Chapter-3

Compliance Audit

CHAPTER 3

COMPLIANCE AUDIT

Agriculture Department
(Haryana State Agricultural Marketing Board)

3.1 Non-recovery of cost of land

An amount of ₹ 28.96 crore as cost of 73 acre land and ₹ 12.35 crore as interest on this amount remained to be recovered from HAFED.

Rule 3 (2)(ii) of the Haryana State Agricultural Marketing Board (HSAMB) (Sale of immovable property) Rules, 2000 provides that a site may be allotted to public sector undertakings, Government societies and co-operative marketing societies of Haryana State Co-operative Supply and Marketing Federation Limited (HAFED) which are dealing in agricultural produce or input, at 35 *per cent* above the reserve price.

The Government decided (August 2009) to create additional storage capacity under HAFED by constructing food storage godowns/plinths by providing land from the HSAMB. The Chief Administrator (CA), HSAMB accorded sanction (November 2009) for transfer of tentative 95 acre land of 12[1] market committees (MCs) and directed the Executive Officers of concerned MCs to pass a resolution in this regard and hand over the possession of land immediately. Regarding cost of land, it was directed that it would be worked out as per Board's property rules/policy and would be conveyed later on. However, the land cost was to be deposited by the HAFED with the concerned MC within 15 days after receipt of demand from HSAMB and in case of non-depositing, an interest at the rate of 15 *per cent* was chargeable.

During audit (December 2012), it was noticed that 12 MCs had transferred 97 acre 2 kanal 4 marla land costing ₹ 33.57 crore to HAFED between September 2009 and February 2010 (***Appendix 3.1***). The HSAMB raised demand for only ₹ 31.30 crore for 76 acre 6 kanal 5 marla land belonging to 10 MCs between December 2009 and 2011, against which the HAFED deposited only ₹ 4.61 crore for 24 acre one kanal 3 marla land of two MCs[2]. Demand had not been raised for ₹ 2.27 crore by two MCs[3] on the plea that HSAMB head office had not fixed the rates of land and the bill was to be raised at head office level. Thus the cost of

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1 (i) Barwala (Barwala), (ii) Narnaund (Narnaund), (iii) Shahabad (Ajrana Kalan), (iv) Kalanwali (Bara Gudha), (v) Sonipat (Dipalpur), (vi) Sonipat (Pungthala), (vii) Ganuar (Ganuar), (viii) Behal (Behal), (ix) Thanesar (Kirmach), (x) Madlauda (Chhichhrana), (xi) Rania (Kharia), (xii) Dabwali (Chautala)

2 Kharia: 8 acre 2 kanal 13 marla and Chautala : 15 acre 6 kanal 10 marla.

3 Kirmach : 10 acre 3 kanal 19 marla and Chhichhrana : 10 acre.

land measuring 73 acre 1 kanal and 1 marla amounting to ₹ 28.96 crore and ₹ 12.35 crore[4] as interest accrued on this amount was recoverable from HAFED.

The Controller, Finance and Accounts, HSAMB intimated (June 2014) that the matter was continuously pursued by the respective MCs with the HAFED between March 2013 and May 2014 to deposit the cost of land alongwith interest as leviable under the HSAMB Rules. The reply was not convincing as even after lapse of four years from transfer of land an amount of ₹ 41.31 crore as the cost of land including interest was recoverable due to non taking prompt action by the HSAMB (January 2015).

The matter was referred (July 2014) to Additional Chief Secretary, Agriculture Department; the reply was awaited (January 2015).

Development and Panchayat Department

3.2 Total Sanitation Campaign/Nirmal Bharat Abhiyan

Construction of 28 institutional toilets had not started or remained incomplete in 22 Gram Panchayats. Solid and Liquid Waste Management projects were not started. Against the target of 196 community sanitary complexes, only 113 toilets were constructed, incentive of ₹ 3.46 lakh was given to 133 beneficiaries without ensuring construction of toilets and double payment of incentive amounting to ₹ 3.10 lakh was made.

Government of India (GOI) started the Central Rural Sanitation Programme (CRSP) in 1986 with the objective of improving the quality of life of the rural people through proper sanitation facilities and to provide privacy and dignity to women. The programme was modified in 1999 and renamed Total Sanitation Campaign (TSC) which was further renamed as Nirmal Bharat Abhiyan (NBA) from April 2012. Financial incentives were provided to Below Poverty Line (BPL) households for construction and usage of Individual Household Latrines (IHHLs). Assistance was also extended for construction of school toilets, *anganwadi* toilets and community sanitary complexes (CSC) apart from undertaking activities under Solid and Liquid Waste Management (SLWM). As against the availability of funds of ₹ 250.66 crore during 2009-14, an expenditure of ₹ 119.18 crore was incurred leaving an unspent balance of ₹ 131.48 crore, which adversely affected the scheme.

Records of State Water and Sanitation Mission and five[5] selected District Water and Sanitation Missions located in the office of District Rural Development Agencies (DRDAs), 10 Block Resource Centres along with 96 Gram Panchayats (GPs) for the period 2009-14 were scrutinized during June 2014 to September

4 At the rate of 15 *per cent* upto May 2014.

5 (i) Karnal, (ii) Yamunanagar, (iii) Hisar, (iv) Fatehabad and (v) Sirsa.

2014. A total of 882 beneficiaries in the five test-checked districts were also selected for joint physical verification. The important findings are as under:

Audit findings

(i) Planning

Annual Implementation Plans were being prepared on the basis of the survey conducted in the year 2012 wherein households not having IHHLs were identified. However, there was no mechanism to include the additional households which came into existence after the survey and there was no strategy for maintenance of community toilets constructed under the scheme.

(ii) Community Sanitary Complexes

As per paragraph 5.7 of NBA guidelines, CSCs comprising an appropriate number of toilet seats, bathing cubicles, washing platforms, wash basins, etc can be set up in a place in the village acceptable and accessible to all. The maintenance cost of CSCs was to be met by the PRIs through appropriate mechanism like user charges. Out of five test checked districts, an expenditure of ₹ 2.26 crore was incurred on construction of 113[6] sanitary complexes in four[7] test checked districts during 2009-14 against the target of 196. As such, 83 CSCs could not be constructed.

The ACS, DPD stated (November 2014) that there was no provision of funds for operation and maintenance of community sanitary complexes and some of the GPs did not have their own funds for maintenance, therefore, they were not taking up the construction of CSCs. The reply was not tenable, as it was already mentioned in the guidelines that no funds were to be provided by GOI for maintenance and the maintenance cost of CSCs was to be met by the PRIs through user charges. Further, the rural population of 83 villages was deprived of the benefit of CSCs envisaged in the scheme.

(iii) Institutional Toilets (Schools/Anganwadis)

As per para 5.8 of NBA guidelines, toilets in all types of Government schools and Anganwadis situated in Government buildings should be constructed.

Grant of ₹ 27.15 lakh was paid to 45 GPs for construction of 85 School/Anganwadi toilets during 2009-14. During physical verification by the audit along with representative of districts and blocks, it was observed (June 2014 to September 2014) in 22 GPs that grant of ₹ 9.08 lakh was given for construction of 28 institutional toilets. However, the construction of 15 toilets had not

[6] Yamuna Nagar : 15 against the target of 60; Hisar : 29 against the target of 40; Fatehabad : 19 against the target of 46; Sirsa : 50 against the target of 50.

[7] Except Karnal where this component of the programme was not implemented.

commenced and 13 toilets remained incomplete. The ACS, DPD stated (November 2014) that concerned ADCs had been asked to check and report. Final action was awaited (January 2015) and the fact remains that the intended benefits could not be derived.

(iv) Solid and Liquid Waste Management

As per para 5.9 of NBA guidelines (July 2012), under this component, common and individual biogas plants, low cost drainage, soakage channels/pits, reuse of waste water and system for collection, segregation and disposal of household garbage etc can be taken up. In the test checked districts, SLWM projects were not planned (March 2014) i.e. about two years of the issue of NBA guidelines. In reply DRDA concerned stated (July 2014) that SLWM projects were under process which would be taken up during 2014-15. The fact remains that delay in planning the projects delayed providing of sanitation facilities to the rural population.

(v) Construction of Individual Household Latrines

As per para 5.4 of the NBA guidelines, the construction of household toilets should be undertaken by the household itself and on completion and use of the toilet, a cash incentive can be given to the household in recognition of its achievement.

During joint physical verification by audit, it was observed that incentive of ₹ 3.46 lakh was given to 133 beneficiaries who had not started construction (95 cases) or Construction of IHHLs were incomplete (38 cases) in 9 blocks[8] of five districts during 2013-14. Thus, the concerned DRDA had not ensured that the toilets had been constructed before release of incentive to beneficiaries. The ACS, DPD stated (November 2014) that the matter had been taken with the District Administration and action would be taken after obtaining comments from the districts concerned.

Double payment of incentive amounting to ₹ 3.10 lakh was made during 2013-14 to 83 beneficiaries in Hisar, Yamunanagar and Sirsa districts due to non-maintenance of village-wise list of beneficiaries and inadequate scrutiny of cases before releasing incentives to households. The ACS, DPD stated (November 2014) that the matter had been taken with the District Administration and action would be taken after taking comments from the districts concerned. ADC, Hisar stated (November 2014) that the amount of ₹ 1,04,500/- had now been recovered.

Thus, an amount of ₹ 131.48 crore remained unspent out of total available funds of ₹ 250.66 crore during 2009-14. No strategy for maintenance of community toilets was formulated. Against the target of 196 CSCs in four districts, only

[8] (i) Nissing, (ii) Indri, (iii) Jagadhri, (iv) Sadhaura, (v) Hisar-I, (vi) Fatehabad, (vii) Tohana, (viii) Rania and (ix) Ellenabad

113 complexes were constructed. During physical verification, 28 institutional toilets of 22 GPs were found incomplete. Double payment of incentives of ₹ 3.10 lakh to 83 beneficiaries was noticed.

Education Department

3.3 Avoidable expenditure on procurement of dual desks

Purchase of dual desks at higher rates resulted in avoidable extra expenditure of ₹ 7.61 crore.

Rule 2.10 (a) of the Punjab Financial Rules (PFR) Vol.-I, as applicable to the Haryana Government provides that every Government employee incurring or sanctioning expenditure from the revenues of the State should be guided by high standards of financial propriety. Rule 2.10 (a) (1) further provides that every Government employee is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

Scrutiny of records (November 2013) of Director Elementary Education (DEE), Haryana, showed that the DEE sent a demand to Director, Supplies and Disposals (DS&D) Haryana for rate contract for purchase of dual desks for school students amounting to ₹ 40 crore. The DS&D invited tenders (February 2012) and five firms quoted their rates of which lowest rates offered by three firms were as given in **Table 3.1.**

Table 3.1 : Statement showing extra payment made due to excise duty

Name of the firm (M/s)	Gross rate offered by the firm (Including ED) (₹ per unit)	Rates offered after negotiation (without ED) (₹ per unit)	Excise duty payable (₹ per unit)	Number of Dual Desks supplied	Extra payment due to excise duty (₹ in lakh)
OK Play India Limited, Mewat	5,801.06	4,300	531.48	1,07,755	572.70
Spacewood Furnishers, Pvt. Ltd., Nagpur	5,880.00	4,300	531.48	35,448	188.40
Design Edge Interiors Pvt. Ltd, Baddi (situated in SEZ)	5,745.00	4,300	Nil	35,448	--
Total				**1,78,651**	**761.10**

(Source : Information derived from Departmental record)

Above table indicates that after negotiations, these three lowest firms quoted their rates ₹ 4,300 (without excise duty) per dual desk. On the recommendations of indenting department, High Power Purchase Committee (HPPC) approved (May 2012) the purchase of dual desks at the rate of ₹ 4,300 per dual desk plus excise duty[9] as applicable with the allocation of quantity in the ratio of 60:20:20 among the above said firms respectively.

It is also evident from above table that no excise duty was payable in case of M/s Design Edge Interiors Pvt. Ltd., Baddi being situated in Special Economic Zone (SEZ). But, while preparation of the comparative statement of rates offered by the three firms, ED had not been taken into account due to which the FOR rate/gross rate was much more in case of two firms namely M/s OK Play India Limited, Mewat and M/s Spacewood, Nagpur than the basic rate which was arrived at after doing negotiations. Thus, comparative statement of rates offered by all the three firms was not prepared correctly and the authorities had erred in taking the said decision based on a defective comparative statement of rates.

The Principal Secretary, School Education Department stated (December 2014) that there was no loss to the public exchequer because excise duty paid by the Department had gone in the account of Government of India and not in the account of any private party. Therefore, there is no 'net loss' to the public exchequer. The Department had placed the orders strictly in accordance with the decisions taken by the HPPC.

The reply was not tenable as decision of HPPC as well as indenting department to allocate purchase in the ratio of 60:20:20 from above three firms was not in order, as M/s Design Edge Interiors Pvt. Ltd., Baddi (HP) had not shown its inability to handle the complete supply order. M/s Design Edge Interiors Pvt. Ltd., Baddi (HP) was the lowest tenderer on FOR basis thus 100 *per cent* purchase order should have been allotted to it. The Director, Elementary Education and Secondary Education purchased 1,43,203[10] dual desks from these two ineligible firms which resulted in avoidable extra expenditure of ₹ 7.61[11] crore. Had the department issued the entire supply order to the lowest eligible tenderer it could have saved the amount of ₹ 7.61 crore.

3.4 Extra expenditure due to de-centralized purchase of containers

Non-observance of financial rules and procurement policy and failure to analyze the rates resulted in an extra expenditure of ₹ 1.06 crore.

Rule 15.2 of Punjab Financial Rules, Volume I as adopted by State of Haryana provides that purchases should be made in most economical manner. Purchase orders should not be split up to avoid obtaining sanction from a higher authority. When stores are purchased from the open market, the system of open competitive

[9] The prevailing excise duty was applicable at the rate of 12 *per cent* and 3 *per cent* education cess thereon.

[10] M/s OK Play India Limited, Mewat: 1,07,755 dual desks and M/s Spacewood Furnishers, Pvt. Ltd., Nagpur: 35,448 dual desks

[11] Number of Dual Desks: 1,43,203 x ₹ 531.48 = ₹ 7.61 crore

tender should be adopted and purchase should be made from the lowest tenderer unless there are any special reasons to the contrary.

Scrutiny of the records (November 2013) of the office of the Director General, Elementary Education (EE), Haryana showed that the department made a proposal for purchase of containers for storage of food grains, two for each school in 5,285 primary schools and 3,875 upper primary schools under Mid Day Meal Scheme. The Director General, EE directed (June 2011) all the District Elementary Education Officers (DEEOs) of the State to send their requirements. On the basis of demand and quotations received from the field offices, department transferred (April 2013) an amount of ₹ 3.30 crore to the bank accounts of respective school heads for purchase of containers. Purchases were made at School level across the State.

Audit observed that instead of open tenders by giving advertisement in leading newspapers, quotations were obtained by all the DEEOs at the district level and forwarded to the Director General, EE, Haryana for obtaining approval. Scrutiny of the relevant papers showed the following:-

- No technical specifications were fixed before obtaining quotations and different specifications were quoted in the offers at district level and there was no uniformity in specifications of containers. Rates of 22 gauge containers for three districts (Palwal[12], Panchkula[13] and Rohtak[14]), 20 gauge for Panipat[15] district and 18 gauge for Kaithal[16] District were approved by the Department.

- District wise rates were approved by the department. In twelve districts rates of 24 gauge containers having three quintal capacity varied between ₹ 1,100 and ₹ 1,900 in case of primary schools. There was a maximum difference of ₹ 800 in price per container for primary schools.

- In twelve districts rates of 24 gauge containers having five quintal capacity varied between ₹ 1,400 and ₹ 2,500 in case of upper primary schools. There was a maximum difference of ₹ 1,100 in price per container for upper primary schools.

Thus, the department purchased 18,320[17] containers at a cost of ₹ 3.30 crore on higher rates resulted in extra expenditure of ₹ 1.06 crore (as detailed in ***Appendix 3.2*)**, which could have been saved had the department opted for centralised purchase through DS&D, Haryana.

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12 3 quintal: ₹ 1,584, 5 quintal: ₹ 2,150

13 3 quintal: ₹ 1,867, 5 quintal: ₹ 2,499

14 3 quintal: ₹ No demand, 5 quintal: ₹ 2,263

15 3 quintal: ₹ 1,500, 5 quintal: ₹ 2,800

16 3 quintal: ₹ 1,790, 5 quintal: ₹ 2,550

17 10,570 containers for 5,285 primary schools and 7,750 containers for 3,875 upper primary schools.

Director, EE stated (November 2014) with the approval of the Additional Chief Secretary, School Education, Haryana that as per instructions of Government of India and the Chief Secretary to Government of Haryana, the containers were immediately required for the schools, the quotations from DEEOs were called for and lowest rates were approved by authorities and purchases were made at school level. But the reply was not acceptable as the process of purchase was initiated in June 2011 and purchases were made after lapse of two years.

The matter was referred to the Principal Secretary, School Education Department in July 2014; the reply was awaited (January 2015).

Environment Department (Haryana State Pollution Control Board) and Health Department

3.5 Implementation of Bio Medical Waste Management Rules in Haryana

The Haryana State Pollution Control Board and Health Department did not enforce the Bio-Medical Waste (Management and Handling) Rules, 1998 as bio-medical waste (BMW) generating establishments were not identified and authorised Health Care Establishments were not inspected. BMW was not being segregated in colour coded containers nor disposed off properly.

For the protection of the environment and to prevent hazard to human beings, other living creatures, plants and property, the Parliament enacted the Environment (Protection) Act in 1986 (the Act). In exercise of the powers conferred by section 6, 8 and 25 of the Act, the Government of India (GOI) notified Bio-Medical Waste (Management and Handling) Rules, 1998 (the Rules) for the management and handling of Bio-Medical Waste[18](BMW) generated from hospitals, clinics and other institutions. In the State, the Haryana State Pollution Control Board (HSPCB) was the prescribed authority for enforcement of the rules. As per annual reports submitted by HSPCB to Central Pollution Control Board (CPCB), there were 2,145 authorised (under Rule 8) Health Care Establishments (HCEs) in 2011 in the State which increased to 2,505[19] as of March 2014.

Records in the offices of Chairman, HSPCB, Director General, Health Services and four[20]out of 12 Regional Offices (ROs) of HSPCB were test checked in January and February 2014 with a view to ascertain the extent of compliance to provisions of the Act and Rules. In addition, a joint inspection of premises along with HSPCB officials was also conducted (June and July 2014) of 80 HCEs and

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[18] Rule 3(5) provides that 'bio-medical waste' means any waste which is generated during the diagnosis, treatment or immunisation of human beings or animals or in research activities pertaining thereto or in the production or testing of biological.

[19] Government HCEs : 471 and Private HCEs : 2,034.

[20] (i) Ballabhgarh, (ii) Jind, (iii) Panipat and (iv) Yamunanagar.

three operators of Common Treatment Facility (CTF) by filling up a questionnaire duly signed by Audit team, HSPCB Official and HCE staff.

During audit following irregularities were noticed:-

(i) Non-identification of bio-medical waste generating units

Rule 6 of BMW Rules, 1998 provides that BMW should not be mixed up with other wastes and should be segregated into prescribed bags/containers at generation point, transported to disposal site in authorised motor vehicle for disposal within 48 hours of generation. Further, Rule 7 provides that State Pollution Control Board is the prescribed authority for enforcement of these rules. As per GOI instructions (November 2011), the Health Department was to ensure that all the HCEs functioning in the State were complying with the provisions of BMW Rules, 1998 and submitted timely status report on the same.

Audit observed that HSPCB had not identified the BMW generating units to ensure the enforcement of the BMW Rules and Health Department had not ensured that all the BMW generating HCEs obtain authorisation under the BMW Rules. It was also noticed that as of March 2014, all the 2,669 Government veterinary institutions in the State had not applied for authorisation under the Rules due to lack of directions from HSPCB. HSPCB intimated (September 2014) that due to shortage of staff, the veterinary institutions were not identified as bio-medical waste generating HCEs. The reply was not acceptable as the HSPCB, being the enforcement authority had the responsibility to identify every HCE which generates bio-medical waste and ensure the disposal of the bio-medical waste as per rules.

(ii) Non-assessment of quantum of Bio-medical waste generated

As per Rule 11 of the BMW Rules, 1998 every HCE was to maintain records relating to the generation, storage, treatment and disposal of BMW. Rule 10 also provides that the HSPCB was to send the information obtained from HCEs in compiled form to the CPCB.

It was found during the joint inspection that out of 80 HCEs 39 HCEs were not submitting annual reports to HSPCB and the annual reports for the years 2011, 2012 and 2013 were submitted to CPCB with a delay of three to seven months. The HSPCB was not compiling annual reports consisting details of bio-medical waste generated and disposed by each HCE which was in violation of Rule 10 of BMW Rules, 1998. Out of 80 HCEs, nine HCEs were not maintaining any record regarding generation, storage, treatment and disposal of BMW.

(iii) Non-inspection of HCEs

The Environment Department had directed (November 2009) that the HSPCB must carry out a monthly inspection of all the authorised HCEs particularly with regard to generation and removal of bio-medical waste.

In four[21] tests checked regional offices, it was noticed that during the period 2009-14 HSPCB was required to conduct 40,788 monthly inspections of authorized HCEs against which only 1,403 inspections (three *per cent*) were conducted. HSPCB intimated (September 2014) that there was shortfall in inspections of HCEs due to shortage of staff. The reply was not maintainable as the shortfall was about 97 *per cent* and some HCEs were not even inspected once during the period of five years.

Irregularities noticed during joint inspection

In order to ascertain the safe disposal of BMW, joint inspection of 80 HCEs was conducted along with officials of HSPCB. Following major irregularities were noticed:-

(iv) Non-segregation of bio-medical waste in colour coded containers

As per Rule 6 of the BMW Rules, 1998, the BMW was to be segregated into appropriate colour coded containers/bags at the point of generation in the HCEs in accordance with the colour code scheme prior to its transportation, treatment and disposal. During joint inspection of 80 HCEs, it was found that –

- In 41 HCEs (51 *per cent*), bio-medical waste was not segregated at the source of generation i.e. wards/rooms/ operation theatres/laboratories etc.
- Nine HCEs (11 *per cent*) were not maintaining colour coded bins and in 14 HCEs (17 *per cent*) charts showing category-wise segregation were not pasted.

(v) Improper storage and collection of bio-medical waste

Rule 6 (1) of the BMW Rules, 1998 provides that Bio-medical waste shall not be mixed with other wastes and Rule 6(5) provides that no untreated waste shall be kept stored beyond the period of 48 hours. During joint inspection, it was found that -

Photograph dated 25 June 2014 showing open common collection point at ESI Hospital, Panipat

- In 27 HCEs (34 *per cent*), provision of separate storage rooms was not made for keeping BMW category wise.
- In 24 HCEs (30 *per cent*), the service

[21] (i) Ballabhgarh, (ii) Jind, (iii) Panipat and (iv) Yamunanagar.

providers were lifting BMW after stipulated period of 48 hours.

(vi) Improper disposal of bio-medical waste

As per rule 5 schedule I, the human anatomical waste and animal waste was to be incinerated or buried deep. The microbiological and bio-technological waste, waste sharps, solid waste were required to be treated through autoclave and autoclaved BMW in the form of plastic and waste sharps were required to be shredded and disposed of on the landfills. During joint inspection of 80 HCEs, it was found that

Photograph dated 15 July 2014 showing syringes, needles and small empty glass vials thrown in open at General Hospital Palwal

- In ten HCEs (13 *per cent*), untreated BMW such as human anatomical waste/needle syringe, blades, cotton soaked with blood, placenta etc. was being mixed with municipal waste.
- In nine HCEs (11 *per cent*), syringes, needles and small empty glass vials were being thrown away in open space.
- 29 HCEs (36 *per cent*) were selling/disposing the untreated red category of BMW in open market.
- In 47 HCEs (59 *per cent*), puncture proof polythene containers meant for safe collection, storage and transportation of needles, syringes, blades etc. were not being used.

On being pointed out, the HSPCB stated (December 2014) that show cause notices have been issued to 53 HCEs, of which 25 HCEs had replied that those were complying with the BMW Rules. The reply was not tenable as the HSPCB had not inspected these 25 HCEs to ensure compliance of Rules and audit findings were based on joint physical verification where one of the members was from HSPCB.

(vii) Non-setting up of common-bio-medical waste disposal and treatment facility (CBMWDTF)

In response to Audit Paragraph number 3.3.9 on 'Bio Medical Waste Management' appearing in Audit Report (Civil) for the year ended 31 March 2007, the Principal Secretary, Health Department assured (September 2012) the Public Accounts Committee that four common-bio-medical waste disposal and treatment facility would be established on PPP basis in four districts of the State. A decision had been taken by the State Government (August 2012) to set up common facilities in four districts i.e. Faridabad, Karnal, Hisar and Jhajjar. The Health Department was to take initiative and responsibility of installation of common facility on PPP basis. The Municipal Corporation or Local Bodies were to provide land and the Environment Department/HSPCB was to provide financial and technical assistance.

Audit noticed that an amount of ₹ 0.97 crore released as grants-in-aid to HSPCB by the State Government during the period 2009-14 for establishment of CBMWDTF was lying unspent with the HSPCB. It was observed that the funds could not be utilised due to non-allotment of land by Urban Local Bodies Department and non-taking of initiative by Health Department.

(viii) Non-compliance by service providers

Following irregularities were noticed during joint inspection to the premises of three common treatment facility (CTF) operators:

- The State Government instructed (May 2012) to install web cameras at CTF. Though CCTV cameras were installed by three CTF operators at their premises, these were not connected with internet for monitoring of the activities by the HSPCB.
- As per Clause 29 of authorisation letter issued by HSPCB to CTF provides that the hazardous waste should be disposed off through the Treatment Storage and Disposal Facility (TSDF) at Pali, Faridabad. But the operator of TSDF intimated that five out of total ten CTF operators of the State had not entered into agreement for final disposal of ash generated from incinerators. The untreated incineration ash was lying at the premises of CTF operators.
- State Government orders (May 2012) provided that Civil Surgeon must ensure that GPS system must be installed in the vehicle carrying the waste and it has connectivity in the office of Civil Surgeon in order to see whether the vehicle was actually reaching the place of disposal or not. The GPS were installed in vehicles carrying the BMW from the HCEs by the CTF operators, yet in four test-checked ROs movement of vehicles was not monitored as required in Government orders.
- In 31 HCEs, the CTF operators were not supplying colour coded polythene bags according to the requirement at collection point.
- Two[22] out of three CTF operators had not immunised their staff.

Thus, there was lapse in identification of BMW generating units, assessment of quantum of BMW generated and inspection of HCEs. Instances of non-segregation of BMW in colour coded containers and improper collection/disposal were noticed. Shortcomings were also noticed on the part of service providers in disposal of BMW. Further, common bio medical waste disposal and treatment facility was not established.

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[22] M/s Haat Supreme Wastech (P) Ltd, Karnal and M/s Maruti Bio-Medical Waste Management Co, Bhiwani

The above points were referred (August 2014) to Additional Chief Secretary, Health Department and Principal Secretary, Environment Department; the replies were awaited (January 2015).

3.6 Loss of interest due to blockade of funds

Rupees two crore was paid by HSPCB to HSAMB in January 2008 without finalising the layout plan for construction of dwelling units which resulted in blockade of funds of ₹ 1.90 crore and loss of interest of ₹ 80 lakh.

Rule 2.10 (a) of Punjab Financial Rules (PFR) Vol. 1 as adopted by the Government of Haryana provides that every Government employee while incurring or sanctioning expenditure should observe high standards of financial propriety and is responsible for enforcing financial order of strict economy at every step. Every Government Officer is expected to exercise the same vigilance in respect of the expenditure incurred from public money as a person of ordinary prudence would exercise in respect of the expenditure of his own money. Further, Para 2.92 of the erstwhile PWD code provided that no work should be commenced on land which has not been duly made over by the responsible civil officers.

Haryana State Pollution Control Board (HSPCB) decided (July 2004) to construct a residential complex for its employees at Panchkula. On the request of the Chairman, HSPCB, the Haryana Urban Development Authority (HUDA) intimated (July 2004) that 1.5 acre land in sector 23 of Panchkula could be considered under Group Housing norms of HUDA which provided that out of total 90 proposed dwelling units, 82 would be of the size below 75 sq meters at the rate of ₹ 3,200 per sq meter and allotted (May 2005) Plot No. GH-5 in Sector 23, Panchkula measuring 6,012 meters on freehold basis, after receipt of full payment of ₹ 1.92 crore. The possession of the land was handed over in June 2008.

It was noticed in Audit (August 2013) that the HSPCB decided (December 2006) for construction of residential complex from Haryana State Agricultural Marketing Board (HSAMB) as a deposit work. The HSAMB submitted (October 2007) an estimate of ₹ 15.47 crore on the basis of categorising the houses in six categories[23] comprising only 18 houses with less than 75 sq meter area. The HSPCB paid (January 2008) ₹ two crore to HSAMB of which, ₹ 10.24 lakh was spent on boundary wall, etc. The HSPCB requested (February 2009) HUDA for approval of change in building plan and the HUDA granted the permission in October 2012 after the receipt of ₹ 78.36 lakh (November 2011) on account of difference of rates and fee prescribed for change in the size of dwelling units. But

[23] One for Chairman: 395 sq meters, one for Secretary: 385 sq meters, 10 houses Category I: 197.50 sq meters, 12 houses of Category II: 136.87 sq meters, 49 houses of Category III: 109.87 sq meters and 18 houses of Category IV: 50.38 sq meters.

a revised proposal of dwelling units has been submitted to HUDA (July 2014) for which approval was awaited (December 2014).

Thus, depositing the funds with HSAMB without taking the possession of land as well as without the approval of revised building plan resulted in blockade of ₹ 1.90 crore and loss of interest to the tune of ₹ 80 lakh (at the rate of seven *per cent* per annum). Further, the main objective of providing accommodation to the HSPCB employees was not achieved.

On being pointed out, the Board while admitting the facts stated (April 2014) that the work of residential complex could not be started due to non-approval of drawing by HUDA. It was further informed (June 2014) that the work of construction has been re-allotted to HSAMB on turnkey basis. Thus the fact remains that the funds were deposited with HSAMB without finalisation of layout plan which resulted in blockade of funds for six years.

The matter was referred (July 2014) to the Principal Secretary, Environment Department; the reply was awaited (January 2015).

Finance Department

3.7 Non-claiming of interest on unutilised funds

Various Government Departments did not recover interest of ₹ 20.21 crore on unutilised funds from HSRDC.

The Finance Department issued instructions in March 2011 that all Corporations/Boards/Societies to whom Government departments had provided funds for works/purchases would pay interest at the rate of six *per cent* per annum to these departments on half yearly basis on unutilised funds. The instructions further provided that the Administrative Departments were responsible for recovering the interest from such entities and depositing the same in receipt head of the Government. However, the State Government relaxed the policy, ibid (December 2011) for Haryana State Roads and Bridges Development Corporation (HSRDC) to the extent that the HSRDC would keep the funds in separate auto sweep flexi accounts for each Government Department and would pay the actual interest earned on these deposits on annual basis.

During audit of accounts of HSRDC (January 2013), it was noticed that various Government Departments[24] deposited funds with HSRDC for execution of works but neither these departments claimed nor HSRDC paid any interest on these

[24] Civil Aviation, Fisheries, Agriculture, Animal Husbandry, Education, Health, Technical Education, Transport, Sports, Law and Justice, Panchayat and Development, National Capital Region funds.

unutilised funds and for the period between April 2011 and March 2014 interest of ₹ 20.21 crore became recoverable from HSRDC.

On being pointed out by audit, HSRDC intimated (July 2014) that as the client department had never demanded, the payment for interest had not been made to any client department. Flexi accounts had been opened since February 2012 but interest accrued on actual basis was also not being paid to the client departments/bodies/boards. Reasons for not raising demand for interest on unutilised funds were called for (June 2014) from Government Departments, in reply to which Agriculture, Animal Husbandry, Health Departments and National Rural Health Mission intimated (June-July 2014) that no interest was received and the matter had been taken up with HSRDC. The reply was not acceptable as the Administrative Departments were required to recover the interest in compliance with the Government instructions. Replies from other Departments were awaited (January 2015).

Thus, the failure of Government Departments to claim interest on their unutilised funds deposited with HSRDC resulted in loss of ₹ 20.21 crore to the State exchequer.

The matter was referred (July 2014) to the Additional Chief Secretary, Finance Department; the reply was awaited (January 2015).

General Administration Department (Haryana Public Service Commission) and Technical Education Department

3.8 Withdrawal of posts from the purview of Haryana Public Service Commission

Continuation of adhoc appointments of 14 lecturers for ten years and their regularisation subsequently resulted in irregular expenditure of ₹ 8.43 crore on pay and allowances.

As per provisions of Exposition of Regulation 3 and 6 of the Haryana Public Service Commission (HPSC) (Limitation of Functions) Regulations, 1973, whenever an adhoc appointment is made against the direct recruitment quota of permanent/temporary post exceeding six months, the appointing authority is required to send a requisition complete in all respects on prescribed proforma to the HPSC and no adhoc appointment may be allowed to continue beyond the period of six months without their (HPSC's) approval. It was also emphasised that against the direct recruitment quota posts, no adhoc appointments will be made till steps have already been taken to fill these posts by direct recruitment through open competitive examination by following a prescribed procedure. Besides this, the Supreme Court also deprecated [25] the Government for exercising the power under Article 320 of the Constitution and observed that the State Governments cannot bypass the Public Service Commission by issuing directions for regularisation of the services of the ad-hoc persons appointed through back door entry. Consequently, Haryana Government had withdrawn instructions to regularize adhoc employees (December 1997).

Test check of records (January and May 2014) of the HPSC and Technical Education Department (TED) showed that the TED had appointed 14 Lecturers during the year 1993 on adhoc basis and continued their services for 10 years without referring the matter to the HPSC for recruitment of these lecturers. In accordance with the Government's policy of regularisation of July 2011, the TED (January 2012) sent a proposal for withdrawing the posts of 14 lecturers appointed on adhoc basis, who had completed their adhoc service for 10 years in the department from the purview of the HPSC for regularising their services. The HPSC (February 2012) had allowed the process of regularisation of 14 lecturers appointed on adhoc basis without ensuring compliance of the HPSC (Limitation of Functions) Regulations 1973. The TED (March 2012) regularised the posts of these 14 lecturers appointed on adhoc basis on humanitarian grounds.

Thus continuation of adhoc appointments for ten years and subsequent regularisation of 14 adhoc lecturers was against the provisions of rules and an expenditure of ₹ 8.43 crore incurred on their pay and allowances from the year 1993-94 to June 2014 was irregular.

On being pointed out, the Secretary of the HPSC stated (May and September 2014) that due to non-preparation of recruitment rules, these posts were withdrawn from the purview of HPSC. He further added that withdrawal of posts and fixing mode of recruitment was the prerogative of the Government. The reply was not tenable as no adhoc appointment should be allowed to continue beyond six months without HPSC's approval.

The matter was referred to the Chief Secretary to Government of Haryana and Principal Secretary to Government of Haryana, Technical Education Department (July 2014) for comments. Reply had not been received despite repeated reminders (January 2015).

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[25] Supreme Court of India judgment in the case of P. Ravindran & Ors vs Union Territory of Pondicherry

Health Department

3.9 Unfruitful expenditure on non-functional Drug Testing Laboratory and State Ayurvedic Pharmacy

An expenditure of ₹ 3.40 crore incurred on construction of Drug Testing Laboratory and State Ayurvedic Pharmacy was rendered unfruitful due to non-availability of manpower.

In order to provide financial assistance to the States with a view to strengthening Ayurveda, Sidha, Unani and Homeopathy (AYUSH) drug enforcement mechanism to the State, Government of India (GOI) introduced the Centrally Sponsored Scheme for Quality Control of AYUSH Drugs during 9th Five Year Plan. The main purpose of the scheme was to establish AYUSH manufacturing units and in-house quality control laboratories for batch to batch testing of raw materials and finished products for ensuring quality control of AYUSH medicines.

Scrutiny of records (May 2014) of the Director General, AYUSH, showed that GOI released grant-in-aid of ₹ three crore[26] under the Centrally Sponsored Scheme for quality control of AYUSH drugs for the establishment of State Drug Testing Laboratory (DTL) and State Ayurvedic Pharmacy (SAP) in the campus of Shri Krishna Government Ayurvedic College at Kurukshetra. The construction of both the buildings of SAP and DTL was completed between October 2008 and January 2009 at a cost of ₹ 1.94 crore and ₹ 0.94 crore, respectively. Machinery/equipments were also purchased at a cost of ₹ 0.52 crore during 2008-10. But even after more than five years of the completion of these buildings and availability of the funds of ₹ 20 lakh for manpower, the DTL and SAP had not been made functional due to not making arrangement of manpower. It was observed that the warranty period of one year of equipment/ machinery had expired. Thus, the expenditure amounting to ₹ 3.40 crore (construction of buildings: ₹ 2.88 crore and purchase of equipments: ₹ 0.52 crore) was lying unfruitful besides the objectives of the scheme remained unachieved (November 2014).

The Director General, AYUSH with the concurrence of Principal Secretary, Health Department stated (November 2014) that Finance Department had given approval (July 2014) for manpower for the DTL, rules were being framed for newly created posts and DTL would start functioning in near future. DG further added that procedural delays in getting electricity connection and non-availability of funds for transformer/electric connection were the reasons for delay in starting

[26] **Drug Testing Laboratory**: Construction of Building: ₹ 50 lakh, Procurement of machinery: ₹ 30 lakh and Manpower for running of DTL: ₹ 20 lakh and
State Ayurvedic Pharmacy: Construction of Building: ₹ 100 lakh, for procurement of machinery:₹ 50 lakh, additional grant : ₹ 50 lakh

the SAP and it would start functioning soon. The fact, however, remains that DTL and SAP had not been made functional (November 2014) despite spending ₹ 3.40 crore.

Home Department

3.10 Unfruitful expenditure/blockade of Government funds

Non-procurement of required equipment for firing range by the Police Department resulted in blockade of GOI funds of ₹ 7.50 crore besides building constructed at a cost of ₹ 1.36 crore also remained unutilised.

Under the scheme of modernisation of State police force, Government of India (GOI) in July 2008 approved the scheme for construction of Indoor Firing Range at Haryana Police Academy (HPA) Madhuban, Karnal and sanctioned ₹ 7.50 crore for purchase of equipments. The construction work of building was completed at a cost of ₹ 1.36 crore in August 2009 with the State funds. The Director, HPA suggested (October 2008) that on the basis of survey M/s Meggitt Training System, USA, which had set-up similar projects for the premier security organisation, was the most suited to supply the equipments for the firing range.

The Principal Secretary, Home Department, Government of Haryana in February 2009 accorded sanction for ₹ 7.50 crore for commissioning and equipping Indoor Firing Range, through HARTRON[27]. HARTRON informed the HPA (June 2009) that the Corporation had not procured such equipments earlier and did not have any requisite experience in taking up the said project. The matter was taken up with Director, Supply and Disposal (DS&D) Haryana, who in October 2009 informed that the item was of highly specialized nature and technical expertise was not available with them. The DS&D advised that the indenting department may get a special purchase committee constituted from the State Government and purchase this item at their level. Accordingly, a special purchase committee was constituted by the State Government (December 2009). The committee in its meeting held in June 2012 exempted the purchase through HARTRON and recommended that Police Department may take up the issue with State Government to make purchase from M/s Meggitt Training System directly being the premier firm. The Police Department, however, did not take any action on advice of the Special Purchase Committee and no final decision had been taken (November 2014).

It was noticed during audit that since the completion of building in August 2009, the issue of purchasing the necessary equipments, for making the firing range functional despite clear recommendations from the Director, HPA about the limited availability of the material, had not been decided and the funds amounting

[27] Haryana State Electronics Development Corporation Limited.

to ₹ 7.50 crore were lying unutilised with HARTRON. It was further noticed that the State Government had already submitted the Utilisation Certificate (UC) to the GOI, which was factually wrong as the equipment was yet to be purchased. On being pointed out in audit, the DGP Haryana (September 2014) intimated that the department had submitted proposal to the Government to purchase the material from M/s Meggitt Training, which was the sole agency for establishing Indoor firing range but the Government decided to make the purchase through HARTRON and also intimated that the building constructed for Indoor Firing Range was being used for accommodation of trainees.

Thus, due to failure of the department to procure the required equipment the firing range could not made functional and ₹ 7.50 crore GOI funds remained blocked besides the building constructed at a cost of ₹ 1.36 crore was not being utilised for the requisite purpose.

The matter was referred (July 2014) to Additional Chief Secretary, Home Department; the reply was awaited (January 2015).

3.11 Manpower Deployment in Police Department

Despite shortage of officers and operational police force, police personnel were posted in excess of sanctioned strength in some offices. Shortage in forensic science laboratory was to the extent of 50 *per cent* resulting in increase in pendency of samples. Crime ratio in the state was very high in comparison to neighbouring States.

The objective of the Police Department is to maintain law and order, prevention, detection, investigation of crimes and successful prosecution of criminals. There were 269 Police Stations and 323 police posts in the State as of January 2014. About 85 *per cent* of the total expenditure of ₹ 8365.43 crore of the Department was incurred on establishment during 2009-14. With a view to assess whether the norms for manpower requirements were realistic and the available manpower was utilised efficiently and effectively, the audit of the office of Director General of Police (DGP) and 13[28] out of 57 offices covering the period 2009-14 was conducted during January-August 2014.

[28] (i) Director General (Crime), Panchkula (ii) Additional Director General of Police (CID), Panchkula (iii) Inspector General of Police (Telecommunication), Panchkula (iv) Commissioner of Police, Gurgaon, (v) Deputy Commissioner of Police, Panchkula, (vi) Deputy Commissioner of Police (Urban), Ambala, (vii) Superintendent of Police, Nuh, (viii) Ist Batalian Haryana Armed Police, Ambala City, (ix) 5th Batalian Haryana Armed Police, Madhuban (x) Forensic Science Laboratory, Madhuban (xi) 4th Batalian Haryana Armed Police, Madhuban(xii) Superintendent of Police, Commando, Naval and (xiii) Superintendent of Police, Kaithal.

Manpower profile

- ***Indian Police Service(IPS) and Haryana Police Service(HPS) Cadres***

The actual strength of IPS and HPS Officers vis-à-vis sanctioned strength during 2009-14 in the Department was as depicted in ***Appendix 3.3***. The shortage of IPS officers was between 7 and 23 *per cent* and the shortage of HPS officers ranged between 2 and 35 *per cent*.

The DGP Haryana while admitting the facts stated (October 2014) that GOI had been requested for allocation of four IPS officers every year and that the selection of IPS officers from HPS officers could not be done due to pending Court cases.

- ***Operational police force excluding IPS and HPS officers***

The shortage of operational police personnel (other than IPS/HPS) ranged between 21 and 26 *per cent* during 2009-14 which adversely affected the maintenance of law and order as the rate of crime was increasing in the State[29].

DGP Haryana while admitting the facts stated (October 2014) that no recruitment in the rank of ASI and SI had been made between 2009 and 2014. It was further stated that a proposal for direct recruitment of 67 Inspectors was sent (February 2012) to Government but approval was awaited (January 2015).

Scrutiny of records of the office of DGP further showed that in spite of overall shortage of staff, police personnel of different cadres ranging between 84 and 400 were posted in excess of the sanctioned strength in various offices during 2009-14 which further increased the shortage of manpower in other offices.

Police : population ratio has also not been prescribed by the Department. As per National Crime Record Bureau (NCRB) the police: population ratio was considerably low (i.e. 1:576) in the State in comparison to neighboring States i.e. in Jammu and Kashmir - 1:154, Punjab – 1:365, Chandigarh – 1:254 and Delhi – 1:251[30].

As per NCRB, Police : crime ratio was very high in Haryana i.e. 1:2.50 in comparison to neighbouring states in Punjab: 1:1.10, Jammu and Kashmir: 1:0.47, Chandigarh: 1:1.24 and Delhi: 1:1.49.

There was shortage of 13,637 operational staff as on 1 January 2010. The shortage further increased to 13,926 in 2012. Despite the shortage, only 1,111 male constables were recruited in 2014.

The State Government directed (April 2003) the Director General of Police for preparing restructuring plan of the department on the guidelines of Government of

[29] The registered crimes had increased from 79,379 in 2009 to 1,04,090 in 2013.

[30] Norms fixed by Ministry of Home Affairs were 1:150.

India which was submitted to Government in 2007. In spite of many meetings with Finance Department, the plan had not been approved. The department sent (March 2007) a proposal to Government to raise the police: population ratio to 1:300. This proposal had not been approved despite a lapse of seven years (January 2015).

(i) Operation of unsanctioned Police Posts

Section 12 of Haryana Police Act, 2007 provides that on the recommendation of the DGP, the State Government may create as many police stations with as many outposts, as may be necessary.

Scrutiny of records showed that there were 323 police posts in operation in the State out of which 252 were operating without the sanction of the Government. The DGP requested the Additional Chief Secretary, Home Department, to accord sanction for 55 un-sanctioned police posts during 2012-14. But the sanction has not been accorded by the Government (June 2014).These un-sanctioned police posts were kept operational. Scrutiny of the records of four SPs (Gurgaon, Nuh, Ambala and Panchkula) showed that 403 police personnel were posted in 44 un-sanctioned police posts in these districts. The operation of un-sanctioned police posts further aggravated the problem of shortage of operational police force in the State.

DGP Haryana while admitting the facts stated (October 2014) that all District Superintendent of police had been directed to send the proposals for regularisation of the remaining unsanctioned police posts. The fact remains that police posts were in operation without the sanction of the Government.

(ii) Temporary transfers

It was observed that 134 operational staff was diverted from different district police offices to DGP office on temporary basis for performing ministerial works. The staff was posted for the period ranging between six months and 12 years as of August 2014. However, the salary of these staff was being drawn from the concerned offices. DGP had not reviewed the justification for their continued retention for ministerial works at any stage though it had financial implication of ₹ 95.45 lakh for one year (2013-2014) due to difference of pay of ministerial staff and operational police staff. Scrutiny further showed that 108 class-IV employees out of 370 employees in six offices were posted out of their jurisdiction.

On being pointed the DGP Haryana stated (October 2014) that temporary transfers were made against the vacant posts of ministerial staff. The fact remains that operational staff was posted on ministerial work, as a result of which, the shortage of operational staff had increased and also put an extra burden on State exchequer due to difference in pay and allowances of operational and ministerial staff, besides payment of one month's salary which was not payable to ministerial staff.

(iii) Forensic Science Laboratory

Forensic science is a dynamic field comprising mainly the application of various branches of science to the administration of justice. Forensic science experts help the police officers in establishing the missing links between the crime and the suspects. Forensic Science Laboratory (FSL) located at Madhuban had 14 divisions where various evidences are analyzed to help the investigating officers to solve the crimes.

Scrutiny of the record of Director, FSL showed that there was shortage of 139 (50 *per cent*) posts against the sanctioned strength of 280. Due to shortage of staff, pendency in testing of samples has increased substantially from 1,325 (December 2009) to 3,504 (December 2013) ***(Appendix 3.4)***.

DGP Haryana while admitting the facts stated (October 2014) that pendency in testing of samples had increased due to acute shortage of reporting officers and allied staff as also receipts of higher number of samples.

(iv) Appointments of women police

Due to increase in incidents of crime against women and children and greater involvement of females in criminal activities, Ministry of Home Affairs stressed the need to review the strength of women police. The National Police Commission also recommended (November 1980) at least 10 *per cent* deployment of women police in the police stations.

The strength of women police in Haryana Police was negligible as against total strength of 42,753 personnel, only 2,444 (6 *per cent*) women police were in position in the State (January 2014).

DGP Haryana while admitting the facts stated (October 2014) that demand for recruitment of 344 women constables had already been sent to Haryana Police Recruitment Board but recruitment has not yet been made (January 2015).

(v) Non-establishment of women police station

DGP sent (May 2013) a proposal to Additional Chief Secretary to Government of Haryana (ACS) for establishment of four *Mahila* Police Stations at Gurgaon, Faridabad, Bahadurgarh (Jhajjar) and Panchkula, and sought sanction of 176 posts.

DGP Haryana while admitting the facts stated (October 2014) that proposal for establishment of four *Mahila* police stations had again been sent (August 2014), but sanction was awaited (January 2015).

(vi) Impact of shortage/mismanagement of manpower

Shortage of manpower in the police department has an adverse impact on law and order as police act as deterrence on the public for not committing crimes. Scrutiny of records of State Crime Branch showed that number of registered crimes had increased from 79,379 in 2009 to 1,04,090 in 2013.

From the above data, it can be concluded that more police person in position will reduce reaction time, prevention of increase in crime rate, improvement in detection and conviction rate and accelerate the service delivery.

The DGP Haryana stated (October 2014) that remedial measures such as organising public police *sammelans,* increase in establishment of *nakas,* installation of CCTV cameras, increase in police patrolling parties/PCR and issue of *Mahila* helpline number etc. were initiated by the Department. The fact remains that the shortage of manpower had impacted the law and order situation in the State.

Thus, there was shortage of IPS and HPS officers and operational police force; despite this, police personnel were posted in excess of sanctioned strength in various offices. Further, 252 Police Posts were in operation without sanction of the Government and 134 police personnel of field offices were diverted at DGP Office and there was shortage of staff in FSL to the extent of 50 *per cent* resulting in increase in pendency of samples.

The above points were referred (July 2014) to the Additional Chief Secretary, Home Department; the reply was awaited (January 2015).

Horticulture Department

3.12 Implementation of National Horticulture Mission in State

Under the Organic Farming scheme, four service providers diverted ₹ 1.58 crore for staff salary which were meant for farm inputs. Survival rate of plants was very low in New Garden Scheme. 237 community tanks were incomplete and Plant Health Clinics were not utilised for requisite purpose.

With a view to provide holistic growth of horticulture sector through differentiated strategies, enhance horticulture production, improve nutritional security and income support to farm households etc. Government of India (GOI), Ministry of Agriculture and Co-operation launched the National Horticulture Mission (NHM) during 2005-06. The funds were to be shared in the ratio of 85:15 between Centre and State Government. Major schemes under the mission were organic farming, horticulture mechanisation, creation of water resources, establishment of new gardens and protected cultivation. For implementation of the mission in the State, the Horticulture Department established Haryana State

Horticulture Development Agency (HSHDA) in December 2005 as a registered society under the Societies Registration Act, 1860. The records for the period 2009-10 to 2013-14 were test checked between April 2014 and June 2014 in the offices of Mission Director, HSHDA and five District Horticulture Officers[31] by selecting them through probability proportionate to size without replacement method with the objective to assess whether the schemes under the mission had been implemented efficiently, economically and effectively. Major irregularities noticed during the audit were as under:

Financial Management

During the period 2009-10 to 2013-14, the HSHDA had incurred expenditure of ₹ 443.96 crore from available funds of ₹ 479.86 crore and in the five test-checked districts, an expenditure of ₹ 158.87 crore was incurred.

During test check, it was observed that utilisation certificates for ₹ 34.47 crore obtained from five Government agencies[32] were not supported by the statements of audited accounts and the detail of assets created and vouchers were not available with the HSHDA as required in the scheme guidelines. In absence of necessary supporting documents, it could not be ensured that the funds were utilized in accordance with the scheme guidelines. The Mission Director, HSHDA stated (November 2014) that these agencies were Government agencies and the UCs were submitted after audit of their accounts, therefore, the statement of audited accounts were never asked for by the HSHDA. The reply was not acceptable as supporting documents were necessary to ensure that funds had been utilised as per scheme guidelines.

Implementation of Schemes

(i) Organic Farming

Organic farming was designed under the scheme mainly to enhance biological diversity, maintain long term soil fertility and to rely on renewable resources in locally organised system. During the period 2009-14, the HSHDA fixed a target of bringing 3,454 hectares under organic farming in the five test-checked districts against which actual achievement was only 923 hectares (27 *per cent*) and an expenditure of ₹ 2.40 crore was incurred. The shortfall was mainly in Yamunanagar, Fatehabad and Sirsa districts.

Reasons for shortfall attributed by DHO, Yamunanagar were non-participation of cultivators, flood prone area etc. and by the DHO, Fatehabad it was that the

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[31] District Horticulture Officers (i) Bhiwani, (ii) Fatehabad, (iii) Karnal, (iv) Yamunanagar and (v) Sirsa.

[32] (i) Haryana Agriculture University, Hisar; (ii) Haryana Seed Development Corporation, Panchkula; (iii) Haryana Agro Industries Corporation, Panchkula; (iv) Haryana State Agriculture Marketing Board and (v) KVK (IARI) Gurgaon.

schemes were in starting phase and would become popular with the cultivators with passage of time. The replies were not tenable as the scheme should have been prepared keeping in view of weather conditions of area and interest of farmers.

Irregular expenditure on inadmissible items

As per scheme guidelines, an assistance of ₹ ten thousand[33] per hectare was to be given for farm inputs and assistance of ₹ five lakh[34] was to be provided for a group of farmers covering an area of 50 hectare for documentation, training, internal control and charges of the certification agency. As such, an assistance of ₹ 20,000/- per hectare was to be provided in equal ratio for inputs and certification. The GOI sanctioned ₹ 20.38 crore in January 2009 and October 2009 for implementation of the scheme on 10,181 hectare. The HSHDA allotted (January 2009 and February 2010) the work to seven agencies as service providers for adoption and certification of organic farming on 10,181 hectare area for ₹ 20.38 crore and covered 10,095 hectare area by incurring ₹ 19.99 crore upto 31 March 2014.

During audit it was noticed that ₹ 3.60 crore were paid to four service providers for providing farm inputs to the beneficiary farmers, but an expenditure of ₹ 1.58 crore[35] from this amount was made on inadmissible items viz. staff salary, TA/DA, etc by the service providers. The Mission Director, HSHDA stated (November 2014) that firms had negotiated with the accredited agencies and saved amounts on large scale certification which they used for resources. The scheme was also being monitored properly by conducting 50 inspections in three years' period. The reply was not acceptable as the funds were meant for farm inputs.

(ii) New Gardens Scheme

The NHM provided assistance for establishment of new gardens with the objective to bring new areas under horticultural crops like fruits, flowers, spices, aromatic plants and plantation crops like cashew and cocoa. Under the New Gardens Scheme, against the target of 10,223 hectare only 7,142 hectare area was covered in the test-checked five districts by incurring an expenditure of ₹ 8.29 crore. The DHO Sirsa stated (May 2014) that the survival was less due to extreme weather conditions, lack of canal water etc. DHO Yamunanagar and Karnal attributed the reasons to (May 2014) floods and winter frost for low survival.

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33 Spread over a period of three years i.e. ₹ four thousand in first year and ₹ three thousand in second and third years, respectively.

34 Spread over a period of three years i.e. ₹ 1.50 lakh in first year, ₹ 1.50 lakh in second year and ₹ two lakh in third year.

35 M/s Gulab Fruit and Vegetables : ₹ 8.20 lakh; M/s ICCOA Bangluru : ₹ 113.50 lakh; M/s IPL New Delhi: ₹ 13.66 lakh; and M/s K. N. Bio, Hyderabad : ₹ 22.50 lakh.

Low survival of plants

As per NHM guidelines, the assistance was to be released to the beneficiary in three annual instalments of 60:20:20. The second and third instalments were to be released only after ensuring the survival of the plants upto the stipulated level i.e. 75 *per cent* of total plantation in second year and 90 *per cent* of the second year plantation in third year.

Test check of progress reports of five districts showed that during 2009-10 to 2011-12, first instalment of assistance was released for establishment of fruit gardens on 5,338.85 hectare area. Second instalment was released for 3,854.21 hectare area and the third instalment of assistance was released for only 2,650.71 hectare area against the targeted area of 3,603 hectare[36]. As such the survival rate of plantation was about fifty *per cent* only.

The Mission Director, HSHDA confirmed (November 2014) that there was less survivability of 2,650.71 hectare. Thus, the HSHDA failed to establish new gardens of suitable crops according to the weather conditions of the region.

(iii) Creation of Water Resources Scheme

With the objective to ensure irrigation to horticulture crops, the NHM provided assistance for creating water sources by construction of community tanks, farm ponds/reservoirs. As per scheme guidelines, assistance was to be provided to a community/farmer group having more than two beneficiary families only when all the integrated components had been completed. In case of violation of terms and conditions the assistance was to be recovered. The assistance for construction of these community tanks was to be given in four instalments[37]. In the test-checked districts the assistance of ₹ 50.20 crore was released for 1,121 community tanks during 2009-14. During audit, it was noticed that:

- 237 community tanks for which assistance of ₹ 7.84 crore was released were incomplete and not utilised for horticulture purposes, as such the assistance provided for these community tanks was rendered unfruitful and objective of construction of community tanks could not be achieved. The Mission Director, HSHDA stated (November 2014) that efforts would be made to recover the released amount of first and second instalments. Final action was awaited (November 2014).
- The assistance was to be provided to groups having more than two beneficiary families. During the scrutiny of application forms and approval files,

36 67.5 *per cent* of total area 5,338.85 hectare area.

37 First thirty *per cent* after excavation of tank and completion of brick lining, second thirty *per cent* after completion of cement concrete of floor and construction of inlet channel, third instalment of twenty *per cent* after installation of micro irrigation system and plantation of fruit crop and fourth instalment after completion of all integrated components.

it was noticed that an assistance of ₹ 36.72 crore was provided for 858 community tanks to groups with only two beneficiary families.

- A joint physical verification of 52 community tanks conducted with departmental officers showed that 19 community tanks were lying incomplete due to incomplete construction works, non-installation of micro irrigation system, etc. Moreover, no amount of assistance was recovered from the beneficiaries who had not completed the community tank and violated the terms and conditions of the scheme.

The Mission Director, HSHDA stated (November 2014) that fact that, the beneficiary farmer would not take up plantation or drip irrigation was not foreseeable. Thus, the HSHDA could not implement the scheme properly in accordance with scheme guidelines and had not initiated process for recovering the assistance already provided.

(iv) Non-earmarking funds for weaker sections

As per instructions of GOI (April 2007), 16 *per cent* funds were to be earmarked for farmers belonging to scheduled castes (SC) and at least 30 *per cent* of the budget allocation was to earmarked for women beneficiaries.

The HSHDA had not earmarked funds for the weaker sections of the society. The Mission Director, HSHDA stated (November 2014) that the land holdings in the name of women and SC farmers were negligible. Reply was not acceptable as in the State, 29,015 SC families were holding 43,425 hectare area as of September 2013[38]. Further, the State Government had sought (October 2013) permission from GOI for reducing allocation to one *per cent* of the available funds for SC beneficiaries, but the permission had not been granted by GOI so far (November 2014). The HSHDA had not made efforts for identifying the women beneficiaries.

(v) Misutilisation of plant health clinics

For improvement of production and productivity, special focus was given for adoption of improved technologies which included the establishment of plant health clinics for testing of soil and water, bio-control lab, leaf/tissue analysis lab and pathology lab etc. The HSHDA constructed (February 2007 – January 2012) 14 plant health clinics at a cost of ₹ 2.88 crore in the State. However, these buildings were being utilised as the offices of respective DHOs instead of laboratories thereby defeating the objective of construction of these plant health clinics. No equipments were procured and no manpower was sanctioned for these PHCs. The Mission Director, HSHDA stated (November 2014) that PHCs were being utilised as office due to increase in staff. The fact remains that the PHCs were not utilised for the intended purposes.

[38] Source : Survey conducted by Agriculture Department, Haryana.

(vi) Loss due to non incorporation of risk and cost clause

The GOI introduced (April 2010) a scheme for importing planting material with a view to procure best quality horticulture planting material. The HSHDA made a provision in 2011-12 for plantation of gladiolus flowers and called tenders for the purchase of gladiolus bulbs (seed) in July 2011 against which eight agencies submitted their bids. The rates of two firms M/s Sheel of New Delhi and M/s OCCF of Kolkata were found reasonable and approved for ₹ 2.80 and ₹ 2.89 per bulb respectively. Accordingly, supply orders (August 2011) for the supply of 40.57 lakh bulbs to M/s Sheel, New Delhi and for 38.96 lakh bulbs to M/s OCCF Kolkata were placed with a time limit upto 30 September 2011. M/s Sheel New Delhi completed the supply but M/s OCCF Kolkata expressed its inability for importing bulbs from Holland. The HSHDA called fresh tenders in October 2011 wherein single bid was received and an order for the supply of 32.09 lakh bulbs was placed to M/s NERMAC in October 2011 at ₹ 3.50 per bulb. The new agency supplied 28.25 lakh bulbs. Thus, the HSHDA had to incur an extra expenditure of ₹ 17.23 lakh on purchase of 28.25 lakh bulbs. Audit observed that clause of risk and cost was not included in the DNIT/supply order with M/s OCCF Kolkata. Thus, due to non inclusion of risk and cost clause in tender the HSHDA suffered a loss of ₹ 17.23 lakh.

The HSHDA stated in its reply (November 2014) that cost variation had not been asked for from the firm and ensured that necessary clause would be inserted in the tender in future.

Thus, under the organic farming scheme four service providers incurred ₹ 1.58 crore on staff salary and TA/DA etc. which were meant for farm inputs. The plantation on only 2,651 hectare area survived under the new garden scheme against the target of 3,603 hectare area. 237 community tanks for which an assistance of ₹ 7.84 crore released were incomplete. ₹ 36.72 crore were provided for 858 community tanks to groups with only two beneficiary families and non-inclusion of risk and cost clause in the tender resulted in loss of ₹ 17.23 lakh.

The above points have been referred (August 2014) to the Additional Chief Secretary, Horticulture Department; the reply was awaited (January 2015).

Irrigation Department

3.13 Wasteful expenditure on Single Layer Brick (SLB) lining of escape channel

Non-ascertaining of position of sub soil water level while preparing estimate resulted in wasteful expenditure of ₹ 1.95 crore.

Para 2.22 of Haryana Public Works Department Code[39] provided that project of a work should consist of specification, a detailed statement of measurements, quantities and rates and a report stating in clear terms the object to be gained by the execution of work and explain any peculiarities which require elucidation. Further, para 2.41 (Appendix 9 (a)) specified that before submission of a project to higher authorities for approval, the preliminary operations, including the surveys both of alignment and soil should be completed.

A scheme for lining of escape channel from km 0.00 to km 4.700 off-taking at km 30.300-L of JLN Canal was approved for ₹ 1.87 crore in the 40th meeting of Haryana State Flood Control Board (HSFCB) held in February 2009 with the objective to create reservoir area within the limited land width and to take the escape canal water back into the JLN canal, when power was restored at pump house. Tenders for the work were invited by the Executive Engineer (EE), Water Services Division-2, Rewari in May 2009 and the work was awarded (November 2009) to an agency at agreement amount of ₹ 2.12 crore. The project cost was revised to ₹ 2.60 crore on the basis of quantities as per detailed estimate and again the cost of the project was increased (September 2010) to ₹ 3.01 crore due to providing for diversion and lowering sub soil water level (SSWL).

Scrutiny of records (June 2012) in the office of EE, Water Services Division No. 2, Rewari showed that due to continuous discharge of city effluent into the escape channel by Public Health Engineering Department (PHED), the SSWL increased and the agency did not execute the work of lining of about 1.105 km (km 1.915 to km 3.020) and work was lying abandoned since June 2011. An expenditure of ₹ 1.95 crore[40] had been incurred on the work. No further action had been taken by the department to complete the balance work as envisaged in the estimate. In the meantime, executed work was damaged due to pore water pressure[41]. Besides, no action was taken against the PHED in accordance with the Section 58 and 64 of Haryana Canal and Drainage Act, 1974 which prohibits the discharge of any treated/untreated trade effluent or sewage effluent into canal (July 2003 Notification).

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39 Old Haryana PWD Code applicable before November 2009

40 Contractor payment of ₹ 1.92 crore (Final Bill of November 2012) and miscellaneous expenditure of ₹ 0.03 crore

41 Pore water pressure refers to the pressure of groundwater held within a soil or rock, in gaps between particles (pores).

On being pointed out (August 2013), Engineer-in-Chief, Irrigation Department intimated (March 2014) that when the scheme was prepared, being dry zone, sub-soil problem of the area was out of question and SSWL started rising due to continuous discharge of city sewerage. Reply of the department was not acceptable as at the time of survey (June 2009) for preparation of estimate, the water was standing/flowing in the channel and as the discharge of PHED was running continuously into the channel, the position of SSWL was required to be ascertained before the execution of work.

The Additional Chief Secretary, PHED, intimated (June 2014) that the work in respect of pipeline of 6.2 km length, to take the treated sewage upto Lal Bahadur Shastri (LBS) recharge channel was in progress. The Engineer-in-Chief, PHED informed (December 2014) that the work had been completed and the treated effluent was discharged in LBS recharge channel. However, the EE, Water Service Division No. 2 Rewari intimated (December 2014) that the sewage effluent was still being discharged in the escape channel and there was no change in status of lining of escape channel.

Thus, taking up of the work without proper planning, survey and sorting the issues of discharge with PHED and not adhering to the instructions issued by Government resulted in wasteful expenditure of ₹ 1.95 crore as the purpose of the project was not fulfilled. Further, the sewage was polluting the environment and sub soil water of the adjoining areas affecting the quality of ground water, hand pumps, tubewells, etc. The adjoining agricultural land was also turned uncultivable due to overflow of escape channel.

The matter was referred (May 2014) to the Principal Secretary, Irrigation Department; the reply was awaited (January 2015).

3.14 Working of Command Area Development Authority

The Command Area Development Authority did not achieve the targets of construction of water courses. Farmers' awareness campaigns were not organised. 438 completed water courses were not handed over to the WUAs, labour cess of ₹ 67.70 lakh was not recovered from contractors and security deposits of ₹ 38.56 lakh refunded before the expiry of defect liability period.

The Command Area Development Authority (CADA) was registered as a Society in 1974 under the Societies Registration Act, 1860. The main functions of CADA were to construct field channels (water courses), provide institutional support to Water Users' Association (WUA's) and hold awareness programmes for shareholders through demonstration plots. These projects were to be funded by Central and State Government in equal proportion. The Command Area Development programmes in the State were taken up through three different projects[42] covering different geographical areas of the State. During the period 2009-10 to 2013-14 total expenditure of the CADA was ₹ 522.74 crore on construction of water courses in the State.

The records pertaining to the period 2009-10 to 2013-14 were test-checked in the office of the Administrator, CADA, Panchkula and nine[43] out of twelve CAD divisions during September 2013 to January 2014 to analyse the programme implementation and achievements of CADA. The shortcomings noticed are discussed in succeeding paragraphs:

(i) Shortfall in achievement of physical targets

In the test-checked divisions, the CADA had incurred an expenditure of ₹ 376.59 crore on construction of 1,744 water courses, out of which 1,283 water courses were completed and work on 461 water courses was in progress (June 2014). Targets and achievements in terms of area covered under the three projects are given in the **Table 3.2**.

3.2 Targets and achievements of construction of water courses during 2009-14

	JLN-II		WJC-VI		BCC-II	
	State as a whole	**CADA Division Jhajjar**	**State as a whole**	**Four test[44] checked divisions**	**State as a whole**	**Six test[45] checked divisions**
Target (Ha)	60,000*	4,600**	70,000*	50,539**	1,70,000*	1,63,530**
Achievement (Ha)	5,484	3,091	80,689	46,301	1,73,785	1,76,300
Shortfall (-)/ Excess (+) (Ha)	(-)54,516	(-)1,509	(+)10,689	(-)4,238	(+)3,785	(+)12,770
Per cent Shortfall (-)/ Excess (+)	(-)91	(-)33	(+)15	(-)8	(+)2	(+)8
Funds utilized (₹ in crore)		2.60		93.78		280.21

***Targets as per Detailed Project Report** ****Targets set by the CADA for divisions**

(Source : Information supplied by the CADA)

The Administrator, CADA stated (April 2014) that reasons for not achieving the targets under JLN Phase-II were incomplete consolidation work, lower benefit derived from agriculture, increasing real estate prices, commercial activities, etc. The reply was not convincing as the CADA had itself fixed the targets still the targets were not achieved.

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42 (a) Bhakra Canal Command Phase-II (BCC-Ph-II) – 3.52 lakh hectare (2009-10 to 2019-20) (b)Western Jamuna Canal Command Phase VI (WJC-VI) – 2.06 lakh hectare (2007-08 to 2018-19) and (c) Jawahar Lal Nehru Canal Command Phase II (JLN Ph-II) – 0.99 lakh hectare (2007-08 to 2021-22)

43 1. Fatehabad, 2. Hisar, 3. Jhajjar, 4. Jind, 5. Kaithal, 6. Karnal, 7. Kurukshetra, 8. Panipat and 9. Sirsa

44 (i) Hisar, (ii) Jind, (iii) Panipat and (iv) Jhajjar

45 (i) Sirsa, (ii) Fatehabad, (iii) Hisar, (iv) Karnal, (v) Kaithal and (vi) Kurushetra

(ii) Irregular contribution of farmers' share from Haryana Rural Development Fund

As per Government of India guidelines (July 2005), the recovery of 10 *per cent* of the total cost of construction of field channels from beneficiary farmers was mandatory to ensure involvement of beneficiary farmers in the construction and maintenance of field channels and imbibe in them a sense of ownership of assets created.

In test-checked nine CAD Divisions, out of total ₹ 51.01 crore beneficiary share only an amount of ₹ 4.53 crore was recovered from beneficiary farmers and balance ₹ 46.48 crore had been contributed from Haryana Rural Development Fund (HRDF) which was against the spirit of imbibing in the farmers a sense of ownership of the assets created.

(iii) Non handing over of completed water courses to water users' associations

As per provisions of para 4.4 of guiding principles issued by GOI, Ministry of Water Resources, handing over of water courses to Water Users' Association was mandatory to empower them to collect water charges and take up operation and maintenance of the water courses.

In the test-checked divisions, out of 1,283 completed lined water courses, 438 water courses constructed at a cost of ₹ 110.12 crore were not handed over to the WUA's (March 2014). Out of this, 114 water courses constructed before 31 March 2012 at the cost of ₹ 28.96 crore were still to be handed over (March 2014) due to non-release of functional grant to WUAs. It made the CADA liable for regular maintenance of the water courses till the date of handing over. The Administrator CADA stated (April 2014) that instructions had been issued to handover the completed lined water courses to WUAs at the earliest. Final action was awaited (January 2015)

(iv) Non recovery of labour cess from contractors

As per directions of the State Government (August 2007), labour cess at the rate of one *per cent* of the value of construction work was to be deducted from the contractor bills.

In nine CAD divisions during the period April 2008 to December 2010, Labour Cess of ₹ 67.70 lakh from the contractors bills of ₹ 67.70 crore was not deducted. The Administrator, CADA stated (April 2014) that the labour cess was not deducted due to non-receipt of instructions. Audit observed that the Administrator, CADA had circulated instructions in March 2009 instead of August 2007.

(v) Release of security money before expiry of defect liability period

As provided in the terms and conditions of DNIT, security deposits at the rate of 10 *per cent* of the bill amount till the cumulative amount of deductions reaches five *per cent* of the tendered value were to be deducted from contractor bills. 50 *per cent* of security deposits was to be refunded on completion of work and balance 50 *per cent* within 30 days of expiry of defect liability period of six months.

In test-checked CAD divisions, during the period 2009-14, security deposits of ₹ 38.56 lakh were refunded to the contractors in 91 cases before the expiry of defect liability period of six months in violation of conditions of DNIT. The Administrator CADA assured that in future security deposit would be released as per the DNIT conditions.

(vi) Irregular expenditure due to faulty implementation

As per guidelines issued by GOI, demonstration of farm development work right from preparation of fields and upto the marketing of produce i.e. land leveling, application of water, full doses of fertilizer, sowing of improved seed, plant protection measures, etc. were to be taken up by incurring ₹ 20,000 per plot.

During 2009-14, the test-checked nine divisions released an amount of ₹ 1.41 crore[46] to four departments/institutions for the establishment of demonstration plots for education of farmers of latest techniques for improvement in water management and crop husbandry. The amount was shown utilized but the information regarding demonstration plots established viz. the name of the lined water course, site plan of demonstration plot, status of the farmer, results of yield and details of component wise expenditure were not found in record. Further, it was observed that CADA was providing piecemeal inputs such as seeds, zinc sulphate, bio fertilizers and weedicides to farmers varying from ₹ 2,000 to ₹ 3,500, thereby defeating the objective of development of demonstration plots.

In another case, the Administrator, CADA released ₹ 52.65 lakh to Ch. Charan Singh Haryana Agriculture University (HAU), Hisar in March 2008 for procuring agriculture machinery for on-farm water management project with the condition that the machinery would be returned in working condition. It was noticed that no details of performance of the scheme and revenue earned was shared with CADA and machinery was also not returned to CADA so far (March 2014).

On being pointed out, the Administrator CADA stated (April 2014) that the works of demonstration plots were to be implemented through Agriculture and

[46] Agriculture Department : ₹ 1.24 crore; Haryana Agriculture University (HAU), Hisar : ₹ nine lakh; KrishiVigyanKender, Kaithal : ₹ seven lakh and Horticulture department : ₹ 1.41 lakh.

Horticulture Departments. The utilisation certificates for the funds released were being collected from these departments and matter was being taken up with HAU for taking back the machinery. The reply was not convincing as the project details were not obtained from the implementing institutions as required under the project guidelines.

Thus, there was substantial shortfall in achievement of targets under JLN-II project. Farmers' share was irregularly contributed from HRDF defeating the objective of imbibing a sense of ownership of the assets in the farmers. 438 water courses constructed at a cost of ₹ 110.12 crore were yet to be handed over. Labour cess of ₹ 67.70 lakh not deducted from contractors and their security was released before the expiry of defect liability period.

The above points were referred (July 2014) to the Additional Chief Secretary, Irrigation Department; the reply was awaited (January 2015).

Public Health Engineering Department (Water Supply and Sanitation Board)

3.15 Loss of interest due to non entering into agreement with the bank

Non observance of programme guidelines regarding operation of saving bank accounts by Water Supply and Sanitation Board resulted in loss of interest of ₹ 5.51 crore.

The Government of India (GOI), Ministry of Rural Development, Department of Drinking Water and Sanitation issued (April 2009) guidelines regarding allocation and keeping of funds under the National Rural Drinking Water Programme (NRDWP). The guidelines provided that central allocations would be released directly to programme implementing Statutory Bodies likes Boards in the States. In Haryana, the programme was implemented by the Water Supply and Sanitation Board (WSSB). The WSSB was required to maintain two saving accounts namely Programme Account and Support Activities Account by signing a tripartite Memorandum of Understanding (MOU) among the Bank, WSSB and Director Drinking Water and Sanitation, GOI. The Apex Committee of the State Water and Sanitation Mission, Haryana in its meetings held on 30 November 2011, had decided to operate the two accounts namely Programme Account and Support Account through Engineer-in-Chief (EIC) and Director, State Water and Sanitation Support Organisation, respectively.

The draft MOU issued (September 2010) by GOI provided that the bank was to automatically invest the funds in excess of Rupees five crore as fixed deposits with maturity of one year in the units of ₹ 25 lakh and to automatically encash the securities last invested if the funds fall below Rupees five crore and to pay interest payable from the date of investment to the date of encashment, without deducting any charge for early encashment. The rate of interest for fixed deposit was to be notified by the Head Quarter of the Bank and interest was payable on the balances in the saving bank account at the prevailing saving bank interest rates and accrued interest was to be credited to Programme Account.

Scrutiny of records (February 2014) WSSB showed that the WSSB opened (October 2009) two saving bank accounts namely Programme Account and Support account for receipt and expenditure of funds under NRDWP, but the tripartite MOU was not entered into with the bank despite several reminders issued by GOI between September 2010 and March 2012. It was noticed that GOI released ₹ 1,210.14 crore during the period from November 2009 to February 2014. There were huge balances in the Programme Account which were ranging between ₹ 7.48 crore to ₹ 153.97 crore during January 2010 and February 2014. Had the MOU been entered into, the balances in excess of Rupees five crore could have been invested as fixed deposits as envisaged in scheme guidelines. In the absence of tripartite MOU, the balances ranging between ₹ 2.48 crore and ₹ 148.97 crore in excess of Rupees five crore limit were not invested in the fixed deposits which resulted in loss of interest of ₹ 5.51 crore (excluding interest earned in saving account).

On being pointed out (February 2014), the Member Secretary, WSSB intimated (March 2014) that the saving bank account was opened as per mandate of GOI under the scheme guidelines. EIC, further stated (August 2014) that permission was sought from Government for entering into tripartite MOU among the State Bank of India, State Water and Sanitation Mission (SWSM) and Rajeev Gandhi Drinking Water Mission wherein the parties would agree to abide by the provisions of the guidelines. But the Government approved only one action i.e. permission for opening of saving bank account in SBI, Sector 10, Panchkula, in the name of SWSM, Panchkula. The Principal Secretary, Public Health Engineering Department, also confirmed (November 2014) the reply submitted by the EIC. The reply was not acceptable because in case no decision on tripartite agreement had been taken by the Government, the case should have been resubmitted as the execution of tripartite agreement was mandatory as per guidelines of GOI. Due to non-observing programme guidelines regarding operation of accounts resulted in a loss of ₹ 5.51 crore in form of interest which could have been utilised for fulfilling further objectives of the programme.

3.16 Wasteful expenditure on non-functional water supply scheme

Change in layout plan of inlet channel, without ensuring availability of land, resulted in wasteful expenditure of ₹ one crore on non-functional water supply scheme and further increased the cost of project by ₹ 1.09 crore.

Para 2.96 of Public Works Department Code provides that where important structural alterations are contemplated, though not necessarily involving an increased outlay, the orders of the original sanctioning authority should be obtained by submitting a revised estimate. Further, para 10.1.3 of the Code provides that while preparing the estimate of any project, the site shall be inspected to ascertain field conditions including availability of land.

The Member Secretary, State Sanitary Board, Haryana approved (March 2007) a canal based independent water works to augment the water supply of Village Bishan in District Jhajjar for ₹ 1.16 crore under the NABARD Project – RIDF XII. As per the approved estimate, the canal water was to be obtained from JLN Feeder at RD 22300-R through a 2,900 metre long inlet channel of RCC pipe of 350 mm internal dia. The work of construction of water works[47] and inlet channel was allotted to an agency in November 2007 at an agreement amount of ₹ 93.52 lakh with a time limit of 12 months. During execution of work, the Executive Engineer (EE) changed the layout plan of the inlet channel by reducing the length to 2,115 metre through the private land and a village katcha path for better output and reduction in the cost of project by ₹ five lakh. The villagers objected the construction of inlet channel according to new layout as it would block/congest the passage to fields and filed a civil suit in the Lower Court (June 2010) against the department with injunction application. Though the Hon'ble Lower Court dismissed (September 2012) the injunction application of villagers, but on an appeal the Hon'ble District Court set aside (April 2014) the decision of Lower Court and allowed the interim injunction to the villagers. Final decision in the case was awaited (November 2014).

The agency had executed the work to the tune of ₹ 73.89 lakh (July 2011) and incurred an expenditure of ₹ 2.93 lakh on acquisition of 16 marla land for laying inlet channel in February 2012. Total expenditure of ₹ one crore[48] had been incurred on the scheme which was lying incomplete since July 2011 due to incomplete inlet channel (June 2014).

During audit of the records (June 2011) of the EE, Public Health Engineering Division No.1, Jhajjar, it was observed that the layout plan of the inlet channel was changed by the EE without the approval of competent authority i.e. Engineer-in-Chief, without ensuring availability of land and against the provisions of PWD code, which resulted in wasteful expenditure of ₹ one crore on non-functional water supply scheme. Further, the Engineer-in-Chief, PHED had approved (February 2014) an estimate for ₹ 1.09 crore for making the water works functional through an alternate source of canal water i.e. from Bishan Minor.

The Principal Secretary, Public Health Engineering Department stated (November 2014) that inlet channel was to be constructed from the source along

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[47] One storage and sedimentation tank, two clear water tanks, pump chamber and all other works contingent thereto.

[48] ₹ 97.17 lakh on work including payment to contractor plus material and ₹ 2.93 lakh on acquisition of 16 marla land for laying inlet channel as per new layout plan.

the village path (common land of farmers). But the villagers stopped the work of construction of inlet channel. The work of construction of inlet channel from alternate route had been allotted in August 2014 and would be completed by March 2015. The reply was not convincing as the EE changed the layout without approval of the competent authority and without ensuring availability of land for laying pipeline, which was against the provisions of PWD Code and resulted in non-completion of the water supply scheme. It not only led to blockade of funds of ₹ one crore and further increase in cost of project by ₹ 1.09 crore, but also the residents were deprived of timely intended benefits of the scheme.

Renewable Energy Department
(Haryana Renewable Energy Development Agency)

3.17 Implementation of Solar Street Lighting Systems Programme

GOI grant of ₹ 1.24 crore could not be availed due to non-obtaining written consent from beneficiary department and an excess expenditure of ₹ 3.78 crore was incurred on procurement of 8,691 street lights with old specifications with lesser working life. Beneficiary share of ₹ 2.96 crore was recoverable and undue favour was given to an agency.

The Haryana Renewable Energy Development Agency (HAREDA) was implementing Street Lighting Systems under Solar Photovoltaic (SPV) Programme in the State for providing street light in the villages and hamlets (dhanies) since 1997 and in urban areas since 2006-07. These systems ensure minimum lighting to avoid power cut and security threat to the public and can also be used for lighting public gardens and lawns thereby helpful in conserving electricity. In order to promote their use the Government of India (GOI) as well as State Government provide subsidies.

During 2009-10 to 2013-14, HAREDA incurred an expenditure of ₹ 42.89 crore[49] on installation of 25,801 SPV street lighting systems in the State against the target of 27,091 systems. Records for the period 2009-10 to 2013-14 were test-checked in the offices of Director, HAREDA at Panchkula and five district project officers[50] out of 21 project officers by selecting randomly[51] with the objective to assess the functionality of the project. In addition to this, SPV street light system installations were physically verified alongwith departmental officers in five villages of selected five districts from July to September 2014.

Following major irregularities were noticed during audit:

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49 GOI share : ₹ 9.41 crore, State share : ₹ 11.48 crore and Beneficiary share : ₹ 22 crore.

50 (i) Bhiwani, (ii) Hisar, (iii) Jhajjar, (iv) Kurukshetra and (v) Panipat.

51 Selection was made using probability proportional to size without replacement method.

(i) Non-availing of GOI grant

With a view to provide lighting to the police stations and to create awareness among the public about the SPV technology, HAREDA prepared (March 2009) a special project for installation of 1290 SPV street lighting systems in 258 police stations (five in each police station) of Haryana with a total cost of ₹ 2.98 crore. For this project, ₹ 1.24 crore was to be provided by GOI and ₹ 1.74 crore was to be contributed by Haryana Police Department. The GOI sanctioned ₹ 1.24 crore (August 2009) as central financial assistance for this purpose with a time limit of one year from the issue of sanction. After receipt of sanction from the GOI, the HAREDA took up matter time and again (September 2009, October 2009, February 2010 and April 2010) with the Police Department for depositing beneficiary share but this did not materialise.

The Police Department had not responded to the requests made by the HAREDA instead desired to install SPV street lights at one police station in Sector 5, Panchkula on trial basis. Due to this, the sanction of ₹ 1.24 crore lapsed. Thus not getting written consent from the beneficiary and not obtaining beneficiary share prior to finalising the proposal led to non-availment of GOI grant of ₹ 1.24 crore. On being pointed out, the Director, HAREDA replied (November 2014) that the consent was given by the Police Department during a discussion. The reply was not convincing as no written consent was taken by HAREDA before seeking grant from GOI.

(ii) Non- receipt of beneficiary share

The HAREDA formulated (June 2009) a proposal for installation of 6,660 SPV street lights in all the 333 villages of district Sirsa (20 street lights in each village) for ₹ 12.65 crore. District administration conveyed its consent in March 2010 for this project and was sanctioned by GOI in July 2010. Out of ₹ 12.65 crore, ₹ 3.80 crore were to be provided by GOI and balance ₹ 8.85 crore were to be paid by the District Rural Development Agency (DRDA), Sirsa. Audit noticed that out of ₹ 8.85 crore, the HAREDA had received ₹ 5.94 crore from DRDA, Sirsa and balance amount of ₹ 2.91 crore has not been recovered (November 2014). Similarly, HAREDA installed 150 SPV street lights in municipal area of Karnal in 2009-10. Out of total beneficiary share of total ₹ 0.14 crore (₹ 9100 per street light), ₹ 0.05 crore, were recoverable from MC Karnal (November 2014).

This shows that HAREDA had carried out the work of installation of SPV street lights without getting beneficiary share in advance which resulted in blockade of HAREDA funds amounting to ₹ 2.96 crore with DRDA Sirsa and MC Karnal. During an exit conference (February 2015), the Additional Chief Secretary, Power and Renewable Energy Department intimated that the District Administration, Sirsa had committed to pay the amount before March 2015. Final action was awaited.

(iii) Irregular purchase of street lights

The HAREDA had invited tenders for rate contracts for the supply of 2,500 SPV street lights in December 2009 and finalised the rate contract through High Powered Purchase Committee of the State for a period of one year in March 2010 at ₹ 19,000 per street light. Subsequently, HAREDA had received the communication regarding the change in specifications[52] of the street light in June 2010 applicable from 1 September 2010. HAREDA had also sought clarification on 13 August 2010 from the GOI about the purchase of street lights under the already finalised rate contract with earlier specifications, but without waiting for the response from the GOI, HAREDA placed the orders with three firms[53] for 6,660 street lights in Sirsa district at a rate of ₹ 19,000 on 30 August 2010 at a cost of ₹ 12.65 crore (one day before the enforcement of new specifications). Even after the coming into effect of the new specifications, HAREDA further placed orders of 2,031 street lights[54]as per the old specifications for ₹ 3.86 crore under this rate contract. Thus the HAREDA procured 8,691 street lights with old specifications with lesser working life. It was also observed that HAREDA had procured 42 SPV street lights with LED (Light Emitting Diode) luminaries in May and June 2010 at a cost of ₹ 14,650 per street light. By not purchasing the LED systems, the department made an excess expenditure of ₹ 3.78 crore[55] on purchase of 8,691 (6,660 + 2,031) street lighting systems and also deprived of the benefit of newer technology.

In reply the Director, HAREDA stated (November 2014) that the orders were placed in order to implement the programme within the limited timeframe and further stated (December 2014) that the rate contract of CFL was valid upto June 2011. The reply was not tenable as the HAREDA had not made objective assessment of the use of LED luminaries and continued on purchasing costly CFL based SPV street lights for more than one year. Further, the GOI had sanctioned the project of installation of 6,660 systems in July 2010 with a time limit upto 15 April 2011 while the specifications had been changed in June 2010 and 42 SPV street lights with LED luminaries were also installed in June 2010 and sufficient time of nine months (upto April 2011) was available with the HAREDA for switching over to newer and economical technology. The Additional Chief Secretary during exit conference directed (February 2015) the departmental officers to submit an explanation after conducting proper inquiry. Final action was awaited.

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52 As per new specification PV panel life was to be 25 years against 15 years in old specification and guarantee period was 5 years against 2 years.

53 M/s RGVP Energy Sources, Gandhi Nagar, M/s Central Electrical Limited, Sahibabad and M/s Su Solartech Systems Pvt Ltd Chandigarh

54 October 2010 – 1986 street lights and June 2011-45 street lights

55 ₹ 19,000 - ₹ 14,650 = ₹ 4,350; 8,691 * 4,350 = ₹ 3,78,05,850.

(iv) Undue favour to contractor

The Director, HAREDA issued (August 2010) a purchase order to a supplier[56] for purchase of 2,220 SPV street lights for Sirsa district for ₹ 4.22 crore. As per supply order, the equipment was to carry a warranty of two years and further comprehensive maintenance contract (CMC) of three years was to be provided to ensure that street lights may remain in working condition for a period of five years. The Project Officer, Sirsa intimated (September 2014) that 954 street lights costing ₹ 1.81 crore installed by the above mentioned supplier in 112 villages were not in working condition. It was also observed that in six villages all the 120 street lights installed were not working. The HAREDA neither initiated any action for immediate repair of street lights nor encashed the bank guarantee kept as security from the supplier for the maintenance period of five years.

The Additional Chief Secretary during the exit conference directed (February 2015) the departmental officials to assess the estimated cost of repair and get them repaired after revoking the bank guarantee of the vendor. Final action was awaited.

(v) Non-formation of village energy committees

In order to create awareness and to carry out the maintenance and monitor the functionality of SPV street lighting systems in villages, village energy committees (VECs) were to be constituted before start of project which was required to draw up plans/proposals for promotion of renewable energy technologies, maintenance of the systems and to designate an ITI passed technician to get training for the maintenance of the systems. Audit noticed that no such committees were formed due to which the intended objectives of promotion of renewable energy technologies and proper maintenance of the installed systems could not be ensured.

The Director, HAREDA stated (December 2014) that guidelines had already been issued for setting up VECs and district administration will ensure that these committees would be made functional before expiry of warranty and maintenance period. The reply is not acceptable as HAREDA being the nodal agency should have ensured the formation of the VEC before the commencement of the project to ensure ownership/responsibility of the assets by the beneficiaries.

(vi) Shortcomings noticed during physical verification

A joint physical verification was conducted by audit team and officers of concerned district administration. It was noticed that out of 256 SPV street lighting systems installed in five villages[57] selected randomly across five districts,

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[56] M/s RGVP Energy Sources, Gandhinagar, Gujarat.

[57] (i) Mangali (Hisar), (ii) Yaara (Kurukshetra), (iii) Jattal (Panipat), (iv) Dujana (Jhajjar) and (v) Kunger (Bhiwani)

201 street lighting systems (79 *per cent*) were not found functional on the dates of visit[58]. These 201 street lighting systems had been installed after incurring an expenditure of ₹ 33.82 lakh. The gram panchayats/ beneficiaries intimated that the systems were not functional due to non-maintenance of systems by the suppliers/department. This reflected lack of proper monitoring and safeguards by the department in the implementation of SPV street lighting programme.

The Director, HAREDA intimated (December 2014) that in Village Dujhana, District Jhajjar out of 127 non-functional street lights, 112 street lights had been made functional. Now, only 89 street lights were not working.

Thus, the HAREDA had not implemented the Solar Street Lighting System programme in the State efficiently as grant from GOI could not be utilised due to non-obtaining written consent from the beneficiary department, beneficiary share was remained unrecovered, excess expenditure was incurred on purchase of CFL street lights while LED street lights were available at lower rates and despite non-working of street lights, the bank guarantee of the contractor was not encashed.

The above points were referred (November 2014) to Principal Secretary, Renewable Energy Department; the reply was awaited (January 2015).

Revenue and Disaster Management Department and Health Department

3.18 Embezzlement due to inadequate financial control

Embezzlement of ₹ 4.58 lakh was noticed in Revenue and Disaster Management Department and of ₹ 1.69 lakh in Health Department due to non-observance of provisions of Financial Rules and inadequate financial control.

(a) Rule 2.21 of the Punjab Financial Rules (PFR) Vol. I as applicable to the Haryana Government provides that every voucher must bear a pay order, signed or initialed and dated by the disbursing officer, specifying the amount payable both in words and figures. Rule 2.22(5) further provides that all paid vouchers/sub vouchers must be stamped 'paid' or so cancelled that they cannot be used a second time. Scrutiny of the records (May 2013) of the office of Additional Chief Secretary (ACS), Revenue and Disaster Management Department for the years 2011-13 showed that drawing and disbursing officer (DDO) was not observing the above rule. Paid vouchers of petrol, oil and lubricants (POL) were not stamped 'paid' and cancelled by the DDO in 97 cases. This facilitated the official concerned to draw fraudulent claims of ₹ 2,69,595/- by re-submitting the unstamped and un-cancelled bills at the time of subsequent adjustment of advance bills.

58 Kurukshetra : between 28 July 2014 to 1 August 2014; Hisar: 4 August 2014 to 8 August 2014; Panipat : 26 August 2014 to 29 August 2014; Jhajjar : 1 September 2014 to 3 September 2014; and Bhiwani : 4 September 2014 to 8 September 2014

Rule 8.5 of the PFR further provides that actual payees receipts (APRs) should be obtained from each payee in respect of payment made by him and DDO should ensure that payment is made to the actual payee. Government of Haryana, Finance Department clarified (August 2013) that as regards to DC bills of POL advances, there would be no change in existing time limit and the same need to be submitted within a period of one month from the date of passing of the corresponding AC bill. In contravention of the rules ibid, whole amount of the bills of POL was drawn without adjustment of the previous advance. In addition, fresh advances were drawn by the erstwhile Superintendent (Cash) in the adjustment vouchers and cash so drawn in lieu of fresh advances was retained by the then cashier without disbursing the same to the concerned drivers/actual payees. DDO did not ensure acknowledgement/adjustment of these advances. This resulted in mis-appropriation of ₹ 1,27,000 by the erstwhile Superintendent (Cash).

Rule 2.4 of the Punjab Financial Rules (PFR) Vol. I provides that at the close of the day while signing the cash book, the head of the office should see that the departmental receipts collected during the day, the utilisation of which towards expenditure is strictly prohibited under the Punjab Treasury Rules and are credited into the treasury on the same day or on the morning of the next day at the latest and that there is a corresponding entry on the payment side of the cash book. Rule 2.2(v) provides that when Government money in the custody of the Government officer are paid into the treasury or the bank, the head of the office making such payments should compare the Treasury Officer's or the Banks receipts on the challan or his pass book with the entry in the cash book before attesting it and satisfy himself that the amounts have been actually credited into the treasury or the bank.

Scrutiny of the records further showed that it was not ensured as to whether the money collected by the erstwhile Superintendent (Cash) through receipt books was deposited into the treasury/bank or not. An amount of ₹ 61,000 received by the erstwhile Superintendent (Cash) on account of sale of old vehicle on 8 June 2012 was shown as deposited into the treasury on payment side on 9 November 2012 and also gave a remark that the amount had been adjusted against the POL bills, but the amount was neither found deposited into the treasury nor adjusted against POL bills.

Lack of financial control and non-observance of provisions of Financial Rules facilitated the embezzlement of ₹ 4,57,595[59]. On being pointed out in audit, the ACS while admitting the facts stated (October 2013) that ₹ 4,57,595 had been recovered from the concerned erstwhile Superintendent (Cash). ACS further stated (May 2014) that the disciplinary action against the concerned erstwhile Superintendent (Cash) was under process.

[59] ₹ 2,69,595 + ₹ 1,27,000 + ₹ 61,000 = ₹ 4,57,595

(b) Rule 2.2 of PFR provides that a DDO should satisfy himself that all the monetary transactions are entered in the cash book as soon as they occur and the same are attested by him. Rules 2.7 and 2.4 of Rules ibid further provide that if an employee, not in-charge of the cash book, receives money on behalf of the Government, is required to remit the same to the employee having a cash book or deposit the amount into the treasury/bank on the same day or in the morning of the next day. The head of the office is also required to verify all the entries including totals in the cash book or have this done by some responsible official other than the writer of the cash book and initials all entries as correct.

The Government of Haryana accorded (August 2003) sanction for retention of user fee collected from patients and raising of resources through Grants-in-aid, donations etc. by Swasthya Kalyan Samitis (SKS) in the Health Department of three[60] project districts which was extended subsequently (January 2004) to all the districts of State. Daily collection fee of the user charges are to be recorded in a cash book daily and the amount so collected is to be deposited in a saving account of nationalised bank of the SKS.

Scrutiny of records (between January and March 2013) in four[61] General Hospitals (GHs) showed that user charges were being collected in cash on account of OPD fees, lab testing fees, etc. by various hospitals and the amount so collected was being deposited in the bank accounts of SKSs of each hospital as per Government orders of January 2004. Audit scrutiny of daily receipt books, cash collection register and cash books of these Samitis showed that an amount of ₹ 1.69 lakh was less deposited in the Samiti's accounts by the officials during the period between December 2010 and November 2012. This amounted to embezzlement of ₹ 1.69 lakh. It had happened due to non-accountal of receipts, totaling errors, less carrying forward the balances and entering amount in excess on payment side than actual deposits. It was facilitated due to non-checking of entries and totals of the cash collection register and cash book and non reconciliation of these receipt entries with receipt books at the level of the DDO.

On being pointed out in audit, the said amount of ₹ 1.69[62] lakh was recovered from the concerned officials and deposited in the bank accounts of the respective SKSs during the period between January and March 2013. The Chief Medical Officers[63] stated (May 2014) that the defaulting officials had been removed from the seat of cash receipts and corrective measures had also been taken to prevent the recurrence of such irregularities. Inquiry had been initiated against the defaulting officials of GHs Rewari and Sonepat. Audit further observed that even

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60 (i) Ambala, (ii) Karnal and (iii) Yamunanagar

61 (i) Sonepat, (ii) Gurgaon, (iii) Rewari and (iv) Faridabad

62 GH, (i) Sonepat: ₹ 92,730 dated 21 January 2013, (ii) Gurgaon: ₹ 32,845 dated 31 January 2013, (iii) Rewari: ₹ 38,510 (₹ 16,010 dated 14 February 2013 & ₹ 22,500 on dated 19 February 2013) and (iv) Faridabad: ₹ 4,550 dated 14 March 2013

63 Government Hospital (i) Sonepat, (ii) Gurgaon, (iii) Rewari and (iv) Faridabad

after lapse of more than one year, no disciplinary action against the defaulting officials had been taken so far (November 2014).

Thus, lack of financial control by the DDOs and not following the prescribed procedure for handling the cash had facilitated the embezzlement of Government departmental receipts.

The matter was referred (May 2014) to the Principal Secretary, Health Department for comments; the reply was awaited (January 2015).

Sports and Youth Affairs Department

3.19 Unfruitful expenditure on procurement of basketball poles

Unfruitful expenditure of ₹ 66.11 lakh incurred on installation of 85 basketball poles due to non-preparation of basketball grounds as per prescribed norms.

Government of India (GOI), Ministry of Youth Affairs and Sports implemented (May 2008) a scheme "Panchayat Yuva Krida Aur Khel Abhiyan (PYKKA)" across the country on sharing basis of 75:25 between the Centre and the State Government. PYKKA aims to ensure sports development as an integral aspect of youth development by providing network of basic sports infrastructure and equipment at the Panchayat level, universal access to sports in rural areas and encouraging sports and games in rural areas through annual competitions at the block, district, state and national level. One time Capital Grant of ₹ 1 lakh for the development of sports infrastructure/facilities at Village Panchayat level was earmarked for villages having minimum population of 4600 and preference was to be given to schools for the creation of playfields/sports infrastructure at village and block Panchayats.

Scrutiny of records (March to May 2014) of the Sports and Youth Affairs Department, Government of Haryana for the period 2008-09 to 2013-14, showed that Haryana Government incurred an expenditure of ₹ 11.45 crore on purchase of 1450 sets of basketball poles under the scheme and subsequent erection of the same in 1450 PYKKA centres of the State. Further, scrutiny of records in the offices of District Sports and Youth Affairs Officers (DSYAO), Karnal, Kurukshetra and Ambala as well as physical survey conducted (April-May 2014) by an audit team alongwith coaches of Sports Department of 87 PYKKA centres out of 352 centres in these districts opened during the period 2008-09 to 2012-13 showed that 85 sets of basketball poles in 85 centres amounting to ₹ 66.11 lakh were lying unused due to the following reasons:

- Basketball courts were not prepared as per sports manual in these 85 PYKKA centres.

- In 11 PYKKA centres Basketball Poles were lying uprooted.
- In three PYKKA centres (Jatwar, Shahpur and Nanyola in Ambala district) trees were standing in between Basketball Courts.
- Poles were erected in water logged area in two centres at village Gheer in Karnal district and Tandwal in Ambala district.
- In one centre, Basketball poles were erected under high tension wires and there was also pavement in the ground.
- In 17 PYKKA centres, basketball poles were standing in between forestry plant and grass.
- In eight PYKKA centres, basketball poles were standing without board and ring and broken board
- In two centres, kho-kho pole and volleyball poles were standing in between basketball poles.

Basketball Poles in water logged area at Gheer in Karnal district (16 April 2014)

Basketball Poles lying uprooted at Kachhwa in Karnal district (23 April 2014)

- In 32 institutions[64], youth of villages in the area were not interested in playing the basket ball game and were interested to play games like volleyball, hockey, cricket, kabaddi etc.

As per instructions issued (August 2011) by the Director, Sports and Youth Affairs Department, Government of Haryana, all PYKKA centres were to be inspected by coaches every month and by the DSYAO concerned every quarter and report was to be sent by every 5th of the next month to the Director, Sports Department in order to ensure that the scheme was being implemented properly. It was observed in audit that neither coaches nor DSYAO of these districts had inspected any PYKKA centres. Resultantly, these centres were lying abandoned due to lack of care and monitoring.

Thus, installation of basketball poles where basketball grounds were not prepared as prescribed in the guidelines, without proper planning and follow up action rendered an expenditure of ₹ 66.11 lakh incurred on procurement of basketball poles for 85 PYKKA centres unfruitful.

[64] During physical survey, remarks were obtained from coaches/principals of schools where the basket ball poles were installed.

The Principal Secretary, Sports and Youth Affairs Department stated (September 2014) that only ₹ one lakh one time grant was received from the GOI for each village for block level infrastructure. This amount was not sufficient for R.C.C. ground. However, action would be taken against negligent officials for their negligence and instructions have been issued (June 2014) to all Deputy Directors for conducting inspections of PYYKA centres. Outcome of such inspections, if conducted had not been intimated to Audit (January 2015).

Town and Country Planning Department

3.20 Non-recovery of lease money and other charges

Non-encashment of bank guarantee by Estate Officer, HUDA, Panchkula within validity period led to non-recovery of lease money and other charges amounting to ₹ 84.64 lakh.

Estate officer, Haryana Urban Development Authority (HUDA), Panchkula leased out (October 2008) Inderdhanush Auditorium, Sector-5, Panchkula to International Trade and Exhibitions India, Private Limited, New Delhi (Firm) for running, operation, and maintenance for a period of three years. As per terms and conditions of lease agreement, the lessee was to pay lease money of ₹ 3,01,131 plus 2.1 *per cent* of the net turnover per month to HUDA for three years. The lessee was to furnish security deposit/bank guarantee for ₹ 60.23 lakh (i.e. equal to 20 times of the monthly lease money) which was to be paid in advance on or before the date of possession and was refundable on the completion of lease period and handing over of vacant possession of the auditorium and after payment of all the dues payable by the lessee. Besides, all service charges like electricity, water supply and sewerage etc. were to be borne by the lessee.

Scrutiny of the records (February 2012) of Estate officer, HUDA (EO), Panchkula showed that the lessee furnished (November 2008) a bank guarantee amounting to ₹ 60.23 lakh, which was valid up to 09 July 2010 instead of 02 December 2011 (i.e. expiry of lease period) which was in contravention of lease agreement. The possession of the auditorium was handed over to the firm on 03 December 2008. The firm paid lease money regularly for the first five months from December 2008 to April 2009. Thereafter, the firm stopped the payment of lease money to HUDA. The EO Panchkula, issued notices to the firm from time to time between December 2009 and April 2011 regarding non-deposit of lease money, non-submission of updated accounts of turnover and non-maintenance of building, furniture, fixture etc. Against total outstanding lease money of ₹ 76.39 lakh up to February 2011, firm paid only ₹ 16.44 lakh (₹ 13.80 lakh in December 2010 and ₹ 2.64 lakh in February 2011). Due to non-payment of lease money and violation of terms and conditions of the lease deed by the firm, the EO terminated the lease deed on 7June 2011. The possession of the auditorium was taken back from the firm on 14 June, 2011. Lease money and other charges amounting to ₹ 84.64[65] lakh as of 14 June 2011 were still recoverable from the firm (May 2014). As per the terms and conditions of the lease deed the firm was to submit the returns of its turnover to HUDA so that 2.1 *per cent* of turnover could be recovered by HUDA, but the turnover details were not submitted.

Audit observed that HUDA extended undue favour to the lessee by accepting bank guarantee valid up to 9th July 2010 instead of ensuring its validity for the entire lease period (i.e. up to 2nd December 2011) and firm had violated the terms and conditions of lease deed continuously since May 2009, but bank guarantee of ₹ 60.23 lakh was not encashed/ renewed before its expiry on 9th July 2010 by the EO Panchkula. Thus, the bank guarantee could not be encashed within its validity period resultantly an amount of ₹ 60.23 lakh from the firm out of total outstanding amount of ₹ 84.64 lakh could not be recovered. EO Panchkula stated (June 2014) that due to lack of knowledge, bank guarantee could not be encashed and the Administrator HUDA, Panchkula was requested to appoint an inquiry officer to identify the delinquent officials in this matter.

The matter was referred (May 2014) to the Principal Secretary, Town and Country Planning Department; the reply was awaited (January 2015).

Transport Department

3.21 Employment of bus conductors in excess of requirement

Appointment of conductors without the availability of buses resulted in avoidable expenditure of ₹ 9.93 crore.

The Reservation Policy (July 1995) of the State Government provides for 20 *per cent* reservation for Scheduled Castes (SCs) in direct recruitment to Class III and Class IV posts. Further, as per norms (August 2009), the department requires 1.4 bus conductors for operating an ordinary bus and requires 2.5 bus conductors for plying city bus service.

The department had the strength of 6,036 bus conductors for operating the fleet of 3,141 of buses in February 2009 when the Transport Commissioner sent a requisition to Haryana Staff Selection Commission (HSSC) for recruitment of 2,480 bus conductors by working out the vacancy position for proposed fleet of 3,870 buses. Another requisition for the recruitment of additional 1,357 bus conductors was sent in July 2009 against the vacancies to be generated by retirements (212), promotions (770) and proposal for purchase of additional 268 buses (375), making the total proposed fleet of 4,138 buses. The requisitions

[65] Lease money: ₹ 59.94 lakh + Electricity charges : ₹ 22.00 lakh + Expenditure on repair : ₹ 0.99 lakh + Maintenance : ₹ 1.71 lakh

were sent as per reservation policy and in accordance with the vacancies to be generated in each category.

The HSSC advertised for 3,837 posts of conductors in February and August 2009 and after completion of recruitment process, sent (February 2012) a list of 3,507 successful candidates to the Department in order of merit of all categories. The validity period of the list was one year from the date of issue of the letter by the HSSC. At that time (February 2012), the available vacancies were only 1,788 calculated on the basis of authorised fleet strength of 3,672 buses.

The Government decided (March 2012) to offer appointment to 1,788 candidates out of the list of 3,507 candidates in the order of merit and to appoint remaining candidates in accordance with actual availability of vacancies by holding counselling after every six months. Accordingly, 1,788 appointments were made in April 2012 for various depots, which included 173 SCs against the requisite number of 357 conductors (20 *per cent* of 1,788).

Various social organisations protested for not appointing appropriate number of SC candidates. Acting upon these representations, the Government appointed (June 2012) all the remaining 1,719 candidates and as per men in position statement the total strength of conductors became 7,754. By this, the number of conductors exceeded between 240 and 1,316 during the period May 2012 to December 2013 without availability of buses which resulted in avoidable expenditure of ₹ 9.93 crore[66] **(*Appendix 3.5*)** on salaries of these conductors.

The Director General, State Transport Department while accepting the facts stated (May 2014) that 1,788 bus conductors were appointed on seniority basis from the list of 3,507 selected candidates by HSSC. Thus, the appointment of conductors without the availability of buses resulted in avoidable expenditure of ₹ 9.93 crore upto December 2013 on account of salaries paid to conductors appointed in excess.

The matter was referred (May 2014) to Principal Secretary, Transport Department; the reply was awaited despite repeated reminders (January 2015).

3.22 Avoidable loss due to procurement of buses violating CMVR

The procurement of buses violating the provisions of CMVR, 1989 resulted in loss of ₹ 92.88 lakh on account of net revenue loss due to non-plying of buses, expenditure on replacement of side glasses and penalty paid.

Rule 100 (2) of Central Motor Vehicle Rules (CMVR), 1989 provided that the glass used for side windows of vehicles should be maintained in such a condition

66 Monthly total of excess conductors (norm of conductor per bus = 1.4 & 2.5) during May 2012 to Dec. 2013 = 12,408; salary at the rate of ₹ 8,000/- per conductor per month = **₹ 9.93 crore**.

that the visual transmission of light is not less than 50 *per cent* and conforms to Indian standards.

The Director General, State Transport (DGST) invited offers in October 2011 and with revised terms and conditions in November 2011, from Mercedes Benz India Private Limited, New Delhi and M/s Volvo Buses India Private Limited, New Delhi (M/s Volvo) for supply of 25 air-conditioned luxury buses for operation in Haryana Roadways without mentioning the above specification of window glasses. Both the manufacturers submitted their offers in November 2011, which *inter alia* stated that their buses would be meeting CMVR Rules, 1989.

A technical committee[67] of the department found (November 2011) the offers of both the manufacturers as per the requirement of the department. The High Power Purchase Committee headed by the Finance Minister approved (December 2011) the offer of M/s Volvo being the lowest. Accordingly, the DGST issued (December 2011) a supply order to M/s Volvo to supply 25 air conditioned luxury buses at a cost of ₹ 20 crore and Joint State Transport Controller (Technical) issued (January 2012) detailed specifications of bus body which included side glasses to be dark grey toughened glasses which was not in accordance with the Rule 100 (2) of the CMVR, 1989. The buses were inspected by General Manager (Technical), HREC, General Managers, Haryana Roadways, Karnal, Gurgaon and Chandigarh before taking the delivery and the delivery was taken between February and June 2012. As the buses were not complying with the provisions of Rule 100(2) of CMVR, 1989 and tinted glasses were beyond the permissible limit, Delhi Police challaned (December 2012 and January 2013) these buses during their operation in Delhi and the department paid a penalty of ₹ 1.14 lakh. As such, department had to put these buses off the road and an expenditure of ₹ 34.41 lakh was incurred for replacement of glasses. Department had also suffered a loss of revenue amounting to ₹ 57.33 lakh for keeping the buses off road.

On being pointed out the DGST stated (July 2013) that though the specification sheet included dark grey toughened side window glasses and requirement of quantum of visual light transmission within the permissible limit of CMVR, 1989 was not mentioned, the manufacturer, M/s Volvo Buses Pvt. Limited was expected to use items as per CMVR, 1989. It was further intimated (May 2014) that the department was seeking arbitration in this case. The reply was not acceptable as the department had procured buses not meeting the requirements of Rule 100 (2) of CMVR, 1989 which resulted in avoidable loss of ₹ 92.88 lakh[68].

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67 Comprising of Joint Transport Commissioner (JTC)- II, Joint State Transport Controller (JSTC) (Technical) and Chief Accounts Officer (Headquarter)

68 Penalty : ₹ 1.14 lakh, Glasses replacement charges : ₹ 34.41 lakh and net revenue loss : ₹ 57.33 lakh

The matter was referred to Principal Secretary, Transport Department (May 2014); the reply was awaited despite repeated reminders (January 2015).

Women and Child Development, Health, Welfare of Scheduled Castes and Backward Classes, Social Justice and Empowerment and Education Departments

3.23 Deficiencies in implementation of the schemes for 'Welfare and Protection of Girl Child'

Delay of five to 32 months was observed in release of Vivah Shagun to 1,082 claimants. ₹ 10.95 crore were paid to 5,153 beneficiaries under the Ladli Social Security Allowance Scheme without proper verification. 4,000 girl students were deprived of yoga classes and self defence training. The sex ratio of girl child had decreased in Jind and Hisar during the period 2009-14.

The State Government was implementing eight schemes/programmes[69] with the objectives to improve the status of girl child in the family and society, to correct the demographic distortions in terms of decreasing sex ratio in the State and to meet the sociological and health needs of the girl child.

Records of four schemes[70] relating to girl child for the year 2009-14 was test checked in audit by covering three districts (Karnal, Hisar and Jind) during the months of May and June 2014. The important findings are as under:-

(i) Ladli scheme (Women and Child Development Department)

To combat the menace of female foeticide which has devastating demographic and social consequences and to restore the balance of demographic sex ratio, a scheme named '*Ladli*' was introduced (August 2005). Under the scheme financial assistance of ₹ 5000/- per annum for five years per family from the birth of second girl child was to be provided which was to be invested with Life Insurance Corporation of India (LIC). The accumulated amount was to be paid to the second girl child at the time of attaining the age of 18 years subject to condition that she should be unmarried and alive. In case of death or marriage the department would cancel the enrollment and funds invested would be claimed back from the LIC with interest. Under the scheme, expenditure of ₹ 57.21 crore

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[69] 1-Ladli (Women and Child Development) State Plan. 2-KSY (Women and Child Development) State Plan/Central Plan. 3-SABLA (Women and Child Development) State Plan/Central Plan. 4-Adolescent Girl Awards (Women and Child Development) State Plan. 5-PNDT ACT 1994 (Health Department) Central Plan. 6-Indira Gandhi Priyadarshini Vivah Shagun Scheme State Plan (SC/BC Welfare Department). 7-Ladli Social Security Allowance (Social Justice and empowerment department) State Plan. 8-Girl child to provide Yoga classes, to give self defence training and for excursion tours (Education Department) State/Central Share basis.

[70] 1- LADLI, 2- Indira Gandhi Priyadarshni Vivah Shagun Scheme (IGPVS), 3- Ladli Social Security Allowance (LASSA) and 4-Yoga classes Self Defense Training and excursion tours for Girls.

was incurred as financial assistance to 1,14,351 beneficiaries during 2009-14 against the target of 1,15,850. Following was observed in audit:-

- The District Programme Officers (DPOs) had not claimed refunds in 538 death cases (Jind: 306 cases, Karnal: 116 and Hisar: 116 cases) from the LIC. On being pointed out (July 2014), the DPOs, claimed and received refund of ₹ 37.12 lakh from LIC along with interest for 538 death cases.

- In 2,358 cases membership certificates supplied by the LIC to PO, Jind in November 2013, date of birth of the beneficiary was not mentioned, in absence of which it would be difficult to ensure when the beneficiary would attain the age of 18 years. The Director, Women and Child Development Department intimated (September 2014) that necessary instructions had been issued to LIC Chandigarh to issue fresh membership certificates by inserting date of birth along with amount. However, the fact remains that the Department accepted the membership certificates without mention of date of birth of beneficiaries and fresh membership certificates were yet to be obtained (January 2015).

(ii) *Indira Gandhi Priyadarshini Vivah Shagun Scheme (SC/BC Welfare Department)*

Indira Gandhi Priyadrashini Vivah Shagun (IGPVS) scheme provides financial assistance on the occasion of the marriage of the daughters of SC/BC and other sections of the society living below the poverty line (BPL). As per guidelines of the scheme, all efforts were to be made by the concerned authorities to ensure that the grant is disbursed on or before the date of marriage. Against Budget provision of ₹ 44.95 crore expenditure of ₹ 43.32 crore was incurred in the test checked districts during 2010-14.

In 1,082[71] cases out of 2,232 the Vivah Shaguns (Kanyadan) were paid with a delay of 5 to 32 months from the receipt of applications of the claimants involving amount of ₹ 2.23 crore which defeated the objective of the scheme. The District Welfare Officers (DWOs) Karnal, Jind and Hisar stated (June 2014) that the reasons for delayed payments were shortage of staff, non availability of budget and non completion of application forms. The reply was not tenable as adequate budget was available under the scheme and payments were to made before marriage of the girl.

Actual Payee's Receipts (APRs) worth ₹ 15.36 lakh in 109 cases relating to 2009-10 were not available in DWO, Jind, in the absence of which genuineness of payments to actual payees could not be verified in audit. The DWO, Jind stated (June 2014) that the concerned Assistant, who had been transferred from DWO,

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Name of District	5 months – 10 months	11 months – 24 months	25 months – 32 months	Total
Karnal	89	260	0	349
Hisar	118	123	6	247
Jind	318	168	0	486
Total	**525**	**551**	**6**	**1,082**

Jind to DWO, Bhiwani in September 2012 did not hand over the full charge as such APRs could not be made available. The reply was not tenable as the DWO was responsible for retaining APRs in the office.

(iii) Ladli Social Security Allowance (Social Justice and Empowerment Department)

Under the scheme 'Ladli Social Security Allowance' an allowance of ₹ 500 per family having only girl child/children was to be given to persons from the age of 45 years to 60 years on the pattern of the old age allowance. Any such family irrespective of their caste, creed, race and religion having total annual income less than ₹ 1.44 lakh (subsequently enhanced to ₹ two lakh per annum in June 2011) was eligible to get the benefit under the scheme. A committee would be constituted by DSWO to identify the eligible beneficiaries. In the test checked districts the budget and expenditure for the period 2009-14 was ₹ 11.29 crore.

An amount of ₹ 10.95 crore was paid to 5,153 beneficiaries during 2011-14 in DSWO, Karnal, Hisar and Jind without proper verification. Further, the department had not identified and verified the eligibility of beneficiaries as per laid down criteria of income before releasing the payments.

The DSWOs Karnal and Jind stated (June 2014) that a survey of the existing beneficiaries under Ladli scheme would be got conducted. The reply was not tenable as the identification of a beneficiary was a precondition in order to establish the eligibility of the beneficiaries.

(iv) Girl Child to provide yoga classes to give self defence training and for excursion tours (Education Department)

Under Sarv Shiksha Abhiyan and Rashtriya Madhaymik Shiksha Abhiyan (RMSA), yoga classes in schools are provided since 2011-12 to keep the girl students physically and mentally fit. Self defence training in schools is also given so that they may protect themselves in the hour of need. The girl students are taken on excursion tours by the schools to increase their confidence level and to enhance their knowledge and skills. Against the budget allotment of ₹ 81.76 lakh an expenditure of ₹ 64.31 lakh was incurred during 2011-14.

During 2011-14, 23,500 girl students from 470 schools i.e. 50 girls from each school were to be given self defence/yoga training and to be taken on excursion tours, of which 19,500 students from 390 schools were given the benefit. Thus, 4,000[72] girl students from 80 schools were deprived of taking benefit of these activities/schemes in spite of the fact that fund/budget was available for these programmes.

(v) Sex ratio of girl child

The main objective of above schemes was to increase sex ratio of girl child (girls against 1000 boys). On the contrary, in Jind district, the sex ratio decreased from

[72] Yoga Classes: 1500, Self Defence Training: 2200 and Excursion Tours: 300.

861 in 2009-10 to 831 in 2013-14 and in Hisar district, the sex ratio decreased from 883 in 2009-10 to 874 in 2013-14. Only in Karnal district, the sex ratio increased from 845 in 2009-10 to 881 in 2013-14, which was still below the national average of 943 as per 2011 census.

It may be seen from above that there was a delay of 5 to 32 months in release of Vivah Shagun to 1082 claimants involving ₹ 2.23 crore thereby defeating the very objective of the scheme. Under the Ladli Social Security Allowance Scheme, ₹ 10.95 crore were paid to 5,153 beneficiaries without proper verification. 4,000 girl students from 80 schools were deprived of taking benefit of yoga classes, self defence training, etc. despite availability of funds. The sex ratio of girl child had decreased in Jind and Hisar during the period 2009-14.

The above points were referred (August 2014) to Additional Chief Secretaries, Health Department and School Education Department and Principal Secretaries, Women & Child Development Department, Welfare of Scheduled Castes & Backward Classes Department and Social Justice & Empowerment Department; their replies were awaited (January 2015).

Chandigarh **(Mahua Pal)**
Dated: **Principal Accountant General (Audit), Haryana**

Countersigned

New Delhi **(Shashi Kant Sharma)**
Dated: **Comptroller and Auditor General of India**