

SECTION ‘B’ – PARAGRAPHS

**RURAL DEVELOPMENT AND PANCHAYAT RAJ
DEPARTMENT**

**2.5 Unfruitful expenditure due to adoption of defective estimate
for a hospital building**

Failure of the Executive Engineer, Panchayat Raj Engineering Division, Mysore and Assistant Executive Engineer, Panchayat Raj Engineering Sub-division, Nanjangud to properly inspect the work site and prepare a realistic estimate for a hospital building at Tagadur village in Nanjangud taluk resulted in expenditure of Rs.23.02 lakh becoming unfruitful besides denial of improved health care facilities to the rural population

Administrative approval was accorded (March 2001) by the State Government for construction of a 30 bedded hospital at an estimated cost of Rs.36 lakh at Tagadur village in Nanjangud taluk under Zilla Panchayat (ZP), Mysore. The estimate was prepared based on the design approved (November 1997) by the Chief Architect, Government of Karnataka and after personal inspection of the site by the Assistant Executive Engineer (AEE) and Assistant Engineer, Panchayat Raj Engineering Sub-division, Nanjangud. The estimate was revised (July 2001) to Rs.39 lakh after inspection of the site by the Executive Engineer (EE), Panchayat Raj Engineering Division (PRED), Mysore and AEE, PRE Sub-division, Nanjangud. As per inspection, the proposed site for construction was in an elevated area and the strata was found to be very hard. The technical sanction was accorded (August 2001) by the Chief Engineer, PRE Department, Bangalore. The EE, PRED, Mysore entrusted (February 2002) the work to a contractor at his tendered rate of Rs.32.69 lakh with a stipulation to complete the work by September 2003.

The site for construction was handed over to the contractor during May 2002, three months after the date of entrustment. The work commenced immediately. During an inspection (November 2002), the EE, PRED, Mysore noticed that the terrain of the site was slopy with a difference in ground level from the rear end to the front of about 1.20 metres and that provisions made in respect of most of the civil work items in the estimate were insufficient and required additional quantities. Thus, it was evident that the site inspection

conducted by the EE and AEE prior to preparation of estimates (July 2001) and the estimates submitted were not realistic and deficient in as much as:

- ⇒ 74 columns were required to be constructed as against the 47 provided in the estimate
- ⇒ No provision was made in the estimate for stair case, head room, ramp, etc.

The EE, however, instructed the AEE, PRE Sub-division, Nanjangud to continue with the work and to submit a detailed report. The AEE submitted (March 2003) a revised estimate for Rs.54 lakh. The contractor stopped the work at the lintel level, as there was a vast difference in the quantities executed and provided in the estimate. The construction of the hospital building remained incomplete (September 2007) even after four years of the scheduled date of completion with an expenditure of Rs.23.02 lakh having been incurred thereon.

The Chief Accounts Officer, ZP, Mysore stated (March 2007) that the original estimate was prepared in a hurry to avoid lapse of grants and deficiencies in the sanctioned estimate were noticed only during the execution of work. The EE, PRED, Mysore stated (June 2007) that the work of construction of hospital would be entrusted to Karnataka Health Systems Development Programme, for speedy completion of the building.

Thus, failure of the EE, PRED, Mysore and AEE, PRE Sub-division, Nanjangud to conduct a comprehensive inspection of the work site and prepare realistic estimates thereof with adequate provision for all the required components resulted in expenditure of Rs.23.02 lakh becoming unfruitful besides denial of improved health care facilities to the rural population.

Government endorsed (September 2007) the reply (March 2007) of ZP, Mysore which contained the factual position. Specific replies to the lapses brought out were not furnished.

2.6 Unfruitful expenditure on a water supply scheme

Failure of the Chief Accounts Officer, Zilla Panchayat, and Executive Engineer, Panchayat Raj Engineering Division, Davanagere to arrange funds in time, obtain permission for drawing water and identify proper land for a water supply scheme to Dagainakatte and Yalodahalli in Channagiri taluk rendered the investment of Rs.70.50 lakh unfruitful

In order to mitigate the water scarcity problems of Dagainakatte and Yalodahalli villages in Channagiri taluk under Zilla Panchayat (ZP), Davanagere, the State Government released (March 2002) an amount of Rs.7.50 lakh for the work of a water supply scheme (estimated cost - Rs.60 lakh) to these villages with a stipulation that the ZP arrange 30 *per cent* of the funds required. The work was technically sanctioned (May 2002) by the Chief Engineer (CE), Panchayat Raj Engineering Department, Bangalore for Rs.69 lakh and was to be executed through Panchayat Raj Engineering Division (PRED), Davanagere. It was proposed to draw water from a canal of Bhadra Reservoir Project. The amount put to tender was Rs.62.06 lakh. The Executive Engineer (EE), PRED, Davanagere entrusted (May 2003) the work to a contractor at the negotiated tendered rate of Rs.68.27 lakh with a stipulation to complete (within nine months) the work by February 2004.

However, the site could only be partially handed over (July 2003) to the contractor, as the site and the design for the construction of water purifying unit (consisting of balancing tank, slow sand filter, pure water sump, etc.) was yet to be identified and finalised. The contractor commenced the work during July 2003 and submitted (November 2003) a claim for Rs.33.31 lakh, against which only an amount of Rs.7.14 lakh was paid (March 2004) by the EE, PRED, Davanagere. The contractor stopped the work due to non-payment of bills.

The design for the water purifying unit was approved by CE, PRE Department in January 2004 and site was finally handed over to the contractor during May 2004, after a delay of about three months of scheduled completion. The contractor, however, did not resume the work as his bills were pending settlement. The bills were settled in November 2004 and the contractor resumed work in January 2005. During the test-check (March 2005) of records of EE, PRED, Davanagere it was noticed that, in disregard of Government

instructions, no provision was made by the Chief Accounts Officer (CAO), ZP to provide funds for the work.

Meanwhile, the villagers objected (February 2005) to execution of the work at the site proposed for construction of pump house at the intake point and the EE, PRED, Davanagere chose (August 2006) an alternate site. The structural design for the pump house and alignment of pipes was approved during September 2006. It was noticed that in the alternate site there was a difference of about 6 metres in ground level which necessitated construction of a foot bridge and execution of additional items of work costing Rs.41 lakh (including provision for distribution pipelines, chain link fencing, water tank and deposit for electrification, etc.) which was yet to be approved (July 2007). As of April 2007, an investment of Rs.70.50 lakh was made and the work of water purifier unit and laying of pipes had been completed. The work of construction of foot bridge, retaining wall, etc., were still pending. Further, the request for drawing water from the Bhadra canal was still to be acceded to (July 2007) by the CE, Karnataka Neeravari Nigama Limited, the competent authority for according permission.

Thus, the work remained incomplete (July 2007) even after a delay of more than three years of scheduled completion. The permission to draw water from canal was also yet to be obtained (July 2007). Further, it was also noticed that provision for power supply was not made in the original estimate for the work and feasibility certificate not obtained from the power supply company.

The failures at different levels in completing the water supply scheme to Dagainakatte and Yalodahalli villages were as listed in the table below:

Officer responsible	Failure
CAO, ZP, Davanagere	<ul style="list-style-type: none">➤ Despite Government stipulation, failed to arrange for funds, in time, leading to delay in payment of contractor's bills and delay in progress of work
EE, PRED, Davanagere	<ul style="list-style-type: none">➤ Did not ensure availability of proper land before entrustment of work to the contractor➤ Failed to obtain permission for drawing water from the canal and to ensure availability of water throughout the year, prior to taking up of work➤ Did not finalise the design before entrustment➤ Failed to prepare a comprehensive estimate for the work➤ Did not involve the villagers or Grama Panchayat in selecting the location for pump house and raising main➤ Did not obtain feasibility certificate from power supply company

On this being pointed out, the EE, PRED, Davanagere stated (July 2007) that the work was delayed due to non-release of funds by the ZP and permission to draw the water from Bhadra canal would be obtained. Thus, the expenditure of Rs.70.50 lakh remained unfruitful even as of July 2007, besides denying the required safe drinking water to the needy rural population.

The Government endorsed (March 2006) the reply of the EE, PRED, Davanagere wherein it was stated that the work would be completed by March 2006. The work, however, remained incomplete (December 2007).

2.7 Unfruitful expenditure on the construction of a laboratory

Failure of the Executive Engineer, Panchayat Raj Engineering Division, Mandya in getting the design of the building for Insecticide and Fertilizer Control Laboratory at Mandya approved prior to entrustment of the work and the laxity in monitoring completion of the building rendered the investment of Rs.51.46 lakh unfruitful

Construction of a building for “Insecticide and Fertilizer Control Laboratory” at Mandya at an estimated cost of Rs.80 lakh was administratively approved (February 2003) by the State Government and technically sanctioned (December 2003) by the Chief Engineer (CE), Panchayat Raj Engineering Department, Bangalore. The work was to be executed on tender basis through the Panchayat Raj Engineering Division (PRED), Mandya. Funds amounting to Rs.80 lakh for construction of the building were released by Agriculture and Horticulture Department to Zilla Panchayat, Mandya during 2002-03.

The amount put to tender was Rs.55.10 lakh and Executive Engineer (EE), PRED, Mandya entrusted (August 2004) the work to a contractor at the negotiated cost of Rs.65.87 lakh, with a stipulation to complete the building within nine months (May 2005). However, the design of the building was approved by CE, Communication and Buildings (South), Bangalore only during November 2004 three months after entrustment of work.

The EE, PRED, Mandya did not monitor the progress of the work which was tardy, despite availability of sufficient funds. Further, it was noticed that some of the quantities executed far exceeded the entrusted quantity and such excess amounted to Rs.13 lakh. As of November 2007, the construction of the

laboratory on which an expenditure of Rs.51.46 lakh was incurred remained incomplete. Meanwhile, equipments worth Rs.11.14 lakh were supplied during 2006-07 and were lying idle with the Agriculture Department. Despite repeated request from the user department for completion of the building, adequate efforts were not made by the EE, PRED, Mandya to complete the work. The Chief Accounts Officer (CAO), ZP, Mandya stated (June 2007) that the building would be completed by June 2007 and action would be taken to hand over the building soon after its completion. The EE attributed (November 2007) the delay to the tardy progress of the work by the contractor. Though the building was scheduled to be completed by May 2005, the EE, PRED had not initiated any action against the contractor and the first notice was issued to the contractor only in September 2006. Even as of November 2007, construction of the laboratory was not completed.

Thus, the failure of EE, PRED, Mandya in getting the design of the building approved prior to entrustment of the work and laxity in monitoring the completion of the Insecticide and Fertilizer Control Laboratory building, even after a delay of about two years rendered the investment of Rs.51.46 lakh unfruitful.

The Government endorsed (January 2008) the reply of the CAO, ZP, Mandya, without specific remarks regarding action taken to complete the laboratory building.

2.8 Improper planning leading to blocking of grants and unfruitful expenditure

Improper planning for execution of a water supply scheme to Malavoor and 10 other villages under Zilla Panchayat, Dakshina Kannada, without ensuring availability of sufficient funds, resulted in blocking of Government of India grants to the tune of Rs.5.77 crore and rendering expenditure of Rs.16.14 lakh unfruitful

The Zilla Panchayat (ZP), Dakshina Kannada, submitted a proposal to the State Government (June 2002) for constructing a vented dam across the Gurpur river under the community based Sector Reform Pilot Project (SRP) in order to provide safe drinking water to Malavoor and 10 other villages in Mangalore taluk with a population of 46,307. An amount of Rs.5.77 crore

was earmarked for this scheme out of the grants received from Government of India (GOI) for the implementation of the SRP. National Institute of Technology, Karnataka, Surathkal, the appointed (October 2002) consultant for the project, submitted (March 2003) the conceptual design report for the project estimated to cost Rs.10.76 crore. Based on the instructions of the Government, the District Water and Sanitation Committee accorded (January 2004) administrative approval for the project at an estimated cost of Rs.14 crore. The Chief Engineer (CE), Panchayat Raj Engineering Department, Bangalore technically sanctioned (January 2005) the estimates, after a delay of one year.

Meanwhile, GOI instructed (January 2004) that the SRP stands discontinued from April 2004 and the unutilised balance under SRP was to be merged with the ongoing Swajaldhara Scheme. Audit scrutiny of the records of Chief Executive Officer (CEO), ZP, Dakshina Kannada revealed that an amount of Rs.0.93 crore was collected from the beneficiaries towards community contribution, as contemplated in the guidelines and as of November 2007, the ZP had an unutilised balance of Rs.7.28 crore (including community contribution, interest earned, etc.) for the implementation of the project.

Despite non-availability of sufficient funds, the CEO, ZP, Dakshina Kannada continued with the project under Swajaldhara scheme and technical sanction was obtained without making any provision for additional funds. Tenders were called for (September 2005) by the Executive Officer (EO), Taluk Panchayat (TP), Mangalore and the technical bid of the lone pre-qualified tenderer was rejected (November 2005) as there were adverse remarks on other works he had executed earlier. The work was re-tendered (May 2006) and the contractor quoted Rs.18.19 crore, which was yet (September 2007) to be approved by the Government. An expenditure of Rs.16.14 lakh had been incurred on the project so far (December 2007) towards consultancy charges, tendering, etc.

Thus, the rural population of Malavoor and other villages were denied envisaged safe drinking water despite collecting funds towards community contribution. It was also observed that a request was made to GOI for

additional funds only during October 2006, more than 30 months after the merger of the scheme. Though GOI reportedly agreed to execute the scheme under Swajaldhara, no additional funds were allotted. This resulted in blocking up of GOI grants of Rs.5.77 crore earmarked for the scheme for more than five years besides rendering an expenditure of Rs.16.14 lakh unfruitful. It is evident from the above that there were delays at various stages starting from according administrative and technical sanctions, tendering/re-tendering, etc., consequently delaying the commencement of the community based water supply scheme.

The Government endorsed (December 2007) the reply of the CEO, ZP, Dakshina Kannada stating that execution of the scheme within the available funds is under examination. The reply is not tenable as GOI/State Government had not provided any additional funds and the cost of the project is likely to escalate with the time. Further, failure to provide safe drinking water to the beneficiaries even after collecting community contribution was fraught with the risk of people not coming forward to contribute to such schemes in future thus also defeating the objective of institutionalising a participatory demand driven approach in community based rural water supply schemes.

2.9 Non-functional defluoridation plants

Failure of Executive Engineers of Panchayat Raj Engineering Divisions in ensuring availability of skilled manpower for maintenance of defluoridation plants resulted in unfruitful expenditure of Rs.5.49 crore

The State High Level Committee on Submission projects approved (October 2001) installation of 100 Reverse Osmosis (RO) Technology based defluoridation plants in 100 villages (one plant for each village) facing severe problem of excess fluoride. The Chief Engineer (CE), Panchayat Raj Engineering (PRE) Department was authorised by the State Government (October 2001) to identify the villages in consultation with Zilla Panchayats (ZPs) and to finalise the tender. The work was entrusted (April 2002) to two^φ firms (50 plants each) at the negotiated cost of Rs.10.20 lakh per plant. It was,

^φ WOTEC Water Technologies Private Limited, Vadodara, Gujarat and Water Treatment Company, Salem, Tamil Nadu

however, noticed that the CE, PRE Department instructed (November 2002) the Superintending Engineer (SE), PRE Department, Mysore Circle to conduct a pilot study regarding installation of RO plants. The reasons for commissioning a pilot study after entrustment of the installation work were not forthcoming. The SE in his pilot study reported (December 2002) that RO technology plants required annual replacement of membrane (costing Rs. One lakh each), the vital part of the plant and skilled manpower was required for operation and maintenance (O&M) of the plant.

However, the plants were installed (September 2002 to June 2003) in 100 selected villages under eight[^] ZPs. The conditions of contract stipulated erection, commissioning and maintenance of the plant for a period of 12 months. The terms and conditions of the agreement for supply and commissioning stipulated that the plants were guaranteed for a period of 18 months and RO membrane was guaranteed for a period of five years from the date of commissioning.

Audit collected information in respect of 59 defluoridation plants installed under five[♥] Panchayat Raj Engineering Divisions (PREs) in five ZPs. Scrutiny of records revealed that 55 out of 59 plants were not working for periods ranging from 2 to 45 months. Further it was noticed that 17 out of 55 plants (31 *per cent*) in three PREs stopped functioning within six months of being taken over by Grama Panchayats (GPs) indicating that these plants had not properly functioned after the initial maintenance period. As of November 2007, details of plants that were installed and functioning were as follows:

Zilla Panchayat	Panchayat Raj Engineering Division	Number of plants installed	Number of plants not functioning	Number of months for which plants were not functioning	Expenditure on non-functional plants (Rupees in lakh)
Belgaum	Chikkodi	16	16	23 to 45	163.20
Bijapur	Bijapur	21	20	10 to 38	204.00
Davanagere	Davanagere	5	5	23 to 43	51.00
Gulbarga	Gulbarga	4	4	20 to 31	28.60
Kolar	Chikkaballapur	13	10	2 to 19	102.00
Total		59	55		548.80

[^] Belgaum, Bijapur, Davanagere, Gadag, Gulbarga, Hassan, Kolar and Tumkur

[♥] Bijapur, Chikkodi, Chikkaballapur, Davanagere and Gulbarga

After the initial period of maintenance, the plants were to be taken over by GPs for further O&M. The Executive Engineers (EEs) of PREDs did not ensure availability of skilled manpower for O&M before taking over the plants by GPs. Due to lack of availability of skilled manpower for O&M, there was large-scale non-functioning of the plants.

Though the plants were not working for long periods, the EEs of PREDs concerned and CE, PRE Department had not taken action to get these plants repaired and put to use. The CE, PRE Department stated (November 2007) that terms of reference (ToR) had been finalised for maintenance of these plants after repairs and that ZPs were requested to furnish the amounts required for repairs. The fact, however, remained that the plants were yet to be repaired (October 2007).

Thus, the failure of EEs of PREDs and CE, PRE Department to ensure proper O&M of plants rendered the expenditure of Rs.5.49 crore unfruitful, besides continuous exposure of rural population to the ill effects of high fluoride contaminated drinking water, defeating the purpose of the installation of defluoridation plants.

The Government endorsed (May 2007) the reply of the EE, PRED, Davanagere that due to non-availability of funds at GPs, the plants were not maintained. The reply was not tenable as the department was aware of the fact that the defluoridation plants required skilled manpower for O&M and hence should have made adequate arrangement before taking up the project. Non-provision of the same deprived the rural poor of safe drinking water.

2.10 Loss of revenue due to delay in completion of construction of a shopping complex

The inadequate efforts of Assistant Executive Engineer, Panchayat Raj Engineering Sub-Division, Mulbagal to complete the construction of a shopping complex early and the Executive Officer, Taluk Panchayat, Mulbagal to auction the shops resulted in loss of estimated earnings of about Rs.43.56 lakh to the Taluk Panchayat

In order to augment its revenue resources, the Taluk Panchayat (TP), Mulbagal under Zilla Panchayat, Kolar entrusted (1996 and 1998) the work of construction of a shopping complex consisting of 74 shops to Panchayat Raj Engineering (PRE) Sub-Division, Mulbagal. It was proposed to collect an

advance of Rs.90000 and rent of Rs.1100 per month from each of the successful bidders. While the construction work was under progress (June 1999), 16 shops were unauthorisedly occupied by some persons who in turn approached the Court and obtained a stay against their vacation from the premises. The TP, however, resolved (December 2003) to regularise the unauthorised occupation of shops and collect the prescribed advance/rent from the date of occupation.

The scrutiny of records of Assistant Executive Engineer (AEE), PRE Sub-Division and Executive Officer (EO), TP, Mulbagal revealed the following irregularities in entrusting/execution and completion of the shopping complex.

- The AEE, PRE Sub-Division had incurred an expenditure of only Rs.0.18 lakh on the building during the period 2001-04 to complete the remaining items of work like painting, laying of rain water pipes, providing rain water protection, curing the roof and sajja, etc. This evidently indicates that the building was nearly completed by December 2000.
- Though the building was nearing completion by 2000-01, no action was initiated by the AEE, PRE Sub-Division to complete the building early in all respects and to hand it over. The EO, TP also failed to insist for early completion.
- The building was completed at an expenditure of Rs.47.44 lakh and handed over by the AEE, PRE Sub-Division to TP only during November 2005.

Though the building was formally handed over to the TP during November 2005, the remaining shops (excepting three shops for which there were no bidders) were auctioned only during June 2007 after a delay of more than 17 months. Thus, the inadequate efforts of the AEE, PRE Sub-Division and EO, TP, Mulbagal in completing/handing over and auctioning the shops had resulted in loss of anticipated revenue of about Rs.43.56 lakh[¥] to the TP. It was further noticed that the EO, TP failed to collect the envisaged revenue

[¥] For the period from April 2001 to March 2007 in respect of 55 shops

from the occupants and as of November 2007, an amount of Rs.11.39 lakh was still outstanding from the occupants of 16 shops regularised earlier.

The AEE, PRE Sub-Division, Mulbagal replied (January 2008) that the building could not be handed over due to pending minor works and delay in internal electrification of the building. The reply is not acceptable as it was the responsibility of the AEE to expedite the completion and hand it over so that the TP's revenue resources could have been augmented. The EO, TP had not furnished specific remarks for non-collection of envisaged revenue.

The matter was referred to Government in May 2007; reply had not been received (March 2008).

2.11 Unfruitful expenditure on a hospital building

Failure of the Executive Engineer, Panchayat Raj Engineering Division, Bijapur in preparing a proper estimate and to test the soil condition prior to entrustment of work coupled with failure of Chief Executive Officer, Zilla Panchayat, Bijapur in providing adequate funds for a hospital building at Kalakeri village resulted in expenditure of Rs.28.35 lakh becoming unfruitful

Consequent on upgradation (March 1997) of the Primary Health Centre at Kalakeri village in Sindagi Taluk as a Community Health Centre, the Chief Executive Officer(CEO), Zilla Panchayat (ZP), Bijapur proposed for construction of a 30 bedded hospital. The Government accorded (February 2001) administrative approval for constructing the hospital building at an estimated cost of Rs.55 lakh. The funds for the construction of the building were to be arranged by ZP, Bijapur through budget allocation. The type design approved by the Chief Architect was adopted and the estimate for the work was prepared on personal inspection (July 2001) of the site by the Assistant Executive Engineer (AEE), Panchayat Raj Engineering (PRE) Sub-Division, Sindagi, who certified the soil strata as hard. The estimate was technically sanctioned (July 2001) by the Chief Engineer (CE), PRE Department, Bangalore with a condition that soil has to be tested for hardness before the entrustment of the work.

In disregard of instructions of the CE and without ensuring the availability of adequate funds, the Executive Engineer (EE), Panchayat Raj Engineering Division (PRED), Bijapur entrusted (May 2002) the work to a contractor at his

tendered cost of Rs.48.36 lakh with a stipulation to complete the work by May 2003. The contractor commenced the work immediately. During the execution of the work, it was found that the site had loose black cotton soil and the soil test (May 2003) revealed that the strength bearing capacity (SBC) of the soil was less and required strengthening of foundation. Consequently, the design for the building was revised and approved (September 2003) by the CE, PRE Department with instructions to calculate the additional requirement of fund before further execution of work. The EE, PRED, Bijapur, however, did not estimate the additional requirement of fund.

Meanwhile, the contractor also demanded (December 2003) revision of contractual amount. Due to paucity of funds, the claims (August 2002 to May 2005) of the contractor aggregating to Rs.28.35 lakh, were paid in instalments between 2002-03 and 2007-08. Due to delay in payment and setting the demand for revision of estimate, the contractor stopped work after showing progress upto roof level. The AEE/EE did not monitor the progress of the work. Adequate efforts were not, however, made by the CEO, ZP/EE, PRED to mobilise funds for the completion of the building. Consequently, the building remained incomplete even after four years of the scheduled date of completion.

Thus, the failure of the authorities, as listed in the table below, rendered the expenditure of Rs.28.35 lakh unfruitful besides denying the rural people from improved health care facilities.

Authority	Failure
AEE, PRE Sub-division, Sindagi	<ul style="list-style-type: none"> ➤ Failed to assess the quality of the soil properly and certified the soil as hard ➤ Did not monitor the progress of the building
EE, PRED, Bijapur	<ul style="list-style-type: none"> ➤ Failed to comply with the instructions of the CE regarding soil testing and estimating the additional financial burden consequent to modification of design ➤ Did not ensure the availability of adequate funds for the completion of the building
CEO, ZP, Bijapur	<ul style="list-style-type: none"> ➤ Proposed the construction of the hospital building without ascertaining the funds availability with the ZP ➤ Failed to provide sufficient funds, as stipulated in the administrative sanction of the Government

The matter was referred to Government in November 2007; reply had not been received (March 2008).

2.12 Payment of consultancy fee for non-feasible schemes

The laxity of the Executive Engineer, Panchayat Raj Engineering Division, Koppal in conducting inspection prior to approval of the water supply schemes resulted in sanctioning of technically non-feasible schemes besides payment of Rs.1.38 crore towards consultancy fees

To improve the quality of water being supplied in chemically affected villages in the State, water supply schemes are being executed under Submission Projects under the Rajiv Gandhi National Drinking Water Mission. Based on the conceptual design reports (CDRs) submitted (December 2000 to January 2003) by the two[∞] consultants, the State Level Empowered Committee (SLEC) approved (December 2005) 20 water supply schemes in ZP, Koppal at a total estimated cost of Rs.165.66 crore. The consultants were paid an amount of Rs.2.49 crore towards preparation of CDRs in respect of these 20 projects.

It was noticed that the Superintending Engineer, Panchayat Raj Engineering (PRE) Circle, Bellary reported during May 2007 (on the basis of inspection conducted by Executive Engineer (EE), PRE Division (PRED), Koppal) to the Chief Engineer, PRE Department, Bangalore that 11 of the above 20 projects were not feasible as the consultants had identified the backwaters of Narayanapur dam as the source for nine of the projects, which was already being utilised for many lift irrigation schemes and the other two projects which were based on the gravity flow from the Thungabhadra dam were also not feasible due to the fact that the gravity flow would not be possible as both the projects were located near the downstream of the dam. Evidently, the CDRs for these 11 projects submitted by the consultants were defective. No action had been taken against the consultants for this lapse.

The laxity of the EE, PRED, Koppal in conducting the inspection prior to sanctioning of projects resulted in approval of CDRs without considering the technical feasibility of the schemes besides payment of consultancy fee of Rs.1.38 crore in respect of these 11 schemes. Records relating to execution of these works, though called for (October 2007) were not produced. As such, the consultancy fee aggregating to Rs.1.38 crore paid is likely to become wasteful.

The matter was referred to Government in December 2007; reply had not been received (March 2008).

[∞] Globe consultants, Bangalore – 16 projects and C-Sec Consultants, Bangalore – 4 projects

**RURAL DEVELOPMENT AND PANCHAYAT RAJ
DEPARTMENT
AND
AGRICULTURE AND HORTICULTURE DEPARTMENT**

2.13 Implementation of Drought Prone Area Programme

2.13.1 Introduction

Water is the basic requirement for sustenance of life. Recognising the importance of water conservation and the need for arresting rain water runoff, its harvesting in drought and desert prone areas and moisture conservation, Government of India (GOI) had launched various watershed development programmes since 1987. Based on recommendations of the Hanumantha Rao Committee and in recognition of the need for meaningful participation by user communities in watershed development, GOI issued guidelines for implementation of various watershed programmes in August 1995. The GOI further revised and issued (April 2003) Hariyali Guidelines in order to encourage active participation of village committees in the implementation of the programmes. The objective of the programme was harvesting of rain water to create sustainable sources of income for the village community and development of human and other economic resources of the rural area. Drought Prone Area Programmes (DPAP) comprises of watershed development schemes and Hariyali schemes. Audit test-checked (December 2006-April 2007) the implementation of DPAP in 5* Zilla Panchayats (ZPs) covering 14 taluks for the period 1999-2000 to 2006-07. The programme was implemented in 15 districts in drought prone areas of the State.

2.13.2 Planning process

Absence of long term planning

Long term perspective plans were not prepared and action plans prepared were deficient in many ways

The guidelines (2001) for watershed projects stipulated that the State Government had to prepare a long term perspective plan covering 15 years for treatment of drought prone and desert areas. The State Government and ZPs had not prepared any perspective plan. Watershed Committees were to prepare the action plan based on the perspective plan and forward it to the ZPs

* Bangalore(Rural) (Magadi and Kanakapur), Belgaum (Belgaum and Gokak), Chitradurga (Challakere and Hosadurga), Kolar (Kolar, Bangarpet, Gudibande and Bagepalli) and Tumkur (Chikkanayakanahalli, Gubbi, Koratagere and Sira)

for approval. With an intention to involve the villagers in the process of planning, guidelines (2003) stipulated that the Grama Sabhas have to prepare and approve the action plan. However, the Commissioner, Watershed Development Department issued detailed instructions regarding the responsibilities of Grama Panchayats (GPs) in the implementation of the programme only in May 2005. This resulted in GPs not involving themselves in the preparation and approval of action plan during the year 2003-04 to 2005-06. It was further noticed that the action plan approved by the ZPs were based merely on topo sheets/contour maps, where exact location of structures like check dams, boulder checks, contour bunds, etc., was not reflected. Contrary to the guidelines, the action plan did not have any mechanism for the maintenance of projects after completion. The action plans were also approved belatedly involving a delay ranging from 10 days to 15 months. Thus, improper preparation of action plan and delay in approval of action plan adversely affected the implementation of the programme, as discussed in subsequent paragraphs.

2.13.3 Financial Management

2.13.3.1 Non-receipt of assistance

Unsatisfactory implementation resulted in non-receipt of assistance of Rs.78.73 crore

The programme was a centrally sponsored scheme funded by GOI and the State Government in the ratio of 75:25 with a unit cost of Rs.6000 (Rs.4000 prior to 2000-01) per hectare. While the first instalment of Central funds for each batch was released unconditionally, subsequent instalments were released only when the unutilised balance was not more than 50 *per cent* with satisfactory physical progress, submission of proposals in time and production of audited statement of accounts. Due to non-adherence to these conditions, assistance of Rs.78.73 crore (Central assistance – Rs.58.21 crore and State share – Rs.20.52 crore) was not received in the selected ZPs as of October 2007. Even the reduced releases were not fully utilised.

The details were as follows:

(Rupees in crore)

Batch No.	Number of districts	Grants to be received			Actual grants Received			Balance grants to be received			Expenditure incurred	Balance
		Central	State	Total	Central	State	Total	Central	State	Total		
V	4	26.40	8.80	35.20	23.71	7.48	31.19	2.69	1.32	4.01	30.84	0.35
VI	5	26.33	8.77	35.10	14.17	4.82	18.99	12.16	3.95	16.11	18.53	0.46
VII	5	26.55	8.85	35.40	14.26	4.80	19.06	12.29	4.05	16.34	18.63	0.43
VIII	5	23.63	7.87	31.50	10.50	3.52	14.02	13.13	4.35	17.48	13.60	0.42
IX	5	21.26	7.09	28.35	16.56	4.87	21.43	4.70	2.22	6.92	19.27	2.16
X	5	17.72	5.91	23.63	4.49	1.50	5.99	13.23	4.41	17.64	5.40	0.59
XI	5	12.86	4.29	17.15	12.85	4.09	16.94	0.01	0.20	0.21	13.38	3.56
XII	5	4.29	1.42	5.71	4.29	1.40	5.69	-	0.02	0.02	2.45	3.24
TOTAL		159.04	53.00	212.04	100.83	32.48	133.31	58.21	20.52	78.73	122.10	11.21

In respect of Batch V, which was scheduled to be completed by March 2003, the percentage of actual grants received was 89 to the total allocation and the expenditure was 99 per cent of the grants received. However, in respect of Batches VI and VII scheduled for completion in March 2005 and 2006 respectively, the grants received were only 54 per cent of the allocation.

It was observed in the test-checked ZPs that the State Government released its share belatedly with a delay ranging from one month to 23 months as against the prescribed time of 15 days from the date of release of Central grants. Audit observed that there were delays ranging from 14 days to 30 months on 60 occasions in release of funds ranging from Rs.0.10 lakh to Rs.111.37 lakh by ZPs to the Project Implementing Agencies. The ZPs generally attributed the delay to non- preparation of action plans in time which also affected the schedule of completion of project as commented in paragraph 2.13.2.

2.13.4 Programme implementation

2.13.4.1 Project execution

Batch-wise details of watershed projects sanctioned, area proposed to be treated and actually treated as of February 2008 in the test-checked ZPs were as under:

(Area in Hectares)

Batch	Year of sanction	Targetted year of completion	Number of projects sanctioned	Targetted area for treatment	Area treated	Balance
V	1999-2000	2002-03	176	88000	81200	6800
VI	2000-01	2004-05	117	58500	35400	23100
VII	2001-02	2005-06	118	59000	34500	24500
VIII	2002-03	2006-07	105	52500	25725	26775
IX	2003-04	2007-08	105	52500	31875	20625
X	2004-05	2008-09	105	52500	19875	32625
XI	2005-06	2009-10	127	63500	32625	30875
XII	2006-07	2010-11	127	63500	13575	49925
Total			Batch V to VIII	258000	176825 (69 percent)	
			Batch IX to XII	232000	97950 (42 percent)	

Tardy implementation resulted in non-achievement of objectives of water and soil conservation

An expenditure of Rs.68 crore had been incurred on projects in Batches V, VI and VII slated for completion by March 2003, March 2005 and March 2006 respectively. Out of the 88,000 hectares proposed to be treated under Batch V by March 2003, 81200 hectares (92 *per cent*) had been treated. In respect of Batches VI and VII, the area of land treated was 61 *per cent* and 58 *per cent* indicating slow implementation of the project. The projects sanctioned under Batch VI to VIII (slated for completion in 2004-05 and 2006-07 respectively) were not completed as of February 2008. Thus, delay in completion of projects for treatment of land resulted in non-achievement of the objectives of water conservation, soil conservation and increased agricultural productivity.

2.13.4.2 Community contribution

Community contribution amounting to Rs.83 lakh not collected

The guidelines stipulated people's contribution of 10 *per cent* of cost on individual lands (5 *per cent* in case of SC/ST and persons below poverty line) and 5 *per cent* of cost of works for community project as a mandatory condition for selection of villages under the programme. The contribution collected was to be credited to the watershed development fund for utilisation for maintenance of assets created on community land. Test-check of records in the selected blocks of ZPs test-checked revealed that there was a shortfall in collection of community contribution aggregating Rs.83 lakh of all batches.

2.13.4.3 Capacity building

Non-taking up of entry point activities resulted in inadequate capacity building

The scheme guidelines envisaged participatory rural appraisal and active involvement of villagers in the planning, implementation and maintenance of projects. The guidelines provided for entry point activities like training of all functionaries and elected representatives of GPs and community mobilisation before finalisation of action plan and commencement of work. Audit noticed that in two selected ZPs[¶] the training activities had not been taken up in the crucial first and second year of implementation of programme in respect of Batches V to VIII.

[¶] Chitradurga and Kolar

2.13.5 Monitoring and evaluation

2.13.5.1 Monitoring

Monitoring was deficient

The guidelines stipulated that a State Level Watershed Development Committee has to be constituted to co-ordinate the implementation of the programme among the different departments involved in the implementation. It was further stipulated that this Committee may meet twice a year to monitor, review and evaluate the progress of the implementation of programme. It was further stipulated that a District Watershed Development Committee was to be constituted under ZP and this Committee shall meet atleast once in a quarter and review the progress of the scheme.

Though it was stated that the State Level Watershed Development Committee had met, no records indicating the number of meetings held, etc., were made available to audit. Audit further noticed that the meetings of the District Watershed Development Committees were not held at regular intervals and also no follow-up action had been taken on the decisions of the meeting. Thus, there was deficiency in monitoring which is evident from the fact that there was poor utilisation of funds, non-completion of projects and non-achievement of the targeted area for treatment.

2.13.5.2 Evaluation

Follow up action on evaluation studies not apparent

Evaluation studies conducted (2005-06) by independent agencies on execution of works of different batches disclosed among other things (i) training and entry points activities were inadequate and should be need based, (ii) the assets created need proper maintenance, (iii) quality of works needs improvement, (iv) more awareness of programme required in groups like Watershed Development Team/Self Help Groups/User Groups. Details of action taken on the evaluation studies were not apparent.

2.13.6 Conclusion

Review of the implementation of the DPAP in selected ZPs revealed that long term perspective plan were not prepared. Action plans prepared by GPs were deficient in many ways as villagers/users/Grama Sabhas were not involved in

their preparation. Projects were not completed due to poor monitoring and there was inadequate capacity building. Adequate funds were not made available for maintenance due to short collection of community contribution.

The matter was referred to Government in August 2007 and their reply awaited (March 2008).

**RURAL DEVELOPMENT AND PANCHAYAT RAJ
DEPARTMENT
AND
FOREST, ECOLOGY AND ENVIRONMENT
DEPARTMENT**

2.14 Avoidable extra expenditure on maintenance of seedlings

The injudicious decision of the District Level Committee, Chitradurga to raise seedlings in large numbers without proper assessment of demand resulted in non-distribution of seedlings in full and avoidable extra expenditure of Rs.49.95 lakh on maintenance of seedlings for another year

For raising seedlings under Social Forestry, the following strategy and guiding principles were adopted (September 2005) in the State:

- ⇒ the seedlings were to be raised based on demand and not calculated on the basis of land area
- ⇒ the seedlings raised in one year should not be carried forward for the next year as it will lose its vitality due to root coiling and such seedlings will not respond on planting in fields
- ⇒ the Deputy Conservators of Forest should not justify carrying forward the seedlings to next year by citing their inability to distribute the seedlings.

Under the National Food for Work (NFFW) Programme, it was decided (January 2006) by the District Level Committee comprising the Deputy Commissioner, the Chief Executive Officer (CEO) of Zilla Panchayat (ZP) and the Deputy Conservator of Forest, Social Forestry Division (DCF, SF), Chitradurga to raise and distribute 45.60 lakh seedlings to the 185 Grama Panchayats (GPs) in the jurisdiction of the ZP at an estimated expenditure of Rs.2.22 crore. The GPs, in turn, were to distribute the seedlings to the

farmers. The farmers were to dig pits on their own and were eligible for payment of Rs.9.75 per pit. The GPs were required to place indent for seedlings, in advance, for their requirement and the entire process was to be completed between May and July 2006, before the onset of monsoon. Though it was decided (April 2006) to distribute a maximum of 20,000 seedlings to each GP and 100 seedlings to each farmer, it was relaxed (August 2006) and nodal officers were instructed to distribute the seedlings based on the demand from the farmers.

The test-check of records of DCF, SF, Chitradurga disclosed that, in disregard of guiding principles, a total of 42.80 lakh seedlings were raised during 2006-07 at a cost of Rs.2.16 crore, without ascertaining the actual demand from the GPs. Of this, the DCF, SF, could distribute only 21.60 lakh seedlings to GPs during 2006-07. The scrutiny of information collected by audit from 13 GPs, inter alia, revealed the following irregularities:

- No indents were placed by the GPs for seedlings
- No action plan was prepared by the GPs for implementation of the project during 2006-07
- List of beneficiaries was not prepared and forwarded to taluk/district level authorities prior to raising of seedlings
- In many GPs, farmers did not come forward to receive the seedlings resulting in drying up of bulk of seedlings (entire lot in certain GPs)
- No funds were earmarked for making payments to the farmers.

Due to non-distribution of seedlings as per plan/schedule, the DCF, SF was forced to maintain the balance 21.20 lakh seedlings raised at a cost of Rs.1.19 crore for another year (till next monsoon season during 2007-08) by incurring an expenditure of Rs.49.95 lakh.

Evidently, the guiding principles regarding raising of seedlings were flouted by the District Level Committee (involving the CEO, ZP and DCF, SF) and orders for raising of seedlings were issued without assessing the demand from the GPs, which led to non-distribution of 50 *per cent* of the seedlings raised and avoidable extra expenditure on maintenance for another year. It was

replied (July 2007) by the DCF, SF, Chitradurga that the approval of the higher authorities had been obtained to maintain and distribute the balance seedlings during 2007-08. It was, however, noticed that, even as of August 2007, out of balance 21.20 lakh only 12.89 lakh seedlings were supplied/planted leaving a balance of 8.31 lakh seedlings with the DCF, SF, Chitradurga.

Thus, the injudicious decision of the CEO, ZP and DCF, SF, Chitradurga to raise huge number of seedlings without any assessment resulted in avoidable extra expenditure of Rs.49.95 lakh on maintenance of balance seedlings. The expenditure towards maintenance is likely to escalate due to efflux of time and non-distribution of balance seedlings during monsoon period of 2007-08. Further, it was clearly stipulated in the guiding principles that the undistributed seedlings will lose vitality due to root coiling and would not respond on planting in the field. As such, the survival of the seedlings planted during the subsequent year was doubtful.

The matter was referred to the Government in July 2007; The Government while justifying action of CEO, ZP and DCF, SF in maintaining the seedlings had attributed (February 2008) non-distribution of seedlings to drought condition in Chitradurga district during 2006-07. The reply is not tenable as seedlings were raised in huge quantity without assessing the demand from the GPs. Further, the justification of the DCF,SF, Chitradurga in carrying forward the seedlings to next year on account of inability in distribution was also against the prescribed guiding principles.

**RURAL DEVELOPMENT AND PANCHAYAT RAJ
DEPARTMENT
AND
SOCIAL WELFARE DEPARTMENT**

2.15 Unfruitful investment on hostel buildings

Failure of the Executive Engineer, Panchayat Raj Engineering Division, Kolar to prepare a comprehensive estimate for a hostel building at Sundarapalya village and entrustment of work in disregard of the instructions of the Chief Engineer coupled with failure of the District Social Welfare Officer, Kolar in ensuring a proper site for hostel building at Tayalur village rendered the total investment of Rs.33.70 lakh unfruitful

The work of construction of two hostel buildings for Scheduled Castes (SC) and Scheduled Tribes (ST) students at Sundarapalya (in Bangarpet taluk) and Tayalur (in Mulbagal Taluk) villages under Zilla Panchayat (ZP), Kolar at an estimated cost of Rs.22 lakh each was administratively approved (September 2000) by the State Government in Social Welfare Department (SWD). The estimates prepared by the Executive Engineer (EE), Panchayat Raj Engineering Division (PRED), Kolar were technically sanctioned (June 2001) by the Chief Engineer (CE), Panchayat Raj Engineering Department, Bangalore. The EE, PRED, Kolar entrusted (October 2001) both these works to a contractor at his tendered rate of Rs.19.36 lakh and Rs.18.95 lakh respectively with a stipulation to complete the work within 15 months (January 2003). Test-check of records of the EE, PRED, Kolar revealed that the work of construction of both the hostel buildings remained incomplete, even as of July 2007, rendering the total investment of Rs.33.70 lakh unfruitful. Further scrutiny disclosed the following :

(a) Hostel building at Sundarapalya

The site for the construction was handed over to the contractor and the work commenced on 19 October 2001. As against the claims of the contractor for Rs.20.07 lakh, an amount of Rs.18.14 lakh had only been paid (July 2003) by the EE, PRED, Kolar on the grounds that the contractor had executed certain items of work like staircase, compound wall and cloth washing platforms not contemplated in the estimate. The contractor stopped the work without completing the flooring and plastering of the hostel building. The Assistant Executive Engineer (AEE), PRE Sub-division, Bangarpet reported (November

2003) that sufficient provision was not made in the estimate for electrification, drinking water supply, compound wall, etc., and submitted (February 2004) a sub-estimate for Rs.5.80 lakh to the District Social Welfare Officer (DSWO), Kolar, which was yet to be approved (February 2007). Apart from issuing notices (September 2003 to February 2006) to the contractor no action had been initiated by the EE, PRED, Kolar to complete the hostel building even after four years of scheduled completion and additional funds for completion of the building were also not arranged. Even as of July 2007, the hostel building on which an expenditure of Rs.18.14 lakh was incurred remained incomplete. The EE, PRED, Kolar stated (February 2007) that a final notice would be served to the contractor.

(b) Hostel building at Tayalur

For construction of the hostel building, a private land purchased at a cost of Rs.5.99 lakh was made available (August 2001) by the DSWO, Kolar to EE, PRED, Kolar. The EE did not ascertain the suitability of the land before preparing the estimate and forwarding it for sanction. The estimate for the work was prepared based on the Schedule of Rates (SR) of 1999-2000. The CE while according (June 2001) technical sanction for the work, instructed the EE, PRED, Kolar to get the soil tested before commencing the work to ensure the strength bearing capacity (SBC) of the soil. The EE, however, did not comply with this condition and entrusted (October 2001) the work to the contractor. During earth excavation it was noticed that the soil strata was not conducive for construction and an alternate site* was handed over (July 2002) to the contractor.

The contractor commenced work in the new site and achieved a physical progress up to roof level for which he was paid Rs.9.57 lakh. Consequent to revision (August 2002) of SR, a revised estimate for Rs.36.67 lakh was submitted (February 2004) to DSWO, Kolar. As of February 2007, the approval had not been accorded by the SWD. Further, it was also noticed by the AEE, PRE Sub-division, Mulbagal that the quality of work executed by the contractor was very poor and consequently notices were issued to the

* Land received by SWD as donation

contractor to rectify the sub-standard work. Meanwhile, a dispute arose (May 2004) regarding title of the land and the contractor had to stop the work. Though the dispute was settled (August 2004) in favour of the department, the contractor did not resume the work demanding payment at revised rates. As mentioned earlier, approval for the revised estimate had not yet been received (February 2007). As a result, the work remained incomplete (July 2007) even after more than four years of scheduled completion rendering the expenditure of Rs.15.56 lakh[£] unfruitful besides additional financial burden of Rs.17.72 lakh.

The long delay in completion of these hostel buildings was attributable to the lack of coordination between the departments and the failures of the authorities as shown in the table below.

Executive Engineer, Panchayat Raj Engineering Department, Kolar	District Social Welfare Officer, Kolar
<ul style="list-style-type: none"> ➤ ensuring a comprehensive estimate covering all the required items of work prior to entrustment of work to the contractor ➤ complying with the instructions of the CE, PRE Department to get the soil tested 	<ul style="list-style-type: none"> ➤ ensuring inclusion of all the requisite components in the original estimate ➤ long delay in obtaining approval to the estimates ➤ arranging adequate funds for the works

Thus, the laxity of the authorities in expediting the completion of hostel buildings rendered the total investment of Rs.33.70 lakh unfruitful besides denying the intended benefits to the SC/ST students. The matter was referred to Government in November 2006 (Rural Development and Panchayat Raj Department) and April 2007 (Social Welfare Department); reply had not been received. Responsibility had to be fixed for the failure of officers in preparing comprehensive estimate incorporating all the required components and ensuring a proper site for construction of hostel buildings, because of which the social objective of providing improved educational facilities to the SC/ST students of rural areas was defeated and the total investment of Rs.33.70 lakh was rendered unfruitful.

[£] Payment made to contractor – Rs.9.57 lakh and expenditure on land – Rs.5.99 lakh

COMMERCE AND INDUSTRIES DEPARTMENT

2.16 Artisan Training Institutes

The Superintendents/Industrial Promotion Officers of the Artisan Training Institutes failed to review/monitor the functioning of the institutes though the enrolment of students was very low and huge expenditure was incurred on the establishment

Artisan Training Institutes (ATIs) were established (1960-61) in the State with the objective of imparting training in various crafts such as carpentry, black smithy, leather tanning, weaving, general engineering, etc., to the rural poor to enable them to be self-reliant. These ATIs were functioning under the jurisdictional control of Department of Industries and Commerce in Zilla Panchayats. A mention was made in the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1999 on the failure of the Department to monitor the working of ATIs which were functioning with very less number of candidates. Consequently, the Department restructured (February 2003) the ATIs by closing 22 out of 42 ATIs and reorganising the crafts in the remaining 20 ATIs.

Audit collected information regarding the number of candidates trained, staff strength, expenditure on establishment, etc., from six ATIs for the period from 2001-02 to 2006-07. An analysis of the information revealed that 202 candidates were trained in these ATIs during the period 2000-03 (period prior to restructuring). The percentage of candidates trained to intake capacity in these ATIs ranged between zero and 37 during the period and an expenditure of Rs.1.31 crore was incurred on the establishment. Post-restructuring 189 candidates were trained during the period 2003-07 at an expenditure of Rs.2.48 crore. The percentage of candidates trained to intake capacity ranged between zero and 51 during this period. Details of training imparted and expenditure incurred on the establishment of these ATIs after the restructuring was as shown in the table below. The year-wise details for individual ATIs are exhibited in the **Appendix 2.4**.

Artisan Training Institute	Total intake capacity during 2003-07	Total candidates trained during 2003-07	Percentage of candidates trained to intake capacity during the period ranged between	Expenditure on establishment (Rupees in lakh)
Tumkur	140	59	0 to 46	29.95
Hubli	60	5	7 to 13	46.81
Channapatna	210	30	0 to 22	51.46
Hassan	180	40	0 to 51	31.75
Chikkaballapur	180	55	22 to 43	42.91
Chitradurga	165	Nil	Nil	44.65
Total				247.53

An expenditure of Rs.2.48 crore had been incurred on the pay and allowances of the staff of these ATIs during the period from 2003-04 to 2006-07. Further scrutiny of the data revealed, inter alia, the following deficiencies :

- ⇒ No candidate was admitted and trained in the ATI at Chitradurga during 2003-07, apparently due to lack of response to the trades/training offered, whereas an expenditure of Rs.44.65 lakh had been incurred on establishment.
- ⇒ In respect of ATI at Tumkur, though training in only two[£] trades was to be imparted after restructuring (as against the five earlier), the ATI did not comply with Government Orders and irregularly continued with the earlier trades. Further, the sanctioned strength of staff which was nine with intake capacity of 105 (2003-04) was increased to 10 while the intake capacity was reduced to 45.
- ⇒ In respect of ATI at Chikkaballapur, sanctioned strength of staff remained the same during 2000-07 even though the intake capacity was reduced from 60 to 30.

The low percentage of enrolment of students resulted in major portion of the staff of ATIs remaining idle during the period 2003-07. The Heads of these ATIs generally attributed this to the meagre rate of stipend being paid to candidates and outdated technology of the crafts as reasons for low enrolment of students. Evidently, the functioning of the ATIs, on which an expenditure of Rs.2.48 crore was incurred during 2003-07 (in these six ATIs), had not been monitored regularly by the Superintendent/Industrial Promotion Officer of the

[£] tailoring and embroidery

institutes. Besides, machinery valued at Rs.46.07 lakh were not utilised to its full extent in these institutes.

On this being pointed out, the Government attributed (December 2007) the low enrolment to the fact that the candidates trained in these institutes were not getting employment either in the Government or in the private sector. It further stated that the action would be taken to close 11 out of the balance ATIs in the State and to transfer the staff/machineries to the remaining institutes. The reply is not acceptable as closing down the ATIs which were established with the social objective of imparting training to rural poor near their places may result in denial of rightful opportunities. In the light of advancing technology, there is an urgent need to review the functioning of the ATIs besides ensuring the employment opportunities to the candidates.

GENERAL

2.17 Follow-up action on Audit Reports

According to the Hand Book of Instructions for speedy settlement of audit observations, etc. issued by the Finance Department and the Rules of Procedure (Internal Working) of the Public Accounts Committee, the departments of Government should prepare and forward to Karnataka Legislative Assembly Secretariat, detailed explanations in the form of Action Taken Notes (ATNs) on the paragraphs/reviews featured in the Reports of the Comptroller and Auditor General of India within four months of the presentation of the Reports in the Legislature, duly getting the ATNs vetted by Audit.

The details of presentation of the Reports of the Comptroller and Auditor General of India (Zilla Panchayats/PRIs) from the year 2000-01 onwards, to the State Legislature, are given below:

Audit Report for the year ending	Month of presentation to the Legislature
2001	March 2003
2002	February 2004
2003	July 2005
2004	July 2006
2006	July 2007

ATNs have, however, not been received by Audit for many of the observations even as of January 2008. The department-wise position of pendency is furnished in the **Appendix 2.5**.

While the above Reports presented to the State Legislature featured audit comments noticed during the review of implementation of various schemes and serious irregularities like misappropriation of funds/stores, delay in completion of schemes/buildings leading to idle investments, unfruitful/irregular/infructuous expenditure etc., the Government had not communicated (January 2008) details of action taken to plug the loop holes in the system that led to these financial improprieties. The departments concerned need to be instructed to forward the ATNs on the paragraphs/reviews featured in these Audit Reports to the Karnataka Legislature without undue delay.

BANGALORE
The

(USHA SANKAR)
Principal Accountant General
(Civil and Commercial Audit)

COUNTERSIGNED

NEW DELHI
The

(VINOD RAI)
Comptroller and Auditor General of India