

CHAPTER 2

PERFORMANCE AUDITS

This chapter contains audit of withdrawals from General Provident Fund (Group D) accounts in the office of the District Judge, Ghaziabad and performance audits on Infrastructure Development Programmes in Poorvanchal and Bundelkhand regions, Accelerated Irrigation Benefits Programme, Old Age Pension and National Family Benefit Schemes and Bhoomi Sena Yojna/Kisan Hit Yojna.

Law and Justice Department

2.1 Audit of withdrawals from GP Fund (Group D) accounts in the office of District Judge, Ghaziabad

Executive Summary

Audit was conducted of withdrawals from GPF (Group D) accounts for the period 2001-08. It revealed the following:

- Unauthorised sanctions were issued for advances/withdrawals by DDOs for an amount of Rs 3.33 crore representing 55 *per cent* of the total sanctions. The balances noted in 338 sanctions issued, out of a total of 352 sanctions representing 96 *per cent* of the cases, differed with that recorded in the GPF (Group 'D') ledger.
- Rupees 1.80 crore were drawn in the name of 49 non-employees. Rupees 32.70 lakh were fraudulently drawn in favour of six fake appointees. Rupees 64.19 lakh were disbursed to 23 Group 'D' employees in excess of balances available in GPF ledgers. Rupees 57.18 lakh were paid to 11 Group 'C' employees from their closed GPF (Group 'D') accounts. The internal control system in the office was totally ineffective as there was no proper record management and adherence to rules was weak.
- A certain employee continued to be entrusted with the work of maintenance of GPF (Group 'D') accounts and preparation of GPF advances/withdrawal bills for 15 years. Initially a ministerial staff handling GPF (Group 'D') related work as a Third Bill Clerk/Bill Clerk, etc. during 1995-2004 and later on discharged duties of Central Nazir/Deputy Nazir during 2004-08. Concentration of the key stages of transactions viz. maintenance of records and the sanction process with a single individual facilitated the fraudulent withdrawals.
- Chief Treasury Officer (CTO), Ghaziabad, passed 144 bills representing 20 *per cent* without numbers. He also passed 147 numbers representing another 20 *per cent* with the same bill number. The CTO accepted 395 numbers representing 54 *per cent*, GPF related bills from the office of the District Judge, Ghaziabad, which were not entered in any Treasury Bill Register. He also accepted 157 bills representing 22 *per cent* of the total bills paid through unauthenticated Treasury Bill Register during 2007-08 itself. Audit has revealed that there is no proper system of reconciliation of transactions between the DDOs and the Treasury.

2.1.1 Introduction

Audit of the General Provident Fund (GPF) Group “D” accounts of District Judge (DJ), Ghaziabad for the period 2001-08 was conducted at the request of State Government from 24 August 2008 to 12 September 2008 and from 16 February 2009 to 07 March 2009. The records relating to GPF drawals made by DJ, Ghaziabad at the District Treasury, Ghaziabad were also examined. The computerized data of the treasury from August 2001 to March 2008, computerized pay bills, employee master of DJ, Ghaziabad were also analysed.

2.1.2 Limitations of audit

As the case was under investigation of the investigating agencies which had taken several records in original, audit had to rely on photocopies of those records. Moreover, DJ, Ghaziabad also did not furnish complete reply to audit memoranda which were issued to him to elicit information and for confirmation of the facts and figures.

2.1.3 Organisational set-up

The DJ is the administrative head of the office and the Drawing and Disbursing Officer (DDO). The DJ, however, had nominated one of the Additional District & Sessions Judges (ADJ) as DDO.

During 2001-08, 12 judges held the charge of DJ, Ghaziabad and nine ADJs worked as DDOs for different periods (*Appendix-2.1.1*).

2.1.4 Audit objectives

Objectives of the special audit were to see whether:

- prescribed system of processing of GPF advance/withdrawal applications for GPF (Group D) accounts and sanction thereof was adhered to;
- internal control mechanism existed and was exercised effectively; and
- the treasury exercised the prescribed checks on the GPF (Group D) advance/withdrawal bills received from DJ, Ghaziabad.

2.1.5 System of maintenance of GPF (Group D) accounts

Unlike other categories of employees¹ maintenance of GPF Group “D” accounts is the responsibility of the Heads of Offices/DDOs who are required to maintain GPF (Group D) accounts in accordance with the instructions contained in Government Order 23 October 1961, 28 February 1962, GPF Rules, 1985 and subsequent orders issued by the Government as well as general financial rules and orders regarding receipt and disbursement of money by the DDO/Government servants. The basic elements of maintenance of the GPF accounts as applicable to Group D employees were (i) GPF Index Register for allotting a unique GPF account number to the subscribers, (ii) subscriber-wise ledger and pass books which would show opening balance of the subscriber each year, month-wise credits and debits, interest earned during the year and

¹ Group A, B, C employees accounts are maintained by the Office of the Accountant General (A&E).

closing balance, (iii) broadsheet to show monthly credits and debits subscriber-wise as well as of the DDO as an accounting unit, (iv) monthly/quarterly statement of credits and debits to be submitted by the DDO to his Head of Department (HOD) quarterly and an annual statement by each HOD to the Accountant General (AG), Accounts and Entitlement (A&E), UP, (v) sanction of withdrawals from GPF account by DDO/HOD in accordance with GPF Rules and (vi) drawal of money from treasury as per financial rules as amended from time to time.

2.1.6 Procedure for sanction of advances/withdrawals from GPF (Group D) accounts

For withdrawals from GPF (Group D) accounts, a subscriber is to apply in the prescribed form stating name, GPF account number, purpose for drawal, amount required supported by documentary evidence through his controlling officer, i.e., presiding officer of the Court, if posted in a Court, or officer-in-charge of the section if posted in any section, to the sanctioning authority, i.e., DJ. While processing the application, the bill clerk will certify the correctness of applicant's details, availability of balance in his GPF account, history of withdrawals of money from GPF in the past and genuineness of the ground of withdrawal and will submit the case to DJ through DDO for sanction. After the DJ's sanction, the DDO gets the bill prepared and passes the bill and enters it in the Bill Register (Form-11C). The passed bill is then entered in the Treasury Bill Register (TBR) for submission to Treasury.

On receipt of the cheque from the treasury, the DDO should ensure entry of the cheque in the Bill Register and on the receipt side of the cash book on the same day. After handing over the cheque to the applicant under proper acquittance with dated signature, an entry is made on the payment side of the cash book.

Irregularities such as unauthorized sanctions, reporting of incorrect balances at the credit of subscribers on applications of advances/withdrawals by the dealing assistant, sanctioning advances/withdrawals by the sanctioning authority without verifying details of applicant from the ledger/pass books of the subscribers and the balances given in the verification reports on the application forms and without ensuring that the debit was raised against the employee at the time of sanction of advance/withdrawal, etc. were noticed as brought out in the succeeding paragraphs.

2.1.6.1 Unauthorised sanctions

As per the GPF rules, no sanction can be accorded on behalf of the sanctioning authority by another authority. DJ was the competent authority to sanction advances and withdrawals in respect of Group 'D' employees. It was, however, observed that 342 sanctions of advances/withdrawals amounting to Rs 3.33 crore, out of 621 sanctions made available to audit, were sanctioned by the DDOs during the period 2001-07. The DDO signed the sanction orders under the seal "For District Judge" which was contrary to the GPF Rules. Year-wise break-up of the unauthorized sanctions is given in **Table 1**.

Fifty five per cent sanctions of GPF advances/withdrawals were accorded by DDO unauthorisedly

Table 1: Number of unauthorized sanctions and amounts

| Year | No. of Sanctions | Amount (Rs in lakh) |
|--------------|------------------|---------------------|
| 2001-02 | 2 | 1.36 |
| 2002-03 | 64 | 45.96 |
| 2003-04 | 35 | 28.06 |
| 2004-05 | 62 | 77.11 |
| 2005-06 | 113 | 131.58 |
| 2006-07 | 66 | 48.96 |
| Total | 342 | 333.03 |

(Source: DJ, Ghaziabad)

On being asked (February 2009) whether there was any specific authorization to the DDO during that period, the DJ stated (March 2009) that there was no such authorization to any DDO.

2.1.6.2 Sanction to drawals from GPF (Group D) accounts during holidays/last working days of retirement

The District Judge sanctioned five GPF advances amounting to Rs 10.73 lakh on 24 December 2007, 14 advances/withdrawals amounting to Rs 34.46 lakh on 30 December 2007 (Sunday) and 5 advances/withdrawals amounting to Rs 4.20 lakh on 31 December 2007. While 24 December 2007 was the last working day of his service and on the remaining days the District Court, Ghaziabad was on vacation and were also last days of his service before retirement. These 24 sanctions included nine against non-employees, one fake appointee and three against Group C employees having drawn multiple advances from (Group D) GPF accounts.

2.1.6.3 Irregular sanctions

- One GPF sanction for Rs 1.65 lakh was issued in the name of Shri Ashok Kumar Sharma. This was neither signed by any authority in the office of the DJ, Ghaziabad nor date or sanction number noted thereon. The same was paid by the Treasury on 20 November 2007.
- In 17 cases (*Appendix-2.1.2*), sanction to final withdrawals from GPF (Group D) accounts was accorded, wrongly certifying that the subscriber had completed 20 years of service.
- The GPF Rules provide that the advances/withdrawals should be utilized for the purposes for which these were sanctioned. The Government under its order of 12 November 1998 issued instructions, reiterating in subsequent orders also, that the drawals from GPF accounts should not be sanctioned routinely and in a liberal manner and utmost care and vigil should be kept while sanctioning advances/withdrawals. Scrutiny of the sanctions, however, revealed that 330 non-refundable advances amounting to Rs 3.56 crore were sanctioned during 2001-08 for house building/repair of houses/purchase of land but, there was nothing on record to show that the DJ had verified the genuineness of the purpose for which the withdrawals were applied for, as no papers relating to ownership of land, registration of property papers, sanctioned map and estimates from the architect were called for and no utilization certificates were obtained from the payees.

Rupees 1.65 lakh were drawn on unsigned sanction orders and 17 final withdrawals were made on wrong certificates

The above indicated that the required checks were not exercised either at the DDO level or at the DJ level while sanctioning the withdrawals from GPF (Group D) accounts.

2.1.6.4 Irregular issue of sanction orders

Scrutiny revealed that none of 621 sanction orders had any control or identification numbers like file number, despatch number or serial number, etc. Further, the date of sanction was not mentioned in 363 sanction orders (58 per cent) amounting to Rs 3.60 crore issued during February 2002 to February 2008.

2.1.6.5 Non-verification of GPF balances

In ninety six per cent cases, the balances noted on the sanction orders differed with that noted in the ledger

The sanction orders mention the available balance in the GPF subscriber account at the time of sanction. GPF accounts relating to 352 (57 per cent) out of 621 sanction orders could be located in the GPF ledger. Of these, the available balances shown in 338 sanction orders (96 per cent of 352 sanctions) varied from the ledger figures. The available balances mentioned in the sanction orders were inflated in 263 sanctions by Rs 2.79 crore whereas it was reduced in 75 sanctions by Rs 43.40 lakh. This indicated that balances were generally not verified from the GPF ledger while sanctioning the advances/withdrawals.

2.1.7 Fraudulent payments

2.1.7.1 Drawals from GPF (Group D) accounts in the name of non-employees

Based on database relating to GPF (Group D) accounts of the Treasury, Ghaziabad, information furnished by DDO, GPF index register as prepared in 2008, computerised pay bill master and gradation lists of Group 'D' and Group 'C' employees as prepared in 2008, drawals made during the period 2001-08 in favour of 'C' & 'D' employees (including *ad hoc*) and non-employees were analysed. The results of the analysis are given in **Table 2**.

Table 2: Drawals in respect of non-employees

(Rs in lakh)

| Year | Total drawals | Amount with-drawn | In the name of Group 'D', Group 'C' and <i>Ad hoc</i> employees | | In the name of non-employees | |
|--------------|---------------|-------------------|---|------------------|------------------------------|------------------|
| | | | Number of drawals | Amount withdrawn | Number of drawals | Amount Withdrawn |
| 2001-02 | 51 | 27.59 | 52 | 27.59 | - | - |
| 2002-03 | 66 | 46.46 | 65 | 46.17 | 1 | 0.29 |
| 2003-04 | 63 | 48.48 | 62 | 46.48 | 1 | 2.00 |
| 2004-05 | 65 | 75.43 | 60 | 65.63 | 5 | 9.80 |
| 2005-06 | 110 | 132.47 | 97 | 106.03 | 13 | 26.44 |
| 2006-07 | 129 | 109.29 | 100 | 85.05 | 28 | 23.88 |
| 2007-08 | 244 | 325.36 | 166 | 218.12 | 77 | 107.24 |
| Total | 728 | 765.08 | 602 | 595.07 | 125 | 169.65 |

(Source: DJ, Ghaziabad and Treasury, Ghaziabad)

Rupees 1.70 crore were drawn in the name of non-employees

As seen from the Table that Rs 1.70 crore; 22 per cent of the total drawals of Rs 7.65 crore during 2001-08 were withdrawn from GPF (Group D) accounts through 125 drawals in the name of 49 non-employees (*Appendix-2.1.3*). Sanction to withdrawals from GPF (Group D) accounts in the name of such a large number of persons who were not employees of the office of DJ indicated that necessary checks were neither exercised at the level of officer-in-charge and *Nazarat/DDO* who forwarded the applications to the DJ for sanction nor at the level of DJ who actually sanctioned the withdrawals.

Scrutiny also revealed that Rs 2.90 crore (38 per cent) out of total drawals of Rs 7.65 crore were drawn in the name of 17 individuals, each ranging between Rs 10.60 lakh and 32.19 lakh, of which Rs 62.27 lakh were drawn in respect of four non-employees².

2.1.7.2 Excess payment due to carry forward of fictitious balances

GPF ledger relating to Group ‘D’ officials is maintained year-wise and closing balance of each year is carried forward to the next year as opening balance. The closing balances of the year 2005-06 in respect of 162 officials were fictitiously increased by Rs 2.83 crore while carrying them over as opening balances in 2006-07. Subsequently, during 2006-08, payments of advances/withdrawals out of fictitiously increased balances to 20 officials, proved to be in excess of actual balances by Rs 51.59 lakh (*Appendix-2.1.4*).

Opening balance was fictitiously increased by Rs 3.23 crore and Rs 64.19 lakh paid to 23 officials in excess of their balances

Further, in GPF ledger Group ‘D’ of 2007-08, 22 new accounts were opened and Rs 41.62 lakh were shown as opening balance against them (*Appendix-2.1.5*). Scrutiny of payrolls revealed that out of 22 subscribers, only 16 (2005-06:15; 2006-07:1) subscribed Rs 1.53 lakh to their GPF accounts which should have been carried over as opening balance in 2007-08. Thus, the balance was fictitiously inflated by Rs 40.09 lakh. Out of this, Rs 12.77 lakh were paid to three Group ‘D’ officials during 2007-08, of which Rs 12.60 lakh was in excess of their balances.

Thus, Rs 3.23 crore were fictitiously carried forward in excess in the opening balance of 184 officials, of which Rs 64.19 lakh were paid to 23 officials in excess of balances at their credit in GPF accounts.

2.1.7.3 GPF withdrawal in favour of fake appointees

Rupees 30.65 lakh were drawn in the name of fake appointees

The DJ had not prepared employees’ gradation list during 2001-08. While preparing the gradation list as on 01 April 2008, the DJ noticed that 16 fake appointments were made during 2001-08 and stopped their salary from the month of May 2008. Scrutiny revealed that Rs 30.65 lakh were drawn in favour of six of these employees between June 2003 and December 2007 fraudulently from GPF (Group D) accounts as given in **Table 3**.

² Shri Dharmender/Dharmender Kumar: Rs 18.73 lakh; Smt.Savitri/Savitri Devi: Rs 16.76 lakh; Smt Shakuntala: Rs 11.05 lakh; Smt Sushma: Rs 15.73 lakh = Total Rs 62.27 lakh

Table 3 : Drawals in the name of fake appointees

| (Rs in lakh) | | | |
|--------------|----------------|-------------------|--------------|
| Sl. No. | Name (S/Shri) | Number of drawals | Amount |
| 1. | Ashok Kumar | 5 | 9.28 |
| 2. | Kham Raj | 1 | 1.44 |
| 3. | Mahipal Singh | 3 | 6.65 |
| 4. | Pawan Kumar | 4 | 7.59 |
| 5. | Satendra Kumar | 3 | 4.59 |
| 6. | Satish Kumar | 1 | 1.10 |
| Total | | 17 | 30.65 |

(Source: DJ, Ghaziabad)

2.1.7.4 Fraudulent withdrawals by Group 'C' employees from closed Group 'D' GPF accounts

Rupees 57.18 lakh were paid to Group 'C' employees from GPF (Group D) accounts without raising debit in any accounts

As per GPF Rules, the accounts of Group 'D' employees on promotion to Group 'C' should be closed immediately and the balances available in their GPF account transferred to new GPF account as Group 'C', maintained by the office of the AG (A&E), UP. However, GPF balances in respect of 11 Group 'D' employees who were promoted to Group 'C' from July 2000 to July 2003 were not transferred to new GPF account maintained by the AG (A&E), UP although they contributed monthly GPF subscription as Group 'C' employees towards new GPF account numbers. Scrutiny revealed that Rs 57.18 lakh (**Appendix-2.1.6**) was sanctioned and drawn from their GPF (Group D) accounts during January 2003 to January 2008 without raising any debit even against their (Group D) accounts.

2.1.7.5 Fraudulent and excess final payments

At the time of retirement of an official, an office order is issued that he is retiring on the date specified in that order. His retirement benefits and final payment of GPF balance available in his account are paid on the basis of that office order and No Dues Certificate (NDC) furnished by DDO. Out of 8 final payments of GPF during August 2004 to March 2008, four payments were drawn in the name of non-employees/ fake appointees. This showed that the system of obtaining NDC at the time of final payment of GPF was not followed. The details of these four payments are given in **Table 4**.

Table 4: Final payments in the name of non-employees/fake appointee

| Name of the non-employees S/Shri | Amount (Rs in lakh) | Month of payment | Remarks |
|--|---------------------|------------------|--|
| Late Dhirender Singh (payment made to Smt Savitri) | 4.58 | 02/06 | Five other GPF drawals amounting to Rs 8.05 lakh were drawn during October 2005 to December 2007 in the name of Smt Savitri. |
| Amit Chaddha | 2.10 | 12/07 | Five other GPF drawals amounting to Rs 4.50 lakh were drawn during January 2006 to February 2008. Another cheque of Rs 60,000 dated 2.2.2008 was issued but not encashed by him. |
| Haji Iqbal | 3.25 | 10/05 | - |
| Satendra Kumar (fake appointee) | 2.05 | 12/07 | Two other GPF drawals amounting to Rs 2.54 lakh were drawn during December 2005 to December 2007 |

(Source: DJ, Ghaziabad)

Rupees 12 lakh were paid to non-employees/fake employee as final payments fraudulently

Further, in two out of remaining four final payments, an overpayment of Rs 2.76 lakh was made (January 2005). In one case (late Shri Tungeshwar Prasad), the DJ had not debited three earlier withdrawals of Rs 2.35 lakh (2001-02: Rs 0.50 lakh; 2002-03: Rs 1.10 lakh and 2003-04: Rs 0.75 lakh) to his account and in other case (Shri Ratan Lal), an overpayment of Rs 0.17 lakh was made (September 2006) as the DJ had not debited to his account an earlier withdrawal of Rs 0.08 lakh made in 1997-98. Thus, fraudulent payment of Rs 11.98 lakh was made to non-employees/fake appointee and over-payment of Rs 2.93 lakh to the beneficiaries of the deceased employees.

2.1.8 Non-recovery of temporary advances

Of the 621 sanctions for drawals, 146 advances amounting to Rs 72.21 lakh were sanctioned and paid. These were to be recovered during 2001-08 in fixed number of installments starting from the subsequent month of the withdrawals but no recovery in respect of 86 temporary advances was affected/ started till June 2008. Non-recovery of temporary advances over a period of six years indicated gross negligence on the part of the DDO/DJ. The lapse was not pointed out in any Inspection Reports of the DJ and office-in-charge (ADJ) of Accounts Section who had conducted an inspection of Accounts Section during this period. The year-wise number and amount of advances where recovery was not started are given in **Table 5**.

Table 5: Year-wise number of cases in which recoveries of temporary advance not made

| Financial Year | No. of cases in which recovery has not started till June 2008 | Amount involved (Rs in lakh) |
|----------------|---|------------------------------|
| 2002-03 | 8 | 5.09 |
| 2003-04 | 4 | 2.00 |
| 2004-05 | 6 | 2.20 |
| 2005-06 | 9 | 2.33 |
| 2006-07 | 16 | 9.23 |
| 2007-08 | 43 | 32.31 |
| Total | 86 | 53.16 |

(Source: DJ, Ghaziabad)

2.1.9 Internal control system in the office of the DJ

Effective Internal Control System helps to provide reasonable assurance of adherence to laws, rules, regulations and orders, safeguards against fraud, abuse and mismanagement and ensures reliable financial and management information to higher authorities. The AG (A&E) had highlighted vide his letters dated 16 May 2000, 15 May 2002 and 17 September 2002 addressed to State Government, the improper maintenance of GPF related records such as pass books, etc. The State Government had also issued instructions in its letters of November 1998, November 2003 and February 2005 for proper maintenance of records and observance of rules for sanction of advances/withdrawals. On the basis of these letters/circulars, the High Court had also emphasised (July 1999, October 2000 and April 2002) the inherent risks of overpayments due to incorrect GPF account numbers in withdrawals, poor maintenance of GPF related records, frequent drawals from GPF, etc.

Scrutiny of records, however, revealed that despite these early warnings, record management and Internal Control System was ineffective due to its non-existence or non-adherence by the officers-in-charge as brought out in the succeeding paragraphs.

Record management

2.1.9.1 Improper maintenance of Service Books

Records were either not maintained or maintained improperly

Scrutiny of the records, viz., service rolls/service books, personal files of 25 officials and Gradation list prepared in December 2008 revealed that neither any reference of appointment letter was mentioned in the Service Books nor a copy thereof attached to it. The first page of service book of S/Shri Satender Kumar and Mahipal Singh did not even mention their name, father's name, permanent address and had not been authenticated by a gazetted officer.

2.1.9.2 Poor/non-maintenance of GPF records

The DDO is required to maintain following records in relation to GPF (Group D) accounts:

Index Register- It was not prepared. Indexing was, however, done in the ledger which did not contain ledger folio number, date of receipt of nomination, etc. An Index Register was prepared in 2008 after fraudulent payments came to notice. Even this register was incomplete as date of birth, date of joining service, post held, date of superannuation, date of allotment of GPF index number etc. were not mentioned in many cases.

GPF (Group D) ledger- The ledgers were not maintained properly as advances/withdrawals were not noted. Due to non-posting of the advances/withdrawals in the ledger, balances in individual accounts did not reflect the correct balance. This facilitated excess/fraudulent drawals from GPF accounts. Further, scrutiny of the GPF (Group D) ledger and the treasury's records from 2001-08 revealed that 483 drawals of Rs 6.53 crore on account of advances/withdrawals were not posted in their ledger accounts.

Broadsheet - The broadsheet was not maintained during 2001-08 and required information/returns regarding credits, debits and interest were not sent to the HOD for transmission to AG (A&E), UP.

GPF Pass books - Pass books are required to be prepared for each employee. However, pass books were not prepared in respect of 113 out of 211 Group D employees. Further, complete entries were not made in the pass books which were prepared and maintained.

2.1.9.3 Non-preparation of establishment order book and gradation list and non-maintenance of sanctioned strength statement

Paragraph 127 of Financial Hand Book (FHB) Volume V Part-1 read with GO no A-1/5641/X-15(7)-62 dated 24 February 1965 and Court letter no. 65/XI-35

dated 14 October 1965 provides for maintenance of sanctioned establishment strength and submission of periodical statements to Government and High Court. As per paragraph 404 of General Rule Civil (GRC), a gradation list of the establishment shall be maintained in the prescribed form. Paragraph 346 of GRC prescribes that an establishment order book containing the details of leave, promotion, reversion, etc., of individual officials will be maintained. These instructions aimed at keeping a strict watch on men-in-position, vis-à-vis, sanctioned strength. Neither the establishment order book nor gradation list and sanctioned strength statements were prepared during 2001-08.

2.1.9.4 Segregation of duties

To reduce the risk of error, waste, or wrongful acts and the risk of not detecting such problems, no single individual or team should control all key stages of a transaction or event. Rather, duties and responsibilities should be assigned systematically to a number of individuals to ensure that effective checks and balances exist. Besides, rotation of employees is also necessary as it helps to ensure that one person does not deal with all the key aspects of transactions or events for an undue length of time.

Scrutiny of records, however, revealed that Shri Ashutosh Asthana, a ministerial staff was handling GPF related work of Group D employees during 1995-2004 as third Bill Clerk/Bill Clerk and during 2004 -2008 as Central *Nazir*/Deputy *Nazir*. The Central *Nazir* was also administratively controlling the cadre of process servers (Group D post). Besides, GPF related records which were maintained in Accounts Section till 2004 under the supervision of Officer-in-Charge/Accounts-cum-DDO were maintained in *Nazarat* section when Shri Asthana was transferred to that section. Thus, maintenance of GPF (Group D) ledger and pass books remained with Shri Asthana from May 1995 to February 2008 till the fraudulent drawals from GPF (Group D) accounts came to light. Concentration of the key stages of transaction, viz., maintenance of records as well as sanction process of advances/withdrawals from GPF (Group D) in one hand facilitated the fraudulent withdrawals from GPF (Group D) accounts.

One official remained attached with GPF related work of maintenance of records and preparation of bills for 15 years

Adherence to rules and procedures

2.1.9.5 No entry of bills in Bill Register

Paragraph 139 of the FHB Volume V Part-I provides for maintenance of Bill Register (Form 11-C) in which all the bills are to be entered therein before their transmission to the treasury. This was required to monitor the bills sent to Treasury for reconciliation with DDO's reconciliation statement at the end of each month. Scrutiny revealed that 529 bills (Rs 6.18 crore) out of 728 bills (Rs 7.65 crore) relating to drawals from GPF (Group D) accounts were not entered in the Bill Register during 2001-08.

Seventy three per cent bills were not entered in the Bill Register

2.1.9.6 Treasury Bill Register

The Treasury Bill Register (TBR) which is to contain page count certificate, photograph and the signature of the messenger duly attested by the DDO was to be used for transmission of the bills to treasury from the office of DJ. Scrutiny of TBRs made available to audit, revealed that 394 bills amounting to Rs 4.72 crore out of 728 bills of GPF (Group D) advances/withdrawals during 2001-08 were not entered in the TBRs. Further, the office of the DJ, Ghaziabad used two TBRs in 2007-08 of which, one TBR did not contain page count certificate, photo and specimen signature of the messenger. This TBR was used for transmission of 157 bills of GPF (Group D) payments amounting to Rs 1.76 crore to the treasury.

2.1.9.7 Non-accountal of receipts and payments in cash book

Paragraph 27-A of FHB Volume V, Part I provides for maintenance of a cash book by each of the head of the office for recording in separate columns, all money received by Government servants in their official capacities and their subsequent remittance into the treasury or to the bank, as well as, money withdrawn from the treasury or the bank either by bills or by cheques and their subsequent disbursements on daily basis. No transactions relating to receipt of cheques and cash from the treasury and payment thereof were accounted for in the cash book during the period 2001-08. As per database of the treasury, out of 5,337 cheques amounting to Rs 46.88 crore issued during August 2001 to March 2008, 2,967 cheques amounting to Rs 33.11 crore pertaining to salaries, wages, and contingencies, etc., were issued in the name of the DDO. While salary cheques (Rs 31.16 crore) were sent to bank for credit into employees' bank salary accounts, other cheques amounting to Rs 1.95 crore were encashed and cash disbursed without any record of receipt and disbursement in the cash book.

2.1.9.8 Non-observance of rules and instructions

According to Government order (March 1998), payment of GPF advances/withdrawals was to be made through an account payee cheque. However, Shri Jagdish Chand, Munsarim/Clerk in outlying court at Garhmukteshwar (District Ghaziabad) was paid Rs 2.62 lakh through a bearer cheque on 27 September 2005. The said order was overlooked by both, the treasury and the DDO.

A bill of Rs 0.21 lakh in the name of Deep Sethi, a non-employee was sent by the DJ to the treasury for payment. The treasury passed the bill and issued cheque in the name of Ceep Sethi on 29 December 2006 and showed the cheque delivered to the office of the DJ, Ghaziabad through undated acknowledgement. No objection was recorded to the change of name in the cheque in the office of DJ. The cheque was paid by the bank on 3 January 2007.

One cheque for Rs 0.36 lakh was issued by the treasury on 29 September 2006 in the name of Shri Ravi Kumar. On 16 October 2006, the treasury cancelled the

cheque and issued a fresh cheque in the name of a non-employee Shri Ravi Agarwal purportedly on the basis of an undated and unnumbered letter from the DDO stating that the concerned employee had maintained the bank account in the name of Shri Ravi Agarwal. The cheque was also delivered through this letter rather than through the Warrant Register used for the purpose. Two more drawals were made in the name of Shri Ravi Agarwal on 14 December 2007 and 3 January 2008 for Rs 50,000 each.

Scrutiny of treasury's database relating to withdrawals from GPF (Group D) accounts revealed that 22 cheques were cancelled/lapsed during 2003-2008. Of these, 15 pertained to 12 such persons who were not entitled to these withdrawals as they were either non-employees or Group C employees. In seven out of 15 such cases, fresh cheques for Rs 9.25 lakh were issued and encashed. There was no proper documentation either in the treasury or in the office of the DJ regarding reasons for cancellation, lapsing and renewal of these cheques.

Analysis of data obtained from the Treasury database revealed that 27 bills relating to GPF advances, on initial passing by dealing accountant in the treasury, were objected to at the higher level (Assistant Treasury Officer/Treasury Officer). The vouchers were marked deleted in the database and payments made after re-submission of these bills as per details given in *Appendix-2.1.7*. Of these 27 bills, 5 bills (Rs 6 lakh) pertained to non-employees, 2 Group C employees (Rs 2.40 lakh) and 2 to fake appointees (Rs 2.54 lakh). It would be seen that there was an opportunity of rechecking the claims when bills were returned by the treasury but the DDO submitted the claims again without proper checking at his level which resulted in fraudulent payments.

2.1.9.9 Reconciliation and verification

Monthly reconciliation of drawals from treasury with DDO's records was not carried out

At the end of each month, the CTO is required to send a list of all the drawals during the month called DDO reconciliation statement to the DDO. The DDO is required to reconcile the drawals from the entries made in the bill register and the cash book and return the reconciliation statement back to treasury pointing out discrepancy, if any. On the basis of reconciled figures, DDO is to send monthly expenditure statement to his HOD.

As neither the bills were entered into the bill register (11-C) nor the cheques in the cash book, reconciliation of drawals as per DDO reconciliation statement was not possible.

2.1.9.10 Non-submission of returns

Under Government Order of October 23, 1961 the following reports and returns were due from each DDO and the Department. Scrutiny of records revealed non-submission of returns/reports as shown in **Table 6**.

Table 6: Scrutiny of returns/reports

| Name of the Report | To whom | Periodicity | Status |
|---|---------|-------------|-------------------------|
| Statement of credits and debits | HOD | Monthly | Not sent during 2001-08 |
| Statement of credits and debits | AG | Quarterly | -----do----- |
| Annual Statement of credits, debits and closing balance | AG | Annual | -----do----- |
| Statement of interest due on GPF deposits | HOD | Annual | -----do----- |
| Statement of credits and debits as worked out in Broadsheet | HOD | Monthly | -----do----- |

(Source: DJ, Ghaziabad)

The annual return regarding credits, debits and accrued interest due to be sent to HOD and AG (A&E) UP which could bring the fraudulent drawals to light was also not sent. On request by the AG (A&E), Finance Department had issued an order vide number G-2-157/X-2006-37 dated 4 January 2007 directing each department and DDO under him to furnish annual interest due on GPF (Group D) accounts from 2001-02. The Department, however, had not furnished these figures to the AG (A&E), UP as of April 2009.

2.1.10 Role of District Treasury, Ghaziabad

The Chief Treasury Officer (CTO) is required to satisfy himself of the accuracy of every claim before authorizing payment and must follow strictly the rules prescribed for his signature as he will be held responsible for all erroneous and irregular payments.

2.1.10.1 Irregular acceptance of bills by the treasury

According to para 139 of the FHB Volume V, Part-I, particulars of all the bills are to be entered in the Bill Register (Form 11-C) before their transmission to the treasury and serial number of this register was to be noted on the bill as bill number. The bill number is also noted in TBR for submission of the bills to treasury for obtaining cheques. Scrutiny of the statement of drawals received from the CTO, the data extracted from the database of the Ghaziabad treasury and Warrant Register of the treasury revealed that, in disregard to the instructions, the CTO not only accepted 144 GPF (Group D) bills without bill numbers but also passed 147 bills with the same bill numbers (out of total 728 bills) during 2002-03 to 2007-08. This facilitated passing of fraudulent bills at the treasury.

2.1.10.2 Receipt of bills in the treasury without entry in treasury bill register (TBR)

Paragraph 428 of FHB Vol-II prescribes that the bill should be presented to the treasury through TBR noting therein the bill number, date, title of the bill and net amount with full signature of the DDO. The Accountant of the treasury will record his dated signature in the prescribed column in token of having received these bills and will decline to receive bills not noted in TBR. This procedure prevents the bills being lost and unauthorized bills being entertained in the

Treasury accepted 20 per cent bills without bill numbers and other 20 per cent bills with same bill numbers

Fifty four per cent bills were accepted by the treasury without entry in the treasury bill register

treasury. Scrutiny of the TBR and the DDO reconciliation statement revealed that the treasury accepted 395 bills amounting to Rs 4.73 crore during 2001-02 to 2007-08 which were not noted in the TBR. Besides, the treasury Accountant received 157 bills amounting to Rs 1.76 crore presented at the treasury during 2007-08. These were recorded in a TBR in which neither page count certificate nor name of the messenger was recorded nor his signature and photo was put/attested by the DDO. Further, the DDO had not put his full signature against the entries in the TBR as required under the rules.

2.1.10.3 Issue of cheques against irregular bills

Paragraph 428 of FHB, Volume V, Part-II lays down that the bill or other vouchers presented as a claim for money will be received and examined by the Accountant of the treasury and then laid before the Treasury Officer, who, if the claim be admissible, the authority good, the signature true and in order and the receipt a legal quittance, will sign the order for payment. Scrutiny of copies of sanctions and the debit vouchers revealed that the treasury passed 342 bills for Rs 3.33 crore during the period 2001-07 which were prepared on the basis of sanctions accorded by DDO who was not the competent sanctioning authority for drawal of advances/withdrawals from GPF (Group D) accounts. Besides, a bill for Rs 1.65 lakh in the name of Shri Ashok Kumar Sharma was passed on 20 November 2007 by the Chief Treasury Officer, Ghaziabad which was prepared on the basis of sanction not signed by any authority.

On being pointed in audit, the CTO stated (March 2009) that the DJ, Ghaziabad vide his order no. 26/97 dated 2 June 1997 had authorized the DDO for sanctioning advance from GPF (Group D) accounts on his behalf. Shri Bhawar Singh, DJ had authorized (2 June 1999) Shri A.K. Chaudhary, ADJ to accord sanctions on his behalf. Reply was not acceptable as the authorization was irregular in terms of Second Schedule of GPF Rules, which the CTO should have known as he was the bill passing authority.

2.1.10.4 DDO reconciliation statement

The CTO is required to send at the end of each month, a statement of drawals containing the details of all the drawals made by the office of the DJ, Ghaziabad showing bill number, head of account, voucher number and date, gross amount of the bill, cheque number and net amount for reconciliation by the DDO. The DDO is required to reconcile the drawals with his records and certify the correctness of the drawals. The DDO did not furnish the reconciliation statements to audit for the period 2001-08. However, copies of these statements were furnished by the CTO which had purportedly been accepted/ signed by the DDO. The DDO, however, informed (March 2009) that he had not received the reconciliation statements for the above period. The CTO could not furnish the reference number etc. under which these statements had been sent by him to the DJ and received back from him duly accepted. This indicated that proper system of transmission of monthly reconciliation statements to DDO for reconciliation

of monthly drawals with his records and their return to the treasury with proper certification of drawals by the DDO was not followed by the treasury.

2.1.11 Conclusion and Recommendations

2.1.11.1 Fraudulent withdrawals

Fifty five *per cent* sanctions for an amount of Rs 3.33 crore were not accorded by the competent authority during the period 2001-07. Rupees 1.80 crore were drawn and paid in the name of 49 non-employees and Rs 32.70 lakh paid to six fake appointees fraudulently. Rupees 57.18 lakh were drawn in the name of Group 'C' employees who were not entitled to draw the amounts from GPF (Group D) accounts and no debits were raised against any of their GPF accounts. Rupees 64.19 lakh were paid to 23 Group 'D' employees in excess of their actual GPF balances available in the ledger.

Recommendations: The head of the office should ensure that the DDO carries out his duties within his mandate. Authentic list of employees should be put up with GPF advance/withdrawal application to DDO/DJ to verify bonafides of the employees. He should also send annually an establishment return as provided in the financial rules to the respective HODs who will consolidate and will furnish the same to the Finance Department and to the Principal Accountant General (Civil Audit), UP every year by 15 September.

2.1.11.2 Internal control

Non-maintenance/improper maintenance of the vital records like GPF ledger, broadsheet, GPF pass book, bill register, non-accounting of the drawals in cash book, submission of bills to treasury without entry in TBR and through fake TBR, non-reconciliation of the monthly drawals and allowing an official to maintain GPF (Group D) accounts and prepare bills for 15 years facilitated fraudulent payments.

Recommendations: The Government's order of October 1961 and February 1962 for maintenance of GPF (Group D) accounts by the head of the offices/DDOs should be reiterated and enforced for proper maintenance of GPF records by all HODs/Head of offices. Head of the offices/DDOs should ensure submission of details of credits and debits every month to the HOD in form BM 6 with the certificate that credits and debits were tallied/ reconciled with GPF (Group D) ledger, pass books and bill register. All bills presented at the treasury by DDOs should contain the number of bill register and TBR. The DDO should have only one TBR at one time and put his full signature thereon. There should be rotation of employees after every three to four years.

2.1.11.3 Role of treasury

The CTO also failed in exercising necessary checks on the fraudulent bills/sanctions and accepted bills from the office of the DJ directly without entry in the TBR, through fake TBR, bills without bearing number of bill register and accepting the bills accompanying sanctions not accorded by the competent authority and sending the DDO reconciliation statements unsigned without any forwarding letter leaving room for manipulations.

Recommendations: CTO should put his full signature on the monthly DDO reconciliation statement. The DDO should return the same to CTO under his full signature after reconciliation of the figures with his records. DDO should arrange reconciliation through officials other than those involved in preparation of bills.

The report was discussed (November 2009) with Principal Secretary, Finance Department who accepted audit recommendations for implementation. Further action on the part of the Government was awaited (December 2009).

PUBLIC WORKS DEPARTMENT

2.2 Development programmes in Poorvanchal and Bundelkhand Regions

Executive Summary

To overcome inter-regional disparities and backwardness, the Government created (1990-91) *Poorvanchal Vikas Nidhi (Nidhi)* for 29 districts of the eastern UP and *Bundelkhand Vikas Nidhi* for seven Bundelkhand districts for providing additional funds to the schemes/projects important for the development of these regions. Besides, funds received through Bundelkhand Vikas Package from 2005-06 and the Twelfth Finance Commission (TFC) Fund (2006-09) for these regions were also utilized for development purposes.

An expenditure of Rs 2481.90 crore was incurred to augment infrastructural facilities in these regions during 2004-09. A review of these programmes revealed:

- Allocation of funds to these areas was not made taking into account deficiencies and disparities in development.
- Monitoring was weak as regular meetings were not held at Government, divisional and district level.
- Rupees 330.71 crore were diverted to other schemes outside the scope of *Nidhi* defeating the purpose of the *Nidhi* which was meant as an additional effort to develop the regions.
- Delay in sanction/non-sanction of second installment of funds resulted in many projects remaining incomplete for the last one to seven years. Besides, 140 ineligible projects such as *barat ghar*, *rain basera*, *swagat dwar*, etc., were executed under *Nidhis'* programme. Twelfth Finance Commission grants were diverted to construction of ineligible road projects, instead of providing road connectivity to habitations having population less than 500 persons, for which these funds were actually meant.
- Two thousand four hundred twenty five projects executed during 2004-09 in the test-checked districts were neither transferred to administrative departments for maintenance nor were these maintained by the executing agencies.
- Despite additional investment of Rs. 2,481.90 crore during 2004-09 for infrastructure development programme in these regions, all the 15 districts identified as most backward districts in the State during 2008-09 belonged to these regions.

2.2.1 Introduction

The Government created (1990-91) Poorvanchal Vikas *Nidhi* (*Nidhi*¹) for 29 districts² of the eastern UP and Bundelkhand Vikas *Nidhi* for 7 Bundelkhand districts³ for ensuring balanced development of the regions and removing interregional disparities. The aim of creation of two *Nidhis* was to provide additional funds for execution of schemes/projects important for the development of the area. The projects, which were capital intensive and could be completed in two years, were to be executed out of these funds. Besides, infrastructure development programmes were funded in both regions by the Twelfth Finance Commission (TFC) from 2006-07 and in Bundelkhand region through the Bundelkhand Vikas Package (Package) from 2005-06.

2.2.2 Organisational set-up

At Government level, the Principal Secretary, Planning Department was responsible for implementation of the programme up to August 2004 and thereafter, Principal Secretary, Public Works Department (PWD) was nominated as Nodal Officer. Divisional Commissioner (DC) at the divisional level and District Magistrate (DM)/Chief Development Officer (CDO) at district level are responsible for implementation of the projects. The DM as chairman assisted by CDO as Member Secretary and Executive Engineer (EE), Provincial Division (PD), PWD as a member are the Nodal Officers at district level. Projects are to be executed by the nominated Executing Agencies⁴ (EAs).

2.2.3 Audit objectives

Objectives of performance audit were to see whether:

- planning and monitoring were adequate to implement the programme;
- funds were utilized economically and on the intended purposes;
- programmes were implemented efficiently; and
- evaluation was carried out to ascertain the impact of the programmes.

2.2.4 Scope and methodology of audit

Records for the period 2004-09 were examined during March 2009 to July 2009 at the Secretariat (PWD and the Social Welfare Department), office of the Engineer-in-Chief (E-in-C), PWD, DC, Jhansi (out of two DCs in Bundelkhand) and DCs, Gorakhpur and Varanasi (out of eight DCs in Poorvanchal), two

¹ Funds being provided for additional infrastructure development programmes in Poorvanchal and Bundelkhand regions were called *Poorvanchal Vikas Nidhi* and *Bundelkhand Vikas Nidhi*.

² Allahabad, Ambedkar Nagar, Azamgarh, Bahraich, Ballia, Balrampur, Barabanky, Basti, Chandauli, Deoria, Faizabad, Fatehpur, Ghazipur, Gonda, Gorakhpur, Jaunpur, Kaushambi, Maharajganj, Mau, Mirzapur, Kushinagar, Pratapgarh, Sant Kabir Nagar, Sant Ravidas Nagar, Siddharth Nagar, Sonbhadra, Sravasti, Sultanpur, Varanasi.

³ Banda, Chitrakoot, Hamirpur, Jalaun, Jhansi, Lalitpur and Mahoba

⁴ PWD, Irrigation Department, Rural Engineering Services (RES), UP Jal Nigam, UP State Bridge Corporation (UPSBC), etc.

districts⁵ out of seven districts of Bundelkhand region and seven⁶ districts out of 29 districts of Poorvanchal.

Audit objectives were discussed (April 2009) with Principal Secretary, PWD during the entry conference. In exit conference (November 2009) held with Principal Secretary, PWD, the audit findings were discussed in detail. Reply received (November 2009) from Government was incorporated at appropriate places in the review.

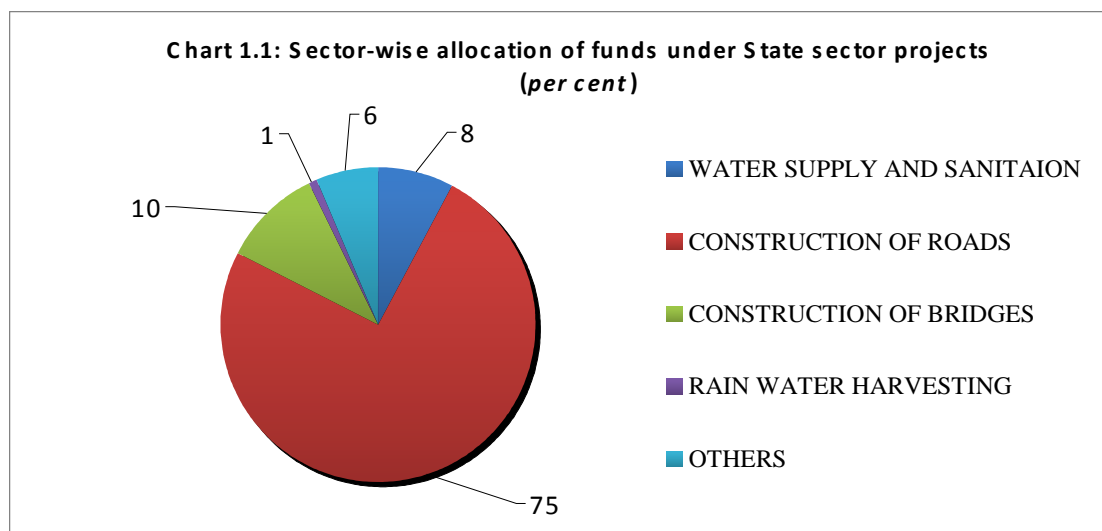
Audit findings

2.2.5 Planning and monitoring

2.2.5.1 Sanctioning of development projects

Seventy five to 83 per cent funds were sanctioned on road projects ignoring other sectors

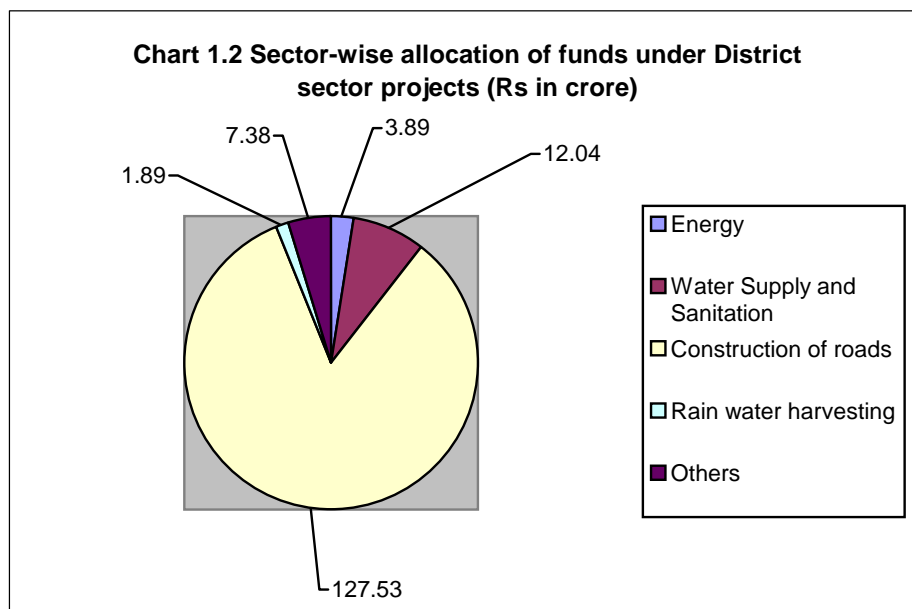
State Planning Institute (SPI), Lucknow had been identifying on year to year basis, the development status of the districts in Uttar Pradesh on the basis of 29/36 indicators set by Government of India (GOI). These indicators as Composite Index of Development (CID) relating to agriculture and allied services, industry, economic and social infrastructure were being used to ascertain the regional disparities and backwardness of the districts. The CID was incorporated in the State Annual Plans for the years 2006-07 to 2008-09 for allocation of funds to these regions. The indicators were, however, not considered while sanctioning the projects under infrastructural development programme. Instead, projects were sanctioned on the basis of proposals of MLAs/MLCs. Seventy five and 83 per cent of funds (**Chart 1.1 and Chart 1.2**) were sanctioned for the projects related to construction of roads which were to be given least priority, as per programme implementing guidelines.



⁵ Hamirpur and Jalaun

⁶ Ghazipur, Gorakhpur Jaunpur Kushinagar., Mahrajganj, Siddarthnagar and Sultanpur

No projects relating to energy, medical and health, rehabilitation and reconstruction of dams, agriculture and education sectors were undertaken in these regions.



Details of sector-wise allocation of projects are given in *Appendix-2.2.1*.

No projects relating to medical and health, agriculture and education sectors were executed even in the district sector.

The department, in reply, stated (September 2009) that it had no data on sector-wise deficiencies and majority of the projects related to roads as proposed by people’s representatives. It further stated that the Government had issued (August 2009) orders to DCs, DMs and CDOs for submitting the proposals taking into account the backwardness of the districts in different sectors. Department’s reply was not tenable as it should have obtained the relevant data from the Planning department to take into account the sector-wise disparities and backwardness for sanctioning the projects.

2.2.5.2 Monitoring

Regular meetings were not held to monitor execution of projects

Project implementation guidelines require monitoring of projects monthly by the CDOs, quarterly by the DCs and biannually by the Government through meetings with the officers involved in implementation/execution of the projects. No regular monthly and quarterly meetings were held to review the progress of the projects by the CDOs and DCs respectively. The Government stated (September 2009) that CDOs/DCs had been asked to monitor the progress of the projects as per standing instructions.

In case of TFC projects, High Level Committee (HLC) was to meet at least once in every quarter for monitoring their physical and financial progress for ensuring adherence to the specific conditions attached to each grant. The HLC was also to review utilisation of grants and to issue directions for mid-course correction. HLC held 10 meetings against 14 due, during October 2005 and March 2009 for

approving projects and budget and monitoring physical and financial progress. Monitoring was not effective as there was delay in release of funds to EAs and in completion of projects. Further, second installment of grant was released in many cases without verifying the actual physical and financial progress reported in utilisation certificates, double drawals were made and budget grants lapsed on regular basis.

2.2.6 Allotment of funds and expenditure

Budget allotments during 2004-09 were made under the grant 56–Public Works Department (Special Area Programme) and grant 83–Social Welfare Department. Year-wise composite figures of allotments and expenditure under both the grants, the Bundelkhand package and the TFC are given in **Table 1**.

Table 1: Allotment and expenditure for 2004-09

| Year | Poorvanchal Vikas Nidhi | | Bundelkhand Vikas Nidhi | | Bundelkhand package | | TFC | | Total | | Saving |
|--------------|-------------------------|----------------|-------------------------|---------------|---------------------|---------------|---------------|---------------|----------------|----------------|--------------|
| | Allotment | Expenditure | Allotment | Expenditure | Allotment | Expenditure | Allotment | Expenditure | Allotment | Expenditure | |
| 2004-05 | 150.00 | 148.16 | 50.00 | 49.25 | - | - | - | - | 200.00 | 197.41 | 2.59 |
| 2005-06 | 170.00 | 169.89 | 51.00 | 51.00 | 129.00 | 128.75 | - | - | 350.00 | 349.64 | 0.36 |
| 2006-07 | 191.25 | 192.12 | 56.25 | 56.25 | 100.00 | 106.56 | 175.00 | 165.75 | 522.50 | 520.68 | 1.82 |
| 2007-08 | 306.00 | 306.36 | 92.80 | 94.31 | 45.00 | 39.49 | 175.00 | 168.64 | 618.80 | 608.80 | 10.00 |
| 2008-09 | 430.25 | 419.00 | 148.21 | 168.38 | 81.62 | 44.47 | 174.96 | 173.52 | 835.04 | 805.37 | 29.67 |
| Total | 1247.50 | 1235.53 | 398.26 | 419.19 | 355.62 | 319.27 | 524.96 | 507.91 | 2526.34 | 2481.90 | 44.44 |

(Rs in crore)

(Source: Appropriation Accounts)

There was substantial saving under Bundelkhand Package (46 per cent) during 2008-09. The expenditure, however, exceeded (14 per cent) the budget provision under *Bundelkhand Vikas Nidhi* during the year. Reasons for variations were not furnished.

2.2.6.1 Diversion of funds

Rupees 330.71 crore were diverted to other schemes

Social Welfare department at Government level diverted Rs 66.50 crore from the *Nidhis* to Dr. Ambedkar Gramin Samagra Vikas Yojna for maintenance of roads (Rs 47.73 crore), reconstruction of roads (Rs 15.28 crore) and new road works (Rs 3.49 crore). Similarly, Rs 264.21 crore were diverted during 2007-08 (Rs 173.80 crore) and 2008-09 (Rs 90.41 crore) and placed at the disposal of Director, Panchayati Raj, Lucknow for construction of Cement Concrete roads and Drains in the Gram Panchayats. Diversion of the funds from the *Nidhis* for execution of works of the other schemes defeated the purpose of *Nidhis*, which were meant for additional effort as enunciated in the *Nidhis'* guidelines for development of these backward regions.

Thirty three per cent funds were drawn with a delay of two to eight months

2.2.6.2 Avoidable delay in drawal of funds

Records of four test checked districts revealed that the Government released Rs 86.13 crore during 2004-09 for district sector projects under Poorvanchal Vikas Nidhi. As per sanction orders, CDOs were responsible for drawing funds from the treasuries and keeping the same in the Personal Ledger Accounts (PLAs) of District Rural Development Agencies (DRDAs) for immediate necessary action.

However, the CDOs delayed the drawals of Rs 28.57 crore (33 per cent) from the treasury by two to eight months without any reason on record. The Government, in reply, stated (November 2009) that instructions had been issued to CDOs to draw the funds timely from treasuries.

2.2.6.3 Surrender of funds

The Government sanctioned Rs 6.41 crore (May-August 2008) for district sector projects of Hamirpur district with the condition, *inter alia*, that drawal of funds from the treasury be made only if the EAs had utilised 75 per cent of the grant sanctioned in the preceding year. The District Level Committee (DLC) examined (February 2009) the proposals for 2008-09 and recommended (March 2009) 92 projects to the DC for approval. However, due to non-utilisation of 75 per cent of the grant of 2007-08 by the EAs as of March 2009, Rs 6.41 crore was not released to EAs and the amount surrendered on 30 March 2009.

2.2.6.4 Double drawals

**CDO drew
Rs 86.28 lakh
irregularly from
the treasury**

The Government had credited (August 2007) Rs. 70.81 crore to the PLA of UPSBC for various works under TFC. It issued (January 2008) orders for release of second installment of Rs 86.28 lakh out of the above amount for five road projects of Ghazipur district. Records of the PD, Ghazipur, however, revealed that CDO, Ghazipur on the basis of above Government order drew this amount from the Treasury, Ghazipur and disbursed (February 2008) Rs 60.30 lakh to Construction Division (CD) I, Ghazipur for construction of five road projects. The remaining Rs 25.98 lakh was kept in DRDA's PLA. Meanwhile, the UPSBC sent (February 2008) the demand draft of Rs 86.28 lakh to the CDO, Ghazipur as per Government's order of January 2008. On receipt of the DD, CDO realised the erroneous drawal of Rs 86.28 lakh from the treasury and deposited the money (Rs 86.28 lakh) received from the UPSBC into the treasury, Ghazipur on 26 March 2008 as 'receipts' under major head 0575-Other Special Area Programmes.

The CDO, Ghazipur also took back Rs 60.30 lakh on 31 March 2008 given to CD I, Ghazipur and deposited the entire amount Rs 86.28 lakh (drawn in January 2008) into the Treasury, Ghazipur on 3 May, 2008 as 'receipts'. Thus, Rs 86.28 lakh were drawn twice and deposited into Government Account as 'receipts' leaving no funds for completion of five ongoing projects. This indicated serious financial mismanagement by CDO/EE, PD, Ghazipur. The Government stated (November 2009) that the funds would be arranged through supplementary budget for execution of envisaged projects.

2.2.6.5 Freezing of money kept in PLA

Finance department issued (August 2008) orders for freezing unspent balances of the projects kept in the PLAs as on 31 March 2007. This order could be relaxed by the Finance Department, if approached by nodal offices/CDOs on or before 15 September 2008. However, concerned nodal officers/CDOs approached the Government between December 2008 and February 2009. Approval of the Government had not been received as of July 2009. Scrutiny

revealed that 251 projects taken up from 2002-03 to 2006-07 at a cost of Rs 21.75 crore in five districts were lying incomplete due to freezing of their unspent balance of Rs 5.24 crore in their PLAs. Fate of the incomplete projects remained undecided as of July 2009 due to delay in approaching to the Government by the concerned Nodal Officers/CDOs. In reply, the Government stated (November 2009) that frozen amounts would be released in consultation with Finance Department on case to case basis.

2.2.6.6 Submission of false utilisation certificates

Executing agencies obtained the second installment of the projects by submitting false UCs against first installment

The CDO, Jaunpur released (August 2008) Rs 2.50 crore as first installment for Mariyahu Urban Water Supply Scheme to EE, Jal Nigam III, Jaunpur, which spent Rs 1.43 crore only by March 2009. The EE, however, submitted UC for Rs 2.50 crore to CDO on 25 February 2009 for obtaining remaining grant of Rs 1.07 crore. This was released in March 2009. Similarly, for a project of Rs. 2.68 crore EE, CD, UP Jal Nigam, Jaunpur had received first installment of Rs. one crore against which UC was submitted for Rs 72 lakh on 6 January 2009 and obtained second installment of Rs 1.68 crore. The monthly account of January 2009 of the division revealed an expenditure of Rs 1.10 lakh only.

The above indicated that the CDO did not keep proper control over financial and physical progress of the works executed by the EAs as second installment should have been released only after verifying the physical progress. In reply, the Government stated (November 2009) that all CDOs had been asked to verify financial and physical progress of the works before releasing second installment.

2.2.7 Project implementation

The programme was to be implemented through State sector projects as well as District sector projects. Projects costing above Rs 10 lakh (covering two or more districts were to be given priority) were to be sanctioned by the Government as State sector projects on the recommendations of DCs and projects costing Rs 1 lakh to Rs 10 lakh were to be sanctioned by the DCs as District sector projects on the recommendations of District Level Committee (DLC) headed by DM. The projects for both the sectors were to be proposed by people's representatives. DLC was to select the executing agencies.

2.2.7.1 Execution of projects without technical sanctions

Construction of 16 projects commenced without technical sanctions

As per Financial Hand Book, Volume-VI, no works should be commenced before Technical Sanction (TS) of the detailed estimate of the works. Records of the EE, PD, Jaunpur, however, revealed that out of 34 projects sanctioned in 2006-07, TSs in respect of 16 projects costing of Rs 4.13 crore were not accorded, as of May 2009. Of these, 12 projects had been completed and four projects were in progress. In reply, the Government stated (November 2009) that action would be taken against the officers responsible for execution of works without TS.

2.2.7.2 Award of work to ineligible executing agencies

Projects worth Rs 25.49 crore were given to ineligible executing agencies

According to revised instructions (February 2004) of the Government, PWD and RES were the EAs for construction of roads and bridges. Zila Panchayat (ZP) and other local bodies would be allotted construction of roads belonging to them. The concerned MLAs/MLCs while proposing 695 road works costing Rs 25.46 crore, during 2004-09 in six test-checked districts, proposed the name of ineligible EAs such as Uttar Pradesh Co-operative Processing and Cold Storage Federation Limited, Uttar Pradesh Project Corporation Limited (UPPCL), Samaj Kalyan Nirman Nigam (SKNN), Cane Development Department (CDD), etc., which were not eligible for construction of roads under the guidelines. These proposals were accepted by DLCs and, approved by the concerned DCs (**Appendix-2.2.2**). These EAs were paid centage charges of Rs 76 lakh, which could have been avoided had the work been given to approved EAs.

Construction of 600 metre 'kharanja' work from Badwalia to Haraia Chitaini Tola at a cost of Rs 2.79 lakh under district sector (2006-07) was assigned to BDO, Padrauna, and Rs 2.09 lakh (February 2007) released to him without taking consent of ZP, Kushinagar as the road belonged to ZP, Kushinagar. BDO constructed (July 2007) 'kharanja' road covering 420 metre length at a cost of Rs 2.06 lakh. The executed work was, however, dismantled (July 2008) by ZP, Kushinagar stating that the quality of work was poor. The ZP re-constructed 'kharanja' road in August 2008. Thus, non-adherence to the provisions of the guidelines regarding allotment of road works to ZP, the Government had to incur a loss of Rs 2.06 lakh.

The Government in reply stated (November 2009) that all CDOs and DCs had been asked to select EAs strictly according to the guidelines.

2.2.7.3 Execution of ineligible projects under the Nidhis

One hundred forty ineligible projects were taken for execution

As per the guidelines, official and housing buildings, maintenance and repair works, memorial buildings, purchase of stocks, payment of compensation for land acquisition, construction of bridle road and religious places, beautification and renovation projects, etc. could not be financed from the *Nidhi*. Records of PDs of six test-checked districts revealed that 140 projects such as *barat shala*, *shamshan ghat*, *swagat dwar*, grave yard, etc., worth Rs 5.70 crore were sanctioned by the DCs under District sector projects of the *Nidhi* and Rs 3.91 crore were spent on these works as of March 2009, as detailed in **Appendix-2.2.3**.



In reply, the Government stated (November 2009) that all CDOs and DCs had been asked to ensure sanction to projects under District sector according to the guidelines.

2.2.7.4 Execution of ineligible projects under the TFC's grants

Ineligible road projects of SHs/MDRs/ODRs/Border roads were taken up whereas habitations less than 500 population for which funds were actually received were deprived of the connectivity

While approaching the TFC for special package to overcome disparities and backwardness in Bundelkhand and Poorvanchal, the Government proposed construction of all weather roads for 3800 habitations (Bundelkhand: 800 and Poorvanchal: 3000) and upgradation of *Kharanja* roads to black top roads in 1600 habitations (Bundelkhand: 200 and Poorvanchal 1400) in the population range of 250-499. The TFC sanctioned Rs 700 crore for the period 2006-07 to 2009-10 for the identified proposed projects of Poorvanchal and Bundelkhand regions.

Records of the Secretariat, E-in-C, PWD, Lucknow, CE, PWD, Gorakhpur and PD, Gorakhpur revealed that four projects of widening and strengthening of State Highway (SH), Major District Road (MDR) and Other District Roads (ODRs) in Gorakhpur were sanctioned (August 2006) for Rs 26.27 crore by the Government under TFC grant whereas in Gorakhpur district itself, 292 villages having population less than 500 were not connected by all weather roads (August 2009). In addition, four SH/Border road/MDRs projects of Ambedkar Nagar, Ballia, Varanasi and Sonebhadra districts were sanctioned at a cost of Rs 168.21 crore by the Government during 2008-09 under the TFC grant and released Rs 54.11 crore ignoring 781 unconnected habitations in these districts as detailed in **Table 3**.

Table 3: Details of the roads executed under the TFC

| (Rs in crore) | | | | |
|----------------------|---|------------------------|-----------------|-----------------|
| Name of the district | Name of the road | Classification of road | Sanctioned cost | Amount released |
| Varanasi | Varanasi-Adlapur-Chunar road | SH | 8.61 | 1.29 |
| Sonebhadra | Border road Robertsganj-Pannuganj-Khaliyari Road | Border road | 63.41 | 19.02 |
| Ballia | Widening and strengthening of Sighagar Ghat to Rasara road | MDR | 19.63 | 5.89 |
| | Widening and strengthening of Rasara Nagara Turtipar road | MDR | 39.70 | 11.91 |
| Ambedkar Nagar | Widening and strengthening of Maya-Tanda road km 1.00 to km 33.50 | SH | 36.86 | 16.00 |
| Total | | | 168.21 | 54.11 |

(Source: E-in-C, PWD, Lucknow)

Thus, due to execution of ineligible projects, 1073 habitations of the five districts having population of less than 500 remained unconnected by all weather roads despite specific allotment of funds for such roads. In Poorvanchal and Bundelkhand regions, total unconnected habitations of less than 500 populations numbered 6572 as of August 2009. The Government stated (November 2009) that widening and strengthening of SHs/MDRs was also part of infrastructure development. Reply was not tenable as TFC grant was obtained for specific purpose, i.e., construction of village roads for villages having population of less than 500.

2.2.7.5 Incomplete projects

One hundred fifty six projects were incomplete for the last one to seven years due to non-release of second installment

According to programme implementation guidelines, the projects sanctioned were to be completed within a period of two years and funds were to be utilised first for completion of incomplete projects. Records of the E-in-C, PWD, however, revealed that 156 projects of Poorvanchal region, sanctioned during 2000-01 to 2006-07 and due for completion during 2002-03 to 2007-08 were incomplete as of March 2009. The second installment of funds of these projects was released in 2008-09. Records of the E-in-C, PWD revealed that due to delay in sanctioning the second installment, 21 projects in five districts had to be revised with cost overrun of Rs 3.97 crore (*Appendix-2.2.4*).

Records of five⁷ test-checked districts revealed that the Government sanctioned (1999-2007) 49 road projects costing Rs 39.57 crore and released (2000-07) Rs 20.07 crore as first installment. Out of the released amount, Rs 19.73 crore were actually disbursed to EAs which were spent by them by March 2009. Due to non-release of the second installment of Rs 19.53 crore, all these 49 projects were lying incomplete as of March 2009. The Government stated (September 2009) that in previous years, it had given priority to sanctioning new projects instead of releasing second installments for ongoing projects. From 2008-09, priority was completion of incomplete projects and accordingly, funds for incomplete projects of 2001-07 were released in 2008-09. The funding of the projects was against the project implementation guidelines issued by the Government. Some more incomplete works are discussed below.

Incomplete bridges

Approach roads of four bridges were not constructed for the last one to three years

Records of the RES, Gorakhpur and PD, Kushinagar, revealed that construction of four bridges was left incomplete after spending of Rs 2.36 crore due to non-acquisition of land/land dispute for approach roads for the last one to three years. Details are given in **Table 2**.

Table 2: Details of incomplete bridges

(Rs in crore)

| Sl. No. | Name of work and executing agency | Amount Sanctioned and released | Date of allotment/ stipulated date of completion | Amount released by CDO to EAs | Expenditure incurred | Reason for works lying incomplete |
|---------|--|--------------------------------|--|-------------------------------|----------------------|---|
| 1. | Bridge between Gram Kakrakhor and Gopalpur Padaria, RES, Gorakhpur | 0.35 | 23.09.2004/ 22.09.2006 | 0.31 | 0.28 | Non-acquisition of land for approach roads |
| 2. | Bridge on Gurra Nala near Poochhiya Brahmsthan, RES, Gorakhpur | 0.51 | 14.02.2004/ 13.02.2006 | 0.45 | 0.45 | Non-acquisition of land for approach roads |
| 3. | Bridge near Gram sabha Gayghat RES, Gorakhpur | 0.35 | 17.08.2004/ 16.08.2006 | 0.35 | 0.32 | Land dispute |
| 4. | Bridge on Bansi river on Padrauna-Kharasal-Babuiya-Mudadeeh-piprasi (Bihar) road, PD, Kushinagar | 1.71 | 21.09.2006/ 20.09.2008 | 1.39 | 1.31 | Non-acquisition of land for approach roads. |
| | Total | 2.92 | | | 2.36 | |

(Source: RES, Gorakhpur and PD, Kushinagar)

⁷ Ghazipur, Gorakhpur, Hamirpur, Siddharthnagar and Sultanpur



Construction of 4x5 m RCC bridge near Gram sabha Gaayghat and approach road



Construction of Bridge on Padrauna-Kharasal-Babuiya-Mudadeeh-piprasi(Bihar), Kushinagar

In reply, the Government stated (November 2009) that the concerned district officers had been asked to arrange land for approach roads. It further stated that action would be taken against the officials responsible for construction of bridges without ensuring availability of land for the approach roads.

Incomplete Nala

The Government sanctioned (August 2005) Rs 82.33 lakh, on the basis of preliminary estimates, for construction of *Nala* Part-II (3300 metre) on north side of PWD road from Baidaula Chauraha to Dumariaganj town under the State sector to solve water logging problem in the area.

The work was assigned to RES, Siddharthnagar for execution. The amount was released to EA in four installments⁸. RES prepared four detailed estimates as and when funds were received and executed the work from November 2005 to March 2007. The *Nala* was, however, constructed in parts incurring an expenditure of Rs 69.53 lakh and was not functioning from chainage 930 to 1710 metre due to three gaps (50 metres).



SBI ATM existed at chainage 1081-1100 m



Mezban Hotel existed at chainage 1641-1660 m

Construction of *Nala* taken up to solve water logging problem remained incomplete even after 4 years of its start due to non-acquisition of land

The EE, RES did not initiate any action for acquisition of land measuring 50 metres in front of SBI ATM, the LML showroom and Mezbaan Hotel as of June 2009. Thus, Rs 33.76 lakh spent on construction of *Nala* from chainage 930 to 1710 remained unfruitful (July 2009).

The Government, in reply, stated (November 2009) that efforts were being made to acquire land to complete construction of *Nala* for solving the water logging problem. It further stated that action would be taken against the officer

⁸ 1st Installment: Rs 10.00 lakh (October 2005); 2nd installment: Rs 14.79 lakh (July 2006); 3rd Installment: Rs 33.76 (July 2006) and 4th Installment: Rs 23.78 lakh (February 2007).

responsible for start of work without ensuring availability of land in entire reach rendering the expenditure unfruitful.

Incomplete road

The Government sanctioned (May 2005) construction of Supa to Nanayacha Link Road (length: 3.450 km) and two culverts in Madhogarh block of Jalaun District at the cost of Rs 49.80 lakh as a State sector project. A part of the alignment of the road fell in the forest area. The project was assigned to RES, Jalaun for execution. Work on non-forest land was started (June 2006) and completed upto 1750 metres with one culvert by July 2007 at a cost of Rs 23.93 lakh. As clearance for acquisition for forest land was not obtained from the forest authorities, the project was stopped (July 2007) midway. The portion of road constructed also remained unutilised as there was no village on the constructed portion of the road. In reply, the Government stated (November 2009) that efforts would be made to obtain the forest land to complete the road. It further stated that action would be taken against the officer responsible for start of work without ensuring availability of land in entire reach rendering the expenditure unfruitful.

Thus, a total of Rs. 3.30 crore spent on incomplete works remained unfruitful for the last one to three years.

2.2.7.6 Abandoned projects

One bridge and one road were abandoned after spending Rs 29.37 lakh

The Government sanctioned (2000-01) Rs 12.05 lakh for construction of a minor bridge of 12 metre span as a State sector project on the Bansi River on Bendupar to Virvan road to connect Bendupar to Bintoli villages. On the directions of the CDO, Kushinagar, the Engineer of the Zila Panchayat (ZP), Kushinagar suggested (May 2002) an 18 metre span bridge and revised the estimate to Rs 20.84 lakh. The estimate was sanctioned by the DC, Gorakhpur and work given to ZP, Kushinagar, in violation of provision of implementation guidelines, according to which State sector project, was required to be sent to the Government for revised sanction and approval for change of EA. As per the guidelines, bridges were to be constructed by UPSBC or PWD.

The work was delayed by the contractor and the structure erected in June-July 2007 plunged into the river in July 2007. The project was abandoned after spending Rs 15.66 lakh on the construction.



Bridge of 3x6 Span on the Bansi River on Bendupar to Virvan via Bintoli Road

In respect of another case, it was noticed that on the proposal by EE, PD, Gorakhpur, the Government accorded (November 2004) administrative and financial sanction for Rs 29.43 lakh for construction of a 4X5 m RCC bridge on a drain between Gram Sabha Sectaour tola and Karmahia with approach road of 1 km on both sides. RES, Gorakhpur was the executing agency. EE, RES accorded technical sanction in April 2005 for Rs 29.43 lakh. The EE drew up six agreements with one contractor for execution of work with stipulation to complete the project by July 2005. While the pile cap work of the bridge was in progress (May 2005), it came to notice that the proposed bridge was within the alignment of the four lane National Highway Gorakhpur bypass. The work was, therefore, abandoned (May 2005) after spending Rs 13.71 lakh. This indicated that RES had not carried out survey properly and had not consulted National Highway Authority of India (NHAI) for any proposed construction work in the alignment of the bridge.

The Government in reply stated (November 2009) that separate committees had been constituted to look into the lapses in the above cases and action would be taken on the basis of their findings.

Box 2.2.1

Payments in violation of guidelines

As per the guidelines of the Nidhi, Nigams were to be paid centage charges at the rate of 12.5 *per cent* of the estimated cost of works after reducing it by 5 *per cent* in respect of departmental works. These instructions were also applicable to the Package and the TFC grant projects. The UPSBC was, however, paid 12.5 *per cent* centage charge without reducing the cost by 5 *per cent* which resulted in excess payment of Rs 25 lakh in five projects of Poorvanchal. Besides, an amount of Rs 26 lakh was sanctioned in excess in two projects of Bundelkhand (*Appendix-2.2.5*). In reply, the Government stated (November 2009) that centage charges were being charged by the UPSBC as per orders of the Finance department (March 1999). Reply was not acceptable as centage charges were paid in violation of implementation guidelines of the *Nidhis*.

2.2.7.7 Fictitious works

Test-check of running account bills in the PD, Jaunpur revealed that the name of the road and the scheme initially mentioned in the bills were overwritten and the name of roads sanctioned under TFC recorded thereon. Other details such as agreement number and the name of contractors, items of works and measurement books numbers were not changed. By overwriting the name of roads and the scheme in the running bills, Rs 5.96 lakh were paid by debit to TFC though actual work was not carried out on these roads. These bills originally related to the road works executed under 'Rashtriya Sam Vikas Yojna'. The details of these bills are given in **Table 4**.

Table 4: Details of the payments made on fictitious works

| Voucher number and date | Name of the road before overwriting | Name of the road sanctioned under TFC recorded after cutting | Amount (Rs in lakh) |
|-------------------------|-------------------------------------|--|---------------------|
| 312/26.0 3.2007 | Repair of Jaunpur Malni-Kuthan Road | Approach Road from Pilkicha Amar Deo Yadav to Tarva | 0.59 |
| 313/26.0 3.2007 | Repair of Jaunpur Malni-Kuthan Road | ----do | 2.64 |
| 393/28.0 3.2007 | Repair of Jaunpur Malni-Kuthan Road | ----do--- | 0.34 |
| 394/28.0 3.2007 | Repair of Jaunpur Malni-Kuthan Road | ----do---- | 0.84 |
| 395/28.0 3.2007 | Repair of Jaunpur Malni-Kuthan Road | ----do--- | 0.42 |
| 396/28.0 3.2007 | Repair of Jaunpur Malni-Kuthan Road | Akabarpur approach road from Sauraya to Hajipur | 1.13 |
| | | Total | 5.96 |

(Source: PD, Jaunpur)

The Government in reply stated (November 2009) that action would be taken against the persons responsible for making payment for fictitious works.

2.2.7.8 Shortcomings noticed in test-checked projects

Audit scrutiny of 80 randomly selected projects in eight⁹ test-checked districts revealed the following irregularities in 36 projects:

- In four cases, tender notices of work costing more than Rs 2 lakh were issued by AE which were beyond his financial powers.
- In four cases, tenders were accepted with the delay of more than four months from the date of opening of tender. In reply, EE, CD-Banshi, Siddharthnagar stated (May 2009) that delay occurred due to negotiation with contractors. Reply was not correct as the agreement was drawn at price quoted by the contractors.
- In nine cases, short term tenders were invited by EAs. In reply, EAs stated that in the interest of work short term tenders were invited. Reply was not tenable as agreements were actually executed after one to 15 months.
- As per specification, village road was to be constructed on 3 metre width but EE, Devkali Pump Canal Division, Irrigation Department, Ghazipur and EE, UPSKNN, Ghazipur constructed two roads (cost: Rs 22.79 lakh) with only 2.50 and 2.46 metre width respectively.
- In 11 cases, multiple bonds were executed for one project. In reply, EAs stated (May-June 2009) that funds were released in installments therefore, multiple bonds were executed. Reply was not tenable as one agreement should have been executed to get competitive offers.

⁹ Gorakhpur, Ghazipur, Hamirpur, Jalaun, Jaunpur, Kushinagar, Maharajganj and Siddharth Nagar. RES, Sultanpur and CD-I, PWD, Sultanpur did not furnish the records.

- In two cases in the office of EE, PD, Jaunpur, bitumen of Rs 5.87 lakh was debited directly to road projects and paid to Indian Oil Corporation, Mathura.

In reply, the Government stated (November 2009) that necessary instructions had been issued to all concerned to follow financial rules and standard specifications of the concerned departments strictly for execution of work.

2.2.8 Non-transfer and non-maintenance of assets

Two thousand four hundred twenty five projects executed during 2004-09 were without maintenance

As per guidelines, while planning for various projects under the *Nidhis*, prior consent of the concerned administrative departments should be obtained for maintenance of the created assets from their departmental budgets. Records of PDs, PWD and implementing agencies of the test-checked districts, however, revealed that out of the 6763 projects (Rs 264.94 crore) sanctioned during 2004-09, 5648 projects (Rs 148.29 crore) were completed (*Appendix-2.2.6*). Of these, 2425 projects executed at a cost of Rs 79.21 crore by RES, Cane Development, UPPCL, UP Samaj Kalyan Nirman Nigam, etc., (*Appendix-2.2.7*) without taking consent of the concerned administrative departments for their maintenance. Even after completion of these projects, CDOs did not approach the administrative departments to take over the projects for maintenance. These projects were, therefore, neither transferred to concerned administrative departments nor maintained by the executing agencies. Even in case of works executed earlier than 2004-05, these works were neither transferred nor maintained by any department.

The Government stated (November 2009) that road policy framed was under approval and that roads would be maintained as per new road policy.

2.2.9 Evaluation

The *Nidhi* was established to remove disparities and backwardness of Bundelkhand and Poorvanchal. Evaluation could be the key factor to ascertain the effectiveness of the programme. No evaluation was carried out at any level, during 2004-09, to see to what extent, disparities and backwardness of these regions had been overcome. Evaluation Division of the Planning department which was responsible to evaluation of State plan schemes also did not evaluate the impact of the programme for the last 10 years. In reply, the Government stated (November 2009) that evaluation would be carried out to ascertain the effectiveness of the programme.

2.2.10 Impact of the programmes

There was no impact of additional funds in these regions as all the 15 districts identified as most backward in the State during 2008-09 belonged to these regions

Despite additional investment of Rs 2,481.90 crore in Bundelkhand and Poorvanchal during 2004-09 to increase infrastructural facilities to overcome regional disparities and backwardness, these regions remained backward as per State Annual Plan documents for 2006-07 to 2008-09. According to these data, in 2003, eight out of the total nine most backward districts in the State belonged to these regions. Whereas in 2008-09, all the 15 districts identified as most backward districts in the State belonged to these regions, besides downgrading three districts from High Medium Developed Districts to Medium Developed Districts.

2.2.11 Conclusion and Recommendations

2.2.11.1 *Injudicious sanction of project and inadequate monitoring*

The Department did not consider the comparative disparities and backwardness of each district as the basis for allocating funds to them under *Nidhis*. Eighty four *per cent* of total grant was utilised for construction of roads and bridges ignoring other sectors of infrastructure development. Regular meetings at district and divisional levels were not held to monitor the projects and to remove the bottlenecks.

Recommendation: Funds should be allocated to each district on the basis of their indexed backwardness and deficiencies in different areas of development. People's representatives should be apprised of the disparities and backwardness in the district as recommendations for projects are given by them. Monitoring should be more effective through monthly progress reports and meetings at all levels, viz., Government, Divisional and district levels.

2.2.11.2 *Improper management of funds*

Fund management was weak as thirty three *per cent* of the sanctions were drawn from treasury with the delay of two to eight months. Besides, double drawals and releasing of second installment on falsely reported financial progress through UCs were noticed. Rupees 330.71 crore were diverted to other schemes.

Recommendations: Timely release of funds to the executing agencies needs to be ensured. Besides, funds should be utilised for specified purposes only.

2.2.11.3 *Incomplete and ineligible projects*

A large number of projects were delayed from one to seven years due to non-release of second installment of the funds required for their completion. Cases of execution of ineligible projects were also observed.

Recommendations: Projects should be completed within time schedule to give benefit to the people as envisaged in the programme and also to avoid cost escalation. Execution of ineligible projects should be strictly prohibited under these programmes.

2.2.11.4 *Non-transfer and non-maintenance of assets*

Due to non-transfer of created assets to the concerned administrative departments, all projects were without maintenance during 2004-09.

Recommendation: Completed projects should be transferred to administrative departments for maintenance to keep them in proper condition as envisaged in programme implementation guidelines.

The audit recommendations were accepted (November 2009) by the Government for implementation.

IRRIGATION DEPARTMENT

2.3 Accelerated Irrigation Benefits Programme

Executive summary

Accelerated Irrigation Benefits Programme (AIBP) was started by the Government of India during 1996-97 to provide loan assistance to the States for ongoing irrigation projects which were in an advanced stage of completion and were beyond the resource capability of the States. This was to create irrigation potential speedily to obtain bulk benefits. Rupees 2000.06 crore were spent on execution of six AIBP projects in the State during 2004-09. Performance audit revealed that the targeted benefits were not achieved due to deficient implementation of the projects:

- Planning and monitoring was not adequate as in Bansagar canal project acquisition of forest land was not ensured before start of the project and restoration of Agra canal in initial chainage could not be done due to improper planning. The State level monitoring committee did not hold regular meetings to redress the bottlenecks to speed up completion of projects.
- Funds were not utilised properly as Rs 93.95 crore was diverted and utilised on non-AIBP projects.
- Memorandum of understanding was signed with the firms for carrying out works without tendering process which deprived the competitive rates to the Department.
- Projects were not executed efficiently as there was time overrun of two to eight years and cost overrun from Rs 29.87 crore (28 *per cent*) to Rs 2,831.69 crore (916 *per cent*). Delay was mainly due to non-acquisition of land.
- Implementation of the programme was not effective as only 45 *per cent* to 78 *per cent* of created potential was utilised due to incomplete Distributaries, Minors, etc.
- Quality control system was not in existence in Lahchura dam, Rajghat canal and Hardoi branch projects. In Bansagar Canal Project, where the system existed, it was not effective.

2.3.1 Introduction

The Government of India (GOI) started (1996-97) the Accelerated Irrigation Benefits Programme (AIBP) with the objective of expediting completion of ongoing irrigation projects, which had spilled over from plan to plan due to financial constraints of the State Governments. Implementation of 10 projects was taken up in the State during 1996-2006 under the programme.

2.3.2 Organisational set-up

The Principal Secretary, Irrigation Department assisted by a Secretary is responsible for implementation and monitoring of the AIBP projects at the Government level. At the Department level, Engineer-in-Chief (E-in-C), Irrigation/Design & Planning assisted by Chief Engineer (CE), Level- I (Project) and at the field level, zonal CEs and Superintending Engineers (SEs) were responsible for implementation and monitoring and Executive Engineers (EEs) for execution of the projects.

2.3.3 Audit objectives

The objectives of performance audit were to ascertain whether:

- planning for projects was done in a systematic manner and monitoring was adequate;
- funds were utilised properly;
- projects were executed in economic and efficient manner;
- programme achieved its objectives of creating and utilising targeted irrigation potential; and
- Quality control mechanism was adequate and effective.

2.3.4 Scope of audit and methodology

The performance audit covered implementation of the AIBP during 2004-09. Out of 10 major¹ irrigation projects taken up under the programme during 1996-2006, six projects, viz., Modernization of Agra Canal (Agra canal), Bansagar Canal Project (BCP), Eastern Ganga Canal (EGC), improving Irrigation Intensity of Hardoi Branch System (Hardoi branch), Modernization of Lahchura Dam (Lahchura dam), and Rajghat Canal were selected for performance audit. Out of 41 divisions, 10 divisions² were selected along with the offices of concerned SEs and CEs for detailed check. Besides, information was collected from 10 other divisions³. Site visits to projects were carried out along with the nominated Assistant Engineers (AEs) of the concerned divisions to ascertain the actual progress of the projects.

Entry conference was held (July 2008) with the Principal Secretary, Irrigation Department in which the audit objectives were discussed. Exit conference was held (November 2009) in which audit findings and recommendations were

¹ Projects that create irrigation potential greater than 10,000 Hectares of culturable command area (CCA).

² Bansagar Canal Construction Division (BSCCD)-II, Mirzapur (MZP), BSCCD-III, MZP, BSCCD-V, MZP, Eastern Ganga Canal Division (EGCD)-I, Najibabad, EGCD-II, Haridwar, Maudaha Dam Construction Division I, Mahoba, Irrigation Construction Division (ICD)-I, Lalitpur, Sharda Canal, Unnao Division, Unnao, Headwork Division, Agra Canal, Okhla, Hardoi Division, Hardoi

³ BSCCD-I, MZP, BSCCD-IV, MZP, BSCCD-VII, MZP, BSCCD-VIII, MZP, EGCD-IV, Bijnore, EGCD-V Najibabad, EGCD-VI, Najibabad, ICD-II, Lalitpur, ICD-III, Lalitpur and ICD, Mathura.

discussed. The Government accepted the recommendations. Reply of the Government has been incorporated at appropriate places in the review.

2.3.5 Planning

The GOI had issued (August 1980) guidelines for preparation of project reports after conducting proper survey. The project authorities ignored the guidelines as brought out in the following paragraphs:

2.3.5.1 Delay in acquisition of forest and wildlife sanctuary land

Inability to fulfill the conditions of MoEF, construction of Adwa Meja Link Channel was delayed

The guidelines envisaged obtaining of clearance of forest land, if any, from the Ministry of Environment and Forest (MoEF) which was to be appended with the Detailed Project Reports (DPRs). However, the same was not obtained before sending (December 1993) DPRs of Bansagar Canal Project (BCP). Under this project a length of 10.6 km of Adwa Meja Link Channel fell under Kaimur Wildlife Sanctuary (KWS). The MoEF approved (December 2002) in principle, transfer of the above land subject to rehabilitation of at least 75 per cent population of 13 villages with the consent of the villagers. The Irrigation Department transferred Rs 86.29 crore to the Forest Department (Rs 85.55 crore) and DM, Mirzapur (Rs 0.74 crore) during 2002-09 for rehabilitation of population and compensatory afforestation, etc. However, rehabilitation of the villagers could not start as they declined to leave KWS. Meanwhile, District administration spent Rs 9.82 crore during 2004-09 on various development works like construction of school buildings, Maha Maya Awas Yojana, installation of hand pumps, electrification of villages, etc., in the above villages. Inability of the department to fulfill the conditions of MoEF since December 2002, delayed the construction of canal.

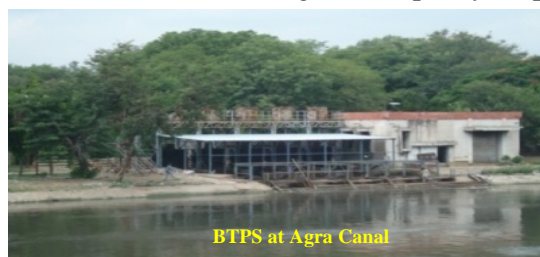


The EE, Bansagar Canal Construction Division (BCCD) II stated (May 2009) that on an appeal (April 2003) in Supreme Court by the Government to delink the condition of villagers' consent for their rehabilitation out of the sanctuary, the Court (August 2009) referred the matter to Indian Board of Wild Life. The case would be heard further by the Supreme Court in January 2010.

2.3.5.2 Designing of the canal for an incomplete stretch

Improper planning resulted in non-functioning of Agra canal to its designed capacity

Modernisation of Agra canal (length 160.90 km.) aimed at increasing its discharge capacity from 2100 cusecs to 4000 cusecs for irrigation of paddy crop. Project authorities instead of preparing plan for the entire length of the canal, prepared plan only for the stretch from 7.100 km. to 160.90 km. and executed the same which increased its discharge capacity in this chainage. Discharge capacity of



the canal remained unchanged in the stretch from 00 km to 7.100 km as its modernisation could not be taken up in the absence of an alternative arrangement for uninterrupted supply of water to Badarpur Thermal Power Station (BTPS). Silt clearance and berm cutting was also not possible in this chainage to maintain continuous supply of water to BTPS. Consequently, Agra canal was not flowing at its designed capacity of 4,000 cusecs.

The Government stated (November 2009) that consultancy services of a firm were hired in March 2009 to suggest alternative arrangement of continuous water supply to BTPS. The report was awaited as of December 2009. Reply indicated apathetic attitude of the project authorities towards modernisation of canal as even seven years after its taking up, it had not been made functional to its designed capacity.

2.3.6 Monitoring

Weak monitoring led to delay in completion of the projects which escalated their cost

The State Level Monitoring Committee (SLMC) was to meet quarterly and render advice to the Project Level Committees. The SLMC held only three⁴ meetings against fifteen due during June 2005 to March 2009. During these meetings, the SLMC issued instructions to complete the works as per targets fixed, which were not followed up.

At project level, a committee was to meet every month, take suitable steps to improve the progress and remove the bottlenecks, if any, and send monthly report to the SLMC. Though, monthly project level meetings were held, no reference was made to the instructions of SLMC. Due to inadequate monitoring, projects were delayed which escalated their cost. During discussion in exit conference (November 2009), the Government stated that the SLMC would be geared up.

Financial management

2.3.7 Funding Pattern

AIBP guidelines (April 2004) envisaged payment of Central Loan Assistance (CLA) in the ratio of 2:1 (GOI: State) with the stipulation that on timely completion of the project, 30 *per cent* of CLA would be converted into grant. However, GOI decided to release 30 *per cent* assistance as grant during 2005-06 and 2006-07 (up to November 2006) and the remaining loan portion was to be arranged by the State. As per revised (December 2006) guidelines, the Central Assistance (CA) was in the form of grant equal to 25 *per cent* of the project cost and remaining 75 *per cent* was to be met by the State. The State was to confirm the provision for the Central and the State shares in its Annual Budget.

2.3.7.1 Allotment of funds and expenditure

Details of year-wise CLA/CA received for six test checked projects from GOI and funds allotted by State Government during 2004-09 are shown in **Table 1**.

⁴ July 2005, July 2006 and November 2006

Table 1: Allotment of funds and expenditure

| Year | Central share of grant and loan (in bracket) | Required State's matching share | Allotment by State Government | | | Expenditure |
|--------------|--|---------------------------------|-------------------------------|---------------|----------------|----------------|
| | | | Central share | State share | Total | |
| 2004-05 | 23.28 (54.31) | 38.80 | 66.72 | 78.92 | 145.64 | 141.71 |
| 2005-06 | 62.54 | 250.16 | 213.31 | 100.78 | 314.09 | 314.16 |
| 2006-07 | 52.50 | 203.31 | 349.52 | 208.86 | 558.38 | 545.44 |
| 2007-08 | 93.00 | 279.00 | 309.95 | 168.41 | 478.36 | 476.32 |
| 2008-09 | 169.91 | 509.73 | 134.95 | 389.64 | 524.59 | 522.43 |
| Total | 401.23 (54.31) | 1281.00 | 1074.45 | 946.61 | 2021.06 | 2000.06 |

(Source: E-in-C and concerned CEs)

During 2007-08, the CE, Sharda Canal, allotted Rs 12 crore for Hardoi branch to Unnao Division, Sharda Canal, Unnao. The division utilised Rs 11.62 crore and the balance Rs 38.14 lakh lapsed. This amount was not surrendered for utilisation by other divisions of the project.

The State Government did not intimate the reasons for release of more grants on behalf of GOI whereas it did not release its own matching share in full during 2005-06, 2007-08 and 2008-09.

2.3.7.2 Diversion of Funds

Rupees 93.95 crore were diverted during 2004-09 to works/activities not related to the AIBP projects as detailed below:

Rupees 93.95 crore were diverted during 2004-09 to works/activities not related to the AIBP

- Rupees 8.21crore⁵ were diverted during 2004-09 by CEs to Lucknow Division, Sharda Canal, Lucknow to meet the expenditure of the office of E-in-C. On being pointed out in audit, the E-in-C requested (April 2009) the Government for allocation of 0.35 *per cent* of project contingency amount to meet the expenditure of the office of E-in-C. The Government turned down (May 2009) the request stating it to be irregular.
- Rupees 69.70 crore were diverted from five projects⁶ during 2004-09 and utilised by 26 divisions on works not related to AIBP projects.
- Rupees 16.04 crore⁷ were diverted from Agra canal and utilized on renovation work of the existing building of Yamunotri Guest House, Annexe building, Old Inspection House and eight Type-III staff quarters.

During discussion in exit conference (November 2009), the Government stated (November 2009) that the matter would be investigated and action taken against officials responsible for diversion.

2.3.7.3 Creation of liabilities

Financial rules provide that expenditure in a year should be restricted to the allotment of the projects. However, EEs, Irrigation Construction Division (ICD) II, Lalitpur and ICD-II, Jhansi created liabilities of Rs 3.43 crore⁸ during

⁵ BCP: Rs 5.76 crore, Agra Canal: Rs 0.15 crore, EGC: Rs 1.62 crore and Rajghat Canal: Rs 0.68 crore)

⁶ BCP, EGC, Rajghat canal, Lahchura dam and Agra canal

⁷ Head works Division, Okhla, New Delhi: Rs15.80 crore and Lower Khand Agra canal, Agra: Rs 0.24 crore.

⁸ ICD-II Jhansi: Rs 58.99 lakh and ICD-II Lalitpur: Rs 2.84 crore.

2003-08 due to increase in cost of land and labour. Records also revealed that Rs 4.53 crore deducted as security from contractors' bills in 17 divisions⁹ was utilized for expenditure on works. While this was against the rules, it created avoidable liability in the divisions for payments of deposits on becoming due. During discussion in exit conference (November 2009), the Government directed the Department that, in future, expenditure should be limited to the allotment and liabilities should not be created.

2.3.8 Contract management

2.3.8.1 Irregular memorandum of understanding and their injudicious rescinding

MoU signed with the firms without tendering process were subsequently rescinded without taking into account the Government's interest

According to Financial rules, contracts for works can be awarded through tendering process only. Nevertheless, SE, Circles I and II, BCP under instructions (May 2005) of CE, BCP awarded (May 2005 and August 2005) four contracts without inviting tenders to the National Project Construction Corporation Ltd (NPCC), Faridabad, Haryana through Memorandum of Understanding (MoU) to be completed by November 2006. While the works were in progress, the E-in-C issued (February 2007) instructions that the MoU with outside State agencies should be reviewed and rescinded as per rules in public interest. The MoU were rescinded (February 2007) by the SEs on the ground of delay in completion of works. Meanwhile, the NPCC had applied (January 2007) time extension upto November 2007 to the SEs on the ground that major portion of the land required for earth work was not made available till January 2007. Thus, the rescinding of MoU on ground of delay was not based on facts.

Further, for the balance works of three rescinded MoU, 18 agreements were entered into by the SEs after inviting tenders with private contractors between August 2007 and September 2007 with stipulated period of completion in six months but the works were not completed as of August 2009. The balance work of one MoU¹⁰ was not taken up as of August 2009. It was also noticed that against two agreements¹¹, there was cost overrun of Rs 5.65 crore and Rs 7.08 crore (63 to 284 *per cent*) while the works were still (August 2009) in progress.

From the above, it was clear that initially, the contracts were awarded without tendering process in contravention of financial rules depriving the Department of the competitive rates and subsequently, rescinded without taking into account the Government's interest as rescinding not only delayed the work further by about two years, there was cost overrun also.

The SE, Irrigation Construction Circle (ICC), Mahoba had signed (December 2005) a MoU with Engineering Projects (India) Ltd., New Delhi

⁹ BCCD-II, III, V, VI, VII, VIII, Mirzapur, BCCD-I, Allahabad, EGCD-I, V and VI Najibabad, EGCD-II, Haridwar, EGCD-IV and ID, Bijnore, Maudaha Dam Cons. Div-I. Mahoba, Head Works Div. Agra Canal, Okhla, ICD-II and III at Lalitpur.

¹⁰ MoU No. 02/SE-II/2005-06.

¹¹ Agreement No.07/SE-I/2007-08 for Rs2.49 crore and agreement No.08/SE-I/2007-08 for Rs 8.95 crore against which Rs 9.57 crore and Rs 14.60 crore were paid.

without tendering process for construction of Lahchura dam. The work was to be completed by December 2008. However, the work was not completed as scheduled and SE granted time extension for completion of work by 2009-10 which indicated that the department did not follow uniform policy in regard to rescinding of the contracts.

2.3.8.2 Memorandum of understanding with UP Project Corporation Limited

The Government order (March 1996) regarding allotment of works to UPPCL envisaged that only time bound works would be given to UP Project Corporation Limited (UPPCL).

SE, ICC, Jhansi entered into twenty MoU with the UPPCL relating to Rajghat canal during 1997-2006 which were to be completed from September 1999 to October 2006. Of these, 11 works costing Rs 17.31 crore were completed by August 2007 with a delay of seven months to 70 months. MOU for three works (estimated cost: Rs 1.85 crore) were rescinded (December 2007) and the remaining six works (estimated cost: Rs 9.85 crore) had been executed up to 33 to 88 *per cent* only as of March 2008. MOU of these works were finalised up at that stage.

Similarly, for construction of bridges over Agra canal, 10 MoU for Rs 18.49 crore were drawn up with UPPCL during March 2003 to July 2004 for completion within 12 months from the dates of sanction (between November 2004 and October 2006) of estimates by the CE. Due to time overrun of about two to four years, all the 10 estimates were revised (April 2008) to Rs 24.45 crore involving cost overrun of Rs 5.96 crore.

Delay in completion of works by UPPCL indicated that the Government's order to allot only time bound works to UPPCL was not followed.

Execution of projects

2.3.9 Modernisation of Agra canal

Agra canal was taken up (September 1979) for modernisation to increase its capacity to 4000 cusecs from the existing 2100 cusecs for irrigation of paddy and early *kharif* crop. It was taken up under AIBP in 2002-03. The revised estimated cost of the project was Rs 181.67 crore. It was declared completed (March 2008) at a cost of Rs 162.39 crore without its actual completion as shown in **Table 2** to adhere to the date of completion of the project as per MoU signed with MoWR.

Agra canal declared completed did not run to its designed capacity

Table 2: Component-wise physical progress

| Sl. No. | Item of Work | Quantity | | |
|---------|---|----------------|----------|---------|
| | | As per project | Executed | Balance |
| 1 | Providing energy dissipation device for regulators (in metre) | 322 | 53 | 269 |
| 2 | Fluming/construction of new bridges (in nos.) | 51 | 49 | 2 |
| 3 | Construction of tail escapes/masonry works for Distributaries and Minors. (in nos.) | 69 | 22 | 47 |
| 4 | Earth works (in lakh cubic metre) | 248 | 200 | 48 |

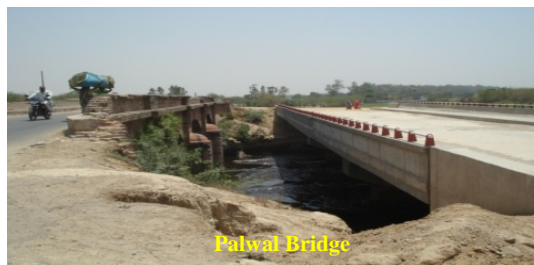
(Source: CE, Ganga, Meerut)

Due to non-restoration/non-modernisation of initial chainage 0.00 km-7.100 km as mentioned at paragraph 2.3.5.2, the Agra canal could not be run to its designed capacity of 4000 cusecs.

Box 2.3.1

Unfruitful expenditure on bridges

Seventeen new bridges were constructed over Agra canal during 2007-09 at a cost of Rs 20.01 crore. Approach roads of these bridges were not constructed which not only resulted in blockage of funds but also deprived connectivity to the villages concerned. During discussion in exit conference (November 2009), the Government stated that proper action would be taken in this regard.



Box 2.3.2

Pollution of Agra canal

Agra canal water was used for irrigation as well as for drinking by cattle of nearby localities but, was polluted as Okhla sewage drain fell into 3.84 km long old Agra channel at km 2.355 which meet Agra canal at km 4.12. The CWC had suggested (March 2005 and April 2008) to check the quality of water and take necessary steps by liasoning with polluting organizations/units to stop disposal of waste material in the canal. During site visit by audit team with the AE of the concerned division (September 2008), six open sewage drains and six hume pipes of sewage drains were also found polluting the canal water between km 2.355 and km 7.100 of Agra canal. The Government stated (November 2009) that the matter was taken up (June 2008 and April 2009) with the Municipal Corporation, Delhi to stop the sewage drains falling in the canal. There was no progress as of November 2009.



2.3.10 Bansagar canal project

The Central Water Commission (CWC) approved the Bansagar Canal Project (BCP) in January 1994 at a cost of Rs 330.19 crore to create additional Irrigation Potential (IP) of 1.50 lakh hectares in Allahabad and Mirzapur districts. The BCP included construction of Bansagar Feeder channel (BFC), Belan Main Canal (BMC), Adwa Meja Link Channel, tunnel lining works, etc. The latest revised cost of the project was Rs 3,140.69 crore for completion by March 2012. The physical progress of various components of BCP which commenced in 1996-97 is shown in **Table 3**.

Table 3: Component-wise physical progress of BCP

| Sl. No. | Components | Unit | Estimated quantity | Progress up to March 2004 (percentage of column 4) | Progress up to September 2008 (percentage of column 4) |
|---------|-------------------|------------------|--------------------|--|--|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1. | Land | Hectare | 1133 | 615 (54) | 852 (75) |
| 2. | Masonry Work | Number | 771 | 147+77P (19) | 510+134P (67) |
| 3. | Building | Number | 794 | 268+41P (34) | 395+28P (49) |
| 4. | Earthwork | Lakh Cubic Metre | 308 | 135 (44) | 282 (91) |
| 5. | Lining | Km | 233 | 545* Thousand M ² | 84 (35) |
| 6. | Tunnel excavation | Metre | 2047 | - | 2047 (100) |
| 7. | Tunnel lining | Metre | 2047 | - | 2047 (100) |

* Not mentioned in Km, P=Partial

(Source: CE, BCP, Allahabad)

Nine per cent to 65 per cent works had not been completed even after 12 years of their start

As would be seen from the table, even after lapse of 12 years of its commencement, progress of land acquisition, masonry work, building work, lining of canal and earthwork ranged from 35 per cent to 91 per cent. Non-acquisition of forest/wild life sanctuary land and delay in taking up remedial measures for rock stabilization, de-watering of canal for lining work, etc., were the main reasons for delay in completion of the project. As such, no IP was created against the targetted 1.50 lakh hectares as of March 2009.

2.3.10.1 Delay in taking up of expert advice/remedial measures

The monitoring mission (24-27 March 2008) of CWC noticed six slip zones¹² (length: 1.22 km) in the adjoining hillocks of the Bansagar Feeder Channel (BFC) and suggested obtaining advice from experts such as Geological Survey of India, Indian Institute of Technology, etc., for rock stabilization before start of the lining work in the above zones as these slips often filled the excavated canals which required to be removed for flow of canal water. The department had not taken any corrective measures as of August 2009.



Work on construction of Meja-Jirgo Link Channel was not re-started due to delay in seeking expert advice

Besides, underground water had sprouted up (December 2006) in the length of 6.050 km (chainage: km 41.000 to 45.000 and km 69.100 to 71.150) of Meja-Jirgo Link Channel, after digging of six metre depth while excavation was to be carried up to a depth of 17 metre. The CE, BCP constituted (November 2008) a committee to suggest remedial measure in 10 days. The committee suggested (October 2009) that either underground water taken to any nearby drain or proposal for dewatering be submitted. However, no further action was taken as of November 2009 and construction of canal remained suspended for the last three years.

¹² Area in which portion of hills contains slips located at km 11.400 to 11.600, km 12.600 to 12.800, km 32.200 to km 32.300, km 34.875 to km 34.975, km 60.530 to km 60.600 and km 64.700 to km 65.250.

2.3.10.2 Incomplete construction of BFC

National Highway Division, PWD, Sidhi, MP (NHD) was paid (March 2004) Rs 1.90 crore for construction of provincial road bridge (PRB) on NH-75 intersecting BFC at Km 10.970. The NHD submitted a detailed estimate (August 2009) of Rs 13 crore for PRB and its approach road. Provision for increased amount had been made in the revised project estimates which had not been sanctioned (March 2009). Due to non-construction of PRB, BFC in 250 metre stretch could not be constructed.

2.3.10.3 Sub-standard lining work of the BMC

To carry additional 1000 cusec water from Meja Dam, widening and cement concrete (CC) lining in 14 km length (km 0.00 to km 14.00) of Belan Main Canal (BMC), part of the BCP, was completed (June 2003) at a cost of Rs 25.34 crore. The quality of lining work was found (May 2002) sub-standard by SE, BSCC-I, Mirzapur, as the thickness of the CC lining was 50 mm to 70 mm only against the prescribed 100 mm and there were cracks in different chainages. On being pointed out (March 2003) in audit¹³, the department intimated (March 2003) that cracks had developed due to inadequate thickness of lining work than sanctioned and the concerned contractor had rectified it at his expense. However, it was noticed (July 2008) that during 2005-08, department had incurred Rs 1.92 crore on repair to lining work and other lining related work in the intermittent chainages of km.0.00 to km.14.00 of BMC. During joint physical inspection by the audit team with the AE of the concerned division (July 2008), it was seen that relining work had also cracked and was being repaired. During discussion in exit conference (November 2009), the Government stated that the matter would be investigated and the result intimated to audit.

Execution of sub-standard lining work in BMC led to extra expenditure of Rs 1.92 crore

2.3.11 Eastern Ganga Canal

The construction of EGC was started in 1978-79 for creation of IP of 1.05 lakh hectare. Due to increasing land cost, court cases and decretal amounts of land acquired, further works were stopped (June 1996). The project was taken up under AIBP in 2000-01 for completion by March 2007. The revised date of completion of the project was scheduled to March 2009. The State Expenditure Finance Committee approved (February 2009) the revised estimate of Rs 892.44 crore, against which Rs 796.99 crore was spent as of March 2009. The physical progress as of March 2009 is as shown in **Table 4**.

Non-construction of 5.93 km of canal led to non-utilisation of created IP upto the extent of 55 per cent

Table 4: Component-wise physical progress of EGC

| Item | Unit | Estimated quantity | Progress up to March 2004 (per cent) | Progress upto March 2009 (per cent) |
|--------------------------------|---------|--------------------|--------------------------------------|-------------------------------------|
| Land | Hectare | 4532 | 3010 (66) | 4452 (98) |
| Main canal and branches | | | | |
| Length | Km. | 204 | 204 (100) | 204 (100) |
| Pucca work | No. | 298 | 290 (97) | 298 (100) |
| Railway Bridge | No. | 8 | 4 (50) | 7 (88) |
| Distributory and Minors | | | | |
| Length | Km | 1368 | 631(46) | 1362 (99) |
| Pucca work | No. | 3527 | 1183 (34) | 3458 (98) |

(Source: CE, EGC, Moradabad)

¹³ Inspection Report No. 189/2002-03

Land measuring of 80 hectare was still to be acquired even after 30 years of the start of the project. This led to 32 gaps and non-construction of 5.93 km length of distributaries (Dys) and Minors. As a result irrigation potential of 58 thousand hectare (55 *per cent* of total created IP) was not utilised. In reply, the Government stated (November 2009) that the land was being acquired to complete the gaps and utilize the irrigation potential fully.

2.3.11.1 Non-completion of Kotra distributary

Out of ten road bridges and two railway bridges proposed for construction over Dys/Minors, seven road bridges were completed. One road bridge and one railway bridge were under construction while construction of two road bridges and one railway bridge was not started as of May 2009. The railway bridge over Kotra distributary (length: 28.235 km) had not been completed as a result, 435 metre stretch of the canal could not be constructed and water could not be carried to tail end.

2.3.12 Improving Irrigation Intensity of Hardoi branch system

The project was sanctioned (December 2006) by MoWR for Rs 105.30 crore under AIBP for completion by March 2009 to restore IP of 0.96 lakh hectare. The component-wise physical progress is given in **Table 5**.

Table 5: Component-wise physical progress of Hardoi branch

| Sl No | Components | Unit | Estimated quantity | Progress up to March 2009 (<i>per cent</i>) |
|-----------|--|-----------|--------------------|---|
| I | Branch Canals | | | |
| 1 | Works: a. Lining/Boulder pitching b. Restoration of missing outlets | Km No. | 21 560 | 21 (100) 127 (23) |
| 2 | Regulators | No. | 74 | 57 (79) |
| 3 | Falls | No. | 37 | 17 (46) |
| 4 | Cross drainage works | No. | 14 | 1 (1) |
| 5 | Bridges | No. | 203 | 42 (21) |
| 6 | Escapes | Th cum | 781 | 513 (66) |
| 7 | Earth work | Th cum | 10,560 | 10,926 (103) |
| II | Distributaries & Minors | | | |
| 8 | Works (restoration of missing outlets) | No. | 3,760 | 171 (4) |
| 9 | Regulators | No. | 272 | 72 (26) |
| 10 | Falls | No. | 19 | 0 (0) |
| 11 | Cross drainage works | No. | 9 | 0 (0) |
| 12 | Bridges | No. | 344 | 38 (11) |
| 13 | Earth work | Th cum | 6,593 | 4,261 (65) |

(Source: CE, Sharda, Lucknow)

Owing to delay in completion of works, the created IP could be utilized up to the extent of 68 per cent only

The earth work for restoration of internal section in Dys./Minors was only 65 *per cent*. As a result, the increased quantity of water available in the branches could not reach in full to the Dys. and Minors. Further, the progress in respect of restoration of missing outlets, cross drainage works, bridges was one *per cent* to 23 *per cent* under branch canals and nil to 11 *per cent* under Dys. and Minors though the target date of completion of the project was over. Consequently, IP could be utilized upto the extent of 68 *per cent* only.

Box 2.3.3

Extra payment in disposal of excavated earth

In restoration of Unnao branch, the earth was dumped on its banks creating problem for the local people. On a hue and cry by the people, the EE, Unnao Division, Sharda Canal (UDSC), Unnao incurred additional expenditure of Rs 49.80 lakh (March 2008) for removing the earth for which payment was already made to the contractor. During discussion in exit conference (November 2009), the Government stated that the matter would be investigated and responsibility would be fixed for recovery.

Box 2.3.4

Avoidable Expenditure

The EE, UDSC, Unnao executed (2007-09) earth work (21.51 lakh cubic metre) for restoration of internal section of Purwa Branch (length: km 93.50) and Unnao Branch (length: km 63.50) spending Rs 10.22 crore. The works involved earth work excavation and disposal of excavated soil beyond 200 metre. During 2008-09, the EE spent Rs 1.22 crore (Purwa branch: Rs 78.13 lakh and Unnao branch: Rs 43.69 lakh) for restoration of service road and counter-berm of Purwa branch and Unnao branch taking earth from outside. This expenditure could have been avoided if the work of restoration of service road and counter berm was executed along with the restoration of internal section as the earth taken out from canals at the time of restoration could be used.

The EE replied (July 2009) that the service roads and counter-berm could not be constructed with silt. Reply was not tenable in view of the E-in-C's order (April 2003) which restricted bringing of earth from outside for a service road and bank of the canal, and instead directed to utilize the earth available from silt clearance. During discussion in exit conference, the Government stated (November 2009) that reply given by EE was wrong and appropriate action would be taken.

2.3.13 Modernisation of Lahchura dam project

Due to delay in preparation of drawings, work was delayed

The Lahchura dam project envisaged construction of 346.50 metre new dam at a place 960 metre downstream of the existing Lahchura dam across the river Dhasan which had outlived its life. The project was taken up under AIBP in 2005-06 for completion initially by March 2009, subsequently revised to March 2011 at a cost of Rs 299.36 crore. Rupees 272.71 crore were spent as of March 2009. The component-wise physical progress of the project is given in **Table 6**.



Table 6: Component-wise physical progress of Lahchura dam

| Items | Unit | Estimated quantity | Progress up to March 2009 (per cent) |
|---|---------|--------------------|--------------------------------------|
| Excavation of spillway pit and head regulators | Th. cum | 383 | 498 (130) |
| Cement concrete & stone masonry work in spill way and head regulators | Th. cum | 233 | 157 (67) |
| Spillway gates (18m x 7m) | Nos. | 17 | - |
| Afflux bund | Th. cum | 300 | 274 (91) |
| Building | Nos. | 135 | 74 (55) |
| Earth work-construction of link channel | Th. cum | 87 | 62 (72) |
| Roads | Km. | 27 | 20 (74) |

(Source: CE, Betwa Project, Jhansi)

Due to change in foundation level, the excavation of spillway pits and head regulators was carried out 30 per cent in excess of the approved quantity in the DPR. The delay in progress of other works was mainly on account of delay in preparation of drawings which necessitated modification due to geological condition of the rocks in foundation of the dam. This indicated improper survey and investigation before preparation of DPR which affected the progress of the project.

2.3.14 Rajghat Canal Project

The Rajghat Canal Project (RCP) envisaged construction of six canals¹⁴ to utilize 22 thousand million cubic feet (TMC) water of Rajghat dam. The project work was started in 1976-77 and taken up under AIBP in January 2000. Against the revised project cost of Rs 527.78 crore, Rs 470.38 crore were spent as of March 2008. The component-wise physical progress achieved is shown in Table 7.

Table 7: Component-wise physical progress of RCP

| Item | Units | Estimated quantity | Progress up to March 2004 (per cent) | Progress up to March 2008 (per cent) |
|------------------------------------|--------|--------------------|--------------------------------------|--------------------------------------|
| Land | Hect. | 2060 | 1292 (62) | 2025 (98) |
| Main Canal and Branches | | | | |
| Earth work | Th Cum | 6517 | 5901 (91) | 6511 (99) |
| Pucca work | Nos. | 169 | 143 (85) | 169 (100) |
| Lining | Th Sqm | 436 | 103 (24) | 192 (44) |
| Distributaries & Minors | | | | |
| Earth work | Km | 762 | 482 (63) | 761 (99) |
| Pucca work | Nos. | 1181 | 809 (69) | 1172 (99) |
| Lining | Th Sqm | 256 | 55 (21) | 256 (100) |

(Source: CE, Betwa Project, Jhansi)

Land measuring 35 hectare was not acquired even after 32 years of start of the project which resulted into non-completion of earthwork of 6.36 thousand cum for construction of main canal and 1.31 km of Dys./Minors. Besides, the lining

¹⁴ Upper and lower Rajghat Canals, Jakhlaun Pump Canal, Baragaon Pump Canal, Jhansi Canal and Extension of Betwa and Gursarai Canal System

work required to prevent water loss due to seepage in main canal and branches was done to the extent of 44 *per cent* only. The project was declared completed in 2007-08 without actual completion of works, apparently to adhere to the date of completion as per MOU signed with MoWR. Twenty two *per cent* IP could not be utilised due to incomplete works.

The left over works were, however, included in another project approved by the State Government (February 2009) for Rs 55.06 crore for construction of additional regulators, cross drainages, bridges, escapes, etc.

2.3.14.1 Inadequate flow of water under railway bridges

According to records of SE, ICC, Jhansi, the Railways were paid Rs 8.95 crore during 1995-04 against the estimated cost of Rs 8.09 crore for construction of eight rail bridges over the canal. Out of five completed rail bridges, of which two were completed in March 2006, did not allow required flow of water. The EE, ICD-I, Lalitpur requested (July 2009) the Railways to take remedial measures for proper flow of water under the railway bridge. The same had not been rectified as of August 2009.

2.3.14.2 Delay in work due to poor co-ordination with National Highway Authority of India

National Highway Authority of India (NHAI) furnished (April 2007) estimates of Rs 11.49 crore for construction of five canal crossing bridges. Construction of road crossing bridge of NH-75 at km 14.507 of Sipri Dy. depended upon construction of a flyover over NH-26 (Jhansi-Kanpur) which was abandoned due to the objection raised by Ministry of Defence as the height of the flyover was likely to come in the way of aircrafts taking off from the adjacent military area. Three canal¹⁵ crossing bridges over NH-26 were delayed due to delay in acquisition of forest land. Reason for non-construction of the remaining one bridge was not furnished by the division. Non-construction of bridges due to one reason or the other for the last six years indicated that the project authorities did not pursue the matters with the concerned departments for remedial action. In reply, the Government stated (November 2009) that the NHAI had taken up the matter with the Ministry of Defense for necessary permission.



¹⁵ Lower Rajghat Canal-km. 49.470, Harshpur Dy.-km.3.60 and Asaupur Mr-km.3.60

Box 2.3.5

Aid to contractor

Government's order (February 2001) envisaged that royalty for earth should be deducted from the bills of the contractor and deposited into the treasury.

Records of the EE, ICD, Matatila, Lalitpur revealed that an agreement for construction of Lower Rajghat canal (chainage: km 41 to 44) was entered into by the SE, ICC, Jhansi. The work of earth filling of 4.78 lakh cubic metre was executed (December 2006) and Rs 7.27 crore paid (December 2006) to the contractor upto 20 running bill. This included payment of Rs 19.12 lakh deducted earlier on account of royalty charges without any justification. The amount of royalty was to be deposited into treasury as revenue. During discussion in exit conference (November 2009), the Government stated that the necessary action would be taken to recover the royalty from the contractor.

2.3.15 Time and cost overrun

The position of sanctioned costs and stipulated dates of completion of the six test checked projects is given in the **Table 8**.

Table 8: Project-wise time and cost overrun

(Rs in crore)

| Name of the project | Estimates at the time of taking up in AIBP | | Revised estimates | | Cost overrun (column 5-3) (per cent to column 3) | Stipulated date of completion | | Time overrun (in years) (8-7) |
|---------------------|--|--------|-------------------|---------|--|-------------------------------|------------|-------------------------------|
| | Sanction date | Cost | Sanction date | Cost | | Initial | Revised | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Agra canal | Dec.2002 | 71.62 | Sept. 2006 | 181.67 | 110.05 (154) | March 2005 | March 2008 | 3 |
| BCP | Jan. 1994 | 309.00 | July 2009 | 3140.69 | 2831.69 (916) | March 2004 | March 2012 | 8 |
| EGCP | Dec.1993 | 258.48 | Feb. 2009 | 892.44 | 633.96 (245) | March 2007 | March 2009 | 2 |
| Hardoi branch | Dec. 2005 | 105.30 | May 2008 | 135.17 | 29.87 (28) | March 2009 | March 2012 | 3 |
| Lahchura dam | Nov. 2005 | 99.66 | Nov. 2008 | 299.36 | 199.70 (200) | March 2009 | March 2011 | 2 |
| Rajghat canal | Jan. 2000 | 243.00 | Dec.2006 | 527.78 | 284.78 (117) | March 2004 | June 2007 | 3 |

(Source: E-in-C and concerned CEs)

There was cost overrun of 28 per cent to 916 per cent and time overrun of two to eight years as of March 2009. Records revealed that cost of projects increased mainly due to improper planning, delay in acquisition of land and preparation of drawings which required upward revision of the projects later on.

2.3.16 Impact of the AIBP projects

The position of proposed, created and utilised IP for the six projects is shown in the **Table 9**.

Table 9: Project-wise proposed IP, created and utilised

(In lakh hectares)

| Project | Proposed irrigation potential (IP) | Target of IP up to March 2009 | IP created up to March 2009 (per cent with respect to target) | IP utilized 2008-09 (per cent with respect to IP created up to March 2009) | Reasons for short utilisation of IP |
|---------------------|------------------------------------|-------------------------------|---|--|---|
| Agra Canal | 0.50 | 0.50 | 0.50 (100) | 0.32 (64) | Non-restoration of canal in first 7.120 km of the Agra canal. |
| Bansagar Canal | 1.50 | 0.50 | Nil | -- | -- |
| Eastern Ganga Canal | 1.05 | 1.05 | 1.04 (99) | 0.47 (45) | Incomplete work of Dys/Minors. |
| Hardoi Branch | 0.96 | 0.96 | 0.71 (74) | 0.48 (68) | Incomplete work of Dys/Minors. |
| Lahchura dam | 0.46 | 0.46 | Nil | -- | -- |
| Rajghat Canal | 1.39 | 1.39 | 1.38 (99) | 1.07 (78) | Incomplete works. |
| Total | 5.86 | 4.86 | 3.64(75) | 2.34 (64) | |

(Source: Concerned CEs)

As would be seen from the table that no IP was created in two projects and in four projects in which IP was created, it could not be utilised fully due to non-completion of the allied works as of March 2009.

2.3.17 Quality Control

According to the provision of the MOU signed between State Government and MoWR, the State Government was responsible for ensuring quality control of the material such as sand, soil, grit and sieve analysis by an independent agency. The CE, (Betwa Project), Jhansi deputed (April 2009) EE, Investigation and Planning Division, Jhansi (I&P) for collection of samples relating to Lahchura Dam and testing but, EE, I&P neither collected sample nor carried out any test as of July 2009. No quality control arrangements were made for the Rajghat canal and Hardoi branch. In BCP, though quality control system existed but was ineffective as it could not prevent execution of sub-standard work in BMC.

2.3.18 Conclusion and Recommendations

2.3.18.1 *Improper planning and inadequate monitoring*

AIBP projects were taken up in an unplanned way without observing the procedure laid by Central Water Commission/ GOI for detailed surveys. Adequate effort was not made for clearance for wild life sanctuary land in Bansagar Canal Project. The State Level Monitoring Committee did not hold regular meetings to redress the bottlenecks for speeding up completion of the projects.

Recommendation: While planning major and medium irrigation projects, Central Water Commission/GOI's guidelines should be strictly followed and adequate steps should be taken to obtain clearance of forest /sanctuary land to complete the projects as per schedule. Regular meetings of the State Level Monitoring Committee should be held for effective monitoring.

2.3.18.2 *Deficient implementation of the projects*

Projects were not executed efficiently as there was time overrun of two to eight years and cost overrun from 28 *per cent* to 916 *per cent* mainly due to delay in acquisition of land.

Recommendation: The Government should take adequate steps for acquisition of land in a time bound manner to ensure completion of projects as per schedule and realise envisaged benefits.

2.3.18.3 *Ineffective implementation of the Programme*

In Lahchura dam and Bansagar canal projects, no IP was created despite time overrun of two and eight years respectively. In the remaining four projects in which IP was created, utilisation was from 45 *per cent* to 78 *per cent* only due to non-completion of canals.

Recommendation: The Government should ensure completion of entire project on priority to utilise the created IP.

2.3.18.4 *Quality control*

Quality control system was weak in BCP as sub-standard work was executed in Belan Main Canal. In Lahchura dam, Rajghat canal and Hardoi branch projects, quality control system did not exist.

Recommendation: Quality control in execution of works should be ensured by an independent agency for all the projects in hand.

Social Welfare Department

2.4 Old Age Pension and National Family Benefit Schemes

Executive Summary

Old age pension schemes were launched by the Government of India and the State Government with the objective of providing financial assistance to destitute old persons aged 60 years and above who were below poverty line. National Family Benefit Scheme was introduced (August 1995) to provide one time financial assistance to the families below poverty line whose bread-winner had died between the age of 18 and 64 years. An amount of Rs 3068.39 crore was disbursed under old age pension schemes and Rs 384.95 crore under National Family Benefit Scheme during 2005-09. After universalisation of old age pension scheme, 41.84 lakh persons were paid pension during 2008-09.

The performance audit of implementation of the schemes revealed:

- Survey for identification of beneficiaries was inadequate (2008-09) as, subsequently in less than six months, eligible beneficiaries were found either in excess or less than those identified earlier. Implementation of the schemes suffered due to ineffective monitoring at District/ Directorate/ State level. Old age pension schemes were not dovetailed with other poverty alleviation schemes as envisaged. No database of pensioners was prepared.
- Rupees 2.68 crore paid to ineligible persons during 2001-02 were not recovered from the beneficiaries even after lapse of seven years. Similarly, Rs 3.54 crore disbursed to ineligible persons in test-checked districts during 2007-09 were also not recovered.
- Due to non-submission of information of death of the pensioners by Village *Panchayats* and Municipalities to DSWOs in test-checked districts, Rs 4.21 crore were transferred to bank accounts of 18,461 deceased pensioners during 2007-09. The amount was not got refunded by the DSWOs for the last one to two years.
- Due to inadequate scrutiny of new applications for pension in the offices of the DSWOs, double payments amounting to Rs 47.90 lakh were made to pensioners during 2007-09, recovery of which had not been made as of September 2009.
- Payments were also made to ineligible persons under National Family Benefit Scheme.

2.4.1 Introduction

The State Government introduced (November 1994), Kisan Pension Scheme (KPS) with the objective of providing financial assistance to destitute old persons aged between 60 and 65 years whose income is below Rs 12,000 per

annum in respect of urban areas and land holding was not more than 3.25 acre in rural areas. The Government of India (GOI) also introduced National Old Age Pension Scheme (NOAPS) on 15 August 1995, renamed as Indira Gandhi National Old Age Pension Scheme (IGNOAPS) for persons aged 65 years and above of the same income group as under KPS. The expenditure under IGNOAPS was to be shared in the ratio of 2:1 between Central and State Governments. IGNOAPS and KPS provided universal coverage of all persons Below Poverty Line (BPL) from 19 November 2007 and 1 April 2008 respectively. Monthly pension of Rs 150 was given to each pensioner upto 31 March 2007 and thereafter at the rate of Rs 300.

GOI also introduced National Family Benefit Scheme (NFBS) on 15 August 1995 for one time assistance of Rs 10,000 to BPL households on the death of primary bread-winner of the family if he/she died between the age of 18 and 64 years. The State Government decided (June 2006) to pay an additional amount of Rs 10,000 from its own exchequer (total: Rs 20,000) to the above families.

2.4.2 Organisational set-up

Principal Secretary, Social Welfare Department at Government level, Director, Social Welfare at the Department level and District Social Welfare Officers (DSWOs) at District level were responsible for implementation of the schemes. Village Panchayat in rural areas and Sub-Divisional Magistrate (SDM) in urban areas were the sanctioning authorities for Old Age Pension (OAP) schemes and District Magistrate (DM) for NFBS.

2.4.3 Audit objectives

The objectives of the performance audit were to examine whether:

- planning and monitoring were adequate; and
- schemes were implemented efficiently.

2.4.4 Scope and methodology of audit

Records relating to implementation of the schemes, viz., budget allotment and expenditure, physical progress reports, applications from beneficiaries, pension payment registers, bank advices and verification reports, etc. for 2004-09 were test checked at the Secretariat, the Directorate, Social Welfare, Lucknow and at 18¹ out of 71 DSWOs. Besides, information about erroneous payments under Old Age Pension (OAP) schemes was also collected from Muzaffar Nagar and Sitapur districts.

Entry conference was held (April 2009) with the Principal Secretary, Social Welfare Department in which audit objectives was discussed. Exit conference was also held (November 2009) in which audit findings and recommendations

¹Agra, Allahabad, Aligarh, Azamgarh, Bahraich, Barabanki, Bareilly, Bulandshahar, Fatehpur, Ghazipur, Gorakhpur, Jaunpur, Lucknow, Mau, Mirzapur, Saharanpur, Shahjahanpur, Siddharthnagar.

were discussed. The Government assured to implement the recommendations by Audit.

Audit findings

Old Age Pension

2.4.5 Planning and monitoring

2.4.5.1 Inadequate field survey

Survey carried out to identify the beneficiaries was inadequate

As per survey conducted by the Department, 16.54 lakh beneficiaries were identified during 2008-09 in addition of those who had been receiving OAP in earlier years. Accordingly, the Government fixed (June 2009) district-wise beneficiaries target for all DSWOs. The targets were further revised by the Government in 14 districts based on a fresh survey conducted by the DMs. In Muzaffar Nagar district, DSWO reported (March 2009) to the Directorate, achievement of 0.62 lakh beneficiaries on the basis of target fixed for 2008-09. Subsequently, physical verification (August 2009) of beneficiaries by the DMs revealed that only 0.40 lakh beneficiaries were actually eligible for pension. In Sitapur district, revised target of 1.10 lakh (reduced from 1.46 lakh) beneficiaries during 2008-09 was shown achieved. On physical verification, 0.05 lakh beneficiaries to whom Rs 91.15 lakh had been paid belonged to non-BPL category. The DM, Sitapur ordered (August 2009) re-verification of entire beneficiaries (1.10 lakh). This indicated that survey carried out earlier to identify the beneficiaries was not reliable.

2.4.5.2 Functioning of State Level Committee and District Level Committee

The State Level Committee (SLC) headed by the Chief Secretary, comprising secretaries, Rural Department, Finance, Medical and Health and Social Welfare departments, nominees from the Ministry of Rural Development, Urban Affairs and Employment, GOI, independent experts and representatives of Non-Government Organisation (NGO) was responsible for monitoring of the schemes and reporting to GOI. The District Level Committee (DLC) headed by the DM which would include the concerned Member of Parliament, about one third of members of the Legislative Assembly from the districts, chairperson of *Zila Parishad*, heads of concerned departments at district level, representatives of NGOs was responsible for monitoring and reporting to the State Government. Being the Nodal Agency, the overall responsibility of monitoring of the schemes rested with the Directorate.

Monitoring was weak

No evidence was available on record or provided by the Districts/ Directorate/ Government that the SLC and DLCs were constituted and functioning. The monthly review meetings at Directorate level were limited to only compilation and submission of monthly returns of progress without any follow-up action. The formats prescribed for monthly returns were also inadequate as there was no segregation of ineligible/death cases and the reasons for non-verification of beneficiaries. The schemes grossly suffered due to ineffective monitoring for their systematic implementation.

2.4.5.3 Non-linking of IGNOAPS/NFBS with other poverty alleviation schemes

The National Social Assistance Programme provided opportunities for linking the IGNOAPS/NFBS beneficiaries to other social assistance schemes implemented for poverty alleviation and provision of basic needs to such beneficiaries. Integrated Rural Development/Nehru Rozgar Yojna assistance was to be provided in addition to the family benefit to the families of poor households who suffered the loss of the bread-winner. This was, however, not done.

2.4.5.4 Non-computerisation of data of pensioners

Computerisation of pensioners' data was not done

With a view to proper implementation of the OAP schemes, the Government had decided to post one additional clerk when the number of pensioners increased by 600 limited to three clerks for 1500 and above. Over the years, due to increasing population and universalisation of pension to all old age destitutes of BPL families, the number of pensioners increased to over 41 lakh during 2008-09. Due to limited number of clerks in the districts, records were not maintained properly which resulted in double payment of pension, delay in payment of pension, etc. The Department had not taken any step for computerisation of the pensioners' data to ease the problems of manpower shortage and maintenance of records manually and for facilitating a system of proper reporting and monitoring. In reply to an audit query regarding non-computerisation, the Director stated (October 2009) that it could not be done for want of funds for this purpose.

2.4.6 Budget allotment and expenditure

Year-wise position of budget allocation and expenditure thereagainst during 2004-09 is detailed in **Table 1**.

Table 1: Budget allotment and expenditure

| (Rs in crore) | | | | |
|---------------|----------------|----------------|----------------|---------------|
| Year | Funds required | Allotment | Expenditure | Savings |
| 2004-05 | 227.10 | 227.10 | 224.64 | 2.46 |
| 2005-06 | 290.16 | 261.79 | 232.42 | 29.37 |
| 2006-07 | 360.00 | 359.99 | 358.86 | 1.13 |
| 2007-08 | 1080.00 | 875.15 | 872.71 | 2.44 |
| 2008-09 | 1516.40 | 1451.15 | 1379.76 | 71.39 |
| Total | 3473.66 | 3175.18 | 3068.39 | 106.79 |

(Source: Directorate, Social welfare)

The increase in allotment of funds and expenditure there against was mainly due to universal coverage of BPL beneficiaries by the GOI (2007-08) and the State Government (2008-09).

2.4.6.1 Irregular disbursement of pension

SDM, Sadar Tehsil, Agra disbursed pension through individual cheques amounting to Rs 8.51 lakh to 1,043 pensioners between October 2007 and March 2009. This was in violation of Government's order of July 2007 which stated that pension should not be paid directly to the pensioner and instead, should be credited to his bank account on six monthly basis. The DSWO, Agra

Pension was disbursed irregularly through individual cheques

despite being aware that payment was made irregularly, did not take up the matter with SDM, Sadar for correction.

2.4.6.2 Non-reconciliation of figures by the DSWOs

The DSWOs were required to reconcile every month the departmental figures of expenditure with those of the banks. However, reconciliation was not done in any of the test checked DSWOs. Due to non-reconciliation of figures of expenditure, irregularities including cases of non-transfer of pension to the beneficiary's account by the bank would remain undetected. Reasons for non-reconciliation were not on record.

Implementation of the scheme

2.4.7 Physical target and achievements

Physical targets and achievement there against for the State as a whole during 2004-09 are given in **Table 2**.

Table 2: Physical target and achievement

| Year | Target | Achievement | Excess (+)/ Shortfall(-) |
|--------------|------------------|---------------|--------------------------|
| | (Number in lakh) | | |
| 2004-05 | 12.62 | 12.61 | (-) 0.01 |
| 2005-06 | 16.12 | 14.61 | (-) 1.51 |
| 2006-07 | 20.00 | 21.79 | (+) 1.79 |
| 2007-08 | 30.00 | 25.58 | (-)4.42 |
| 2008-09 | 42.12 | 41.84 | (-)0.28 |
| Total | 120.86 | 116.43 | (-) 4.43 |

(Source: Directorate, Social Welfare)

2.4.7.1 Physical verification of pensioners

Physical verification was inadequate during 2004-07

According to the guidelines, the DMs were responsible for carrying out *cent per cent* physical verification of the pensioners through the Tehsil/Block/officials working under them on six monthly basis in April and October each year to ascertain that the pensioners were physically available, eligible for pension and were getting the same. The position of physical verification during 2004-09 is given in **Table 3**.

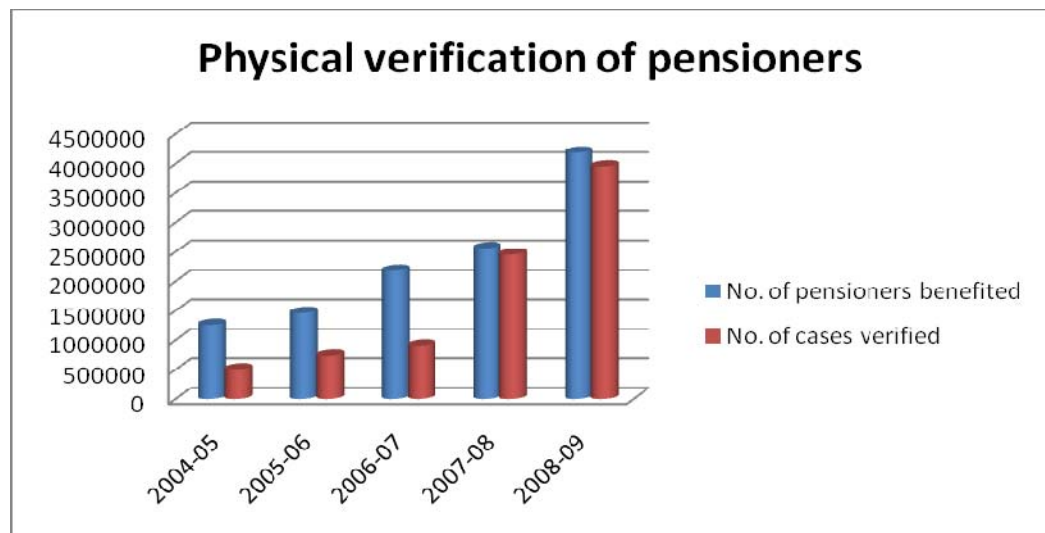
Table 3: Physical verification of pensioners

| Year | Number of pensioners benefited (in lakh) | Number of cases verified (in lakh) (percentage to total number of pensioners) | District-wise position of verification of cases done | | | |
|---------|--|---|--|-----------|------------|---------------------|
| | | | Nil | Up to 50% | 50% to 90% | 90% and above cases |
| 2004-05 | 12.61 | 5.02 (40) | 27 | 15 | 08 | 20 |
| 2005-06 | 14.61 | 7.29 (50) | 19 | 12 | 29 | 10 |
| 2006-07 | 21.79 | 9.08 (42) | 19 | 24 | 20 | 07 |
| 2007-08 | 25.58 | 24.54 (96) | -- | -- | 08 | 62 |
| 2008-09 | 41.84 | 39.52 (94) | -- | 01 | 08 | 61 |

(Source: Directorate, Social Welfare)

A graphical presentation of physical verification of pensioners is given in **Chart 1**.

Chart 1



The Government had also directed (April 1997) to conduct a minimum 2 *per cent* random physical verification of the beneficiaries by the Deputy Director (Divisional) and 5 *per cent* by CDO, Additional District Development Officer (Social Welfare)/ DSWO/ SDM of the concerned district. The DSWOs of the test checked districts stated (April-September 2009) that random verification of beneficiaries under OAP schemes was done but no separate report of verification of pensioners was prepared. No record was, however, made available to audit to ascertain whether the random verification was actually done or not.

Reports of physical verification conducted during 2004-07 were not made available to audit. Reports for 2007-09 made available to audit, where 94 to 96 *per cent* physical verification was carried out, revealed incorrect reporting of performance and payment of pension to ineligible persons, brought out as under:

Incorrect reporting of physical verification of the beneficiaries

DSWO, Agra and Fatehpur made incorrect reporting of physical verification

- The DSWO, Agra reported (April 2009) to the Directorate *cent per cent* physical verification of 36,566 pensioners involving payment of Rs 13.16 crore during 2008-09. Records, however, revealed that physical verification of only 235 pensioners was done leaving 36,331 cases involving Rs 13.08 crore (99 *per cent*) unverified. Out of 235, two cases of death and one who had left the village were detected but pension had been paid into their bank accounts.
- The DSWO, Fatehpur also reported (April 2009) to the Directorate *cent per cent* physical verification of 42,668 pensioners during 2008-09, whereas verification reports of 22,635 pensioners (53 *per cent*) from Malwan, Amauli, Khajuha and Deomai blocks had not been received in the office of the DSWO from the BDOs (July 2009).

Payment to ineligible persons

Due to inadequate certification of eligibility, old age pension was paid to ineligible persons

As per OAP Rules each beneficiary was required to apply for pension in a prescribed format in which the declaration in respect of seven conditions of his eligibility, viz., State domicile since birth, no other source of livelihood, declaration about property, etc., is to be given by him for grant of pension. With effect from 1 April 2008, a certificate regarding fulfilling of three additional conditions, viz., serial number of BPL list, non-getting other pension and age more than 60 years was to be given by the *Gram Pradhan* and *Gram Panchayat Vikas Adhikari* (in rural areas) and by the Executive officer/Municipal Commissioner on the recommendation of *lekhpal* of the concerned Tehsil in urban area. In case any ineligible pensioner is detected subsequently, the surveyor and the sanctioning authority will be held responsible for loss and amount made good from them.

Records relating to sanction of pension in 3600 cases² in the test-checked districts revealed that no documentary evidence in support of the eligibility criteria, certified by the authorities as mentioned above, was enclosed with the application forms. It was also noticed that, out of these 3600 pensioners, 2,323 (65 per cent) had adult sons, as per information recorded on their application forms, and were thus, not eligible for pension. These ineligible beneficiaries were paid Rs 91.52 lakh as pension during 2007-09. Records of DSWO, Bulandshahar also revealed that, in Karanpur Kala village of Anupshahar block, payment of Rs 0.91 lakh was made to 16 (out of 71 pensioners) deceased/ineligible persons during 2008-09 but no action was initiated against the sanctioning authority as of July 2009. Further, physical verification of pensioners conducted by the department revealed that 6,672 persons who were not eligible for pension on different grounds (*Appendix-2.4.1*) were paid pension amounting to Rs 2.62 crore in the 17 test- checked districts alone during 2007-09.

The DSWOs stated (April-September 2009) that the list of ineligible persons who had been sanctioned pension by the *village panchayats* would be sent to CDO/DM for taking necessary action against the sanctioning authorities. Reply showed slackness on the part of DSWOs who did not initiate action for recovery even after lapse of one to two years after cases were detected during physical verification.

Earlier also in 2001-02, the department had detected 17,884 ineligible pensioners during physical verification in 47 districts. The Director had instructed (March 2002) the DMs to recover the amount (Rs 2.68 crore) paid to these ineligible persons according to revenue recovery procedure and lodge a First Information Report (FIR) against the defaulting officials/officers of the Social Welfare department and Revenue department and to initiate departmental proceedings against them. The Directorate did not have any information either about the recovery or action taken by the DMs against official/officers responsible (March 2009).

² @ of 200 cases per DSWO

2.4.7.2 Transfer of pensions after death

Payment of old age pension was continued even after death of beneficiaries

According to scheme guidelines, payments were to be stopped after receipt of information from *village panchayats/municipalities* about the death of a pensioner. Pension released in such cases was to be got refunded by the respective banks. Records of DSWOs of the test checked districts revealed that intimation of death of a pensioner was not received in time, in any case during 2007-09 from *panchayats/municipalities*. As a result, the DSWOs continued to transfer the pension in such cases also, to the banks which credited the pension to pensioner's accounts, as was evident from the physical verification report conducted by the department. An amount of Rs 4.21 crore was transferred to 18,461 such accounts as detailed in **Appendix-2.4.2**.

Failure on the part of the DSWOs to obtain death certificates of pensioners from the *panchayats/municipalities* in time, Rs 4.21 crore were transferred unnecessarily to banks during 2007-09. After verification that the 18,461 pensioners had died during 2007-09, effective steps were also not taken by the DSWOs for seeking refund of the amount lying with the banks for the last one to two years.

2.4.7.3 Avoidable payment of pension to the beneficiaries of other schemes

Old age pension was paid to the persons getting benefits under other schemes

Persons drawing pension from other sources, viz, widow pension, pension for physically handicapped, etc., were not eligible to get OAP. Records in 14 test checked districts revealed that 204 persons were paid Rs 8.90 lakh under OAP scheme in addition to widow pension, pension for physically handicapped and retiring/family pension during 2007-09 as detailed in **Appendix-2.4.3**. No effective action was taken for recovery of the amount as of September 2009.

2.4.7.4 Double payment of pension

Improper maintenance of records led to double payment of pension

A unique pension number was to be allotted to each pensioner as per OAP Rules. Further, DSWO was required to maintain block-wise Old Age Pension Register (OAP-8) with unique pension number, year of sanction, name, father/husband name, age, caste and payment details of each pensioner. OAP-8 was to facilitate cross checking of new applications for pension to prevent double sanction to the same pensioner. Records of the test-checked districts, however, revealed that OAP-8 was not maintained in any district properly. In the absence of complete details of beneficiaries including the unique pension number in OAP-8, cross checking of details of new applicants with the OAP-8 was not possible in the office of the DSWO. Cross checking of beneficiaries in the physical verification lists with those appearing in the bank advice, revealed double payment of Rs 47.90 lakh to 1,070 pensioners during 2007-09 as detailed in **Appendix-2.4.4**. The DSWOs, in their reply stated (April-September 2009) that due to shortage of clerks proper maintenance of records was not possible.

2.4.7.5 Excess payment/delay in payment

The scheme guidelines provided that pension would be payable to a pensioner from the following month of its sanction by the competent authority. Test-check, however, revealed:

- A total of 27792 beneficiaries were paid pension of Rs 2.38 crore from the month of sanction (2,149 beneficiaries) in Agra and Barabanki districts. Pension was paid from April 2008 (25643 beneficiaries) in Sitapur district though the pension was sanctioned in these cases in June 2008.
- In Allahabad and Bulandshahar districts³, payment of pension in respect of 1,876 applicants sanctioned during December 2001 to April 2008 was made with the delay of one to 32 months for no reason on record. Delay in payment of pension deprived of social security money to the destitute and defeated the objective of the scheme.

2.4.7.6 Non-payment of pension

Eight hundred fifty three persons were not paid old age pension after a lapse of one to five years from the date of sanction

The responsibility for verification of the eligibility of the applicants and to forward the pension documents to the DSWOs rests with the pension sanctioning authorities, viz, village *panchayats* in rural areas and SDM in urban areas. Sanctions submitted for payment without proper documents are to be returned by the DSWOs to the sanctioning authorities to remove the discrepancies noticed. Retention of sanctions by the DSWOs without any valid reasons denied payment of pension to eligible persons.

Test check of records of the four DSWOs⁴ revealed that 853 sanctions received during 2004-09 were not considered for payment for want of bank account number/verification reports of the persons. These were not even returned to the sanctioning authority for completion (March 2009). This resulted in non-payment of pension to 853 old destitutes for the last one to five years.

2.4.8 Evaluation

The scheme was not evaluated during 2004-09 to assess the shortcomings in its implementation for remedial measures.

2.4.9 National Family Benefit Scheme

Thirty four per cent beneficiaries were paid family benefit with a delay of one to 44 months

The scheme was introduced by the GOI on 15 August 1995 for one time Central assistance of Rs 10,000 to BPL households on the death of primary breadwinner of the family if he/she died between the age of 18 and 64 years. The Government directed (June 2006) that the lump sum family benefits to the beneficiaries would be released within one month from the date of receipt of the application as to save the household from starvation, due to the death of the earning member. In case of non-availability of funds, DM was authorized to draw the amount from treasury to be recouped subsequently on receipt of

³ Allahabad: 1760 and Bulandshahar: 116.

⁴ Agra: 485 cases, Allahabad : 95 cases, Lucknow : 234 cases, and Mau: 39 cases.

allotment. The Government decided (June 2006) to pay an additional amount of Rs 10,000 from its own exchequer (total assistance: Rs 20,000) to the above families. During 2005-09, Rs 384.95 crore was disbursed to 2.20 lakh families. Scrutiny of records revealed:

- A total of 57,337 beneficiaries (34 *per cent*) out of 1.67 lakh beneficiaries during 2006-09 were paid the lump sum assistance with a delay of one to 44 months against the prescribed time limit of one month. Delay in payment defeated the objective of the scheme to save the families of the deceased from starvation/hardship.
- Annual income ceiling of Rs 19,884 for rural house-holds and Rs 25,546 for urban households was fixed for payment of one time assistance. The GOI's guidelines envisaged that the sanctioning authority shall have the right to recover payments made on the basis of false or mistaken information about eligibility. In Agra, payment in 22 cases involving Rs 4.40 lakh was made during 2007-08 to the families of the deceased persons whose age or yearly income was above the prescribed limit.

In reply, DSWO stated (June 2009) that applications duly sanctioned by the SDM were received and as such payment was made. The reply was not tenable as eligibility age, income, etc., given in the applications of the beneficiaries was to be scrutinized by DSWO before making payments. No action was taken against officials responsible for payment to ineligible persons.

2.4.10 Conclusion and Recommendations

2.4.10.1 *Improper survey and inadequate monitoring*

Survey conducted to identify the eligible persons for grant of pension under old age pension schemes was unreliable. Monitoring was weak as State Level Committee (SLC) and District Level Committee (DLC) were not constituted. Dovetailing of old age pension schemes with other poverty alleviation schemes, as envisaged, was not done. No data base of pensioners was prepared.

Recommendations: Identification of pensioners should be made after proper survey of old poor destitute. SLC and DLC should be constituted for effective monitoring. The Government should ensure linking of old age pension schemes with other poverty alleviation schemes to extend medical facility, etc to old destitute. A database having all relevant fields, viz, name, father/husband's name, age, caste, village, date of sanction and pension number of each beneficiary should be prepared at the district level to streamline and ensure timely payment of pension to eligible persons.

2.4.10.2 *Implementation of the old age pension schemes*

In a large number of cases, excess and double payment of pension was found besides, payment to ineligible persons. Hundred *per cent* physical verification required to be done every six month to weed out ineligible/bogus beneficiaries, was not carried out in any year.

Recommendations: Responsibility of erring officials who had sanctioned pension to ineligible persons or had paid excess and double pension, should be fixed and recovery affected from them to prevent recurrence of such cases. Physical verification of payment of pension should be carried out at least once in a year in hundred *per cent* cases for weeding out ineligible pensioners.

2.4.10.3 Implementation of National Family Benefit Scheme

There was delay of one to 44 months in payment of assistance to 34 *per cent* beneficiaries. Delay in payment defeated the objective of the scheme to save the families of the deceased from starvation/hardship. Payments to ineligible persons were also noticed.

Recommendations: The Government should ensure payment of lump sum assistance to beneficiaries within one month to save them from starvation/hardship. DSWOs should ensure thorough scrutiny of applications to prevent payments to ineligible persons.

The matter was referred to the Government (October 2009); their reply had not been received.

Agriculture Department

2.5 Bhoomi Sena Yojna/Kisan Hit Yojna

Executive Summary

The State Government introduced Bhoomi Sena Yojna in the State in 2005-06 with the objective to treat *usar*, ravine and wasteland to increase productivity of food grains and horticulture crops, construction/renovation of ponds for fish farming and to allot treated community land to landless people besides, providing employment to local people. Funding of Bhoomi Sena Yojna was stopped from October 2007 and a new scheme, Kisan Hit Yojna, with the same objectives launched in its place in October 2007.

A total area of 62.27 lakh hectares of problematic land including agricultural/non-agricultural, ravine and wasteland, *usar* land, waterlogged land had been identified for treatment in April 2005. The Government spent Rs 526.21 crore for treatment of 5.47 lakh hectare of land during 2005-09. Performance review of the scheme revealed:

- The data of ravine land available in various districts of the State was not validated prior to start of the scheme.
- Target for the treatment of land was fixed without taking any work plan from the Bhoomi Sanrakshan Adhikaris. No provision for treatment of *Gram Samaj* land for allotment to the agricultural landless labourers was made in work plan. Inadequate monitoring at State and districts levels affected adversely the treatment of different kinds of land. *Zila Samiti* meetings were also not held regularly which delayed approval of the projects and their execution.
- Incorrect financial progress was reported each year to the Directorate by Bhoomi Sanrakshan Adhikaris as they reported expenditure without obtaining utilization certificates from Site Implementing Committees.
- Partial treatment of 988 hectares *usar* land due to non-availability of water for mixing of gypsum and stoppage of drain work on 47 projects mid way affected adversely the target fixed for treatment of land.
- Due to improper planning of the projects, three Bhoomi Sanrakshan Adhikaris employed daily labourers from outside violating the scheme guidelines. Payment to daily labourers was delayed by 15 to 222 days in 19 test checked Bhoomi Sanrakshan Adhikaris against the prescribed one week for payment.
- BSAs did not furnish the details of treated land to District Magistrates for their entries in Revenue records to update the data of different kinds of land.
- Performance of six Bhoomi Sanrakshan Adhikaris out of nine in converting the non-agricultural land into agricultural land was below the norm ranging from 26 to 80 *per cent*. The shortfall in productivity of food grains was from 10 to 62 *per cent* during 2008-09 on the treated land in seven out of nine BSAs.

2.5.1 Introduction

The Government launched Bhoomi Sena Yojna (BSY) in the State in 2005-06 with a view to treating *usar* (sodic land), ravine and waste land to increase productivity of foodgrains, horticulture products and constructing/renovating of ponds for recharging the ground water and fish farming. The scheme also envisaged allotment of treated land under Government/panchayat control to landless people and providing employment to rural people. Agriculture Department was the nodal Department for implementation of the scheme.

Funding of BSY was stopped with effect from October 2007 and a new scheme, Kisan Hit Yojna (KHY), with same objectives, launched in its place in October 2007.

2.5.2 Organisational set up

Agriculture Production Commissioner assisted by the Principal Secretary, Agriculture at the Government level, Director of Agriculture assisted by Additional Director of Agriculture, Soil Conservation (SC) at the Directorate level, Joint Director, Agriculture assisted by Deputy Director (SC) at divisional level and Bhoomi Sanrakshan Adhikari (BSA) at District level were responsible for implementation and monitoring of the scheme. At block level, Soil Conservation Inspector and at village level, Site Implementation Committee (SIC) assisted by Assistant Soil Conservation Inspector were responsible for execution of the scheme.

2.5.3 Audit objectives

The performance audit of the scheme was to assess whether:

- planning and monitoring of the implementation of the scheme were adequate;
- funds earmarked for the schemes were utilised optimally;
- projects were executed economically and efficiently; and
- evaluation of the scheme was carried out for mid-way correction.

2.5.4 Scope of audit and methodology

The performance audit seeks to assess the implementation of the scheme during 2005-09. Records of Agriculture Department in the Secretariat, Directorate of Agriculture, Lucknow, 19¹ (out of 97) offices of BSAs in the State and three² (out of 16) divisional offices were scrutinised from March 2009 to August 2009. Besides, records of 95 SICs (five SICs in each BSA) working under 19 BSAs were also test checked. Government's reply was received and incorporated at appropriate places in the review.

¹ Azamgarh, Banda-I, Barabanki (Gomti), Bareilly, Bijnor, Chandauli, Chopan, Jaunpur-II, Jagdishpur at Sultanpur, Kushinagar, Mathura, Mau, Mahamayanagar, Mirzapur, Moradabad, Muzaffarnagar, Pilibhit, Sant Kabirnagar and Sant Ravidasnagar (Bhadohi)

² Azamgarh, Banda and Bareilly

Audit findings

2.5.5 Planning and monitoring

2.5.5.1 Improper assessment of ravine land

The Department had not carried out any survey on problematic areas before commencement of the BSY/KHY. However, an area of 62.27 lakh hectares of problematic land including agricultural/non-agricultural, ravine and waste land, *usar* land, waterlogged area was exhibited in the State work plan (2005-06) which was based on Agricultural Statistics booklet 2000-01, Wasteland Atlas of India-2000 and National Remote Sensing Agency-2003. The Director Agriculture stated (October 2009) that the data was validated by the BSAs before implementing the scheme. Test checked BSAs, except BSA Bareilly, stated (April-August 2009) that no such survey was conducted by them.

Though the data of Agricultural Statistics booklet 2000-01, Wasteland Atlas of India-2000 and National Remote Sensing Agency-2003 did not show ravine land in Bareilly, Mahamayanagar, Muzaffarnagar and Pilibhit, targets were fixed and achieved for treatment of 9,020 hectares³ of ravine land during 2005-09. This indicated that the assessment data was not validated by a proper survey of the Department.

2.5.5.2 Non-provision for treatment of Gram Samaj land

Gram Samaj land was not treated for allotment to landless labourers

The scheme aimed at providing land ownership to the socially backward and landless agricultural labourers by allotment of *Gram Samaj* land. However, provision for treatment of *Gram Samaj* land and allotment of such land to landless rural people was not made under the annual work plan at the State level in any year during 2005-09. BSAs had also not selected *Gram Samaj* land for allotment to the landless. The Director of Agriculture at State level and BSAs at district level had also not made any effort to obtain details of unallotted *Gram Samaj* land from Revenue Department for making provision under State work plan.

The Government replied (December 2009) that no physical target for allotment of such land was possible under the scheme. Reply was not tenable because as per scheme objectives, the Department was responsible for treatment of degraded *Gram Samaj* land and its allotment through Revenue Department.

2.5.5.3 Fixation of targets

The BSAs had not prepared work plans as per their requirements to give feed back to the Directorate for fixation of targets and budget allotment. The Director of Agriculture prescribed physical target for treatment of category-wise problematic land to the BSAs on his own. On the basis of these targets, funds were allotted as per prescribed scale of Rs 10,000 per hectare under BSY and

³ Bareilly: 1,690 hectares (Rs 2.39 crore); Mahamayanagar: 2,705 hectares (Rs 3.51 crore); Muzaffarnagar: 2,995 hectares (Rs 3.98 crore) and Pilibhit: 1,630 hectares (Rs 2.14 crore).

Rs 15,000 per hectare under KHY for treatment of ravine land without considering the actual fund requirements of the BSAs. In 13 test checked BSAs⁴, works were completed at an average cost of Rs 5060 to Rs 14921 per hectare resulting in saving of Rs 3.39 crore. These savings were utilised on treatment of excess area under those projects without approval of the Government (*Appendix-2.5.1*). Thus, fixation of targets at the Directorate level without obtaining work plans from the BSAs and allotment of funds at uniform rate to all BSAs led to excess treatment of unapproved area.

2.5.5.4 Low priority of coverage for usar land

At the beginning of BSY on 1 April 2005, 5.62 lakh hectares of *usar*, 9.09 lakh hectares of ravine and 7.38 lakh hectares of waterlogged area were required to be treated. **Table 1** below indicates the year-wise target for treatment of different types of land and its percentage to total area.

Table 1: Targets for treatment of land

| Year | Usar land | | Ravine land | | Waterlogged area | |
|--------------|-----------------------------------|------------------------|----------------------------------|------------------------|----------------------------------|------------------------|
| | Target (hectares) | Per cent to total area | Target (hectares) | Per cent to total area | Target (hectares) | Per cent to total area |
| 2005-06 | 9,300 | 1.65 | 18,868 | 2.08 | 22,200 | 3.00 |
| 2006-07 | 6,700 | 1.19 | 74,482 | 8.19 | 63,041 | 8.54 |
| 2007-08 | 5,000 | 0.89 | 82,710 | 9.09 | 85,366 | 11.56 |
| 2008-09 | 5,000 | 0.89 | 70,000 | 7.70 | 64,000 | 8.67 |
| Total | 26,000 | | 2,46,060 | | 2,34,607 | |
| | 4.6 per cent of total area | | 27 per cent of total area | | 32 per cent of total area | |

(Source: Directorate of Agriculture)

Against 27 per cent and 32 per cent of ravine and waterlogged area, less than 5 per cent *usar* land was targeted. *Usar* land was given least importance compared to ravine and waterlogged area.

The Government replied (December 2009) that as U.P. Bhoomi Sudhar Nigam (Nigam) was carrying out the treatment of *usar* land under other schemes, priority was not given to *usar* land under BSY/KHY. The reply was not tenable as the Nigam implemented the said schemes only up to 2005-06 whereas the area of *usar* land targeted for treatment was reduced from 1.65 per cent (2005-06) to 0.89 per cent (2008-09) of the total area.

2.5.5.5 Monitoring of the scheme

Monitoring of the scheme was to be done at State, Division and District level. A State level committee under the chairmanship of Agriculture Production Commissioner (APC), a committee under the chairmanship of Commissioner at the Division level and, a committee under the chairmanship of District Magistrate at District level were constituted. Periodicity of meetings for monitoring at State level was not prescribed in the guidelines. At division level, monthly and at district level, fortnightly meetings were required to be held to ascertain progress of the work and issue of necessary instructions.

⁴ Azamgarh, Banda-I, Barabanki (Gomti), Bijnore, Kushinagar, Chandauli, Chopan, Mathura, Mau, Mirzapur, Muzaffarnagar, Sant Kabirnagar and Sant Ravidasnagar

Monitoring was weak as number of meetings held was much less than the prescribed norms

At State level, no meeting was organised during 2007-09. At divisional level, monthly meetings were organised in the test checked three divisions, viz., Azamgarh, Banda and Bareilly. At district level, 13 BSAs held 1 to 16 meetings during 2005-06 to 2008-09 against 24 meetings required in a year. Non-holding of meetings at different levels as prescribed resulted in deficient monitoring of the scheme.

2.5.5.6 Non-holding of meetings of Zila Samitis regularly

Zila Samiti meetings were not held as scheduled which delayed approval of the projects

Bhoomi Evam Jal Sanrakshan Adhiniyam, 1963 (Act) provided establishment of *Zila Samiti* headed by the District Magistrate (DM). The *Zila Samiti* was responsible for consideration and approval of the projects and to ensure their proper implementation. The meetings of *Zila Samiti* were to be conducted at least once in two months or as often as the Chairman of the *Zila Samiti* required. Records revealed that against the minimum prescribed six meetings in a year, only one to two meetings were held during 2005-06 to 2008-09 in test checked BSAs, except four meetings (2006-07) in Sant Kabirnagar and three meetings (2007-08) in Azamgarh. In the absence of regular meetings, timely approval of the projects by the *Samitis* could not be obtained and avoidable delays in execution of the projects occurred.

The Government replied (December 2009) that the meetings could not be held as prescribed due to engagements of the Chairman, *Zila Samiti*. Fact however, remained that non-holding of meetings regularly not only violated the provisions of the Act but also delayed the approval of the projects.

2.5.6 Financial performance

2.5.6.1 Allotment and expenditure

Year-wise provision of budget allotments and expenditure thereagainst during 2005-06 to 2008-09 is given in **Table 2**.

Table 2: Budget allotment and expenditure

| (Rs in crore) | | | |
|---------------|--------------------|---------------|---------------|
| Year | Name of the Scheme | Allotment | Expenditure |
| 2005-06 | BSY | 40.00 | 40.00 |
| 2006-07 | BSY | 113.85 | 113.85 |
| 2007-08 | BSY | 11.20 | 11.20 |
| | KHY | 190.66 | 190.66 |
| 2008-09 | KHY | 170.54 | 170.50 |
| Total | | 526.25 | 526.21 |

(Source: Directorate of Agriculture)

BSA reported incorrect expenditure to the Directorate

Scrutiny of records in 19 test checked BSAs revealed that the allotted amounts were shown as utilised at the end of each financial year by the BSAs, whereas the amounts as per details given in **Table 3** were lying unutilised with SICs at the end of the respective financial years.

Table 3: Transfer of funds to SICs

(Rs in crore)

| Year | Amount received by the test checked BSAs and transferred to SICs | | Balance at the end of financial year with SICs | |
|--------------|--|-------------|--|-------------|
| | Amount | No. of SICs | Amount | No. of SICs |
| 2005-06 | 6.81 | 173 | 0.43 | 46 |
| 2006-07 | 23.72 | 443 | 1.22 | 111 |
| 2007-08 | 55.01 | 702 | 8.39 | 248 |
| 2008-09 | 49.19 | 637 | 1.77 | 135 |
| Total | 134.73 | 1955 | 11.81 | 540 |

(Source: BSAs)

Thus, the financial progress was misreported to that extent by the test checked BSAs.

2.5.6.2 Non-receipt of utilization certificates from SICs

Scrutiny revealed that seven test checked BSAs had transferred Rs 47.37 crore to 870 SICs' bank accounts during 2005-06 to 2008-09 for execution of works and furnished utilization certificates (UCs) to the Director of Agriculture without obtaining UCs from SICs and without ensuring utilisation of funds at the SICs level.

2.5.7 Project management

2.5.7.1 Physical targets and achievements

The position of physical targets and achievements during 2005-09 is as indicated in **Table 4**.

Table 4: Physical target and achievement

(Area in lakh hectares)

| Year | Name of the scheme | Target for treatment | Achievement | Excess treatment |
|--------------|--------------------|----------------------|-------------|------------------|
| 2005-06 | BSY | 0.51 | 0.53 | 0.02 |
| 2006-07 | BSY | 1.45 | 1.55 | 0.10 |
| 2007-08 | KHY | 1.74 | 1.85 | 0.11 |
| 2008-09 | KHY | 1.40 | 1.54 | 0.14 |
| Total | | 5.10 | 5.47 | 0.37 |

(Source: Directorate of Agriculture)

Excess land was to be treated by the BSAs with Government's prior approval so that the Government could release funds next year for the second phase, i.e., crop production for additional treated land also. Records in 13 test checked BSAs, however, revealed that 3,352 hectares of ravine land had been treated in excess of their targets without Government's approval. Consequently, funds for the second phase for crop production were not made available in respect of additional land treated.

Government replied (December 2009) that assistance for crop production was made available to the beneficiaries on proportionate basis from available funds. The reply confirmed that assistance for crop production was given below norms and hence, enhanced crop productivity after treatment of land, could not be ensured.

2.5.7.2 Treatment of *usar* land

According to scheme guidelines, treatment of *usar* land was to be done in two years. In the first year, land development works including bunding, leveling, construction of water and field drains, construction of link drains, boring work and procurement of gypsum were to be undertaken. In the second year activity like mixing of gypsum, arrangement for green manures and cultivation of paddy crop was to be undertaken. One tube well for every four hectares of *usar* land to provide water/irrigation was necessary for the treatment. Where necessary, the boring work for tube well was to be carried out by Minor Irrigation (MI) Department by dovetailing from free boring scheme. Records, however, revealed:

- BSA, Chandauli was allotted 400 hectares of *usar* land for treatment during 2005-06. The first year's work of treatment of *usar* land was carried out in 2005-06 at a cost of Rs 49 lakh. However, treatment with gypsum, green manures and cultivation of paddy targeted for the second year, could not be done in 328 hectares for want of irrigation facility either of the farmers themselves or by the MI Department even after lapse of more than three years (August 2009). As a result the objectives of treatment of *usar* land, even after incurring an expenditure of Rs 40 lakh could not be achieved.
- BSA, Mau carried out development work of 400 hectares of *usar* land in 2005-06 at a cost of Rs 49.56 lakh. No boring for irrigation was carried out rendering the development work infructuous.
- BSA, Azamgarh, Mau and Sant Ravidasnagar were allotted 700 hectares for treatment during 2008-09. Out of 700 hectares, 260 hectares land which was developed during 2008-09 at a cost of Rs 27.30 lakh did not have water facility for treatment with gypsum. Sixty five borings proposed by the MI Department were not undertaken till the gypsum mixing period (June 2009) was over. It was observed that BSAs, Mau and Sant Ravidasnagar did not transfer Rs 1.40 lakh and Rs 0.14 lakh to MI Department for boring work and the money was lying in SIC's bank accounts (July 2009). BSAs, Mau and Sant Ravidasnagar replied (August 2009) that the funds were not transferred to MI Department for want of estimates from that Department.

It would be seen from the above that the Department did not have proper planning and coordination with MI Department for installation of tube wells which were necessary for treatment of *usar* land. This resulted in unfruitful expenditure of Rs 1.17 crore. The Government replied (December 2009) that gypsum mixing was made from rain water. Reply was not tenable as mixing of gypsum was scheduled in the month of June, when rain water was not available.

Short procurement of gypsum

BSY and KHY guidelines provided that, on an average, five metric tonne (MT) gypsum per hectare were required for reclamation of *usar* land.

Due to non-mixing of gypsum in *usar* land, expenditure incurred on the first phase of work became unfruitful

Records revealed that required quantity of gypsum was not made available to the BSAs as per prescribed norms for treatment of *usar* land during 2005-09. The details of year-wise gypsum required and actual supplies at State level were as in **Table 5**.

Table 5: Supply of gypsum

| Year | No. of BSAs to whom gypsum supplied | Target (in hectare) | Required quantity of gypsum (in MT) | Actual quantity supplied (in MT) | Short supply (in MT) |
|---------|-------------------------------------|---------------------|-------------------------------------|----------------------------------|----------------------|
| 2005-06 | 30 | 9,300 | 46,500 | 41,936 | 4,564 |
| 2006-07 | 26 | 6,700 | 33,500 | 30,719 | 2,781 |
| 2007-08 | 28 | 5,000 | 25,000 | 24,565 | 4345 |
| 2008-09 | 28 | 5,000 | 25,000 | 22,809 | 2,191 |

(Source: Directorate of Agriculture)

The Government replied (December 2009) that the mixing of gypsum was done by providing gypsum to the farmers as per requirement of the land and efforts were made for the complete supply of gypsum. It was clear from the reply that required quantity of gypsum was not used for treatment which, in turn, affected proper treatment of *usar* land.

2.5.7.3 Treatment of waterlogged areas

According to scheme guidelines, water drains were required to be constructed/renovated to drain out the water from waterlogged areas. The construction/renovation of drains was to be planned beginning from the waterlogged area to the water drains.

Records of BSAs, Mathura, Moradabad, Sant Kabirnagar and Pilibhit revealed that BSAs had taken up 47 projects involving 8,442 hectare area for construction/renovation of water drains during 2007-09. Against this, 6,567 hectares only was covered and remaining 1,875 hectares (22 per cent) were left incomplete involving all the 47 projects, at the end of the each year, as detailed in **Table 6**.

Table 6: Non-coverage of planned area

| Name of BSA | Year | Target of the projects (in hectares) | No. of projects | Planned area (in hectares) | Total area actually treated (in hectares) | Expenditure (Rs in lakh) | Area left from construction (in hectares) (column 5-6) |
|-----------------|---------|--------------------------------------|-----------------|----------------------------|---|--------------------------|--|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Mathura | 2007-08 | 1537 | 9 | 1,681 | 1,537 | 76.85 | 144 |
| | 2008-09 | 2686 | 15 | 3,371 | 2,686 | 134.30 | 685 |
| Moradabad | 2007-08 | 370 | 4 | 1,008 | 370 | 18.50 | 638 |
| | 2008-09 | 1033 | 9 | 1,259 | 1,033 | 51.63 | 226 |
| Sant Kabirnagar | 2007-08 | 474 | 4 | 552 | 474 | 22.50 | 78 |
| Pilibhit | 2007-08 | 467 | 6 | 571 | 467 | 23.35 | 104 |
| Total | | 6,567 | 47 | 8,442 | 6,567 | 327.13 | 1875 |

(Source: BSAs)

Due to incomplete work on waterlogging projects, Rs 3.27 crore became unfruitful

Due to 22 per cent of works remaining incomplete, the objective of solving the problem of water logging and increasing the crop production could not be achieved. Besides, the expenditure of Rs 3.27 crore made thereon remained unfruitful. The incomplete works were not taken up even during the next year. The Government replied (December 2009) that the construction/renovation of drains was completed in the required length. Reply was not correct as the projects shown in the above table remained incomplete as noticed in test check.

Execution of works without No Objection Certificate

To avoid duplicacy of works, District Magistrate, Pilibhit instructed the Executive Engineer, Irrigation to prepare a master plan in respect of construction of water drains. The Departments engaged in construction of drains were to obtain 'No Objection Certificate' (NOC) from Irrigation Department before selection of works of water drains.

BSA, Pilibhit took up (June 2008) five projects of construction of drains costing Rs 18 lakh after approval from *Zila Samiti* without taking NOC from the Irrigation Department. The work was discontinued after spending Rs 3.49 lakh on two projects (up to 15 January 2009) as these projects had also been taken up under National Rural Employment Guarantee Scheme by Rural Development Department. Thus, due to non-obtaining of NOC, Rs 3.49 lakh spent by the Department became unfruitful.

The Government replied (December 2009) that the selected projects were approved by the *Zila Samiti* of which, Executive Engineer of Irrigation Department was also a member. It was further stated that such works were also executed by the *Gram Panchayat, Kshetra Panchayat* and *Zila Panchayat* but no NOC was obtained by them. The Government's reply showed that BSA contravened the implementation guidelines of the scheme despite the Government being aware of such violations.

2.5.7.4 Employment to local labourers

Non-engagement of local labourers in execution of work

The scheme aimed at providing employment on the daily wages to the local labourers habitating in the project area. Records of four test checked BSAs revealed that during January 2007 to March 2007 and January 2008 to March 2008, the number of labourers engaged on various projects under these BSAs ranged from 69 to 1540 against 46 to 396 beneficiaries actually residing in the project area as per details given in **Table 7**.

Table 7: Engagement of outside labourers

| Name of BSA | No. of projects | Year | Date of start | Date of completion | No. of labourers engaged per day | No. of labourers actually available in project area |
|-------------------|-----------------|---------|---------------|--------------------|----------------------------------|---|
| Chopan | 16 | 2006-07 | 1-1-2007 | 28-3-2007 | 69-738 | 46-125 |
| Jaunpur-II | 7 | 2007-08 | 1-1-2008 | 29-3-2008 | 114-408 | 69-175 |
| Sant Ravidasnagar | 8 | 2007-08 | 14-3-2008 | 31-3-2008 | 293-1540 | 170-396 |
| Azamgarh | 3 | 2007-08 | 15-3-2008 | 31-3-2008 | 200-861 | 106-140 |

(Source: BSAs)

Labourers were engaged from outside of the project area in violation of guidelines

As will be seen from the Table, a large number of labourers outside the project area were engaged on the projects in violation of the scheme guidelines.

The Government replied (December 2009) that due to importance of the work, the labourers were engaged from outside to complete the work before the end of the financial year. Reply was not tenable as by formulating plans at the beginning of the year, as per the guidelines and executed projects during April to March, engagement of labourers from outside the project area could have been avoided.

Delay in payment to labourers

Labourers were paid with a delay of 15 to 222 days

As per scheme guidelines, daily labourers were required to be paid on weekly basis and muster rolls prepared accordingly. However, in 19 test checked BSAs, in spite of availability of funds, 123 SICs delayed payment of Rs 8.11 crore for 15 to 222 days during 2005-09.

The Government replied (December 2009) that the delay in payment to labourers occurred due to insufficiency of funds at SIC level, time taken in setting right sub-standard works and the Chairman of the *Samiti* being outside for a long time. Reply was not tenable as BSAs were responsible to ensure the payments to labourers on weekly basis. Moreover, funds were available with the SICs.

2.5.7.5 Renovation of ponds for water farming

As per scheme guidelines, ponds were to be renovated, *inter alia*, for water farming, viz., fisheries/*singhada* (water chest nut) production, recharging of underground water and irrigation purposes.

Ponds were not utilized for fish farming

Scrutiny revealed that eight BSAs had renovated 108 ponds in 204 hectares area, at a cost of Rs 1.52 crore but the ponds were not utilised for fisheries/*singhada* production to increase the income of beneficiaries. The ponds were used only for water recharging and irrigation. Government replied (December 2009) that the main objective of renovation of ponds was water recharging and irrigation. Reply was not tenable as water farming was also to be done in the renovated ponds to augment the income of the beneficiaries as per the scheme guidelines.

2.5.7.6 Non-entry of completed projects in revenue records

Uttar Pradesh Bhoomi Evam Jal Sanrakshan Adhiniyam, 1963 (Act) provided that BSA would prepare scheme-wise details of works executed within three months of their completion in the prescribed *pro forma* (Number 16) for submission to DM concerned alongwith a map indicating the land where work was done. After necessary verification, DM would send the same to concerned Sub-Divisional Magistrate (in-charge of the sub-division concerned) to make necessary entry in the village revenue records.

Records, however, revealed that the test checked BSAs had not sent the required details of executed works to the DM for entry in the revenue records.

Government replied (December 2009) that action was being taken to furnish the details of treated land under *pro forma* number 16. The Department by ensuring necessary entries in revenue records, the chances of duplicity of works by executing agencies could have been eliminated.

2.5.7.7 Physical verification of projects

The Government prescribed norms for periodic inspection and physical verification of the executed projects by the officers of different levels. Details of month-wise norms for inspection and physical verification of the projects and actually carried out there against are given in **Table 8**.

Table 8: Physical verification and inspection of projects

Physical verification of works was not carried out by the authorities as prescribed

| Name of officer | Prescribed norms per month | Actually conducted |
|----------------------------|----------------------------|--------------------------|
| 1 | 2 | 3 |
| Director | Main projects | Nil |
| Additional Director | 2 projects | Nil |
| Joint Director | 3 projects | Nil |
| Joint Director (Extension) | 2 projects | 2 projects |
| Deputy Director | one project of each unit | one project of each unit |
| BSA | 100 per cent | 100 per cent |

(Source: Directorate of Agriculture and BSAs)

It would be seen from the above table the physical verification was not done by the Director, Additional director and Joint Director during 2005-09.

2.5.7.8 Impact of the Kisan Hit Yojna on crop production

The scheme aimed at increasing the area of agricultural land by 15 per cent after treatment of non-agricultural land and to increase productivity of *Kharif* (main crop paddy) and *Rabi* (main crop wheat) crops by four and five quintals respectively per hectare under BSY/KHY.

Conversion of treated land into agricultural land was much below the norm

Director of Agriculture did not have complete data either of the land converted into agricultural land after its treatment or the data on increase in productivity of the land. Test checked BSAs also did not have complete data for the period 2005-09. However, as per information furnished by nine out of 19 BSAs test checked, shortfall in conversion of non-agricultural land into agricultural land in six BSAs ranged between 26 and 80 per cent of the prescribed norms (**Appendix-2.5.2**). In remaining three districts, achievement was in excess by 13 per cent to 217 per cent.

As regard increase in productivity, records of nine test checked BSAs revealed shortfall in seven BSAs ranging from 10 to 62 per cent during 2008-09 against the target of four quintals in *kharif* and five quintals in *rabi* on the land treated during 2007-08⁵ (**Appendix-2.5.3**).

⁵ Data in respect of 2006-07 and 2007-08 were not made available by BSAs to audit.

2.5.8 Evaluation of the scheme

Evaluation by the Department in every six months was also envisaged in the work plan of KHY but no such evaluation was carried out as of December 2009.

2.5.9 Conclusion and Recommendations

2.5.9.1 Improper planning and inadequate monitoring

The data of ravine land available in various districts of the State was not validated before start of the scheme. Targets for the treatment of land were fixed without taking any work plan from the Bhoomi Sanrakshan Adhikaris. No provision for treatment of *Gram Samaj* land for allotment to landless labourers was made in the work plan. Inadequate monitoring at the State and districts level affected adversely the treatment of different kinds of land. *Zila Samiti* meetings were also not held regularly which delayed approval of the projects and their execution.

Recommendations: Proper survey should be carried out to ascertain various types of land in different districts of the State. Treatment of *Gram Samaj* land should be included in the annual work plan which should be prepared taking inputs from BSAs. Monitoring should be strengthened and *Zila Samiti* meetings should be held regularly for approval of the projects without delay.

2.5.9.2 Deficient implementation

Usar land was treated inadequately due to non-availability of water. This not only affected adversely the targets of treatment of land for bringing more area under cultivation but also led to unfruitful expenditure on these projects. Revenue records were not updated with details of treated land in absence of which updated position of problematic land was not available

Recommendations: Water availability for mixing of gypsum should be ensured before taking up the projects for treatment of *usar* land to bring the area under cultivation as planned and also to avoid unfruitful expenditure on first phase of work. BSAs should ensure submission of details of treated land to DM for entry in Revenue records.

2.5.9.3 Engagement of labourers

Due to improper planning for execution of projects, labourers were engaged from outside of the project area, in violation of programme implementation guidelines. There was also delay in payment to labourers from 15 days to 222 days against the prescribed one week.

Recommendations: Projects should be formulated at the beginning of the year for execution during April to March to ensure engagement of local labour throughout the year. Payment to labourers should also be ensured by the BSAs in one week as envisaged in the scheme.