



**Report of the  
Comptroller and Auditor General of India  
on  
General and Social Sector  
for the year ended 31 March 2019**



**लोकहितार्थ सत्यनिष्ठा**  
**Dedicated to Truth in Public Interest**

**Government of Rajasthan**  
**Report No. 1 of the year 2020**

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Comptroller and Auditor General of India**

**on**

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## PREFACE

This Report for the year ended 31 March 2019 has been prepared for submission to the Governor of the State of Rajasthan under Article 151 of the Constitution of India. This report contains three Chapters.

This Report relates to audit of the Social and General Sectors of the Government departments conducted under provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and Regulations on Audit and Accounts 2007 issued there under by the Comptroller and Auditor General of India. This report is required to be placed before the State Legislatue under Article 151 (2) of the Constitution of India.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the period 2018-19 as well as those, which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2018-19 have also been included, wherever necessary.

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

**Chapter I**  
**Introduction**

# Chapter I

## Introduction

### 1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from Performance Audit of selected programmes and activities and Compliance Audit of various Departments of Government of Rajasthan (GoR).

Compliance Audit refers to examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with. On the other hand, performance audit also examines whether the objectives of the programme/activity/department are achieved economically and efficiently.

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

This chapter, in addition to explaining the planning and extent of Audit, provides a synopsis of the significant deficiencies in performance of selected programme, significant audit observations made during the compliance audit. Chapter-II of this report contains findings arising out of performance audit on 'Implementation of *Pradhan Mantri Awaas Yojana-Gramin*'. Chapter-III contains observations on the compliance audit in Government Departments.

### 1.2 Profile of the Audited Entity

There are 50 Departments, 174 Autonomous Bodies (ABs) and 10 Public Sector Undertakings (PSUs) under General and Social Sector of the Government of Rajasthan, headed by Additional Chief Secretary/Principal Secretaries/Secretaries, which are audited by the Accountant General<sup>1</sup> (Audit-I), Rajasthan, Jaipur. A list of the Departments is given at *Appendix 1.1*.

The comparative position of expenditure incurred by the Government of Rajasthan during 2016-17 to 2018-19 is given in **Table 1**.

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<sup>1</sup> Erstwhile Office of the 'Principal Accountant General (General and Social Sector Audit)' has been renamed as Office of the 'Accountant General (Audit-I)' with effect from 18.05.2020.



**Table 1: Comparative position of expenditure**

(₹ in crore)			
Particulars	2016-17	2017-18	2018-19
<b>Revenue expenditure</b>			
General services	39,203	43,450	54,364
Social services	49,371	53,064	65,687
Economic services	38,565	49,327	46,722
Grants-in-aid and Contribution	_*	_**	***
<b>Total</b>	<b>1,27,139</b>	<b>1,45,841</b>	<b>1,66,773</b>
<b>Capital and other expenditure</b>			
Capital Outlay	16,980	20,623	19,638
Loans and Advances disbursed	12,965	1,334	1,113
Payment of Public Debt	5,015	11,674	16,915
Contingency Fund		-	-
Public Accounts disbursement	1,48,885	1,47,088	1,60,570
<b>Total</b>	<b>1,83,845</b>	<b>1,80,719</b>	<b>1,98,236</b>
<b>Grand Total</b>	<b>3,10,984</b>	<b>3,26,560</b>	<b>3,65,009</b>

Source: Audit Reports on State Finances of the respective years.

\* ₹ 6 lakh only, \*\* ₹ 11 lakh only, \*\*\* ₹ 9 lakh only .

### 1.3 Authority for Audit

The authority for Audit by the Comptroller and Auditor General of India (C&AG) is derived from Articles 149 and 151 of the Constitution of India and the CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2007 and the Auditing standards, 2017 issued by the CAG.

### 1.4 Planning and conduct of audit by office of Accountant General (Audit-I), Rajasthan, Jaipur

The Office of the Accountant General (Audit-I), Rajasthan conducts audit of Government Departments/ Offices/Autonomous Bodies/PSUs/Institutions under the General and Social Sector under the directions of the C&AG. During 2018-19, financial, performance and compliance audits of the selected units under various General and Social Sector Departments, Autonomous Bodies (except Panchayati Raj Institutions and Urban Local Bodies), PSUs and externally-aided projects of the GoR were conducted by audit teams of the office of Accountant General (Audit-I), Rajasthan, Jaipur.

The audit process starts with an assessment of risk exposure of various Government Departments/Organisations/Autonomous Bodies and schemes/projects, etc. Risk assessment is based on expenditure, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and the concerns of stakeholders. Audit findings during previous years are also considered in this exercise.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the Heads of the units/departments with the request to furnish replies on audit findings, within one month of receipt of the Inspection Report. When the replies are received, audit findings are either settled or further compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports.

The audit of 1,607 out of the 20,733 units of General and Social Sector Departments, have been carried out. Further, 10,638 audit party days (for financial audit, compliance audit and performance audit) were used during 2018-19. The audit plan covered those units/entities, which were vulnerable to significant risk, as per the risk assessment.

## **1.5 Significant audit observations**

During the last few years, audit has reported several significant deficiencies in implementation of various programmes/activities as well as the quality of internal controls in selected departments through performance audits, which had impacted the success of programmes and functioning of the departments. Similarly, the deficiencies noticed during compliance audit of the government departments/organizations were also reported.

The current report brings out deficiencies in critical areas which impact the effectiveness of functioning of programmes/activities of the Departments. The significant areas of concern requiring corrective action are discussed below:

### **1.5.1 Performance audit of programmes/activities of departments**

Chapter II of this report contains report of one performance audit i.e. 'Implementation of *Pradhan Mantri Awaas Yojana- Gramin*'. Brief summaries of the Performance Audit is discussed in the following paragraph:

#### **1.5.1.1 Implementation of *Pradhan Mantri Awaas Yojana- Gramin***

*Pradhan Mantri Awaas Yojana-Gramin* aims to provide a *Pucca* house with basic amenities to all the houseless households and those households living in *kutcha* and dilapidated houses in rural areas by 2022. To achieve the objective of "Housing for All", 2.95 crore houses are required to be constructed by the year 2021-22. The immediate objective was to cover one crore households in rural areas of India in three years from 2016-17 to 2018-19, out of which 6.87 lakh houses were targeted for the State of Rajasthan. A Performance Audit was conducted to assess the progress of implementation of the scheme and external convergence with other schemes. Audit findings are discussed in **paragraph 2.1**.

It was noticed that due to deficiencies in identification of beneficiaries, only 16.99 lakh of the 40.57 lakh beneficiaries were identified in time. As such, the scheme catered to only 41.88 *per cent* of the intended beneficiaries depriving many of the benefits of the scheme and undermining the vision of 'Housing for All'. Test check of the utilization of the constructed house revealed that 31.02 *per cent* of the constructed houses remained vacant. Further, socio-

economically deprived beneficiaries belonging to 'Landless' and 'Persons with Disabilities' categories could not be provided benefits of the scheme to the stipulated extent. Deficiencies were observed in the area of convergence with other schemes and the mandated basic amenities like toilets, electricity connection, clean cooking fuel etc., could not be provided in the completed houses. Lack of Monitoring and Inspections by Departmental officials resulted in failure to detect these lacunae in implementation. Though the basic construction of houses under the scheme was largely successful as 95 per cent of the targeted houses were completed. There is a need to improve the implementation of the scheme based on the shortcomings identified in the Audit.

*(Paragraph 2.1)*

### **1.5.2 Significant audit observations during compliance audit**

Audit observed significant deficiencies in critical areas, which impact the effectiveness of the GoR. Some important findings of compliance audit paragraphs have been reported in Chapter III. The major observations are as follows:

Unfruitful expenditure of ₹ 99.97 lakh was incurred on construction of a Museum building in Swami Keshwanand Rajasthan Agriculture University, Bikaner, owing to non-utilisation of newly constructed building even after a lapse of more than six years from its completion.

*(Paragraph 3.1)*

Non availability/creation of storage facilities forced the Co-operative Department to dispose of garlic procured under Market Intervention Scheme, at throw away prices, resulting in loss of ₹ 231.77 crore.

*(Paragraph 3.2)*

Failure of the treasury officers to exercise prescribed checks led to excess/short/irregular payment of pension/family pension amounting to ₹ 1.47 crore.

*(Paragraph 3.3)*

In Medical and Health Department, non-construction of GNM school building at Baran even after lapse of nine years due to lack of initiative by District Hospital Pratapgarh and Baran and lack of monitoring by the Directorate defeated the very purpose of the grant sanctioned by GoI.

*(Paragraph 3.4)*

Improper assessment of requirement and delays in execution of project by the Medical Education Department resulted in non-completion of Para Medical College building even after lapse of seven years and incurring an expenditure of ₹ 3.89 crore, as well as failure in obtaining pending instalment of central grant amounting to ₹ 3.36 crore.

*(Paragraph 3.5)*

Non recovery of rent of ₹ 23.33 crore from the contractor for land provided by Medical College, Kota for execution of flyover work under UIT, Kota due to lack of coordination between both the agencies.

*(Paragraph 3.6)*

In Medical Education Department, despite the assurance given to the Public Account Committee, Super Specialty Research Hospital under RUHS remained incomplete even after lapse of 11 years and incurring an expenditure of ₹ 19.30 crore, rendering the expenditure unfruitful.

*(Paragraph 3.7)*

In eight divisions of Public Health Engineering Department, calculation of price escalation for Ductile Iron pipes based on indices of incorrect item for steel component led to excess payment of ₹ 10.73 crore to the contractors.

*(Paragraph 3.8)*

In Public Health Engineering Department, excess payment of price escalation amounting to ₹ 16.24 crore was made to the contractors by allowing incorrect price indices for the shortfall of work not covered up in the subsequent time spans.

*(Paragraph 3.9)*

Non-adherence to the special condition of the contract relating to recovery of compensation for delay in supply of pipe resulted in undue benefit of ₹ 10.09 crore to contractors by the Public Health Engineering Department.

*(Paragraph 3.10)*

Labour cess to the tune of ₹ 7.05 crore not collected by Local Authorities from the builders at the time of approval of projects as provided in the Building and Other Construction Worker's Welfare Cess Act.

*(Paragraph 3.11)*

## **1.6 Response of the Departments to Performance Audits/ Compliance Draft Paragraphs**

The draft paragraphs are forwarded to the Principal Secretaries/Secretaries of the departments concerned, drawing their attention, for their response. It is brought to their personal attention that in view of likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India, which are placed before State Legislature, it would be desirable to include their comments. Accordingly all the performance audits/draft paragraphs proposed for inclusion in this report, were forwarded to the Principal Secretaries/Secretaries concerned.

Responses of all the departments involved in the performance audit in Chapter II and 11 compliance audit paragraphs featured in Chapter III have been received and suitably incorporated in the Report.

## 1.7 Inadequate response to audit observations

Rule 327 (1), read with Appendix 6 of General Financial and Accounts Rules prescribes the retention period of various accounting records, which ranges between one and three years after Audit by Accountants General.

Failure of the departmental officers to furnish compliance of the audit observations in Inspection Reports (IRs) results in non-settlement of IR paragraphs. As on 31 March 2019, there were 7,572 numbers of IRs containing 28,985 numbers of paragraphs, issued during the period from 1994-95 to 2018-19 (upto September 2018) which were pending for settlement. Year-wise pendency is shown in **Table 2**.

**Table 2**

Year	IRs	Paragraphs
Upto 2011-12	2,906	7,553
2012-13	682	2,454
2013-14	941	3,252
2014-15	916	3,330
2015-16	763	3,290
2016-17	739	4,348
2017-18	386	2,893
2018-19 (upto September 2018)	239	1,865
<b>Total</b>	<b>7,572</b>	<b>28,985</b>

For early settlement of outstanding paragraphs in IRs, GoR issued (August 1969) instructions to all the departmental officers for sending first reply to IRs within a month and replies to further audit observations within a fortnight. These instructions have been reiterated from time to time. The instructions issued in March 2002 envisaged appointment of nodal officers and Departmental Committee in each of the Administrative Department for ensuring compliance to all the matters relating to audit.

Detailed analysis of IRs issued to three Departments was carried out to study the pendency of responses to the paragraphs brought out in the IRs. Analysis of the IRs of various units of Disaster Management, Relief and Civil Defense Department (196 IRs), Technical Education Department (63 IRs) and the Department of Pension and Pensioners welfare (544 IRs) revealed that 2,753 paragraphs pertaining to 803 IRs were outstanding as on 31 March 2019. Category-wise details of irregularities commented in IRs is given in **Appendix.1.2**.

## 1.8 Follow-up on Audit Reports

The Finance Department of the GoR decided (December 1996) that Action Taken Notes (ATNs) on all paragraphs/performance audits that have appeared in Audit Reports be submitted to the Public Accounts Committee, duly vetted by Audit, within three months from the date of laying of the Reports in the State Legislature. A review of the outstanding ATNs on paragraphs/performance audits included in the Reports of the Comptroller and Auditor General of India pertaining to various Departments as on 31 May 2020 revealed that two ATNs<sup>2</sup> were pending from the concerned Departments.

2. Paragraphs 3.2 and 3.4 of Audit Report (State Finances) 2017-18.

**Chapter II**  
**Performance Audit**

## Chapter-II Performance Audit

This Chapter presents the Performance Audit of ‘Pradhan Mantri Awaas Yojana-Gramin’.

### Rural Development and Panchayati Raj Department

#### 2.1 Pradhan Mantri Awaas Yojana-Gramin

##### *Executive Summary*

*Pradhan Mantri Awaas Yojana – Gramin (PMAY-G) was launched on 1<sup>st</sup> April 2016 with the aim of providing a pucca house with basic amenities to all houseless households and households living in kutcha and dilapidated house by 2022. A financial assistance worth ₹ 1.20 lakh was to be paid to the beneficiaries in three instalments linked with progress of construction of the house. 6.87 lakh houses were targeted for the State in three years from 2016-17 to 2018-19.*

*Performance audit of the implementation of PMAY-G in selected districts, blocks and gram panchayats revealed that though the progress in construction of houses was good, however, various shortcomings with regard to implementation of the scheme were noticed. The failure to upload the data pertaining to 7.15 lakh beneficiaries resulted in refusal by the GoI to include them in Permanent Wait List depriving them of a Pucca house. Assistance for the Landless beneficiaries and ‘Persons with Disabilities’ was not provided to the mandated extent. Among the sampled completed houses, 31.02 per cent houses were not being used for residential purpose by the beneficiaries and 2.37 per cent houses shown ‘Completed’ in AwaasSoft, were incomplete. The objective of convergence with other schemes to ensure availability of basic amenities like toilets, electricity, clean drinking water and clean cooking fuel in the completed houses could not be achieved to the stipulated level. Interestingly, 49.15 per cent of the sampled completed houses were without toilets even though the State has been declared Open Defecation Free.*

*Instances of delayed transfer of Central and State shares to the State Nodal Account, delayed release of first instalment to beneficiaries, double payment of same instalment to beneficiaries, False Success/Reject cases of Direct Benefit Transfer, delay in submission of Audit Reports were also noticed.*

*Monitoring and Inspection of the scheme implementation was inadequate. Grievance redressal mechanism remained deficient.*

### 2.1.1 Introduction

Public housing programme has been a major focus area of the Government as an instrument of poverty alleviation. Rural housing programme, as an independent programme, started with Indira Awaas Yojana (IAY) in January, 1996. Although IAY addressed the housing needs in the rural areas, certain identified gaps like lack of transparency in selection of beneficiaries, low quality of house, lack of technical supervision, lack of convergence and weak mechanism for monitoring were limiting the impact and outcomes<sup>1</sup> of the programme.

In view of the Government's commitment to provide 'Housing for All' by 2022 and to address the gaps identified in the implementation of rural housing programme, IAY was restructured into *Pradhan Mantri Awaas Yojana-Gramin* (PMAY-G) with effect from 1<sup>st</sup> April 2016.

The objective of the Scheme was to provide a *Pucca* houses with basic amenities to all the houseless households and those households living in *kutcha* and dilapidated houses in rural areas by 2022. To achieve the objective of "Housing for All", the overall target number of houses to be constructed by the year 2021-22 was 2.95 crore. The immediate objective was to cover one crore households in rural areas of India in three years from 2016-17 to 2018-19, out of which 6.87 lakh houses were targeted for the State of Rajasthan.

The key features of PMAY-G are:

- The minimum unit (house) size is 25 square meters including a dedicated area for hygienic cooking.
- Unit assistance of ₹ 1.20 lakh in three instalments<sup>2</sup> linked with progress of construction of the house. The cost of unit (house) assistance is to be shared between Central and State Governments in the ratio of 60:40.
- Provision of assistance (₹ 12,000) for toilets through convergence with Swachh Bharat Mission-Gramin (SBM-G), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) or any other dedicated source of funding.
- Provision of 90 person-days of unskilled labour wages under MGNREGS for construction of house over and above the unit assistance.

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<sup>1</sup> The object of the habitat approach was to achieve adequate shelter for all, especially the deprived urban and rural poor through an enabling approach leading to development and improvements in access to basic facilities like infrastructure, safe drinking water, sanitation, electricity etc.

<sup>2</sup> State Government decided three instalments of ₹ 30,000, ₹ 60,000 and ₹ 30,000 in the ratio of 25: 50: 25 for the year 2016-17. From 2017-18 onwards ratio was changed to 25:40:35 i.e. ₹ 30,000, ₹ 48,000 and ₹ 42,000.



- All payments to the beneficiary to be made electronically to their Bank/ Post office accounts that are linked to Aadhaar/Bhamashah Card.
- Convergence with other Government schemes for provision of basic amenities viz. drinking water, electricity, LPG connection etc.
- If the beneficiary so chooses, he/she will be facilitated to avail loan of up to ₹ 70,000 from Financial Institutions.

One of the most important features of PMAY-G is the selection of beneficiaries to ensure that assistance is targeted at those who are genuinely deprived and that the selection is objective and verifiable. Beneficiaries of the scheme are selected using housing deprivation parameters in the Socio Economic and Caste Census (SECC), 2011 data which was to be verified by the *Gram Sabhas*. The Permanent Wait List generated on the basis of SECC data also ensures that the states have a ready list of households to be covered under the scheme in the coming years (through Annual Select Lists) leading to better planning for implementation. To address grievances in beneficiary selection an appellate process has also been put in place.

Further, in PMAY-G, programme implementation and monitoring is being executed through an end to end e-Governance model “*AwaasSoft*”, which is a web based transactional electronic service delivery platform. All the functions of PMAY-G like the identification of beneficiaries from SECC, fixing of targets, the release of funds, issue of sanction order to the beneficiary, monitoring of the progress of stages of house construction by the beneficiary, and release of the assistance amount to the beneficiary, etc., are done through *AwaasSoft*.

The Rural Development and Panchayati Raj Department (RD&PRD) is the nodal department for implementation of the Scheme in the State. The complete details of functions and responsibilities of the Authorities at various levels for the implementation of the PMAY-G are given in **Appendix 2.1**.

### 2.1.2 Audit Objectives

The main objectives for the Performance Audit were to ascertain whether:

- (i) *the mechanism for identification and selection of beneficiaries under the Scheme was transparent and adequate;*
- (ii) *physical progress and houses constructed including convergence with other amenities were in compliance with the targets and provisions as per Scheme guidelines;*
- (iii) *financial management and the mechanism for monitoring and evaluation of the Scheme were in compliance with the Scheme guidelines.*

### 2.1.3 Audit criteria

The audit criteria for the Performance Audit (PA) were derived from the following documents:

- Framework for Implementation of PMAY-G issued by Ministry of Rural Development<sup>3</sup> (MoRD), Govt. of India (GoI) (November 2016);
- Notifications, circulars and orders issued by GoI and Government of Rajasthan (GoR) from time to time;
- Rajasthan Panchayati Raj Act, 1994 & Rajasthan Panchayati Raj Rules, 1996;
- Accounting procedure for District Rural Development Agencies (DRDA), 2001;
- Socio Economic Caste Census-2011 (SECC-2011).

### 2.1.4 Audit coverage and Methodology

Performance Audit (PA) covered the various activities carried out under the PMAY-G Scheme since its inception i.e. 1<sup>st</sup> April 2016 to 31<sup>st</sup> March, 2019.

The Scheme is being implemented in all the thirty-three districts distributed across seven administrative divisions<sup>4</sup> of the State. For this PA, a sample comprising of seven districts<sup>5</sup> (one district from each division), 9 Panchayat Samitis<sup>6</sup> (10 *per cent* of the total Panchayat Samitis (PS) within each selected district) and 59 Gram Panchayats (GPs) (20 *per cent* of the total Gram Panchayats in each selected Panchayat Samiti) was selected on the basis of Simple Random Sampling Without Replacement (SRSWOR) using IDEA software. The details of the sample selected are given in **Appendix 2.2**.

Further, 590 beneficiaries who completed their houses with assistance under PMAY-G (one *per cent* of total beneficiaries from each selected GP subject to a minimum of ten) were selected for joint physical verification with the departmental officials. In addition, 69 cases of incomplete houses were also checked in the selected GPs. Hence, the overall size of the sample for physical verification was 659 houses. Audit assumed a percentage response distribution of 50 *per cent* i.e. the most conservative or worst-case scenario indicating that there is equal chance of positive or negative response to a question. Consequently, the 50 *per cent* distribution response gives the largest sample size. Based on the statistical analysis it can be claimed with 95 *per cent* certainty (confidence level) that this sample chosen gives the results within +/- 3.8 *per cent* (confidence interval) of the actual results from the whole population of 6,86,262 sanctioned houses.

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<sup>3</sup> MoRD is the nodal Ministry for implementation of the scheme at Central level.

<sup>4</sup> Ajmer, Bharatpur, Bikaner, Jaipur, Jodhpur, Kota, Udaipur.

<sup>5</sup> Tonk, Bharatpur, Bikaner, Dausa, Jodhpur, Baran, Udaipur.

<sup>6</sup> Niwai, Kumher, Nokha, Dausa, Mandore, Phalodi, Baran, Girwa, Salumber.

Audit scrutiny of records in selected units and at various levels i.e. State, District and Block level and Joint physical verification of selected complete/incomplete houses were conducted from July 2019 to October 2019.

An Entry Conference was held with the RD&PRD on 16<sup>th</sup> October 2019 in which the audit methodology, scope, objectives and criteria were discussed. The draft report was issued to the State Government on 06 March 2020 and the reply was received on 20 March 2020. The Exit Conference was held on 13<sup>th</sup> May 2020 with RD&PRD wherein the findings of the Performance Audit were discussed and responses of the State Government incorporated wherever necessary.

### 2.1.5 Good Practices

State Government intimated (February 2020) the following good practices in the implementation of the scheme:

- (i) Well-planned colonies are now being developed for nomadic households in PSs Banswara (District Banswara) and Makrana (District Nagaur) with all the basic amenities like road, drain, electricity connection, community center, park and solar street lights *etc.* (Chart 1)

Chart 1



- (ii) During the year 2019-20, house warming functions (“*Grihapravesh*”) were organised on *Awaas Divas* by the department for the beneficiaries with the participation of public representatives for encouraging other beneficiaries to complete their houses.
- (iii) In Kota district, beneficiaries were encouraged to use the bricks made of fly-ash for environment friendly disposal of the fly-ash generated from the thermal power plants.

## ***Audit Findings***

***Audit Objective 1: Whether the mechanism for identification and selection of beneficiaries under the Scheme was transparent and adequate***

### ***2.1.6 Identification of beneficiaries***

#### ***2.1.6.1 Preparation and Updation of Permanent Wait List***

Paragraph 4 of framework for implementation of PMAY-G envisages that identification and prioritization of the beneficiaries will be done on the basis of housing deprivation parameters in the SECC-2011 data. Priority will be assigned across four categories i.e. SC, ST, Minorities and Others. To begin with, households will be prioritized based on 'houselessness' followed by the number of existing rooms i.e. zero, one and two rooms, in that order.

Once the category wise priority lists are generated from SECC data and suitably publicized, a Gram Sabha will be convened. The Gram Sabha will verify the facts based on which the household has been identified as eligible. Complaints regarding wrongful deletion/changed ranking are examined by an Appellate Committee<sup>7</sup> constituted by the State Government. Thereafter, Gram Panchayat (GP) wise final Permanent Wait List (PWL) for each category will be published on the notice board of GP and also entered on the website of PMAY-G and AwaasSoft.

A total of 27,21,925 beneficiaries figured in the system generated list for the State based on SECC-2011 data. The *Gram Sabhas*, on the basis of housing deprivation parameters, identified (up to November 2016) 16,99,039 eligible beneficiaries (62.42 per cent) for PMAY-G and proposed 10,22,886 beneficiaries (37.58 per cent) for deletion based on which PWL of the State was published in January 2017.

Even after the *Gram Sabhas* had identified 16,99,039 eligible beneficiaries, the PWL for the State was published for 16,86,984 beneficiaries leaving out 12,055 eligible beneficiaries. Details are given in **Appendix 2.3**. The State government stated (May 2020) that there were only 6,615 such beneficiaries as on date who still remained out of PWL due to shifting of some of GPs to Urban local bodies and inclusion of some villages under wrong Gram Panchayats in SECC 2011 database (41 GPs). It was also stated that these beneficiaries will be included in the targets for 2020-21.

Paragraph 4.4.4 of the Framework requires that the list of households not included in the system generated priority list but otherwise found eligible was

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<sup>7</sup> District Magistrate/ Collector or his nominee, another official and at least one non-official member.

to be prepared by the *Gram Sabhas* at the time of verification of system generated list. This was to be done before the PWL is published so that such beneficiaries could be included in the PWL. However, Audit observed that such list was not prepared in any of the test checked *Gram Sabhas*. The State Government replied (May 2020) that even though information for inclusion of such beneficiaries was collected by *Gram Sabhas*, they did not have the authorization to include such names in the PWL due to lack of clear guidelines in this regard from GoI. The reply needs to be viewed in the light of the PMAY-G framework published by MoRD in November 2016 which authorized the inclusion of such beneficiaries in the PWL. This indicates that the process for identification of eligible beneficiaries and their inclusion in the PWL was not completed at the time of publishing of PWL in January 2017.

MoRD issued advisory (July 2017) to all the States/UTs regarding capturing the details of beneficiaries who were eligible for assistance under the scheme but were not included in the list of eligible beneficiaries and upload their details on *AwaasSoft* for updation of PWL as per Paragraph 4.6 of the framework. MoRD issued letter to States detailing the procedure for the same on 24 January 2018. MoRD fixed the deadline for completing this process by 31 March 2018 which was subsequently extended to 30 June 2018, 30 September 2018, 30 November 2018 and finally to 07 March 2019 based on the requests received from States.

By 26<sup>th</sup> June 2018, the Department had identified 14.63 lakh additional beneficiaries to be included in the PWL. The process to identify eligible beneficiaries still remained incomplete as the State Government informed (March 2020) that many potential beneficiaries could not participate in the special *Gram Sabhas* organized for the purpose. Hence, a further 8.95 lakh eligible beneficiaries were identified by 5<sup>th</sup> March 2019 taking the total of additional beneficiaries to be included in the PWL to 23.58 lakh. Out of this, the department could only upload the data of 16.43 lakh beneficiaries by the deadline of 7 March 2019, thus leaving out 7.15 lakh eligible beneficiaries.

The State Government attributed (February 2020) the inability to upload the data of 7.15 lakh beneficiaries to technical problems due to which the data was sent offline (19 March 2019) to MoRD. The MoRD was also requested (6 March 2019) to extend the deadline to 31 March 2019. The failure to meet the deadline to upload the data of these eligible beneficiaries resulted in refusal by the GoI to include these beneficiaries in PWL (MoRD letter dated 17 Dec 2019) thus depriving them of the scheme benefits.

The *Gram Sabhas* did not prepare the list of eligible beneficiaries and only carried out the changes in the SECC list of 2011. Thus, only 16.99 lakh beneficiaries were identified initially (January 2017) and another 23.58 lakh were identified later (March 2019). Thus, the scheme catered to only 41.88 *per cent* of the intended beneficiaries.

### **2.1.6.2 Preparation of Annual Select Lists**

As envisaged in para 4.7 of Framework for implementation, after targets are communicated by the Ministry to the State, the State shall distribute the category wise targets to the districts and enter the same on *AwaasSoft*. An Annual Select List was to be prepared based on targets assigned to the four categories and wide publicity of the same was to be done through print, electronic media and wall paintings in the village. Para 5.3.1 further stipulates that the Annual Select List drawn from the Permanent Wait List of the beneficiaries as per the target allocated, will be registered on MIS-AwaasSoft.

Audit observed that none of the test checked blocks prepared the year wise Annual Select Lists during 2016-19. Sanctions for assistance under PMAY-G were issued only on the basis of final PWL.

While accepting the fact about non-preparation of Annual Select List, the State Government stated (May 2020) that sanctions were being issued from the PWL and the sanctions could be issued on *AwaasSoft* only in the order of priority.

In absence of the year wise Annual Select Lists, Audit could not ascertain whether or not the individual sanctions were issued as per the set priority. Further, wide publicity to the Annual Select lists would have increased the transparency and accountability in the implementation of the scheme by making the beneficiaries aware about their Annual ranking and thus ensuring that the sanctions are issued in the order of priority. Preparation of Annual select list also leads to better planning of implementation of the scheme in the State.

### **2.1.6.3 Reservation of Persons with Disabilities**

The Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act 1995, provides for social security for persons with disabilities. Therefore, in PMAY-G while deciding the inter-se priority among the beneficiaries who are to be provided assistance, households (HHs) with any disabled member and no able-bodied adult member have been accorded additional deprivation score. Keeping in view the provisions of the Persons with Disabilities Act, 1995, paragraph 3.4.6 of Framework for implementation, envisaged that the States to the extent possible, may ensure that 3 *per cent* of beneficiaries at the State Level are from among the Persons with Disabilities (PwD). The reservation for persons with benchmark disabilities under PMAY-G was further extended<sup>8</sup> (March 2018) to 5 *per cent* with effect from 19 April 2017 by GoI.

Information in respect of HHs belonging to PwD included in final PWL was not provided by the department, though called for (November 2019).

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<sup>8</sup> Due to passing of the Rights of Person with Disabilities Act, 2016 by the Parliament.

Audit observed that of the total 6,86,262 sanctions issued from the PWL during 2016-19, only 1,080 beneficiary HHs<sup>9</sup> (0.16 *per cent*) were included from among the PwDs. Further, out of the total 6,50,903 houses completed during 2016-19, only 1,031 HHs<sup>10</sup> (0.16 *per cent*) belonged to the households having PwDs.

State Government informed (May 2020) that there was no provision for a separate list of PwDs for giving scheme benefits and a request in this regard was made to the GoI (June 2019). GoI had directed (November 2019) for re-verification of PWL in the identified Gram Panchayats to prioritise the disabled households. The State Government also stated that sufficient number of eligible beneficiaries among the PwDs to meet the prescribed criteria were not available, however, assured that no eligible PwD beneficiary would be denied scheme benefits this year.

The reply needs to be viewed in the light of the fact that there were 3,26,622<sup>11</sup> eligible households having PwDs in the State as per the information available in SECC-2011 data exceeding the 29,311<sup>12</sup> beneficiaries needed to meet the prescribed norms of the scheme during 2016-19.

#### **2.1.6.4 Availability of land for landless beneficiaries**

Paragraph 5.2.2 of the Framework for implementation provides that in case of a landless beneficiary the State shall ensure that the beneficiary is provided land from the government land or any other land including public land (Panchayat common land, community land or land belonging to other local authorities). The State will ensure that the provision of land to the landless beneficiary is accomplished once the Permanent Wait List is finalized.

Audit observed that there were 55,405 landless beneficiaries in the State as per approved PWL. Out of these, 34,439 beneficiaries were provided land and 20,966 beneficiaries (37.84 *per cent*) remained landless as of November 2019. Further, in eight out of 9 test checked blocks, Audit found 754 landless beneficiaries<sup>13</sup> for whom houses were not sanctioned (November 2019).

The State Government accepted the facts and stated (May 2020) that 14,503 beneficiaries remained landless.

<sup>9</sup> FY 2016-17: 442; 2017-18: 403; 2018-19: 235; Total 1,080.

<sup>10</sup> FY 2016-17: 428; 2017-18: 383; 2018-19: 220; Total 1,031.

<sup>11</sup> Disabled member households with *Kutcha* houses having 0, 1 or 2 rooms in Rajasthan as per SECC 2011 data.

<sup>12</sup> For the Year 2016-17: 3 *per cent* and for the Years 2017-19: 5 *per cent* of total beneficiaries.

<sup>13</sup> Blocks- Salumber: 16 cases, Phalodi: one case and Mandore: 158 cases, Girwa: 535 case, Dausa: 18 case, Baran: 12 case, Nokha: eight case and Niwai: six case.

**Recommendation 1:**

*The State Government may pursue the issue regarding non-inclusion of 7.15 lakh eligible beneficiaries with GoI so that these eligible beneficiaries are not deprived of Pucca houses in the future.*

**Recommendation 2:**

*The State Government may ensure that land is allotted to the landless beneficiaries on priority.*

**Audit objective 2:** *Whether physical progress and houses constructed including convergence with other amenities were in compliance with the targets and provisions as per Scheme guidelines*

**2.1.7 Physical Progress of the Scheme in the State**

**2.1.7.1 Target and Achievement**

Paragraph 3.2.2 of Framework for Implementation provides that the Annual allocation of funds and physical targets of houses to the States shall be based on the Annual Action Plan (AAP) approved by the Empowered Committee of the Ministry of Rural Development, Government of India. The State may propose the annual target within the overall number of houses that have to be completed in three years as communicated by the Ministry. After communication of the Ministry, the State was to finalize district wise and category wise targets and upload the same on the *AwaasSoft*.

Further, as per para 5.6.2 of the Framework, the construction of houses was to be completed within 12 months from the date of sanction. The status of year wise targets of construction of houses under PMAY-G and achievement, based on *AwaasSoft* report as of 9<sup>th</sup> November 2019 is given in **Table 1**.

**Table 1: Target and Achievement**

Year	Target during the year for houses to be constructed	Number of houses sanctioned	Total Completed Houses	Percentage of Completion	Number of incomplete houses
1	2	3	4	5	6(3-4)
2016-17	2,50,258	2,50,087	2,41,913	96.73	8,174
2017-18	2,23,629	2,23,081	2,12,693	95.34	10,388
2018-19	2,13,204	2,13,094	1,96,297	92.12	16,797
<b>Total</b>	<b>6,87,091</b>	<b>6,86,262</b>	<b>6,50,903</b>	<b>94.85</b>	<b>35,359</b> <b>(5.15 per cent)</b>

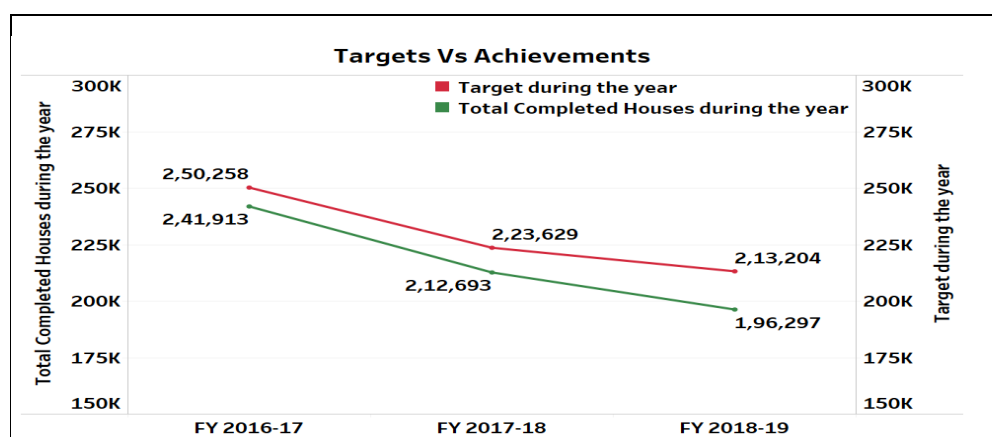
Source: *AwaasSoft* Information provided by the department



It is evident from the above table that:

- During the period 2016-19, against a target of 6,87,091 houses, sanctions for construction in respect of 829 beneficiaries were not issued. The State government stated (May 2020) that sanctions were not issued for those beneficiaries in the PWL who came under the 13-point Automatic exclusion criteria of the scheme and the number of such cancelled/sanctions not issued cases had increased to 913.
- Against sanctions of 6,86,262 houses, construction of 6,50,903 houses (94.85 per cent) was completed during 2016-19. In this regard, it is worth mentioning that the State received National Award for securing first position under the category 'Number of houses completed'<sup>14</sup> given by MoRD, GoI for the years 2017-18 and 2018-19. However, the percentage of completion of houses consistently declined from 96.73 in 2016-17 to 92.12 in 2018-19 (Chart 2). Due to the declining completion percentage, as of November 2019, number of incomplete houses increased to 35,359 which constituted 5.15 per cent of the total houses to be completed during 2016-19, as given in Table 1.

Chart 2



### 2.1.7.2 Incomplete Houses

(i) Year wise details of incomplete houses are given below in Table 2.

Table 2: Incomplete Houses

Year	Incomplete houses	Instalment not issued	First Instalment	Second Instalment	Third Instalment
2016-17	8,174	206	2,846	5,122	-
2017-18	10,388	368	3,280	6,532	208
2018-19	16,797	456	4,661	10,843	837
<b>Total</b>	<b>35,359</b>	<b>1,030</b>	<b>10,787</b>	<b>22,497</b>	<b>1,045</b>

Source: AwaasSoft report as of 09 November 2019

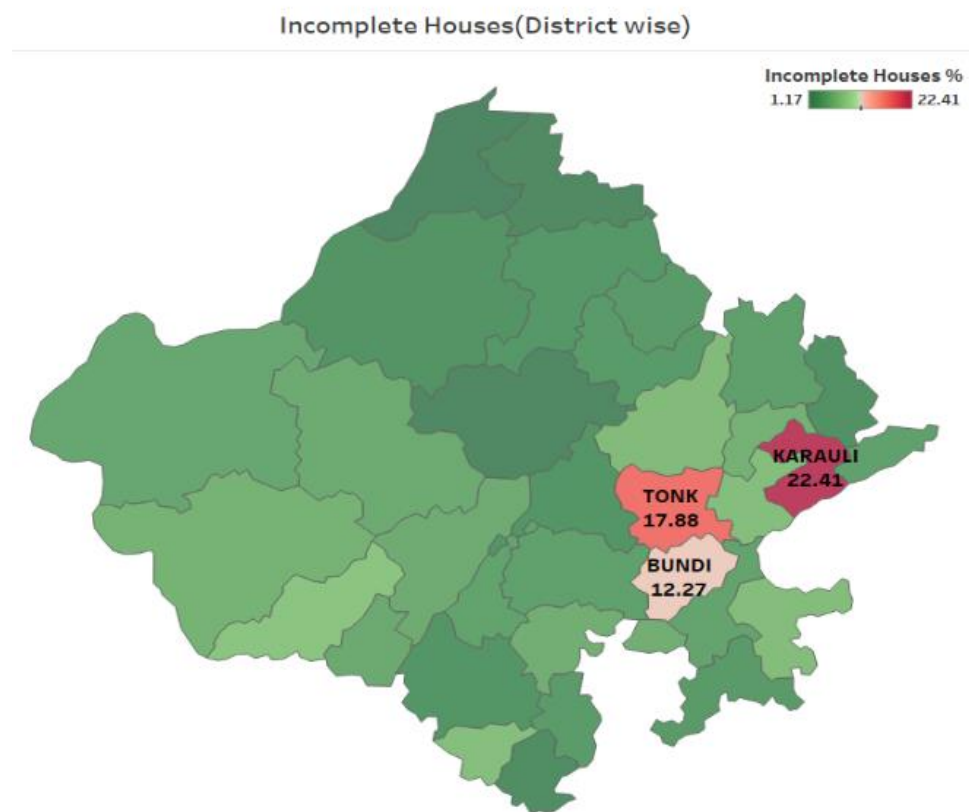
From Table 2, it can be seen that in 1,030 cases, though sanctions were issued for construction of houses but instalment of assistance was not released to the

<sup>14</sup> The houses constructed under PMAY-G are considered complete on the construction of the roof and painting of scheme logo on the house.

eligible beneficiaries. The reasons for non-release of instalment was not found on records. Further in 33,284 cases, first and second instalment and in 1,045 cases third /final instalment have been released but houses are still incomplete (November 2019). No comments were offered by the State Government in this regard.

(ii) Further analysis of *AwaasSoft* data (November 2019) revealed that the percentage of incomplete houses across districts in Rajasthan varied from 1.17 per cent to 22.41 per cent. Detailed analysis also revealed that districts of Karauli (22.41 per cent), Tonk (17.88 per cent) and Bundi (12.27 per cent) had the highest percentage of incomplete houses (**Chart 3**).

**Chart 3**



While accepting the facts, the State Government stated that as of May 2020, 21,588 houses remained incomplete. Out of these 21,588 incomplete houses, construction work of only 12,187 houses was under progress. The State Government stated that the remaining houses could not be completed due to various reasons like death of the lone member of family, beneficiary not willing to receive the benefit, issue of wrong sanctions, house construction started but the beneficiary migrated without completing the house etc. The State Government has also requested (May 2020) MoRD to remove 1,705 cases from *AwaasSoft* in which the instalments have been recovered.

No specific reason was given by the GoR however, it was stated (May 2020) that directions had been issued to the District Collectors of Karauli, Tonk and Bundi for taking necessary action.

**Recommendation 3:**

The State Government may take necessary corrective actions to further improve the implementation of the scheme in certain districts with high percentage of incomplete houses.

**2.1.7.3 Physical verification of Completed houses**

The results of the Joint physical verification of the sampled 590 completed houses are given below in **Table 3**:

**Table 3: Status of Test Checked Completed Houses**

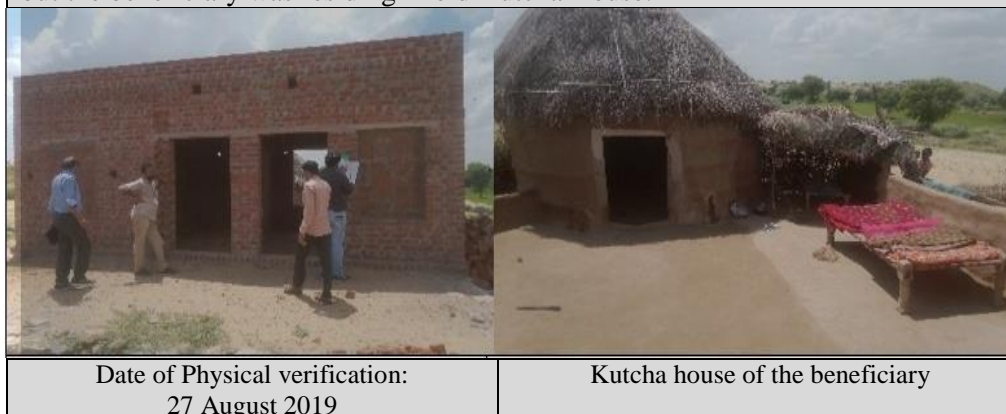
Districts	No. of GPs	Completed Houses as per AwaasSoft	Houses in use	Houses Not in Use		
				House not used for residential purpose	Incomplete Houses	Construction of structure other than residential house
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Baran	5	50	33	16	1	0
Bharatpur	7	70	47	23	0	0
Bikaner	7	70	53	15	2	0
Dausa	6	60	57	3	0	0
Jodhpur	13	130	86	42	0	1
Tonk	8	80	41	38	0	1
Udaipur	13	130	74	46	11	0
<b>Total</b>	<b>59</b>	<b>590</b>	<b>391</b>	<b>183</b>	<b>14</b>	<b>2</b>
<i>Per cent</i>			<b>66.27</b>	<b>31.02</b>	<b>2.37</b>	<b>0.34</b>

It is evident from the above table that,

- (i) 391 (66.27 per cent) beneficiaries were living in the *Pucca* houses constructed under the scheme.
- (ii) 183 (31.02 per cent) houses were not being used for residential purpose by the beneficiaries. An illustrative case is given as **Case study 1**.

**Case study 1**

Joint physical verification in PS Nokha (District Bikaner), revealed that house of a beneficiary of GP Siniyala (**ID RJ2213340**) was completed on 09 February 2018, but the beneficiary was residing in old Kutcha House.



Date of Physical verification:  
27 August 2019

Kutcha house of the beneficiary

State Government in its reply (March 2020) stated that out of these 183 cases, 36 beneficiaries had started living in their houses constructed under the scheme.

**Recommendation 4:**

*In view of the large number of vacant houses (31.02 per cent), the Government should analyse the reasons for such vacancy and aid the beneficiaries to occupy the vacant houses.*

(iii) 14 houses (2.37 per cent) which were shown as ‘Completed’ in AwaasSoft were actually incomplete. 12 of these houses were found without roofcast and one house was constructed only till the plinth level. In these 13 cases, houses were incomplete even after availing all the three instalments. It was observed that five<sup>15</sup> of these houses were shown ‘Completed’ on AwaasSoft using misleading geo-tagging. An illustrative case is given as **Case study 2**. This indicates the lack of due diligence in uploading the data and over reporting of physical progress to that extent. The State Government replied (May 2020) that these cases will be investigated.

**Case study 2**

Joint physical verification in PS Salumber (District Udaipur) revealed that the house of beneficiary (ID RJ2382042) in GP Bedawal was shown completed on AwaasSoft (15 June 2018) whereas house was constructed up to plinth level only but was shown as completed by geo-tagging the house of beneficiary’s brother constructed under Chief Minister Below Poverty Line Scheme.



Date of Physical verification:  
26 September 2019

Geo-tagging of other’s house

(iv) Two beneficiaries (0.34 per cent) constructed shops instead of house and photographs of shops have been uploaded. The State Government (May 2020) accepted the facts and directed the districts concerned to take action against the responsible officials. A case is illustrated in **Case study 3**.

<sup>15</sup> (i) District-Udaipur, Block Salumber, GP-Bedawal- ID RJ2427138,  
(ii) District-Udaipur, Block Salumber, GP-Bedawal- ID RJ 2382042,  
(iii) District-Jodhpur, Block Phalodi, GP Padiyal- ID RJ1107415,  
(iv) District-Jodhpur, Block Phalodi, GP Padiyal- ID RJ1025670  
(v) District-Bikaner, Block Nokha, GP Gajsukhdesar- ID RJ3194489.

**Case study 3**

Joint physical verification in PS Phalodi (District Jodhpur) revealed that beneficiary (ID RJ2053944) in GP Dhadhoo constructed a shop (11 April 2019) instead of residential house and the same was shown on AwaasSoft.



Date of Physical verification:  
17 October 2019

Photo uploaded on AwaasSoft on  
completion of house

It was also noticed that out of total of 590 completed houses checked, 131 houses (22.20 per cent) were completed after the stipulated period of 12 months.

Audit observed that delays were caused due to various reasons like delay in release of assistance, health problems, hilly terrain etc., many of which were beyond the control of the beneficiary. Hence, the Government also needs to look into cases across the state where completion of houses can be facilitated through sustained administrative efforts.

**2.1.7.4 Physical verification of incomplete houses**

The results of the Joint physical verification of **69 incomplete houses** are given below in **Table 4**:

**Table 4: Status of Test Checked Incomplete Houses**

District	Block	GP	No. of test checked incomplete houses	Work in progress	Found 'not eligible' by Audit <sup>16</sup>	Death	Migration	Other Reasons <sup>17</sup>
Bikaner	Nokha	4	11	4	2	1	1	3
Bharatpur	Kumher	3	3	0	0	1	0	2
Udaipur	Girwa	4	10	0	1	2	1	6
	Salumber	5	15	0	2	3	4	6
Jodhpur	Phalodi	5	18	0	6	0	5	7
	Mandore	4	6	2	0	1	0	3
Dausa	Dausa	4	6	2	0	0	0	4
<b>Total</b>		<b>29</b>	<b>69</b>	<b>08</b>	<b>11</b>	<b>08</b>	<b>11</b>	<b>31</b>
<b>Percentage</b>				<b>11.59</b>	<b>15.94</b>	<b>11.59</b>	<b>15.94</b>	<b>44.93</b>

It is evident from the above table that,

- (i) Construction work was under progress only in eight cases (11.59 per cent).

<sup>16</sup> House already constructed under Chief Minister Below Poverty Line Scheme, person already having Pucca house etc.

<sup>17</sup> Reasons like dispute of land, non-availability of sand, shortage of fund, unwillingness of beneficiary to construct house either due to illness or family problems etc.

- (ii) 11 beneficiaries (15.94 per cent) who were provided an assistance of ₹ 4.86 lakh were not eligible for house under PMAY-G as either they already had a *pucca* house or a house constructed under Chief Minister Below Poverty Line Scheme. Of the total assistance, an amount of ₹ 4.56 lakh was still to be recovered as of October 2019. This also indicates that selection of beneficiaries was not transparent to that extent. An illustrative case is given as **Case study 4**.

The State Government accepted the facts (March 2020) and stated that necessary directions had been issued to the districts concerned for appropriate action against the responsible officials.

**Case study 4**

In PS Phalodi (District Jodhpur), construction of the house of beneficiary (ID-**RJ1107412**) in GP Padiyal had not started as of 15-10-2019 even after payment of 1<sup>st</sup> instalment of ₹ 30,000 on 09-05-2017. Further, the beneficiary was already living in a *Pucca* house with more than three rooms and thus was ineligible to get assistance under PMAY-G.



Pucca house of the beneficiary with more than three rooms.

Photo of the site geo-tagged as 'Proposed site' for house of the beneficiary on AwaasSoft.

- (iii) Houses of 19 beneficiaries who were provided an assistance of ₹ 11.82 lakh could not be completed due to permanent migration (11 cases) and death (8 cases) of the beneficiaries. The State Government accepted the facts (March 2020) and stated that actions were being taken as per directions of GOI.
- (iv) 31 beneficiaries did not construct their houses due to reasons such as dispute of land, non-availability of sand, shortage of fund, unwillingness of beneficiary to construct house etc.

The State Government accepted the facts (March 2020) and stated that one house was completed (ZP Bikaner), construction work had started in six houses (ZP Jodhpur: 04 and ZP Bikaner: 02) and efforts were being made for remaining cases. Even though the State Government claimed that material banks were not set up due to abundant availability of construction material/minerals in the State, there were two cases (2.9 per cent) in PS Dausa where the beneficiaries stated that they were unable to construct their houses due to non-availability of sand.

Thus, the crucial finding of the physical verification is that a significant percentage of people are not living in the *Pucca* houses constructed under the scheme (31.02 *per cent*). This points to a lack of behavioral change among the people as well as failure of the State Government to ensure desired change in social behavior through IEC<sup>18</sup> activities.

**Recommendation 5:**

*As the deficiencies pointed out during Audit are illustrative and based on test check of records of selected units, there is a need for the Government to check for such deficiencies across the State and ensure that all landless beneficiaries are provided houses as envisaged in the scheme.*

**2.1.8 Convergence with other Schemes**

To provide basic amenities, in addition to the assistance for house construction, convergence of existing schemes of both Centre and State needs to be ensured which includes construction of a toilet, support of 90 person-days under MGNREGS, drinking water, electricity connection, clean and more efficient cooking fuel etc.

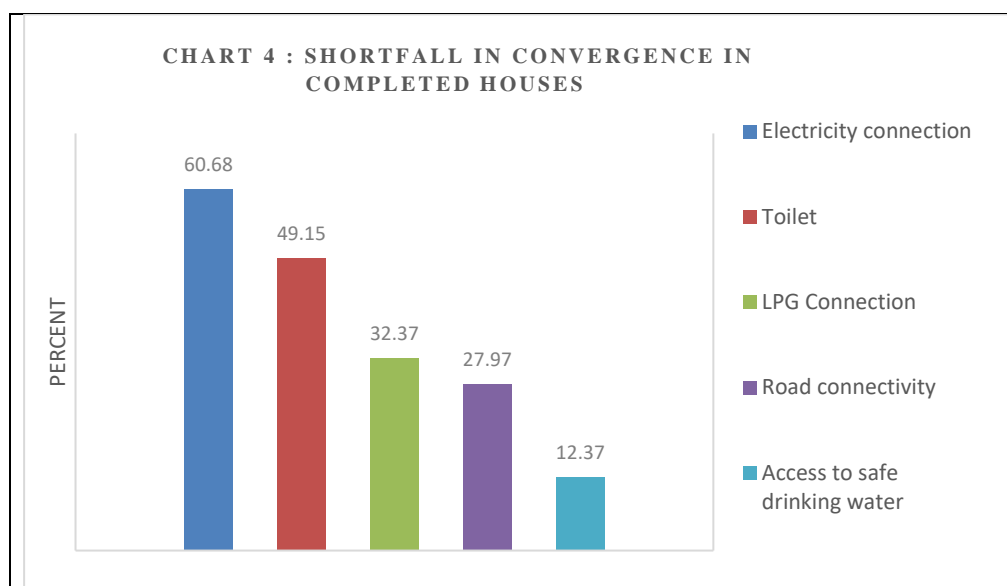
The status of various basic amenities found available in completed houses during joint physical verification is given in the **Table 5**.

**Table 5: Status of Convergence in Test Checked Completed Houses**

District	Blocks	No. of GPs	No. of Completed HHs surveyed	HHs with Toilet	Access to safe drinking water	Electricity connection	LPG Connection	Other Amenities (Road connectivity) in convergence with other schemes
Baran	Baran	5	50	40	42	17	33	48
Bikaner	Nokha	7	70	22	63	32	49	40
Bharatpur	Kumher	7	70	41	68	33	50	68
Dausa	Dausa	6	60	36	60	27	50	34
Jodhpur	Phalodi	6	60	10	42	25	43	33
	Mandore	7	70	17	59	21	39	42
Tonk	Niwai	8	80	65	67	28	58	71
Udaipur	Girwa	7	70	40	61	33	47	50
	Salumber	6	60	29	55	16	30	39
<b>Total</b>		59	590	300	517	232	399	425
<b>Requirement</b>				590	590	590	590	590
<b>Shortfall (in %)</b>				<b>49.15</b>	<b>12.37</b>	<b>60.68</b>	<b>32.37</b>	<b>27.97</b>

Source: Information collected through Survey formats

<sup>18</sup> Information, Education and Communication



The issues related to convergence of PMAY-G with other schemes are discussed in the succeeding paragraphs.

#### **2.1.8.1 Non-Construction of toilet**

Construction of a toilet has been made an integral part of the PMAY-G house. The toilet shall be provided to beneficiaries through funding from *Swachh Bharat Mission-Gramin* (SBM-G), MGNREGS or any other dedicated financing source.

The Department informed (July 2019) that out of 6,36,192 houses completed, only 36,794 (5.78 per cent) beneficiaries were provided assistance under SBM or MGNREGS for construction of toilets.

In the joint physical verification of 590 completed houses under PMAY-G, Audit observed that 290 houses (49.15 per cent) were without toilet even when these houses were shown as ‘completed’ (see **Table 5**).

As per the Framework, the house shall be treated as ‘complete’ only after the toilet has been constructed. Incidentally, Rajasthan was declared an ‘Open Defecation Free’ (ODF) State on 12 April 2018. A significant percentage of ‘completed’ *pucca* houses lacking toilets raises doubts over the ODF status of the State as well as the accuracy of the data. During the exit conference the Department informed that toilet coverage is being increased through SBM.

#### **2.1.8.2 Access to safe drinking water**

The beneficiary of PMAY-G should be provided access to safe drinking water in convergence with the National Rural Drinking Water Programme (NRDWP) of the Ministry of Drinking Water and Sanitation or any other similar schemes.

As per the information provided by the department, out of 6,52,619 completed houses, only 2,26,031 (34.63 per cent) beneficiaries were provided access to safe drinking water as of November 2019.



A joint physical verification of 590 completed houses also revealed that 517 houses (87.63 *per cent*) had access to safe drinking water either from convergence or by their own arrangement<sup>19</sup>, of which only 26 houses had piped water supply. Remaining 73 houses (12.37 *per cent*) were facing difficulty in accessing clean drinking water (see **Table 5**).

### 2.1.8.3 *Electricity connection to beneficiary houses*

Convergence with Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) of Ministry of Power and other related schemes<sup>20</sup> was proposed in the framework to provide electricity connection to the beneficiary houses under PMAY-G.

As per the information provided by the department, out of 6,52,619 completed houses, only 2,98,361 (45.72 *per cent*) beneficiaries were provided electricity connection as of November 2019.

However, a joint physical verification of 590 completed houses revealed that only 232 houses (39.32 *per cent*) had electricity connection either through convergence or through their own arrangement<sup>21</sup>. Thus, 358 houses (60.68 *per cent*) constructed remained without electricity connection. (see **Table 5**)

Thus, a huge percentage of *pucca* houses being without electricity connection shows a lack of convergence and the need for better implementation of the Rural electrification schemes.

### 2.1.8.4 *Clean and Efficient cooking fuel to the beneficiaries*

To provide clean and more efficient cooking fuel to the beneficiaries of PMAY-G, the State should strive to get LPG connections for them under *Pradhan Mantri Ujjwala Yojana* (PMUY) of Ministry of Petroleum and Natural Gas.

As per AwaasSoft data 6,82,495 houses completed above Lintel Level were eligible for LPG connection out of which 3,12,029 beneficiaries (45.72 *per cent*) had LPG connection and remaining 3,70,456 beneficiaries (54.28 *per cent*) were yet to get LPG connections.

The joint physical verification of 590 completed houses also confirmed that only 399 houses (67.63 *per cent*) were provided with LPG connections and 191 (32.37 *per cent*) houses did not have LPG connections (see **Table 5**).

Provision of clean and efficient cooking fuel for the remaining households is imperative from the point of view of women empowerment and to avoid the

<sup>19</sup> Tube well, Hand pump, Public Stand post (PSP), Water tankers and Tanka etc.

<sup>20</sup> Schemes implemented by Ministry of New and Renewable Energy (MNRE) including for Solar Lanterns, Solar Home Lighting Systems, Solar Street-lighting Systems, the benefits from National Bio-Mass Cook stoves Programme (NBCP) for cleaner cooking energy solutions for the beneficiary family and bio gas unit under National Biogas and Manure Management Programme.

<sup>21</sup> Electrical connections taken without availing benefit under Government schemes like DDUGJY/Saubhagya scheme.

health and environmental hazards associated with burning of wood, cow dung cakes, fossil fuels, etc. and thus should be given due priority.

#### 2.1.8.5 Development of group/individual amenities

States may, through convergence with MGNREGS, develop group/individual amenities like development of house sites, bio-fencing, paved pathways, approach roads or steps to the house, soil conservation and protection works etc., for the beneficiaries of PMAY-G.

The joint physical verification of 590 completed houses revealed that 425 houses (72.03 per cent) had road connectivity however, 165 houses (27.97 per cent) still required road connectivity as of November 2019 (see Table 5).

The State Government stated (May 2020) that benefits under convergence were being given on the basis of entitlement under the schemes concerned and the districts have been directed from time to time in this regard.

The reply of State Government needs to be viewed from the fact that convergence is an important feature of PMAY-G and significant shortcomings of convergence were observed during the audit.

#### 2.1.8.6 Person-days of unskilled labour under MGNREGS

As per para 8.1(b) of Framework for implementation, it is mandatory to provide support of 90 person-days unskilled wage employment at the current rates to a PMAY-G beneficiary for construction of his/her house in convergence with MGNREGS. Server to server integration between two MIS–AwaasSoft of PMAY-G and NREGASoft of MGNREGS has been developed so that work for construction of house is generated on NREGASoft automatically once the sanction of house is issued on AwaasSoft.

The position of man-days provided and wages paid under MGNREGS during the period 2016-19, is given in Table 6.

**Table 6: Position of Man-days and Wages**

Year	Houses sanctioned	Request sent for work creation	No of Work Created	Beneficiaries whose man-days initiated	No. of Man-days to be provided as per norms	No. of Man-days actually provided	Beneficiaries whose wages initiated	Wages Paid (₹in crore)
(A)	(B)	(C)	(D)	(E)	(F)= (E)x90	(G)	(H)	(I)
2016-17	2,50,087	2,50,080	2,48,284	2,41,033	2,16,92,970	1,83,70,005	2,40,502	335.24
2017-18	2,23,081	2,23,066	2,09,559	2,12,112	1,90,90,080	1,61,21,895	2,10,888	299.75
2018-19	2,13,094	2,13,043	2,13,040	1,96,364	1,76,72,760	1,42,75,223	1,95,777	268.23
<b>Total</b>	<b>6,86,262</b>	<b>6,86,189</b>	<b>6,70,883</b>	<b>6,49,509</b>	<b>5,84,55,810</b>	<b>4,87,67,123</b>	<b>6,47,167</b>	<b>903.22</b>

Source: AwaasSoft website data dated 21 November 2019

It is evident from the above table that:

- Out of total 6,86,262 houses sanctioned to beneficiaries, request for work creation was sent in respect of 6,86,189 beneficiaries only.

- Against total 6,86,189 requests for work creation under MGNREGS, work was created for 6,70,883 beneficiaries, of which the actual work was provided to 6,49,509 beneficiaries. Thus, 36,680 (5.34 per cent) beneficiaries were not provided work through MGNREGS for the construction of PMAY-G houses.
- Further, out of total 6,49,509 beneficiaries for whom work was provided; wages were paid in respect of 6,47,167 beneficiaries. Thus, wages in respect of 2,342 beneficiaries (E-H) were yet to be initiated as of November 2019.

Audit analysed that against a provision of 90 days, on average 75.08 man-days (487.67 lakh man-days/6,49,509 beneficiaries) were provided to PMAY-G beneficiaries for construction of a house, which resulted in an average shortfall of 14.92 man-days per beneficiary. This also deprived the beneficiaries of opportunity to earn livelihood to the extent of 96.89 lakh<sup>22</sup> additional man-days.

The State Government stated (May 2020) that the BDOs and other officials concerned are now being held accountable for any shortfall in provision of the mandated man-days. Audit would examine the follow up action taken on the issue of not providing mandated man-days of MGNREGS to the beneficiaries.

The State of Rajasthan received a Certificate of Appreciation from Ministry of Rural Development for securing 2<sup>nd</sup> rank in the category **Convergence** for the year 2017-18. However, Audit is of the opinion that convergence with other Government Schemes for provision of basic amenities viz. drinking water, electricity, LPG connection etc. are the key features of the PMAY-G and also the fact that lack of convergence was one of the limiting factors for effective implementation of IAY. Further, the Department did not have consolidated information related to the lack of amenities among the beneficiaries included in the PWL and thus could not provide the necessary convergence of the schemes to the mandated extent.

**Recommendation 6:**

*The State Government may make concerted efforts to provide basic amenities in all the houses constructed under PMAY-G through convergence with other Government Schemes/Programmes.*

**2.1.9 Lack of Implementation Support Mechanism**

As per paragraph 7.3.1 of the Framework for Implementation, it is the responsibility of the State to ensure that beneficiary is provided requisite guidance in the process of construction of house and also closely monitored to ensure that the construction of houses is completed. The States / UTs shall set up a dedicated Programme Management Unit (PMU) to undertake the tasks of

<sup>22</sup> Number of beneficiaries= 6,49,509  
 Number of mandays mandated under norms per beneficiary house= 90  
 So normative mandays for 6,49,509 beneficiaries (A)= 5,84,55,810  
 Number of mandays actually provided (B) = 4,87,67,123, Difference (A-B)= 96,88,687

implementation, monitoring and supervision of quality of construction. The PMUs were envisaged to be set up at the State, District and Block levels.

Audit noticed that State Programme Management Unit (SPMU) in the State was set up in May 2018 after a delay of two years, while district/block level PMUs were not established in any of the seven test checked districts and nine test checked blocks.

The State Government stated (February 2020) that SPMU and District Programme Management unit (DPMU) were established. However, the reasons for delay in setting up of SPMU were not intimated. It also informed (May 2020) that DPMUs were functioning with regular departmental staff, however, relevant records corroborating the establishment of DPMUs were not provided due to which Audit could not verify the establishment and proper functioning of DPMUs. While accepting the facts for non-setting up of Block Programme Management Units, the Department stated that the work was being discharged by the permanent staff engaged in the implementation of other schemes.

Shortcomings in setting up the Programme Management Units contributed to deficiencies in the implementation of the scheme such as non-preparation of Annual Select Lists from the PWL, shortfall in convergence with other schemes, lack of initiatives for sensitization of beneficiaries, insufficient allotment of land to landless beneficiaries etc.

**Audit objective 3: Whether Financial management and the mechanism for monitoring and evaluation of the Scheme were in compliance with the scheme guidelines**

### 2.1.10 Financial Management

The central allocation to the State was to be released in two instalments of 50 per cent each. This will also include 4 per cent allocation towards Administrative expenses. The details of total funds received under PMAY-G and expenditure incurred in the State during 2016-19 are given in **Table 7**.

**Table 7: Position of Funds for Construction of Houses**

Year	Programme Fund					Administrative Fund			
	Central Share	State Share	Other receipt (interest)	Total funds received	Expenditure	Central Share	State Share	Total funds received	Expenditure
1	2	3	4	5 (2+3+4)	6	7	8	9 (7+8)	10
2016-17	1,801.86	96.15	14.80	1912.81	346.43	72.08	3.85	75.93	4.02
2017-18	1,610.14	1,641.80	10.05	3261.99	4200.38	32.20	54.13	86.33	11.25
2018-19	1,535.06	1,048.40	6.58	2590.04	3163.50	0	11.54	11.54	21.93
<b>Total</b>	<b>4,947.06</b>	<b>2,786.35</b>	<b>31.43</b>	<b>7,764.84</b>	<b>7,710.31</b> (99.30 per cent)	<b>104.28</b>	<b>69.52</b>	<b>173.80</b>	<b>37.20</b> (21.40 per cent)

Source: Information provided by the Department

It can be seen from the table that:

- Under programme fund (meant for construction of houses), out of total available amount of ₹ 7,764.84 crore State disbursed assistance of ₹ 7,710.31 crore (99.30 *per cent*) to the beneficiaries, which is appreciable.
- Under the administrative fund, an amount of ₹ 37.20 crore (21.40 *per cent*) was incurred in the State as of March 2019. This resulted in non-disbursal of second instalment of 2017-18 and both the instalments of 2018-19 from both the Central (₹ 93.61 crore) and the State Governments (₹ 62.40 crore).

The underutilization of the Administrative funds adversely affected the implementation of the scheme as discussed in earlier *paragraphs 2.1.7.3, 2.1.7.4 and 2.1.9*.

The State Government accepted the facts (May 2020).

Besides this, Audit also noticed the following issues with regard to Financial Management.

- There were delays ranging from 20 to 143 days in transferring the central share to the State Nodal Account by the State Government beyond the stipulated limit of 3 days, as specified in the sanctions issued by GoI. The funds so received were kept in the State Consolidated Fund till the transfer to State Nodal Account.
- During 2016-19, against a prescribed timeline of 15 days as mandated *ibid* paragraph 10.6 of the Framework for implementation of PMAY-G, State Government released its corresponding full share with delays ranging between 59 to 287 days after receipt of the Central share.

The State Government informed (May 2020) that funds are transferred on the directions of the Finance department from the PD account to the SNA based on requirement. However, the fund transfer to the SNA should be done within the stipulated time period for both the Central and the State share as any delay in this regard contributes to delays in release of instalments to beneficiaries and hinders scheme implementation.

- Against a norm of seven working days, of the 590 test checked beneficiaries, 407 (68.98 *per cent*) beneficiaries were provided the first instalment with delays of 2 to 332 days. In one particular case<sup>23</sup>, a delay of 778 days was noticed. Duration wise delay involved in such cases is given in **Table 8**.

<sup>23</sup> GP-Ugras: (Beneficiary ID RJ1803965), sanctioned dated 10 April 2017 first instalment was released on 04 June 2019.

**Table 8: Delayed payment**

Delayed in days	Up to 30 days	31-90 days	More than 90 days	Total cases
No. of cases	201 (49 per cent)	158 (39 per cent)	48 (12 per cent)	407

Thus, the delays involved in transferring/releasing the Central Share and State Share also contributed to delayed release of due instalments to beneficiaries, which in turn affected the timely completion of houses as discussed in earlier *paragraph 2.1.7.3*.

The State Government stated (March 2020) that information in this regard was being obtained from the concerned ZPs.

- The administrative funds were being kept in non-interest bearing Personal Deposit (PD) account at the State level instead of the separate Savings bank account. Additionally, the funds from this account were being transferred to the districts through the treasuries instead of FTO in contravention of the scheme guidelines.

The State Government informed (February 2020) that opening of the savings bank account for keeping the administrative fund was in process.

- There was a difference of (-) ₹ 95.02 crore between opening balance of the scheme fund (₹ 0.99 crore<sup>24</sup>) as per balance sheet and as depicted in AwaasSoft (-₹ 94.03 crore) as on 01 April 2018. Similarly, there was a difference of ₹ 61.07 crore between closing balance of scheme fund (₹ 70.61 crore<sup>25</sup>) as per balance sheet and as depicted in AwaasSoft (₹ 131.68 crore) as on 31 March 2019. Moreover, a difference of ₹ 33.06 crore between closing balance (₹ 131.68 crore) of 2018-19 and opening balance (₹ 98.62 crore) of 2019-20 was also noticed in AwaasSoft.

The State Government while accepting the facts (March 2020) stated that in *AwaasSoft* application payments of both IAY and PMAY-G are being done from one account which makes reconciliation difficult as FTOs of IAY and PMAY-G are not reflected separately. Further, non-availability of report regarding payments under process at the end of year and cutoff date wise report of false success/false reject cases also makes the reconciliation impossible.

### **2.1.11 Double payment of same instalment to beneficiaries**

Audit scrutiny revealed that there were 439 instances where beneficiaries were paid the same instalment twice, which resulted in double payment of ₹ 2.24 crore. The details of such cases are given in **Table 9**.

<sup>24</sup> Programme fund: nil (maintained in SNA) and Administrative fund: ₹ 0.99 crore (kept in PD account).

<sup>25</sup> Programme fund: ₹ 54.53 crore (maintained in SNA) and Administrative fund: ₹ 16.08 crore (kept in PD account).

Table 9: Double payment

Year	(₹ in lakh)							
	First instalment paid twice		Second instalment paid twice		Third instalment paid twice		Total amount paid twice	
	No. of Beneficiaries	Excess Amount paid	No. of Beneficiaries	Excess Amount paid	No. of Beneficiaries	Excess Amount paid	No. of Beneficiaries	Excess Amount paid
2016-17	20	6.00	302	181.20	90	27	412	214.20
2017-18	18	5.40	0	0	0	0	18	5.40
2018-19	01	0.30	8	3.84	0	0	09	4.14
<b>Total</b>	<b>39</b>	<b>11.70</b>	<b>310</b>	<b>185.04</b>	<b>90</b>	<b>27</b>	<b>439</b>	<b>223.74</b>

Source: Information collected from AwaasSoft on 9<sup>th</sup> Nov 2019

While accepting the facts the State Government stated (May 2020) that recovery under 175 out of 439 cases had been made and the recovery in remaining cases was under process.

### 2.1.12 False Success/Reject cases of Direct Benefit Transfer to Beneficiaries under PMAY-G

The payments to PMAY-G beneficiaries are being made through State Nodal Account linked to Public Finance Management System (PFMS). Audit scrutiny of the information available in PFMS reports on AwaasSoft revealed that there were cases of 'False Success' of transactions in which the software was showing successful transaction whereas the instalment was not deposited in beneficiary bank account. Similarly, there were 'False Reject' cases in which software was showing rejected transaction whereas instalment was deposited in beneficiary bank account.

Audit noticed that there were 19,188 False success<sup>26</sup> cases involving an amount of ₹ 89.20 crore, of which only 9,369 (48.8 per cent) cases could be reconciled by the Department. Thus, 9,819 unreconciled cases of False success involving an amount of ₹42.98 crore were pending for payment to the beneficiaries as of January 2020.

Similarly, there were 15,597 unreconciled cases of False reject<sup>27</sup> involving possible overpayment of ₹ 63 crore to the beneficiaries, of which only 30 cases (0.19 per cent) could be reconciled and 15,567 cases involving possible overpayment of ₹ 62.83 crore remained pending as of January 2020.

The State Government stated (May 2020) that currently there are only 61 pending cases of False Success and 786 pending cases of False Reject. The higher figures being displayed in AwaasSoft have been wrongly registered and a request for their removal has been made to MoRD. This reply needs to be viewed in the light of the fact that 9,763 cases of False success and 17,344 cases of False reject remain unreconciled as per AwaasSoft report of 21 May 2020.

<sup>26</sup> False success identified = 19,188 (Amount = ₹ 89.20 crore)  
Correct response received = 9,369 (Amount = ₹46.22 crore)

<sup>27</sup> False Reject identified = 15,597 (Amount = ₹63 crore)  
Correct response received = 30 (Amount = ₹ 0.17 crore)

Further, attention is also drawn to the fact that instances of False success/False reject and the corresponding significant unreconciled amounts were not flagged in the CA Audit Reports of the scheme for the corresponding years.

The State Government stated (March 2020) that there was no effect of the False Success and False Reject cases on the CA Audit Report as the accounts were prepared on cash basis.

The reply is not justifiable as the occurrence of such cases and their significantly inadequate reconciliation represent failure of Internal Controls.

### **2.1.13 Irregularities in CA Audit Reports**

#### **(i) Delay in submission of Audit Reports**

The State was to ensure that the account of PMAY-G at the State level and the Administrative fund account at the State and District level were to be audited by Chartered Accountants selected from a panel approved by the C&AG. The auditing was also to be completed before 31 August of the next financial year.

Scrutiny of records revealed that:

- **At State level:** Audit Report for the year 2016-17 was prepared in April 2018 with a delay of 218 days. The Audit Reports for the years 2017-18 and 2018-19 were finalised, however, no date was mentioned on the reports by the Chartered Accountant.

While accepting the facts, the State Government informed (March 2020) that CA audit report for 2016-17 was delayed due to preparation of the report for housing and administrative funds separately. Further, it was informed that CA audit report for the year 2017-18 was prepared on 28 September 2018 and for the year 2018-19, the date of finalisation of the CA audit report was not intimated. It further stated that report was not prepared in time due to calling of tender for CA firms as per the decision of departmental committee.

- **At District level:** In seven test checked districts, the delay in preparation of account for the financial years 2016-19 ranged between 20 and 266 days.

**(ii)** The CA firm which finalised the Audit report 2016-17 at the State level was not empaneled by the C&AG. It was also observed that CA firms which audited the accounts of the seven test checked districts for all the three years were not empaneled with C&AG.

The State Government stated (May 2020) that now empaneled firms are being employed for audit.

**(iii)** It was also observed that the CA firms conducting the Internal Audit of the scheme failed to highlight irregularities like significant lack of reconciliation of False Success/ False Reject cases, reconciliation of balances of the scheme accounts with AwaasSoft, PD account being maintained for administrative funds instead of savings bank account etc.



**Recommendation 7:**

*The State Government may ensure timely release of its share and higher utilization of administrative funds so as to achieve better quality and maximum utilization of houses constructed under the scheme.*

**2.1.14 Monitoring and Inspection****2.1.14.1 Inspection by District/Block level officers**

As per paragraph 9.3.2 of the Framework, the State shall monitor the scheme implementation and quality supervision at different levels.

Due to the absence of relevant records, Audit could not ascertain whether the mandated inspections were carried out in any of the 7 districts and 9 blocks which were test checked.

The State Government stated (May 2020) that Inspections are being carried out and the information flow regarding inspections is taking place through *WhatsApp* groups made for the purpose, hard copies are not being maintained. The reply of the State government is not tenable as in the absence of official authorization for such practice and the lack of relevant records, Audit could not ascertain whether inspections were conducted to the extent as mandated in the framework and shortcomings in the implementation were identified.

Thus, due to the shortcomings in the number and quality of Inspections, the deficiencies pointed out by Audit like shortfall in convergence, incomplete houses shown as completed on AwaasSoft, people not living in the houses, construction of structures other than house etc., remained unnoticed.

**Recommendation 8:**

*The State Government may ensure timely and regular conduct of the mandated inspections by different levels of officers to improve scheme implementation and address any shortcomings.*

**2.1.14.2 Social Audit**

As per paragraph 9.6 of the Framework, Social Audit is to be conducted in every Gram Panchayat at least once in a year, involving a mandatory review of all aspects with the basic objective to ensure achievement of public accountability in PMAY-G implementation.

- (i) Audit observed that overall shortfall in conducting of social audits in respect of PMAY-G was 7.47 per cent during the period 2016-19 as given in **Table 10**.

**Table 10: Position of Social Audit**

Year	No. of GPs	Social Audit conducted in no. of GPs	Shortfall (percentage)
2016-17	9,894	9,361	533(5.39)
2017-18	9,894	9,244	650 (6.57)
2018-19	9,894	8,859	1,035 (10.46)
<b>Total</b>	<b>29,682</b>	<b>27,464</b>	<b>2,218 (7.47)</b>

Source: Information provided by the department

- (ii) Some of the deficiencies pointed out by Audit in the test check of houses constructed under PMAY-G such as non-provision of amenities like electricity, cooking gas, access to safe drinking water etc. are not being captured in the Social Audit reports.
- (iii) **Non-uploading of Gram Sabha proceedings on website:** The entire proceedings of Gram Sabha should be video graphed, suitably compressed and uploaded on the website as mandated in the Framework. However, in the test checked 46 GPs, Social Audit was conducted but Gram Sabha proceedings were not being video graphed. PS Mandore and Phalodi stated that no Social Audit was conducted in the block.

The State Government stated (February 2020) that the information in this regard was being sought from Social Audit Department.

### **2.1.14.3 Grievance Redressal Mechanism**

As per the framework, there shall be a grievance redressal mechanism set up at different levels of administration viz. Gram Panchayat, Block, District and the State.

- (i) **At State level:** A total 3,264 complaints were received at the State level during the period 2016-19, out of which 1503 complaints were disposed of and 1,761 complaints (53.95 per cent) were pending for disposal. Further, pendency period of aforesaid complaints ranged between 6 months and 32 months till 27 September 2019.
- (ii) **At District/ Block/GPs:** In all the test checked districts and blocks complaint registers were not being maintained in respect of PMAY-G except in PS Niwai. In the test checked 52 GPs out of 59, GPs complaint registers were not being maintained.

While accepting the facts the State Government stated (March 2020) that districts had been instructed (December 2019) for constituting Grievance Redressal Cells at the levels of districts and blocks. Regarding pendency of complaints at the State level, the State Government informed (May 2020) about the practical difficulties being faced in the disposal of all the complaints as majority of the complaints were related to inclusion of names in the list which was not possible immediately.

### **2.1.15 Conclusion**

*Pradhan Mantri Awaas Yojana – Gramin (PMAY-G) was launched on 1<sup>st</sup> April 2016 with the aim of providing a pucca house with basic amenities to all houseless households and households living in kutcha and dilapidated house by 2022. Financial assistance worth ₹ 1.20 lakh was to be paid to the beneficiaries in three instalments linked with progress of construction of the houses.*

*Due to deficiencies in identification of beneficiaries, only 16.99 lakh of the 40.57 lakh beneficiaries were identified in time. As such, the scheme catered to only 41.88 per cent of the intended beneficiaries depriving many of the benefits*

*of the scheme and undermining the vision of 'Housing for All'. As against the target of 6.87 lakh houses during 2016-17 to 2018-19, 6.50 lakh (95 per cent) homes were completed as of November 2019. Though the State Government could achieve target to a great extent, the implementation of the scheme was fraught with many shortcomings. Test check of the utilization of the constructed house revealed that 31.02 per cent of the constructed houses remained vacant. Further, socio-economically deprived beneficiaries belonging to 'Landless' and 'Persons with Disabilities' categories could not be provided benefits of the scheme to the stipulated extent. Deficiencies were also observed in the area of convergence with other schemes and the mandated basic amenities like toilets, electricity connection, clean cooking fuel etc., could not be provided in the completed houses. Lack of Monitoring and Inspections by Departmental officials resulted in failure to detect these lacunae in implementation.*

*As the deficiencies pointed out during Audit are illustrative and based on test check of records of selected units, there is a need for the Government to check for such deficiencies across the State and ensure that all landless beneficiaries are provided houses as envisaged in the scheme.*

*Thus, there is a need to improve the implementation of the scheme based on the shortcomings identified in the Audit.*

**Chapter III**  
**Compliance Audit**

## Chapter III Compliance Audit

Audit of transactions of the Government Departments, their field formations as well as audit of the autonomous bodies brought out lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy, which have been presented in the succeeding paragraphs under broad objective heads.

### Agriculture Department

#### 3.1 Unfruitful expenditure on construction of Museum building

**Unfruitful expenditure of ₹ 99.97 lakh on construction of Museum building in Swami Keshwanand Rajasthan Agriculture University, Bikaner owing to non-utilisation of newly constructed building even after a lapse of more than six years from its completion.**

Indian Council of Agricultural Research (ICAR) issued (September 2009) approval for construction of Educational Museum building at Rajasthan Agriculture University (renamed as Swami Keshwanand Rajasthan Agricultural University, SKRAU) under ICAR Plan- “Development and Strengthening of Agricultural Education” during the 11<sup>th</sup> plan period. The estimated cost of the Museum building was ₹ 140 lakh, of which ICAR agreed to release ₹ 100 lakh on the condition that the expenditure over and above of ₹ 100 lakh (ICAR share) will be met out by the University from own resources. Thus, the University was to arrange funds to the tune of ₹ 40 lakh to make the Museum operational. The innovations developed by the university were to be exhibited in the Museum in different formats viz. model, poster, live specimen, literature etc. The University issued (January 2010) work order of ₹ 67.29 lakh for civil work of Museum building with scheduled date of completion of work as February 2011. The work was completed in February 2011 for which contractor was paid an amount of ₹ 72.67 lakh. Besides this, electrical, furniture and some miscellaneous civil works related to Museum were also executed separately and as of October 2013 an expenditure of total ₹ 99.97 lakh was incurred on the works of museum.

Audit scrutiny (February- April 2019) of the records of SKRAU, Bikaner revealed that the civil, electric and furniture works of the Museum building were completed during April 2011 to October 2013 but the furnishing work of the Museum building could not be completed as of April 2019. SKRAU did not provide its share for development of museum. Thus, the constructed Museum building could not be utilised for intended purpose for more than five years and the expenditure of ₹ 99.97 lakh incurred on various works of the Museum remained unfruitful. With the lapse of time, the condition of constructed building as well as furniture is deteriorating as shown in picture below:



Termite hit door in Museum building

Leakage in roof in Museum building

The Government of Rajasthan (GoR) stated (October 2019) that there was no condition for providing University share in the sanction issued by ICAR. GoR also stated that the Museum had now been made operational.

The reply was factually incorrect as it was clearly mentioned in approval (September 2009) of the ICAR that funds over and above ₹ 100 lakh would be met out by the University from its own resources. Further, joint physical verification of the Museum by Audit also revealed (November 2019) that only banners related to modernised agriculture, improved production and pesticide were placed in Museum instead of proposed live specimens, models and literature related to agriculture, which did not serve the intended purpose.

Thus, failure of the university to provide funds for making the Museum fully functional even after a lapse of more than six years of completion of the Museum building rendered the whole expenditure of ₹ 99.97 lakh incurred on its construction as unfruitful.

## Cooperative and Horticulture Departments

### 3.2 Loss under Market Intervention Scheme due to non availability of storage facility for garlic

**Non availability/creation of storage facilities forced the Department to dispose of garlic procured under Market Intervention Scheme, at throw away prices, resulting in loss of ₹ 231.77 crore.**

Government of India (GoI) approved (April 2018) the proposal (March 2018) of Department of Agriculture & Horticulture, GoR for procurement of a maximum of 1.54 Lakh Metric Ton (LMT) of garlic during 13 April 2018 to 12 May 2018 under Market Intervention Scheme (MIS<sup>1</sup>) with certain conditions such as (i) the Market Intervention Price (MIP) will be ₹ 32,570

<sup>1</sup> MIS is a price support mechanism for procurement of perishable and horticultural commodities in the event of a fall in market prices. Its objective is to protect the growers of these commodities from distress sale in the event of bumper crop (at least 10% increase in production) and during the peak arrival period (10% decrease in the ruling rates over the previous normal year) when prices fall to very low level.

per MT with overhead expenses of ₹ 8,143 per MT or actual whichever is less (ii) the losses, if any (**restricted up to 25 per cent of procurement cost**), were to be shared on 50:50 basis between Central Government and Government of Rajasthan and (iii) the procured stock was to be disposed of in open market in transparent manner to ensure maximum realizable price. The State agency was also required to make efforts to export the commodity procured under the scheme after processing. Further, the GoI guidelines (2001) on MIS envisages a system of efficient marketing, development of non-traditional/new markets and the sales through network of retail points to avoid losses on part of State and Central Government.

Scrutiny (July-November 2019) of records of Rajasthan State Co-operative Marketing Federation Limited (RAJFED) and Co-operative Department revealed that a meeting was held (16 April 2018) between Agriculture and Horticulture Department wherein it was decided that garlic being a perishable commodity and due to non-availability of any storage facility the procured garlic may be sold directly in market simultaneously with procurement. Accordingly, 0.91 LMT of garlic procured at a total cost of ₹ 310.69 crore was sold at ₹ 78.92 crore with a loss of ₹ 231.77 crore during April-July 2018.

A similar case of avoidable loss of ₹ 6.99 crore in sale of garlic under Market Intervention Scheme was included in paragraph 3.2.2 of the Report of the Comptroller and Auditor General of India (Economic Sector) for the year ended 31 March 2013-Government of Rajasthan (GoR). After examining the matter, the Public Accounts Committee (PAC) recommended (May 2017) to make necessary arrangements so that the situation is not repeated in future. In compliance of recommendation of PAC, the Department in their Action Taken Note intimated (September 2018) that the matter regarding loss arising due to non-availability of storage, was being brought to the notice of the Cabinet.

Given the fact that garlic arrives in the market in bulk quantity during its harvest season (April-July) while demand for garlic remains constant over the year, storage of garlic becomes absolutely necessary for management of supply chain, price stabilization for consumers and value addition for farmers.

Audit however, observed that GoR has neither created any cold storage facilities for garlic on its own nor has it entered into any rental agreement with private cold storage even after the recommendations of PAC. In absence of storage facility the department had to sell garlic simultaneously with procurement at throw away price of ₹ 1,000-₹ 13,600 per MT in Rajasthan and Delhi. The department also did not explore the options to sell the garlic on higher prices through export or processing units.

GoR stated (June 2020) that efforts were made for engagement of private vendors for scientific storage of garlic through short term notice inviting tenders (20 April 2018) but no bid was received. It was also stated that GoR took this well considered decision to bear the losses under MIS in providing financial support to farmers as a welfare measure.

The reply is not acceptable as GoR did not initiate the steps for developing a system of efficient marketing, non-traditional/new markets and the sales

through network of retail points to avoid losses on part of State and Central Government as envisaged in the scheme guidelines. The fact regarding efforts to get private storage facility is also misleading as the decision to sell garlic simultaneously with procurement was finalised (16 April 2018) prior to inviting (20 April 2018) tenders. Further, the Department in case it really wanted the private storage facilities, should have started the process of tendering for the same well in advance.

The fact however remains that non-availability/creation of storage facilities forced the Department to dispose of garlic procured under MIS, at throw away prices by incurring a huge loss of ₹ 231.77 crore, of which the central share of ₹ 38.79 crore<sup>2</sup> was also not received as of June 2020.

Since procurement of perishable produces under MIS is not a onetime exercise, therefore, in order to avoid/contain the losses in future, GoR should take necessary steps for creating sufficient storage facilities and a network of retail points for garlic in the State, thereby ensuring welfare of the farmers as well as consumers.

## Finance Department

### 3.3 Excess/short payment of pension

**Failure of the treasury officers to exercise prescribed checks led to excess/short/irregular payment of pension/family pension amounting to ₹ 1.47 crore.**

Appendix VI (Sl. No. 9) of Rajasthan Civil Services (Pension) Rules, 1996 stipulates that Treasury Officer (TO) will check the correctness of the payments made by the Banks with reference to the records maintained by him and thereafter incorporate the transaction in his accounts.

Public Accounts Committee (PAC) while examining para 3.7 “Excess/short payment of pension” of Audit Report (G&SS) 2015-16, recommended (February 2018) that the Department should recover the excess pension payments, pay appropriate amount in respect of short pension payments and take necessary steps to avoid recurrence of excess payment of pension in future and inform PAC and the Principal Accountant General about the same.

Test check (April 2016 to March 2019) of records<sup>3</sup> of 74 banks and 16 Directorate/Additional Directorate of Pension in 17 Districts revealed persistency of the irregularities and excess payments of pension/family pension in 32 Banks and 05 Directorate/Additional Directorate of Pension

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<sup>2</sup> 50 per cent of ₹ 77.58 crore restricted to 25 per cent loss of procurement cost of ₹ 310.34 crore.

<sup>3</sup> 2016-17: 22 Banks and three Directorates; 2017-18: one Bank and three Directorates; 2018-19: 51 Banks and 10 Directorates.



amounting to ₹ 0.50 crore, which were made in 67 cases, as detailed in **Table 1**.

**Table 1**

(₹ in lakh)

S. No.	Reasons for excess payment	Excess payment made during 2016-17		Excess payment made during 2017-18		Excess payment made during 2018-19	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
1.	Family pension not reduced after expiry of the prescribed period (Rule 62 of Rajasthan Civil Services (Pension) Rules 1996)	11	8.59	-	-	16	22.59
2.	Pension not reduced after its commutation (Rule 28 of Rajasthan Civil Services (Pension) Rules 1996)	1	0.22	-	-	06	0.68
3.	Pension paid after death of pensioners	-	-	-	-	06	1.42
4.	Dearness Relief paid to pensioners during the period of their reemployment (Rule 164 of Rajasthan Civil Services (Pension) Rules 1996)	1	6.33	-	-	-	-
5.	Pension and Dearness Relief paid at higher rate than admissible	2	1.60	-	-	04	0.59
6.	Non-recovery of dues from gratuity payments (Rule 92 of Rajasthan Civil Services (Commutation of Pension) Rules, 1996)	-	-	-	-	04	1.88
7.	Miscellaneous	2	1.02	01	0.07	13	5.28
	<b>Total</b>	<b>17</b>	<b>17.76</b>	<b>01</b>	<b>0.07</b>	<b>49</b>	<b>32.44</b>
	<b>Grand Total</b>		<b>67</b>		<b>50.27</b>		

(ii) Further, it was also noticed that 51 banks and 03 Directorates/Additional Directorates made short payments of ₹ 0.97 crore<sup>4</sup> of superannuation/ family pension and gratuity to 110 pensioners as of 31 March 2019. Reasons for short payment were:

- Less payment of pension;
- Less payment of gratuity;
- Non-payment of additional pension.

Cases of excess payment of pension have also been mentioned in the earlier Audit Reports during 2009-10 to 2015-16 as detailed in **Table 2**.

<sup>4</sup> 2016-17- 22 cases: ₹ 0.26 crore; 2017-18-one case: ₹ 0.12 lakh and 2018-19- 87 cases: ₹ 0.71 crore.

Table 2

Year of Audit Report	Para No.	No. of cases	Excess payment (₹ in crore)
2009-10 (Civil)	3.4.1	270	0.67
2010-11 (Civil)	3.3.1	202	0.58
2011-12 (G&SS)	3.3.1	278	0.94
2012-13 (G&SS)	2.3.1	193	0.92
2013-14 (G&SS)	3.3.1	308	1.54
2015-16 (G&SS)	3.7	260	1.17

In response to audit paras, the Department had instructed the TOs (April 2014) for inspecting the banks in order to avoid recurrence of excess payment. It was also stated (October 2017) that mismatch found during reconciliation of e-scrolls uploaded by banks on the civil pension website with online pension check register prepared on the basis of treasury database, are being rectified. Further, action is being taken for inclusion of electronic-Pension Payment Order database into bank software to reduce the possibility of differences between bank and treasury data.

However, the directions of the department and recommendations of the PAC about avoiding recurrence of such irregularities in payment of pension in future, were not followed scrupulously, which resulted in recurrence of excess/short payment of pension.

GoR accepted the facts and stated (February 2020) that recovery of ₹ 0.30 crore<sup>5</sup> (in 40 cases) has been made against excess payment of ₹ 0.50 crore. It was further stated that ₹ 0.49 crore<sup>6</sup> (in 51 cases) has been paid against short payment of ₹ 0.97 crore and efforts are being made for recovery/payment of the remaining amount. However, documents in respect of recovery of excess payment of ₹ 0.16 crore (in 12 cases) and release of short payment of ₹ 0.19 crore (14 cases) were awaited (June 2020) for verification in Audit.

## Medical and Health Department

### 3.4 Non construction of General Nursing Midwifery (GNM) School in Baran District

**Non construction of GNM school building at Baran even after lapse of nine years due to lack of initiative by District Hospital Pratapgarh and Baran and lack of monitoring by the Directorate of Medical and Health Services defeated the very purpose of the grant sanctioned by GoI.**

Government of India (GoI) realised that maternal and child health indices like Maternal Mortality Rate (MMR) and Infant Mortality Rate (IMR) are high in the districts where there are not adequate number of Auxiliary Nursing Midwifery (ANM). Further, the shortage of staff nurses {General Nursing and Midwifery (GNM)} also acts as an impediment in the effective and efficient

<sup>5</sup> 2016-17: 13 cases: ₹ 15.91 lakh; 2018-19: 27 cases: ₹ 14.02 lakh.

<sup>6</sup> 2016-17: 14 cases: ₹ 17.05 lakh; 2018-19: 37 cases: ₹ 31.58 lakh.

delivery of health care services at all levels i.e. from sub center to district hospitals. With a view to increase the overall availability of nursing personnel as well as correct their uneven spread across the country, GoI decided to provide central assistance to establish 132 ANM and 137 GNM schools in high focus States which included Rajasthan<sup>7</sup>. They were to be established in the districts which did not have such schools. Two districts Baran and Pratapgarh were selected by GoI for implementation of this scheme in Rajasthan.

In pursuance of the scheme, GoI issued a sanction (September 2010) under Centrally Sponsored Scheme “upgradation/strengthening of nursing services (Human Resource-Health)”, for establishment of one ANM school at Pratapgarh and one GNM school at Baran, in Rajasthan. The unit cost of ANM and GNM school was fixed at ₹ 5.00 crore<sup>8</sup> and ₹ 10.00 crore<sup>9</sup> respectively, of which 15 per cent was to be borne by Government of Rajasthan (GoR).

Accordingly, GoI released (October 2010) first installment of ₹ 3.50 crore to District Hospital (DH), Pratapgarh which included ₹ 1.25 crore for ANM school, Pratapgarh and ₹ 2.25 crore for GNM school, Baran. The grant-in-aid was subject to the condition that the funds sanctioned will be utilized for the purpose of sanction. Further, second installment would be released only after furnishing the Utilisation Certificates (UCs) of first installment, certificate of land allotment and contribution of GoR share towards the scheme.

Scrutiny of records (March 2019) revealed that on receipt of funds, DH, Pratapgarh deposited the whole amount of grant-in-aid of ₹ 3.50 crore in the account of Rajasthan Medicare Relief Society (RMRS) Pratapgarh without transferring the share of GNM school Baran (₹ 2.25 crore). DH, Pratapgarh assigned (December 2010) the construction work of ANM school at Pratapgarh to Rajasthan State Road Development and Construction Corporation, Udaipur (RSRDCC) for ₹ 2.30 crore. DH, Pratapgarh paid an amount of ₹ 2.07 crore<sup>10</sup> to RSRDCC during November 2010 to April 2012 for construction of ANM school building, which was handed over to DH, Pratapgarh in October 2014. Thus, DH, Pratapgarh utilized ₹ 2.07 crore against its share of ₹ 1.25 crore and transferred (April 2014) only ₹ 1.43 crore to DH, Baran after a lapse of 42 months. DH, Pratapgarh also irregularly retained the grant related to GNM school in its own account till April 2014 and earned ₹ 0.27 crore as interest on first installment, but the same was not transferred to DH, Baran.

A joint physical verification (September 2019) of ANM school Pratapgarh however, revealed that furniture was not available in IT Lab, Skill Lab, Nutrition Lab, Library and Second year class rooms. Also, adequate equipment/computer were not available in these labs.

<sup>7</sup> As per Niti Aayog, Rajasthan’s IMR (2016) was 41 as compared to all India average of 34 and MMR (2014-16) was 199 as compared to all India average of 130.

<sup>8</sup> Civil work: ₹ 2.30 crore; Transport: ₹ 0.15 crore; Lab. Equipment: ₹ 0.49 crore; AV Aids & Books: ₹ 0.30 crore; Computer lab & Furniture: ₹ 0.70 crore and recurring expenditure: ₹ 1.06 crore.

<sup>9</sup> Civil work: ₹ 5.35 crore; Transport: ₹ 0.35 crore; Furniture: ₹ 2.15 crore & others: ₹ 0.10 crore and recurring expenditure: ₹ 2.05 crore.

<sup>10</sup> November 2010: ₹ 57.50 lakh, May 2011: ₹ 1.00 crore, March 2012: ₹ 15.25 lakh & April 2012: ₹ 34.25 lakh.

On the other hand, DH, Baran did not initiate action for receiving the amount of first installment from DH, Pratapgarh and construction of GNM building, though the copy of sanction from GoI was available with DH, Baran. On receipt of funds in April 2014, DH, Baran realised that the construction of GNM building was not feasible with the available funds of ₹ 1.43 crore as estimated cost had escalated to ₹ 8.13 crore. Accordingly, the department forwarded (February 2015) a revised estimate of ₹ 8.13 crore to Ministry of Health and Welfare, New Delhi (MoH&FW), approval of which was still awaited. The unspent amount of ₹ 1.43 crore and interest of ₹ 0.24 crore earned on this amount was still lying with RMRS, Baran since May 2014. The Directorate of Medical and Health Services also did not issue suitable directions for timely transfer of the grant to DH, Baran.

It was further noticed that GoI released (February 2016) a second instalment of ₹ 6.48 crore<sup>11</sup> for these works. However, the Directorate of Medical and Health Services remained passive in the matter and the money received under this second instalment remained unutilised and parked in GoR accounts. We did not find any evidence of constructive persuasion by GoR/Directorate of Medical and Health Services in this regard. GoR also did not release its 15 *per cent* share for the scheme. These observations indicated lack of commitment and focussed efforts on part of GoR towards achieving the objectives of the scheme.

Thus, irregular retention of DH, Baran's share of funds by PMO, Pratapgarh, lack of initiative by DH, Baran and lack of monitoring by the Directorate of Medical and Health Services led to non-construction of GNM school building at Baran even after lapse of nine years despite availability of central grant. This defeated the very purpose of the scheme to increase the availability of nursing personnel in these underserved districts.

GoR while accepting the facts stated (December 2019) that DH, Pratapgarh apprised (September 2011) the Ministry of Health & Family Welfare, New Delhi regarding utilisation of funds (₹ 1.57 crore) for construction of building and demanded remaining fund of ₹ 1.05 crore against the total sanction of ₹ 2.30 crore (civil work). However, in absence of any guidance the funds available for DH, Baran were used for construction of ANM building, Pratapgarh.

Given the poor status of health care services in Rajasthan, development of necessary health care support infrastructure in a time bound manner was necessary. However, efforts towards creating such infrastructure through the GoI scheme to deliver critical health care services at Baran which has less than satisfactory health parameters<sup>12</sup> remained unfruitful.

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<sup>11</sup> ANM school- ₹ 1.97 crore and GNM school- ₹ 4.51 crore.

<sup>12</sup> Rural mothers receiving full antenatal care was 5.2 *per cent* in Baran as compared to 7.4 *per cent* for whole of rural Rajasthan. Similarly, rural children receiving a health check up from a health personnel like ANM within 2 days after birth was 21.7 *per cent* in Pratapgarh as compared to 22 *per cent* for the whole of rural Rajasthan.

## Medical Education Department

### 3.5 Non completion of Para Medical College building at Jodhpur

**Improper assessment of requirement and delays in execution of project resulted in non-completion of Para Medical College building even after lapse of seven years and incurring an expenditure of ₹ 3.89 crore, as well as failure in obtaining pending instalment of central grant amounting to ₹ 3.36 crore.**

With the objective of creating facilities for conducting paramedical courses<sup>13</sup>, a proposal of ₹ 7.90 crore submitted (March 2012) by Government Medical College and associated Hospitals (GMC), Jodhpur was approved (July 2012) under Government of India's (GoI) one time grant scheme for supporting State Government Medical Colleges during 11<sup>th</sup> five year plan<sup>14</sup>. As per project report, an amount of ₹ 5.50 crore was to be incurred on infrastructure; ₹ 1.45 crore on equipment and ₹ 0.95 crore on faculty. The project cost was to be shared by GoI and State Government in the ratio of 85:15.

Accordingly, GoI released (August 2012) first instalment of ₹ 3.36 crore (50 *per cent* of total GoI share) with the condition that second/subsequent instalments of the grant would be given only when the Utilisation Certificates (UCs) with regard to first instalment are furnished by the GMC in time and the State Government had released/transferred its 15 *per cent* share to the designated bank account of GMC.

Test check (March 2017) of records of GMC, Jodhpur and further information collected (July 2018 and June 2019) revealed that the GMC, Jodhpur requested (January 2015) the Medical Division, Public Works Department (PWD), Jodhpur to submit detailed estimates for construction of college building including 120 seated hostel, only after a lapse of 30 months from the receipt (August 2012) of first instalment from GoI.

Accordingly, PWD submitted (August 2015) a detailed estimate of ₹ 5.50 crore along with drawing & designs for construction of college and hostel building. PWD, based on these estimates and on direction of GMC, awarded (November 2015) the civil work for construction of college building (excluding hostel) for ₹ 3.42 crore to a contractor with stipulated date of completion as 5 March 2017.

Meanwhile, GMC constituted (December 2015) a Committee to examine the structural drawing prepared by PWD, to check its adherence with norms and

<sup>13</sup> Three year's Bachelor degree course in Medical Laboratory Technology, Radiography and Imaging Technique and Optometry and Ophthalmic Techniques.

<sup>14</sup> Plan period was 2007-12.

to suggest any modifications, if required. Accordingly, the Committee assessed (January 2016) the requirement keeping in mind current student strength as well as expected increase in the next ten years and suggested changes to accommodate additional six departments.

Acting on the Committee's suggestions, the GMC without getting approval from GoR, directed (February 2016) PWD for modification in the drawings with addition of 36,000 square feet area required to accommodate six additional departments. Consequently, PWD submitted (May 2016) the modified drawings and site plan of the building with a ground and three floors structure, which was approved by GMC in June 2016 and the same was forwarded (June 2016) to the contractor by PWD. As the drawings were not finalised, the contractor could start the work only in October 2016, with a delay of more than 10 months.

It was, however, observed in Audit that due to abnormal delay in finalisation of requirements and drawings of building, the project was delayed and against construction of building with a ground and three floors only skeleton of the ground floor (as shown in photographs below) was constructed even after lapse of seven years. The building was incomplete and work was at stand still since January 2018 for want of funds. This resulted in unfruitful expenditure of ₹ 3.89 crore incurred on the incomplete structure. Further, due to this delay, the cost of completion of remaining work also increased to ₹ 25.05 crore<sup>15</sup>. Moreover, GoR had also not released (till May 2019) its corresponding share of ₹ 59.29 lakhs (50 per cent of total state share) to GMC which was a precondition to release the second instalment by GoI. Due to non submission of UC for the corresponding state share, GMC also failed to obtain the 2<sup>nd</sup> instalment of ₹ 3.36 crore from GoI.



**Pictures showing incomplete construction of Para Medical College at S.N. Medical College, Jodhpur (June 2019)**

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<sup>15</sup> PWD submitted (May 2017) a forecast estimate of ₹ 25.05 crore to complete the work as per the modified design duly approved by the GMC.

On being enquired (June 2019), the GMC accepted that there had been a delay in construction of para medical college and only skeleton of the ground floor was constructed. However, the work was under progress and proposals for releasing second instalment of ₹ 2.17 crore (based on 60:40 ratio) have been sent (November 2018) to GoI.

Thus, lackadaisical approach to get the work started (30 months) and improper assessment of requirement and abnormal delay (16 months) in approval of the drawings resulted in non-completion of the building even after lapse of seven years and incurring an expenditure of ₹ 3.89 crore. Further, GMC also lost the opportunity to demand ₹ 1.19 crore (part of 2<sup>nd</sup> instalment) due to change in conditions<sup>16</sup> of sharing pattern of grants in aid.

State Government accepted (February 2020) that there had been a delay in construction of para medical college.

### **3.6 Undue benefit to contractor due to not raising demand for rent**

**Non recovery of rent of ₹ 23.33 crore from the contractor for land provided by Medical College, Kota for execution of flyover work under UIT, Kota due to lack of coordination between both the agencies.**

Urban Improvement Trust (UIT), Kota entered into (September 2017) a contract for construction of a flyover from Danbari to Keshopura Circle on Rangbari road, Kota at a total cost of ₹ 140.58 crore. As per special condition (no 104) of the contract, the contractor was responsible to arrange the land for site office/laboratory/plant and machinery at its own level and cost. The UIT requested (October 2017) the Medical College, Kota (MC) to provide a vacant land measuring 20,000 square meters (250×80 meter) in the hospital campus for a period of around one year, which was required to establish a segment making plant for the flyover as it was passing just near the hospital campus. The MC conveyed (October 2017) its consent to UIT with the condition that land will be vacated as and when required for the hospital and no permanent structure would be made at the site. The said land was made available (October 2017) to the contractor by the UIT without assigning any rent.

On being noticed that the land was being used by the contractor and not the UIT, the MC repeatedly asked (13 November 2017, 30 November 2017 and 12 January 2018) UIT, Kota to deposit the rent for the land after getting it assessed by PWD. However, UIT Kota did not respond to the letters of MC. Thereafter, PWD on request of MC assessed (January 2018) the fair rent of the said land as ₹ 83.31 lakh per month. Accordingly MC asked (March 2018) UIT to deposit the rent from October 2017 onwards at the rates so assessed.

<sup>16</sup> The sharing pattern of funds under central sponsored schemes between GoI and GoR was changed from 85:15 to 60:40 during 2014-15 by the GoI.

Instead of depositing the requisite rent, UIT Kota stated (May 2018) that the land being used for segment making plant in fact pertained to UIT as it was a part of 60,032 square meters land which MC had encroached earlier, hence no rent was payable to MC. However, later in a joint meeting (August 2019) of both the departments, UIT agreed that the land pertained to the Medical College.

On the other hand UIT, Kota also did not demand any rent from the contractor. As such, the contractor was utilising public assets without paying rent to any of the two agencies i.e. UIT, the awarder of the contract and MC, the owner of the asset.

Medical Education Department while accepting the facts stated (January 2020) that MC, Kota made the land available to UIT without obtaining sanction from competent authority. On the other hand, UIT stated (November 2019) that said land was provided to UIT, Kota by the MC, Kota without prescribing any condition regarding payment of rent.

Thus, the fact remains that providing land to UIT by MC, Kota without adhering to necessary procedure and failure of UIT, Kota to clearly specify the rent payable before allotting space for construction work resulted in undue advantage to the contractor and deprivation of rent to the tune of ₹ 23.33 crore (January 2020) since October 2017.

### **3.7 Unfruitful expenditure on Research Hospital, Jaipur**

**Despite the assurance given to the Public Account Committee, Super Specialty Research Hospital under RUHS remained incomplete even after lapse of 11 years and incurring an expenditure of ₹ 19.30 crore, rendering the expenditure unfruitful.**

With a view to establish a hundred bedded Super Specialty Research Hospital (Research Hospital) at Jaipur, under control of Rajasthan University of Health Sciences (RUHS), GoR sanctioned (September 2007) an amount of ₹ 10.00 crore for construction of the building to be completed by 28 February 2009. However, the hospital building could not be completed as of March 2009 after incurring an expenditure of ₹ 7.38 crore<sup>17</sup> due to paucity of funds which were neither provided by the GoR nor by RUHS from its own resources to the executing agency<sup>18</sup>. A mention in this regard was made in the paragraph 2.4.6.1 of Report of the Comptroller and Auditor General of India for the year ending 31 March 2011 (Civil) Government of Rajasthan.

The Public Accounts Committee (PAC) examined the issue in November 2012 and called for (August 2013) the reasons for not completing the construction of Research Hospital through RUHS's own funds. GoR clarified (June 2014)

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<sup>17</sup> Including pending liability of ₹ 0.58 crore.

<sup>18</sup> Rajasthan State Road Development and Construction Corporation (RSRDCC).



to the PAC that recurring expenditure for Research Hospital along with expenditure on equipment, furniture and appliances was to be borne by RUHS whereas non-recurring expenditure (civil) was to be provided by GoR. It was also submitted that funds as demanded by RUHS for the construction of Research Hospital were being provided through budgetary provisions and GoR assured (June 2014) the PAC that the work was in the final stages. In view of the GoR reply, the PAC settled the issue vide its Action Taken Report no. 48 (13<sup>th</sup>Vidhansabha) which was laid (February 2015) in the Legislature.

Audit scrutiny of records of RUHS in October 2018 revealed that GoR revised (February 2013) the administrative sanction for construction of Research Hospital to ₹ 24.65 crore with the condition that RUHS would contribute ₹ 1.20 crore from its own resources. Thereafter, GoR released additional funds of ₹ 11.65 crore<sup>19</sup> to RUHS during April 2011 to March 2014, of which ₹ 5 crore was released in March 2013 as interest free loan to be repaid to Government in four equal instalments from 2014-15 onwards. Rajasthan State Road Development and Construction Corporation (RSRDCC) in turn incurred an expenditure of ₹ 21.15 crore on construction of research hospital out of which RUHS released ₹ 12.50 crore<sup>20</sup> (including ₹ 1.20 crore from its own fund) to RSRDCC from June 2011 to September 2019 for completion of the work.

In order to ascertain the progress in construction, Joint physical inspection was conducted by Audit along with departmental representatives in June 2019<sup>21</sup>. The Joint inspection revealed that the construction of the Research Hospital was incomplete (June 2019) as outer civil work, development work, electric work, lift installation etc., were still pending. As such, the work was at standstill since July 2014 due to paucity of funds. Further, during the joint inspection, it was observed that the transformer and cooling plant installed in the incomplete structures were lying unutilized and had deteriorated with passage of time. Also there was water logging/seepage in basement, severe cracks in the walls and damage to windows and doors of the existing structure as shown in the photographs below.

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<sup>19</sup> Total funds released: ₹ 18.45 crore (₹ 6.80 crore upto March 2009 and ₹ 11.65 crore during April 2011 to March 2014).

<sup>20</sup> ₹ 195.00 lakh in June 2011; ₹ 196.15 lakh in February 2012; ₹ 161.88 lakh in May 2012; ₹ 100.00 lakh in April 2013; ₹ 200 lakh in April 2014; ₹ 200.00 lakh in October 2014; ₹ 50.00 lakh in December 2014; ₹ 27.11 lakh in March 2015 and ₹ 1.20 crore in September 2019.

<sup>21</sup> A joint physical inspection was also carried out in October 2018.



Cracks in walls of Research Hospital building



Water logging/seepage in basement of Research Hospital building

It was also noticed that GoR also did not release funds despite requests (June and September 2015) by RUHS. On the other hand, GoR demanded (September 2015) ₹ 5.00 crore from RUHS which was released earlier (March 2013) as interest free loan.

On being referred (October 2019), GoR accepted the facts and stated (January 2020) that the construction of research hospital was still incomplete and RUHS was not in a position to complete the work due to paucity of funds.

Despite the assurance given to PAC, the construction work of Research Hospital building remained incomplete even after lapse of 11 years and incurring an expenditure of ₹ 19.30 crore<sup>22</sup>, rendering the expenditure unfruitful.

## Public Health Engineering Department

### 3.8 Excess payment on account of price escalation for Ductile Iron pipes

**Calculation of price escalation for Ductile Iron pipes based on indices of incorrect item for steel component led to excess payment of ₹ 10.73 crore to the contractors.**

Clause 45 of General Conditions of contract provides that if the price of any materials/bitumen/diesel/petrol/cement and steel incorporated in the works and/or wages of labour-increases or decreases, as compared to the price and/or wages prevailing at the date of opening of tender or date of negotiations for the work, the amount payable to the contractor for the work shall be adjusted for increase or decrease in the rates of materials/bitumen/diesel/petrol/cement and steel. Further, increase or decrease in the rates of materials/bitumen/diesel/petrol/cement and steel shall be calculated quarterly, based on average

<sup>22</sup> ₹ 6.80 crore + ₹ 11.30 crore + ₹ 1.20 crore = ₹ 19.30 crore.

Wholesale Price Index (WPI) for the relevant quarter, as published by the Economic Advisor to Government of India, Ministry of Industry.

Test-check (October 2018 and January-June 2019) of records of two Regional Water Supply Schemes (RWSS), two water supply projects and one pipe line work executed in Eight Project Divisions of Public Health Engineering Department (PHED) revealed that the works were awarded to various contractors by the authorities concerned, as per the standard conditions of contract prescribed by the Government. The contracts *inter alia* included providing, laying and jointing of Ductile Iron (DI) pipes.

As per the general condition of admissibility of escalation under clause 45 of contracts, price escalation was payable for steel component at 25 to 43 *per cent* of the value of work executed. Ductile Iron pipe was the major item under steel component. The principal input for manufacturing/casting of DI pipes is Pig Iron<sup>23</sup>. Wholesale price index for Pig Iron is available under 'Iron & Semis<sup>24</sup>' subgroup in WPI (Base 2004-05) series, which is published by the Economic Advisor to Government of India, Ministry of Industry.

It was, however, noticed in audit that while making payment of price escalation of steel component, the divisions applied WPI indices of different items (as inputs) for DI pipes viz. Steel, Steel rods, and 'Iron & Semis' instead of an uniform index of Pig Iron, which was main input for DI pipes. This resulted in excess payment to the tune of ₹ 10.73 crore to contractors as given in the **Table 3**.

Table 3

(₹ in crore)

Name of Division	Name of work	Name of contractor	Indices used for steel component	Amount actually paid towards PV	Amount payable based on indices of correct item pig iron	Excess payment
Project division-I, Pali	Supply of water for 133 villages including WTP, CWR etc.	Contractor A	Steel	1.13	(-) 1.66	2.79
Project division-Gulabpura (Bhilwara)	CBWP, Phase-II (Package-III)	Contractor B	Iron & Semis	0.34	0.26	0.08
	CBWP, Phase-II (Package-IV)	Contractor B	Steel	0.25	(-) 0.67	0.92
Project division-Mandalgarh	CBWP, Phase-II (Package-VIII)	Contractor B	Steel	0.18	(-) 0.48	0.65
Project division-Jawaja	RWSS of 199 village of Tehsil-Beawar	Contractor C	Iron & Semis	1.03	0.59	0.43
Project division-Bassi	RWSS of 210 villages of Tehsil-Bassi	Contractor D	Steel rod	3.81	0.85	2.96

<sup>23</sup> Standard Input Output Norms (SION) notified by Director General of Foreign Trade, GoI, are standard norms which define the amount of input/inputs required to manufacture unit of output for export purpose. At item no. C 635, SION for 1 MT DI Pipes 0.96 MT of Pig Iron is allowed.

<sup>24</sup> Iron & Semis is a sub group in which specific price indices of Sponge Iron, Pig Iron, Melting Scraps, Pencil Ingots, Billets and Slabs were published and the price indices published for Iron & Semis were the weighted average of the price indices of above six items.

Name of Division	Name of work	Name of contractor	Indices used for steel component	Amount actually paid towards PV	Amount payable based on indices of correct item pig iron	Excess payment
Project division-Tonk	Bisalpur-Tonk-Uniyara-Deoli Water Supply Project	Contractor A	Iron & Semis	0.44	0.33	0.11
Project Division Balotra	Pokaran Falsoond Balotora Siwana Water Supply Project (SPR 4A)	Contractor E	Steel	1.32	1.29	0.03
Project Division Pokaran	Pokaran Falsoond Balotora Siwana Water Supply Project (SPR 3A)	Contractor F	Alloy steel Casting	1.59	(-)1.17	2.76
<b>Total</b>				<b>10.07</b>	<b>(-) 0.66</b>	<b>10.73</b>

It was seen that certain contractors (contractor A & B) submitted the PV bills based on favourable indices of different inputs for the similar nature work (supplying, laying and jointing of DI pipes) under different contracts and department allowed the same without applying the indices of correct input i.e. Pig Iron.

Had the calculation of price escalation been done using the correct indices for steel (the indices of Pig Iron instead of indices of different items), ₹ 0.66 crore would have been worked out to be recoverable from the contractors instead of payment of ₹ 10.07 crore towards price escalation. Thus, calculation of price escalation based on incorrect indices of steel led to excess payment of ₹ 10.73 crore to the contractors, resulting in loss to the state exchequer to that extent.

Further, it was also observed by Audit that the indices of Pig Iron was considered for payment of price escalation for DI pipes in Schedule of Rates of Gujarat Water Supply Board and in the State of Tamil Nadu. Therefore excess payment of ₹ 10.73 crore on account of incorrect price escalation should be recovered from the contractors. All similar ongoing contracts should be reviewed immediately and recovery may be effected wherever necessary. It is further stated that as adopted by other states like Gujarat and Tamil Nadu, GoR may also specify in the contract itself as to the category of steel (steel, iron and semis, pig iron, steel rods etc.) on which price escalation would be allowed.

GoR, principally agreed (November 2019) with the view point taken by Audit that price indices of pig iron were to be adopted while making payment for price escalation for DI pipes and stated (December 2019) a circular to this effect had also been issued (November 2019). Out of total recovery of ₹ 10.73 crore, an amount of ₹ 3.96 crore was stated to be recovered. Further, recovery of remaining amount and review of all similar ongoing projects was under process.

### 3.9 Excess payment to contractors by allowing incorrect price indices

**Excess payment of price escalation amounting to ₹ 16.24 crore to the contractors by allowing incorrect price indices for the shortfall of work not covered up in the subsequent time spans.**

The clause 45 of General Conditions of Contract along with conditions thereunder stipulates that if during progress of the contract the price of any materials/bitumen/diesel/petrol/cement and steel incorporated in the works and/or wages of labour, increase or decrease as compared to the price and/or wages prevailing at the date of opening of tender or date of negotiation, the amount payable to the contractors for the work shall be adjusted for increase or decrease in respect of the rates of materials/bitumen/diesel/petrol/cement/steel and wages of labour.

Further, in case the contractor does not make prorata progress in the first or another time span and the shortfall in the progress is covered up by him during subsequent time span within original stipulated period then the price escalation of such work expected to be done in previous time span shall be notionally given based upon the price index of that quarter in which such work was required to be done in terms of condition no.10 of the clause *ibid*.

Test check (October 2018 and January-June 2019) of the records of five water supply and pipe line works in five Divisions<sup>25</sup> revealed that contractors could execute only 19.41 to 46.69 *per cent* of the awarded works within the original stipulated periods. Contractors failed not only to maintain the prorata progress of the work as per the prescribed time spans but also to cover up the shortfalls in any of the subsequent time spans.

Since, the contractors did not cover up the shortfalls of previous spans in any of the subsequent time spans, the price escalation was to be paid as per the price indices of those spans in which the work was actually executed. However, the department while making payment of price escalation, incorrectly allowed price indices of the previous time spans when the work was not executed instead of price indices of those spans in which the work was actually executed. This resulted in excess payment of ₹ 16.24 crore to contractors as detailed in **Table 4**.

<sup>25</sup> Falling under the jurisdiction of the Project Division-Tonk, Project Division-Jodhpur, Special Project Division-Jaipur, Project Division-Ajmer and Project Division-Bassi.

Table 4

(₹ in crore)

Sr. No.	Name of work	Time spans of period stipulated for completion of work (part of work to be completed by the end of span)	Cumulative value of work required to be executed by the contractor	Cumulative value of work actually executed by the contractor (per cent)	Value of work admissible for PE	Value of work allowed for PE	PE paid on the basis notional work done	PE to be paid as per actual work done	Excess payment
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Package-II of "Bisalpur-Tonk-Uniyara-Deoli Water Supply Project"	I <sup>st</sup> span-0 to 9 months (1/8 of the total work)	28.37	0	0	24.85	2.19	0.82	1.37
		II <sup>nd</sup> span-10 to 18 months (3/8 of the total work)	85.12	25.39	25.39	53.44			
		III <sup>rd</sup> span-19 to 27 months (3/4 of the total work)	170.24	42.82	17.43	3.92			
		IV <sup>th</sup> span-28 to 36 months (complete work)	226.99	82.21 (36.22)	39.39	-			
2.	Supply of water for 133 villages including WTP, CWR etc.	I <sup>st</sup> span-0 to 10.5 months (1/8 of the total work)	36.48	20.34	20.34	36.48	2.20	(-) 2.81	5.01
		II <sup>nd</sup> span-10.6 to 21 months (3/8 of the total work)	109.44	32.16	11.82	72.96			
		III <sup>rd</sup> span-22 to 31.5 months (3/4 of the total work)	218.88	89.63	57.46	26.82			
		IV <sup>th</sup> span-31.6 to 42 months (complete work)	291.84	136.26 (46.69)	46.63	-			
3.	Chambal Bhilwara Water Supply Project, Phase-II (Package-III)	I <sup>st</sup> span-0 to 9 months (1/8 of the total work)	27.17	4.85	4.85	27.27	0.63	0.03	0.60
		II <sup>nd</sup> span-10 to 18 months (3/8 of the total work)	81.50	16.41	11.56	14.91			
		III <sup>rd</sup> span-19 to 27 months (3/4 of the total work)	163.01	37.07	20.66	-			
		IV <sup>th</sup> span-28 to 36 months (complete work)	217.34	42.18 (19.41)	5.11	-			
4.	RWSS of 199 village of Tehsil-Beawar	I <sup>st</sup> span-0 to 9 months (1/8 of the total work)	28.81	4.31	4.31	28.81	1.50	(-) 1.97	3.47
		II <sup>nd</sup> span-10 to 18 months (3/8 of the total work)	86.43	29.51	25.20	46.98			
		III <sup>rd</sup> span-19 to 27 months (3/4 of the total work)	172.85	52.87	23.36	-			
		IV <sup>th</sup> span-28 to 36 months (complete work)	230.47	75.79 (32.88)	22.92	-			
5.	RWSS of 210 villages of Tehsil-Bassi	I <sup>st</sup> span-0 to 7.5 months (1/8 of the total work)	33.64	0.20	0.20	36.99	4.83	(-) 0.96	5.79
		II <sup>nd</sup> span-7.6 to 15 months (3/8 of the total work)	100.93	39.78	39.58	59.53			
		III <sup>rd</sup> span-16 to 22.5 months (3/4 of the total work)	201.86	63.80	24.02	0.98			
		IV <sup>th</sup> span-22.6 to 30 months (complete work)	269.15	97.50 (36.23)	33.71	-			
Total							11.35	(-) 4.89	16.24

Had the calculation of price escalation been done using the value of actual work done (as shown in the column no. 6 of the table) in particular time spans, the amount of price escalation payable to the contractors would work out as a negative amount of ₹ 4.89 crore but instead the contractors were paid an amount of ₹ 11.35 crore thereby giving an undue benefit of ₹ 16.24 crore. This was mainly due to allowing the indices for steel component of earlier span when price was higher than the indices of later spans when steel was actually procured by the contractors.

Thus, payment of price escalation on notional basis resulted in excess payment of ₹ 16.24 crore to the contractors.

GoR stated (June 2020) that if the prorata progress is not maintained by the contractor, the price escalation would be given on notional basis which shall be based on the price indices of that quarter in which such works were to be originally executed.

Reply is not acceptable because as per the condition of the price escalation, the payment of price escalation on notional basis was admissible only in cases when shortfall of prorata progress of any particular time span is covered up in subsequent time span within the original stipulated period. Therefore, action of the department was not correct.

### 3.10 Undue benefit to the contractors

**Non-adherence to the special condition of the contract relating to recovery of compensation for delay in supply of pipe resulted in undue benefit of ₹ 10.09 crore to contractors.**

Public Health Engineering Department issued (July and August 2013) work orders for three Regional Water Supply Schemes (RWSSs) and Package 4B under Pokaran-Falsoond-Balotra-Siwana (PFBS) Water Supply project. These four contracts were on single responsibility turnkey basis i.e. Design, Build and 10 year Operation & Maintenance (O&M). Special Condition 10 of Contract executed with these firms provided that the firms would decide the details of size and length of pipes, based on survey and design and submit the delivery schedule for the pipes.

Further, the contract also provided that the firm would ensure timely supply of pipes as per approved work plan/delivery schedule, failing which compensation at the rate of 0.25 *per cent* of the cost of pipes to be supplied would be recovered per month, cumulatively up to the date of actual supply of pipes. The compensation levied for delay in supply of pipes would be of permanent nature and not to be refunded under any circumstances.

Scrutiny of the records (between August 2018 and July 2019) of four Project Divisions, revealed that Project Divisions Sambhar and Phagi did not obtain work plans (Delivery Schedules of pipes) from the respective contractors, which was in contravention to the condition of the contract. Though the contractors submitted affidavits stating that the pipes would be supplied as and when required, however, they did not supply the whole/part quantities of pipes mentioned in Bill of Quantities (BoQ) till the scheduled dates of completion of the works.

In cases of Project Division Niwai and Balotara, though, the Divisions obtained/approved the work plans, accordingly all the pipes were required to be supplied by September 2015 and January 2016 respectively, however contractors did not supply the whole/part quantities of pipes till last date of

supply as mentioned in work plan. Supply of pipes continued even after the scheduled dates of completion of the works.

As per the condition of the contract, the concerned Divisions were required to deduct an amount of ₹ 13.50 crore as compensation for non/delayed supply of pipes however, an amount of only ₹ 3.41 crore was deducted and kept in Deposit-V as detailed in **Table 5**.

**Table 5**

(₹ in crore)

S. No.	Project Name	Project Division	Work order amount	Work order issued/ Stipulated date of completion	Work Plan for pipe supply	Delay in months	Amount withheld in Deposit V	Total Compensation to be levied
1.	RWSSs of 173 villages of Phulera Tehsil and two towns- Jobner & Kishangarh	Project Divison Sambhar	226.95	July 2013/January 2016	Only affidavit submitted	6- 30 months	1.05	2.79
2.	RWSS of 267 villages of Tehsil Chaksu and 8 villages of Tehsil Phagi and their NRVs and Dhanis	Project Divison Niwai	234.96	August 2013 /January 2016	Upto September 2015	1-29 months	0.45	2.07
3.	RWSS of 161 villages of Phagi Tehsil and their NRVs and Dhanis	Project Divison Phagi	205.12	July 2013/January 2016	Only affidavit submitted	3- 32 months	1.91	1.58
4.	Pokaran-Falsoond-Balotra-Siwana (PFBS) Water Supply project- Package 4B	Project Divison Balotara	392.66	September 2013/ September 2016	Upto January 2016	1-50 months	Nil	7.06
<b>Total</b>			<b>1059.69</b>				<b>3.41</b>	<b>13.50</b>

Since the compensation is of permanent nature, therefore it was required to be deposited to Government revenue instead of withholding it under Deposit-V (part of public account), where the Department has the facility to adjust /return it under the Running bills.

GoR stated (January 2020) that the compensation for non-supply/delayed supply of pipes and Liquidated Damage (LD) under clause 2 of General Condition of Contract are finalized at the time of final time extension. Further, at the time of PAC deliberations on a para of similar nature, department accepted that final LD/ compensation under clause 10 of Special Condition of Contract would not be refunded to the contractor keeping in view the language of the condition as well as the advice of Audit.

The reply is not tenable as the final time extension granted for the entire project does not affect the enforcement of the contractual provision under special condition of the contract which clearly provided that '*the compensation levied for delay in supply of pipes would be of permanent nature and is not to be refunded under any circumstances*'. Further, Department itself have deducted the compensation in three of the four cases mentioned, but kept



it in Deposit-V instead of transferring it to revenue head. As such there is no dispute regarding levy of compensation for delay in supply of pipes.

Thus, non-adherence to the special condition of the contract resulted in undue benefit of ₹ 10.09 crore to the contractors.

## Urban Development and Housing Department

### 3.11 Non collection of Labour Cess from the builders

**Labour cess to the tune of ₹ 7.05 crore was not collected by Local Authorities from the builders at the time of approval of projects as provided in the Building and Other Construction Workers' Welfare Cess Act.**

With a view to provide safety, health and welfare measures to building and other construction workers, Government of India (GoI) enacted Building and Other Construction Workers' (Regulation of Employment and Conditions of Services) Act, 1996 (BOCW Act). To augment the resources of the 'Building and Other Construction Workers' Welfare Board (Board), the Building and Other Construction Workers' Welfare Cess Act (Cess Act), 1996 was also enacted. Section 3 of the Cess Act provides for the levy of cess on the cost of construction incurred by an employer.

Further, Rule 4 of the Building and Other Construction Workers' Welfare Cess Rules, 1998 prescribes the time and manner of collection of the cess. Accordingly, in cases where the approval of a construction work by a local authority is required, every application for such approval shall be accompanied by a crossed demand draft in favour of the Board for an amount of cess payable. Provided that if the duration of the project is likely to exceed one year, the demand draft may be for the amount of the cess payable on cost of the construction estimated to be incurred during one year from the date of commencement of the work and further payments of cess due shall be made within 30 days on the cost of construction to be incurred during the relevant period. Labour Department, GoR however, issued (July 2016) instruction to collect cess for subsequent years (by dividing estimated cost with the number of years) through postdated cheques, if the duration of the project is more than one year.

Test check (October 2017 and July 2018) of records of Urban Improvement Trust (UIT), Bikaner and Bhiwadi revealed that an amount of ₹ 5.25 crore on account of labour cess was not collected in advance by the UITs as prescribed in the Rules, from the builders who were given permissions for 15 building projects of estimated cost of ₹ 524.72 crore during January 2015 to June

2017. The reasons for non-adherence to the provisions of the Act were not available on record.

On the contrary, in contravention to provisions of the Act, Urban Development and Housing Department (UDH) issued (June 2017) directions that payment of labour cess would be deposited by developers at their own level and receipt should be produced at the time of issue of completion certificate. **It was observed that these directions were merely based on the decisions taken in a meeting held (June 2017) with various stakeholders and were issued without revision of the Rule 4 *ibid*, by the Government.** Audit also noticed that after issue of these directions, four more projects of estimated cost of ₹ 180.54 crore were approved without collecting the labour cess of ₹ 1.80 crore. This resulted in non-recovery of advance cess amounting to ₹ 7.05 crore as given in **Table 6**.

**Table 6**

(₹ in crore)

S. No.	Name of Unit	Nature of case	No. of cases	FAR Area (in Sqm)	Estimated cost of construction	Recoverable Labour Cess
1	UIT	General	11	6,31,066.21	530.64	5.31
2	Bhiwadi	CMJAY	4	1,64,105.3	153.24	1.53
3	UIT	General	3	3,455.03	4.53	0.04
4	Bikaner	CMJAY	1	18,992.59	16.85	0.17
<b>Total</b>			<b>19</b>	<b>8,17,619.13</b>	<b>705.26</b>	<b>7.05</b>

UIT Bhiwadi stated that as per orders of UDH (June 2017), labour cess was not deposited in advance at the time of approval and completion certificate would be issued after submission of certificate regarding payment of labour cess.

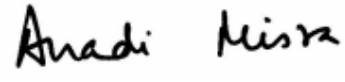
Thus, labour cess amounting to ₹ 7.05 crore could not be collected in advance due to non-adherence to the provisions of the Act. The department also did not withdraw the aforesaid directions despite the intervention (January 2019) of the Department of Labour, Government of Rajasthan that order dated 27 June 2017 issued by UDH is against the spirit of the Act and directions of the Hon'ble Supreme Court of India (March 2018).

On being pointed out (February 2020), the State Government informed (June 2020) that the instruction (June 2017) regarding payment of labour cess by developers at their own level and producing receipt at the time of completion certificate has since been deleted. Further, instructions were also issued (June 2020) to ensure the levy and collection of labour cess in advance as stipulated in Building and Other Construction Workers' Welfare Cess Rules, 1998.

Though GoR have revised the circular at the instance of Audit, however, recovery of labour cess of ₹ 7.05 crore in 19 cases still remains to be effected.

As these instances are only illustrative and based on test check of records of two UITs, all the projects approved upto June 2020 by all the Local Authorities may be reviewed on the similar analogy to avoid similar cases of non-recovery/under recovery of the labour cess.

JAIPUR,  
The 20 July, 2020

  
(ANADI MISRA)  
Accountant General  
(Audit-I), Rajasthan

Countersigned

NEW DELHI,  
The 22 July, 2020

  
(RAJIV MEHRISHI)  
Comptroller and Auditor General of India

# Appendices

## Appendix 1.1

(Refer paragraph 1.2)

### List of Departments

S.No.	Name of Department	S.No.	Name of Department	S.No.	Name of Department
1	Agriculture	20	Harish Chandra Mathur Regional Institute of Public Administration, Jaipur	39	Sainik Kalyan
2	Agriculture Marketing	21	Higher Education	40	Sanskrit Education
3	Animal Husbandry	22	Home	41	Secondary Education
4	Archaeology and Museum	23	Horticulture	42	Skill, Employment and Entrepreneurship
5	Art and Culture	24	Information and Public Relation	43	Social Justice and Empowerment
6	Ayurveda	25	Jail	44	State Enterprises
7	Bhasha and Pustkalaya	26	Labour	45	State Motor Garage
8	Colonization	27	Law and Legal	46	Technical Education
9	Cooperative	28	Medical and Health	47	Tribal Area Development
10	Devsthan	29	Medical Education	48	Urban Development and Housing
11	Disaster Management and Relief	30	Minority Affairs	49	Women and Child Development
12	Election	31	Pension and Pensioner's Welfare	50	Youth and Sports Affairs
13	Employees State Insurance	32	Personnel		
14	Factories and Boilers	33	Planning		
15	Finance	34	Primary Education		
16	General Administration	35	Public Health Engineering Department		
17	Gopalan	36	Rajasthan Public Service Commission		
18	Fisheries	37	Rajasthan Staff Selection Board, Jaipur		
19	Food, Civil Supply	38	Printing and Stationary		

## Appendix 1.2

(Refer paragraph 1.7)

### Statement showing inadequate response to audit observations

S. No	Nature of Irregularity	Disaster Management, Relief and Civil Defence Department		Technical Education Department		Pension and Pensioners Welfare Department	
		No. of Paragraphs	Amount (₹ in lakh)	No. of Paragraphs	Amount (₹ in lakh)	No. of Paragraphs	Amount (₹ in lakh)
1.	Fraud/Misappropriation/ embezzlement/losses/ theft of stores and cash	27	32,715.34	8	303.02	-	-
2.	Recoveries pointed out by audit	44	2,737.27	259	1,174.28	935	495.00
3.	Violation of contractual obligation, undue favour to contractor	19	60.58	9	698.56	-	-
4.	Avoidable/Excess Expenditure	83	3,395.96	7	215.94	-	-
5.	Wasteful/infructuous expenditure	28	752.95	26	3,309.17	-	-
6.	Regulatory issues	197	96,078.64	91	10,765.51	554	3,177.79
7.	Idle investments/idle establishment/blockade of funds/diversion of funds	131	49,108.96	27	5,208.24	-	-
8.	Idle/delay in commissioning of equipment.	9	327.91	1	0.25	-	-
9.	Non-achievement of objectives	13	121.19	6	1,634.04	-	-
10.	Miscellaneous	169	3,79,248.16	120	9,685.88	224	77.29
	<b>Total</b>	<b>720</b>	<b>5,64,546.96</b>	<b>320</b>	<b>32,994.89</b>	<b>1,713</b>	<b>3,750.08</b>

## Appendix 2.1

(Refer paragraph 2.1.1)

### Statement showing details of organisational structure of *Pradhan Mantri Awaas Yojana-Gramin*

Level	Authorities	Functions and responsibilities
<b>State</b>	<ul style="list-style-type: none"> <li>• Hon'ble Minister, RD&amp;PRD</li> <li>• Additional. Chief Secretary, RD&amp;PRD</li> <li>• Secretary, RD</li> <li>• State Nodal Officer heads Program Management Units at the State level (PMU)</li> </ul>	<p>The State PMU is responsible for :</p> <ul style="list-style-type: none"> <li>• Allocation of targets to districts and blocks;</li> <li>• Fixing of number of instalments and amount of instalments;</li> <li>• Monitoring preparation of Permanent Wait List (PWL) and drawal of Annual Selection list from the PWL;</li> <li>• Mapping of new administrative units in AwaasSoft;</li> <li>• Development of region specific house typologies within the state;</li> <li>• Drawing up a convergence plan among different schemes and monitor its implementation;</li> <li>• Monitor disbursal of loan to beneficiaries;</li> <li>• Plan and organize mason training programme;</li> <li>• Monitor progress of construction under PMAY-G and special project;</li> <li>• Monitor and manage State Nodal Account;</li> <li>• Manage AwaasSoft related administrative functions;</li> <li>• Submission of proposal to Centre for release of funds.</li> </ul>
<b>District</b>	<ul style="list-style-type: none"> <li>• District monitoring, implementation and coordination committee – Chairman and District Collector</li> <li>• CEO, Zila Parishad</li> <li>• District level Programme management Unit (PMU)</li> </ul>	<p>The District PMUs are responsible for :</p> <ul style="list-style-type: none"> <li>• Finalization of the Block wise PWL and drawal of Annual Select List from the PWL;</li> <li>• Facilitate allotment of land to the landless beneficiaries;</li> <li>• Plan and organize sensitization of beneficiaries;</li> <li>• Plan and organize mason training programme through identified Training Providers;</li> <li>• Facilitate collective sourcing of construction materials;</li> <li>• Plan production of construction material through MGNREGS and SHGs under DAY-NRLM;</li> <li>• Coordinate with bank for loan disbursal to willing beneficiaries and monitor the progress;</li> <li>• Prepare special project proposals and monitor its implementation;</li> <li>• Monitor progress of construction of houses and reporting on Awaas Soft;</li> </ul>

Level	Authorities	Functions and responsibilities
<b>Block</b>	<ul style="list-style-type: none"> <li>• Block monitoring, implementation and coordination committee</li> <li>• Block Development Officer (BDO)/ Coordinator</li> <li>• Block level Programme management Unit (PMU)</li> </ul>	<p>The Block PMUs are responsible for:</p> <ul style="list-style-type: none"> <li>• Registration and Orientation of beneficiaries;</li> <li>• Issue of sanction Order;</li> <li>• Map a village functionary to beneficiary;</li> <li>• Tag a trained mason to beneficiaries;</li> <li>• Monitor the progress of house construction and timely release of instalments and</li> <li>• Reporting of the progress of construction through AwaasApp/ AwaasSoft.</li> </ul>
<b>Gram Panchayat</b>	<p>Village level functionary like Gram Rozgar Sahayak, Junior Assistant etc.</p>	<ul style="list-style-type: none"> <li>• The Gram Panchayat through Gram Sabha will select, prioritize and finalize the PWL of eligible beneficiaries prepared on the basis of SECC-2011 and prepare list of household not included in the system generated priority list, but otherwise found eligible.</li> <li>• GP will facilitate orientation of beneficiaries on different aspects of the scheme.</li> <li>• The GP will assist in identifying common land available for allotment to the landless beneficiary.</li> </ul>



## Appendix 2.2

(Refer paragraph 2.1.4)

### Statement showing names of units selected for Performance Audit of PMAY-G

S. No.	Zone Name	Name of selected districts	Name of selected blocks	Name of selected Gram Panchayats	Total Number of GPs
1.	Ajmer	Tonk	Niwai	Bharthala, Raholi, Dangarthal, Hanotiya Bujurg, Bahar, Rajwas, Khandewat, Bassi	08
2.	Bharatpur	Bharatpur	Kumher	Rarah, Dhanwara, Rund Helak, Awar, Belara Kalan, Helak and Vavain	07
3.	Bikaner	Bikaner	Nokha	Gajsukhdesar, Somalsar, Himmatsar, Beekasar, Mainsar, Siniyala, Masoori	07
4.	Jaipur	Dausa	Dausa	Boroda, Sindoli, Sainthal, Bhandarej, Nangal Chapa, Jopara	06
5.	Jodhpur	Jodhpur	Mandore	Salodi, Dangiyawas, Khatiyasani, Pithawas, bawarla, Kadwad, Jaleli daikada	07
			Phalodi	Padiyal, Dhadhoo, Ugras, Radka Pura, Malar, Barjasar	06
6.	Kota	Baran	Baran	Tulsan, Kotrisunda, Iklera, Kalmanda, Ratawad	05
7.	Udaipur	Udaipur	Girwa	Kalarwas, Dakan Kotra, Debari, Khajoori, Matoon, Seesarma (Rural), Pai	07
			Salumber	Sati Ki Chori, Karawali, Saradi, Methuri, Itali-Khera, Bedawal	06
<b>Total</b>		<b>07 Districts</b>	<b>09 Blocks</b>		<b>59 Gram Panchayats</b>

## Appendix 2.3

(Refer paragraph 2.1.6.1)

### Statement showing District-wise details of number of beneficiaries included in final PWL

S. No.	District	Total No. of beneficiaries	Rejected beneficiaries	Remaining beneficiaries	No. of beneficiaries with set priority	Final PWL after remanded by Gram Sabha
1	Ajmer	53196	25241	27955	27955	27955
2	Alwar	59158	39064	20094	19708	19574
3	Banswara	261452	73082	188370	188370	188358
4	Baran	62406	18039	44367	43643	43643
5	Barmer	205553	52922	152631	152493	152493
6	Bharatpur	44918	27936	16982	16843	16843
7	Bhilwara	111062	59358	51704	51669	51668
8	Bikaner	76104	18325	57779	57616	57599
9	Bundi	76213	30039	46174	46174	46174
10	Chittorgarh	60317	25468	34849	34849	34840
11	Churu	49266	16955	32311	32311	32311
12	Dausa	51889	30972	20917	20917	20917
13	Dholpur	38133	26698	11435	11381	11381
14	Dungarpur	192672	51392	141280	135302	134894
15	Hanumangarh	69535	37675	31860	31836	31836
16	Jaipur	52470	28687	23783	23735	23735
17	Jaisalmer	44710	11920	32790	32790	32790
18	Jalore	103014	36426	66588	66588	66588
19	Jhalawar	80653	26887	53766	53766	53766
20	Jhunjhunu	11499	9261	2238	2180	2156
21	Jodhpur	100696	26294	74402	74399	74399
22	Karauli	46299	16082	30217	30217	30216
23	Kota	40475	14603	25872	25872	25862
24	Nagaur	57200	19021	38179	37652	37621
25	Pali	80002	40382	39620	39620	39620
26	Pratapgarh	97646	27486	70160	69765	69764

S. No.	District	Total No. of beneficiaries	Rejected beneficiaries	Remaining beneficiaries	No. of beneficiaries with set priority	Final PWL after remanded by Gram Sabha
27	<b>Rajsamand</b>	36232	10790	25442	25442	25442
28	<b>Sawai Madhopur</b>	57917	29554	28363	28363	28363
29	<b>Sikar</b>	21860	15637	6223	6122	6109
30	<b>Sirohi</b>	62224	24348	37876	37876	37875
31	<b>Sri Ganganagar</b>	95577	43230	52347	52347	52299
32	<b>Tonk</b>	73423	26742	46681	46559	46559
33	<b>Udaipur</b>	248154	82370	165784	163337	163334
	<b>Total</b>	<b>2721925</b>	<b>1022886</b>	<b>1699039</b>	<b>1687697</b>	<b>1686984</b>

Source: Information provided by the Department

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