹ 3,537.68 crore during execution phases of works.

There were frequent amendments in the drawings and designs of the projects entailing dismantling/demolition of recently constructed structures resulting in infructuous expenditure of ₹ 29.62 crore.

Improper planning of works resulted in re-execution of works which led to extra expenditure of ₹ one crore.

We recommend that the Government and its executing agencies should properly plan to conceive the project so as to avoid extra expenditure

(Paragraphs 2.2.13 to 2.2.17)

Execution of projects

The Administrative Departments and EA did not maintain proper records of re-use and value of scrap materials retrieved from dismantling of pre-existing structure.

Rates for majority of the items were decided by the EA itself without obtaining approval of the High Level Committee constituted for approving rates.

The EA failed to generate adequate competition leading to receipt of higher rates which could not be detected due to incorrect analysis of the rates obtained, resulting in award of works at higher rates and excess expenditure of ₹ 397.90 crore.

The EA did not initially segregate works having two different features and awarded higher rates of composite features resulting in excess expenditure of ₹ 18.41 crore.

The EA procured both rough size and cut size Mirzapur sandstone at the same rates during the same period resulting in extra expenditure of ₹ 16.11 crore.

Lack of prudence and due diligence prior to finalisation of bid led to extra expenditure of ₹ 18.37 crore.

The EA did not consider lowest available rates of electrical items and placed orders at higher item-wise rates resulting in extra expenditure of ₹ 2.34 crore.

The Committees constituted to oversee execution of art works were neither involved in the price determination process nor in the process for selection of art works.

Excess expenditure of ₹ 12.74 crore was incurred on procurement of bronze murals, fountains and capitals due to incorrect computation of rates, award of excess rates and non-consideration of actual weight for payment respectively.

We recommend that the Government and its executing agencies should ensure compliance of extant laws, rules and provisions of their manual.

(Paragraphs 2.2.19 to 2.2.22, 2.2.26, 2.2.31, 2.2.32, 2.2.34 and 2.2.36)

Environment related issues

The EA started construction work of the projects at Lucknow even before applying for No Objection Certification/Environmental Clearance.

(Paragraph 2.2.38)

Monitoring and evaluation

The High Level Committee was not formed by the Government to supervise and monitor the projects. Besides, the Committees constituted by the Departments were not fully functional resulting in lack of proper monitoring and supervision of the projects.

We recommend that the Government and its executing agencies should strengthen their monitoring mechanism for works of special nature

(Paragraph 2.2.40)

Introduction

2.2.1 The Government of Uttar Pradesh (GoUP) sanctioned (during 2007-08 to 2009-10)³² construction of four memorials at Lucknow. The New Okhla

³² Please refer to Sl. No. 5 of Table 2.2.

Industrial Development Authority (NOIDA) had also sanctioned construction of one memorial at Noida under intimation (27 August 2009) to GoUP.

Status of the projects

2.2.2 A brief mention about the projects of memorials showing land area, main buildings of the memorials, date of sanction and handing over to ‘Smarkon, Sangrahalayon, Sansthano, Parkon Va Upvano Aadi Ki Prabandhan Suraksha Evam Anurakshan Samiti’ (SSPUPSAS)³³ has been summarised as under:

Table 2.2: Nature of work done and details of sanctioned and actual cost of the memorials

Sl. No.	Particulars	Dr.Bhim Rao Ambedkar Samajik Parivartan Sthal, Lucknow (Samajik Parivartan Sthal)	Manyavar Shri Kanshiram Ji Smarak Sthal, Lucknow (Smarak Sthal)	Bauddh Vihar Shanti Upvan and Eco Park, Lucknow (Bauddh Vihar)	Manyavar Shri Kanshiram Ji Green (Eco) Garden, Lucknow (Eco Garden)	Rashtriya Dalit Prerna Sthal and Green Garden, Noida (Prerna Sthal)	Total
1.	Objective	To provide longevity, grandeur and qualitative improvement to the existing Dr. B.R. Ambedkar Smarak and Dr. B.R. Ambedkar Samajik Parivartan Pustakalaya Evam Sangrahalay and its premises	To pay tribute to Manyavar Shri Kanshiram Ji for his struggle to create awareness regarding the Constitutional rights provided to the Dalit and Backward classes of the society	To strengthen, beautify and develop the right bank of Sharda Canal and construct Bauddh Vihar Shanti Upvan and Eco Park	To promote ecological balance in the city of Lucknow	To honour the Sants, Gurus and Mahapurush born from time to time in Dalit and Backward classes	-
2.	Client organisation	Housing and Urban Planning Department (HUPD) and Department of Culture (DoC)	HUPD, Public Works Department (PWD) and DoC	Department of Irrigation (DoI) and DoC	HUPD	New Okhla Industrial Development Authority	-
3.	Land area (acres)	107.10	40.00	30.00	194.00	82.50	453.60
4.	Main Buildings of Memorials	Smarak, Sangrahalaya, Gallery, Pratibimb Sthal, Drishya Sthal, Gautam Buddha Sthal, Samajik Parivartan Stambh, Forecourt and Elephant Gallery	Main Smarak bhawan and Elephant Gallery	Main Bauddh Vihar, Parisar, Eco park and Administrative block	Main Eco Park, Rock Garden and Eco thematic ornamental work	Central Park Plaza, Elephant Gallery, Dr. Ambedkar Statue, and Column Plaza	-
5.	Date of sanction	4 October 2007	2 November 2007	22 February 2008	16 September 2009	10 April 2008	-
6.	Status of Handing over	October 2011	September 2011	September 2011	November 2011	Project is completed and opened to public in October 2013. However, it is not yet handed over.	-

(Source: Compiled from the records of Departments and Executing agency)

Budget for the projects of Memorials

2.2.3 The GoUP made budgetary provisions during 2007-08 to 2011-12 for construction of four Memorials at Lucknow involving four Departments³⁴.

³³ Constituted as a society under the general control of Lucknow Development Authority and authorised by the GoUP for management, security and maintenance of these Memorials vide Office Memorandum no. 1891/8-1-2009-01/Budget/2009 Dated 29 May 2009 of Housing and Urban Planning Department.

³⁴ Housing and Urban Planning Department (HUPD), Department of Culture (DoC), Public Works Department (PWD) and Department of Irrigation (DoI).

NOIDA provided funds during 2008-09 to 2011-12 for construction of one Memorial at Noida. Details of funds provided for construction of the projects of the Memorials through various Government Departments and NOIDA to the main executing agency Uttar Pradesh Rajkiya Nirman Nigam Limited (hereinafter referred as EA) and other Construction Agencies are summarised in **Appendix-9**.

As can be seen from **Appendix-9**, EA was allocated 98.61 *per cent* of the total financial outlay of ₹ 4,558.01 crore during 2007-08 to 2011-12. A nominal fund allocation was also made to other construction agencies³⁵. Lucknow Development Authority (LDA) worked as Nodal agency for the projects funded by Housing and Urban Planning Department (HUPD).

Audit objectives

2.2.4 The main objectives of the review of construction of memorials were to ascertain whether:

- Prescribed rules and procedures were followed while according necessary approvals;
- Effective and efficient cost control mechanism was in place;
- Construction work was planned properly and executed economically, efficiently and effectively in accordance with the prescribed procedures;
- Environmental safeguards were given due care; and
- Proper supervision and monitoring of works was done.

Audit scope and methodology

2.2.5 The review of construction of memorials was conducted with a view to examine the conceptualisation, administrative and financial sanctions, execution and monitoring of the projects. For this purpose we examined³⁶ the records of the Government Departments³⁷ and the main executing agency viz, Uttar Pradesh Rajkiya Nirman Nigam Limited (for all the projects including the project funded by NOIDA). An Entry conference with the Executing Agency (EA) was held on 18 April 2012. Exit conferences were held on 16 April 2013 and 26 April 2013 with Principal Secretary, Housing and Urban Planning Department (HUPD); Special Secretary/Representatives of the concerned Departments/ EA. The review on Construction of memorials was issued to the Government and EA in July 2013. Replies of the concerned Departments/EA (September 2013 to January 2014) were considered while finalising this review. Public Works Department (PWD) did not furnish their replies.

The audit findings on the construction work of Samajik Parivartan Sthal and Smarak Sthal was also featured in Paragraph 3.6 of Report No. 4 (Commercial) of the Comptroller and Auditor General of India for the year ended 31 March 2010, GoUP.

Our methodology included explaining the audit objectives to the top Management of EA during entry conference, scrutiny of records, interaction

³⁵ Public Works Department: ₹ 45.60 crore (1 *per cent*); DoI: ₹ 3.07 crore (0.07 *per cent*); Construction and Design Services wing of Uttar Pradesh Jal Nigam: ₹ 0.67 crore (0.01 *per cent*); and Uttar Pradesh State Bridge Corporation Limited: ₹ 14.09 crore (0.31 *per cent*).

³⁶ Records of EA were examined between October 2011 to June 2012 and records of the Departments/LDA were examined between July 2012 to September 2012 intermittently depending upon the availability of records as and when made by the Department and EA.

³⁷ Housing and Urban Planning Department (HUPD), Lucknow Development Authority (LDA), Department of Culture (DoC), Public Works Department (PWD) and Department of Irrigation (DoI).

with auditee personnel, analysis of data with reference to audit criteria and raising audit queries followed by discussion with Management.

Audit criteria

2.2.6 The review of Construction of memorials was benchmarked against the criteria derived from the following sources:

- Terms and condition of the Administrative approvals and Financial sanctions;
- Directions of the Government/Expenditure Finance Committee (EFC);
- Orders regarding roles and functioning of the EFC;
- Working Manual of the EA;
- Central Vigilance Commission (CVC) guidelines regarding award of work, appointment of Consultants and mobilisation advance;
- Uttar Pradesh Public Works Department (UPPWD)/Central Public Works Department (CPWD) specifications and Schedule of Rates; and
- Acts, Rules and Guidelines relating to environment and taxation.

Audit findings

2.2.7 The audit findings relating to financial management, planning, execution of projects and environmental issues that emerged from our audit are discussed in the succeeding paragraphs.

Financial management

Cost control mechanism

2.2.8 The Government of Uttar Pradesh (GoUP) controls examination of all aspects of the projects and its financial sanctions through Expenditure Finance Committee³⁸ (EFC). On the proposal of the Government Departments, the EA is required to prepare Preliminary Estimates (PE)/Detailed Estimates (DE) and submit it to the Project Formulation and Appraisal Division (PFAD)³⁹ for screening of the projects. The PFAD after screening is required to send the PE/DE to EFC for its approval. EFC is responsible⁴⁰ for examination and approval of the projects mainly with regard to necessity, expediency, justification, financial and technical aspects. After approval of EFC, the Administrative Departments accord Administrative approval and issue financial sanctions of the project. EA executes the projects only after obtaining Administrative approval, financial sanctions and receipt of requisite funds from the Government Department. EA is required to exercise cost control as prescribed in its working manual.

Failure of EFC in discharging its responsibilities

2.2.9 EA through concerned Departments sent (September 2007 to January 2011) 38 estimates (**Appendix-10**) for four Memorials viz., Samajik Parivartan Sthal, Smarak Sthal, Eco Garden and Bauddh Vihar to EFC for

³⁸ **Chairman:** Principal Secretary/Secretary, Finance Department; **Members:** 1. Principal Secretary/Secretary Planning Department 2. Principal Secretary/Secretary, Department of Environment 3. Principal Secretary/Secretary of the Administrative Department 4. Engineer-in-Chief of PWD or his representative, not below the rank of Executive Engineer; **Member Secretary:** Director, PFAD; **Special Invitee:** Managing Director of the concerned construction agency.

³⁹ The Secretariat of the Expenditure Finance Committee.

⁴⁰ In terms of Government Order of 3 April 1996 read with order of 24 July 1998

evaluation. We noticed that EFC failed to discharge its duties in respect of all the four projects as discussed below:

- It did not examine the necessity and expediency aspects of the projects and cited that necessary approvals were already accorded by Administrative Departments; hence, it had not commented on these aspects.
- It did not examine the proposed quantities and stated that the works proposed in the projects were of special nature and involved excessive ornamental work; hence, the quantities proposed in the estimates had been kept unchanged and only the rates had been examined.

PFAD/EFC stated (December 2013) that proposals were sent by the concerned Department after examination of necessity and expediency aspect at their own level and the works were approved by PFAD/EFC keeping in view the urgency and priority of the projects. Further, due to special nature of work, the calculation of quantity was not possible at PFAD level.

The reply is not acceptable as PFAD/EFC being an expert body which examines and approves such projects cannot abdicate its responsibility on the ground of special nature of the works. Moreover, it was not the first time such memorials⁴¹ with special nature of work were constructed in the state. Urgency and priority does not imply there should not be a complete examination of the proposals. Moreover the fact that there were an average of eight revisions of estimates per project in a span of 16 to 34 months approved by the EFC which indicates lack of thorough examination by the EFC.

Enormous hike in project outlay

2.2.10 The outlay of the projects from the month of commencement to its completion is depicted in the table below:

Table 2.3: Details showing initial and final sanctioned cost, hike in project outlay and expenditure incurred for the projects

Sl. No.	Particulars	Samajik Parivartan Sthal	Smarak Sthal	Bauddh Vihar	Eco Garden	Prerna Sthal	Total
1.	Initial sanctioned cost (₹ in crore)	366.83	254.17	80.68	157.47	84.58 ⁴²	943.73
2.	Final sanctioned cost (₹ in crore)	1362.62	742.45	458.76	1075.63	918.55	4558.01
3.	Percentage increase over the initial sanction	271.46	192.11	468.62	583.07	986.03	382.98
4.	Expenditure incurred as on January 2014 (₹ in crore)	1320.66	716.28	393.02	1057.83	685.78	4173.57

(Source: Compiled from the records of EA)

From table above, it is clear that the original sanctioned outlay of ₹ 943.73 crore for all these projects were revised finally to ₹ 4,558.01 crore with hikes ranging from 192 to 986 per cent during the period of construction from October 2007 to November 2011.

Excess expenditure due to imprudent financial management

2.2.11 We noticed various instances of excess expenditure incurred by the EA due to imprudent financial management as discussed below:

⁴¹ The work of Dr. Bhim Rao Ambedkar Smarak began in 1995.

⁴² Being the value of first sanctioned estimate for the construction of boundary wall of the project

- The EA did not ensure award of work at approved rates in case of 211 items of work pertaining to 170 agreements, resulting in excess payment of ₹ 8.71 crore to 83 contractors.

After this being pointed put by Audit, EA recovered ₹ 6.80 crore and assured (September 2013) to recover remaining amount (**Appendix-11**) after verifying the same.

- The EA approved (8 November 2007 and 10 October 2007) the rates of two items⁴³ of work higher than the lowest quotations obtained, resulting in an excess expenditure ₹ 9.28⁴⁴ lakh.

In reply EA assured to recover excess payment of ₹ 9.28 lakh.

- The EA executed three items of work at the higher rates by extending the contracted quantity in three existing agreements instead of entering into fresh agreements at the prevailing lower rates, resulting in excess expenditure of ₹ 16.96 lakh.

On this being pointed put by Audit, EA recovered ₹ 16.96 lakh from the contractors.

- The EA awarded works at higher rates for 33 items in 15 agreements by pre-dating the agreements to a date when rates were higher, resulting in extra expenditure of ₹ 68.81 lakh.

On these being pointed out by Audit, EA recovered ₹ 18.57 lakh and stated that recovery of remaining amount (**Appendix-12**) could not be made since work got completed before the revision of rates.

- Different rates were awarded for supply of Bottle Palm, Cycas Revoluta and Date Palm plants of same size during the same period resulting in excess expenditure of ₹ 86.91 lakh.

On this being pointed out by Audit, EA recovered ₹ 25.85 lakh and was silent regarding the remaining amount of ₹ 61.06 lakh (**Appendix-13**).

Excess/avoidable payment of taxes and non-deduction of VAT at source

2.2.12 The EA made excess/avoidable payment of taxes and failed to deduct Value Added Tax (VAT) at source as summarised in the table below:

Table 2.4: Audit observations on tax issues

Sl. No.	Audit observation	Reply/Remarks
1.	<p>Avoidable payment of value added tax: In works contract, EA did not separately pay VAT on material portion⁴⁵ and Service Tax on labour portion which resulted in the extra expenditure of ₹ 1.72 crore.</p> <p>Non deduction of VAT at source: EA failed to deduct VAT at source of ₹ 3.64 crore as per section 34(1) of VAT Act though it made a payment of ₹ 90.94 crore towards work contracts. This omission attracts liability for payment of penalty of twice the TDS not deducted under section 34(8) of VAT Act.</p>	<p>EA stated (September 2013) that bronze items such as statues, fountains, deep malas and pillar capitals were taken through supply orders and were bought out items, therefore, UP VAT was paid on the total price and no tax was deducted at source. NOIDA supported (January 2014) the reply of EA.</p> <p>The reply is not acceptable as all these works pointed out by us were not mere supply of the items but involved supply and installation or supply and fabrication at site.</p> <p>Further no reply was given for non deduction of TDS.</p>

⁴³ For supply and fixing of granite free standing columns, rates were approved at ₹ 7,730 per cft though lowest quotation was ₹ 7,700 per cft. For supply and fixing of bronze work in domes and fountains, rates were approved at ₹ 1,110 per kg though lowest quotation was ₹ 1,100 per Kg.

⁴⁴ ₹ 2.18 lakh on execution of 7,250.02 cft granite work and ₹ 7.10 lakh on purchase of 63,064 Kg bronze work.

⁴⁵ As per rule 9 of UP VAT Rules

Sl. No.	Audit observation	Reply/Remarks
2.	Payment of VAT at higher rate: The EA procured various items ⁴⁶ listed in Schedule II of the VAT Act wherein VAT rate was defined as 4 per cent. The VAT was however paid to suppliers at the rate of 12.5 per cent instead of at four per cent resulting excess payment of VAT ₹ 76.94 lakh to the suppliers	On being pointed out by the Audit, EA recovered an amount of ₹ 7.31 lakh. For remaining amount of ₹ 69.63 lakh (Appendix-14), it stated (September 2013) that stainless steel items/cuplock pipes were fabricated items and hence tax was paid at the rate of 12.5 per cent. The reply is not acceptable as the items we have commented upon are listed in Schedule II of the VAT Act on which tax was payable at the rate of four per cent only.
3.	Irregular payment of Service tax: Construction of the Memorials was of monumental and cultural in nature and not intended for commerce or industry, hence, Service Tax was not applicable; even then, Service Tax of ₹ 1.56 crore was paid on various items ⁴⁷ for three works ⁴⁸ .	EA stated (September 2013) that in some specific cases Service Tax was paid as they were classifiable under erection, commissioning and installation service. Further, the matter was referred to service tax authorities which replied that the service tax was payable. The reply is not acceptable as the cases pointed out by us were classifiable as construction of monuments and not under erection, commissioning and installation service. Further, the case referred to service tax Department was for pumping of RMC and not relevant to the points raised by us.

Planning

Selection of Consultants

2.2.13 Office Memorandum⁴⁹ of Central Vigilance Commission (CVC) provides (25 November 2002) that the selection of the consultant should be made in a transparent manner through competitive bidding.

We observed that selection of consultants for comprehensive Consultancy and Architectural Services was not made through competitive bidding in accordance with CVC Guidelines in four projects⁵⁰ (**Appendix-15**).

EA stated (September 2013) that selection of consultant was done by LDA in case of Smarak Sthal and DoI in case of Baudhh Vihar. Selection for remaining project was done at the level of Headquarter of EA. NOIDA stated (January 2014) that EA has clarified the issue. Lucknow Development Authority (LDA) submitted (September 2013) to consider the reply of EA.

The fact remains that selection in the four projects was made in disregard to CVC guidelines.

Shortcomings in payments made to the consultants

2.2.14 The EA incurred expenditure of ₹ 42.09 crore on consultancy as detailed in **Appendix-15**. We noticed various shortcomings in payments made to the consultants as discussed below:

- Payment⁵¹ of ₹ 6.08 crore was made without entering into agreements.
- No clause in the consultancy agreements of Samajik Parivartan Sthal, Smarak Sthal and Prerna Sthal specified lower rate of fee⁵² payable in

⁴⁶ Flats, angles, plates and rods of stainless steel, RCC pipe and collars, MS pipe and Pipes.

⁴⁷ Waterproofing and longevity treatment, Fixing of laminated glass, Providing and applying of Geo-Textile, Core cutting of main hole on boundary wall, Drilling and core cutting, Laying of pipes, Concrete cutting and breaking work, Erection of dome/vaults and Pouring of protekta flexpoint works.

⁴⁸ Samajik Parivartan Sthal, Smarak Sthal and Prerna Sthal.

⁴⁹ No. OFF 1 CTE 1.

⁵⁰ Smarak Sthal, Eco Garden, Baudhh Vihar and Prerna Sthal.

⁵¹ ₹ 4.62 crore to Architect Bureau and ₹ 1.46 crore to Design Associates.

⁵² The EA normally pays 0.25 per cent of the cost for repetitive works.

case of repetitive⁵³ nature of work. In absence of such clause, Consultants were paid at the full rate of 1.50 *per cent*. This resulted in excess payment of ₹ 1.74 crore (**Appendix-16**) to the Consultants in case of these memorials.

- As per Para 5⁵⁴ of the consultancy agreements of Smarak Sthal, cost of project to calculate the consultant fee shall be the sanctioned cost of the project by the GoUP after deduction of prescribed items. The EA failed to make relevant deductions in calculation of the project cost of Smarak Sthal by ₹ 38.13 crore, which resulted in excess payment of ₹ 0.57 crore to the consultants.

The EA revised the fee payable to architects in case of Eco garden and Prerna Sthal based on the audit observations and reduced expenditure of ₹ 0.95 crore towards fee. For the remaining projects, EA stated (September 2013) that no work of repetitive nature was there and it has correctly calculated the fee. The reply is not acceptable as the works we have pointed out are of repetitive nature. Further computation of architectural fee made by EA did not have deductions as per Para 5 of the consultancy agreements.

Incorporation of additional works

2.2.15 The projects were never conceived as a whole; rather additional works were added in several phases from time to time. The Departments, EA and the Consultants failed to properly conceptualise the project at the start of the work on the projects resulting in additions of new works in all the five memorials during execution phases of works as detailed below:

Table 2.5: Details showing project-wise additions of work and increase in financial outlay

(₹ in crore)			
Sl. No.	Name of Memorials	No. of new works added	Financial outlay of additions
1.	Samajik Parivartan Sthal	11	957.99
2.	Smarak Sthal	8	449.48
3.	Eco Garden	3	918.16
4.	Bauddh Vihar	8	378.08
5.	Prerna Sthal	19	833.97
Total			3537.68

(Source: Compiled from information furnished by EA)

Department of Irrigation (DoI) accepted (November 2013) that due to incorporation of additional works, seven revisions were made. Housing and Urban Planning Department (HUPD) stated (December 2013) that due to incorporation of new works, revisions were made. NOIDA stated (January 2014) that new works were added according to the requirements. Department of Culture (DoC) did not offer (October 2013) specific comment.

Changes in drawings and designs

2.2.16 The planning aspect of the projects was largely consultant-driven and there were frequent amendments in the drawings and designs of the projects and many of these amendments entailed dismantling/demolition of structures

⁵³ Work where a standardised drawing prepared for one is used for other work also. In these projects, Boundary wall, Ashokan column, Bronze fountains, etc were identified as repetitive work.

⁵⁴ Para 5 of other consultancy agreements (where fee was payable at the rate of 1.5 *per cent* of project cost) provided for deduction of following items from the sanctioned cost to arrive at the project cost: Contingency charges sanctioned, Centage charges/supervision charges sanctioned, Payment allowed for external power, connection, sewerage, water supply, etc and development authority to sanction the corporation maps etc. and any type of eligible taxes as applicable and any other payment made directly to Government agency. The above project cost should not exceed the sanctioned cost at any condition, Cost of earth filling required as sanctioned by EFC and any other items sanctioned for which architectural services are not required/approved.

that were recently constructed which led to infructuous expenditure of ₹ 29.62 crore as depicted in table given below:

Table 2.6: Details showing infructuous expenditure due to change in drawing and design

(₹ in crore)

Name of the Project	Period of construction	Period of dismantling	Construction Cost of items dismantled	Cost of material recovered	Cost of dismantling	Infructuous expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7) (Col. 4 - Col. 5 + Col. 6)
Samajik Parivartan Sthal	October 2007 to April 2010	June 2008 to August 2010	12.69	4.33	0.99	9.35
Smarak Sthal	April 2008 to March 2009	April 2008 to March 2011	13.88	5.04	2.49	11.33
Eco Garden	April 2008 to July 2011	April 2010 to March 2012	2.52	0.13	0.78	3.17
BauddhVihar	July 2008 to August 2009	January 2009 to February 2011	4.93	1.29	0.71	4.35
PrernaSthal	N.A.	July 2008 to October 2009	2.98	1.57	0.01	1.42
Total						29.62

(Source: Compiled from the information furnished by the EA)

Thus, due to lack of proper planning infructuous expenditure of ₹ 29.62 crore was incurred. This also indicates ineffective utilisation of the fund and lack of monitoring by the Departments/EA.

DoI accepted (November 2013) that frequent changes were made in the drawing/design of the work of Bauddh Vihar. HUPD stated that (December 2013) that the EA proposed additional work citing the orders of higher authorities. The above replies endorse our finding of lack of planning.

Avoidable expenditure due to re-execution of work

2.2.17 During audit we noticed various instances of re-execution of works due to improper planning of works which resulted in extra expenditure of ₹ one crore as discussed below:

- In Samajik Parivartan Sthal, Lucknow, the EA re-executed (November 2008 to August 2009) the work of 40 mm granite flooring at a cost of ₹ 0.44 crore as repair work due to damage caused by movement of heavy vehicles at Fore court area which could have been avoided by planning the flooring work after completion of other works for which movement of heavy vehicles were required.

HUPD accepted (November 2013) that flooring was damaged due to movement of heavy vehicle and no further comment was possible on the issue.

- In Prerna Sthal, Noida, the EA dismantled 3,761.84 cft Mirzapur sandstone boundary wall to construct an additional entrance gate due to change in design. Out of the total dismantled material, it reused 1410.72 cft stone and rest remained unutilised besides avoidable cost of dismantling (₹ 7.56 lakh) and labour cost on refixing of stone (₹ 15.05 lakh).

NOIDA endorsed (January 2014) the reply of EA, which stated (September 2013) that only 838.73 cft boundary wall was dismantled for construction of entrance gate as it was sanctioned at a later date and remaining quantity was dismantled in compliance of the order of Hon'ble Supreme Court. The reply confirms that dismantling of boundary wall for

gate was avoidable by proper planning of the construction of the Gate and other dismantling was caused by the initial violation of the environmental rules, which were subsequently enforced by the Hon'ble Court.

- In Prerna Sthal, Noida, the EA constructed a boundary wall with an expenditure of ₹ 37.04 lakh measuring 2,849.55 cft. The constructed boundary wall was dismantled (November 2008) due to change in drawings by the Consultants of the project and a new boundary wall was constructed as per revised drawings at a cost of ₹ 37.04 lakh without re-using the dismantled sandstone boundary wall. Thus due to non-firming up of the drawings and designs before construction, avoidable expenditure of ₹ 33.62 lakh⁵⁵ was incurred.

NOIDA accepted (January 2014) that the boundary wall was dismantled due to change in layout.

Execution of the projects

2.2.18 Expenditure Finance Committee (EFC) while sanctioning the estimates (September 2007 to January 2011) recommended that all works related to stone/marble, statues, elephants, pedestals etc. shall be carried out by the administrative Department/EA at their own responsibility with minimum rates and for minimum requirement under the relevant financial rules.

We noticed that the recommendations of EFC were not adhered to in execution of the projects mainly due to lack of supervision and monitoring at the level of Government Departments/EA. This resulted in uneconomic and inefficient execution of works caused by incorrect rate analysis, award of higher rates for civil, electrical and horticulture works and art works for bronze murals, fountain etc. as discussed in succeeding paragraphs.

Dismantling of pre-existing structures

2.2.19 EFC recommended (September 2007 to June 2010) that Administrative Department shall ensure deposit of the value of scrap material obtained during dismantling in treasury, after deciding their depreciated value or the possibilities of the re-use of the scrap of material.

Commencement of construction activities of four of memorials of Lucknow entailed dismantling of pre-existing structures at the premises to clear the site for the projects. Details of dismantled structures and expenditure incurred thereon are given in the **Appendix-17**.

As can be seen from the **Appendix-17**:

- In contravention of the recommendations made by EFC, neither the administrative Department nor EA kept proper records of re-use and value of scrap materials retrieved from dismantling in all the four Memorials except deposit (15 May 2010) of a sum of ₹ 61 lakh.

For Eco Garden, EA stated (September 2013) that all the usable materials were taken away by the Department of Jails (DoJ) except scrap which was sold by the EA. Department of Jails (DoJ) rejected (October 2013) the contention of EA and stated that EA was responsible for disposal of scrap and to maintain its records.

The replies are contradictory and not acceptable as *post facto* approval accorded by the DoJ prescribed responsibility of Director General, Karagar, DoJ to ensure record/accounts with the help of EA.

⁵⁵ Cost of construction (₹ 37.04 lakh) + Cost of dismantling (₹ 0.85 lakh) - Cost of waste stone (₹ 4.27 lakh)

For Bauddh Vihar, which was constructed by dismantling Parikalp Nagar, Department of Irrigation (DoI) accepted (November 2013) that all buildings of Parikalp Nagar were safe and had not completed their useful life and dismantling of these buildings resulted in loss of ₹ 118.47 crore excluding cost of land. Further, the act of dismantling was also found *ultra-vires* and inappropriate by a committee⁵⁶ set up to examine the same. EA stated that disposal of scrap was not done by it. The reply confirms that proper procedures were not followed.

For Samajik Parivartan Sthal, Housing and Urban Planning Department (HUPD) stated (December 2013) that the scrap material were un-usable hence, it was used in filling. Reply is not acceptable as no documentary support regarding location where filling was done and volume of filling done was provided.

- In Eco Garden and Bauddh Vihar, dismantling was done on the written instruction (28 August 2009 and 21 November 2008) of the Administrative Department; formal procedures such as administrative and financial sanctions were not followed and necessary sanctions/approval have also not been obtained so far (February 2014).

For Eco Garden, DoJ stated (October 2013) that sanctions was not given as Director General, Karagar did not make available all records as desired by the Government. For Bauddh Vihar, DoI stated (November 2013) that the act of dismantling was found *ultra-vires* and inappropriate by a committee set up to examine the same. EA stated (September 2013) that dismantling was done as per instruction of the client and efforts for receipt of sanctions and funds are made. The reply confirms our observation.

We further noticed the following:

- In follow up of EFC directions (27 March 2008) HUPD constituted (28 April 2008) a Technical Committee (TC) to finalise the rates of dismantling of old buildings to commence construction of gallery in Samajik Parivartan Sthal. EA submitted quotations received from three parties⁵⁷ to the TC which approved (29 April 2008) the lowest quoted rates of Maglink Infra Projects (P) Limited (MIPPL) for ₹ 2.10 crore.

We observed that even prior to submission of quotations to TC, the EA issued (24 April 2008) Letter of Intent (LoI) to MIPPL. Further, District Magistrate, Lucknow had issued (26 April 2008) permission order⁵⁸ for dismantling through explosive to MIPPL, even before formation of the TC. This indicates that formation of TC was a formality in view of the fact that party and rates had already been finalised. Further more, as the blasting was done during 21 April to 15 May 2008, it clearly shows that the work was started even prior to issue of LoI. This indicates the failure of monitoring and supervision by the HUPD.

EA confirmed the facts and stated (September 2013) that seeing the urgency of work and lowest quotation of MIPPL, work was awarded to them and no financial irregularity was caused. HUPD did not furnish (December 2013) any reason for issue of LoI without prior approval of the rates by the TC set up by HUPD.

⁵⁶ S.A.T. Rizvi Committee.

⁵⁷ Maglink Infra Project (P) Limited, Tirupur, Tamil Nadu (MIPPL), Deluxe Earthmovers and Contractors and Sri Vari Construction Company

⁵⁸ Issued by Office of the District Magistrate, Lucknow under rule 155 (8) (ii) of the Explosive Rules, 1983

Civil and Stone works

Formation of High Level Committee for fixation of rates

2.2.20 On the recommendations (10 September 2007) of the EFC, the HUPD ordered⁵⁹ (4 October 2007) LDA (the nodal agency) and EA to constitute a High Level Committee (HLC) for deciding rates of various stone works for which rates were not available in the Schedule of Rates (SOR). Similarly, the EFC/GoUP also recommended⁶⁰ for formation of HLC for approval of rates for other projects at Lucknow by other concerned Departments.

In compliance to the order of the GoUP, an HLC⁶¹ was constituted (25 October 2007) to which LDA also nominated (31 October 2007) its representatives. The concerned Project Managers of units of the EA were required to conduct detailed market survey for works of special nature and submit survey reports to HLC for taking appropriate action thereafter.

Further, Para 102 A of the Working manual of EA provides that all Project Managers of units in the city and an accounts man nominated by the Financial Advisor of the UPRNN shall be the members of Joint Purchase Committee.

Based on the quotations obtained, the Committee of the Project Managers of the EA recommended (8 November 2007) final rates for 20 items of stone works which were approved (14 November 2007) by the HLC.

We noticed that:

- The Departments except HUPD did not form any HLC.
- In addition to the above 20 items, the rates for 365 items for all four projects at Lucknow were decided⁶² by EA at its own level, without obtaining approval of HLC. Thus, there was total abdication of responsibilities by HLC which was not functional after one meeting (14 November 2007). The HUPD did not monitor the work of HLC. The EA finalised the rates of various items at higher rates due to failure to obtain competitive rates and deficient analysis of rates etc. as discussed in subsequent paragraphs.
- The committee of the EA did not have members of Accounts/Finance wing. Therefore, the rates remained un-vetted by the finance wing.

HUPD stated (December 2013) that there was no need for further approval of rates from HLC as the lower market rates/scheduled rates were available later on. The EA accepted (September 2013) that approval of HLC was not sought and works were done in accordance with its working manual. DoI accepted (November 2013) that no HLC was formed by it and stated that approval of rates from competent authority was responsibility of EA.

The replies are not acceptable as in the instant cases, it was obligatory to make the HLC and take its approval for all rates till they were included in the Scheduled rates.

Finalisation of higher rates

2.2.21 Construction of the memorials involved massive expenditure and the procedure⁶³ prescribed in Para 102A and 103 of the working manual of the

⁵⁹ Vide order no. 4004/आठ-1-07-50 एल.डी.ए. dated 4 October 2007.

⁶⁰ Vide order nos. -4232/आठ-1-07-71 विविध/07-टी.सी - 4 dated 2 November 2007; 718/आठ-27-सी-04-03-डब्लू परि/08 dated 22 February 2008.

⁶¹ Members: Financial Advisor, General Manager (Technical), General Manager (Sodic), General Manager (Central Zone), Concerned Unit in charge (as presenter) of EA along with Authorised representative of LDA

⁶² During 10 October 2007 to 25 April 2011

⁶³ By shortlisting suppliers/contractors through publication of advertisement/notice in newspapers.

EA was to be followed to execute the works in the most economic manner by obtaining competitive rates.

We noticed that the laid down procedure was not followed while finalising the rates of 365 items out of total 385 items test checked by us. The EA finalised the rates by obtaining limited quotations without proper advertisements in the newspapers. Besides, other actions of EA, such as, award of work to firms⁶⁴ who did not quote the rates, non award of work to firms⁶⁵ quoting lowest rates (L-1) in some cases etc. were non-transparent and arbitrary leading to failure of the EA in generating competition.

Further, the EA prepared analysis of rates to justify the rates approved by it which were deficient⁶⁶ as discussed in detail in **Appendix-18**, which resulted in wrong analysis of rates. A comparison of the rates approved by the EA and the rates arrived at by Audit after removal of the said deficiencies, revealed that even the lowest rates approved by EA⁶⁷ were higher by 9.51 per cent to 56.50 per cent as detailed in **Appendix-19**.

Thus, failure to generate adequate competition led to receipt of higher rates which were not detected due to incorrect analysis of the obtained rates. This resulted in award of works at higher rates which led to excess expenditure of ₹ 397.90 crore (**Appendix-20**).

EA stated (September 2013) that the Purchase Committee used to decide lowest rates and not vendor concerned. Further, in most cases work were awarded to lowest bidder but in few cases it was given to other contractors only after making an assessment of capability of lowest bidder to manage the quantum of work in time. The rates approved were also lower than the UPPWD SOR rates of January 2009. The analysis of rates were not the criterion for deciding the rates of actual execution of work, which were decided on the basis of quotations and market survey.

The reply is not acceptable as it does not address the reasons for not following the prescribed procedure to obtain most economical rates through open advertisements. Moreover, the incorrect analysis of the obtained rates also contributed to finalisation of higher rates. Further, despite the fact that EA ignored the HLC and finalised the rates at its own level, the HUPD and other Departments failed to monitor the same and ensure execution of the works at minimum rates despite specific directions of the EFC.

Excess expenditure due to delayed differentiation in rates

2.2.22 The EA approved same rate and awarded work for two different features of a work viz, coffee brown granite and white galaxy granite work in Granite columns works; carved portion and uncarved portion in Boundary wall work; red stone and pink stone in case of Bansi Paharpur stone work. Later on the rates for coffee brown granite work, uncarved portion in boundary wall and Bansi Paharpur red sand stone work were segregated and rates for these were fixed at lower side than the white galaxy granite work, carved boundary wall and Bansi Paharpur pink sand stone.

⁶⁴ Example: Chinamay Constructions, Anchor Constructions, G.K. Tiles and Marbles KTS Associates Marble Centre, Wood workers Pragati Infra Promoters etc.

⁶⁵ M/s Raj Kamal Marbles – Granite free standing columns; Super stone constructions – 15 ft. high Mirzapur sandstone elephant sculptures; Gem Granite – Granite boundary wall and Granite in fountain; J.P. Stone – 850 mm Mirzapur sandstone Jalebi pattern railing.

⁶⁶ Excess wastage was allowed, basic rates of stones were higher, Items not required such as cost of thermocol were included, Freight charges were higher due to application of incorrect conversion factor and volumetric weight, calculation errors etc., for detail please refer to **Appendix-18**.

⁶⁷ For projects at Lucknow

We noticed that, the EA did not segregate the works having two different features for eight to 37 months and made payment on the awarded higher rates of composite features. This lapse of not fixing rates based on different features, led to the excess expenditure of ₹ 18.41 crore as discussed in **Appendix-21**.

EA stated (September 2013) that earlier it could not be visualised that differential rates were possible for and accordingly composite rate were decided by the High Level Committee (HLC), but later on with execution of work over a logical period, it was felt more logical to obtain separate offers for differentiated features. The EA, however, recovered ₹ 0.08 crore in case of granite column works on being pointed out by Audit.

The reply confirms award of works at composite rates but is not acceptable as the EA is a specialised construction agency with requisite experience and knowledge of executing similar works.

Enhancement in the rate of granite flooring

2.2.23 The EA approved (16 February 2009) the rates for ivory fantasy granite flooring (40 mm) and Kanakpura multi-red granite flooring at ₹ 5,850 per sqm and ₹ 5,400 per sqm respectively which were subsequently revised (12 August 2010) to ₹ 5,450/5,300 per sqm. Thereafter, the EA citing difficulties in getting the work done at the revised rates, again restored (24 September 2010) the original rates of ₹ 5,850/5,400 per sqm.

Para 119 of the Working Manual of EA provides that, it is essential for a purchase committee deciding about a rate, to enquire rate/rates of similar items being allowed in other units in the vicinity, and after that only to finalise its decision. We noticed that the EA did not fix the rates after considering the prevailing rates in all the Units of Lucknow as required in the aforesaid para of the Working Manual. We also found that, out of total nine units⁶⁸ of Lucknow, four units⁶⁹ executed 4,220.10sqm same granite flooring work at the rate of ₹ 5,450/5,300 per sqm against 18 agreements made after 24 September 2010. From these rates it is clear that the lower rate of ₹ 5,450/5,300 per sqm was workable. Thus, despite same work being done at the lower rates in many units, EA did not follow the provisions of the Working Manual and unnecessarily restored the original higher rate. This led to excess expenditure of ₹ 20.31 lakh on execution of 5,199.46 sqm granite flooring.

EA stated (September 2013) that the quantum of work was very huge and it was very difficult for contractors to execute the works on reduced rates. The reply is not acceptable as, even after restoration of the rates; out of 15 contractors, nine contractors executed the work at ₹ 5,450/5,300 per sqm, four contractors worked at enhanced rate of ₹ 5,850/ 5,400 per sqm and two contractors simultaneously worked in one unit at lower rate and in another unit at higher rate.

Incorrect fixation of rates for Solakunda multi-red granite flooring

2.2.24 We noticed that the same rates i.e. ₹ 5,150 per cft, for supply and fixing of granite⁷⁰ in kerb stone and steps works for both Solakunda multi-red

⁶⁸ Unit-19, Balrampur Hospital Unit, Medical College Kannauj (NR) Unit, Lohia-2 Unit, LMI Unit, Pratapgarh Unit, MKRSS (Entrance Plaza) Unit, CSA Kanpur Unit and Eco Park Unit-II.

⁶⁹ Pratapgarh Unit, MKRSS (Entrance Plaza) Unit, CSA Kanpur Unit and Eco Park Unit-II.

⁷⁰ Rates approved on 16 February 2009.

granite and Kanakpura multi-red granite were fixed. We noticed that for flooring work, the rate of Solakunda multi-red granite and Kanakpura multi-red granite was different i.e ₹ 5850 per sqm and ₹ 5,400 per sqm respectively. Since the composite rate for supply and fixing of both Solakunda multi-red granite and Kanakpura multi-red granite was same in case of kerb stone work and steps work, approving a higher rate by ₹ 450 per sqm⁷¹ for flooring for Solakunda multi-red granite flooring was incorrect. The higher rate resulted in extra expenditure of ₹ 17.94 lakh in execution of 3,987.456 sqm flooring of Solakunda multi-red granite.

EA stated (September 2013) that the rates were decided after detailed market survey and on the basis of offers received. The reply is not acceptable as the EA despite being a technical agency, did not detect the difference in flooring rates received and did not obtain and award same rates of flooring for both stones.

Thus, due to inaction of High Level Committee (HLC), the rates were decided by the EA at higher side resulting in increase in project cost as discussed in paragraphs 2.2.21 to 2.2.24.

Excess payment on Banshi Paharpur sandstone works in dry cladding

2.2.25 In Prerna Sthal, Noida, EA had decided (19 March 2009) that rates of Banshi Paharpur sandstone works at Noida shall be ₹ 100 per cft below than the rates approved at Lucknow as the distance from Banshi Paharpur to Lucknow was longer than the distance from Banshi Paharpur to Noida. The rates of supply and fixing of Banshi Paharpur sandstone in dry cladding at Lucknow were ₹ 1076⁷² per cft. Accordingly, the rates for Noida should have been ₹ 976 per cft. Instead the rates paid were ₹ 2400/2550 per cft in Noida.

We noticed that the units (PMC-2 and Noida Unit-2) of EA at Noida paid higher rates which led to excess expenditure of ₹ 2.83 crore as detailed below:

Table 2.7: Details of excess expenditure due to payment of works at higher rates

Name of the item	Rates at Lucknow (₹ per cft rate)	Rates to be paid by Units at Noida (₹ per cft)	Rates actually paid by Units at Noida (₹ per cft)	Higher rates awarded (per cent) (5)*100/(4)	Qty. executed (cft)	Excess payment (₹ in crore) 8=(5-4) x 7
1	3	4	5	6	7	8
Providing and fixing of Banshi Paharpur sandstone in dry cladding	1076 ⁷³	976	2400	245.90	15853.91	2.26
			2550	261.27	3592.58	0.57
Total					19446.49	2.83

(Source: Compiled from information furnished by EA)

EA stated (September 2013) that the rates of ₹ 2,400/2,550 per cft were paid for dry cladding with intricate carving. The reply is not acceptable as the measurements recorded by units were for plain cladding and not for intricate carving.

Purchase of Mirzapur sandstone

2.2.26 The EA finalised (18 July 2007) rates for rough size Mirzapur sandstone at ₹ 150 per cft for the projects of Lucknow which were applicable

⁷¹ Solakunda multi-red granite ₹ 5850 per sqm - Kanakpura multi-red granite ₹ 5,400 per sqm = ₹ 450 per sqm.
⁷² 1 sqm of 50 mm thick cladding = 1.7657 cft cladding; considering the rate of ₹ 1,900 per sqm for 50 mm thick cladding, the per cft rate comes to ₹ 1,076 per cft.
⁷³ Arrived at on the basis of rate of ₹ 1,900 per sqm for providing and fixing of Banshi Paharpur sandstone in 50 mm cladding at height above 3 ft.

upto February 2009. During the same period it procured dressed size/cut-size of Mirzapur sandstone for Prerna Sthal, Noida at the same rate.

The procurement of rough size and cut size Mirzapur sandstone at the same rates during the same period was unjustified⁷⁴ and led to an extra expenditure of ₹ 16.11⁷⁵ crore.

EA stated (September 2013) that initially there was no infrastructure available at Mirzapur and nearby areas and only rough blocks were available at Mirzapur, hence, the rates for rough size blocks was decided. It further stated that as regards procurement of cut size stone by units at Prerna Sthal, the circumstances would be different as no cut size stone was available at Mirzapur when stone was purchased at Lucknow. The reply is not acceptable as the rough sized and cut sized stones for Lucknow and Noida were purchased during the same period. There is no justification for buying rough sized stones at same price as cut sized stone. Since the period is the same, and stones were procured from Mirzapur in both cases, the contention of the EA that the circumstances are different also does not hold good.

Award of work to non-empanelled firms for stone works

2.2.27 The EA had shortlisted (10 September 2007) only six firms for execution of Stone work but the stone works were got executed by 246 contractors⁷⁶. The value of stone works executed was ₹ 994.17 crore. We noticed following deficiencies in the execution of stone works:

- Though six firms were shortlisted, works of ₹ 331.93 crore were awarded to five firms only.
- Works amounting to ₹ 3.38 crore were executed by two⁷⁷ contractors who were disqualified during shortlisting.
- Works amounting to ₹ 658.87 crore were executed by 239 contractors who did not participate in shortlisting process done by the EA and therefore their credentials were not verified by the EA.

Thus, only 33.38 *per cent* of the total stone works amounting to ₹ 331.93 crore, were executed by 5 contractors who were shortlisted by the EA indicating work was randomly awarded to the contractors and not on the basis of their competence and experience.

EA stated (September 2013) that due to huge quantum of work; it was not possible to get the work done through the six shortlisted firms. The reply is not acceptable as EA could have short listed additional firms after following due procedure.

Excess payment for supply of Ready Mix Concrete

2.2.28 The EA entered (21 January 2008) into an agreement with Ambalika Constructions, for installation of a Batching Plant⁷⁸ at the site of Smarak Sthal to produce Ready Mix Concrete (RMC). The provisions of agreement,

⁷⁴ As the wastage in case of rough size blocks was 47.44 per cent as compared to negligible 0.62 per cent in case of cut size blocks.

⁷⁵ For fixing of 927052.80 cft finished sand stone work, 1763782.50 cft Mirzapur rough size sandstone was used instead of 932836.39 cft cut size sand stone. Thus 830946.11 cft rough size sand stone was excess purchased and issued to the contractor resulting in loss of ₹ 16.11 crore as the rates of cut size and rough size stone were same (i.e., ₹ 193.85 per cft)

⁷⁶ As per information furnished by 17 units of the EA.

⁷⁷ Goel Marbo Granite and G.M. Granite.

⁷⁸ A batching plant also known as a concrete plant, is a device that combines various ingredients (such as sand, water, stone aggregates, fly ash, potash etc) to form concrete.

deviation there from along with its impact have been shown in the table below:

Table 2.8: Audit observations on violation of contractual provisions and resultant excess expenditure

Sl. No.	Provision of the Agreement	Audit Observation
1.	The basic rate of RMC was decided at the rates approved. In case of supply of RMC from the batching plant at site, five <i>per cent</i> of the rate of RMC was to be paid additionally for captive batching plant at site.	In 14 cases, payments were made for supply of RMC at the rate higher than the rates approved by EA for the period of supply. This resulted in excess payment of ₹ 3.98 lakh to the supplier. Further, Additional five <i>per cent</i> amounting to ₹ 26.69 lakh in 24 cases was paid despite the fact that RMC was not supplied through captive plant installed at the site but through other batching plant at far off site.
2.	The rate for transportation of RMC from captive batching plant to the pouring point within campus was to be paid at the rate of ₹ 83 per cum In case of supply of RMC from any batching plant other than the plant installed at Site to the pouring point, transportation charges was to be paid at the rate of ₹ 17 per Km per cum which was subsequently revised to ₹ 20 and ₹ 22 per Km per cum by the EA in terms of price variation clause.	For procurement of RMC from other suppliers, transportation charges were payable for a maximum distance of 12 Kms. This limiting provision was not incorporated in the agreement executed with Ambalika Constructions. We noticed that transportation charges were paid for up to 25 Km. Further, the contractor had been submitting bills separately for RMC and transportation. After cross checking and linking these separate bills, we found that the contractors had charged for excess quantity of RMC than actually supplied. This coupled with payment of transportation charges for more than 12 Kms and payment at higher rates than approved by the EA resulted in excess expenditure of ₹ 18.83 lakh.

(Source: Compiled from information furnished by EA)

Thus, due to ignoring the contractual provisions an excess payment of ₹ 49.50 lakh was made.

EA stated (September 2013) that excess payments of ₹ 0.42 lakh have been recovered. It further stated that as the requirement of RMC was huge, additional five *per cent* was paid for supply from other plants being captive. It also stated that the rates for cartage were approved without restriction of distance.

The reply is not acceptable as contractual provisions were not adhered to. Further, restriction of distance was made by the EA because quality of RMC starts deteriorating after a certain time; hence it was not logical to relax the restriction of distance for Ambalika constructions only.

Excess consumption of cement in preparation of RMC

2.2.29 Design mix concrete is preferred to nominal mix as by using design mix concrete in place of nominal mix, cement consumption can be minimised by controlling the water cement ratio. Further, design mix is mandatory for concrete of above M-20 grade.

We noticed excess consumption of cement in preparation of RMC resulting in extra expenditure of ₹ 2.74 crore as discussed below:

- The EA prescribed (January 2009) consumption of cement for M-10, M-15 and M-20 grade RMC at 4.50 bags, 6.00 bags and 7.00 bags respectively for per cum of RMC. We noticed that the EA failed to prescribe the norms since beginning of the projects in October 2007 resulting in different units issuing cement bags at varying rate. By not specifying the norms, an extra expenditure of ₹ 49.97 lakh on issue of 28,074.46 bags (calculated at the rate of ₹ 178⁷⁹ per bag) during October 2007 to January 2009 in Samajik Parivartan Sthl was incurred as detailed in table below:

⁷⁹ Being the lowest rate at which cement was procured by the EA during the period October 2007 to January 2009.

Table 2.9: Details showing excess issue of cement bags

Grade of cement	EA norms (January 2009) for cement consumption (Bags/Cum)	Quantity of RMC procured (Cum)	Actual issue of bags per cum of RMC (in bags)	Total issue of cement (in bags)	Excess issue of bags, had the EA norms spell out since beginning of the project. (in bags)	Extra expenditure due to non specifying the norms since beginning (Amount in ₹)
M-10	4.5	34462.98	4.5 - 6.12	180247.9	25164.50	4479281
M-15	6	1193.66	6 - 6.12	7200.96	39.00	6942
M-20	7	54301.45	7 - 8.16	382981.11	2870.96	511031
Total					28074.46	4997254

(Source: Compiled from information furnished by EA)

EA stated (September 2013) that there is no fix and universal norms for using cement in RMC at all times because availability of grade of fine aggregate and course aggregate differs from time to time and the cement for making RMC was issued on the basis of cement used for making of RMC at different times. The reply does not give reasons for not having prescribed norms in time.

- For M-25, M-30 and M-35 grade RMC, EA did not adhere to any design mix and issued cement bags at varying rates i.e, 8 to 9.06 bags per cum for M-25; 8.67 to 9 bags per cum for M-30; and 9.5 bags to 10.60 bags for M-35 grade RMC. The failure of EA to prescribe consumption norms on the basis of design mix resulted in excess expenditure of ₹ 1.94 crore (calculated at the rate of ₹ 178⁸⁰ per bag) on excess issue of 1,09,152 cement bags⁸¹ during the period October 2007 to October 2009.

EA stated (September 2013) that as per CPWD there is no fixed and universal norms for using cement content in RMC at all times. The reply is not acceptable as the CPWD norms for RMC works were in place and the EA should have either followed CPWD norms or framed their own norms for RMC works on the basis of design mix.

Expenditure on cultural ceremonies

2.2.30 Para 210 of the Working Manual of the EA prescribes that in case of foundation and opening ceremonies the EA shall not incur expenditure of more than ₹ 2500 in one function, if it is performed by a State Government Chief Minister or Minister and ₹ 5000 in one case if it is performed by a Governor, Central Government Minister or a high dignitary of that status.

We noticed that the EA incurred an expenditure of ₹ 4.25 crore on inaugural and cultural ceremonies⁸² organised (between 14 April 2008 and 14 October 2011) by it on various occasions. Out of above, an amount of ₹ 2.10 crore was borne by the EA from its own sources, whereas an amount of ₹ 2.15 crore was charged on the works. Expenditure of such a huge amount on inaugural and cultural ceremonies is against the provisions of the Working manual of the EA.

EA stated (September 2013) that it was asked to make suitable arrangement to perform inaugural and cultural ceremonies organised on various occasions through their respective clients/administration. Reply is not acceptable as EA violated provisions of its own working manual by exceeding the laid down limits and has borne expenditure of ₹ 2.10 crore from its own sources instead of raising a demand for funds from the client Departments.

⁸⁰ Being the lowest rate at which cement was procured by the EA during the period October 2007 to January 2009.

⁸¹ By using CPWD/DSR norms of cement consumption for M-25, M-30 and M-35 grade RMC at the norms of 7.6 bags, 8 bags and 8.4 bags respectively for per cum of RMC.

⁸² Tents, electrical arrangements, snacks and refreshments, decoration of site etc.

Irregularities in the Contract awarded for works in Eco Garden

2.2.31 The EA awarded (17 February 2010) the work⁸³ for ₹ 251.53 crore to BPR Infrastructure and Parmitha (Joint venture), Hyderabad (BPRIP) on item rate basis. Out of the total work of ₹ 1,057.83 crore executed at Eco Garden, works of ₹ 591.63 crore was executed by the EA Departmentally and works of ₹ 466.20⁸⁴ crore were executed by the BPRIP.

In respect of the aforesaid contract, we noticed the following deficiencies:

- The EA was executing similar work Departmentally in Eco Garden. Hence, the rates of items were available with the EA prior to finalisation of the tender as a yardstick for checking the reasonableness of the rates quoted by BPRIP and as basis for negotiation with the lowest tenderer to obtain lower rates in the tender.

We found that the rates paid to the BPRIP for 20 items were higher than the rates earlier approved at which work was being executed. Lack of prudence and due diligence prior to finalising the bid led to an undue benefit to the Contractor and an extra expenditure of ₹ 18.37 crore on execution of these items⁸⁵ (**Appendix-22**).

EA stated (September 2013) that individual item rates of contract should not be compared with other rates at which work was being done. Reply is not acceptable as the contract was awarded on item rate basis indicated in the Bill of Quantity (BOQ) and EA had not made any effort to bring down the item rates of contract to the rates on which similar work was being executed by the EA Departmentally as per its normal working procedures.

- The EA, besides the item-rate contract with BPRIP, was also simultaneously executing work at Eco Garden. After award of item-rate contract to BPRIP, the EA had options either to award the work through BPRIP at the lower tendered rates or through other contractors at higher rates approved by it. The tenets of economy of expenditure are clear and the work should be executed at the lower of the two rates.

We found that the EA awarded four items of work to other contractors at Departmentally approved higher rates, despite the rates tendered by the BPRIP being lower. By getting the four items of work done at higher rates the EA made an avoidable extra expenditure of ₹ 2.46 crore as detailed in **Appendix-23**.

EA stated (September 2013) that the work mentioned by audit were of that area which was not in the scope of BPRIP and was done separately by it on Departmentally. Reply is not acceptable as the BOQ awarded to BPRIP did not earmark any specific scope or physical area for execution of the work.

- Clause 37.2.1 of the agreement with BPRIP provided that for new items of works not covered in the agreement, latest rates available in the Uttar Pradesh Public Works Department Schedule of Rates (UPPWD SOR), if available were to be considered. Otherwise latest rates available in the

⁸³ Civil, plumbing, water supply and sanitary works, sewerage, electrical services, stone works, landscape works, horticulture and finishing work of Eco Garden

⁸⁴ (₹ 350.75 crore for items included in the contract and ₹ 115.45 crore for additional/ extra items)

⁸⁵ Further, as the contract was an item-rate contract the EA was not bound to get the work done by BPRIP at the higher rates and it could have got the same done by other contractors as well according to its normal working procedure.

Delhi Schedule of Rates (DSR) were to be considered. Further, if the items of work were not available in both the Schedule of Rates, the analysed rates were to be applied on the basis of market rates.

The EA awarded the work of providing and laying of RMC grade M-30 and M-15 from BPRIP as new items and paid at the rate of ₹ 6,375 per cum and ₹ 5,700 per cum respectively. We noticed that the rates approved by the EA was on higher side not only in comparison of UPPWD SOR but were also higher than the rates of work already being executed i.e. ₹ 5,600 per cum for M 30 and ₹ 5,000 per cum for M 15 by other contractors at the same site during the same period. Hence, there was no rationale to pay higher rates to BPRIP which resulted in excess expenditure of ₹ 6.23 crore⁸⁶.

EA stated (September 2013) that the rates were derived from the nearest BOQ of M-25 so there is no excess expenditure. The reply is not acceptable as the EA failed to award the work at the available lower M-15 and M-30 rates.

- The Letter of Intent (LoI) issued (12 February 2012) to BPRIP provided grant of interest free mobilisation advance of 15 per cent of contract value to the BPRIP.

We noticed that mobilisation advance of ₹ 41.73 crore was released to BPRIP which was ₹ four crore higher than the prescribed limit⁸⁷ which was an undue benefit to BPRIP.

No reply on this issue was furnished by the Housing and Urban Planning Department and EA.

Electrical Work

2.2.32 Supply and installation of electrical items at the projects involved an outlay of ₹ 241.68 crore⁸⁸ including expenditure of ₹ 61.33 crore⁸⁹ on purchase of imported luminaries/fixtures/fittings for lighting arrangement of the projects.

We noticed following irregularities in procurement of electrical items:

- The EA approved (January 2008) rates of 26 items on overall comparison basis⁹⁰ to procure from Light Sound Image System (I) Private Limited (LSI) for Samajik Parivartan Sthal, Lucknow. We noticed that rates quoted by Edison Projects (P) Limited (EPPL) for 12 items were lower than the rates quoted by LSI. However, the EA did not consider lowest quoted item-wise rates for the individual items and placed orders at higher item-wise rates resulting in extra expenditure of ₹ 1.78 crore.
- Different rates (₹ 1.03 lakh per unit at Lucknow during January 2009 to June 2010 and ₹ 0.71 lakh per unit at Noida during May 2010 to July 2010) for an item (ING 8) resulted in extra expenditure of ₹ 56.09 lakh on purchase of 156 such units.

EA stated (September 2013) that rates of the fittings cannot be compared as the specification and brands of fittings at different units were different. The reply is not acceptable as extra expenditure has been calculated by us only in

⁸⁶ 79,427 x (₹ 6,375 – ₹ 5,600) + 999 x (₹ 5,700 – ₹ 5,000)

⁸⁷ ₹ 37.73 crore, being 15 per cent of the contract value of ₹ 251.53 crore

⁸⁸ Samajik Parivartan Sthal - ₹ 91.52 crore; Smarak Sthal - ₹ 38.13 crore; Eco Garden – ₹ 46.80 crore; Bauddh Vihar - ₹ 14.64 crore; Prerna Sthal - ₹ 50.59 crore

⁸⁹ Samajik Parivartan Sthal - ₹ 30.28 crore; Smarak Sthal - ₹ 3.94 crore (including electrical fittings of ₹ 2.26 crore installed at buffer area); Eco Garden – ₹ 6.50 crore; Bauddh Vihar - ₹ 3.77 crore; Prerna Sthal - ₹ 16.84 crore.

⁹⁰ LSI: ₹ 22.37 crore and EPPL: ₹ 23.46 crore

case of different rates awarded/available for same fittings at both Lucknow and Noida.

Horticulture Work

2.2.33 Expenditure of ₹ 17 crore⁹¹ was incurred on horticulture works (including ornamental plants: ₹ 5.84 crore and creation of grassy lawns: ₹ 10.76 crore) at the projects undertaken at Lucknow. Audit findings on horticulture works are discussed below:

- There were huge variations ranging between 178 to 774 *per cent* in the prices of plants of same species and size during a short span of three to six months. (**Appendix-24**)
- It can be seen from the **Appendix-24** that plants, such as, Peepal, Imli and Maulsri were purchased from private parties at the rates which were 543 to 1,329 *per cent* higher than the rates of Forest Department.
- Out of plantation of ₹ 17 crore, 40,330 plants, valued at ₹ 12.84 crore only were handed over along with the memorials at Lucknow to the *Smarkon, Sangrahalayon, Sansthano, Parkon Va Upvano Aadi Ki Prabandhan Suraksha Evam Anurakshan Samiti*' (SSPUPSAS). Records and details of remaining plants valued at ₹ 4.16 crore were not maintained. It indicates that all the Government Departments⁹² individually and collectively failed in monitoring the horticulture work and control/ correct the lapses of the EA.

EA stated (September 2013) that the rates of plants differ due to different sizes and specifications of plants and maintenance clause involved. Further, the plants removed/replaced were handed over to the LDA. The reply is not acceptable as we have pointed out variations in the prices of plants of the same species and sizes procured within a short span of time. No document showing handing over of the removed/replaced plants to LDA has been provided to audit except 272 thuja plants and 112 imli plants at Samajik Parivartan Sthal.

The lack of supervision of the work by the Government Departments⁹³ led to unaccounted expenditure ₹ 4.16 crore.

Art work for bronze murals, fountains etc.

Abdication of responsibilities by Committees

2.2.34 The Department of Culture (DoC) constituted⁹⁴ (19 September 2007) a Work Monitoring and Verification Committee⁹⁵ (WMVC) to supervise and guide the EA; to recommend the statues/art items; nature of statues; construction material to be used and to ensure quality and timely execution of work.

The Lucknow Development Authority (LDA) also formed⁹⁶ (25 October 2007) a Committee⁹⁷ to recommend a panel of artists and sculptors, to

⁹¹ Which constituted 0.49 *per cent* of the total expenditure of the projects.

⁹² HUPD, DoC, DoI and PWD.

⁹³ HUPD/DoC/DoI/PWD

⁹⁴ Vide order no. 2409/चार-2007-203वि/2007

⁹⁵ **WMVC:** Chairman – Director, Culture; Members – Secretary, Lalit Kala Academy; Director, Archaeology; Addl. Secretary, LDA; Director, Museum; Director, Anveshanalay evam Gunvatta Niyantaran Prakosth, PWD; Joint Director, Geology and Mining; Dy. Director, Avas Bandhu and General Manager, EA.

⁹⁶ Vide order no. 167/प्र.सू- 1/07

⁹⁷ Members - Dy. Director, Culture and Secretary, Rajya Lalit Kala Academy; Chief Engineer, LDA; Finance Controller, LDA; Jt. Secretary, LDA; Executive Engineer of Development Authority concerned with the project; General Manager (Sodic) and General Manager (Technical), EA; Two Project Managers and One Assistant Accounts Officer of EA.

evaluate the quotations received from empanelled artists/sculptors and to recommend the rates after negotiation.

The DoC again constituted⁹⁸ (6 November 2007), a Price Determination Committee⁹⁹ (PDC) to ensure the quality of material to be used and to determine the appropriate price of various statues, sculptures and fountains.

These Committees were set up to guide and supervise the EA on art works as the EA lacked the core competency in this field since it is a construction Company.

We observed that there was no laid down procedure regarding the working of these Committees. The WMVC, the PDC and the Committee constituted by LDA were neither involved in price determination process nor in the process for selection of art works, despite the fact that these were in their scope of responsibilities. Artefacts worth ₹ 252.82 crore¹⁰⁰ were procured for the projects at the rates and from the suppliers finalised by the EA itself without involvement of any committee. This was a clear abdication of laid down responsibilities by the Committees.

DoC stated (October 2013) that it has repeatedly directed the EA to obtain competitive rates. Further, the WMVC also directed the EA from time to time for fixation of rates but the EA did not pay heed to their direction hence it is not possible for them to decide the rates. Further, the PDC also stated (12 July 2011) that it was not responsible for finalisation of rates as it was done by the EA itself. From the reply of DoC it is clear that rates were finalised by EA in disregard to WMVC. The EA stated (September 2013) that all estimates were recommended and forwarded to GoUP by PDC/WMVC only. The reply of the EA is contradictory to the reply of the DoC and the PDC. It is also clear from the reply of the DoC that it did not monitor the working of the Committees set up by it and allowed the EA a free hand.

Irregular selection of firm for bronze work

2.2.35 Out of artefacts of ₹ 252.82 crore, all bronze art works (except bronze gates and bronze coffers) were executed by Ram Sutar Fine Arts Private Limited (RSFAL) for ₹ 174.05 crore. We noticed that:

- The DoC sent (27 August 2007) to EA a list of 33 sculptors empanelled¹⁰¹ with it.
- The EA formed (26 September 2007) a Joint Market Survey Committee (JMSC)¹⁰² to finalise suppliers and rates for various items of bronze art works.

⁹⁸ Vide order no. 2911(1)/चर – 2007-264(वि.)/2007

⁹⁹ **PDC:** Chairman – Director, Anveshanalaya evam Gunvatta Niyantran Prakosth, PWD; Members – Joint Director, Geology and Mining; Special Secretary, Finance, GoUP; Director, U.P. State Archaeology Directorate; Dy. Director, Avas Bandhu; Director, PFAD; Consultant, Samajik Parivartan Sthal; Chief Engineer, PWD; Managing Director, EA; Secretary, National Lalit Kala Academy; Secretary, Lalit Kala Academy, U.P.; Workshop Superintendent, Institute of Technology, Lucknow

¹⁰⁰

Sl. No.	Artefacts	Value (₹ in crore)
1.	Bronze items: Statues (₹ 13.02 crore), Fountains and capitals (₹ 56.08 crore), Eco thematic ornamental work (₹ 63.10 crore), Murals (₹ 19.97 crore) and others (₹ 21.88 crore)	174.05
2.	Marble statues	19.13
3.	Sand stone elephant sculptures	59.33
4.	Paintings	0.31
	Total	252.82

¹⁰¹ Empanelled with the Directorate of Culture, GoUP. List provided by the Director, Directorate of Culture, GoUP to EA vide letter no. 1014/सं०नि० – 25(35)/2007 dated 27. August 2007.

¹⁰² Members – two General Managers; two Unit In-charges and one Assistant Accounts Officer of EA.

- None of the empanelled sculptors of DoC was considered by the JMSC.
- The JMSC surveyed (27 September 2007 to 28 September 2007) three workshops (RSFAL, Noida; Anand Niketan, Jaipur and Arjun Arts, Jaipur), however, the survey was a mere formality as Director of RSFAL (27 September 2007) informed JMSC that they had already submitted (20 September 2007) their quotation to the EA and also has started work on the project.
- The EA formally selected (1 October 2007) RSFAL for execution of bronze art work and rates for various items were approved (10 October 2007) by the EA.

We further noticed that, after approval (10 October 2007) of rates, notice for prequalification for empanelment of artists for bronze and marble art work, was published (13 October 2007), but no further action on this bid was taken as no records in this regard were available. Thus, it is evident that the selection of RSFAL was pre-determined and formation of the JMSC was merely a formality. Moreover, RSFAL was not even in the list of 33 empanelled sculptors sent by the DoC to the EA.

DoC stated (October 2013) that it had made available the list of sculptors to EA on which further action was required to be taken by the EA. EA stated (September 2013) that the JMSC found that RSFAL was the only firm capable of doing such a quantum of work. Reply is not acceptable as RSFAL had started the work for the project before formation of JMSC, indicating pre-determined selection of RSFAL which was violation of all laid down procurement/selection procedures.

Finalisation of rates for Bronze and Steel items

2.2.36 The price of the art and sculpture depends on the artist and sculptors, therefore, we have restricted our scrutiny of the prices submitted by individual artists/firms and we noticed that an extra expenditure of ₹ 12.74 crore was incurred on procurement of various items as discussed below:

- **Bronze Murals:** One bronze mural of size 3.4m x 5.8m was installed at site at ₹ 42.00 lakh *plus* VAT which was based on pro rata calculation of length and width. Subsequent orders for murals of sizes 4m x 8m and 6.27m x 7m were placed respectively at ₹ 75 lakh per mural *plus* VAT and ₹ 120.00 lakh *plus* VAT. We cross checked the pro-rata calculations of RSFAL and found that rate comes to ₹ 68.16 lakh¹⁰³ and ₹ 93.49 lakh¹⁰⁴ per mural for mural of sizes 4m x 8m and 6.27m x 7m respectively. This incorrect computation led to extra expenditure of ₹ 2.27 crore¹⁰⁵ on purchases of 12 murals at Samajik Parivartan Sthal and Smarak Sthal.

The EA stated (September 2013) that increase in size of bronze murals causes increase in depth, weight of casting, frame work and dye work of Mural so firm quoted the rates separately and the rates were not comparable on the basis of surface area as done by Audit.

The reply is not acceptable as RSFAL itself quoted rates on the pro-rata basis but the calculations were not checked by the EA. Moreover, audit has also calculated the rates of the murals on the same basis on which rates were quoted by the RSFAL. Thus, lack of due diligence in checking the rates quoted by the RSFAL led to extra expenditure of ₹ 2.27 crore.

¹⁰³ ₹ 42 lakh x (4 m x 8 m)/(3.4 m x 5.8 m) = ₹ 68.16 lakh.

¹⁰⁴ ₹ 42 lakh x (6.27 m x 7 m)/(3.4 m x 5.8 m) = ₹ 93.49 lakh.

¹⁰⁵ [(₹ 120.00 lakh - ₹ 93.49 lakh) x 6] + (₹ 75.00 lakh - ₹ 68.16 lakh) x 6) x 1.135] = ₹ 227.11 lakh

- **Bronze and steel items:** The rates of bronze and stainless steel for Lucknow were finalised in October 2007 without limitation of quantity against which the RSFAL made supplies till November 2011 at the same rate. We noticed that EA did not procure these items at Noida at rates finalised in October 2007 despite the fact that there was no limitation on quantity to be supplied. Instead, it awarded the work at Noida in January 2011 at ₹ 1700 per kg and ₹ 1100 per Kg for bronze and steel items respectively which were higher by ₹ 600 per kg and ₹ 150 per kg respectively than the rates awarded at Lucknow. This resulted in extra expenditure of ₹ 9.85 crore¹⁰⁶.

The EA stated (September 2013) that the rates of bronze and steel items for Lucknow were approved in 2007 whereas the rates for Noida were approved in 2011.

The reply is not acceptable as these items could be procured for Noida also against the rate finalized for Lucknow as there was no limitation of quantity and the same were supplied at the lower rates till November 2011 while the order at Noida was placed in January 2011. Moreover, both works at Lucknow and Noida were being executed simultaneously by the EA itself.

- **Bronze capitals:** The rates of bronze capitals were approved (October 2007 and February 2009) in Lucknow and Noida at ₹ 7.10 lakh each. However, payment in Lucknow was made on the basis of actual weight of the capital which worked out to ₹ 5.28 lakh per capital. Had the units of EA at Noida, made payment on the basis of actual weight, it could have avoided an excess expenditure of ₹ 0.62 crore¹⁰⁷.

The EA stated (September 2013) that the rates of bronze capital (₹ 1,100 per kg) for Lucknow was approved in 2007, whereas, the bronze capitals were purchased for Noida during 2009 to 2011 at the rate of ₹ 7.10 lakh per capital.

The reply is not acceptable as at Lucknow, though the rates of bronze capital were approved at ₹ 7.10 lakh per capital, the actual payment was made on the basis of actual weight of the capital (₹ 1,100 per kg) till November 2011. Moreover, both works at Lucknow and Noida were being executed simultaneously by the EA itself and there is no justification for not making payment on basis of actual weight as was done at Lucknow.

Excess release of advance

2.2.37 As per the terms and conditions of supply order dated 17 January 2011 placed with RSFAL for supply of two bronze fountains, the supplier was to get an advance of 40 *per cent* of the total cost of work (₹ 30.90 crore), which worked out to ₹ 12.36 crore. We noticed that the EA released advance of ₹ 24 crore to RSFAL which was in excess of the prescribed limit by ₹ 11.64 crore. This excess release of advance of ₹ 11.64 crore, was indicative of undue favour to the supplier and also resulted in loss of interest of ₹ 15.69 lakh.¹⁰⁸

NOIDA stated (January 2014) that the EA has made payment as per the terms and condition of the agreement. EA stated (September 2013) that it released advance within terms and conditions of agreement. The reply is not

¹⁰⁶ 1,25,066.13 kg bronze and 78,235.00 kg stainless steel

¹⁰⁷ 30 capitals (₹ 7.10 lakh - ₹ 5.28 lakh) + VAT at the rate of 13.5 *per cent*

¹⁰⁸ Calculated at the rate of four *per cent* per annum on ₹ 5.82 crore for 103 days and ₹ 5.82 crore for 143 days being the rate of interest on savings bank account.

acceptable as excess advance of ₹ 11.64 crore was made over and above the prescribed limit.

Environment related issues

Irregularities in obtaining mandatory Environmental Clearances

2.2.38 Under the existing pollution control laws,¹⁰⁹ all construction activities require a No Objection Certificate (NOC) for Environment Clearances from Uttar Pradesh Pollution Control Board (UPPCB) before start of work. Further, as per the notification dated 14 September 2006 issued by the Ministry of Environment and Forests (MoEF), townships and area development projects covering an area of more than 50 hectares and/or having built up area¹¹⁰ greater than 1.50 lakh sqm, are required to obtain prior Environmental Clearance (EC) from the State Environment Impact Assessment Authority (SEIAA), before commencement of any construction work. The notification further provides that such projects require an Environmental Impact Assessment (EIA) report of the project from SEIAA prior to grant of EC.

We observed that though as per the extant laws, NOC and/or EC from UPPCB was required before start of work, the EA started construction work of four projects at Lucknow even before applying for the NOC and/or EC from UPPCB and SEIAA respectively. The status of NOC and EC for the projects is depicted below:

Table 2.10: Details of NOC and EC taken for the projects

Sl. No.	Name of project	Commencement of work	NOC		EC		Reasons/Remarks
			Date of submission of application	Date of grant of NOC	Date of submission of the application	Date of grant of EC	
1.	Samajik Parivartan Sthal	October 2007	29 March 2008	25 August 2008	29 March 2008	Not Applicable	The SEIAA opined that the project does not come under the preview of MoEF notification, 2006 as built up area was less than 1.50 lakh sqm.
2.	Smarak Sthal	October 2007	4 August 2008	12 December 2008	Not Applicable		EC not required as project area was less than 50 hectare.
3.	Eco Garden	September 2009	28 May 2010	27 July 2010	11 April 2011	4 July 2011	--
4.	Bauddh Vihar	June 2008	2 March 2009	27 August 2009	Not Applicable		EC not required as project area was less than 50 hectare.
5.	Prerna Sthal	February 2008	NOC taken by NOIDA		24 April 2009	Not Applicable	The SEIAA opined that having regard to the nature and area of the project it was not covered by the schedule of the notification dated 14 September 2006.

(Source: Compiled from the records of EA)

¹⁰⁹ Section 21 (1) of the Air (Prevention and Control of Pollution) Act, 1981 provides that "Subject to the provisions of this section, no person shall, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area".

Further, Section 25 (1) of the Water (Prevention and Control of Pollution) Act 1974 provides that " Subject to provision of this section, no person shall, without the previous consent of the State Board, (a) establish or take any steps to establish any industry, operation or process, or any treatment and disposal system or an extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land (such discharge being hereafter in this section referred to as discharge of sewage); or (b) bring into use any new or altered outlets for the discharge of sewage; or (c) begin to make any new discharge of sewage.

¹¹⁰ The built up area for covered construction, as classified in the Notification dated 16 September 2006, it will be the activity area in the case of facilities open to the sky.

Department of Irrigation (DoI) stated (November 2013) that NOC was to be obtained by EA. Housing and Urban Planning Department (HUPD) stated (December 2013) that the first estimate of Samajik Parivartan Sthal was prepared for renovation work hence environmental clearances were not required however, due to addition of new works NOC/EC were sought. EA, however, stated (September 2013) that it applied for NOC at all projects as required.

The reply of HUPD is not acceptable as the works approved in October 2007 at Samajik Parivartan Sthal, Lucknow included additional construction works and not merely renovation works. This is also evident from the approved estimate. Further, no justification was provided for commencement of work prior to obtaining NOC at other projects.

We further noticed that the Departments and EA did not ensure compliance of environmental rules and regulations and furnished incorrect data to the SEIAA to avoid environmental clearances as discussed in table given below:

Table 2.11: Audit observations on environmental issues

Sl. No.	Particulars	Audit observation
1.	Ministry of Environment and Forests (MoEF) notification (September 2006) clarified that the built up area includes the activity area. The Central Empowered Committee ¹¹¹ appointed by Hon'ble Supreme Court was of the view that for the purpose of environmental clearances, the building bye laws of the state Government have no relevance and the area under the memorials; utilities and facilities; area used for hard landscape including platforms, plinth, sculptures, surrounded paved area, path; and area for vehicular movement, would qualify to be included in the built up area.	<p>The EA declared (10 May 2011) to SEIAA that total project area was 4,33,417.21 sqm and built up area was 8,836.14 sqm of Samajik Parivartan Sthal. Based on above submissions SEIAA opined (4 July 2011) that the project did not come under purview of MoEF notification of September 2006 for obtaining Environment Clearances (EC).</p> <p>We noticed that EA excluded the hard landscaping area of 4,06,626.45 sqm from the built up area. This area under hard landscape when added to¹¹² the built up area, crosses the threshold mark of 1.50 lakh sqm and, hence, prior approval of the EC was needed. Thus, EA submitted incorrect data in the instant case. We further noticed that HUPD did not review and take cognizance of the fallacious data submitted by the EA.</p> <p>HUPD stated (December 2013) that only built up area and total area were intimated to SEIAA and built up area were decided as per circular dated 2 April 2012 which states that area which was not covered or any area which was open to sky/cut out/duct should not be counted in the calculation of built up area. EA also stated (September 2013) similar position.</p> <p>The contention of HUPD/EA that built up area was decided on the basis of circular of 2 April 2012 does not apply, as the circular of 2012 came in to existence after completion of project. At the time of construction, EC was required as the notification of 16 September 2006 was operative, which clearly states that the built up area includes activity area in case of facilities open to the sky.</p>
2.	The UPPCB prescribed for Samajik Parivartan Sthal a condition that out of total project area, 33 per cent area shall be developed as green belt.	<p>We found that only 4.33 per cent area at Samajik Parivartan Sthal were covered by soft landscaping which was a clear violation of the terms of the NOC granted by UPPCB.</p> <p>HUPD did not offer any comment in their reply (December 2013).</p>

¹¹¹ I.A. Nos. 2609-2610 of 2009 in writ petition No. 202 of 1995 for construction of Park at Noida near Okhla Bird Sanctuary

¹¹² As per notification of MOEF dated September 2006 which clarified that the built up area includes the activity area. As per Central Empowered Committee's views the area being used for hard landscape including platforms, plinth, sculptures, surrounded paved area, pathways, area for vehicular movement etc. also qualify to be included in the built up area, besides the area under covered buildings

Non-fulfilment of objective of construction of Eco Garden

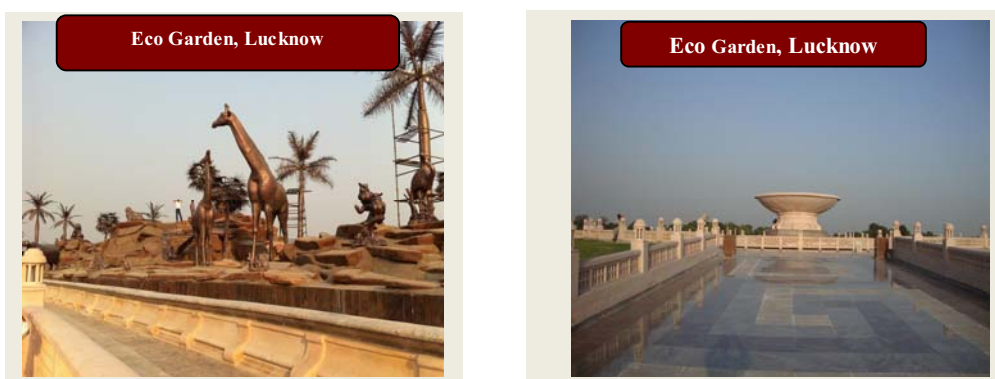
2.2.39 The Supreme Court of India permitted¹¹³ (8 July 2009) the shifting of the Lucknow Jail on the condition that the existing area of 195 acres would be used as an eco park and no structure or monument would be constructed in that place.

Accordingly the Government of Uttar Pradesh (GoUP) sanctioned an amount of ₹ 1,075.62 crore for construction Eco Garden as a park under Section 2-B of the U.P. Parks, Play Ground and Open Spaces (Preservation and Regulation) Act, 1975¹¹⁴ (Act) wherein only five *per cent* of the total area was to be covered with or buildings and the whole or the remainder is laid out as a garden with trees, plants etc.

We examined the layout of the constructed park and found that:

- There is plantation on only 2.47 *per cent* of the total area. The norms¹¹⁵ of Forest Department for parks specifying the type of plantation were not followed. Out of the 19,997 tree/plants planted in the Eco Garden only 730¹¹⁶ trees/plants were from the indigenous species prescribed by the Forest Department for green belt of parks and the remaining 96.35 *per cent* plants were of exotic species like Furcacia, Adenium, Cycas revoluta, Euphorbia Milli, Durenta, varieties of Cactus and Palm etc.
- Balance 97.53 *per cent* area is not eco friendly and includes lawns on 53.30 *per cent*¹¹⁷, hard surfaces¹¹⁸ on 41.05 *per cent* (granite, sandstone and marble flooring) and buildings on 3.18 *per cent*.
- Bronze statues of animals and trees have been installed.
- There is no solar lighting and for lighting and cooling of the buildings the Eco Garden, Lucknow is dependent on the power supply from Madhyanchal Vidyut Vitran Nigam Limited and Diesel Generating sets.
- No provision exists for natural preparation of organic fertilisers.
- Buildings are built of concrete and sandstone and not from recycled or less energy intensive material.

A view of Eco Garden constructed at Lucknow



¹¹³ Under Special Leave Petition (Civil) Nos. 13940-13941/2009.

¹¹⁴ Notified by the GoUP

¹¹⁵ As per letter no. 1331/34-3-1 dated 4 April 2012 of Chief Conservator of Forest, Uttar Pradesh following species is prescribed for plantation in green belt of parks: Shisham, Neem, Arjun, Amaltas, Gulmohar, Jekrenda, Siras, Kanji, Aam, Chhitwan, Bargad, Peepal, Paakad, Maulsri, Kachnaar and Kadamb.

¹¹⁶ Peepal : 299 nos. and Maulsri : 431 nos.

¹¹⁷ Lawns are considered as non-eco friendly as it is a high- water- consuming component in sustainable site planning (MoEF), requires too much pesticide, herbicide and toxic chemicals (Smithsonian) and adversely affect the health of environment and humans especially children and pets due to their proximity to the ground (NASA study)

¹¹⁸ As per the view (September 2009) of the Central Empowered Committee appointed by Hon'ble Supreme Court in case of Prerna Sthal, Noida, covered area includes utilities and facilities; area used for hard landscape including platforms, plinth, sculptures, surrounded paved area, path; and area for vehicular movement, to qualify to be included in the built up area

Housing and Urban Planning Department (HUPD) stated (December 2013) that as per assurance of GoUP to Hon'ble Supreme Court, Eco park was constructed at the site. Further, for providing public facilities to the visitors, opinion was sought from Justice Department, who in absence of norms for Eco Park, suggested development of facilities under the Act.

The reply is not convincing as the Justice Department had merely reiterated the provisions of the Act in its advice of January 2010. The fact remains that 44.23 per cent of the total area is covered in violation of the provisions of the Act.

Monitoring and evaluation

Lack of supervision and monitoring

2.2.40 Expenditure Finance Committee (EFC) advised (September 2007) the GoUP to constitute a High Level Committee to continuously monitor the use of high specifications, quality of construction and progress of works.

We noticed that this Monitoring High Level Committee (MHLC) was not formed by the Government to supervise and monitor the projects. Departments at their own level formed various committees which did not fully perform their functions according to their terms of reference/scope of work as detailed in **Appendix-25**.

Thus, failure of EFC and lack of supervision and monitoring at the GoUP/Government Department levels resulted in enormous hike in the project outlay, frequent changes in drawings and designs, infructuous expenditure on re-execution of works, finalisation of higher rates for works and excess payments to contractors/suppliers.

Conclusion

2.2.41 Audit of construction of four memorials at Lucknow and one memorial at Noida revealed various irregularities in the execution of projects. Deficient planning such as frequent additions and revisions, changes in drawings and designs and consequent re-execution led to hike in the outlay of the project. Dismantling of pre-existing structures was done without proper approvals. There was lack of proper documentation regarding recovery from dismantled materials. Deficiencies in appointment of consultants, lacunae in the consultancy agreements and non-observance of the conditions thereof resulted in excess payments. Higher rates were decided due to deficiencies in obtaining competitive rates and incorrect analysis of rates. The Administrative Departments failed to monitor and supervise the work of the Executing Agency with the result that the gross irregularities committed by the Executing Agency remained unchecked and extra/infructuous expenditure was incurred. The environmental aspects were also not adequately adhered to as per the provisions of the relevant Acts.

Recommendations

2.2.42 We recommend that the Government and its executing agencies should:

- *Exercise proper financial and administrative controls in all projects;*

- *Properly plan to conceive the project so as to avoid extra expenditure;*
- *Ensure compliance of extant laws, rules and provisions of their manual;
and*
- *Strengthen their monitoring mechanism for works of special nature.*

CHAPTER–III

Compliance Audit

CHAPTER-III

3. Compliance Audit

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

Forest Department

3.1 Short recovery of transit fee

The Department short recovered transit fee of ₹ 639.77 crore due to lack of co-ordination and absence of proper system to monitor the movement of forest produce.

The Government of Uttar Pradesh (GoUP) in exercise of the powers conferred under section 41, 42, 51 and 76 of the Indian Forest Act, 1927 (Act), framed (September 1978) the Uttar Pradesh Transit of Timber and Other Forest Produce Rules, 1978 (Rules) to regulate the transit of timber and other forest produce. Rule 3 and 5 of the Rules also provide that no forest produce shall be moved into, or from, or within the State without transit passes issued by the Forest Department and payment of transit fee at the prescribed rates. The GoUP prescribed (June 2004)¹, transit fee of ₹ 38 per ton (₹ 5 per ton up to 13 June 2004) for forest produce carted by lorry.

Forest produce, as defined in Section 2 of the Act includes peat, surface soil, rock and minerals (including lime stone, laterite, mineral oils and all products of mines and quarries) when found in or brought from a forest. The Hon'ble High Court of Allahabad in the case of Kumar Stone Works and Others Vs State of Uttar Pradesh further held (April 2005) that even if the aforesaid goods are carted on roads that pass through forest land, the goods would be covered under the definition of forest produce and were liable to levy of transit fee. The Hon'ble Supreme Court of India later stayed (April 2008) the demand and recovery of transit fee. The GoUP also removed (July 2008)² all the check posts/barriers established for the purpose of checking of transportation of forest produce.

Further, it was noticed that the Mining Department grants leases for mining of sand, morrum, stone grit, ballast from the river bed after obtaining 'No Objection Certificate' (NOC) from the Forest Department. The State Government with a view to bring uniformity in the NOCs issued by the Divisional Forest Officers (DFOs)/ Divisional Directors (DDs) issued (February 2008) directives to incorporate certain points in the NOCs which *inter-alia* included the condition of payment of transit fee by the concerned person/ lessee as prescribed by the GoUP in June 2004.

We cross checked the transit fee records of 21 DFOs/ DDs with the records of the relevant District Mining Officers (DMOs) and noticed that:

¹ Vide notification no. 1047/ XIV-2-2-2004-343 (एन) / 2001 dated 14 June 2004.

² Vide Order no. 2809/14-2-2008 dated July 2008.

- DFOs/DDs of two districts³ did not include the clause regarding levy of transit fee on the movement of forest produce in the NOCs.

The Department stated (December 2013) that process of disciplinary action against the concerned officers has been initiated.

- Forest Department was responsible for issuing NOCs to District Magistrates/DMOs for mining and for collection of transit fee. The Forest Department, however, did not co-ordinate with the Mining Department to obtain data of forest produce extracted by the lessees and MM-11⁴ issued to the lessees by the Mining Department for its transportation. No monitoring system was developed to plug the leakage of transit fee especially after removal of the check posts/barriers in July 2008.

In 21 districts test checked by Audit, 1,888.43 lakh ton of forest produce⁵ was excavated and transported during the period from April 2005 to March 2008 i.e. prior to the stay orders of the Hon'ble Supreme Court of India. Against the said transportation, the Forest Department was required to collect transit fee of ₹ 717.61 crore. The Forest Department, however, could collect transit fee of ₹ 77.84 crore only. Thus, due to lack of co-ordination and absence of proper system to monitor the movement of forest produce, the Department short recovered transit fee of ₹ 639.77 crore (**Appendix-26**).

Further, the Forest Department, did not maintain any details regarding the transit of forest produce after issue of stay orders by the Hon'ble Supreme Court of India in April 2008 that would enable it to recover the due transit fees in case the issue pending in the Hon'ble Supreme Court is finally decided in favour of recovery.

The Department stated (December 2013) that despite efforts made by the Divisional Manager/Conservator of Forest, transit fee from the licensees could not be recovered as the District Magistrate/Mining Department did not furnish the necessary information about lessees and the quantum of minerals excavated. It further stated that the collection of transit fee was also adversely affected due to stay orders passed by the Hon'ble Supreme Court of India.

The reply is not acceptable as despite the enormity of revenue involved, the matter was not pursued at the Department or Government level. Besides, in cases covered by the stay orders of the Hon'ble Supreme Court/High Court, the Forest Department failed to issue Transit Passes (as required under Rule 3 of the Rules) to keep a record of the movement of forest produce in order to recover the due transit fees in case the issue is finally decided by the Hon'ble Court in favour of the recovery.

The matter was reported to the Government in June 2013, the reply is awaited (February 2014).

3.2 Loss due to non-sale of roots of the trees

The Department was deprived of revenue of ₹ 36.13 lakh due to non-sale of roots of the trees.

The trees are felled and timber/fuel wood is sold by the Uttar Pradesh Forest Corporation (UPFC) as per the procedure laid down in the Forest manual. The UPFC sells timber/fuel wood through auction on the basis of base rate fixed

³ Lalitpur and Obra Forest Divisions.

⁴ Transit Pass issued by Mining Department authorising the transportation of minerals.

⁵ Sand, Morrum, Stone grit, Stone ballast, Boulder/slab, Granite size dimensional stone and Coal.

by it for various varieties of timber/fuel wood. In normal felling, the trees are felled above 10 cm from the earth and roots are left as the excavation of roots is uneconomical, but in case of construction of National Highways and roads, the trees are uprooted. Since the trees are uprooted their roots are also available for allotment by the Department to UPFC for sale as fuel wood.

We observed that, though Sitapur Division of the Department of Forests (Department) allotted the roots to UPFC for sale, three other Divisions⁶ of the Department failed to do so. As a result, the Department was deprived of revenue of ₹ 36.13 lakh⁷ on 55,158 trees uprooted between 2005-06 and 2009-10.

The Department stated (December 2013) that instruction have been issued in September 2012 for sale of roots, through auction by UPFC, also.

The fact remains that the Divisions failed to allot the roots to UPFC for sale despite there being a system for sale of fuel wood⁸, resulting in loss of revenue to the Department.

The matter was reported to the Government in June 2013, the reply is awaited (February 2014).

3.3 Short levy of royalty due to delay in prescription of volume factor

The Department short levied royalty of ₹ 27.37 lakh on eucalyptus trees of diameters above 45 cm due to non-revision of volume factor simultaneously with the increase in felling cycle, for trees of diameter above 45 cm.

As per orders issued (June 1978) by the Chief Conservator of Forests (Management) Uttar Pradesh, the volume factor for calculating royalty on eucalyptus trees, of diameter up to 45 cm was prescribed, based on a felling cycle⁹ of 8 years. The felling cycle was increased to 10/30 years¹⁰ in April 1993 and to 15 years¹¹ in April 1998.

Despite the fact that, the volume factor is dependent on the diameter of trees, which naturally increases with age, the volume factor for trees of diameter above 45 cm was not prescribed simultaneously (or latest by April 1995¹² and April 2003¹³ respectively) with the increase in felling cycle. The volume factor of trees having diameter of more than 45 cm was prescribed¹⁴ only in December 2008.

In absence of the prescribed volume factor for trees of diameter above 45 cm up to December 2008, the divisional authorities of the Department of Forests (Department), continued to levy (up to December 2008) royalty on trees of 10-15 years age, having a higher diameter, at rates applicable for trees having diameter in the range of 40-45 cm i.e. the maximum diameter prescribed on the basis of felling cycle of eight years.

⁶ Divisional Director, Basti; Divisional Director, Barabanki and Divisional Forest Officer, Meerut.

⁷ 55,158 trees x ₹ 65.50 per root being the net realisable value fixed by a Committee of Sitapur Division = ₹ 36.13 lakh.

⁸ Roots are treated as fuel wood.

⁹ Felling cycle indicates the age fixed for cutting down the trees.

¹⁰ 10 year for canal side trees and 30 year for road side trees.

¹¹ For both canal side and road side trees.

¹² Within two years of increase in felling cycle from eight to 10 years in 1993.

¹³ Within five years from increase in felling cycle from 10 to 15 years.

¹⁴ In ranges of 45-50 cm, 50-55 cm, 55-60 cm, 60-65 cm, 65-70 cm, 70-75 cm, 75-80 cm, 80-85 cm, 85 to 90 cm and 90 cm and above.

Thus, six Divisions of the Department short levied royalty to the tune of ₹ 27.37 lakh on 6,646 eucalyptus trees of diameters above 45 cm allotted to and felled by Uttar Pradesh Forest Corporation (UPFC) during the period April 2004 to December 2008 as detailed in **Appendix-27** and summarised below:

Table 3.1: Summary of short levy of Royalty

Sl. No.	Name of the Division	Year	Diameter of the trees (in cm)	No. of trees felled by UPFC	Volume as per norms prescribed in Dec 2008 (in cum)	Actual volume taken by the Department (in cum)	Difference in volume (in cum)	Short levy of royalty (₹ in lakh)
1.	Divisional Conservator of Forests, Shivalik, Saharanpur	2004-05 to 2008-09	45-55	1666	2324.772	1611.022	713.750	8.20
2.	Divisional Forest Officer, Ambedkar Nagar	2005-06 to 2008-09	45-75	512	693.466	494.458	199.008	2.18
3.	Divisional Director, Barabanki	2004-05 to 2008-09	45-65	428	544.205	417.501	126.704	1.06
4.	Divisional Director, Sultanpur	2004-05 to 2008-09	45-85	3255	4457.293	3138.478	1318.815	12.87
5.	Divisional Director, Basti	2004-05 to 2008-09	45-55	276	347.104	260.611	86.493	0.89
6.	Divisional Forest Officer, Social Forestry, Deoria	2006-07 to 2008-09	45-70	509	696.588	492.203	204.385	2.17
	Total			6646	9063.428	6414.273	2649.155	27.37

The Department stated (December 2013) that the Government has now directed (November 2013) the Chief Conservator of Forests, Uttar Pradesh to revise the volume factor before revising the felling cycle.

The reply confirms that the Department suffered loss of revenue due to inordinate delay in revising (December 2008) the volume factor along with corresponding revision in the felling cycle.

The matter was reported to the Government in June 2013; the reply is awaited (February 2014).

Infrastructure and Industrial Development Department

3.4 Construction of Yamuna Expressway

Introduction

3.4.1 The Infrastructure and Industrial Development Department¹⁵ (IIDDD), Government of Uttar Pradesh (GoUP) conceived (March 2001) a Public Private Partnership (PPP) project for construction of 160¹⁶ km Taj Expressway to (i) provide a fast moving corridor to minimize the travel time from New Delhi to Agra (ii) open up avenues for industrial and urban development of the region and (iii) provide base for convergence to tourism and other allied industries. The GoUP established¹⁷ (April 2001) the Taj Expressway Industrial Development Authority¹⁸ (TEA) to anchor the development of the project. The

¹⁵ Formerly known as Department of Industries.

¹⁶ Actually constructed 165 Kms.

¹⁷ Under Clause (d) of Section-2 of Uttar Pradesh Industrial Area Development Act, 1976.

¹⁸ As per GO of April 2001 the Taj Expressway Industrial Development Authority shall consist of Principal Secretary, Industries and Industrial Development Commissioner as Chairman, Principal Secretary, Public Works Department; Principal Secretary, Avias; Principal Secretary, Finance; Managing Director, Uttar Pradesh State Industrial Development Corporation Limited; Chief Executive Officer, New Okhla Industrial Development Authority; Chief Executive Officer, Greater New Okhla Industrial Development Authority; Secretary, Industrial Development; District Magistrate, Gautam Budhha Nagar and District Magistrate, Agra as members and Chief Executive Officer, Taj Expressway Industrial Development Authority as Member Secretary.

TEA was renamed (July 2008) as Yamuna Expressway Industrial Development Authority (YEIDA)¹⁹. Consequently, the project was also renamed (July 2008) as Yamuna Expressway.

We examined (April 2012 to May 2012) the bid documents, records relating to finalisation and approval of the bid and the Concession agreement of Yamuna Expressway project at the Secretariat of the Infrastructure and Industrial Development Department (IIDD); collected information and documents from the concerned field offices to see whether the process of selection of the PPP bidder and award of Concession was fair, transparent and competitive and risks/ rewards were optimally shared between YEIDA and bidder and the PPP project and the Concession Agreement were effectively and properly implemented.

Finalisation of bid and award of the project for execution

3.4.2 The YEIDA invited (3 November 2002) offers from interested parties of national/international repute for (i) development of Techno-Economic Feasibility Report (TEFR) and Detailed Project Report (DPR); (ii) arrangement of finances; and (iii) construction and operation of a six lane super expressway between Noida and Agra. First phase of the Expressway between Noida Toll Bridge and Greater Noida (about 25 Kms) had already been constructed by the GoUP and was also opened for general public before the offers were invited in November 2002.

The salient features of the project as per the bid document were as follows:

- A private sector developer was to be selected by the YEIDA and a Joint Venture Company (JVC)/Special Purpose Vehicle (SPV) was to be formed for execution of the project. In return, the JVC/SPV was to be given rights to levy tolls and also rights for land development.
- The Expressway was to pass through virgin area along the River Yamuna and total land²⁰ measuring 2,500 hectare at five or more locations, of which one location with total area of 500 hectare was to be in Noida or Greater Noida, was to be offered to the developer along the Expressway, for commercial, amusement, industrial, institutional and residential development at premium equivalent to the acquisition cost and lease rent of ₹ 100 per hectare per year, on lease for a period of 90 years.
- The project was to be executed on JVC/SPV basis with 25 per cent equity to YEIDA and 75 per cent equity to the JV partner. In this case, the cost of Expressway commissioned between Noida and Greater Noida was to be treated as equity participation of YEIDA in the JVC/SPV and if the cost of Noida-Greater Noida Expressway would be in excess of 25 per cent equity, the surplus amount was to be treated as interest free loan to the JVC/SPV. Alternatively, at the option of the bidder, the project could be taken up by the bidder exclusively without any equity participation by YEIDA. In this case, the entire cost of Noida-Greater Noida Expressway was to be treated as interest free-loan to JVC/SPV.
- The bid variable i.e. the parameter on the basis of which the financial bids were to be evaluated was the concession period²¹ to be specified in years, months and days.

¹⁹ In the report we have used the name YEIDA (erstwhile TEA).

²⁰ In addition to land in stretch of 100 meters for construction of Expressway.

²¹ Concession period is the period for which the Concessionaire will collect and use toll charges and for which the Concessionaire shall operate and maintain the Expressway.

In response to the open offers invited (November 2002) by YEIDA, three bidders²² submitted their bids, of which one bid²³ was rejected as it was submitted after the scheduled time. The technical bids²⁴ of the remaining two bidders were evaluated and found suitable (20 January 2003). Thereafter, their financial bids were also opened on 20 January 2003. Jaiprakash Industries Limited, New Delhi (JIL) was selected for execution of the project, as it had offered a concession period of 36 years against concession period of 39 years 07 months and 10 days offered by Laing DSC Joint Venture. Finalisation of the bid in favour of JIL, with concession period of 36 years, was approved by the Economic Development Committee (EDC) of the Cabinet on 23 January 2003.

The YEIDA intimated (23 January 2003) JIL regarding approval of its selection as the Concessionaire for execution of the project. Further, the JIL (Concessionaire) opted (23 January 2003) to implement the project without any equity participation from YEIDA and insisted to execute a Concession Agreement instead of a Promoters Agreement²⁵. Accordingly, the YEIDA executed (7 February 2003) a Concession Agreement with the Concessionaire.

The project was to start after signing of Concession Agreement and was to be completed within seven years as per the Agreement. The progress of the work was adversely affected during the period up to March 2007 due to delay in approval of the alignment of the Expressway by YEIDA. The alignment of the Expressway was, however, approved by the YEIDA in March 2007 after which the Concessionaire, in compliance of the provisions of the bid document and concession agreement, incorporated (October 2007) a Special Purpose Vehicle (SPV) named Jay Pee Infratech Limited, Noida for execution of the project.

Status of the Yamuna Expressway

3.4.3 The YEIDA allotted 2,458.45 hectare land to the Concessionaire at five locations at acquisition cost and other expenses totalling to ₹ 2,705.26 crore as detailed in the table below:

Table 3.2: Details of land allotted to the Concessionaire

(₹ in crore)						
Sl. No.	Location of land parcel	Land allotted to Concessionaire (in Hectare)	Acquisition cost paid by Concessionaire	Resettlement and Rehabilitation charges	External development charges (EDC)	Total
1.	Noida, Gautam Buddha Nagar	498.93	37 4.67	NIL	*	374.67
2.	Jaganpur, Gautam Buddha Nagar	490.79	510.39	4.62	281.71	796.52
3.	Mirzapur, Gautam Buddha Nagar	480.89	484.75	2.29	276.03	763.07
4.	Aligarh	496.15	358.95	1.44	**	360.39
5.	Agra	491.69	397.26	13.15	**	410.41
Total		2458.45	2126.02	21.50	557.74	2705.26

(Source: Lease deeds of land for development and reply of the Department)

* to be recovered from Concessionaire when EDC is intimated by New Okhla Industrial Development Authority.

** to be paid by Concessionaire at the time of development.

²² Laing DSC Joint Venture, Jaiprakash Industries Limited and Techni Bharti Limited.

²³ Techni Bharti Limited submitted the bid late by 20 minutes.

²⁴ The technical bids were to be evaluated and shortlisted on the basis of technical competence, experience of implementing/ executing construction works and financial parameters such as net worth, ability to raise resources including debt funds, cash flows etc.

²⁵ Promoters Agreement was to be executed in case of equity participation by YEIDA whereas Concession Agreement was to be executed in both cases i.e. with or without equity participation by YEIDA.

The conceived project (March 2001) initially included the existing Expressway from Noida to Greater Noida (25 km) and construction of expressway from Greater Noida to Agra by the Concessionaire. The Concessionaire constructed the Yamuna Expressway (Greater Noida to Agra) during November 2006 to July 2012 at the cost of ₹ 9,962 crore²⁶ which was opened for public use in August 2012.

Clause 3.4 and 3.7 of the Concession Agreement stated that in consideration of capital cost of Expressway between Noida and Greater Noida, YEIDA was to grant leave and licence to the Concessionaire to use it for concession during the Concession period. The capital cost of this already constructed expressway should be treated as interest free loan to the Concessionaire which should be repaid by the concessionaire to YEIDA in fifteen equal yearly instalments starting from eleventh year of concession period. Concessionaire was also entitled to collect and retain fee from the users of Expressway during the terms of Concession Agreement. However, the Expressway was yet to be handed over to the SPV (January 2014).

The IIDD/Government stated (January 2014) that to meet the public demand for not levying toll on the Noida-Greater Noida Expressway, the Concessionaire proposed (August 2012) that they would not levy toll tax on this segment provided they would be given liberty not to pay capital cost and O&M cost of this portion of Expressway. No decision has, however, been taken by the Government so far (January 2014) on the proposal of the Concessionaire.

Audit findings

3.4.4 During examination of the records, we found various pre-bid and post-bid deficiencies as discussed in the succeeding paragraphs:

Pre-bid deficiencies

3.4.5 We found various deficiencies in the pre-bid stage, such as absence of mechanism for assessing the reasonableness of concessions, non-identification of land parcels, dilution of the principle of Public Private Partnership (PPP) and lack of control over the profit margin of the concessionaire, which have been discussed below:

No mechanism to assess the reasonableness of concessions

3.4.6 The Principal Secretary, Department of Finance, GoUP had advised (July 2002) the Infrastructure and Industrial Development Department (IIDD) to first prepare a Techno Economic Feasibility Report (TEFR) to ensure the feasibility of the project and then invite bids for preparation of DPR and execution of the project. It further advised to make a provision in the bid document that as soon as the Concessionaire gets 20 *per cent* Return on Equity (ROE) on the project from toll collection and land development rights, the concession period would be over and the assets shall be automatically transferred to YEIDA because if profit of the Concessionaire is not limited, the Concessionaire shall always show less toll income in the TEFR and get development rights on more land and shall continue to earn profit from toll revenue.

²⁶ The reply of the IIDD furnished in January 2014.

We noticed that IIDD/Government neither prepared any draft feasibility report to work out a tentative concession period nor made provisions in the bid document in consonance with the suggestions of the Department of Finance, GoUP. YEIDA estimated the cost of construction of the Expressway at ₹ 1,680 crore in 2002-03. Rather than following the instructions of the Finance Department, YEIDA invited bids on parameters as discussed in Paragraph no 3.4.2.

The IIDD/Government in its reply (January 2014) did not render any justification for non-compliance of the advice of the Finance Department which was a pre-requisite for implementing the project on the principles of PPP.

Thus, it is clear that no mechanism was devised to ascertain the reasonableness of the concession period quoted by the bidders.

Non-identification of locations of land parcels and unjustified allotment of land parcel at Noida

3.4.7 Clause 1.5 of the bid document provided that the Expressway would pass through virgin area along the River Yamuna and land²⁷ for development shall be offered to the developer, as per its request and choice and subject to availability, along the Expressway. The locations of land parcels for development, however, were not even tentatively identified by YEIDA/IIDD at the pre-bid stage so as to assess the value of land being given as a concession, so as to arrive at a reasonable profit margin for the Concessionaire.

We noticed that in the absence of tentative pre-identification of locations of land parcels, the Concessionaire, at his own, identified a land parcel at prime location of Noida²⁸ which was handed over to it at acquisition cost. This land parcel was along the existing Noida-Greater Noida Expressway, which was already developed and was also not in the virgin area to be covered by the Yamuna Expressway, as laid down in Clause 1.5 of the bid document.

Moreover, the Concessionaire has not taken over the existing Noida- Greater Noida Expressway and asked for liberty from paying the O&M cost and capital cost on the same, allotment of land parcel of 498.93 hectare at Noida along this existing Expressway was not justified.

No reply has been received on the issue from the IIDD/Government.

Ambiguous provisions in the bid

3.4.8 We noticed that the YEIDA/IIDD took certain decisions at pre-bid stage which diluted the very spirit of execution of the project on PPP mode as discussed below:

- The bid document (Clause 1.8) provided an option to the bidders to execute the project either on JVC basis with 25 *per cent* equity contribution from YEIDA and 75 *per cent* equity contribution from the JV partner or exclusively by the JV partner without any equity contribution from YEIDA. This provision in the bid allowing two alternatives to the bidder gave room to YEIDA to escape from equity participation in the project and sharing of risks, benefits and responsibilities. This decision was against the principles of PPP as there was no return possible to the

²⁷ 25 million square meters or 2500 hectares.

²⁸ Sectors – 128, 129, 130, 131, 133, 134 and 151.

public sector and gave the bidders 100 *per cent* control free decision making.

- While there would be no profit sharing in the 100 *per cent* equity option, we noticed that the IIDD/Government did not make any provision in the bid requiring the bidders to mandatorily quote the concession period separately in case the bidder opts for (i) equity participation in the ratio of 25:75 by the YEIDA and the Concessionaire; and (ii) 100 *per cent* equity contribution by the Concessionaire only. As concession period for both options would be different from point of view of ROE/IRR and financial impact, the bid document was deficient to that extent. Not assessing the reasonableness of the concession period for both options, the IIDD/Government compromised the transparency and accountability in all transactions relating to award and management of the project.

The IIDD/Government stated (January 2014) that there was provision in the bid document for alternate option to the bidder to take the project on its own with 100 *per cent* equity contribution and all the bidders had the pre-knowledge of this condition. No changes have been made during the bidding process on/after the award of the bid.

The reply does not address the audit observation on the lack of due diligence by not providing condition in the bid to quote the concession period separately for with and without equity participation by the YEIDA. The due diligence has not kept in view the interest of the Public Sector Entity (YEIDA).

Absence of conditions in the bid to allow reasonable margin

3.4.9 In the absence of own TEFR, the YEIDA invited offers for (i) development of Techno-Economic Feasibility Report (TEFR) and Detailed Project Report (DPR); (ii) arrangement of finances; and (iii) construction and operation of the Expressway. In such a situation, it was in public interest to place caps²⁹ on the concession period as advised by the Department of Finance and discussed in paragraph 3.4.6. We noticed that no caps on concession period were placed in the bid documents to ensure that the Concessionaire receives only reasonable return³⁰ on his investment.

No reply was furnished by the IIDD/Government on the issue.

Post-bid deficiencies

3.4.10 We examined the records related to the bid evaluation process and TEFR/DPR prepared/submitted by the concessionaire and found that the IIDD/Government did not exercise due diligence while approving the decision for relinquishment of equity participation of YEIDA and accepted the TEFR/DPR of the Concessionaire without analysing the financial pros and cons as discussed below:

- The IIDD/Government approved the bid in favour of JIL on 23 January 2003 without first taking the option from JIL as to whether it would implement the project on JVC basis with equity in the ratio of 75:25 or would implement it exclusively without any equity participation by YEIDA. JIL exercised the option of exclusive implementation of project

²⁹ As suggested by the Finance Department, GoUP in July 2002.

³⁰ Say IRR of 15 *per cent* as allowed in the Report of the Core Group of Financing of the National Highways Development Programme (NHDP) or ROE of 20 *per cent* as advised by the Finance Department, GoUP in 2002 based on actual return of Noida Toll Bridge or ROE of 14 *per cent* and 15 *per cent* as provided for private power projects which have long time frames and are capital intensive.

without equity participation from the YEIDA on the same day i.e. 23 January 2003. This shows a clear lack of scrutiny at Government level while finalising the bid. Moreover, relinquishment of equity participation after acceptance of the bid was irregular and tantamounts to extending undue favour to JIL.

- The IIDD/YEIDA did not analyse the financial pros and cons of executing the project with or without equity participation of YEIDA. There was no examination whether implementation of the project without equity participation of YEIDA was in public interest or not. While YEIDA would have shared the risks to the extent of equity participation of 25 *per cent* it would also have earned YEIDA ₹ 872.94 crore³¹ up to 31 March 2013³² on account of toll revenue and income from land development rights. Further, YEIDA would continuously be deprived of sharing of the profits which would accrue in future for the whole life of the SPV.
- Moreover, while accepting the relinquishment of equity, the IIDD/Government even did not exercise due diligence like providing conditions in the Concession Agreement to retain control and access of YEIDA/Government over the records relating to transactions made for implementation of both the land development and toll collection rights. Thus lack of due diligence on the part of IIDD/Government was against the concept of transparency and accountability in all transactions relating to award and management of PPP projects. This was also detrimental to the financial interest of YEIDA and also against public interest.

The IIDD/Government did not furnish any reply (April 2014).

High Internal Rate of Return (IRR)

3.4.11 As per clause 3.5 of the Concession Agreement, the Concessionaire was required to submit TEFR/DPR within two years of signing the Concession Agreement. We noticed that:

- Though the concession agreement was signed on 7 February 2003 YEIDA directed (November 2006) the Concessionaire to submit TEFR and the Concessionaire submitted TEFR in November 2006³³ i.e. 3.5 years after the signing of concession agreement,
- In the above TEFR (which was prepared by the Concessionaire in January 2003) an Internal Rate of Return³⁴ (IRR) of 21 *per cent* was shown and considered attractive by the Concessionaire.
- This TEFR was updated in December 2006 wherein IRR of 26 *per cent* was considered as attractive by the Concessionaire.

The IRR of 26 *per cent* was already higher than the 20 *per cent* ROE³⁵ stated by the Finance Department, GoUP as being reasonable. The same is also higher than the IRR of 15 *per cent* allowed in the Report of the Core Group of Financing of the National Highways Development Programme (NHDP) and Return on equity (ROE) of 15 *per cent*³⁶ being allowed on long term and

³¹ Being 25 *per cent* of the Accumulated General Reserve (₹ 237.92 crore) and Surplus (₹ 3,253.77 crore) as per Balance Sheet as on 31 March 2013 of the SPV.

³² From incorporation of SPV in October 2007 till 31 March 2013.

³³ Prepared in January 2003.

³⁴ Internal rate of Return is the rate at which the present value of cash outflow and inflow will be equal.

³⁵ ROE of 20 *per cent* was allowed in Noida Toll Bridge as stated by Finance Department, GoUP in July 2002.

³⁶ 15 *per cent* as allowed by the State Government for Power Sector Companies (average of 14 *per cent* till March 2009 and 15.5 *per cent* since April 2009).

capital intensive private sector power projects in the State. The IIDD/Government did not take these factors into account before approving a project with such a high IRR and accepted the same without analysing the financial impact of the same.

In the both the TEFRs, the Concessionaire proposed to ignore profitability of the toll collection from users of the Expressway during concession period citing various constraints/factors affecting the traffic volume³⁷. The same was accepted by the IIDD/Government without evaluating the fact that the plea of the Concessionaire to ignore the revenue from toll collection on the basis of constraints affecting the traffic volume, was in contravention to the DPR wherein the traffic was estimated by the Concessionaire itself.

Ignoring the revenue from toll, the Concessionaire proposed Cash inflow from revenue from sale of land on “As is where is basis”, and proposed an year wise Cash outflow on the expenditure on construction of the Expressway, for the period of six years from 2006-07 to 2011-2012 which is summarised in the table below:

Table 3.3: Details of Cash inflow and Cash outflow

(₹ in crore)

Year ending	Up to March 2007	During 2007-08	During 2008-09	During 2009-10	During 2010-11	During 2011-12	Total
Cash Outflow	532	1070	800	800	800	486	4488
Cash Inflow	350	700	825	1150	1100	1000	5125
Excess/ (Short fall)	(182)	(370)	25	350	300	514	-
Cumulative Excess/ (Short fall)	(182)	(552)	(527)	(177)	123	637	-
Internal Rate of Return	--	--	--	--	--	--	26 per cent

(Source: TEFR prepared by the Concessionaire)

In the above cash outflow acquisition cost of the land for Expressway and development, construction cost of Yamuna Expressway and other incidental expenses including cost of funds aggregating to ₹ 4,488 crore were included and were to be met out from the cash inflow of ₹ 5,125 crore by way of sale of land on “As is where is basis”. Thus, the Concessionaire, based on their own projection of cash outflow and inflow, proposed to meet the construction cost of the Yamuna Expressway and earn an attractive 26 per cent IRR on their investment from the sale of land provided for development.

We noticed that IIDD/Government did not evaluate the pros and cons of the TEFR submitted by the Concessionaire wherein cash inflow from sale of all the five land parcels on “As is where is” basis was shown ₹ 5,125 crore during 2006-07 to 2011-12. We found that at the time of preparation of TEFR, the

³⁷ (i) Development of township along expressway, alternative modes of travels, development of economic mode of travel may adversely affect the traffic on expressway; (ii) Tendency of people to use other roads to save toll rather use the toll expressway; (iii) Traffic on account of Taj Economic Zone and Taj International Airport cannot be taken for granted; (iv) Shifting of traffic from existing network of roads/highways to the expressway cannot be fairly estimated; and (v) Operation and maintenance may become expensive in future.

value of the land parcel of Noida alone was ₹ 5,718.30 crore³⁸. If value of all the other four land parcels is added at their circle rates, the total Cash inflow from sale of all land parcels will be very high. Hence the possibility that the actual IRR may be higher than estimated IRR of 26 per cent cannot be ruled out. This contention is supported by the fact that our check of some samples³⁹ of the land sold so far by the SPV at Gautam Buddha Nagar show that the sale is at par with the current prescribed circle rates of land. The value of land parcel of Noida alone i.e., ₹ 5,718.30 crore on the date of preparation of TEFRR was able to meet the total project cost of ₹ 4,488 crore as estimated in the TEFRR with IRR of more than 26 per cent; the allotment of other four land parcels were additional benefit given to the Concessionaire.

Fixation of Higher Toll Rates

3.4.12 Since the satisfactory IRR of 26 per cent as calculated by the Concessionaire was exclusive of the toll collection, it was in public interest to fix the toll rates in such a manner so as to enable the Concessionaire to meet only operation and maintenance cost and ensure that the toll collection did not become an additional source of monetary benefit to the Concessionaire over and above the already higher IRR of 26 per cent.

Even though the IIDD/Government had the knowledge of the high IRR which excluded toll collection, despite this the toll rates⁴⁰ were fixed at rates which would, after deducting O&M expenses, give an additional income to Concessionaire over and above the IRR of 26 per cent. As a result the Concessionaire has already earned ₹ 118.46 crore⁴¹ from toll collection during the period from August 2012 to January 2014 (one year and six months). This amount is after deducting the actual O&M expenses of ₹ 49.03 crore from the actual toll collection of ₹ 167.49 crore for the period.

Thus, lack of due diligence on the part of IIDD/Government to fix the toll at rates to meet only the O&M cost led to undue benefit to the Concessionaire in the form of toll collections, over and above the already high IRR of 26 per cent.

The IIDD/Government did not furnish any reply on this issue.

³⁸

Land allotted at Noida Nature	Area (Sq.m)	DM circle rate effective from July 2006 circulated by DM Gautam Buddha Nagar (per sqm)	Value (₹ in crore)	Remarks
Commercial	201300	70000	1409.10	
Total	4989300 (498.93 Hectare)		5718.30	

³⁹ Three plots measuring 50 acres each at Mirzapur land parcel, Gautam Budha Nagar sold to Gaursons Realtech Private Limited at Circle rate in 2013.

⁴⁰

Type of vehicle	Toll rate at JEWAR (From 0 km to 48 km)	Toll rate at MATHURA (From 48 km to 110 km)	Toll rate at AGRA (From 110 km to 164.3 km)
Car	₹ 100	₹ 120	₹ 100
Bus	₹ 300	₹ 400	₹ 350
LCV	₹ 150	₹ 200	₹ 150
HCV	₹ 300	₹ 400	₹ 350
MAV	₹ 450	₹ 600	₹ 550

⁴¹ Toll collected: ₹ 58.78 crore minus O&M cost: ₹ 18.76 crore for eight months from August 2012 to March 2013 = ₹ 40.02 crore and Toll collected: ₹ 108.71 crore minus O&M cost: ₹ 30.27 crore for ten months from April 2013 to January 2014 = ₹ 78.44 crore. Total margin accrued from Toll Collection Rights = ₹ 40.02 crore plus ₹ 78.44 crore = ₹ 118.46 crore.

Other Concessions

Exemption of stamp duty passed on prior to notification

3.4.13 The Secretary, IIDD conveyed (28 February 2003) to Chief Executive Officer of YEIDA (CEO) the permission of the GoUP to exempt the Concessionaire from paying stamp duty on registration of lease deeds of land allotted to it. On the basis of this letter stamp duty exemption worth ₹ 9.98 crore⁴² on registration of 241.5123 hectare land⁴³ registered from February 2003 to July 2003 was extended by the concerned Sub-Registrars. This exemption in stamp duty was irregular as the Government can remit stamp duty only by a notification under Section 9⁴⁴ of the Indian Stamp Act, 1899 which had not been issued on the dates of registration.

Consequently, the GoUP issued (17 November 2007) a notification (with retrospective effect from 13 February 2003), for exemption of stamp duty chargeable on the instruments of transfer of land to projects where investment of ₹ 750 crore or more has been made, provided the project is in public interest and remission is necessary to make the project financially viable. Further, the Secretary, IIDD, GoUP certified⁴⁵ (November 2007) that the project is covered by the Notification of November 2007 and remission in stamp duty on registration of lease deeds may be allowed accordingly.

In view of the aforesaid orders and notification the concerned Sub-registrars, did not charge stamp duty from the Concessionaire on registrations of land allotted to the Concessionaire for commercial, amusement, industrial, institutional and residential development.

We noticed that the terms and conditions of the bid document and the Concession Agreement did not provide for any exemption from stamp duty, hence, the Concessionaire submitted their bid without considering such exemption and permitting this concession *post facto* was undue benefit to the Concessionaire

The IIDD/Government in reply (January 2014) stated that an in principal approval was given in February 2003 for big development projects of ₹ 750 crore or more shall be given exemption of stamp duty. The exemption was given in accordance with above policy decision of the State Government.

We do not accept the reply as the exemption on stamp duty as per Notification of November 2007 was to be given if such an exemption is necessary to make a project financially viable. This PPP project was giving an IRR of 26 per cent and was already financially viable. Moreover, Stamp duty exemption was not a condition in the bid document and post facto extension of such a concession to an already financially viable project was an undue favour. The extension of the exemption of stamp duty on registration of land transferred prior to the issuance of notification under Section 9 of the Indian Stamp Act, 1899 was also totally irregular.

⁴² Stamp duty at the rate of 8 per cent of acquisition cost of ₹ 124.77 crore

⁴³ Allotted in Noida during the period from February 2003 to July 2003.

⁴⁴ Power to reduce, remit or compound duties – Government may, by rule or order published in the Official Gazette reduce or remit, whether prospectively or retrospectively, in the whole or any part of the territories under its administration the duties with which any instruments or any particular class or instruments, or any of the instruments belonging to such class, or any instruments when executed by or in favor of any particular class of persons, by or in favor of any members of such class, are chargeable.

⁴⁵ Vide letter number 4363/77-4-07-227N/07 dated 28 November 2007.

Housing and Urban Planning Department

3.5 Non-deduction of Building and Other Construction Workers' Welfare Cess

The Development Authorities failed to deduct Cess amounting to ₹ 3.35 crore from the bills of the contractors.

The Government of India (GoI) enacted the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 (Act) to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures and for other matters connected therewith or incidental thereto. The GoI enacted the Building and Other Construction Workers' Welfare Cess Act, 1996 (Cess Act) which provided for levy and collection of a cess⁴⁶ on the cost of construction incurred by employers. The GoI also framed the Building and Other Construction Workers' Welfare Cess Rules, 1998 (Cess Rules) in exercise of the powers conferred by sub-section (1) of Section 14 of the Cess Act.

The aforesaid Acts and Rules were made applicable in the State of Uttar Pradesh with the notification (February 2009⁴⁷) of the 'Uttar Pradesh Building and Other Construction Workers (Regulation of Employment and Condition of Service) Rules, 2009⁴⁸ (Rules) by the State Government. The State Government also constituted (November 2009⁴⁹) the 'Uttar Pradesh Building and Other Construction Workers' Welfare Board' (Board) under Section 18 of the Act.

Rule 4 (3) of the Cess Rules provides that where the levy of cess pertains to building and other construction work of a Government or of a PSU, such Government or the PSU shall deduct or cause to be deducted the Cess payable at the notified rates from the bills paid for such works. The State Government also clarified (February 2010⁵⁰) that the amount of cess shall be deducted from the bills presented for payment and deposited with the Welfare Board in the same manner and spirit as is done in case of income tax deducted at source.

We noticed that:

- Ghaziabad Development Authority (GDA) entered into 10 agreements for execution of building and other construction works during the period March 2009 to August 2010 and made payments of ₹ 327.91 crore against the said agreements up to March 2013. The GDA, however, did not deduct Cess of ₹ 3.28 crore from the bills of the contractors (**Appendix-28**) and deposited (till March 2014) Cess of ₹ 2.76 crore⁵¹ from its own sources (₹ 1.92 crore deposited after being pointed out by Audit).

The GDA stated (December 2013) that Cess was not deducted from the bills of the contractors, as at the time of execution of agreements it was not mentioned that Cess would be paid by the contractors.

⁴⁶ At such rate not exceeding two *per cent*, but not less than one *per cent*.

⁴⁷ Notification No. 143/36-2-2009-251 (एसएम)/95 dated 04 February 2009.

⁴⁸ Framed in exercise of powers conferred by Section 40 read with Section 62 of the Act.

⁴⁹ Notification No. 1411/36-2-2009-251(एसएम)/95 dated 20 November 2009.

⁵⁰ Order No. - 392/36-2/2010 dated 26 February 2010.

⁵¹ September 2011 - ₹ 15.99 lakh, December 2011 - ₹ 68.34 lakh and September 2013 - ₹ 192.16 lakh.

The reply is not acceptable as the Cess Act and Cess Rules were made applicable in the State from February 2009, hence, incorporating a suitable clause enabling deduction of Cess from the bills of the contractors in all the agreements was the duty of the GDA.

Thus, deposit of Cess by GDA from its own sources without deducting the same from the bills of the contractors has not only resulted in non-compliance of the provisions of the Cess Act and Cess Rules but also resulted in undue favour to the contractors and loss of ₹ 2.76 crore to the GDA. Moreover, the GDA is also liable for interest and penalty on ₹ 0.52 crore⁵², being short deposit of Cess, under Section 8 and 9 of the Cess Act.

- Kanpur Development Authority (KDA) entered into five agreements for execution of building and other construction works during the period February 2009 to June 2010 and made payments of ₹ 10.12 crore against the said agreements up to March 2013 but did not deduct Cess of ₹ 10.12 lakh from the bills of the contractors (**Appendix-28**).

On this being pointed out, the KDA deposited (September 2013 to December 2013) Cess of ₹ 3.29 lakh⁵³ pertaining to three agreements, after deducting the same from the subsequent bills of the contractors. As regards non-deduction of Cess of ₹ 6.83 lakh pertaining to the remaining two agreements, the KDA stated (October 2013) that as the agreements were executed before the GoUP notification dated 20 September 2009, Cess was not deducted.

The reply is not acceptable as the GoUP notification making the Cess Act and Cess Rules applicable in the State was issued on 4 February 2009 and not on 20 September 2009, hence, Cess was required to be deducted from the bills of the contractors in case of all agreements executed after 4 February 2009.

Thus, failure of the KDA to deduct the amount of Cess from the bills of the contractors has not only resulted in non-compliance of the provisions of the Cess Act and Cess Rules but also amounted to undue favour to the contractors to that extent. Moreover, the KDA is also liable for payment of interest and penalty on ₹ 6.83 lakh⁵⁴ being short deposit of Cess under Section 8 and 9 of the Cess Act.

The matter was reported to the Government in June 2013; the reply is awaited (February 2014).

3.6 Systemic failure to ensure compliance of Government Orders

The Development Authorities failed to take concrete steps to develop a system to ensure compliance of the Government Orders regarding reservation and concession in fee to children of families below poverty line.

The Government of Uttar Pradesh (GoUP) ordered (April 1996) that the Uttar Pradesh Avas Evam Vikas Parishad (Parishad) and Development Authorities

⁵² Cess due - ₹ 3.28 crore (one *per cent* of payment to contractors) *minus* Cess deposited - ₹ 2.76 crore = ₹ 0.52 crore.

⁵³ September 2013- ₹ 1.41 lakh, October 2013- ₹ 1.86 lakh and December 2013 - ₹ 0.02 lakh.

⁵⁴ Cess due - ₹ 10.12 lakh (one *per cent* of payment to contractors) *minus* Cess deposited - ₹ 3.29 lakh = ₹ 6.83 lakh.

(DAs) shall allot plots to educational institutions at concessional rates⁵⁵. In public interest, GoUP further ordered (June 2009) that it shall be mandatory for such educational institutions, which have been allotted or are being allotted plots at concessional rates in schemes of the Parishad or DAs, to admit children of families of all sections of the society living below poverty line, by reserving 10 *per cent* seats and to allow 50 *per cent* concessions in total fee to them. The Parishad and the DAs were expected to ensure strict compliance of the aforesaid system.

We during audit of DAs⁵⁶ noticed that they have allotted (1999 to 2010) 51 plots to educational institutions at concessional rates and have allowed a total concession of ₹ 83.54 crore as detailed in table below:

Table 3.4: Details of allotment of plots to educational institutions

Sl. No.	Name of the Authority	Period	No. of educational institutions allotted plots at concessional rates	Amount of concession allowed (₹ in crore)
1.	Ghaziabad Development Authority (GDA)	2007 to 2010	22	44.62
2.	Kanpur Development Authority (KDA)	1999 to 2010	12	17.11
3.	Agra Development Authority (ADA)	2007 to 2010	17	21.81
Total			51	83.54

To ensure that the educational institutions are complying with the conditions regarding reservations in admissions and fee concessions to students of deprived classes, as per the provisions of the Government Order, it was essential that the DAs develop a proper system.

The DAs, however, instead of taking concrete measures and developing a proper system to ensure strict compliance of the Government Orders took only the following measures:

- issued directions to the schools to display the provisions of the Government Orders at the school gate; and
- incorporated a clause in the allotment letters/ lease deeds requiring the educational institutions to comply with the provisions the Government Orders.

On this being pointed out by Audit:

- The GDA stated (September 2013) that notices are issued to the educational institutions, from time to time to comply with the provisions of the Government Order; inspection is also done from time to time; if any complaint is received it intervenes and disposes off the complaints; and articles are published in newspapers regarding reservations and concessions to be allowed by the educational institutions.
- The KDA constituted (January 2014) a committee, to ensure compliance of the conditions of the Government Orders, which shall present a quarterly report on which necessary action shall be taken by the KDA.

⁵⁵ At 40 *per cent* and 50 *per cent* of sector rate for primary/secondary schools and degree/ professional colleges respectively.

⁵⁶ Ghaziabad Development Authority, Agra Development Authority and Kanpur Development Authority.

The reply of the Development Authorities corroborates our observation that the DAs had taken only random measures and had not developed any proper and regular system to ensure the compliance of the Government Order, as no results of inspections done and action taken were made available.

The matter was reported to the Government and Management in August 2013; replies of the Government and ADA have not been received (February 2014).

In view of the social objective of the scheme we recommend that the DAs should develop a system to periodically obtain information regarding total number of available seats, seats reserved for children of the targeted beneficiary class, total number of children admitted by the schools against such reservation and concession in fee given to such children; examine the records of the educational institutions to verify the correctness of information furnished by them and put in place a grievance redressal cell to ensure strict and regular compliance of the Government Order by the educational institutions which have been allotted land at concessional rates.

Lucknow

(SMITA S. CHAUDHRI)

The

**Accountant General (Economic and Revenue Sector Audit),
Uttar Pradesh**

Countersigned

New Delhi

(SHASHI KANT SHARMA)

The

Comptroller and Auditor General of India

Appendices

Appendix – 1

(Referred in paragraph 1.8.2)

Statement showing details of outstanding Inspection Reports and paragraphs

Sl. No.	Name of Department	No. of IRs outstanding as on 30 Sep 2013 (issued upto 31 Mar 2013)	No. of outstanding Paragraphs	Year from which paragraphs outstanding	No. of IRs outstanding for more than five years at the end of Sep 2013	No. of Paragraphs outstanding for more than five years at the end of Sep 2013
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Housing and Urban Planning	88	681	2008-09	--	--
2.	Infrastructure and Industrial Development	72	165	2007-08	5	7
3.	Small Scale Industries and Export Promotion	--	--	--	--	--
4.	Information Technology and Electronics	--	--	--	--	--
5.	Forest	1054	3204	2004-05	530	1348
6.	Energy	1	1	2012-13	--	--
7.	Co-operative	25	20	2007-08	1	1
8.	Cane Development	42	92	2008-09	--	--
9.	Tourism	8	31	2007-08	1	5
10.	Environment	4	20	2008-09	--	--
11.	Khadi and Village Industries	4	26	2008-09	--	--
12.	Handloom and Textile Industries	20	65	2008-09	--	--
13.	Dairy Development	64	209	2008-09	--	--
14.	Science and Technology	4	28	2008-09	--	--
15.	Civil Aviation	5	18	2008-09	--	--
16.	Madya Nishedh	3	4	2008-09	--	--
17.	Revenue (except Collectorate)	22	41	2007-08	2	5
18.	Additional Sources of Energy/Non-conventional Energy	4	32	2009-10	--	--
Total		1420	4637		539	1366

Appendix-2**(Referred to in paragraph 2.1.13)****Statement showing details of amount collected by the Divisions****(Amount in ₹)**

Year	Amount collected						
	Compensatory Afforestation	Net Present Value	Additional Compensatory Afforestation	Penal Compensatory Afforestation	Catchment Area Treatment	Others	Total
2002	1498400	197800	--	--	--	--	1696200
2003	2730350	10452256	--	734600	--	--	13917206
2004	13997219	41441535	--	--	--	--	55438754
2005	197329267	289085300	--	--	--	--	486414567
2006	310253283	436771070	--	--	--	1503960	748528313
2007	189899583	532495585	3751641	--	--	646577758	1372724567
2008	87477403	199368376	--	--	853000	113158	287811937
2009	134657372	133508694	962153	2950966	--	2634750	274713935
2010	93710996	112215697	666064	--	--	222800	206815557
2011	142262398	567772276	838900	282400	1683000	892600	713731574
2012	55420369	53053416	822047	17745	984000	994400	111291977
Total	1229236640	2376362005	7040805	3985711	3520000	652939426	4273084587

Appendix -3

(Referred to in paragraph 2.1.15)

**Statement showing delay in remittance of funds by the Divisions to UP
State CAMPA**

Sl. No.	Name of Agency	Number of cases	Amount recovered	Delay in days
1.	Airport Authority of India	02	969300	211-576
2.	Bharti Airtel Limited	08	6519605	17-470
3.	Bharat Petroleum Corporation Limited	02	124636	129
4.	Uttar Pradesh State Bridge Corporation Limited	02	3601000	17
5.	Bharat Sanchar Nigam Limited	04	2443160	13-104
6.	GAIL India Limited	05	1669608	5-152
7.	Green Gas Limited	03	1047900	43-207
8.	GRS Hotel	03	285233	16
9.	Hindalco	01	1344300	253
10.	Hindustan Petroleum Corporation Limited	04	303484	16-177
11.	HUTCH	08	7401020	14-120
12.	Idea Tele services	01	339480	78
13.	Indian Army	02	102456503	62-82
14.	Indian Railways	09	25741842	2-556
15.	Indian Oil Corporation	05	159554	53-289
16.	Irrigation Department	20	88197620	5-805
17.	Lanco Infratech Limited	04	5078799	3-13
18.	Meerut Development Authority	02	1422145	110
19.	Northern Coalfields Limited	03	61894752	202
20.	National Highways Authority of India	30	322801333	4-556
21.	NRL	01	17100	17
22.	National Thermal Power Corporation	01	258067360	129
23.	Power Grid Corporation of India Limited	39	54800266	2-556
24.	Reliance	03	39453	103-277
25.	RES	01	71100	22
26.	SJP GLOBAL	02	228100	81
27.	Tata Tele Services Limited	08	4993400	38-182
28.	U.P. Network Private Limited	02	1932000	18-23
29.	Uttar Pradesh Jal Nigam	05	4901560	35-154
30.	Uttar Pradesh Power Corporation Limited	17	50906291	1-205
31.	Uttar Pradesh Public Works Department	39	82862398	4-360
32.	Uttar Pradesh State Industrial Development Corporation Limited	02	1842560	184
Total		238	1094462862	

Appendix -4

(Referred to in paragraph 2.1.15)

Statement showing delay in remittance of funds by UP State CAMPA to Ad-hoc CAMPA

Sl. No.	Name of the User Agency	Number of cases	Amount	Delay (in days)
1.	Adani Aslogy Limited	01	1525788	14
2.	Aircel Digilink India Limited	01	92000	36
3.	Uttar Pradesh State Bridge Corporation Limited	01	613859	11
4.	Bharti Airtel Limited	04	3068710	2-18
5.	Bajaj Hindusthan Limited	03	861409	11-23
6.	Bharat Petroleum Corporation Limited	07	1347729	10-44
7.	Bharat Sanchar Nigam Limited	01	278300	18
8.	DSNN Retail Outlet	01	95613	37
9.	Essar Oil Limited	01	366858	16
10.	GAIL India Limited	16	22703156	1-140
11.	GDA	01	3212600	9
12.	Green Gas Limited	01	992000	68
13.	Hi-tech Carbon	03	20850174	7-15
14.	Hindalco Industries Limited	02	19906520	16-35
15.	Hindustan Sugar and Industries	01	1338700	28
16.	Hindustan Petroleum Corporation Limited	17	9635999	2-140
17.	IBPCL	06	2699316	1-50
18.	Idea Limited	05	2677356	13-63
19.	Indian Army	02	14981783	17-20
20.	Indian Oil Corporation	36	46474425	1-394
21.	Indian Railways	12	122778043	1-378
22.	Indraprastha Gas Limited	02	1416843	25-37
23.	International College of Engineering	02	1580172	16
24.	Irrigation Department	06	16296843	9-48
25.	NA	03	4935565	12-14
26.	National Highways Authority of India	90	397005053	1-303
27.	Pautholi Retail Outlet	01	83132	42
28.	Power Grid Corporation of India Limited	17	17578589	5-389
29.	Uttar Pradesh Public Works Department	39	44250270	1-177
30.	Rajiv Gandhi South Campus	01	357402	35
31.	RLN	01	2944768	42
32.	Sahjawa Gas Steel Plant	02	551400	132
33.	Soumya Infotech Private Limited	01	1497000	46
34.	Sashastra Seema Bal	05	53658520	3-46
35.	Tata Teleservices Limited	02	2771200	28-29
36.	U.P. Network Private Limited	05	7615058	5-135
37.	Uttar Pradesh Jal Nigam	25	54737201	4-46
38.	Uttar Pradesh Power Corporation Limited	88	410682671	2-235
39.	Veterinary Hospital	01	50000	32
40.	Vodafone Essar Digilink Limited	03	3847256	18-139
41.	Yamuna Expressway	03	6308318	48-97
Total		419	1304667599	

Appendix -5

(Referred to in paragraph 2.1.16)

**Statement showing details of amount of Compensatory Afforestation utilised
by Awadh Forest Division without approval of Annual Plan of Operations**

(Amount in ₹)

Name of project	Date of Approval	Area (in hectares)	Amount of Compensatory Afforestation		
			Received	Spent	Balance
Widening of Lucknow-Kanpur National Highway No. 25 (Kms. 7.9 to 11.38)	08B/UP/06/03/2004/FC/7551 Dated 22-08-2005	2.030	3515934	652934	2863000
Laying of underground gas pipeline at Lucknow-Kanpur Road (Kms. 12.5 to 15.00) by Gail India Limited	08B/UP/109/56/2004/FC/979 Dated 10-11-2004	0.200	75942	75942	--
Widening of Lucknow- Faizabad National Highway No. 28 (Kms. 8.25 to 16.70)	08 B/UP/06/68/2004/ FC/1020 Dated 19-11-2004	16.430	3737885	12400	3725485
Widening of Lucknow-Kanpur National Highway No. 25 (Kms. 7.9 to 11.38)	08 B/UP/06/28/2006/FC/311 Dated 02-06-2006	0.414	770720	528120	242600
Total		19.074	8100481	1269396	6831085

Appendix -6

(Referred to in paragraph 2.1.18)

Statement showing cost of land equivalent to 10 meter strip

(Amount in ₹)

Sl. No.	Name of the District	National Highway	Total area (in hectares)	Date of approval	Circle rate per hectare	Cost of land
1.	Lucknow	28	8.45	22.11.2004	500000	4225000
2.	Barabanki	28	76.30	19.11.2004	440000	33572000
3.	Faizabad	28	31.00	22.11.2004	450000	13950000
4.	Basti	28	97.20	13.05.2005	2471053	240186352
5.	Gorakhpur	28	46.80	22.11.2004	741316	34693589
6.	Gonda	28	0.90	19.11.2004	625000	562500
7.	Kushinagar	28	81.12	22.11.2004	1235500	100223760
8.	Sitapur	25	51.40	2005-06	395360	20321504
9.	Orai	25	71.40	2006-07	200000	14280000
10.	Kanpur	25	3.70	2.3.2006	650000	2405000
11.	Meerut	58	18.69	5.6.2007	800000	14952000
12.	Meerut	58	19.05	12.7.2006	800000	15240000
13.	J.P. Nagar	24	89.00	2006	741300	8154300
14.	J.P. Nagar	24	40.30	2005	741300	29874390
15.	Unnao	25	17.00	2006	500000	8500000
			652.31			541140395

Appendix -7

(Referred to in paragraph 2.1.19)

Statement showing excess recovery of Net Present Value

(Amount in ₹)

Name of the Division	Name of the user agency	Forest area diverted (in hectare)	Category of land/ Canopy density	Rate applicable for recovery of NPV	Rate charged	Excess recovery
Bahraich	North Eastern Railways	4.29	Open Class-III	626000	920000	1261260
Najibabad	Power Grid Corporation of India Limited	20.57	Less than 0.4	750000	920000	3496900
	Ministry of Road Transport and Highways	0.06	0.1 to 0.2	750000	920000	10200
Barabanki	North Eastern Railways	11.19	Open Class-III	626000	920000	3289860
Total						8058220

Appendix -8

(Referred to in paragraph 2.1.21)

Statement showing allocation of funds without linkage to funds collected

(₹ in lakh)

Name of the Division	Compensatory Afforestation funds received	Compensatory Afforestation funds allocated			Funds allocated in per cent of funds received
		2009-10	2010-11	Total	
Agra	597.03	35.78	49.52	85.3	14.29
Aligarh	226.17	7.21	5.25	12.46	5.51
Allahabad	117.83	96.21	19.27	115.48	98.01
Awadh	356.65	101.99	--	101.99	28.60
Bahraich	37.47	--	2.94	2.94	7.85
Banda	176.66	84.09	40.38	124.47	70.46
Barabanki	349.35	102.17	--	102.17	29.25
Basti	1135.57	670.47	149.84	820.31	72.24
Bulandshahar	535.67	4.17	9.74	13.91	2.60
Chitrakoot	62.99	8.04	2.58	10.62	16.86
Etawah	75.58	30.53	21.43	51.96	68.75
Faizabad	257.75	148.55	100.23	248.78	96.52
Fatehpur	5.09	96.78	0.06	96.84	1902.55
Firozabad	29.17	28.33	20.67	49	167.98
Ghaziabad	525.22	--	33.06	33.06	6.29
Gonda	63.97	--	5.75	5.75	8.99
Gorakhpur	381.38	240.39	45.34	285.73	74.92
J.P. Nagar	246.28	--	21.62	21.62	8.78
Jhansi	718.66	--	95.28	95.28	13.26
Kaimoor Wildlife Division	179.24	--	2.45	2.45	1.37
Kanpur	65.59	--	14.08	14.08	21.47
Kushinagar, Padrauna	350.27	--	23.22	23.22	6.63
Lalitpur	683.05	--	42.65	42.65	6.24
Mathura	156.06	22.43	3.69	26.12	16.74
Meerut	462.68	--	19.3	19.30	4.17
Mirzapur	118.3	--	3.35	3.35	2.83
Muzaffarnagar	396.4	132.08	70.74	202.82	51.17
Najibabad	191.48	6.92	7.01	13.93	7.27
Obra	354.93	3.71	21.23	24.94	7.03
Orai	388.23	--	32.78	32.78	8.44
Raibareli	114.43	18.39	19.25	37.64	32.89
Renukoot	774.07	2.39	16.27	18.66	2.41
Saharanpur	1032.87	0.16	10.09	10.25	0.99
Shahjahanpur	581.27	--	5.95	5.95	1.02
Shravasti	12.45	3.2	3.2	6.40	51.41
Sitapur	498.88	147.82	172.77	320.59	64.26
Unnao	18.34	1.32	15.39	16.71	91.11

Appendix-9

(Referred to in paragraph 2.2.3)

Statement showing Department wise sanctioned cost and Executing Agency wise allocation of funds

(Amount: ₹ in crore)

Name of the Memorials	Name of the Departments ¹	Sanctioned Cost		Work to be executed by Uttar Pradesh Rajkiya Nirman Nigam Limited		Work to be executed by other agencies ²	
		Amount	Per cent	Amount	Per cent	Amount	Per cent
Samajik Parivartan Sthal	HUPD	1171.48	85.97	1171.48	100.00	-	-
	DoC	191.14	14.03	191.14	100.00	-	-
Total		1362.62	100.00	1362.62	100.00	-	-
Smarak Sthal	HUPD	531.49	71.58	531.49	100.00	-	-
	DoC	96.42	12.99	96.42	100.00	-	-
	PWD	114.54	15.43	106.04	92.58	8.50	7.42
Total		742.45	100.00	733.95	98.86	8.50	1.14
Baudhh Vihar	DoI	448.83	97.84	405.79	90.41	43.04	9.59
	DoC	9.93	2.16	9.93	100.00	-	-
Total		458.76	100.00	415.72	90.62	43.04	9.38
Eco Garden	HUPD	1075.63	100.00	1063.74	98.89	11.89	1.11
Total		1075.63	100.00	1063.74	98.89	11.89	1.11
Prerna Sthal	NOIDA	918.55	100.00	918.55	100.00	-	-
Total		918.55	100.00	918.55	100.00	-	-
GRAND TOTAL		4558.01		4494.58	98.61	63.43	1.39

(Source: Compiled from the records of Departments and EA)

¹ Housing and Urban Planning Department (HUPD), Department of Culture (DoC), Public Works Department (PWD), Department of Irrigation (DoI) and New Okhla Industrial Development Authority (NOIDA)

² PWD: ₹ 45.60 crore (Smarak Sthal : ₹ 8.50 crore; Baudhh Vihar : ₹ 25.21 crore; and Eco Garden : ₹ 11.89 crore); DoI : ₹ 3.07 crore (Baudhh Vihar); Uttar Pradesh State Bridge Corporation Limited : ₹ 14.09 crore (Baudhh Vihar); and Construction and Design Services Wing of Uttar Pradesh Jal Nigam: ₹ 0.67 crore (Baudhh Vihar)

Appendix-10

(Referred to in paragraph 2.2.9)

Statement showing receipt and sanctions of Estimates by the PFAD/EFC

(₹ in lakh)

Name of the Project	Name of Administrative Department	Sl. No.	Name of the Work	Date of receipt by PFAD	Date of Meeting/ Approval by EFC	Date of return to department	Amount Sanction by EFC	
Samajik Parivartan Sthal	Housing and Urban Planning Department (HUPD)	1	Renovation, revitalisation and additional new works	6 September 2007	10 September 2007	13 September 2007	36682.81	
		2 ³	Ist Revision	20 March 2009	17 April 2009	21 April 2009	38545.40	
		3 ⁴	IInd Revision	10 June 2010	25 June 2010	9 July 2010	40463.32	
		4	12 Additional works	7 December 2007	29 December 2007	31 December 2007	3871.86	
			Ist Revision	20 March 2009	17 April 2009	21 April 2009	4068.97	
			IInd Revision	10 June 2010	25 June 2010	9 July 2010	4272.42	
		5	Screen wall work	3 January 2008	22 January 2008	16 January 2008	1302.74	
			Ist Revision	20 March 2009	17 April 2009	21 April 2009	1371.73	
			IInd Revision	10 June 2010	25 June 2010	9 July 2010	1400.37	
		6	Stupa Bhawan work	3 March 2008	13 March 2008	17 March 2008	20349.12	
			Ist Revision	20 March 2009	17 April 2009	21 April 2009	21387.65	
			IInd Revision	10 June 2010	25 June 2010	9 July 2010	22383.70	
		7	Gallery Bhawan work	20 March 2008	27 March 2008	29 March 2008	12172.81	
			Ist Revision	20 March 2009	17 April 2009	21 April 2009	12860.90	
			IInd Revision	10 June 2010	25 June 2010	9 July 2010	13268.53	
		8	Steps work	2 May 2008	16 May 2008	21 May 2008	884.09	
			Ist Revision	20 March 2009	17 April 2009	21 April 2009	929.22	
			IInd Revision	10 June 2010	25 June 2010	9 July 2010	965.58	
		9	4 New works	3 September 2008	19 September 2008	1 October 2008	17692.87	
			Ist Revision	20 March 2009	17 April 2009	21 April 2009	18863.98	
		IInd Revision	10 June 2010	25 June 2010	9 July 2010	19511.31		
	10	7 New works	1 January 2009	2 January 2009	7 January 2009	13603.68		
		Ist Revision	20 March 2009	17 April 2009	21 April 2009	14298.00		
		IInd Revision	10 June 2010	25 June 2010	9 July 2010	14882.65		
		Department of Culture (DoC)	11	Art works at Parivartan Sthal	26 September 2007	1 October 2007	4 October 2007	12435.46
			12	Ist Revision	9 April 2008	25 April 2008	29 April 2008	11805.16
			13	Art works at Atrium of Main Smarak	21 July 2008	20 November 2008	20 November 2008	696.00
			14	Additional art works	7 January 2009	9 January 2009	9 January 2009	5082.30
			15	Stupa Statue art works	23 June 2009	23 June 2009	23 June 2009	1530.21
	Smarak Sthal	HUPD	16	Main Works	26 September 2007	1 October 2007	4 October 2007	25417.16
17			Ist Revision	1 January 2009	2 January 2009	7 January 2009	37306.59	
18			IInd Revision	2 April 2009	15 May 2009	18 May 2009	39287.15	
19			IInd Revision	3 June 2010	25 June 2010	9 July 2010	41186.25	
19			Additional Works	1 January 2009	2 January 2009	7 January 2009	7905.78	
20		Ist Revision	16 July 2009	22 July 2009	28 July 2009	11479.13		
		IInd Revision	3 June 2010	25 June 2010	9 July 2010	11962.37		
DoC		21	Ist Estimate	3 April 2008	25 April 2008	25 April 2008	3188.51	
		22	Ist Revision	7 January 2009	9 January 2009	13 January 2009	5308.49	
		23	IInd Revision	23 June 2009	23 June 2009	23 June 2009	1144.74	
Public Works Department (PWD)	24	Ist Estimate	14 January 2008	14 January 2008	18 January 2008	3527.16		
	25	Ist Revision	27 January 2009	6 February 2009	11 February 2009	11454.42		
Eco Garden	HUPD	26	Ist Estimate	15 September 2009	16 September 2009	16 September 2009	15747.09	
		27	Ist Revision	18 December 2009	18 December 2009	21 December 2009	42464.87	
		28	IInd Revision	29 June 2010	16 July 2010	23 July 2010	83406.87	
		29	IInd Revision	14 January 2011	14 January 2011	19 January 2011	107562.50	
Bauddh Vihar	Department of Irrigation (DoI)	30	Ist Estimate	11 January 2008	14 January 2008	16 January 2008	8067.93	
		31	Ist Revision	27 May 2008	5 June 2008	10 June 2008	19307.26	
		32	IInd Revision	28 November 2008	1 December 2008	2 December 2008	24708.10	
		33	IInd Revision	1 June 2009	15 June 2009	19 June 2009	25900.63	
		34	IV th Revision	18 January 2009	31 July 2009	4 August 2009	27118.14	
		35	Vth Revision	11 September 2009	20 October 2009	28 October 2009	36056.20	
		36	VI th Revision	9 April 2010	20 April 2010	28 April 2010	38552.70	
		37	VII th Revision	11 November 2010	24 November 2010	14 December 2010	44883.48	
	DoC	38	Cultural works	7 January 2009	9 January 2009	13 January 2009	992.54	

³ In Samajik Parivartan Stahl, first revision of all works of HUPD (17 April, 2009) were counted as single estimate as it was for release of centage.

⁴ In Samajik Parivartan Sthal, second revision of all works of HUPD, and in Smarak Sthal third revision of Main works of HUPD and second revision of additional works of HUPD (25 June 2010) were taken as single estimate as it was for releasing deduction of 5 per cent on non scheduled items.

Appendix-11

(Referred to in paragraph 2.2.11)

Statement showing excess payment to contractors due to non-observance of rates approved by the EA

Name of the Unit	Agreement		Name of the contractor	Particulars	Executed Qty.		Rate approved by EA	Excess Payment	Recovery made	Amount yet to be recovered
	No.	Date			Qty.	Unit				
WPU		2 April 2009	TPS Enterprises	P/F of Mirzapur sandstone in 75 mm flooring	290.71	cft	1700	494207	145355	145355
		15 July 2009	Lucknow Marbles	P/F of granite benches	483.68	cft	6900	3337392	822256	822256
		15 October 2008	Raj Kamal Marbles	P/F of Bansii Paharpur red in drain cover	580.70	cft	2545	1477882	360034	360034
		2 March 2009	Vaishno Stone Product	Supply of Mirzapur sandstone	4047.37	cft	170	688053	80947	80947
Unit-2A		1 September 2009	S. K. Marbles	P/F of Makrana pink marble stone	362.10	cft	16500	5974650	72420	72420
		1 April 2009	Vaishno Stone Product	Supply of Mirzapur sandstone	4416.56	cft	170	750815	88331	88331
Unit - 15A		3 June 2009	S. K. Marbles	P/F of ivory fantasy granite stone in benches	1060.60	cft	7600	8060560	5200	1803020
		24 February 2008	A. Constructions	P/F of granite stone in gola galta in water body	136.03	cft	7900	1074637	312869	312869
Bhagidari Bhawan		9 August 2009	Lucknow Marbles	P/F of ivory fantasy granite in benches	1096.27	cft	7600	8331652	5200	1863659
		3 August 2009	Lucknow Marbles	P/F of ivory fantasy granite in benches	315.35	cft	6900	2175915	5200	536095
		27 September 2009	Supreme Builders	P/F of Mirzapur sandstone in 50 mm flooring	885.60	sqm	2150	1904040	137268	137268
				P/F of Mirzapur sandstone in railing of ht. 850 mm as per Jalebi pattern	233.90	RM	15000	3508500	175425	175425
				P/F of Mirzapur sandstone in base stone of railing	1271.77	cft	1700	2162009	108100	108100
		25 September 2009	Krishna Enterprises	P/F of Mirzapur sandstone in railing of ht. 850 mm as per Jalebi pattern	187.60	RM	15000	2814000	140700	140700
				P/F of Mirzapur sandstone in base stone of railing	1059.98	cft	1700	1801966	90098	90098
Lohia Unit-2		1 September 2009	New Nirman Constructions	P/F of Bansii Paharpur in cladding	660.20	sqm	2100	1386420	132040	132040
		21 August 2009	New Nirman Constructions	P/F of Bansii Paharpur in cladding	493.89	sqm	2100	1037169	98778	98778
		11 July 2008	M.N Express	P/F of Bansii Paharpur Pink sand stone normal carving	2393.76	cft	3150	7540344	1448225	1448225
	13B/2008	18 July 2008	Gayatri Traders	P/F of Granite stone of approved shade in elephant pedestal	3007.00	cft	7750	23304250	6765750	6765750
		3 December 2008	Lucknow Marble Industries	P/F of Bansii Paharpur pink in cladding in Smarak main dome and dome crown above ht. of 25 mtrs.	2397.66	cft	4950	11868417	1918128	1918128
MKRSS Site Unit		28 November 2008	Goyal Senatry Stone	P/F of 40 mm thick granite flooring	317.00	sqm	7300	2314100	65855	187745
MKRSS (EP) Unit		21 August 2008	Goel Marbo Granite	P/F of 40 mm thick granite flooring	1845.27	sqm	7300	13470471	738108	738108
		11 November 2008	Vinayak Mines and Minerals	P/F of 40 mm thick granite flooring	10.00	sqm	7300	73000	8000	4000
		29 December 2008	Singh Associates	L/R for Mirzapur sandstone in cladding	413.88	cft	1290	533905	37249	37249
				L/R for Mirzapur sandstone in kerb stone	182.25	cft	1630	297068	69255	69255
Electrical Unit-1		13 May 2009	Pragati Marbles	P/F of Bansii Paharpur sandstone in columns	122.89	cft	3600	442404	129649	129649
		1 April 2010	Mohammad Khanna Enterprises	Supply of good quality earth	6665.82	cum	240	1599797	299962	299962
		22 August 2009	Mohammad Khanna Enterprises	Supply of good quality earth	20362.29	cum	240	4886950	916303	916303
		8 August 2009	Mohammad Khanna Enterprises	Supply of good quality earth	14660.46	cum	240	3518510	659721	659721
								21721154	1579664	20141490

Appendix-12

(Referred to in paragraph 2.2.11)

Statement showing details of excess expenditure due to undue favour to contractors

Name of the Unit	Agreement		Name of the contractor	Particulars	Actual executed quantity	Rate awarded	Amount	Rate to be awarded	Excess payment
	No.	Date							
Unit-2	40 ⁵	15 October 2008	India Stone Company	L/R for Mirzapur sandstone boundary wall (Uncarved)	3179.60	1199.00	3812340.40	1050.00	473760.40
				L/R for Mirzapur sandstone boundary wall (Carved)	3278.55	1739.00	5701398.45	1300.00	1439283.45
				L/R for Mirzapur sandstone kerb stone	1721.91	1630.00	2806713.30	1250.00	654325.80
				L/R for Mirzapur sandstone flooring	593.60	2250.00	1335600.00	1750.00	296800.00
41	15 October 2008	Chinmay Constructions	L/R for Mirzapur sandstone boundary wall (Uncarved)	1583.30	1199.00	1898376.70	1050.00	235911.70	
44	6 November 2008	J.P. Stone Industries	L/R for Mirzapur sandstone kerb stone	807.63	1630.00	1316436.90	1250.00	306899.40	
				L/R for Mirzapur sandstone flooring	897.51	2250.00	2019397.50	1750.00	448755.00
				P/F of Banshi Paharpur sandstone flooring	1010.98	1950.00	1971411.00	1900.00	50549.00
45	6 November 2008	India Stone Company	P/F of Banshi Paharpur sandstone cladding	122.72	1925.00	236228.30	1900.00	3067.90	
46	6 November 2008	India Stone Company	L/R for Mirzapur sandstone kerb stone	376.02	1630.00	612917.49	1250.00	142888.74	
				L/R for Mirzapur sandstone flooring	139.65	2250.00	314201.25	1750.00	69822.50
48	28 November 2008	J.P. Stone Industries	P/F of Banshi Paharpur sandstone flooring	373.23	1950.00	727798.50	1900.00	18661.50	
				L/R for Mirzapur sandstone flooring	600.63	2250.00	1351408.50	1750.00	300313.00
				L/R for Mirzapur sandstone kerb stone	94.01	1630.00	153229.78	1250.00	35722.28
52	30 November 2008	India Stone Company	P/F of Banshi Paharpur sandstone cladding	100.20	1925.00	192892.70	1900.00	2505.10	
SPLM	3 ⁶	1 September 2009	Deveshwar Enterprises	P/F of Mirzapur sandstone railing	595.00	15000.00	8925000.00	14250.00	446250.00
TOTAL				P/F of Mirzapur sandstone in base stone	3358.65	1700.00	5709705.00	1615.00	285485.25
Less: Partially recovered amount against agreement no. 40 dated 15 October 2008 entered into with India Stone Company									
Excess expenditure									
								5211001.02	
								187249.00	
								5023752.00	

⁵ In agreement no. 40 dated 15 October 2008 entered into with India Stone Company Labour rate for Mirzapur sandstone Jali was payable at ₹ 7,800 per sqm the rates for which were approved by the EA only on 15 December 2008.

⁶ In agreement no. 2 entered into with New Nirman Construction on 01 September 2009 the rates for providing and fixing of Mirzapur sandstone railing of 850 mm height and Mirzapur sandstone base stone for railing was payable at ₹ 14,250 per RM and ₹ 1,615 per cft respectively. These rates were approved by the EA only on 15 September 2009.

Appendix-13

(Referred to in paragraph 2.2.11)

Statement showing excess expenditure due to variation in rates of purchase of plants

Name of the Plant	Date of SO	Qty	Rate	Amount	Minimum Rates	Date on which such minimum rates paid	Excess payment
Bottle Palm (12 ft. to 15 ft.)	10 May 2009	60	3000	180000	2200	06 April 2009 to 8 August 2009	48000
Bottle Palm (12 ft. to 15 ft.)	07 June 2009	110	3075	338250	2200	06 April 2009 to 8 August 2009	96250
Bottle Palm (12 ft. to 15 ft.)	16 June 2009	70	3935	275450	2200	06 April 2009 to 8 August 2009	121450
Bottle Palm (12 ft. to 15 ft.)	17 June 2009	130	3075	399750	2200	06 April 2009 to 8 August 2009	113750
Bottle Palm (12 ft. to 15 ft.)	01 August 2009	600	3075	1845000	2200	06 April 2009 to 8 August 2009	525000
Bottle Palm (12 ft. to 15 ft.)	04 August 2009	70	2640	184800	2200	06 April 2009 to 8 August 2009	30800
Bottle Palm (12 ft. to 15 ft.)	19 December 2009	173	2640	456720	2500	20 November 2009 to 24 June 2010	24220
Bottle Palm (12 ft. to 15 ft.)	26 December 2009	10	2550	25500	2500	20 November 2009 to 24 June 2010	500
Bottle Palm (12 ft. to 15 ft.)	06 January 2010	56	2550	142800	2500	20 November 2009 to 24 June 2010	2800
Bottle Palm (12 ft. to 15 ft.)	16 January 2010	30	2550	76500	2500	20 November 2009 to 24 June 2010	1500
Cycas Revoluta (1.5 ft. to 2 ft.)	26 April 2011	474	4850	2298900	3000	10 December 2010 to 30 April 2011	876900
Cycas Revoluta (1.5 ft. to 2 ft.)	26 April 2011	696	5140	3577440	3000	10 December 2010 to 30 April 2011	1489440
Cycas Revoluta (1.5 ft. to 2 ft.)		670	5140	3443800	3000	10 December 2010 to 30 April 2011	1433800
Cycas Revoluta (1.5 ft. to 2 ft.)		206	4850	999100	3000	10 December 2010 to 30 April 2011	381100
Cycas Revoluta (1.5 ft. to 2 ft.)		78	4850	378300	3000	10 December 2010 to 30 April 2011	144300
Date Palm (6 ft. to 8 ft.)	01 May 2011	226	9990	2257740	7000	01 January 2011 to 30 June 2011	675740
Date Palm (6 ft. to 8 ft.)		47	9990	469530	7000	01 January 2011 to 30 June 2011	140530
Total excess expenditure to be recovered							6106080
Add: Amount recovered by EA after being pointed out by Audit							2585080
Total excess expenditure							8691160

Appendix-14

(Referred to in paragraph 2.2.12)

Statement showing details of excess VAT paid

(Amount in ₹)

Name of the Unit	Invoice date	Particulars	Quantity	Rate	Amount	VAT paid at the rate of	VAT paid	VAT to be paid at the rate of	VAT to be paid	Excess VAT paid
Unit – 2	1 June 2010	Stainless Steel flats	101.36	450	45612	13.50	6157.62	5.00	2280.60	3877.02
	1 June 2010	Stainless Steel flats	49.83	450	22423.50	13.50	3027.17	5.00	1121.18	1906.00
	27 July 2010	Stainless Steel flats	873.54	450	393093.00	13.50	53067.56	5.00	19654.65	33412.91
Lohia Unit-2	7 February 2009	Stainless Steel angles and plates	103752.16	725	75220316.00	12.50	9402539.50	4.00	3008812.64	6393726.86
Unit - 2A	20 January 2009	RCC pipe and collars			245269.00	12.50	30658.63	4.00	9810.76	20847.87
	26 October 2008	RCC pipe and collars			348693.00	12.50	43586.63	4.00	13947.72	29638.91
	26 March 2010	SS angle and flat	2623.50	300	787050.00	13.50	106251.75	5.00	39352.50	66899.25
	8 September 2009	M.S. pipe	2192.00	50	109600.00	13.50	14796.00	4.50	4932.00	9864.00
	4 November 2008	M.S. Pipe			2680203.00	12.50	335025.38	4.00	107208.12	227817.26
	8 March 2009	Stainless Steel Rod	55.50	250	13875.00	12.50	1734.38	4.00	555.00	1179.38
	8 March 2009	Stainless Steel flat	140.00	220	30800.00	12.50	3850.00	4.00	1232.00	2618.00
	8 March 2009	Stainless Steel Rod	23.00	250	5750.00	12.50	718.75	4.00	230.00	488.75
Pratapgarh Unit	17 January 2009	Pipes			2012292.00	12.5	251536.50	4.00	80491.68	171044.82
Total					81914976.50		10252949.87		3289628.85	6963321.03

Appendix-15

(Referred to in paragraph 2.2.13 and 2.2.14)

Statement showing details of consultancy agreements entered by the EA, agreed fee and payment thereon

Sl. No.	Name of the Project	Consultant Selected	Basis of selection	Date of agreement	Agreed fee	Consultant Fee paid till date (₹ in crore)	
						Architect Bureau	Design Associates
1.	Samajik Parivartan Sthal						
	a. Dr. Bhim Rao Ambedkar Smarak and Dr. Bhim Rao Ambedkar Library and Museum	Architect Bureau	Tender	9 September 2007	₹ 1.85 crore	7.93	2.13
	b. Art Works		Tender formalities not carried out	12 September 2008	₹ 0.65 crore		
	c. Samtumulak Stupa Sangrahalaya		-do-	5 October 2007	1.5 per cent of the actual cost of work		
	d. Screen Wall		-do-	27 August 2008			
	e. Smarak Site Development (12 Additional works)		-do-	15 July 2008			
	f. 4 New Works/ 7 New Works / Steps work		-do-	No formal agreement	1.5 per cent of the actual cost of work ⁷		
2.	Smarak Sthal						
	a. Works financed by HUPD	Architect Bureau	-do-	28 November 2007	1.5 per cent of project cost	4.67	1.27
	b. Works financed by PWD	Design Associates	-do-	4 July 2008		--	1.63
c. Works financed by DoC	Design Associates	-do-	21 July 2008	--		1.06	
3.	Eco Garden	Design Associates	-do-	17 September 2009	1.5 per cent of project cost	--	10.83
4.	Bauddh Vihar	Architect Bureau	-do-	24 April 2008	1.5 per cent of project cost	2.73	1.61
5.	Prerna Sthal						
	a. Boundary wall	Design Associates	-do-	4 June 2008	1.5 per cent of project cost	--	8.23
	b. Central Park Plaza		-do-	12 November 2008			
	c. External and internal electrification		-do-	26 November 2008			
	d. Elephant Gallery –II		-do-	2 January 2009			
	e. Column Plaza		-do-	2 January 2009			
	f. Ambedkar Statue		-do-	20 January 2009			
	g. Fountain, Ashokan Columns, Pathway and public amenity building		-do-	31 May 2001			
h. New Elephant Gallery, HDPE pipeline, Elephant Gallery – I, Mirzapur sandstone footpath, External development works, Entrance gate	-do-		No formal agreement	1.5 per cent of project cost ⁸			
Total						15.33	26.76

⁷ No formal agreements to provide consultancy services for these works were executed with the Consultants; however, payments were made at the rate of 1.5 per cent of the actual cost of work.

⁸ No formal agreements to provide consultancy services for these works were executed with the Consultants; however, payments were made at the rate of 1.5 per cent of the project cost.

Appendix-16

(Referred to in paragraph 2.2.14)

Statement showing excess payment to consultants on repetitive works

(₹ in lakh)

Name of the memorial/work	Particulars	Total Cost of works	Cost of Repetitive works	Architect fee to be paid	Architect fee paid	Excess payment
Samajik Parivartan Sthal						
Screen Wall	Screen wall	1258.32	1232.95	3.46	18.87	15.41
04 New Works	Ashokan Columns	272.80	255.75	0.90	4.09	3.19
	Bronze capital on pillars	113.60	106.50	0.37	1.70	1.33
	Electrical and plumbing work in fountains	105.47	98.88	0.35	1.58	1.23
12 Additional Works	Granite columns	191.01	167.13	0.78	2.87	2.09
	Watch tower	40.00	30.00	0.23	0.60	0.37
TOTAL		1981.20	1891.21	6.09	29.71	23.62
Smarak Sthal						
Additional works financed by Housing and Urban Planning Department	Additional works	9019.47	597.83	127.82	135.29	7.47
Works financed by the Public Works	Crash Barrier	2396.21	2347.39	6.60	35.94	29.34
	Outside footpath along crash barrier	592.36	589.67	1.51	8.89	7.38
	Outside footpath along boundry (1557.31 lakh)	1557.31	1535.63	4.16	23.36	19.20
	VIP road hermica railing	156.83	153.98	0.43	2.35	1.92
	Stone paving inside crash barrier	310.66	295.87	0.96	4.66	3.70
	Toilet block	115.30	57.65	1.01	1.73	0.72
Works financed by Department of Culture	Cost of Granite column (Ashokan Column)	337.20	236.04	2.11	5.06	2.95
	Cost of Fountain	1464.59	1084.07	8.42	21.97	13.55
	Cost of Electrical work in Fountain.	107.99	80.99	0.61	1.62	1.01
	Cost of Elephant Pedestal.	1009.45	975.80	2.94	15.14	12.20
	Fountain 4 nos.	803.12	602.34	4.52	12.05	7.53
	Elephant capital bronze 10 nos.	69.60	48.72	0.44	1.04	0.60
	Mirzapur stone Elephant 30 nos. of 15 ft. height	1740.00	1682.00	5.08	26.10	21.02
	Mirzapur stone Elephant 2 nos. of 7 ft. height	30.00	15.00	0.26	0.45	0.19
	Bronze deepmala 2 nos. of 7 ft. height	22.00	11.00	0.19	0.33	0.14
	TOTAL		19732.09	10313.98	167.06	295.98
Prerna Sthal						
New Elephant Gallery	Bansi paharpur elephant features	770.00	731.50	2.41	11.55	9.14
	Granite stone work in pedestals	228.33	216.91	0.71	3.42	2.71
Ashokan Columns	Granite stone free standing columns	397.31	382.03	1.18	5.96	4.78
	Granite stone base	71.99	69.22	0.21	1.08	0.87
	Bronze capitals	213.16	204.96	0.64	3.20	2.56
Ambedkar Statue	Granite stone free standing columns	61.13	45.85	0.34	0.92	0.58
	Granite stone base	11.07	8.30	0.06	0.17	0.11
	Bronze capitals	30.00	22.50	0.17	0.45	0.28
TOTAL		1782.99	1681.27	5.72	26.75	21.03
GRAND TOTAL		23496.28	13886.46	178.87	352.44	173.57

Appendix-17

(Referred to in paragraph 2.2.19)

Statement showing dismantling of structures and expenditure incurred thereon

(₹ in crore)

Sl. No	Particulars	Samajik Parivartan Sthal	Smarak Sthal	Bauddh Vihar	Eco Garden	Total
1	Structure dismantled	Library building and plaza, colonnade, open area theatre, obelisk, administrative building, external site development, estate museum building, stadium	Office building, manch, gates, pedestals etc.	Parikalp Nagar, Lucknow	Adarsh Karagar, District Jail and Nari Bandi Niketan, Lucknow	
2	Cost of structure dismantled (₹ in crore)	55.86 ⁹	Not available on records	Not available on records	38.72	94.58
3	Value of scrap recovered (₹ in crore)	Not available	Not available	Not available	0.61	0.61
4	Period of dismantling executed	Not available	Not available	21 to 26 November 2008	28 August to 30 November 2009	
5	Date of Government order for dismantling prior to Administrative approval	No separate order.	No separate order.	21 November 2008 ¹⁰	28 August 2009 ¹¹	
6	Date of Administrative approval	22 April 2008	24 June 2009	Yet to be received	Yet to be received.	
7	Date of Financial sanction	16 May 2008 and 17 September 2008	12 February 2010	Not sanctioned	Not sanctioned	
8	Amount of PE/DE sanctioned with date (₹ in crore)	3.84 (27 March 2008)	0.78 (15 May 2009)	Not sanctioned (28 April 2010)	PE of ₹ 12.49 crore sent but not sanctioned	
9	Date of TS	2 December 2009 and 14 March 2012.	31 July 2009	Not obtained	Not obtained	
10	Actual expenditure incurred on dismantling (₹ in crore)	3.17	0.39	1.08	5.68	10.32

⁹ Library Building, Plaza, colonnade, open air theatre and obelisk – ₹17.19 crore; Administrative building and external site development – ₹ 8.20 crore; Estate Museum and additional works – ₹ 17.24 crore; Electrification works – ₹ 13.24 crore

¹⁰ Office order No. 3258 dated 21 November 2008 read with letter no. 3259/08-सत्ताईस 9144- भवन 08/टी० सी० of even date.

¹¹ 1625/22-4-09 48(70)/94टी० सी०5-dated 28 August 2009

Appendix-18

(Referred to in paragraph 2.2.21)

Statement showing deficiencies noticed in analysis of rates done by the EA

Particulars	Rates taken in analysis of rates	Rates to be taken	Basis for rates to be taken
Deficiencies which resulted in inflated analysed rates: CPWD norms are available for wastage in sandstone and marble works. However, the EA considered much higher wastage percentage	50 per cent for Mirzapur sandstone work, 35 per cent for Bansī Paharpur sandstone work and 40.33 per cent for Makrana marble work.	Sandstone work (except flooring and cladding) – 33.33 per cent; Sandstone flooring – 10.00 per cent, Sandstone cladding – 25 per cent plus 20 per cent for broken edge, Marble work (except flooring) – 20 per cent and Marble flooring – 15 per cent	CPWD analysis of rates.
Cost of establishment at Mirzapur, included in analysis of rates for Mirzapur sandstone works, for sorting of material from quarry and making of blocks as per required size was not to be included as this was in the scope of work of stone suppliers who were required to load the truck with required size of stone.	₹ 20	Nil	Quality of stone was to be ensured by the Directorate of Mining as decided by the EA in meeting dated 18 July 2007.
Royalty rate were more than that prescribed by the Government of Rajasthan <ul style="list-style-type: none"> • Makrana marble • Bansī Paharpur sandstone 	₹ 500 per MT ₹ 140 per MT	₹ 400 per MT ₹ 95 per MT	Notification dated 6 September 2007 issued by the Government of Rajasthan.
Basic rate of 40 mm thick ivory fantasy granite slabs was higher	₹ 345 per sq.ft	₹ 117.10 per sq.ft.	Excise duty invoice of a Supplier.
Cost of thermocol which was not required/used in Mirzapur sandstone and Bansī Paharpur sandstone works.	Ranging from ₹ 25 to ₹ 50	Nil	Subsequent analysis of EA.
Calculation error in Jointing material in Makrana pink first quality marble in cladding with stainless steel clamps	₹ 400 per cft	₹ 150 per cft	Calculations of EA.
Conversion factor for calculation of freight of sandstone, marble and granite was taken at higher rates than prescribed which increased the freight charges. <ul style="list-style-type: none"> • Sandstone • Marble • Granite 	0.12/0.10 MT per cft 0.10 MT per cft 0.15/0.20 MT per cft	0.068 MT per cft 0.077 MT per cft 0.085 MT per cft	Notification dated 06 September 2007 issued by the Government of Rajasthan.
The freight charges are charged on the basis of actual weight or volumetric weight ¹² whichever is higher. As stone is a high density item its actual weight shall always be greater than its volumetric weight and hence freight shall be payable on the actual weight. The EA, however, doubled the freight charges applicable for actual weight of the stone on the plea that being packaged material the volumetric weight shall be twice the actual weight. This resulted in excess consideration of freight charges in the rates analysis.	Double the freight charge for actual weight	Normal rate of freight charges	Concept of volumetric weight and actual weight of stone.
Local cartage, charges for loading and unloading to carving/key making workshop were included in the rate analysis for Mirzapur sandstone flooring and cladding even though these were not in the scope of work.	₹ 20	Nil	Work not in scope.
Different rates for local cartage (in Bayana, Rajasthan) were considered for sandstone (₹ 100 per cft for Bansī Paharpur sandstone work and ₹ 20 per cft for Mirzapur sandstone work).	₹ 100 per cft	₹ 20 per cft	Different rates allowed for local cartage
Freight from Bayana to Lucknow in case of Bansī Paharpur sandstone work was taken as ₹ 700 per MT whereas in case of Mirzapur sandstone works it was taken as ₹ 650 per MT.	₹ 700 per MT	₹ 650 per MT	Different rates allowed for freight
Service tax was included despite the fact no service tax was payable as the works were monuments.	At the rate of 12.36 percent on services	Not applicable	Finance Act, 1994 as amended from time to time.
Central Sales Tax (CST) in Bansī Paharpur sandstone, Makrana marble and granite works was reduced to two per cent w.e.f. 1 June 2008.	Three per cent	Two per cent	Notification no. 1/2008-CST-F.No. 28/11/2007-ST dated 30 May 2008.
Clerical errors in totalling in analysis of rate of some items of granite stone such as kerb stone, steps, boundary wall and curved water body	₹ 1227, excluding its cascading effect on other elements of cost	Actual total	Calculations of EA.

¹² The volumetric weight of a shipment is a calculation that reflects the density of a package. A less dense item generally occupies more volume of space, in comparison to its actual weight. The volumetric weight is calculated and compared with the actual weight of the shipment to ascertain which is greater; the higher weight is used to calculate the shipment cost.

Particulars	Rates taken in analysis of rates	Rates to be taken	Basis for rates to be taken
Deficiencies which resulted in deflated analysed rates: Contractors profit was charged at the rate of eight <i>per cent</i> on total cost including UP VAT whereas it should have been charged at the rate of 10 <i>per cent</i> on material and labour cost excluding VAT and VAT should have been charged thereafter.	eight <i>per cent</i> on total cost including UP VAT	10 <i>per cent</i> on material and labour cost excluding VAT and VAT should have been charged thereafter.	UPPWD norms and UP VAT Act.
Water/electricity charges at the rate of one <i>per cent</i> were not included	Nil	One <i>per cent</i>	CPWD analysis of rates.
Interest on the amount of security to be deducted from the bills of the contractors which was to be released after completion of the defect liability period was not included.	Nil	Normal rate of interest prevailing for similar period as that of defect liability.	Terms and conditions of payment to contractors.
Cost for clearing of malwa has not been included in our analysis as it has been assumed that the same could have been compensated from sale of stone dust/stone pieces recovered.	--	(compensatory in nature)	--

Appendix-19

(Referred to in paragraph 2.2.21)

Statement showing rates approved by the EA vis-à-vis rates analysed by audit for various items of stone works

Sl. No.	Particulars	Date of approval	Rates approved by EA (in ₹)	Unit	Rates as analysed by audit (in ₹)	Variation in per cent
1.	Labour rate for Mirzapur sandstone boundary wall (Carved)	15-Dec-08	1300	cft	1030	20.77
2.	Labour rate for Mirzapur sandstone boundary wall (Uncarved)	15-Dec-08	1050	cft	740	29.52
3.	Labour rate for Mirzapur sandstone kerb stone	15-Dec-08	1250	cft	890	28.80
4.	Labour rate for Mirzapur sandstone 50 mm flooring	15-Dec-08	1750	sqm	1020	41.71
5.	Labour rate for Mirzapur sandstone cladding on retaining wall	15-Dec-08	1200	cft	920	23.33
6.	Labour rate for Mirzapur sandstone boundary wall (Sharda canal)	9-Jul-08	2190	cft	1480	32.42
7.	Supply and fixing of Mirzapur sandstone Boundary wall (Uncarved)	15-Sep-09	1350	cft	890	34.07
8.	Supply and fixing of Boundary wall (Carved)	10-Dec-09	1515	cft	1180	22.11
9.	Supply and fixing of Mirzapur sandstone in kerb stone	10-Dec-09	1200	cft	1040	13.33
10.	Supply and Fixing of Mirzapur sand stone 50 mm flooring	15-Sep-09	1995	sqm	1400	29.82
11.	Supply and Fixing of Mirzapur sandstone offset pattern cladding on retaining wall	17-Mar-09	2450	cft	1150	53.06
12.	Supply and fixing of Bansi Paharpur sandstone in domes	9-Jul-08	2700	cft	2110	21.85
13.	Supply and fixing of Bansi Paharpur sandstone in courtyard	8-Nov-07	2850	cft	2140	24.91
14.	Supply and fixing of Bansi Paharpur sandstone in ceiling and beams	9-Jul-08	1900	cft	1400	26.32
15.	Supply and fixing of Bansi Paharpur sandstone in thicker stones in cladding in form of columns with carving	15-Dec-08	3890	cft	3520	9.51
16.	Supply and fixing of Makrana Pink first quality marble in cladding duly carved	15-Dec-08	14950	cft	12550	16.05
17.	Supply and fixing of Makrana Pink first quality marble in normal flooring	15-Dec-08	13500	cft	10920	19.11
18.	Supply and fixing of Makrana Pink first quality marble in intricate pattern flooring	1-Aug-09	16300	cft	11950	26.69
19.	Supply and fixing of Ivory Fantasy granite in 40 mm circular flooring	12-Aug-10	5450	cft	3030	44.40
20.	Supply and fixing of Multi red granite in 40 mm flooring	12-Aug-10	5300	sqm	3030	42.83
21.	Supply and fixing of granite in steps and kerb stone	15-Dec-08	5150	cft	2240	56.50
22.	Supply and fixing of granite stone in boundary wall	15-Dec-08	5050	cft	2330	53.86
23.	Supply and fixing of granite stone in curved water body of fountain	15-Dec-08	7600	cft	4270	43.82

Appendix-20

(Referred to in paragraph 2.2.21)

Statement showing excess expenditure incurred due to finalisation of higher rates

Sl. No.	Particulars	Projects at Lucknow						Prerna Sthal at Noida				T total excess expenditure
		3	4	5	6	7	8	9	10	11	4	
		Rate awarded by EA	Unit	Rates as derived by audit after removal of deficiencies in analysis of EA	Total quantity executed at Lucknow	Excess expenditure due to award of works at higher rates	Rate awarded by EA	Unit	Rates as derived by audit after removal of deficiencies in analysis of EA	Total quantity executed at NOIDA	Excess expenditure due to award of works at higher rates	
1	2	1890	cft	1030	246921.44	212352438.40	1300	cft	930	206838.40	76530208.00	13
1	Labour rate for Mirzapur sandstone boundary wall (Carved)	1739	cft	1030	63413.76	44960355.84						28882646.40
		1300	cft	1030	57260.70	15460389.00						44960355.84
2	Labour rate for Mirzapur sandstone boundary wall (Uncarved)	1199	cft	740	29101.46	13357570.14						15460389.00
		1050	cft	740	11118.59	3446762.90	1050	cft	640	1353.98	555131.80	13357570.14
3	Labour rate for Mirzapur sandstone kerb stone	1750	cft	890	84889.05	73004583.00						4001894.70
		1630	cft	890	48266.83	35717454.20						73004583.00
		1250	cft	890	28833.02	10379887.20						35717454.20
4	Labour rate for Mirzapur sandstone 50 mm flooring	2400	sqm	1020	40486.01	55870693.80						10379887.20
		2250	sqm	1020	34872.11	42892695.30						55870693.80
		1750	sqm	1020	37331.62	27252082.60						42892695.30
5	Labour rate for Mirzapur sandstone cladding on retaining wall	1400	cft	920	25064.50	12030960.00						27252082.60
		1290	cft	920	29051.41	10749021.70						12030960.00
		1200	cft	920	11437.34	3202455.20						10749021.70
6	Labour rate for Mirzapur sandstone Boundary wall (Sharda Canal)	2190	cft	1480	83660.87	59399217.70						3202455.20
7	Supply and fixing of Mirzapur sandstone Boundary wall (Uncarved)	1350	cft	890	1340.26	616519.60	1200	cft	790	1738.76	712891.60	59399217.70
8	Supply and fixing of Mirzapur sandstone Boundary wall (Carved)	1600	cft	1180	2226.68	935205.60	1450	cft	1080	5667.70	2097049.00	1329411.20
		1515	cft	1180	258684.80	86659408.00						3032254.60
9	Supply and fixing of Mirzapur sandstone kerb stone	1700	cft	1040	105021.92	69314467.20	1700	cft	940	5028.61	3821743.60	86659408.00
		1635	cft	1040			1600	cft	940	17114.77	11295748.20	73136210.80
		1200	cft	1040	6740.29	1078446.40	1250	cft	940	4135.38	1281967.80	11295748.20
												2360414.20

1	2	3	4	5	6	7	8	9	10	11	4	13
10	Supply and fixing of Mirzapur sandstone 50 mm flooring	2100 1995	sqm sqm	1400 1400	122530.61 570.68	85771427.00 339554.60	2000 1790	sqm sqm	1400 1400	9116.74 1383.29	5470044.00 539483.10	91241471.00 879037.70
11	Supply and fixing of Mirzapur sandstone offset pattern cladding on retaining wall	2450	cft	1150	8073.20	10495160.00	1950	cft	1050	864.86	778374.00	11273534.00
12	Supply and fixing of Banshi Paharpur sandstone in domes	2750 2700	cft cft	2110 2110	4057.68 14766.68	2596915.20 8712341.20						2596915.20 8712341.20
13	Supply and fixing of Banshi Paharpur sandstone in courtyard	2850	cft	2140	6504.41	4618131.10						4618131.10
14	Supply and fixing of Banshi Paharpur sandstone in ceiling and beams of corridor, ehatri	2050 1900	cft cft	1400 1400	18602.87 22976.62	12091865.50 11488310.00						12091865.50 11488310.00
15	Supply and fixing of Banshi Paharpur sandstone in thicker stone in cladding in form of columns with carving	4150 3890	cft cft	3520 3520	81008.11 9312.04	51035109.30 3445454.80						51035109.30 3445454.80
16	Supply and fixing of Makrana Pink first quality marble in cladding duly carved	16500 16300 14950	cft cft cft	12550 12550 12550	15195.55 33812.62 366.82	60022422.50 126797328.75 880368.00						60022422.50 126797328.75 880368.00
17	Supply and fixing of Makrana Pink marble 50 mm thick in flooring	14950 13500	cft cft	10920 10920	1198.37 942.47	4829431.10 2431572.60						4829431.10 2431572.60
18	Supply and fixing of Makrana Pink marble in flooring in intreccate pattern	16500 16300	cft cft	11950 11950	522.10 4893.68	2375555.00 21287508.00						2375555.00 21287508.00
19	Supply and fixing of granite stone in boundary wall	5490 5600 5050	cft cft cft	2330 2330 2330	5422.62 2129.77 1487.38	17135479.20 6964347.90 4045673.60						17135479.20 6964347.90 4045673.60
20	Supply and fixing of granite in 40 mm flooring	7600 6900 6500 5900 5850 5450	sqm sqm sqm sqm sqm sqm	3030 3030 3030 3030 3030 3030	83258.40 24571.66 17853.94 3873.74 245066.30 8661.64	380490888.00 95092324.20 61953171.80 11117633.80 691086966.00 20961168.80						380490888.00 95092324.20 61953171.80 11117633.80 947032901.40 20961168.80

1	2	3	4	5	6	7	8	9	10	11	4	13
21	Supply and fixing of granite in 40 mm flooring (multi red)	5400	sqm	3030	46549.82	110323073.40						110323073.40
		5300	sqm	3030	2426.03	5507088.10						5507088.10
22	Supply and fixing of granite in steps and kerb stone	5600	cft	2240	44752.75	150369240.00						150369240.00
		5500	cft	2240	33535.04	109324230.40						109324230.40
		5150	cft	2240	131791.13	383512188.30	5150	cft	2240	88339.47	257067857.70	640580046.00
23	Supply and fixing of granite stone in curved water body of fountain	7900	cft	4270	12498.94	45371152.20						45371152.20
		7750	cft	4270	8424.92	29318707.68						29318707.68
		7600	cft	4270	9745.40	32452182.00	7600	cft	4270	4741.46	15789061.80	48241243.80
												3979000497.81

Appendix-21

(Referred to in paragraph 2.2.22)

Statement showing excess expenditure due to non-differentiation in the rates of different features

Item of Work	Different features in composite items	Composite rates		Differentiated rates		Quantity executed at composite rates	Excess expenditure (₹ in crore)
		Initial rates (Date)	Revised rates (Date)	Initial rates (Date)	Revised rates (Date)		
		Granite Columns (cft)	Column shaft made of Galaxy white granite stone Base made of Coffee brown granite stone	7730 (8 November 2007)	7650 (9 July 2008)		
Mirzapur sandstone boundary wall, Lucknow (cft)	Carved Portion Uncarved Portion	1890 (8 November 2007)	-	1739 (9 July 2008) 1199 (9 July 2008)	1300 (15 December 2008) 1050 (15 December 2008)	- 171785.04	- 14.43
Mirzapur sandstone boundary wall, Noida (cft)	Carved Portion Uncarved Portion	1300 (February 2008)	-	1300 (March 2011) 1050 (March 2011)	- -	183804.40	- 3.40
Bansi Paharpur sandstone work (cft)	Pink sand stone Red sand stone	Rate of red sand stone work same as pink stone work (8 November 2007)	-	- 2 per cent below the rate of pink sand stone work (15 December 2008)	- -	21732.13	- 0.11
Total						18.41	

Appendix-22

(Referred to in paragraph 2.2.31)

Statement showing extra expenditure incurred due payment to BPRIP at rates higher than approved by the EA

Particulars	Qty as per tender	Qty	Unit	Rate	Amount	Date of approval	Rate approved by EA	Amount	(Amount in ₹)	
									(3)	(4)
Earth work in excavation in foundation by mechanical means including disposal of excavated earth upto 50 m and lift upto 1.5 m and disposal of earth	38000	310170	Cum	100	31017000	1 August 2009	49	15198330		15818670
Supply and filling in plinth with fine sand under floors including watering, ramming, consolidation and dressing complete	35000	129576	Cum	710	91998960	1 August 2009	658	85261008		6737952
Filling of earth suitable for filling including cost of earth in shape as per profile compacted in layers and consolidated each layer of 20 cm thickness at 95 per cent proctor density	808500	1009067	Cum	190	191722730	1 August 2009	187.9	189603689.3		2119041
P/L of RMC grade M-20	13600	7061	Cum	6000	42366000	18 August 2009	5250	37070250		5295750
P/F of Bansi Paharpur pink/red in 50 mm flooring	175000	26581	Sqm	2100	55820100	15 September 2009	2042	54278402		1541698
P/F of Bansi Paharpur pink/red in solid kerb stone	3300	631	Cum	64000	40384000	15 September 2009	63734.55	40216501.05		167499
P/L of RMC grade M-25	45500	44418	Cum	6200	275391600	3 September 2009	5500	244299000		31092600
P/L of RMC grade M-35	850	1750	Cum	6400	11200000	18 August 2009	5850	10237500		962500
Reinforcement for RCC work including straightening, cutting, bending, placing in position and binding of TMT bars	3950	833	MT	40000	33320000	23 January-2010/1 August 2009	38736.5	32284164.5		1035835
P/F of Bansi Paharpur pink jail	1100	1051	Cum	120000	126120000	2 February 2010	103662	108949167		17170833
WMM as per UPPWD specifications	510	8433	Cum	2500	21082500	10 February 2009	2200	18552600		2529900
SS work of 316 grade in pipes and plates	31500	82322	kg	450	37044900	1 March 2009	366	30129852		6915048
P/F of solakunda granite in 19 mm flooring	69650	50561	Sqm	3735	188845335	1 September 2009	3600	182019600		6825735
P/F of ivory fantasy/solakunda granite in 40 mm flooring	7300	118646	Sqm	6000	711876000	16 February 2009	5850	694079100		17796900
P/F of Bansi Paharpur pink/red in 50 mm thick dry cladding	28000	9074	Sqm	2800	25407200	15 September 2009	1900	17240600		8166600
P/F of Bansi Paharpur pink/red in domes/chhatra/elephant features/chaitya type	650	1017	Cum	120000	122040000	15 September 2009	117405.75	119401647.8		2638352
P/F of toughened glass 12 mm	500	136	Sqm	7500	1020000	25 August 2009	4250.2	578027.2		441973
S/F of Mirzapur sandstone in 50 mm flooring	10400	1283	Sqm	2000	2566000	15 September 2009	1995	2559585		6415
S/F of SS staircase and gates duly fabricated of 304 grade	1400	259537	kg	510	132363870	10 August 2009	410	106410170		25953700
S/F of Mirzapur sandstone in 75/100 mm thick cladding	100	26	Cum	60000	1560000	17 March 2009	86509.5	2249247		
Grassing		468800	Sqm	200	93760000		135	63288000		30472000
					2988039895					183689001

Appendix-23

(Referred to in paragraph 2.2.31)

Statement showing excess expenditure due to non-execution of work at lower rates

Sl. No	Name of the Item	Qty. executed by other contractors at EA rates	EA approved rates at which payment made (₹ per cum/Kg)	Rates tendered by BPRIP (₹ per cum/Kg)	Excess expenditure (₹ in crore)
1.	a. Providing and fixing Granite free standing columns shaft (cum) b. Providing and fixing Granite free standing columns base (cum)	85.65 21.32	243639 181847	172000 200000	0.57
2.	Providing and fixing Bronze gate (Kg)	76790	1089.60	900	1.46
3.	Providing and laying of RMC Grade M-10 (cum)	11431.43	4750	4400	0.40
4.	Providing and fixing of Bansi Paharpur sandstone in columns, mouldings and cornices (cum)	159.96	82166	80000	0.03
				Total	2.46

Appendix-24

(Referred to in paragraph 2.2.33)

Statement showing variations in the prices of a few plants

Sl. No.	Name of the plant/tree	No. of plants purchased	Minimum Rates			Maximum rates			Range in per cent	Rates of Forest Department	Per cent Hike of minimum rates over the rates of Forest department
			Rates	Height	Period	Rates	Height	Period			
1.	Bottle Palm	6619	₹450	10 ft.	February 2008	₹ 3935	12 ft. to 15 ft.	September 2008 to June 2009	774	--	-
2.	Peepal	589	₹175	8 ft. – 10 ft.	June 2009	₹ 1200	8 ft. – 10 ft.	February to July 2011	586	₹ 14	1150
3.	Imli	916	₹ 200	4 ft. – 6 ft.	April to September 2010	₹ 600	--	February 2011	200	₹ 14	1329
4.	Thuja (Morpankhi)	3229	₹ 270	3 ft. to 4 ft.	August 2009	₹ 1850	-	-	585	--	-
5.	Maulsri	690	₹ 180	8 ft. to 10 ft.	November 2010	₹ 500	8 ft. to 10 ft.	February 2011	178	₹ 28	543

Appendix-25

(Referred to in paragraph 2.2.40)

Statement showing details of the committees formed for supervision and monitoring

Name of Department	Committee formed for supervision & monitoring	Brief scope of work of the committee	Deficiencies noticed in audit
HUPD	Committee formed (18 May 2007) under Chairmanship of Principal Secretary, Housing and Urban Planning	Supervision and review of the projects	<p>We noticed that this Committee did not work at all.</p> <p>HUPD stated (December 2013) that Committee regularly held weekly review meetings at the site; minutes were not prepared, but instructions were issued at the site to the concerned.</p> <p>The reply is not acceptable in the absence of written records of instructions issued, as there can be no oral instructions regarding matters with huge financial impact. There are also no records of compliance of the 'instructions' stated as having been issued.</p>
	Committee formed (21 January 2010) under Chairmanship of Vice-Chairman, LDA	Ensuring quality of higher specification, execution of works as per sanctioned items and quality of construction work.	We noticed that, in case of Eco Garden, the Committee confined itself to examination of only test reports of materials submitted by EA. It never monitored the work of Samajik Parivartan Sthal (except outside development works done by LDA) and Smarak Sthal.
DoC	Work Monitoring and Verification Committee (WMVC) formed (10 September 2007) under Chairmanship of Nideshak, Anveshnalay and Gunvatta Niyantaran Prakoshth.	Selection of artefacts, nature of statues, construction material and to ensure quality of Art works	We noticed that this Committee had been functional but performed only certain quality checks. The committee in its minutes recorded that it had been giving instructions to the EA regarding site inspection; quality of stones; quality of works and for price fixation but EA had not complied with and done the work on their own. This clearly shows that there was no effective monitoring and supervision, the non compliance of EA was never highlighted in order to make EA comply despite there being a major financial impact.
	Price Determination Committee (PDC) formed (6 November 2007) under Chairmanship of Nideshak, Anveshnalay and Gunvatta Niyantaran Prakoshth.	For price fixation of artefacts etc.	<p>The PDC was not involved in the price fixation. It recorded (12 July 2011) that it was not responsible for finalization of rates as it was done by the EA itself.</p> <p>This clearly shows that the PDC abdicated its responsibility.</p>
DoI	Higher Authorities of the Department	Terms of reference not specified	<p>No committee was formed. The DoI stated (November 2013) that though committee was not formed, higher authorities had monitored the works.</p> <p>Reply is not convincing as records of supervision and monitoring done by higher authorities were not made available to Audit except three inspection notes.</p>

Appendix-26

(Referred to in paragraph 3.1)

Statement showing short recovery of transit fee during the period 2005-06 to 2007-08

Sl. No.	Name of the District	Quantity in tones										Transit fee (₹ in lakh)		
		Sand	Morrum	Stone grit (Sand stone)	Stone Ballast (sand stone)	Boulder/ slab (sand stone)	Granite (dimensional stone)	Coal	Total	To be recovered at the rate of ₹ 38 per ton (Col. 10 x ₹ 38)	Actually recovered	Short recovery (Col. 11-Col. 12)		
1	2	3	4	5	6	7	8	9	10	11	12	13		
1	Banda	12483663	--	--	--	--	--	--	12483663	4743.79	--	4743.79		
2	Chandauli	243409	--	--	--	--	--	--	243409	92.50	--	92.50		
3	Muzaffar Nagar	203000	--	--	--	--	--	--	203000	77.14	50.53	26.61		
4	Sonebhadra	11507200	--	--	31292750	--	--	12129445	54929395	20873.16	29.01	20844.15		
5	Balrampur	5673134	--	2261986	--	--	--	--	7935120	3015.34	--	3015.34		
6	Kushi Nagar	--	--	--	--	--	--	--	--	--	--	--		
7	Basti	--	--	--	--	--	--	--	--	--	--	--		
8	Saharanpur	14554976	--	--	--	--	--	--	14554976	5530.88	776.31	4754.57		
9	Allahabad	3733222	--	22964216	1537000	--	--	--	28234438	10729.09	--	10729.09		
10	Barabanki	1073100	--	--	--	--	--	--	1073100	407.77	--	407.77		
11	Faizabad	350600	--	--	--	--	--	--	350600	133.23	--	133.23		
12	Gorakhpur	312066	--	--	--	--	--	--	312066	118.59	--	118.59		
13	Hameerpur	30736900	--	--	--	--	--	--	30736900	11680.02	3246.35	8433.67		
14	Jalaun	6166890	--	--	--	--	--	--	6166890	2343.41	696.97	1646.44		
15	Kaushambi	6961800	--	--	--	--	--	--	6961800	2645.49	0.11	2645.38		
16	Lakhimpur	42300	--	--	--	--	--	--	42300	16.07	2.29	13.78		
17	Lalitpur	88994	22372	2483924	--	2129850	519247	--	5244388	1992.87	110.73	1882.14		
18	Lucknow	341030	--	--	--	--	--	--	341030	129.59	--	129.59		
19	Mahoba	--	--	18676944	--	--	--	--	18676944	7097.23	2871.36	4225.87		
20	Mathura	155400	--	--	--	--	--	--	155400	59.05	--	59.05		
21	Meerut	198034	--	--	--	--	--	--	198034	75.25	--	75.25		
	Total	94825718	22372	46387070	32829750	2129850	519247	12129445	188843453	71760.47	7783.66	63976.81		

Appendix-27
(Referred to in paragraph 3.3)
Statement showing short levy of royalty on eucalyptus trees

Sl. No.	Name of the Division	Year	Diameter of the trees (in cm)	No. of trees felled by UPFC	Volume of tree			Prevailing rate of royalty (₹/cum)	Short levy of royalty (in ₹) (9 x 10)		
					As per norms prescribed in December 2008		Actual volume taken by the Department (in cum)			Difference in volume (in cum) (7-8)	
					Applicable factor for calculating volume	Volume (in cum) (5 x 6)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1	DCF, Shivalik, Saharanpur	2004-05	45-50	145	1.2299	178.336	140.215	38.121	827	31526	
				145		178.336	140.215	38.121		31526	
		2005-06	45-50	10	1.2299	12.299	9.670	2.629	868	2282	
				10		12.299	9.670	2.629		2282	
		2007-08	45-50	458	1.2299	563.294	442.886	120.408	1161	139794	
			50-55	937	1.5242	1428.175	906.079	522.096	1161	606153	
				1395		1991.469	1348.965	642.504		745947	
	2008-09	45-50	116	1.2299	142.668	112.172	30.496	1326	40438		
			116		142.668	112.172	30.496		40438		
	Sub Total			1666		2324.772	1611.022	713.750		820193	
2	DFO, Ambedkar Nagar	2005-06	45-50	25	1.2299	30.748	23.530	7.218	838	6048	
			50-55	12	1.5242	18.290	11.604	6.686	838	5603	
			55-60	7	1.8502	12.951	6.769	6.182	838	5181	
			60-65	3	2.2076	6.623	2.900	3.723	838	3120	
			65-70	1	2.5966	2.597	0.967	1.630	838	1366	
				48		71.209	45.771	25.438		21318	
		2006-07	45-50	68	1.2299	83.633	65.756	17.877	930	16626	
			50-55	27	1.5242	41.153	26.109	15.044	930	13991	
			55-60	19	1.8502	35.154	18.373	16.781	930	15606	
			60-65	11	2.2076	24.284	10.637	13.647	930	12692	
			65-70	2	2.5966	5.193	1.934	3.259	930	3031	
			70-75	3	3.0170	9.051	2.901	6.150	930	5719	
				130		198.468	125.709	72.759		67665	
		2007-08	45-50	42	1.2299	51.656	40.614	11.042	1135	12533	
			50-55	25	1.5242	38.105	24.175	13.930	1135	15811	
			55-60	2	1.8502	3.700	1.934	1.766	1135	2004	
			60-65	1	2.2076	2.208	0.967	1.241	1135	1409	
			65-70	1	2.5966	2.597	0.967	1.630	1135	1850	
				71		98.266	68.657	29.609		33607	
		2008-09	45-50	256	1.2299	314.854	247.552	67.302	1336	89916	
	50-55	7	1.5242	10.669	6.769	3.900	1336	5210			
		263		325.523	254.321	71.202		95126			
	Sub Total			512	693.466	494.458	199.008		217716		
3	DD, Barabanki	2004-05	45-50	230	1.2299	282.877	222.410	60.467	749	45290	
			50-55	26	1.5242	39.629	25.142	14.487	749	10851	
			55-60	3	1.8502	5.551	2.901	2.650	749	1985	
			60-65	1	2.2076	2.208	0.967	1.241	749	930	
				260		330.265	251.420	78.845		59056	
		2005-06	45-50	128	1.2299	157.427	125.226	32.201	838	26984	
				128		157.427	125.226	32.201		26984	
		2006-07	45-50	4	1.2299	4.920	4.593	0.327	930	304	
			55-60	2	1.8502	3.700	2.659	1.041	930	968	
				6		8.620	7.252	1.368		1272	
		2007-08	45-50	9	1.2299	11.069	9.428	1.641	1135	1863	
				9		11.069	9.428	1.641		1863	
		2008-09	45-50	10	1.2299	12.299	9.670	2.629	1336	3512	
			50-55	11	1.5242	16.766	10.637	6.129	1336	8188	
			55-60	3	1.8502	5.551	2.901	2.650	1336	3540	
			60-65	1	2.2076	2.208	0.967	1.241	1336	1658	
				25		36.824	24.175	12.649		16898	
			Sub Total			428	544.205	417.501	126.704		106073

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
4	DD, Sultanpur	2004-05	45-50	1448	1.2299	1780.895	1400.216	380.679	749	285129	
			50-55	246	1.5242	374.953	237.882	137.071	749	102666	
			55-60	202	1.8502	373.740	195.334	178.406	749	133626	
			60-65	33	2.2076	72.851	31.911	40.940	749	30664	
			65-70	6	2.5966	15.580	5.802	9.778	749	7324	
			70-75	5	3.0170	15.085	4.835	10.250	749	7677	
				1940		2633.104	1875.980	757.124		567086	
			2005-06	45-50	46	1.2299	56.575	44.482	12.093	838	10134
				46		56.575	44.482	12.093		10134	
			2006-07	45-50	229	1.2299	281.647	221.443	60.204	930	55990
				229		281.647	221.443	60.204		55990	
			2008-09	45-50	688	1.2299	846.171	658.849	187.322	1336	250262
				50-55	138	1.5242	210.340	132.963	77.377	1336	103376
				55-60	161	1.8502	297.882	153.510	144.372	1336	192881
				60-65	30	2.2076	66.228	29.010	37.218	1336	49723
				65-70	14	2.5966	36.352	13.538	22.814	1336	30480
				70-75	6	3.0170	18.102	5.802	12.300	1336	16433
				75-80	2	3.4693	6.939	1.934	5.005	1336	6687
				80-85	1	3.9529	3.953	0.967	2.986	1336	3989
					1040		1485.967	996.573	489.394		653831
	Sub Total			3255		4457.293	3138.478	1318.815		1287041	
5	DD Basti	2004-05	45-50	43	1.2299	52.886	41.580	11.306	749	8468	
			50-55	2	1.5242	3.048	1.935	1.113	749	834	
				45		55.934	43.515	12.419		9302	
			2005-06	45-50	51	1.2299	62.725	49.317	13.408	838	11236
				51		62.725	49.317	13.408		11236	
			2006-07	45-50	1	1.2299	1.230	0.967	0.263	930	245
				50-55	22	1.5242	33.532	21.274	12.258	930	11400
				23		34.762	22.241	12.521		11645	
			2007-08	45-50	142	1.2299	174.646	137.314	37.332	1135	42372
				50-55	2	1.5242	3.048	1.934	1.114	1135	1264
				144		177.694	139.248	38.446		43636	
			2008-09	45-50	13	1.2299	15.989	6.290	9.699	1336	12958
				13		15.989	6.290	9.699		12958	
			Sub Total			276		347.104	260.611	86.493	
6	DFO, Social Forestry, Deoria	2006-07	45-50	125	1.2299	153.738	120.875	32.863	930	30563	
			50-55	48	1.5242	73.162	46.416	26.746	930	24874	
				55-60	17	1.8502	31.453	16.439	15.014	930	13963
				60-65	2	2.2076	4.415	1.934	2.481	930	2307
				65-70	3	2.5966	7.790	2.901	4.889	930	4547
				195		270.558	188.565	81.993		76254	
			2007-08	45-50	217	1.2299	266.888	209.839	57.049	1135	64751
				50-55	49	1.5242	74.686	47.383	27.303	1135	30989
				55-60	22	1.8502	40.704	21.274	19.430	1135	22053
				60-65	4	2.2076	8.830	3.868	4.962	1135	5632
				65-70	1	2.5966	2.597	0.967	1.630	1135	1850
				293		393.705	283.331	110.374		125275	
			2008-09	45-50	9	1.2299	11.069	8.703	2.366	1336	3161
				50-55	4	1.5242	6.097	3.868	2.229	1336	2978
				55-60	7	1.8502	12.951	6.769	6.182	1336	8259
				60-65	1	2.2076	2.208	0.967	1.241	1336	1658
				21		32.325	20.307	12.018		16056	
	Sub Total			509		696.588	492.203	204.385		217585	
	Grand Total			6646		9063.428	6414.273	2649.155		2737385	

Appendix-28

(Referred to in paragraph 3.5)

Statement showing short deduction of Cess

(Amount in ₹)

Sl. No.	Name of the work	Agreement no. and Date	Name of the contractor	Amount paid (in ₹)	Cess to be deducted Col. 5 x 1 per cent	Cess deducted	Cess short deducted (Col.6 – Col. 7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Ghaziabad Development Authority							
1.	Construction of 384 houses at Madhuban Bapudham Yojna	697/FC/EE-I/09 dated 15.05.2009	Naresh Agrawal Engineering Pvt. Ltd.	122174727.00	1221747.27	--	1221747.27
2.	Construction of 384 houses at Madhuban Bapudham Yojna	648/FC/EE-I/09 dated 04.06.2009	Raj Kumar Tyagi	121236436.00	1212364.36	--	1212364.36
3.	Construction of 384 houses at Madhuban Bapudham Yojna	694/FC/EE-I/09 dated 12.05.2009	Ashok Kumar & Co.	124980392.00	1249803.92	--	1249803.92
4.	Construction of 384 houses at Madhuban Bapudham Yojna	647/FC/EE-I/09 dated 20.04.2009	Raj Kumar Tyagi	121294138.00	1212941.38	--	1212941.38
5.	Development works at Sector-B, Madhuban Bapudham Yojna	994/FC/EE-I/10 dated 22.06.2010	Vibhor Vaibhav Infrastructure Pvt. Ltd.	345450369.00	3454503.69	--	3454503.69
6.	Laying of trunk and sewer line at Noor Nagar	1029/FC/WS/10 dated 04.08.2010	N.K.G. Infrastructure Ltd.	100954869.00	1009548.69	--	1009548.69
7.	Construction of 56 mld sewage treatment plant at Dudaheera	570/FC/WS/09 dated 21.03.2009	N.K.G. Infrastructure Ltd.	603035066.00	6030350.66	--	6030350.66
8.	Construction of 56 mld sewage treatment plant at Indirapuram	581/FC/WS/09 dated 26.03.2009	Ultratech	624460947.00	6244609.47	--	6244609.47
9.	Construction of 56 mld sewage treatment plant at Govindpuram	557/FC/EE/WS/09 dated 20.3.2009	Vibhor Vaibhav Infrastructure Pvt. Ltd.	567526379.00	5675263.79	--	5675263.79
10.	Construction of 56 mld sewage treatment plant at Bapudham	795/FC/EE/WS/09 dated 15.12.2009	Vibhor Vaibhav Infrastructure Pvt. Ltd.	548022496.00	5480224.96	--	5480224.96
Total				3279135819.00	32791358.19	--	32791358.19
Kanpur Development Authority							
1.	Development works at Pocket-G, Highway City Awasiya Yojna	D-473/अ०अ०(3B)/08-09 dated 18.03.2009	Aryash Buildcon	15250252.36	152502.52	152556.00	--
2.	Construction of sewer drain on 24m wide road at Highway City Yojna	D-112/अ०अ० - 5/का०वि०प्रा०/10-11 dated 08.04.2010	Krishna Infrastructure	14311831.66	143118.32	143118.00	--
3.	Strengthening of Jhansi road from Kalyanpur railway crossing to Panki	36/अ०अ०-2/08-09 dated 26.02.2009	V.S. Buildcon	38063570.53	380635.71	--	380635.71
4.	Strengthening of Jhansi road from Kalyanpur railway crossing to Panki (Part-D)	37/अ०अ०-2/08-09 dated 26.02.2009	V.S. Buildcon	30190687.04	301906.87	--	301906.87
5.	Construction of rising main and pump house at Idgah park	D/108/ अ०अ० (1)/ का०वि०प्रा०/10-11 dated 04.06.2010	Royal and Co.	3382319.01	33823.19	33824.00	--
Total				101198660.60	1011986.61	329498.00	682542.58

Glossary of abbreviations

Abbreviation	Expanded form
ADA	Agra Development Authority
APO	Annual Plan of Operations
Bauddh Vihar	Bauddh Vihar Shanti Upvan and Eco Park, Lucknow
BOQ	Bill of Quantity
BPRIP	BPR Infrastructure and Parmitha (Joint venture), Hyderabad
C&AG	Comptroller and Auditor General of India
CAF	Compensatory Afforestation Fund
CAMPA	Compensatory Afforestation Fund Management and Planning Authority
CPWD	Central Public Works Department
CVC	Central Vigilance Commission
DA	Development Authority
DD	Divisional Director
DE	Detailed Estimate
DFO	Divisional Forest Officer
DMO	District Mining Officer
DoC	Department of Culture
DoI	Department of Irrigation
DPC Act	Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971
DPR	Detailed Project Report
DSR	Delhi Schedule of Rates
EA	Executing Agency
EC	Environmental Clearance
Eco Garden	Manyavar Shri Kanshiram Ji Green (Eco) Garden, Lucknow
EDC	Economic Development Committee
EFC	Expenditure Finance Committee
EIA	Environmental Impact Assessment
EPPL	Edison Projects (P) Limited
GDA	Ghaziabad Development Authority
GoI	Government of India
GoUP	Government of Uttar Pradesh
HLC	High Level Committee
HUPD	Housing and Urban Planning Department
IIDD	Infrastructure and Industrial Development Department
IR	Inspection Report
IRR	Internal Rate of Return
JIL	Jaiprakash Industries Limited, New Delhi
JMSC	Joint Market Survey Committee
JVC	Joint Venture Company
KDA	Kanpur Development Authority
LDA	Lucknow Development Authority
LoI	Letter of Intent
LSI	Light Sound Image System (I) Private Limited
MHLC	Monitoring High Level Committee
MIPPL	Maglink Infra Projects (P) Limited
MNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MoEF	Ministry of Environment and Forests
NEDA	Non-conventional Energy Development Agency

NHAI	National Highways Authority of India
NHDP	National Highways Development Programme
NOC	No Objection Certificate
NOIDA	New Okhla Industrial Development Authority
NPV	Net Present Value
PCCF	Principal Chief Conservator of Forests
PDC	Price Determination Committee
PE	Preliminary Estimate
PFAD	Project Formulation and Appraisal Division
PPP	Public Private Partnership
Perna Sthal	Rashtriya Dalit Perna Sthal and Green Garden, NOIDA
PWD	Public Works Department
RCC	Reinforced Cement Concrete
RMC	Ready Mix Concrete
ROE	Return on Equity
RSFAL	Ram Sutar Fine Arts Private Limited
Samajik Parivartan Sthal	Dr. Bhim Rao Ambedkar Samajik Parivartan Sthal, Lucknow
SEIAA	State Environment Impact Assessment Authority
Smarak Sthal	Manyavar Shri Kanshiram Ji Smarak Sthal, Lucknow
SOR	Schedule of Rates
SPV	Special Purpose Vehicle
SSPUPSAS	Smakon, Sangrahalayon, Sansthano, Parkon Va Upvano Aadi Ki Prabandhan Suraksha Evam Anurakshan Samiti
State CAMPA	State Compensatory Afforestation Fund Management and Planning Authority
TC	Technical Committee
TEA	Taj Expressway Industrial Development Authority
TEFR	Techno-Economic Feasibility Report
UC	Utilisation Certificate
UP State CAMPA	Uttar Pradesh Compensatory Afforestation Fund Management and Planning Authority
UPFC	Uttar Pradesh Forest Corporation
UPPCB	Uttar Pradesh Pollution Control Board
UPPWD	Uttar Pradesh Public Works Department
UPRNN	Uttar Pradesh Rajkiya Nirman Nigam Limited
WMVC	Work Monitoring and Verification Committee
YEIDA	Yamuna Expressway Industrial Development Authority

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